

MORNING SUMMARY

Market Round-up

The bull run continued yesterday, as the market gained a further 0.49% to close the day at a total market capitalisation of \$5.94bn. The Industrial Index rose 0.46% to 197.64 buoyed by gains in Econet (ECO: ZH) of 1.21%. The Mining Index was up 0.27% to 69.98 on the back of a 0.45% gain in RioZim (RIOZ: ZH). Other significant gains were recorded in RTG (RTG: ZH), up 11.11%, First Mutual (FML: ZH), up 4.55%, Axia (AXIA: ZH), up 3.09%, Seedco (SEED: ZH), up 2.84%, African Sun (ASUN: ZH), up 2.67%. No losses were seen during yesterday's trading session. Total value traded rose 5.25% to \$1.09mn dominated by trades in Econet (ECO: ZH), Delta (DLTA: ZH) and Seedco (SEED: ZH) contributing 37%, 21% and 17% respectively. We expect the market will continue to trade higher today on demand across the board.

Local News

According to *The Herald*, Econet Wireless Zimbabwe has moved to effectively remove roaming charges through Econet Plus, a new product that allows Econet customers to make calls from anywhere in the world at local call charges. Econet Plus offers zero roaming charges for all customer categories – both prepaid and postpaid – when they make calls via the Econet Plus App which, customers can download on the Apple App Store or on Google Play Store. This also comes after Econet recently announced a 50% reduction in EcoCash merchant fees.

The Financial Gazette reports that Government's policy to restrict the importation of at least 100 product lines, introduced last year in a bid to protect domestic industries, has unlocked at least \$100mn in foreign direct investment. A report by the ministry of Industry and Commerce, tabled in the Senate recently, noted that apart from FDI inflows, output in some domestic firms had increased by up to 100% in the past year, as consumers switch to local products and stimulating demand. The big foreign firms that have invested in the country include Varun Beverages (\$30mn Pepsi bottling plant), Willowtown (\$40mn edible oils and soap plant), Trade Kings (\$15mn detergent plant), among others.

The Herald reports that Tobacco earnings have gone past \$506mn from the 171.79mn kilogrammes that have been delivered 75 days into the 2017 marketing season. During the same period in 2016, farmers had delivered 177.6mn kilogrammes worth \$521.4mn – a decrease of over \$25mn on revenues realised over the same period a year ago. Cumulatively, the country has so far earned \$760mn compared to \$787mn in 2016, while exports have dropped to \$256mn from \$266mn last year. A total of 56.8mn kg of tobacco were exported to 48 countries in 2017. This marketing season, average tobacco auction prices have remained flat at \$2.95/ kg. Statistics from the Tobacco Industry Marketing Board's latest bulletin show that China accounted for over 13.8mn kgs valued at \$114.5mn while South Africa bought 5.2mn kgs for \$13.8mn.

Company Announcements

Meikles (MEIK: ZH) have announced the withdrawal of cautionary statement relating to discussions of a possible offer to shareholders of Meikles by Albwardy Investments. Albwardy has informed Meikles that it is withdrawing its interest in acquiring majority stake in the company.

Market data		
Industrial Index	197.64	0.46%
Mining Index	69.98	0.27%
Market Cap (\$bn)	5.94	0.49%
YTD		43.51%
Value Traded (\$mn)		1.09

Top 5 Movers			
Gainers		Losers	
RTG	11.11%	-	-
FML	4.55%	-	-
Axia	3.09%	-	-
Seedco	2.84%	-	-
African Sun	2.67%	-	-

Value Leaders		
Counters	Volume	Value (\$)
Econet	1,110,416	399,139
Delta	176,878	224,635
Seedco	131,651	190,894
Padenga	507,881	137,394
Innsco	98,672	71,044

Regional update		
Market	Index	%
Kenya (NSEASI)	151.35	-0.35%
Mauritius (SEMDEX)	2,131.22	0.00%
Nigeria (NGSEINDX)	32,302.32	-0.33%
S.Africa (JALSH)	52,483.90	0.84%
Botswana (BGSMD)	9,240.40	-0.05%

Exchange rates		
Currency	Cross rate	%
GBP/USD	1.29	0.07%
EUR/USD	1.13	-0.14%
USD/ZAR	13.36	-0.23%

(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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