

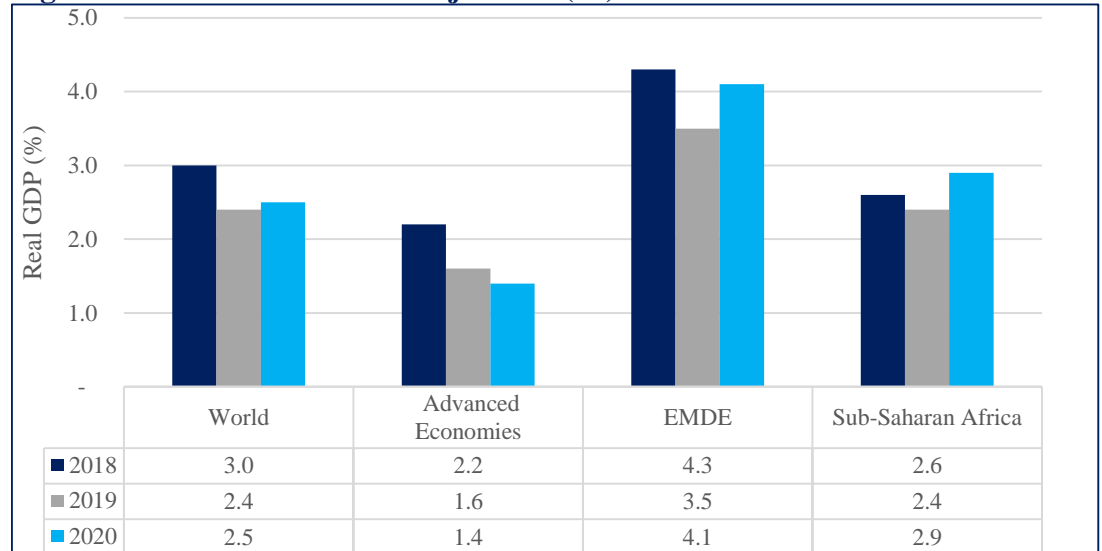
... Global growth downgraded by 0.2 ‘pp’ to 2.5% for 2020...

...EMDEs expected to sustain the modest recovery in global growth...

Global Economy – Fragile growth anticipated in 2020...

The World Bank, in its Global Economic Prospects report released in January 2020, revised downwards the global growth forecasts for 2020 by 0.2 percentage points ‘pp’ to 2.5% citing slower-than-expected recovery in global trade and investments emanating from heightened trade protectionism and geopolitical tensions. Nevertheless, this will be a small recovery from 2.4% registered in 2019 - the slowest pace since the 2008/09 global financial crisis – sustained by emerging market and developing economies “EMDEs” and Sub-Saharan Africa as outlined in **Fig 1** below.

Figure 1: Trends in Growth Projections (%)



Source: World Bank

Although weaker than previous projections, SSA is projected to firm to 2.9% in 2020 and strengthen to 3.2% in 2021-22. The growth pickup is predicated on improving investor confidence in some large economies, a strengthening cyclical recovery among industrial commodity exporters along with a pickup in oil production, and robust growth among several exporters of agricultural commodities. Overall, the multilateral lender anticipates the global outlook to be dominated by downside risks, with the possibility of re-escalation of global trade tensions, sharp downturns in major economies and well as financial disruptions in Emerging Market and Developing Economies “EMDEs”.

Zimbabwe –World Bank downgrades 2020 growth forecast to 2.7%...

The World Bank also downgraded domestic growth forecast by 0.8pp. to 2.7%, down from 3.5% growth projected in June 2019, outweighed by weak demand, persistent foreign currency and electricity shortages. The modest growth, slightly below the SSA’s projected growth forecast of 2.9%, is anticipated to be driven by a rebound in the agriculture on expectations of better rainfall patterns for the 2019/2020 agriculture season. Going forward, prospects of modest growth are positive compared to the sharp contraction logged in 2019. Policymakers are thus expected to further create a conducive environment that support macro-economic stability, in particular exchange rate and general prices, as well as finding proactive measures to fight climate change in order to promote sustainable growth and development.

... World Bank revised downward 2020 growth forecast for Zimbabwe to 2.7%...

Markets Summary

1. Equities

All Share Index increased by 0.8% to end the week at 234.10 due to gains in selected heavyweight counters. Meanwhile, weekly turnover increased by 6.3% to \$22.25m with offshore investors closing as net-sellers. Elsewhere, with the exception of UK, SA, Ghana and Zambia, most regional and global markets under our watch recorded some moderate gains supported by easing tensions in the Middle East and hope of a US-China trade deal. **Table 1** below outlines the local as well as major regional and global equities markets' performance as at 10 January 2020.

