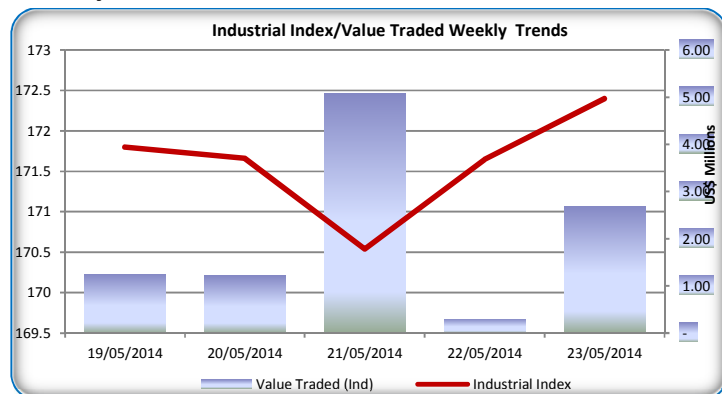
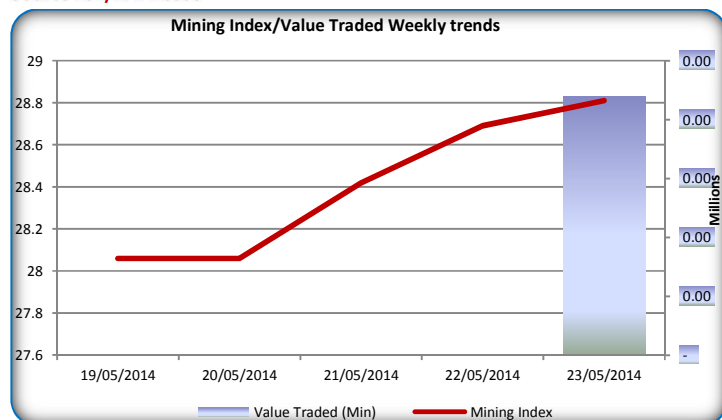


EFE Weekly Market Review 23 May 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	10.62	7.09	49.81
Volume Traded (mn)	65.93	31.61	108.59
Foreign Purchases	8.55	3.50	144.44
Foreign Sales	7.62	4.14	84.09

Source ZSE/EFE Dbase.

Market Highlights

Market weakness persists despite policy review talk...

A welcome change in government tone towards the indigenization and empowerment regulations failed to stop the market retreat that extended by another week after close of call Friday. Zimbabwe has been failing to attract sustainable FDI to fund its recovery plans as investors shied away in the face of the demands of the indigenization and empowerment regulations coupled with perceived country risk bordering on issues to do with respect of property rights. This however is expected to ease especially if government planned policy review initiatives produce the acceptable outcome coupled with swift implementation of same.

Index	Level	%Δ	YTD %Δ
Industrial Index	172.40	0.69	14.70
Mining Index	28.81	3.00	37.08

Another week of heavy caps retreat saw the main stream Industrial Index shedding -0.69% to 172.40pts extending year to date losses to -14.7%. A late rebound in the last two sessions could not suffice to stop the fall as losses in earlier sessions were on bigger margins.

Bindura's rebound following parent Mwana Africa's update highlighting a turnaround in the subsidiary saw the Mining Index put on +3% to 28.81pts. The year to date losses however remains precariously high at -37.08%.

Econet and Delta Dominate activity...

Activity aggregates for the week got a boost from higher foreign participation in Econet and Delta where block trades saw the market spurn \$10.62m in value which was a 49.81% improvement on the prior week outturn. Volumes were also up after a 108.6% upsurge to 65.93m shares with African Sun and Zimpapers emerging the major drivers of the aggregate. Foreign inflows surged 144% to \$8.55m while portfolio disposals also got an 84% boost to \$7.6m to leave the

