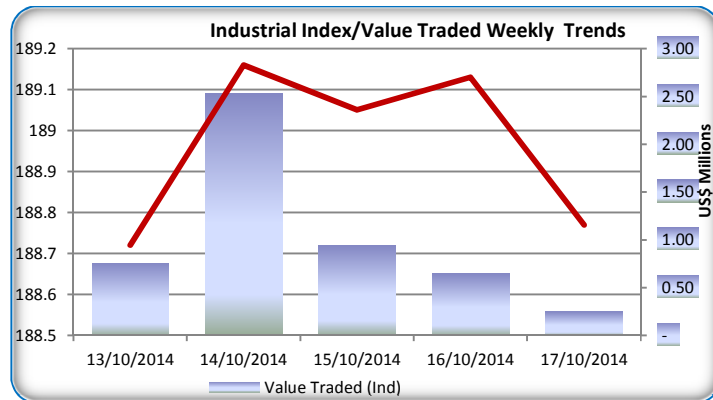
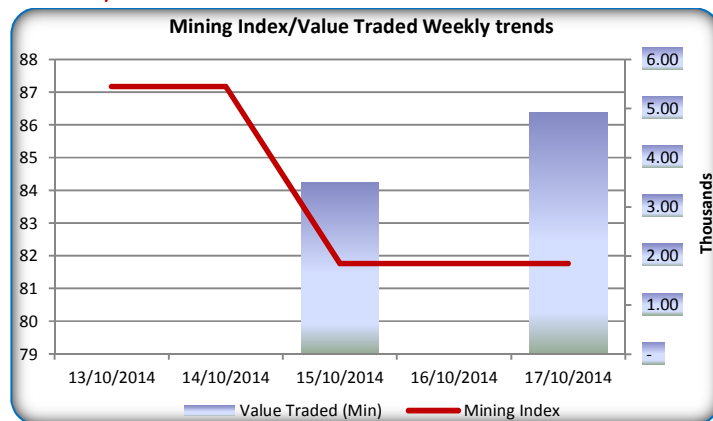


## EFE Weekly Market Review 17 October 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	5.11	8.90	42.61
Volume Traded (mn)	21.07	60.52	65.18
Foreign Purchases	2.12	5.35	60.43
Foreign Sales	2.76	1.03	168.47

Source ZSE/EFE Dbase.

### ZSE in marginal weekly loss deflationary pressures re-emerge ...

Recent statistics from the central statistical office reflected that Zimbabwe consumer prices fell by a fractional 0.0053% in September 2014, a possible indicator of the re-emergence of deflationary pressures. With a faint memory of the hyperinflationary era, declining prices earlier in the year on the back of sustained slowdown in demand and low liquidity had raised concerns over the possibility of the economy slipping into deflation. Since July 2014 to date however positive inflation has been reported though this has been falling and now sits at 0.093%. Low liquidity in the economy had in a way culminated in a slow-down in demand resulting in pressure on prices as retailers sought to stimulate demand

In the face of the statistics the ZSE's main stream industrial index was in a marginal 0.2% decline for the week under review to close the week at 188.77pts. The persistent market liquidity since the turn of the quarter has seen the index extend year to date losses to -6.6% on softening demand across the bourse

Index	Level	%Δ	YTD %Δ
Industrial Index	188.77	0.20	6.60
Mining Index	81.76	6.21	78.55

Hardest hit by the slowing sentiment was the Mining Index that let go -6.21% for the week as nickel miners Bindura succumbed to weakening demand to lose -7.89% and close at 7c. With Bindura's loss the Index settled at 81.76% as the its year to date return was whittled down to 78.55%. The rest of the mining stocks were inactive for the week.

