

...Euro area inflation rises to 1.7% in Apr 2019...

Euro Area- Inflation rises to 5-month high ...

According to Eurostat, annual inflation rate in the euro area rose from 1.4% in Mar 2019 to 1.7% in Apr 2019 in line with market expectations. Eurostat noted that the increase was driven by cost of services and non-energy industrial goods. Meanwhile, among euro zone’s largest economies, the highest annual inflation rate was recorded in Germany (2.1%), followed by Spain (1.6%), France (1.5%) and Italy (1.1%). Overall, the inflation increase to 1.7% offers some mild relief to the European Central Bank policymakers as it targets inflation of just below 2%.

... Kenya’s Eurobond issue oversubscribed by 4.5x...

Africa – Kenya raises \$2.1bln in 3rd Eurobond issue...

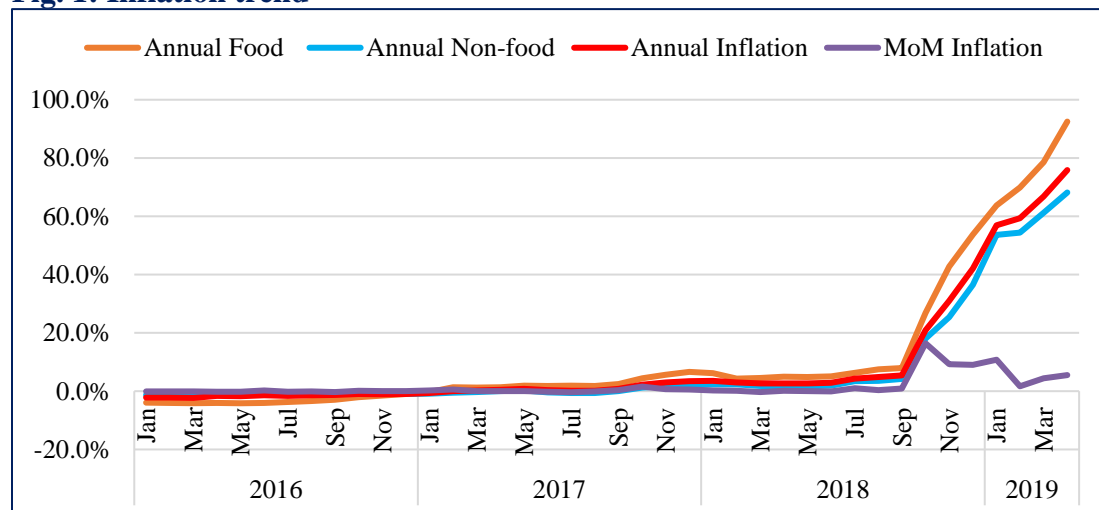
The Kenyan government raised US\$2.1 billion of debt from the sale of its third dollar-denominated Eurobond since 2014. According to Kenya’s Finance Ministry, the issuance with a 4.5x over-subscription was split into two tranches of 7-year and 12-year tenors; the first issue was a US\$900 million offer priced at 7%, while the second US\$1.2 billion offer was priced at 8%. The funds will be channelled towards “infrastructure projects, general budgetary expenditure and refinancing part or the entire \$750 million dollar bond that will mature on 24 June 2019.” Despite rising public debt concerns in Kenya and other Sub-Saharan Africa issuers, the over-subscription reflects the generally strong risk appetite by global investors.

Zimbabwe–Inflation accelerates in Apr 2019...

According to the ZimStat, the year-on-year “y/y” rate of inflation increased from 66.8% in Mar 2019 to 75.9% in Apr 2019 – **Fig 1** below. The y/y food and non-alcoholic beverages inflation rose from 78.6% to 92.5%, driven by price increases in all categories. In fact, price increases ranging from 82%-121% were registered across this category led by food products, fruits, oils & fats as well as meat. The y/y non-food inflation also rose from 61.2% to 68.2%, over the same period. Meanwhile, the underlying m/m inflation rate also rose from 4.4% to 5.5% between Mar 2019 and Apr 2019. Generally, m/m prices increases were registered both on food and non-food items with double-digit growth recorded on beer, bread, oils & fats, pharmaceutical products, fees for primary and secondary education, spare parts and motor cars.

