

...ECB maintains dovish stance...

Euro Area – ECB maintains rate decision...

The European Central Bank “ECB” maintained its deposit rate at -0.4%, kept the main policy rate at 0% during its July 2017 policy meeting. In addition, it retained its monthly asset purchases of €60 billion (US\$69 billion) until end of December 2017. According to the ECB, a very substantial degree of monetary accommodation was still required as inflationary pressures were below the 2% target. In fact, annual inflation in the euro area stood at 1.3% in June 2017, dragged by lower energy prices.

Africa - SARB in accommodative stance...

During the week under review, the South African Reserve Bank “SARB” lowered the repurchase rate “Repo” by 25 basis points to 6.75%. According to SARB, a combination of worsening growth prospects and improved inflation outlook, led to the interest rate decision. **Table 1** below outlines the downward revision in economic and inflation indicators.

Table 1: SARB Economic Growth Projections (%)

Economic Indicator	2017f	2018f	2019f
Economic Growth	0.5 (1.0)	1.2 (1.5)	1.5 (1.7)
Annual Inflation (average)	5.3 (5.7)	5.2 (5.6)	5.2 (5.5)

Source: SARB (figures in brackets are the previous forecasts)

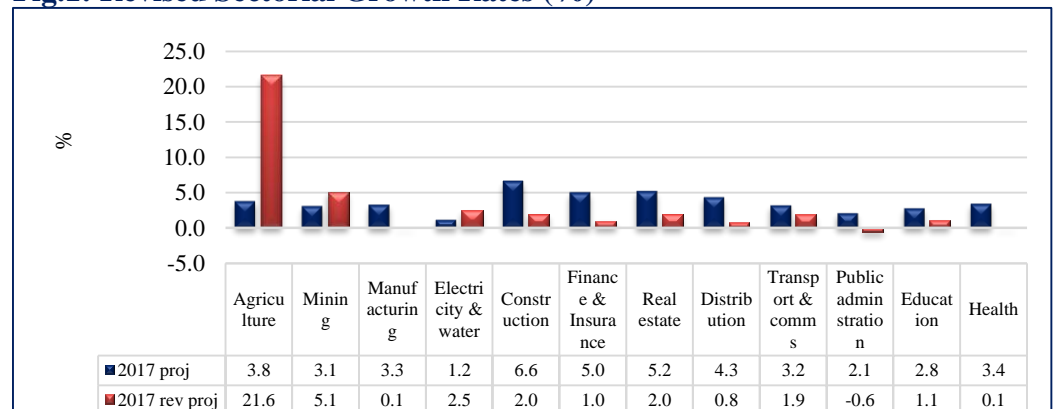
...Rate cut in SA due to subdued growth prospects...

Given the significant downward economic growth revisions, ratings downgrade and relatively high inflation, a combination of structural policy and central bank initiatives will be critical in promoting growth in Africa’s most developed nation.

Zimbabwe - Treasury affirms improved growth prospects...

The Ministry of Finance and Economic Development “MoFED” in its Annual Budget Review 2016 and 2017 Outlook affirmed the country’s improved growth prospects. In fact, a higher 3.7% growth forecast is expected in 2017 against an initial projection of 1.7% underpinned by strong performance in agriculture (21.6%), mining (5.1%) as well as electricity and water (2.5%) as shown in **Fig.1** below.

Fig.1: Revised Sectorial Growth Rates (%)



Source: MoFED (rev proj – revised projection)

...Agriculture and mining to support domestic growth...

However, the slow implementation of the re-engagement process, persistent liquidity and foreign currency challenges, were advanced as presenting downside risks. Going forward, relentless support in promoting food security and export-related initiatives will significantly be pivotal in anchoring sustainable growth.

Tobacco Sales Update

Cumulative sales for the period to 21 July 2017 show that total volume and value fell by 6.7% and 6.1% to 179.6 million kg and US\$532.0 million, respectively. However, average prices increased by a marginal 0.7% to US\$2.96/kg against US\$2.94/kg in the prior year. **Table 2** below outlines the cumulative tobacco sales statistics as at 21 July 2017 (*latest available data*).

... Contracted crop remains dominant...

Table 2: Tobacco Marketing Statistics as at 21 July 2017 (Day 88)

Seasonal	Total Auction	Total Contract	Total 2017	Total 2016	Change (%)
Mass sold (million kg)	31.04	148.58	179.62	192.56	-6.7%
Value (US\$ million)	88.44	443.57	532.01	566.38	-6.1%
Average Price (US\$/kg)	2.85	2.99	2.96	2.94	0.7%
Rejected %	11.53%	4.50%	5.94%	7.35%	1.4
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)	72.0	82.0	80.0	81.0	-1.2%

Source: TIMB

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange, the industrial index advanced by 0.8% to end the week at 200.4, whilst the mining index fell by 0.3% to 69.0. Meanwhile, weekly turnover declined by 37.7% to US\$5.78 million led by local investors, particularly on the buy-side. Elsewhere, with the exception of US and Japan, all other regional and global markets recorded gains. Markets were largely driven by the accommodative monetary policy stance by the ECB and Bank of Japan. **Table 3** below outlines the local as well as major regional and global equities markets' performance as at 21 July 2017.

