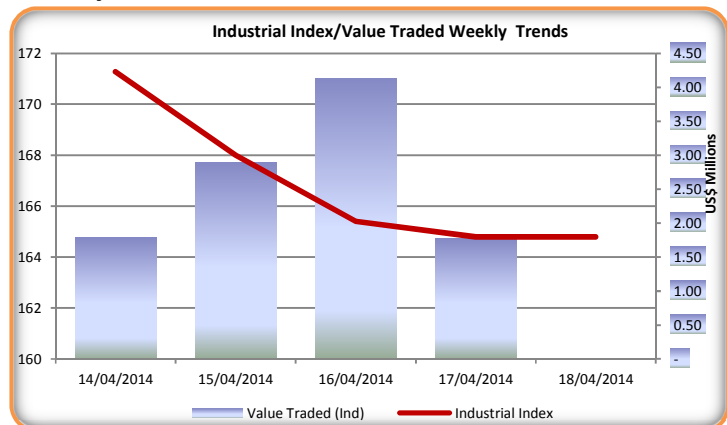
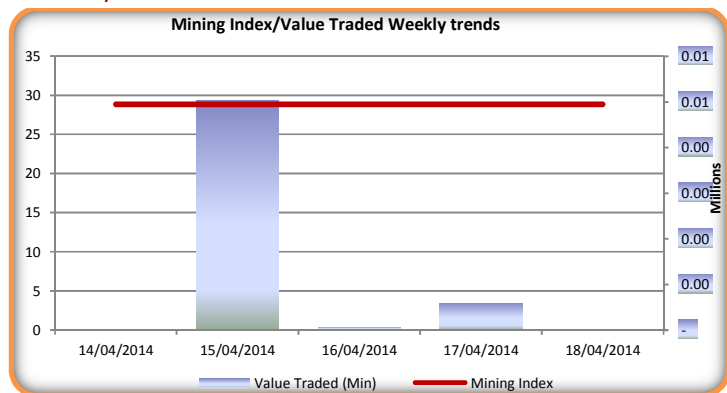


## EFE Weekly Market Review 17 April 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	10.69	9.14	16.97
Volume Traded (mn)	69.26	231.24	70.05
Foreign Purchases	6.58	5.54	18.77
Foreign Sales	7.86	6.04	30.02

Source ZSE/EFE Dbase.

### Market Highlights

#### **ZSE in widespread losses on heavy cap selloff...**

The first of two successive holiday shortened weeks closed on a low as the market sank to date lows. The economic slowdown underlined by a tight liquidity situation; declining demand and a general flight of capital have continued to weigh on the performance of the market. Sell offs in market heavy weights heavily driven by foreign investors who are increasingly getting fatigued by the continuing economic haemorrhage while the inaction from policy makers have not helped the situation.

Investors will however get a reprieve as the first steps to address policy issues were made with the mentioning of plans to introduce Special Economic Zones in the country. Added to this was perceived potential for a policy shift following remarks by the finance minister alluding to the fact that Zimbabwe would need funding from all sources to fully revive the economy.

Index	Level	%Δ	YTD %Δ
Industrial Index	164.79	4.52	18.47
Mining Index	28.82	0.00	37.06

A heavy sell off in the market heavies saw the main stream industrial index fall -4.52% for the week and extending year to date losses to 18.5% as the search for liquidity drove prices lower.

The resources index underlined its inactivity with the Mining Index closing the week flat at 28.82pts without any intra-week movement though a few trades were seen on Bindura, Falgold and RioZim.

#### **Foreign investors buy into dips driving value higher...**

The market saw an improvement in the value of trades for the week despite the week being one session less than the comparable week. Turnover spurned in the week at \$10.7m was up 17% while the daily average of \$2.6m for the week was well above the month to date average \$2.3m. The turnover improvement was on the back of 18.8%

## In this Weekly

Market Highlights P1

Top Picks P4

Upcoming events P4

In the News P5

Upcoming Events P6

Disclaimer P7

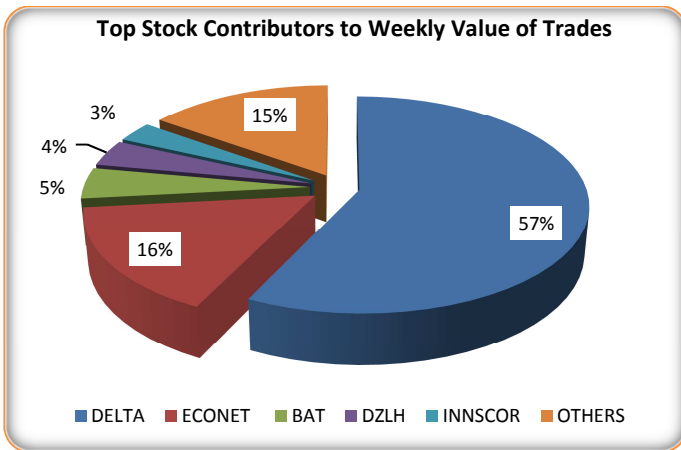
### Contacts:

