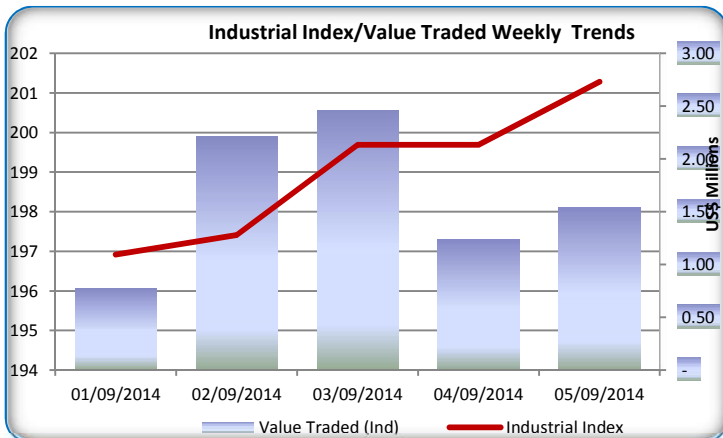
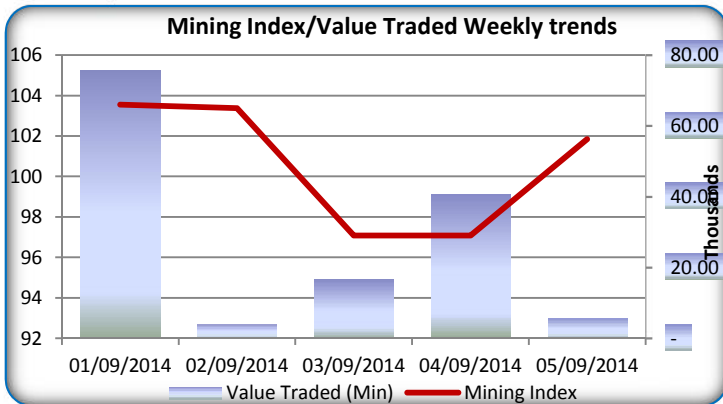


## EFE Weekly Market Review 05 September 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	8.45	4.99	69.44
Volume Traded (mn)	48.29	38.53	25.35
Foreign Purchases	4.53	2.79	62.68
Foreign Sales	2.56	1.76	45.10

Source ZSE/EFE Dbase.

### Market Highlights

#### **ZSE off to a flying start in new month as Econet sets new high...**

The ZSE enjoyed a rallying start to September on aggressive demand in market heavies typifying a flight to quality that has been dominating early exchanges in the new month. Sustained demand on the ZSE has been showing in the heavy caps that are generally perceived to have sound fundamentals in the face of debilitating economic environment characterised by depressed demand. With the strong demand in the blue chips, several of these touched new highs and consequently pushed the market higher. Telecoms group Econet was perhaps the pick of the cherry after touching an all-time high of 84.01c on strong demand in post reported day trades, the group reports its interims for the six months to August.

Index	Level	%Δ	YTD %Δ
Industrial Index	201.28	2.47	0.42
Mining Index	101.84	2.82	122.41

The Industrial Index was sticky upwards in the week under review closing in on its year opening levels and was just -0.42 shy of its year opening level. The narrowing loss follows the +2.47% rally in the main stream index to 201.28pts riding on the aforementioned sustained demand in the heavily capitalised stocks.

Resources traded in the counter direction to the industrials as the mining index came off -2.82% to 101.84pts as Bindura and RioZim traded softer to weigh on the gain registered in Hwange

#### **ZSE momentum stocks reassert their dominance on values...**

All performance aggregates trekked northwards marking improved activity relative to the prior week. A total of \$8.5m was spurn over the week being a 69.44% increase on the prior week's outturn. The value aggregate was attained in trading in 48.3m shares that exchanged hands over the week's on improved activity.

