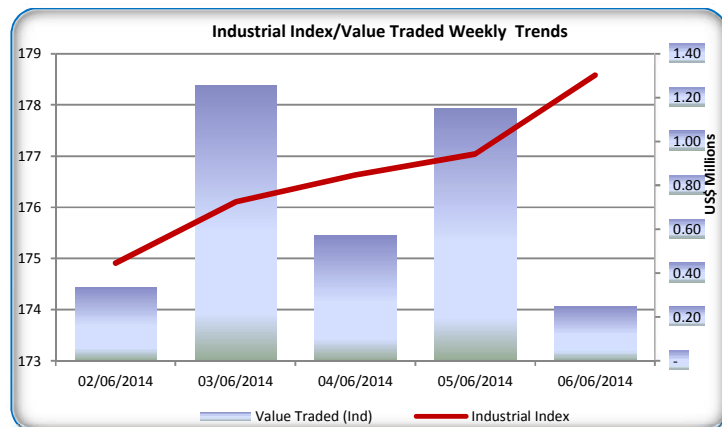
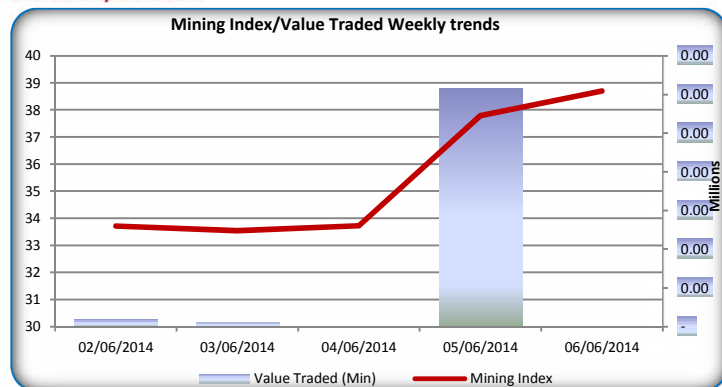


EFE Weekly Market Review 06 June 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	3.72	6.37	41.68
Volume Traded (mn)	27.48	76.06	63.87
Foreign Purchases	1.52	2.42	37.37
Foreign Sales	1.81	4.21	57.04

Source ZSE/EFE Dbase.

Market Highlights

Dearth in sellers propels ZSE to sturdy gains...

The ZSE saw a rather subdued trading week with constricted supply of shares despite a marked steady improvement in bid prices for some shares. The dearth in sellers could be attributed to the continued talk of a possible review of policies at government level in particular the indigenization laws to a more investor friendly form to attract foreign direct investment. The stunted economic performance has largely been attributed to the uncertainty arising from the vague investment laws that prompted calls from various quotas for the review of same to enable capital flows back into the country.

Index	Level	%Δ	YTD %Δ
Industrial Index	178.58	2.11	11.65
Mining Index	38.69	9.17	15.51

The ZSE Industrial Index completed five rising sessions over the week bringing its rising streak to eleven sessions in a row as the market saw a new spat of demand from both the local front and the foreign front. The index added +2.11% to 178.58pts by close of the week narrowing year to date losses to -11.65% as the market recovers from the Q1 slump

The resources index consolidated last week's gains with a +9.17% advancement to 38.69pts riding on gains in Bindura and RIOZIM whose resuscitation plans were reported to be on course.

Market low on activity...

The dearth in sellers that extended into the week under review saw all activity aggregates plummeting as trading was constricted by low supply. The week's trading saw the volume of shares traded falling 63.9% to 27.48m shares yielding a paltry \$3.72m in value of trades which was down 41.68% on prior week outturn. Likewise foreign participation aggregate also trekked southwards with inflows falling

