

# MORNING SUMMARY

## Market Round-up

The market rose a further 0.12% yesterday to close the day at a total market capitalisation of \$5.95bn. The Industrial Index was up 0.13% to 197.90 buoyed by a 0.37% gain in midcap FBC (FBC: ZH). The Mining Index remained unchanged at 69.98. Other gains were seen in Axia (AXIA: ZH), up 9.60%, African Sun (ASUN: ZH), up 4.55% and Dawn (DAWN: ZH), up 3.57%. No losses were seen during yesterday's trading session. Total value traded rose 18.45% to \$1.29mn dominated by trades in Innscor (INN: ZH), Old Mutual (OML: ZH) and CBZ (CBZ: ZH) contributing 21%, 21% and 20% respectively. We expect the market to trade sideways to slightly higher up today, on continued buying interest in most counters.

## Local News

According to the *News Day*, Spar Zimbabwe plans to open three supermarkets before the end of this year, bringing the number of new operations it opened during the year to five. According to Spar Zimbabwe managing director, Terrence Yeatman, the company had already opened two new Spar stores in Harare bringing the total to a current 33 creating 70 new jobs as part of the retailer's expansion plans. As such, the total five stores to be opened by year-end would bring the total number of Spar branches in the country to 36 from 31, a development that spurs competition in an industry currently dominated by OK Zimbabwe (OKZ: ZH) and TM Pick n' Pay, a unit of Meikles (MEIK: ZH).

*The Daily News* reports that Zimbabwe's airtime levy missed its January target of \$4mn after the country collected only \$3mn due to worsening economic conditions. The government introduced a 5% levy on all airtime purchases for mobile telecommunications firms in 2014 as part of strategies to bolster its dwindling revenue streams. However, the deteriorating economic conditions have resulted in the majority of people reducing voice calls – a major driver of airtime purchase in the country. According to a recent Potraz quarterly report, total mobile revenues declined 9.7% y/y to \$179.83mn during the first three months of the year.

*The News Day* reports that the RBZ is negotiating for more nostro stabilisation facilities with the Afreximbank, as it makes strides to avert a dry foreign exchange spell after the tobacco selling season. According to RBZ governor John Mangudya that the apex bank will negotiate for facilities with the Afreximbank to ensure perpetual nostro accounts stability, and the bank would use platinum or diamonds as security for the facility. In April, the central bank made a \$100mn drawdown from the \$150mn provided by Afreximbank anchored on tobacco earnings.

## Company Announcements

Dawn Properties (DAWN: ZH) have announced the appointment of Valerie Muyambo as the company's Finance Director and Company Secretary effective July 1. She replaces Peter Saungweme who has joined Brainworks Limited as Chief Finance Officer.

SeedCo (SEED: ZH) have renewed their cautionary announcement notifying shareholders that the company is still pursuing the proposal to partially unbundle, by way of dividend in specie distribution to all shareholders, and list the external operations of the group on a regional stock exchange to raise capital for expansion and to fund growth opportunities.

Market data		
Industrial Index	197.9	0.13%
Mining Index	69.98	0.00%
Market Cap (\$bn)	5.95	0.12%
YTD		43.68%
Value Traded (\$mm)		1.29

## Top 5 Movers

Gainers		Losers	
Axia	9.60%	-	-
African Sun	4.55%	-	-
Dawn	3.57%	-	-
FBC	0.37%	-	-
-	-	-	-

## Value Leaders

Counters	Volume	Value (\$)
Innscor	374,541	269,670
Old Mutual	68,521	268,602
CBZ	2,532,131	253,213
Axia	2,250,000	246,500
Seedco	120,918	175,331

## Regional update

Market	Index	%
Kenya (NSEAST)	151.50	0.10%
Mauritius (SEMDEX)	2,128.24	0.00%
Nigeria (NGSEINDX)	32,354.78	0.16%
S.Africa (JALSH)	52,285.08	-0.38%
Botswana (BGSMD)	9,241.17	0.01%

## Exchange rates

Currency	Cross rate	%
GBP/USD	1.30	-0.08%
EUR/USD	1.14	-0.07%
USD/ZAR	13.47	0.06%

## (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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