### Surging foreign spend spurs market activity...

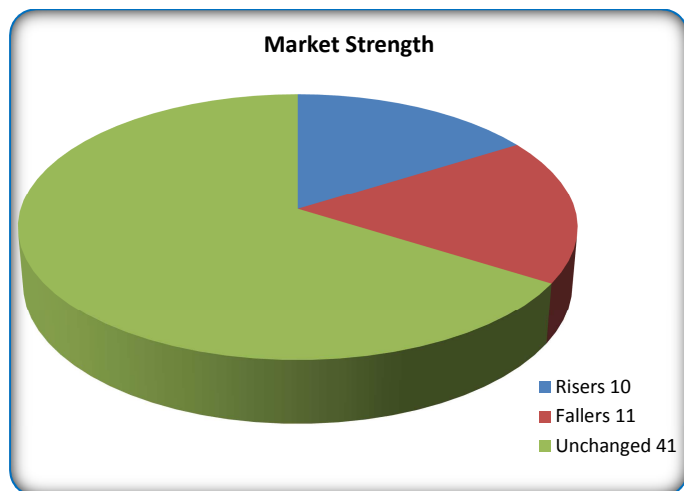
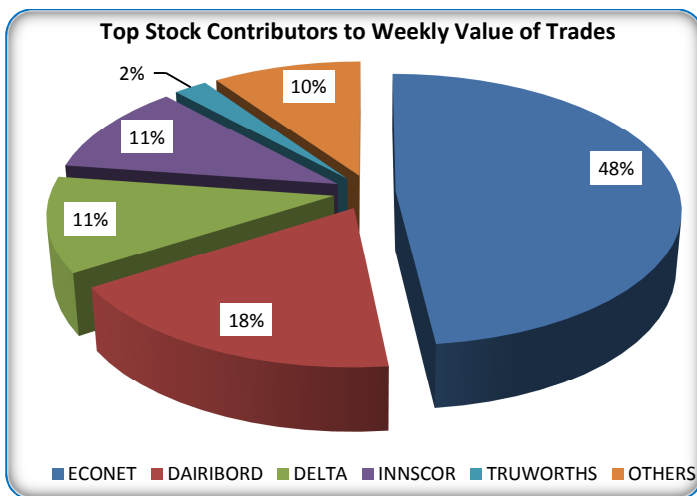
The market experienced a relatively slow trading week in which aggregate volumes to trade were -65.18% softer at 21.07m shares yielding \$5.11m in total value of trades. The turnover disaggregation by investor type was in a surprise 59% skew towards the local side on the demand side as only \$2.12m in portfolio investments were made by foreign investors representing 41% of the total trades executed in the week under review. Disinvestments for the week by foreign investors from the bourse amounted to \$2.76m being an

