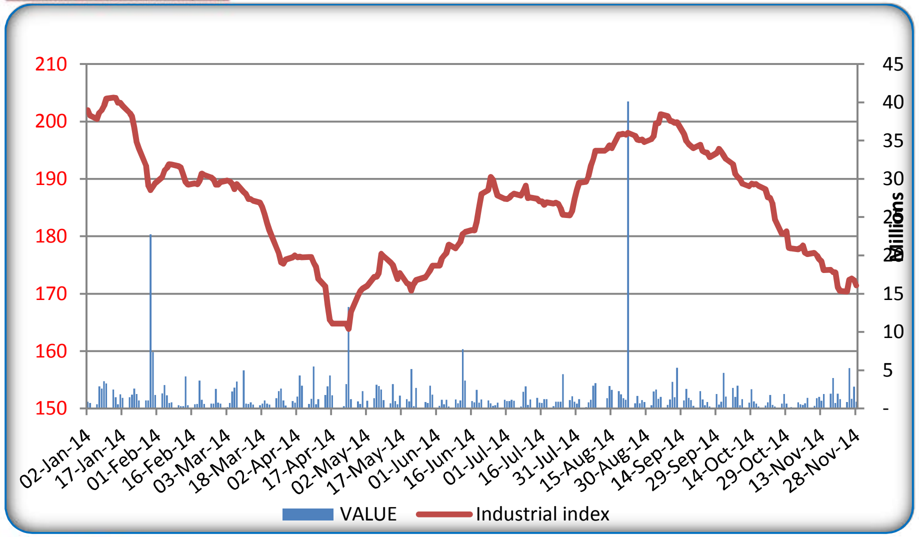
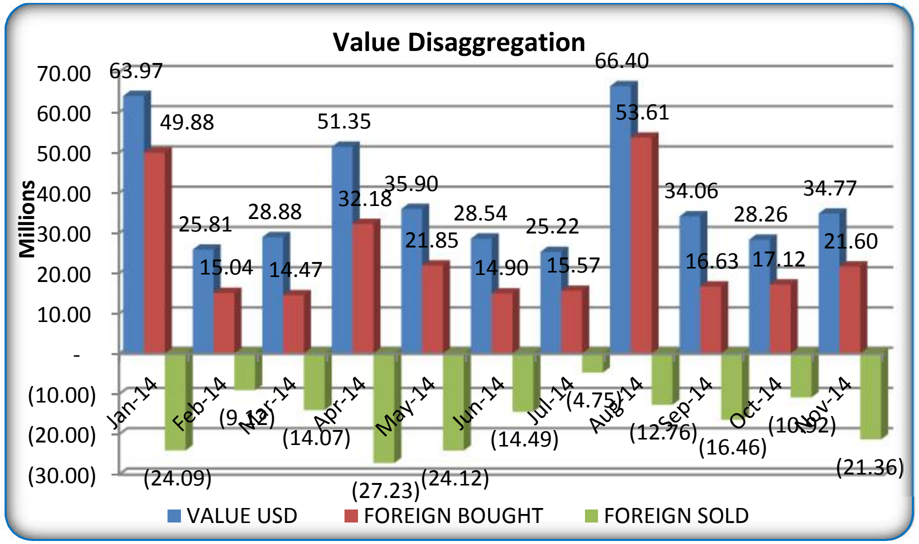
INDEX	31-Oct-14	28-Nov-14	Nov % Mvt	YTD% Mvt
Industrials	177.88	171.45	-3.61%	-15.17%
Minings	70.38	63.49	-9.79%	38.65%

