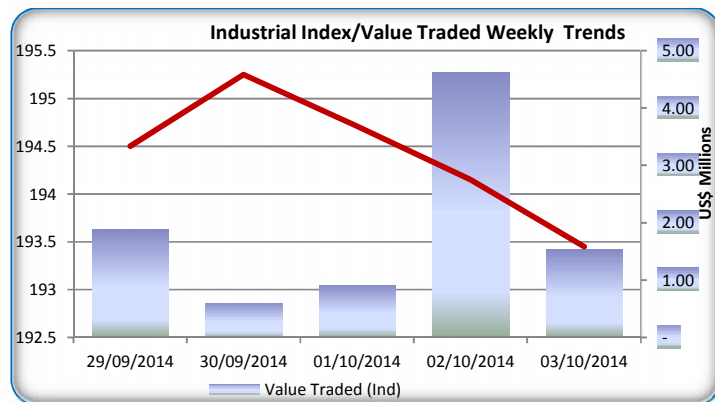
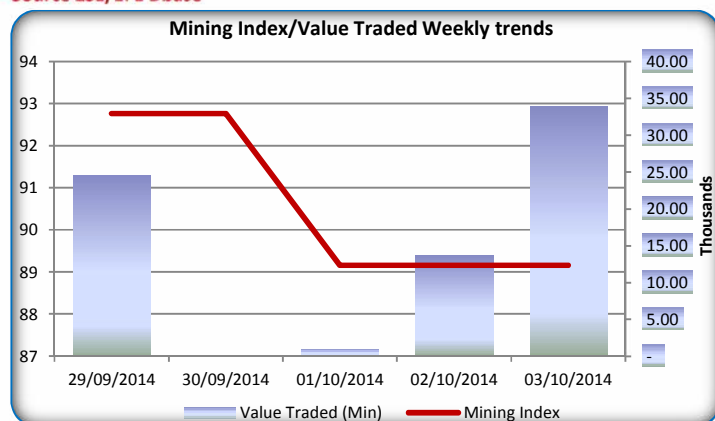


EFE Weekly Market Review 03 October 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	9.69	5.03	92.51
Volume Traded (mn)	73.56	12.52	487.45
Foreign Purchases	7.36	2.43	202.95
Foreign Sales	4.11	1.42	189.77

Source ZSE/EFE Dbase.

Profit taking weighs on equities as bad loans continue rising ...

The precarious state of the economy remained at the fore of macroeconomic discussions as officials from the apex bank confirmed spiralling bad loans in the economy. Reports indicated that at least five of the banking institutions were sitting at an average of 76% non-performing loans which are likely to see the average NPL ratio for the banking sector going up from the previously reported sector average of 18% that was reported in June. Slowing down economic activity and unchecked demand for credit have seen the majority of the population becoming over borrowed and consequently exposing the lenders to significant non-performing loans.

Selling pressure persisted on the bourse as investors continued to take profits mainly in market heavies that had hit highs in recent weeks only to see the gains being curtailed by subdued performances in the reporting season for the June reported date. In the week under review the only notable stock to release results was apparel retailers Truworths that released their interims showing that earnings declined 70% and at end of week its stock was sellers only at 3c with no buyers.

Index	Level	%Δ	YTD %Δ
Industrial Index	193.45	0.18	4.29
Mining Index	89.16	3.88	94.72

The market continued to trade softer as the industrial index shed -0.18% to settle at 193.45pts as year to date market losses extended to -4.29%. The Mining Index similarly traded softer weighed down by Bindura that succumbed to further profit taking to see the mining index come off -3.88% and close the week at 89.16pts.

Surging foreign spend spurs market activity...

