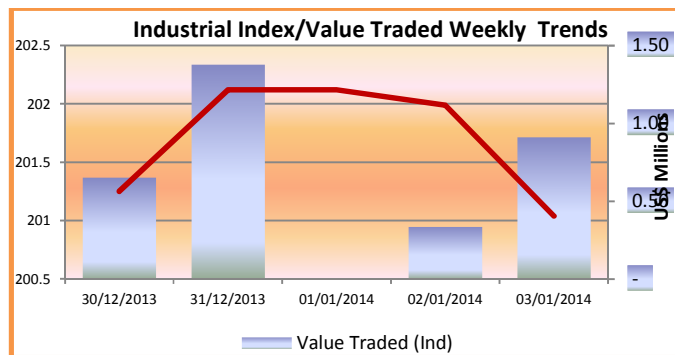
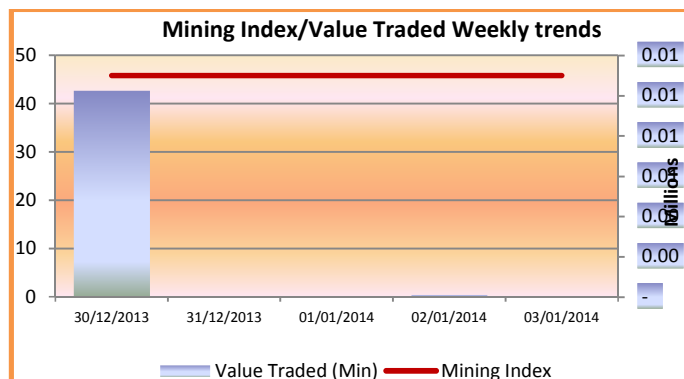


## EFE Weekly Market Review 03 January 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	3.38	1.49	126.94
Volume Traded (mn)	11.18	5.69	96.50
Foreign Purchases	0.31	1.03	69.49
Foreign Sales	0.37	0.55	32.36
Source	ZSE/EFE		Dbase

### Market Highlights

**The ZSE caps the year 2013 on a high...**

**Opens New Year in losses...**

The market capped yet another holiday shortened week with a somewhat subdued volume of activity owing largely to the holiday. As we closed with a fairly decent performance for the year 2013 where the ZSE Industrial Index registered a 31% return, the incoming year was hugely in focus as the macroeconomic environment points to a more challenging year ahead. The first two sessions of 2014 however saw the index retreating in thinly traded year opening sessions.

Index	Level	%Δ	YTD %Δ
Industrial Index	201.04	0.26	0.53
Mining Index	45.79	0.00	0.00

The Industrial index scrapped a weekly gain of 0.26% as gains garnered earlier in the week were enough to prevent a weekly loss for the main stream indicator to close at 201.04pts. The mining index on the other hand remained flat at 45.79pts as no price movements were seen in the stock.

### Activity plunges ...

With more trading days in the week under review compared to the prior week the market saw a 126.94% uplift in value of trades to \$3.38m though trades were thinly spread in the week under review. Likewise volumes received 96.5% boost to 11.18m shares with major contributions coming from banking group CBZ that accounted for 29% of the weekly value of trades. The foreign component was however heavily subdued with purchases falling -69.49% to \$0.31m while the foreign sales amounted to an estimated \$0.37m down -32.36% relative to the previous week outturn.

