

...ECB to introduce fresh stimulus to spur growth...

Euro-Area –ECB to introduce another stimulus package...

The European Central Bank “ECB” maintained the policy rate, interest rate on marginal lending facility and the deposit facility at 0.0%, 0.25% and -0.40%, respectively. In addition, the ECB pushed out the timing of its first rate hike to 2020, at the earliest, as well as introduced a fresh stimulus package scheduled to start in Sept 2019 to Mar 2021. The ECB noted that decision for the accommodative policy stance was underpinned by the “soft economic data as well as the persistence of uncertainties related to geopolitical factors, threat of protectionism and vulnerabilities in emerging markets.” Going forward, monetary financing conditions will most likely soften in line with the recent policy shift by the ECB and US Federal Reserve, among other major central banks, in response to the anticipated slowdown in global growth.

...Bank of Mozambique raises RR on FX deposits...

Africa – Bank of Mozambique raises RR on FX deposits...

The Bank of Mozambique “BM” left its monetary policy rate steady at 14.25%, whilst raising the reserve requirement “RR” for foreign currency deposits by 900 basis points to 36%. BM advised, “it adjusted its monetary policy stance to preserve macro-economic stability by raising the RR for foreign currency deposits after new information that strengthens its perception of external risks along with the greater volatility of the U.S. dollar.” However, the RR for local currency deposits was left unchanged at 14.0% in line with the anticipated single-digit inflation forecast by end of 2019.

Zimbabwe– RBZ revises FX guidelines for portfolio investments...

The Reserve Bank of Zimbabwe “RBZ” recently revised the guidelines on utilization of foreign exchange to accommodate remittance of disinvestment proceeds from sale of shares on the Zimbabwe Stock Exchange “ZSE”. These investments now fall under category 2 of the guidelines as shown in **Table 1** below.

...RBZ revises exchange control guidelines to factor in portfolio investments...

Table 1: Guideline on utilization of Foreign Exchange

Category	Foreign currency payments
Category 1 - 70%	Net exporters who import raw materials/machinery to aid them to produce more exports; Non-exporting importers of raw materials and machinery for local production (value addition) that directly substitute imports of essential finished goods; Imports of critical and strategic goods such as basic food stuffs and fuel, health and agro-chemicals granted these goods are not available locally; Repayments of offshore lines of credit procured to fund productive activities; Payment of services not available in Zimbabwe; Foreign investment (capital disinvestments, profits and dividends); Remittance of rental income from properties owned by non-resident Zimbabweans and foreign investors; Remittance of pension income for non-resident Zimbabweans; Importation of packaging material not available in Zimbabwe; University and college fees; Mining consumables such as specialised steel rods and Goods and services not locally available for tourism operators.
Category 2 - 15%	Disinvestment proceeds from portfolio investments
Category 3 – 15%	Capital remittances from disposal of local property; Capital remittance for cross border investments; Funding of offshore credit cards; Importation of trinkets, low local content consumer goods and/or goods readily available in Zimbabwe including non-commercial vehicles, maheu, bottled water; Payments for services available in Zimbabwe and Donations

Source: RBZ Circular 2 of 2019 Exchange Control

In addition, the RBZ indicated that (1) proceeds from the sale of shares done before 20 Feb 2019 be processed through the interbank market (2) expunging of registered legacy debts and foreign liabilities to be on a First In First Out basis through the interbank market, (3) portfolio investors are free to reinvest their funds on the ZSE without hindrance and (4) authorised dealers are also advised that new portfolio investments flows received after 20 Feb 2019, should be liquidated at the prevailing market exchange rate to enable the purchase of shares on the ZSE in RTGS dollars. Thereafter, proceeds from sale of such shares will be sourced from the interbank market at the prevailing exchange rate.

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange “ZSE”, the All Share Index fell by 4.4% to 141.93 due to the continued market correction. Meanwhile, weekly turnover improved by 54.1% to RTGSS\$19.8 million sustained by notables trades in Cassava, Delta, Old Mutual and Innscor. Elsewhere, mixed trades were registered across regional and global markets. Major global markets, including the US, registered losses due to a downbeat employment report from the US, trade data from China and a downward revision of euro-zone’s 2019 growth forecast. **Table 2** below outlines the local as well as major regional and global equities markets’ performance as at 08 March 2019.

