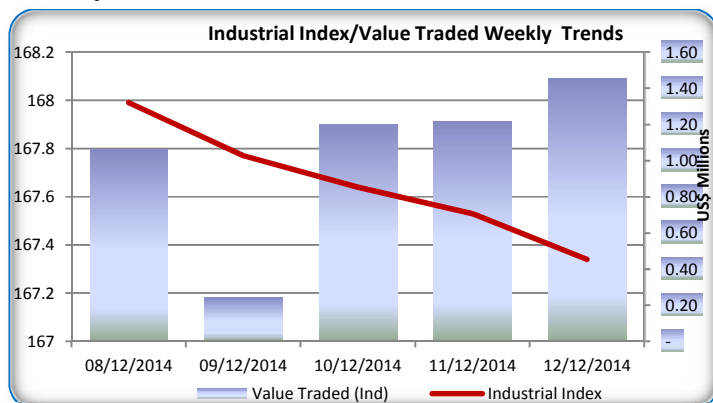
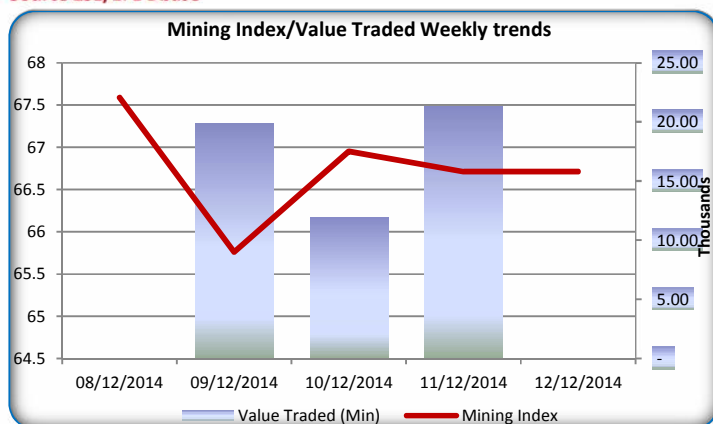


EFE Weekly Market Review 12 December 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	5.38	13.17	59.18
Volume Traded (mn)	24.38	312.15	92.19
Foreign Purchases	2.68	5.35	49.85
Foreign Sales	1.61	6.60	75.56

Source ZSE/EFE Dbase.

ZSE ends softer as Zim cabinet is reshuffled...

The turbulence on the political front leading the recent elective congress in the ruling party finally came to a conclusion this week leaving several casualties both in the party and government as it culminated in a cabinet reshuffle. Political developments held sway on the direction of the market as the market assesses what to make of the wholesale changes in government where the country's number two emerged the major casualty along with several senior ministers. Even the few financials that came to the market failed to lure the attention of investors though these were also a mixed bag as Powerspeed and Bindura posted strong performances while ART that is in the process of retooling and rejiggering operations fell to yet another loss.

The main stream Industrial Index saw a cumulative -0.61% decline in the week under review after a series of marginal soft trading sessions to settle at -0.61%. The loss saw the index extend year to date losses to -17.21% as focus shifts to loss minimization ahead of the end of the year.

Index	Level	%Δ	YTD %Δ
Industrial Index	167.34	0.61	17.21
Mining Index	66.71	1.30	45.69

Miners back tracked on prior week gains with a -1.3% retreat to 66.71pts as erratic demand in coal producers Hwange saw the group weigh on the industrials. Hwange closed the week -31.4% softer at 4.8c after several sessions of low bidding and softening offers. Poor financial performance exacerbated by antiquated plant and machinery have been Hwange's shortfall though recently press reports indicated a 60% improvement in its production following receipt of debt funded equipment while the group is expected to approach shareholders for further funding.

Activity aggregates softer as holiday season sets in...

