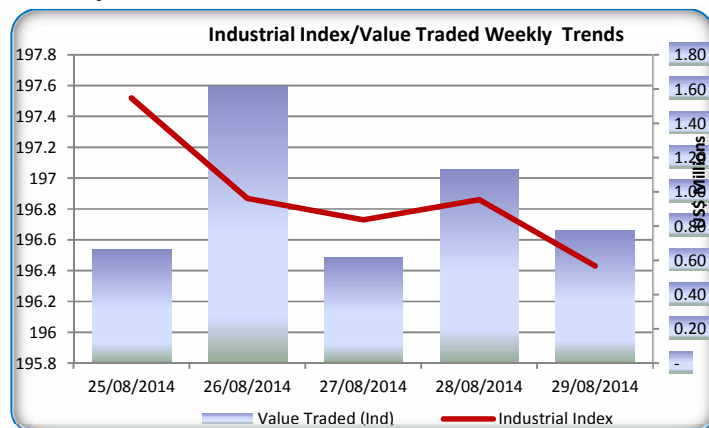
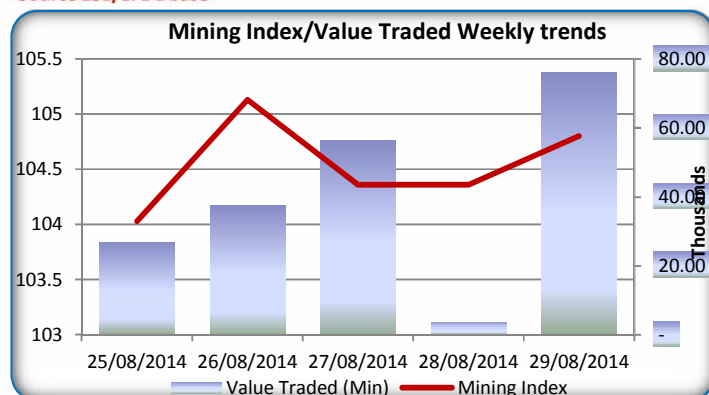


## EFE Weekly Market Review 29 August 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	5.10	46.71	89.09
Volume Traded (mn)	38.53	165.14	76.67
Foreign Purchases	2.79	43.25	93.55
Foreign Sales	1.76	4.52	60.99

Source ZSE/EFE Dbase.

### Market Highlights

#### Reporting season deflates ZSE buoyancy...

The reporting season gathered momentum in the week under review and with it broke the ZSE's recent buoyant atmosphere as manufacturing companies continue to find the operating environment unpalatable. With capacity utilisation in the manufacturing industry forecast to fall to 30% on the back of the recapitalisation challenges and subdued demand in the economy local manufacturers have found the going tough while cheaper imports have been voraciously eating into their market share with increasing tenacity. The much hyped state visit to China by Zimbabwean president with reports of signing of several agreements could not suffice to spur the market to gains as scepticism reigned supreme on the back of absence of finer details as regards the brokered deals.

Index	Level	%Δ	YTD %Δ
Industrial Index	196.43	0.81	2.82
Mining Index	104.80	2.97	128.87

In the midst of all this a mixed perception pervaded the market for the greater part of the week with demand patterns exhibiting cherry picking tendencies skewed towards the usual momentum stocks on the bourse that remained firm to mitigate market losses. Industrials thus dipped -0.81% for the week and extended year to date losses to -2.82%. Minings on the other hand traded in the counter direction adding +2.97% to close at 104.80pts and thus extended its already impressive year to date returns to 128.87%

#### Financials dislodge ZSE momentum stocks to drive value...

The weekly value of trades aggregates saw a changed line up as financial services stocks dislodged the usual value drivers with CBZ and ABCH merged the most liquid stocks for the week after turnover contribution estimates for the two came in at 20% and 18% respectively. Total turnover however fared lower than the prior week

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### Contacts:

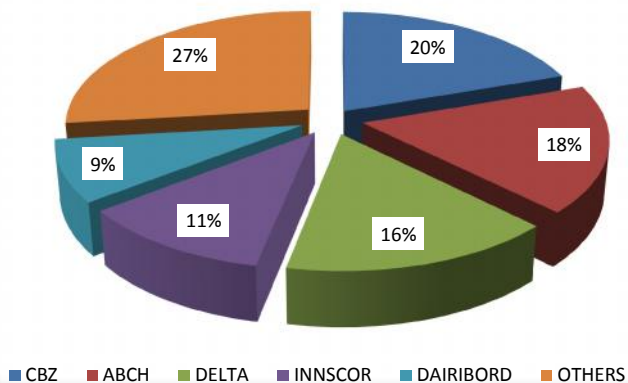
Edgeton Tsanga 0772277153

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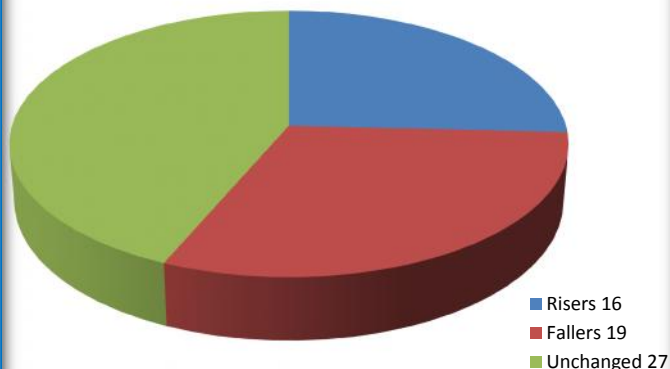
Phenias Mandaza 0772144334

