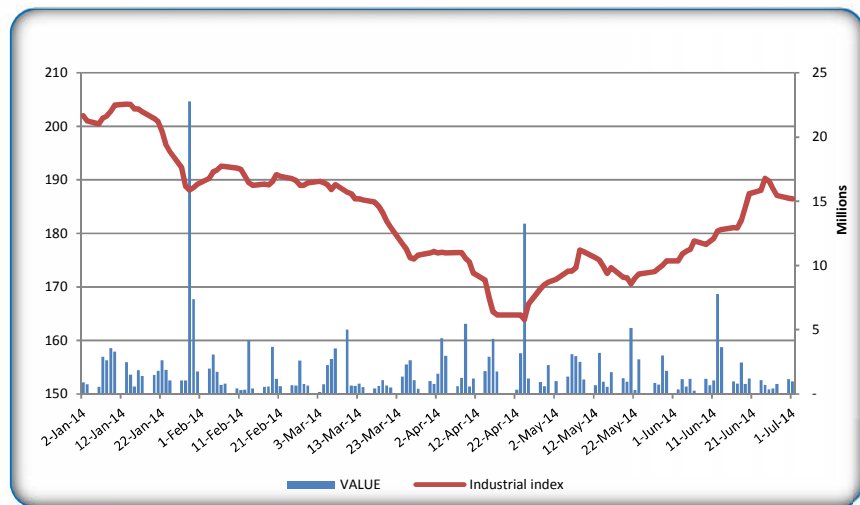
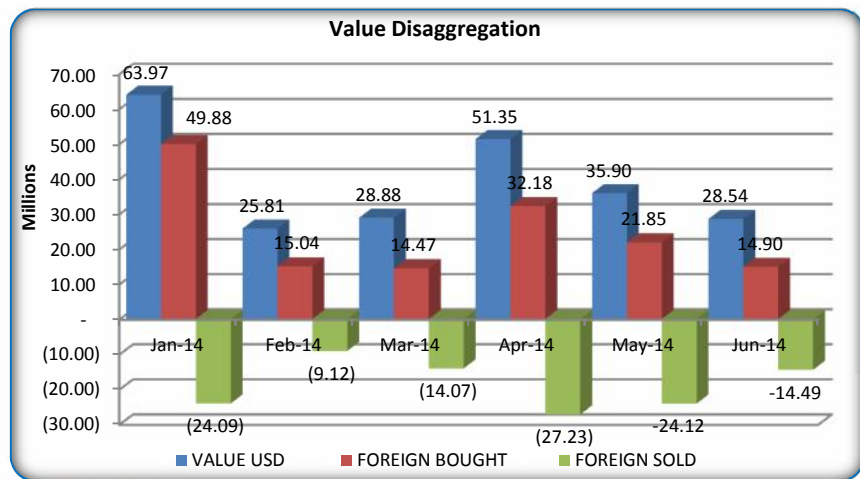


INDEX	30-May-14	30-Jun-14	Jun % Mvt	YTD % Mvt
Industrial index	174.89	186.56	6.67	7.70
Mining index	35.44	61.32	73.02	33.92

