

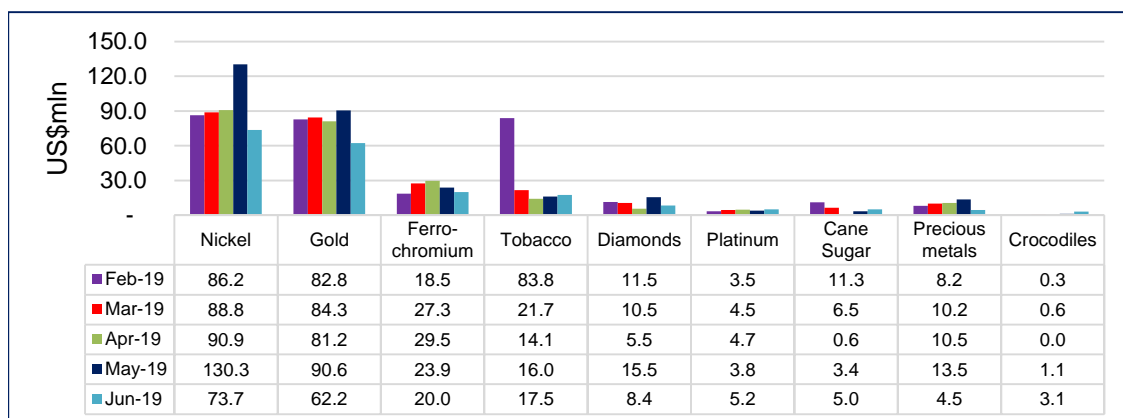
Trade deficit widens to a 9-month high in June 2019...

Trade Indicator	May-19	Jun-19	M-o-M Change (%)	Y-o-Y Change (%)
Exports - US\$mIn	343.2	239.8	-30.1%	-37.7%
Imports - US\$mIn	436.8	457.2	4.7%	-25.6%
Trade Balance - US\$mIn	(93.6)	(217.4)	132.3%	-5.5%

Exports

- According to the Zimbabwe National Statistics Agency “ZimStat”, the country’s total exports fell by 30.1% to a 2-year low of \$239.8m in Jun 2019. This was due to major declines in major mining commodities namely nickel (-43%), gold (-31%), ferro-chromium (-16%) and diamonds (-46%). Productivity issues, in particular continued absence of critical enablers, significantly weighed on mineral earnings despite relatively firm international prices registered during the review period. However, increases in, antimony ores (+6,902%), crocodiles (+174%), cigarette tobacco (+112%), cane sugar (+46%), platinum (35%) and FCV tobacco (+9%), restrained the overall decline in exports. **Fig.1** below outlines the major exports with the top 9 commanding 83% of total earnings in June 2019.

Fig.1: Major export earners contribution



Source: ZimStat

- The major export markets remained South Africa (49%), Russia (17%), United Arab Emirates (14%), Mozambique (10%) and Belgium (3%). These top 5 countries accounted for 92% of the export market.

Imports

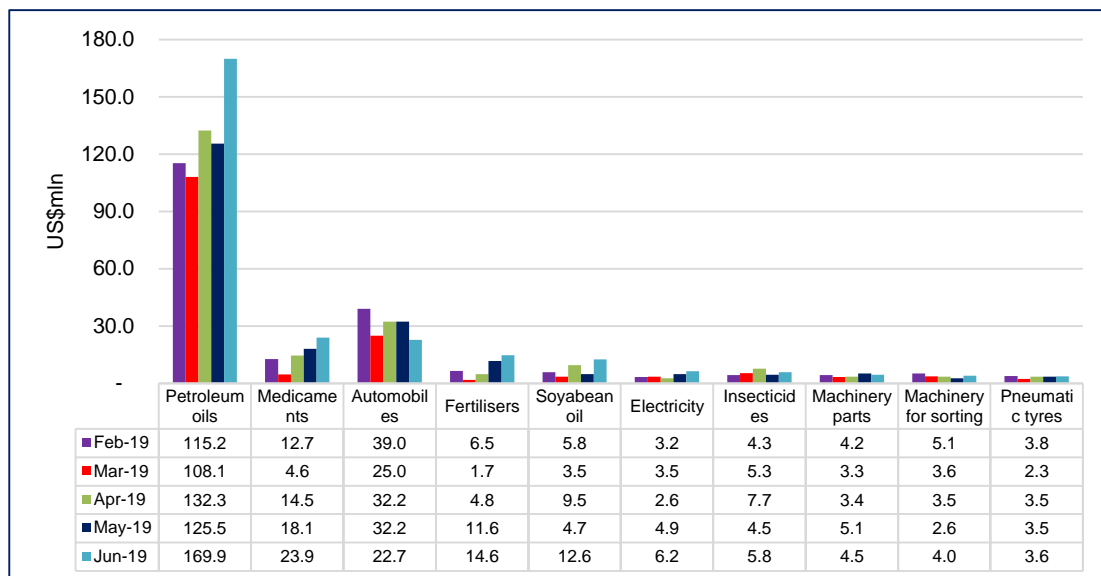
- Imports grew by a marginal 4.7% to a 6-month high of US\$457.2m in June 2019. Major increases were recorded for critical raw materials led by petroleum oils (+35%), medicaments (+24%), soya-bean oil (+165%) and fertilizers (+26%) as part of the ongoing import management policy. On the other hand, decreases were recorded in automobiles i.e. transport of goods (-22%), personal cars (-12%), tractors (-50%) and self-propelled bulldozers (-39%) as well as rice (-14%). The continued requirement for duty payment in hard currency had a significant impact on import demand for automobiles. **Fig.2** on the next page illustrates the top 10 imports accounting for 59% of total imports in Jun 2019.

