

MORNING SUMMARY

Market Round-up

The market reversed Monday's gains, falling 0.14% yesterday to close the day at a total market capitalisation of \$5.95bn. The Industrial Index was down 0.18% to 197.92 despite gains in Delta (DLTA: ZH), up 0.11%, Econet (ECO: ZH), up 0.69% and Innscor (INN: ZH), up 0.29%. The Mining index remained unchanged at 69.98. Other significant gains were seen in Dairibord (DZL: ZH), up 8.20%, Zimre Properties (ZPI: ZH), up 8.00%, CFI (CFI: ZH), up 7.14%, OK Zimbabwe (OKZ: ZH), up 3.16% and Proplastics (PROL: ZH), up 2.00%. Notable losses for the day were recorded in Meikles (MEIK: ZH), down 19.83%, First Mutual (FML: ZH), down 11.02%, Seedco (SEED: ZH), down 3.44%, Axia (AXIA: ZH), down 0.27% and Old Mutual (OML: ZH), down 0.01%. Total value traded rose 28.89% to \$1.23mn dominated by trades in Delta (DLTA: ZH), Econet (ECO: ZH) and Old Mutual (OML: ZH) contributing 39%, 24% and 23% respectively. We expect the market to trade higher today on demand in Delta and Econet.

Local News

According to *The Herald*, more companies are complying with the directive to fortify their products as debate on fortification rages. Nestle Zimbabwe and Star Africa Corporation (SACL: ZH) have complied with the addition of nutrients in the manufacturing of their basic commodities to eliminate the prevalence of iodine deficiencies in the country. Starting from July 1 this year, in compliance with Statutory Instrument 120 of 2017-Mandatory Food Fortification Programme- food processing companies are compelled to add nutrients to everyday foods such as bread, mealie meal, cooking oil and sugar to enrich consumers' diets. Millers and cooking oil producers have since rejected the programme citing an unnecessary increase of production costs by a 10% margin.

The Herald reports that Zimbabwe's informal sector could be the sixth largest in the Sub-Saharan region, contributing between 40% and 50% to economic growth – an estimated \$7bn – especially for the four-year period between 2010 and 2014. The country's gross domestic product (GDP) is estimated at \$16.3bn. At \$7bn, the projected value of informal sector made in the new survey published in an IMF working paper tallies with a study made by FinScope in 2012, but the Reserve Bank of Zimbabwe (RBZ) estimates that there could be \$2.5bn circulating in the sector.

The News Day reports that Turnall Holdings Limited (TURN: ZH) is yet to secure an investor to give a lifeline to its operations, with revelations the firm's debt restructuring exercise will be completed by the end of August. The company announced in April that it was engaged in discussions relating to the restructuring of its balance sheet. It is understood the company was restructuring its balance sheet by engaging its creditors for a possible debt-to-equity swap to ward off creditors jostling for its assets. According to the company's acting finance director, Samson Mavende the debt restructuring exercise was still work in progress.

Company Announcements

Hwange Colliery Company Limited (HCCL: ZH) has published an announcement advising shareholders that at a meeting held on Friday 30th June 2017, members resolved to add a new article 163A to the Company Articles of Association to allow for electronic communication between the Company and its shareholders. Shareholders are thus required to contact the Company's transfer secretaries and submit or update their postal and email address.

Market data

Industrial Index	197.92	-0.18%
Mining Index	69.98	0.00%
Market Cap (\$bn)	5.95	-0.14%
YTD		43.75%
Value Traded (\$mn)		1.23

Top 5 Movers

Gainers		Losers	
DZLH	8.20%	Meikles	-19.83%
ZPI	8.00%	FML	-11.02%
CFI	7.14%	Seedco	-3.44%
OK Zimbabwe	3.16%	Axia	-0.27%
Proplastics	2.00%	Old Mutual	-0.01%

Value Leaders

Counters	Volume	Value (\$)
Delta	381,482	485,436
Econet	819,419	299,088
Old Mutual	71,666	281,626
CBZ	408,009	40,801
Padenga	149,467	40,729

Regional update

Market	Index	%
Kenya (NSEASI)	152.19	0.05%
Mauritius (SEMDEX)	2,140.98	0.00%
Nigeria (NGSEINDEX)	32,827.98	0.63%
S.Africa (JALSH)	52,376.38	0.36%
Botswana (BGSMDC)	9,238.88	0.02%

Exchange rates

Currency	Cross rate	%
GBP/USD	1.28	-0.07%
EUR/USD	1.15	0.07%
USD/ZAR	13.53	-0.24%

(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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