Edgeton Tsanga 0772277153

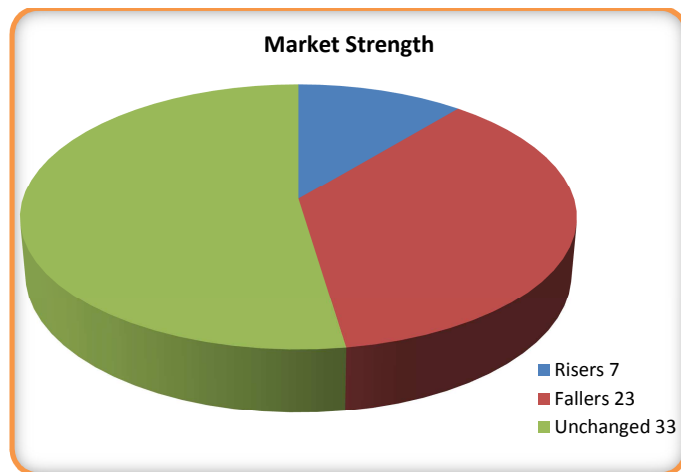
Chris Masendeke 0772135234

Phenias Mandaza 0772144334

Coreen Madanha 0772144333



Improvement in the foreign purchases to \$6.6m buying into the market heavies whose valuations have been becoming alluring as valuations became cheaper on price declines. Portfolio divestments by foreign investors were also up 30% to \$7.9m leaving the market in a net outflow position of \$2.28m for the week. The favourite stocks amongst investors by value traded were Delta 57%, Econet 16% and BAT 5%.

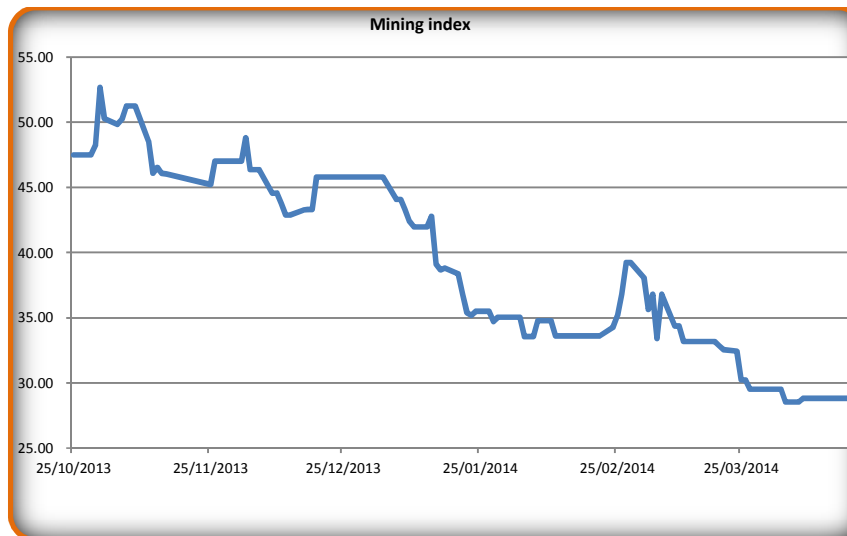
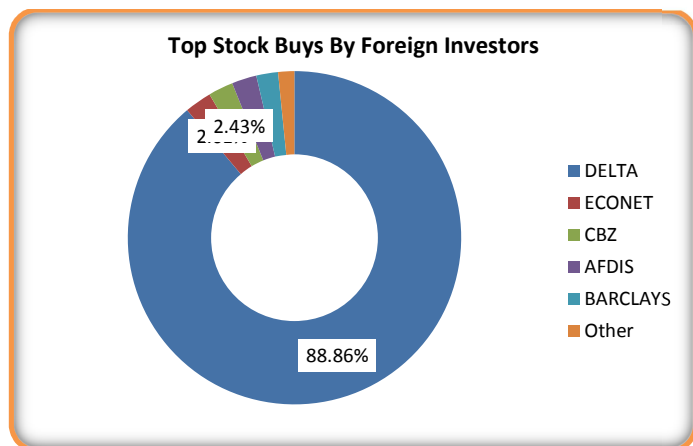
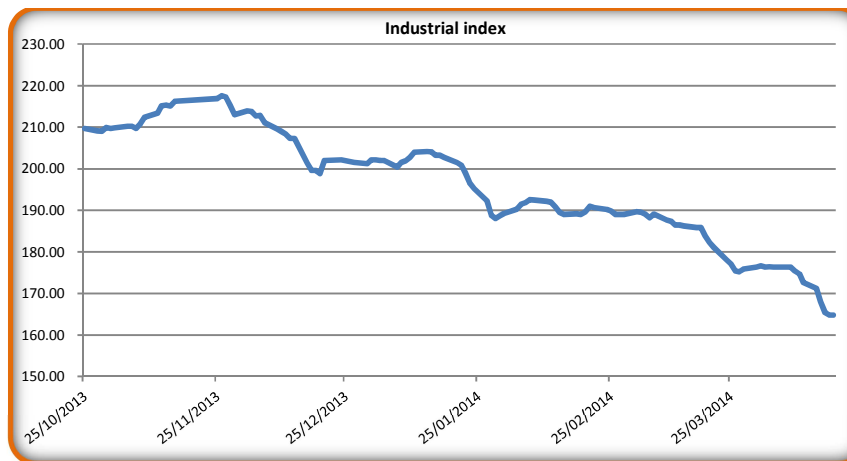
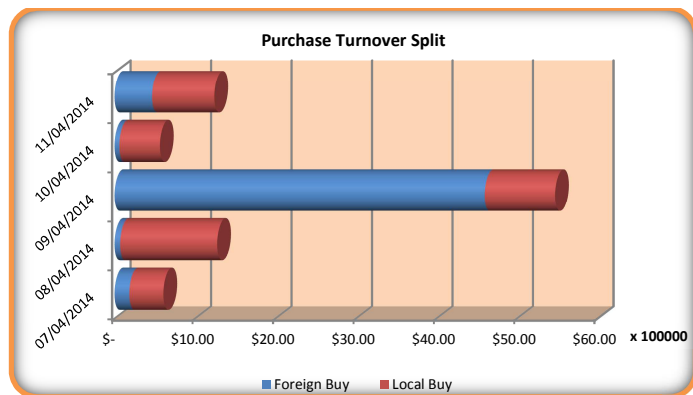


Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
ABCH	70.00	62.79	18.64	WILLDALE	0.10	60.00	0.00
N.T.S	2.70	58.82	8.00	COTTCO	0.80	20.00	86.67
PIONEER	6.00	20.00	100.00	T.S.L	30.00	14.29	21.05
CAFCA	25.00	19.05	10.71	SEED-CO	66.90	13.12	25.67
DAWN	0.81	8.00	19.00	TA HLDS	6.00	11.11	1.64

The weekly price movements reflected a market breadth of sixteen stocks skewed towards the shakers that totalled twenty three. All the market heavy weights with the exception of Old Mutual succumbed to selling pressure and with them the main stream industrial index. Delta continued its slide in the aftermath of an uninspiring Q4 trading update where they reported a 1% decline in full year revenues driving the group's price -4.55% lower to 105c. Econet whose full year results are on the horizon fellow -4.07% to 59c as the ICT's group closed below its year opening level for the first time. Innscor and BAT were in a similar trend shedding 4.34% and 4.55% to close at 59.5c and 1050c.

SeedCo was the top heavy cap faller after closing the week -13.12% softer at 66.9c. The seed maker has been losing the momentum gained in the acquisition of a 25% stake in the company by a French based seed maker Vilmorin and Cie earlier in the year which saw the counter shoot up to 100c, its 52 week high. Top loses for the week were seen in Willdale and Cottco that shed 60% and 20% to 0.1c and 0.8c respectively.

### 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

### **Bourse automation requires co-operation**

THE successful automation of trading on the local bourse will require co-operation as a failure of the new system may disrupt trading processes, the Zimbabwe Stock Exchange (ZSE) has said.

<https://www.newsday.co.zw/2014/04/17/bourse-automation-requires-co-operation/>

### **Colcom targets 100% capacity utilization**

ZIMBABWE Stock Exchange-listed Colcom Holdings is targeting 100% capacity utilisation following its decision to move into the lucrative Angolan market, a company official has said.

<https://www.newsday.co.zw/2014/04/17/colcom-targets-100-capacity-utilisation/>

### **Chemco approves TSL debt, equity swap deal**

Chemco Holdings Limited (Chemco) shareholders have approved the group's plans to convert a debt owed to TSL Limited (TSL) into equity.

