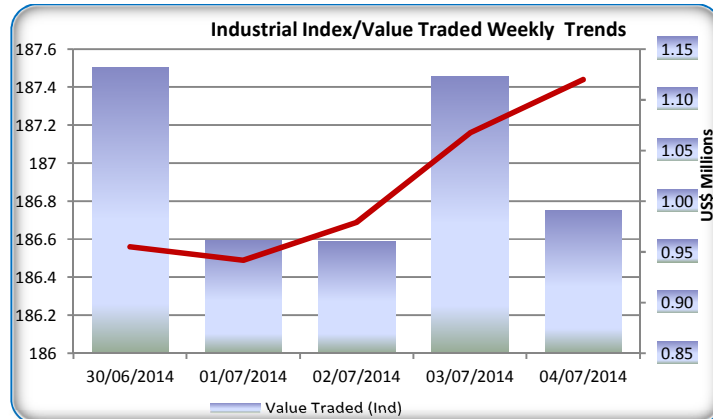
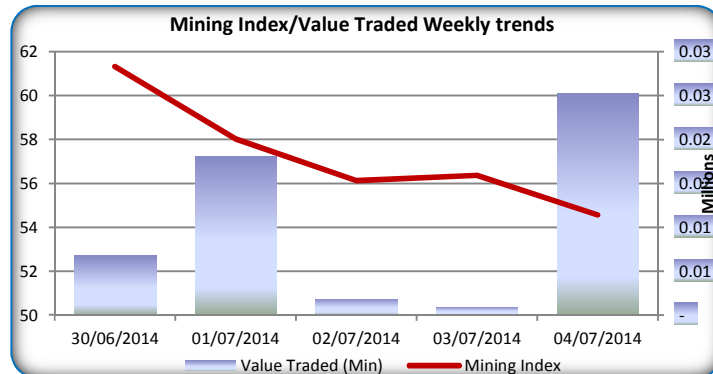


EFE Weekly Market Review 04 July 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	5.31	3.33	59.53
Volume Traded (mn)	15.91	16.57	4.01
Foreign Purchases	3.87	1.50	158.59
Foreign Sales	1.28	0.20	525.75

Source ZSE/EFE Dbase.

Market Highlights

ZSE closes week softer as profit taking kicks in...

Industrials returned to winning ways in the week under review with a marginal +0.19% uplift to 187.44pts as the market looks set to continue its rising streak into the third quarter. Profit taking at the dearth of last week that coincided with the end of the first half of the year had threatened to dampen the Industrial Index's resurgence but buoyant demand as the third quarter sets in put the index back on its northwards trek. Fresh from a fairly fruitful second quarter where the industrials narrowed the year to date losses to just -7.7%, having started the period at -12.8% following a sustained decline in the first quarter, the ZSE looks set to consolidate the gains achieved in the prior quarter though financial results of a very difficult first six calendar months could be a dampener.

Index	Level	%Δ	YTD %Δ
Industrial Index	187.44	0.19	7.26
Mining Index	54.56	11.59	19.15

The highly volatile nature of the Mining Index was exhibited this week as the resources took a staggering -11.59% drop to 54.56pts to leave the year to date return at 19.15%. Hwange and Bindura the drivers of the recent charge of the minings were its undoing this week after they saw respective declines of -36% and -10.42%.

Going into the third quarter market performance is expected to ride on government efforts to stimulate foreign capital inflows by making a review of the contentious indigenization and economic empowerment regulations which many foreign investors perceive to lack clarity and consistency of implementation.

Values improve despite marginal softening in volumes...

The market saw a 59.53% improvement in the total value that exchanged hands over the week to \$5.31m with the usual momentum