...y/y and m/m inflation stood at 75.9% and 5.5%, respectively, in Apr 2019...

Fig. 1: Inflation trend



Source: ZimStat

Inflationary pressures are expected to remain elevated in the short-term driven by cost-push factors. In fact, the perpetual imbalance in the foreign exchange market and adverse inflation expectations will continue to drive price increases, whilst emerging risks such as electricity power cuts and anticipated food imports pose further downside risks on price stability.

Tobacco Marketing Season Update

Cumulative sales for the period to 16 May 2019 show that total volume and value traded declined by 22% and 51% to 93 million kgs and US\$167.7 million, respectively, when compared to the 2018 marketing season. The average 2019 price at US\$1.80/kg remained below the 2018 level of US\$2.88/kg. **Table 1** below outlines the cumulative tobacco sales statistics as at 16 May 2019 (*latest available data*).

Table 1: Tobacco Marketing Statistics as at 16 May 2019 (Day 38)

Seasonal	Total Auction	Total Contract	Total 2019	Total 2018	Change (%)
Mass sold (mln kg)	14.18	78.79	92.98	119.50	-22.2%
Value (US\$m)	22.92	144.75	167.67	344.76	-51.4%
Average Price (US\$/kg)	1.62	1.84	1.80	2.88	-37.5%
Rejected %	11.89%	4.16	5.47%	4.65%	(0.8)
Highest Price (US\$/kg)	4.65	5.60	5.60	6.25	-10.4%
Lowest Price (US\$/kg)	0.10	0.10	0.10	0.10	0.0%
Average bale weight (kg)	73.0	76.00	76.0	76.0	0.0%

Source: TIMB

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange “ZSE”, the All Share Index advanced by 2.8% to 145.65 on the back of rising inflationary pressures and FX premiums both at the formal and informal markets. Meanwhile, weekly turnover improved by 31.3% to RTGS\$38.5 million driven by trades in Old Mutual, Econet, Delta, Cassava and Getbucks. Elsewhere, mixed trades were recorded among regional and global markets as the ongoing trade war concerns rattled equities. As a result, the Chinese market was the worst affected down by 2.5%. **Table 2** below outlines the local as well as major regional and global equities markets’ performance as at 17 May 2019.

Table 2: Local, Regional and Global Stock Market Performance

Domestic	10-May-19	17-May-19	Weekly change (%)	Previous week change (%)	YTD Change (%)
All Share Index	141.62	145.65	2.8%	4.4%	-0.4%
Industrial Index	473.16	486.76	2.9%	4.4%	-0.1%
Mining Index	189.39	189.63	0.1%	2.4%	-16.7%
Top 10 Index	134.62	137.5	2.1%	3.9%	-5.2%
Mkt cap - US\$m	18.54	19.01	2.6%	4.4%	-2.1%
Turnover - US\$m	29.34	38.53	31.3%	15.5%	
African					
Botswana	7,862.98	7,657.66	-2.6%	0.0%	-2.5%
Ghana	2,340.78	2,415.22	3.2%	1.1%	-3.2%
Kenya	155.38	145.33	-6.5%	-3.0%	3.5%
Malawi	27,783.20	28,114.09	1.2%	2.4%	-3.0%
South Africa	56,780.75	56,183.21	-1.1%	-4.3%	6.5%
Nigeria	28,847.81	28,871.93	0.1%	-1.2%	-8.1%
Zambia	5,413.03	5,740.17	6.0%	-0.5%	9.4%
Mauritius	2,139.55	2,154.21	0.7%	0.1%	-2.9%
Global					
U.S. - Dow	25,942.37	25,764.00	-0.7%	-2.1%	10.4%
U.S. - S&P500	2,881.40	2,859.53	-0.8%	-2.2%	14.1%
U.K. - FTSE 100	7,203.29	7,348.62	2.0%	-2.4%	9.2%
Japan - NIKKEI 225	21,191.28	21,301.73	0.5%	-4.8%	6.4%
China - Shanghai Index	2,939.21	2,866.79	-2.5%	1.3%	15.0%

Source: Various

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

...All share index advanced by 2.8%...

