

## EFE Weekly Market Review 31 January 2014

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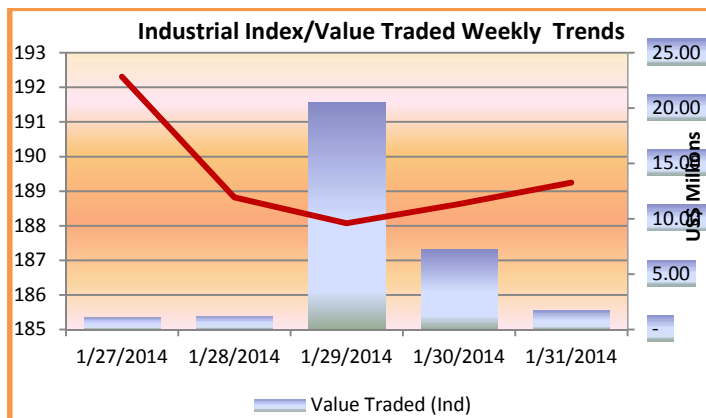
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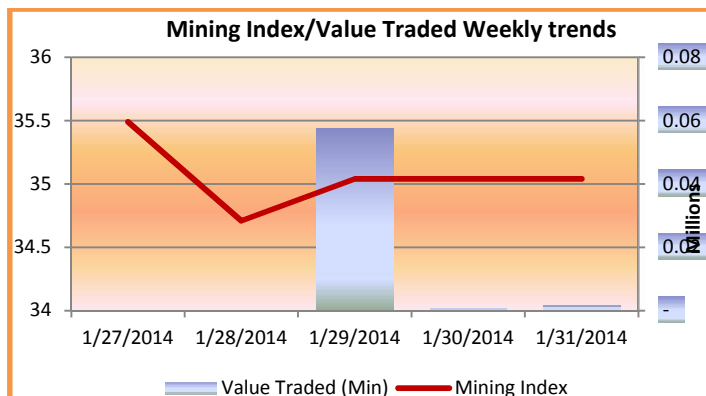
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### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

### Market Highlights

#### **Industrials stay in the red despite a late recovery in the week ...**

The week though it was pregnant with corporate activity that saw industrials end subdued on lower expectations. However a refreshing monetary policy statement was presented in the week with the apex bank seeking to restore the interbank market while at the same time resuming its mandate as the government's banker. The Central Bank is set to receive \$200m sourced by the government and AFREXIMBANK to shore up its coffers. The capitalisation of the RBZ will ensure increased lending to key productive sectors and export sectors of the economy. The Central Bank also endeavours to reign in on the prevailing interest rates which have a wide disparity that equally mirrors the tight liquidity in the economy. Total bank deposits in the year stood at \$4.73b which is marginally up compared to last year, while 78% of these deposits were advanced as loans. Despite the ray of hope from the MPS the market remained subdued on mixed financials as the reporting season gets underway.

Index	Level	%Δ	YTD %Δ
Industrial Index	189.25	3.08	6.37
Mining Index	35.04	1.27	23.48

Stocks on the ZSE continued to tumble in the week which saw the industrials coming off 3.08% to 189.25pts on a week on week basis. This was largely driven by top capitalised stocks led by Delta which softened 7.34% to 118.61c. The beverages giant reached a 4 month low of 116c in the week before recovering to today's 118.61c. The minings likewise came off 1.3% to 35.04 pts on losses in Bindura which fared softer, closing at 1.25c while Rio shed 3.2% to 30c.

#### **Foreign participation drives activity**

Foreign inflows firmed 356% on last week to \$30.97m spurred by blocks in Seedco worth \$23.4m spread over two sessions. Seedco was the most sought after stock in the week contributing 67% to the aggregate value of \$31.9m exchanged in turnover. Overall volume traded soared 129% to 22.76m shares over the previous week.