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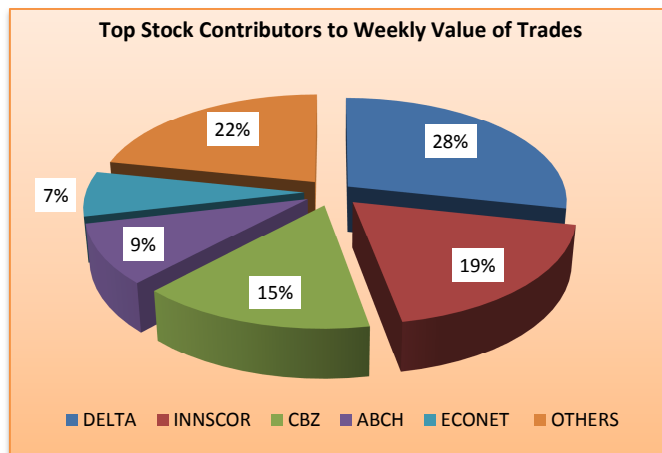
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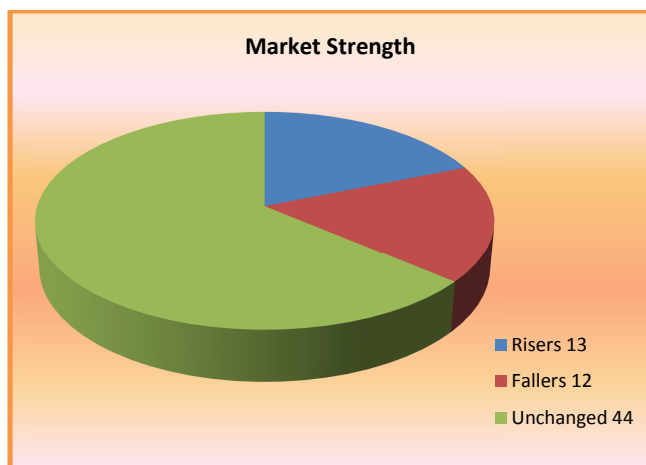
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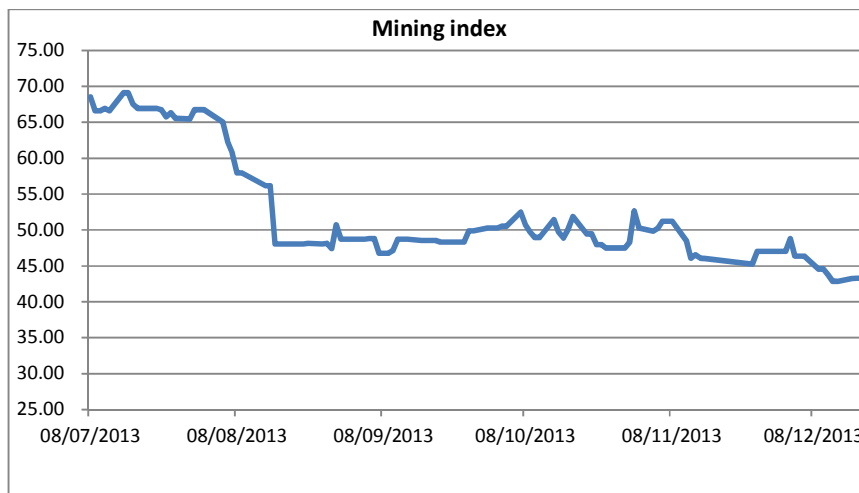
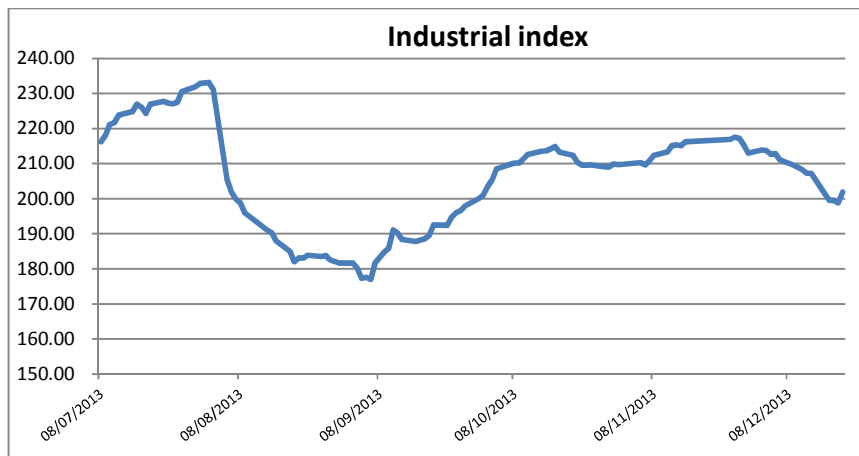
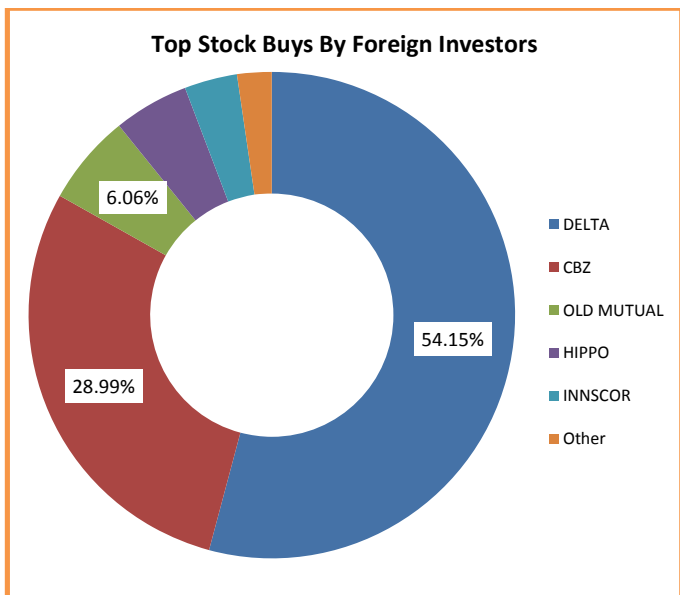
Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
FIDELITY LIFE	13.00	52.94	0.08	AICO AFRICA	6.00	14.29	0.00
ABCH	59.00	18.00	0.00	CAFCA	28.00	12.50	0.00
ZIMFLOW	3.50	16.67	0.00	BARCLAYS	4.00	11.11	9.09
HIPPO	90.02	12.53	0.00	STAR AFRICA	1.00	9.09	0.00
AFRICAN SUN	2.70	12.50	0.00	TURNALL	5.00	9.09	0.00



