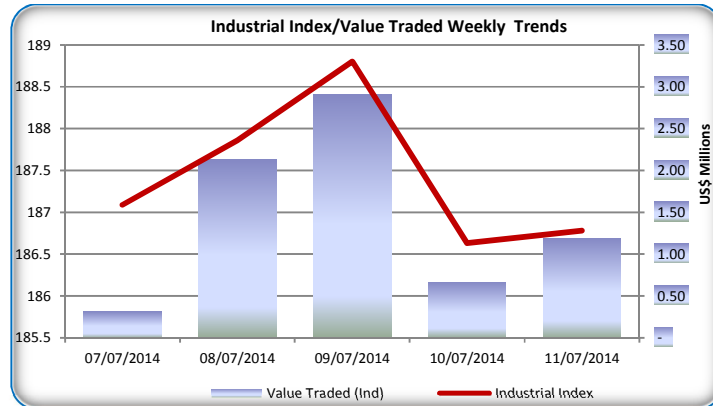
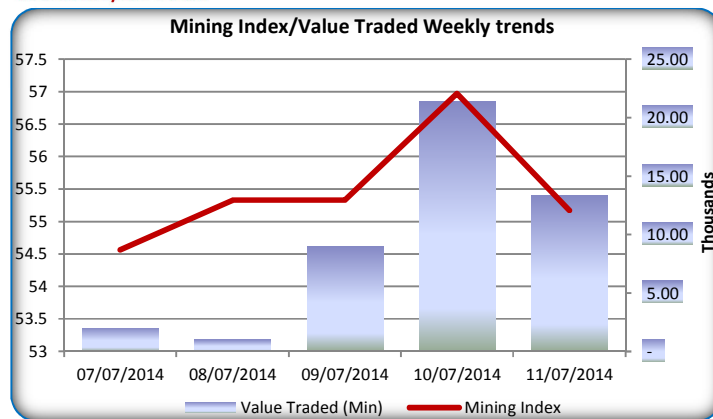


## EFE Weekly Market Review 11 July 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	7.33	5.21	40.60
Volume Traded (mn)	80.42	15.91	405.48
Foreign Purchases	4.95	3.63	36.24
Foreign Sales	0.88	1.31	33.23

Source ZSE/EFE Dbase.

### Market Highlights

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

Narrowing trade deficit coupled with the pledge by the IMF to continue supporting Zimbabwe under the staff monitoring program were all welcome reports in an economy starved of good news. The collapse of the manufacturing industry in Zimbabwe saw the economy become highly import dependant thus aggravating the liquidity situation while low capital flows particularly FDI has only spurred the difficulties. In the five months to May 2014 the trade deficit was reportedly seating at \$1.47bn being a 17.9% decline on the same measure for the prior year comparative period. Such positive developments are expected to be complemented by the much hyped review of the country's investment laws to create a friendly environment for capital flows and subsequently anchor the Zimbabwe's economic turnaround.

Index	Level	%Δ	YTD %Δ
Industrial Index	186.78	0.35	7.59
Mining Index	55.17	1.12	20.48

A mixed week of trading movements saw the main stream Industrial Index close the week under review -0.35% softer at 186.78pts while the resources index was in a +1.12% advance to close the week at 55.17pts. Gains in the Mining Index were driven by the rising coal miners Hwange helping the index consolidate its year to date returns that closed at 20.48% by close of call Friday.

#### **Values improve despite marginal softening in volumes...**

A couple of block trades in retail chain OKZIM highlighted trading in the week giving a boost to both volumes and values. The volume of shares traded surged four fold to 80.42m in trades that yielded \$7.33m in value of trades largely funded by foreigners who provided much of the liquidity in the trades seen over the week.

