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RENAISSANCE
Securities

Weekly Update

Stock Market Update

The week saw the equities market continuing with its sluggish performance with both the benchmark industrial index and the mining index closing in negative territory. The Industrial index dropped below its 14 months low on Wednesday after closing at 121.29 point level. A modest recovery in selected heavyweight stocks during the last two days of the week pulled the industrial but still closed the week 1.1 percent lower compared to the same period to 09 July 2010. The midterm fiscal policy review presented during the course of the week failed to provide impetus to the market which has been sliding backwards for the better part of the year.

While in our view the market remains cheap there definitely appears to an apprehensive mood among investors regarding equities. There a number of factors alluding to this; firstly the liquidity constraints that have dogged the market for the last 6 months continue unabated with little in terms of portfolio investment inflows into the country. Low disposable incomes in the economy has also resulted in low capacity by pension funds to meaningful harness contributions for onward investment, while at individual levels few individuals have the excess cash to lock in long term investment like the stock market. The value traded a metric that measures the amount of funds flowing on the market showed little improvement after a total of \$5.7 million worth of shares changed hands during the week.

While there is no question that the equities are in for a rocky ride for the next 6 months given the uncertainties, we believe that the present time presents serious value for investors and an opportunity to restructure their portfolios. We continue to recommend quality stocks with earnings potential.

Week ending Friday 16th July 2010

Industrial Index	% Change
122.83	-1.1
Mining Index	% Change
125.01	-3.8

5 On The Move		5 Losing Out	
Pioneer	250%	Medtech	-50%
CAPS	67%	NMB	-23%
Celsys	33%	Astra	-17%
M &R	17%	Turnall	-10%
ZHL	15%	Delta	- 6%

5 Top Buys	
Innscor	
Zimplot	
Delta	
Econet	
CBZ	

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ReNnaissance Securities

Company News Update

NMB which recently conducted a rights issue resulted in African Century an international financial services company who were the underwriters of the transaction taking a 28% shareholding of the NMBZ's total issued shares after 70% of the group's shareholders did not follow their rights in a US\$10 million capital raising initiative. This is after shareholders had previously blocked a private placement that would have seen the same company African Century taking a significant stake in the banking concern.

Medtech Holdings Limited announced results of the AGM and EGM which saw Directors getting shareholder approval to increase the authorized share capital to 4 billion ordinary shares from 2 billion ordinary shares of \$0.00001 each. In addition shareholders authorized directors to make a renounceable rights offer of a number not exceeding 1.8 billion ordinary shares to existing shareholders of the company

Economic News Update

Mid Term Fiscal Policy Review

The minister of finance Tendai Biti presented the midterm fiscal review on Wednesday July 14 which saw government sticking to the original budget as the cash strapped government could not afford a supplementary budget. Underperformance in all real sectors with the exception of agriculture which is now forecast to register a growth of 18.8% resulted in the downward revision of the overall GDP growth forecast to 5.4%.

Meanwhile Zimbabwe has earned \$274.1 million from the sale of 92.3 million kilograms of flue cured tobacco in both contract and auction systems since the beginning of the 2010 tobacco selling season on February 16, figures released by the Tobacco Industry Marketing Board (TIMB) showed. Prices of tobacco have over the past two weeks been relatively lower than last year with the seasonal average floating at US\$2.97 per kg against US\$3 per kg during the same period last year. Authorities cite the small number of buyers against the improved supplies as the contributing factor to the price decline. An estimated 120 million kilograms is expected to be sold by the end of the current tobacco marketing season.

Macro-economic Indicators

Indicator	Original est.	Revised
Real GDP growth	7%	5.4%
Inflation	5.1%	4.5%
Nominal GDP(m)	5,561	5,517
Exports(millions)	2,018	1,929
Imports(millions)	3,498	3,635
Debt(billions)	5.4	6.7

Real Sector Growth Rates

Sector	Original est.	Revised
Agriculture	10%	18.8%
Mining	40%	31%
Manufacturing	10%	4.5%
Tourism	10%	3.5%
Construction	3.2%	1.5%
Finance	5.5%	2.0%

Foreign Currency Update

The dollar fell the most against the euro in 14 months and dropped to the lowest level this year versus the yen as economic reports added to evidence that the US recovery is losing momentum. The greenback touched a level weaker than \$1.30 versus the shared currency as minutes of the Federal Reserve meeting last month indicated policy makers trimmed their forecasts for growth. The euro rallied for a third straight week against the dollar advancing 8.9% since reaching a four year low of \$1.1877 on June 7 as concern eased that Europe's sovereign debt crisis would undermine the region's economic recovery.