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### Contacts:

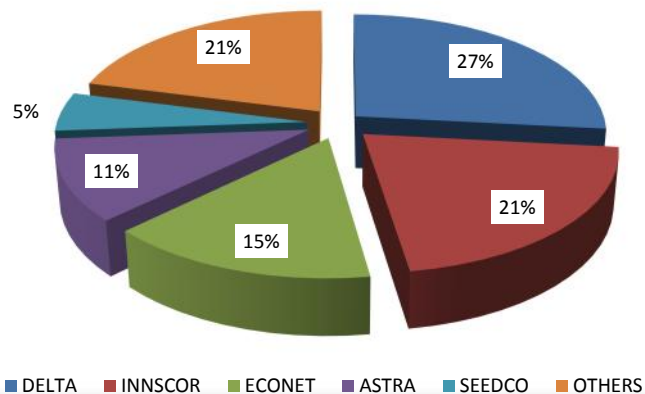
Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

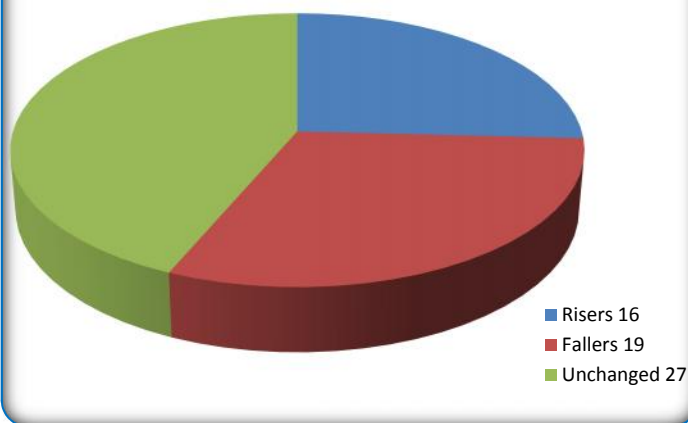
Phenias Mandaza 0772144334

Coreen Madanha 0772144333

**Top Stock Contributors to Weekly Value of Trades**



**Market Strength**



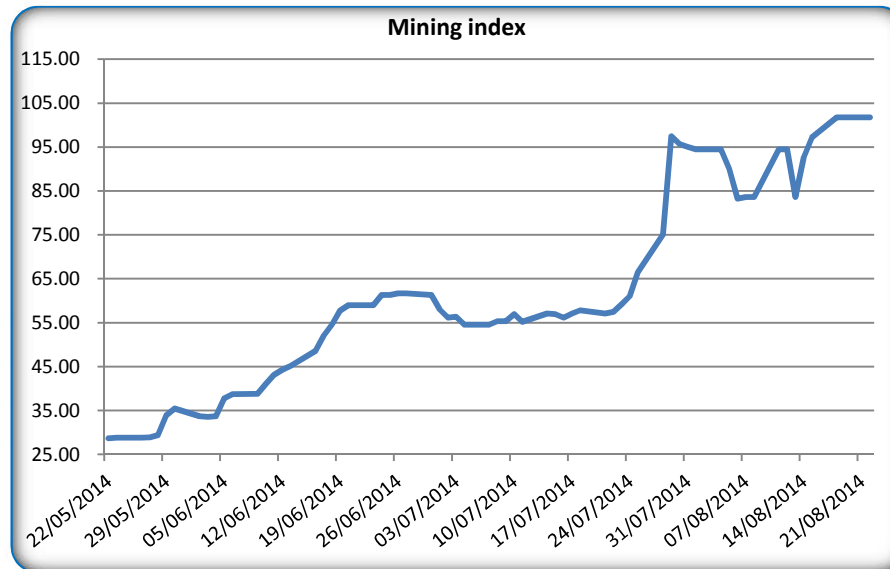
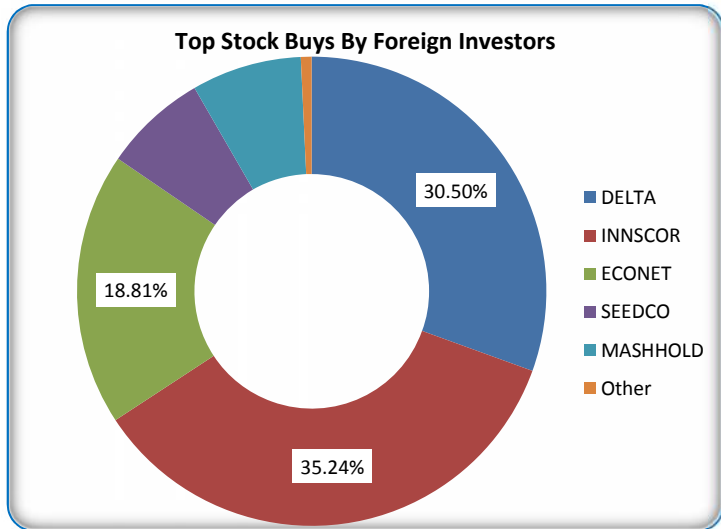
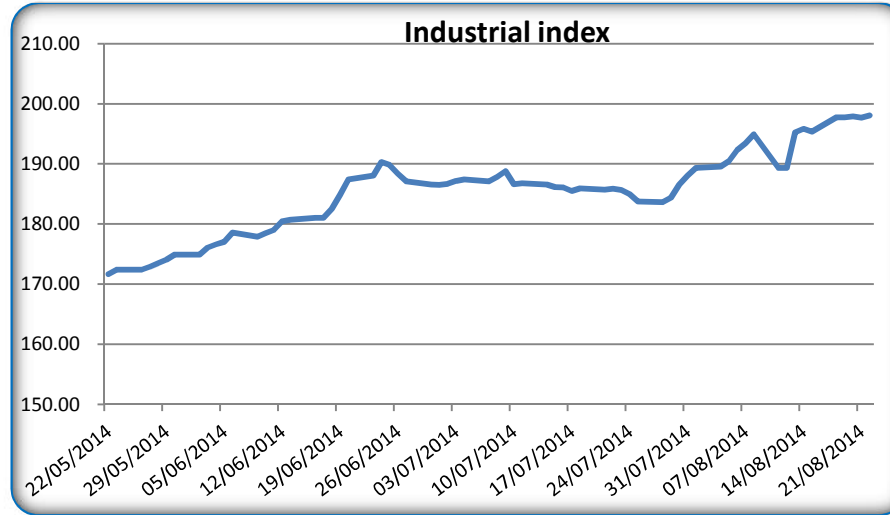
Foreigners anchored demand on the bourse for the week after they pumped in \$4.53m on the market representing +54% of the value spurn in the prior week, while week on week the aggregate was up 62.7% on the prior week outturn. Portfolio disposals by foreigners were similarly up surging +45.1% to \$2.56m as the ZSE continued to exhibit its allure as an investment destination for foreigners. Momentum stocks Delta, Inncor and Econet emerged the market favourites after making contributions to turnover of 27%, 21% and 15% respectively.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
ASTRA	6.38	82.29	27.60	ZIMPLOW	6.03	24.63	72.29
MASIMBA	2.00	33.33	69.23	MEDTECH	0.04	20.00	42.86
HWANGE	8.00	14.29	11.11	RIOZIM	22.50	13.46	31.82
ECONET	84.01	10.39	40.02	BARCLAYS	4.00	11.11	9.09
F MUTUAL	6.50	8.33	18.75	ZPI	1.00	9.09	23.08

