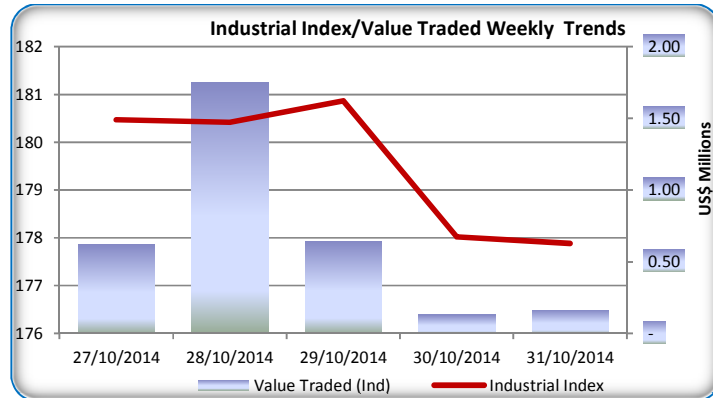
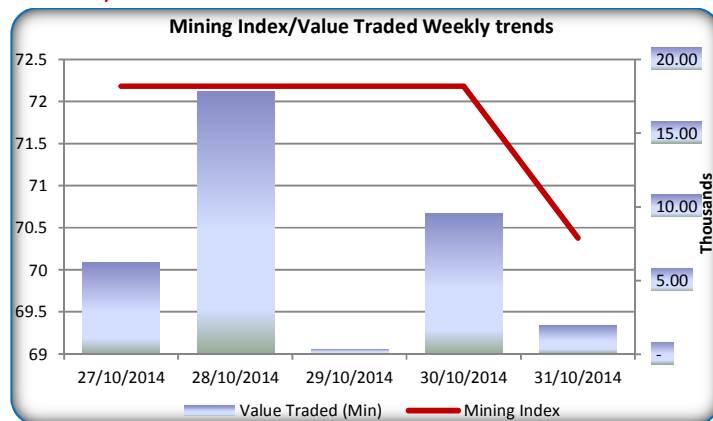


EFE Weekly Market Review 31 October 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	3.45	3.72	7.29
Volume Traded (mn)	17.19	12.29	39.91
Foreign Purchases	2.08	1.81	15.10
Foreign Sales	2.14	1.70	26.13

Source ZSE/EFE Dbase.

ZSE slips further as national revenue collections miss target ...

Bears continued to dominate the market as government's funding woes are set to persist after the revenue authority reported that Q3 collections fell -9% short of target. With a huge recurrent expenditure bill in the fiscus the development painted a bleak economic outlook as rank and file in the civil service are already clamouring for wage increases with junior doctors taking industrial action only last week and is still ongoing. Political acrimony continued to cast a dark shadow over the market as jostling for posts is reportedly taking centre stage ahead of a crucial elective congress for the ruling party in early December.

With all these socioeconomic and political developments in tow the market trekked southwards clocking a record eighth weekly losing streak as the market gravitates. The main stream Industrial Index slumped to its second largest decline over the eight week period shedding -2.74% to settle at 177.88pts as the eight week cumulative loss ballooned to 11.63%. The decline saw the index's year to date losses extend to -11.99% on sudden weakness in demand as investors' affinity for the local market dwindled in the face of rising political tensions.

Index	Level	%Δ	YTD %Δ
Industrial Index	177.88	2.74	11.99
Mining Index	70.38	6.01	53.70

The resources were similarly sliding and extended its own losing streak to seven weeks with a -6.01% drop to 70.38% as the Mining Index jettisoned its previously accumulated gains. The loss saw the minings' year to date return tapered to 53.7%

Activity aggregates soften ...

