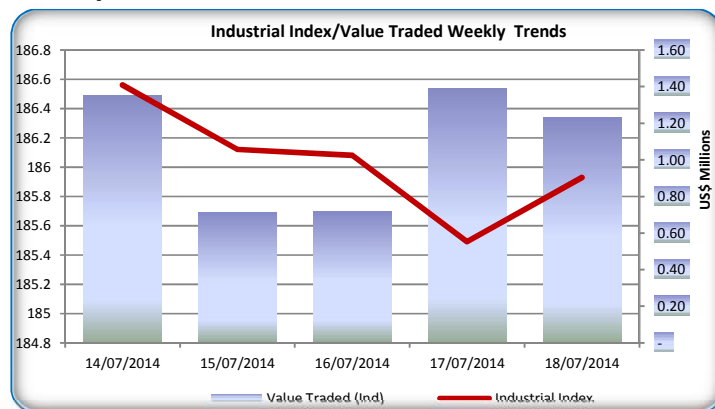
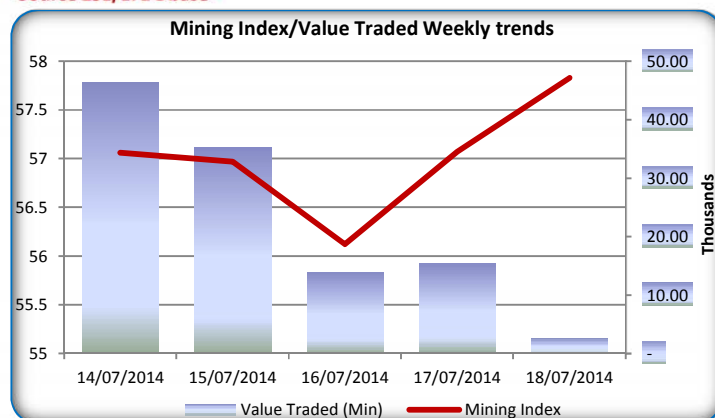


EFE Weekly Market Review 18 July 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	5.61	7.05	20.47
Volume Traded (mn)	132.29	80.42	64.51
Foreign Purchases	3.07	4.95	37.99
Foreign Sales	0.95	1.22	22.52

Source ZSE/EFE Dbase.

Market Highlights

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

Market weakness persisted on the ZSE on confirmation of continuing decline in economic activity. The May 2014 state of the economy report by treasury states that the Confederation of Zimbabwe Industries projects a drop in capacity utilization from 39.6% achieved in 2013 to 30% by the end of the year 2014 on the back of significantly depressed demand on the domestic market and weakening of competitiveness of domestic producers. Meanwhile the economy reported negative inflation of -0.08% for the month of June having risen from -0.17% recorded in the month of May. It had been feared that the economy would drift into a deflationary era however the IMF forecast the economy to come out of deflation by end of the year.

Index	Level	%Δ	YTD %Δ
Industrial Index	185.93	0.46	8.01
Mining Index	57.83	4.82	26.29

Four sessions on the back foot saw the main stream Industrial Index capitulate, while a late rebound in the final session only sufficed to minimise the week on week loss at -0.46%. Following the loss the industrials closed at 185.93pts and extended its YTD loss to -8.01%.

The Mining Index on the other hand maintained its firming trend sustained by gains in Bindura and Falgold to add +4.82% for the week and close at 57.83pts.

Values improve despite marginal softening in volumes...

A Block trade in ZHL propelled the weekly volume of shares traded by a 64.51% margin to 132.29m shares. The insurance group saw about 11.1% of its outstanding shares exchange hands and contributed about 65% of the total volume spurned. Values were however juxtaposed to the volumes shedding -20.47% and closing the week at \$5.61m as ZHL again topped after accounting for an estimated 16%

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Contacts:

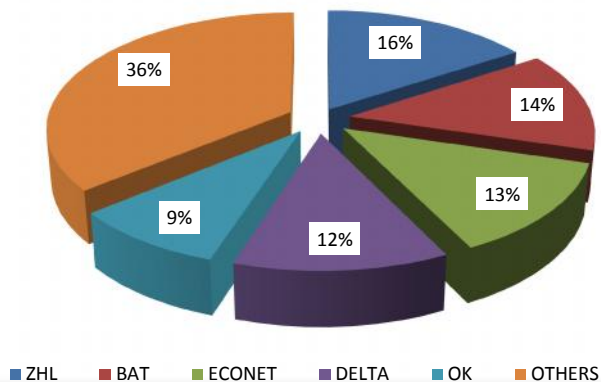
Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