Improving foreign demand on the bourse propelled activity indicators with the market spurning a cumulative \$9.69m over the review period being a 92.51% improvement on the prior week outturn. The turnover growth was also anchored by a staggering 487.45% surge in the total number of shares that exchanged hands over the week. Foreign spend accounted for 76% of the total market value of trades at \$7.4m while week on week the

In this Weekly

Market Highlights P1

Top Picks P4

Upcoming events P4

In the News P5

Upcoming Events P7

Disclaimer P8

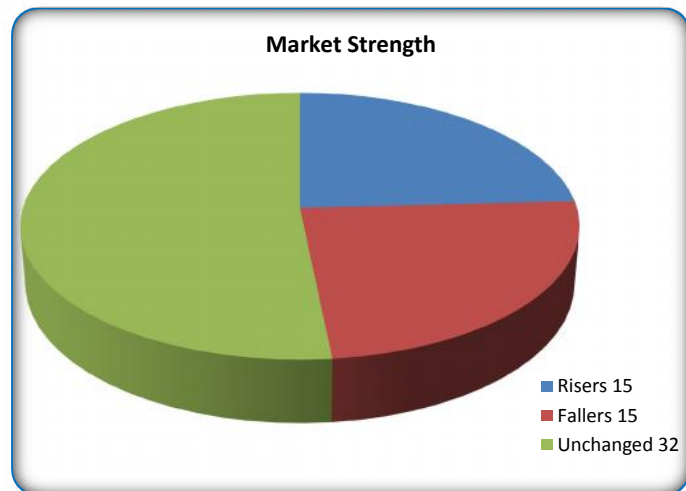
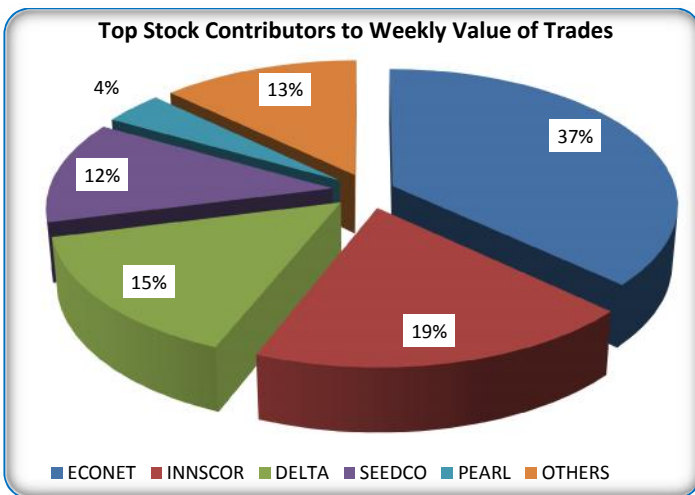
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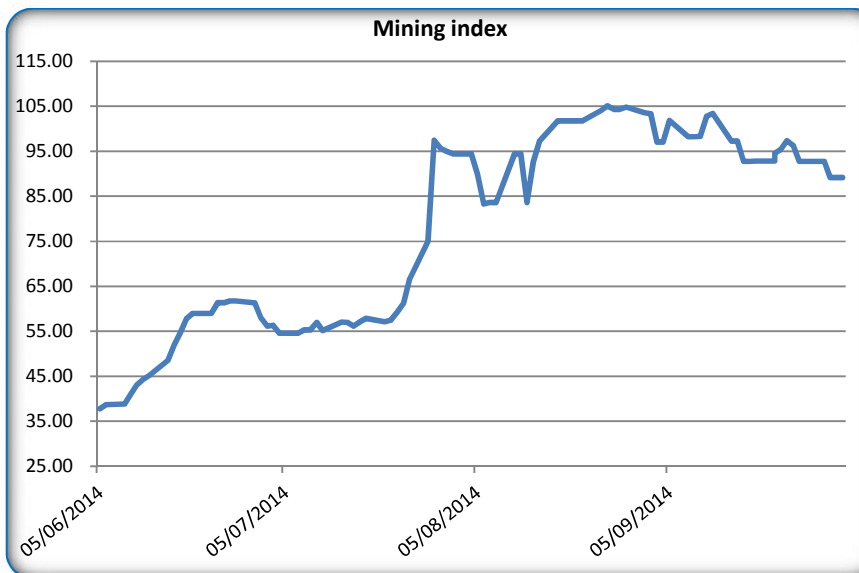
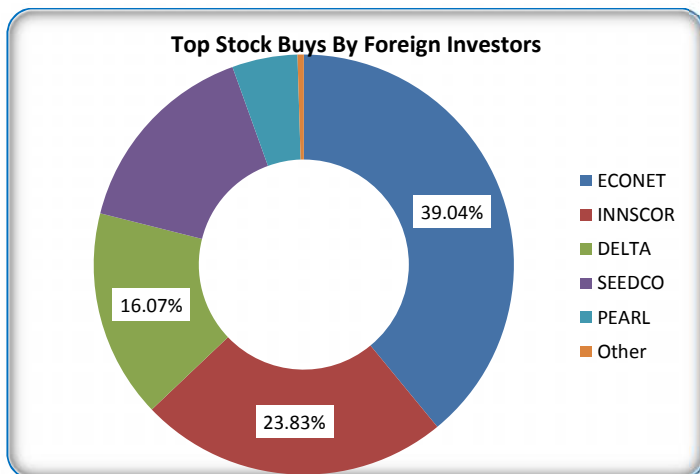
measure was up 203%. Portfolio disposals saw a 189.77% surge to \$4.11m week on week while this represented 42% of the total trades executed over the week. The most liquid stocks on the bourse over the week under review emerged to be Econet, Innscor and Delta where respective contributions to weekly turnover came in at 37%, 19% and 15%. The foreign spend was similarly skewed towards the same three stocks as cherry picking continued in the market's momentum stocks. Other notable trades were seen in agro-based group SeedCO where a sizable parcel exchanged hands to see it account for 12% of the total value spurned this week.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
LAFARGE	64.99	29.98	40.92	ARISTON	0.60	29.41	40.00
NTS	2.50	21.95	0.00	Willdale	0.15	25.00	50.00
CAFCA	30.00	20.00	7.14	FIRST MUT	4.00	21.57	50.00
ZHL	1.00	17.65	31.03	ARTZDR	0.40	20.00	100.00
ZIMFLOW	7.00	11.11	100.00	NMBZ	4.00	13.04	38.46

