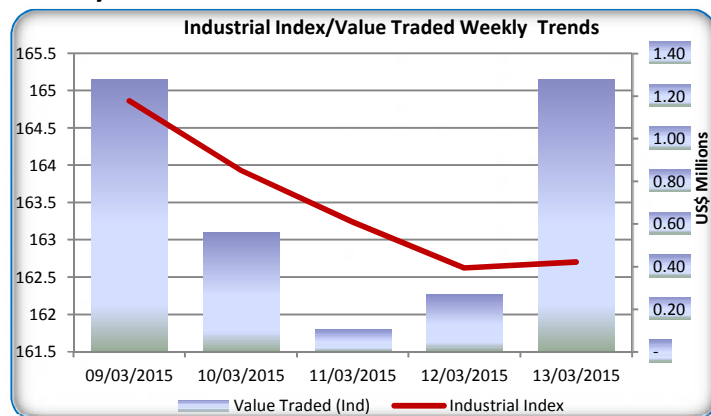
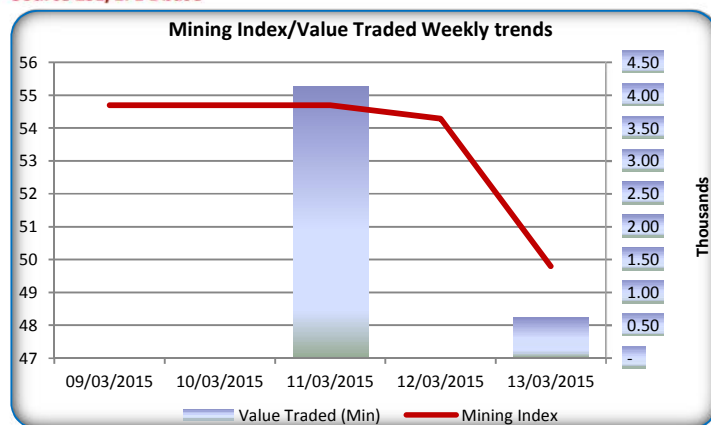


## EFE Weekly Market Review 13 March 2015

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	3.49	5.91	40.87
Volume Traded (mn)	15.68	66.54	76.43
Foreign Purchases	2.13	2.24	4.65
Foreign Sales	0.55	2.85	80.74

Source ZSE/EFE Dbase.

### ZSE in YTD loss as Zim growth forecast is slashed...

The ZSE year to date returns slipped into the red on a persistent bearish sentiment that saw the industrials to four declining sessions in the week with the reprieve only coming in the final session. The market weakness comes against the back drop of a downward revision of the national GDP growth forecasts by the IMF to 2.8% from 3.2% as agricultural output is expected to fall below initial projections due to erratic rainfall patterns. Deflationary pressures have also continued to persist and statistics indicated Zimbabwe to have recorded negative annualised inflation for five months in succession to January 2015 and as at that date annual inflation was a negative 1.28%.

Market weakness across the board resulted in the main stream Industrial Index shedding a cumulative -1.75% for the week and closed at 162.70pts. The resultant loss pushed the index below the year opening level of 162.79pts by a marginal 0.06%, its first time to breach the level this year.

Index	Level	%Δ	YTD %Δ
Industrial Index	162.70	1.75	0.06
Mining Index	49.79	8.98	30.57

The week sentiment also caught on to the resources as the Mining Index fell 8.98% for the week and closed at 49.79pts with year to date losses extending to 30.57%.

### Slowdown in activity on tight liquidity...

It was a slow week of trading credited with registering the third lowest single session turnover, since the turn of the new-year, on the 11<sup>th</sup> of March when only \$104,707 was spurned across the whole market. Week on week however the total value of trades came off -40.87% and closed at \$3.49m as volumes dipped -76.43% and settled at 15.68m shares. Turnover disaggregation by market participant indicated that the foreign component was the main source of liquidity for the week contributing \$2.13m on the spend and having come off

