Euro Area –Growth forecast lowered for 2019/20…

… Euro zone growth forecast for 2019 downgraded to 1.2%…

The International Monetary Fund 'IMF', in its November 2019 Regional Economic Outlook Report, lowered euro zone's economic growth forecasts by 0.1 and 0.2 percentage points to 1.2% and 1.4% for 2019 and 2020, respectively. According to IMF, the downgrade was necessitated by the ongoing global trade tensions, persistent weakness in manufacturing sector and uncertainty around Brexit. In fact, the bloc registered an annualised growth of 1.1% in Q3 2019, regarded as the weakest pace of expansion since Q4 2013, compared to 1.2% in Q3 2018. Going forward, the bloc's member countries are expected to maintain accommodative monetary policy stance in order to sustain economic growth.

Africa –SA's manufacturing activity declines…

…SA Manufacturing output declines for the fourth consecutive month in Sept 2019…

According to the South African Statistics Agency "Stats SA", manufacturing output decreased by 2.4% in Sept 2019, compared to a 1.5% fall in Aug 2019. The decrease was due to the low output from basic iron and steel (-4.8%), wood and wood products (-6.5%), petroleum and chemical products (-2.8%) and motor vehicles, parts and accessories (-3.6%) sub-sectors. In the short term, manufacturing output will most likely remain subdued given the prevailing electricity challenges.

Zimbabwe –Contraction in trading volumes at Delta…

…subdued consumer spending at Delta as volumes decline…

According to Delta Corporation's second quarter (Q2) trading update to 30 Sept 2019, trading volumes fell across all product lines namely lager beer (-40%), sorghum (-29%) and sparkling beverages (-36%). In addition, volumes at Afdis (-50%) and Schweppes (-33%) were subdued. Delta attributed the subdued outcome to low consumer spending as disposables incomes have lagged behind the escalation in prices of goods and services, fuel and electricity challenges as well as foreign currency challenges in sourcing critical raw materials. **Table 1** below outlines the trend in volume and revenue growth rates of Delta's main product lines since 30 Sept 2018.

Table 1: Trend in volumes and revenue

Product Line	30-Sep-19	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19
Lager volumes	52%	27%	-3%	-57%	-40%
Sorghum volumes	9%	15%	-2%	2%	-29%
Sparkling Beverages volumes	-14%	-66%	-89%	-79%	-36%
Total Revenue	33%	5%	33%	92%	n/a

Source: Delta

Delta's trading update reflects the challenges haunting the manufacturing sector. The major issues being supply-related such as access to foreign currency, unavailability of critical enablers such as fuel and electricity as well as use of antiquated machinery. In addition, consumer demand has been curtailed by declining real disposable incomes. In the outlook, consumer demand will most likely remain subdued due to persistent inflationary pressures and deteriorating purchasing power of the local currency. As a result, margin compression is anticipated for most manufacturers as they reduce prices inorder to stimulate sales and earnings.

Markets Summary

1. Equities

All Share Index gained by 3.6% to end the week at 244.32 supported by gains in OK Zimbabwe and Innscor Africa. Meanwhile, weekly turnover decreased by 34.2% to $54.52m with offshore investors closing as net buyers. Elsewhere, with exception of Kenya, South Africa and China, most regional and global markets recorded gains as investors brushed aside concerns over the US-China trade deal. **Table 2** below outlines the local as well as major regional and global equities markets' performance as at 08 Nov 2019.

...All share index up 67.1% on a ytd basis...

