

*... China's manufacturing activity expands for the second successive month since April 2019...*

**Asia –Expansion in China’s manufacturing activity...**

According to China’s National Bureau of Statistics “NBS”, China’s manufacturing activity remained unchanged at 50.2 in December 2019, compared to the previous month and slightly ahead of the market expectations of 50.1. The reading pointed to the first successive expansion in China’s manufacturing activity since April 2019, as both output (53.2) and new orders (52.1) remained in the positive territory. A reading below 50 reflects contraction, whilst that above 50 signals expansion in manufacturing activity. Going forward, downside risks emerging from a heightened geopolitical tension in the Middleast and slowdown in global growth forecast for 2020, will most likely have a negative impact on China’s growth prospects.

*...Kenya’s GDP grew by 5.1% in Q3 2019...*

**Africa –Kenya GDP grew by 5.1% in Q3 2019...**

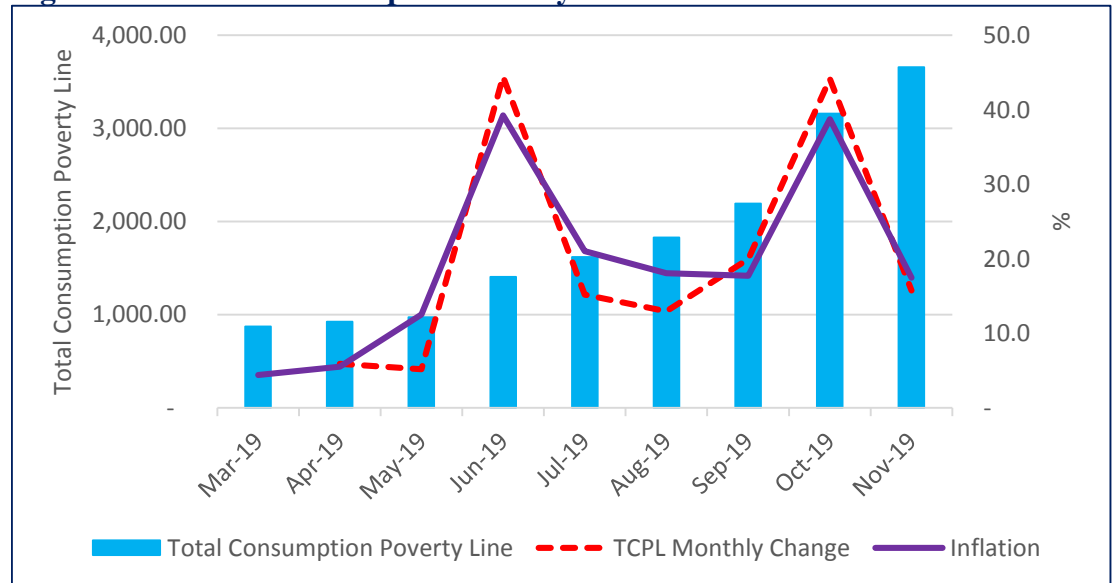
According to Kenya National Bureau of Statistics “KNBS”, the economy grew by 5.1% year-on-year “y/y” in the third quarter of 2019 “Q3 2019” down from 6.4% in Q3 2018 (5.6%: Q2 2019), driven by improved performances in Mining and Quarrying (+4.3%), Financial and Insurance (+5.6%), and Real Estate (4.9%). However, the deceleration in the overall growth was caused by relatively slower growths in Agriculture Forestry and fishing, Manufacturing, Electricity and water supply, Construction, Wholesale and Retail trade, and Transportation and storage. Agriculture forestry and fishing grew by 3.2% in Q3 2019, down from 6.9% in the same period last year. Similarly, manufacturing, and transport and storage grew by 4.7% and 7.1% respectively in Q3 2019, down from 4.6% and 9.0% in Q3 2018.

**Zimbabwe –Consumption Poverty Line increased by 16%...**

According to ZimStat, Total Consumption Poverty Line “TCPL” for an average family of five increased by 15.7% in November 2019 to \$3 656.48, the lowest monthly growth in three months. The deceleration in TCPL growth is in line with inflation, which also declined to 17.46% in November 2019, down from 38.75% in October 2019. **Figure 1.**

*...TCPL increased by 16%, the lowest monthly movement in 3 months...*

**Figure 1: Trend in Consumption Poverty Line and Inflation**



Source: ZimStat

In the outlook, we envisage a continuation of a slow growth in the consumption poverty line in line with declining inflation expectations as the foreign exchange rate movement has largely remained stagnant.

## Markets Summary

### 1. Equities

All Share Index increased by 1.7% to end the week at 232.17 due to gains in selected heavyweight counters. Meanwhile, weekly turnover increased by 118.5% to \$20.93m with offshore investors closing as net-sellers. Elsewhere, with the exception of UK, US and Japan, most regional and global markets under our watch recorded some moderate gains as heightened geopolitical tension in the Middle East drove investors away from risky assets. **Table 1** below outlines the local as well as major regional and global equities markets' performance as at 03 January 2020.

