

...US Fed raises interest rate for the 3rd since December 2015...

America - US Fed in another rate hike...

During the week under review, the US Federal Reserve “Fed” raised its benchmark policy target rate by another 25 basis points from the 0.5-0.75% range to 0.75%-1.0% range. According to the Fed, strengthening labor market conditions, reflected by low unemployment rate and moderate expansion in economic growth and inflation, led to the decision to increase the policy rate. Furthermore, the Fed still expects two more rate hikes in 2017, in line with the December 2016 announcement. **Table 1** below outlines the projections by the Fed with regards key economic indicators.

Table 1: Fed projections

Period	GDP Growth (%)	Unemployment rate (%)	Inflation rate (%)	Fed Rate (%)
2017	2.1%	4.5%	1.9%	1.4%
2018	2.1%	4.5%	2.0%	2.1%
2019	1.9%	4.5%	2.0%	3.0%

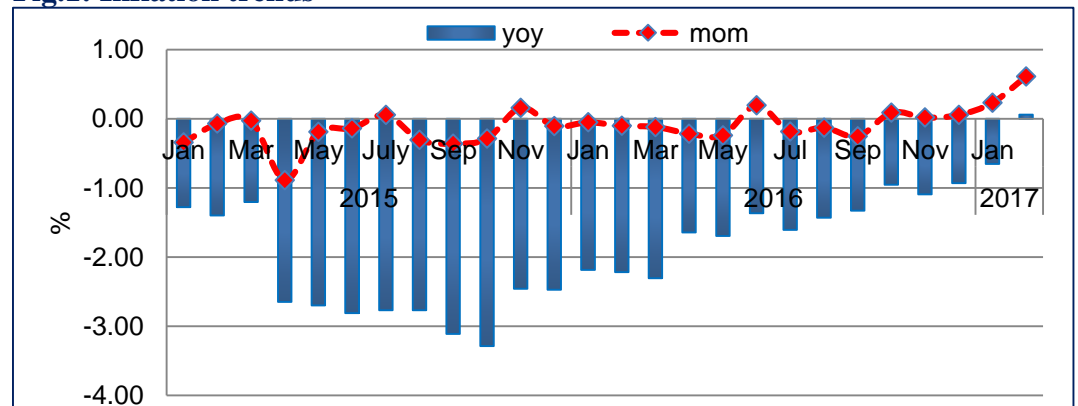
Source: Federal Reserve

In the short term, the US dollar is expected to remain firm against its major trading partners supported by the loose monetary tightening stance.

Zimbabwe – Rising inflationary pressures...

According to the Zimbabwe National Statistical Agency “ZimStat”, the year-on-year “y/y” inflation increased by 0.71 percentage points “pp.” from -0.65% in January 2017 to 0.06% in February 2017, ending a 28-month long deflationary cycle. Increases in prices of food items, electricity (liquid fuels), furniture and equipment (non-durable household goods), health and transport (fuel and lubricants), were the major inflation drivers in February 2017. Meanwhile, the underlying month-on-month “m/m” inflation also increased by 0.38 pp. to 0.61% in February 2017, compared to 0.23% in January 2017. **Fig.1** below illustrates the trends in inflation since January 2015.

Fig.1: Inflation trends



Source: ZimStat

Going forward, inflationary pressures are expected to remain generally elevated. However, the high level of uncertainties in the economy largely make it difficult to make long term forecasts.

...Annual inflation increased by 0.71pp to 0.06% in February 2017...

...Month-on-month inflation also rose by 0.38pp to 0.61% in February 2017...

... Tobacco marketing season opened on 15 March 2017...

Tobacco Sales Update

The 2016/17 tobacco marketing season opened on the 15th of March 2017. Cumulative sales for the period to 16 March 2017 show that total volume and value traded fell by 35.2% and 11.7% to 0.63 million kgs and US\$1.37 million, respectively, when compared to the 2016 marketing season. Meanwhile, the average price for the current season increased by 36.5% to US\$2.33/kg, compared to US\$1.59/kg, lifted by the higher prices from the contracted crop. **Table 2** below outlines the cumulative tobacco sales statistics as at 16 March 2016 (*latest available data*).

