

*...Japan's
manufacturing activity
shrinks for the first time
since June 2016...*

Asia –Slowdown in Japan’s manufacturing activity...

According to IHS Markit, Japan’s manufacturing activity fell to 48.5 in Feb 2019, compared to 50.3 recorded in Jan 2019 and below market expectations of 50.4. The reading pointed to the first contraction in manufacturing since June 2016, as both output and new orders declined at a faster rate while employment increased at a slower pace. A reading below 50 reflects contraction, whilst that above 50 signals expansion in manufacturing activity. Going forward, downside risks emerging from a slowdown in international trade following the US-China trade spat and economic weakness in China and Europe, will most likely have a negative impact on Japan’s growth prospects.

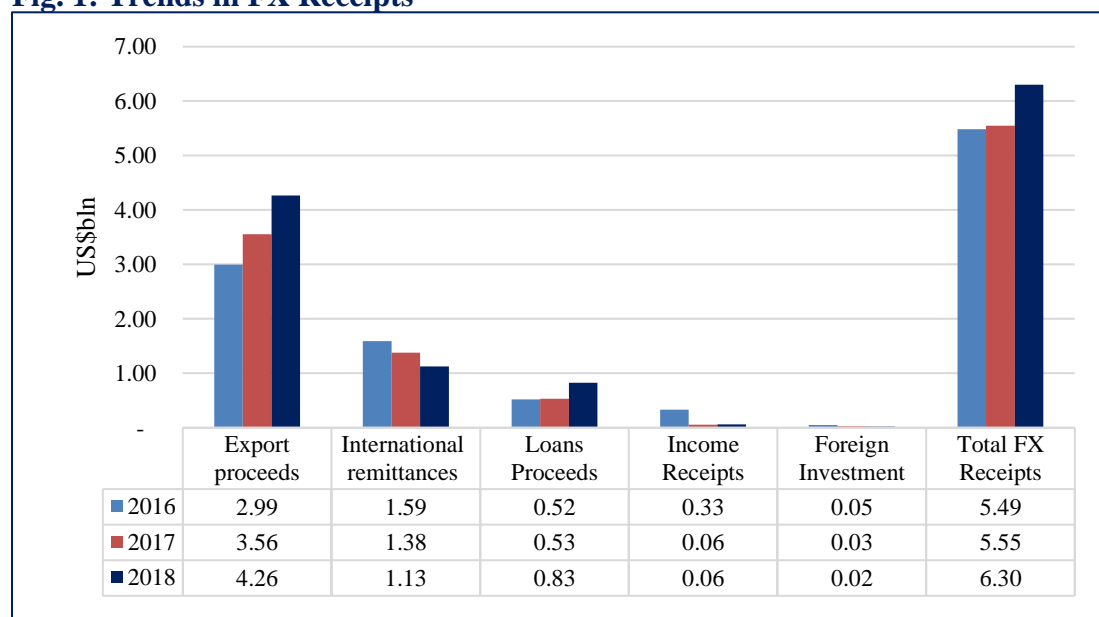
Africa – Bank of Zambia maintains policy rate...

The Bank of Zambia “BoZ” maintained its policy rate at 9.75% as it expects inflation to remain within, but in the upper bound, of its 6-8% target range. In fact, Zambia’s inflation rate was unchanged at 7.9% in Jan 2019 and Dec 2018. However, BoZ reiterated that the policy rate might go up “should the upside risks to inflation materialize and push inflation above the target range.” Over the forecast horizon, inflation is expected to remain within the target range but at an elevated level, with upside risks dominating from persistently higher-than-programmed budget deficits, debt service payments, deterioration in the current account balance and a decline in international reserves, factors that will affect inflation through the exchange rate and expectations channels.

Zimbabwe– Improvement in FX receipts ...

According to the Reserve Bank of Zimbabwe “RBZ”, foreign currency receipts increased by 13.5% to US\$6.3 billion in 2018 from \$5.55 billion in 2017. The increase was largely driven by export proceeds (+20%) and loan proceeds (+55%). However, declines in international remittances (-18%) and foreign investment (-10%), lowered the overall increase in FX receipts – **Fig 1** below. Meanwhile, in terms of composition, exports dominated at 68% of the total, whilst remittances and loan proceeds weighed in 18% and 13%, respectively.

Fig. 1: Trends in FX Receipts



Source: RBZ

*...remittances and
foreign investment
suppressed FX receipts
in 2018...*

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange “ZSE”, the All Share Index advanced by 0.8% to end the week at 152.94, on renewed investor sentiment following the announcement of the 2019 Monetary Policy Statement. Meanwhile, weekly turnover soared by 918% to a record \$233.5 million lifted by Econet and Cassava shares. According to the ZSE, one material shareholder reallocating shares between Econet (81.1mln shares) and Cassava (66.3mln shares) executed the deal. No cash exchanged hands in the transaction. Elsewhere, mixed trades were registered across regional and global markets. US markets traded higher lifted by signs of progress on the US-China trade talks. **Table 1** below outlines the local as well as major regional and global equities markets’ performance as at 22 February 2019.

...All share index recovered by 0.8%...