Heavily capitalised stocks were the mainstay of the weekly gains with Econet managing double digit growth of 10% to a high of 84.01c while the market's top capitalised stock Delta settled at 138c being a 2.22% uplift for the week having touched its year opening level of 140c earlier in the week. Dually listed financial services group Old Mutual was up +2.14% for the week and settled at 286c and that was before touching an all-time high of 290c. National Foods was up +4.55% at 230c on renewed demand ahead of the release of group's full year results to June 2014 expected next week.

The weekly gains were however led by paints group Astra that rallied 82.29% to 6.38c after a block trade of 14.5m shares was done ahead of the consummation of a takeover bid by Kansai Plascon. The price of 6.38c was at a premium of 3% to the expected offer to minorities price of 6.21c. Construction allied group Masimba was on a 33.3% rebound to last 2c after last week's slump while Hwange added +14.3% to close at 8c.

### 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...

### **Turnall mulls retrenchment**

Listed roofing materials manufacturer Turnall Holdings is mulling to retrench as part of strategies to contain costs and survive Zimbabwe's harsh economic environment...

<http://www.dailynews.co.zw/articles/2014/09/04/turnall-mulls-retrenchment>

### **Border Timbers disposes of loss-making subsidiary**

BORDERS Timbers Limited has disposed its of 100% equity interest in a subsidiary to a local company saying the business was no longer profitable...

<https://www.newsday.co.zw/2014/09/05/border-timbers-disposes-loss-making-subsiary/>

### **Zimbabwe seeks to gain grip on new tourism markets**

TOURISM and Hospitality minister Walter Mzembi has said Zimbabwe's tourism sector is increasingly adopting a holistic approach to gain new source markets...

<https://www.newsday.co.zw/2014/09/05/zimbabwe-seeks-gain-grip-new-tourism-markets/>

### **Delta boss urges for Income Tax Act revision**

DELTA Beverages chief executive officer Pearson Gowero yesterday asked Parliament to consider revising the Income Tax Act...

