

6 December 2011, Volume 10

Economic Indicators

	USD	Euro	Move
Rand	8.1	10.9	-2.10%
Pula	7.4	10.1	-4.97%
Kenya	88.1	118	11.0%
Kwacha	5028	6696	3.64%
Naira	161	209	-2.61%

	Oct	Nov	Move
Gold (\$)	1715	1744	1.69%
Oil (\$)	108	111	2.78%

Move is % change monthly against USD

Top 10 JSE Equity Buys

	Share Code	Current Price	Exit Price
1	Bidvest	15744	
2	Anglovaal	3560	
3	Stefanutti	1075	
4	RMH	2620	
5	Kumba	50800	
6	Ciplamed	630	
7	BHP	24923	
8	Imperial	17161	
9	Discovery	4266	
10	Vodacom	9140	

Prices in SA cents

JM BUSHHA Funds Returns

Fund Name	3 Years
CashPlus	8.51%
BondPlus	10.57%
Absolute AllClass	13.01%
Absolute Aggressive	13.47%
FinancialsPlus	10.41%
Diversified Equity	N/A
Real Return	10.56%
Global Investor	N/A
Afro Fund	10.56%

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Inflation – mixed bag

South Africa's core inflation is on the rise – registering 6.0% y/y in October while Zambia slowed to 8.1% from 8.7% y/y. Zimbabwe's inflation, currently around 5.0% has remained relatively stable after the *dollarization* of the economy. Food and energy prices remain the biggest threats to economic recovery as these basic living costs make it difficult for citizens of the region to save or invest in enterprises.

Investment markets

Germany and France are not only leading the discussions on the Euro zone problems, but also have the keys to Europe financial stability and its future. Every time Germany Chancellor Angela Merkel and French President Sarkozy appear to be in agreement, the investment markets rally. We trust the government leadership changes in Greece and Italy will add to the optimism and momentum investors seem to have found over the past two months which brought positive returns year-to-date for equity markets. The JSE has returned just over 6.50% year-to-date, thanks to October which saw month returns above 8%.

Last month we noted that this could be the “return to equities” by investors. We recommend shifting assets into equities for balanced mandates.

Economic Activities

SADC's dominant economy, South Africa, sees its economic growth lower at 3.0% from earlier estimate of 3.5%. Zambia's expected GDP is at 7.0% and Zimbabwe at 9.3%. Zimbabwe is coming from a low base and is driven by mining mainly as agriculture has not taken off. The economy remains consumption based, and that needs urgent correction.

Social and Political Developments

After a long time, the Democratic Republic of Congo (DRC) gave its people a chance to vote and Kabila is set to keep his post. Egypt also held some elections, but the population's unhappiness remains. Libya, Syria and Yemen will remain flashpoints going into 2012.

The climate change talk is real – not because of COP-17 that is being held in Durban, South Africa, but because the rainy season in SADC is shifting. Countries like Zimbabwe have seen no seed planting in rural areas where there is no irrigation. The lack of adequate rains will affect agricultural productivity and food security in the region.

Zimbabwe's budget is projected at \$4 billion supported by diamond exports. It's reported that the country continues to see increasing financial depth with deposits growing by 16% for four months ending 30 September 2011. The loan-deposit ratio currently stands at 78.40%, with loans totalling about \$2.6 billion. This is positive given that Zimbabweans had resorted to “*depositing their money under mattresses*” – which was safer than a bank before the country adopted the multi-currency monetary regime two years ago.

The Patriotic Front (PF) government of Zambia presented its inaugural budget (about USD5.43 billion) themed “*Making Zambia a better place for all*”. At least 50% of the budget was allocated to social sector and infrastructure development. The 35% expanded budget is financed 72% by domestic revenue supported by mineral royalties for base metals. We are hopeful the Zambian government will make Zambia a better place for all – at last and it's possible

Corporate developments at JM BUSHHA

We are preparing to launch our Investment Research Handbook in 2012. We are excited and hope this will be of immense value to you.

Parting Words of Wisdom

“*An investment in knowledge pays the best interest*” – Benjamin Franklin.