

## America –Fed lowers policy rate and growth forecasts...

The US Federal Reserve “Fed” maintained the benchmark policy rate at 2.25-25% range in line with market expectations. The Fed also pledged to start slowing the shrinking of its balance sheet in May 2019 and stop the drawdown altogether at the end of Sept 2019. Reflecting the impact on the US economy from the slowdown in Europe and China, the Fed also cut its economic growth forecast for 2019 and 2020 as shown in **Table 1** below.

...US Fed lowers policy rate...

**Table 1: Revised US economic projections**

Indicator	2019	2020	2021
Fed rate	2.4% (2.9%)	2.6% (3.1%)	2.6%
GDP growth	2.1% (2.3%)	1.9% (2.0%)	1.8%
PCE Inflation	1.8% (1.9%)	2.0% (2.1%)	2.1%
Unemployment	3.7% (3.5%)	3.8% (3.6%)	3.9% (3.8%)

**Source: US Fed** (figures in brackets are Dec 2018 projections)

Going forward, the accommodative stance by Fed will to a greater extent ease pressure on borrowing costs for SSA sovereigns on the international capital markets.

## Africa – South Africa inflation accelerates in Feb 2019...

According to Statistics South Africa, annual inflation marginally increased to 4.1% in Feb 2019 from 4.0% in Jan 2019. The increase mainly stemmed from the miscellaneous goods and services as well as transport categories. In the short term, a gradual increase is anticipated especially on the back of rising fuel prices, whilst the latest round of load shedding by Eskom will most likely present some upside risks.

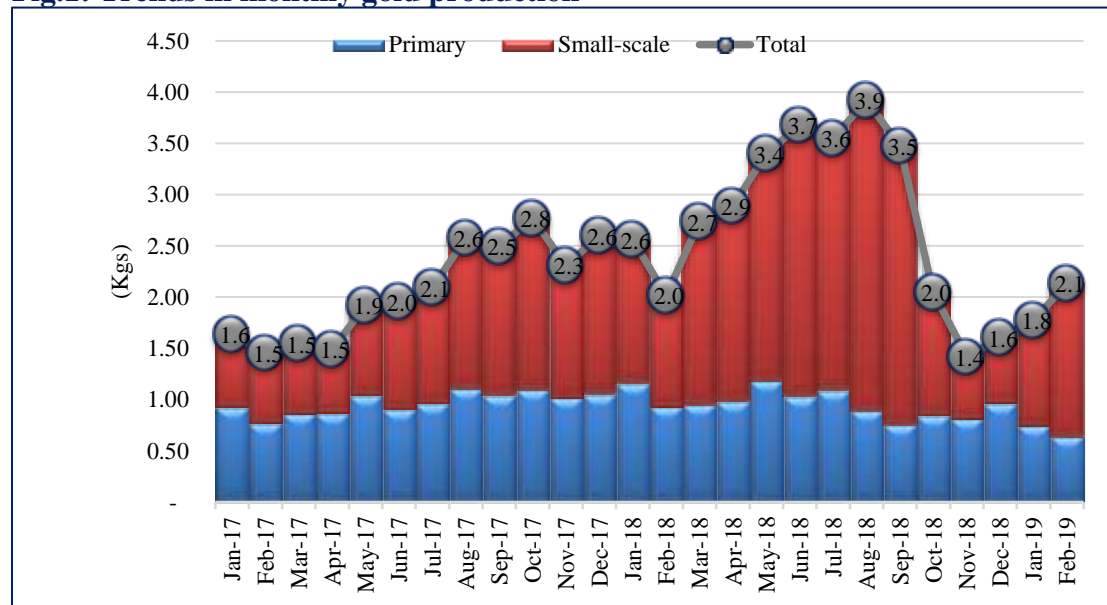
...SA inflation rose to 4.1% in Feb 2019...

## Zimbabwe– Surge in gold production...

According to Fidelity Printers and Refiners “FPR”, gold production increased by 20.6% to 2.1t in Feb 2019 against 1.8t recorded in Jan 2018 thanks in part to the dry weather conditions. The increase was largely driven by artisanal and small-scale miners “ASM” who registered a 46% jump from 1.0t to 1.5t, over the same period. On the other hand, primary producers experienced a 14% reduction to 0.64t in Feb 2019 from 0.75t in Jan 2019. In terms of contribution, ASM commanded 70% of total production in Feb 2019, whilst the balance emerged from primary producers. **Fig 1** below outlines the monthly production figures since Jan 2017.

