

EFE Weekly Market Review 25 July 2014

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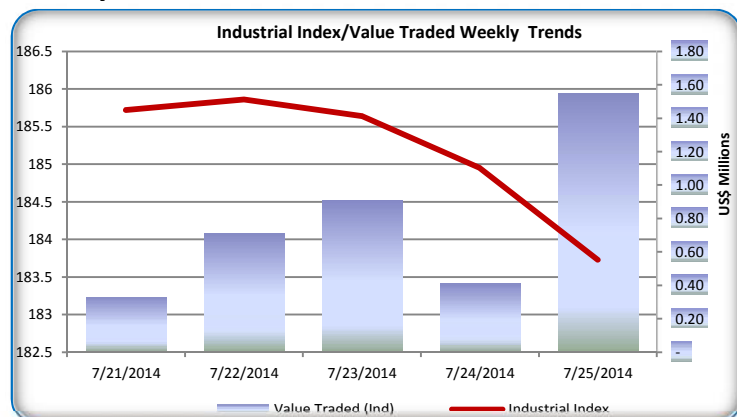
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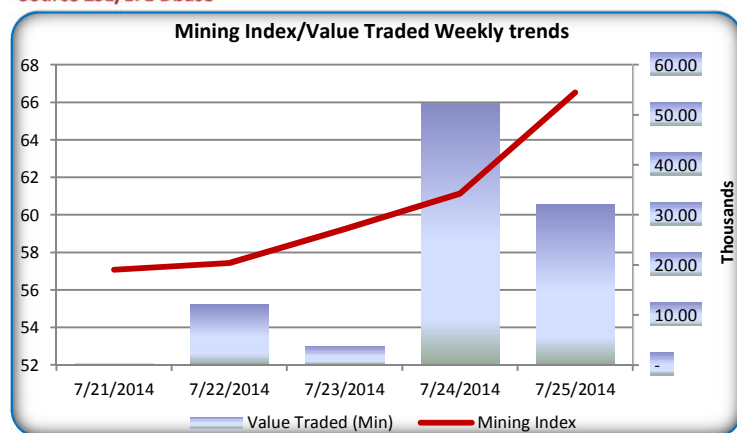
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Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	4.09	5.36	23.59
Volume Traded (mn)	37.31	132.29	71.80
Foreign Purchases	2.69	3.02	11.02
Foreign Sales	1.14	0.95	19.80

Source ZSE/EFE Dbase.

Market Highlights

ZSE softens as national revenues decline marginally...

Zimbabwe's national revenue authority (ZIMRA) gave its figures for the first half of the year in a report by the commissioner general indicating a marginal decline of 1% on that achieved in the same period last year. Traditional revenue drivers like VAT were however surpassed in contributions by individual taxes providing a telling story on the structure of national revenue sources and in the same vein reemphasising the economy wide declining demand. The revenues news coupled with fears of a possible return of a local currency, following the Finance Minister's comments on difficulties arising from using the greenback, saw the market soften further as heavies that were leading the recent rising charge lost traction.

Index	Level	%Δ	YTD %Δ
Industrial Index	183.73	1.18	9.10
Mining Index	66.53	15.04	45.29

The main stream industrial index was in a second successive declining week shedding -1.18% and closing at 183.73% as persistent negative sentiment continues. The loss saw the industrials extend year to date losses to -9.10% as the market looks to lose gains attain at the death of H1.

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.

Subdued activity over the week...

Trading over the week was subdued with the market spurning 37.31m shares being a drop of 71.8% in the shares traded. Value of shares traded aced a slightly smaller decline of 23.59% to \$4.09m as slightly improved volumes exchanged hands in higher values stocks. Favorites on the market by value emerged to be the market's top stocks by market capitalisation Econet and Delta that accounted for a combined

Contacts:

