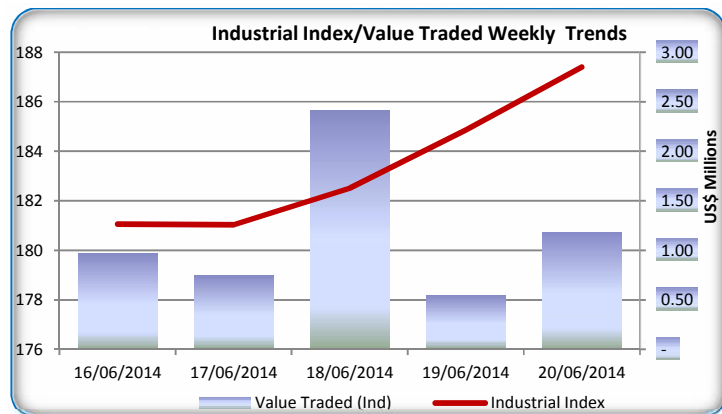
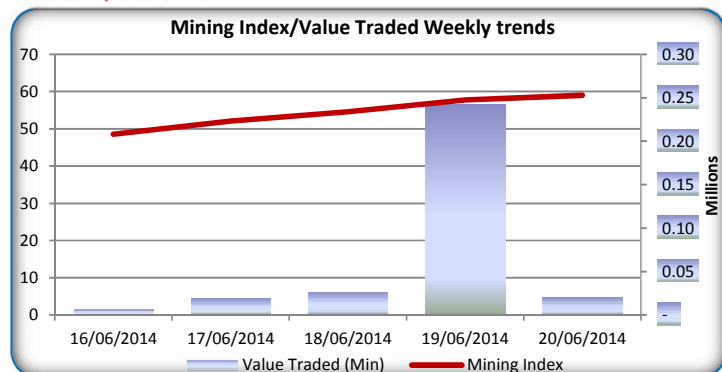


EFE Weekly Market Review 20 June 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	6.05	14.31	57.71
Volume Traded (mn)	42.87	87.12	50.79
Foreign Purchases	3.08	7.80	60.55
Foreign Sales	1.46	10.45	86.05

Source ZSE/EFE Dbase.

Market Highlights

ZSE Mining Index in the black as Bindura rallies...

A rebounding Bindura powered the Mining Index deep into the black with an attractive year to date return of +28.85%. The Nickel Miner's superb performance rode on a profit warning to shareholders advising of a much improved second half performance that is expected to post better profits than the \$3.3m achieved in the first half. Bindura managed to restart operations at its Trojan Mine following years under care and maintenance as the group struggled to get funding while global nickel prices in the commodities market were also depressed. In the week the miner claimed its stake amongst the top risers surging 40% to 4.61c while an improved bid at 7c for coal miners Hwange also spurred the cause for the Mining Index.

Index	Level	%Δ	YTD %Δ
Industrial Index	187.40	3.68	7.28
Mining Index	59.00	30.62	28.85

The ZSE caught on to the rising trend in emerging African markets as demand continued to surge while supply dwindled in anticipation of muted policy changes to attract foreign direct investment. Resultantly ever improving bids in Top- and Mid-tier stocks saw the main stream ZSE Industrial Index add +3.68% to close the week at 187.41pts. This saw the indicator's year to date loss narrow down to -7.28% riding on the rebound experienced in the second quarter of the year.

Dearth of sellers constrains activity...

Supply constraints returned to the fore on the market as activity indicators softened despite the improved bids in most of the stocks on the markets. Consequently the value of trades was -57.71% lower than that attained in the prior year at \$6.05m. Volumes were similarly softer shedding -50.79% and closing the week at 42.87m shares. Turnover disaggregation by investor's domicile indicated slightly subdued contribution from the foreign component where inflows came down -60.55% to \$3.08m representing 51% of the total market

