

...US jobs data beats market expectation...

America – Improvement in US labor market...

According to the Bureau of Labor Statistics, non-farm payrolls increased by 200,000 in January 2018 against market expectations of 180,000 and 160,000 recorded in December 2017. Higher employment in construction, manufacturing, food services and drinking places as well as health care, lifted employment levels. As a result of the jobs growth, the unemployment rate was unchanged at a 17-year low of 4.1% between December 2017 and January 2018 as depicted in **Fig.1** below.

Fig.1: 10-year trend in US unemployment rate (%)



Source: US Bureau of Labour Statistics

Despite concerns of relatively subdued inflation, the positive jobs data for January 2018 improves the short-term expectations of more interest rate hikes by the US Federal Reserve.

Kenya – Inauguration of People’s President...

During the week under review, Raila Odinga, the leader of Kenyan opposition coalition National Super Alliance was sworn in as “President of the People” at an unofficial ceremony. According to media reports, “...the ceremony was a symbolic challenge to President Uhuru Kenyatta three months after winning a further five-year term in a widely contested rerun election.” Given the deep social polarisation and history of violent clashes, social and political unrest is expected to be triggered by this event. This is likely to adversely affect Kenya’s short term economic growth prospects.

Zimbabwe – Untu lists its fixed income bond...

Untu Capital listed its medium-term note “bond” on the Financial Securities Exchange “Finsec” during the week under review. The bond listing followed a 72% over-subscription of its initial public offer of US\$1 million with a tenure of 12 months and yield of 9% per annum. As outlined in **Table 1** across, Untu’s listing became the third after Getbucks (on the Zimbabwe Stock Exchange) and IDBZ on Finsec. According to its senior officials, “...Untu Capital has become the first corporate to raise money on a recognized stock exchange by floating a bond where investors can subscribe by using mobile and online gadgets and paying using mobile wallets.” Subsequent to the listing, the institution published its second pricing supplement where it seeks to raise US\$2mln. In light of the need to revive the fixed income market, the listing of Untu is a noble initiative. In addition, more issuances are expected as the economy opens up for business meant to reduce the funding gap for various sectors in the economy.

Table 1: Issuance to date

Issuer	Amount (US\$)	Yield	Maturity
Getbucks	\$5mln	11%	2020
IDBZ	\$15mln	8%	Dec-19
IDBZ	\$50mln	9%	Dec-19
Untu	\$1mln	9%	Jan-19

Source: ZSE & Finsec

...social unrest likely to be triggered in Kenya...

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange, the All share index fell by 1.0% to end the week at 90.37 dragged by losses in heavyweight counters Padenga, Hippo and Seed Co. Meanwhile, weekly turnover improved by 18.5% to US\$12.0 million supported by notable trades in Delta, Hippo, Old Mutual and Seed Co. Interestingly, offshore investors remained net buyers at US\$5.37 million. Elsewhere, mixed trades were recorded on the regional and global markets. In fact, all major global stock markets recorded losses a rise in Treasury yields in anticipation of more interest rate increases in the US. **Table 2** below outlines the local as well as major regional and global equities markets' performance as at 02 February 2018.

Table 2: Local, Regional and Global Stock Market Performance

Domestic	26-Jan-18	02-Feb-18	Weekly change (%)	Previous week change (%)	YTD Change (%)
All Share Index	91.27	90.37	-1.0%	-0.2%	-9.6%
Industrial Index	305.18	304.16	-0.3%	-0.2%	-8.7%
Mining Index	130.42	130.42	0.0%	-3.0%	-8.4%
Top 10 Index	90.34	90.26	-0.1%	-0.3%	-9.7%
Mkt cap - US\$mln	8.65	8.62	-0.3%	-0.2%	-10.0%
Turnover - US\$mln	10.11	11.98	18.5%	20.6%	
African					
Botswana	8,750.25	8,732.60	-0.2%	-0.1%	-1.4%
Ghana	3,036.41	3,147.19	3.6%	5.8%	22.0%
Kenya	181.64	181.69	0.0%	0.8%	6.1%
Malawi	22,212.50	22,226.04	0.1%	0.9%	2.9%
South Africa	61,595.86	58,656.82	-4.8%	1.1%	-1.4%
Nigeria	43,773.76	44,639.99	2.0%	-2.9%	16.7%
Zambia	5,329.99	5,339.99	0.2%	0.2%	0.2%
Mauritius	2,253.28	2,257.04	0.2%	-0.2%	2.4%
Global					
U.S. - Dow	26,616.71	25,520.96	-4.1%	2.1%	3.2%
U.S. - S&P500	2,872.87	2,762.13	-3.9%	2.2%	3.3%
U.K. - FTSE 100	7,665.54	7,443.43	-2.9%	-0.8%	-3.2%
Japan - NIKKEI 225	23,631.25	22,682.08	-4.0%	-0.8%	-0.4%
China - Shanghai Index	3,523.00	3,478.47	-1.3%	0.8%	5.2%

Source: Various

2. Commodities

With the exception of sugar and wheat, all major commodities recorded price declines. Oil prices fell by 2.8% to US\$68.58/b as rising US oil production undermined efforts by OPEC member countries to support prices. In addition, gold declined by 1.6% to US\$1,331/oz as the metal lost its safe-haven appeal due to a rebound in the US dollar - **Table 3** below.

