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Zimbabwe Stocks to Advance 70% by 2011, RenCap Says (Update1)

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By Janice Kew

Nov. 3 (Bloomberg) -- Zimbabwe stocks may rise 70 percent by 2011 as the country recovers from the world's worst peace-time recession, according to Renaissance Capital.

Shares listed on the exchange may be worth \$7.1 billion, up from \$4.18 billion as of Oct. 30, the Moscow-based brokerage wrote in a research report today. That would be a seven-fold increase from RenCap's estimate for market value as of last November, just before the central bank shut down the bourse for three months after alleging some traders were involved in fraud.

The exchange resumed trading in U.S. dollars on Feb. 19, a week after a new coalition government was sworn in under a power-sharing agreement between President Robert Mugabe and opposition leader [Morgan Tsvangirai](#). Until February, Zimbabwe had the fastest-shrinking economy of any nation not at war, according to the World Bank, with inflation estimated at 89.7 sextillion percent by the Cato Institute.

"We think any extended political impasse may cause a more severe downward correction, but only if there are any potential negative changes to economic policy," analysts led by [Harare](#)-based [Dzika Danha](#) wrote. "Economic recovery in the short term is likely to be unaffected."

Tsvangirai's Movement for Democratic Change party said Oct. 16 it would "disengage" from the power-sharing government until Mugabe's party resolved issues including detention of MDC senator and party treasurer Roy Bennett, who's faces terrorism charges.

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The political battles of the past few months were expected given the nature of the agreement leading to the coalition, and the brokerage, which has offices throughout Africa, believes "the unity government is the most sustainable and practical solution," the analysts wrote.

Zimbabwe's market capitalization of \$4.18 billion is within 7.7 percent of the \$4.5 billion that RenCap in July estimated as its value by the end of 2009, which the brokerage still projects as the most likely figure by the end of December.

Manufacturing has increased to 32.3 percent of factory capacity from less than 10 percent before February, the Confederation of Zimbabwe Industries said Oct. 21.

[African Sun Ltd.](#), the hotel company with assets across the continent, Econet Wireless Holdings Ltd., the country's biggest mobile-phone operator, and [Delta Corp.](#), Zimbabwe's largest beer and beverages maker, are among Renaissance's top 10 picks

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