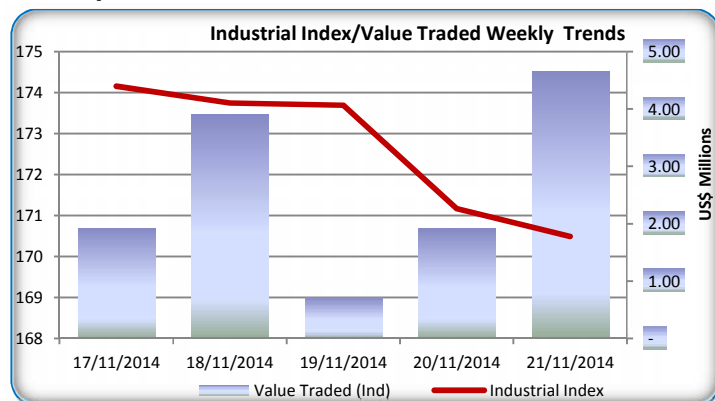
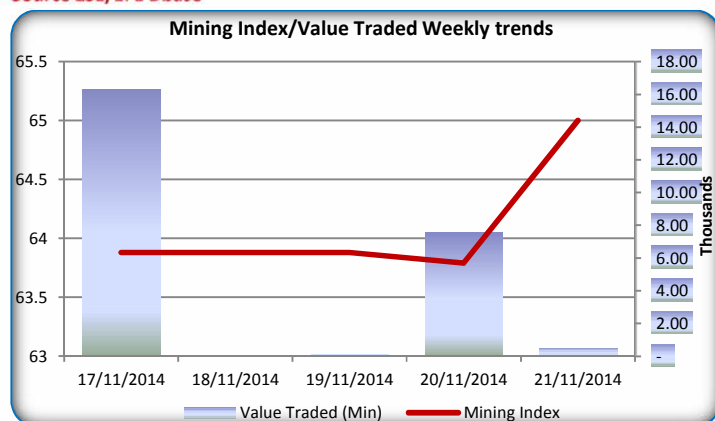


EFE Weekly Market Review 21 November 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	%Δ
Value Traded (\$mn)	13.24	6.12	116.44
Volume Traded (mn)	41.22	26.82	53.67
Foreign Purchases	9.20	4.78	92.35
Foreign Sales	4.93	5.04	2.14

Source ZSE/EFE Dbase.

ZSE downturn persists as lower trade statistics emerge ...

Latest Zimbabwe trade statistics by Zimstat indicated a narrowing trade deficit for the seven months to July 2014 which came off to \$2.036bn against \$2.65bn in the same period last year. Both Imports and exports dipped as declining disposable incomes dampened the former while the latter suffered from the declining competitiveness of local industry on the back of multifaceted challenges including undercapitalisation and capacity constraints hampering optimisation of operations and profitability. Imports for the seven months period amounted to \$3.53billion down 21.38% from \$4.49billion last year while Exports were at \$1.49 billion from \$1.83 billion last year.

These damning statistics added to the already not so promising economic outlook and increased political uncertainty to see the market extend its weekly losing streak into its eleventh week. The market has failed to post a gain since the week ending 05 September 2014 when it sat at 201.28pts and has since shed off a cumulative -15.3% to its current position 170.49pts. The unprecedented drop has been precipitated by an unrelenting economic downturn that has been exacerbated by the policy makers' failure to come up with a plan to lure the much needed injections into the economy in the form of foreign direct investment.

Index	Level	%Δ	YTD %Δ
Industrial Index	170.49	2.07	15.65
Mining Index	65.00	1.75	41.95

For the week the Industrial Index came off -2.07% to 170.49pts, its lowest point in seven months, as the centre failed to hold for market heavies that have been under incessant selling pressure. The Mining Index on the other hand traded northwards firming +1.75% to 65pts on gains in coal miners Hwange.

Activity improves ...

It was a much improved trading week in which values surged 116.44% to \$13.24m anchored by a block trade in ABCH of a volume of circa 4.7m worth \$3.8m as Atlas Mara finalises its acquisition of BancABC.

