

...Global FDI fell to \$1.3t in 2018...

Global FDI Flows – Another slide in 2018 at global level...

In its 2019 World Investment Report, the United Nations Conference on Trade and Development “UNCTAD” revealed that global foreign direct investment “FDI” inflows fell by 13% to US\$1.3 trillion in 2018. The decline – third consecutive year’s fall - was mainly due to large-scale repatriations of accumulated earnings by US multinational enterprises in developed economies. In fact, UNCTAD noted that FDI inflows to developed economies fell by 27% to US\$557 billion in 2018, due to marked slowdowns in Europe and US. On the other hand, a 2% increase to US\$706 billion was logged by developing economies sustained by selected Asian and African economies, over the same period. **Table 1** below outlines the global and regional trends since 2016.

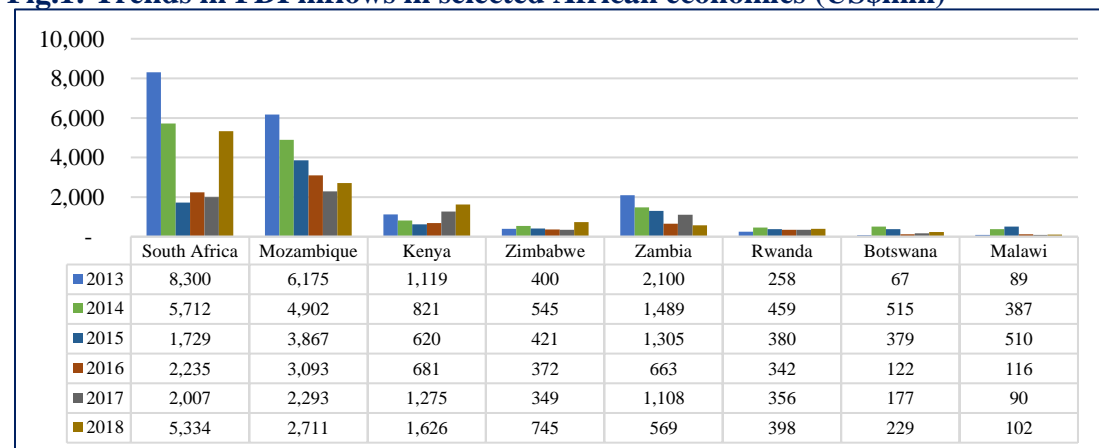
Table 1: Trends in FDI Inflows (US\$mln)

Group of economies/region	2016	2017	2018	Projections
				2019
World	1 919	1 497	1 297	1 370 to 1 500
Developed economies	1 198	759	557	640 to 720
Europe	612	384	172	330
North America	508	302	291	310
Developing economies	656	691	706	700 to 740
Africa	46	41	46	52
Asia	473	493	512	530
Latin America and the Caribbean	135	155	147	140
Transition economies	65	48	34	45 to 55

Source: UNCTAD

Turning to the region, FDI inflows to Africa increased by 11% to US\$45.9 billion in 2018 underpinned by “continued resource-seeking inflows, some diversified investments and a recovery in South Africa of low-level inflows.” UNCTAD highlighted that North Africa commanded 31% of total FDI to Africa followed by West Africa (21%), East Africa (20%), Central Africa (19%) and Southern Africa (9%). Meanwhile, FDI flows to Zimbabwe grew by 113% to 10-year high of US\$745mln in 2018. According to UNCTAD, a number of small-approved projects largely in mining underpinned the recovery. Zimbabwe’s share of FDI to Africa, though marginal, subsequently rose from 0.8% in 2017 to 1.6% in 2018. **Fig 1** below outlines the trend in FDI inflows to selected peers in Africa.

Fig.1: Trends in FDI inflows in selected African economies (US\$mln)



Source: UNCTAD

Going forward, UNCTAD expects an improvement in FDI flows to Africa supported by moderately higher prices in selected commodities, development of newly discovered mineral mines and hydrocarbon fields as well as the ratification of the African Continental Free Trade Area Agreement.

... Fund repatriations in developed economies was the major drag...

...However, flows to Africa and Zim grew by 11% and 113%, respectively...

Tobacco Marketing Season Update

Cumulative sales for the period to 21 June 2019 show that total volume and value traded declined by 8% and 40% to 192.7 million kgs and US\$365.6 million, respectively, when compared to the 2018 marketing season. The average 2019 price at US\$1.9/kg remained below the 2018 level of US\$2.9/kg. **Table 2** below outlines the cumulative tobacco sales statistics as at 21 June 2019 (*latest available data*).

Table 2: Tobacco Marketing Statistics as at 21 June 2019 (Day 64)

Seasonal	Total Auction	Total Contract	Total 2019	Total 2018	Change (%)
Mass sold (mln kg)	25.94	166.71	192.65	209.80	-8.2%
Value (US\$m)	44.16	321.45	365.61	611.50	-40.2%
Average Price (US\$/kg)	1.7	1.93	1.90	2.91	-34.7%
Rejected %	13.62%	4.53%	5.93%	4.88%	(1.1)
Highest Price (US\$/kg)	4.99	5.97	5.97	6.25	-4.5%
Lowest Price (US\$/kg)	0.10	0.10	0.10	0.10	0.0%
Average bale weight (kg)	75.0	79.00	79.0	78.0	1.3%

Source: TIMB

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange “ZSE”, the All Share Index advanced by 7.7% to end the week at 222.73. Meanwhile, weekly turnover improved by 83.7% to RTGS\$66.5 million with offshore investors maintaining their net-selling position. Elsewhere, mixed trades were recorded among regional markets with Zambia closing as the worst performer. Global markets traded in the positive territory as investors digested a signal from the Federal Reserve of potential U.S interest rate cuts. **Table 3** below outlines the local as well as major regional and global equities markets’ performance as at 21 June 2019.

