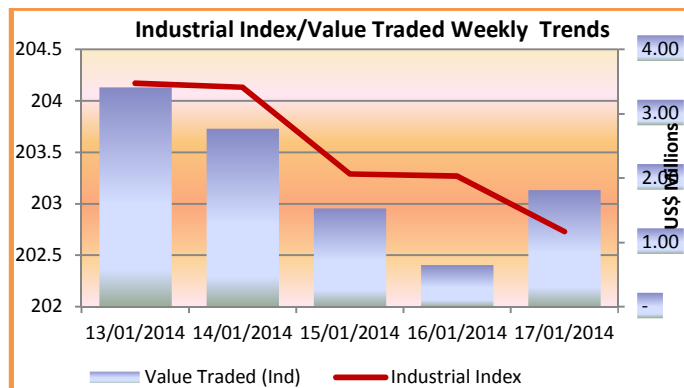
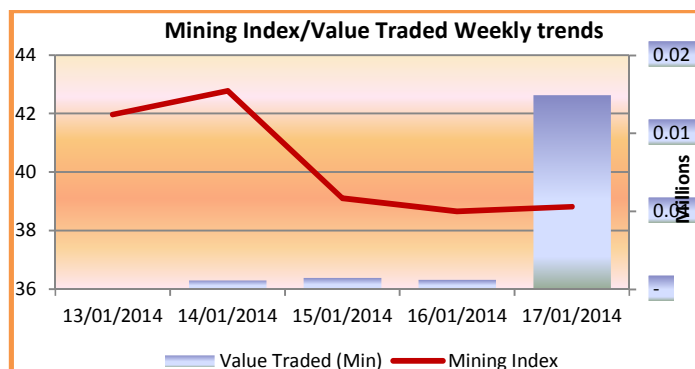


EFE Weekly Market Review 17 January 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	10.28	10.41	1.26
Volume Traded (mn)	46.22	35.23	31.20
Foreign Purchases	5.41	6.44	15.94
Foreign Sales	5.27	3.59	46.82

Source ZSE/EFE Dbase

Market Highlights

Market retreats on more signs of Economic weakness ...

The ZSE closed the week softer on more signs of economic weakness. Falling inflation figures that are slowly raising the possibility of deflation in the outlook. December inflation figures showed that the country's inflation slowed down to 0.3% year on year and was -0.8% on a month on month basis. An uninspiring Q3 trading update from Delta, the market's bell weather stock, showed a flat performance on volumes while revenues slumped 3% for the quarter. The slump was in revenue was in part attributable to the shift demand patterns towards the lower value sorghum beer product which saw a 18% growth in volumes against a 25% decline in volumes for lager beer and 6% volumes decline in sparkling beverages. Cited by the company amongst the reasons for the decline in volumes in the higher value brands was a slow-down in demand and economic activity 0

Index	Level	%Δ	YTD %Δ
Industrial Index	202.73	0.62	0.30
Mining Index	38.82	7.51	7.51

The market traded softer against this backdrop with the main stream industrial index softening -0.62% for the week to 202.73pts and narrowing the year to date return to just 0.3%. The minings were also in the same fate sliding -7.515 to 38.82pts as the general weakness in global commodity prices coupled with the incessant recapitalization issues for the listed mining houses took away their allure.

Flat performance for the week ...

It was an almost flat performance revenue wise for the ZSE as the total value of trades lost a marginal -1.26% and closed at \$10.3m. Volumes, however, were up 31.2% at 46.22m shares reflecting the bias towards lower value stocks in the week's trades. Foreign participation remained relatively high with purchases at \$5.41m were down -15.9% and were 53% of value while foreign sales came in at \$5.27m leaving the market in a net inflow position.