...high concentration as Top 5 exports account for 76% of total earnings in Jun 2019...

...increase in imports driven by critical raw materials...

...South Africa remained the major export (49%) and import (35%) market...

Fig.2: Major imports



Source: ZimStat

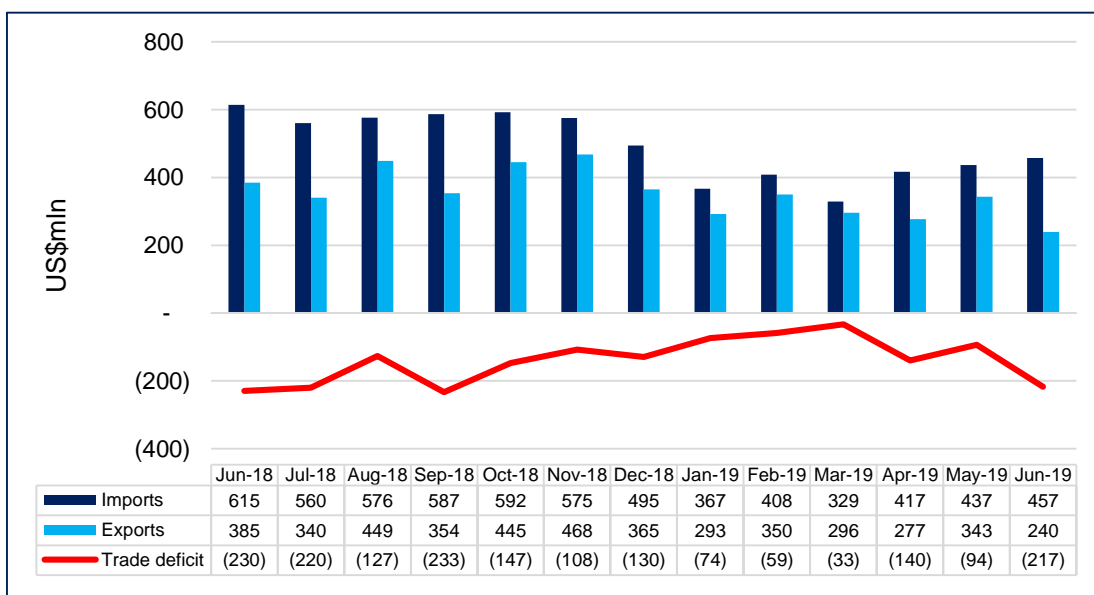
- The major source markets for imports were South Africa (35%), Singapore (34%), China (6%), India (3%) and Mauritius (2%).

Trade deficit

- The trade deficit increased by 132% to a 9-month high of \$217.4m in Jun 2019 from \$93.6m in May 2019, due to a relatively larger decline in exports (-30%) and a marginal increase on imports (+5%). However, a cumulative trade deficit of \$543m was recorded in the five months between Feb 2019 and Jun 2019 against US\$1.3 billion in the comparative period of 2018. **Fig. 3** below outlines the monthly trend in the trade deficit.

.... Trade deficit widened to a 9-month high in Jun 2019...

Fig.3: External Trade trend



Source: ZimStat

Analysts

Andrew Chirewo
achirewo@cbz.co.zw

Victor Makanda
vmakanda@cbz.co.zw

Contact Details

3rd Floor, Sapphire House,
Cnr Speke/ Angwa St,
P O Box 3313,
Harare, Zimbabwe,

Tel: +263 4 759101-16
Website: www.cbz.co.zw
Email: research@cbz.co.zw

Disclaimer

CBZ Holdings Limited has prepared this report on behalf of itself and its clients for informative purposes only. Whilst the facts and opinions expressed in this report are based on sources that are believed to be reliable, and every care has been taken in preparing the report, no warranty (implicit or explicit) is made by CBZ Holdings Limited, its employees, directors, associates and affiliates regarding the accuracy, reliability, currency or completeness of the information in this report nor its usefulness for any purpose. CBZ Holdings Limited, its employees, directors, associates and affiliates accept no responsibility or liability, whatsoever, for any loss, damage, cost or expense, howsoever, incurred or arising by reason of any person using or relying on information or opinions expressed in this report. The opinions and estimates expressed in this report are based on the information available as at the date of publication and such opinions and estimates are given in good faith, but without legal responsibility, and may be changed after publication at any time without notice. The information contained in this report does not constitute legal advice or personal recommendation and each recipient may undertake his or her own independent investigation of the issues discussed in this report.