

...UK economy grew by 0.5% in Q1 2019...

Euro Area– UK growth accelerates in Q1...

According to the Office of National Statistics, the UK economy grew by 0.5% in the first quarter of 2019 “Q1 2019” from 0.2% recorded in Q4 2018. The growth, in sync with market expectations, was driven by private consumption, government spending and gross capital formation. However, net trade contributed negatively to economic growth as the UK recorded the widest deficit in more than 50 years of £17.5b. Going forward, uncertainty around the Brexit issue will significantly affect the projected 1.9% growth forecast. In fact, the IMF anticipates a two-year recession between 2019 and 2020 assuming materialisation of a no-deal Brexit outcome.

... ANC wins general elections despite losing market share...

Africa – ANC maintains pole position in 2019 general elections...

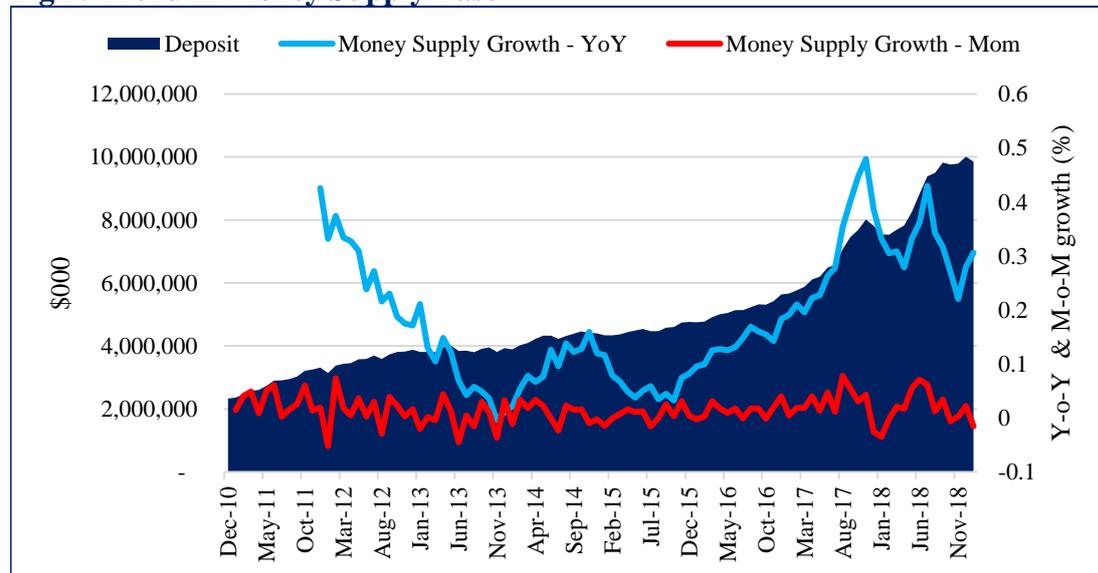
According to the Independent Electoral Commission, the African National Congress “ANC” won the 2019 general elections. In fact, the ANC secured 57.5% of the parliamentary vote from the 26.8 million registered voters, while the Democratic Alliance “DA” and Economic Freedom Fighters “EFF” picked up 20.8% and 10.8%, respectively. In the last elections held in 2014, the ANC won 62% of votes, the DA 22% and the EFF 6%. Into the future, redressing concerns around corruption, high unemployment and persistent racial disparities in housing, services and land distribution will significantly restore ANC’s poll dominance.

Zimbabwe–Money supply falls in Jan 2019...

According to the Reserve Bank of Zimbabwe “RBZ”, money supply grew by 30.6% in Jan 2019 from 28.1% in Jan 2018. This growth reflected an increase in broad money from \$7.54bln in Jan 2018 to \$9.86bln in Jan 2019 driven by increases in demand deposits, currency in circulation and time deposits. However, money supply declined by 1.5% on a monthly basis from \$10.0bln in Dec 2018 as shown in Fig 1 below.