SOURCE: EFE SECURITIES/ZSE



SOURCE: EFE SECURITIES

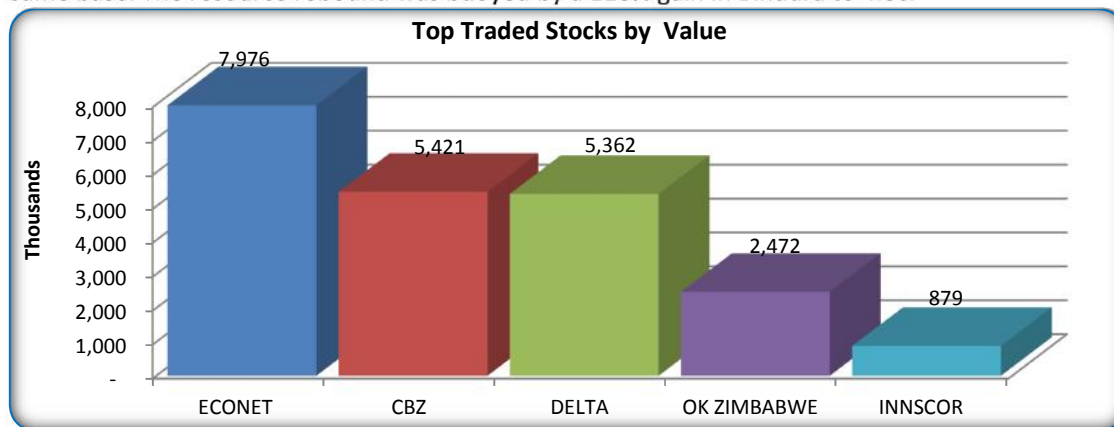


SOURCE: EFE SECURITIES

### Equities in best monthly return year to date as first half closes ...

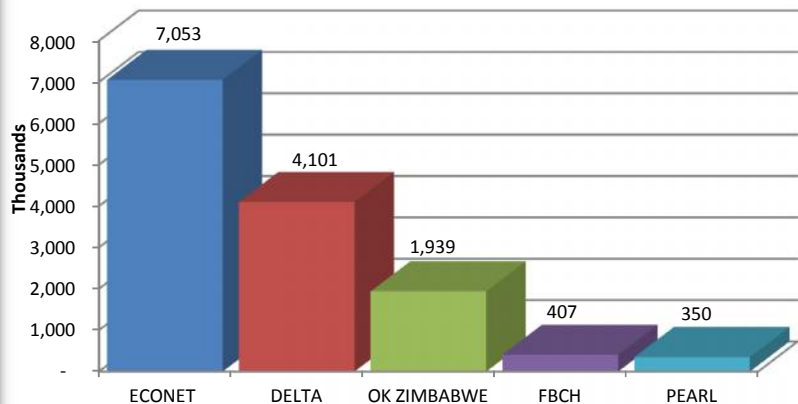
Equities indicators trended northwards to close the month of June on an unprecedented bullish note that saw the Industrial Index seal a 6.67% month on month return following a positive but rather sluggish growth in the preceding month. The monthly upsurge saw a successive dwindling of the year to date loss to just -7.7% having opened the month at a wider 13.3% negative variance on its year opening levels. The purple patch on the equities rode on the widely taunted possible indigenisation legislation review, despite odds highly staked against the upside in the face of the difficult economic environment. The gesture managed to cancel out unimpressive data with regards to deflation which deepened 0.91% in the month compounded by a budget deficit for the month of May relative to a comparable surplus in April.

The fundamental weaknesses were on the back of softening national revenues which motivated a downward revision of the current year GDP growth to just 2% by the IMF. On another note a tight corporate calendar for the month provided minor stimuli and actually weighed on the market's performance in the latter part of the month as updates were largely skewed on the downside with companies reporting shrinking profits typical of a recession while in the main forecasting a dull outlook. The Mining Index rose in epic proportions to reverse a perennial trailing position. The index added 73.02% to 61.32 points in turn recovering from a May YTD loss position to a 33.92% gain on the same base. The resource rebound was buoyed by a 118% gain in Bindura to 4.8c.



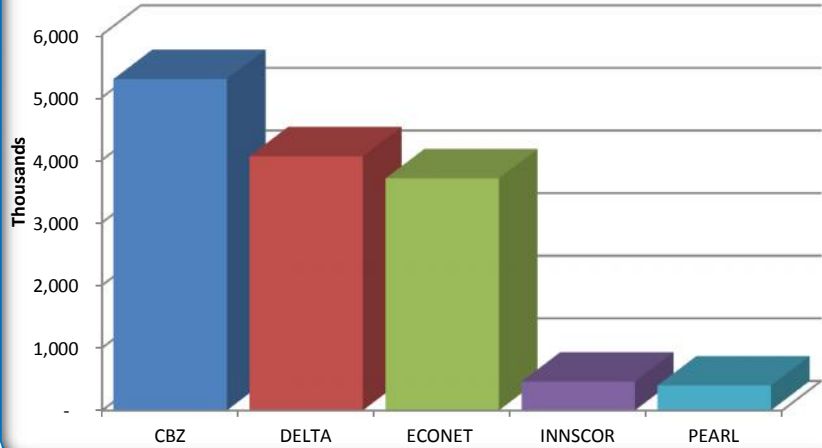
Econet replaced Delta as the top traded stock by value accruing 28% of the total as demand for the telecoms stock thickened amid tight supply propelling the stock to an eleven months high price of 74c though it closed the month softer. CBZ's block worth \$5m which is equivalent to 5% of the issued share capital, exchanged in a single session, saw it feature as the second highest value contributor.

