

ZIM’s woes persist as Q1 revenues fall 9.75%...

Zimbabwe’s economic outlook continued to look dull as the national revenue collector, ZIMRA, gave yet another depressed trading update this time focused on the first quarter of 2016. The authority lamented the growing tax debt as taxable entities continued to suffer under the weight of the challenging operating environment, the tax debt rose 30.9% to \$2.58bn by end of the first quarter of 2016. Net revenues amounting to \$724.89 went into the national purse being 84.11% of the budget while, falling 9.75% short of that achieved in the same period last year. With government expenditure remaining hugely unchanged if not growing, such below target collections exacerbate the already raging concerns on the introduction of bond notes. General sentiment bordering on lack of trust in the government that it will unleash the printing machine to compensate for the missed targets so as to meet its obligations. On the corporate front the market’s top stock by size, Delta, released its full year results to March 2016 which if judged by the price movement were well received as the group rewarded its shareholders with one of its biggest pay outs since dollarization having announced a special dividend along with its usual dividend.

Bulish Industrials extend gains...

Indices

	Previous	Current	Change (pts)	% Change	YTD %
<i>Industrial</i>	107.03	107.59	0.5600	0.52	6.32
<i>Mining</i>	20.00	21.55	1.5500	7.75	9.07

Source: ZSE/EFE Database

A seventh weekly rise on the trot as registered by the main stream Industrial Index largely buoyed by the aforementioned gains in Delta. The industrials added 0.52% for the week and settled at \$107.59pts and in the process eased its year to date losses to 6.32%.

Incessant demand in RIOZIM spurred the mining index to its second successive rising week as interest continued to grow in the mining house. The index surged 7.75% to 21.55pts albeit rising from a low base and immediately reduced the minings’ year to date loss to 9.07%.

In this Weekly

Market Highlights P1

In the News P4

Disclaimer P6

Contacts:

EdgetonTsanga 0772277153

Phenias Mandaza 0772144334

Coreen Madanha 0772144333

Brenda Mwaturura 0782785666

Risers

Symbol	Previous	Current	Change	%Change
RIOZ.ZW	0.1100	0.1300	0.0200	18.18
DZL.ZW	0.0550	0.0600	0.0050	9.09
DLTA.ZW	0.7297	0.7500	0.0203	2.78
INN.ZW	0.2300	0.2350	0.0050	2.17
SEED.ZW	0.5600	0.5700	0.0100	1.79
PHL.ZW	0.0740	0.0750	0.0010	1.35
FIDL.ZW	0.1030	0.1040	0.0010	0.97
NTFD.ZW	2.0843	2.0995	0.0152	0.73
OML.ZW	2.1975	2.2000	0.0025	0.11

Faller

Symbol	Previous	Current	Change	%Change
AFDS.ZW	0.4500	0.4000	0.0500	11.11
ZIMR.ZW	0.0178	0.0160	0.0018	10.11
SACL.ZW	0.0100	0.0090	0.0010	10.00
MEIK.ZW	0.0730	0.0700	0.0030	4.11
ECO.ZW	0.2500	0.2400	0.0100	4.00
OKZ.ZW	0.0431	0.0430	0.0001	0.23

* All prices in USD

Bulls maintain dominance as positive breadth is sustained...

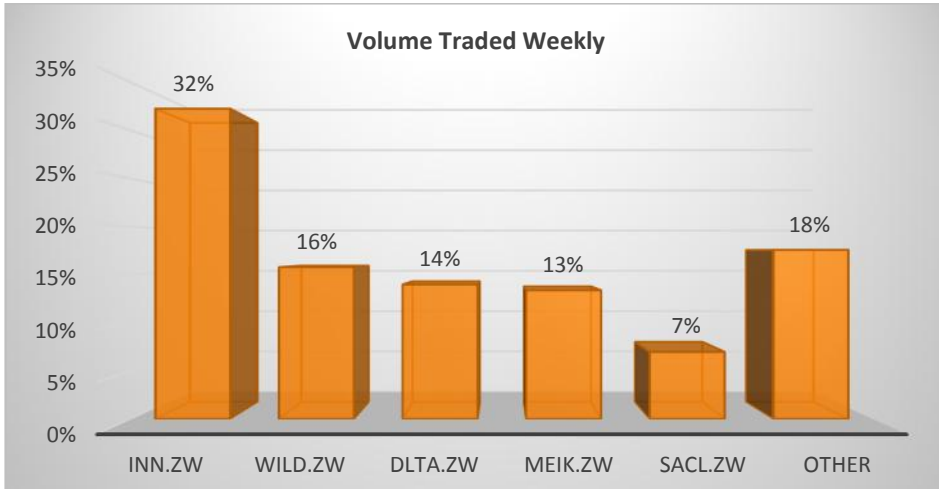
It was a risers' week as nine counters posted gains against six fallers to leave the market in a weekly positive breadth of three. Leading the market charge for the week were gains in RioZim which rallied 18.18% on strong demand to touch \$0.1300 while ending the week bid even higher at \$0.1400. DZL followed having jumped 9.09% and closing at \$0.0600 though demand at that level was constrained. Delta sustained its purple patch with a 2.78% gain week on week as it quickly found its ground at \$0.7500 in post results trades. Innscor shareholders approved the unbundling of the specialty retail business to see its price advance 2.17% and close at \$0.2350 as punters sought exposure ahead of the separation.

