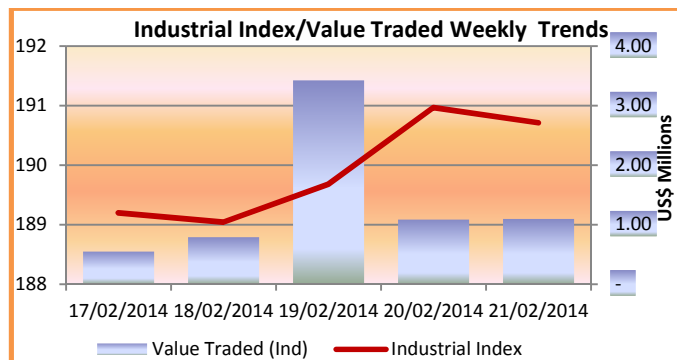
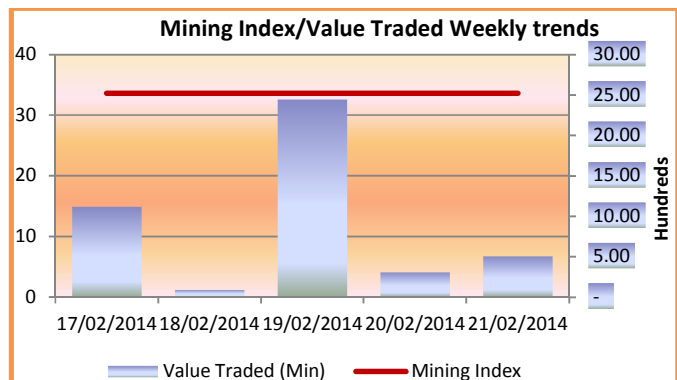


EFE Weekly Market Review 21 February 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	7.05	5.67	24.33
Volume Traded (mn)	26.22	31.56	16.92
Foreign Purchases	3.32	4.34	23.58
Foreign Sales	4.12	2.80	47.04

Source ZSE/EFE Dbase

Market Highlights

ZSE in rebound as tobacco selling season kicks off...

The much awaited onset of the tobacco selling season that kicked off midweek appears to have injected the much awaited stimulus for the market on anticipated liquidity improvements in the economy. Zimbabwe expects to revenues of \$600m to flow into the economy from the sale of a forecast 180million kilograms of the golden leaf this year. This injection is expected to spur demand in the economy that has been waning in recent months with most companies lamenting same for lower business than that recorded comparable prior year performance. Zimbabwe's challenge however will remain the huge import bill which in all likelihood will only get a cheer from these anticipated cash flows from the tobacco crop. ZIMSTATS reported a widening trade deficit of \$4.2b in the year to December 2013 which is up 16% on the comparable period in 2012. The widening trade gap has exacerbated the tight liquidity in the market as it drains out the little cash available in the economy.

Index	Level	%Δ	YTD %Δ
Industrial Index	190.71	0.91	5.65
Mining Index	33.61	0.00	26.60

A couple of midweek rising sessions anchored the Industrial Index's rebound resulting in gains of +0.91% to 190.71pts. As a consequence the year to date losses narrowed to 5.65% as demand returned in some of the major stocks on the ZSE. Minings on the other hand were flat for the whole week retaining the same level of 33.61pts as activity in the cluster remains very limited. Minings have succumbed to a -26.6% year to date decline as all stocks in the cluster try to manoeuvre some funding structures for retooling and capacity rebuilding

ZSE activity improves ...

The dollar value of trades recorded over the week improved 24.33% to \$7.05m for the week as SeedCO emerged the market favourite after investors pumped \$2.3m into the seed manufacturer's shares being an estimated 32% of the total value of trades. Other notable trades were also seen in Delta, Inncsor, Lafarge and Econet which accounted for 16% 14%, 11% and 9% respectively of the

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Contacts:

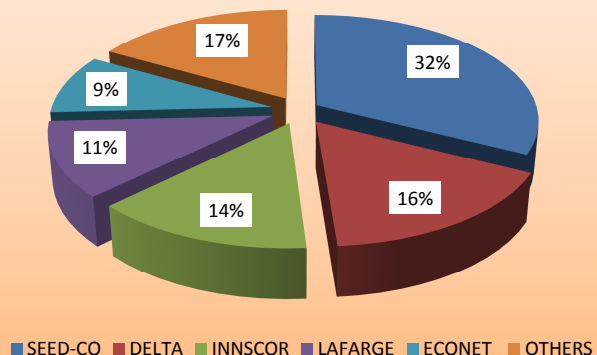
Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

