

## ZSE losses extend...

The ZSE continued to trek southwards for yet another week despite resurgent demand in selected market heavies as the sumptuously low prevailing prices drew in some investors. A block trade in telecoms group Econet highlighted the market earlier in the week as circa 24m shares exchanged hands as surprise local demand snapped up the parcel from foreign investors. Aside from the bumper Monday trades activity slumped back to the now usual slow trend with a mixed color as selected heavies like Delta and Econet indicated firm demand while others like Innscor continue to see a supply overhang. Corporate activity returned to the market with Nampak holding its annual general meeting while the January reporting season was ushered in by the release of spirits manufacturer's Afdis' interim financials. At its AGM Nampak reported a strong first quarter in which revenues were 2% ahead of the comparable period last year though the company lamented the drought effect for possible lower performance going forward. Meanwhile Afdis' interim numbers reflected an 8% decline in turnover to \$19m while attributable earnings declined 18% to \$1.6m as the prevailing economic environment saw consumer spending patterns continue to shift towards lower priced products.

### *Industrials slip further...*

<b>Indices</b>	<b>Previous</b>	<b>Current</b>	<b>Change (pts)</b>	<b>% Change</b>	<b>YTD %</b>
<i>Industrial</i>	101.67	100.84	0.8300	0.82	12.20
<i>Mining</i>	19.53	18.74	0.7900	4.05	20.93

The main stream Industrial Index succumbed to further selling pressure, despite surges in selected stocks earlier in the week, and came off 0.82% to settle at 100.84pts. The weekly loss took the industrials' year to date loss to 12.20%.

The Mining Index broke its two weeks hold at a level of 19.53pts after losses in Bindura saw the benchmark slide 4.05% to 18.74pts and extended losses since the turn of the year to 20.93%.

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**Risers**

Symbol	Previous	Current	Change	%Change
OML.ZW	1.7687	1.8000	0.0313	1.77
PWS.ZW	0.0240	0.0242	0.0002	0.83
DLTA.ZW	0.5217	0.5250	0.0033	0.63
CBZ.ZW	0.1100	0.1105	0.0005	0.45
ZBFH.ZW	0.0250	0.0251	0.0001	0.40

**Faller**

Symbol	Previous	Current	Change	%Change
PHL.ZW	0.0700	0.0600	0.0100	14.29
AFDS.ZW	0.5568	0.4800	0.0768	13.79
BIND.ZW	0.0100	0.0090	0.0010	10.00
OKZ.ZW	0.0400	0.0375	0.0025	6.25
MEIK.ZW	0.0740	0.0700	0.0040	5.41
LACZ.ZW	0.2805	0.2700	0.0105	3.74
NPKZ.ZW	0.0155	0.0150	0.0005	3.23
BARC.ZW	0.0390	0.0380	0.0010	2.56
BAT.ZW	12.2000	12.0000	0.2000	1.64
HIPO.ZW	0.3575	0.3525	0.0050	1.40

\* All prices in USD

**Negative sentiment prevails as market continues in selloff ...**

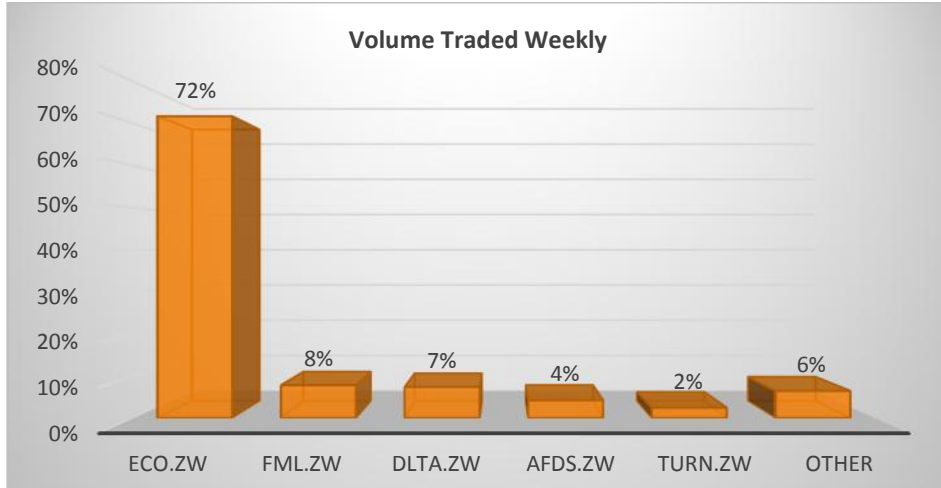
The market continued to be predominantly bearish as fifteen counters closed the week in the red compared to only five in the black leaving the market with a weekly negative breadth of ten stocks. Three stocks saw double digit percentage losses for the week with crocodile skin producers Padenga leading the bears after succumbing 14.29% to \$0.0600 on low demand. Spirits manufacturers Afdis let go 13.79% to \$0.4800 weighed down by the recent interim financials in which revenue and profits declined 8% and 18% respectively. Nickel miners Bindura were down 10% at \$0.0090 as the weak global commodity prices continue to dampen interest in commodity companies.