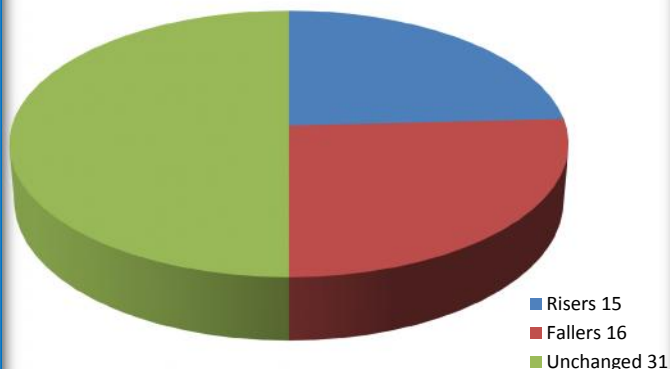
Phenias Mandaza 0772144334

Coreen Madanha 0772144333

Top Stock Contributors to Weekly Value of Trades



Market Strength



of the total value traded over the week. Other value drivers for the week included BAT, Econet and Delta in which estimated value contributions of 14%, 13% and 12% were seen. Foreign dominance continued to be exhibited this week on the demand side with purchases from foreign investors accounting for an estimated 55% of the total done over the week, week on week however foreign purchases were down 38% at \$3.07m. Foreign players also maintained a subdued involvement in the disposal side with only \$0.95m being seen in sales to maintain a net foreign funds inflow position as ZSE equities maintain their allure.

Top Five Risers

Counter	Price	%Δ	YTD %Δ
FALGOLD	3.00	50.00	40.00
STAR AF	1.10	37.50	10.00
ARTZDR	0.38	26.67	90.00
RTG	1.30	18.18	18.75
COLCOM	25.00	12.11	13.64

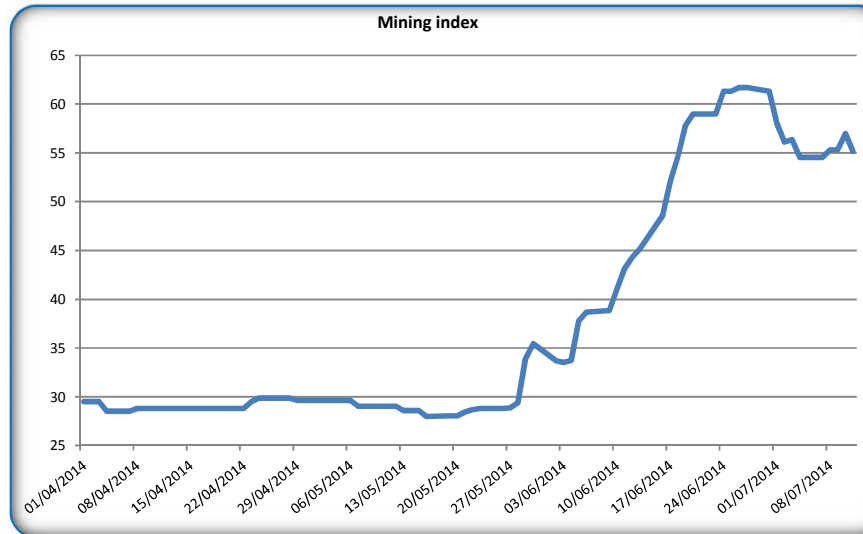
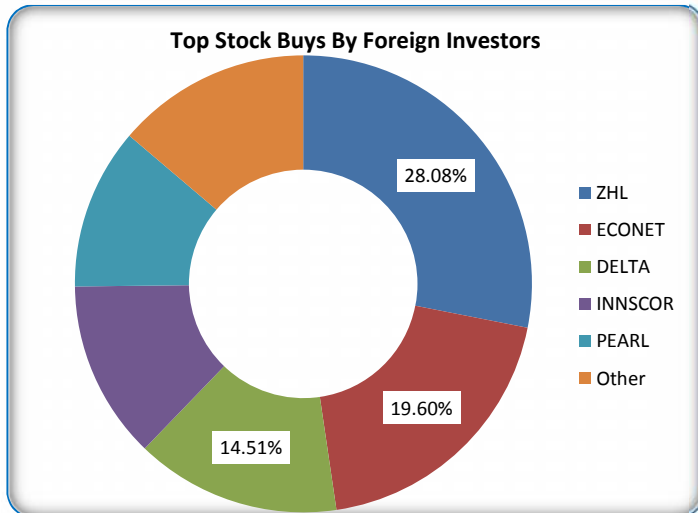
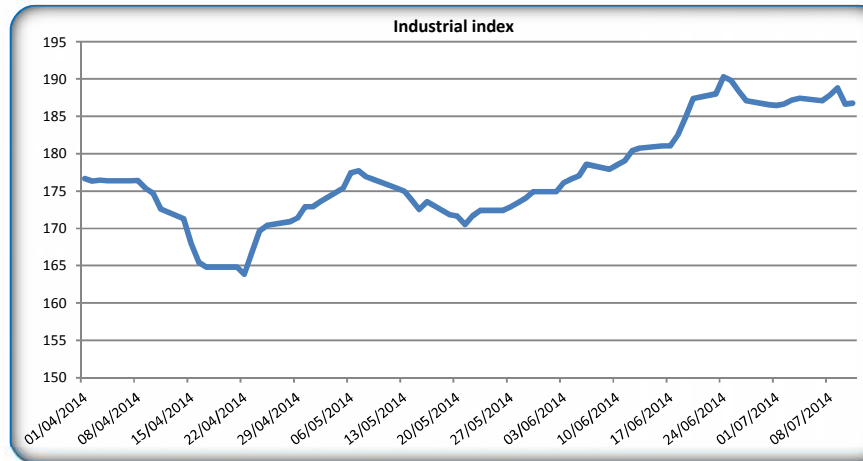
Worst Performers