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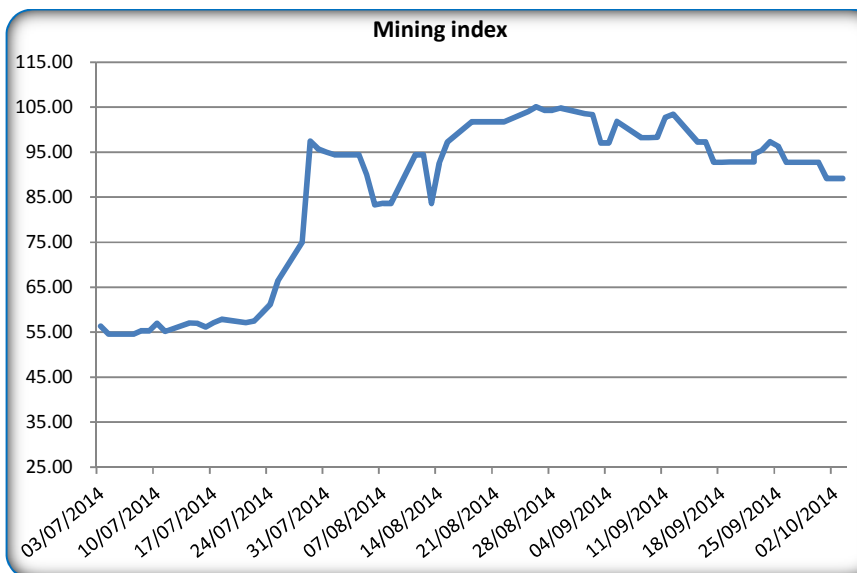
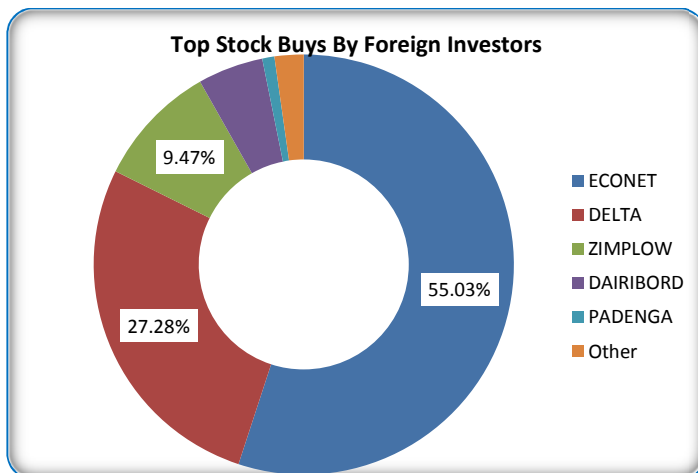
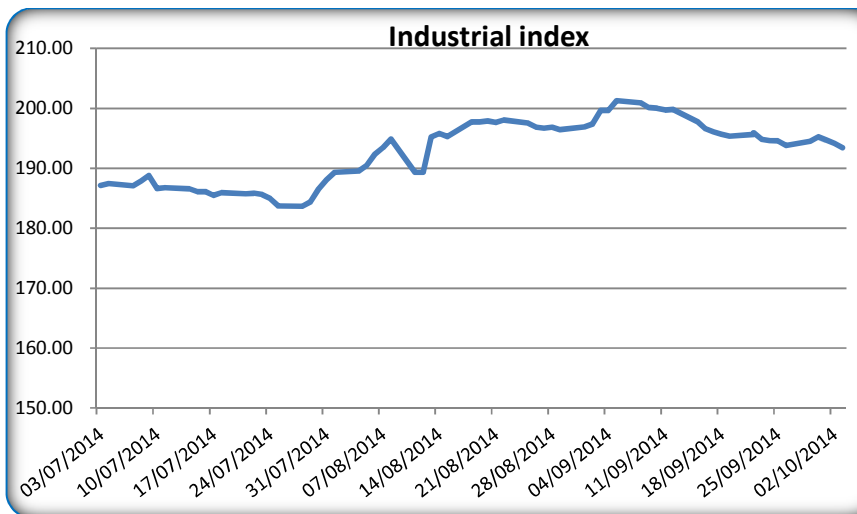
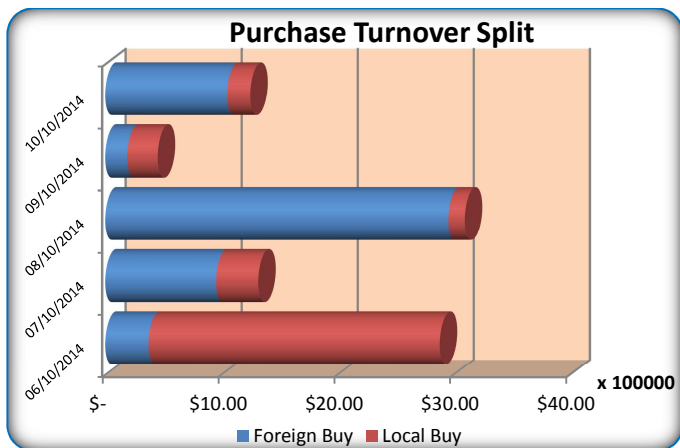
an estimated 64% of the total value drawn from the market and thus left the market in a negative balance of payments for the week. Telecoms group Econet continued to be the market favourite as an estimated 48% of the funds invested over the week under review found a home in its stocks. Dairy products manufacturers DZLH staked its claim amongst the top traded stocks for the bourse as 18% of the value traded was expended on its stock to follow. Other notable trades were to be recorded in Delta and Innscor that saw them make identical contributions to value of 11% each.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
<b>COTTCO</b>	0.70	37.25	88.33	ASTRA	4.40	29.15	12.00
<b>Willdale</b>	0.20	33.33	100.00	LAFARGE	50.00	23.07	54.55
<b>CFI</b>	2.80	12.00	22.22	ZHL	0.85	15.00	41.38
<b>F. MUTUAL</b>	5.00	11.11	37.50	STAR AFRICA	1.95	11.36	95.00
<b>ZPI</b>	1.20	9.09	7.69	TRUWORTHS	2.50	10.71	40.48

Softening market heavies continued to weigh on the performance of the market and amongst these was Econet that was in a marginal -0.13% decline to 77.9%. The dually listed financial services group Old Mutual also weighed on the market after shedding a whopping -7.14% to 260c as the group trekked the softening international price of the giant in the other global markets LSE and JSE. Top losses for the week were however seen in Astra that came off -29.15% for the week to settle at 4.40c. Cement manufacturer Lafarge that has been showing weak demand since releasing a disappointing set of interim numbers came off -23.07% for the week and closed at 50c. Insurance group ZHL that has reportedly been mulling the idea of delisting from the bourse closed the week -15% softer at 0.85c. Sugar refiners and packagers Star Africa dropped -11.36% softer at 1.95c as apparel retailers Truworths completed the top shakers for the week after shedding -10.71% to 2.5c.