Retail group OKZIM headlined the heavy cap fallers for the week coming off 6.25% on waning demand while Meikles softened 5.4% to \$0.0700. Cement manufacturers Lafarge slipped by a further 3.74% to \$0.2700 as the group's management faced a parliamentary portfolio committee on issues to do with its indigenization status amongst others. Packaging group Nampak that reported an improved first quarter performance at its AGM but cast aspersions on the outlook in light of the drought saw its price slump 3.23% and closed the week at \$0.0150. Bankers Barclays, whose parent company reportedly accepted a penalty of \$2.5m in relation to handling transactions involving Zimbabwean specified persons in the United States, was down 2.56% and ended the week at \$0.0380. Completing the weekly losses was the duo of BAT and Hippo that came off 1.64% and 1.40% to settle at \$12.0000 and \$0.3525 respectively.

The five risers of the week were led by multi-listed group Old Mutual that firmed 1.77% to \$1.800 as investors look to gain exposure ahead of the official opening of the fungibility window. Following was Powerspeed that added 0.83% to \$0.0242, the group is the subject of a merger with FMCG conglomerate Inncor. Beverages giant Delta added its weight to the risers tide after rebounding 0.63% to \$0.5250 while the duo of banking groups CBZ and ZBFH completed the risers of the week ahead of their reporting season with gains of 0.45% and 0.40%.

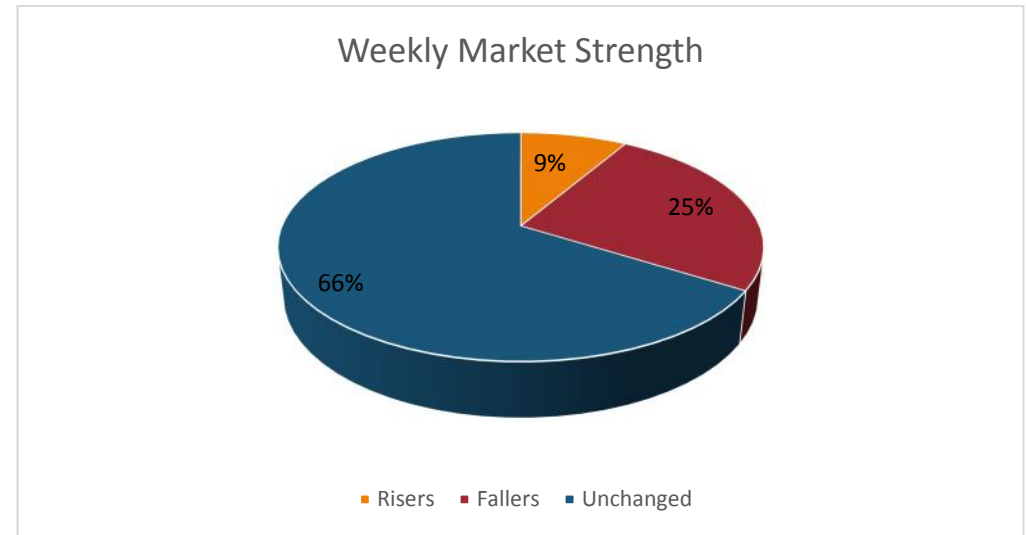
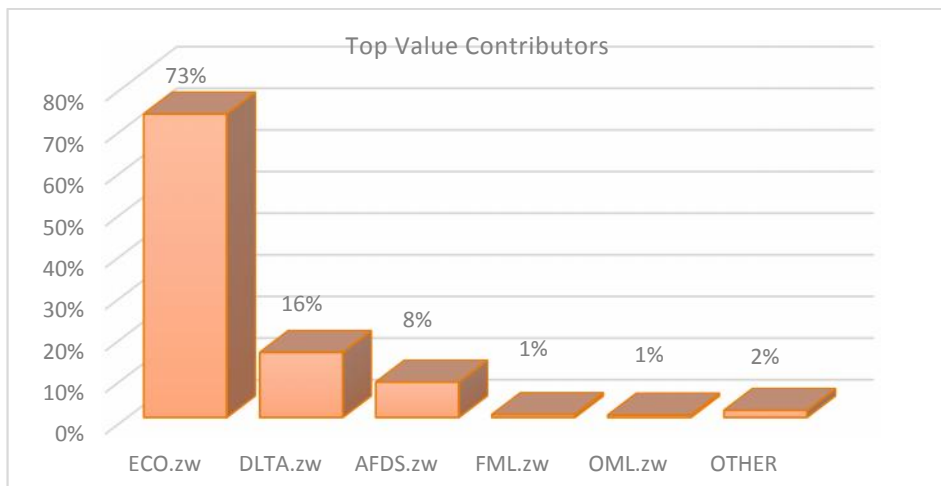
Market Aggregates and Statistics

