

*...immigration ban likely to inhibit free movement of labour...*

**America: Free- labor movement at risk...**

US President Mr Donald Trump signed an executive order named “Protecting the nation from foreign terrorist entry into the United State”, during his first week in office. The order suspended America’s refugee programme for four months and barred Syrian refugees indefinitely. In addition, it also denied entry, for at least 90 days, to anyone from seven mainly Muslim countries namely; Iran, Iraq, Libya, Somalia, Sudan, Syria and Yemen. Other presidential orders signed in the same week included, among others, rolling back the Obama health care, expediting environmental reviews and approvals for infrastructure projects as well as border security and immigration enforcements with Mexico. Overall, Mr Trump’s foreign policy focus is expected to trigger trade wars, inhibit free movement of international labor subsequently destabilising global trade.

**Africa – More Eurobond issuances...**

Following Nigeria’s intention to issue a Eurobond worth US\$1 billion by March 2017, Egypt began its roadshow to sale US\$4 billion of Eurobonds. The Eurobond, expected to be the largest Africa hard currency issuance, will be sold in three-tranches comprising US\$1.75 billion of 5-yr bonds yielding 6.125%, US\$1 billion of 10-yr bonds paying a yield of 7.5% and US\$1.25 billion of 30-yr bonds yielding 8.5%. In addition, Tunisia revealed that it would start roadshows for its targeted €1 billion Eurobond. Interestingly, all the three nations seek to finance their respective budget deficit. **Table 1** below outlines selected African Eurobonds and their respective yields and maturities.

**Table 1: African Eurobonds**

Issuer	Maturity	Yield
Angola	2025	10.0%
Cameroon	2025	7.9%
Egypt	2025	7.5%
Ghana	2026	8.3%
Ivory Coast	2024	6.1%
Kenya	2024	7.2%
Mozambique	2023	22.1%
South Africa	2024	4.4%
Zambia	2024	8.7%

**Source: Afmi**

Going forward, successful issuances by African countries is expected as sovereigns resort to offshore sources, whilst global investors seek relatively higher returns in emerging market and frontier economies.

**Zimbabwe – Need for strategic investing...**

In an environment where aggregate demand remains fragile as reflected by subdued revenues, the strategic focus for corporates shifts towards efficiency and effectiveness. Local manufacturers need to put their houses in order riding on the Statutory Instrument 64 of 2016 “SI.64”. This entails either upgrading their existing plants or investing in new technology as well as re-designing product packaging and organizational structures. National Foods reportedly operating at 100% capacity after recent upgrades to their milling plants, is one good example in as far as plant upgrades is concerned. Overall, a swift approach towards improving cost efficiency is critical for local industry as the import-substitution policy will not last forever. On the other hand, policymakers would need to continuously assist local manufacturers, particularly improving foreign exchange payment flows in sourcing raw materials as well as access to affordable long-term finance.

*...Efficiency and effectiveness critical for local manufacturers...*

## Markets Summary

### 1. Equities

On the Zimbabwe Stock Exchange, the industrial index fell by 2.7% to end the week at 141.14 dragged by losses in Econet, Meikles and National Foods. On the other hand, the mining index advanced by 2.9% to close at 56.12. Meanwhile, weekly turnover declined by 30.1% to US\$1.55 million as both local and offshore investors reduced their participation. Elsewhere, regional and global stocks recorded mixed trades. Interestingly, US markets traded in the positive territory despite the weak economic growth statistics for the fourth quarter. **Table 2** below outlines the local and major regional and global equities markets' performance as at 27 January 2017.

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2.7% to 141.14...

**Table 2: Local, Regional and Global Stock Market Performance**

Domestic	20-Jan-17	27-Jan-17	Weekly change (%)	Previous week change(%)	YTD Change (%)
Industrial Index	145.01	141.14	-2.7%	-0.8%	-2.3%
Mining Index	54.56	56.12	2.9%	-6.8%	-4.1%
Mkt cap - US\$m	4.02	3.91	-2.5%	-0.9%	-2.3%
Turnover - US\$m	2.22	1.55	-30.1%	35.6%	
<b>African</b>					
Botswana	9,342.48	9,275.46	-0.7%	-0.7%	-1.3%
Ghana	1,759.27	1,767.89	0.5%	1.4%	4.7%
Kenya	124.04	122.28	-1.4%	0.1%	-8.3%
Malawi	13,352.09	13,292.26	-0.4%	-1.0%	-0.2%
South Africa	52,532.26	52,973.83	0.8%	-0.5%	4.6%
Nigeria	26,223.54	26,328.22	0.4%	-0.4%	-2.0%
Zambia	4,063.78	4,066.37	0.1%	-0.3%	-3.1%
Mauritius	1,843.54	1,879.99	2.0%	1.3%	4.0%
<b>Global</b>					
U.S. - Dow	19,827.25	20,093.78	1.3%	-0.3%	1.7%
U.S. - S&P500	2,271.31	2,294.69	1.0%	-0.1%	2.5%
U.K. - FTSE 100	7,198.44	7,184.49	-0.2%	3.5%	0.6%
Japan - NIKKEI 225	19,137.91	19,467.40	1.7%	0.1%	1.8%
China - Shanghai Index	3,123.14	3,159.17	1.2%	1.2%	1.8%

