

...US employers added 75,000 jobs in May 2019 below market expectations...

America – Sluggish US jobs growth in May 2019...

According to the Bureau of Labor Statistics “BLS”, US employers added 75,000 jobs in May 2019 against a downwardly revised 224,000 rise in Apr 2019. BLS noted that employment gains, though below market expectations, were recorded in the professional and business services as well as in healthcare. As a result of the slow growth, the unemployment rate remained flat at a 50-year low of 3.6% between April 2019 and May 2019. Going forward, the slow growth in hiring suggest uncertainty surrounding trade tension and presents significant downside risks to the US and global economy.

... Zambia introduces electricity rationing to non-mining consumers...

Africa – Zambia introduces electricity rationing...

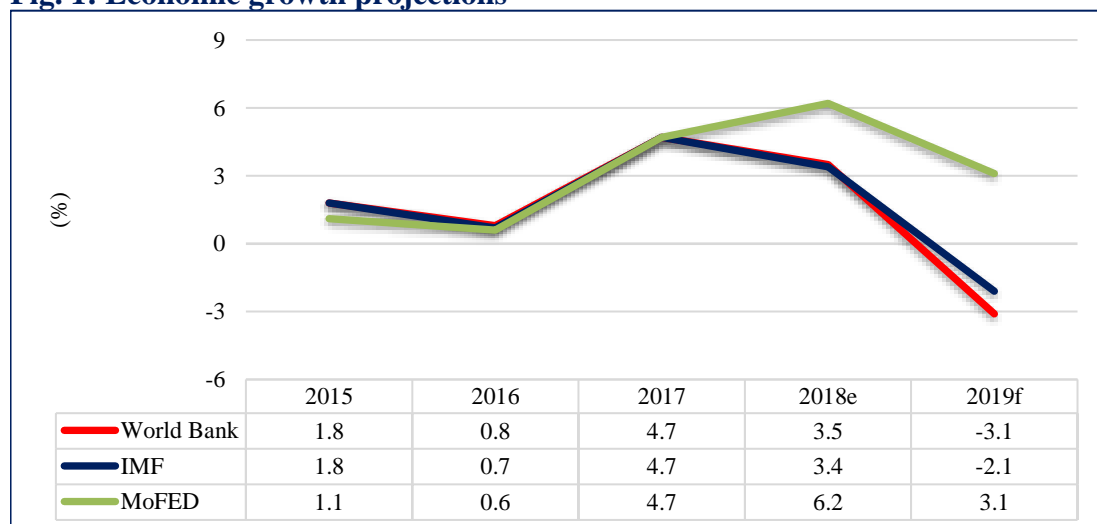
According to Zambia Electricity Supply Corporation “Zesco”, Zambia started rationing electricity to non-mining businesses with effect from 01 June 2019 in order to address the daily electricity deficit of 273 Megawatts. In fact, Zesco highlighted that “due to low water levels in Kariba dam, all customers shall be subjected to electricity rationing for four hours daily but mining companies have their own agreements, which we signed with them.” In the short term, the cost of doing business is expected to increase due to the combined effect of electricity rationing, depreciation of the kwacha currency and planned introduction of a sales tax.

Zimbabwe–World Bank anticipates economic contraction in 2019...

In its Global Economic Prospects June 2019 report, the World Bank anticipates the domestic economy to contract by 2.1% in 2019 compared to a 3.7% initial growth forecast. The World Bank advised “growth is expected to contract in 2019 as sharply higher inflation curtails real income and private consumption.” In addition, the severe strains from adverse weather patterns, including Cyclone Idai, through loss of lives and economic activity, supports the multi-lateral lenders’ view. **Fig 1** below outlines the economic growth forecasts between 2015 and 2019 from the World Bank, IMF and Ministry of Finance and Economic Development “MoFED”.

... World Bank anticipates economic contraction in 2019...

Fig. 1: Economic growth projections



Source: World Bank, IMF & MoFED

Going forward, the World Bank flagged elevated risks of political instability, armed conflicts, or insurgencies to weigh on economic activity in Zimbabwe and other regional peers’ i.e. Cameroon, Nigeria and Sudan.

Tobacco Marketing Season Update

Cumulative sales for the period to 06 June 2019 show that total volume and value traded declined by 13% and 44% to 157.8 million kgs and US\$291.9 million, respectively, when compared to the 2018 marketing season. The average 2019 price at US\$1.85/kg remained below the 2018 level of US\$2.87/kg. **Table 1** below outlines the cumulative tobacco sales statistics as at 06 June 2019 (*latest available data*).

Table 1: Tobacco Marketing Statistics as at 06 June 2019 (Day 53)

Seasonal	Total Auction	Total Contract	Total 2019	Total 2018	Change (%)
Mass sold (mln kg)	21.57	136.22	157.78	180.31	-12.5%
Value (US\$m)	35.58	256.31	291.89	523.54	-44.2%
Average Price (US\$/kg)	1.65	1.88	1.85	2.87	-35.5%
Rejected %	12.75%	4.45%	5.73%	4.63%	(1.1)
Highest Price (US\$/kg)	4.66	5.75	5.75	6.25	-8.0%
Lowest Price (US\$/kg)	0.10	0.10	0.10	0.10	0.0%
Average bale weight (kg)	75.0	78.00	78.0	77.0	1.3%

Source: TIMB

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange “ZSE”, the All Share Index registered a marginal 0.8% gain to end the week at 189.6, driven by mid-tier stocks. Meanwhile, weekly turnover improved by 63.5% to RTGS\$69.7 million supported by trades in Delta, Econet and Seed Co. In terms of investor participation, offshore players maintained their net selling position for the eighth consecutive week. Elsewhere, mixed trades were recorded among regional markets with the Zambia closing as the worst performer. Global markets traded in the positive territory sustained by hopes for Federal Reserve “Fed” interest rate cuts following the slow US jobs data and optimism about potential progress in the US trade disputes with China and Mexico. **Table 2** below outlines the local as well as major regional and global equities markets’ performance as at 07 June 2019.