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**Top Stock Contributors to Weekly Value of Trades**



**Market Strength**

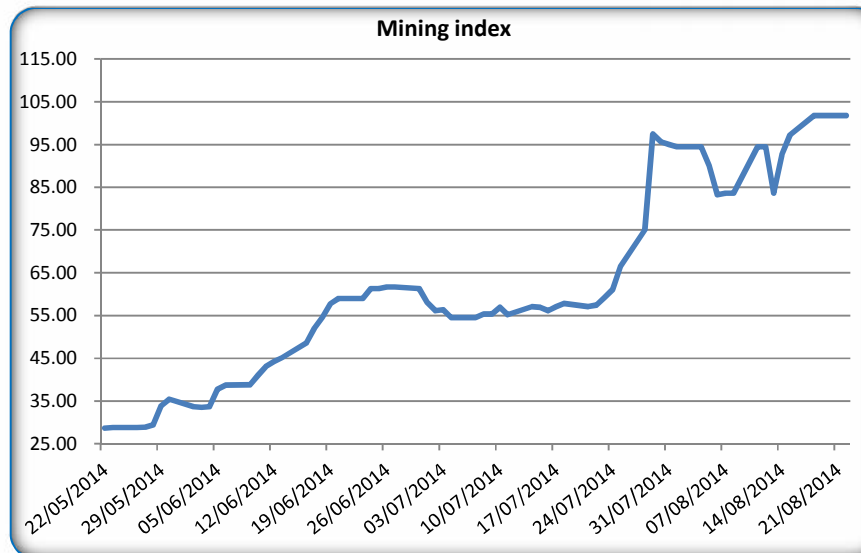
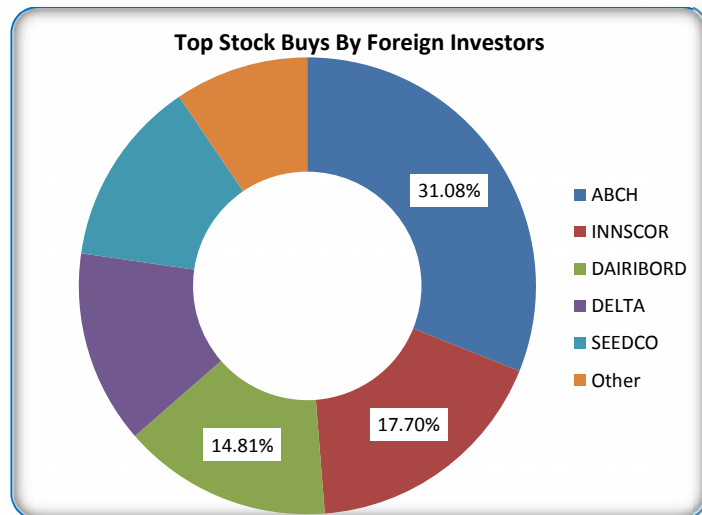


shedding 89% and closing at \$5.1m largely arising from the block trade in ABCH done in the prior week in partial fulfilment of the transactions to take over ADC and ABCH by ATLAS MARA. Similarly volumes were 76.7% softer at 38.53m shares on the back of demand being skewed towards higher value stocks. Foreign flows slumped back to their usual averages again after excluding the block trade on ABCH in the prior week, for the week purchases by foreigners amounted to \$2.8m implying a -93.55% decline. Foreign portfolio divestments also came off for the week falling -60.99% and closing the week at \$1.76m as the ZSE successfully maintained a successive weekly net funds inflow position.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
HUNYANI	5.00	25.00	150.00	MASIMBA	1.50	57.14	76.92
ARISTON	0.70	16.67	30.00	TURNAL	3.00	25.00	40.00
HWANGE	7.00	14.75	22.22	G/BELTINGS	0.03	25.00	62.50
AFRI SUN	2.30	9.52	14.81	CAFCA	27.00	18.18	3.57
LAFARGE	65.00	8.33	40.91	ASTRA	3.50	12.50	30.00

Construction allied groups Turnall and Masimba that were amongst those to report and had results showing declining revenues and profitability for the interim period to June 2014 which saw investors shy away from their stocks as they led the fallers for the week with declines of -57.14% and -25% to close the week at 1.5c and 3c respectively. CAFCA's recent surge failed to hold ground as the cables manufacturer slumped to a -18.18% retreat to 27c while ASTRA that is set to be taken over by major shareholders Plascon that tabled an offer to minorities which opened earlier this week completed the top shakers for the week after falling -12.5% and closing at 3.5c. The market's undoing was FMCG conglomerate Inncor and retailers OKZIM that were the only heavy cap shakers after shedding -2.56% and -8.08% and closed at 76c and 16.5c 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...