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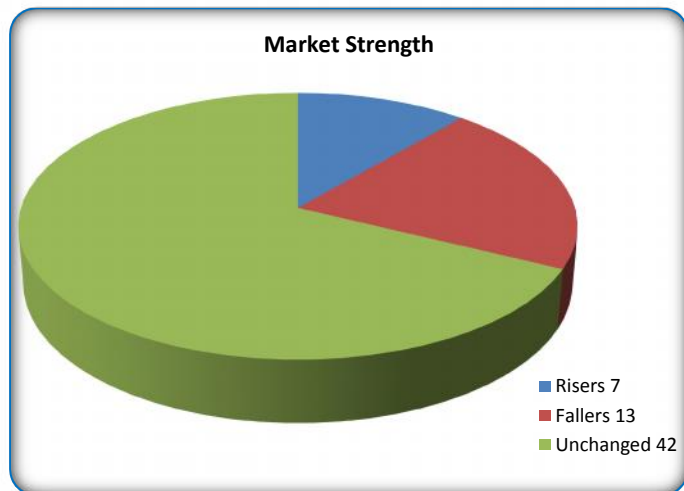
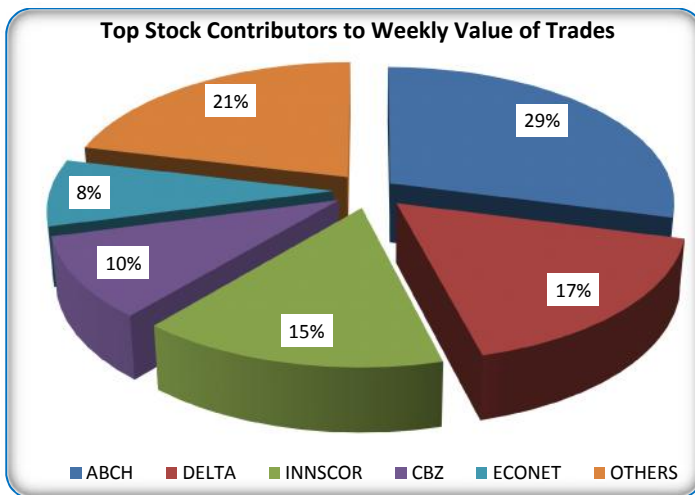
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Volumes spun on the market were up 53.7% at 41.22m with fairly evenly distributed contributions coming from both heavy cap and mid-tier stocks. Foreigners buying into the dips drove the bulk of the liquidity on the market with the spend coming in at \$9.2m representing 69% of the value expended on the market this week. Portfolio disposals by foreign investors was the only aggregate to trade softer after shedding a marginal -2.14% to \$4.93m entrenching the market. ABCH's block trade saw the group top value contributors at 29% while other notable value drivers were Delta (17%), Innscor (15%) and CBZH (10%).

