

Industrials break weekly rising momentum...

The raging debate on the proposed introduction of bond notes by the central bank ostensibly to alleviate the cash shortages in the economy held sway in most investment decisions as agents anticipate consequences of the move. Top amongst the concerns is the ability of the bond notes to maintain parity with the greenback amidst a crisis of confidence in the authorities' ability to restrain themselves from dipping into the nostro account to meet growing obligations on the back of the constrained fiscal space. The RBZ's nostro account is set to be funded by exporters who will be expected to deposit 50% of all their export receipts into the account. Just a week ago we highlighted the 9.75% fall in Q1 revenue collections as the economic environment continues to put pressure on flows into the national coffers and thus further constraining the fiscal space. Profit taking set in on the market as selloffs emerged in selected heavies that drove the recent rally, capitulating in the face of selling pressure in part attributable to profit taking and on the other end a result of the changed outlook given the monetary interventions by the reserve bank.

Mixed outcome for benchmarks...

Indices

	Previous	Current	Change (pts)	% Change	YTD %
<i>Industrial</i>	107.59	105.80	1.7900	1.66	7.88
<i>Mining</i>	21.55	25.19	3.6400	16.89	6.29

Source: ZSE/EFE Database

Improved activity in the minings cluster on the back of resurgent interest in RioZim and Bindura provided the much needed impetus to the resources index as it saw its year to date returns push into the black. Week on week the Mining Index advanced 3.64pts or 16.89% to end the week at 25.19pts buoyed by surges of 20.38% and 20% in RioZim and Bindura respectively. Riding on the gains, the minings closed on a positive year to date return of 6.29%

Meanwhile, the Industrials slipped for the first time in eight weeks losing 1.66% and settling at 105.80pts and thus extended the year to date loss for the benchmark to 7.88%.

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Risers

Symbol	Previous	Current	Change	%Change
RIOZ.ZW	0.1300	0.1565	0.0265	20.38
BIND.ZW	0.0100	0.0120	0.0020	20.00
NPKZ.ZW	0.0150	0.0180	0.0030	20.00
PROL.ZW	0.0280	0.0300	0.0020	7.14
COLC.ZW	0.1525	0.1600	0.0075	4.92
ZIMR.ZW	0.0160	0.0167	0.0007	4.38
SEED.ZW	0.5700	0.5714	0.0014	0.25

Faller

Symbol	Previous	Current	Change	%Change
ECO.ZW	0.2400	0.2200	0.0200	8.33
DZL.ZW	0.0600	0.0550	0.0050	8.33
ARIS.ZW	0.0045	0.0042	0.0003	6.67
SACL.ZW	0.0090	0.0085	0.0005	5.56
DLTA.ZW	0.7500	0.7250	0.0250	3.33
BARC.ZW	0.0275	0.0270	0.0005	1.82
HIPO.ZW	0.2025	0.2000	0.0025	1.23
FIDL.ZW	0.1040	0.1030	0.0010	0.96
OML.ZW	2.2000	2.1900	0.0100	0.45

* All prices in USD

Heavies weigh on the Industrials ...

Market heavies dragged down the industrials with profit taking seemingly setting in as telecoms giant Econet led, having succumbed 8.33% to \$0.2200 ahead of the release of its full year results to February 2016. Beverages giant Delta succumbed to sudden selling pressure in the final session of the week and came off 3.33% to settle at \$0.7250, this came as the stock's first decline post the release of its full year results last week. Dairibord was a joint top faller for the week with Econet, after the group came off 8.33% and had its shares exchanging hands at \$0.0550. Following was agricultural group Ariston which came off 6.67% and ended the day at \$0.042.

Week on week losses were also seen in sugar processing and packaging group Star Africa that ended the week down 5.56% to settle at \$0.0085 where demand could be found. Banking group Barclays let go 1.82% as its price continued to soften. Another sugar industry related company Hippo, similarly trended softer shedding 1.23% and ended the week at \$0.2000 as demand continued to weaken. Completing the shakers of the week were Fidelity and Old Mutual that declined 0.96% and 0.45% respectively to end the week settled at \$0.1030 and \$2.1900 respectively.

