



30-Sep-14 01-Oct-14 % Δ

## ZSE drifts southwards as sentiment remains weak ...

ZSE Industrials	195.25	194.71	0.28
ZSE Mining	92.76	89.16	3.88
Volume Traded (mn)	5.27	11.43	116.66
Value Traded (US\$ mn)	0.51	0.90	78.67
Market Cap (US\$ mn)	5,592.4	5,621.3	0.52
Foreign Purchases(US\$mn)	0.298	0.737	147.15
Foreign Sales (US\$ mn)	0.041	0.497	1113.2

Mid-week trading degenerated into losses as weak fundamentals failed to steamroll equities onto a sustainable positive trajectory. The ZSE mainstream index pared -0.28% today to 194.71 points widening YTD losses to -3.7% after a salvaging start to the week. Reported earnings in the week showed either declining profitability or outright losses mainly driven by sales decline and the trend was noted across sectors. Companies are citing the worsening operating environment characterised by low liquidity, erratic power supplies, punitive cost of capital, and a general dearth in demand as the main drivers of subdued earnings.

With little organic input to maneuver which is informed by the unsustainable government wage bill, we believe government has to, with urgency, craft accommodative legislation if not repel some, in a bid to attract foreign capital in the form of FDI and as a matter of urgency, lines of credit through sovereign debt restructuring so as to create an enabling business environment. This will in turn set precedence for companies to recapitalise and become competitive in light of increasing cheaper import products. For investors the current softening market present an opportunity to buy in to dips in selected heavy caps though discounts for an uncertain outlook has to be made.

Elsewhere in trading the mining index retreated -3.8% to 89.16 points against a decline in Bindura which came off -5% to 7.6c. Bindura's 20 day moving average at 8.37c shows a variance of -11.6% on the current price while the mining index's 20 day moving average is at 96.19 points showing a variance of -8% which indicates that Bindura has been underperforming relative to the aggregate index in the 20 past sessions. Rio Zim was bid at 20c after reports of a proposal to raise \$10m through a rights offer which is earmarked to pay for capital expenditure and working capital costs required for the reopening of Cam & Motor Mine. Falgold was bid only at 4c following AFRC's reported pull-out from the Dalny Mine deal after failing to raise \$12 million.

Art came off -20% to 0.4c while Seedco which was the sole blue chip loser aggressively pared -5.27% to 89.99c. Dairibord dithered -4.9% to 9.51c while Mash eased -3.7% to 2.6c. Two banking stocks Barclays and FBCH were the only risers in the session adding 2.86% and 2.08% apiece to 3.6c and 12.25c respectively. Value traded went up +79% to \$0.9m while volumes traded reached 11.43m shares. Foreign inflows went up by 147% to \$0.73m while outflows went up to \$0.5m to emerge with a net foreign buyers position. Econet was the most sought after stock in the session switching positions with the prior session leader Innscor which came second. Property companies dominated volume contributors as ZPI came tops followed by Pearl Properties.

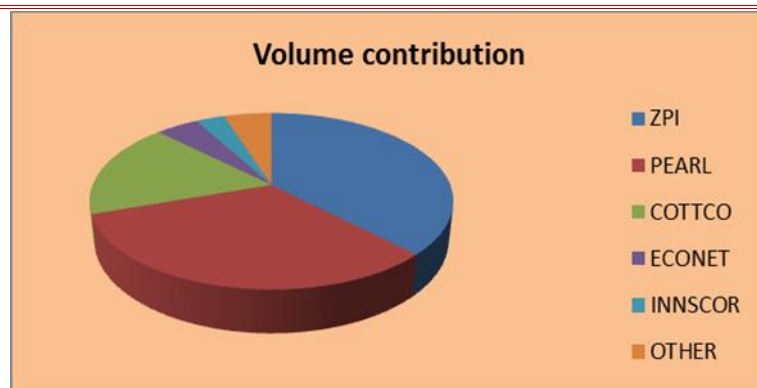
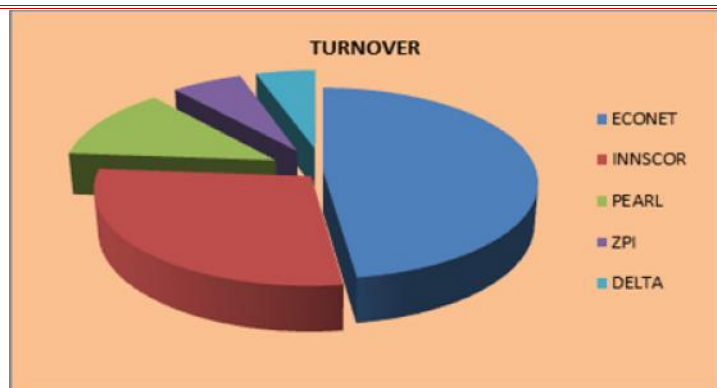
\*\*Market Cap is Inclusive of Econet Class A Shares

### Top Risers

	Stock Name	Price	% Δ	YTD Δ %
1	BARCLAYS	3.60	2.86	18.18
2	FBCH	12.25	2.08	9.26
3				
4				
5				

### Top Fallers

	Stock Name	Price	% Δ	YTD Δ %
1	ARTZDR	0.40	20.0	280.0
2	SEEDCO	89.99	5.27	0.01
3	BINDURA	7.60	5.00	280.0
4	DAIRIBORD	9.51	4.90	36.60
5	MASHOLD	2.60	3.70	20.00



#### DIVIDEND MONITOR

Company	Dividend Type	Div Amount	Record date	Payment Date
OLD MUTUAL	Interim	2.45p	26.09.14	31.10.14
NATFOODS	Final	5.18c	26.09.14	10.10.14
INNSCOR	Final	0.7c	26.09.14	10.10.14
COLCOM	final	1.89c	26.09.14	10.10.14

#### UPCOMING EVENTS

COMPANY	EVENT	VENUE	DATE
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#### CAUTIONARIES

Company	Issue Date	Subject
AFRICAN SUN	6 <sup>th</sup> DEC 2013	Discussions on mandatory offer to minorities by Lengrah Investments
Nicoz & ZHL	11 <sup>th</sup> Apr 2014	Negotiations over acquisitions and disposal respectively, of a business
FALGOLD	21 <sup>st</sup> MAY 2014	Negotiations that may have material effect on the company's stocks price
HUNYANI	22 <sup>nd</sup> MAY 2014	Negotiations that may have material effect on the company's stocks price
BINDURA	13 <sup>th</sup> JUNE 2014	H2 Profit expected to substantially higher than H1 outturn
TAH	24 <sup>th</sup> JUNE 2014	Negotiations that may have material effect on the company's stocks price
COTTCO	24 <sup>th</sup> JUNE 2014	Negotiations that may have material effect on the company's stocks price

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