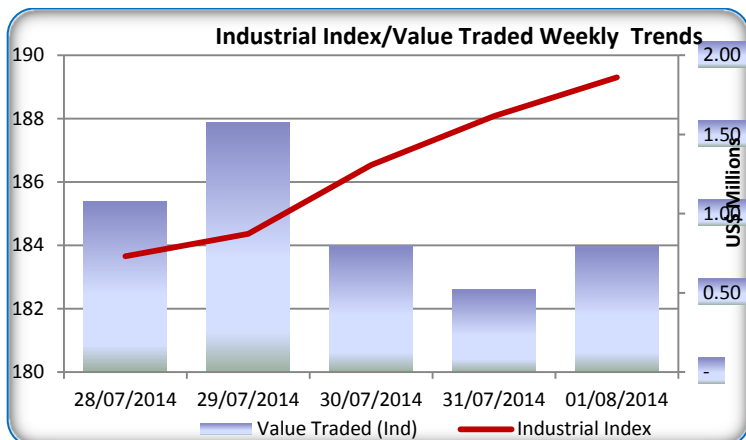
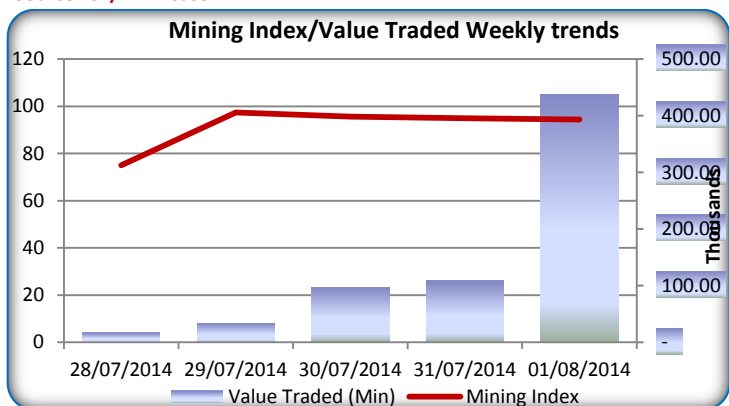


EFE Weekly Market Review 01 August 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	5.55	7.48	25.89
Volume Traded (mn)	58.21	37.31	56.03
Foreign Purchases	3.07	2.69	14.01
Foreign Sales	1.71	1.14	50.70

Source ZSE/EFE Dbase.

Market Highlights

ZSE turns bullish as Zim is set to secure a funding package...

A bullish sentiment was sweeping across the board in the week under review on reports that the Zimbabwe government is on the verge of securing a \$4bn bailout from China. The news came as a welcome breadth of fresh air for the faltering Zimbabwean economy that has been weighed down by persistent liquidity challenges underlined by subdued capital flows into virtually all sectors of the economy. Even the much touted new economic blue print ZIMASSET was already being written off owing to the absence of any notable capital injections to kick start the various underlying key growth areas of same.

Index	Level	%Δ	YTD %Δ
Industrial Index	189.31	3.04	6.34
Mining Index	94.45	41.97	106.27

The highlight of the week was the rallying Mining Index that surged +41.97% for the week to settle at 94.45pts buoyed by gains in the nickel miner Bindura. With that gain the resources index closed sitting at a YTD return of 106.27% as the remaining mining stocks caught on to the rallying momentum

The Industrial Index was also up for the week garnering +3.04% for the week and closing at 189.31pts and helped narrow down the year to date losses to just -6.34%

Values softer despite bullish sentiment...

Despite the bullish sentiment liquidity was fairly subdued over the week with the value of trades falling -25.89% for the week after a total of 58.21m shares exchanged hands across the board. Trading in lower value stocks however saw the total number of shares traded take a +56.03% uplift. Participation by foreigners recorded improvements over the week with purchases rising +14.01% to \$3.07m while portfolio disposals by foreign investors raised \$1.71m in

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Contacts:

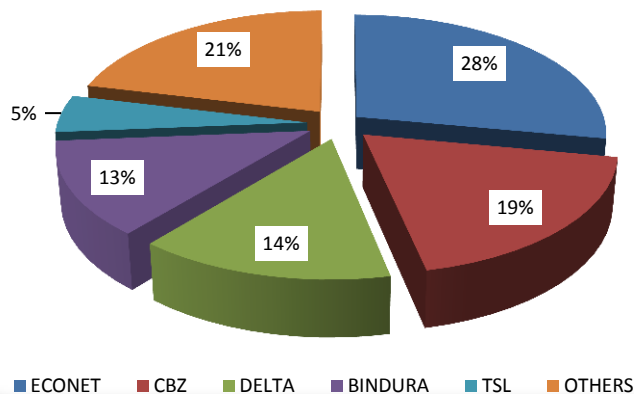
Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

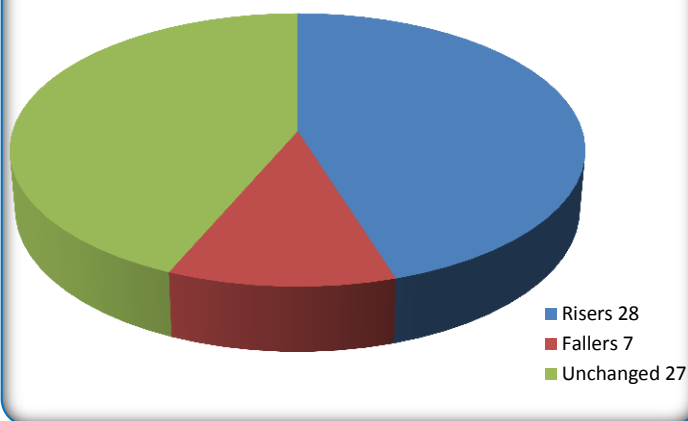
Phenias Mandaza 0772144334

Coreen Madanha 0772144333

Top Stock Contributors to Weekly Value of Trades



Market Strength



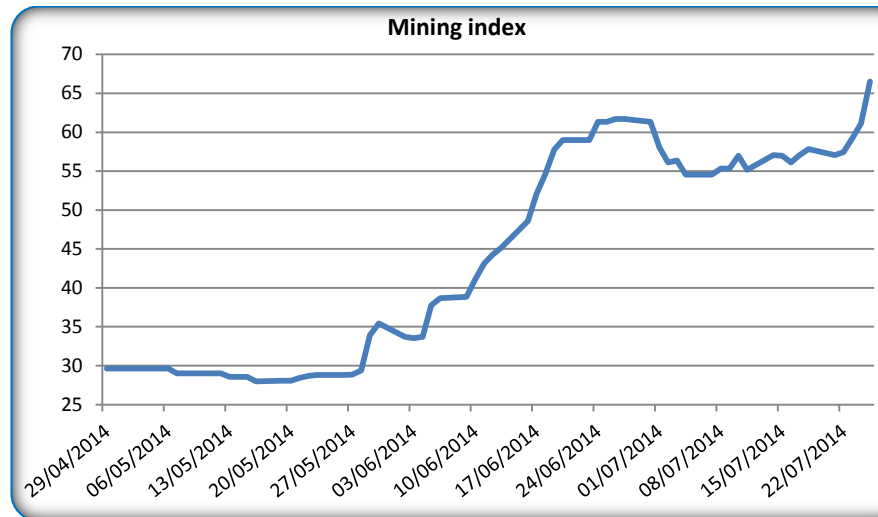
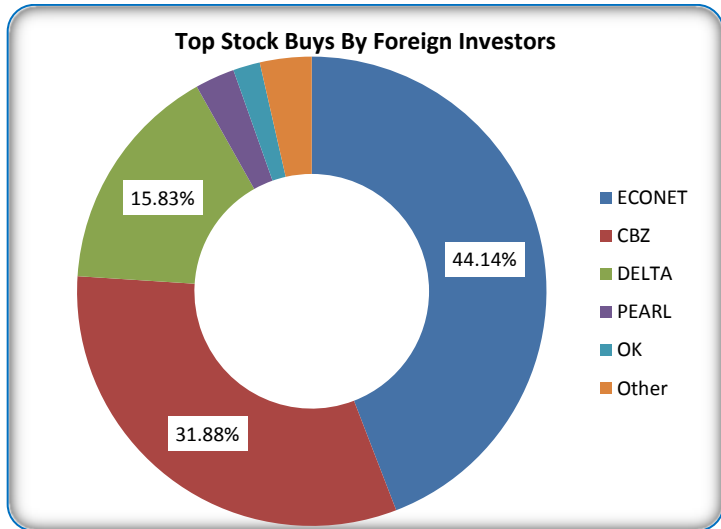
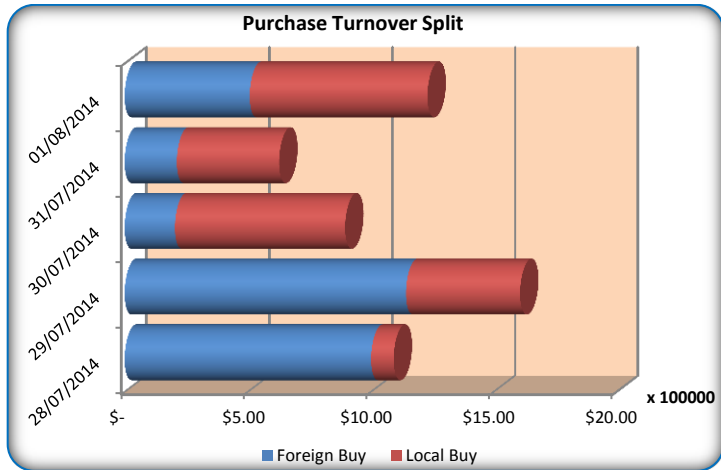
value to leave the market in a net funds inflow position. The top five liquid stocks enjoyed a fairly even distribution of the funding with Econet emerging as the market favourite after investors pumped an estimated 28% of the weekly total value invested in to the telecoms group. Other notable value drivers on the market for the week were CBZ, Delta and Bindura in which contributions to total value stood at 19%, 14% and 13% respectively.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
STAR AFRI	2.60	92.59	160.00	PIONEER	3.00	40.00	0.00
BINDURA	8.40	49.73	320.00	G/BELTINGS	0.04	20.00	50.00
HUNYANI	3.51	40.40	75.50	P SPEED	1.50	6.25	16.67
TURNAL	4.00	33.33	20.00	CFI	2.10	4.98	41.67
FIRST MUT	7.00	26.81	12.50	HIPPO	62.00	4.62	31.13

