

MORNING SUMMARY

Market Round-up

The market rose a further 0.28% yesterday to close the day at a total market capitalisation of \$5.91bn. The Industrial Index was up 0.30% to 196.73 buoyed by a marginal gain in Econet (ECO: ZH) of 0.03%. The Mining Index was stable at 69.79. Other significant gains were recorded in Hippo Valley Estates (HIPO: ZH), up 6.30%, Zimpapers (ZIMP: ZH), up 5.00%, Dairibord (DZL: ZH), up 4.03%, First Mutual (FML: ZH), up 1.51% and Old Mutual (OML: ZH), up 1.23%. The only loss for the day was seen in Star Africa (SACL: ZH), down 1.67%. Total value traded fell 24.62% to \$1.04mn dominated by trades in Delta (DLTA: ZH), OK Zimbabwe (OKZ: ZH) and Axia (AXIA: ZH) contributing 59%, 14% and 5% respectively. The market has support at current levels therefore we expect the market to continue trading up today.

Local News

According to *Daily News*, Zimbabwe has recorded a \$1bn trade deficit in the five months to May 2017 as imports continue to outstrip exports. Information released by the Zimbabwe statistical agency has revealed that the country imported goods valued at \$2.13bn in the 5-month period after exporting products worth \$1.13bn. Exports in the period under review were dominated by gold, tobacco, nickel and other minerals, while imports comprised mainly fuel, medicines, electric lamps and vehicles, among others.

The Herald reports that the cooking oil industry is operating at between 50% and 60% of capacity following import restrictions imposed by government in the past three years. According to Oil Expressers Association of Zimbabwe president, Busisa Moyo, the industry had regained capacity following import restriction measures put by government in the past three years. However, raw material shortages on the local market were presenting a challenge, forcing the industry to import crude oils. The industry needs between 120,000mt to 150,000mt to partly substitute imports.

The Herald reports that the State Procurement Board (SPB) unveiled six investors interested in the recapitalisation of the state-owned, National Railways of Zimbabwe (NRZ). NRZ requires a minimum injection of around \$400mn to revamp its operations and went to tender seeking a partner to recapitalise. While over 20 firms had expressed serious intentions to invest in the company in a debt or equity deal, last week only six bids were unveiled. Of the six, only three appeared to have met the tender requirements. The three are Crowe Horwath Chartered Accountants, a Swiss firm which can secure funding amounting to \$2.5bn, a local firm Croyeaux Private limited which proposed to inject \$700mn and South Africa's Transnet in partnership with a local firm Diaspora Infrastructure Development Group proposing to inject \$400mn.

Market data		
Industrial Index	196.73	0.30%
Mining Index	69.79	0.00%
Market Cap (\$bn)	5.91	0.28%
YTD		42.82%
Value Traded (\$mn)		1.04

Top 5 Movers			
Gainers		Losers	
Hippo	6.30%	Star Africa	-1.67%
Zimpapers	5.00%	-	-
DZLH	4.03%	-	-
FML	1.51%	-	-
Old Mutual	1.23%	-	-

Value Leaders		
Counters	Volume	Value (\$)
Delta	482,241	612,446
OK Zimbabwe	1,476,590	140,276
Axia	550,000	53,350
CBZ	511,417	51,140
Padenga	188,399	50,962

Regional update		
Market	Index	%
Kenya (NSEASI)	151.88	-0.49%
Mauritius (SEMDEX)	2,130.54	0.00%
Nigeria (NGSEINDX)	32,410.20	-1.10%
S.Africa (JALSH)	52,049.25	-0.22%
Botswana (BGSMDX)	9,244.86	0.01%

Exchange rates		
Currency	Cross rate	%
GBP/USD	1.29	0.00%
EUR/USD	1.14	0.08%
USD/ZAR	13.17	-0.22%

(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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