Table 1: Local, Regional and Global Stock Market Performance

Domestic	15-Feb-19	22-Feb-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	151.68	152.94	0.8%	-2.2%	4.6%
Industrial Index	505.91	510.21	0.8%	-2.2%	4.7%
Mining Index	217.63	216.5	-0.5%	0.5%	-4.9%
Top 10 Index	149.19	151.03	1.2%	-3.1%	4.1%
Mkt cap - US\$m	20.16	20.30	0.7%	-2.1%	4.5%
Turnover - US\$m	22.94	233.46	917.8%	-5.4%	
African					
Botswana	7,879.89	7,873.86	-0.1%	0.0%	0.3%
Ghana	2,425.00	2,424.92	0.0%	0.4%	-2.9%
Kenya	157.29	154.36	-1.9%	-2.0%	9.9%
Malawi	28,387.13	27,726.75	-2.3%	-3.2%	-4.3%
South Africa	54,628.41	55,992.97	2.5%	2.6%	6.2%
Nigeria	32,715.20	32,515.52	-0.6%	3.8%	3.5%
Zambia	5,768.03	5,779.05	0.2%	0.0%	10.1%
Mauritius	2,198.31	2,207.20	0.4%	-0.6%	-0.5%
Global					
U.S. - Dow	25,883.25	26,031.81	0.6%	3.1%	11.6%
U.S. - S&P500	2,775.60	2,792.67	0.6%	2.5%	11.4%
U.K. - FTSE 100	7,236.68	7,178.60	-0.8%	2.3%	6.7%
Japan - NIKKEI 225	21,283.31	21,528.23	1.2%	4.7%	7.6%
China - Shanghai Index	2,743.81	2,804.23	2.2%	4.8%	12.4%

Source: Various

2. Commodities

With the exception of wheat, most commodities registered price gains. Gold prices advanced by 1.55% to \$1,331/oz on renewed safe-haven buying, whilst oil prices rose to a 3-week high supported by ongoing OPEC supply cuts - **Table 2** below.

Table 2: Commodities Price Performance

Commodities	15-Feb-19	22-Feb-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,311.45	1,331.25	1.5%	0.1%	4.1%
Platinum - US\$/oz	791.00	834.00	5.4%	-0.9%	4.3%
Copper - US\$/t	6,188.00	6,478.00	4.7%	-0.4%	8.6%
Nickel - US\$/t	12,090.00	12,925.00	6.9%	-5.0%	22.0%
Oil - US\$/b	66.25	67.12	1.3%	6.7%	24.8%
Agricultural					
Wheat - US\$/t	184.91	178.85	-3.3%	-2.8%	-3.2%
Soybeans - US\$/t	341.53	345.48	1.2%	-0.7%	4.2%
Sugar - US\$/pound	13.14	13.37	1.8%	3.4%	11.1%
Cotton - US\$/pound	70.22	71.84	2.3%	-3.2%	-0.5%

Source: Various

Meanwhile, according to the Grain Marketing Board, local prices remained unchanged at \$390/t, \$630/t and \$780/t for maize, wheat and soybeans, respectively.

...gold registers secondly consecutive weekly gain...

...US dollar softens on renewed appetite for riskier currencies...

3. Currencies

The US dollar traded weaker as investors took on riskier assets after top U.S. and Chinese leaders revealed that a trade deal between their countries was likely. Therefore, the US dollar index fell by a marginal 0.4% to end the week at 96.49. Elsewhere, the South African rand strengthened by 0.9% to ZAR14.0/US\$ after Moody's rating agency signalled the government decision to raise its spending ceiling by ZAR 16 billion (US\$1.14 billion) did not weaken its fiscal policy credibility. Take note that from next week, movements between the RTGS\$ and USD will be tracked on a weekly basis following the RBZ's decision to formalise FX trading. **Table 3** below outlines currencies performance as at 22 February 2019.

Table 3: Currencies Performance

Currencies	15-Feb-19	22-Feb-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/ZAR	14.1123	13.9923	-0.9%	3.6%	-2.7%
USD/BWP	10.3963	10.3582	-0.4%	1.4%	-1.5%
USD/ZMK	11.8317	11.9069	0.6%	0.3%	0.1%
USD/NGN	359.4930	360.6900	0.3%	0.0%	-0.6%
USD/GBP	0.7793	0.7669	-1.6%	0.9%	-2.3%
USD/EUR	0.8863	0.8819	-0.5%	0.5%	0.9%
USD/JPY	110.411	110.725	0.3%	0.6%	0.7%
USD/CNY	6.7707	6.7165	-0.8%	0.4%	-2.3%
Dollar Index - DXY	96.92	96.49	-0.4%	0.3%	0.3%

Source: Oanda

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
27-Feb-19	ART AGM, 230pm, 202 Seke Road, Graniteside			
28-Feb-19	Cafca AGM, 12pm, Head Office, 54 Lytton Road, Workington			
Regional and International				
27-Feb-19	Euro Business and Consumer Survey	Feb-19	106.00	106.20
28-Feb-19	South Africa Money Supply - YoY	Jan-19	5.76%	5.59%
28-Feb-19	US Initial Jobless Claims		221k	216k
01-Mar-19	Euro Manufacturing PMI	Feb-19	49.20	49.20

Source: Various

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