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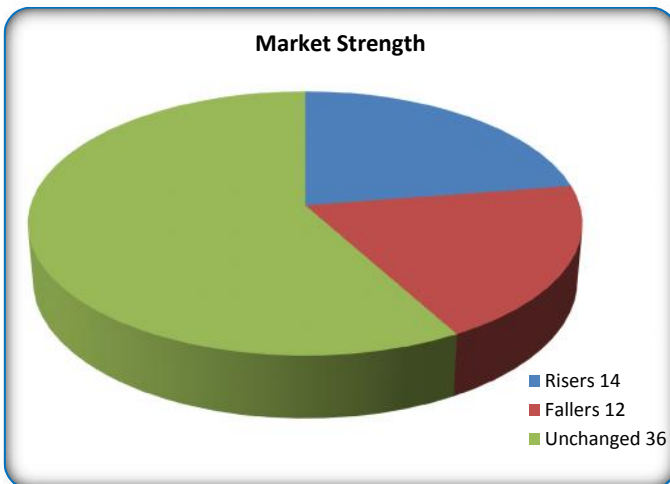
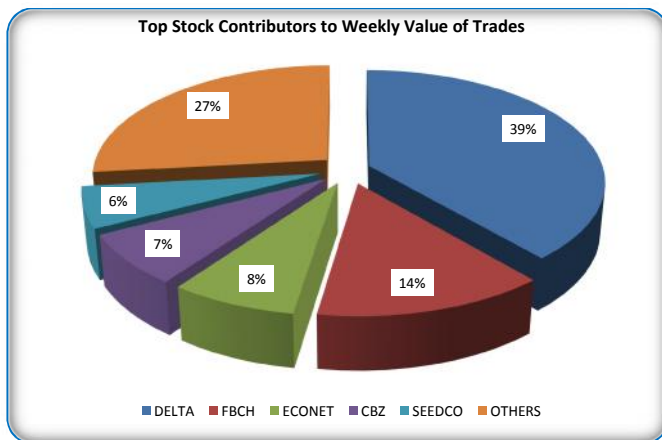
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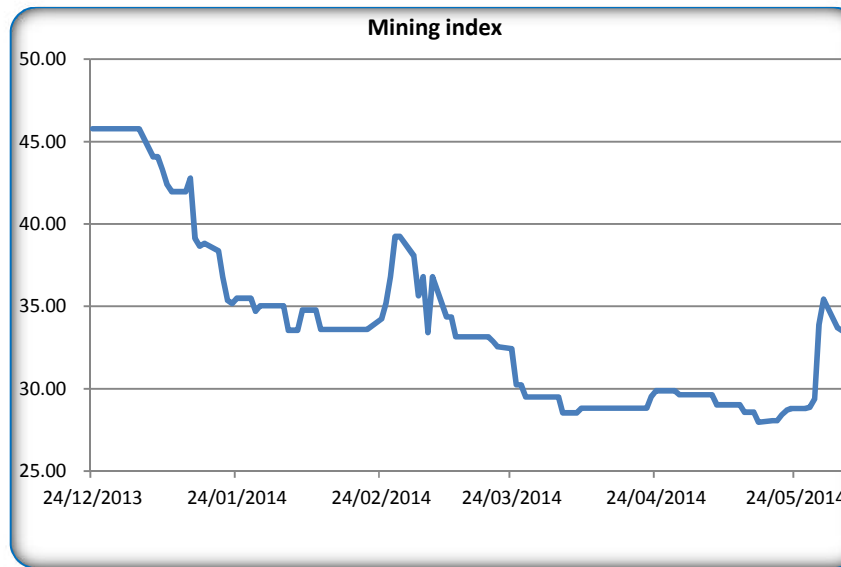
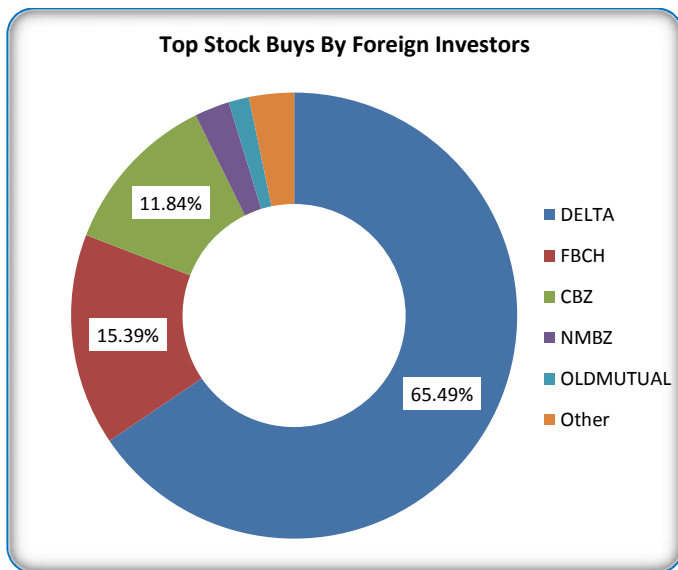
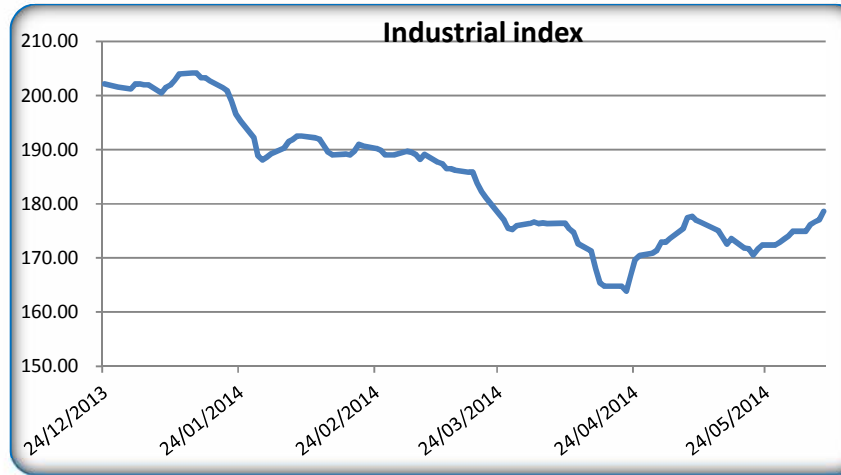
-37.37% to \$1.52m while outflows took a -57.04% dip to \$1.81m leaving the market in a net pay-out to foreign investors of \$0.29m. Beverages group Delta remained the most liquid stock on the market churning \$1.4m in turnover or contributing 39% of the week's total outturn. Other notable trades for the week were seen in FBCH (14%), Econet (8%), CBZ (7%) and SeedCO (6%). Foreign demand was heavy on Delta, FBCH and CBZ that had contributions to foreign inflows of +65.5%, 15.4% and 11.8% respectively.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
HIPPO	65.00	18.18	27.79	TA	5.50	31.25	9.84
MEIKLES	18.50	8.82	2.63	TURNAL	2.10	30.00	58.00
FIDELITY	7.52	7.43	42.20	ARTZDR	0.30	25.00	50.00
AFDIS	32.10	7.00	7.00	ZHL	0.75	16.67	48.28
DAWN	0.95	5.56	5.00	FML	6.50	7.14	18.75

