

3 November 2011, Volume 9

#### Economic Indicators

	USD	Euro	Move
Rand	7.94	11.02	-1.76%
Pula	7.07	9.90	-3.75%
Kenya	97.9	139	-1.84%
Kwacha	4845	6787	7.06%
Naira	157	223	-0.81%

	Aug	Sept	Move
Gold (\$)	1624	1715	5.59%
Oil (\$)	106	109	2.69%

*Move is % change monthly against USD*

#### Top 10 JSE Equity Buys

	Share Code	Current Price	Exit Price
1	Bidvest	15810	
2	Anglovaal	3560	
3	Stefanutti	1139	
4	RMH	2505	
5	Kumba	47199	
6	Ciplamed	673	
7	BHP	25244	
8	Imperial	11750	
9	Discovery	4150	
10	Vodacom	8990	

#### Prices in SA cents

#### JM BUSH A 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%

#### Research Team

Chief Investment Officer  
Joseph M Busha

Economic Research  
Limakatso Lehobo

Investment Research  
Joseph M Busha  
Byran Taljaard  
Mageshine Reddy  
Patrick Serere

#### Contact Details

Tel: +0027 11 325-2027/8  
Fax: +0027 11 325-2047  
[invest@jmbusha.com](mailto:invest@jmbusha.com)  
[www.jmbusha.com](http://www.jmbusha.com)

#### Zambia focus

Zambian bond yields hit highest levels since 2009 with 2, 3 and 5-year yields rising to 15.53%, 16.38% and 17.15% from 14.76%, 14.24% and 15.85% respectively during a recent bond auction. The 3 month TB rate rose to 9.9% from 9.3%. Liquidity was dry as most foreign investors stayed away, which is attributed to policy uncertainty of the new administration. Surprisingly the Zambia Kwacha has rallied to ZMK4845/6787 against the US Dollar. The Kwacha is expected to largely hang on to the gains as long as copper price remain strong.

#### Investment markets: The Greek Influence?

The global equity markets found favour in the month of October, and this was all based on sentiments surrounding the Greek debt plan and improved economic data out of the USA. The JSE returned 9.35% for the month (3.49% year to date), Dow 9.54% (3.26%), DAX 11.16% (-11.41%). Domestically SA bonds still lead the way with 8.03% returns to investors' year-to-date.

The question is whether this month's rally indicates return to equities. Our quantitative Market Monitor Model is signalling an overweight position in equities. From technical analysis, the Top 40 broke through the resistance line on good volume. Although a pull back is expected and once complete, a rally in equities is in sight. If the markets pull back significantly, it will be more than the Greek problem because the market should have priced possible Greek defaults by now. **Our view is therefore that in the short-term there may be a correction, but at these levels equities will provide good returns in the long run.**

#### Economic Activities

China, the world's second largest economy and largest consumer of copper is forecast to expand by 9% by IMF in 2012. Earlier in the month, most industrial commodities were under pressure on the concerns that the Eurozone debt problems would not be contained, but gained momentum as positive talks emerged. China's manufacturing Purchasing Managers Index rose for the first time in four months to 51.10 from 49.90 in September ending the longest contraction since 2009. There is also expectation that Beijing will begin loosening monetary policy in this last quarter and that inflation has peaked. This might push commodity prices higher.

#### Social and Political Developments

The economic battle has started in Africa with the ANC Youth League in SA marching from the City of Gold (Johannesburg) to the administrative capital of South Africa (Pretoria) to hand over demands on economic policy changes. The march was dubbed "Economic Freedom March". In USA, there is the "Occupy Wall Street" campaign. All these campaigns have the same message – fight corporate greed which controls governments around the world and share the economic wealth with the marginalised poor. We believe, apart from hints of political expediency by some, there is merit in the messages. There are no new jobs being created, the rich are getting richer and want the majority to survive on their benevolence. Therefore corporate must implement corporate governance principles in their business practices, and work towards addressing the many social problems they created.

#### Corporate developments at JM BUSH A

Our first SRI housing project is complete – 32 units of housing have been built. Local communities participated 100% in the development providing all the services. The JM BUSH A Communities Fund has also invested in an agricultural project, creating permanent and temporary jobs. Returns on this product are expected to be at least 12% pa.

#### Parting Words of Wisdom

"We are what we repeatedly do. Excellence, then, is not an act but a habit". – Aristotle.

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

Authorised Financial Services Provider. Unauthorised reproduction of this document in any form without JM BUSH A's consent is prohibited and may lead to prosecution.