

... US Fed in another interest rate cut, the 3rd time 2019 ...

America –US Fed in third interest rates cut...

The US Federal Reserve “Fed” lowered the benchmark policy rate by 25 basis points to a range of 1.5% to 1.75%. According to the Fed, the decision was due to “the implications of global developments for the economic outlook as well as muted inflation pressures.” In fact, the US economy grew at an annualised 2.0% in Q3 2019, compared to 2.3% in Q2 2019 restrained by a slowdown in consumer spending and non-residential fixed investment reflecting the widespread decline in global investments amid uncertainty over trade. Going forward, most central bankers in advanced and developing economies will most likely maintain accommodative monetary policy stance in light of the adverse impact from ongoing trade wars.

...SA’s credit rating downgraded to negative outlook...

Africa –Moody’s downgrades South Africa’s credit rating outlook...

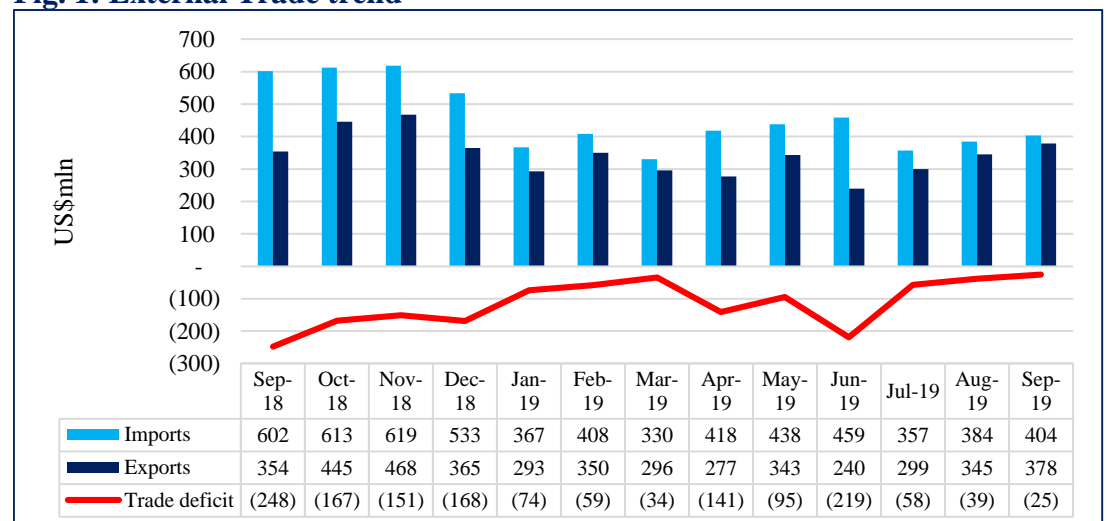
The South African Treasury revised the economic growth forecasts for 2019 from 1.5% to 0.5% mainly driven by electricity challenges and rising national debt which “is in excess of ZAR 3 trillion and is expected rise to ZAR4.5 trillion in the next three years.” Global credit rating agency, Moody’s, subsequently downgraded the country’s investment grade credit rating to “negative” from “stable” outlook. In the short term, Moody’s urged South African policymakers to develop a credible fiscal strategy to contain the rise in debt to sustain the Baa3 rating.

.... Trade deficit shrinks to a 6-month low...

Zimbabwe –Trade deficit shrinks to a 6 month low ...

According to Zimbabwe National Statistics Agency “ZimStat”, trade deficit shrank by 34.8% to a 6-month low of US\$25.3m in Sept 2019 from US\$38.8m in Aug 2019, due to a relatively larger increase in exports (+10%) against that on imports (+5%). In fact, total exports grew by 9.6% to \$378.4m in Sept 2019 driven by increases in chromium ores (+58%), flue-cured tobacco (+41%), nickel ores (+32%) and semi-manufactured gold (+8%). Likewise, imports increased by 5.1% to a 3-month high of US\$403.7m in Sept 2019 driven by potassium sulphate (+98%), Urea (+89%), maize (+64%), medicaments (27%) and diesel (+20%). Meanwhile, a cumulative trade deficit of \$0.7b was recorded between Feb 2019 and Sept 2019 against US\$2 billion in the comparative period of 2018. **Fig. 1** below outlines the monthly trend in the trade deficit.

Fig. 1: External Trade trend



Source:ZimStat

Whilst the reduction in the trade deficit is commendable from a foreign currency management perspective, it remains imperative for the authorities to implement measures that enhance the country’s export production capacity.

Markets Summary

1. Equities

All Share Index gained by 2.7% to end the week at 235.89 supported by gains in selected heavyweights. Meanwhile, weekly turnover increased by 134% to ZWL\$82.80m with offshore investors closing as net sellers for a second consecutive week. Elsewhere, mixed trades were registered among regional and global markets. US markets registered gains supported by the dovish monetary policy stance by the US Fed. **Table 1** below outlines the local as well as major regional and global equities markets' performance as at 01 Nov 2019.

