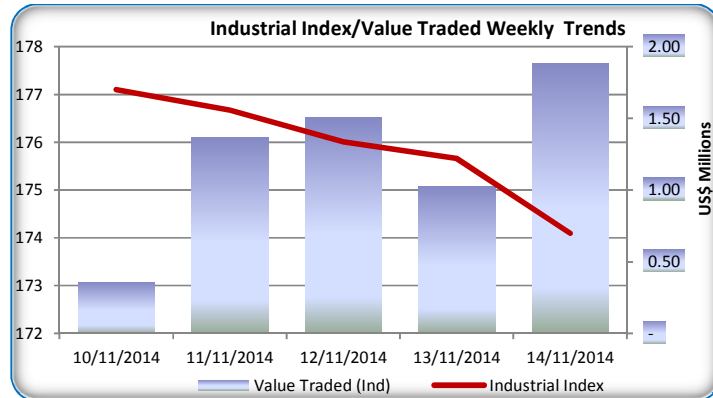
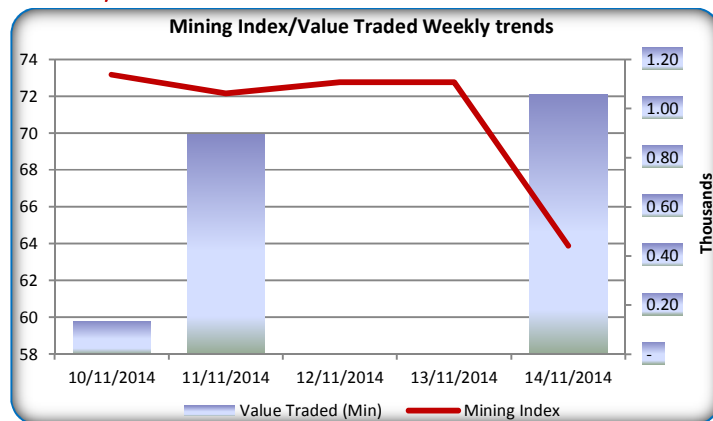


## EFE Weekly Market Review 14 November 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
<b>Value Traded (\$mn)</b>	6.12	3.93	55.81
<b>Volume Traded (mn)</b>	26.82	17.59	52.54
<b>Foreign Purchases</b>	4.90	3.26	50.27
<b>Foreign Sales</b>	4.86	2.84	71.09

Source ZSE/EFE Dbase.

### ZSE freefall extends as an initial mixed set of financials filters in ...

The reporting season for the September reported date got fully underway in the week under review with mixed performances being reported in the first batch so far. Amongst those to report Delta and OKZIM reported declining revenues and profitability while Hippo and CAFCA were to defy the odd to post much improved profitability despite declines in revenues. SeedCo on the other hand in its traditional cost accumulation first half saw a decline in revenues but managed to post a lower loss compared to the previous period. The reporting season has thus far failed to tame the loss of value on the ZSE as capital flight continues unabated while interest in local equities continued.

The Industrial Index extended its losing streak for the twelfth week after falling -1.59% over the week under review to settle at 174.10pts. The index's twelve week down turn that started from the weekending 05 Sept 2014 when the market sat at 201.28pts has since seen the market shed a cumulative -13.5% and with it dragging the year to date losses for the industrials to 13.68%. This unprecedented free fall has been precipitated by the continued economy wide depression in demand and exacerbated by the recent rise in political uncertainty with focus largely on the ruling party ahead of a crucial elective congress.

Index	Level	%Δ	YTD %Δ
<b>Industrial Index</b>	174.10	1.59	13.86
<b>Mining Index</b>	63.88	12.68	39.51

Soft trading in nickel mining company Bindura saw the resources index tumble -12.68% to a 63.88pts. Bindura weighed heavily on the index as it closed at 5.1c after succumbing to a 17.48% sell off against waning demand

### Activity improves ...

The market enjoyed an improvement in activity indicated by better performance aggregates though trades are highly selective on the stocks involved as investors cherry pick in the market's top stocks. Values surged +55.81% to \$6.12m on a volume of 26.82m which was up by an almost similar magnitude of 52.54%. Foreign participation dominated activity across the board with the spend surging to \$4.9m which was 50.27% up on prior week