Market turnover aggregates



	Previous	Current	Change	%Change
<b>Values</b>	1,728,089.64	8,511,817.40	6,783,727.77	392.56
<b>Volumes</b>	6,481,406	34,746,236	28,264,830.00	436.09

A block trade in telecoms group Econet highlighted the ZSE earlier in the week to give a flattering look of improved activity in the weekly market aggregates. Values of the week surged 392.56% to \$8.5m while volumes ballooned 436.09% to 34.74m shares. Apart from Econet top values were exchanged in Delta and Afdis that accounted for 16% and 8% of the total funds exchanged while volumes were also driven by FML and Delta that contributed 8% and 7% to the total exchanges over the week.



## In the news...

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### **AFDIS profit after tax declines**

AFRICAN Distillers Limited profit after tax declined to \$1,6 million compared to \$1,9 million for the half-year-ended December 31 2015 due to a decline in revenue as consumers shifted to lower priced products.

<https://www.newsday.co.zw/2016/02/12/african-distillers-profit-after-tax-declines/>

### **CABS mortgage portfolio to grow**

CABS expects its mortgage portfolio to grow by 32% in 2016 in line with rising demand from customers, an executive has said.

<https://www.newsday.co.zw/2016/02/11/cabs-mortgage-portfolio-to-grow/>

### **Five insurance firms suspended**

The Insurance and Pensions Commission (Ipec) has suspended four insurers and an insurance broker from issuing or renewing insurance policies due to unsound finances and unethical business conduct.

<https://www.dailynews.co.zw/articles/2016/02/08/five-insurance-firms-suspended>

### **Caledonia in gold price hedge strategy**

Toronto Stock Exchange-listed miner Caledonia Mining Corporation (Caledonia) says it has entered into a six-month “cap and collar” hedge over 15 000 ounces of production using a “collar” value of \$1,050 per ounce and a cap value of \$1,080 per ounce.

<https://www.dailynews.co.zw/articles/2016/02/12/caledonia-in-gold-price-hedge-strategy>

### **Bakers inn targets to raise market share**

Innskor Africa’s bakery unit – Baker’s Inn – is targeting to increase its market share to at least 55% this year. The bread producer’s market share rose to around 44% in July last year from 37% previously.

<http://www.herald.co.zw/bakers-inn-targets-to-raise-market-share/>

### **US punishes Barclays over zim**

Barclays Bank Plc has agreed to remit nearly \$2.5 mln to settle violations of the United States Zimbabwe Sanctions Regulations for processing transactions for corporate customers that are on the Department of the Treasury’s Office of Foreign Assets Control (OFAC) List of Specially Designated Nationals and Blocked Persons

<http://www.herald.co.zw/us-punishes-barclays-over-zim/>

### **Econet merges with UK based bureau de change**

Telecoms operator Econet Zimbabwe has integrated with UK-based Bureau de Change, Chitoro, to offer receipt of transfers into Zimbabwe via the EcoCash platform.

<http://www.herald.co.zw/econet-merges-with-uk-based-bureau-de-change/>

### **Zimre property starts work on Ruwa project**

Work on Zimre Property Investment's Ruwa residential project has commenced with the group expecting to spend \$5 mln on the investment. Initial development work for the project will be complete by June this year.

<http://www.herald.co.zw/zimre-property-starts-work-on-ruwa-project/>

### **RBZ to issue treasury bills to Hwange creditors**

The Reserve Bank of Zimbabwe intends to issue Treasury Bills to creditors of Hwange Colliery Company Ltd to avoid litigations that could result in attachment of its assets.

<http://www.herald.co.zw/rbz-to-issue-treasury-bills-to-hwange-creditors/>

### **New ZSE board announced**

Finance and Economic Development Minister Patrick Chinamasa yesterday announced a new board of directors for the Zimbabwe Stock Exchange (ZSE).

<http://www.herald.co.zw/new-zse-board-announced/>

### **Govt to sell stake in ZSE**

Government intends to sell part of its shareholding in the Zimbabwe Stock Exchange (ZSE), a move that is set to bring in more capital into the company.

<https://www.newsday.co.zw/2016/02/09/government-to-sell-stake-in-zimbabwe-stock-exchange/>

### **Lafarge faces parly contempt charges**

Lafarge Cement Zimbabwe Private Limited risks contempt of Parliament charges after it failed to appear before a portfolio committee several times, including Thursday last week, to explain its indigenisation plans.

<http://www.herald.co.zw/lafarge-faces-parly-contempt-charges/>

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