Market heavies that succumbed to profit taking weighed heavily on the market performance and amongst them were delta that shed -0.78% for the week to 128c and Innscor that fell 2.96% to settle at 65.99c by close of call Friday. Dually listed financial services group Old Mutual that has been weakening since going ex div in the prior week extended loses in the week under review shedding 2.1% to settle at 280c on subdued demand. Top losses for the week however were led by agro based group that fell 29.415 to 0.6c while brick makers Willdale softened 25% to 0.15c. Insurance group First Mutual was to follow after shedding -21.57% to 4c. Stationery group ART ZDR was 20% lower at 0.4c. Financial services group NMBZ completed the top shakers for the week after shedding -13.04% to 4c following reports of possible senior management changes in the wake of the dismal interims and resignation of the board chairman at the recent AGM.

The market losses were however minimised by gains in several mid-tier and small cap stocks. Amongst those to record gains was cement manufacturers Lafarge that was on a rebound firming -30% to 64.99c as it recovered from a post results slump that saw it touch a low of 50c. NTS was to follow after adding -21.955 over the week to 2.5c. Cable manufacturers CAFCA added 205 to 30c and Zimflow completed the top gains with a +11.1% gain to 7c.

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...

CBZ Bank blocks company's judicial management bid over \$5m debt

CBZ Bank, which is owed \$5,9 million by troubled retail and mining group Mutomba Holdings, on Wednesday blocked its placement under final judicial management to allow the bank to consider its options.

<http://thezimbabwemail.com/cbz-bank-blocks-companys-judicial-management-bid-over-5m-debt/>

Zimpapers slips to \$1,4 mln H1 loss

Media group, Zimpapers plunged to a \$1,417 million loss after tax in the half-year ended June 30 from a positive out turn of \$358,000 the previous year as revenue tumbled due to high finance costs and a worsening economic environment.

<http://thezimbabwemail.com/zimpapers-slips-to-14-mln-h1-loss/>

Border Timbers in the red

BORDER Timbers Limited continues to trade in the red after posting unfavourable results for the year ended June 30 2014.