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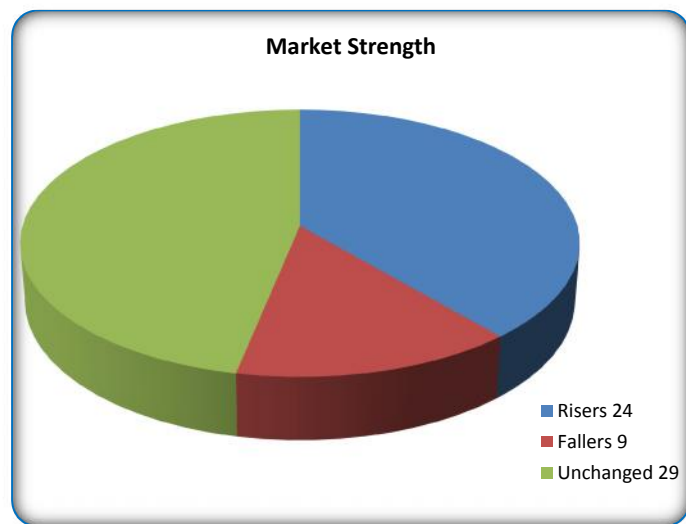
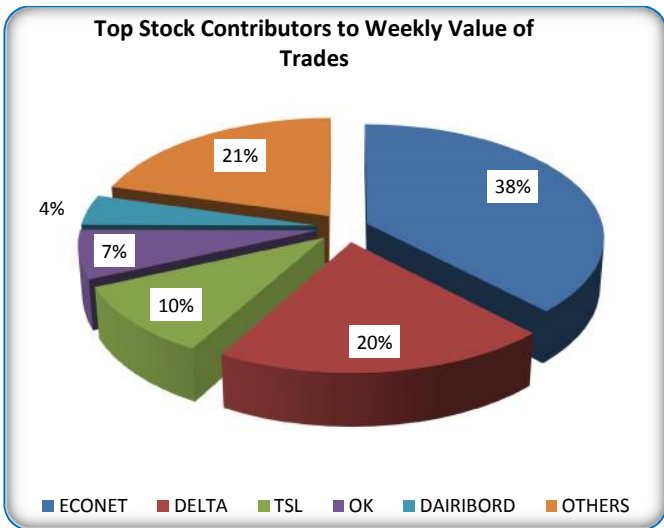
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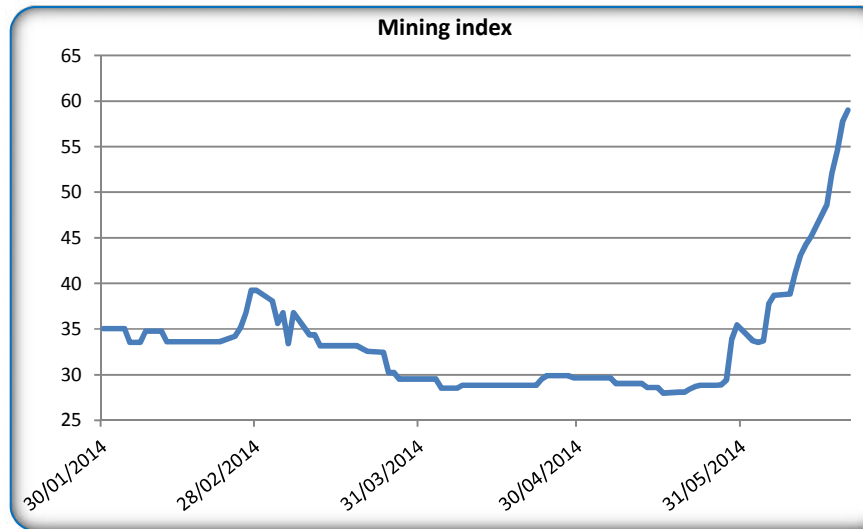
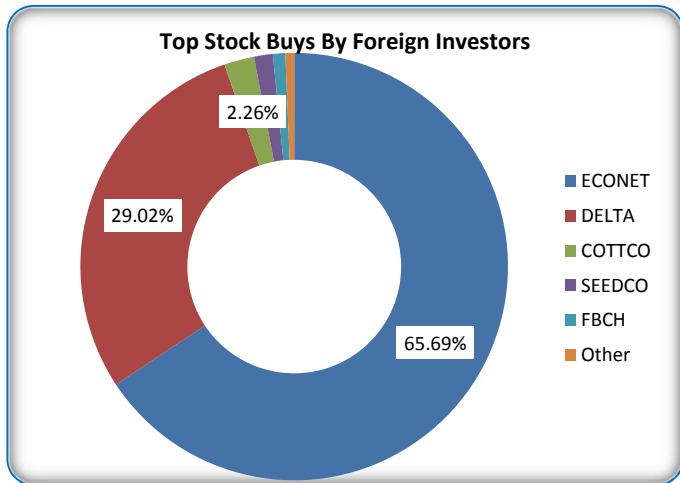
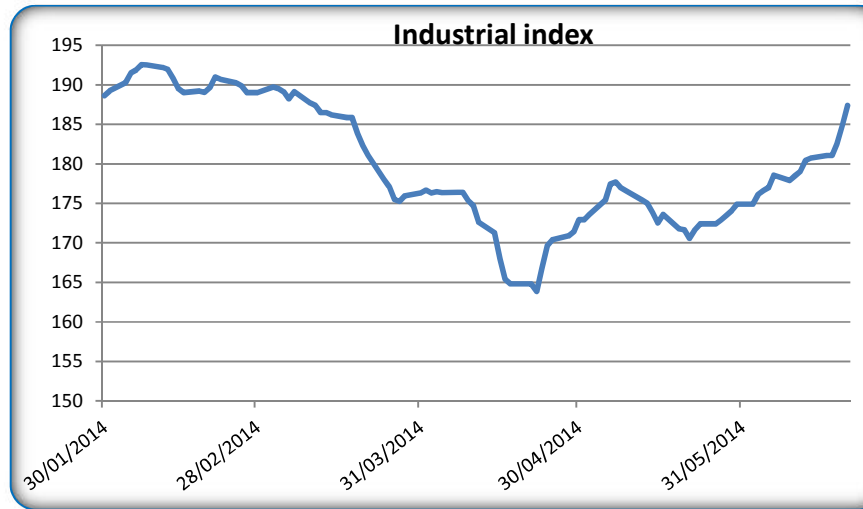
value of transactions seen over the week. Portfolio disposals by foreign investors also took an 86.05% dip to \$1.46m thereby leaving the market in a net funds inflow position of \$1.62m. Despite the resurgent demand across the board a flight to quality continues to be seen on the market as investors continue cherry picking in those perceived to have sound fundamentals and potential good turnaround stories. As such Econet and Delta the market's favourites top traded over the week with a combined contribution to total revenues of 58% whilst other stocks with notable trades in TSL, OKZIM and Delta.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
TRUWORTHS	2.85	58.33	32.14	ZBFH	3.00	50.00	72.97
BINDURA	4.61	39.70	130.50	MEDTECH	0.04	42.86	42.86
TURNAL	3.00	33.33	40.00	G/BELTINGS	0.04	33.33	50.00
COTTCO	0.95	17.28	84.17	FALGOLD	1.50	25.00	70.00
MASIMBA	1.71	14.00	73.69	NMBZ	3.50	12.50	46.15

