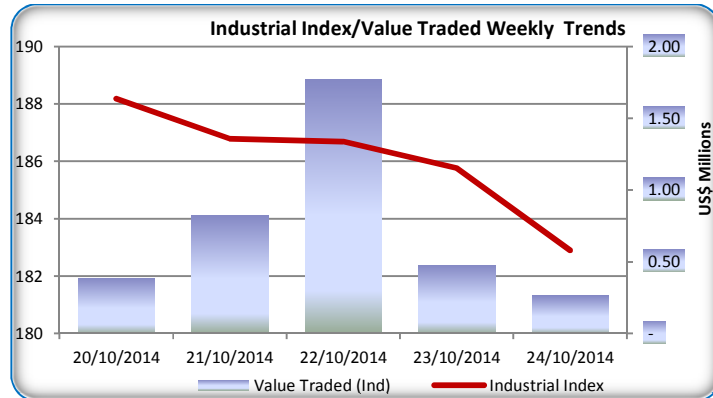
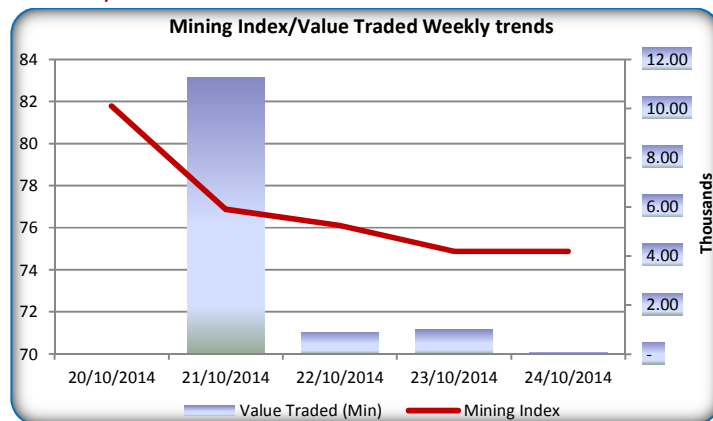


EFE Weekly Market Review 20 October 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	3.72	5.11	27.18
Volume Traded (mn)	12.29	21.07	41.68
Foreign Purchases	1.81	2.12	14.46
Foreign Sales	1.92	2.76	30.38

Source ZSE/EFE Dbase.

ZSE slides as politics returns to the lime light ...

An overly bearish sentiment pervaded the ZSE in the week under review as political developments in the ruling Zanu PF party returned to the fore with the divisive succession issue taking centre stage. While focus has heavily been drawn to the political developments, government's attention has seemingly been diverted from policy issues to address the current economic malaise as whole ministers went across the breadth of the country in tow of political rallies.

Meanwhile the wheels came off on the market free fall after the ZSE's number two top stock Econet released a rather mixed set of financials for the interim period to August 2014. Revenues were surprisingly up 4.2% despite the biting economy wide depressed demand and liquidity challenges while cost management proved a handful for the group as EBITDA margins fell down from 45% in the comparative period to 40%. The resultant lower returns saw the telecoms drag the main stream Industrial Index down -3.11% to 182.90pts.

Index	Level	%Δ	YTD %Δ
Industrial Index	182.90	3.11	9.51
Mining Index	74.88	8.41	63.53

The resources were similarly trading softer shedding -8.41% for the week to 74.88pts while narrowing the year to date returns to just 63.53%. The loss was weighed down by a falling Bindura and weakening RIOZIM.

Market aggregates lower as activity slows down...

