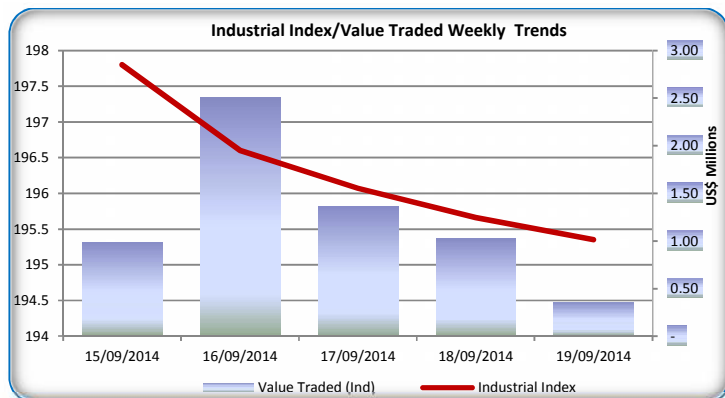
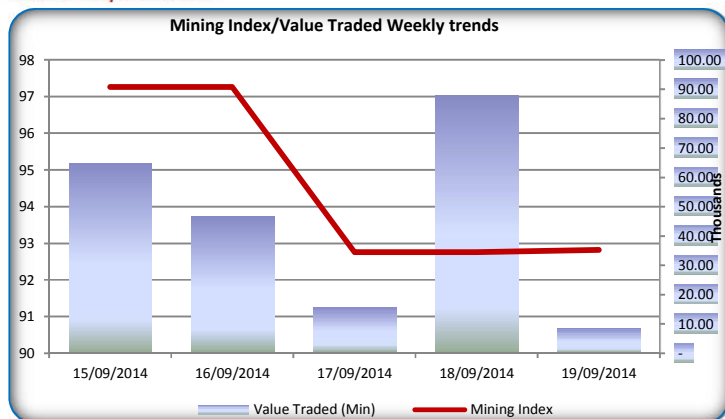


EFE Weekly Market Review 19 September 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	6.55	11.98	45.28
Volume Traded (mn)	72.75	65.59	10.92
Foreign Purchases	3.58	3.95	9.21
Foreign Sales	2.22	9.30	76.13

Source ZSE/EFE Dbase.

Market Highlights

Selling pressure weighs on the ZSE as Zim unveils more investment deals...

Fresh from the recent far-east trip where the Zimbabwe government penned several agreements in various sectors of the economy with the Chinese, the week under review witnessed more investment deals being unveiled under the auspices of the Zimbabwe-Russia joint venture largely focused on the mining sector. The highlight of these deals was the official opening of the Darwendale platinum mining project which is one of the reported cumulative \$4.8bn project between Zimbabwean entities and a consortium of Russian investors. These have been a breath of fresh air for the investment starved nation whose bad debtor reputation coupled with the policy uncertainty arising from key empowerment regulations had seen capital flight in recent years.

The ZSE's weakness entered a second week as mounting selling pressure in the market heavies weighed heavily on the indices. A sustained rally in last couple of months had seen several stocks on the bourse touch new highs, however profit taking to crystalize the returns have seen the main drivers of the aforementioned rally plummet as sellers bailed out. The ongoing reporting season has also done little to inspire confidence on the bourse as the numbers have largely been a mixed bag with the suppressed demand in the economy remaining the major challenge affecting local companies.

Index	Level	%Δ	YTD %Δ
Industrial Index	195.35	2.25	3.35
Mining Index	92.82	10.28	102.71

The Mining Index saw its fortunes wane on depressed demand in its main driver Bindura that came off -10.9% to 8.01c and with it the resources index retreated -10.28% to fall below the psychological 100pts mark and settle at 92.82pts. Similarly the Industrial Index traded softer shedding -2.25% and closing at 195.35pts as its year to date losses extended to -3.35%.

CBZ block trade propels turnover...