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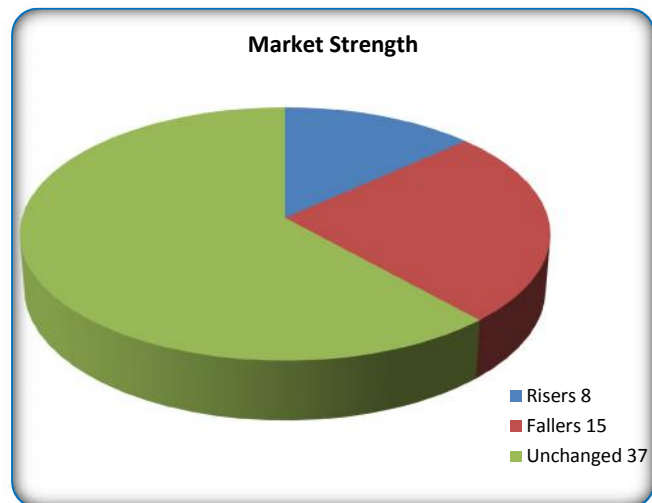
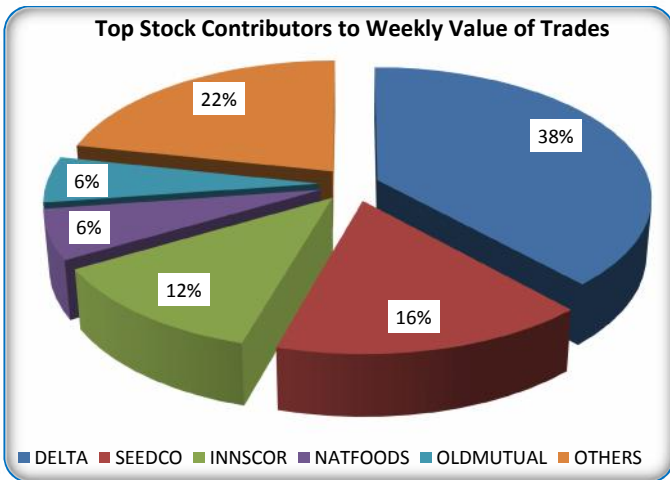
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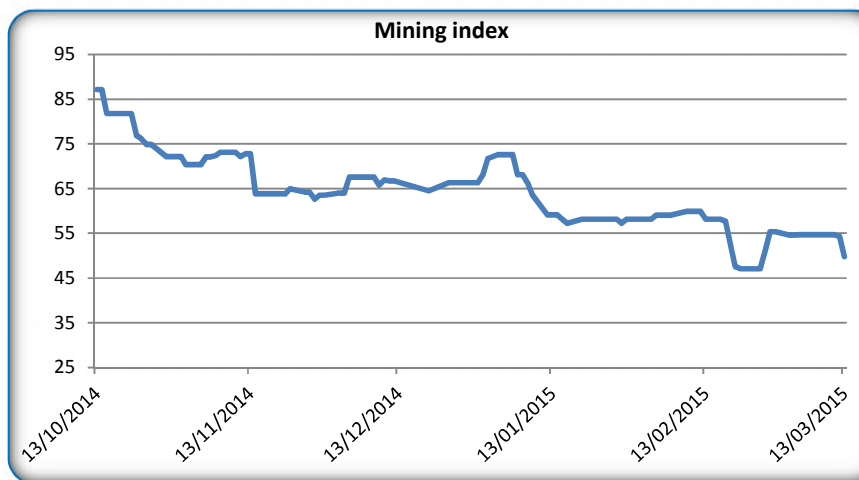
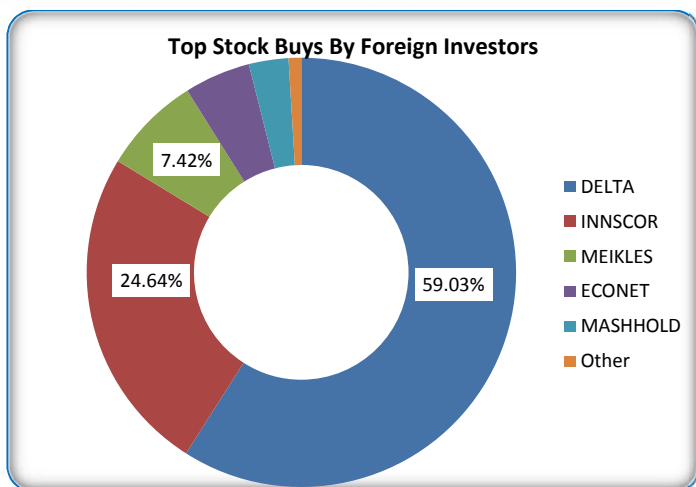
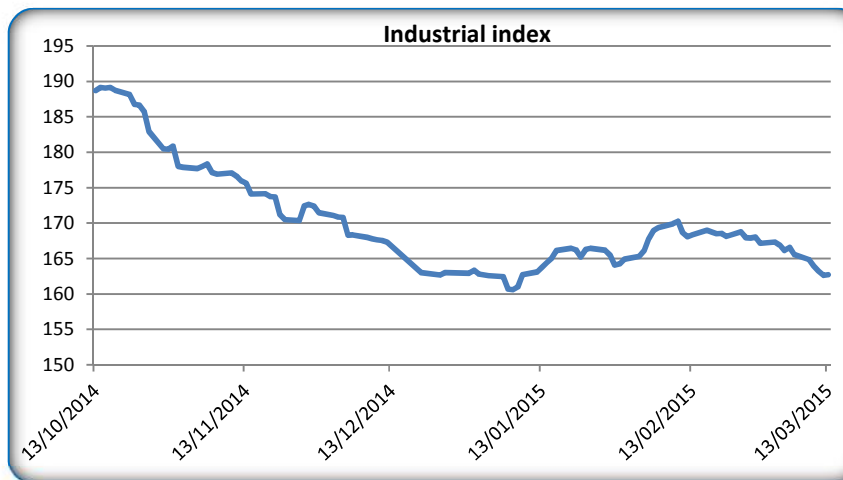


