

...US GDP grew by 2%  
in Q2 2019...

### America – US growth below market expectations for Q2...

According to the US Bureau of Economic Analysis, the US economy grew by an annualised 2% in Q2 2019 against 3.1% recorded in Q1 2019 and market expectations of 2.1%. The slow growth was attributed to downward revision in state and local government spending, private inventory investment and residential investment. Nonetheless, personal consumption expenditure somewhat limited the Q2 2019 economic growth figure. Going forward, the ongoing trade war with China is expected to significantly weigh on US economic growth.

...Kenya joins the ranks  
of petroleum-exporting  
countries...

### Africa – Kenya now an oil-exporting country...

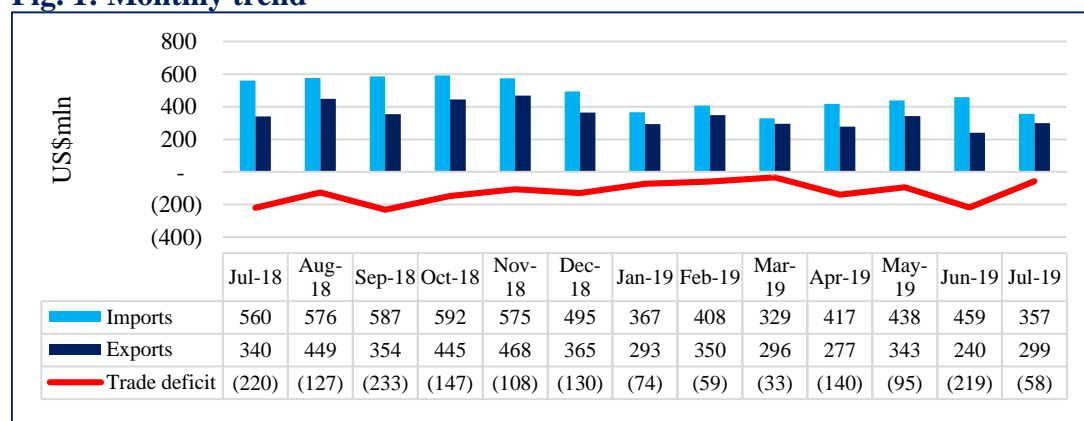
Kenya exported its first-ever batch of crude oil becoming the first East African nation to join the ranks of petroleum-exporting countries. In fact, the maiden shipment of 200,000 barrels was purchased for US\$12 million by ChemChina UK Ltd for export to Malaysia as part of a pilot scheme between the Kenyan government and corporate partners including Africa Oil Corp, Tullow Oil and Total. The Turkana fields discovered by British firm Tullow hold an estimated 560 million barrels of oil but require investments in infrastructure including drilling and pipelines to reach full production potential of 100,000 barrels per day by 2024.

### Zimbabwe – Contraction in trade deficit - July 2019...

According to the ZimStat, the country's external trade deficit fell by 74% to US\$57.5m in Jul 2019 compared to US\$218.8m in the prior month. The contraction was driven by a combination of export growth (+25%) and reduction in imports (-22%). In fact, exports increased to US\$299m in Jul 2019 thanks to increases in gold (+41%), nickel (+28%), ferro-chromium (+28%) and electrical energy (+415%). On the other hand, declines in diesel (-30%), petrol (-48%), soyabean oil (-64%) and medicaments (-55%), dragged the total import bill to US\$357m in Jul 2019. Likewise, the cumulative trade deficit for 2019 (Feb-July) shrank by 59% to US\$603m (2018:US\$1.5b) largely due to import management (-30%) as compared to export growth (-8%). **Fig 1** below outlines the monthly trend in external trade between July 2018 and July 2019.

...cumulative trade  
deficit for 2019 fell by  
59% to US\$603m due to  
import management...

**Fig. 1: Monthly trend**



Source: ZimStat

Going forward, it is imperative for policymakers to strengthen the country's export-growth strategy in order to improve the external trade position. Initiatives such as improving supply of critical enablers i.e. power and critical raw materials as well as access to affordable capital and technology transfer will go a long way thereby improving the much needed foreign currency.