As the holiday season slowly sets in coupled with the aforementioned political developments all activity indicators trekked southwards with volumes dipping -92.19% to 24.38m shares though prior week volumes had gotten a flattering lift from the Dawn block trade. In total \$5.38m was expended on the market in the week under review representing a -59.18%

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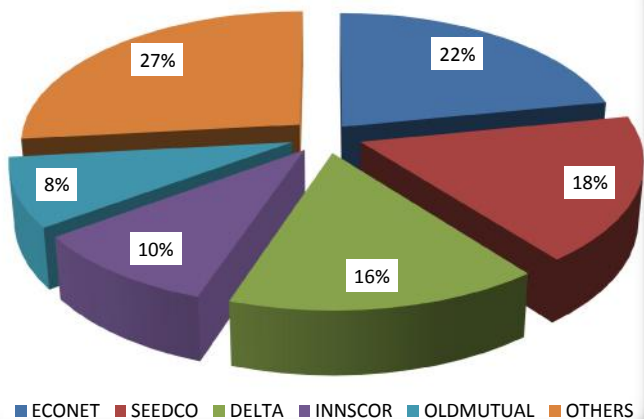
Contacts:

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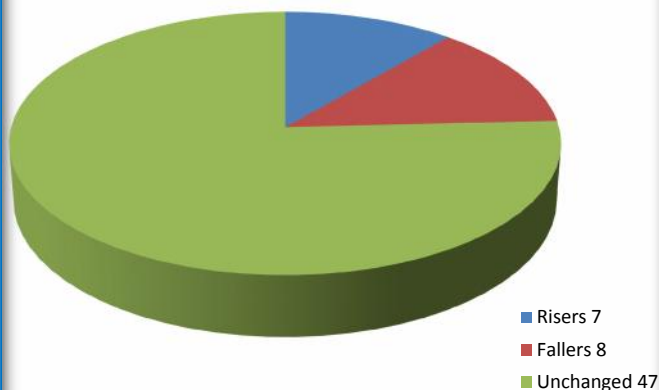
Chris Masendeke 0772135234

Phenias Mandaza 0772144334

Coreen Madanha 0772144333

Top Stock Contributors to Weekly Value of Trades


drop on prior week outturn with the spend being evenly distributed between foreigners and locals. In light of the rising uncertainties investors continued to cherry pick in the market's top stocks as Eonnet, SeedCO, Delta and Inncor emerged the main value drivers for the week after respective contributions to value of 22%, 18%, 16% and 10%. Foreign demand was also highly selective with a skew towards the heavies while favourites emerged to be SeedCo, Delta and CBZ were an estimated 34.4%, 23.4% and 13% of the foreign spend found home.

