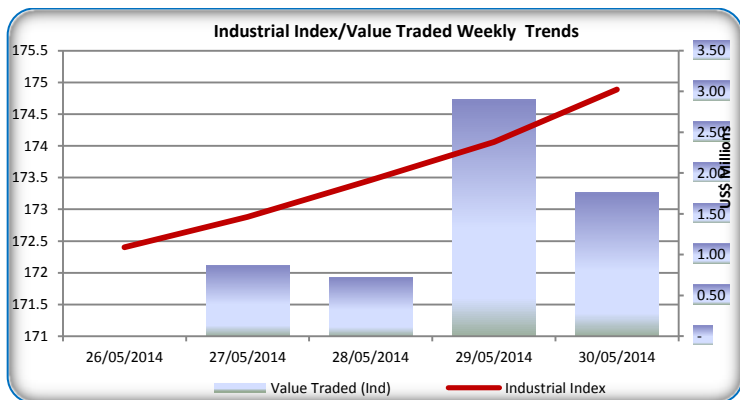
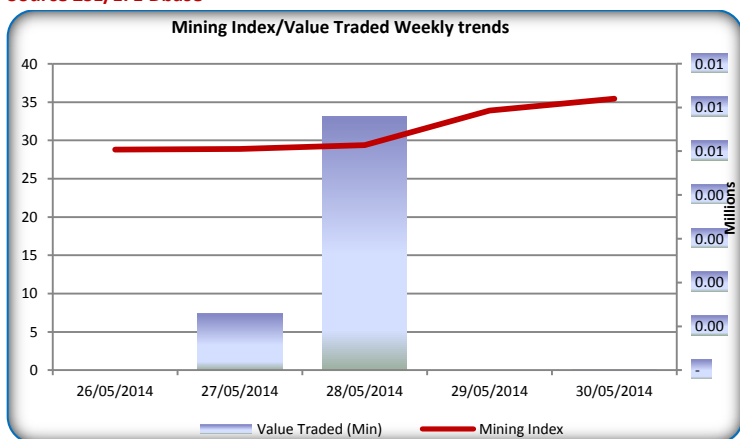


## EFE Weekly Market Review 30 May 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	6.36	10.29	38.19
Volume Traded (mn)	76.06	65.93	15.36
Foreign Purchases	2.42	8.62	71.86
Foreign Sales	4.30	7.74	44.46

Source ZSE/EFE Dbase.

### Market Highlights

#### Steady gains in holiday shortened month end week...

The ZSE carried the gaining momentum into the closing week of the month buoyed by news of the possible review of the indigenisation and empowerment regulations to two alternative models of either the production sharing model (PSM) or the joint venture investment model (JVIM). Zimbabwe's empowerment regulations have been cited as one of the main hindrance to the flow of investments into the country owing to the lack of clarity on the implementation thereof coupled with a lot of grey areas in the law. A review of same coupled with clear strategies for implementation has long been viewed as one of the key steps towards unlocking value in the Zimbabwean economy by attracting the much needed capital flows

Index	Level	%Δ	YTD %Δ
Industrial Index	174.89	1.44	13.47
Mining Index	35.44	23.01	22.60

Four successive rising sessions saw the main stream Industrial Index put on +1.44% to 174.89 to narrow down the year to date losses to -13.47%. The steady rebound in the month of May has seen the market gain +1.1% on a month on month basis.

The Mining Index rallied +23.01% to 35.44pts on renewed interest in nickel miners Bindura that has been on a rebound buoyed by a bullish outlook forecasted for the nickel company.

#### Market low on activity...

Despite active bidding that saw several stocks post gains the market saw a general dearth in sellers resulting in most activity aggregates taking a knock. Over the holiday shortened week the value of trades fell -38.19% to \$6.36m taking a cue from falling foreign purchases that dropped -71.86% to \$2.42m. Likewise foreign inflows were down -44.46% closing the week at \$4.3m thus maintaining a net funds outflow position of \$1.88m. Volumes however moved in the other