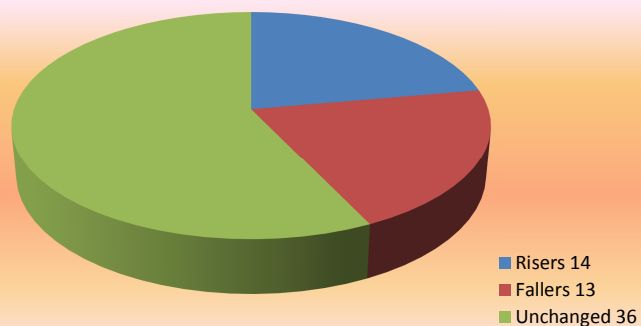
Phenias Mandaza 0772144334

Coreen Madanha 0772144333

Top Stock Contributors to Weekly Value of Trades



Market Strength



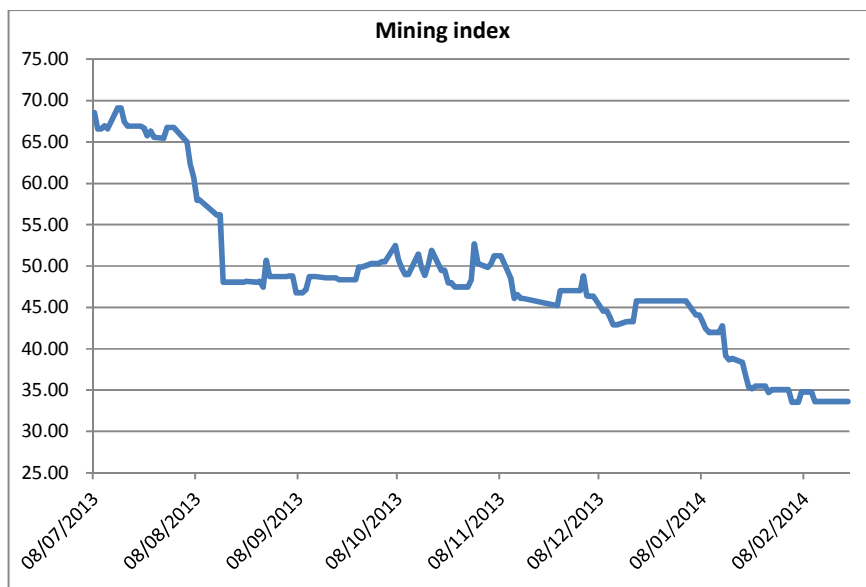
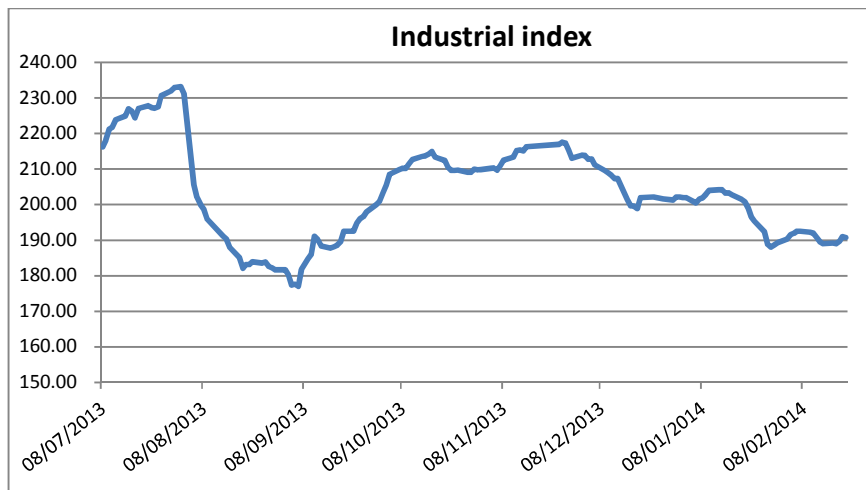
total value traded over the week. Volumes however dipped -16.92% to 26.22 million share shares as market interest was skewed towards the higher value stocks. Weekly foreign inflows also took a dip falling -23.58% to \$3.32m against an outflow estimate of \$4.12m leaving the market in a net outflow position of \$0.8m.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
ARISTON	0.70	75.00	88.33	CAFCA	25.00	16.67	25.00
ZIMPAPERS	1.00	25.00	25.00	ZHL	1.00	16.67	31.03
ZIMFLOW	2.40	18.81	31.43	N.T.S	2.10	16.00	16.00
STAR AFRICA	1.00	11.11	0.00	DAWN	0.80	11.11	20.00
TA HLDS	8.50	5.99	39.34	AFDIS	30.00	6.25	0.00

A rebound in a selection of market heavies directly drove the weekly market gains amongst them FMCG conglomerate Inncor that is set to report its interims to December 2013, that led the heavy cap gains with a +2.63% uplift to 78c. Econet continued its enviable YTD run adding +2.58% and closing the week 63.60c and sat at return of 6% since the turn of the New Year. Not to be outdone the market's top stock Delta was up +1.54% at 124.90c as the euphoria of the unexciting Q3 trading update subsides. The dually listed duo of PPC and Old Mutual completed the top capitalised stock gains with weekly returns of +1.56% and +0.17% to end the week trading at 260c and 242.51c respectively, the two however continue to trade at a discount to the other bourses owing largely to Zimbabwe's perceived country risk and the exacerbated by the current liquidity crunch in Zimbabwe.