The overly bullish sentiment on the bourse was highlighted by the dominant count of rising counters that stood at twenty eight stocks against seven stocks that traded in the negative. The stocks of the moment Star Africa and Bindura topped the gainers charts after putting respective gains of 92.59% and +49.73% and closed the week at 2.6c and 8.4c in that order. Both stocks are riding on potentially lucrative turnaround stories as operations restart. The gains in the sugar manufacturer come ahead of a commissioning of a new sugar refining plant at its Harare plant that is set to double production. Bindura on the other hand has been riding on a successful restart of mining operations that has seen them turn profitable while the attractive outlook on the nickel price on the global markets have added to the allure of the mining house.

Other top gains for the week were seen in packaging group Hunyani that is set to be taken over by South African based packaging group NAMPAK put in +40.4% on announcement of the news and closed the week at 3.51c. Turnall and First Mutual completed the top risers set after adding +33.3% and 26.8% to close the week at 4c and 7c 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 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...

Tight liquidity continues to choke Zim-Asset

The prevailing tight liquidity challenges continue to be the biggest drawback to Government's efforts to turnaround the economy through its economic blueprint Zim-Asset, a year after the incumbent administration regained full control of the political system.

<http://www.herald.co.zw/tight-liquidity-continues-to-choke-zim-asset/>

Old Mutual market position rises

OLD Mutual Insurance Company recorded a growth in gross written premium (GWP) to \$28,4 million in 2013 from \$6 million as the company takes pole position in short-term insurance, an executive has said.

<https://www.newsday.co.zw/2014/08/01/old-mutual-market-position-rises/>

Econet partners MasterCard in mobile money transfer

Zimbabwe's largest wireless network operator, Econet has unveiled an international debit card linked to its mobile money transfer facility, Ecocash, in partnership with MasterCard.

<http://www.dailynews.co.zw/articles/2014/07/31/econet-partners-mastercard-in-mobile-money-transfer>

Major Hunyani shareholders to be diluted

IN a show of confidence in prospects for Zimbabwe's economy, Nampak South Africa is looking to expand its local footprint through acquisition of the entire equity of packaging solutions providers Carnaud Metal Box and MegaPak.