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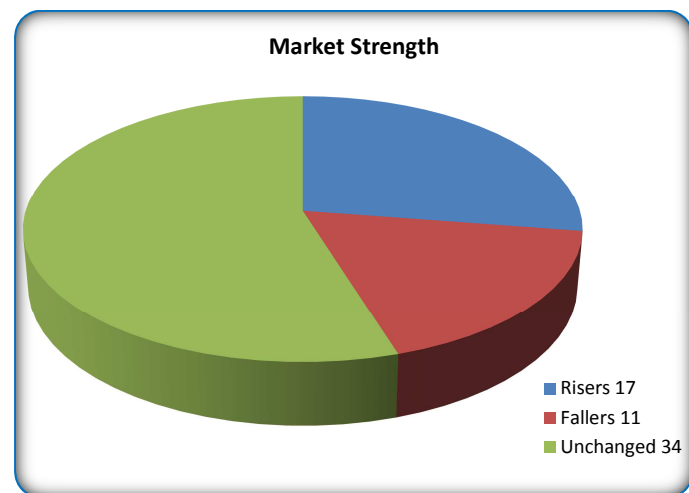
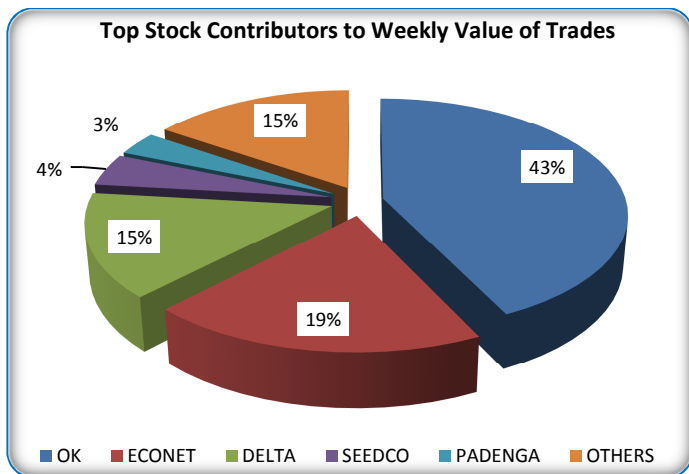
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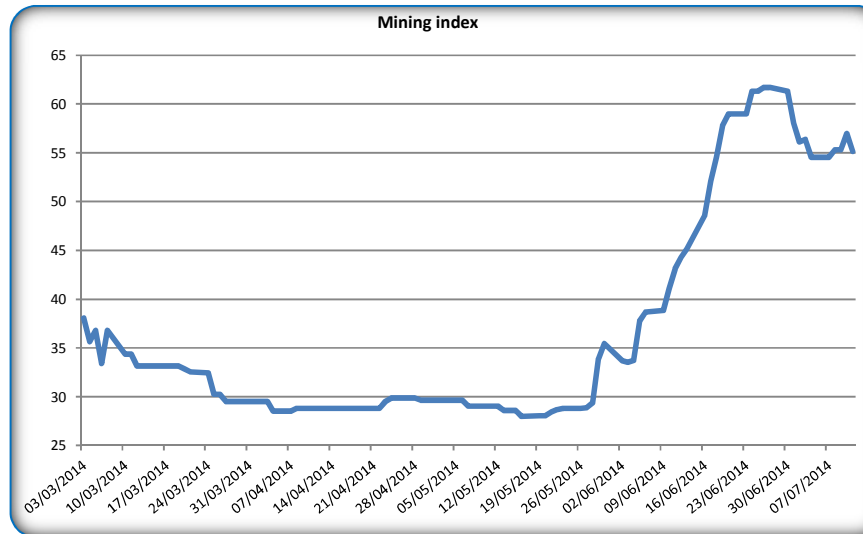
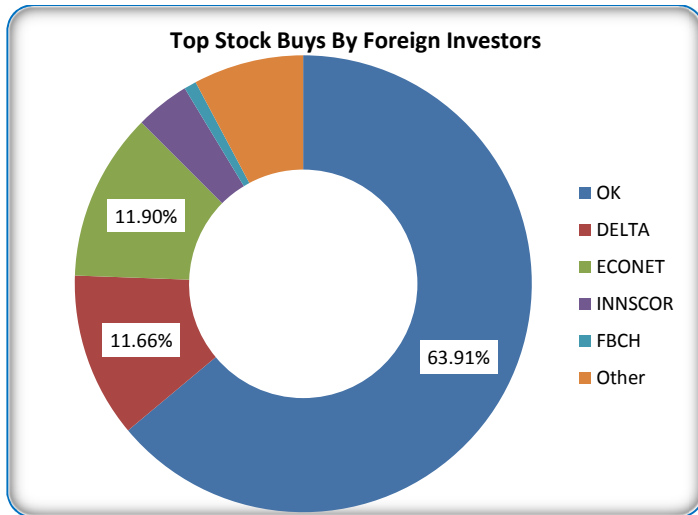
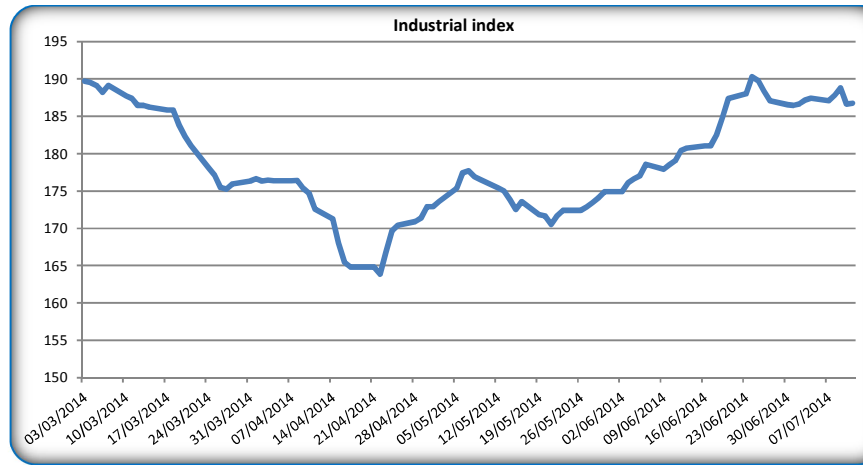
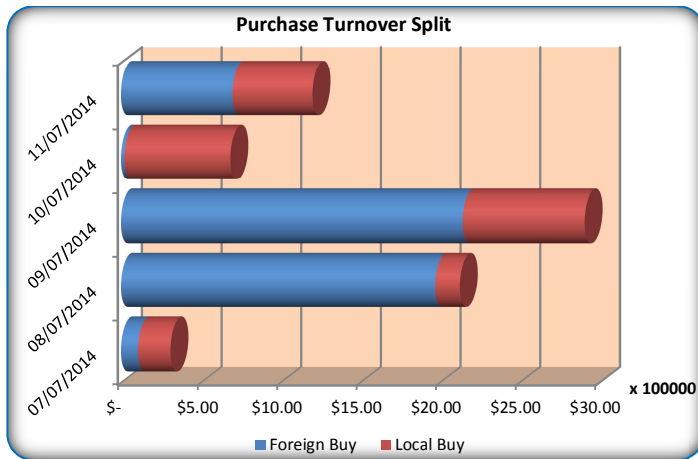
Total foreign purchases at \$4.95m were up 36.24% on last week and represented 67% of the total value that was spurned in the week under review. Foreign portfolio disposals for the week were however 33% lower at \$0.88m to leave the market in an overwhelming net funds inflow position of \$4.07m. OKZIM took the lion's share of the dollar value of trades at 43% of the total driven by the two special bargain block trades, while the usual momentum stocks Econet and Delta were second and third in contributions at 19% and 15% respectively.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
<b>ZIMPAPERS</b>	1.00	25.00	25.00	<b>FML</b>	4.00	29.82	50.00
<b>HUNYANI</b>	2.50	25.00	25.00	<b>CAFCA</b>	24.00	20.00	14.29
<b>MEDTECH</b>	0.05	25.00	28.57	<b>CBZ</b>	12.00	7.69	20.00
<b>NMBZ</b>	6.00	20.00	7.69	<b>AF SUN</b>	2.60	7.14	3.70
<b>TURNAL</b>	3.50	16.67	30.00	<b>P. SPEED</b>	1.60	5.88	11.11