Table 2: Tobacco Marketing Statistics as at 16 March 2017 (Day 2)

Seasonal	Total Auction	Total Contract	Total 2017	Total 2016	Change (%)
Mass sold (million kg)	0.45	0.18	0.63	0.98	-35.2%
Value (US\$ million)	0.95	0.42	1.37	1.56	-11.7%
Average Price (US\$/kg)	2.11	2.33	2.17	1.59	36.5%
Rejected %	11.90%	5.48%	10.28%	10.38%	0.1
Highest Price (US\$/kg)	4.85	5.20	5.20	4.95	0.1
Lowest Price (US\$/kg)	0.10	0.40	0.10	0.10	-
Average bale weight (kg)	72.0	80.0	74.0	74.0	-

Source: TIMB

Going forward, the opening of the tobacco marketing season is expected to boost short-term liquidity as the crop remains one of the major export earners.

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange, the industrial index rose by 1.6% to 137.47 driven by gains in Delta, Econet and Innscor. On the other hand, the mining index fell by 0.1% to end the week at 53.59, due to losses recorded in Bindura. Meanwhile, weekly turnover improved by 74.4% to US\$6.08 million with Delta and Econet commanding c.70% of total turnover. Elsewhere, most markets traded in the positive territory, with the exception of Zambia and Japan, as the Fed's statement and forecasts for future rate increases was seen as less aggressive than had been anticipated by investors. **Table 3** below outlines the local as well as major regional and global equities markets' performance as at 17 March 2017.

...Industrial index logs second straight weekly gain ...

Table 3: Local, Regional and Global Stock Market Performance

Domestic	10-Mar-17	17-Mar-17	Weekly change (%)	Previous week change(%)	YTD Change (%)
Industrial Index	135.36	137.47	1.6%	0.7%	-4.9%
Mining Index	53.66	53.59	-0.1%	-3.6%	-8.4%
Mkt cap - US\$m	3.77	3.82	1.5%	0.6%	-4.6%
Turnover - US\$m	3.49	6.08	74.4%	-38.7%	
African					
Botswana	9,120.69	9,138.13	0.2%	0.1%	-2.8%
Ghana	1,868.59	1,879.60	0.6%	0.0%	11.3%
Kenya	122.47	126.61	3.4%	0.6%	-5.0%
Malawi	14,036.44	14,105.90	0.5%	2.7%	5.9%
South Africa	51,198.92	52,550.99	2.6%	-1.0%	3.7%
Nigeria	25,238.01	25,653.18	1.6%	0.9%	-4.5%
Zambia	4,328.27	4,305.79	-0.5%	2.4%	2.6%
Mauritius	1,917.76	1,920.26	0.1%	0.0%	6.2%
Global					
U.S. - Dow	20,902.98	20,914.62	0.1%	-0.5%	5.8%
U.S. - S&P500	2,372.60	2,378.25	0.2%	-0.4%	6.2%
U.K. - FTSE 100	7,343.08	7,424.96	1.1%	-0.4%	3.9%
Japan - NIKKEI 225	19,633.75	19,521.59	-0.6%	0.8%	2.1%
China - Shanghai Index	3,233.44	3,237.45	0.1%	0.5%	4.3%

Source: Various

...Gold advanced by 2.2% driven by expectations of a less-aggressive Fed stance...