Table 2: Local, Regional and Global Stock Market Performance

Domestic	31-May-19	07-Jun-19	Weekly change (%)	Previous week change (%)	YTD Change (%)
All Share Index	188.06	189.60	0.8%	17.7%	29.6%
Industrial Index	628.41	632.94	0.7%	17.6%	29.9%
Mining Index	225.81	241.02	6.7%	17.7%	5.8%
Top 10 Index	182.99	181.73	-0.7%	19.8%	25.3%
Mkt cap - US\$m	24.92	25.07	0.6%	18.5%	29.1%
Turnover - US\$m	42.63	69.70	63.5%	-27.8%	
African					
Botswana	7,748.77	7,720.60	-0.4%	0.0%	-1.7%
Ghana	2,461.06	2,463.83	0.1%	0.2%	-1.3%
Kenya	149.92	150.47	0.4%	2.4%	7.1%
Malawi	29,246.08	29,296.55	0.2%	1.8%	1.1%
South Africa	55,650.41	58,099.84	4.4%	2.3%	10.2%
Nigeria	31,069.37	30,432.13	-2.1%	0.6%	-3.2%
Zambia	5,482.98	4,995.97	-8.9%	-4.5%	-4.8%
Mauritius	2,132.82	2,125.74	-0.3%	-0.6%	-4.2%
Global					
U.S. - Dow	24,815.04	25,983.94	4.7%	-3.0%	11.4%
U.S. - S&P500	2,752.06	2,873.34	4.4%	-2.6%	14.6%
U.K. - FTSE 100	7,161.71	7,331.94	2.4%	-1.6%	9.0%
Japan - NIKKEI 225	20,410.88	21,134.42	3.5%	-3.6%	5.6%
China - Shanghai Index	2,898.70	2,827.80	-2.4%	0.2%	13.4%

Source: Various

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

...All share index up 30% on a ytd basis...

2. Commodities

Mixed trades were registered among major commodities. On the upside, gold prices advanced by 3.5% to US\$1,341/oz supported by expectations of an interest rate cut by the US Fed and heightened global trade tensions. On the downside, cotton prices fell by 3.7% to US\$65.59/p as investors' sentiment soured on US plans to impose tariffs on Mexico as well as rains in major crop planting areas in the US - **Table 2** below.

Table 2: Commodities Price Performance

Commodities	31-May-19	07-Jun-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,295.55	1,340.65	3.5%	1.0%	4.8%
Platinum - US\$/oz	780.00	810.00	3.8%	-3.7%	1.3%
Copper - US\$/t	5,830.00	5,799.00	-0.5%	-2.1%	-2.8%
Nickel - US\$/t	12,035.00	11,575.00	-3.8%	-0.9%	9.3%
Oil - US\$/b	61.99	63.29	2.1%	-9.8%	17.6%
Agricultural					
Wheat - US\$/t	185.83	185.01	-0.4%	3.2%	0.1%
Soybeans - US\$/t	314.61	314.61	0.0%	3.2%	-5.1%
Sugar - US\$/pound	12.10	12.50	3.3%	3.8%	3.9%
Cotton - US\$/pound	68.08	65.59	-3.7%	-0.5%	-9.2%

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 lower following the weaker-than-expected jobs data for May 2019 that subsequently fueled hopes for an interest rate cut. Thus, the US dollar index fell by 1.1% to end the week at 96.54. Elsewhere, the South Africa rand weakened by 2.1% to ZAR15.0 after South Africa registered a negative 3.2% growth in the first quarter of 2019 prompting the Moody's' to lower its 2019 growth forecast to 1.0% from 1.3%. **Table 3** below outlines currencies performance as at 07 June 2019.

Table 3: Currencies Performance

Currencies	31-May-19	07-Jun-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	5.5291	5.8745	6.2%	12.1%	135.0%
USD/ZAR	14.6900	15.0031	2.1%	1.8%	4.3%
USD/BWP	10.7583	10.7774	0.2%	1.4%	2.5%
USD/ZMK	13.2804	13.2491	-0.2%	3.5%	11.4%
USD/NGN	358.9530	358.4880	-0.1%	0.5%	-1.3%
USD/GBP	0.7928	0.7860	-0.9%	0.6%	0.1%
USD/EUR	0.8967	0.8850	-1.3%	0.4%	1.3%
USD/JPY	108.751	108.305	-0.4%	-0.7%	-1.5%
USD/CNY	6.905	6.9086	0.1%	0.0%	0.5%
Dollar Index - DXY	97.61	96.54	-1.1%	0.0%	0.4%

Source: Oanda

...gold prices lifted by renewed safe-haven demand...

...South Africa rand weakens on Q1 2019 economic growth data ...

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
12-Jun-19	RTG AGM, 12pm, Jacaranda Rooms, Rainbow Towers			
13-Jun-19	Zimplow AGM, 10am, Head Office, 36 Birmingham Road, Harare			
Regional and International				
11-Jun-19	UK Unemployment Rate	Apr-19	3.80%	3.80%
12-Jun-19	South Africa Retail Sales	Apr-19	1.20%	0.20%
12-Jun-19	US CPI - YoY	May-19	1.90%	2.00%
13-Jun-19	South Africa Mining Production	Apr-19	-0.80%	-1.10%
14-Jun-19	US Industrial Production	May-19	0.20%	-0.50%

Source: Various

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