

...China launches new tech-board for capital raising...

### Asia – China launches technology innovation board...

China launched a new technology board – the Science and Technology Innovation Board or STAR Market – on which 25 companies were listed. The STAR has more lenient standards for profitability and price volatility than the main exchange i.e. companies yet to make a profit can trade on the tech board if they spend at least 15% of revenue on research and development or have drugs or other technologies in advanced development. The market, modelled on the US-based NASDAQ, is largely seen as China’s move to become self-sufficient in core technologies such as chips, IT and biotech. In the short term, the tech-based market is expected to buttress China’s desire to gain dominance on the global technology space.

### Africa – South Africa lowers repo rate...

The South African Reserve Bank “SARB” cut its benchmark repo rate by 25 basis points to 6.5% in line with market expectations. According to SARB, “a persistently uncertain environment” prompted the decision given the economic slowdown. The SARB further downgraded the growth forecast from an initial forecast of 1% to 0.6% for 2019 but projections for 2020 and 2021 were left unchanged as shown in **Table 1** below.

...SA lowers repo rate...

**Table 1: SARB Economic projections**

Indicator	2019	2020	2021
Inflation	4.4% (4.5%)	5.1%	4.6%
GDP growth	0.6% (1.0%)	1.8%	2.0%

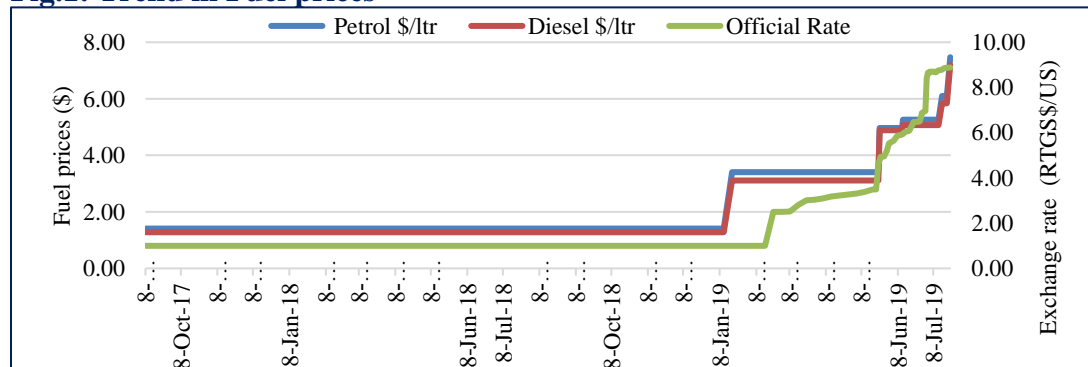
Source: SARB (figures in brackets are initial forecasts)

Going forward, the SARB hinted that future interest rate decisions would be highly data dependent and sensitive to risks to the outlook. Further interest rate cuts cannot be ruled out in line with dovish monetary policy stance by both advanced and emerging market economies’ central bankers, weak domestic demand and muted inflationary pressures in South Africa.

### Zimbabwe – Another fuel price increase in July 2019...

The Zimbabwe Energy Regulatory Authority “ZERA” announced another fuel price adjustment effective 22 July 2019. According to Zera, petrol and diesel prices will increase by 22% and 23% to RTGS\$7.47 and RTGS\$7.19, respectively. **Fig 1** below outlines the trend in fuel prices since Sept 2017 juxtaposed to the official interbank FX rate.

**Fig.1: Trend in Fuel prices**



Source: Various

... fuel price increases will significantly have a serious pass-through effect on inflation...

In the short term, measures aimed at stabilising the exchange rate remain essential as regular fuel price increases will significantly have a serious pass-through effect on inflation, production and aggregate demand. In fact, inflationary pressures will most likely be elevated by these fuel price adjustments together with the anticipated upward adjustment of utilities’ charges.

### Tobacco Marketing Season Update

Cumulative sales for the period to 18 July 2019 show that total volume and value traded declined by 3% and 34% to 232.1 million kgs and US\$456.8 million, respectively, when compared to the 2018 marketing season. The average 2019 price at US\$1.97/kg remained below the 2018 level of US\$2.92/kg. **Table 2** below outlines the cumulative tobacco sales statistics as at 18 July 2019 (*latest available data*).

**Table 2: Tobacco Marketing Statistics as at 18 July 2019 (Day 83)**

Seasonal	Total Auction	Total Contract	Total 2019	Total 2018	Change (%)
Mass sold (mln kg)	30.60	201.49	232.08	238.32	-2.6%
Value (US\$m)	53.91	402.88	456.79	696.25	-34.4%
Average Price (US\$/kg)	1.76	2.00	1.97	2.92	-32.5%
Rejected %	14.74%	4.66%	6.22%	5.07%	(1.2)
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	81.00	81.0	79.0	2.5%

Source: TIMB

### Markets Summary

#### 1. Equities

On the Zimbabwe Stock Exchange “ZSE”, the All Share Index advanced by a marginal 0.8% to end the week at 191.47. Meanwhile, weekly turnover declined by 4.6% to RTGS\$38.2 million dominated by local investors. Offshore investors closed as net buyers for the fourth consecutive week. Elsewhere, mixed trades were recorded on regional and global markets. US markets were dragged by a report that the Federal Reserve would only cut interest rates by a lower rate despite concerns over global economic growth and uncertainty about trade. **Table 3** below outlines the local as well as major regional and global equities markets’ performance as at 19 July 2019.

