

*...Democrats reclaim control over House of Representatives...*

**America –Split outcome on US mid-term elections...**

In the November 06, 2018 mid-term elections, the Republican Party won 52 out of the 100 Senate seats, thereby extending their senatorial dominance. Meanwhile, the Democrats won 45 senatorial seats. Nonetheless, the Democratic Party reclaimed majority control in the House of Representatives after collating 219 of the total 435 seats, compared to the Republicans’ 193 seats. In essence, the election outcome split the US Congress. This scenario was cheered by most investors as providing a “healthy system of checks and balances” for the Trump administration especially on some of the radical policy changes on foreign policy and trade, among other areas. Given the ongoing vote recounts, the race to control congress remains open and will most likely have far-reaching implications particularly if Democrats narrow the margin on senatorial seats.

*...SA’s private sector activity fell in Oct 2018...*

**Africa – South Africa’s private sector activity shrinks...**

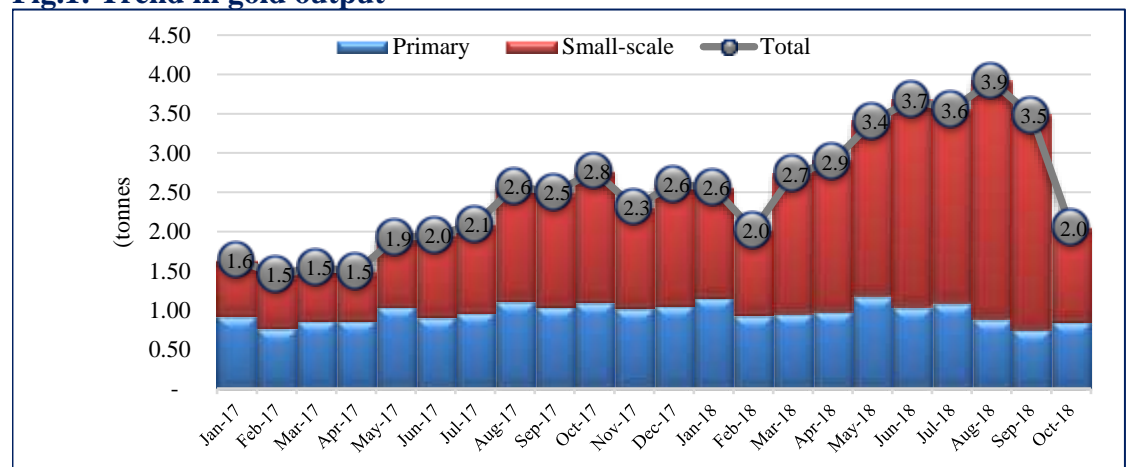
According to the Standard Bank, South Africa’s purchasing managers index “PMI” decreased to 46.9 in October 2018 from 48 in the prior month. A reading below 50 reflects contraction, whilst that above 50 signals growth or expansion. Standard Bank noted that the reading pointed to the fourth straight month of contraction in private sector activity. Whilst employment rose in October 2018, the low PMI was attributed to declines in output, new orders and low foreign demand. Going forward, economic growth prospects in South Africa will most likely remain weak worsened by concerns over land reform that may lead to a further downgrade in its sovereign credit rating.

**Zimbabwe – 2018 national gold target surpassed...**

According to Fidelity Printers and Refinery “FPR”, gold output fell by 41.1% to 2 tonnes in October 2018 from 3.5t in the previous month. The decline was due to a 56% reduction to 1.2t from small-scale miners, against 2.7t recorded in September 2018. Zimbabwe Miners Federation advanced fuel shortages, one of the major consumables (mainly for compressors) as the major obstacle for the low output. However, a 12.5% increase in production to 0.9t by primary producers, limited the overall decline in October 2018. Meanwhile, the cumulative output for 2018 at 30.3t surpassed the revised 2018 target of 30t and reflects a 52% increase compared to 19.9t recorded in the same period of 2017. **Fig.1** below outlines the monthly trend from January 2017 to October 2018.

*...cumulative gold output in Oct 2018 surpassed national target...*

**Fig.1: Trend in gold output**



Source: FPR

Continuous improvement on productivity-related issues for both small-scale and large-scale producers remains critical. This entails increased access to long-term capital, use of modern technology, availability of foreign currency, among other aspects. In addition, expediting value-addition initiatives will enhance earnings from the country’s top export earner.

## Markets Summary

### 1. Equities

On the Zimbabwe Stock Exchange, the All Share Index recovered by 0.9% to end the week at 159.96 lifted by gains from Delta and Econet. Meanwhile, weekly turnover increased by 69.5% to US\$27.9 million with the trio of Old Mutual, Delta and Econet commanding 88% of the traded value. Elsewhere, the split US congress outcome sustained sentiment for most global markets. **Table 1** below outlines the local as well as major regional and global equities markets' performance as at 09 November 2018.

...All share index advanced by 0.9%...