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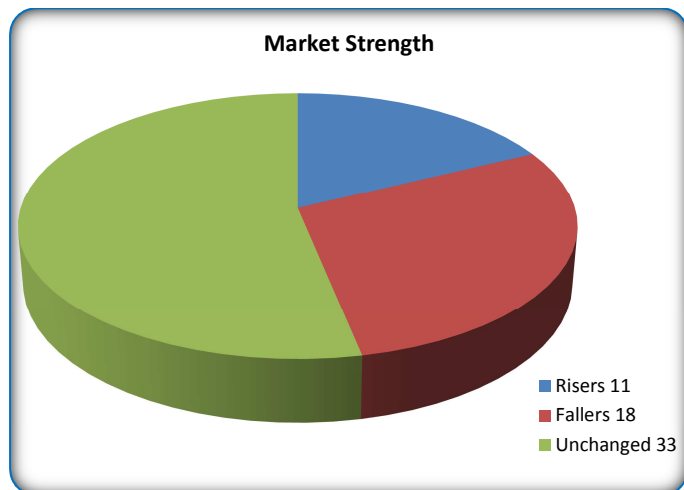
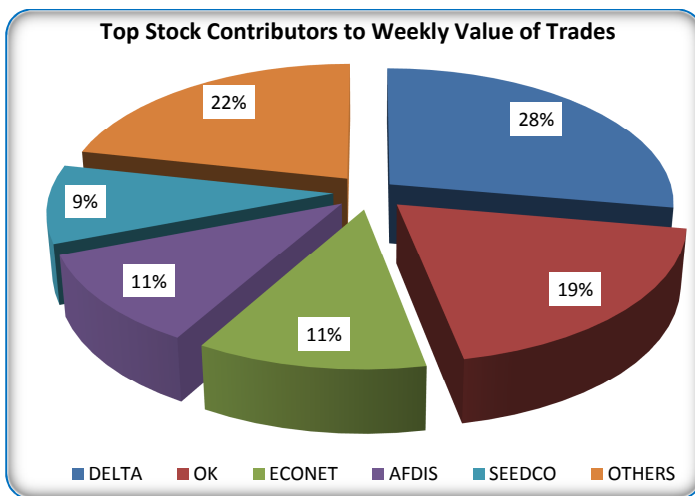
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and represented 80% of the total value of trades. Foreign portfolio disposals amounted to \$4.86m after growing 71% and this was 79% of the portfolio disposals seen on the bourse. There was a fairly even distribution of the turnover from the top traded stocks though Delta and OKZIM were the outright favourites after respective contributions of 28% and 19% to the total value of trades. Other notable contributors to value were Econet and Afdis that accounted for an identical 11% of the market spend while SeedCo also emerged amongst the value drivers with a 9% contribution.