The rand weakened against the dollar for a second day reversing earlier gains, as the price of gold slumped and concern the global recovery is faltering prompted investors to reduce holdings of higher yielding assets

CPI Update

ZIMSTAS formerly CSO released inflation figures for the month of June 2010 which saw year on year inflation dropping 0.8% to 5.3% while month on month inflation eased 0.4% to -0.1% mainly driven by decline in food and non-alcoholic beverages and a stable rand against the dollar. Inflation is forecast to remain on a downward trend for the remainder of the year with government forecasting a year end average of 4.5%. The long run sustainability of inflation within single digit levels will depend to a large extent on improved efficiencies within the economy, from utility providers to producers and retailers. In addition increased capacity utilization across all sectors should help to reduce the impact of the rand on local inflationary developments, as the economy moves away from reliance on imports from South Africa.

Exchange Rates on 19/07/10

GBP/USD	1.5301
USD/YEN	86.6450
USD/ZAR	7.6100
EURO/USD	1.2905
BWP/USD	0.1430

Country	Y/Y Inflation Rate % (CPI)
Zimbabwe	5.3
Botswana	7.3
South Africa	7.2
Malawi	8.5
Zambia	13.5
Namibia	8.8
Zimbabwe M/M	-0.1

International News Update

European stocks fell this week as economic reports in China and the US signalled the global recovery may falter and the Bank of America Corp and Citigroup reported sales that trailed analysts' estimates. China's economic growth eased to 10.3% in the second quarter after the government succeeded in tempering credit expansion, investment spending and property speculation. The gain in GDP was less than 11.9% increase in January to March in prior year. In the US consumer confidence slumped in July to the lowest level in a year a sign that the biggest part of the world's economy is losing momentum. The S&P 500 Index lost 1.2% during the week after jumping 7.5% between 2 July and July 13. The Dow Jones slipped 100.13 points and broke an eight day winning streak on July 15. The market is trying to figure out what's the economy and earnings are going to look like a year from now. Asian stocks rose for a second week as record sales at Intel Corp and unprecedented economic growth in Singapore overshadowed weak US factory reports and a slowdown in China. The MSCI Asia Pacific Index climbed less than 0.1% this week, its smallest weekly advance since October 2005. A late surge by Indian shares pulled the index into positive territory after declining US factory output and weaker than expected earnings at Google Inc had seen the Asian gauge erase gains from earlier in the week. Japan's Nikkei 225 stock average declined 1.9% during the week led by banks after the ruling party lost control of the upper house in elections.

Commodities

Gold futures fell hard Friday tracking other assets after a drop in consumer sentiment battered stocks and a report showing benign inflation in the US for June offset gold buying on inflation fears. Gold for August delivery lost \$201.0 or 1.7% to \$1,188.20 an ounce on the Comex division of the New York Mercantile Exchange. It was gold's largest one day drop since July 1 and the lowest settlement price since May 2. Gold lost 1.8% on the week, its third weekly loss in four weeks.

Weekly comparison

Major Indices	Points	% Ch.
Dow Jones	10,097.90	-1.0
Nasdaq	2,179.05	-2.63
S&P 500	1,064.88	-1.2
FTSE 100	5,158.85	0.5
Nikkei 225	10,871.09	-1.9

Crude Oil Prices

	09/09/10	16/07/10
Brent	78.65	74.89

Precious metals

US\$/oz.	09/07/10	16/07/10
Platinum	1,595	1,525
Gold	1,209.95	1,188.20
Silver	18.32	17.95

Non-ferrous metals

US\$/tonne	09/07/10	16/07/10
Nickel	19,550	19,125
Copper	6,712	6,235

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