	Current	Previous	% Δ
Value Traded (\$mn)	31.90	9.17	247.86
Volume Traded (mn)	52.16	22.76	129.17
Foreign Purchases	30.97	6.80	355.44
Foreign Sales	6.58	6.99	5.87

Source ZSE/EFE Dbase

### Contacts:

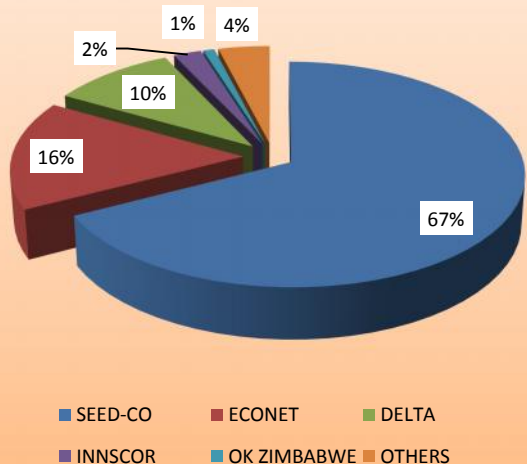
Edgeton Tsanga 0772277153

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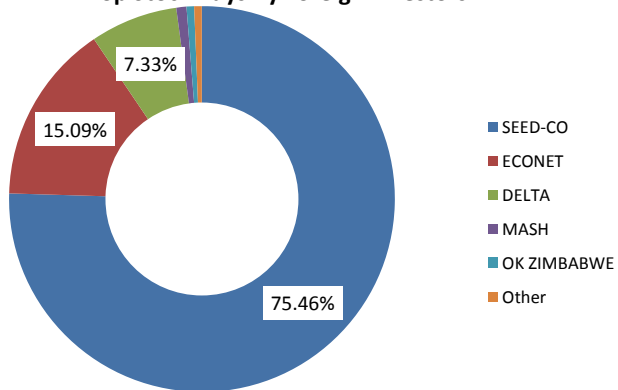
Coreen Madanha 0772144333

### Top Stock Contributors to Weekly Value of Trades



Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
BARCLAYS	4.40	9.73	0.00	AICO	1.98	57.8	67.0
OM	245.1	6.57	3.11	ZIMFLOW	2.00	33.3	42.9
FBCH	13.45	2.67	0.37	FIDELITY	9.00	24.8	30.8
				MASIMBA	5.00	16.7	23.1
				CAFCA	26.00	13.3	7.14