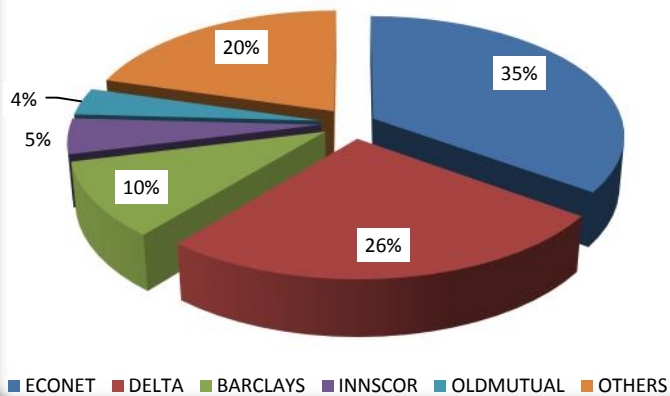
Edgeton Tsanga 0772277153

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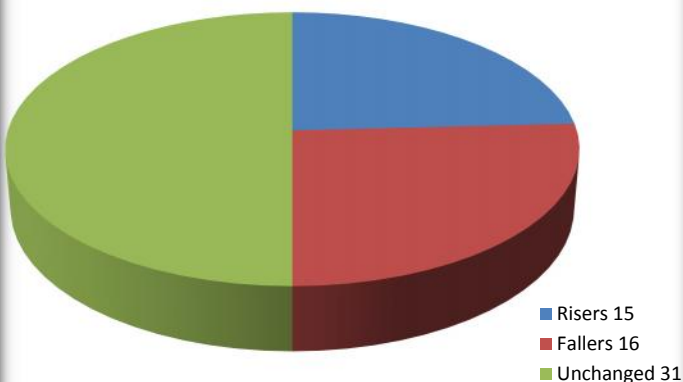
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Top Stock Contributors to Weekly Value of Trades



Market Strength



61% of the total value spurned over the week. Notable value drivers were also seen in Barclays, Innscor and Old Mutual that made contributions of 10%, 5% and 4% respectively. Foreign demand remained the major driver of liquidity after foreign buys accounted for 66% of the total value that exchanged hands over the week while on the disposals side they accounted for 28% of the value leaving the market in a net funds inflow position \$1.55m.

Top Five Risers

Counter	Price	%Δ	YTD %Δ
TA	15.00	50.00	145.90
ZBFH	6.00	50.00	45.95
FML	5.52	38.00	31.00
STAR AFR	1.35	22.73	35.00
BINDURA	5.61	21.96	180.50