**Table 4: Local, Regional and Global Stock Market Performance**

Domestic	02-Nov-18	09-Nov-18	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	158.49	159.96	0.9%	-6.1%	60.0%
Industrial Index	532.06	537.17	1.0%	-6.1%	61.3%
Mining Index	209.86	208.11	-0.8%	-3.2%	46.1%
Top 10 Index	160.71	164.3	2.2%	-7.9%	64.3%
Mkt cap - US\$m	17.35	17.64	1.6%	-6.0%	84.1%
Turnover - US\$m	16.43	27.85	69.5%	39.1%	
<b>African</b>					
Botswana	7,945.80	7,936.12	-0.1%	-0.1%	-10.4%
Ghana	2,736.57	2,711.02	-0.9%	-3.0%	5.1%
Kenya	147.89	147.01	-0.6%	1.4%	-14.1%
Malawi	30,620.09	28,686.33	-6.3%	-0.6%	32.8%
South Africa	54,271.19	53,295.35	-1.8%	6.8%	-10.4%
Nigeria	32,124.94	32,200.21	0.2%	-2.4%	-15.8%
Zambia	5,240.75	5,291.33	1.0%	0.4%	-0.7%
Mauritius	2,238.93	2,241.90	0.1%	0.0%	1.7%
<b>Global</b>					
U.S. - Dow	25,270.83	25,989.30	2.8%	2.4%	5.1%
U.S. - S&P500	2,723.06	2,781.01	2.1%	2.4%	4.0%
U.K. - FTSE 100	7,094.12	7,105.34	0.2%	2.2%	-7.6%
Japan - NIKKEI 225	21,898.99	22,269.88	1.7%	3.6%	-2.2%
China - Shanghai Index	2,660.50	2,623.15	-1.4%	4.9%	-20.7%

Source: Various

### 2. Commodities

With the exception of copper, nickel and soybeans, most major commodities registered price declines. Oil prices further fell by 3.65 to \$70.2/b on increased output from the US, Russia and Saudi Arabia. Gold prices fell by 0.6% to US\$1,224/oz due to a relatively strong US dollar - **Table 2** below.

**Table 2: Commodities Price Performance**

Commodities	02-Nov-18	09-Nov-18	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
<b>Metals</b>					
Gold - US\$/oz	1,231.15	1,224.15	-0.6%	-0.2%	-5.2%
Platinum - US\$/oz	868.00	867.00	-0.1%	4.2%	-7.1%
Copper - US\$/t	6,070.00	6,137.00	1.1%	-2.3%	-14.3%
Nickel - US\$/t	11,555.00	11,615.00	0.5%	-4.8%	-5.3%
Oil - US\$/b	72.83	70.18	-3.6%	-6.2%	4.9%
<b>Agricultural</b>					
Wheat - US\$/t	186.84	185.01	-1.0%	0.7%	18.0%
Soybeans - US\$/t	329.49	330.78	0.4%	3.8%	-16.9%
Sugar - US\$/pound	13.44	12.73	-5.3%	-2.9%	-15.1%
Cotton - US\$/pound	78.79	78.09	-0.9%	0.3%	-0.9%

Source: Various

...oil prices fell for the 5<sup>th</sup> week in a row...

### 3. Currencies

The US dollar rose to a 16-month high as investors positioned for a Federal Reserve interest rate rise in December 2018 as well as concerns about political risk in Europe put pressure on the euro and the British pound. Thus, the dollar index marginally rose by 0.6% to end the week at 97.0. Elsewhere, the euro weakened by 0.6% due to reports that the European Commission had rejected Italy's 2019 budget. On the other hand, the South African Rand recovered by 0.6% to ZAR 14.2/US\$ as investors moved back into riskier assets. **Table 3** below outlines currencies performance as at 09 November 2018.

**Table 3: Currencies Performance**

Currencies	02-Nov-18	09-Nov-18	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/ZAR	14.3358	14.2459	-0.6%	-2.0%	15.3%
USD/BWP	10.5176	10.4332	-0.8%	-0.8%	7.7%
USD/ZMK	11.8196	11.7366	-0.7%	2.2%	17.9%
USD/NGN	362.2260	362.8000	0.2%	-0.2%	1.8%
USD/GBP	0.7697	0.7682	-0.2%	-1.3%	3.7%
USD/EUR	0.8765	0.8815	0.6%	-0.3%	5.6%
USD/JPY	112.975	113.837	0.8%	0.9%	1.1%
USD/CNY	6.8967	6.9481	0.7%	-0.7%	6.7%
Dollar Index - DXY	96.39	97.00	0.6%	0.1%	5.3%

Source: Oanda

### Looking Ahead

Date	Event	Period	Forecast	Previous
<b>Local</b>				
15-Nov-18	ZimStat CPI - YoY	Oct-18		5.39%
22-Nov-18	2019 National Budget Presentation			
<b>Regional and International</b>				
13-Nov-18	Euro ZEW Sentiment	Oct-18	(17.30)	(19.40)
14-Nov-18	UK CPI - YoY	Oct-18	2.50%	2.40%
14-Nov-18	US CPI - YoY	Oct-18	2.50%	2.30%
15-Nov-18	US Business Inventories	Sep-18	0.30%	0.50%
16-Nov-18	Euro CPI - YoY	Oct-18	2.20%	2.20%

Source: Various

...US dollar rises to a 16-month high...

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