Table 3: Local, Regional and Global Stock Market Performance

Domestic	14-Jun-19	21-Jun-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	206.79	222.73	7.7%	9.1%	52.3%
Industrial Index	690.67	743	7.6%	9.1%	52.5%
Mining Index	248.51	282.64	13.7%	3.1%	24.1%
Top 10 Index	201.69	217.73	8.0%	11.0%	50.1%
Mkt cap - US\$m	27.47	29.59	7.7%	9.6%	52.3%
Turnover - US\$m	36.22	66.53	83.7%	-48.0%	
African					
Botswana	7,658.48	7,656.22	0.0%	-0.8%	-2.5%
Ghana	2,401.96	2,383.88	-0.8%	-2.5%	-4.5%
Kenya	150.12	147.35	-1.8%	-0.2%	4.9%
Malawi	29,669.56	29,669.56	0.0%	1.3%	2.4%
South Africa	58,193.78	58,941.47	1.3%	0.2%	11.8%
Nigeria	30,046.70	29,851.29	-0.7%	-1.3%	-5.0%
Zambia	5,002.27	4,632.03	-7.4%	0.1%	-11.7%
Mauritius	2,111.21	2,115.73	0.2%	-0.7%	-4.6%
Global					
U.S. - Dow	26,089.61	26,719.13	2.4%	0.4%	14.5%
U.S. - S&P500	2,886.98	2,950.46	2.2%	0.5%	17.7%
U.K. - FTSE 100	7,345.78	7,407.50	0.8%	0.2%	10.1%
Japan - NIKKEI 225	21,124.00	21,282.90	0.8%	0.0%	6.3%
China - Shanghai Index	2,889.49	3,001.98	3.9%	2.2%	20.4%

Source: Various

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

...All share index up 52% on a ytd basis...

2. Commodities

Mixed trades were registered among major commodities. On the upside, oil prices advanced by 5.1% to US\$65.2/b driven by continued Middle East tensions expected to disrupt oil markets. On the downside, cotton prices fell by 7.2% to US\$61.1/p dragged by anticipated trade-related low demand from Mexico - **Table 4** below.

Table 4: Commodities Price Performance

Commodities	14-Jun-19	21-Jun-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,351.25	1,397.15	3.4%	0.8%	9.2%
Platinum - US\$/oz	816.00	809.00	-0.9%	0.7%	1.1%
Copper - US\$/t	5,822.00	5,971.00	2.6%	0.4%	0.1%
Nickel - US\$/t	11,890.00	12,130.00	2.0%	2.7%	14.5%
Oil - US\$/b	62.01	65.20	5.1%	-2.0%	21.2%
Agricultural					
Wheat - US\$/t	198.23	193.27	-2.5%	7.1%	4.6%
Soybeans - US\$/t	329.49	331.70	0.7%	4.7%	0.0%
Sugar - US\$/pound	12.75	12.22	-4.2%	2.0%	1.6%
Cotton - US\$/pound	65.94	61.19	-7.2%	0.5%	-15.2%

Source: Various

Meanwhile, local prices were maize and small grains (RTGS\$1,400/t), wheat (RTGS\$1 089.68), soyabean (RTGS\$918/t) and cotton (RTGS\$1 950/t).

3. Currencies

The US dollar fell to three-month lows on bets that the Federal Reserve would start lowering interest rates before the end of 2019. Thus, the US dollar index fell by 1.4% to end the week at 96.09. Elsewhere, the South Africa rand strengthened by 3,3% to ZAR14.3 riding on risk-on sentiment for emerging market currencies due to the dovish statements from the US Federal Reserve and European Central Bank. **Table 5** below outlines currencies performance as at 21 June 2019.

Table 5: Currencies Performance

Currencies	14-Jun-19	21-Jun-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	6.0435	6.4787	7.2%	2.9%	159.1%
USD/ZAR	14.8207	14.3390	-3.3%	-1.2%	-0.3%
USD/BWP	10.7434	10.5326	-2.0%	-0.3%	0.2%
USD/ZMK	13.0796	12.8368	-1.9%	-1.3%	7.9%
USD/NGN	357.8930	358.9040	0.3%	-0.2%	-1.1%
USD/GBP	0.7914	0.7870	-0.6%	0.7%	0.2%
USD/EUR	0.8891	0.8829	-0.7%	0.5%	1.1%
USD/JPY	108.376	107.359	-0.9%	0.1%	-2.4%
USD/CNY	6.9232	6.8663	-0.8%	0.2%	-0.1%
Dollar Index - DXY	97.45	96.09	-1.4%	0.9%	-0.1%

Source: Oanda

...oil prices rise on increased supply-related risks...

...US dollar fell to 3-month lows...

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
26-Jun-19	Fidelity AGM, 10am, Crowne Plaza Monomotapa			
26-Jun-19	ZHL AGM, 10am, Crowne Plaza Monomotapa			
27-Jun-19	Dawn Properties, 10am, Crowne Plaza Monomotapa			
27-Jun-19	FMP AGM, 12pm, Palm Court, Meikles Hotel			
27-Jun-19	FML AGM, 230pm, Palm Court, Meikles Hotel			
27-Jun-19	FBCH AGM, 3pm, Royal Harare Golf Club			
28-Jun-19	ZBFH AGM, 1030am, Boardroom, 21 Natal Road Avondale			
28-Jun-19	ZPI AGM, 2pm, 206 Samora Machel Ave			
Regional and International				
27-Jun-19	South Africa PPI - YoY	May-19	6.40%	6.50%
27-Jun-19	Japan unemployment rate	May-19	2.40%	2.40%

Source: Various

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