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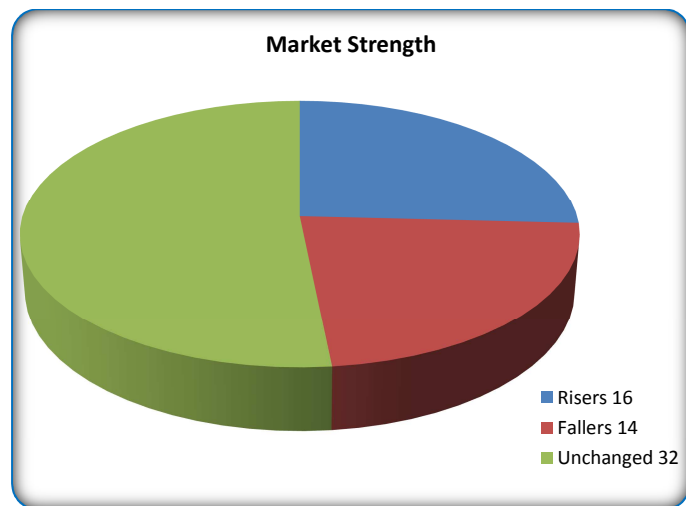
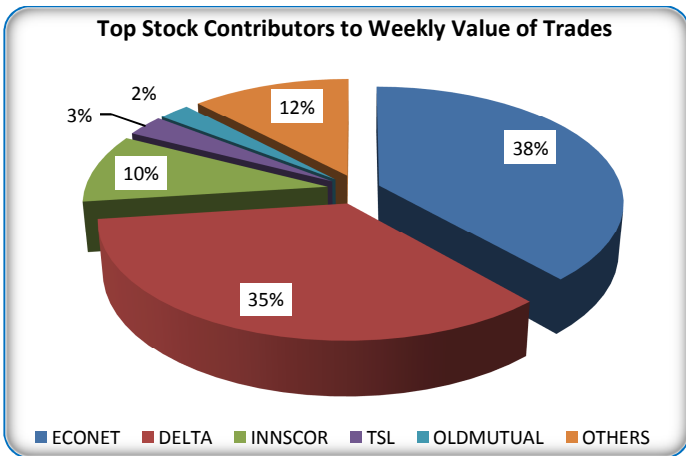
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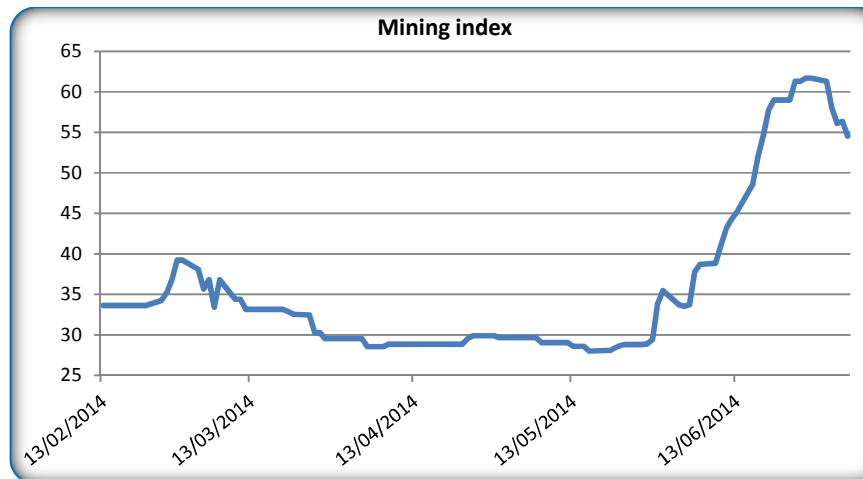
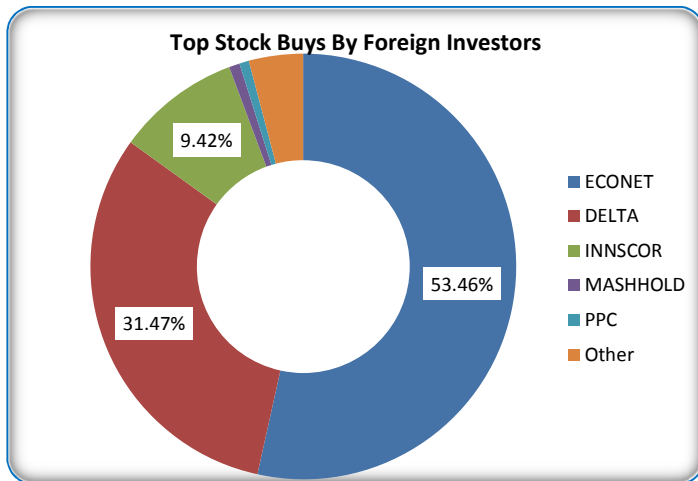
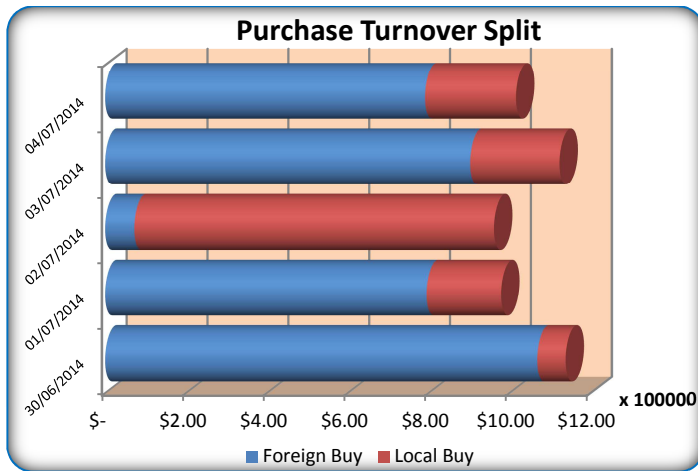
stocks dominating the trades evidenced by the -4% decline in the volume of shares that traded over the week. Foreign demand emerged to be the main source of liquidity this week after foreign buying grew 158.6% to \$3.87m to see them account for 68% of the total value that exchanged hands in the same week. Foreign portfolio disposals also saw a 526% increase to \$1.28m as the market set a net funds inflow as the month starts.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
FALGOLD	2.00	33.33	60.00	ZIMPLOW	8.00	36.00	128.57
COTTCO	1.00	25.00	83.33	HWANGE	4.80	36.00	46.67
PSPEED	1.70	13.33	5.56	BINDURA	4.30	10.42	115.00
TA	9.00	12.50	47.54	CBZ	13.00	10.34	13.33
NMBZ	5.00	11.11	23.08	FIDELITY	9.00	10.00	30.82

A total of thirty counters closed the week with price movements of which sixteen closed in the black while fourteen traded softer to leave the market with a positive breadth of just two stocks. Agro-industrial group Hippo led the market charge with a +6.67% uplift that took the group to 80c while the usual momentum stocks Delta and Econet chipped in with gains of 0.78% and 4.73% to close the week at 130c and 70c. Telecoms group Econet was on a rebound following a slump in demand that had seen its price soften to 68c early in the week.