Source: EFE Securities/ZSE



Source: EFE Securities

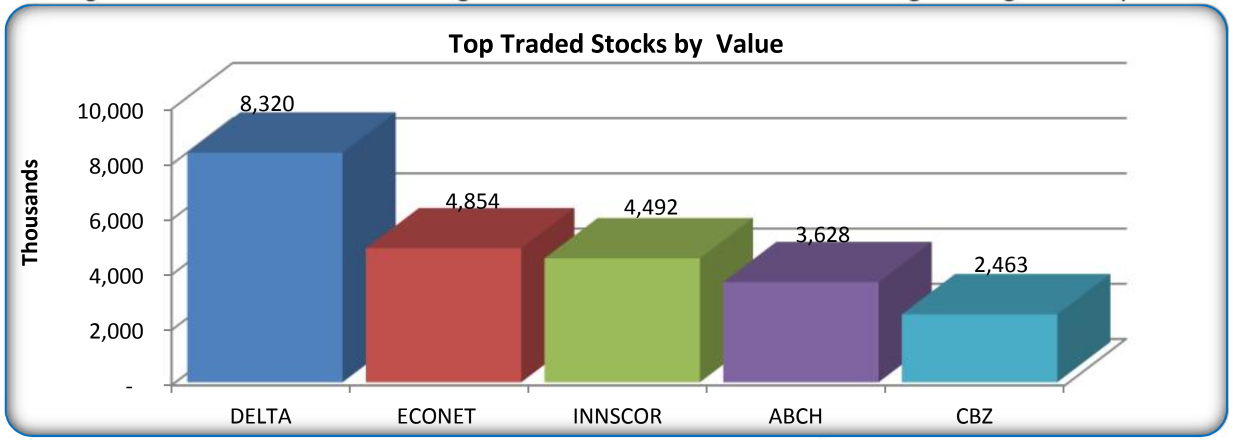


Source EFESecurities

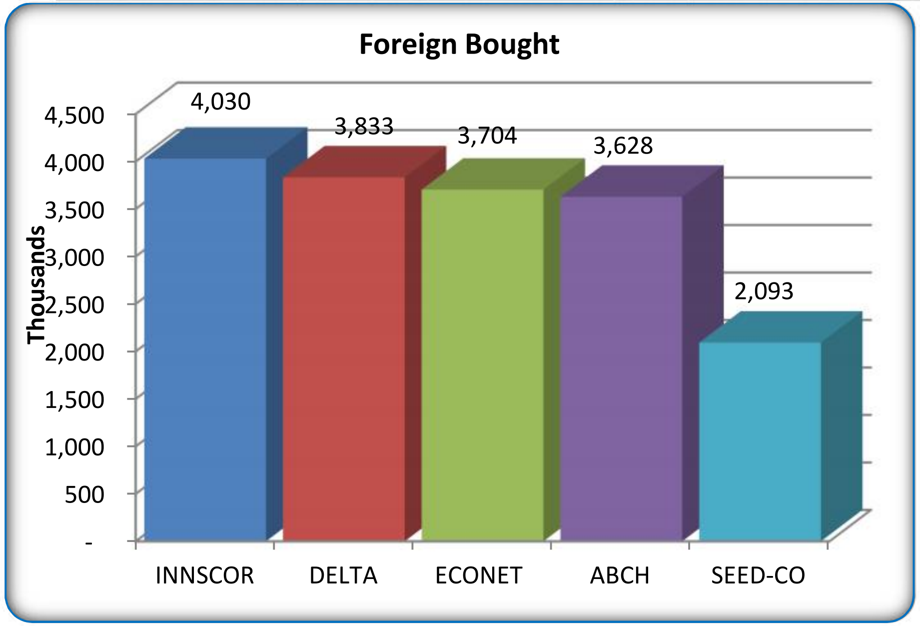
Bears dominate November trades as market sinks further…

The overly bearish sentiment established in the preceding two months carried through in November as investors shied away from Zimbabwean equities in the face of rising political uncertainty and an un-abating economic slowdown. Weak company financials mostly indicating declining revenues against a backdrop of generally subdued aggregate demand coupled with even more depressing economic statistics on national revenue collections sealed the market's fate as investors particularly locals got more consumed with the goings-on on the political and economic front. The result was a -3.61% further drop in the main stream industrial index and closed at 171.45pts which was just 4.6% above its YTD low of 163.85pts attained on the 24th of April. The minings were in an even bigger -9.79% selloff that saw its index close at 63.49pts as Nickel miners Bindura slowly lost its glitter which had previously seen it propel the Mining Index beyond the 100pts mark in a midyear rally.

The same month witnessed the unveiling of a $4.1bn 2015 fiscal policy statement which is expected to drive a 3.2% GDP growth despite 92% of the budget being directed towards recurrent expenditure with only 8% being allocated to capital expenditure and retooling. Apart from the overly optimistic growth forecasts the declining revenue collections going into the new year raised even more doubts on the ability for the government to generate from the fiscus such a revenue to meet this budget. Revenue collections in Q3 were 9% shy of target in the quarter to September as a coterie of challenges including liquidity crisis, fall in industrial capacity utilisation and lack of lines of credit resulting in a reduction in the volumes of duty paying imports took their toll. This therefore beggars the question that if government missed a lower target now how then will it meet even higher targets next year?



Total value traded in the month improved 23% on last month to $34.77m with foreign spend again emerging the market's main stay after it went up 26% to $21.6m. Worryingly though, was the 96% surge in portfolio disposals by foreign investors that fell just 1% shy of the spend at $ 21.4m. In most