Counter	Price	%Δ	YTD %Δ
NTS	1.70	37.04	32.00
ARISTON	0.50	28.57	50.00
ZIMPAPERS	0.72	28.00	10.00
NICOZ	1.00	23.08	28.57
ZPI	0.80	20.00	38.46

Price movements were largely dominated by mid-tier and market small cap stocks as market heavies seemingly set new resistance levels. Tyre distributors NTS topped the shakers after shedding -37.04% to settle at 1.7c while Ariston was down -28.57% at 0.5c. Zimpapers and Nicoz followed after shedding -28% and -23.08% to 0.72c and 1c respectively. The major loss to weigh on the market was in Hippo that was 12.5% softer at 70c and Lafarge that shed 12.7% to trade at 55c.

Mitigating the market losses were gains led by gold miners Falgold that firmed 50% to 3c while Star Africa and ARTZDR followed with gains of +37.5% and +26.67% to close at 1.1c and 0.38c respectively. Other mitigating gains came from TA that firmed +11.1% to 10c following a cautionary notice on a possible offer to minorities by major shareholders Masawara which is now seeking regulatory approvals. Resurgent demand in SeedCo saw the group add +5.4% and settle at 78.01c.

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 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...

Meikles workers to control trust

MEIKLES workers say they are being sidelined in the Employee Share Ownership Trust but the company says the workers will this year take over the scheme following the lapse of the two-year period for the trustees appointed by the group... <http://www.herald.co.zw/meikles-workers-to-control-trust/>

Econet subscribers pass 9 million mark

Econet grew its subscribers by 4,1 percent in the first quarter of the calendar year to just over 9 million taking its market share to 65,3 percent.

<http://www.herald.co.zw/econet-subscribers-pass-9-million-mark/>

Econet targets 21pc subscriber growth

Econet Wireless (Econet) – Zimbabwe’s largest mobile network operator – plans to grow its contract subscriber base by 21 percent during its financial year ending February 2015... <http://www.dailynews.co.zw/articles/2014/07/14/econet-targets-21pc-subscriber-growth>

Funding Zim diamond miners risky: SA bank

A leading South African bank says it is difficult to fund diamond mining ventures in Zimbabwe because of the high political risk and uncertainty in the country.

<http://www.dailynews.co.zw/articles/2014/07/14/funding-zim-diamond-miners-risky-sa-bank>

Telecel introduces debit card

Telecel Zimbabwe has become the first mobile phone operator to issue debit cards for its Telecash subscribers after it introduced a debit card which can be used to pay for goods or for withdrawals... <http://www.herald.co.zw/telecel-introduces-debit-card/>

Masawara eye controlling stake in TA Holdings

JERSEY-REGISTERED investment company Masawara Plc is set to shore up its shareholding in Zimbabwe Stock Exchange -listed TA Holdings after making an offer to buy 58,98% shareholding... <https://www.newsday.co.zw/2014/07/18/masawara-eye-controlling-stake-ta-holdings/>

Zimbabwe’s trade deficit totals \$6,3 billion in 3 years

ZIMBABWE’S cumulative trade deficit in the three years up to 2014 has totalled \$6,3 billion as the country pulled in more imports than exports, a body that advocates the buying of local products has said... <https://www.newsday.co.zw/2014/07/16/zimbabwes-trade-deficit-totals-63-billion-3-years/>

Four firms face suspension as ZSE gets tough on defaulters

FOUR companies listed on the Zimbabwe Stock Exchange (ZSE) have two weeks to pay up listing fees or face suspension as the bourse gets tough on defaulters.

<https://www.newsday.co.zw/2014/07/16/four-firms-face-suspension-zse-gets-tough-defaulters/>

RBZ should close troubled banks, says IMF

The International Monetary Fund has advised the central bank to close troubled banks or at least ring fence them to address the deteriorating asset quality and restore confidence in the country’s financial sector... <http://thezimbabwemail.com/rbz-should-close-troubled-banks-says-imf/>

SECZ suspends investor protection levy - THE government has suspended the Investor Protection Levy for the next 12 months as it seeks to boost the performance of the local bourse and Central Securities Depository... <https://www.newsday.co.zw/2014/07/15/secz-suspends-investor-protection-levy/>

FML launches new franchise business

First Mutual Life’s new franchise business is expected to contribute about 13 percent of budgeted new business to the company’s premium income across all lines, an official has said... <http://www.herald.co.zw/fml-launches-new-franchise-business/>

Up Coming Events

UPCOMING EVENTS

OKZIM	AGM	OK MART FUNCTIONS ROOM, 30 CHIREMBA RD	24/07/2014	1500HRS
DELTA	AGM	HEAD OFFICE, NORTHRIDGE CLOSE BORROWDALE	30/07/2014	1200HRS
ECONET	AGM	ECONET PARK, 2 OLD MUTARE ROAD, MSASA	01/08/2014	1000HRS

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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