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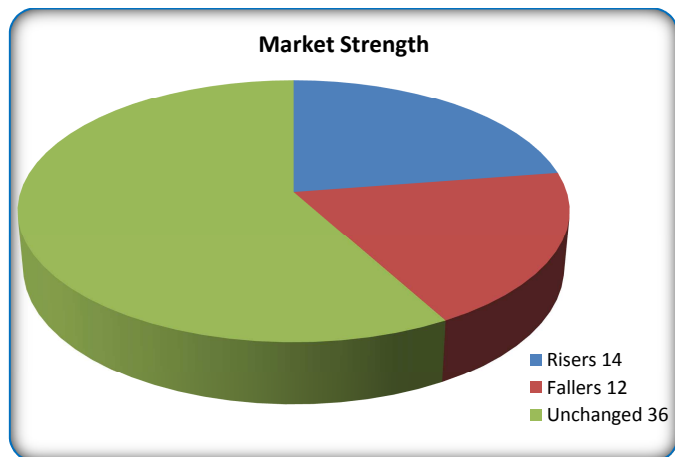
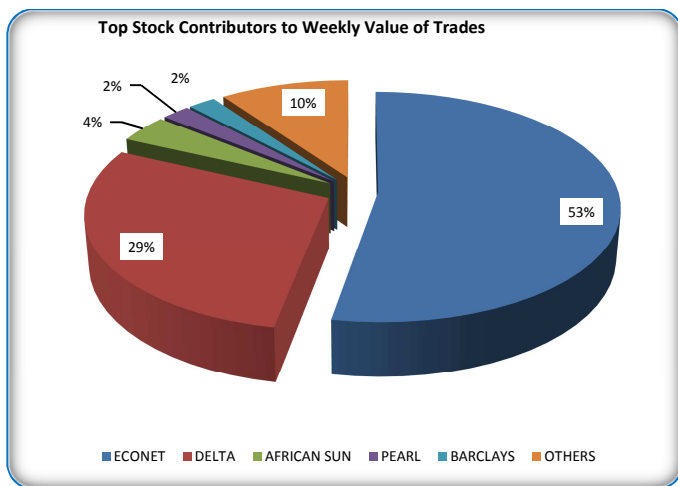
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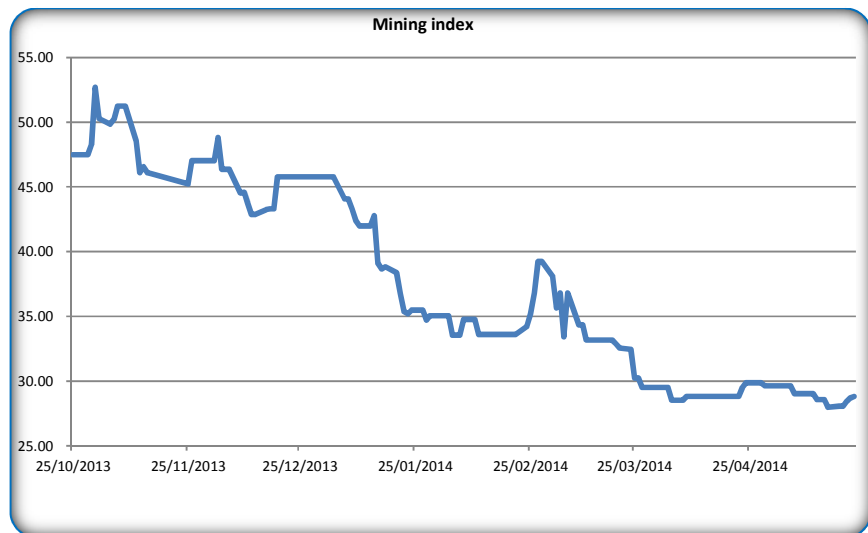
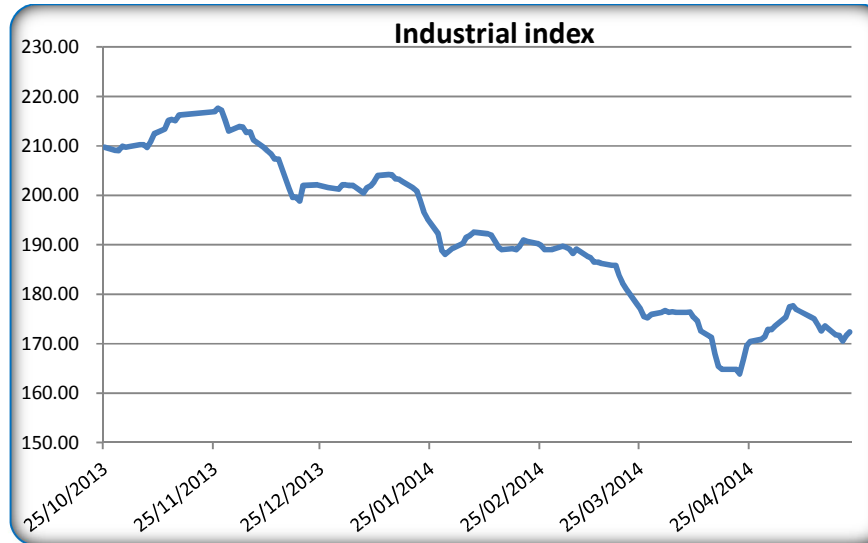
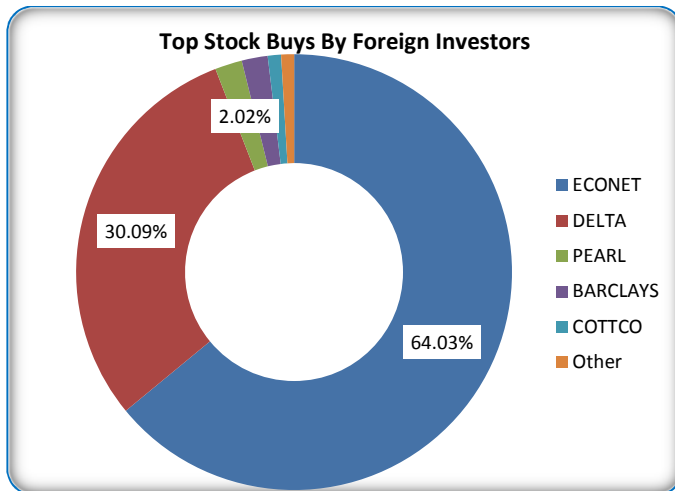
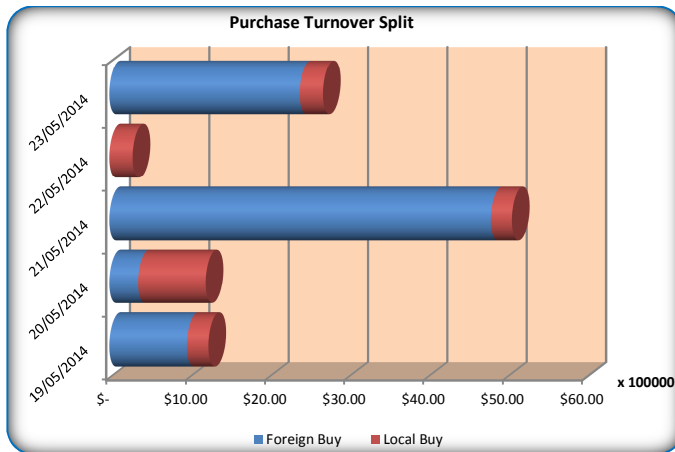
market in a net funds inflow position of \$0.89m. Delta and Econet were the market favourites as an estimated 82% of the week's splurge was invested in the two market giants while telecoms giant saw 53% of the funds invested on the bourse finding a home in its shares. Other notable trades were seen in African Sun and Pearl where contributions to weekly value of trades stood at 4% and 2% respectively.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
PELHAMS	0.02	100.00	80.00	TURNAL	2.00	33.33	60.00
ARTZDR	0.40	33.33	100.00	ZIMPAPERS	0.80	27.27	0.00
DAIRIBORD	9.30	16.25	38.00	RTG	1.00	16.67	37.50
DAWN	0.90	12.50	10.00	STARAFRICA	0.79	7.06	21.00
HUNYANI	2.20	10.00	10.00	SEEDCO	70.00	6.67	22.22