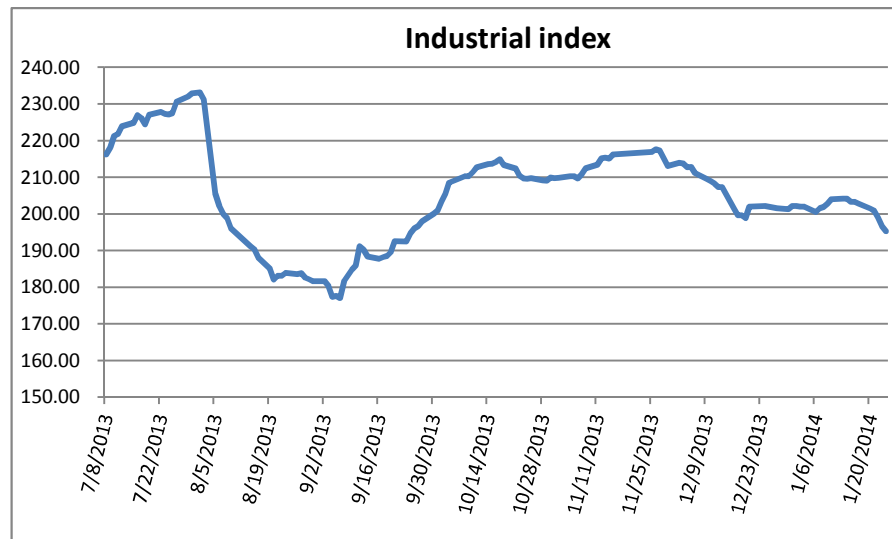
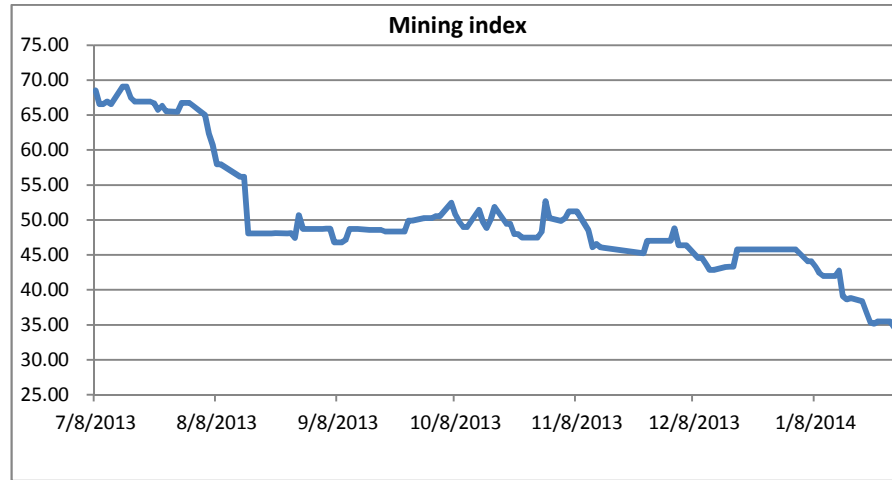
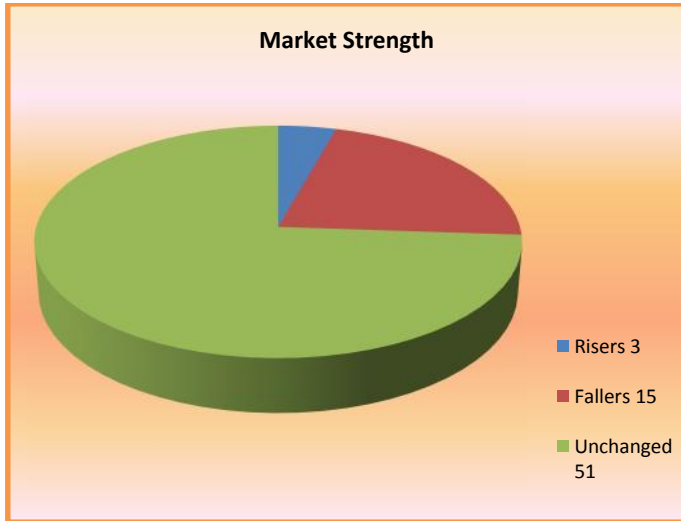
### Top Stock Buys By Foreign Investors



Top caps stocks featured prominently on the week's decliners with Delta anchoring the fallers and the bottmside also included heavies Inncor and OK. Inncor came off a marginal 0.01% to 75c in the week after an AGM which approved its indeginisation partner Benvenue Investments which ended with an 8.45% stake in the group. OK on the other hand dropped 2.49% to 20c largely on lower bids. AICO was the top faller coming off 58% to 1.98c as the company started trading ex the SeedCo dividend in specie following conclusion of the deadline of the group's unbundling transaction. Zimplow also softened 33% to 2c on continued selloffs. Other worst performers in the week include Masimba and CAFCA which both eased 17% and 13% respectively to end at 5c and 26c respectively. Barclays bank topped the risers adding 10% to 4.4c while fellow bankers FBCH surged 3% to 13.45c. The rise in banking stocks comes against the MPS issued in the week which sought to strengthen the financial sector. The renewed demand in Barclays was also driven by a relaxation in indiginisation laws which will be applied selectively by sector.

Econet remained a preferred stock taking up 15% of the inflows as foreign interest remained high in the counter. The Seedco trades which highlighted the weekly turnover was 75% of the foreign inflows in the week shrinking the usually dominant Delta and Econet's contribution to 15% and 7% respectively. Foreign outflows declined 5.9% to \$6.6m despite international outcry over capital movements from frontier markets