... gold production figures sustained by ASM...

**Fig.1: Trends in monthly gold production**



**Source: FPR**

### Tobacco Marketing Season Update

The tobacco-marketing season opened during the week under review. Cumulative sales for the period to 21 March 2019 show that total volume and value traded declined by 64% and 76% to 0.06 million kgs and US\$0.09 million, respectively, when compared to the 2018 marketing season. **Table 2** below outlines the cumulative tobacco sales statistics as at 21 March 2019 (*latest available data*).

**Table 2: Tobacco Marketing Statistics as at 21 March 2019 (Day 2)**

Seasonal	Total Auction	Total Contract	Total 2019	Total 2018	Change (%)
Mass sold (million kg)	59,314	-	59,314	165,105	-64.1%
Value (US\$ million)	86,719	-	86,719	366,003	-76.3%
Average Price (US\$/kg)	1.46	-	1.46	2.22	-34.2%
Rejected %	36.74%	-	36.74%	5.70%	0.9
Highest Price (US\$/kg)	4.50	-	4.50	4.99	-9.8%
Lowest Price (US\$/kg)	0.30	-	0.30	0.20	50.0%
Average bale weight (kg)	71.0	-	71.0	74.0	-4.1%

Source: TIMB

### Markets Summary

#### **1. Equities**

On the Zimbabwe Stock Exchange “ZSE”, the All Share Index fell by 9.1% to 121.56 with losses registered across the board. Meanwhile, weekly turnover increased by 13.7% to RTGS\$14.4 million with notable deals registered in Delta, CBZ and Old Mutual shares. Elsewhere, regional and global markets registered mixed trades. US and UK markets traded lower due to soft manufacturing activity data from the US and eurozone. **Table 3** below outlines the local as well as major regional and global equities markets’ performance as at 22 March 2019.

**Table 3: Local, Regional and Global Stock Market Performance**

Domestic	15-Mar-19	22-Mar-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	133.72	121.56	-9.1%	-5.8%	-16.9%
Industrial Index	445.95	404.89	-9.2%	-5.8%	-16.9%
Mining Index	201.72	201.72	0.0%	-2.7%	-11.4%
Top 10 Index	128.53	113.32	-11.8%	-8.1%	-21.9%
Mkt cap - US\$mln	17.76	16.00	-9.9%	-6.0%	-17.6%
Turnover - US\$mln	12.63	14.36	13.7%	-36.1%	
<b>African</b>					
Botswana	7,881.23	7,878.98	0.0%	0.0%	0.3%
Ghana	2,417.01	2,402.17	-0.6%	-0.8%	-3.8%
Kenya	158.07	160.00	1.2%	1.3%	13.9%
Malawi	27,451.38	27,445.85	0.0%	-1.8%	-5.3%
South Africa	56,040.21	56,107.48	0.1%	1.0%	6.4%
Nigeria	31,142.72	31,139.35	0.0%	-2.4%	-0.9%
Zambia	5,610.99	5,566.56	-0.8%	-3.0%	6.1%
Mauritius	2,195.87	2,171.92	-1.1%	0.0%	-2.1%
<b>Global</b>					
U.S. - Dow	25,848.87	25,502.32	-1.3%	1.6%	9.3%
U.S. - S&P500	2,822.48	2,800.71	-0.8%	2.9%	11.7%
U.K. - FTSE 100	7,228.28	7,207.59	-0.3%	1.7%	7.1%
Japan - NIKKEI 225	21,584.50	20,977.11	-2.8%	2.2%	4.8%
China - Shanghai Index	3,088.87	3,104.15	0.5%	4.0%	24.5%

Source: Various

...All share index registers fourth consecutive weekly loss ...

## 2. Commodities

With the exception of copper, oil and soybeans, most major commodities registered gains. Gold prices advanced by 1.1% to \$1,310.0z due to renewed safe-haven demand. On the other hand, oil prices fell by 0.2% to \$67.0/b pressured by concerns over global energy demand - **Table 4** below.