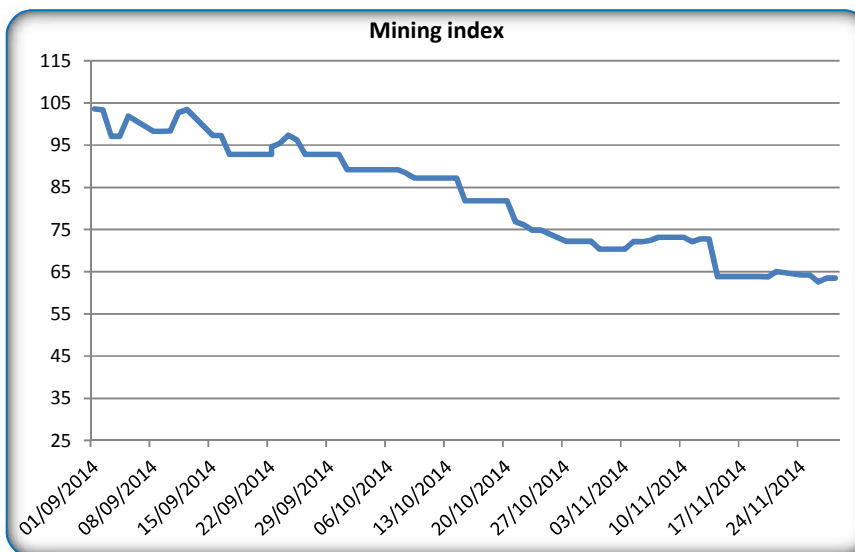
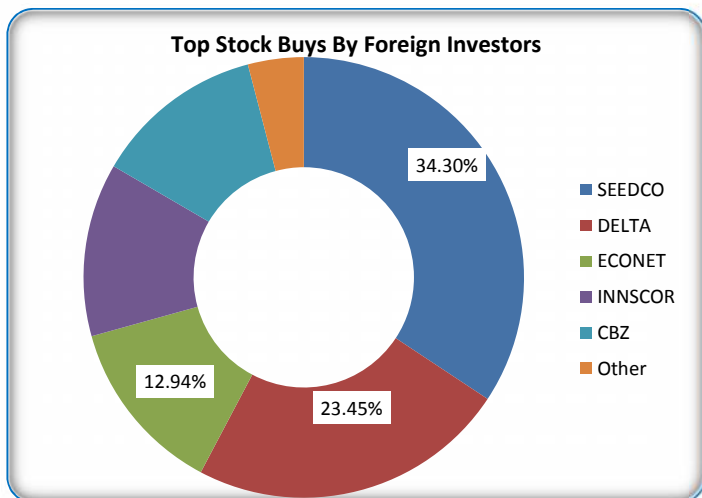
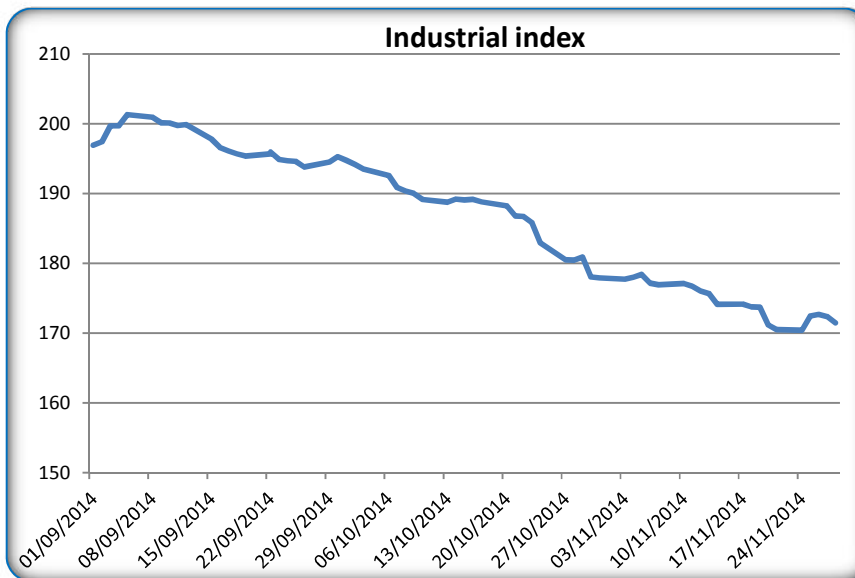
Market Strength


Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
DAWN	1.05	16.67	5.00	HWANGE	4.80	31.43	46.67
MASHHOLD	2.30	15.00	29.23	FIDELITY	8.00	11.11	38.51
PEARL	2.99	14.56	15.00	HIPPO	55.00	8.33	38.90
EDGARS	8.10	8.00	33.11	PADENGA	8.70	5.95	8.75
AFDIS	44.00	4.76	46.67	INNSCOR	58.00	3.33	27.50

Market heavies failed to hold forte in the face of a sustained year end sell off with five of the top 10 capitalised stocks finding their place amongst the shakers. Included in the five was beverages group Delta that let go 0.9% to 109c and FMCG conglomerate Inncor that dropped -3.33% to 58c. Regional cement manufacturers PPC fell -2.33% to 210c; Telecoms group Eonnet which was the only heavy cap to have not gone below its year opening level in the current year was down -3.08% at 63c just 3c shy of its year opening level of 60c. Insurance group Fidelity was however the industrials' top shakers after coming off -11.1% to 8c. Hippo that is reportedly set to lose 29,000 ha of its land under the government compulsory acquisition program was down 8.33% at 55c while Padenga was to other top shakers for the week as it forego -5.95% and closed the week at 8.7c.