The risers and fallers spectrum was almost evenly balanced with gaining counters at a count of 13 being just 1 stock better than those that retreated. Leading the fallers for the week was agro industrial conglomerate AICO that softened -14.29% to 6c as the unbundling of the group becomes more imminent. Cable manufacturers CAFCA followed after shedding -12.5% to 28c in a rare trade for the stock. International banking group Barclays was down -11.1% as the recent demand fizzled out. Sugar processing group Star Africa and construction allied group Turnall completed the top fallers after shedding an identical 9.1% and closed the week trading at 1c and 5c respectively.

Mitigating the market losses were gains in a selected number of mid-tier stocks on the market led by long term life assurers Fidelity the registered a 52.94% jump to 13c following weeks of active bidding with no trades being recorded. Regional banking giant ABCH firmed +18% to 59c as demand re-emerged following the offer to minorities from the major shareholders ADC. Earth moving and farming implements distributors Zimflow followed with a +16.7% gain to 3.5c while agro industrial group Hippo was up +12.53% at 90.02c though the stock closed offered slightly lower at 90c. Completing the top gainers for the week was tourism group African sun that put on +12.5% and closed trading at 2.7c.

### Market statistics



## Top Picks

African sun		The tourism group completed a restructuring exercise in 2011 which saw them post a first profitable full year outturn in 2012. With a well-focused structure going into 2013 African Sun is well placed to consolidate on the performance
BAT		Established itself as one of the consistent performers on the local bourse. It is operating at a mature stage of its business as seen in its high and attractive dividend payout. It is our opinion that BAT should be considered for attractive cash flows from their dividend payout
Dairibord		Driven by a portfolio of strong SBU's and an attractive brand portfolio that can hold its own against imports in the local market. With the concerted effort to re-establish the national herd the future can only be better for Dairibord.
Delta		The beverages Giant enjoys huge market dominance and has consistently maintained a steady growth in volumes and revenues. As the market's top stock, a solid performer, Delta is an undoubted consideration for any investor because of the limited downside
Econet		The dominant mobile phone operator in the country enjoys huge discounts to its regional comparatives while the fact that it is a consistent performer adds to its allure.
Hippo		Growing capacity utilization and production with complementary firming demand both locally and internationally and the fairly higher than the traditional averages commodity prices
Innscor		The group enjoyed steady growth in revenues over the years and looks well placed to continue enjoying steady growth going forwards. It is one group that has positioned itself well to benefit from any improvement in economic activity and disposable incomes in particular
Meikles		The conglomerate has had stunted performances since dollarization with its interims to September showing the first signs of a turnaround. With the second largest retail group in their portfolio as well as some of the top hotelier properties in their portfolio the group is clearly heavily discounted. Now that the results are coming we believe its only a matter of time before the group stakes its claim again as one of the top stocks on the local bourse
Properties Pearl &	: Mash; ZPI	Property companies on the local bourse have all been relatively discounted relative to the regional comparatives with the investment case largely being vested in the lower rental rates relative to regional comparatives. These have been steadily improving and are expected to continue improving with better changes in the economy
National Foods		As the leading food processing and packaging group in the country has been on a capacity increase drive and should continue to enjoy and consolidate on benefits of its rationalization exercise as well as improving efficiencies. The group can also benefit from synergies that could be drawn from their strategic partnership with top shareholders and leading South African food processing and packaging group Tiger Brands.
OKZM		As one of the leading retail groups in Zimbabwe OK led the way in refurbishment of outlets, As more outlets are refurbished and others added to their portfolio we believe the margins will continue to improve
Old Mutual		The dually listed giant trades at a huge discount to its price on either the JSE or London stock Exchange. We believe there is potential upside benefits should market be liberalized scrip become tradable across markets. For the short term however Old mutual's attraction is in its consistency is paying dividends
TSL		Attractive valuation and successfully completed a rationalization exercise with the results of impressive financial results coming up

