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The NPA, Gordhan lift the Rand

A resolution was reached regarding the ongoing investigation into Pravin Gordhan, when he was summoned by the National Prosecuting Authority (NPA) on fraud charges relating to the early retirement of former SARS deputy commissioner, Ivan Pillay. Due to the concerns which rating agencies have had regarding South African political risk, the market began to anticipate a downgrade in December – resulting in bond yields spiking and the rand weakening significantly from R13.80/\$ to R14.36/\$ on the day. Support for Gordhan grew as citizens, CEOs of major companies and politicians stepped forward calling for the charges to be dropped. After reviewing evidence and representations by former SARS employees, the NPA held a briefing stating the withdrawal of charges against Gordhan. The rand strengthened as the market assumed a downgrade to junk status would be averted. This, in addition to the weakening dollar due to increased risk of Trump winning the US election, resulted in the rand closing at R13.47/\$.

Economic Indicators			
	USD	Euro	Move
Rand	13.47	14.79	-1.8%
Pula	10.50	11.50	0.2%
Kenya	101.45	111.52	0.2%
Kwacha	9.60	10.53	-4.5%
Naira	311	345.91	-1.3%

	Sept	October	Move
Gold (\$)	1315.9	1277.2	-2.94%
Oil (\$)	49.08	48.30	-1.5%

Move is % change monthly against USD

Top 10 JSE Equity Buys 2016			
	Share Code	Entry Price	Target Price
1	BGA	144	160
2	OML	38	46
3	SLM	58	70
4	IPL	121	180
5	CPI	481	565
6	TSH	23	35
7	NED	187	211
8	MDC	121	135
9	INL	103	129
10	FSR	42	51

Prices in SA Rands

JM BUSH A Funds Returns	
Fund Name	5 Years
CashPlus	6.46%
BondPlus	7.98%
Real Return	8.79%
Absolute AllClass	10.95%
Absolute Aggressive	10.07%
Diversified Equity	13.69%
Communities Fund	8.79%
Global Investor	N/A
Afro Fund	8.79%*

* Same as Real Return

Research Team

Chief Investment Officer
Ashraf Mohamed

Economic Research
Limakatso Lehobo

Investment Research
Charne Adams
Patrick Serere
Cleopatra Mtembu
Simba Chimanzi
Byran Taljaard

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

Investment Market's – The All Share finds October rocky

October saw the All Share deliver its weakest performance in four months as it retreated 2.62%. Softer gold and platinum prices led to resource shares reversing their September gains as the resource index lost close to 4%. Dual listed UK shares continued to bring down the industrial index (down 3%) as the GBP continued to weaken. Financials, despite also being in the red, were the better performers down 1.8% owing to the Gordhan and NPA saga at the beginning of the month. Net 1 UEPS Technologies finally bucked the trend after consecutive months of underperformance, it was up 24% in October. The Telco announced it had procured funding to complete the strategic investment of a 15% equity stake in Blue Label Telecoms limited.

Regional Updates – Economic growth in SADC remains weak

Economic growth continues to remain weak in SADC particularly in commodity exporting countries such as Zambia due to adverse effect of lower global demand and low prices. Unfavourable weather has been one of the main contributors of economic weakness in countries such as Malawi where floods and drought in respective regions of the country depressed agricultural production, particularly maize by more than 10%. Drought in the two consecutive seasons in South Africa has forced the country to import maize to the tune of 2 million tons. Weak and uncertain policy framework that has failed to bolster investment confidence in some countries such as SA has stifled higher investment. Only half of the SADC member countries such as Tanzania, whose GDP growth increased to 7.9% in the second quarter from 5.5% in the first quarter, have recorded GDP growth of 4% or more. IMF projects that SADC GDP growth for 2016 will be a meagre 1.4% relative to an average 5% that the region recorded in the past.

Social and Political Developments – #Feesmustfall protests quiet down

With over R 1 Billion in damages reported and more than 800 arrests made since the start of the fees must fall protests, it seems the physical violence associated with the protests has recently gone quiet. Campus militarisation by police and private security has been the main reason of the protest's cool down. In the finance minister's mid-term budget speech, he announced that R 17 Billion would be allocated to tertiary education over the next 3 years. Although appreciative to an extent, the students were not happy as their demands for free education were not met. They are calling for radical change rather than the gradualist approach that the government is offering.

Parting Words of Wisdom

Giving education away for free is really a good idea, but it can't be the future of education. There has to be a business model around it that actually works-
Sebastian Thrun.