It was a rallying week for the mining stocks which led market's loss mitigation efforts as RioZim emerged the top gainer with a 20.38% closing at \$0.1565. Bindura followed on the upside after a 20% lift and ended up at \$0.0120. A similar gain was seen in packaging group Nampak that closed the week at \$0.0180. Pro Plastics and Colcom followed on the risers list after respective gains of 7.14% and 4.92% to settle at \$0.0300 and \$0.1600. Insurance group ZHL firmed 4.38% to \$0.0167 as agricultural based group SeedCo completed the risers of the week with a 0.25% uplift that took it to \$0.5714.

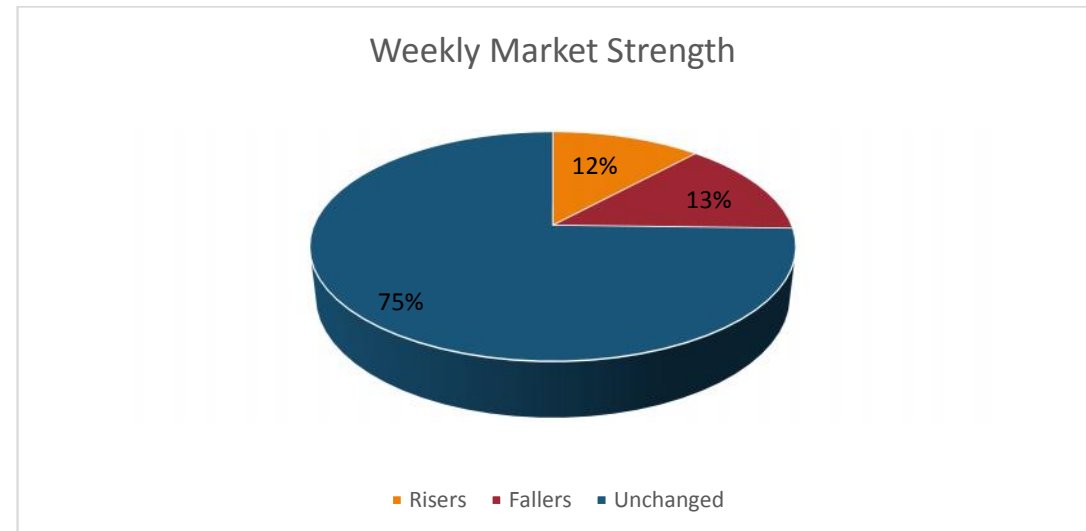
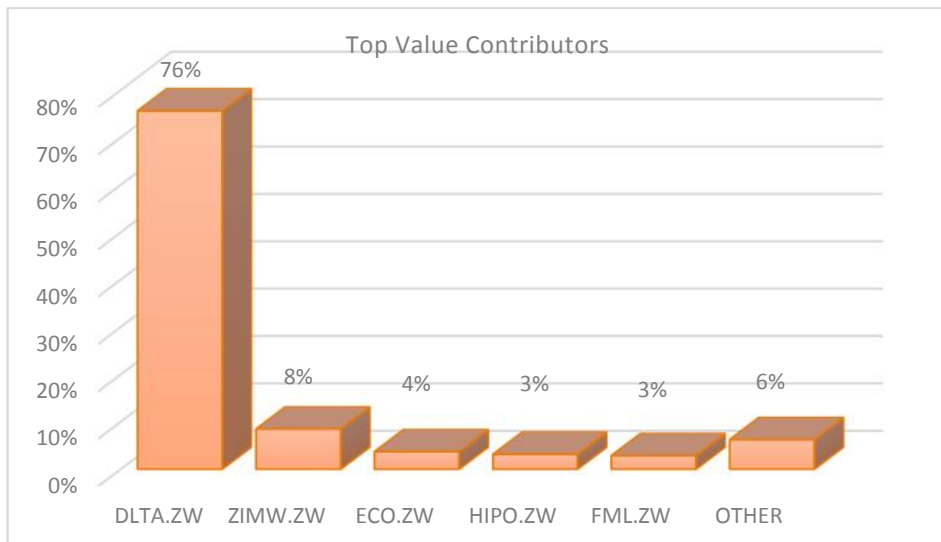
Market Aggregates and Statistics