**Table 1: Local, Regional and Global Stock Market Performance**

Domestic	27-Dec-19	03-Jan-20	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share	228.24	232.17	1.7%	0.4%	0.9%
Top 10	200.98	206.37	2.7%	0.4%	1.8%
Market Cap	29.49	30.05	1.9%	0.4%	1.0%
Turnover - RTGS\$m	9.58	20.93	118.5%	-86.2%	
<b>African</b>					
Botswana	7,504.18	7,494.55	0.0%	-0.1%	0.0%
Ghana	2,197.88	2,258.68	0.2%	0.2%	0.2%
Kenya	160.29	167.37	1.2%	0.2%	1.2%
Malawi	29,213.70	30,252.27	2.4%	0.0%	2.4%
South Africa	55,307.31	57,810.00	0.7%	0.5%	0.7%
Nigeria	26,855.52	26,968.79	2.1%	1.2%	2.1%
Zambia	4,268.90	4,264.51	0.0%	0.0%	0.0%
Mauritius	2,128.95	2,179.66	0.1%	0.3%	0.1%
<b>Global</b>					
U.S. - Dow	28,015.06	28,634.88	0.0%	0.3%	0.0%
U.S. - S&P500	3,145.91	3,234.85	-0.2%	0.5%	-0.2%
U.K. - FTSE 100	7,239.66	7,622.40	-0.3%	0.3%	-0.3%
Japan - NIKKEI 225	23,430.70	23,204.86	-2.7%	0.0%	-2.7%
China - Shanghai Index	2,908.94	3,081.89	2.6%	0.7%	2.6%

Source: Various

### 2. Commodities

Mixed trades were recorded for major commodities under our watch. Gold prices increased by 2.5% to US\$1,552.40/oz driven by safe-haven buying on the back of heightened geopolitical tension in the middle east. On the other hand, wheat prices decreased by 0.3% to end the week at US\$203.75/t. **Table 2** below.

**Table 2: Commodities Price Performance**

Commodities	27-Dec-19	03-Jan-20	Weekly change (%)	Previous week change(%)	YTD Change (%)
<b>Metals</b>					
Gold - US\$/oz	1,513.80	1,552.40	2.5%	2.7%	2.5%
Platinum - US\$/oz	953.00	992.00	4.1%	1.8%	4.1%
Copper - US\$/t	6,214.00	6,129.50	-1.4%	0.6%	-1.4%
Nickel - US\$/t	13,995.00	13,735.00	-1.9%	-1.4%	-1.9%
Oil - US\$/b	68.16	68.60	0.6%	3.1%	0.6%
<b>Agricultural</b>					
Wheat - US\$/t	204.39	203.75	-0.3%	2.6%	-0.3%
Soybeans - US\$/t	341.53	364.31	6.7%	2.4%	6.7%
Sugar - US\$/pound	13.54	13.31	-1.7%	0.0%	-1.7%
Cotton - US\$/pound	68.92	69.20	0.4%	1.4%	0.4%

Source: Various

...ZSE Index increased by 1.7% to end week at 232.17...

...Gold prices increased by 2.5%....

### 3. Currencies

The US dollar traded weaker against major trading currencies after United States of America recorded their weakest manufacturing data in December 2019, the worst contraction in a decade. As a result, the dollar index declined by 0.1% to end the week at 96.84. Elsewhere, the South African rand weakened by 1.3% to end the week at ZAR14.24/US\$. **Table 3** below outlines currencies performance as at 03 January 2020.

**Table 3: Currencies Performance**

Currencies	27-Dec-19	03-Jan-20	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	16.70	16.83	0.8%	0.3%	0.4%
USD/ZAR	14.06	14.24	1.3%	-1.2%	1.3%
USD/BWP	10.50	10.49	-0.2%	-0.6%	-0.2%
USD/ZMK	13.28	14.14	6.5%	-6.5%	6.5%
USD/NGN	360.59	361.17	0.2%	-0.1%	0.2%
USD/GBP	0.77	0.76	-0.3%	-0.2%	-0.3%
USD/EUR	0.90	0.90	-0.1%	-0.4%	-0.1%
USD/JPY	109.47	108.09	-1.3%	0.1%	-1.3%
USD/CNY	7.00	6.97	-0.4%	-0.2%	-0.4%
Dollar Index - DXY	96.92	96.84	-0.1%	-0.8%	-0.1%

Source: Oanda

### Looking Ahead

Date	Event	Period	Forecast	Previous
<u>Local</u>				
<u>Regional and International</u>				
07-Jan-20	Euro Area CPI (YoY)	Dec-19	1.3%	1.0%
08-Jan-20	South Africa Manufacturing PMI			47.70
09-Jan-20	Euro Area Unemployment Rate	Nov-19	7.50%	7.50%
10-Jan-20	US Unemployment Rate	Dec-19	3.50%	3.50%

Source: Various

*...US dollar weakened amid weak December 2019 manufacturing data...*

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