A subdued week of trading saw the aggregate value of trades soften -45.28% to \$6.55m and these could have been worse had it not been for the Astra

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Contacts:

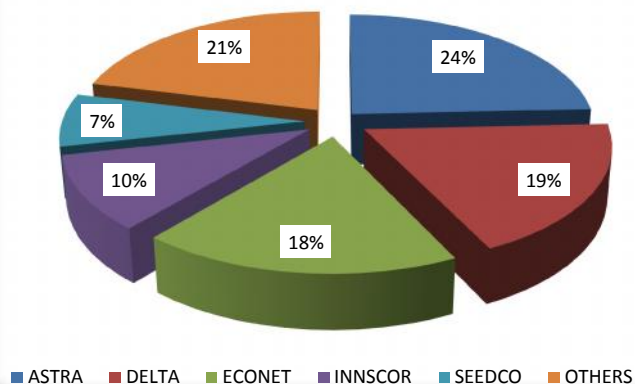
Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

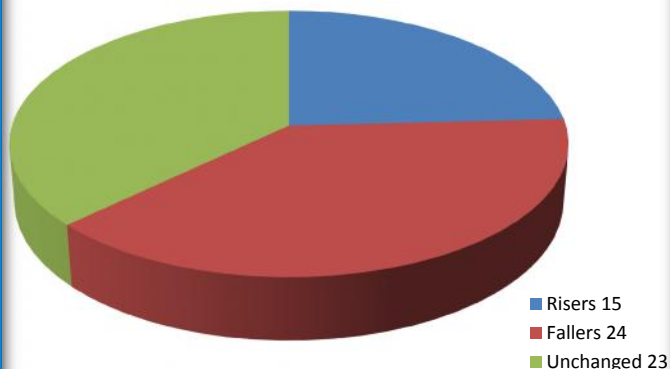
Phenias Mandaza 0772144334

Coreen Madanha 0772144333

Top Stock Contributors to Weekly Value of Trades



Market Strength



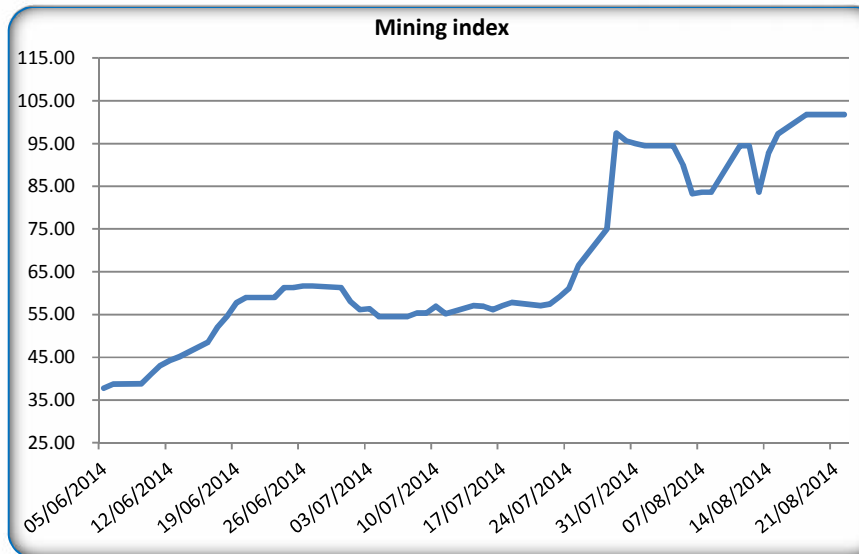
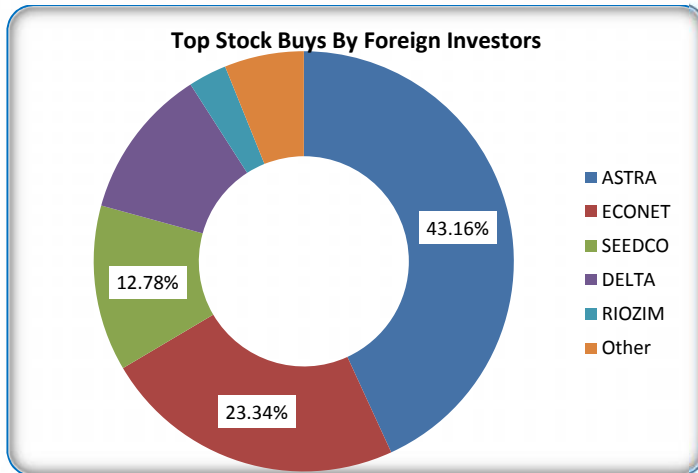
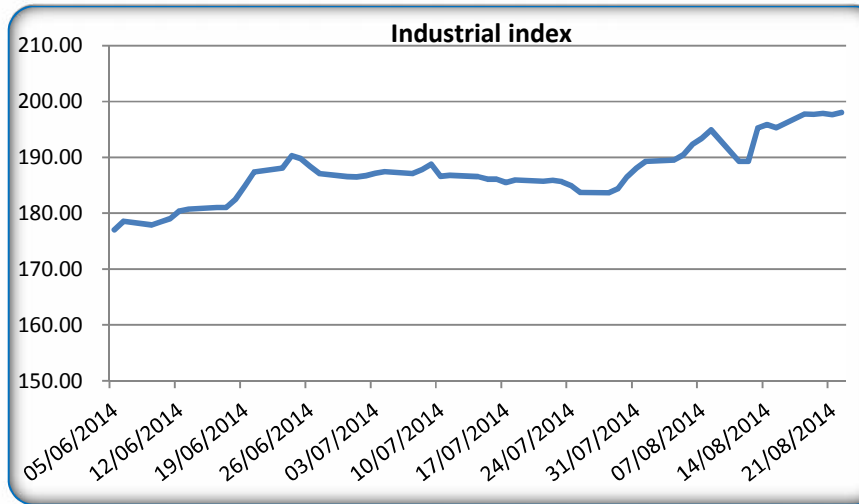
block trade executed as part of the recent offer to minorities by Kansai Plascon, resulting in the group assuming an unassailable 75% controlling interest. With the trade Astra emerged the top traded stock for the week after contributing 24% to the aggregate. Other notable trades were seen in the usual momentum stocks Delta, Econet and Innscor making respective contributions of 19%, 18% and 10%. Foreign portfolio investments continued to be in the dominant position after inflows came in at \$3.6m representing 55% of the total value exchanged in the week. Foreign funds called from the market were however lower at \$2.2m as the market established a net funds inflow position.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
ARISTON	0.85	70.00	15.00	LAFARGE	50.00	25.37	54.55
PELHAMS	0.03	50.00	70.00	WILLDALE	0.15	25.00	50.00
ZPI	1.20	20.00	7.69	ARTZDR	0.50	16.67	150.00
CFI	2.80	16.67	22.22	RIOZIM	20.00	12.28	39.39
MASIMBA	2.30	15.00	64.62	STAR AFRI	2.20	12.00	120.00