### **Zimbabwe economy: Investments plunging, 11 banks distressed**

The Depositors Protection Corporation (DPC) says it is closely watching 11 banks exhibiting signs of financial distress under the Capital, Assets, Management, Earnings, Liquidity and Sensitivity to risk (Camels) rating system.

<http://thezimbabwemail.com/zimbabwe-economy-investments-plunging-11-banks-distressed/>

### **FBC Holdings profit down 17pct, edges closer to Turnall exit**

FBC Holdings (FBCH) has recorded a 17 percent decline in after tax profit to \$6,8 million for the half year ended June 30 weighed down by losses in its manufacturing subsidiary Turnall, from which it will complete its exit next month.

<http://thezimbabwemail.com/fbc-holdings-profit-down-17pct-edges-closer-to-turnall-exit/>

### **Masimba's revenue slows down**

CONSTRUCTION and manufacturing group, Masimba Holdings' revenue for the six months to June 2014 slowed down 22 percent to \$13,6 million from \$17,4 million in the same period last year.

<http://www.herald.co.zw/masimbas-revenue-slows-down/>

### **RioZim revenue drops 31pc**

Diversified mining group, RioZim Limited's revenue for the half year ended 2014 dropped 31 percent due to low production at its Empress Nickel and Renco Mines.

<http://www.herald.co.zw/riozim-revenue-drops-31pc/>

### **Non-performing loans rise 18,5pc**

NON-performing loans in the local banking sector had risen to 18,5 percent by June 30 2014, having jumped from an average of just under 15 percent last year, the Reserve Bank of Zimbabwe has said.

<http://www.herald.co.zw/non-performing-loans-rise-185pc/>

### **ZSE goes electronic**

Electronic trading on the Zimbabwe Stock Exchange (ZSE) commences next month with three counters initially taking part in the historic trade.

<http://www.herald.co.zw/zse-goes-electronic-2/>

### **RBZ issues \$0,5bn bonds, TBs**

The Reserve Bank of Zimbabwe (RBZ) has issued nearly half a billion dollars' worth of bonds and Treasury Bills (TBs) since the beginning of the year to repay part of the central bank's decade-long debt to financial institutions, corporates and farmers.

<http://www.dailynews.co.zw/articles/2014/08/27/rbz-issues-0-5bn-bonds-tbs>

### **Moza unit weighs down Nicoz**

Listed short-term insurer NicozDiamond Insurance Limited (NicozDiamond)'s Mozambique unit weighed down the company's profits in the half year to June.

<http://www.dailynews.co.zw/articles/2014/08/26/moza-unit-weighs-down-nicoz>

### **FBC Holdings crowned best listed firm**

ZIMBABWE Stock Exchange (ZSE)-listed banking group, FBC Holdings Limited, was yesterday crowned the best performing counter on the local bourse in the Financial Gazette's Top Companies Survey 2014. The best ZSE performers were announced at an awards ceremony held in Harare on August 27.

<http://www.financialgazette.co.zw/fbc-holdings-crowned-best-listed-firm/>

**National Tyre Service expands network**

NATIONAL Tyre Services (NTS) is expanding its distribution network and introducing service centres in strategic and high traffic volume areas, an official has said.

<http://www.financialgazette.co.zw/national-tyre-service-expands-network/>

**Bindura Nickel to restart smelter, refinery**

BINDURA Nickel Corporation (BNC) says the setting-up of a smelter is imminent as the mining firm is now in advanced talks with government to attain permission for the restart of the plant

<https://www.newsday.co.zw/2014/08/29/bindura-nickel-restart-smelter-refinery/>

**Meikles grapples with \$100m debt, fails to meet obligations**

MEIKLES is riddled with a \$100 million debt to local and foreign banks resulting in the company failing to pay workers' dividends under its employee share ownership trust since 2011, Parliament was told yesterday.

<https://www.newsday.co.zw/2014/08/29/meikles-grapples-100m-debt-fails-meet-obligations/>

**ZB eyes Mozambique**

ZB Financial Holdings (ZBFH) subsidiary ZB Reinsurance is set to expand its insurance business into Mozambique by next year as the company seeks to spread wings into the region.

<https://www.newsday.co.zw/2014/08/29/zb-eyes-mozambique/>

**Gulliver requires \$10m to clear debts, recapitalise**

Distressed engineering concern, Gulliver Consolidated Limited, requires nearly \$10 million to clear its debts and recapitalise operations, the firm's judicial manager Mr Reggie Saruchera said.

<http://www.herald.co.zw/gulliver-requires-10m-to-clear-debts-recapitalise/>

## Up Coming Events



### CAUTIONARIES

### ISSUE DATE

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

## Notes

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