-4.65% for the week. Portfolio disposals by foreigners took a dip shedding 80.74% to \$0.55m. The market's top capitalised stock Delta continue to be favourite for investors topping the value traded charts with a contribution of 38% while SeedCo and Innscor followed with contributions of 16% and 12% respectively. Other notable trades for the week were seen in Old Mutual and National Foods that had almost similar contributions of 6% apiece. Top foreign buys for the week included Delta, Innscor Meikles and Econet, while the market was in a net funds inflow position of \$1.6m.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
MEDTECH	0.04	100.0	33.33	ARISTON	0.50	37.50	16.67
AFRICAN SUN	1.80	20.00	0.00	ZPI	0.80	20.00	14.29
FBCH	8.00	14.29	0.00	BINDURA	4.50	10.00	29.69
DAWN	1.10	10.00	4.76	OK	13.00	7.14	13.04
COLCOM	26.00	8.33	4.00	POWERSPEED	2.20	6.38	37.50

The weekly movers and shakers totalled twenty three with bears dominating at a count of fifteen against eight fallers. Agro industrial concern Ariston led the shakers with a -37.5% decline to 0.5c while property concern ZPI followed after succumbing to selling pressure falling 20% and settling at 0.8c. Nickel miners Bindura fell 10% to 4.5c as sellers sought liquidity while retail giants OKZIM came off -7.14% to 13c where demand has been resistant. Powerspeed completed the top shakers with a -6.38% decline to 2.2c. Weekly losses were however anchored by losses in heavy cap stocks including Delta, Innscor and Hippo that came off -4.39%, -1.72% and -1.02% to see them close the week at respective prices of 109c, 57c and 1.02%.

The gainers for the week were led by pharmaceutical group Medtech that doubled in value as their price closed at 0.04c. Tourism group African Sun firmed 20% to 1.8c on renewed demand while banking group FBCH added +14.29% to 8cc while dawn was up 10% at 1.1c. Colcom added +8.33% to 26c to complete top gainers as its price rerates in the post results period.

**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 has been on an intensive operations rationalisation and optimization exercise which should see them reap rewards from their strong cash generating exercise.
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...