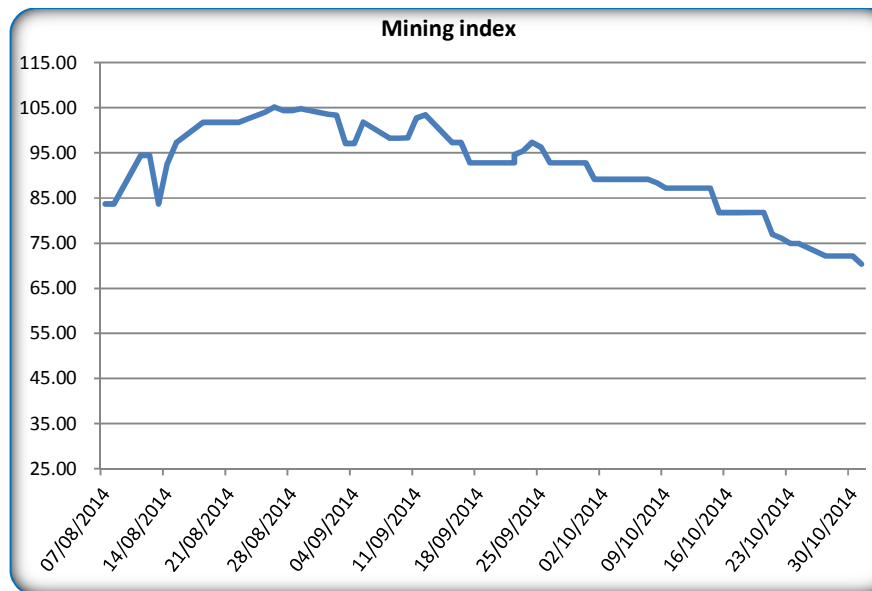
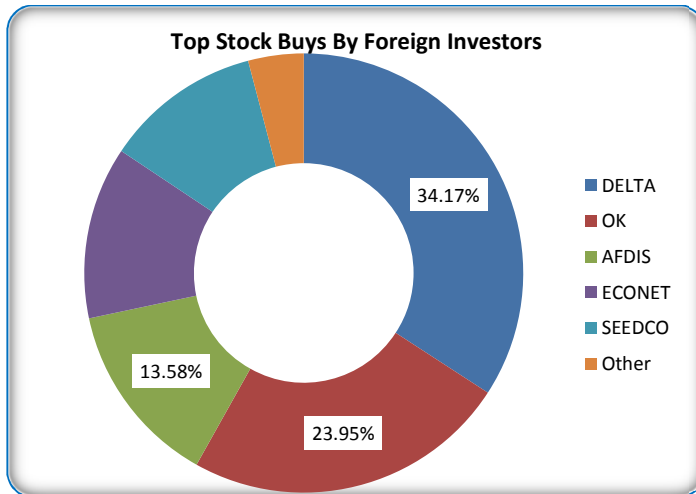
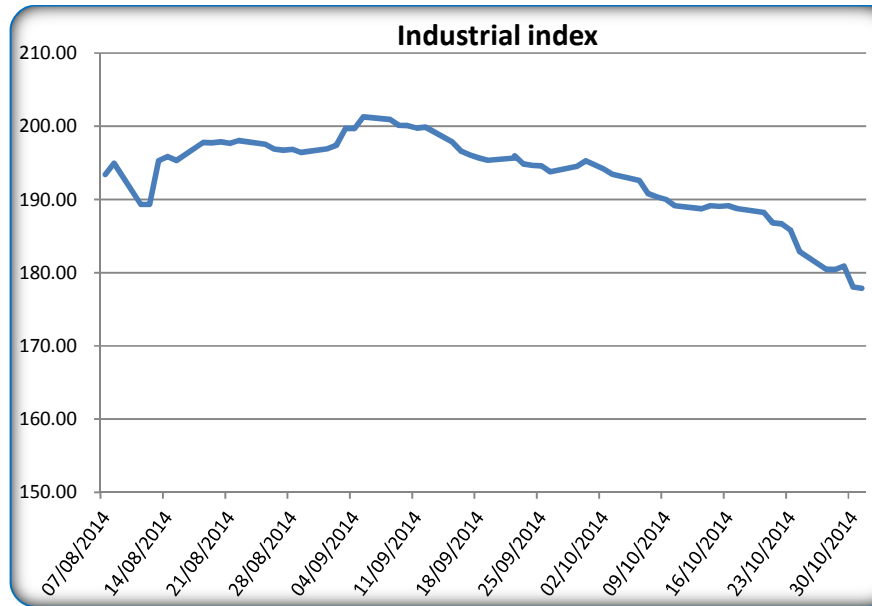
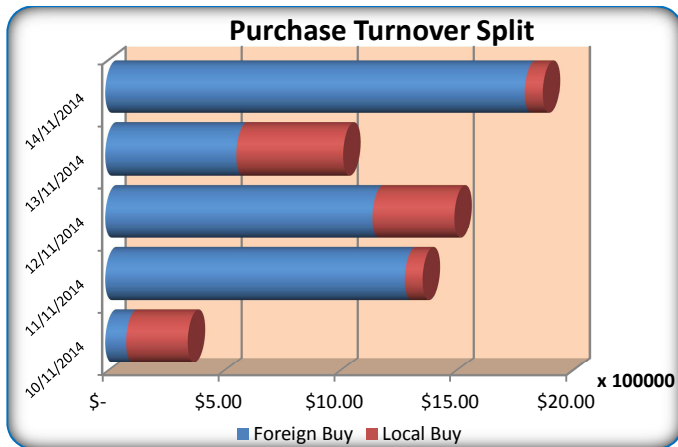
Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
Willdale	0.20	81.82	100.00	MEDTECH	0.03	40.00	57.14
CAFCA	38.00	18.75	35.71	TRUWORTHS	2.00	20.00	52.38
AFRICA SUN	1.70	13.33	37.04	LAFARGE	40.00	20.00	63.64
AFDIS	36.00	9.09	20.00	BINDURA	5.10	17.48	155.00
HIPPO	65.00	8.33	27.79	ARISTON	0.85	15.00	15.00