Week on week the market had a positive breadth of two stocks emphasising as risers were dominant while major gains were driven by market heavy weights. FMCG conglomerate Innscor was the pick of the cherry amongst the heavies after rising 4.99% to 73.5c. Telecoms group Econet which is the only heavy cap with positive year to date returns was similarly firm at 69c after adding 4.59%. PPC and SeedCo capped the heavy cap risers after respective gains of 2.21% and 1.39% to 215.7c and 73c.

Leading the market gains however was agro industrial concern Hippo valley that rallied 18.18% to 65c as the group recovers from a slump induced by reported land grabs targeting their cane fields. Meikles who are set to close their departmental stores and replacing them with their fast growing retail brand Pick and Pay were in 8.82% uplift to 18.5c. Life Assurers Fidelity followed after adding +7.43% to 7.52c ahead of the close of the bidding for their bond to fund their housing project this Friday. Spirits makers Afdis followed after adding 7% to 32.10c while Dawn completed the top gainers for the week with a gain of 5.56% to 0.95c. The market was however unsympathetic to the underperforming groups ART and ZHL that fell -25% and -16.67% to 0.3c and 0.75c in the face of their depressed financials.

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...

Explosive Hwange AGM in the offing

Hwange Colliery Company's forthcoming annual general meeting is likely to be explosive with a major shareholder threatening to block a couple of what he..

<http://www.herald.co.zw/explosive-hwange-agm-in-the-offing/>

PPC domestic sales decline

Cement producer PPC Zimbabwe says domestic sales in the first five months of the year are down 5 percent compared to the same period last year...

<http://www.herald.co.zw/ppc-domestic-sales-decline/>

Trade deficit hits economy hard

There has been serious debate amongst economic stakeholders regarding the state of the country's balance of trade, with press discussions on this issue almost always taking it as a given that surplus... <http://www.herald.co.zw/trade-deficit-hits-economy-hard/>

ART suffers US\$1m loss

Diversified group, ART Corporation recorded a \$1,16 million loss in the half year period ended March 31, 2014 from a profit of \$236 000 a year earlier aft...

<http://www.herald.co.zw/art-suffers-us1m-loss/>

Ariston revenue up 29pc

Agro-industrial Company, Ariston Holdings Limited's revenue for the half year ended March 2014 increased 29 percent on the back of improved marketing by the group.