Top weekly gains were led by penny stocks Ariston and Zimpapers that gained +75% and 25% to 0.7c and 1c respectively. Ariston's gains follows the group's trading update in which the group forecast improved production volumes for the ensuing year. Zimflow was in a +18.81% rebound to 2.4c while Star Africa and TA Holdings put on +11.1% and 5.99% to 1c and 8.5c. Soft trading was seen in Cafca that declined -16.7% to 25c as well as ZHL the fell by a similar margin to 1c. Completing the fallers were NTS and Dawn that retreated -16% and -11.1% closing the week at 2.1c 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

Turnover to be 20pc lower: Cafca

LISTED cable maker Cafca says turnover for the March reporting period will be down 20 percent reflective of the slowdown in economic activity but profits will be up 30 percent.

<http://www.herald.co.zw/turnover-to-be-20pc-lower-cafca/>

Delta in US\$12m Chibuku expansion

DELTA Corp is spending close to US\$12 million on the expansion of its Chibuku Super plant in Chitungwiza, with annual production expected to triple to 1,8 million hectoliters.

<http://www.herald.co.zw/delta-in-us12m-chibuku-expansion/>

TSL to convert Chemco debt

TSL Limited has proposed to convert US\$2,6 million worth of debt and trade payables in Chemco into equity if shareholders' back the suggestion at a meeting early next month.

<http://www.herald.co.zw/tsl-to-convert-chemco-debt/>

Cairns deal back on track

SOUTH African firm Vasari Global's bid to acquire Cairns Holdings is back on track after the parties agreed on a valuation following disputes over the purchase price.

<http://www.herald.co.zw/cairns-deal-back-on-track/>

NMBZ seeks to raise US\$5m

NMB Bank Limited is looking to raise about US\$5 million from investors such as pension funds to provide loans for Small and Medium Enterprise companies that have the capacity to pay back the money, an official in the bank confirmed last week.

<http://www.herald.co.zw/nmbz-seeks-to-raise-us5m/>

CBZ, Tuli in debt agreement

CBZ Bank Limited (CBZ) has agreed on a settlement plan with Reserve Bank of Zimbabwe (RBZ)'s subsidiary Tuli Coal (Tuli) following plans to attach the latter's property over an unspecified debt.

<http://www.dailynews.co.zw/articles/2014/02/14/cbz-tuli-in-debt-agreement>

Meikles to expand footprint in mining

MEIKLES Limited is set to expand its footprint into the mining sector after it announced that it had concluded a chrome opportunity and had identified its first gold project.

<http://www.herald.co.zw/meikles-to-expand-footprint-in-mining/>

CSD ready to launch

CHENGETEDZAI Depository Company has started opening accounts with stock brokers and custodians for the Central Securities Depository as it makes final preparations to launch the platform, Securities and Exchange Commission of Zimbabwe chief executive, Mr Tafadzwa Chinamo has said.

<http://www.herald.co.zw/csd-ready-to-launch/>

Cafca projects 30% profit rise

ZIMBABWE Stock Exchange-listed cable manufacturer Cafca has projected a 30% increase in profit and a 20% decline in turnover for the half year to March this year as the company is no longer exporting its products.

<https://www.newspday.co.zw/2014/02/21/cafca-projects-30-profit-rise/>

Chemco plans to delist by April this year

CHEMCO Holdings plans to delist from the Zimbabwe Stock Exchange (ZSE) this year as it seeks shareholder approval for the transaction due to limited retail and institutional investor interest in Chemco shares, the company said in a statement.

<https://www.newspday.co.zw/2014/02/20/chemco-plans-delist-april-year/>

Tobacco season to improve liquidity

Government sees revenue streams improving going forward buoyed by tobacco sales and improved tax collections in the second quarter of the year.

<http://www.theindependent.co.zw/2014/02/21/tobacco-season-improve-liquidity/>

Up Coming Events

Company	Event	Venue	Date & Time
CAFCA	AGM	54, lytton Road, Workington Harare	20.02.14 12.00Hrs
CBZ	FY13 Results Presentation	Steward Room, Meikles Hotel	26.02.14 15.00Hrs
MASHHOLD	AGM	ZB life towers	27.02.14 12.00Hrs
ART	AGM	202 Seke Road, Graniteside Harare	28.02.14 11.00Hrs

CAUTIONARIES

ISSUE DATE

Company	Issue Date	Description
NMB	7 th Feb 2014	Profit warning, impairment on loans to result in a net loss position
AFRICAN SUN	6 th Dec 2013	Discussions on mandatory offer to minorities by Lengrah Investments
TSL	29 th 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

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