**Table 3: Local, Regional and Global Stock Market Performance**

Domestic	12-Jul-19	19-Jul-19	Weekly change (%)	Previous week change (%)	YTD Change (%)
All Share Index	189.98	191.47	0.8%	0.7%	30.9%
Industrial Index	633.92	638.82	0.8%	0.7%	31.1%
Mining Index	248.97	251.3	0.9%	0.2%	10.4%
Top 10 Index	180.94	183.22	1.3%	1.3%	26.3%
Mkt cap - RTGS\$m	25.06	25.31	1.0%	1.2%	30.3%
Turnover - RTGS\$m	39.99	38.17	-4.6%	-17.3%	
<b>African</b>					
Botswana	7,618.64	7,617.68	0.0%	-0.1%	-3.0%
Ghana	2,318.73	2,353.09	1.5%	-0.5%	-5.7%
Kenya	149.73	149.82	0.1%	0.0%	6.7%
Malawi	29,953.83	29,954.56	0.0%	0.0%	3.4%
South Africa	57,277.35	58,248.73	1.7%	-0.5%	10.5%
Nigeria	28,566.79	27,919.50	-2.3%	-2.4%	-11.2%
Zambia	4,585.24	4,568.12	-0.4%	1.2%	-13.0%
Mauritius	2,152.45	2,148.68	-0.2%	0.6%	-3.2%
<b>Global</b>					
U.S. - Dow	27,332.03	27,154.20	-0.7%	1.5%	16.4%
U.S. - S&P500	3,013.77	2,976.61	-1.2%	0.8%	18.7%
U.K. - FTSE 100	7,505.97	7,508.70	0.0%	-0.6%	11.6%
Japan - NIKKEI 225	21,685.90	21,416.79	-1.2%	0.8%	7.0%
China - Shanghai Index	2,930.55	2,924.20	-0.2%	-2.7%	17.3%

Source: Various

...TIMB expects an output range of 220-240 mln kg ...

...All share index up 31% on a ytd basis...

## 2. Commodities

Mixed trades were recorded among major commodities. On the upside, nickel prices rose by 9.1% to \$14,400/oz as the global nickel market deficit widened to 12,500t in May 2019 from 7,500t in the prior month. On the other hand, oil prices fell by 6.4% to US\$62/b due to growing concerns over global energy demand and expectations for an annual surplus in the US - **Table 4** below.

**Table 4: Commodities Price Performance**

Commodities	12-Jul-19	19-Jul-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
<b>Metals</b>					
Gold - US\$/oz	1,407.60	1,439.70	2.3%	1.4%	12.6%
Platinum - US\$/oz	832.00	860.00	3.4%	-0.8%	7.5%
Copper - US\$/t	5,935.00	6,065.00	2.2%	0.6%	1.7%
Nickel - US\$/t	13,200.00	14,400.00	9.1%	7.4%	36.0%
Oil - US\$/b	66.72	62.47	-6.4%	3.9%	16.1%
<b>Agricultural</b>					
Wheat - US\$/t	197.04	185.19	-6.0%	3.5%	0.2%
Soybeans - US\$/t	333.17	331.24	-0.6%	-1.6%	-0.1%
Sugar - US\$/pound	12.30	11.59	-5.8%	-0.5%	-3.7%
Cotton - US\$/pound	62.36	62.25	-0.2%	-1.7%	-13.8%

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 traded slightly stronger on expectations of a lower-than-expected interest rate cut in July 2019. Thus, the dollar index advanced by 0.4% to end the week at 97.15. Elsewhere, the South Africa rand strengthened by a marginal 0.4% to end the week at ZAR13.89 following the SARB policy decision to cut the benchmark repo rate. **Table 5** below outlines currencies performance as at 19 July 2019.

**Table 5: Currencies Performance**

Currencies	12-Jul-19	19-Jul-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	8.76	8.88	1.3%	0.7%	255.1%
USD/ZAR	13.95	13.89	-0.4%	-1.2%	-3.4%
USD/BWP	10.45	10.42	-0.3%	-0.1%	-0.9%
USD/ZMK	12.47	12.71	1.9%	-2.4%	6.8%
USD/NGN	358.07	357.98	0.0%	0.2%	-1.4%
USD/GBP	0.80	0.80	0.2%	0.0%	1.7%
USD/EUR	0.89	0.89	0.2%	-0.1%	1.8%
USD/JPY	108.17	107.65	-0.5%	0.0%	-2.1%
USD/CNY	6.88	6.88	0.0%	-0.1%	0.0%
Dollar Index - DXY	96.81	97.15	0.4%	-0.5%	1.0%

Source: Oanda

*...gold prices supported by renewed safe-haven demand...*

*...US dollar trades near 3-week highs...*

## Looking Ahead

Date	Event	Period	Forecast	Previous
<b>Local</b>				
25-Jul-19	OK AGM, 3pm, OKMart Functions Room, 30 Chiremba Road, Hillside			
26-Jul-19	Delta AGM, 1230hrs, Northridge Close, Borrowdale			
TBA	Mid-Term Fiscal Policy Review			
TBA	Mid-Term Monetary Policy Review			
<b>Regional and International</b>				
23-Jul-19	Japan Manufacturing PMI - preliminary	Jul-19	49.70	49.30
24-Jul-19	South Africa CPI	Jun-19	4.4%	4.5%
25-Jul-19	ECB Interest Rate Decision		0.0%	0.0%
26-Jul-19	US GDP - QoQ	Q2 2019	1.8%	3.1%

Source: Various

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