Cement manufacturers Lafarge led the weekly fallers after shedding -25.37% for the week to 50c as investors reacted adversely to its unpleasant interim numbers to June 2014 in which it reported a loss of \$1.3m. Brick makers Willdale followed after losing a quarter of its value to trade at 0.15c. ARTZDR and Star Africa were the other notable shakers dropping -16.7% and -12% respectively and traded at 0.5c and 2.2c. RIO ZIM was 12.28% lower at 20c as the group announced that it is planning to do a rights issue to raise funds to resuscitate operation and Cam and Motor Mine. Heavy caps to trade softer included telecoms group Econet that completed a seven session losing streak that took its price to 77c while the cumulative weekly loss was -7.23%. Agro industrial concern Hippo came off -6.67% to 70c while beverages maker delta shaved off -3% to 129c in the wake of a price cut in their lager lines in a move to curtail the volumes decline.

There were however brighter spots on the bourse with the pick of the cherry being food processing giant Natfoods that continued to ride on its recent impressive full year results to extend its gains this week by +12.73% as the group touched a new all-time high of 310c. Top gains were however seen in Ariston +70%, and Pelhams +50%.

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...

RBZ debt takeover faces resistance

the proposed takeover of the Reserve Bank of Zimbabwe debt faces stiff resistance as members of the public, bankers and the business community called for a thorough audit of the debt following revelations that the Government is not aware how part of the debt accrued and how some of the money raided from several accounts was used.

<http://www.herald.co.zw/rbz-debt-takeover-faces-resistance/>

ZPI revenue down 17pc

ZIMRE Property Investments performance in the six months to June saw revenue decline 17 percent after a drop in rental income and a fall in projects sales.

<http://www.herald.co.zw/zpi-revenue-down-17pc/>

Rio Tinto plan to resuscitate Cam and Motor mine

RioZim Limited will approach shareholders for equity funding to resuscitate mining at its Cam and Motor Mine project.

<http://www.herald.co.zw/rio-tinto-plan-to-resuscitate-cam-and-motor-mine/>

Unpacking Colcom's success story

What a depressing reporting season it has been so far following a series of poor financial results by most companies. Given the challenges in the economy, various companies have fared poorly and there is a visible struggle for survival.