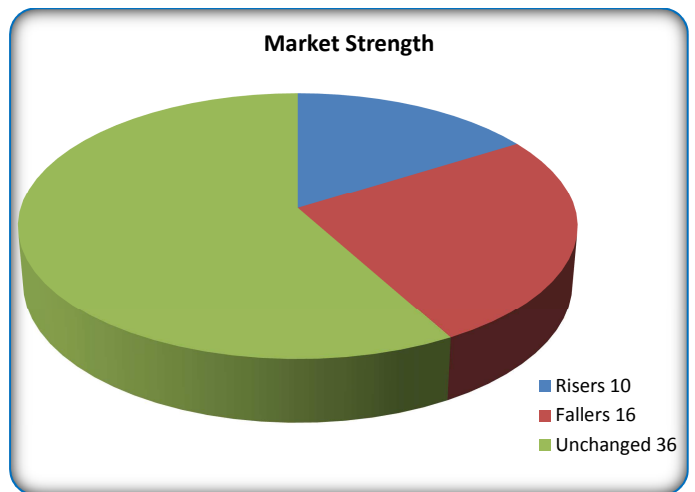
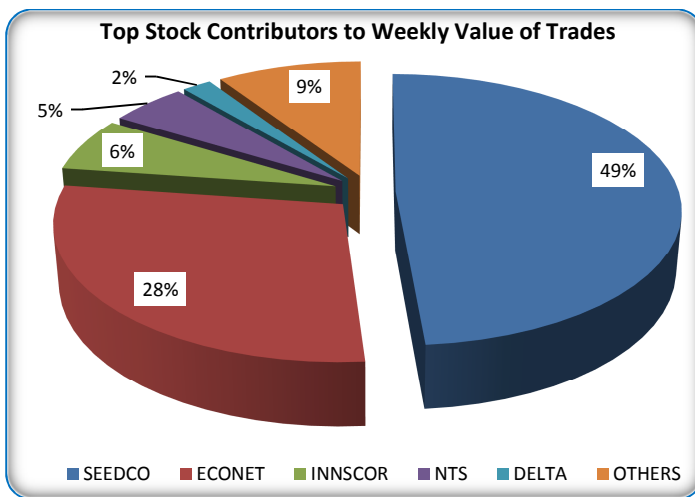
The market posted its lowest year to date weekly aggregate turnover of \$3.45m after the value of trades fell -7.29% week on week. Local investors were the main culprits in the decline after their contribution to overall effect demand on the market fell 28% to just \$1.37m. Foreigners, however, drove the demand on the market with their total purchases for the week of \$2.08m