### Tobacco Marketing Season Update

Cumulative sales for the period to 29 Aug 2019 show that total volume marginally increased by 1.9% to 256.9 mln kg compared to the 2018 marketing season. However, the value traded fell by 31% to US\$521.1m, when compared to the prior season due to subdued lower prices. In fact, the average 2019 price at US\$2.03/kg remained below the 2018 level of US\$2.92/kg. **Table 1** below outlines the cumulative tobacco sales statistics as at 29 August 2019 (*latest available data*).

**Table 1: Tobacco Marketing Statistics as at 29 Aug 2019 (Day 111)**

Seasonal	Total Auction	Total Contract	Total 2019	Total 2018	Change (%)
Mass sold (mln kg)	32.42	224.44	256.85	252.03	1.9%
Value (US\$m)	57.06	464.02	521.08	736.17	-29.2%
Average Price (US\$/kg)	1.76	2.07	2.03	2.92	-30.5%
Rejected %	15.21%	4.52%	6.14%	4.94%	(1.2)
Highest Price (US\$/kg)	4.99	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)	76.0	83.00	82.0	80.0	2.5%

Source: TIMB

### Markets Summary

#### **1. Equities**

On the Zimbabwe Stock Exchange “ZSE”, the All Share Index fell by 4.6% to end the week at 166.36. Meanwhile, weekly turnover improved by 38.1% to ZWL\$31.5m driven by notable deals in Delta, Simbisa, Innscor and Old Mutual. Elsewhere, mixed trades were recorded across regional and global markets. US markets recorded gains following statements from the US President Donald Trump and China’s commerce ministry that the countries were scheduling trade talks. **Table 2** below outlines the local as well as major regional and global equities markets’ performance as at 30 August 2019.

**Table 2: Local, Regional and Global Stock Market Performance**

Domestic	23-Aug-19	30-Aug-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	174.33	166.36	-4.6%	-3.0%	13.8%
Industrial Index	580.6	553.59	-4.7%	-3.1%	13.6%
Mining Index	259.15	261.66	1.0%	4.2%	14.9%
Top 10 Index	158.69	148.96	-6.1%	-4.2%	2.7%
Mkt cap - RTGS\$m	22.72	21.74	-4.3%	-3.0%	11.9%
Turnover - RTGS\$m	22.76	31.45	38.1%	12.5%	
<b>African</b>					
Botswana	7,490.62	7,397.77	-1.2%	-1.1%	-5.8%
Ghana	2,269.79	2,303.80	1.5%	-1.8%	-7.7%
Kenya	149.87	147.58	-1.5%	-1.0%	5.1%
Malawi	29,153.01	29,197.17	0.2%	0.3%	0.7%
South Africa	53,995.82	55,259.57	2.3%	-0.9%	4.8%
Nigeria	27,800.17	27,525.81	-1.0%	3.2%	-12.4%
Zambia	4,457.88	4,427.56	-0.7%	-1.0%	-15.6%
Mauritius	2,172.04	2,160.86	-0.5%	0.2%	-2.6%
<b>Global</b>					
U.S. - Dow	25,628.90	26,403.28	3.0%	-1.0%	13.2%
U.S. - S&P500	2,847.11	2,926.46	2.8%	-1.4%	16.7%
U.K. - FTSE 100	7,094.98	7,207.18	1.6%	-0.3%	7.1%
Japan - NIKKEI 225	20,261.04	20,620.19	1.8%	-1.5%	3.0%
China - Shanghai Index	2,859.91	2,923.21	2.2%	-0.8%	17.2%

Source: Various

...national output above  
TIMB expectations of  
220-240 mln kg range...

...All share index up  
14% on a ytd basis...

