

...US unemployment stable at 4.4% in June 2017...

America – Steady growth in US jobs...

According to the US Labor Department, employers added 222,000 jobs in June 2017, compared to 152,000 recorded in May 2017 and above market expectations. Gains in jobs emanated from healthcare, government, restaurants, professional and business services sector. As a result of the jobs growth, the US unemployment rate was steady at 4.4% between May 2017 and June 2017. Going forward, improving labor market conditions will highly likely support the ongoing US interest rate normalisation program.

...Malawi cuts policy rate on improved economic prospects...

Africa –Malawi cuts key policy rate...

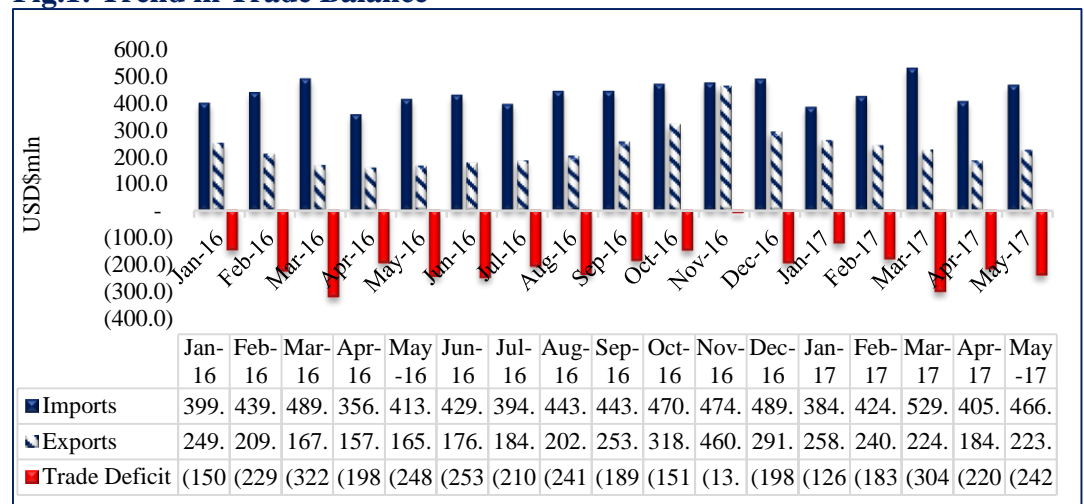
The Reserve Bank of Malawi “RBM” cut the key policy rate by 400 basis points to 18%. According to the RBM, disinflation and improved economic prospects, supported the rate cut. In fact, the Malawian economy is expected to grow by 4.5% in 2017 against 2.7% in 2016 driven by favourable weather conditions and stable macroeconomic environment. In addition, improved supply of food stocks and a relatively stable kwacha currency saw annual inflation declining for the 10th consecutive month from 23.5% in July 2016 to 12.3% in May 2017. In the short term, the RBM is expected to maintain an expansionary monetary policy stance riding on improved economic and inflation outlook.

Zimbabwe - Trade deficit widens in May 2017...

According to the Zimbabwe National Statistical Agency “ZimStat”, the country’s external trade deficit widened by 10% from US\$220.7 million in April 2017 to US\$242.8 million in May 2017. The huge import bill driven by increased requirements in diesel, base stations, medicaments, soyabean oil, worsened the trade deficit balance. **Fig.1** below outlines the trend in trade deficit between January 2016 to May 2017.

...Trade deficit widens in May 2017 on huge import bill...

Fig.1: Trend in Trade Balance



Source: ZIMSTAT

On a cumulative basis, the trade deficit however shrank by 6.2% to US\$1.08 billion between January and May 2017, compared to the same period in 2016. The improvement was attributed to increased production from key exports together with the import substitution initiatives by the Government. Going forward, increased support mainly on the supply-side for major exports will significantly improve the external trade balance.

... Contracted crop remains dominant...

Tobacco Sales Update

Cumulative sales for the period to 06 July 2017 show that total volume and value fell by 4.1% and 3.7% to 173.1 million kg and US\$510.6 million, respectively. However, average prices have increased by a marginal 0.3% to US\$2.95/kg against US\$2.94/kg in the prior year. **Table 1** below outlines the cumulative tobacco sales statistics as at 06 July 2017 (*latest available data*).

Table 2: Tobacco Marketing Statistics as at 06 July 2017 (Day 77)

Seasonal	Total Auction	Total Contract	Total 2017	Total 2016	Change (%)
Mass sold (million kg)	30.74	142.40	173.14	180.58	-4.1%
Value (US\$ million)	87.80	422.79	510.59	530.33	-3.7%
Average Price (US\$/kg)	2.86	2.97	2.95	2.94	0.3%
Rejected %	11.48%	4.51%	5.97%	7.31%	1.3
Highest Price (US\$/kg)	4.99	6.00	6.00	6.25	-4.0%
Lowest Price (US\$/kg)	0.10	0.10	0.10	0.10	-
Average bale weight (kg)	71.0	81.0	79.0	80.0	-1.3%

Source: TIMB

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange, the industrial and mining indices increased by 1.0% and 0.3% to end the week at 197.93 and 69.98, respectively. Meanwhile, weekly turnover fell by 37.5% to US\$5.26 million with offshore investors maintaining their net-selling position. Elsewhere, with the exception of Kenya and Nigeria, all other regional and global markets traded in the positive territory. Markets were driven by the better-than-expected U.S. payrolls report that gave investors more confidence in the strength of the U.S. economy. **Table 2** below outlines the local as well as major regional and global equities markets' performance as at 07 July 2017.