Market heavies had mixed fortunes over the week with Delta's decline weighing heavily on the performance of the industrials. The beverages Group succumbed to sudden weakness in demand in the latter part of the week to drop -3.85% and close the week at 125c. Natfoods and TSL also helped the same cause after shedding -1.86% and -3.7% and closed the week trading at 211c and 26c respectively. Weekly losses were however led by FML that declined -29.82% and closed at 4c while CAFCA followed with a -20% drop to 24c. Financial services group CBZ was down -7.69% at 12c following reports that non-performing loans have continued to worsen in the economy

Market lightweights dominated the gaining stocks with Zimpapers, Hunyani, and Medtech all registering identical 25% uplifts and closed the week trading at respective prices of 1c, 2.5c and 0.05c. Econet was however the major mitigating factor to minimise market losses after the telecoms group rallied +5.71% back to its recent high of 74c while SeedCO also closed trading higher at 74.01c on resurgent demand.

### 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...

**IMF may extend Zim programme** - The International Monetary Fund (IMF) is likely to extend Zimbabwe's Staff Monitored Programme (SMP) deadline for the second time as the country has missed a number of targets due to a deteriorating economy... <http://www.dailynews.co.zw/articles/2014/07/10/imf-may-extend-zim-programme>

**Zisco shutdown deprives Zim of \$20bn — Study** - Zimbabwe has lost over \$20 billion in potential revenue since 2008 due to the closure of Ziscosteel, a recent study shows. <http://www.dailynews.co.zw/articles/2014/07/09/zisco-shutdown-deprives-zim-of-20bn-study>.