2. Commodities

With the exception of copper, oil and wheat, most major commodities extended weekly declines dragged by the US-China trade dispute. Cotton prices fell by 3.6% to US\$66/pound, whilst platinum declined by 3.5% to US\$832/oz despite a revised lower global forecast for the metal in 2019. On the upside, wheat advanced by 10.8% to US\$170.12/t on weather-related supply concerns in Europe and the Black Sea region - **Table 3** below.

Table 3: Commodities Price Performance

Commodities	10-May-19	17-May-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,287.10	1,280.80	-0.5%	0.7%	0.1%
Platinum - US\$/oz	862.00	832.00	-3.5%	0.2%	4.0%
Copper - US\$/t	6,162.00	6,056.00	-1.7%	-1.2%	1.5%
Nickel - US\$/t	11,860.00	12,020.00	1.3%	-2.5%	13.5%
Oil - US\$/b	70.62	72.21	2.3%	-0.3%	34.2%
Agricultural					
Wheat - US\$/t	153.50	170.12	10.8%	-2.3%	-8.0%
Soybeans - US\$/t	306.16	301.94	-1.4%	-1.0%	-8.9%
Sugar - US\$/pound	11.72	11.55	-1.5%	-2.4%	-4.0%
Cotton - US\$/pound	68.45	65.99	-3.6%	-8.5%	-8.6%

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 firm driven by concerns over the forthcoming European parliamentary elections, Brexit talks and the ongoing trade war disputes thereby favoring its safe-haven nature. As a result, the US dollar index rose by 0.7% to end the week at 98.0. Elsewhere, the British pound sterling fell by 2% after cross-party Brexit talks collapsed and concern grew about the impact of Prime Minister Theresa May's likely resignation would have on Britain's exit from the EU. The South African rand also weakened by 1.0% to ZAR14.36/US\$ as trade talks dampened risk-on sentiment by global investors. **Table 4** below outlines currencies performance as at 17 May 2019.

Table 4: Currencies Performance

Currencies	10-May-19	17-May-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	3.3750	3.4861	3.3%	2.0%	39.4%
USD/ZAR	14.2230	14.3605	1.0%	-1.6%	-0.1%
USD/BWP	10.5576	10.5815	0.2%	-0.7%	0.6%
USD/ZMK	12.8175	13.6935	6.8%	-0.8%	15.1%
USD/NGN	358.1010	359.4090	0.4%	-0.6%	-1.0%
USD/GBP	0.7684	0.7839	2.0%	0.5%	-0.2%
USD/EUR	0.8902	0.8953	0.6%	-0.5%	2.5%
USD/JPY	109.801	110.9828	1.1%	-1.4%	0.9%
USD/CNY	6.8161	6.9102	1.4%	1.2%	0.5%
Dollar Index - DXY	97.31	98.00	0.7%	-0.2%	1.9%

Source: Oanda

...oil prices remained firm on Middle East supply-related disruptions...

...US dollar recovery underpinned by safe-haven demand...

Looking Ahead

Year	Event	Period	Forecast	Previous
Local				
23-May-19	NMB AGM, 3pm, Head Office, 4th Floor, Unity Court			
31-May-19	Dairibord Holdings AGM, 12pm, Stewart Room, Meikles Hotel			
Regional and International				
21-May-19	Euro Consumer Confidence	May-19	(7.70)	(7.90)
22-May-19	South Africa CPI - YoY	Apr-19	4.50%	4.50%
22-May-19	UK CPI - YoY	Apr-19	2.20%	1.90%
23-May-19	Euro Markit Composite PMI - Preliminary	May-19	51.70	51.50
23-May-19	South Africa Interest Rate Decision		6.75%	6.75%

Source: Various

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