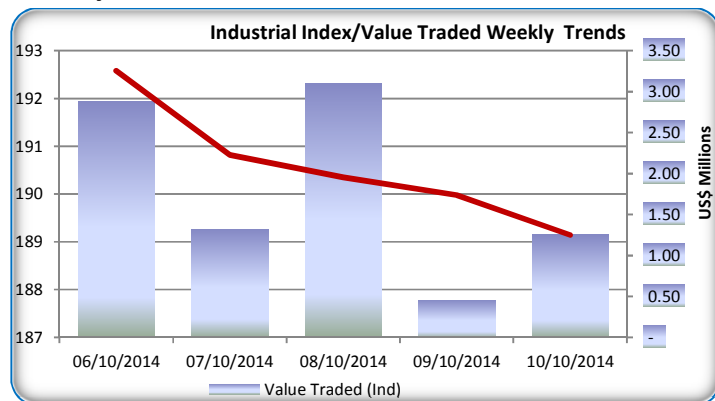
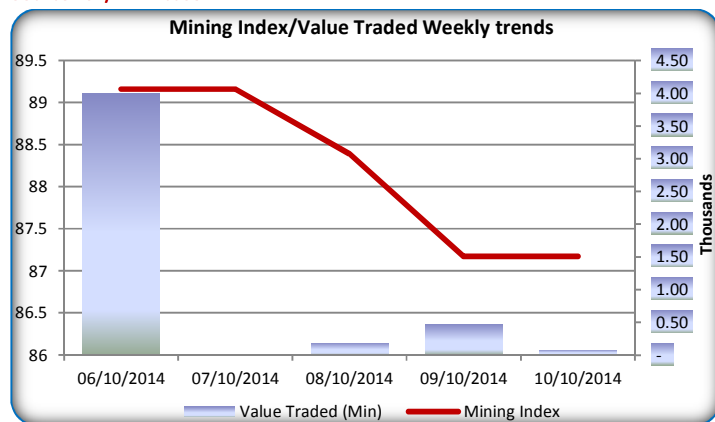


EFE Weekly Market Review 10 October 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	8.90	8.77	1.57
Volume Traded (mn)	60.52	62.04	2.45
Foreign Purchases	5.53	6.54	15.47
Foreign Sales	1.17	3.70	68.25

Source ZSE/EFE Dbase.

ZSE tumbles on damning statistics of national capacity utilisation

...
The unpalatable state of the economy for business was reemphasised in the week under review after the confederation of Zimbabwe Industries (CZI) reported that the country's capacity utilisation has tumbled from 39.6 percent recorded in 2013 to 36.1% in 2014. This development comes against the backdrop of a difficult operating environment characterised by low demand and arising from a persistent liquidity crunch. The result has been aggressive downsizing of operations by industry and in worst cases actual closure.

The damning statics saw the market extend its losing streak from prior week into the current with the main stream industrial index making it a straight set of five losing sessions in which a cumulative -2.23% was shed to see the index settle at 189.14pts. The five session losing streak also saw the index's downward trek bring up eight successive losing sessions while extending the year to date losses for the main stream index to -6.42%.

Index	Level	%Δ	YTD %Δ
Industrial Index	189.14	2.23	6.42
Mining Index	87.17	2.23	90.37

Losses were also seen in the resources where the mining index fell by a similar margin to the industrials of -2.23% to close the week at 87.17pts. The drop in the minings follows a -12.5% softening in coal miners Hwange to 7c despite reports of the company receiving new equipment to boost operations. Rio Zim also weighed on the minings after shedding 10% and closed at 18c ahead of a planned rights issue which is expected to be done at an offer price of 20c

Surging foreign spend spurs market activity...

A couple of block trades in Zimplot highlighted the trading sessions over the week helping the weekly turnover aggregate of \$8.9m to marginally surpass the prior week out turn by 3.75%. The turnover was achieved from trading in 60.52m shares that were marginally lower than previous week by -2.45%.