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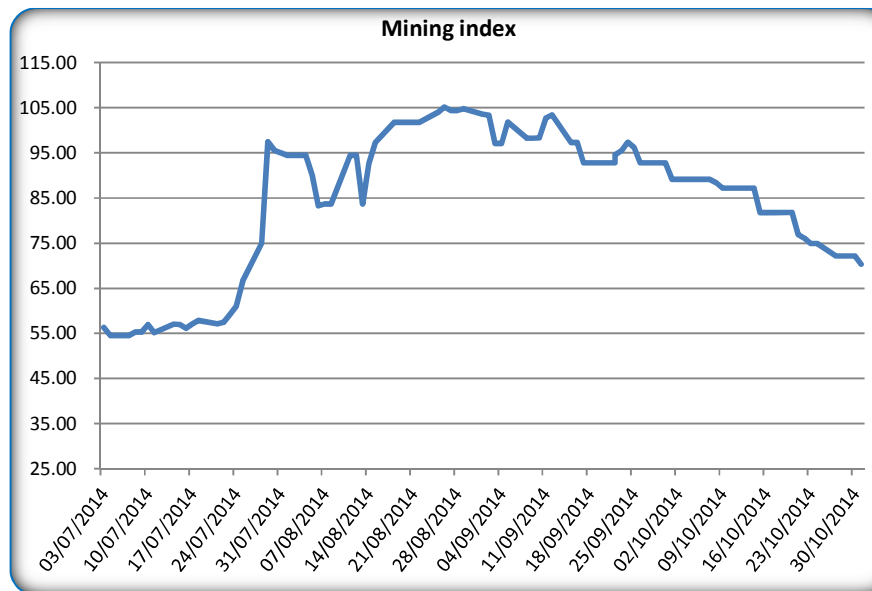
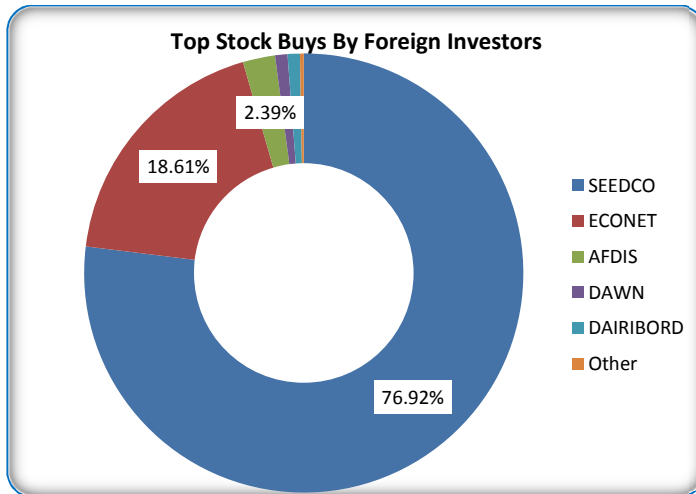
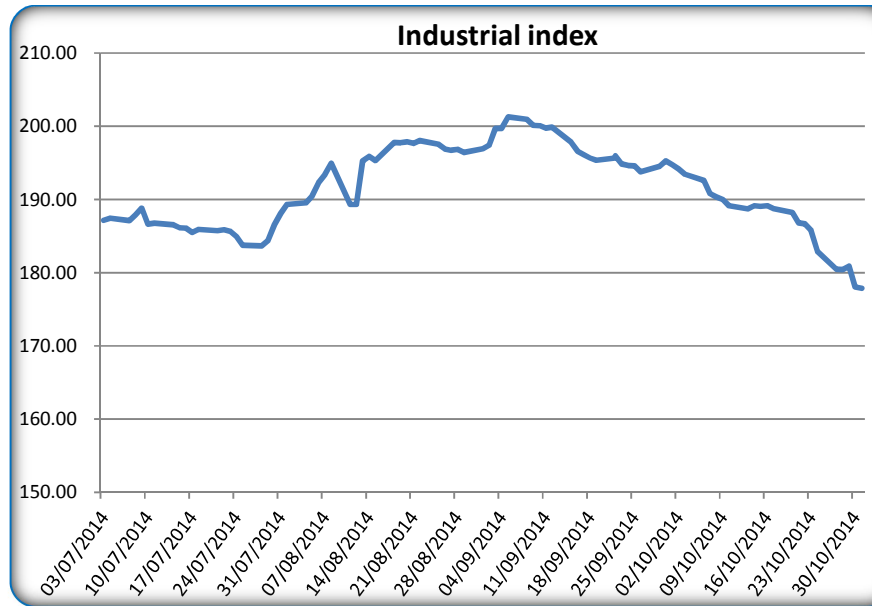
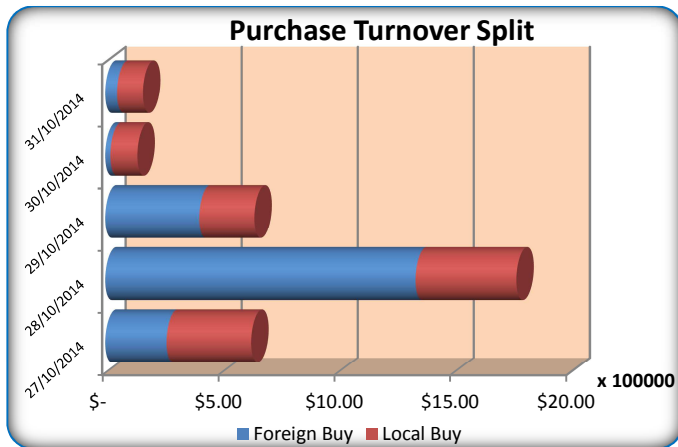
accounting for 60% of the total purchases and was 15% up on the prior week outturn. Foreign portfolio disposals over the week rose 26% for the week and closed at \$2.14m to see the market achieve a negative balance of payment of \$0.12m. SeedCo emerged as the most liquid stock on the market after accounting for an estimated 49% of the total weekly value of trades while Econet followed as investors poured an estimated 28% of the total value of trades into the telecoms group. The duo also emerged the favourites amongst foreign investors as they contributed an estimated 95.53% of the total they expended over the week.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
ARISTON	1.00	42.86	0.00	COTTCO	0.30	40.00	95.00
CFI	3.20	23.08	11.11	EDGARS	7.50	28.57	38.07
DAWN	0.90	12.50	10.00	BINDURA	6.00	14.29	200.0
RADAR	3.30	10.00	58.75	PEARL	2.50	10.71	3.85
NTS	2.50	8.70	0.00	ZPI	0.90	10.00	30.77