Source: Various

### 2. Commodities

Commodities were also in mixed trades. On the upside, copper recorded the largest gain of 3.2% to US\$5,890/t on expectations of increased infrastructure projects by the new US administration. On the other hand, gold prices fell by 1.31% to close at US\$1,185/oz as buying from China stopped ahead of its week-long holiday to celebrate the Lunar New Year. (**Table 3**).

... Gold prices soften  
ahead of China's Lunar  
New Year ...

**Table 3: Commodities Price Performance**

Commodities	06-Jan-17	13-Jan-17	Weekly change (%)	Previous week change (%)	YTD Change (%)
<b>Metals</b>					
Gold - US\$/oz	1,200.55	1,184.85	-1.31%	0.9%	3.4%
Platinum - US\$/oz	962.00	974.00	1.25%	-1.6%	7.3%
Copper - US\$/t	5,710.00	5,890.00	3.15%	-0.7%	7.1%
Nickel - US\$/t	10,050.00	9,565.00	-4.83%	0.8%	-4.4%
Oil - US\$/b	55.49	55.52	0.05%	0.1%	-2.3%
<b>Agricultural</b>					
Wheat - US\$/t	157.36	154.51	-1.81%	0.7%	2.9%
Soybeans - US\$/t	403.90	397.74	-1.53%	1.4%	3.6%
Sugar - US\$/pound	20.18	20.33	0.74%	-1.7%	4.2%
Cotton - US\$/pound	73.04	74.85	2.48%	1.1%	5.9%

Source: Various

...US dollar remained weak  
for the second week in a  
row ...

### 3. Currencies

The US dollar remained weak as investors sought the traditional security of the Japanese yen after new U.S. immigration curbs put the spotlight back on President Donald Trump's protectionist bent and the risks it poses for the economy. Thus, the dollar index fell by 0.3% to end the week at 100.53. Elsewhere, the South Africa rand recovered by 1.0% to ZAR13.44/US\$ buoyed by the central bank decision to maintain its key lending rate at 7% and also due to a weaker greenback on lingering worries over the US new administration. **Table 4** below outlines currencies performance as at 27 January 2017.

**Table 4: Currencies Performance**

Currencies	20-Jan-17	27-Jan-17	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/ZAR	13.5564	13.4144	-1.0%	0.3%	-1.7%
USD/BWP	10.4991	10.4096	-0.9%	0.2%	-1.1%
USD/ZMK	9.8624	9.8164	-0.5%	-1.0%	0.1%
USD/NGN	312.2810	310.5380	-0.6%	-0.5%	2.5%
USD/GBP	0.8107	0.7960	-1.8%	-1.3%	-2.1%
USD/EUR	0.9373	0.9359	-0.1%	-0.4%	-1.4%
USD/JPY	114.781	114.969	0.2%	0.0%	-1.5%
USD/CNY	6.8733	6.8787	0.1%	-0.4%	-1.0%
Dollar Index - DXY	100.81	100.53	-0.3%	-0.4%	-1.6%

Source: Oanda

### Week Ahead

Date	Event	Period	Forecast	Previous
<b>Local</b>				
03-Feb-17	Econet AGM & EGM, 9am, Econet Park, 2 Old Mutare Rd, Msasa			
<b>Regional and International</b>				
30-Jan-17	Bank of Japan Interest Rate Decision		-0.10%	-0.10%
31-Jan-17	South Africa Trade Balance- US\$bln	Dec-16	6.00	(1.09)
31-Jan-17	Euro GDP - QoQ	Q4	0.40%	0.30%
01-Feb-17	South Africa Manufacturing PMI			46.70
01-Feb-17	Euro Manufacturing PMI	Jan-17	55.10	55.10
01-Feb-17	US Fed Interest Rate Decision	Jan-17	0.75%	0.75%
02-Feb-17	Bank of England Interest Rate Decision		0.25%	0.25%

Source: Various

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