### **NicozDiamond records slump in profit**

NICOZDIAMOND has recorded a slump in profit to \$1,1 million for the year ended December 2014 as compared to \$2,3 million in 2013 due to impairments of investments whose recoverability was viewed to be doubtful.

<https://www.newsday.co.zw/2015/03/13/nicozdiamond-records-slump-in-profit/>

### **Lafarge cement disburses 1m to UMP**

LAFARGE Cement Zimbabwe has fully paid its part in the Community Share Ownership Trust in Uzumba Maramba Pfungwe (UMP) which has since disbursed a total of \$1million, the cement manufacturer has said.

<https://www.newsday.co.zw/2015/03/13/lafarge-cement-disburses-1m-to-ump/>

### **Zim meets IMF targets**

Zimbabwe has met all the quantitative targets under the supervised economic reform programme, the International Monetary Fund (IMF) has said, but warned that growth would weaken further this year.<https://www.newsday.co.zw/2015/03/11/zim-meets-imf-targets/>

### **First Mutual to merge two units**

ZIMBABWE Stock Exchange-listed financial services group First Mutual Holdings is set to merge two of its units into a company that has been dormant since 2007.<https://www.newsday.co.zw/2015/03/10/first-mutual-to-merge-two-units/>

### **Tobacco sales decline by 17%**

Tobacco sales declined 17,52% to 775 997 kg in the first three days of the marketing season attributed to late rains which delayed production and the reluctance by farmers to sell their crop due to low prices. <https://www.newsday.co.zw/2015/03/10/tobacco-sales-decline-17/>

### **Zim among most unattractive mining destinations**

Zimbabwe has been ranked among the most unattractive mining destinations, with the country lagging behind the Democratic Republic of Congo, Mozambique and South Africa, according to a latest survey by Canadian think tank – the Fraser Institute (FI).

<http://www.dailynews.co.zw/articles/2015/03/11/zim-among-most-unattractive-mining-destinations>

### **Ppc to rump up production**

Cement manufacturer PPC Zimbabwe (PPC) — a subsidiary of South Africa-based PPC International — plans to more than double production from 600 000 tonnes to 1,4 million tonnes annually following completion of its \$75 million Harare plant.

<http://www.dailynews.co.zw/articles/2015/03/09/ppc-to-ramp-up-production>

### **PGI seeks nod on scheme of arrangement**

PG Industries is seeking the intervention of High Court to authorize its scheme of arrangement to resolve its negative equity and liquidity challenges.<http://www.herald.co.zw/pg-seeks-nod-on-scheme-of-arrangement/>

### **Weak demand falling volumes hit lafarge**

LAFARGE Cement Zimbabwe Ltd's after-tax profit plunged to US\$80 950 from US\$3,4 million in the full year to December 2013 owing to a reduction in sales volumes and weak demand.

<http://www.theindependent.co.zw/2015/03/13/weak-demand-falling-volumes-hit-lafarge/>

## Up Coming Events

COMPANY	EVENT	VENUE	DATE	TIME
DAIRIBORD	ANALYST BRIEFING	Mirabelle Room, Meikles Hotel, Harare	18.03.15	1500HRS
FGOLD	AGM	Cnr 14 <sup>th</sup> Ave/J Tongogara KPMG building,Bulawayo	20.03.15	1000HRS
PADENGA	ANALYST BRIEFING	Royal Harare Golf Club, 5th Street Extension, Harare	26.03.15	0800HRS

## CAUTIONARIES

Company	Issue Date	Subject
AFRICAN SUN	6 <sup>th</sup> DEC 2013	Discussions on mandatory offer to minorities by Lengrah Investments
TAH	24 <sup>th</sup> JUNE 2014	Negotiations that may have material effect on the company's stocks price
Masimba	15 JAN 2015	Repeat Notice of possible transactions with potential impact on share values
BNC	31 <sup>ST</sup> DEC 2014	Capital raising for Smelter Restart project is still in progress
RIOZ	5 <sup>TH</sup> MAR 2015	Company seeking regulatory approvals to proceed with the rights issue

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