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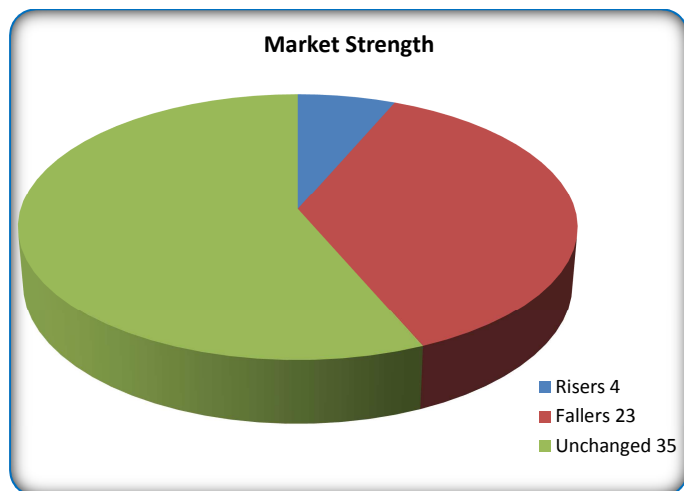
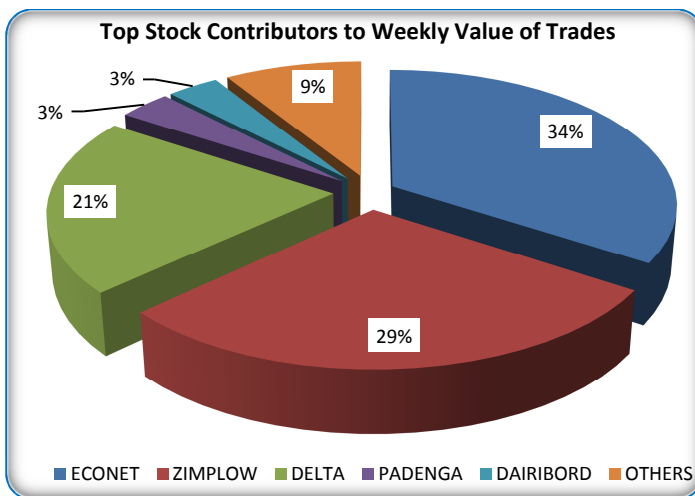
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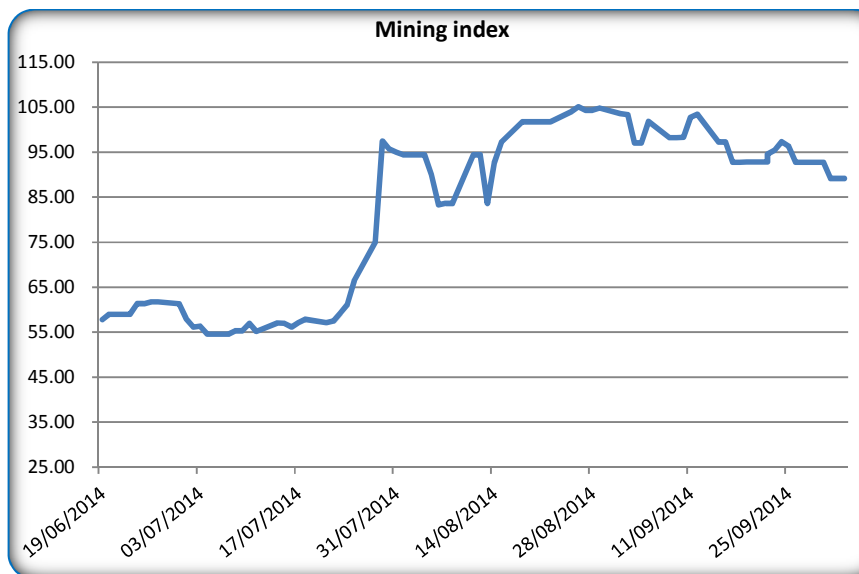
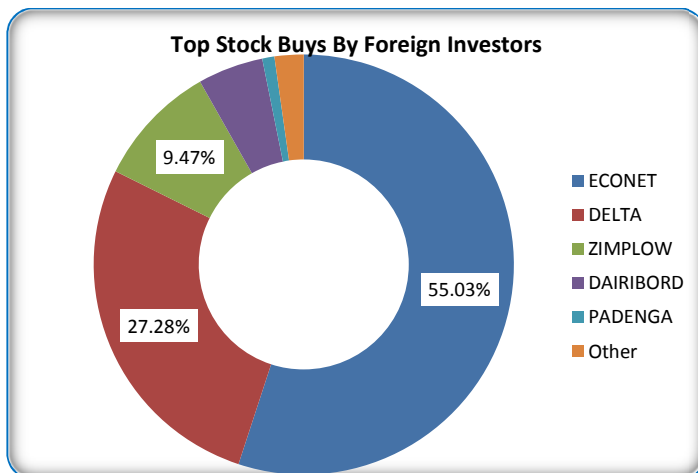
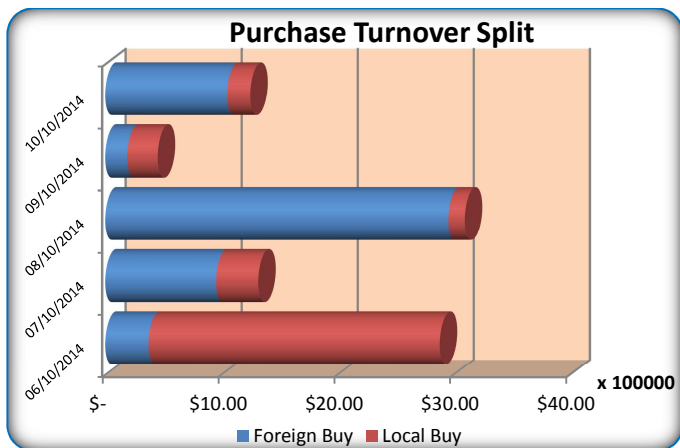
Foreign demand remained the major source of liquidity on the bourse as inflows of \$5.53m were registered which represented 62% of the total spend on the market. The total foreign purchases were however -15.47% softer than the total spend by foreign players in the prior week. Aggregate portfolio disposals took the hardest knock shedding -68.25% for the week and closing at \$1.17m being a mere 13% of the week's value of trades. Econet emerged the market favourite after accounting for 34% of the total value for the week while Zimflow was a surprise second with a 29% contribution thanks to the block trades. Delta was the other notable most sought after stock as 21% of the total funds invested found a home in the beverages group.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
F. MUTUAL	4.50	12.50	43.75	ZBFH	6.00	25.00	45.95
AFDIS	35.73	5.09	19.10	TURNAL	1.50	25.00	70.00
MASHHOLD	2.70	3.85	16.92	RADAR	2.50	16.67	68.75
ECONET	78.00	0.65	30.00	COLCOM	25.00	16.67	13.64
				CFI	2.50	16.67	30.56