Bulls continued to dominate the ZSE trading patterns with twenty four stocks closing the week in the black against only nine fallers with all the top five risers registering double digit growth. Apparel retail group Truworths was the leading riser with a +58.33% uplift to 2.85c, while the construction allied group Turnall was in a 33.3% jump to 3c. COTTCO and Masimba completed the top gainers for the week after adding +17.28% and +14% to 0.95c and 1.71c respectively.

Market heavies threw their weight to the ZSE gains including Delta and Inncor that put on 5.99% and 5.96% close at 124.01c and 80.01c in that order. Telecoms giant Econet, the YTD top performing heavy cap, put on +2.78% and closed the week at 74c and closed sitting at a year to date return of +23.3%. Likewise the dually listed duo of PPC and Old Mutual were in gains of 6.48% and 3.79% to 230c and 260c as demand remains solid despite both having gone ex div recently. Market weakness was seen in a select few stocks topped by ZBFH that dropped 50% to 3c while Medtech and GBH followed after shedding -42.86% and 33.33% to settle at the identical price of 0.04c.

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...

Call for policies that attract FDI

ZIMBABWE's economy has never had significant Foreign Direct Investment inflows even during both the "successful" years and the colonial era, industry captains said.

<http://www.herald.co.zw/call-for-policies-that-attract-fdi/>

ACFR seeks \$18 million - AFRICAN Consolidated Resources (ACFR) says it is looking for \$18 million to bring its unit Pickstone into production and acquire Falcon Gold Zimbabwe Limited (Falgold)'s unit Dalny Mine... <https://www.newsday.co.zw/2014/06/17/afcr-seeks-18-million/>

Zimbabwe registers deflation for fourth month in a row

ZIMBABWE has registered deflation for the fourth month in a row since February this year, reflecting a slowdown in economic activity.

