

...Euro manufacturing PMI falls for the fifth consecutive month...

Euro area – Manufacturing activity contracts in June 2019...

According to the IHS Markit, the manufacturing purchasing managers’ index “PMI” fell from 47.7 in May 2019 to 47.6 in June 2019, below market expectations. A reading above 50 reflects expansion, whilst that below 50 indicate contraction. According to Markit, the low factory activity was due to continued contraction in output, new orders, export orders as well as job cuts. Going forward, the downbeat data will most likely add to calls for the European Central Bank to ease monetary policy to counter ongoing global trade tensions.

...borrowing costs for Zambia likely to increase after rating’s downgrade ...

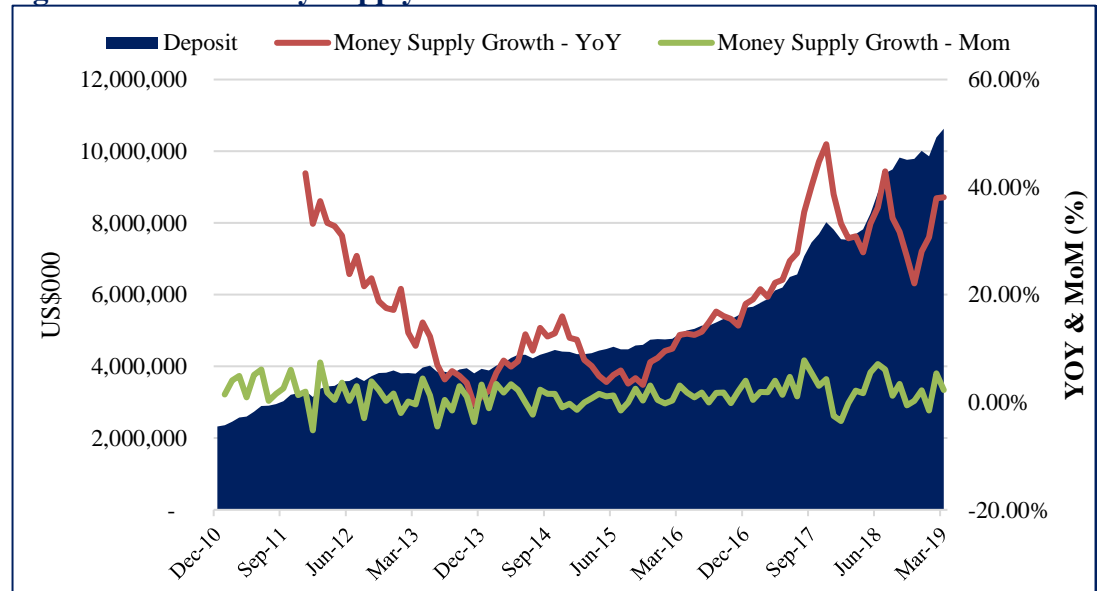
Africa – Fitch downgrades Zambia’s sovereign rating...

Global ratings agency, Fitch, downgraded Zambia’s long-term foreign currency issuer default rating to CCC from B-. According to Fitch, the downgrade “reflects the government’s high external financing requirements, combined with a continued fall in official foreign exchange reserves, constrained access to domestic and external financing, and a further rise in government debt in the context of an ambitious capital expenditure programme”. In the short term, borrowing costs for Zambia on the international capital markets is expected to increase as its sovereign rating fell below the investment grade.

Zimbabwe – Slow growth in money supply for Mar 2019...

According to the latest Reserve Bank of Zimbabwe “RBZ” monthly economic review, broad money supply grew by an annual growth of 38% to US\$10.6 billion in March 2019 - **Fig.1** below. On the other hand, month-on-month “m/m” growth increased slightly by 2.3% from US\$10.4 billion recorded in Feb 2019 due to an increase in transferable deposits.

Fig 1: Trend in Money Supply



Source: RBZ

...money supply grew by 2.3% on a monthly basis to US\$10.4b in Mar 2019...

Meanwhile, demand deposits accounted for 81.4% of total deposits, whilst time deposits, currency in circulation and negotiable certificates of deposits weighed in 13.5%, 4.4% and 0.7%, respectively. Savings bonds and statutory reserve deposits stood at US\$2.2 billion and US\$380 million, respectively. The marked m/m slowdown in money supply will significantly assist the monetary authorities in curbing inflation in the medium term.

Tobacco Marketing Season Update

Cumulative sales for the period to 27 June 2019 show that total volume and value traded declined by 7% and 39% to 203.4 million kgs and US\$389.3 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 1** below outlines the cumulative tobacco sales statistics as at 21 June 2019 (*latest available data*).

Table 1: Tobacco Marketing Statistics as at 27 June 2019 (Day 68)

Seasonal	Total Auction	Total Contract	Total 2019	Total 2018	Change (%)
Mass sold (mln kg)	27.26	176.09	203.35	218.88	-7.1%
Value (US\$m)	47.08	342.23	389.30	638.03	-39.0%
Average Price (US\$/kg)	1.73	1.94	1.91	2.91	-34.4%
Rejected %	13.80%	4.64%	6.05%	4.96%	(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	80.00	79.0	78.0	1.3%

Source: TIMB

Markets Summary

1. Equities

On the Zimbabwe Stock Exchange “ZSE”, the All Share Index fell by 8.1% to end the week at 204.75 as investors assessed the impact of SI142 and introduction of a vesting period on dual listed shares. Meanwhile, weekly turnover declined by 5.2% to RTGS\$63.1 million with CBZ, Delta and Cassava accounting for 63% of the total. Elsewhere, mixed trades were recorded on regional and global markets. The ongoing global trade uncertainly adverse affected US and Chinese markets. **Table 2** below outlines the local as well as major regional and global equities markets’ performance as at 28 June 2019.

