

MORNING SUMMARY

Market Round-up

The market fell by a marginal 0.03% yesterday to close the day at a total market capitalisation of \$5.95bn. The Industrial Index was down 0.04% despite a gain in Econet (ECO: ZH) of 0.41%. The Mining Index shed 1.13% to 69.19 weighed down by a 3.33% loss in Bindura Nickel (BIND: ZH). Other notable gains were seen in Masimba (MSHL: ZH), up 27.45%, African Sun (ASUN: ZH), up 11.80%, Hippo Valley Estates (HIPO: ZH), up 1.85% and Dairibord (DZL: ZH), up 0.14%. Other losses were seen in Ariston (ARIS: ZH), down 20.00%, Seedco (SEED: ZH), down 2.41% and Padenga (PHL: ZH), down 0.37%. Total value traded rose 155.49% to \$3.15mn dominated by trades in Econet (ECO: ZH), Old Mutual (OML: ZH) and Delta (DLTA: ZH) contributing 48%, 46% and 3%. We expect demand in heavyweights to continue therefore expect the market to trade in the positive today.

Local News

According to *The Herald*, Government has made an application for a \$153mn loan facility from China EximBank for the upgrade of Harare International Airport. Harare International Airport, with a passenger capacity of 2,5 million per year was last upgraded in 2001. According to Transport and Infrastructure Development Minister Dr Joram Gumbo all the requirements by the Chinese financial institution had been met. The loan will be an extension of the Victoria Falls Airport upgrade which the Chinese funded.

The Herald reports that the RBZ is seeking \$500mn to cover the foreign currency gap that will widen when the 2017 tobacco marketing season closes. According to the RBZ governor Dr John Mangudya, Zimbabwe currently has about \$1.5bn in RTGS balances and should have at least 40% (around \$600mn) as foreign currency in the nostros. The country currently has around \$350mn in the nostro accounts hence the cash shortages.

The Herald reports that Econet Wireless Zimbabwe (ECO: ZH), which controls 98 percent of the LTE data customer market share, has announced a major data network upgrade that will see the mobile network market leader achieve 100% 3G coverage across the country by the end of this year. According to Econet Chief Executive Officer Douglas Mboweni the upgrade exercise started in March will be completed by the end of the calendar year. The upgrade will see all 2G sites being upgraded to 3G sites.

The Financial Gazette reports that Zimbabwe now seeks to use gold proceeds to secure a loan to clear debt arrears with multilateral lenders, as its \$1.8bn debt clearance plan appears to lose momentum. The IMF whose staff recently engaged senior Zimbabwe government officials, including the chief secretary to the President and Cabinet Misheck Sibanda, Chinamasa and Central Bank Governor John Mangudya has now revealed that government plans to collateralize gold.

Company Announcements

CFI Holdings (CFI: ZH) have published an abridged circular to shareholders relating to a mandatory offer by Stalap Investments in terms of section 9 of the ZSE listing requirements to acquire the shareholding held by minorities for cash consideration of \$0.20 per CFI Holdings share held. The Mandatory offer opens at 10am on Monday 17, July and closes at 4pm on Friday 4 August 2017.

Market data

Industrial Index	197.85	-0.04%
Mining Index	69.19	-1.13%
Market Cap (\$bn)	5.95	-0.03%
YTD		43.70%
Value Traded (\$mn)		3.15

Top 5 Movers

Gainers		Losers	
Masimba	27.45%	Ariston	-20.00%
African Sun	11.80%	Bindura	-3.33%
Hippo	1.85%	Seedco	-2.41%
Econet	0.41%	Padenga	-0.37%
DZLH	0.14%	-	-

Value Leaders

Counters	Volume	Value (\$)
Econet	4,098,136	1,501,829
Old Mutual	364,594	1,432,854
Delta	66,221	84,266
Fidelity Life	180,697	25,298
Seedco	18,014	24,613

Regional update

Market	Index	%
Kenya (NSEASI)	152.56	0.24%
Mauritius (SEMDEX)	2,151.94	0.05%
Nigeria (NGSEINDEX)	32,981.63	0.47%
S.Africa (JALSH)	52,905.98	1.01%
Botswana (BGSMDC)	9,234.60	-0.05%

Exchange rates

Currency	Cross rate	%
GBP/USD	1.29	0.23%
EUR/USD	1.15	0.34%
USD/ZAR	13.20	-0.38%

(CBZ)

30 days	60 days	90 days
5%	5%	6%

Sources: Zimbabwe Stock Exchange, Bloomberg

Certification

The analyst(s) who prepared this research report hereby certifies(y) that: (i) all of the views and opinions expressed in this research report accurately reflect the research analyst's(s) personal views about the subject investment(s) and issuer(s) and (ii) no part of the analyst's(s) compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the analyst(s) in this research report.

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

Disclaimer

This document has been prepared by IH Securities to provide background information about the securities and (or) markets mentioned herein, the forecasts, opinions and expectations are entirely those of IH Securities. This document was prepared with the utmost due care and consideration for accuracy and factual information; the forecasts, opinions and expectations are deemed to be fair and reasonable. However there can be no assurance that future results or events will be consistent with any such forecasts, opinions and expectations. Therefore the authors will not incur any liability for any loss arising from any use of this document or its contents or otherwise arising in connection therewith. Neither will the sources of information or any other related parties be held responsible for any form of action that is taken as a result of the proliferation of this document.