<https://www.newsday.co.zw/2014/06/17/zimbabwe-registers-deflation-fourth-month-row/>

CSD trials begin - Chengetedzai Depository Company (CDC) is now conducting trials of the central securities depository (CSD) system as part of efforts to fully automate trading on the Zimbabwe Stock Exchange (ZSE) by year end...<http://www.dailynews.co.zw/articles/2014/06/17/csd-trials-begin>

Bindura Nickel Corporation projects higher profits

BINDURA Nickel Corporation Limited taxed profit is expected to be higher for the second half of the financial year ended March 31 2014 due to the improvement of output at Trojan Mine... <https://www.newsday.co.zw/2014/06/16/bindura-nickel-corporation-projects-higher-profits/>

Powerspeed Electrical posts increase in profit - POWERSPEED Electrical Limited posted an increase in profit after tax to \$410 822 in the six months ended March 2014 compared to the same period last year attributed to a decline in finance costs... <https://www.newsday.co.zw/2014/06/16/powerspeed-electrical-posts-increase-profit/>

Reform capital markets — Chinamasa

THE capital markets need to be reformed to attract investors thereby resuscitating the productive sectors, Finance and Economic Development minister Patrick Chinamasa said on Friday... <https://www.newsday.co.zw/2014/06/16/reform-capital-markets-chinamasa/>

BNC back in the black - Mwana Africa's Zimbabwean unit Bindura Nickel Corporation (BNC) said it expects its profit after tax for the second half to March 2014 to be significantly higher than first half's \$3,3 million... <http://www.dailynews.co.zw/articles/2014/06/16/bnc-back-in-the-black>

ABC set to benefit from fundraising - Listed financial institution ABC Holdings is set to benefit from the second fundraising done by soon-to-be major shareholders Atlas Mara. The Atlas Mara group is said to have raised in excess of \$300 million on the international market although the fundraising has not yet closed...

<http://www.herald.co.zw/abc-set-to-benefit-from-fundraising/>

African stock markets on rebound

African stock markets have been on a rebound over the past two months boosted by a return of foreign capital inflows especially from Europe.

<http://www.herald.co.zw/african-stock-markets-on-rebound/>

ZPI income declines 22 percent Zimre Property Investments recorded a 22 percent decline in income in the five months to May this year following negative growth in rent income and property sales... <http://www.herald.co.zw/zpi-income-declines-22-percent/>

Falgold revenue falls

ZIMBABWE Stock Exchange-listed firm Falcon Gold said revenue for six months to this March fell 56 percent following the shutdown of Dalny Mine in August last year.

<http://www.herald.co.zw/falgold-revenue-falls/>

Meikles in major shake up

Meikles has fired one of its directors and senior manager for TM Supermarkets, Mr Bisset Chimhini, in a management shake-up that is expected to claim the scalps of two or even more directors, The Herald Business can reveal... <http://www.herald.co.zw/meikles-in-major-shake-up/>

NMB puts plans on hold

LISTED financial institution, NMB Bank has put on hold plans to raise about \$5 million mainly from pension funds to provide loans to small and medium enterprises after the bank managed to raise "more attractive" funds from other sources... <http://www.herald.co.zw/nmb-puts-plans-on-hold/>

Up Coming Events

PIONEER	AGM	PIONEER BOARDROOM, HEAD OFFICE SOUTHERTON,	26/06/2014	1000HRS
FBC	AGM	ROYAL HARARE GOLF CLUB	26/06/2014	1200HRS
MASIMBA	AGM	HEAD OFFICE, 44 TILBURY ROAD, WILLOWVALE	26/06/2014	1200HRS
FIDELITY LIFE	AGM	BOARDROOM, 7TH FLOOR, FIDELITY HOUSE	26/06/2014	1200HRS
ZBFH	AGM	ZB HOUSE, 46 SPEKE AVENUE	27/06/2014	1030HRS
GBH	AGM	CERNOL CHEMICALS BOARDROOM, WILLOWVALE	27/06/2014	1130HRS
ZIMPAPERS	AGM	BOARDROOM, 6TH FLOOR, HERALD HOUSE	27/06/2014	1200HRS
HWANGE	AGM	BOARDROOM, 7TH FLOOR, COAL HOUSE	30/06/2014	1030HRS
ZHL	AGM	NICOZ DIAMOND AUDITORIUM, 7TH FL INSURANCE CENTRE	30/06/2014	1230HRS
MEDTECH	AGM	BOARDROOM, STAND 619 , RUWA	30/06/2014	1500HRS

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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