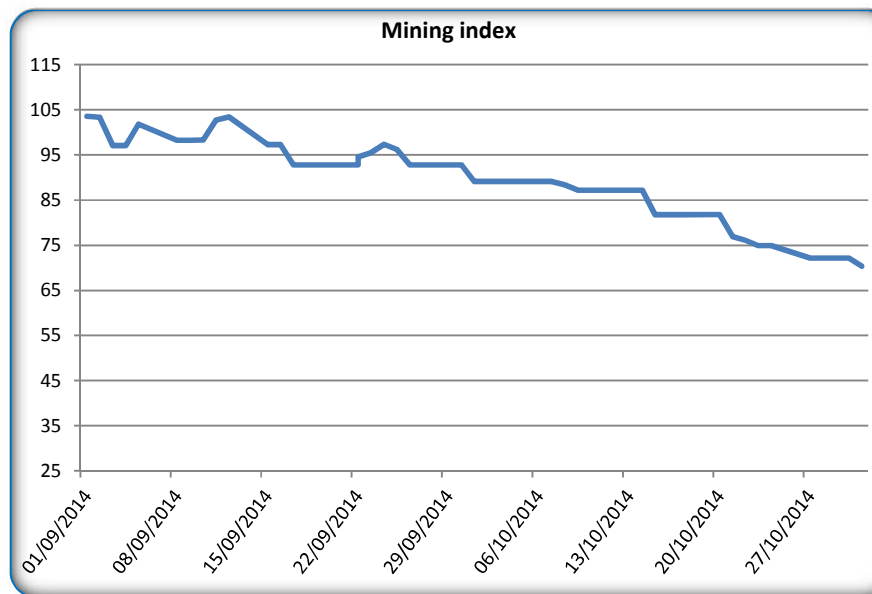
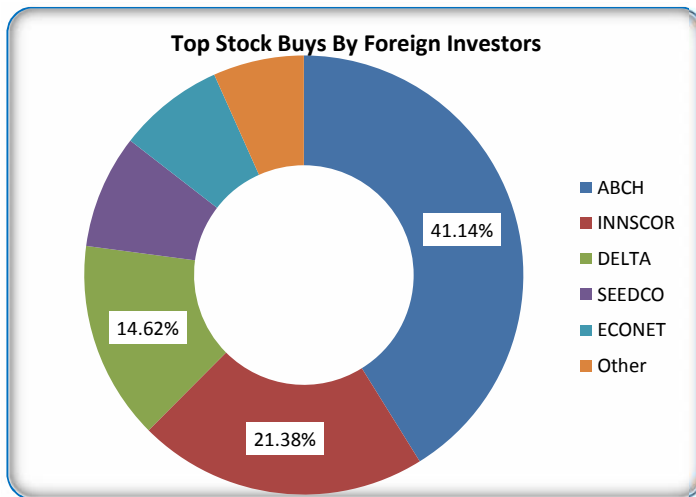
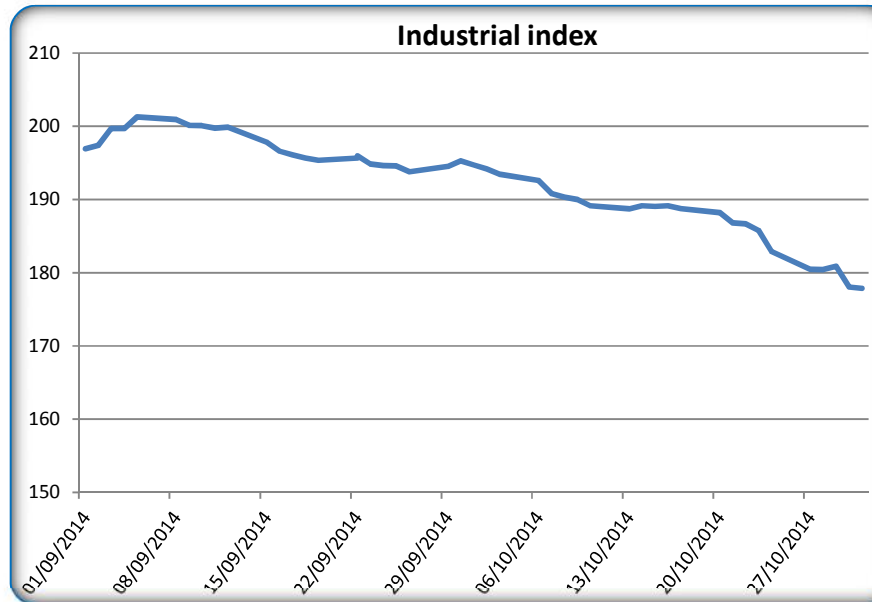
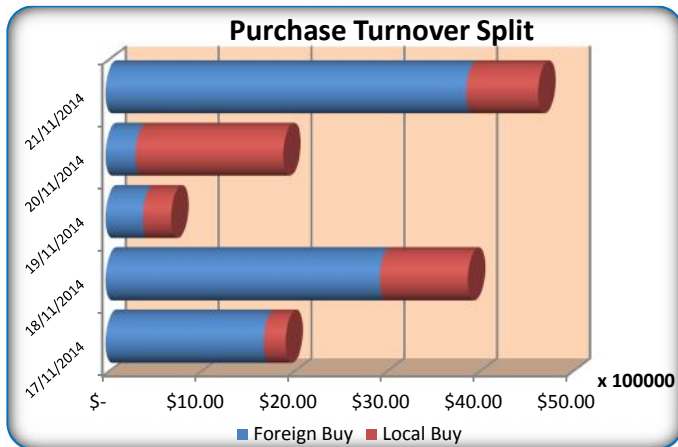
Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
PADENGA	10.00	23.46	25.00	PIONEER	2.00	33.33	33.33
HWANGE	7.99	14.14	11.22	FBCH	8.00	33.33	40.74
AFDIS	38.00	5.56	26.67	RTG	1.20	25.00	25.00
CAFCA	40.00	5.26	42.86	HIPPO	57.00	12.31	36.68
MEIKLES	15.50	3.33	18.42	OK	14.60	8.75	27.00

Market heavies weighed on the weekly performance as bears continued to dominate in the market. The market's top capitalised stocks Delta and Econet were amongst those to weigh down the market. Econet was in a marginal 0.14% retreat to 68.9c while Delta fell from its recent resistance level of 113c to 110c as post results selling pressure weighed in. Regional cement manufacturers PPC which is in the storm of shareholder and board wrangles also weighed on the market after dipping -4.34% to 220c.

The losses were however led by transport and logistics group Pioneer that shaved off a third of its value to trade at 2c albeit on thin volumes. Banking group FBCH lost a similar margin of 33% to 8c on subdued demand. Following were RTG and Hippo that softened -25% and -12.31% to settle at 1.2c and 57c respectively, Completing the top shakers was retail group OKZIM that was in a post results -8.75% selloff to 14.6c.

Crocodile skin producers Padenga emerged the week's top performer after rallying -23.46% to 10c while coal miners Hwange were up +14.14% at 7.99c to follow. Spirits producers Afdis continued to bask in the light of the decent financials and reported completed investment in new plant to add +5.26% and settle at 38c. Cafca and Meikles completed the top gainers for the week after gains of 5.26% and +3.33% to close at 40c and 15.5c respectively.

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...

