America –Increase in US jobless claims…

…Us jobless claims rose by 8,000…

According to the US Department of Labor, the number of Americans filing for unemployment benefits increased by 8,000 to 225,000 in the week ending 23 Feb 2019. This was slightly above the market expectations of 220,000 driven by gains in Kentucky and Massachusetts. However, a four-week average of initial claims fell by 7,000 to 229,000, over the same period. The general downward trend on jobless claims, since 2010, is expected to persist in the short-term supported by the relatively tight labor market.

Africa – SA inflation-linked bonds over-subscribed…

…SA linkers oversubscribed…

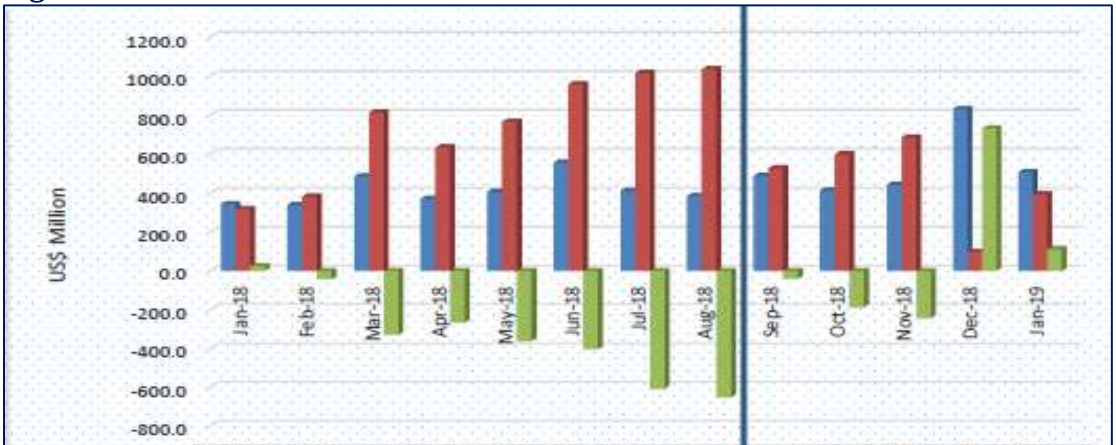
The South Africa Reserve Bank held an auction for inflation-linked bonds "ILBs" on 01 March 2019. The bond issuances of ZAR 170 mln, ZAR 250 mln and ZAR 230 mln were over-subscribed by 1.7x, 2,1x and 2.0x, respectively, with yields of 3.25%, 3.28% and 3.31%, respectively. Meanwhile, the maturities for the ILBs ranged from 2029 to 2050. Going forward, the demand for ILB or Linkers is expected to soften given the moderate inflation outlook of 4.5% from a previous estimate of 5.5% for 2019.

Zimbabwe– Government registers surplus in public finances…

…Gvt registered a surplus between Dec 2018 and Jan 2019 supported by the electronic tax…

According to the Ministry of Finance and Economic Development "MoFED", government public finances improved following the announcement of fiscal and monetary measures in Oct 2018. MoFED indicated that monthly collections increased thanks to the introduction of the money transfer tax. In fact, a total of US$166.2 mln was raised from the money transfer tax in 2018 and another US$600 mln is expected to be raised during 2019. On the other hand, fiscal consolidation through retirement of youth officers, restrained budget deficit financing, freeze on hiring and procurement of vehicles, among other areas, significantly boosted government's public finances. As a result of the increased revenue collections and expenditure management, a primary surplus was subsequently registered between Dec 2018 and Jan 2019 – **Fig.1** below.

Fig. 1: Trends in Public Finances



	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19
Revenue	345.6	341.7	486.7	372.7	406.9	558.3	412.0	386.6	489.4	414.3	444.3	832.8	508.5
Expenditure	319.6	384.0	815.4	637.3	768.3	960.4	1018.8	1037.7	529.2	600.7	686.4	100.1	395.5
Budget Balance	26.0	-42.3	-328.6	-264.6	-361.4	-402.1	-606.8	-651.2	-39.8	-186.3	-242.1	732.7	112.9

Source: MoFED

The ability by the authorities to be cash positive is commendable in line with the TSP target on fiscal deficit management. However, there is need for government to establish a long-term trend, if ever, fiscal consolidation is to be attained. As such, the government need to tighten its screws on expenditure management as there appears to be limited scope in widening the revenue base from the already squeezed economic agents.

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange "ZSE", the All Share Index fell by 3.0% to 148.42 reflecting self-correction following the recently introduced currency reforms. Meanwhile, weekly turnover declined by 94.5% to RTGS$12.81 million with offshore investors closing on a net-sellers position. Elsewhere, mixed trades were registered across regional and global markets. Increased optimism over the US-China trade talks supported US and China's indices. **Table 1** below outlines the local as well as major regional and global equities markets' performance as at 01 March 2019.

...All share index fell by 3.0%...