Table 2: Local, Regional and Global Stock Market Performance

Domestic	01-Mar-19	08-Mar-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	148.42	141.93	-4.4%	-3.0%	-2.9%
Industrial Index	495.37	473.43	-4.4%	-2.9%	-2.8%
Mining Index	207.03	207.34	0.1%	-4.4%	-8.9%
Top 10 Index	145.47	139.84	-3.9%	-3.7%	-3.6%
Mkt cap - US\$mIn	19.80	18.90	-4.6%	-2.4%	-2.7%
Turnover - US\$mIn	12.81	19.75	54.1%	-94.5%	
African					
Botswana	7,875.43	7,881.23	0.1%	0.0%	0.4%
Ghana	2,440.43	2,436.36	-0.2%	0.6%	-2.4%
Kenya	152.91	156.11	2.1%	-0.9%	11.2%
Malawi	27,687.33	27,946.78	0.9%	-0.1%	-3.6%
South Africa	56,203.11	55,488.79	-1.3%	0.4%	5.2%
Nigeria	31,827.24	31,924.51	0.3%	-2.1%	1.6%
Zambia	5,793.56	5,781.61	-0.2%	0.3%	10.2%
Mauritius	2,205.94	2,195.51	-0.5%	-0.1%	-1.0%
Global					
U.S. - Dow	26,026.32	25,450.24	-2.2%	0.0%	9.1%
U.S. - S&P500	2,803.69	2,743.07	-2.2%	0.4%	9.4%
U.K. - FTSE 100	7,106.73	7,104.31	0.0%	-1.0%	5.6%
Japan - NIKKEI 225	21,822.04	21,125.09	-3.2%	1.4%	5.5%
China - Shanghai Index	3,015.52	2,969.86	-1.5%	7.5%	19.1%

Source: Various

2. Commodities

Commodities traded in the negative territory due to concerns over the slowing global growth. Gold prices fell by 2.6% to \$1,285/oz as the metal lost its safe-haven appeal following a recovery in the US dollar, whilst copper prices fell by 1.3% due to rising inventories - **Table 3** below.

Table 3: Commodities Price Performance

Commodities	01-Mar-19	08-Mar-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,319.15	1,285.30	-2.6%	-0.9%	0.5%
Platinum - US\$/oz	865.00	823.00	-4.9%	3.7%	2.9%
Copper - US\$/t	6,478.00	6,395.00	-1.3%	0.0%	7.2%
Nickel - US\$/t	13,155.00	13,035.00	-0.9%	1.8%	23.1%
Oil - US\$/b	66.03	65.74	-0.4%	-1.6%	22.2%
Agricultural					
Wheat - US\$/t	166.82	160.57	-3.7%	-6.7%	-13.1%
Soybeans - US\$/t	341.44	335.74	-1.7%	-1.2%	1.2%
Sugar - US\$/pound	12.73	12.18	-4.3%	-4.8%	1.2%
Cotton - US\$/pound	72.73	71.90	-1.1%	1.2%	-0.4%

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.

...All share index fell by 4.4%...

...commodities register losses on global growth concerns...

...South African rand falls to a nine-week low...

3. Currencies

On the local front, the RTGS\$ marginally softened by 0.9% to end the week at RTGS\$2.52/US\$1. Meanwhile, the US dollar was relatively stronger supported by accommodative signals by the ECB and the global growth concerns which hurt risky assets. Thus, the US dollar index advanced by 1.0% to end the week at 97.39. Elsewhere, the South African rand weakened by 2.4% to a nine-week low of ZAR14.5/US\$ following a sell-off in emerging market currencies as well as local factors such as challenges at Eskom and President Cyril Ramaphosa's comments in parliament that the ruling party will press ahead with plans to nationalise the South African Reserve Bank. **Table 4** below outlines currencies performance as at 08 March 2019.

Table 4: Currencies Performance

Currencies	01-Mar-19	08-Mar-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	2.5004	2.5219	0.9%	0.0%	0.9%
USD/ZAR	14.1410	14.4795	2.4%	1.1%	0.7%
USD/BWP	10.3664	10.5362	1.6%	0.1%	0.2%
USD/ZMK	11.9901	12.0104	0.2%	0.7%	1.0%
USD/NGN	360.3960	358.5780	-0.5%	-0.1%	-1.2%
USD/GBP	0.7554	0.7657	1.4%	-1.5%	-2.5%
USD/EUR	0.8793	0.8914	1.4%	-0.3%	2.0%
USD/JPY	111.818	111.165	-0.6%	1.0%	1.1%
USD/CNY	6.7007	6.7198	0.3%	-0.2%	-2.3%
Dollar Index - DXY	96.38	97.39	1.0%	-0.1%	1.3%

Source: Oanda

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
15-Mar-19	Zimbabwe CPI Inflation - YoY	Feb-19		56.90%
18-Mar-19	Mash AGM, 12pm, ZB Life Towers, 77 J Moyo Avenue			
20-Mar-19	Official opening of the 2018/19 Tobacco Marketing Season			
26-Mar-19	CFI AGM, 11am, Boardroom, 1 Wynne Street, Harare			
Regional and International				
12-Mar-19	US CPI - YoY	Feb-19	1.60%	1.60%
12-Mar-19	UK Parliament vote on Brexit deal			
13-Mar-19	UK Parliament vote on no-Brexit deal			
14-Mar-19	South Africa Mining Production	Jan-19	-3.90%	-4.80%
14-Mar-19	South Africa Manufacturing Production	Jan-19	-0.50%	0.70%
15-Mar-19	Euro CPI - YoY	Feb-19	1.50%	1.50%

Source: Various

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