Top gains for the week were however seen in Falgold that went up 33.3% to 2c while COTTCO followed with a 25% increase to 1c as punters look to take positions ahead of a possible deal for the cotton company with a new investor. Investment holding company TA that recently reported a GPW growth of 41% in its insurance business saw itself close the week at 9c after adding +12.5% over the week. Completing the top gainers for the week was financial services group NMBZ that added +11.1% to 5c. On the down side Zimplow topped after shedding -36% to 8c while financial services group CBZ was 10.34% softer as reports emerged that the banking sector continues to wallow under the weight of non-performing loans that grew to 18% in Q1.

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...

Govt works on clearing debt

Zimbabwe is making regular payments to the Poverty Reduction and Growth Trust and since mid-2013, quarterly payments to the World Bank and the African Development Bank as part of ef... <http://www.herald.co.zw/govt-works-on-clearing-debt/>

Meikles plans \$100m chrome mining investment

Meikles Limited (Meikles)' mining subsidiary Meikles Centar Mining (MCM) plans to invest \$100 million in a chrome mining venture. This comes as MCM has acquired a 75 percent stake in an undisclosed company that owns chrome claims on the Great Dyke....

<http://www.dailynews.co.zw/articles/2014/07/03/meikles-plans-100m-chrome-mining-investment>

Zimre forecasts \$150m turnover

Zimre Holdings Limited is forecasting a turnover of about \$150 million by the end of this year as the company targets increased earnings from the disposal of non-cor...

<http://www.herald.co.zw/zimre-forecasts-150m-turnover/>

Hwange expects profitability.

HWANGE Colliery Company Ltd, the country's largest coal miner, expects to turn profitable upon commissioning of new equipment before year-end, an official said...

<http://www.herald.co.zw/hwange-expects-profitability/>

FBC Holdings submits recapitalisation plan

Zimbabwe Stock Exchange-listed diversified financial services provider FBC Holdings Limited (FBCH) says it has submitted a fresh recapitalisation plan to the Reserve Bank of Zimbabwe (RBZ) following the extension of the \$100 million deadline to 2020. John Mushayavanhu, FBCH group chie...

<http://www.dailynews.co.zw/articles/2014/07/01/fbc-holdings-submits-recapitalisation-plan>

Government no longer key Client: SeedCo

Listed agro-concern SeedCo Limited (SeedCo) says government is no longer their priority customer, with the group now focusing on East and West African markets...

<http://www.dailynews.co.zw/articles/2014/06/30/govt-no-longer-key-client-seedco>

Banking sector will come out of the woods: Mangudya

RESERVE Bank Governor John Mangudya yesterday told Parliament that he was optimistic that the banking sector will soon come out of the woods...

<https://www.newsday.co.zw/2014/07/01/banking-sector-will-come-woods-mangudya/>

ZIMRE Holdings to dispose non-core assets

ZIMRE Holdings Limited (ZHL) plans to dispose of its non-core assets and non-performing investments within the group...

<https://www.newsday.co.zw/2014/07/01/zimre-holdings-dispose-non-core-assets/>

Willdale narrows losses, sees brighter second half

WILLDALE Limited sees a brighter second half of its financial year buoyed by reduced downtime and the restructuring of the interest bearing debt...

<https://www.newsday.co.zw/2014/07/01/willdale-narrows-losses-sees-brighter-second-half/>

Seed Co profit down by 5%

SEED CO Limited has recorded a 5% decline in after tax profit to \$11,8 million in the year ended March 31 2014 from the same period last year...

<https://www.newsday.co.zw/2014/06/30/seed-co-profit-5/>

Up Coming Events

OKZIM	AGM	OK MART FUNCTIONS ROOM, 30 CHIREMBA RD	24/07/2014	1500HRS
DELTA	AGM			

CAUTIONARIES

ISSUE DATE

AFRICAN SUN	6 th Dec 2013	Discussions on mandatory offer to minorities by Lengrah Investments
PGI	4 th Dec 2013	Negotiations that may have material effect on the future of the company
DAWN PROPERTIES	23 rd Mar 2014	Negotiations are underway over disposal of one of its hotel properties
WILLDALE	6 th May 2014	To approve rights issue
NICOZ & ZHL	11 TH Apr 2014	Negotiations over disposal and acquisitions respectively, of a business

Notes

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