**Relief for bank depositors** - Reserve Bank of Zimbabwe (RBZ) says it will continue monitoring bank charges in an effort to protect depositors and promoting financial inclusion in the economy... <http://www.dailynews.co.zw/articles/2014/07/08/relief-for-bank-depositors>

**Zimre to leverage real estate** - Zimre Holdings Limited (Zimre) will leverage its real estate, within and outside the group's portfolio to meet underwriting capacity... <http://www.dailynews.co.zw/articles/2014/07/08/zimre-to-leverage-real-estate>

**ASL turns to regional units** - Listed hotel concern African Sun Limited (ASL) says it intends to leverage on its regional operations to mitigate a depressed local environment... <http://www.dailynews.co.zw/articles/2014/07/07/asl-turns-to-regional-units>

**Mobile telecoms sector records 400% growth** - THE mobile telephone sector in Zimbabwe has recorded a growth rate of over 400% in the past five years... <https://www.newsday.co.zw/2014/07/11/mobile-telecoms-sector-records-400-growth/>

**First Mutual to engage informal sector** - FIRST Mutual Life Assurance Company (FML) will engage the informal sector to sell its products as the company expands its footprints across the country... <https://www.newsday.co.zw/2014/07/11/first-mutual-engage-informal-sector/>

**ADC okays Atlas Mara offer** - AFRICAN Development Corporation (ADC) management and supervisory boards have okayed the public share-for-share offer by Bob Diamond's Atlas Mara as "financially fair"... <https://www.newsday.co.zw/2014/07/10/adc-okays-atlas-mara-offer/>

**SECZ meets on asset managers, unit trusts** - THE Securities Exchange Commission of Zimbabwe (SECZ) will next week hold a board meeting to be briefed on the levels of regulatory compliance by asset management companies and unit trusts... <https://www.newsday.co.zw/2014/07/09/secz-meets-asset-managers-unit-trusts/>

**70% loans for consumption – Report** CONSUMPTION accounted for over 70% of the loans given by Microfinance Institutions (MFIs) in the first quarter of the year, a new report has shown... <https://www.newsday.co.zw/2014/07/09/70-loans-consumption-report/>

**Consumer basket stable in 2014 Q1** - THE consumer basket for a family of six was stable in the first four months of the year but moved northwards after a review in medical fees in May... <https://www.newsday.co.zw/2014/07/08/consumer-basket-stable-2014-q1/>

**Bindura in re-birth!** - BINDURA Nickel Corporation's long road to recovery, which included five difficult years under care and maintenance, culminated in a strong return to profitability, thanks in part to... <http://www.herald.co.zw/bindura-in-re-birth/>

**Trade deficit declines** - The country's trade deficit in the five months to May was at \$1,47 billion, narrowing by about 17,9 percent from the comparable period last year reflective of the tight liqui... <http://www.herald.co.zw/trade-deficit-declines/>

**Textile industry needs \$200m to recapitalise** - ZIMBABWE'S textile industry needs at least \$200 million in the short to medium term to recapitalise, according to a latest study on the country's cotton and cl... <http://www.herald.co.zw/textile-industry-needs-200m-to-recapitalise/>

**Platinum miners decry 15pc export levy** Platinum mining firms have warned that the 15 percent levy Government imposed on raw platinum exports could lead to a collapse of the strategic industry. The e... <http://www.herald.co.zw/platinum-miners-decry-15pc-export-levy/>

**NSSA's new bank to focus on housing** - THE National Social Security Authority has appointed Deloitte and Touché to process papers for its application for a micro-finance bank licence that will have an i... <http://www.herald.co.zw/nssas-new-bank-to-focus-on-housing/>

## Up Coming Events

<b>OKZIM</b>	AGM	OK MART FUNCTIONS ROOM, 30 CHIREMBA RD	24/07/2014	1500HRS
<b>DELTA</b>	AGM	HEAD OFFICE, NORTHRIDGE CLOSE, BORROWDALE	30/07/2014	1200HRS

## CAUTIONARIES

## ISSUE DATE

AFRICAN SUN	6 <sup>th</sup> Dec 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
DAWN PROPERTIES	23 <sup>rd</sup> Mar 2014	Negotiations are underway over disposal of one of its hotel properties
WILLDALE	6 <sup>th</sup> May 2014	To approve rights issue
NICOZ & ZHL	11 <sup>TH</sup> Apr 2014	Negotiations over disposal and acquisitions respectively, of a business

## Notes

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