

Asia – China lowers loan prime rate...

According to the National Interbank Funding Centre, China lowered its one-year loan prime rate “LPR” from 4.25% in Aug 2019 to 4.2% in Sept 2019. The LPR is based on a weighted average of lending rates from 18 commercial banks. The rate reduction was meant to mitigate downside risks emerging from the ongoing trade war with the US and the general economic slowdown in China. In addition, it followed recent rate reductions by the US Federal Reserve and the European Central Bank. Meanwhile, the five-year prime rate, generally used as a reference rate for new mortgage loans was kept unchanged at 4.85%. Going forward, a further gradual reduction in Chinese interest rates is expected as part of the government’s attempt to support economic growth.

...LPR reduced for the second consecutive month...

Africa – South Africa raises \$5b in its biggest-ever Eurobond issue...

South Africa raised US\$5b from Eurobond sale in order to fund its 2019/20 foreign currency commitments. According to the SA National Treasury, US\$2b was raised from 10-year notes with a 4.85% yield and US\$3b from 30-year notes at 5.75%. Citi, Deutsche Bank/Nedbank consortium, Rand Merchant Bank and Standard Bank were joint book runners on the deal. The transaction was 2.71x oversubscribed with investor demand across Europe, North America, Asia, South America, Middle East and Africa.

...South Africa’s Eurobond offer oversubscribed...

Zimbabwe – Third Treasury Bill offer raises ZW\$100m...

The Reserve Bank of Zimbabwe “RBZ” raised ZW\$100 million through issuing out the third Treasury Bill offer during the week under review. According to the RBZ, the funds will be earmarked for financing government programmes. Demand for the paper remained very high as reflected by the 4.1x subscription rate, whilst the tenor was reduced to 92 days compared to 365 days in the second issue. **Table 1** below outlines the trend in Treasury Bills issues ever since the adoption of the auction system.

...\$100mln TB offer oversubscribed...

Table 1: Trend in TB Issues

Period	01-Aug-19	23-Aug-19	27-Sep-19
No. of Issue	1	2	3
Amount on offer -\$m	30	60	100
Amount allotted - \$m	30	60	102
Total Bids - \$m	132.75	121	419
Tenor - days	91	365	92
Highest rate	40.0%	50.0%	25.0%
Lowest Rate	15.0%	12.0%	12.0%
Average Rate	15.6%	14.4%	13.7%
Purpose	Gvt Prog	Gvt Prog	Gvt Prog
Subscription rate (X)	4.43	2.02	4.11

Source: RBZ

In line with the monetary authorities’ view to promote transparency and interest rate price discovery, the ongoing publication of TB results is commendable. Going forward, there is a need for the authorities to strike a balance between establishing a minimum lending rate as well as offering sustainable returns for surplus units given the elevated inflationary pressures.

Tobacco Marketing Season Update

Cumulative sales for the period to 26 Sept 2019 show that total volume marginally increased by 2.7% to 259.4 mln kg compared to the 2018 marketing season. However, the value traded fell by 28.6% to US\$526.7m, 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 2** below outlines the cumulative tobacco sales statistics as at 26 Sept 2019 (*latest available data*).

Table 2: Tobacco Marketing Statistics as at 26 Sept 2019 (Day 130)

Seasonal	Total Auction	Total Contract	Total 2019	Total 2018	Change (%)
Mass sold (mln kg)	32.50	226.89	259.39	252.60	2.7%
Value (US\$m)	57.13	469.56	526.69	737.43	-28.6%
Average Price (US\$/kg)	1.76	2.07	2.03	2.92	-30.5%
Rejected %	15.18%	4.53%	6.13%	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 advanced by 18.2% to end the week at 232.04 lifted by gains in OK, Innscor, Axia and BAT Zimbabwe. Meanwhile, weekly turnover improved by 7.8% to ZWL\$37.9m driven by notable deals in Old Mutual, Delta, Innscor, Econet and Cassava. Elsewhere, mixed trades were recorded across regional and global markets. US markets recorded losses after news that the Trump administration was considering delisting Chinese companies from U.S. stock exchanges and limit U.S. investments into China. **Table 3** below outlines the local as well as major regional and global equities markets’ performance as at 27 Sept 2019.