Foreign Bought



SOURCE EFE SECURITIES

Foreign Sold



SOURCE EFE SECURITIES

*Value dips as foreign spend comes off...*

Aggregate value traded dipped 24% to \$28.54m in sync with softening foreign spend which came off 32% to \$14.9m representing 52% of the monthly turnover. Relative foreign inflow contribution to turnover at 52% reflected an ease of 9 percentage points from a 61% contribution last month while average daily foreign spend came off below the psychological \$1m level at \$0.69m from a daily average of \$1.13m in May. Foreign portfolio divestments lessened -40% to -\$14.49m amid assurance by the Federal Reserve of sustained monthly asset purchases at the going rate in a bid to support global economic recovery. Aggregately foreigners were net buyers of \$0.4m worth of shares to reverse prior month's net foreign selling position. Econet and Delta solidified their positions as the top most sought after stocks by foreigners accounting for 74% of the overall foreign inflows.

Top Gainers	30-May-14	30-Jun-14	Jun % Mvt	YTD % Mvt
BINDURA	2.20	4.80	118.18	140.00
TRUWORTHS	1.80	2.85	58.33	32.14
HWANGE	4.80	7.50	56.25	16.67
MASIMBA	1.10	1.71	55.45	73.69
HIPPO	55.00	75.00	36.36	16.69
FIDELITY	7.00	8.70	24.29	33.13
DAIRIBORD	8.50	10.30	21.18	31.33
RTG	1.00	1.20	20.00	25.00
MEIKLES	17.00	19.99	17.59	5.21
BAT	1,120.00	1,300.00	16.07	8.33

*Buoyant Bindura leads the ZSE charge...*

Overall buoyant Bindura was the top riser after hinting on a remarkable increase in profitability following a successful turnaround which saw one of its mines Trojan mine returning to production. Another miner Hwange came close on a 56.25% upsurge following restructuring proposals and the appointment of new CE Thomas Makore who is a mining engineer with vast global experience in management. Retailers Truworths rose 58.3% to 2.85c while Masimba recovered 55.45% to 1.71c. Fidelity went up 24.29% to 8.7c after registering a 3% growth in its business in the 5 months to May buoyed by life and funeral insurance. Agro industrial concern Hippo shrugged off the weakness induced by a partial invasion of its cane fields as well as lower global sugar prices to post a 36.4% rebound and closed the month at 75c. Other notable gainers were BAT and Econet which went up 16.07% and 2% to close the month at respective prices of 1300c and 67c.



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Top Losses	30-May-14	30-Jun-14	Jun % Mvt	YTD % Mvt
FALGOLD	3.00	1.50	50.00	70.00
MEDTECH	0.07	0.04	42.86	42.86
ZBFH	6.00	4.00	33.33	63.96
ARTZDR	0.40	0.30	25.00	50.00
FIRST MUTUAL	7.00	5.70	18.57	28.75
ARISTON	0.85	0.70	17.65	30.00
G/BELTINGS	0.06	0.05	16.67	37.50
ASTRA	4.50	4.00	11.11	20.00
CBZ	15.00	13.50	10.00	10.00
HUNYANI	2.10	2.00	4.76	0.00

The market's gains were however curtailed by losses in a number of lower to mid-tier stocks led by gold miners Falgold that halved its value to 1.5c over the month after advising the market that the group is set to sell off Dalny Mine that is currently mothballed. Pharmaceutical group Medtech that continues to struggle to set its foothold since dollarization were to follow after shedding -42.86% to close the month sitting at 0.04c. Post the review date, Medtech issued a loss warning for the first half due to softening economy wide demand. Financial services group ZBFH that recently closed two loss making entities also traded lower after shedding 33% to 4c at close of month. Another financial services group CBZ closed the month trading 10% lower at 13.5c in the same month where almost 5% of the stock's outstanding shares exchanged hand.

#### *Comment and Outlook*

After a rallying month we believe that the market should carry through the recent rising momentum into the new month driven by foreign demand that has been sustained and has accounted for gains in most emerging markets. The dampener however remains the toned down talk and possibly efforts towards policy reviews to entice foreign investments and capital inflows to induce impetus to the low demand in the economy. Activity should remain skewed towards those stocks with sustainable business fundamentals in the face of Zimbabwe's slow down, with investors likely to continue cherry pick in the market's momentum stocks including but not exclusive to Delta, Econet, Innscor and OKZIM. We also expect some improved performances from the first half as companies report results incorporating adjustments for the current economic environment.



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