<http://www.dailynews.co.zw/articles/2014/04/15/chemco-approves-tsl-debt-equity-swap-deal>

### **Econet targets Beitbridge for 4G LTE**

Telecommunications giant Econet Wireless Zimbabwe says its next stop for fourth generation 4GE Long-Term Evolution (LTE) network will be Beatrice.

<http://thezimbabwemail.com/econet-targets-beitbridge-for-4g-lte/>

### **Zimbabwe in major policy shift**

President Robert Mugabe's government is mooting a massive policy shift as it moves to arrest the decade-and-half industrial haemorrhage that has left the country's economy teetering,

Finance and Economic Development minister Patrick Chinamasa has hinted... <http://thezimbabwemail.com/zimbabwe-in-major-policy-shift/>

### **Zimre seen selling foreign insurance business to NicosDiamond**

A MASSIVE decline in voice calls' contribution to earnings following an increase in the use of social platforms such as Whatsapp and Facebook has resulted to telecommunications companies coming up with promotions to encourage voice calls on their networks... <http://www.financialgazette.co.zw/mobile-telecoms-jostle-for-voice-calls/>

### **Telecel network coverage 85pc**

ELECEL Zimbabwe network coverage has increased by 35 percentage points to 85 percent since Zimbabwe's economy was dollarised in 2009. According to Telecel, which has invested over

US\$50 million into network expansion over the past two years, its network coverage was 85 percent as at March 31...<http://www.financialgazette.co.zw/telecel-network-coverage-85pc/>

**Chemco approves TSL debt, equity swap deal:** Chemco Holdings Limited (Chemco) shareholders have approved the group's plans to convert a debt owed to TSL Limited (TSL) into equity.

<http://www.dailynews.co.zw/articles/2014/04/15/chemco-approves-tsl-debt-equity-swap-deal>

### **Econet seeks EcoLife partner**

Zimbabwe's largest wireless network operator Econet seeks a local partner as it moves to resume its mobile-based insurance service, EcoLife.

<http://www.dailynews.co.zw/articles/2014/04/14/econet-seeks-ecolife-partner>

### **Colcom targets 100% capacity utilization**

ZIMBABWE Stock Exchange-listed Colcom Holdings is targeting 100% capacity utilisation following its decision to move into the lucrative Angolan market, a company official has said.

<https://www.newsday.co.zw/2014/04/17/colcom-targets-100-capacity-utilisation/>

### **Telecel launches new service, reduces tariffs**

TELECEL Zimbabwe has launched a pre-paid service that reduces tariffs by 50% to cushion its consumers from the current economic challenges, a senior company official said.

<https://www.newsday.co.zw/2014/04/14/telecel-launches-new-service-reduces-tariffs/>

### **Colcom eyes Angola**

Innskor Africa's meat processor Colcom Foods Holdings (Colcom) plans to set up a unit in Angola... <http://www.dailynews.co.zw/articles/2014/04/17/colcom-eyes-angola>

**Zim to re-establish special economic zones:** Zimbabwe plans to re-establish special economic zones (SEZ) in hope to boost economic growth...

<http://www.dailynews.co.zw/articles/2014/04/17/zim-to-re-establish-special-economic-zones>

## Up Coming Events

Company	Event	Venue	Date & Time
Willdale	AGM	Admin Block, Tenerife Factory, Mt Hampden	06.05.14
Zimplow	AGM	North End Park, Northridge, Borrowdale	05.05.14

## CAUTIONARIES

### ISSUE DATE

CAUTIONARIES	ISSUE DATE	
NMB	7 <sup>th</sup> Feb 2014	Profit warning, impairment on loans to result in a net loss position
AFRICAN SUN	6 <sup>th</sup> Dec 2013	Discussions on mandatory offer to minorities by Lengrah Investments
TSL	29 <sup>th</sup> 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

This document has been prepared by EFE Securities (Private) Limited (EFE), for the information of its clients. Although the statements of fact in this report have been obtained from sources that the company believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions and estimates included in this report constitute the company's judgment as of the date of this report and are subject to change without notice. The securities discussed and mentioned in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors they believe necessary. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. EFE and any of the individuals preparing this report may at any time have a long and/ or short position in any securities of companies in this report. In addition EFE may from time to time perform investment banking or other services for, or solicit investment banking or other business from any entity mentioned in this report. EFE may at times buy and sell shares on an agency or principal basis to its clients. Shares may rise or fall and investors may end up with a reduced amount from their initial capital invested. Additional information on recommended securities is available on request