Table 3: Local, Regional and Global Stock Market Performance

Domestic	20-Sep-19	27-Sep-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	196.37	232.04	18.2%	17.8%	58.7%
Industrial Index	654.89	772.94	18.0%	18.0%	58.7%
Mining Index	262.5	317.75	21.0%	0.0%	39.5%
Top 10 Index	182.38	218.21	19.6%	21.8%	50.5%
Mkt cap - RTGS\$m	25.65	30.50	18.9%	4.2%	57.0%
Turnover - RTGS\$m	35.18	37.94	7.8%	-7.2%	
African					
Botswana	7,439.46	7,460.95	0.3%	0.1%	-5.0%
Ghana	2,231.16	2,209.57	-1.0%	0.0%	-11.5%
Kenya	145.30	144.27	-0.7%	1.0%	2.7%
Malawi	29,550.18	29,661.31	0.4%	0.7%	2.3%
South Africa	55,622.80	55,209.03	-0.7%	-2.8%	4.7%
Nigeria	27,657.27	27,675.04	0.1%	-0.4%	-11.9%
Zambia	4,371.04	4,395.34	0.6%	-0.8%	-16.3%
Mauritius	2,105.77	2,117.24	0.5%	-0.3%	-4.6%
Global					
U.S. - Dow	26,935.07	26,820.25	-0.4%	-1.0%	15.0%
U.S. - S&P500	2,992.07	2,961.79	-1.0%	-0.5%	18.1%
U.K. - FTSE 100	7,292.93	7,426.21	1.8%	-0.7%	10.4%
Japan - NIKKEI 225	22,079.09	21,755.84	-1.5%	0.4%	8.7%
China - Shanghai Index	2,985.34	2,905.19	-2.7%	-1.0%	16.5%

Source: Various

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

...All share index up
59% on a ytd basis...

2. Commodities

With the exception of wheat, sugar and cotton, most major commodities recorded price declines. Oil prices fell by 3.7% to US\$61.91/b pressured by signs that Saudi Arabia was making progress in restoring production following attacks on processing facilities as well as concerns over the global demand picture. Gold prices fell by 1.4% to US\$1,496/oz due to a stronger US dollar - **Table 4** below.

Table 4: Commodities Price Performance

Commodities	20-Sep-19	27-Sep-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,516.90	1,495.90	-1.4%	1.8%	17.0%
Platinum - US\$/oz	943.00	934.00	-1.0%	-1.9%	16.8%
Copper - US\$/t	5,798.00	5,767.00	-0.5%	-3.0%	-3.3%
Nickel - US\$/t	17,955.00	17,405.00	-3.1%	0.8%	64.4%
Oil - US\$/b	64.28	61.91	-3.7%	6.7%	15.1%
Agricultural					
Wheat - US\$/t	178.12	178.94	0.5%	-0.9%	-3.2%
Soybeans - US\$/t	334.09	329.95	-1.2%	4.2%	-0.5%
Sugar - US\$/pound	11.09	11.53	4.0%	1.8%	-4.2%
Cotton - US\$/pound	59.13	59.82	1.2%	-4.1%	-17.1%

Source: Various

Meanwhile, local prices were maize and small grains (RTGS\$2,100/t), wheat (RTGS\$1 089.68), soyabean (RTGS\$1,825/t) and cotton (RTGS\$1 950/t).

3. Currencies

The US dollar traded firm as heightened risks from political tensions to the Sino-US trade war increased its safe-haven appeal. Thus, the dollar index rose by 0.9% to end the week at 99.11. Elsewhere, most emerging market currencies weakened as global investors took safety-driven positions in the US dollar away from stocks and weaker currencies. **Table 5** below outlines currencies performance as at 27 Sept 2019.

Table 5: Currencies Performance

Currencies	20-Sep-19	27-Sep-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	14.44	15.17	5.0%	11.8%	506.6%
USD/ZAR	14.85	15.08	1.6%	2.0%	4.9%
USD/BWP	10.73	10.90	1.6%	0.3%	3.7%
USD/ZMK	13.20	13.18	-0.2%	0.8%	10.7%
USD/NGN	359.62	360.34	0.2%	0.3%	-0.7%
USD/GBP	0.80	0.81	1.7%	-0.7%	3.5%
USD/EUR	0.91	0.91	0.9%	0.4%	4.7%
USD/JPY	107.83	108.89	1.0%	-0.2%	-1.0%
USD/CNY	7.09	7.13	0.5%	0.2%	3.6%
Dollar Index - DXY	98.27	99.11	0.9%	0.0%	3.1%

Source: Oanda

...nickel registers 64% ytd gain...

...US dollar trading at multi-week highs...

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
01-Oct-19	State of the Nation Address			
Regional and International				
01-Oct-19	Euro Manufacturing PMI	Sep-19	45.60	45.60
02-Oct-19	Japan Services PMI		52.80	53.30
03-Oct-19	US Markit Composite PMI	Sep-19	51.00	51.00
04-Oct-19	US Unemployment rate	Sep-19	3.7%	3.7%

Source: Various

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