Activity was slower over the week as depicted in the -27.18% weakening in the value of trades to \$3.72m arising from trading in 12.29m shares which were -41.68% softer than the prior week outturn. Similarly foreign spend was lower for the week shedding -14.5% to \$1.81m being 49% of the aggregate demand while foreign portfolio disposals amounted to \$1.91m being a

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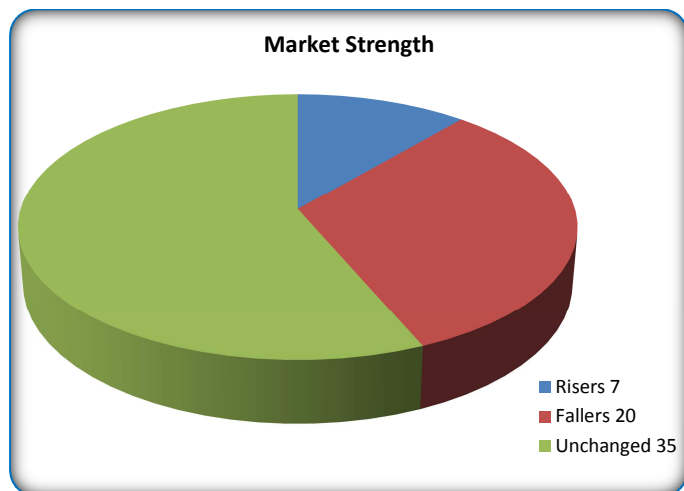
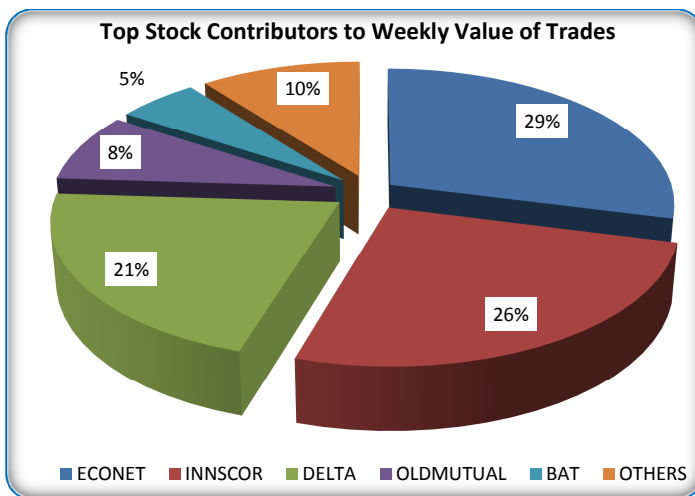
Contacts:

Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

Phenias Mandaza 0772144334

Coreen Madanha 0772144333



decline of -30.4% from the outturn from the previous week. Resultantly the market closed with a net funds outflow position for the week. Econet, Innscor and Delta emerged as the most liquid stocks on the market for the week contributions to total turnover for the week of 29%, 26% and 21% respectively. Similarly the three momentum stocks in the market were the favourites amongst the foreign investors in the same order.

