

## Zim makes strides to mend relations with lenders...

Zimbabwe’s efforts towards re-engagement with the Bretton Woods Institutions got a rare nod this week after the International Monetary Fund (IMF) commended the country for meeting targets and implementing the second phase of the Staff Monitored Programme (SMP II). The country has failed to draw significant capital flows and foreign direct investment to fund much needed infrastructural and developmental projects owing to the strained relationship with international institutions, therefore such efforts are commendable. Despite the compliment however, Zimbabwe’s \$9bn debt to creditors remains a likely setback to any loans to the country from the IMF in the short term unless the country demonstrates that it will be able to repay the loans. Already running a tight budget constrained by excessive recurrent expenditure and has a budget deficit with uncertain funding, it’s certainly a tough ask for the country to prove ability to repay loans. Meanwhile, financials for the June reported date continued to filter in to the market with insurance allied companies ZHL and Fidelity releasing favorable results though these could not suffice to spur the market to gains.

### *The bear market persists...*

#### Indices

	Previous	Current	Change (pts)	% Change	YTD %
<i>Industrial</i>	134.85	134.11	0.7400	0.55	17.62
<i>Mining</i>	32.97	29.10	3.8700	11.74	59.42

The Industrial Index continued in free fall as the possible signs of a break in the bear market started showing with some stocks presumably setting new low resistance levels and closing firmly bid as supply thinned out. Industrials retreated 0.55% and closed at 134.11pts which brought up the year to date loss of 17.62%.

The Mining Index sank to a new low of 29.10pts after shedding 11.74% weighed down by nickel miners Bindura that succumbed to selling pressure and came off 20% to settle at \$0.0200. The nickel miner’s loss follows reports bond financiers for the group’s smelter restart have been demanding further guarantees of repayments in the face of the falling Nickel prices.

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**Risers**

Symbol	Previous	Current	Change	%Change
FALG.ZW	0.0040	0.0050	0.0010	25.00
DZL.ZW	0.0750	0.0832	0.0082	10.93
FML.ZW	0.0200	0.0213	0.0013	6.50
DAWN.ZW	0.0166	0.0171	0.0005	3.01
NTFD.ZW	3.0000	3.0499	0.0499	1.66
CFI.ZW	0.0400	0.0403	0.0003	0.75
BAT.ZW	11.6767	11.7500	0.0733	0.63
BARC.ZW	0.0430	0.0431	0.0001	0.23
DLTA.ZW	0.8474	0.8475	0.0001	0.01

**Fallers**

Symbol	Previous	Current	Change	%Change
TURN.ZW	0.0100	0.0070	0.0030	30.00
NPKZ.ZW	0.0280	0.0206	0.0074	26.43
ZIMW.ZW	0.0250	0.0200	0.0050	20.00
BIND.ZW	0.0250	0.0200	0.0050	20.00
OML.ZW	2.8000	2.5500	0.2500	8.93
PHL.ZW	0.0940	0.0882	0.0058	6.17
PEAR.ZW	0.0250	0.0240	0.0010	4.00
INN.ZW	0.5950	0.5900	0.0050	0.84
NMB.ZW	0.0361	0.0360	0.0001	0.28

\* All prices in USD

**Losers prevail in a mixed week ...**

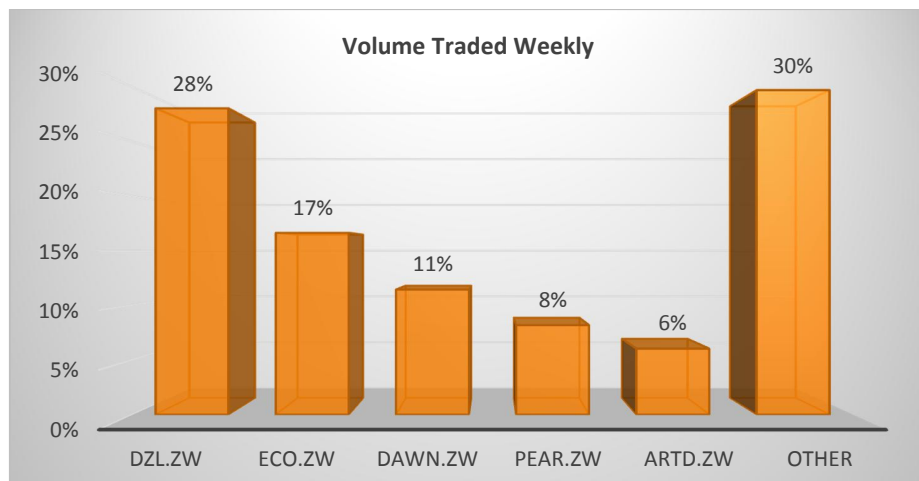
The movers and shakers mix reflected a mixed performance for the week as weekly gainers and fallers were tied at a count of nine apiece though the weighting of the fallers drove the market lower. Construction allied penny stocks lead the retreat on a 30% drop to \$0.0070 as investors ignored the group's recent financials which reflected a turn of fortunes with positive returns. Nampak Zimbabwe followed with a 26.43% drop as the highly illiquid counter posted a rare trade. Earth moving equipment distributors Zimplot suffered a post results sell off succumbing 20% to close trading at \$0.0200.