Despite gainers dominating the risers and fallers spectrum at a count of fourteen against twelve the market still found itself in the red by close of week as heavies dominated the fallers. Amongst the heavy cap fallers was the market favourite Econet that fell -2.98% for the week to 64.03c as the group's management laments government's reception of their business in the market. OKZIM that is heading for the finale of the grand challenge closed the week -2.7% softer at 18c while Innscor dropped -1.43% to 69c. Another heavy cap faller was National Foods that fell -4.295 to 201c. Top losses for the week were however seen in Turnall that fell -33.35 to 2c while Zimpapers was -27.27% softer at 0.8c and RTG fell -16.67% to 1c. Star Africa and SeedCO closed the top shakers on respective losses of -7.06% and -6.67% to 0.79c and 70c.

Hippo's 10% rebound to 55c was of those that mitigated the losses on the bourse, though the gains in the sugar manufacturer came in the face of reported new invasions of their estates by war veterans. Dairibord was on a 16.25% recovery to 9.3c as the group plans for a \$10m recapitalisation were reported while other risers for the week were Pelhams +100% to 0.2c, ART +33.3% to 0.4c, Dawn +12.5% up at 0.9c and Hunyani +10% to 2.2c.

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

Brazil grants Zim \$100m agric loan

Brazil has granted a \$100 million loan to Zimbabwe out of \$1,6 billion in lines of credit it is extending to Africa. The funds — to be disbursed in tranches — are targeted at financing Zimbabwe's agriculture development...

<http://www.dailynews.co.zw/articles/2014/05/21/brazil-grants-zim-100m-agric-loan>

Meikles to shut down Greatermans

Diversified group Meikles Limited (Meikles) is shutting down its upmarket Greatermans store and is replacing it with Pick n Pay supermarket...

<http://www.dailynews.co.zw/articles/2014/05/20/meikles-to-shut-down-greatermans>

Dairibord plans \$10m capex

Listed milk processor Dairibord Holdings Limited (Dairibord) says it plans to commission five plants worth \$10 million this year...

<http://www.dailynews.co.zw/articles/2014/05/19/dairibord-plans-10m-capex>

Barclays to up credit lines

Barclays Bank Zimbabwe (BBZ) says it might increase its loan book to \$80 million depending on the prevailing market conditions...

<http://www.dailynews.co.zw/articles/2014/05/18/barclays-to-up-credit-lines>

Firms accumulate \$170m pension arrears

Companies are increasingly failing to remit employees' pension contributions due to mounting economic challenges, accumulating arrears of up to \$170 million, the Insurance and Pensions Commission (Ipec) said...

<http://www.dailynews.co.zw/articles/2014/05/14/firms-accumulate-170m-pension-arrears>

'Zim broke to implement economic plan'

Zimbabwe has no funds to implement its five-year economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset), Industry minister Mike Bimha has said...

<http://www.dailynews.co.zw/articles/2014/05/14/zim-broke-to-implement-economic-plan>

Cotton farmers hold on to their crop, buyers yet to get licences

OTTON farmers in Zimbabwe are in a fix and holding on to their crop amid reports the Agricultural Marketing Authority (AMA) is yet to approve companies to start buying the crop...

<https://www.newsday.co.zw/2014/05/23/cotton-farmers-hold-crop-buyers-yet-get-licences/>

Econet questions Potraz's Universal Services Fund

ECONET Wireless has questioned the use of the Universal Services Fund (USF) being administered by the Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ), putting into sharp focus the regulators' accountability...

<https://www.newsday.co.zw/2014/05/21/econet-questions-potrazs-universal-services-fund/>

SECZ approves Central Securities Depository establishment

THE Securities and Exchange Commission (SECZ) has approved the establishment of a Central Securities Depository (CSD) to be run by Chengetedzai Depository Company under a one-year licensing deal...