...money supply growth fell by 1.5% in Jan 2019...

Fig 1: Trend in Money Supply Base



Source: RBZ

Meanwhile, the uptake in savings bond increased by 27.7% to \$2.73bln in Jan 2019 (Dec 2018:\$2.14bln), whilst statutory reserve deposits marginally increased by 0.6% to \$0.4 mln. Going forward, it remains imperative for the monetary authorities to keep a tight lid on excessive money supply growth in line with the TSP targets.

Tobacco Marketing Season Update

Cumulative sales for the period to 09 May 2019 show that total volume and value traded declined by 27% and 55% to 70.1 million kgs and US\$125.1 million, respectively, when compared to the 2018 marketing season. The average 2019 price at US\$1.79/kg remained below the 2018 level of US\$2.87/kg. **Table 1** below outlines the cumulative tobacco sales statistics as at 09 May 2019 (*latest available data*).

Table 1: Tobacco Marketing Statistics as at 09 May 2019 (Day 33)

Seasonal	Total Auction	Total Contract	Total 2019	Total 2018	Change (%)
Mass sold (mln kg)	12.00	58.09	70.09	96.34	-27.2%
Value (US\$m)	19.45	105.69	125.14	276.71	-54.8%
Average Price (US\$/kg)	1.62	1.82	1.79	2.87	-37.6%
Rejected %	11.73%	4.27	5.67%	5.16%	(0.5)
Highest Price (US\$/kg)	4.65	5.80	5.80	6.25	-7.2%
Lowest Price (US\$/kg)	0.10	0.10	0.10	0.10	0.0%
Average bale weight (kg)	73.0	75.00	75.0	76.0	-1.3%

Source: TIMB

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange “ZSE”, the All Share Index advanced by 4.4% to 141.62 sustained by gains in large caps Natfoods and Innscor. Meanwhile, weekly turnover improved by 15.5% to RTGS\$29.3 million driven by trades in Delta, Econet and Seed Co. Elsewhere, most regional and global markets were dragged by increased pessimism over the US-China trade talks as the former raised tariffs on US\$200bn worth of Chinese goods. As a result, markets in the US, UK and Japan recorded losses ranging from 2.1 to 4.8%. **Table 2** below outlines the local as well as major regional and global equities markets’ performance as at 10 May 2019.

Table 2: Local, Regional and Global Stock Market Performance

Domestic	03-May-19	10-May-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	135.70	141.62	4.4%	3.8%	-3.2%
Industrial Index	453.38	473.16	4.4%	3.9%	-2.9%
Mining Index	184.91	189.39	2.4%	48.8%	-16.8%
Top 10 Index	129.54	134.62	3.9%	-30.5%	-7.2%
Mkt cap - US\$m	17.76	18.54	4.4%	5.2%	-4.6%
Turnover - US\$m	25.41	29.34	15.5%	-11.5%	
African					
Botswana	7,863.20	7,862.98	0.0%	0.0%	0.1%
Ghana	2,314.74	2,340.78	1.1%	-2.9%	-6.2%
Kenya	160.19	155.38	-3.0%	1.3%	10.6%
Malawi	27,130.95	27,783.20	2.4%	0.4%	-4.1%
South Africa	59,335.90	56,780.75	-4.3%	0.8%	7.7%
Nigeria	29,212.00	28,847.81	-1.2%	-1.8%	-8.2%
Zambia	5,441.72	5,413.03	-0.5%	-0.5%	3.1%
Mauritius	2,137.68	2,139.55	0.1%	-0.4%	-3.6%
Global					
U.S. - Dow	26,504.95	25,942.37	-2.1%	-0.1%	11.2%
U.S. - S&P500	2,945.64	2,881.40	-2.2%	0.2%	14.9%
U.K. - FTSE 100	7,380.64	7,203.29	-2.4%	-0.6%	7.1%
Japan - NIKKEI 225	22,258.73	21,191.28	-4.8%	0.0%	5.9%
China - Shanghai Index	2,902.55	2,939.21	1.3%	-6.0%	17.9%

Source: Various

...volume and value still below prior year's level...