The heavy cap losers of the week were headlined by multi listed financial services stock Old Mutual that retreated 8.93% to \$2.5500 as the ZSE price took a cue from group's falling price in other markets. The other heavy cap drop was in FMCG conglomerate Innscor that shed a marginal 0.84% and closed the week at \$0.5900 ahead of the anticipated release of its full year results to June 2015. Sell-offs continued in crocodile skin producers Padenga that came off 6.17% and had its shares exchanging hands at \$0.0882.

**Penny stocks lead gains for the week...**

Surprise weekly leaders for the gains was miners Falgold that rallied 25% and settled at \$0.0050, though this was not enough to curtail the loss in the mining index. Dairibord powered to a 10.93% surge to \$0.0832 on resurgent demand while insurers FML added 6.5% and closed the week exchanging hands at \$0.0213. FML is set to release its interims to June 2015 next week. The much sought after property concern Dawn added 3.01% and closed the week at \$0.0171 on active bidding while food processing and packaging group Natfoods added 1.66% to \$3.0499. Delta and BAT capped the remaining gains of the week after adding 0.01% and 0.63% to close at \$0.8475 and \$11.7500 respectively.

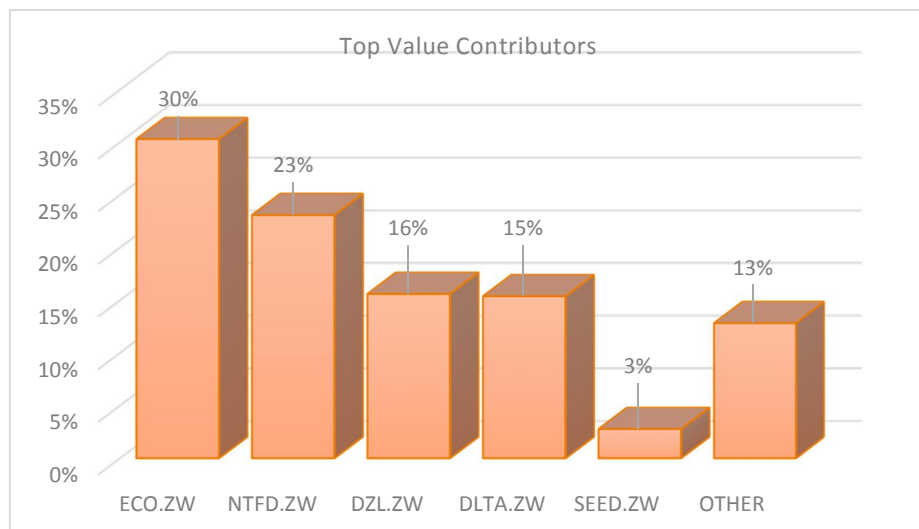
## Market Aggregates and Statistics



### Market turnover Aggregates

	Previous	Current	Change	%Change
Values	5,269,647	3,702,442	1,567,205	29.74
Volumes	19,050,964	24,982,029	5,931,065	31.13

The market saw a subdued week of trading with the value of trades falling 29.74% from last week's outturn to \$5,269,647. Value leaders of the week were topped by Econet which contributed 30% on renewed demand that saw the group close net buyers. Food processing and packaging group Natfoods followed after accounting for 23% of the week's outturn while other top contributions came from DZL (16%) and Delta (15%). Volumes of the week surged 31.13% as more trades were registered in lower value penny stocks. Top volume leaders of the week included DZL - 28%, Econet - 17%, Dawn - 11% and Pearl - 8%.



## In the news...

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### **IMF slashes Zim's economic growth forecast**

The International Monetary Fund (IMF) has cut Zimbabwe's economic growth forecast to 1,5 percent from the initial projection of 2,8 percent due to drought and declining international metal prices.