Table 2: Local, Regional and Global Stock Market Performance

Domestic	01-Nov-19	08-Nov-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share Index	235.89	244.32	3.6%	2.7%	67.1%
Industrial Index	787.70	813.70	3.3%	2.9%	67.0%
Mining Index	276.31	333.46	20.7%	-12.0%	46.4%
Top 10 Index	217.59	224.39	3.1%	3.3%	54.7%
Mkt cap - RTGS$bln	30.80	31.81	3.3%	2.7%	63.8%
Turnover - RTGS$mln	82.80	54.52	-34.2%	134.0%	
African					
Botswana	7,530.03	7530.79	0.0%	0.0%	-4.1%
Ghana	2,149.70	2169.48	0.9%	-0.3%	-13.1%
Kenya	164.35	160.99	-2.0%	9.4%	14.6%
Malawi	30,344.49	30343.05	0.0%	0.0%	4.7%
South Africa	56,831.27	56617.02	-0.4%	1.8%	7.4%
Nigeria	26,293.30	26314.49	0.1%	-0.2%	-16.3%
Zambia	4,312.77	4310.66	0.0%	-0.9%	-17.9%
Mauritius	2,115.75	2125.33	0.5%	-0.5%	-4.2%
Global					
U.S. - Dow	27,347.36	27681.24	1.2%	1.4%	18.7%
U.S. - S&P500	3,066.91	3093.08	0.9%	1.5%	23.4%
U.K. - FTSE 100	7,302.42	7359.38	0.8%	0.1%	9.4%
Japan - NIKKEI 225	22,850.77	23391.87	2.4%	-0.1%	16.9%
China - Shanghai Index	2,975.49	2964.19	-0.4%	-0.2%	18.9%

Source: Various

2. Commodities

Mixed trades were recorded among major commodities. Gold prices decreased by 3.5% to end the week at US$1,463/oz, the lowest weekly decline in two years, as investors opted for assets with higher returns. On the other hand, oil prices increased by 3.8% to US$62.51/b supported by slowdown in the U.S oil drilling activities- **Table 3** below.

...Gold declined by 3.5%, the lowest weekly decline in 2yrs...

Table 3: Commodities Price Performance

Commodities	01-Nov-19	08-Nov-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
Metals					
Gold - US$/oz	1,516.70	1,462.90	-3.5%	0.9%	14.4%
Platinum - US$/oz	937.00	903.00	-3.6%	0.1%	12.9%
Copper - US$/t	5,850.00	5,924.00	1.3%	-1.3%	-0.7%
Nickel - US$/t	16,745.00	16,180.00	-3.4%	-0.8%	52.8%
Oil - US$/b	60.23	62.51	3.8%	-2.9%	16.2%
Agricultural					
Wheat - US$/t	189.14	187.48	-0.9%	-0.4%	1.4%
Soybeans - US$/t	354.66	352.92	-0.5%	1.2%	6.4%
Sugar - US$/pound	12.48	12.57	0.7%	1.1%	4.5%
Cotton - US$/pound	64.23	64.72	0.8%	-1.0%	-10.4%

Source: Various

…US dollar strengthened as US-China trade deal edges closer…

3. Currencies

The US dollar traded stronger compared to other major currencies riding on improved optimism over the US-China trade. As a result, the dollar index rose by 1.2% to end the week at 98.4. Elsewhere, the South African rand gained 1.8% to ZAR14.79/US$ as the Moody's held back from downgrading South Africa's credit rating to junk but only lowered its outlook to negative. **Table 4** below outlines currencies performance as at 08 November 2019.

Table 4: Currencies Performance

Currencies	01-Nov-19	08-Nov-19	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS$ (mid-rate)	15.70	15.86	1.0%	0.9%	534.3%
USD/ZAR	15.06	14.79	-1.8%	2.9%	2.9%
USD/BWP	10.76	10.75	-0.1%	0.6%	2.2%
USD/ZMK	13.27	13.58	2.3%	0.4%	14.1%
USD/NGN	361.30	361.03	-0.1%	0.3%	-0.6%
USD/GBP	0.77	0.78	1.2%	-0.9%	-0.5%
USD/EUR	0.90	0.91	1.1%	-0.6%	3.7%
USD/JPY	108.07	109.25	1.1%	-0.5%	-0.7%
USD/CNY	7.04	6.99	-0.7%	-0.4%	1.6%
Dollar Index - DXY	97.24	98.40	1.2%	-0.6%	2.3%

Source: Oanda

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
14-Nov-19	2020 National Budget			
Regional and International				
12-Nov-19	UK Unemployment Rate	Sep-19	3.9%	3.9%
14-Nov-19	SA Mining Production Figures	Sep-19	-2.20%	-3.20%
14-Nov-19	Rwanda Interest Rate Decision			5.00%
14-Nov-19	Egpyt Interest Rate Decision			13.25%
15-Nov-19	Euro Trade Balance	Sep-19	17.5b	14.7b

Source: Various

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