Property group Dawn, buoyed by the block trade at the end of last week was amongst those that mitigated the losses with a risers topping 16.67% uplift to 1.05c. Property groups Mash and Pearl followed after adding +15% and +14.6% with the former rebounding to 2.3c while the latter surged to 2.99c on incessant demand. Apparel retail group Edgars was up +8% on resurgent demand to 8.1c while spirits manufacturers Afdis extended its recent excellent run with a +4.76% surge to 44c.

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...

Zimplats starts redevelopment of Bimha Mine

Zimplats has started the re-development of collapsed Bimha Mine and it is anticipated that it will take three years to get it back to the original footprint

<https://www.newsday.co.zw/2014/12/12/zimplats-starts-redevelopment-bimha-mine/>

Bindura Nickel Corporation profits rise on bullish nickel prices

BINDURA Nickel Corporation (BNC) profit rose to \$8,5 million for the year ended September 30 2014 from \$3,3 million recorded the previous year...

<https://www.newsday.co.zw/2014/12/11/bindura-nickel-corporation-profits-rise-bullish-nickel-prices/>

Seven mergers approved this year

SEVEN mergers were approved for the past 11 months compared to 10 mergers the previous year as the economy continued to perform below expectation...

<https://www.newsday.co.zw/2014/12/10/seven-mergers-approved-year/>

New executive management at ABC Holdings

Robert Diamond's Atlas Mara Co-Nvest Ltd. (ATMA) said executive management at ABC Holdings Ltd. will depart at the end of this year...

<https://www.newsday.co.zw/2014/12/08/new-executive-management-at-abc-holdings/>

Output for small scale miners doubles

OUTPUT by small scale miners has almost doubled in the last two to three months due to increased monitoring by government, an official has said...

Zim indigenises 185 mining firms

The Zimbabwe government has indigenised 185 mining firms out of a total 405 applications, businessdaily has learnt...

<http://www.dailynews.co.zw/articles/2014/12/10/zim-indigenises-185-mining-firms>

RBZ capitalisation not priority: Mangudya

Capitalisation of the central bank is not a priority at the moment as government has adopted a sequential approach to fixing the economy, Reserve Bank of Zimbabwe governor John Mangudya said.

<http://www.dailynews.co.zw/articles/2014/12/10/rbz-capitalisation-not-priority-mangudya>

Atlas Mara reshuffles ABCH top management

ABC Holdings (ABCH)'s top management has been reshuffled — with its chief executive Douglas Munatsi leaving — following the banking group's takeover by Atlas Mara Co-Nvest Limited (Atlas Mara)...

<http://www.dailynews.co.zw/articles/2014/12/09/atlas-mara-reshuffles-abch-top-management>

Tongaat Hulett mum on land grab

South Africa-based Tongaat Hulett (Tongaat) has declined to comment on the compulsory acquisition of 29 000 hactres of its sugar cane plantations in the Lowveld by Zanu PF, amid fears the land grab may disrupt operations...

<http://www.dailynews.co.zw/articles/2014/12/09/tongaat-hulett-mum-on-land-grab>

RBZ unveils bond coins

The Reserve Bank of Zimbabwe (RBZ) yesterday unveiled a new set of bonded coins worth \$10 million, which will start circulating on December 18...

<http://www.dailynews.co.zw/articles/2014/12/06/rbz-unveils-bond-coins>

Up Coming Events

COMPANY	EVENT	VENUE	DATE	
PPC	AGM	Michalangelo Hotel, Sandton, SA	08.12.14	1000HRS

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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