Table 3: Commodities Price Performance

Commodities	26-Jan-18	02-Feb-18	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,353.15	1,331.15	-1.6%	1.4%	3.1%
Platinum - US\$/oz	1,025.00	1,006.00	-1.9%	0.9%	7.8%
Copper - US\$/t	7,063.50	7,027.00	-0.5%	-0.2%	-1.8%
Nickel - US\$/t	13,750.00	13,545.00	-1.5%	9.2%	10.5%
Oil - US\$/b	70.52	68.58	-2.8%	2.8%	2.6%
Agricultural					
Wheat - US\$/t	162.13	164.15	1.2%	4.3%	4.7%
Soybeans - US\$/t	374.96	372.48	-0.7%	0.3%	-6.4%
Sugar - US\$/pound	13.36	13.63	2.0%	0.8%	-9.1%
Cotton - US\$/pound	80.48	77.30	-4.0%	-3.5%	-1.9%

Source: Various

...All share index registers a second consecutive weekly loss...

...rebound in US dollar drags most commodity prices...

3. Currencies

The US dollar strengthened following the January 2018 jobs report which showed wage growth hit an eight-and-half year high subsequently fueling expectations of several interest rates hikes in 2018. Therefore, the dollar index rose by 0.2% to end the week at 89.23. Elsewhere, the South African rand weakened by 0.9% to ZAR11.98 due to profit-taking and expectations of further US monetary tightening. **Table 4** below outlines currencies performance as at 02 February 2018.

...US dollar recovers on jobs data...

Table 4: Currencies Performance

Currencies	27-Jan-18	02-Feb-18	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/ZAR	11.8714	11.9785	0.9%	-2.4%	-3.0%
USD/BWP	9.4418	9.4115	-0.3%	-1.6%	-2.9%
USD/ZMK	9.6849	9.7746	0.9%	-0.7%	-1.8%
USD/NGN	358.4380	357.1710	-0.4%	0.1%	0.2%
USD/GBP	0.7043	0.7043	0.0%	-2.2%	-5.0%
USD/EUR	0.8042	0.8014	-0.3%	-1.5%	-4.0%
USD/JPY	109.003	109.925	0.8%	-1.6%	-2.4%
USD/CNY	6.3216	6.2898	-0.5%	-1.2%	-3.4%
Dollar Index - DXY	89.05	89.23	0.2%	-1.6%	-3.1%

Source: Oanda

Week Ahead

Date	Event	Period	Forecast	Previous
Local				
07-Feb-18	Nampak AGM, 12pm, Boardroom, 68 Brimingham Rd, Southerton			
08-Feb-18	ZiscoSteel EGM, 10am, Boardroom, Chiweshe Brothers Building, 34 Rhodesville Ave, Harare			
Regional and International				
06-Feb-18	South Africa Business Confidence	Jan-18		96.40
07-Feb-18	Brazil Interest rate decision		6.75%	7%
07-Feb-18	China Trade Balance - US\$bbln	Jan-18	54.10	54.69
07-Feb-18	South Africa Mining Production	Dec-17	4.90%	6.50%
08-Feb-18	UK Interest rate decision		0.50%	0.50%
08-Feb-18	US Jobless claims		236k	230k

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

Disclaimer

CBZ Holdings Limited has prepared this report on behalf of itself and its clients for informative purposes only. Whilst the facts and opinions expressed in this report are based on sources that are believed to be reliable, and every care has been taken in preparing the report, no warranty (implicit or explicit) is made by CBZ Holdings Limited, its employees, directors, associates and affiliates regarding the accuracy, reliability, currency or completeness of the information in this report nor its usefulness for any purpose. CBZ Holdings Limited, its employees, directors, associates and affiliates accept no responsibility or liability, whatsoever, for any loss, damage, cost or expense, howsoever, incurred or arising by reason of any person using or relying on information or opinions expressed in this report. The opinions and estimates expressed in this report are based on the information available as at the date of publication and such opinions and estimates are given in good faith, but without legal responsibility, and may be changed after publication at any time without notice. The information contained in this report does not constitute legal advice or personal recommendation and each recipient may undertake his or her own independent investigation of the issues discussed in this report.