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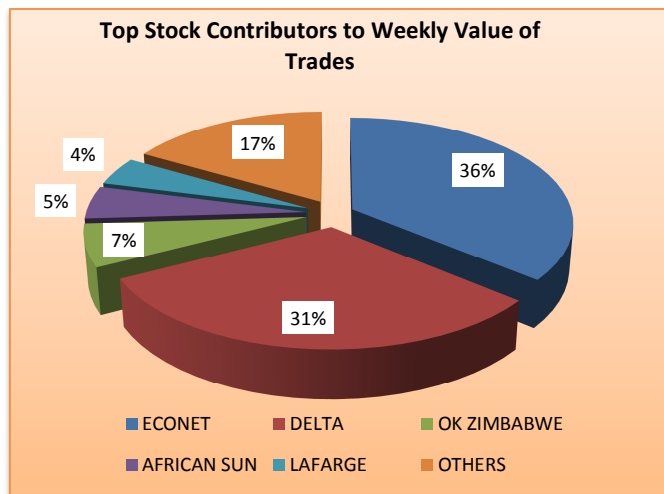
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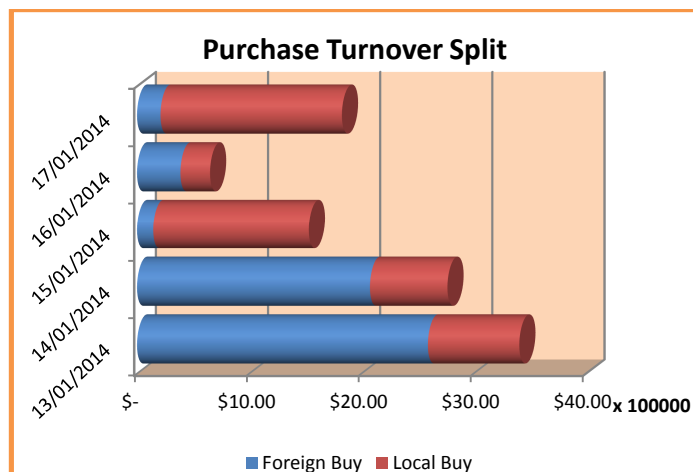
Chris Masendeke 0772135234

Phenias Mandaza 0772144334

Coreen Madanha 0772144333



Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
FALGOLD	5.00	25.00	0.00	WILLDALE	0.05	50.00	50.00
FML	11.00	23.60	37.50	ARISTON	0.60	40.00	40.00
COLCOM	24.00	9.09	9.09	HWANGE	6.13	31.89	31.89
CAFCA	30.00	7.14	7.14	MEDTECH	0.05	28.57	28.57
HIPPO	95.00	5.56	5.53	ART ZDR	0.30	25.00	50.00

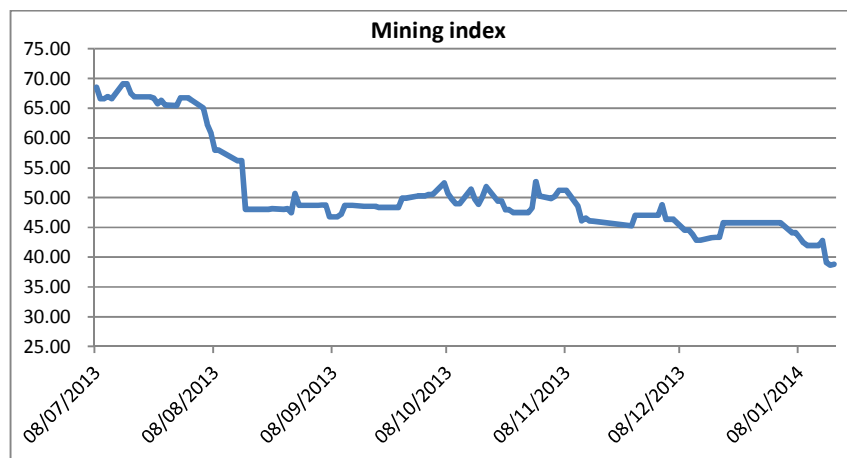
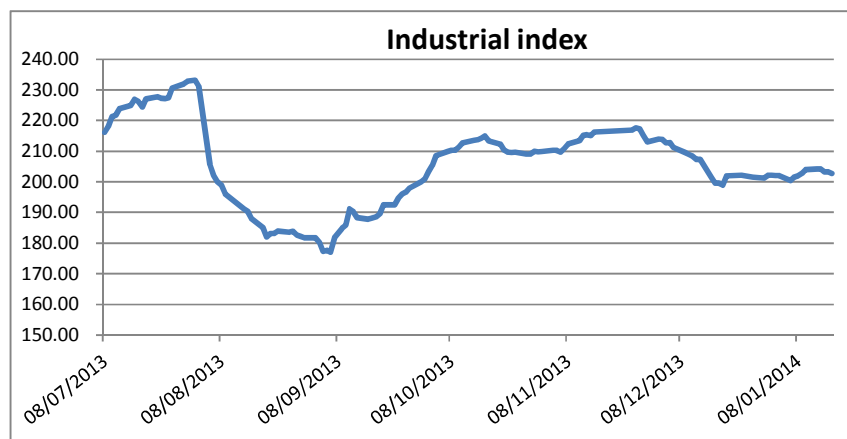
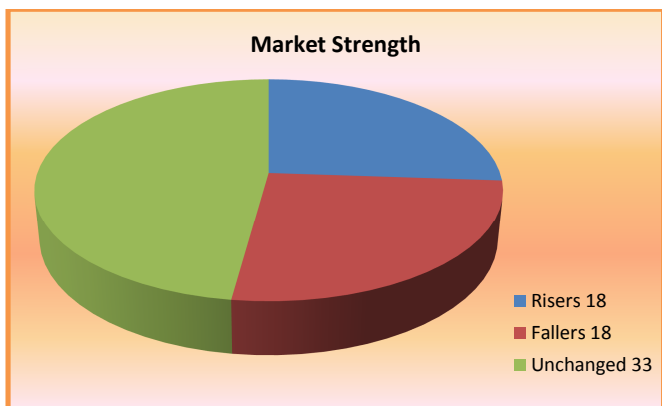