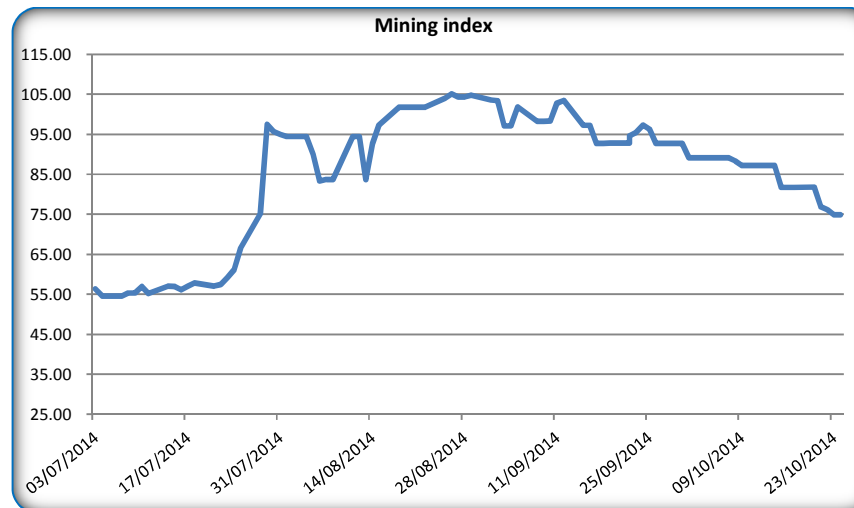
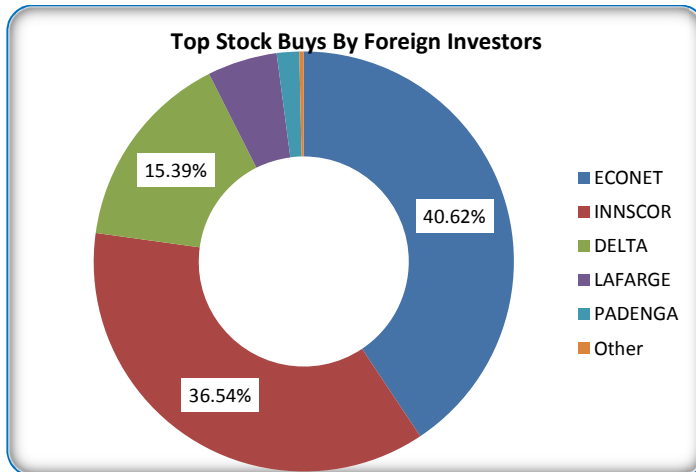
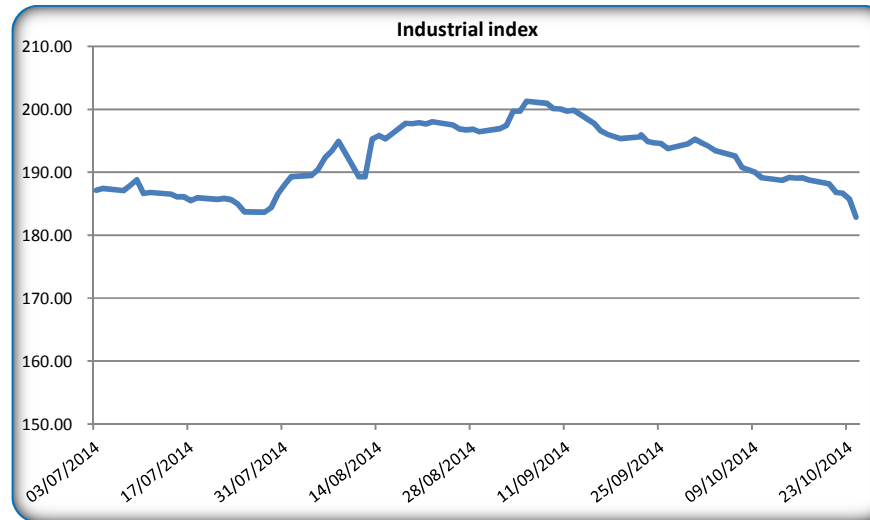
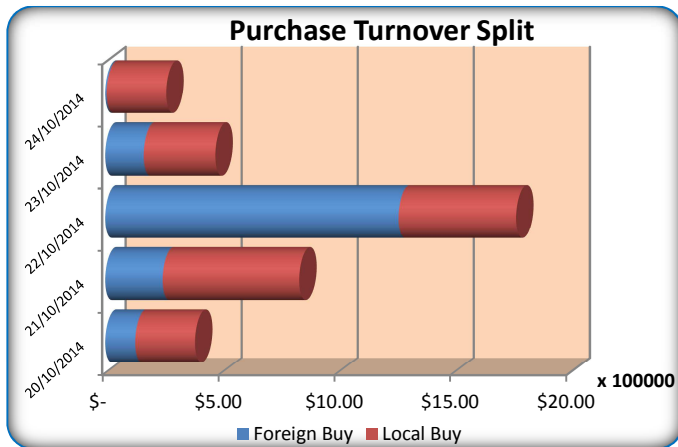
Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
RADAR	3.00	20.00	62.50	ZPI	1.00	16.67	23.08
ARISTON	0.70	16.67	30.00	TURNAL	1.28	14.67	74.40
COLCOM	27.00	8.00	22.73	DAIRIBORD	9.00	10.00	40.00
TSL	25.50	6.25	32.89	NTS	2.30	8.00	8.00
MASIMBA	2.60	4.00	60.00	ECONET	72.00	7.57	20.00

Market heavies continued to lose traction led by the aforementioned telecoms group Econet that shed 7.57% for the week and settled at 72c while cigarette manufacturers BAT fell -6.94% to settle at 1300c. Related companies National Foods and Innscor were in losses of -6.67% and -5.8% to settle at respective prices of 280c and 65c. Global financial services group Old Mutual weakened -1.92% to close the week at 255c while beverages giant Delta shed -1.6% to 123c.