**Table 4: Commodities Price Performance**

Commodities	15-Mar-19	22-Mar-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
<b>Metals</b>					
Gold - US\$/oz	1,295.55	1,309.60	1.1%	0.8%	2.4%
Platinum - US\$/oz	838.00	858.00	2.4%	1.8%	7.3%
Copper - US\$/t	6,431.00	6,312.00	-1.9%	0.6%	5.8%
Nickel - US\$/t	12,835.00	12,920.00	0.7%	-1.5%	22.0%
Oil - US\$/b	67.16	67.03	-0.2%	2.2%	24.6%
<b>Agricultural</b>					
Wheat - US\$/t	169.11	170.86	1.0%	5.3%	-7.6%
Soybeans - US\$/t	341.80	339.78	-0.6%	1.8%	2.5%
Sugar - US\$/pound	12.52	12.57	0.4%	2.8%	4.5%
Cotton - US\$/pound	75.50	76.58	1.4%	5.0%	6.1%

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.

## 3. Currencies

The US dollar traded stronger against its major trading partners as Brexit-related worries and weaker manufacturing data from the euro zone managed to offset the accommodative stance by the US Fed. Thus, the US dollar index marginally advanced by 0.1% to end the week at 96.64. Elsewhere, the South African rand strengthened by 0.6% to ZAR14.4/US\$ lifted by an improvement in foreign direct investments that rose to a 5-year high of ZAR70.7 billion in 2018. **Table 5** below outlines currencies performance as at 22 March 2019.

**Table 5: Currencies Performance**

Currencies	15-Mar-19	22-Mar-19	Weekly change (%)	Previous week change (%)	YTD Change (%)
USD/RTGSS (mid-rate)	2.7985	3.0159	7.8%	11.0%	20.6%
USD/ZAR	14.4421	14.3581	-0.6%	-0.3%	-0.2%
USD/BWP	10.515	10.4473	-0.6%	-0.2%	-0.6%
USD/ZMK	11.9486	11.9884	0.3%	-0.5%	0.8%
USD/NGN	359.4350	359.2400	-0.1%	0.2%	-1.0%
USD/GBP	0.7539	0.7596	0.8%	-1.5%	-3.2%
USD/EUR	0.8833	0.8829	0.0%	-0.9%	1.1%
USD/JPY	111.601	110.341	-1.1%	0.4%	0.3%
USD/CNY	6.7139	6.7087	-0.1%	-0.1%	-2.4%
Dollar Index - DXY	96.54	96.64	0.1%	-0.9%	0.5%

Source: Oanda

...oil prices pressured by concerns over global energy demand ...

...US dollar strengthened despite dovish policy stance...

## Looking Ahead

Date	Event	Period	Forecast	Previous
<b>Local</b>				
26-Mar-19	CFI AGM, 11am, Boardroom, 1 Wynne Street, Harare			
26-Mar-19	Edgars Analyst Briefing, 1030am, Palm Court, Meikles, Harare			
29-Mar-19	Old Mutual Zimbabwe Analyst Briefing, 2pm, The Venue, Avondale			
<b>Regional and International</b>				
26-Mar-19	US CB Consumer Confidence	Mar-19	132.0	131.4
28-Mar-19	Euro Business and Consumer Survey	Mar-19	105.9	106.1
28-Mar-19	South Africa Interest Rate Decision	Mar-19	6.75%	6.75%
29-Mar-19	UK BoE Consumer Credit - US\$bln	Feb-19	0.90	1.10

Source: Various

Analysts:

Andrew Chirewo  
[achirewo@cbz.co.zw](mailto:achirewo@cbz.co.zw)

Victor Makanda  
[vmakanda@cbz.co.zw](mailto:vmakanda@cbz.co.zw)

Godknows Muwandi  
[gmuwandi@cbz.co.zw](mailto:gmuwandi@cbz.co.zw)

## Contact Details

3<sup>rd</sup> Floor, Sapphire House,  
Cnr Speke/ Angwa St,  
P O Box 3313,  
Harare, Zimbabwe,

Tel: +263 4 759101-16

Website: [www.cbz.co.zw](http://www.cbz.co.zw)

Email: [research@cbz.co.zw](mailto: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