<https://www.newsday.co.zw/2014/10/03/border-timbers-red/>

Zimnat partners Telecel for mobile insurance product

AS the battle to gain a larger portion of subscribers in the insurance sector intensifies, Zimnat Life has partnered a local mobile operator and launched a new product.

<https://www.newsday.co.zw/2014/10/01/zimnat-partners-telecel-mobile-insurance-product/>

ABC Holdings H1 pre-tax profit declines

ABC Holdings (ABCH) has recorded a 41% decline in pre-tax profit to 100 million Botswana pula in the half year ended June 30 2014, weighed down by declining income and rising impairments on non-performing loans.

<https://www.newsday.co.zw/2014/10/01/abc-holdings-h1-pre-tax-profit-declines/>

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<http://thezimbabwemail.com/zimpapers-slips-to-14-mln-h1-loss/>

Masawara's offer- the-sequel

TA Holdings (TA) shareholders might have been closely following developments concerning the Masawara offer to buy out minorities in the last few weeks and this has turned into an interesting "Special Situation" type of investment.

<http://thezimbabwemail.com/masawaras-offer-the-sequel/>

Starafrika doubles capacity

STARAFRICA Corporation has doubled its capacity to 600 tonnes of sugar per day buoyed by an upgrade at its Goldstar Sugars Harare refinery plant, an executive has said.

<https://www.newsday.co.zw/2014/09/30/starafrika-doubles-capacity/>

Conveyer belts concern GB Holdings records H1 loss

MANUFACTURING concern GB Holdings recorded a loss for the half year ended June 30 2014 in a development attributed to the prevailing liquidity crunch and depressed demand.

<https://www.newsday.co.zw/2014/09/30/conveyer-belts-concern-gb-holdings-records-h1-loss/>

AFCR pulls out of Dalny Mine deal after failing to raise \$12 million

AIM-listed African Consolidated Resources (AFCR) has cancelled the acquisition of Dalny Mine from Falgold after failing to raise \$12 million which constituted a pre-condition of its conditional agreement to acquire the Kadoma based gold mine.

<http://thezimbabwemail.com/afcr-pulls-out-of-dalny-mine-deal-after-failing-to-raise-12-million/>

Property prices decrease

THE increase in the number of properties on the market mainly due to auctions as owners default on loan repayments has forced prices of houses to slightly go down although officials could not readily reveal by what percentage.

Zimre eyes Nigeria

ZIMRE Holdings Limited (ZHL) is seeking partners and has set its eyes on Nigeria's \$1,5 billion insurance sector, an executive said last week.

<https://www.newsday.co.zw/2014/09/29/zimre-eyes-nigeria/>

Masawara swings back to profit

AIM listed Masawara plc has swung back to profit thanks largely to a \$6,2 million profit from the disposal of its interest in Masawara Energy (Mauritius) Ltd (MEM), and a stellar performance by TA Holdings.

<http://www.thezimmail.co.zw/2014/10/03/masawara-swings-back-to-profit/>

Up Coming Events

COMPANY	EVENT	VENUE	DATE
AFDIS	AGM	LOMANGUNDI ROAD, STAPLEFORD HARARE	05.11.14

CAUTIONARIES

Company	Issue Date	Subject
AFRICAN SUN	6 th DEC 2013	Discussions on mandatory offer to minorities by Lengrah Investments
Nicoz & ZHL	11 th Apr 2014	Negotiations over acquisitions and disposal respectively, of a business
FALGOLD	21 st MAY 2014	Negotiations that may have material effect on the company's stocks price
HUNYANI	22 nd MAY 2014	Negotiations that may have material effect on the company's stocks price
BINDURA	13 th JUNE 2014	H2 Profit expected to substantially higher than H1 outturn
TAH	24 th JUNE 2014	Negotiations that may have material effect on the company's stocks price
COTTCO	24 th JUNE 2014	Negotiations that may have material effect on the company's stocks price

Notes

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