Agricultural based group SeedCO powered to a 1.79% gain as it rebounded from earlier losses and closed the week trading at \$0.5700 as Padenga's resilient demand culminated the crocodile skin producer edging 1.35% higher to \$0.0750. Insurance group Fidelity put on 0.97% and closed the week at \$0.1040 as recent demand remained strong. Food processing and packaging group National Foods, showed signs of a rebound advancing 0.73% and seeing itself to a price of \$2.0995 as conglomerate Old Mutual capped the weekly risers with a 0.11% uplift that took it to \$2.2000.

The six fallers of the week were led by spirits manufacturers Afdis that shed 11.11% and ended trading at \$0.4000. Insurance group ZHL continued to be haunted by the poor 2015 financial outturn with the group succumbing 10.11% and ending the week at \$0.0160. Losses were also seen in Star Africa and Meikles that came off 10% and 4.11% settling at \$0.0090 and \$0.0700 respectively. Waning demand saw telecoms group Econet come off 4% and end at \$0.2400 while, retailers OKZIM shed 0.23% to close at \$0.0430 and complete the weekly losses.

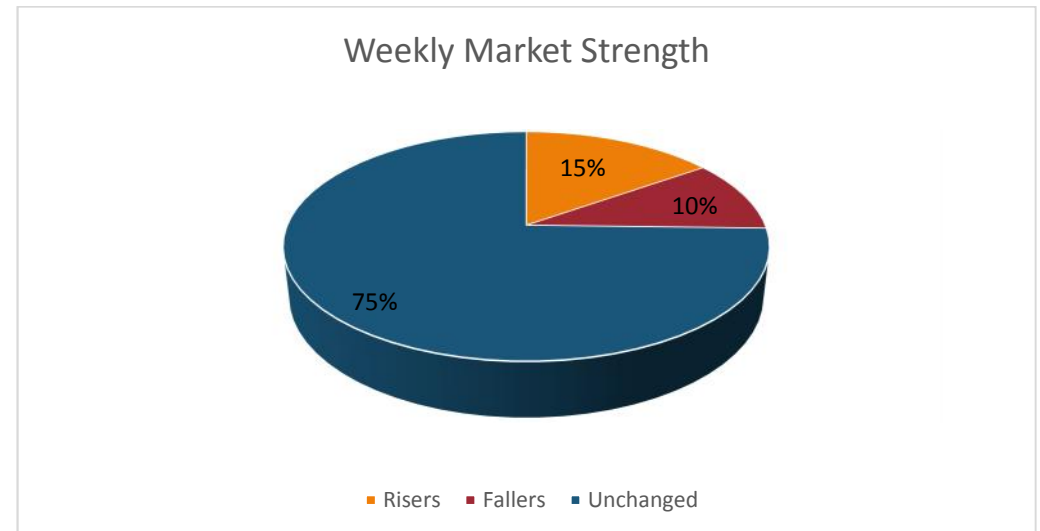
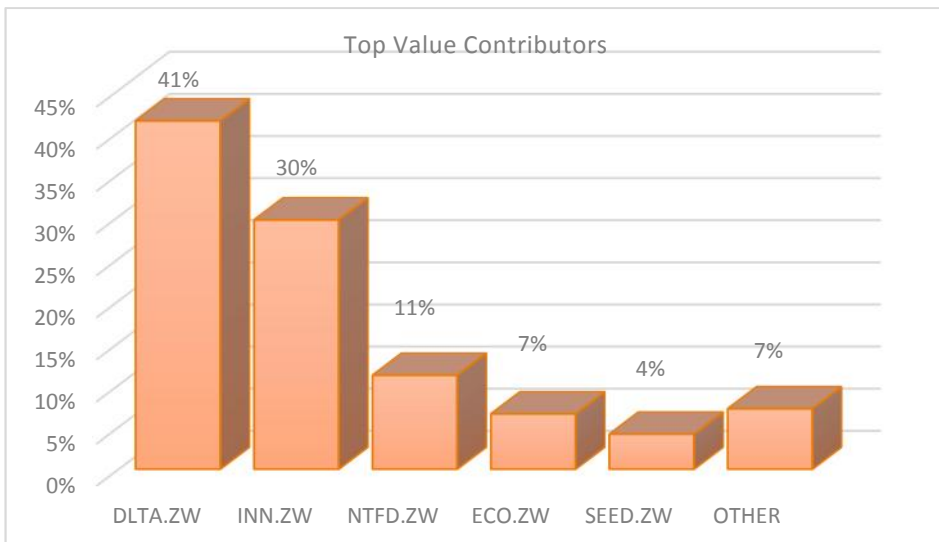
Market Aggregates and Statistics

Market turnover aggregates



	Previous	Current	Change	%Change
Values	3,055,936.12	2,531,461.60	524,474.52	17.16
Volumes	8,344,060	10,041,150	1,697,090.00	20.34

Market aggregates reflected a mixed outturn as values of the week succumbed 17.16% to \$2.5m with volumes of the week surged 20.34% to end at 10.04m shares. Delta and Inncor emerged the most liquid stocks for the week as the former accounted for 41% of the total while, the latter claimed 30% of the weekly market spend. Volumes of the week were driven by Inncor and Willdale which accounted for a combined 48% of the market’s aggregate.



