

... IMF envisages 2019 growth of 3%, the slowest pace since the global financial crisis...

...Central Bank of Nigeria intervenes in FX market...

...Further economic growth downgrades by the IMF and BMI...

Global Economy – Another downgrade for 2019...

The International Monetary Fund “IMF”, in its September 2019 World Economic Outlook, further lowered the global growth forecasts by 0.3 percentage points “pp” and 0.2.pp to 3.0% and 3.4% for 2019 and 2020, respectively. According to the IMF, the downgrades were mainly necessitated by the rising trade barriers and increasing geopolitical tensions. In fact, the US-China trade tension is estimated to cumulatively reduce the level of global GDP by 0.8% by 2020. At group level, both Advanced Economies and Emerging Market and Developing Economies “EMDEs” were downgraded by 0.1pp and 0.5pp to 1.7% and 4.6%, respectively for 2019. Going forward, the multilateral lender urged policymakers to “undo the trade barriers, rein in geopolitical tensions, and reduce domestic policy uncertainty.”

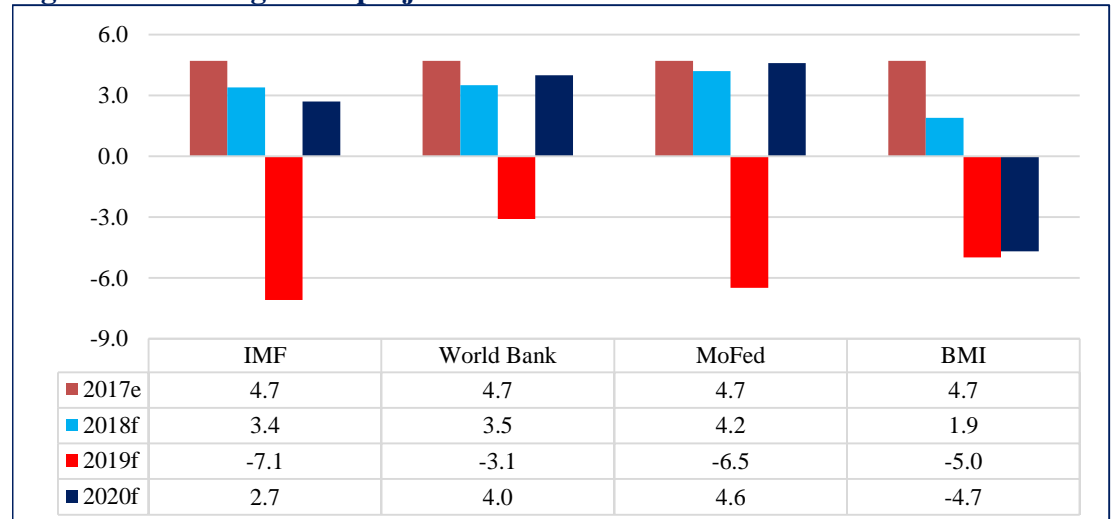
Africa – Nigeria in FX liquidity injection...

The Central Bank of Nigeria “CBN” injected US\$325.5 million and 14 million yuan renminbi (c.US\$1.98m) meant to support exchange rate stability and prevent shortages. In fact, the CBN stated that the dollar intervention was meant to support agricultural machinery and industrial raw materials, whilst the yuan renminbi targeted renminbi-demoninated letters of credit. In the short-term, Nigeria will most likely face FX liquidity challenges due to over-reliance towards the oil sector and frequently regulatory intervention.

Zimbabwe – Further downgrades by IMF and BMI...

The IMF, further lowered 2019 growth forecasts from -2.1% to -7.1% citing the adverse impact of climate change through drought, cyclone idai and pass-through effects on most sectors due to low electricity generation. Likewise, BMI lowered the 2019 projected recession to 5.0% from 3.1%, respectively as outlined in Fig 1 below.

Fig. 1: Economic growth projections



Source: Various

With the exception of BMI, the other global research watchdogs anticipate a rebound in 2020 in line with Government’s estimates. In the short term, swift reforms aimed at restoring stability in policymaking, restraining high inflation levels, improving FX liquidity will significantly revive aggregate demand. In fact, the IMF in its recent SMP review urged policymakers to “intensify efforts targeted at both economic and political reforms” in order to restore macro-economic stability.

Tobacco Marketing Season Update

Cumulative sales for the period to 09 Oct 2019 show that total volume marginally increased by 2.7% to 259.5 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 1** below outlines the cumulative tobacco sales statistics as at 09 Oct 2019 (*latest available data*).

Table 1: Tobacco Marketing Statistics as at 09 Oct 2019 (Day 136)

Seasonal	Total Auction	Total Contract	Total 2019	Total 2018	Change (%)
Mass sold (mln kg)	32.50	226.95	259.45	252.60	2.7%
Value (US\$m)	57.13	469.60	526.73	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 fell by 1.4% to end the week at 228.19 dragged by losses in Econet, Innscor and Cassava. Meanwhile, weekly turnover improved by 4.3% to ZWL\$42.0m with offshore investors closing as net buyers for the second consecutive week. Elsewhere, mixed trades were registered among regional and global markets. Of interest was the 2.3% loss recorded by the Shanghai Index after China posted its weakest growth in nearly 3 decades of 6% for Q3 2019. **Table 2** below outlines the local as well as major regional and global equities markets’ performance as at 18 Oct 2019.