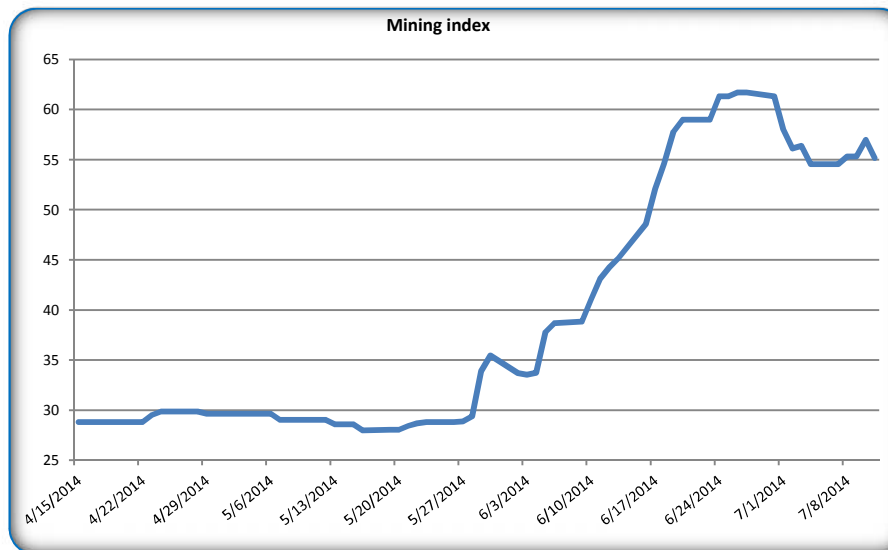
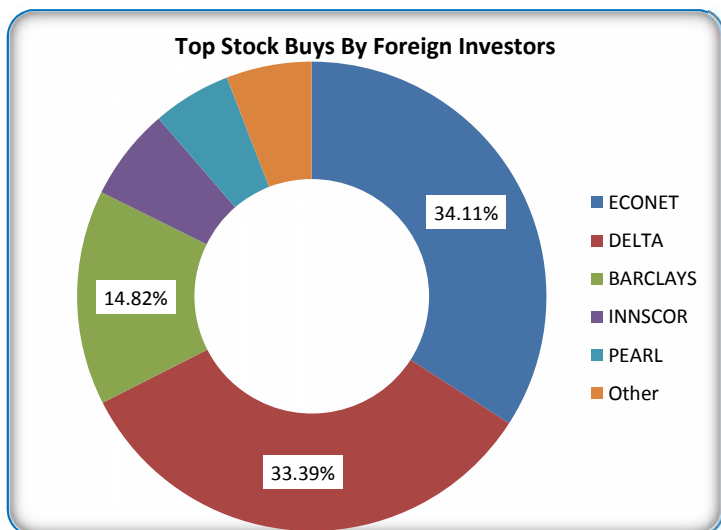
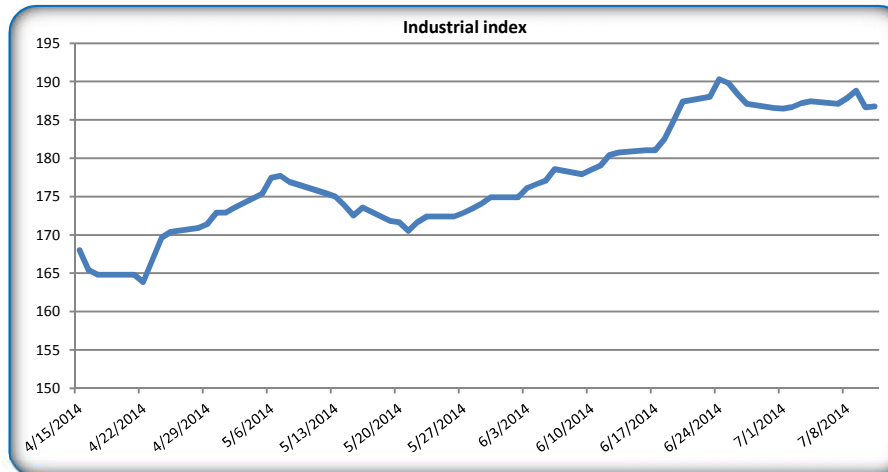
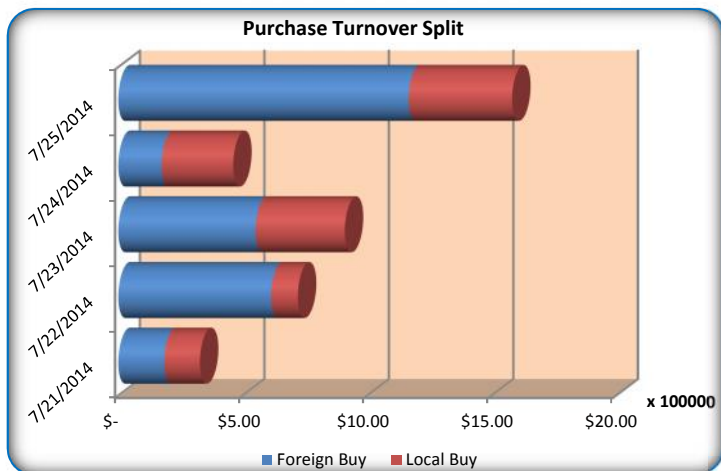
Worst Performers

Counter	Price	%Δ	YTD %Δ
RADAR	2.02	74.75	74.75
ARTZDR	0.30	21.05	50.00
MEDTECH	0.04	20.00	42.86
RTG	1.10	15.38	31.25
COLCOM	22.00	12.00	0.00

Thirty four stocks were in the risers and fallers spectrum with fallers totalling sixteen against eighteen fallers to leave the market on a negative breadth for the week of 2 stocks. Weighing on the market's performance were losses in telecoms group Econet that slipped -2.7% to 72c on a selloff on news a possible tax evasion case against the company, though the group refutes the claims. Agro industrial concern Hippo closed the week 7.14% softer at 60c on softening demand while TSL was down -1.88% at 26.10c. SeedCo was also down -0.01% lower at 78c while retailers OKZIM came off -11.11% to 16c. Radar topped the weekly shakers shedding -74.75% to 2.02c in a rare trade for the highly illiquid group while ARTZDR dropped -21.05% to 0.3c to follow.