...All share index advanced by 4.4%...

2. Commodities

With the exception of gold and platinum, most major commodities extended weekly declines due to the escalation of trade dispute between the US and China. Cotton prices fell by 8.5% to US\$68.5/pound, whilst nickel declined by 2.5% to US\$11,860/t. On the upside, gold prices marginally gained by 0.7% to US\$1,287/oz on renewed safe haven demand - **Table 3** below.

Table 3: Commodities Price Performance

Commodities	03-May-19	10-May-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,278.55	1,287.10	0.7%	-0.4%	0.6%
Platinum - US\$/oz	860.00	862.00	0.2%	-3.9%	7.7%
Copper - US\$/t	6,236.00	6,162.00	-1.2%	-2.6%	3.3%
Nickel - US\$/t	12,165.00	11,860.00	-2.5%	-0.8%	12.0%
Oil - US\$/b	70.85	70.62	-0.3%	-1.8%	31.3%
Agricultural					
Wheat - US\$/t	157.08	153.50	-2.3%	-1.7%	-16.9%
Soybeans - US\$/t	309.38	306.16	-1.0%	-4.5%	-7.7%
Sugar - US\$/pound	12.01	11.72	-2.4%	-2.0%	-2.6%
Cotton - US\$/pound	74.78	68.45	-8.5%	-2.6%	-5.2%

Source: Various

Meanwhile, local prices were maize and small grains (RTGS\$726/t), wheat (RTGS\$1 089.68), soyabean (RTGS\$918/t) and cotton (RTGS\$1 950/t).

3. Currencies

The US dollar traded marginally weaker due to the impact of trade talks and soft US inflation figures. In fact, consumer prices in the US rose by 0.3% in April 2019 below market expectations of a 0.4% increase. As a result, the US dollar index fell by 0.2% to end the week at 97.31. Elsewhere, the South African rand strengthened by 1.6% to ZAR14.22/US\$ on expectations of political continuity as the ANC won the national elections, whilst the Nigerian naira was also firm after central bank governor Godwin Emefiele was nominated for a second term. **Table 4** below outlines currencies performance as at 10 May 2019.

Table 4: Currencies Performance

Currencies	03-May-19	10-May-19	Weekly change (%)	Previous week change (%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	3.3085	3.3750	2.0%	1.1%	35.0%
USD/ZAR	14.4533	14.2230	-1.6%	0.6%	-1.1%
USD/BWP	10.6347	10.5576	-0.7%	0.8%	0.4%
USD/ZMK	12.9187	12.8175	-0.8%	2.5%	7.7%
USD/NGN	360.1250	358.1010	-0.6%	0.4%	-1.4%
USD/GBP	0.7645	0.7684	0.5%	-1.3%	-2.1%
USD/EUR	0.8945	0.8902	-0.5%	-0.3%	1.9%
USD/JPY	111.334	109.801	-1.4%	-0.3%	-0.2%
USD/CNY	6.7336	6.8161	1.2%	0.0%	-0.9%
Dollar Index - DXY	97.52	97.31	-0.2%	-0.5%	1.2%

Source: Oanda

...gold prices recover on safe-haven demand...

...South African rand firm on ANC victory...

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
15-May-19	Delta Corporation Analyst Briefing, 3pm, Mandel Training Centre			
15-May-19	Zimbabwe CPI Inflation - YoY	Apr-19		66.80%
31-May-19	Dairibord Holdings AGM, 12pm, Stewart Room, Meikles Hotel			
Regional and International				
14-May-19	UK Unemployment Rate	Mar-19	3.9%	3.9%
14-May-19	South Africa Unemployment Rate	Q1 2019		27.10%
15-May-19	US Industrial Production	Apr-19	0.00%	-0.10%
16-May-19	US Jobless Claims		220k	228k
17-May-19	Euro CPI - YoY	Apr-19	1.70%	1.70%

Source: Various

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