Market statistics



## Top Picks

African sun		The tourism group completed a restructuring exercise in 2011 which saw them post a first profitable full year outturn in 2012. With a well-focused structure going into 2013 African Sun is well placed to consolidate on the performance
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.
Hippo		Growing capacity utilization and production with complementary firming demand both locally and internationally and the fairly higher than the traditional averages commodity prices
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
Meikles		The conglomerate has had stunted performances since dollarization with its interims to September showing the first signs of a turnaround. With the second largest retail group in their portfolio as well as some of the top hotelier properties in their portfolio the group is clearly heavily discounted. Now that the results are coming we believe its only a matter of time before the group stakes its claim again as one of the top stocks on the local bourse
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 is paying dividends
TSL		Attractive valuation and successfully completed a rationalization exercise with the results of impressive financial results coming up

## In the News

### **Econet's rival launches mobile money transfer**

lecel Zimbabwe Private Limited (Telecel) has launched a mobile money transfer platform, Telecash. The service, which has been integrated with ZimSwitch to enable connection with banks, allows subscribers to transact across all networks.

<http://www.dailynews.co.zw/articles/2014/01/30/telecel-launches-mobile-money-transfer-service>

### **'Reforms key to turning around economy' :RBZ Governor**

RBZ Governor Charity Dhlwayo held out hope for the economy this week when she presented her monetary policy, but analysts feel more reforms in respect of policy and governance are required to turn around the country's economic fortunes.

<http://www.theindependent.co.zw/2014/01/31/reforms-key-turning-around-economy/>

### **RioZim risks losing power producer licence**

Mining concern RioZim Limited risks losing its independent power producer's licence and the Sengwa coal concessions if it fails to make progress on its Gokwe North power project in the next six months.

<http://www.herald.co.zw/riozim-risks-losing-power-producer-licence/>

RBZ extends banks' capitalisation deadline The Reserve Bank of Zimbabwe (RBZ) has extended the banks' capitalisation deadline to December 31, 2020.

<http://www.dailynews.co.zw/articles/2014/01/30/rbz-extends-banks-capitalisation-deadline>

### **Cairns investor ready to inject \$30 million**

DELISTED food processing firm Cairns Holding has received the regulatory approval paving way for a South Africa-based investor to inject \$30 million to boost output, NewsDay Business has learnt.

<https://www.newsday.co.zw/2014/01/31/cairns-investor-ready-inject-30-million/>

### **Troubled banks hung out to dry**

TROUBLED banks could be hung out to dry by the Reserve Bank of Zimbabwe (RBZ) after acting central bank chief Charity Dhlwayo said the institution's lender-of-last-resort facility will not accommodate insolvent banking institutions.

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<http://www.theindependent.co.zw/2014/01/31/troubled-banks-hung-dry/>

### **Innskor approves indigenisation plan**

INNASCOR Africa Limited shareholders last Friday approved the company's indigenisation compliance plan that will result in the sale of 12,87 percent of the company's issued share capital to indigenous partners.

<http://www.herald.co.zw/innskor-approves-indigenisation-plan/>

### **PGI postpones scheme meeting**

PG Industries last Friday postponed its scheme meeting and extraordinary general meeting to align with the Zimbabwe Stock Exchange listing requirements.

<http://www.herald.co.zw/pg-industries-postpone-scheme-meeting/>

### **Trust Bank challenges DPC**

Closed Trust Bank Corporation Limited (Trust) has petitioned the Deposit Protection Corporation (DPC) to hold off compensation processes for depositors and the disposal of assets.

<http://www.dailynews.co.zw/articles/2014/01/27/trust-bank-challenges-dpc>

### **Companies default on corporate tax**

ZIMBABWE'S tax collector is owed over \$500 million by companies through taxes making it difficult for the tax collector to meet revenue targets. This has forced the tax collector to engage government on the issue, an official has said.

<https://www.newsday.co.zw/2014/01/30/companies-default-corporate-tax/>

## Up Coming Events

Company	Event	Venue	Date & Time
ARISTON	AGM	Royal Harare Golf Club	14 02 2014 1400Hrs

CAUTIONARIES	ISSUE DATE	
PGI	4 <sup>TH</sup> Dec 2013	Negotiations that may have material effect on the future of the company
WILLDALE	27 <sup>TH</sup> Nov 2013	Ongoing Negotiations with a potential Investor
AFDIS	7 <sup>TH</sup> Nov 2013	\$5m rights issue proposed and was approved by shareholder

## Notes

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