...offshore investors maintain a net-selling position...

Table 2: Local, Regional and Global Stock Market Performance

Domestic	30-Jun-17	07-Jul-17	Weekly change (%)	Previous week change(%)	YTD Change (%)
Industrial Index	195.97	197.93	1.0%	2.5%	36.9%
Mining Index	69.79	69.98	0.3%	0.0%	19.6%
Mkt cap - US\$mln	5.70	5.75	1.0%	2.4%	43.5%
Turnover - US\$mln	8.41	5.26	-37.5%	13.9%	
African					
Botswana	9,244.23	9,245.53	0.0%	0.2%	-1.7%
Ghana	1,964.55	1,991.00	1.3%	0.8%	17.9%
Kenya	152.92	152.24	-0.4%	-1.1%	14.2%
Malawi	15,772.51	16,017.55	1.6%	0.0%	20.2%
South Africa	51,611.01	51,900.26	0.6%	0.2%	2.5%
Nigeria	33,117.48	32,459.17	-2.0%	3.1%	20.8%
Zambia	4,759.65	4,759.65	0.0%	0.3%	13.4%
Mauritius	2,123.32	2,136.17	0.6%	0.6%	18.1%
Global					
U.S. - Dow	21,349.63	21,414.34	0.3%	-0.2%	8.4%
U.S. - S&P500	2,423.41	2,425.18	0.1%	-0.6%	8.3%
U.K. - FTSE 100	7,312.72	7,350.92	0.5%	-1.5%	2.9%
Japan - NIKKEI 225	20,055.80	20,080.98	0.1%	-0.4%	5.1%
China - Shanghai Index	3,193.64	3,219.73	0.8%	1.1%	3.7%

Source: Various

2. Commodities

With the exception of wheat, soybeans and sugar, all commodities under our survey recorded price declines. Oil prices recorded the largest decline of 4.2% to US\$46.71/b on increased US oil production. On the other hand, prospects of crop losses due to soaring temperatures in the US lifted soybeans and wheat prices (**Table 3**).

Table 3: Commodities Price Performance

Commodities	30-Jun-17	07-July-17	Weekly change (%)	Previous week change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,242.25	1,215.65	-2.14%	-1.1%	6.1%
Platinum - US\$/oz	925.00	908.00	-1.84%	-1.1%	0.0%
Copper - US\$/t	5,907.50	5,828.50	-1.34%	3.0%	6.0%
Nickel - US\$/t	9,280.00	9,090.00	-2.05%	4.2%	-9.2%
Oil - US\$/b	48.77	46.71	-4.22%	7.1%	-17.8%
Agricultural					
Wheat - US\$/t	187.76	190.06	1.22%	11.3%	26.5%
Soybeans - US\$/t	356.87	377.35	5.74%	4.7%	-1.7%
Sugar - US\$/pound	13.81	14.15	2.46%	6.5%	-27.5%
Cotton - US\$/pound	75.31	75.29	-0.03%	3.7%	6.6%

Source: Various

3. Currencies

The US dollar traded stronger during the week under review on increased prospects of another rate hike in 2017 riding on the positive US jobs report. As a result, the dollar index advanced by 0.4% to end the week at 96.0. Elsewhere, the South African rand declined by 2.9% to ZAR13.42/US\$ as worries continued about its central bank's independence, plans for land redistribution without compensation as well as lack of drive for much-needed economic reforms. **Table 4** below outlines currencies performance as at 06 July 2017.

Table 4: Currencies Performance

Currencies	30-Jun-17	07-Jul-17	Weekly change (%)	Previous week change (%)	YTD Change (%)
USD/ZAR	13.0447	13.4175	2.9%	0.8%	-1.7%
USD/BWP	10.1089	10.2664	1.6%	-0.4%	-2.5%
USD/ZMK	9.0875	9.0359	-0.6%	-1.5%	-7.9%
USD/NGN	325.0160	322.6010	-0.7%	3.0%	6.5%
USD/GBP	0.7690	0.7735	0.6%	-2.2%	-4.8%
USD/EUR	0.8754	0.8763	0.1%	-2.2%	-7.7%
USD/JPY	112.095	113.689	1.4%	0.7%	-2.6%
USD/CNY	6.7769	6.8017	0.4%	-0.9%	-2.1%
Dollar Index - DXY	95.63	96.00	0.4%	-1.7%	-6.1%

Source: Oanda

Week Ahead

Date	Event	Period	Forecast	Previous
Local				
14-Jul-17	Annual inflation - ZimStat	Jun-17		0.75%
Regional and International				
11-Jul-17	South Africa Manufacturing Production - MoM	May-17	0.41%	2.30%
12-Jul-17	Canada Interest Rate Decision		0.75%	0.50%
12-Jul-17	China's Trade Balance - USDbln	Jun-17	42.44	40.81
13-Jul-17	South Africa Mining Production	May-17	1.60%	1.70%
14-Jul-17	US CPI - YoY	Jun-17	1.70%	1.90%

Source: Various

... oil prices declined on increased supply from the US...

...Rebound in the US dollar...

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