Table 3: Local, Regional and Global Stock Market Performance

Domestic	14-Jul-17	21-Jul-17	Weekly change (%)	Previous week change(%)	YTD Change (%)
Industrial Index	198.41	200.04	0.8%	0.2%	38.4%
Mining Index	69.19	69.00	-0.3%	-1.1%	17.9%
Mkt cap - US\$mln	5.76	5.81	0.9%	0.2%	45.1%
Turnover - US\$mln	9.29	5.78	-37.7%	76.6%	
African					
Botswana	9,206.55	9,204.49	0.0%	-0.4%	-2.1%
Ghana	2,086.38	2,217.79	6.3%	4.8%	31.3%
Kenya	153.13	155.30	1.4%	0.6%	16.5%
Malawi	16,245.61	16,693.07	2.8%	1.4%	25.3%
South Africa	53,597.96	54,162.71	1.1%	3.3%	6.9%
Nigeria	33,261.66	34,020.37	2.3%	2.5%	26.6%
Zambia	4,750.98	4,749.90	0.0%	-0.2%	13.2%
Mauritius	2,158.61	2,168.12	0.4%	1.1%	19.9%
Global					
U.S. - Dow	21,637.74	21,580.07	-0.3%	1.0%	9.2%
U.S. - S&P500	2,459.27	2,472.54	0.5%	1.4%	10.4%
U.K. - FTSE 100	7,378.39	7,452.91	1.0%	0.4%	4.3%
Japan - NIKKEI 225	20,118.86	19,975.67	-0.7%	0.2%	4.5%
China - Shanghai Index	3,222.42	3,260.25	1.2%	0.1%	5.0%

Source: Various

...Industrial index surpasses the 200-mark...

2. Commodities

With the exception of oil, all major commodities traded in the positive territory. Nickel prices advanced by 3.86% to US\$9,540/t lifted by renewed demand from China. In addition, gold prices increased by 1.48% to US\$1,249/oz on renewed safe haven demand (**Table 4**).

Table 4: Commodities Price Performance

Commodities	14-July-17	21-July-17	Weekly change (%)	Previous week change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,230.30	1,248.55	1.48%	1.2%	8.96%
Platinum - US\$/oz	910.00	934.00	2.64%	0.2%	2.86%
Copper - US\$/t	5,902.00	5,930.00	0.47%	1.3%	7.80%
Nickel - US\$/t	9,185.00	9,540.00	3.86%	1.0%	-4.70%
Oil - US\$/b	48.91	48.06	-1.74%	4.7%	-15.42%
Agricultural					
Wheat - US\$/t	182.25	183.35	0.60%	-4.1%	22.08%
Soybeans - US\$/t	367.71	384.33	4.52%	-2.6%	0.14%
Sugar - US\$/pound	14.30	14.40	0.70%	1.1%	-26.19%
Cotton - US\$/pound	67.18	69.14	2.92%	-10.8%	-2.14%

Source: Various

3. Currencies

The US dollar remained under pressure for the second week in a row. U.S. President Donald Trump's failure to garner enough support for his healthcare bills in the Senate this week weighed on the dollar, as it raised fears about similar obstacles in passing his stimulus and tax reform agendas. Thus, the dollar index fell by 1.2% to end the week at 93.97, close to 13-month lows. As a result of the US dollar weakness, most emerging and frontier market economies' currencies traded firmer. In fact, gains of 1.2%, 1.5% and 0.8% were registered by the South Africa rand, Botswana Pula and Zambia Kwacha, respectively. **Table 5** below outlines currencies performance as at 21 July 2017.

Table 5: Currencies Performance

Currencies	14-Jul-17	21-Jul-17	Weekly change (%)	Previous week change (%)	YTD Change (%)
USD/ZAR	13.1094	12.9562	-1.2%	-2.3%	-5.1%
USD/BWP	10.1694	10.013	-1.5%	-0.9%	-4.9%
USD/ZMK	8.8281	8.7585	-0.8%	-2.3%	-10.7%
USD/NGN	332.8170	318.0470	-4.4%	3.2%	5.0%
USD/GBP	0.7682	0.7700	0.2%	-0.7%	-5.3%
USD/EUR	0.8745	0.8583	-1.9%	-0.2%	-9.6%
USD/JPY	112.939	111.486	-1.3%	-0.7%	-4.5%
USD/CNY	6.7797	6.7654	-0.2%	-0.3%	-2.6%
Dollar Index - DXY	95.11	93.97	-1.2%	-0.9%	-8.1%

Source: Oanda

Week Ahead

Date	Event	Period	Forecast	Previous
Local				
27-Jul-17	OKZIM AGM, 3pm, OK Mart Functions Room, Hillside			
28-Jul-17	Delta AGM, 1230pm, Sable House, Northridge Clsoe, Borrowdale			
Regional and International				
25-Jul-17	South Africa Unemployment Rate	Q2 2017		27.70%
26-Jul-17	US Fed Interest Rate Decision		1.25%	1.25%
27-Jul-17	US Initial Jobless Claims		241k	233k
28-Jul-17	Brazil Unemployment Rate		13.50%	13.30%
28-Jul-17	US GDP - QoQ	Q2 2017	2.60%	1.40%

Source: Various

...gold prices supported by renewed safe-haven demand ...

...US dollar traded weaker on weak economic data...

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