Table 2: Local, Regional and Global Stock Market Performance

Domestic	21-Jun-19	28-Jun-19	Weekly change (%)	Previous week change (%)	YTD Change (%)
All Share Index	222.73	204.75	-8.1%	7.7%	40.0%
Industrial Index	743	683.51	-8.0%	7.6%	40.3%
Mining Index	282.64	255.26	-9.7%	13.7%	12.1%
Top 10 Index	217.73	197.21	-9.4%	8.0%	36.0%
Mkt cap - RTGS\$m	29.59	27.02	-8.7%	7.7%	39.1%
Turnover - RTGS\$m	66.53	63.05	-5.2%	83.7%	
African					
Botswana	7,656.22	7,622.52	-0.4%	0.0%	-2.9%
Ghana	2,383.88	2,394.82	0.5%	-0.8%	-4.1%
Kenya	147.35	149.61	1.5%	-1.8%	6.5%
Malawi	29,669.56	29,956.00	1.0%	0.0%	3.4%
South Africa	58,941.47	58,590.17	-0.6%	1.3%	11.1%
Nigeria	29,851.29	29,966.87	0.4%	-0.7%	-4.7%
Zambia	4,632.03	4,564.78	-1.5%	-7.4%	-13.0%
Mauritius	2,115.73	2,135.98	1.0%	0.2%	-3.7%
Global					
U.S. - Dow	26,719.13	26,599.96	-0.4%	2.4%	14.0%
U.S. - S&P500	2,950.46	2,941.76	-0.3%	2.2%	17.3%
U.K. - FTSE 100	7,407.50	7,493.59	1.2%	0.8%	11.4%
Japan - NIKKEI 225	21,282.90	21,729.97	2.1%	0.8%	8.6%
China - Shanghai Index	3,001.98	2,978.88	-0.8%	3.9%	19.4%

Source: Various

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

...All share index up 40% on a ytd basis...

2. Commodities

With the exception of soybeans, most major commodities registered price increases. Oil prices remained firm as global markets awaited trade discussions from Group of 20 leaders' summit and anticipated production cuts from OPEC members. Gold prices advanced by 0.8% to US\$1,409/oz on renewed safe-haven demand - **Table 3** below.

Table 3: Commodities Price Performance

Commodities	21-Jun-19	28-Jun-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,397.15	1,409.00	0.8%	3.4%	10.2%
Platinum - US\$/oz	809.00	820.00	1.4%	-0.9%	2.5%
Copper - US\$/t	5,971.00	5,993.00	0.4%	2.6%	0.5%
Nickel - US\$/t	12,130.00	12,660.00	4.4%	2.0%	19.5%
Oil - US\$/b	65.20	66.55	2.1%	5.1%	23.7%
Agricultural					
Wheat - US\$/t	193.27	193.64	0.2%	-2.5%	4.8%
Soybeans - US\$/t	331.70	330.60	-0.3%	0.7%	-0.3%
Sugar - US\$/pound	12.22	12.32	0.8%	-4.2%	2.4%
Cotton - US\$/pound	61.19	63.15	3.2%	-7.2%	-12.5%

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 was largely flat as investors awaited the outcome from G20 leaders' summit. However, the US dollar traded firm after the United States and China agreed at the G20 summit in Japan to restart trade talks. Elsewhere, emerging market currencies were supported by the anticipated truce between the US and China. As a result, the South Africa rand strengthened by 1.5% to ZAR14.13 buttressed by the improvement in FDI flows during Q1 2019. **Table 4** below outlines currencies performance as at 28 June 2019.

Table 5: Currencies Performance

Currencies	21-Jun-19	28-Jun-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	6.4787	6.8756	6.1%	7.2%	175.0%
USD/ZAR	14.3390	14.1277	-1.5%	-3.3%	-1.8%
USD/BWP	10.5326	10.4937	-0.4%	-2.0%	-0.2%
USD/ZMK	12.8368	12.8450	0.1%	-1.9%	8.0%
USD/NGN	358.9040	358.0940	-0.2%	0.3%	-1.4%
USD/GBP	0.7870	0.7881	0.1%	-0.6%	0.4%
USD/EUR	0.8829	0.8791	-0.4%	-0.7%	0.6%
USD/JPY	107.359	107.736	0.4%	-0.9%	-2.1%
USD/CNY	6.8663	6.868	0.0%	-0.8%	-0.1%
Dollar Index - DXY	96.09	96.13	0.0%	-1.4%	0.0%

Source: Oanda

...oil prices rise on expected production cuts by Opec members...

...US dollar largely flat...

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
11-Jul-19	Edgars AGM, 9am, 1st Floor, LAPF House, Bulawayo			
26-Jul-19	Delta AGM, 1230hrs, Northridge Close, Borrowdale			
Regional and International				
03-Jul-19	South Africa Manufacturing PMI	Jun-19		45.40
03-Jul-19	Euro Markit Composite PMI	Jun-19	52.10	52.10
03-Jul-19	US ADP Nonfarm Employment Change	Jun-19	140k	27k
04-Jul-19	Euro Retail Sales - MoM	May-19	0.30%	-0.40%
05-Jul-19	US Unemployment Rate	Jun-19	3.60%	3.60%

Source: Various

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