Bearish sentiment dominated the weekly trading patterns as eighteen stocks closed in the negative against eleven risers for the week. Market heavies weighed on the market including National Foods that fell -1.67% to 295c, Delta -1.74% at 113c, Innscor -1.65% to 65c and Econet that shed -1.43% to 69c. Top losses for the day were however seen in pharmaceutical group Medtech that was down 40% at 0.03c while apparel retailer Truworths came off 20% to 2c while Lafarge dropped a similar margin of 20% to 40c. Completing the top losses for the day shedding -15% and settling at 0.85c

The losses were mitigated by gains in Afdis and Hippo that a riding on recent good financial performances and gained 9.1% and 8.3% for the week to settle at 36c and 65c respectively. Tourism group African was on a 13.3% rebound for week and closed at 1.7c while Cafca's impressive interims where after tax profits were up 43% at \$2m saw demand surge to close at 38c after an 18.75% again. Range bound brick manufacturers Willdale swung back to its top end price of 0.2c to top the weekly gainers with a 81.82% uplift

Meanwhile non-performing loans have reportedly surged to 20% from 18% in June in the banking sector on rising failing personal loans as liquidity challenges continue to stalk the economy while company closures and retrenchments takes their toll.

### 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...

### **Econet ventures into gas**

Telecomms group Econet Wireless Zimbabwe (Econet) plans to venture into the gas business, Business Live has established. This comes as most Zimbabweans are enduring massive power cuts, extending as long as 18 hours a day, making the alternative energy business lucrative...

<http://www.dailynews.co.zw/articles/2014/11/13/econet-ventures-into-gas>

### **Masawara in \$19m minority buy out**

London-listed Masawara's wholly-owned subsidiary, Masawara Mauritius spent \$11,8 million to buy out part of the minority shareholders in TA Holdings, shoring up its stake to 75,73 percent....

<http://www.dailynews.co.zw/articles/2014/11/11/masawara-in-19m-minority-buy-out>

### **Zim economy in precarious state: IMF**

The International Monetary Fund (IMF) says Zimbabwe must consolidate its fiscal position and eliminate the primary budget deficit by end-2015 if the country hopes to revive its economy. In a statement released last week, the international financier said the southern African country's economic situation remains difficult...

<http://www.dailynews.co.zw/articles/2014/11/10/zim-economy-in-precarious-state-imf>

### **AfrAsia seeks \$35m**

AfrAsia Zimbabwe Holdings Limited (AZHL)'s Mauritian shareholder plans to raise up to \$35 million to address AfrAsia Bank Zimbabwe Limited (ABZL)'s capitalisation and solvency challenges...

<http://www.dailynews.co.zw/articles/2014/11/10/afrasia-seeks-35m>

### **Masimba launches new \$1m hi-tech plastics plant**

MASIMBA Holdings Limited has launched a \$1 million new High Density Polyethylene (HDPE) Plant and Mine Pipe, one of the latest pipe extrusion technologies...

<https://www.newsday.co.zw/2014/11/14/masimba-launches-new-1m-hi-tech-plastics-plant/>

### **RBZ boss speaks on non-performing loans**

RESERVE Bank of Zimbabwe (RBZ) governor John Mangudya said yesterday the level of loan defaults rate in the sector was giving him "sleepless nights"...

