

Rehana Mahomed - PFC's Stock Market Expert

The 2 best recession proof shares - revealed!

Rehana Mahomed completed a BSc - Financial Mathematics (Actuarial Science) at the University of Pretoria. She then completed an graduate training program at Deloitte before joining Citigroup as a Research Analyst. During this time, she enrolled for the CFA (Chartered Financial Analyst) programme, of which she successfully completed level I. She was also the analyst for Moneyweek magazine.

In the wake of the current turbulence in world markets, the International Monetary Fund (IMF) has forecast a mild recession in the US and sluggish growth in Europe in its latest World Economic Outlook report.

Everything you need to know about the world economy in just 60 seconds

Growth in the US is expected to slow down to just 0.5% for 2008 compared to 2.2% in 2007. However, according to the report released by the IMF emerging markets such as China, Brazil and India are expected to enjoy above average growth due to strong domestic demand. The latest data reveals CPIX at 9.4% and with Eskom's proposed price increase as well as surging food and oil prices, the worst may not be behind us. In line with the South African Reserve Bank's (SARB) mandate to target inflation, the Monetary Policy Committee (MPC) announced a 50 basis point interest rate hike at its meeting last week, bringing the repo rate to 11.5%.

Two recession-proof shares - revealed!

While many analysts are of the opinion that in such times of economic instability and financial market volatility, it is wise to remain invested in cash; I disagree. The skyrocketing inflation rate will only erode the purchasing power of your cash and therefore I would rather be invested in equities. However, be warned that with slowing economic growth, selecting the right industry in which to invest is crucial. My recommendations for your portfolio are:

ARGENT INDUSTRIAL (ART)

Argent recently acquired paint and ladder company, Paint and Ladders, which will significantly diversify its product offering. The group expects to deliver strong growth, both organically

and will continue to seek acquisition opportunities. Buy at 1,741c

SENTULA MINING

The group has recently also added coal mining to its businesses. The coal mining division of the company has five operations and plans to produce between 15m and 20m tons within the

next five years. This will make it a significant second tier producer in the South African coal mining industry. Buy at 1885c

Investing is always risky. Even more so right now. But I believe that these two shares will keep your money growing.

Share	Symbol	Date Rec.	Price Tipped	Curr Price	Gain/Loss (%)	Target Price	Comment
Core Holdings							
ITime	ITM	Jan-08	R 0.81	R 0.68	-16.05%	-	Hold
Afrimat	AFT	Dec-06	R 8.50	R 6.60	-22.35%	R 14.00	Hold
Afrox	AFX	Sep-06	R 30.00	R 28.49	-5.03%	R 40.00	Hold
Alliance Mining Corporation	ALM	Aug-07	R 5.00	R 7.50	50.00%	-	Hold
Aspen	APN	Sep-06	R 34.30	R 31.00	-9.62%	R 50.00	Hold
Astrapak	APK	Mar-06	R 14.10	R 7.00	-50.35%	R 16.00	Hold
B&W Instrumentation and Electrical	BWI	Aug-07	R 2.25	R 2.23	-0.89%	-	Hold
Blu Label Telecoms	BLU	Dec-07	R 8.36	R 7.00	-16.27%	-	Hold
Datacentrix	DCT	Nov-07	R 5.25	R 4.45	-15.24%	-	Hold
Dialogue	DLG	Mar-07	R 1.90	R 0.83	-56.32%	-	Hold
Dimension Data	DDT	Dec-07	R 8.30	R 7.59	-8.55%	-	Hold
Enaleni	ENL	Jul-07	R 4.10	R 3.09	-32.69%	-	Hold
Foneworx	FWX	Mar-08	R 0.96	R 1.20	20.00%	-	Hold
Gijima	GIJ	Sep-07	R 0.93	R 1.15	19.13%	-	Hold
Gooderson	GDN	Apr-07	R 1.00	R 0.85	-15.00%	R 1.50	Hold
Imuniti	IMU	Jul-07	R 0.43	R 0.10	-76.74%	-	Hold
Italtile	ITE	Feb-08	R 3.80	R 3.10	-18.42%	-	Hold
Metorex	MTX	Apr-07	R 24.01	R 22.20	-7.54%	-	Hold
Murray & Roberts	MUR	Dec-07	R 94.00	R 91.00	-3.19%	-	Hold
Omnia	OMN	Feb-08	R 65.80	R 78.34	19.06%	R 0.00	Hold
Oneogix	OLG	Mar-08	R 1.20	R 0.95	-20.83%	-	Hold
Pinnacle	PNC	Nov-07	R 4.30	R 4.40	2.33%	-	Hold
PPC	PPC	Sep-07	R 39.75	R 38.00	-4.40%	-	Hold
Rare	RAR	Feb-07	R 2.85	R 3.05	7.02%	R 5.00	Hold
Sanyati	SAN	Jan-08	R 3.40	R 2.50	-26.47%	-	Hold
SAB & T	SUL	Mar-07	R 0.27	R 0.38	40.74%	R 1.00	Hold
Sasol	SOL	Jan-08	R 319.50	R 441.00	38.03%	-	Hold
Simeka	SBG	Jul-07	R 1.55	R 0.89	-42.58%	-	Hold
Simmers	SIM	Feb-07	R 6.20	R 4.96	-20.00%	R 9.00	Hold
Sea Kay Holdings	SKY	Jan-08	R 2.29	R 2.10	-8.30%	-	Hold
Southern Electricity Co.	SLO	Jul-07	R 0.48	R 0.50	4.17%	-	Hold
Steffanuti & Bressan Holdings	SFB	Oct-07	R 21.90	R 19.00	-13.24%	-	Hold
Mustek	MST	Dec-06	R 9.60	R 4.25	-55.73%	-	Hold
Pamodzi	PZG	Jan-07	R 20.00	R 9.85	-50.75%	-	Hold

*Closing prices as at 15 April 2008