Table 1: Local, Regional and Global Stock Market Performance

Domestic	24-Oct-19	01-Nov-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	229.80	235.89	2.7%	0.7%	61.3%
Industrial Index	765.51	787.7	2.9%	0.7%	61.7%
Mining Index	314.11	276.31	-12.0%	1.3%	21.3%
Top 10 Index	210.7	217.59	3.3%	0.9%	50.0%
Mkt cap - RTGS\$bln	30.01	30.80	2.7%	0.8%	58.6%
Turnover - RTGS\$m	35.38	82.80	134.0%	-15.7%	
African					
Botswana	7,526.85	7530.03	0.0%	0.0%	-4.1%
Ghana	2,155.46	2149.7	-0.3%	-0.3%	-13.9%
Kenya	150.29	164.35	9.4%	1.3%	17.0%
Malawi	30,342.82	30344.49	0.0%	2.0%	4.7%
South Africa	55,825.14	56831.27	1.8%	0.3%	7.8%
Nigeria	26,348.73	26293.3	-0.2%	-0.4%	-16.3%
Zambia	4,352.11	4312.77	-0.9%	-0.1%	-17.8%
Mauritius	2,125.74	2115.75	-0.5%	0.6%	-4.6%
Global					
U.S. - Dow	26,958.06	27347.36	1.4%	0.7%	17.2%
U.S. - S&P500	3,022.55	3066.91	1.5%	1.2%	22.3%
U.K. - FTSE 100	7,298.75	7302.42	0.1%	1.8%	8.5%
Japan - NIKKEI 225	22,867.27	22850.77	-0.1%	1.4%	14.2%
China - Shanghai Index	2,980.05	2975.49	-0.2%	1.4%	19.3%

Source: Various

2. Commodities

Mixed trades were recorded amongst major commodities during the week under review. Gold prices marginally increased by 0.9% to end the week at US\$1, 516.70/oz riding on safe-haven demand following weak US manufacturing data for Oct 2019. On the other hand, oil prices fell by 2.9% to US\$60.23/b dragged by ongoing uncertainty over US-China trade deal - **Table 2** below.

Table 2: Commodities Price Performance

Commodities	24-Oct-19	01-Nov-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,503.70	1,516.70	0.9%	1.1%	18.6%
Platinum - US\$/oz	936.00	937.00	0.1%	5.4%	17.1%
Copper - US\$/t	5,925.00	5,850.00	-1.3%	2.0%	-1.9%
Nickel - US\$/t	16,888.00	16,745.00	-0.8%	2.7%	58.1%
Oil - US\$/b	62.02	60.23	-2.9%	4.4%	12.0%
Agricultural					
Wheat - US\$/t	189.87	189.14	-0.4%	-2.6%	2.3%
Soybeans - US\$/t	350.62	354.66	1.2%	-1.4%	7.0%
Sugar - US\$/pound	12.35	12.48	1.1%	0.2%	3.7%
Cotton - US\$/pound	64.90	64.23	-1.0%	-0.4%	-11.0%

Source: Various

...All share index up
61.3% on a ytd basis...

...Gold on a 18.6% ytd
gain...

3. Currencies

In spite of the positive US employment data for Oct 2019 and the de-escalation in US-China trade war, the US dollar ended the week 0.6% weaker than other major currencies. Elsewhere, the South African rand fell by 2.9% to ZAR15.1/USD amid downgrade in SA's economic growth forecast for 2019 and the rising national debt. **Table 3** below outlines currencies performance as at 01 November 2019.

Table 3: Currencies Performance

Currencies	24-Oct-19	01-Nov-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	15.57	15.70	0.9%	0.8%	528.2%
USD/ZAR	14.63	15.06	2.9%	-1.0%	7.6%
USD/BWP	10.70	10.76	0.6%	-0.6%	3.9%
USD/ZMK	13.21	13.27	0.4%	0.3%	11.4%
USD/NGN	360.28	361.30	0.3%	0.0%	0.2%
USD/GBP	0.78	0.77	-0.9%	0.5%	0.7%
USD/EUR	0.90	0.90	-0.6%	0.4%	1.6%
USD/JPY	108.64	108.07	-0.5%	0.1%	-2.4%
USD/CNY	7.07	7.04	-0.4%	-0.2%	4.8%
Dollar Index - DXY	97.83	97.24	-0.6%	0.6%	0.8%

Source: Oanda

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
08-Nov-19	Afdis AGM (11am, Head Office, St Marnock's, Lomagundi Road, Stapleford)			
TBA	2020 National Budget			
Regional and International				
05-Nov-19	US Trade Balance	Sep-19	US\$-52.0b	US\$-54.9b
05-Nov-19	US Markit Composite PMI	Oct-19	51.20	51.00
06-Nov-19	Euro Markit Composite PMI	Oct-19	50.20	50.20
07-Nov-19	BoE Interest Rate Decision	Nov-19	0.75%	0.75%

Source: Various

...US dollar weakens against trading partners...

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