<https://www.newsday.co.zw/2014/11/14/rbz-boss-speaks-non-performing-loans/>

### **Cafca FY after-tax profits surge 43%**

At a time when we were wondering what monetary policy would look like without the money printing press...

<https://www.newsday.co.zw/2014/11/12/financial-stability-economic-growth-seem-conflict/>

### **Masawara ups stake in TA Holdings**

MASAWARA Holdings Mauritius Limited has increased its stake in TA Holdings from 39% to 75,7% after buying out minority shareholders...

<https://www.newsday.co.zw/2014/11/11/masawara-ups-stake-ta-holdings/>

### **Zimbabwe's Economic reform programme under threat**

GLOBAL commodity price shocks and domestic policy slippages threaten Zimbabwe's ability to undertake reforms

<https://www.newsday.co.zw/2014/11/10/zimbabwes-economic-reform-programme-threat/>

### **RioZim appoints new CEO, directors**

RIOZIM has appointed Noah Matimba as the new chief executive officer replacing Ashton Ndlovu who resigned last month to pursue personal business interests...

<https://www.newsday.co.zw/2014/11/10/riozim-appoints-new-ceo-directors/>

#### **Zim economy at crossroads**

ON October 29, 2014, the management of the International Monetary Fund (IMF) completed the third review under the Staff-Monitored Programme

<http://www.theindependent.co.zw/2014/11/14/zim-economy-crossroads/>

#### **2015 national budget unlikely to inject new stimulus for growth**

REVELATIONS by Finance minister Patrick Chinamasa that 92,5% of government's revenue is recurrent expenditure, with wages gobbling 81,5% of income, is yet further confirmation the Zimbabwean...

<http://www.theindependent.co.zw/2014/11/14/2015-national-budget-unlikely-inject-new-stimulus-growth/>

#### **Padenga targets prime markets**

ZIMBABWE Stock Exchange-listed crocodile skins and meat processor, Padenga Holdings Limited, says it will sell 80 percent of its products to first tier markets that command a premium of close to 30 percent to increase earnings...

<http://www.financialgazette.co.zw/padenga-targets-prime-markets/>

#### **Hospitality sector faces challenges**

THE country's tourism and hospitality sector, once one of the leading contributors to the economic growth, is facing challenges and requires support from government to turn around, an industry player has said...

<http://www.financialgazette.co.zw/hospitality-sector-faces-challenges/>

#### **OK Zimbabwe revenue down 5%**

IMBABWE's largest retailer ,OK Zimbabwe has recorded a 4.8 percent decline in revenue to \$232 million for the half year ended September 30, reflecting weakening consumer spending in the economy...

<http://www.financialgazette.co.zw/ok-zimbabwe-revenue-down-5/>

## Up Coming Events

COMPANY	EVENT	VENUE	DATE	
DELTA	INTERIMS	MANDEL TRAINING CENTRE	12.11.14	1530HRS
RADAR	AGM	7 <sup>th</sup> Floor, Charter House, Bulawayo	20.11.14	1000HRS
OK	INTERIMS	Functions Room OK Mart, Chiremba Road	11.11.14	1600HRS
INNSCOR	AGM	Royal Harare Golf Club	21.11.14	0845HRS

## CAUTIONARIES

Company	Issue Date	Subject
AFRICAN SUN	6 <sup>th</sup> DEC 2013	Discussions on mandatory offer to minorities by Lengrah Investments
Nicoz & ZHL	11 <sup>th</sup> Apr 2014	Negotiations over acquisitions and disposal respectively, of a business
FALGOLD	21 <sup>st</sup> MAY 2014	Negotiations that may have material effect on the company's stocks price
HUNYANI	22 <sup>nd</sup> MAY 2014	Negotiations that may have material effect on the company's stocks price
BINDURA	13 <sup>th</sup> JUNE 2014	H2 Profit expected to substantially higher than H1 outturn
TAH	24 <sup>th</sup> JUNE 2014	Negotiations that may have material effect on the company's stocks price
COTTCO	24 <sup>th</sup> JUNE 2014	Negotiations that may have material effect on the company's stocks price

## Notes

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