2. Commodities

With the exception of soybeans and sugar, all commodities registered gains during the week under review. Gold prices advanced by 2.24% to US\$1,229.6/oz, riding on the less-aggressive stance by the Fed, supporting the safe-haven appeal of the metal. On the other hand, excess supply concerns dragged soybeans and sugar prices by 0.34% and 0.27% to close at US\$377.7/t and US\$8.17/p, respectively. **(Table 4).**

Table 4: Commodities Price Performance

Commodities	03-Mar-17	10-Mar-17	Weekly change (%)	Previous week change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,202.65	1,229.60	2.24%	-1.9%	7.3%
Platinum - US\$/oz	942.00	959.00	1.80%	-4.9%	5.6%
Copper - US\$/t	5,655.00	5,911.00	4.53%	-5.7%	7.5%
Nickel - US\$/t	10,100.00	10,290.00	1.88%	-7.3%	2.8%
Oil - US\$/b	51.37	51.76	0.76%	-8.1%	-8.9%
Agricultural					
Wheat - US\$/t	155.70	160.39	3.01%	-2.4%	6.8%
Soybeans - US\$/t	379.01	377.72	-0.34%	-3.0%	-1.6%
Sugar - US\$/pound	18.22	18.17	-0.27%	-6.7%	-6.9%
Cotton - US\$/pound	77.29	78.36	1.38%	0.0%	10.9%

Source: Various

3. Currencies

The US dollar traded weaker against its major trading currencies on expectations of a less hawkish view by the US Fed. Thus, the dollar index fell by 1.0% to end the week at 100.31. Elsewhere, the South African rand strengthened by 3.9% to close at ZAR12.75/US\$, riding on the Fed's less hawkish-than-expected comments. **Table 5** below outlines currencies performance as at 17 March 2017.

...US dollar weakens...

Table 5: Currencies Performance

Currencies	10-Mar-17	17-Mar-17	Weekly change (%)	Previous week change (%)	YTD Change (%)
USD/ZAR	13.2597	12.7486	-3.9%	1.1%	-6.6%
USD/BWP	10.3914	10.1569	-2.3%	0.4%	-3.5%
USD/ZMK	9.5640	9.5115	-0.5%	-1.4%	-3.0%
USD/NGN	312.7020	311.8930	-0.3%	-0.3%	2.9%
USD/GBP	0.8221	0.8086	-1.6%	0.8%	-0.5%
USD/EUR	0.9418	0.9294	-1.3%	-0.8%	-2.1%
USD/JPY	115.17	113.134	-1.8%	0.8%	-3.1%
USD/CNY	6.9115	6.9022	-0.1%	0.2%	-0.6%
Dollar Index - DXY	101.33	100.31	-1.0%	0.0%	-1.9%

Source: Oanda

Week Ahead

Date	Event	Period	Forecast	Previous
Local				
22-Mar-17	FBC Analysts Briefing, 12pm, Royal Harare Golf Club			
22-Mar-17	Proplastics Analyst Briefing, 12pm, No.5 Spurn Road, Ardbennie			
22-Mar-17	Pearl Analyst Briefing, 2pm, The Venue, 23 Kenny Road, Avondale			
22-Mar-17	FML Analyst Briefing, 3pm, The Venue, 23 Kenny Road, Avondale			
Regional and International				
20-Mar-17	EU Finance Ministers Meeting			
20-Mar-17	US President Mr Trump Speech			
21-Mar-17	UK CPI - YoY	Feb-17	2.10%	1.80%
21-Mar-17	Nigeria Interest Rate Decision			12.00%
22-Mar-17	South Africa CPI - YoY	Feb-17	6.50%	6.60%
23-Mar-17	Euro ECB Economic Bulletin			
23-Mar-17	Japan Manufacturing PMI	Mar-17	53.5	53.5
24-Mar-17	Euro Markit Composite PMI	Mar-17	55.8	56.0

Source: Various

Analysts:

Andrew Chirewo
achirewo@cbz.co.zw

Victor Makanda
vmakanda@cbz.co.zw

Godknows Muwandi
gmuwandi@cbz.co.zw

Contact Details

3rd Floor, Sapphire House,
Cnr Speke/ Angwa St,
P O Box 3313,
Harare, Zimbabwe,

Tel: +263 4 759101-16

Website: www.cbz.co.zw

Email: research@cbz.co.zw

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