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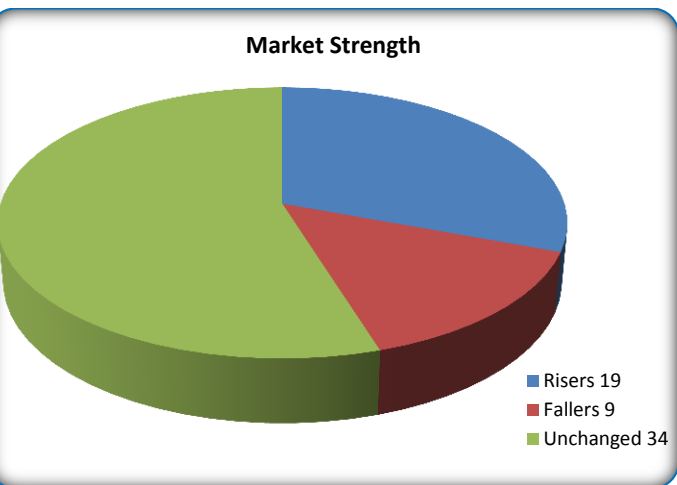
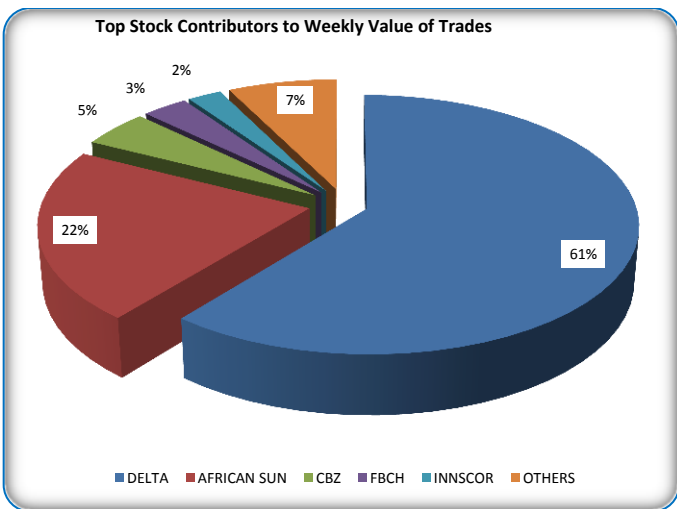
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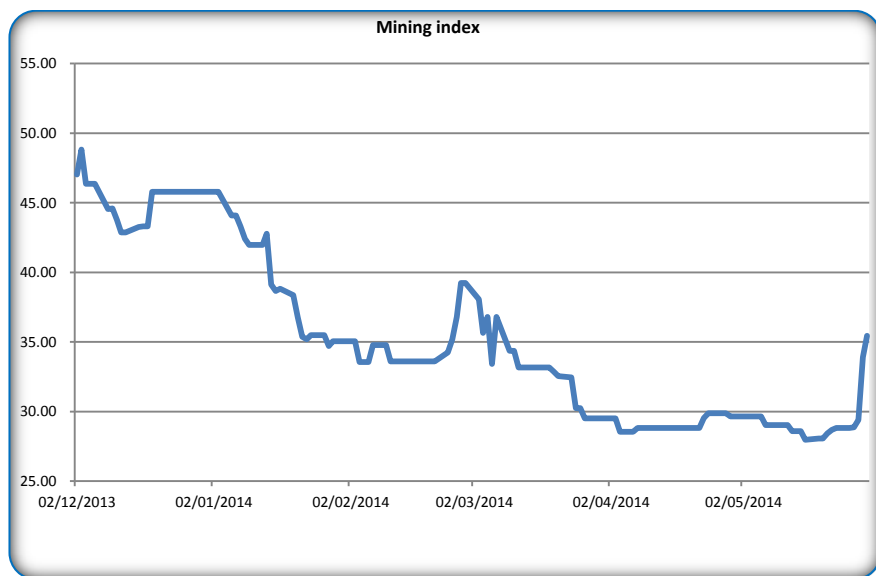
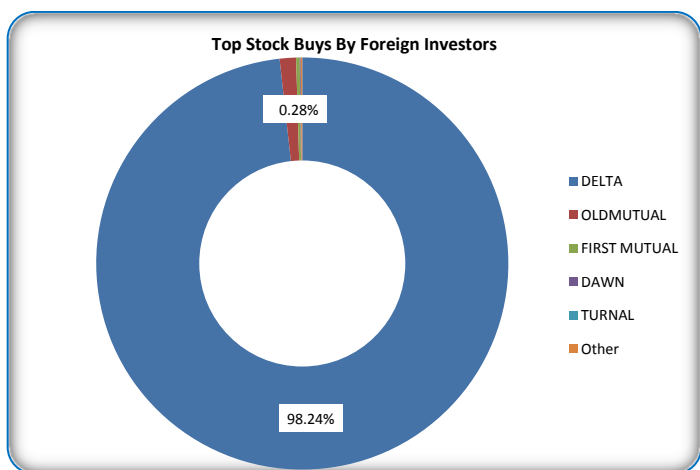
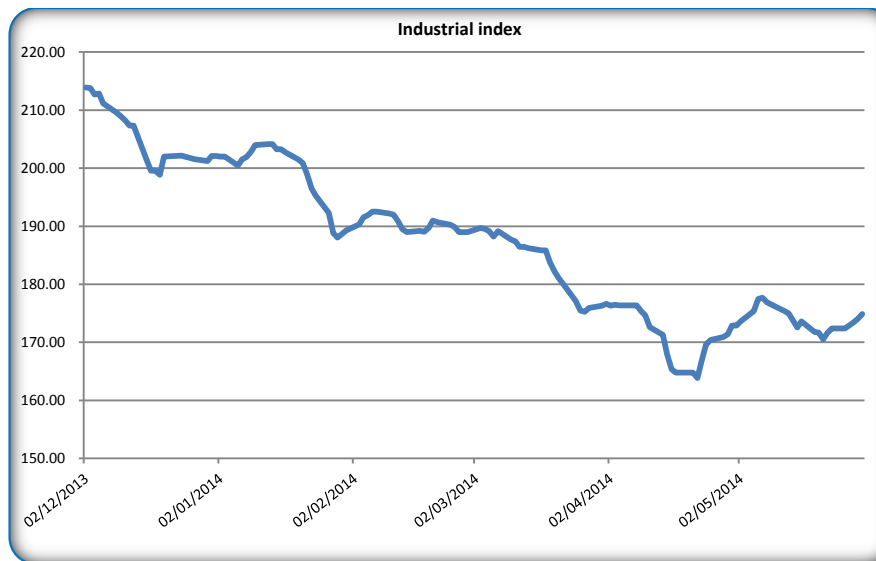
direction rising +15.36% to 76.06m shares driven by a block trade in African Sun where 5% of the company's outstanding shares exchanged hands in a special bargain trade executed at a price of 3c. The African Sun block helped the stock emerge as one of the most liquid stocks on the bourse at 22% second only to Delta where 61% of the value of trades was invested. Delta also emerged as the favourite amongst foreigners as 98.24% of the total foreign inflows found a home in the group.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
TA	8.00	60.00	31.15	TRUWORTHS	1.80	40.00	57.14
TURNAL	3.00	50.00	40.00	PEARL	2.50	15.25	3.85
WILLDALE	0.10	42.86	0.00	DAIRIBORD	8.50	8.60	43.33
ZIMPLOW	12.50	25.00	257.14	ARISTON	0.85	5.56	15.00
MEDTECH	0.07	16.67	0.00	RIOZIM	19.00	5.00	42.42