Table 1: Local, Regional and Global Stock Market Performance

Domestic	22-Feb-19	01-Mar-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	152.94	148.42	-3.0%	0.8%	1.5%
Industrial Index	510.21	495.37	-2.9%	0.8%	1.7%
Mining Index	216.5	207.03	-4.4%	-0.5%	-9.1%
Top 10 Index	151.03	145.47	-3.7%	1.2%	0.3%
Mkt cap - US$mln	20.30	19.80	-2.4%	0.7%	1.9%
Turnover - US$mln	233.46	12.81	-94.5%	917.8%	
African					
Botswana	7,873.86	7,875.43	0.0%	-0.1%	0.3%
Ghana	2,424.92	2,440.43	0.6%	0.0%	-2.2%
Kenya	154.36	152.91	-0.9%	-1.9%	8.9%
Malawi	27,726.75	27,687.33	-0.1%	-2.3%	-4.5%
South Africa	55,992.97	56,203.11	0.4%	2.5%	6.6%
Nigeria	32,515.52	31,827.24	-2.1%	-0.6%	1.3%
Zambia	5,779.05	5,793.56	0.3%	0.2%	10.4%
Mauritius	2,207.20	2,205.94	-0.1%	0.4%	-0.6%
Global					
U.S. - Dow	26,031.81	26,026.32	0.0%	0.6%	11.6%
U.S. - S&P500	2,792.67	2,803.69	0.4%	0.6%	11.8%
U.K. - FTSE 100	7,178.60	7,106.73	-1.0%	-0.8%	5.6%
Japan - NIKKEI 225	21,528.23	21,822.04	1.4%	1.2%	9.0%
China - Shanghai Index	2,804.23	3,015.52	7.5%	2.2%	20.9%

Source: Various

2. Commodities

Mixed trades were recorded among major commodities. On the downside, wheat prices fell by 6.7% to $166.82/t due to technical selling and stiff global competition that has fueled worries about demand for U.S. supplies. On the other hand, platinum prices rose by 3.7% to US$865/oz supported by tightening global supplies - **Table 2** below.

...mixed trades on commodities...

Table 2: Commodities Price Performance

Commodities	22-Feb-19	01-Mar-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US$/oz	1,331.25	1,319.15	-0.9%	1.5%	3.1%
Platinum - US$/oz	834.00	865.00	3.7%	5.4%	8.1%
Copper - US$/t	6,478.00	6,478.00	0.0%	4.7%	8.6%
Nickel - US$/t	12,925.00	13,155.00	1.8%	6.9%	24.2%
Oil - US$/b	67.12	66.03	-1.6%	1.3%	22.7%
Agricultural					
Wheat - US$/t	178.85	166.82	-6.7%	-3.3%	-9.7%
Soybeans - US$/t	345.48	341.44	-1.2%	1.2%	3.0%
Sugar - US$/pound	13.37	12.73	-4.8%	1.8%	5.8%
Cotton - US$/pound	71.84	72.73	1.2%	2.3%	0.7%

Source: Various

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

3. Currencies

…US dollar traded weaker on prospects of a trade deal…

On the local front, the RTGS$ - based on mid-rate - was largely unchanged at 2.5x reflecting the view that banking institutions were still utilising the seed capital from RBZ. Meanwhile, the US dollar traded weaker on prospects of a trade deal between China and the U.S. Therefore, the US dollar index fell by a marginal 0.1% to end the week at 96.38. Elsewhere, the South African rand weakened by 1.1% to ZAR14.1/US$ following a sell-off in emerging market currencies. In fact, escalating tensions between India and Pakistan and the breakup of the U.S.-North Korea summit without a deal all put the rand and other emerging market currencies under pressure. **Table 3** below outlines currencies performance as at 01 March 2019.

Table 3: Currencies Performance

Currencies	22-Feb-19	01-Mar-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS$ (mid-rate)	2.5000	2.5004	0.0%	n/a	0.0%
USD/ZAR	13.9923	14.1410	1.1%	-0.9%	-1.7%
USD/BWP	10.3582	10.3664	0.1%	-0.4%	-1.4%
USD/ZMK	11.9069	11.9901	0.7%	0.6%	0.8%
USD/NGN	360.6900	360.3960	-0.1%	0.3%	-0.7%
USD/GBP	0.7669	0.7554	-1.5%	-1.6%	-3.8%
USD/EUR	0.8819	0.8793	-0.3%	-0.5%	0.6%
USD/JPY	110.725	111.818	1.0%	0.3%	1.6%
USD/CNY	6.7165	6.7007	-0.2%	-0.8%	-2.6%
Dollar Index - DXY	96.49	96.38	-0.1%	-0.4%	0.2%

Source: Oanda

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
18-Mar-19	Mash AGM, 12pm, ZB Life Towers, 77 J Moyo Avenue			
26-Mar-19	CFI AGM, 11am, Boardroom, 1 Wynne Street, Harare			
Regional and International				
05-Mar-19	South Africa Standard Bank PMI	Feb-19		49.60
05-Mar-19	US Markit Composite PMI	Feb-19	55.80	55.80
07-Mar-19	ECB Interest Rate Decision		0.00%	0.00%
08-Mar-19	US Unemployment Rate	Feb-19	3.90%	4.00%

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