Table 1: Local, Regional and Global Stock Market Performance

Domestic	03-Jan-20	10-Jan-20	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share	232.17	234.10	0.8%	1.7%	1.7%
Top 10	206.37	208.43	1.0%	2.7%	2.3%
Top 25	207.64	209.55	0.9%	-	2.1%
Small Cap	636.12	636.12	0.0%	-	-0.2%
Medium Cap	284.61	286.09	0.5%	-	0.5%
Market Cap	30.05	30.29	0.8%	1.9%	0.8%
Turnover - RTGS\$m	20.93	22.25	6.3%	118.5%	
African					
Botswana	7,494.55	7,495.89	0.0%	0.0%	0.0%
Ghana	2,258.68	2,252.13	-0.3%	0.2%	-0.1%
Kenya	167.37	171.36	2.4%	1.2%	3.6%
Malawi	30,252.27	30,273.44	0.1%	2.4%	2.5%
South Africa	57,810.00	57,484.84	-0.6%	0.7%	0.1%
Nigeria	26,968.79	29,415.39	9.1%	2.1%	11.4%
Zambia	4,264.51	4,256.69	-0.2%	0.0%	-0.2%
Mauritius	2,179.66	2,228.70	2.2%	0.1%	2.4%
Global					
U.S. - Dow	28,634.88	28,823.77	0.7%	0.0%	0.6%
U.S. - S&P500	3,234.85	3,265.35	0.9%	-0.2%	0.8%
U.K. - FTSE 100	7,622.40	7,587.85	-0.5%	-0.3%	-0.7%
Japan - NIKKEI 225	23,204.86	23,850.57	2.8%	-2.7%	0.1%
China - Shanghai Index	3,081.89	3,115.57	1.1%	2.6%	3.7%

Source: Various

2. Commodities

With the exception of platinum, oil and soybeans, all the major commodities under our watch recorded some gains. Gold prices increased by 0.5% to US\$1,560.40/oz driven by weaker than expected US employment data. On the other hand, oil prices decreased by 5.3% to end the week at US\$64.98/b, supported by de-escalation in US-Iran tension and a rise in US crude oil inventories. **Table 2** below.

Table 2: Commodities Price Performance

Commodities	03-Jan-20	10-Jan-20	Weekly change (%)	Previous week change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1,552.40	1,560.10	0.5%	2.5%	3.1%
Platinum - US\$/oz	992.00	977.00	-1.5%	4.1%	2.5%
Copper - US\$/t	6,129.50	6,198.00	1.1%	-1.4%	-0.3%
Nickel - US\$/t	13,735.00	14,040.00	2.2%	-1.9%	0.3%
Oil - US\$/b	68.60	64.98	-5.3%	0.6%	-4.7%
Agricultural					
Wheat - US\$/t	203.75	207.42	1.8%	-0.3%	1.5%
Soybeans - US\$/t	364.31	343.55	-5.7%	6.7%	0.6%
Sugar - US\$/pound	13.31	14.07	5.7%	-1.7%	3.9%
Cotton - US\$/pound	69.20	71.31	3.0%	0.4%	3.5%

...ZSE Index advanced by 0.8%...

...Gold prices increased by 0.5%....

3. Currencies

The US dollar strengthened against major trading currencies as expectations over the signing of the interim US-China trade deal looms. As a result, the dollar index rose by 0.5% to end the week at 97.36. Elsewhere, the South African rand weakened by 0.1% to end the week at ZAR14.26/US\$. **Table 3** below outlines currencies performance as at 10 January 2020.

Table 3: Currencies Performance

Currencies	03-Jan-20	10-Jan-20	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	16.83	16.97	0.8%	0.8%	1.2%
USD/ZAR	14.24	14.26	0.1%	1.3%	1.4%
USD/BWP	10.49	10.53	0.4%	-0.2%	0.3%
USD/ZMK	14.14	13.93	-1.5%	6.5%	4.9%
USD/NGN	361.17	360.81	-0.1%	0.2%	0.1%
USD/GBP	0.76	0.77	0.2%	-0.3%	-0.1%
USD/EUR	0.90	0.90	0.5%	-0.1%	0.3%
USD/JPY	108.09	109.54	1.3%	-1.3%	0.1%
USD/CNY	6.97	6.93	-0.5%	-0.4%	-0.9%
Dollar Index - DXY	96.84	97.36	0.5%	-0.1%	0.5%

Source: Oanda

Looking Ahead

Date	Event	Period	Forecast	Previous
<u>Local</u>				
<u>Regional and International</u>				
14-Jan-20	USA Core CPI (YoY)	Dec-19	2.3%	2.3%
15-Jan-20	South Africa Retail Sales (YoY)	Nov-19	1.5%	0.3%
16-Jan-20	China GDP growth (YoY)	Q4 2019	6.0%	6.0%
10-Jan-20	USA Manufacturing Production	Dec-19	-0.2%	1.1%

Source: Various

...US dollar strengthened amid looming US-China trade deal...

Analysts:

Andrew Chirewo
achirewo@cbz.co.zw

Victor Makanda
vmakanda@cbz.co.zw

Johane Virima
jvirima@cbz.co.zw

Contact Details

3rd Floor, Sapphire House,
Cnr Speke/ Angwa St,
P O Box 3313,
Harare, Zimbabwe,

Tel: +263 4 759101-16
Website: www.cbz.co.zw
Email: research@cbz.co.zw

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