Heavily capitalised stocks drove much of the gains for the week, included amongst these being National foods up 4.48% at 210c, Econet +3.06% at 65.99c, SeedCo that added +2.8% to 72c and Delta that put on +2% to 117.3c. Investment holding company TA topped the weekly gainers after adding +60% to 8c with construction allied group Turnall following after a 50% rally took it to 3c. Turnall's gain came on the back of the group's AGM where management placed a forecast of 16% growth in turnover for the full year that will be augured by 20% uplift in volume. Brick makers Willdale was on a 42.86% up tick to 0.1c while Zimplow and Medtech completed the top gainers after gains of 25% and 16.67% to 12.5c and 0.07c respectively.

Top market losses for the week were led by apparel retail group Truworths that shed 40% to 1.8c while property concern Pearl was down -15.25% to 2.5c in the wake of its AGM were the group reported a 4.99% decline in rental rate to \$7.61. Agro-based groups Dairibord and Ariston followed after shedding 8.6% and -5.56% to respective prices of 8.5c and 0.85c. Mining house Rio Zim completed the top shakers for the week after shedding -5% to 19c, in a week they held an AGM where they advised that gold mining operations in the Masvingo area had been affected by flooding at their mine in the first quarter.

## 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 Properties	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
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...

### **Govt to consolidate \$27m Seed Co debt**

The Government has agreed to consolidate the \$27 million debt owed to Seed Co (Pvt) Limited by various Government departments for seed supplied under agricultural in...  
<http://www.herald.co.zw/govt-to-consolidate-27m-seed-co-debt/>

### **'Bold measures needed to prop up economy'**

Golden Sibanda Senior Business Reporter There is need for immediate multi-sectoral efforts to come up with bold corrective measures to prevent the economy from sliding further into a decline, a Reser... <http://www.herald.co.zw/bold-measures-needed-to-prop-up-economy/>

**Edgars records loss** - Business Correspondent Edgars Zimbabwe recorded a \$281 000 loss in the four months to April as the operating environment tightened on the back of liquidity challenges and issues around civil servants... <http://www.herald.co.zw/edgars-records-loss/>

**Nicoz Diamond records 6pc growth** - In spite of the slowdown in economic activity, Nicoz Diamond recorded a 6 percent growth in the top-line in the four months to April. Managing director Mrs Grace Muradzikwa told the A... <http://www.herald.co.zw/nicoz-diamond-records-6pc-growth/>

**Seed Co to invest \$6m in research** - Zimbabwe's largest seed company, Seed Co Private Limited plans to invest about \$6 million towards research and importation of new technology by 2015 as the company intensifies effor... <http://www.herald.co.zw/seed-co-to-invest-6m-in-research/>

### **Dawn profit improves**

DAWN Properties Limited has recorded an improved after-tax profit of \$2,2 million for the year ended March 31 up from \$1,6 million  
<https://www.newsday.co.zw/2014/05/30/dawn-profit-improves/>

**'Resuscitate Shabanie, Mashaba asbestos mines'** - TURNALL Holdings Limited managing director John Jere has said the country can generate over \$180 million as fresh money into the economy... <https://www.newsday.co.zw/2014/05/30/resuscitate-shabanie-mashaba-asbestos-mines/>

**ABC on course to sell stake to Atlas Mara** - ABC Holdings says regulatory and other approvals are being sought for the disposal of its controlling shareholding to a company owned by former Barclays Plc chief executive officer Bob Diamond... <https://www.newsday.co.zw/2014/05/29/abc-holdings-seeks-dispose-atlas-mara-stake/>

### **Tongaat's Zim unit records dip in operating profit**

AGRI-PROCESSING firm Tongaat Hulett says its Zimbabwean unit recorded a 25% drop in revenue in the year ended March 31, 2014 due to lower market sales  
<https://www.newsday.co.zw/2014/05/28/tongaats-zim-unit-records-dip-operating-profit/>

### **BAT recorded flat cigarette sales**

ZIMBABWE Stock Exchange-listed cigarette-making firm British American Tobacco Zimbabwe (BAT) recorded flat cigarette sales volume for the five months  
<https://www.newsday.co.zw/2014/05/28/bat-recorded-flat-cigarette-sales/>

### **Harsh economy affects Delta: SABMiller**

Global brewer SABMiller says the current economic crisis in Zimbabwe has affected the bottom-line of its subsidiary Delta Corporation (Delta).  
<http://www.dailynews.co.zw/articles/2014/05/27/harsh-economy-affects-delta-sabmiller>

### **HCCL secures \$18m PTA loan**

Hwange Colliery Company Limited (HCCL) has secured an \$18,5 million loan from the PTA Bank, officials say...  
<http://www.dailynews.co.zw/articles/2014/05/26/hccl-secures-18m-pta-loan>

**PPC to streamline Zim unit** - South Africa-based cement maker PPC is mulling right sizing its Zimbabwean unit as part of strategies to contain costs....

<http://www.dailynews.co.zw/articles/2014/05/28/ppc-to-streamline-zim-unit>

## Up Coming Events

Company	Event	Venue	Date & Time
FML	AGM	FML Park 100 Borrowdale Road	03.06.14
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
ZPI	AGM	206 Samora Machel Av Harare	18.06.14 12:00Hrs
FBC	AGM	Royal Harare Golf Club	26.06.14 12:00Hrs

CAUTIONARIES	ISSUE DATE	
AFRICAN SUN	6 <sup>th</sup> Dec 2013	Discussions on mandatory offer to minorities by Lengrah Investments
PGI	4 <sup>th</sup> Dec 2013	Negotiations that may have material effect on the future of the company
DAWN PROPERTIES	23 <sup>rd</sup> Mar 2014	Negotiations are underway over disposal of one of its hotel properties
WILLDALE	6 <sup>th</sup> May 2014	To approve rights issue
NICOZ & ZHL	11 <sup>TH</sup> Apr 2014	Negotiations over disposal and acquisitions respectively, of a business

## Notes

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