

MORNING SUMMARY

Market Round-up

The market started the week in the positive, gaining 0.10% yesterday to close the day at a total market capitalisation of \$5.89bn. The Industrial Index was up 0.09% to 196.15 buoyed by gains in Econet (ECO: ZH) of 0.34%. The Mining Index remained unchanged at 69.79. Other gains for the day were seen in Powerspeed (PWS: ZH), up 19.05%, TSL (TSL: ZH), up 0.22% and Old Mutual (OML: ZH), up 0.06%. Losses were recorded in CBZ (CBZ: ZH), down 0.50% and Seedco (SEED: ZH), down 0.11%. Total value traded rose 124.00% to \$1.40mn dominated by trades in Seedco (SEED: ZH), OK Zimbabwe (OKZ: ZH) and Old Mutual (OML: ZH) contributing 50%, 29% and 8% respectively. We expect the market to trade higher today on sustained demand in Econet, Innscor and Seedco.

Local News

According to *The Herald*, Government has reaffirmed its commitment to pay civil servants their 2016 bonuses, highlighting that all its workers will receive their 13th cheque by next month. According to Public Service, Labour and Social Welfare Minister Prisca Mupfumira government would not disappoint the civil servants. Government staggered payment of 2016 bonuses because of resource challenges, but most of the civil servants have already been paid. The government is also committed to improving the conditions of service for its workers, as evidenced by the creation of the National Building Society.

The Herald reports that the country's \$1bn gold production sector is under threat from the Minamata Convention that seeks to ban the use of mercury, a major chemical used by artisanal miners to trap the mineral from ore. The Minamata Convention is calling for the phasing out of new mercury sources and the existing ones due to the hazardous nature of the chemical. With a significant contribution of the overall gold output coming from artisanal miners, who extensively use mercury to trap gold, a drop in the supply of the silver liquid would affect the sector in the absence of alternatives. Artisanal miners contributed nearly 10 tonnes of gold in 2016 and Government has given the sector a target of 12 tonnes in 2017, feeding into the national target of 28 tonnes. An estimated 50 tonnes of mercury enter the country through formal channels, while a staggering 150 tonnes is said to illegally make its way through the porous borders.

The Herald reports that Fidelity Printers and Refiners has so far disbursed close to \$29mn from the \$40mn gold development initiative availed for small mining players last year. This funding intervention, which cuts through the whole sector was aimed at capacitating small scale miners across the country. According to Fidelity Printers and Refiners operations manager David Mpofo small scale miners should take advantage of the fund as it was aimed at capacitating them. The institution has relaxed conditions for issuing the loans to an extent where livestock can be used as collateral cover. Meanwhile, the government is in the process of negotiating for a loan facility from South Korea aimed at capacitating small scale miners to boost current production for the sector.

Company Announcements

OK Zimbabwe (OKZ: ZH) have set their AGM for Thursday July 27 at 3pm in the OK Mart Functions Room, First Floor, 30 Chiremba Road in Hillside.

Market data

| | | |
|---------------------|--------|--------|
| Industrial Index | 196.15 | 0.09% |
| Mining Index | 69.79 | 0.00% |
| Market Cap (\$bn) | 5.89 | 0.10% |
| YTD | | 42.41% |
| Value Traded (\$mm) | | 1.40 |

Top 5 Movers

| Gainers | | Losers | |
|------------|--------|--------|--------|
| Powerspeed | 19.05% | CBZ | -0.50% |
| Econet | 0.34% | Seedco | -0.11% |
| TSL | 0.22% | - | - |
| Old Mutual | 0.06% | - | - |
| - | - | - | - |

Value Leaders

| Counters | Volume | Value (\$) |
|-------------|-----------|------------|
| Seedco | 498,204 | 696,762 |
| OK Zimbabwe | 4,329,173 | 411,276 |
| Old Mutual | 29,840 | 115,555 |
| Delta | 74,865 | 95,079 |
| Powerspeed | 1,000,000 | 50,000 |

Regional update

| Market | Index | % |
|--------------------|-----------|--------|
| Kenya (NSEASI) | 152.63 | -0.19% |
| Mauritius (SEMDEX) | 2,129.99 | 0.00% |
| Nigeria (NGSEINDX) | 32,769.83 | -1.05% |
| S.Africa (JALSH) | 52,163.80 | 1.07% |
| Botswana (BGSMDC) | 9,244.23 | -0.02% |

Exchange rates

| Currency | Cross rate | % |
|----------|------------|--------|
| GBP/USD | 1.29 | -0.01% |
| EUR/USD | 1.13 | -0.14% |
| USD/ZAR | 13.22 | 0.11% |

(CBZ)

| 30 days | 60 days | 90 days |
|---------|---------|---------|
| 5% | 5% | 6% |

Sources: Zimbabwe Stock Exchange, Bloomberg

Certification

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Ratings Definition

Buy - Expected 1 year return is at least 20%

Hold - Expected 1 year return of between -10% and 20%

Sell - Expected 1 year return of -10% and below

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