## In the News

### **Meikles to save US\$1 million**

Meikles Stores, a unit of Zimbabwe Stock Exchange listed Meikles Limited, will save about US\$1million after rescinding its earlier decision to lay off 55 workers last year. The retail giant wanted to retrench the workers citing viability challenges due to low demand and competition from the informal sector...

<http://www.herald.co.zw/meikles-to-save-us1-million/>

### **Kariba power plant expansion to start in January**

Work to expand Zimbabwe's Kariba South power plant and boost output to 1 050 megawatts (MW) from the current 750MW is set to start in January 2014, a spokesman for State power utility Zesa has said... <https://www.newsday.co.zw/2014/01/03/kariba-power-plant-expansion-start-january/>

### **Pelhams posts \$1,1m loss**

During the period under review, revenue declined by 60% to \$1,7 million from \$4,2 million in 2012.

"This was mainly attributable to reduced stock levels across branches as well as reduced sales from the traditionally dependable civil servants' disposable income," Pelhams Limited chairperson Tawanda Nyambirai said in a statement accompanying the group's unaudited abridged financial results.

<https://www.newsday.co.zw/2014/01/03/pelhams-posts-11m-loss/>

### **Rand depreciates to lowest level**

South Africa's rand depreciated to the lowest intra-day level since March 2009 against the dollar after measures of Chinese manufacturing fell, pushing emerging-market currencies weaker...<http://www.herald.co.zw/rand-depreciates-to-lowest-level/>

### **Gold rebounds from worst year**

Gold rose to a two-week high in London, rebounding from the worst year in three decades, as a drop to a six-month low was seen spurring physical purchases and prompting some investors to reverse bearish bets... <http://www.herald.co.zw/gold-rebounds-from-worst-year/>

### **ZSE suspends PG Industries**

PG INDUSTRIES Zimbabwe has been suspended from trading its shares on the Zimbabwe Stock Exchange (ZSE) as the company faced viability constraints emanating from working capital constraints... <https://www.newsday.co.zw/2014/01/03/updatzse-suspends-pg-industries/>

### **ZSE defies faltering economy**

What sort of policies will the new government pursue? Will the use of multiple currencies continue after the elections? Will the liquidity crisis ease and foreign direct investments increase?... <http://www.theindependent.co.zw/2014/01/03/zse-defies-faltering-economy/>

### **SECZ investigates window-dressed trades**

The Securities and Exchange Commission of Zimbabwe has launched investigations into the trading of ABC Holdings, Fidelity Life and Zimplow Holdings after the counters recorded significant gains during Monday's trading. In a letter, SECz gave notice that stockbrokers might be called to assist in the investigations of the trades which are suspected to be year-end window dressed

<http://www.herald.co.zw/secz-investigates-window-dressed-trades/>

### **CBZ secures US\$8m housing loan**

CBZ Bank has secured US\$8,3 million loan from Shelter Afrique, a Pan-African financial institution, for development of a low cost housing project in Gweru, an official has said. CBZ corporate affairs executive Mrs Laura Gwatiringa told Herald Business that the bank, through its mortgage finance division, intends to develop 1 095 high density residential stands... <http://www.herald.co.zw/cbz-secures-us8m-housing-loan/>

## Up Coming Events

Company	Event	Venue	Date & Time
NATIONAL BUDGET	PRESENTATION	PARLIAMENT	19 DEC 2013
AICO	EGM	SAZ BUILDING NORTHRIDGE	20 DEC 2013 1100HRS
<b>CAUTIONARIES</b>	<b>ISSUE DATE</b>		
AFRICAN SUN	6 <sup>TH</sup> April 2013	Discussions on Mandatory offer to minorities by Lengrah Investments	
PGI	4 <sup>TH</sup> Dec 2013	Negotiations that may have material effect on the future of the company	
WILLDALE	27 <sup>TH</sup> Nov 2013	Ongoing Negotiations with a potential Investor	
AFDIS	7 <sup>TH</sup> Nov 2013	\$5m rights issue proposed and was approved by shareholder	

## Notes

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