

5 September 2011, Volume 7

Economic Indicators

	USD	Euro	Move
Rand	6.99	10.05	4.61%
Pula	6.57	9.15	0.28%
Kenya	93.6	129	2.89%
Kwacha	4890	6730	-2.54%
Naira	153	213	2.24%
Swiss	1.16	0.81	2.73%

	July	July	Move
Gold (\$)	1627	1826	12.24%
Oil (\$)	117	115	-1.15%

Move is % change monthly against USD

Top 10 JSE Equity Buys

	Share Code	Current Price	Exit Price
1	Bidvest	15690	
2	Anglovaal	3290	
3	Stefanutti	1082	
4	RMH	2545	
5	Kumba	48449	
6	Ciplamed	635	
7	BHP	24022	
8	Imperial	11575	
9	Discovery	3825	
10	Vodacom	9040	

Prices in SA cents

JM BUSH A 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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Safe Havens – now gold plus the Swiss Franc

In times of uncertainty, it is said that gold provides a safe haven for investors. Well gold price shot up by **12.24%** during the month of August. Now here comes another “safe haven” – the Swiss Franc. Investors have turned to the Swiss Franc as an alternative and it has rallied against the USA dollar and Euro – **6.79%** and **4.05%** respectively during the past week. There is concern that the **US dollar might not be currency of choice** in global trade in the next 20 years, and hence some countries are considering the Chinese Yuan as China extends its influence economically and financially (trade). But people are still sceptical about China’s role in tomorrow’s world. So why choose the Swiss franc? Switzerland is a peaceful non-aligned country in global politics, and would not be dragged into wars. **It’s a safe country in terms of policies with no conflicting agendas.** Would this be a good reason for their currency to be regarded as a safe asset? Maybe! *Should investors consider their beautiful watches and delicious chocolates as alternative investment assets too? That’s food for thought.*

Investment markets: Still jittery

The USA was finally down-graded. As expected equity markets took a dive with the JSE losing more than 8% at one stage in August before recovering to close flat for the month. Equities have returned nothing to investors and negative on a risk-adjusted basis so far this year. SA bonds have delivered about 7.38% as measured by the All Bond Index. Inflation in SA for July 2011 was at 5.26% year-on-year. Both cash and equity returns are at negative real returns. The equity market is likely to **close flat**, and any **recovery will return not more than 10% at best this year.**

Economic Activities

Public infrastructure development, which was a major contributor to economic activity in SA over the last 5 years running up to the Soccer World Cup 2010 was a major catalyst in construction and tourism. Now besides the developments to be undertaken by transport utility Transnet and power giant Eskom, nothing significant is on the horizon. This view might be reflected in construction shares’ price performance for the month of August and year-to-date (YTD).

	SHARES PERFORMANCE (%)						
	MUR	BSR	WBO	AEG	SSK	RBX	PPC
August	-9.71	-15.77	-5.67	-4.97	-7.97	-14.94	-8.53
YTD	-33.73	-3.38	-30.05	-23.24	-1.96	-43.85	-33.25

Big construction sector shares have performed worse than other sectors on the Johannesburg Stock Exchange. Possibly investors anticipate them not getting much new work. **However, our technical analysis shows that the shares might be oversold and presents a long-term buying opportunity.**

Social and Political Developments

Famine is not only gripping Somalia, but Kenya and many other African countries are under similar but less threat. The rebels are winning the **fight for power** in Libya and the **developed-world political and business leaders are fighting for business opportunities.** No wonder some businesses never raise their voices against wars because they benefit from the destruction. Zambia is holding its general elections this September. Development in SADC has been driven mainly by consumption and this might have negative consequences in years to come as no new money is generated and the real economy remains static in growth.

Corporate developments at JM BUSH A

Now settled at our new head-office, please visit our website to see who joined the JM BUSH A team.

Parting Words of Wisdom

“Investors have short memories”. –Roman Abramovich.