Market turnover aggregates



	<i>Previous</i>	<i>Current</i>	<i>Change</i>	<i>%Change</i>
<i>Values</i>	2,531,461.60	3,333,944.58	802,482.99	31.70
<i>Volumes</i>	10,041,150	26,616,656	16,575,506.00	165.08

All activity aggregates reflected an improvement on the prior week with values exchanged on the bourse surging 31.7% to \$3.33m. Beverages group Delta was the main driver of the aggregate after claiming 76% of the total with other notable values trading in Zimplow (8%) and Econet (4%). Volumes of the week ballooned 165.08% to 26.6m shares as earth moving equipment distributors Zimplow anchored the aggregate at a 53% contribution.



In the news...

Dairibord Zim invests \$7.5m in equipment

DAIRIBORD Zimbabwe has invested \$7,5 million in new maheu, peanut butter and Chimombe plants, as it moves to ramp up production and increase revenue. <https://www.newsday.co.zw/2016/05/19/dairibord-zim-invests-75m-equipment/>

Axia debuts ZSE

Axia Corporation Limited debuted on the Zimbabwe Stock Exchange (ZSE) yesterday with 51 134 shares exchanging hands at a price of 7,5 cents. <https://www.newsday.co.zw/2016/05/18/axia-debuts-zse/>

Zim faces \$800m financing gap

GOVERNMENT faces a financing gap of \$800 million this year due to low revenue and high expenditure, amid fears it will borrow from the domestic market to plug the hole. <https://www.newsday.co.zw/2016/05/19/zim-faces-800m-financing-gap/>

High Court dismisses ZSE application

The High Court has dismissed Zimbabwe Stock Exchange's application for exception in a case where the local bourse is facing a \$50 mln lawsuit for damages by listed diversified group, Meikles Limited. <http://www.herald.co.zw/high-court-dismisses-zse-application/>

Govt appoints Hwange Board

Mines and Mining Development Minister Walter Chidhakwa has appointed a board of directors for Hwange Colliery Company Limited (HCCL) tasked with turning around the fortunes of loss making coal miner. Mimosa Mining Company executive chairman Winston Chitando chairs the eight member-board, whose immediate task is to address HCCLs \$160 mln debt and boost declining production. <http://www.herald.co.zw/govt-appoints-hwange-board/>

CFI eye return to profitability

CFI Holdings expects the proposed restructuring of the group to return it to profitability this year to recover from a loss of \$25 mln incurred in the year to September 2015. Excluding retrenchments, the group posted an operating loss before depreciation and financing costs of \$9.96 mln against a loss of \$6.3 mln in prior year. <http://www.herald.co.zw/cfi-eyes-return-to-profitability/>

ZB on consumers doorstep

ZB Financial Holdings Limited is targeting 10 000 banking agents by year-end from the current 6 000 as the financial institution taps into the unbanked by bringing financial services to the consumer's doorstep. <http://www.herald.co.zw/zb-on-consumers-doorstep/>

Zeco eyes profitability

ZSE listed engineering group Zeco Holdings is banking on the country's ongoing power generation projects to boost its revenue streams and return to profitability in the near future. <https://www.dailynews.co.zw/articles/2016/05/15/zeco-eyes-profitability>

ZSE probes Murowa sale

The Zimbabwe Stock Exchange is investigating Rio Tinto's disposal of its shareholding in Murowa Diamonds to a foreign firm amid allegations that local listing rules were violated. <https://www.dailynews.co.zw/articles/2016/05/17/zse-probes-murowa-sale>

Zim exports \$164m tobacco to China

Zimbabwe has so far exported flue-cured tobacco worth \$164 mln to China, a development that is expected to ease liquidity challenges in the country, figures from the Tobacco Industry and Marketing Board indicate. <https://www.dailynews.co.zw/articles/2016/05/17/zim-exports-164m-tobacco-to-china>



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