In the news...

Delta to invest \$30m in two chibuku plants

Delta Corporation, Zimbabwe Stock Exchange's largest company by market capitalisation, will invest \$30 mln in two additional Chibuku Super plants which, according to chief executive Pearson Gowero is where the future lies. <http://www.herald.co.zw/delta-to-invest-30m-in-two-chibuku-plants/>

Millers set maize price at \$335 per ton

Private grain traders and millers have set the price of maize at \$335,00 per metric tonne. The private milling sector, reeling under pressure from cheap mealie-meal inputs said the new price would ensure stability in the pricing of grain related products. <http://www.herald.co.zw/millers-set-maize-price-at-335-per-ton/>

Revenue collection for Q1 falls 9.75pc

Revenue collected by the Zimbabwe Revenue Authority for the first quarter of the year fell by 9.75% due to depressed economic activity, widening tax debt, non-compliance by taxpayers, corruption and lack of complete automation. <http://www.herald.co.zw/revenue-collection-for-q1-falls-975pc/>

Econet, Seacom said to be courting Neotel

Econet Wireless Global and subsea cable operator Seacom are courting Neotel with the view to a potential acquisition, it was reported on Tuesday. The news comes after Vodacom was forced to walk away from its R7 bln plan to buy Neotel, mainly to get access to the company's radio frequency spectrum assets. <http://www.herald.co.zw/econet-seacom-said-to-be-courting-neotel/>

Zimra completes electronic module

The Zimbabwe Revenue Authority has completed the automation of the Customs State Warehouse Management Module on the Asycuda World Platform in order to improve the accounting, release and disposal of detained goods. <http://www.herald.co.zw/zimra-completes-electronic-module/>

CFI set to conclude suncrest deal

CFI Holdings expects to conclude the disposal of its 50% stake in its chicken business, Suncrest, within the next four months. CFI director Hamish Rudland said during a tour of Glenara Estates last Friday the group is in advanced talks with technical partners Superchicks for the stake.

<http://www.herald.co.zw/cfi-set-to-conclude-suncrest-deal/>

AfDB writes off ZIM debt

The African Development Bank has set aside resources to write-off Zimbabwe's \$601 mln debt, Finance minister Patrick Chinamasa has said.

<https://www.dailynews.co.zw/articles/2016/05/10/afdb-writes-off-zim-debt>

African Sun in refurbishment drive

African Sun has embarked on a multi-million dollar refurbishment exercise aimed at sprucing up the image of its hotels across the country. The group's managing director, Edwin Shangwa, on Monday said African Sun under its partnership with South Africa's Legacy Group, had begun refurbishment work at Elephant Hills and Monomotapa hotels. <https://www.dailynews.co.zw/articles/2016/05/11/african-sun-in-refurbishment-drive>

Zim's Q1 mineral earnings down

Zimbabwe's mineral earnings in the first quarter declined 7% to \$416 mln from \$452 mln prior comparative period, a situation analysts say is expected to worsen the country's liquidity situation. In the period under review, gold, nickel and platinum were major contributors as gold output rose to 5 104kg in the quarter at a value of \$191.5 mln. <https://www.dailynews.co.zw/articles/2016/05/11/zim-s-q1-mineral-earnings-down>

Cafca records 85pc decrease in profit

Engineering concern Cafca recorded an 85% drop in profit after tax to \$128 420 in the six months ended March 31, 2016 on low production attributed to a downturn in local and export markets. In the comparable period last year, Cafca's profit for the period was \$849

573. <https://www.newsday.co.zw/2016/05/13/cafca-records-85-decrease-profit/>



Members of the Zimbabwe Stock Exchange

This document has been prepared by EFE Securities (Private) Limited (EFE), for the information of its clients. Although the statements of fact in this report have been obtained from sources that the company believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions and estimates included in this report constitute the company's judgment as of the date of this report and are subject to change without notice. The securities discussed and mentioned in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors they believe necessary. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. EFE and any of the individuals preparing this report may at any time have a long and/ or short position in any securities of companies in this report. In addition EFE may from time to time perform investment banking or other services for, or solicit investment banking or other business from any entity mentioned in this report. EFE may at times buy and sell shares on an agency or principal basis to its clients. Shares may rise or fall and investors may end up with a reduced amount from their initial capital invested. Additional information on EFE's recommended securities is available on request.