The weekly losses were however led by property concern ZPI that shed -16.67% to 1c while construction allied group Turnall shed -14.67% to 1.28c. Dairibord continued to lose traction shedding -10% to 9c while tyre retail group NTS followed with a -8% retreat to 2.3c.

Of the seven risers for the week Radar led after a 20% rally to 3c while agro based group Ariston came off -16.67% to settle at 0.7c. Meat processing group Colcom maintained its decent rising momentum adding +8% to 27c. TSL that recently got a high court acquittal on transactions involving land were up 6.25% by end of the week at 25.5c as construction group Masimba completed the top gainers for the week after a 4% uplift to 2.6c.

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...

IMF projects sub-Saharan Africa growth rate acceleration

THE International Monetary Fund (IMF) projects economic growth for sub-Saharan Africa to accelerate in 2015 to 5,8% compared to 5% in 2013-14

<https://www.newsday.co.zw/2014/10/24/imf-projects-sub-sahara-africa-growth-rate-acceleration/>

Commodity prices decline to affect Zim growth rates

THE decline in commodity prices is set to affect Zimbabwe's growth rates, an economist said yesterday...

<https://www.newsday.co.zw/2014/10/24/commodity-prices-decline-affect-zim-growth-rates/>

Econet upgrades contact centre

ECONET Wireless Zimbabwe has spent \$2,5 million for the upgrading of a new contact centre which has increased capacity to over 400%.

<https://www.newsday.co.zw/2014/10/23/econet-upgrades-contact-centre/>

ZB gets nod to float \$10m agro bills

ZB Financial Holdings has been given the nod to raise \$10 million to finance the agricultural sector...

Zim finalises IMF programme

Zimbabwe has embarked on a third and final phase of the International Monetary Fund (IMF)'s Staff Monitored Programme (SMP).

<http://www.dailynews.co.zw/articles/2014/10/24/zim-finalises-imf-programme>

Hunyani, Nampak deal awaits CTC approval

The Competition and Tariff Commission (CTC) says it will approve the Hunyani Holdings Limited (Hunyani) takeover by South Africa- based Nampak Holdings (Nampak) within the next two weeks...

<http://www.dailynews.co.zw/articles/2014/10/24/hunyani-nampak-deal-awaits-ctc-approval>

Mwana begins \$26m smelter revamp

London-listed resources firm Mwana Africa Plc (Mwana) has begun processes to restart its smelter at Zimbabwean subsidiary, Bindura Nickel Corporation. The group invested \$26,5 million in the refurbishment of the smelter...

<http://www.dailynews.co.zw/articles/2014/10/21/mwana-begins-26m-smelter-revamp>

Meikles not keen on banking

Listed retail and hospitality group Meikles Limited (Meikles) says it has no plans to venture into the banking industry again...

<http://www.dailynews.co.zw/articles/2014/10/20/meikles-not-keen-on-banking>

RBZ reviews Meikles TBs

The Reserve Bank of Zimbabwe (RBZ) has reviewed terms and conditions of the \$49,6 million Treasury Bills (TBs) issued to Meikles Limited (Meikles) to make them attractive on the market. The TBs had been issued to settle a \$90,8 million debt owed to Meikles since 1998.

<http://www.dailynews.co.zw/articles/2014/10/18/rbz-reviews-meikles-tbs>

Up Coming Events

COMPANY	EVENT	VENUE	DATE
Natfoods	AGM	Head Officer, Gloria House, 10 Stirling Road, Heavy Industrial Sites	04.11.14
AFDIS	AGM	LOMANGUNDI ROAD, STAPLEFORD HARARE	05.11.14
Radar	AGM	Boardroom, Radar Corporate Services , 7th Floor	20.11.14

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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