Zim establishes tourism assets company

THE Zimbabwean government is close to concluding formation of a wholly owned state company that will take over strategic assets, especially land, in key tourism zones, Tourism Minister Mzembi says...

<http://www.theindependent.co.zw/2014/11/21/zim-establishes-tourism-assets-company/>

RBZ focuses on rescuing struggling banks

THE Reserve Bank of Zimbabwe (RBZ) is working on modalities to resuscitate insolvent banks within the period of one year , the central bank governor has said...

<http://www.theindependent.co.zw/2014/11/21/rbz-focuses-rescuing-struggling-banks/>

Economic woes hit Delta

ZIMBABWE'S largest beverage manufacturer, Delta Corporation (Delta) has reported a 5,6% slump in earnings to US\$45 million for the half-year to September 30...

<http://www.theindependent.co.zw/2014/11/17/economic-woes-hit-delta/>

Waive charges, Mangudya tells struggling banks

Struggling banks must stop charging fees on depositors who are failing to access their funds, the Reserve Bank of Zimbabwe (RBZ) governor John Mangudya has said. He said the institutions should not charge "for services not rendered" ...

<http://www.dailynews.co.zw/articles/2014/11/21/waive-charges-mangudya-tells-struggling-banks>

PPC secures \$75m for Zim project

South Africa-based Pretoria Portland Cement Limited (PPC) has secured \$75 million from the PTA Bank to finance the construction of a 700 000 tonnes per annum cement mill in Harare. PPC Zimbabwe is currently operating at 70 percent capacity, producing around one million tonnes of cement annually.

<http://www.dailynews.co.zw/articles/2014/11/21/ppc-secures-75m-for-zim-project>

Zimplats, govt yet to agree on indigenisation

Zimbabwe's largest platinum producer Zimplats says it has not yet reached a conclusive agreement with government over its indigenisation compliance plan...

<http://www.dailynews.co.zw/articles/2014/11/21/zimplats-govt-yet-to-agree-on-indigenisation>

Munyeza clinches Ocean Basket franchise

Businessman Shingi Munyeza — through his investment vehicle Vinale Investments (Vinale) — has clinched a franchise for South African seafood restaurants chain Ocean Basket...

<http://www.dailynews.co.zw/articles/2014/11/20/munyeza-clinches-ocean-basket-franchise>

RBZ appoints Zamco board

The Reserve Bank of Zimbabwe (RBZ) has appointed a board for the Zimbabwe Asset Management Company (Zamco) chaired by veteran stock broker, Bart Mswaka...

<http://www.dailynews.co.zw/articles/2014/11/20/rbz-appoints-zamco-board>

RTGS transactions up 14pc

Zimbabwe's total value of Real Time Gross Settlement (RTGS) processed in September surged by 14 percent to \$4 billion up from \$3,5 billion in August 2014, statistics from the central bank show...

<http://www.dailynews.co.zw/articles/2014/11/20/rtgs-transactions-up-14pc>

2015 budget set for Nov 27

Finance minister Patrick Chinamasa says he will present the 2015 National Budget in the next fortnight. While responding to a question pertaining to contradicting government projections on Zimbabwe's mining sector growth, he said "wait for the budget, it's only on 27 November."

<http://www.dailynews.co.zw/articles/2014/11/17/2015-budget-set-for-nov-27>

Pension funds seek tax exemptions in 2015 Budget

Local pension funds are seeking an exemption on capital injected by companies to boost the balance sheets of the funds until the economy fully recovers...

<https://www.newsday.co.zw/2014/11/21/pension-funds-seek-tax-exemptions-2015-budget/>

Atlas Mara, BancABC engage consultants over loan defaults

ATLAS Mara and BancABC have engaged external consultants to review the credit process amid rising defaults rates at the pan-African banking group...

<https://www.newsday.co.zw/2014/11/21/atlas-mara-bancabc-engage-consultants-loan-defaults/>

Zim employment goals regress

ZIMBABWE is regressing in achieving the goals of employment due to de-industrialisation and the informalisation of the economy...

<https://www.newsday.co.zw/2014/11/19/zim-employment-goals-regress/>

SECZ deregisters 2 asset managers

The Securities and Exchange Commission of Zimbabwe (SECZ) has deregistered two asset management firms and issued a new directive...

<https://www.newsday.co.zw/2014/11/19/secz-deregisters-2-asset-managers/>

Up Coming Events

COMPANY	EVENT	VENUE	DATE	
RADAR	AGM	7 th Floor, Charter House, Bulawayo	20.11.14	1000HRS
INNSCOR	AGM	Royal Harare Golf Club	21.11.14	0845HRS
TRUWORTHS	AGM	Prospect Park, Seke Road Harare	27.11.14	0900HRS
PPC	AGM	Michalangelo Hotel, Sandton, SA	08.12.14	1000HRS

CAUTIONARIES

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

Notes

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