

1 September, Volume 40

Economic Indicators

	USD	Euro	Move
Rand	10.57	14.41	0.48%
Pula	8.62	11.83	-0.23%
Kenya	85.6	119.1	0.70%
Kwacha	6.82	9.82	5.08%
Naira	162	222	1.25%

	Apr	May	Move
Gold (\$)	1289	1251	-3.02%
Oil (\$)	108	109	0.93%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2014

	Share Code	Entry Price	Target Price
1	Mediclinic	7600	13328
2	A. Rainbow	18900	25936
3	Discovery	8450	11568
4	Crookes Br	6600	8997
5	Old Mutual	3279	4319
6	Anglo	22900	28440
7	Group Five	4054	5010
8	AECI	12500	15130
9	Barclays	13225	15917
10	MTN	21702	25701

Prices in SA cents

JM BUSHUA Funds Returns

Fund Name	3 Years
CashPlus	6.09%
BondPlus	8.79%
Real Return	12.87%
Absolute AllClass	14.63%
Absolute Aggressive	14.03%
Diversified Equity	20.63%
Risk Averse Fund	11.23%
Global Investor	N/A
Afro Fund	12.87%

Returns are annualised

Research Team

Chief Investment Officer
Joseph Busha, BSc, MSc, MPhil

Economic Research
Limakatso Lehobo, BCom, MCom

Investment Research
Joseph Busha, BSc, MSc, MPhil
Farai Mapfinya, BSc, BCom
Patrick Serere, BCom
Mpho Nemavunde BSc, BSc.Hons

Contact Details

Tel: +0027 11 325-2027/8
Fax: +0027 11 325-2047
invest@jmbusha.com
www.jmbusha.com

SA inflation trends downward

South Africa inflation moderated in July to 6.3% yoy from 6.6%. Figures released showed that food price inflation declined largely due to improved harvest of grains.

Investment markets

Markets took a breather in August, closing softer from all-time highs posted at the end of July. The JSE All Share index lost 0.46% for the month. Resources shed 5.83% while Industrials and Financials returned 0.99% and 0.70% respectively.

Economic Activities

SA trade (balance) deficit worsened from R0.47 billion in June to R6.90 billion in July as imports rose by 14.7% to R93.2 billion compared to exports which jumped only 6.80% to R85.40 billion. The cumulative deficit stands at R55.50 billion (cf. R41.10 billion in 2013). The weakened exchange rate has not helped much.

The good news is petrol is coming off by about 67c and diesel by about 25c. This will augur well for transport costs and inflation in the coming months. Electricity tariffs are expected to increase as Eskom continue to struggle financially, and must reduce debt levels.

The platinum sector will remain shaky as long as job-loss rumours continue without clarity. A few companies have hinted closing some shafts or mines. We believe management must make decisions known sooner to bring certainty to the sector.

Socio-political developments: SADC's quagmire

The month of August was an interesting but a sad one in SADC, politically – that is. **First, SA has shown that a well written country constitution is just but words written on a piece of paper, and that democracy is just an ideal.**

The Economic Freedom Fighters (EEF), the 3rd largest political party in SA parliament led by Mr. Julius Malema, demanded that President Zuma indicate when and how much will he repay of the R246 million of taxpayer (public) money spent on his private Nkandla home. After a few parliamentary exchanges of words, EEF MPs were ordered out and they refused. A day later, the Ministers of Defence, Police and Sate Security addressed the media on the “EEF” saga in parliament and what should or could be done in the future to avoid such occurrences. **Are we seeing the creation of a police and military state in SA? Democracy, the ideal, requires accountability and taking responsibility for decisions and actions. That's a challenge to many governments.**

In April Newsletter, Volume 35, we stated that coalition governments do not work. Lesotho has had its troubles, and the problem of finding an acceptable government is too much for the Mountain kingdom. It is reported that PM Dr. Thabane is in refuge in SA after an attempted coup on 30 August 2014. Lesotho has had too many of these skirmishes recently, and this must stop sooner rather than later.

In Zambia the debate is on President Sata's health and succession matters. And while President Zuma was in Russia doing a little business and resting, Zimbabwean President Mugabe was in China looking for (borrowing) money to keep his consumer-only economy going. We do not know how much he got. It does not matter how much money Zimbabwe gets, what is important is if there will be a paradigm shift, new better ways of running Zimbabwe incorporated.

Namibia increased national assembly and council seats by about 33% and 62% respectively, which will impact on national budget as this is recurrent spending. Our advice to Zimbabwe and some of the SADC countries is simple: **A country (like your country) needs fresh, new ideas and economic models; and a leadership that understands the principles of economics – which includes savings and not just spending.**

Parting Words of Wisdom

“Giving money and power to government is like giving whisky and car keys to teenage boys”. P.J. O'Rourke.

Lesotho • Namibia • South Africa • Swaziland • Zambia • Zimbabwe

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