There were however a few stocks that recorded gains for the week led by COTTCO that went up +37.25% for the week at 0.7c, as fellow penny stock brick makers Willdale followed after rebounding +33.3% to 0.2c. Agro industrial concern CFI was up 12% to 2.8c while insurance group First mutual was up +11.11% to 5c. property group ZPI was also on a rebound putting on +9.1% to 1.2c and completed the risers for the week.

### 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...**

### **ZSE lists small, medium players**

THE Zimbabwe Stock Exchange (ZSE) has moved a step further to create a secondary bourse for small and medium players and will take comments from stakeholders on the first draft of the listing requirements.

<https://www.newsday.co.zw/2014/10/16/zse-lists-small-medium-players/>

### **Delta Corporation's lager volume decreases**

DELTA Corporation saw its lager volume down by 29% in the second quarter ended September 30 as the depressed economic environment piled pressure on consumer spending, the beverages maker has said.

<https://www.newsday.co.zw/2014/10/14/delta-corporations-lager-volume-decreases/>

### **BNC shelves \$50mln Shangani mine restart, eyes smelter comeback**

Bindura Nickel Corporation says it will keep its Shangani Mine under care and maintenance due to high restart costs and weakening commodity prices as the group focuses on raising \$26 million to restart its base metal smelting complex and other projects, an executive said on Friday.

<http://thezimbabwemail.com/bnc-shelves-50mln-shangani-mine-restart-eyes-smelter-comeback/>

### **'Fuel hike a new problem to industry'**

THE recent increase in fuel prices will present a new challenge to local companies as they try to stimulate demand in the economy,

<https://www.newsday.co.zw/2014/10/17/fuel-hike-new-problem-industry/>

### **Econet launches vehicle tracking system**

The system, Econet Connected Car, has fleet management services, management reports, points of interest, roaming, vehicle recovery, and on-board diagnostic ports, among many others.

<https://www.newsday.co.zw/2014/10/16/econet-launches-vehicle-tracking-system/>

### **ZSE lists small, medium players**

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<https://www.newsday.co.zw/2014/10/16/zse-lists-small-medium-players/>

### **'Zim remains safe tourist destination'**

ZIMBABWE's political situation is not a challenge to the tourism industry's growth prospects as the country remains a safe destination

<https://www.newsday.co.zw/2014/10/16/zim-remains-safe-tourist-destination/>

### **Cairns to sell Charhons building**

PLANS are underway to dispose of Charhons building to any takers at an undisclosed amount to recapitalise the business

<https://www.newsday.co.zw/2014/10/15/cairns-sell-charhons-building/>

### **Company closures: Adopt crisis management mode**

THE unabated company closures in Zimbabwe can best be addressed immediately by adopting a crisis management mode

<https://www.newsday.co.zw/2014/10/15/company-closures-adopt-crisis-management-mode/>

#### **China's Sino Hydro eyes more Zim deals**

Chinese firm Sino Hydro Corporation (Sino Hydro) says it is targeting more deals in Zimbabwe after clinching two multi-million dollar energy contracts.

<http://www.dailynews.co.zw/articles/2014/10/15/china-s-sino-hydro-eyes-more-zim-deals>

#### **Engen invests \$7m in Zim**

Engen Holdings Zimbabwe Limited (Engen), which acquired Caltex and Chevron assets in the country in 2010, says it has invested over \$7 million into the business.

<http://www.dailynews.co.zw/articles/2014/10/16/engen-invests-7m-in-zim>

#### **AfrAsia boss visits Zim**

AfrAsia Bank Limited (ABL) Mauritius chief executive James Benoit was recently in Zimbabwe to “firm up” discussions on the hunt for a new managing director for AfrAsia Bank Zimbabwe (ABZ) and strategies to solve the banking unit’s solvency challenges, Business Live has established.

<http://www.dailynews.co.zw/articles/2014/10/16/afrasia-boss-visits-zim>

#### **RioZim CEO mum on 'hasty' resignation**

RioZim Limited (RioZim)’s former chief executive Ashton Ndlovu has refused to speak on his abrupt resignation from the listed mining concern.

<http://www.dailynews.co.zw/articles/2014/10/17/riozim-ceo-mum-on-hasty-resignation>

## Up Coming Events

COMPANY	EVENT	VENUE	DATE
AFDIS	AGM	Lomagundi Road, Stapleford Harare	05.11.14
NATFOODS	AGM		04.11.14
RADAR	AGM	7 <sup>th</sup> Floor, Charter House, Bulawayo	20.11.14

## 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
COTTOCO	24 <sup>th</sup> JUNE 2014	Negotiations that may have material effect on the company's stocks price

## Notes

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