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Neighbourly financial help

Last year Zimbabwe asked for credit lines from SA, and that request was not welcome by some community members in SA. Now Botswana has committed P500 million of which 70% is earmarked for reviving the manufacturing sector. It's now Swaziland's turn asking SA to help it out of its financial quagmire and some people are voicing their disapproval of any help. SADC countries depend too much on SA's financial muscle. The long term solution should not come out of borrowing, but from responsible financial management of national treasury purse. In Europe, Greece finally got a €12 billion rescue package from EU and other institutions to cover for its maladministration.

Investment markets: EU credit woes grip the markets

The financial woes of Greece and a few other EU countries continue to drive global markets sentiment and volatility. The month of June has seen some of the negative-positive swings in the equity market. From a technical point of view, if the 30,000 index level of the FTSE / JSE All Share Index is broken, we could see some sell off. Support levels would be found around the 28,000 index level. Foreigners continue to dominate the activity on SADC's biggest stock exchange, the JSE. As at 30 June 2011, foreigners held about R53.05 billion in SA bonds and R1.68 billion in equities. The risk to the region is when the foreigners start selling off, and the SA Rand takes a knock. The effect on social costs (prices) would be regional as SA has become a lifeline for many SADC people involved in informal trading of goods.

Economic Activities

South Africa's State Owned Entities (SOEs) are all getting Directors' Boards makeover in order to spur sustainable service delivery. Eskom (power utility) and Transnet (transport) respectively announced R549 billion and R110.6 billion infrastructure investment programmes over the next 5 years to create a combined estimated 40 414 jobs. The motor industry, which has seen exports to USA under AGOA increase by 850% and investment by USA automotive manufacturing firms grow by 317% since year 2000 will be a major contributor to job creation. China is entering the sector too. But the SA government target of 5 million jobs remains a toll order to achieve.

Regional growth will take a different path if Zimbabwe's economic recovery trajectory becomes clear. The nationalisation call by ANC Youth League is supported by the biggest labour federation in SA, COSATU. We don't have details on the form of the nationalisation plan, so our comment is constrained.

Social and Political Developments

Africa leaders have had as many meetings within a month on the situation in Libya. The AU summit stated that it's working on finding solutions. Not too late to save more lives as people continue to die in Libya. But where is the will and moral power to stop NATO and the Libyan civil war?

What lessons have been learnt by our Kings, Presidents and Prime Ministers in Africa on global politics, shaping of the social order and their contribution as supposedly role-players? Not much it seems after Rwanda, Sudan, Ethiopia, Angola, Mozambique, Ivory Coast and other African countries that have been engulfed in social unrest and civil wars in the past given AU's actions and response to the intervention of USA, UK and Western countries in Africa.

Corporate developments at JM BUSHHA

This month we produce our first Quarterly Investment Research Report, and we are moving offices.

Parting Words of Wisdom

"Put not your trust in money, but put your money in trust". – **Oliver Wendell Holmes.**

Economic Indicators			
	USD	Euro	Move
Rand	6.76	9.80	-0.58%
Pula	6.41	9.30	-0.68%
Kenya	88.2	127	4.75%
Kwacha	4757	6906	2.22%
Naira	143	220	-3.10%

	June	July	Move
Gold (\$)	1536	1501	-2.26%
Oil (\$)	116	112	-3.93%

Move is % change monthly against USD

Top 10 JSE Equity Buys			
	Share Code	Current Price	Exit Price
1	Bidvest	15050	
2	Anglovaal	3120	
3	Stefanutti	1250	
4	RMH	2665	
5	Kumba	48400	
6	Ciplamed	690	
7	BHP	26520	
8	Imperial	12125	
9	Discovery	3855	
10	Vodacom	8395	

Prices in SA cents

JM BUSHHA Funds Returns	
Fund Name	3 Years
CashPlus	9.19%
BondPlus	12.22%
Absolute AllClass	8.24%
Absolute Aggressive	8.94%
FinancialsPlus	14.43%
Diversified Equity	N/A
Real Return	9.46%
Global Investor	N/A
Afro Fund	9.46%

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