<http://www.herald.co.zw/major-hunyani-shareholders-to-be-diluted/>

Starafica completes plant upgrade

Starafica Corporation has completed upgrading its sugar refining plant in Harare with commissioning set for the second week of August, the company's chairman Mr Joe Mtizwa has said. The refining plant in Bulawayo,

<http://www.herald.co.zw/starafica-completes-plant-upgrade/>

Delta agrees to consolidate businesses

Delta Beverages has accepted Nampak South Africa's proposal to consolidate both companies' shareholding in MegaPak Zimbabwe, a local plastic packaging company to form one entity, a company official said.

<http://www.herald.co.zw/delta-agrees-to-consolidate-businesses>

Econet rolls out MasterCard

Econet's Mobile Money service, EcoCash, has struck a landmark agreement with MasterCard set to increase financial inclusion through the provision of electronic payments in Zimbabwe.

<http://www.herald.co.zw/econet-rolls-out-mastercard/>

Hwange doubles production

HWANGE Colliery Company Ltd is looking at doubling production capacity this year as it chases growth in revenue of about 30 percent, managing director Mr Thomas Makore has said.

<http://www.herald.co.zw/hwange-doubles-production/>

Zimplats operating profit rises 164 percent

ZIMBABWE Platinum Mines Limited (Zimplats) has posted a 164% increase in operating profit to \$50 million for the quarter ended June 2014 buoyed by increased production at its mines.

<https://www.newsday.co.zw/2014/07/31/zimplats-operating-profit-rises-164-percent/>

Mwana Africa to continue operating in Zimbabwe

London Stock Exchange listed mining giant, Mwana Africa Plc says it will continue operating in Zimbabwe despite the challenging operating environment for businesses.

<http://www.herald.co.zw/mwana-africa-to-continue-operating-in-zimbabwe/>

Listed property firms depressed

The weak performance of property firms listed on the Zimbabwe Stock Exchange (ZSE) continues as high prices, debt and a tougher operating environment deters investment, analysts said.

<http://www.dailynews.co.zw/articles/2014/07/30/listed-property-firms-depressed>

BAT posts \$5,3m profit, expects growth from premier brands

BRITISH American Tobacco Zimbabwe posted a \$5,3 million profit for the six months ended June 2014 from a loss of \$1,4 million during the same period last year due to reduction in share-based payment expenses associated with the company's share ownership trust

<https://www.newsday.co.zw/2014/07/28/bat-posts-53m-profit-expects-growth-premier-brands/>

RM Insurance to rebrand to Old Mutual

RM Insurance is set to be rebranded to Old Mutual Zimbabwe as part of a strategy to align its subsidiaries to the main Old Mutual brand, The Herald Business has learnt.

<http://www.herald.co.zw/rm-insurance-to-rebrand-to-old-mutual/>

PPC secures \$18m for new plant

PPC Zimbabwe has secured about \$18 million for the construction of a new cement plant in Harare.

<http://www.herald.co.zw/ppc-secures-18m-for-new-plant/>

Declining consumption hits OK sales

OK Zimbabwe's net sales for the quarter ending June 30 2014 declined by 3,5% attributed to declining consumption and falling product prices.

<https://www.newsday.co.zw/2014/07/28/declining-consumption-hits-ok-sales/>

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/>

50% of Zim adults use Ecocash: Econet

Econet Wireless Zimbabwe says more than 5% of the country's adult population now used its mobile money service, Ecocash with transactions on the platform estimated at over \$400 million per month, which translates to close to \$5 billion per month.

<http://www.thezimmail.co.zw/2014/07/31/50-of-zim-adults-use-ecocash-econet/>

Up Coming Events

ECONET	AGM	ECONET PARK, 2 OLD MUTARE ROAD, MSASA	01/08/2014	1000HRS
FALGOLD	EGM	1 st FLOOR KPMG HOUSE 133 J TONGOGARA ST BYO	13/08/2014	1000HRS
BNC	AGM	CHAPMAN GOLF CLUB HARARE	28/08/2014	0930HRS
SEEDCO	AGM	SEEDCO ADMIN BLOCK STAPLEFORD HARARE	20/08/2014	1200HRS
NTS	AGM	BOARD ROOM CNR CRISSP/SEKE	20/08/2014	1430HRS

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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