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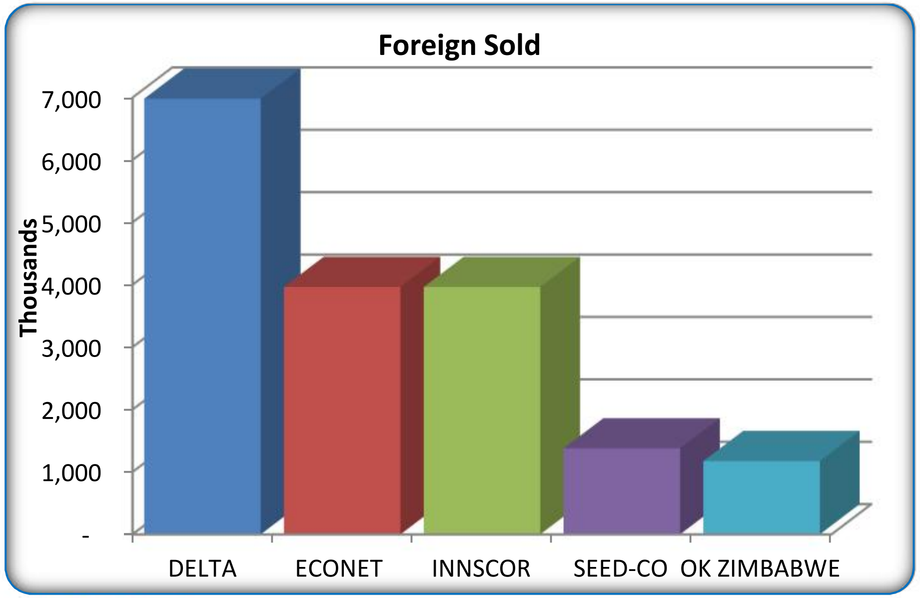

Source EFE Securities

emerging markets major declining shocks are often experienced during periods of heavy foreign selloffs owing to limited capacity of their local counterparts. This is especially true in Zimbabwe's case were the main corporate investing community have been burdened with rising prescribed asset ratio's as the government tries to stimulate investment into strategic sectors like housing.

Foreign demand skewed to blue chips in flight to quality…

The foreign spend continued to exhibit the traditional cherry picking in the market blue chips perceived to have sound fundamentals to with stand the perceived uncertainties in the economic and socio political setting. While delta emerged as the most liquid stock on the bourse with Econet and Innscor following, foreign demand was however more skewed towards FMCG conglomerate Innscor, that was the most sought after stock by foreigners. We opine that this could be due to the huge discount to its recent highs, following the market downturn relative to its fellow blue chips, which could provide better returns on the turn. Foreign investors were however heavily selling out of the market's top capitalised stock Delta in the month of November with almost a third of the disposals being attributed to the beverages group, while Econet and Innscor also saw some selloffs.

Top Gainers	31-Oct-14	28-Nov-14	Nov % Mvt	YTD % Mvt
ZBFH	2.71	3.60	32.84	67.57
CAFCA	32.00	40.00	25.00	42.86
AFRICAN SUN	1.50	1.80	20.00	33.33
PADENGA	7.51	9.00	19.84	12.50
AFDIS	35.10	42.00	19.66	40.00
TURNAL	1.28	1.50	17.19	70.00
ZIMPLOW	7.00	8.00	14.29	128.57
HWANGE	7.00	7.99	14.14	11.22
SEEDCO	90.00	97.00	7.78	7.78
NATFOODS	280.00	300.01	7.15	50.01

Losses in mid-tier stocks dominate the movers and shakers…

Mid-tier stocks dominated the risers and fallers spectrum that had thirty four counters at the end of the month, with sixteen of these being risers while eighteen were on the down side. Market lightweights Medtech and Pioneer however topped the fallers for the month after shedding 40% and 33.33% to settle at 0.03c and 2c respectively. Retail group OKZIM that released an uninspiring interim set of numbers on low demand and faces challenge of stiffer competition with the entrance of new players like Choppies in the retail space tumbled -29.41% and closed the month trading at 12c. Apparel retailers Truworths were down 20% at 2c on subdued demand while mining house

RIOZIM followed after shedding -16.7% to 15c. The miner's performance on the on the bourse has been punctuated by a series of cautionary notices on potential refinancing plans for rejiggering operations and improving capacities as well as efficiencies.

Top Gainers	31-Oct-14	28-Nov-14	Nov % Mvt	YTD % Mvt
MEDTECH	0.05	0.03	40.00	57.14
PIONEER	3.00	2.00	33.33	33.33
OK	17.00	12.00	29.41	40.00
TRUWORTHS	2.50	2.00	20.00	52.38
RioZim	18.00	15.00	16.67	54.55
BINDURA	6.00	5.10	15.00	155.00
ARISTON	1.00	0.85	15.00	15.00
BARCLAYS	3.20	2.80	12.50	36.36
ZHL	0.85	0.75	11.76	48.28
CBZ	14.00	13.00	7.14	13.33

SeedCo and National Foods were amongst those to mitigate the losses on gains of +7.78% and +7.15% to see them trade at 97c and 300.01c. Also notable amongst the risers was cable manufacturers CAFCA that rode on impressive financials to surge 25% to 40c while Afdis similarly advanced +19.66% in post results trading coupled with an announcement of completion of the group new plant that will see it localise production of most of its product offerings

Comment and Outlook

It goes without saying that the attendant challenges in the economy are the main let down for the market and as alluded to in previous reports the turnaround in the economy hinges on funding and in particular foreign if turnaround is to be sooner. Clearly the short to medium term offers little prospects of externally induced growth and Zimbabwe has to go by the painful slow organic growth. Given that most of the top stocks have dipped setting seemingly new low resistance, we believe that the market should be able to hold on to current levels through to year end or better still improve as investors are likely to buy into the current dip.

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