Mitigating the losses were gains led by investment holding company TAH that surged 50% to 15c following a cautionary advising of a possible offer to minorities by major shareholders Masawara in a deal yet to get regulatory approvals and has a proposed price of 20c per share being offered to the group's minorities. Other top gainers for the week were seen in ZBFH +50%, FMLH +38% ad Star Africa +22.73%. Meanwhile cigarette manufacturers BAT reported its interims late Friday in which the group posted an EPS of 26c and a dividend per share of 30c per share.

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 in paying dividends
TSL		Attractive valuation and successfully completed a rationalization exercise with the results of impressive financial results coming up

In the News...

Chinamasa lowers GDP growth to 3,1pc

FINANCE and Economic Development Minister Patrick Chinamasa has halved Zimbabwe's projection for real Gross Domestic Product growth for 2014 to 3,1 percent from 6,1 percent and said Zimbabwe urgently requires a substantial amount of inflows of fresh capital to help jump-start the recovery of the economy.

<http://www.herald.co.zw/chinamasa-lowers-gdp-growth-to-31pc/>

Colcom Enters Angolan Market

FOOD processor Colcom Holdings has entered the Angolan market as it seeks to boost its capacity utilisation to 100 percent, from the current 55 percent.

<http://thezimbabwemail.com/colcom-enters-angolan-market/>

Nampak offers to acquire Hunyani, seeks to merge local associate companies

South Africa's Nampak has made an offer to acquire the entire shareholding of printing and packaging group Hunyani Holdings and merge it with its local interest and associate company, CarnaudMetalbox and Megapak, Hunyani said on Tuesday.

<http://thezimbabwemail.com/nampak-offers-to-acquire-hunyani-seeks-to-merge-local-associate-companies/>

Tobacco income sustains deposit growth ACCORDING to the Reserve Bank of Zimbabwe (RBZ) total banking sector deposits increased by 2,25 percent to US\$4,325 billion in May 2014 from US\$4,23 billion in April 2014, driven by tobacco sales. Cumulative tobacco sales amounted to US\$558,22 million as at May 30, 2014, 13,1 percent more than the US\$493,62 million realised during the same period in 2013... <http://www.financialgazette.co.zw/tobacco-income-sustains-deposit-growth/>

Bakeries to drive OK margins - OK Zimbabwe is looking to its new self-managed in-store bakeries to drive up margins in a bid to improve the retailers profit line. The retailer is establishing in-store bakeries, 25 of which will be fully functional by September this year... <http://www.herald.co.zw/bakeries-to-drive-ok-margins/>

Delta to close Customer Collection Depots

Listed beverages concern, Delta Corporation, is reportedly pressing ahead to close 15 customer collection depots (CCDs) as part of strategies to contain costs and rationalise operations... <http://www.herald.co.zw/delta-to-close-customer-collection-depots/>

Econet In A Fix As Tax Dragnet Closes In

THE Zimbabwe Revenue Authority (ZIMRA)'s tax dragnet has swooped on telecommunications giant, Econet Wireless Zimbabwe, which is now embroiled in a tax dispute with the country's revenue collector over alleged manipulation of invoices to evade tax... <http://thezimbabwemail.com/econet-in-a-fix-as-tax-dragnet-closes-in/>

Zimbabwe plans to list bourse in bid to attract investors - Government and the Zimbabwe Stock Exchange (ZSE) on Monday signed a Memorandum of Understanding (MoU) to demutualise the bourse and transform the almost 70 year old private club into a fully fledged public company that adheres to good corporate governance.

<http://thezimbabwemail.com/zimbabwe-plans-to-list-bourse-in-bid-to-attract-investors/>

ZSE outlaws deal cancellation - The Zimbabwe Stock Exchange (ZSE) has outlawed the cancellation of orders executed on the floor following an increase in the number of requests for cancellation by customers... <http://thezimbabwemail.com/zse-outlaws-deal-cancellation/>

Innscor streamlining operations - Innscor Africa is set to close its southern region offices as part of efforts to streamline its operations to suit the current depressed economic environment... <http://www.herald.co.zw/innscor-streamlining-operations/>

ACR pursues \$18m funding

AIM-listed African Consolidated Resources (ACR) says it remains in negotiations with investors concerning \$18 million funding.

<http://www.dailynews.co.zw/articles/2014/07/23/acr-pursues-18m-funding>

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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