<https://www.newsday.co.zw/2014/05/21/secz-approves-central-securities-depository-establishment/>

'Essar to recruit, source in Zimbabwe'

NEW ZIMSTEEL chief executive officer Vinod Arora has pledged that his company would procure most of its services from indigenous companies in Redcliff and Kwekwe ahead of cheap imports from outside the country...

<https://www.newsday.co.zw/2014/05/20/essar-recruit-source-zimbabwe/>

Zimbabwe tobacco revenue hits \$500 million

LATEST sales figures from Zimbabwe's Tobacco Industry and Marketing Board (TIMB) indicate that the golden leaf has raked in close to \$500 million with more deliveries still expected before the curtain comes down at the country's auction floors... <https://www.newsday.co.zw/2014/05/20/zimbabwe-tobacco-revenue-hits-500-million/>

CASE Handbook launched

The Central and Southern Africa Stock Exchanges Handbook profiles over 120 companies listed on the Botswana, Malawi, Zambia and Zimbabwe bourses...

<http://www.herald.co.zw/case-handbook-launched/>

PPC raises Zim capex to \$280m

PRETORIA Portland Cement, Zimbabwe's largest cement firm, has raised its capital spending budget on expansion projects to about \$280 million, a senior company official said... <http://www.herald.co.zw/ppc-raises-zim-capex-to-280m/>

Zimplats to process matte at Selous metal refinery

ZIMPLATS could soon begin partially processing its matte at the Selous-based base metal refinery once refurbishment is completed...

<http://www.herald.co.zw/zimplats-to-process-matte-at-selous-metal-refinery/>

Hwange Colliery appoints new MD

HWANGE Colliery Company Limited, the country's largest coal mining company has finally appointed a substantive managing director, almost two years after the departure of Mr Fred Moyo, who is now deputy Minister of Mines and Mining Development... <http://www.herald.co.zw/hwange-colliery-appoints-new-md/>

Sugar output set to drop

Production of sugar cane in Zimbabwe is projected to drop by three percent to 3,8 million tones this year due to a 12 percent decline in the area harvested, though the yield per hectare is expected to increase... <http://www.herald.co.zw/sugar-output-set-to-drop/>

WorldRemit partners Steward Bank

WorldRemit, the global online money transfer service, has teamed up with Steward Bank in Zimbabwe to offer recipients enhanced convenience at the bank's extended branch network across the country... <http://www.herald.co.zw/worldremit-partners-steward-bank/>

Firms lose out on Econet's \$1,2bn capex

Indigenous companies have benefited little from Econet Wireless' US\$1,2 billion capital expenditure on procurement of network equipment because they do not have capacity to supply and meet expected quality requirements, group chief executive Mr Douglas Mboweni said...

<http://www.herald.co.zw/firms-lose-out-on-econets-12bn-capex/>

Hwange Colliery considers diversifying revenue streams

Hwange Colliery Company Ltd is considering developing a 300 megawatt thermal station and to extract petrol chemicals from coal to diversify revenue streams...

<http://www.herald.co.zw/hwange-colliery-considers-diversifying-revenue-streams/>

Up Coming Events

Company	Event	Venue	Date & Time
BAT	AGM	BAT Head Office	27.05.14
RIO ZIM	AGM	1 Kenilworth Road Highlands Harare	28.05.14
PEARL	AGM	FML Park 100 Borrowdale Road	07.06.14
EDGARS	AGM	Edgars Training Auditorium	29.05.14
FML	AGM	FML Park 100 Borrowdale Road	03.06.14
TURNALL	AGM	Rainbow Towers Hotel	27.05.14
RTG	AGM	Rainbow Towers Hotel	11.06.14
BANCABC	AGM	Fairground Office Park Gaborone	03.06.14
LAFARGE	AGM	Manressa Club Arcturus	06.06.14
NICOZ DIAMOND	AGM	Nicoz Diamond Auditorium	29.05.14

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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