Only four stocks managed to hold fort against the onslaught of weakening prices across the bourse. Amongst these were First Mutual that topped with a +12.5% uplift to 4.5c while beverages giant Delta followed after firming +5.1% to 35.73pts. Property group Mash firmed +3.85% to 2.7c while telecoms group Econet was the only heavy cap to anchor gains and minimise losses after adding +0.655 to 78c.

The market's top losses were seen in ZBFH and Turnall that both shed a quarter of their values and closed trading at 6c and 1.5c. Turnall's losses follow the decision by major shareholders FBCH to divest from the group through a dividend in specie of Turnall shares to its current shareholders. The trio of Radar, Colcom and CFI completed the top shakers for the week after all of them came off by identical losses of -16.67% to trade at respective prices of 2.5c, 25c and 2.5c. Heavy cap losses for the week were seen in BAT that shed -0.21% to 1397c, Innscor that came off -1.5c at 65c and Delta that dropped -2.34% to 125c. Weakening demand also resulted in National Foods dropping -3.23% to 300c as retailers OKZIM completed the heavy cap shakers that fell -2.78% to 17.5c.

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...

ZSE Refers Starafrika Transaction To Regulators

THE Zimbabwe Stock Exchange (ZSE) has referred a transaction involving over four million shares held by starafricacorporation chairman, Joe Matizwa, to the Securities and Exchange Commission of Zimbabwe (SECZ) due to alleged violation of rules, the Financial Gazette's Companies & Markets (C&M) can report.

<http://thezimbabwemail.com/zse-refers-starafrika-transaction-to-regulators/>

Zimbabwe manufacturing sector free-fall continues

THE Confederation for Zimbabwe Industries (CZI) has said the Purchasing Managers Index (PMI) stood at 43,5% this year, signalling that there was no respite to the economic decline, according to statistics released yesterday.