<http://www.herald.co.zw/ariston-revenue-up-29pc/>

FML to tighten screws on premiums collection

First Mutual Holdings will tighten the screws on premiums collection and enhance service provision as part of concerted efforts to maintain growth. Chief executive Mr Douglas Hoto s... <http://www.herald.co.zw/fml-to-tighten-screws-on-premiums-collection/>

Lafarge to ramp-up production

Production at listed cement manufacturer, Lafarge Cement Zimbabwe is expected to increase to 500 000 tonnes per annum once current plant upgrade is complete, an official has said... <http://www.herald.co.zw/lafarge-to-ramp-up-production/>

Cheap imports take toll on Natfoods volumes

NATIONAL Foods says milling volumes especially in the southern region are depressed due to the high volume of imports. "We are making every effort to compete, however, our milling v... <http://www.herald.co.zw/cheap-imports-take-toll-on-natfoods-volumes/>

BAT espionage under SARS' spotlight

A tax probe by South Africa Revenue Services into the tobacco industry has exposed rampant illegal and unethical practices, including corporate espionage with British American Tobacco South Africa at... <http://www.herald.co.zw/bat-espionage-under-sars-spotlight/>

More retrenchments loom at PG Industries

More retrenchments are looming at PG Industries as the group seeks to turn around its fortune after sinking deeper into the red, posting a \$11,3 million loss for the year ended Dece... <http://www.herald.co.zw/more-retrenchments-loom-at-pg-industries/>

Differences threaten Cairns, Vasari deal

Cairns Holdings prospective investor Vasari Global has requested to renegotiate a number of issues with major creditors amid fears the deal could collapse over...

<http://www.herald.co.zw/differences-threaten-cairns-vasari-deal/>

Rising expenses weigh down FML

FML Holdings Limited posted a 75% decline in profit after tax to \$1,1 million for the first quarter ended April 30 2014

<https://www.newsday.co.zw/2014/06/05/rising-expenses-weigh-fml/>

Lafarge to upgrade plant

LAFARGE Cement Zimbabwe plans to spend over \$10 million in plant upgrade to increase product output to 500 000 tonnes per year.

<https://www.newsday.co.zw/2014/06/04/lafarge-upgrade-plant/>

'Businesses seek offshore long-term financing'

MOST lucrative businesses are seeking debt offshore as local banks are offering expensive short-term loans.

<https://www.newsday.co.zw/2014/06/04/businesses-seek-offshore-long-term-financing/>

Apex to sell Phoenix shareholding

APEX Holdings Private Limited is disposing its 46,68% shareholding in Phoenix Consolidated Industries Limited.

<https://www.newsday.co.zw/2014/06/03/apex-sell-phoenix-shareholding/>

Delta to upgrade its plant, machinery

ZIMBABWE'S largest beverages producer Delta Corporation Limited, has announced plans to upgrade its plant and machinery at a cost of \$54 million

<https://www.newsday.co.zw/2014/06/02/delta-upgrade-plant-machinery/>

Mashonaland Holdings Limited records 28% decline

MASHONALAND Holdings Limited has recorded a 28% decline in after tax profit to \$1,6 million for the half year ended March 31 2014

<https://www.newsday.co.zw/2014/06/02/mashonaland-holdings-limited-records-28-decline/>

Lafarge hopes new product boosts revenue by 10pc

Lafarge Cement Zimbabwe (Lafarge) says it expects its new composite cement product, SupaSet Portland, to increase total revenue by 10 percent...

<http://www.dailynews.co.zw/articles/2014/06/05/lafarge-hopes-new-product-boosts-revenue-by-10pc>

ZSE pursues listing as indigenisation option

The Zimbabwe Stock Exchange is pursuing plans to allow listing on the local bourse as part of options to comply with the indigenisation law.

<http://www.dailynews.co.zw/articles/2014/06/05/zse-pursues-listing-as-indigenisation-option>

Zim moves to clarify indigenisation policy

President Robert Mugabe's Cabinet has ordered Empowerment minister Francis Nhema to craft a paper clarifying government's position on the Indigenisation Act.

<http://www.dailynews.co.zw/articles/2014/06/04/zim-moves-to-clarify-indigenisation-policy>

Depressed property market hits Mash

Listed properties firm Mashonaland Holdings Limited (Mash) reported a six percent decline in revenue to \$3, 6 million in the half year to March 2014 on the back of a slump in occupancy levels... <http://www.dailynews.co.zw/articles/2014/06/02/depressed-property-market-hits-mash>

Up Coming Events

Company	Event	Venue	Date & Time
FML	AGM	FML Park 100 Borrowdale Road	03.06.14
RTG	AGM	Rainbow Towers Hotel	11.06.14
BANCABC	AGM	Fairground Office Park Gaborone	03.06.14
LAFARGE	AGM	Manressa Club Arcturus	06.06.14
NICOZ DIAMOND	AGM	Nicoz Diamond Auditorium	29.05.14
ZPI	AGM	206 Samora Machel Av Harare	18.06.14 12:00Hrs
FBC	AGM	Royal Harare Golf Club	26.06.14 12:00Hrs

CAUTIONARIES

ISSUE DATE

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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