<https://www.newsday.co.zw/2014/09/05/delta-boss-urges-income-tax-act-revision/>

### **Atlas Mara eyes top spot in financial services sector**

BOB Diamond's co-founded Atlas Mara wants banking subsidiaries to be among the top three in markets they operate...

<https://www.newsday.co.zw/2014/09/05/atlas-mara-eyes-top-spot-financial-services-sector/>

### **Fidelity's \$5 million bond oversubscribed**

ZIMBABWE Stock Exchange-listed Fidelity Life Assurance's bid to raise \$5 million through a bond has been oversubscribed...

<https://www.newsday.co.zw/2014/09/04/fidelitys-5-million-bond-oversubscribed/>

### **TA Holdings negotiates viable electricity tariff**

TA Holdings expects to finalise a viable electricity tariff for Sable Chemicals during the second half of this year as the unit did not get enough power...

<https://www.newsday.co.zw/2014/09/01/ta-holdings-negotiates-viable-electricity-tariff/>

### **Afdis profit up as hard-pressed imbibers turn to spirits**

Afdis has recorded over 100% increase in after-tax profit to \$2,1 million spurred by a growth in volume, cost management, productivity...

<https://www.newsday.co.zw/2014/08/29/afdis-profit-hard-pressed-imbibers-turn-spirits/>

### **Celsys seeks ZSE readmission**

Printing and related services group Celsys Limited (Celsys) seeks readmission to the Zimbabwe Stock Exchange (ZSE) after its majority shareholder, Blueberry International (Blueberry), cancelled a mandatory offer to minorities...

<http://www.dailynews.co.zw/articles/2014/09/03/celsys-seeks-zse-readmission>

### **NMB profit plummets**

Zimbabwe Stock Exchange-listed NMB Holdings (NMB) profit in the half year to June plummeted by 50 percent from \$2,6 million recorded last year to \$1,3 million...

<http://www.dailynews.co.zw/articles/2014/09/01/nmb-profit-plummets>

### **FBC Bank receives \$60m loan**

Standard Chartered Zimbabwe (StanChart), Germany-based Commerzbank Aktiengesellschaft and Investec Asset Management Proprietary Limited have concluded a \$60 million three-year syndicated term loan facility for FBC Bank Limited (FBC)...

<http://www.dailynews.co.zw/articles/2014/08/28/fbc-bank-receives-60m-loan>

#### **RBZ arranges \$50m bond for coins**

The Reserve Bank of Zimbabwe has arranged a \$50 million bond facility to back the issuance of special coins meant to ease change shortages in the country. Acc...

<http://www.herald.co.zw/rbz-arranges-50m-bond-for-coins/>

#### **Taxing capital gains on shares is anti-indigenisation**

Delta Corporation says taxing capital gains from the sale of shares acquired under share option schemes is inconsistent with the indigenisation and empowerment thr...

<http://www.herald.co.zw/taxing-capital-gains-on-shares-is-anti-indigenisation/>

#### **Dairibord revenue retreats 11 percent**

Dairibord Holdings revenue for the interim to June 2014 retreated 11 percent to \$43,7 million weighed down by a 6 percent decline in volumes. Revenues were als...

<http://www.herald.co.zw/dairibord-revenue-retreats-11-percent/>

#### **Construction industry to miss projected growth**

The construction industry is expected to miss its projected 11 percent growth in 2014 amid calls for a Construction Industry legislation which aims to improve th...

<http://www.herald.co.zw/construction-industry-to-miss-projected-growth/>

#### **'Processed tobacco would have earned Zim \$65 billion'**

Zimbabwe could have earned \$65 billion instead of \$650 million that it realised from tobacco sales in the 2014 marketing season had it processed the crop into finished products, an industry expert ha...

<http://www.herald.co.zw/processed-tobacco-would-have-earned-zim-65-billion/>

## Up Coming Events

Old Mutual Zimbabwe Limited	Analyst Briefing	Meikles Hotel, Mirabelle, Room	9 Sept 2014	1500Hrs
Innscor Africa Limited	Analyst Briefing	Cresta Lodge, Msasa Samoora Machel Avenue, Harare	10 Sept 2014	1500Hrs
Colcom	Analyst Briefing	Colcom Boardroom- 1 Coventry Road	11 Sept 2014	0815Hrs
Dawn Properties	AGM	CROWN PLAZA, OPHIR ROOM, HARARE	12 Sept 2014	
NMBZ	AGM		22 Sept 2014	
Hippo	AGM	Meikles Hotel, Harare	22 Sept 2014	

## 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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