As has become the norm on the ZSE, Delta and Econet were the dominant stocks in terms of trades spurning a combined estimate of 67% of the total value. Foreign demand however was skewed towards the telecommunications group Econet that took 61.6% of the total inflows. Both stocks took a slight battering to weigh on the market. Delta traded -2.12% softer by close of week at 138.99c in the wake of the not so inspiring trading update while Econet shed -2.38% to 61.5c by close of call.

Market lightweights dominated the fallers though with brick makers Willdale dominating after shedding half of its value to 0.05c. Ariston were to follow amongst the faller dropping -40% to 0.6c. Pharmaceutical group that has continued to struggle to establish firm ground for growth in the dollarized environment fell -28.6% to 0.05c while ART ZDR completed the light weight fallers with a -25% decline top 0.3c. The other top shaker for the week was coal miners Hwange that fell -31.89% to 6.13c as the markets continues to wait for the company's assessment of the loan proposed by one of the major shareholders to the group.

There was a glimmer of hope for the miners though as Falgold topped the gainers for the week after adding 25% to its value and closing at 5c. Insurance group FML were to follow after adding +23% and trading at 11c. Colcom and Cafca were up 9.1% and 7.1% to trade at 24c and 30c respectively while Hippo completed the risers with a 5.6% rise to 95c.

Market statistics



Top Picks

African sun		The tourism group completed a restructuring exercise in 2011 which saw them post a first profitable full year outturn in 2012. With a well-focused structure going into 2013 African Sun is well placed to consolidate on the performance
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.
Hippo		Growing capacity utilization and production with complementary firming demand both locally and internationally and the fairly higher than the traditional averages commodity prices
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
Meikles		The conglomerate has had stunted performances since dollarization with its interims to September showing the first signs of a turnaround. With the second largest retail group in their portfolio as well as some of the top hotelier properties in their portfolio the group is clearly heavily discounted. Now that the results are coming we believe its only a matter of time before the group stakes its claim again as one of the top stocks on the local bourse
Properties Pearl &	: Mash; 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

Econet offers banks poisoned deal - Econet Wireless Zimbabwe is under pressure to revise its position regards to the opening up of USSD gateway amid indications banks are planning not to transact with its banking unit Steward Bank on the RTGS platform... <http://www.herald.co.zw/econet-offers-banks-poisoned-deal/>

Delta results tell a story - DELTA Corporation's third quarter trading update last week which showed that total beverage volumes were flat compared to the prior period is only a reflection of a slowdown in the economy... <http://www.herald.co.zw/delta-results-tell-a-story/>

Natfoods reopens Mutare mill

National Foods Limited is scheduled today reopen its Mutare maize mill, which has been inactive for the past six years... <http://www.herald.co.zw/natfoods-reopens-mutare-mill/>

