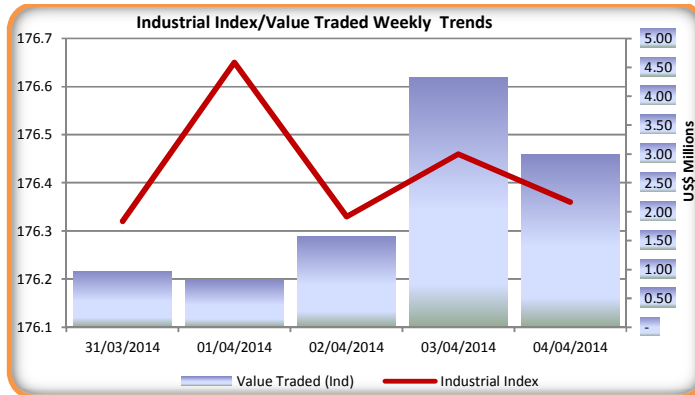
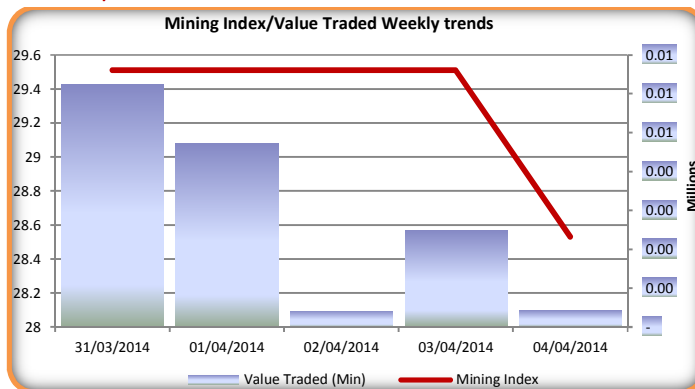


EFE Weekly Market Review 04 April 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	10.81	7.71	40.26
Volume Traded (mn)	38.90	53.94	27.89
Foreign Purchases	4.42	4.22	4.84
Foreign Sales	4.41	2.97	48.20

Source ZSE/EFE Dbase.

Market Highlights

ZSE in marginal gain as the second quarter commences...

The week under review saw the curtain come down on the first quarter of 2014 which was a challenging period for the ZSE as well as the Zimbabwe economy at large on the back of lack of an outright policy position to arrest the debilitating economy. The malaise that has been underlined by a tight liquidity situation, declining income into the national coffers against ever increasing recurrent expenditure have seen several players in economy reviewing their models to sustain operations.

The second quarter that commenced on the back of the end of a depressed reporting season for the December reported date seems to have opened on a slightly better note for the market as glimpses of re-emergent demand began to show. It is our opinion that the downward spiral experienced in the first quarter had made the market valuations on some of the stocks attractive rendering most of the stocks on the bourse attractive.

Index	Level	%Δ	YTD %Δ
Industrial Index	176.36	0.24	12.74
Mining Index	28.53	3.32	37.69

The main stream Industrial Index was in an early rebound albeit marginally putting on +0.24% in the first week of the second quarter to close at 176.36pts. Anchoring the gain were three rising sessions against two session in weakness for the week on the industrials.

A combination of worsening financial performances by the minings cluster and continued underfunding in the sector saw the Mining Index slide further into the abyss after falling -3.32% in the week under review and closing the week pegged at 28.53pts with a negative year to date return of 37.69%

Marked Improvement in activity...

Demand continued to solidify in the week under review as the value of trades improved 40.26% on the prior week level to close at \$10.81m. Indicative of the quality of the stocks involved in the week's trading was a 27.9% decline in

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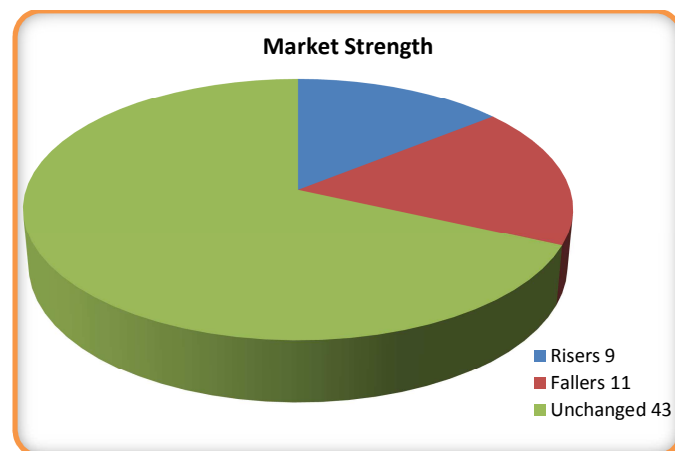
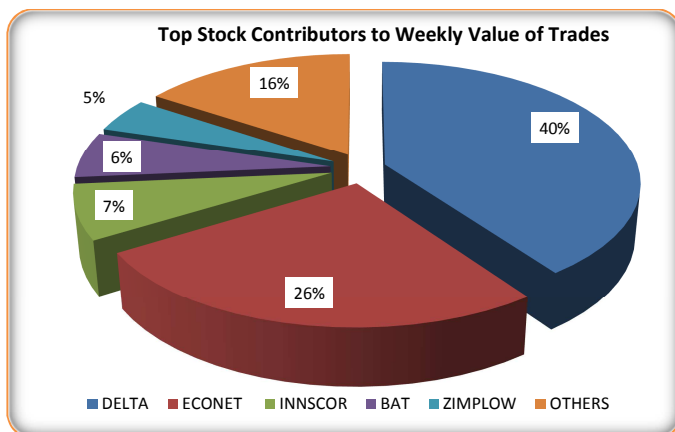
Contacts:

Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

Phenias Mandaza 0772144334

Coreen Madanha 0772144333



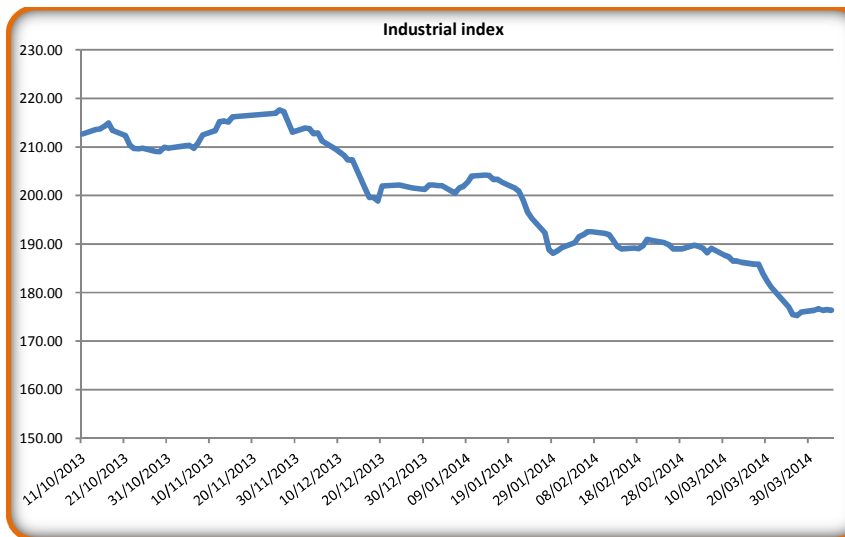
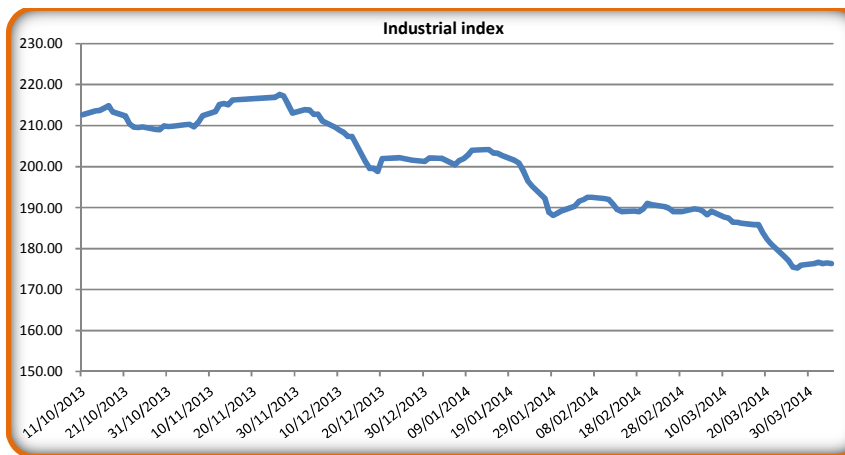
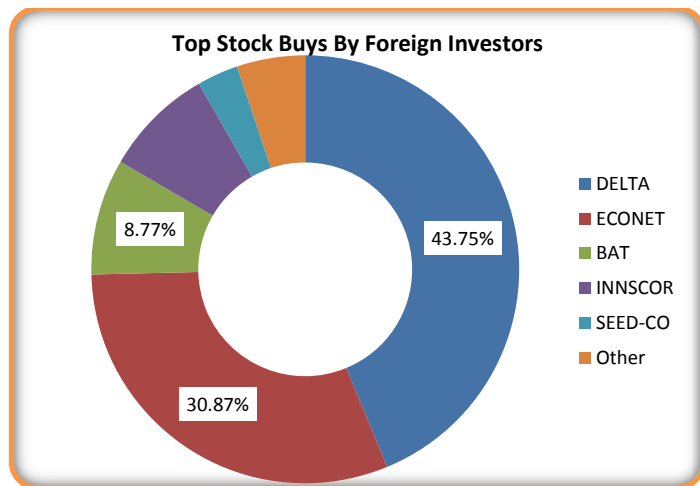
volumes of shares traded to 38.9m shares. Demand in market heavy weights saw the top three stocks by market capitalisation dominate trading with Delta toping after 40% of the week's total value of trades exchanging hands in the beverages maker. Econet and Innscor were distant second and third with contributions to turnover of 26% and 7% respectively. Another notable trade was in Zimplot where a block trade of circa 16m shares was executed as a special bargain at a price 3c being a 20% premium to the current price.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
ZIMPAPERS	1.10	10.00	37.50	N.M.B	3.00	25.00	53.85
STAR AFRICA	0.90	9.76	10.00	MASIMBA	2.10	16.00	35.38
OK ZIM	20.00	8.11	0.00	DZLH	9.00	10.00	40.00
ZBFH	9.00	5.88	18.92	Z.P.I	0.90	10.00	30.77
EDGARS	12.50	4.17	3.22	ARISTON	1.00	9.09	0.00