## 2. Commodities

Mixed trades were recorded among major commodities. Nickel prices increased by 13.3% to 5-year highs of US\$17,850/t on supply concerns after major producer - Indonesia - revealed it would ban the export of ore from December 2019. On the other hand, gold prices marginally fell by 0.3% to US\$1,523/oz as China calmed some fears over trade tensions thereby dulling safe-haven demand for the precious metal - **Table 3** below.

**Table 3: Commodities Price Performance**

Commodities	23-Aug-19	30-Aug-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
<b>Metals</b>					
Gold - US\$/oz	1,527.20	1,523.00	-0.3%	1.2%	19.1%
Platinum - US\$/oz	865.00	932.00	7.7%	2.9%	16.5%
Copper - US\$/t	5,683.00	5,676.00	-0.1%	-1.1%	-4.8%
Nickel - US\$/t	15,750.00	17,850.00	13.3%	-2.1%	68.6%
Oil - US\$/b	59.34	60.43	1.8%	1.2%	12.3%
<b>Agricultural</b>					
Wheat - US\$/t	174.63	165.35	-5.3%	0.8%	-10.5%
Soybeans - US\$/t	326.83	331.42	1.4%	-2.5%	-0.1%
Sugar - US\$/pound	11.47	11.14	-2.9%	-1.5%	-7.4%
Cotton - US\$/pound	57.97	59.05	1.9%	-3.5%	-18.2%

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 was stronger as news that Washington and Beijing were discussing renewing their negotiations in September eased anxieties about the ongoing trade war. Thus, the dollar index rose by 1.3% to end the week at 97.64. Elsewhere, the South Africa rand slightly weakened by 0.2% to ZAR15.24 on some profit taking as sentiment toward emerging markets assets continued to lean toward negative outcomes. **Table 4** below outlines currencies performance as at 30 August 2019.

**Table 4: Currencies Performance**

Currencies	23-Aug-19	30-Aug-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	10.34	10.81	4.6%	3.3%	332.5%
USD/ZAR	15.21	15.24	0.2%	-0.2%	5.9%
USD/BWP	10.91	10.95	0.3%	-0.2%	4.1%
USD/ZMK	13.09	13.08	-0.1%	0.1%	9.9%
USD/NGN	361.86	358.28	-1.0%	-0.6%	-1.3%
USD/GBP	0.82	0.82	0.6%	-0.9%	4.6%
USD/EUR	0.90	0.91	0.7%	0.0%	3.8%
USD/JPY	106.12	106.33	0.2%	-0.1%	-3.3%
USD/CNY	7.09	7.15	0.9%	0.7%	4.0%
Dollar Index - DXY	97.64	98.92	1.3%	-0.5%	2.9%

Source: Oanda

...nickel price rise to 5yr highs...

...US dollar stronger on improved optimism over US-China trade talks...

## Looking Ahead

Date	Event	Period	Forecast	Previous
<b>Local</b>				
04-Sep-19	Border Timbers EGM, 9am, Boardroom, Northern Tobacco Complex,4-12 Paisley Rd, Southerton			
04-Sep-19	FML Properties Analyst Briefing, 2pm, Royal Harare Golf Club			
04-Sep-19	FML Holdings Analyst Briefing, 3pm, Royal Harare Golf Club			
<b>Regional and International</b>				
03-Sep-19	South Africa GDP - YoY	Q2 2019	0.8%	0.0%
03-Sep-19	US Manufacturing PMI	Aug-19	49.90	49.90
04-Sep-19	South Africa Standard Bank PMI	Aug-19		48.40
04-Sep-19	Euro Markit Composite PMI	Aug-19	51.80	51.80
06-Sep-19	US Unemployment Rate	Aug-19	3.7%	3.7%

**Source: Various**

Analysts:

Andrew Chirewo  
[achirewo@cbz.co.zw](mailto:achirewo@cbz.co.zw)

Victor Makanda  
[vmakanda@cbz.co.zw](mailto:vmakanda@cbz.co.zw)

### Contact Details

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

Tel: +263 4 759101-16

Website: [www.cbz.co.zw](http://www.cbz.co.zw)

Email: [research@cbz.co.zw](mailto:research@cbz.co.zw)

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