<http://www.dailynews.co.zw/articles/2015/09/10/imf-slashes-zim-economic-growth-forecast>

### **New card system to spur ZB Bank growth**

ZB Financial Holdings (ZBFH) has said the introduction of the new multipurpose card system (Smartvista) will take its banking unit, ZB Bank, to greater heights.

<https://www.newsday.co.zw/2015/09/08/new-card-system-to-spur-zb-bank-growth/>

### **Telone posts profit, seeks govt hand on legacy loans**

TELONE posted an operating profit of \$1,6 million in the six months to June 30 despite a fall in revenue and the government-owned telecommunication provider said it was seeking shareholder hand to extinguish legacy loans.

<https://www.newsday.co.zw/2015/09/08/telone-posts-profit-seeks-govt-hand-on-legacy-loans/>

### **Mobile subscribers increase to 18.6m**

Zimbabwe's mobile telephone subscribers grew by 5,5 percent in the first quarter of this year to 18,6 million from 17,6 million recorded as at December 31, 2014, latest official figures show. <http://www.dailynews.co.zw/articles/2015/09/09/mobile-subscribers-increase-to-18-6m>

### **Zim recovers gold, diamonds worth \$2.4m**

Zimbabwe has recovered gold and diamonds worth \$2,4 million from unlicensed dealers in the 11 months to August this year, official figures show. <http://www.dailynews.co.zw/articles/2015/09/09/zim-recovers-gold-diamonds-worth-2-4m>

### **ZSE mulls bond market come back**

Zimbabwe can tap into offshore funds invested by pension funds since 2011 if the proposed re-launch of the debt market is finalised. The Zimbabwe Stock Exchange believes the time is ripe for a securities market comeback and is currently in discussion with the Securities Commission of Zimbabwe regarding a pricing framework for the debt market and is awaiting regulatory approval for revised the listings requirements for the Debt Market.

<http://www.herald.co.zw/zse-mulls-bond-market-comeback/>

### **Concern over BNCs \$20m bond as nickel prices plummet**

Bindura Nickel Corporation bond holders have allegedly called on guarantees to its \$20 mln bond to finance restart of Trojan Mine smelter on concerns it may struggle to repay following the continued weakness in nickel prices.

<http://www.herald.co.zw/concern-over-bncs-20m-bond-as-nickel-prices-plummet/>

### **Mwana Africa share price plunges**

Mwana Africa Plc's share price has plunged almost 54% on the Alternative Investment Market since board changes that booted out two Zimbabwean directors and founding chief executive, Kalaa Mpinga. <http://www.herald.co.zw/mwana-africa-share-price-plunges/>

### **Mobile transactions down 4pc**

Zimbabwe recorded a 4,7 percent decline in mobile and Internet-based transaction to \$490 million in June 2015 from \$514,5 million in May due to tight liquidity crisis, latest figures from the central bank indicate. <http://www.dailynews.co.zw/articles/2015/09/05/mobile-transactions-down-4pc>

### **Cairns plans to revive byo plant**

FOOD and beverages manufacturer, Cairns Holdings Limited, which was recently taken over by Takura Ventures, is planning to revive its pasta manufacturing plant in Bulawayo <http://www.financialgazette.co.zw/cairns-plans-to-revive-byo-plant/>

### **Non-Core income lifts Fidelity revenue**

FIDELITY Life Assurance recorded a 50 percent increase in group revenue of US\$13,7 million for the half year to June 30 from US\$9,1 million achieved during the same period last year. <http://www.financialgazette.co.zw/non-core-income-lifts-fidelitys-revenue/>

### **Bancabc slips into 162K loss**

Africa Banking Corporation of Zimbabwe (BancABC) has recorded a loss after tax of \$162 000 for the six months ending June 30 2015 from a profitability position in the comparable period last year attributed to a combination of weak economic activity in leading sectors and reduced lending with the focus on quality

<https://www.newsday.co.zw/2015/09/07/bancabc-slips-into-162k-loss/>

### **Zimplow loss rises to US\$2m**

Agricultural infrastructural and mining equipment group Zimplow's loss widened by 5,9% to US\$1,8 million for the six months to June 2015 compared to the same period last year.

<http://www.theindependent.co.zw/2015/09/10/zimplow-loss-rises-to-us2-million/>



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## EFE RESEARCH – Weekly Market Review Weekending 11.09.15

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