Price movements were seen in twenty stocks of which eleven traded downwards while the remainder drove the market gains. Zimpapers rode on its profitable 2013 outturn to add 10% over the week and closed at 1.1c while sugar processing and packaging group Star Africa followed with a +9.76% gain to 0.9c. Resurgent demand in retail group OKZIM saw the group close 8.11% to the good at 20c while another retailer Edgars also featured amongst the top gainers after adding +4.17% to 12.5c. Financial services group ZBFH completed the top risers after a 5.9% uplift took its price to 9c.

Weighing on the market gains for the week were losses in 11 stocks led by financial services group NMB that shaved off a quarter of its value to trade at 3c in the wake of dismal showing in financials for the year to December 2013. Construction allied group Masimba also crumbled 16% to 2.10c as post results rerating continued. After several sessions of continued downward bidding DZLH was 10% softer at 9c while ZPI fell by a similar margin to close at 0.9c. Completing the week's top shakers was agro based concern Ariston that was 9.1% softer at 1c.

Market statistics



Top Picks

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 pay-out. It is our opinion that BAT should be considered for attractive cash flows from their dividend pay-out
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.
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
Properties Mash; Pearl & 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

NMB plans to fund infrastructure projects

Zimbabwe Stock Exchange-listed NMB Holdings (NMB) plans to fund infrastructure development, an area the banking group says has significant demand and growth prospects.

<http://www.dailynews.co.zw/articles/2014/04/01/nmb-plans-to-fund-infrastructure-projects>

Nyemudzo takes over as CBZ CEO

CBZ Holdings Limited has appointed Mr Never Nyemudzo to the position of group chief executive effective May 1 2014 after outgoing CEO Dr John Mangudya was elevated to take charge at the central bank.

<http://www.herald.co.zw/nyemudzo-takes-over-as-cbz-ceo/>

Cairns completes business evaluation

CAIRNS Holdings Limited has completed evaluating its business in preparation for a fresh capital injection by prospective investor, Vasari Global Limited.

<http://www.herald.co.zw/cairns-completes-business-evaluation/>

OLD MUTUAL boss retires

Old Mutual emerging markets CEO Ralph Mupita announced on Wednesday that Old Mutual boss Johannes Gawaxab has decided to go on early retirement in December 2014 after more than 16 years with the group

<http://www.theindependent.co.zw/2014/04/04/old-mutual-boss-retires/>

ABCH plans +\$200m debut euro bond

ABC Holdings will soon issue a €150 million euro bond equivalent to \$206 million, banking on the profile of its new partners Atlas Mara to enable it to attract investment.

<http://www.herald.co.zw/abch-plans-200m-debut-euro-bond/>

Sefalana, starafrika deal collapses

BOTSWANA Stock Exchange listed Sefalana Holdings bid to buy starafrika corporation's 33 percent stake in Tongaat Hullet Botswana collapsed after the parties failed to agree on price, sources close to developments said... <http://www.herald.co.zw/sefalana-starafrika-deal-collapses/>

Govt won't alter 99-year leases: Mombeshora

Government will not amend the law to make 99-year leases commercially transferable just to suit the interest of banks.

<http://www.herald.co.zw/govt-wont-alter-99-year-leases-mombeshora/>

ZIA approves 21 investment projects

A total 21 investment projects valued at \$71,025 million were approved in the two months to February 2014, up from \$38,6 million in January, latest figures from Zimbabwe Investment Authority have shown.

<http://www.herald.co.zw/zia-approves-21-investment-projects/>

Malaba takes over at BAZ

Barclays Bank Zimbabwe managing director Mr George Guvamatanga has stepped down as Bankers Association of Zimbabwe (BAZ) president after the expiry of his two-year tenure with his deputy Mr Sam Malaba replacing him... <http://www.herald.co.zw/malaba-takes-over-at-baz/>

Agribank records \$9m loss

Distressed government-owned Agribank's losses widened to \$9,2 million in the year to December 2013 from \$5,6 million incurred in prior year due to non-performing loans (NPLs), among other challenges... <http://www.dailynews.co.zw/articles/2014/04/01/agribank-records-9m-loss>

Up Coming Events

Company	Event	Venue	Date & Time
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CAUTIONARIES

ISSUE DATE

NMB	7 th Feb 2014	Profit warning, impairment on loans to result in a net loss position	
AFRICAN SUN	6 th Dec 2013	Discussions on mandatory offer to minorities by Lengrah Investments	
TSL	29 th Jan 2014	Discussions with Chemco on a conversion of debt to equity on amount owed	
PGI	4th Dec 2013	Negotiations that may have material effect on the future of the company	

Notes

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