<https://www.newsday.co.zw/2014/10/09/zimbabwe-manufacturing-sector-free-fall-continues/>

Meikles Retail profitable on bailout

Meikles Africa says it will inject \$4 million into its retail division, which will see it return to profit.

<http://www.thezimmail.co.zw/2014/10/07/meikles-retail-profitable-on-bailout/>

CSD goes live

Fifteen Securities will be cleared and settled on the Central Securities Depository (CSD), in an electronic form beginning today – as the paper journey comes to an end.

<http://www.thezimmail.co.zw/2014/10/06/csd-goes-live/>

Telecel upbeat on insurance venture

Telecel— Zimbabwe's second largest wireless network operator — is optimistic about its mobile-based insurance service, Telecare.

<http://www.dailynews.co.zw/articles/2014/10/09/telecel-upbeat-on-insurance-venture>

Tetrad offloads Zimplow stock in special bargain

Tetrad Financial Services on Monday sold off 23,5 million Zimplow shares in a \$2,23 million deal that saw its shareholding in the agricultural implements manufacturer falling below 40 percent.

<http://source.co.zw/2014/10/tetrad-offloads-zimplow-stock-in-special-bargain/>

Hwange competitor Makomo makes inroads into regional export market

Zimbabwean coal miner Makomo Resources has expanded its market into the region following increased coke production, with exports to South Africa, Zambia and DRC, a company director has said.

<http://source.co.zw/2014/10/colliery-firm-makomo-makes-inroads-into-regional-export-market/#sthash.HVa0SHiC.dpuf>

Zimglass gets 6-month reprieve, scouts for new investor

COMMERCIAL banks owed \$8,8 million by the country's ailing sole packaging glass manufacturer, Zimbabwe Glass Industries (Zimglass), have given the company six months to find a suitable investor or face liquidation, the judicial manager told The Source yesterday.

<https://www.newsday.co.zw/2014/10/10/zimglass-gets-6-month-reprieve-scouts-new-investor/>

Afdis commissions \$5m cider packaging plant

African Distillers Limited has commissioned a new \$5 million cider packaging plant with the capacity to produce 4 200 litres per hour

<https://www.newsday.co.zw/2014/10/09/afdis-commissions-5m-cider-packaging-plant/>

Zimbabwe manufacturing sector free-fall continues

Purchasing Managers Index (stood at 43,5% this year, signalling that there was no respite to the economic decline

<https://www.newsday.co.zw/2014/10/09/zimbabwe-manufacturing-sector-free-fall-continues/>

Afreximbank lends Zim over \$500 million annually

THE African Export-Import Bank (Afreximbank) is disbursing an average of \$500 million per annum through various financing facilities to Zimbabwe

<https://www.newsday.co.zw/2014/10/07/afreximbank-lends-zim-500-million-annually/>

Meikles to inject \$4m into retail division

MEIKLES Limited will inject \$4 million into its retail division, a move that would return it to profitability in the second half of the financial year

<https://www.newsday.co.zw/2014/10/07/meikles-inject-4m-retail-division/>

More ZSE delistings loom

More delistings loom on the Zimbabwe Stock Exchange (ZSE) this year on the back of slackening economic growth and depressed financial performance.

<http://www.dailynews.co.zw/articles/2014/10/09/more-zse-delistings-loom>

'Zim needs political will'

Zimbabwe needs political will to improve the country's deteriorating business environment, government's Doing Business Committee (DBC) says. DBC was set up by Industry minister, Mike Bimha, in August to probe factors dampening the country's 'ease of doing business' and come up with recommendations.

<http://www.dailynews.co.zw/articles/2014/10/07/zim-needs-political-will>

UK firm plans \$400m Zim solar plant

United Kingdom-based Green Rhino Energy (GRE) plans to construct a 150 megawatts (MW) solar plant in Zimbabwe. This comes as the southern African country is grappling with massive power shortages, generating approximately 1 100MW against national demand of at least 2 200MW.

<http://www.dailynews.co.zw/articles/2014/10/07/uk-firm-plans-400m-zim-solar-plant>

'No oil deposits in Zim'

Zimbabwe has no proven oil deposits, deputy Mines minister Fred Moyo has said. His remarks come on the back of media reports that the land-locked country could be having oil and gas reserves, according to an exploration exercise performed about two decades ago...

<http://www.dailynews.co.zw/articles/2014/10/06/no-oil-deposits-in-zim>

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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