The market slide was driven by heavily capitalised stocks that succumbed to selling pressure in the wake of the not so inspiring interim financials from telecoms giant Econet that underlined the challenging economic environment in Zimbabwe. Econet was among the 4 heavy cap counters to weaken in the week from an overall 16 fallers. The counter declined -5.56% to close the week at 68c while peer momentum stock Delta felt sustained pressure as it shed -6.5% to 115c. BAT and Hippo shed -3.85% and -3% to close at 1250c and 63c respectively.

Cottco was the top loser as it came off -40% to 0.3c tailed by Edgars which tumbled -28.57% to 7.5c. Miners Bindura cumulatively pared -14.29% in the week as it closed at 6c. Property entities Pearl and ZPI capped the top fallers on declines of -10.7% and -10% respectively to 2.5c and 0.9c. Innscor was the only heavy cap to feature among the risers as it soared a marginal 1.5% to 66c. Ariston went up 42.9% to 1c while CFI gained 23.08% to 3.2c. Radar went up 10% on consistent and stable rise to close at 3.3c. We believe the market will remain fragile into the 11th month of the year as economic sanity remains bleak supported by all indicators. We expect reduced losses as top counters stabilise.

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 push for increase in exchange control limits

THE Zimbabwe Stock Exchange (ZSE) is pushing for government to increase exchange control limits for listed foreign companies to 49% from 40% to be at par with the empowerment laws, the bourse said yesterday.

<https://www.newsday.co.zw/2014/10/31/zse-push-increase-exchange-control-limits/>

Steward Bank posts \$3,7m loss

Econet Wireless Zimbabwe controlled commercial bank, Steward Bank, posted an operating loss after tax of \$3,7 million for the six months ended August 31 2014

<http://www.thezimmail.co.zw/2014/10/30/steward-bank-posts-37m-loss/>

Econet internet revenue grows

ZIMBABWE'S largest mobile network provider, Econet Wireless (Econet) says broadband revenue contribution has grown 69,7% to US\$56 million in the first half of its financial year to August, up from US\$33 million the previous year as more subscribers adopt internet use.

<http://www.theindependent.co.zw/2014/10/30/econet-internet-revenue-grows/>

Zim slips in 'Doing Business' rankings

A World Bank 2015 Doing Business report has ranked Zimbabwe 171 out of 189 economies in the world, one place down the rung from last year's ratings.

<http://www.thezimmail.co.zw/2014/10/31/zim-slips-in-doing-business-rankings/>

NMBZ chief executive Mushore exits bank he founded

HARARE, October 27 – NMB Bank Holdings group chief executive, James Mushore has stepped down from the local financial institution he helped found due to ill health, the group said on Monday.

<https://www.newsday.co.zw/2014/10/27/nmbz-chief-executive-mushore-exits-bank-founded/>

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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