Trust Bank depositors to be paid – DPC

HE Deposit Protection Corporation says it will immediately pay all Trust Bank, to be liquidated, depositors an amount not exceeding the maximum insurable limit of US\$1,7 million once the verification process is complete... <http://www.herald.co.zw/trust-bank-depositors-to-be-paid-dpc/>

Innscor courts Mauritian funding - INNSCOR Africa Limited has moved its headquarters to Mauritius as part of a calculated move to enhance access to cheaper finance to support its domestic and foreign expansion programme... <http://www.herald.co.zw/innscor-courts-mauritian-funding/>

SECZ predicts growth in investor protection fund

The Securities and Exchange Commission of Zimbabwe says the investor protection fund, which ended last year with a capital base of US\$6,2 million has potential for growth this year on the back of measures prescribed in the 2014 National Budget... <http://www.herald.co.zw/secz-predicts-growth-in-investor-protection-fund/>

ZB merger at advanced stage - ZB Financial Holdings says plans to merge its bank and building society are at an advanced stage and the completion of the process is expected in the next few months... <http://www.herald.co.zw/zb-merger-at-advanced-stage/>

Slow up-take of ABC shares

THERE has been slow up-take of the US60c mandatory offer share price ADC Mauritius made to ABC Holdings minorities when the former increased its stake above the threshold exempt from the compulsory offer regulations... <http://www.herald.co.zw/slow-up-take-of-abc-shares/>

Inflation sends distress signal

THE country's annual inflation shed 0,21 percentage points to end the month of December, 2013 at 0,33 percent due to the low level of growth in prices for goods which in turn implies that economic growth is currently facing severe challenges... <http://www.herald.co.zw/inflation-sends-distress-signal/>

Implats stock tumbles as Zim mulls platinum exports ban

latinum (Implats)' share price has dropped 10 percent on the Johannesburg Stock Exchange in the past week following investor concerns over threatened beneficiation requirements by Zimbabwean government on its unit Implats... <http://www.dailynews.co.zw/articles/2014/01/15/implats-stock-tumbles-as-zim-mulls-platinum-exports-ban>

'Zim economy to grow by 3,4pc' Economic think tank, Business Monitor International (BMI), has forecast Zimbabwe's economy to grow by 3,4 percent this year due to limited foreign direct investment in the country... <http://www.dailynews.co.zw/articles/2014/01/13/zim-economy-to-grow-by-3-4pc>

Institutional investors turn to money market - THE underperformance of local firms has forced institutional investors to shift to the money market from the equities market as foreign investors have continued to drive the buy side of trades on the Zimbabwe Stock Exchange... <https://www.newsday.co.zw/2014/01/17/institutional-investors-turn-money-market/>

Willdale suspends talks with Chinese investor - THE Zimbabwe Stock Exchange listed Willdale Limited has terminated its negotiations with a Chinese investor, the company has said. <https://www.newsday.co.zw/2014/01/17/willdale-suspends-talks-chinese-investor/>

Afdis concludes rights issue - ZIMBABWE Stock Exchange-listed alcoholic beverage maker, African Distillers (Afdis) majority shareholder, African Distillers Holdings, has increased its shareholding following the conclusion of a \$5 million rights offer Afdis Holdings was the underwriter during the... <https://www.newsday.co.zw/2014/01/16/afdis-concludes-rights-issue/>

New fees for asset management firms on cards The Securities and Exchange Commission of Zimbabwe (SECZ) is planning to review the current minimum capital requirements for asset management firms, replacing them with a risk-based capital allocation method following its control of the investment managers... <https://www.newsday.co.zw/2014/01/16/new-fees-asset-management-firms-cards/>

Up Coming Events

Company	Event	Venue	Date & Time
NATIONAL BUDGET	PRESENTATION	PARLIAMENT	19 DEC 2013
AICO	EGM	SAZ BUILDING NORTHRIDGE	20 DEC 2013 1100HRS
CAUTIONARIES	ISSUE DATE		
AFRICAN SUN	6 TH April 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	
WILLDALE	27 TH Nov 2013	Ongoing Negotiations with a potential Investor	
AFDIS	7 TH Nov 2013	\$5m rights issue proposed and was approved by shareholder	

Notes

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