

3 October 2011, Volume 8

Economic Indicators

	USD	Euro	Move
Rand	8.09	10.83	15.70%
Pula	7.35	9.83	11.73%
Kenya	93.6	133	6.57%
Kwacha	4699	6339	-10.22%
Naira	158	211	2.41%
Swiss	1.22	0.91	12.51%

	Aug	Sept	Move
Gold (\$)	1826	1624	-11.0%
Oil (\$)	115	106	-8.19%

Move is % change monthly against USD

Top 10 JSE Equity Buys

	Share Code	Current Price	Exit Price
1	Bidvest	15970	
2	Anglovaal	3233	
3	Stefanutti	1115	
4	RMH	2539	
5	Kumba	42688	
6	Ciplamed	673	
7	BHP	21425	
8	Imperial	10525	
9	Discovery	3959	
10	Vodacom	9036	

Prices in SA cents

JM BUSHHA Funds Returns

Fund Name	3 Years
CashPlus	8.86%
BondPlus	11.10%
Absolute AllClass	9.14%
Absolute Aggressive	10.08%
FinancialsPlus	10.41%
Diversified Equity	N/A
Real Return	9.86%
Global Investor	N/A
Afro Fund	9.86%

Research Team

Chief Investment Officer
Joseph M Busha

Economic Research
Limakatso Lehobo

Investment Research
Joseph M Busha
Byran Taljaard
Mageshine Reddy

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

Return of the US dollar

Favour has returned to the US (\$) dollar after a long period of weakness against major other currencies. As gold price took a knock in September from the new highs, the dollar strengthened. Currencies of commodity-mining based economies lost ground against the US\$. The South Africa Rand (ZAR) weakened from R6.80/\$ to a low of about R8.40/\$ in September – a massive and worrying move. We have told our clients before that **the concern in SA should not be the level of the Rand against the dollar, but the speed at which it weakens.**

Investment markets: No direction

The equity market will not give any joy to investors in 2011. September saw equity losses accumulate to about -4.00% year-to-date. Bonds weakened losing -2.09% for the month as the R/\$ exchange rate took a battering.



If the current levels of R8.22/\$ does not hold, we could see it weaken to R8.65/\$. This will ensure bond yield remain on the back foot. Inflation in Zambia is at 8.3%, Botswana 8.7%, Lesotho 5.5%, Namibia 5.4% and SA 5.3% too. **With fuel prices in SA increasing to remain above R10 per litre, bond portfolios will likely remain under pressure. Hence, we recommend reducing duration.**

Economic Activities

There is some action in the motor manufacturing industry, which is helping to stabilise struggling SA economy. The African Cup of Nations soccer tournament and Climate Change Summit to be held in Durban later this year will keep tourism and hospitality vibrant and supportive of the economy too. Despite investments in the copper and mining sector in Zambia, the rest of the economic activity in that country, like elsewhere in the SADC region, is consumption based. **We maintain that unless developmental policies take centre stage, survival will be more than a challenge in the next 5 years.**

Social and Political Developments

If you fail, try and try again you may win. After losing twice before, Mr. Michael Sata became the 5th democratically elected President of the Republic of Zambia this last September. His first major decision was to re-name a few airports. Lusaka International Airport is now Kenneth Kaunda International Airport. Second, he fired the Bank of Zambia (BoZ) Governor and cancelled the sale of Finance Bank to FirstRand. We believe FirstRand was conflicted as FNB was appointed to manage Finance Bank when it was placed under administration by BoZ. Even if there was a public sale tender, it would have been incorrect for FirstRand to put an offer because it had inside information by then unless the administration agreement contained clauses that allowed it to do so. Corporate governance is important.

Corporate developments at JM BUSHHA

Our SRI product is gaining momentum and we look forward to sharing our success with you next year.

Parting Words of Wisdom

"Invest in knowledge and get the best interest". –Benjamin Franklin.