<http://www.herald.co.zw/unpacking-colcoms-success-story/>

Delta announces reduction in beer prices

Delta Beverages has announced a review of beer prices across the whole portfolio except on pints. The new prices came into effect on September 15, 2014 and have already been communicated to their customers.

<http://www.herald.co.zw/delta-announces-reduction-in-beer-prices/>

Kansai ups stake in Astra

Kansai Plascon Africa Limited and Hemistar Investments (Pvt) Ltd have taken up more than 80 percent stake in Astra Industries after a mandatory offer was made to minority shareholders in August this year

<http://www.herald.co.zw/kansai-ups-stake-in-astra/>

Edgars records decline in after-tax profit

EDGARS Stores Limited has recorded a decline in after-tax profit to \$1,045 million for the 26 weeks ended July 5 2014 as compared to \$1,097 million due to rising expenses.

<https://www.newsday.co.zw/2014/09/19/edgars-records-decline-tax-profit/>

National Foods posts solid results

NATIONAL Foods posted a solid set of results for the year ended 30 June 2014 on the back of an increase in volumes sold during the period under review.

<https://www.newsday.co.zw/2014/09/18/national-foods-posts-solid-results/>

Zim, Chinese ink \$4bn energy deal

Energy secretary Partson Mbiriri has signed a memorandum of understanding with a Shanghai Electric (Shanghai)-led group for electricity generating projects countrywide. This comes as Zimbabwe grapples with an acute power shortage and the consortium has unveiled plans for the construction of a \$4 billion coal-fired plant in north western Zimbabwe...

<http://www.dailynews.co.zw/articles/2014/09/19/zim-chinese-ink-4bn-energy-deal>

Zim to seize unused mines

Zimbabwe plans to seize unused mines and hand them to productive local and international miners, the country's Mines minister Walter Chidhakwa said. He said government would repossess the non-productive miners' claims...

<http://www.dailynews.co.zw/articles/2014/09/18/zim-to-seize-unused-mines>

Zim eyes \$416m funding

Zimbabwe expects to receive \$416 million from bilateral partners and multi-lateral institutions by year end, Finance minister Patrick Chinamasa said. He said the funds would be channelled towards bankrolling various economic activities outside the national budget framework...

<http://www.dailynews.co.zw/articles/2014/09/18/zim-eyes-416m-funding>

FMHL loses \$1,8m to defunct banks

Zimbabwe Stock Exchange-listed financial group, First Mutual Holdings Limited (FMHL), has lost \$1,8 million to collapsed banks...

<http://www.dailynews.co.zw/articles/2014/09/17/fmhl-loses-1-8m-to-defunct-banks>

Bad debt reputation hounds Zim

International lenders are reluctant to advance Zimbabwe credit lines because the country is heavily indebted and does not have capacity to repay, Finance minister Patrick Chinamasa has said...

<http://www.dailynews.co.zw/articles/2014/09/17/bad-debt-reputation-hounds-zim>

Colcom refutes Angola plans

Food processor, Colcom Foods Holdings (Colcom) has denied plans to venture into Angola in the near future. Colcom chief executive, Theo Kumalo, said the Inncor Africa's unit was always open to new business prospects but was not setting up shop in the oil-rich southern African country any time soon...

<http://www.dailynews.co.zw/articles/2014/09/16/colcom-refutes-angola-plans>

Up Coming Events

NMBZ	AGM	4th Floor, Unity Court, Corner 1st Street/ Kwame Nkrumah Avenue	22 Sept 2014	1000AM
Hippo	AGM	Meikles Hotel, Harare	22 Sept 2014	1200PM
Pioneer	EGM	1 Hood Road, Corner Hood/Hermes Road, Southerton	23 Sept 2014	1000AM
FBCH	EGM	Main Longue, Royal Harare Golf Club	26 Sept 2014	1230PM
Star Africa	AGM	Head Office, 45 Douglas Road, Workington	29 Sept 2014	1130AM

CAUTIONARIES

ISSUE DATE

AFRICAN SUN	6 th Dec 2013	Discussions on mandatory offer to minorities by Lengrah Investments
PGI	4 th Dec 2013	Negotiations that may have material effect on the future of the company
DAWN PROPERTIES	23 rd Mar 2014	Negotiations are underway over disposal of one of its hotel properties
WILLDALE	6 th May 2014	To approve rights issue
NICOZ & ZHL	11 TH Apr 2014	Negotiations over disposal and acquisitions respectively, of a business

Notes

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