Table 2: Local, Regional and Global Stock Market Performance

Domestic	11-Oct-19	18-Oct-19	Weekly change (%)	Previous week change (%)	YTD Change (%)
All Share Index	231.53	228.19	-1.4%	-0.8%	56.0%
Industrial Index	772.9	760.26	-1.6%	-0.6%	56.1%
Mining Index	278.28	310.18	11.5%	-7.8%	36.2%
Top 10 Index	215.18	208.8	-3.0%	-1.6%	44.0%
Mkt cap - RTG\$mln	30.29	29.78	-1.7%	-1.0%	53.3%
Turnover - RTG\$mln	40.22	41.97	4.3%	1.8%	
African					
Botswana	7,472.45	7,526.85	0.7%	0.2%	-4.2%
Ghana	2,173.98	2,161.65	-0.6%	-1.2%	-13.4%
Kenya	147.64	148.36	0.5%	0.3%	5.6%
Malawi	29,714.95	29,740.17	0.1%	0.3%	2.6%
South Africa	55,297.63	55,669.32	0.7%	2.4%	5.6%
Nigeria	26,533.78	26,448.62	-0.3%	-1.7%	-15.9%
Zambia	4,373.45	4,355.43	-0.4%	-0.5%	-17.0%
Mauritius	2,136.29	2,112.52	-1.1%	0.2%	-4.8%
Global					
U.S. - Dow	26,816.59	26,770.20	-0.2%	0.9%	14.8%
U.S. - S&P500	2,970.27	2,986.20	0.5%	0.6%	19.1%
U.K. - FTSE 100	7,224.18	7,166.31	-0.8%	1.0%	6.5%
Japan - NIKKEI 225	21,798.87	22,548.90	3.4%	2.0%	12.7%
China - Shanghai Index	3,007.88	2,939.62	-2.3%	3.7%	17.9%

Source: Various

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

...All share index up 56% on a ytd basis...

2. Commodities

Mixed trades were recorded among major commodities. Gold prices marginally advanced by 0.3% to US\$1,487/oz supported by safe-haven buying. On the other hand, nickel prices fell by 8.6% to US\$16,450/t as traders remained concerned about waning demand for its end-use product - **Table 3** below.

Table 3: Commodities Price Performance

Commodities	11-Oct-19	18-Oct-19	Weekly change (%)	Previous Week Change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,482.10	1,487.20	0.3%	-1.6%	16.3%
Platinum - US\$/oz	908.00	888.00	-2.2%	2.0%	11.0%
Copper - US\$/t	5,796.00	5,806.00	0.2%	2.7%	-2.7%
Nickel - US\$/t	17,990.00	16,450.00	-8.6%	0.5%	55.3%
Oil - US\$/b	60.51	59.42	-1.8%	3.7%	10.4%
Agricultural					
Wheat - US\$/t	187.49	195.02	4.0%	4.0%	5.5%
Soybeans - US\$/t	354.94	355.67	0.2%	3.7%	7.3%
Sugar - US\$/pound	12.41	12.32	-0.7%	-2.7%	2.4%
Cotton - US\$/pound	63.88	65.16	2.0%	9.4%	-9.8%

Source: Various

Meanwhile, local prices were RTGS\$4,000/t for maize and small grains, RTGS\$8,612 for wheat, RTGS\$5,000/t for soyabean and RTGS\$1 950/t for cotton.

3. Currencies

The US dollar traded weaker against its major trading partners as European Union leaders unanimously backed a long-awaited Brexit deal. Thus, the dollar index fell by 1.0% to end the week at 97.28. Elsewhere, the South African rand was slightly firmer after the country's cabinet approved the promulgation of its long-delayed plan for electricity generation amid nationwide power cuts by state utility Eskom. **Table 4** below outlines currencies performance as at 18 Oct 2019.

Table 4: Currencies Performance

Currencies	11-Oct-19	18-Oct-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	15.31	15.44	0.9%	0.3%	517.7%
USD/ZAR	14.87	14.78	-0.6%	-1.5%	2.8%
USD/BWP	10.88	10.76	-1.1%	-0.1%	2.3%
USD/ZMK	13.12	13.17	0.4%	0.0%	10.7%
USD/NGN	359.72	360.41	0.2%	0.0%	-0.7%
USD/GBP	0.80	0.78	-2.6%	-1.9%	-1.3%
USD/EUR	0.91	0.90	-1.0%	-0.5%	2.7%
USD/JPY	108.22	108.52	0.3%	1.3%	-1.3%
USD/CNY	7.10	7.08	-0.2%	-0.7%	3.0%
Dollar Index - DXY	98.30	97.28	-1.0%	-0.5%	1.2%

Source: Oanda

...nickel trades at 6-week lows...

...US dollar traded weaker against major trading partners...

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
30-Oct-19	Cassava AGM, 10am, Cresta Lodge, Msasa			
Regional and International				
21-Oct-19	South Africa CPI - YoY	Sep-19	4.2%	4.3%
24-Oct-19	Euro Markit Composite	Oct-19	50.30	50.10
24-Oct-19	ECB Interest Rate Decision	Oct-19	0.0%	0.0%
25-Oct-19	US Markit Composite PMI	Oct-19	51.60	51.00

Source: Various

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