

...China's economy grew by 6.1% in 2019, down from 6.6% in 2018...

.....SA mining output declined by 3.1% y/y in November 2019....

.....Monthly inflation declined to 16.55% in December 2019....

Asia – China in weakest annual growth in 30yrs...

According to National Bureau of Statistics, China's economy grew by 6.1% in 2019, slightly lower than the 6.6% recorded in 2018, weighed down by sluggish domestic demand, rising debt and escalating US trade pressures. Although the GDP growth was China's slowest in twenty-nine years, the expansion was within the government's growth target of 6-6.5% and remained relatively higher compared to other larger economies including the US. Going forward, the recently agreed "phase one" trade deal with the US is expected to provide relief to the world's second largest economy whilst additional measures will be rolled out in order to stimulate domestic demand.

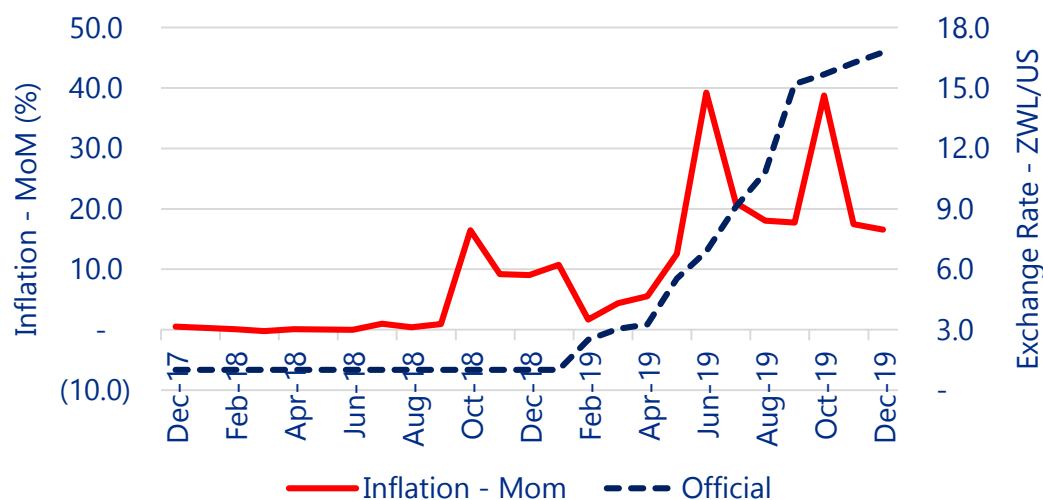
Africa –SA's mining production declined in Nov 2019...

According to South Africa's Statistics Agency "Stats SA" mining production decreased by 3.1% year-on-year "y/y" in November 2019 (-2.9%: October 2019) dragged by declines in non-gold output. In fact, non-gold output declined by 4.3% led by declines in Platinum Group Metals "PGMs" (-13.5%), Iron ore (-7.5%) and Coal (-2.8%). Seasonally adjusted mining production also declined by 0.9% in the three months ended November 2019, compared to the previous three months with manganese (-10.6%) and ore (-2.9%) being the largest negative contributors. However, growth was recorded in gold (4.8%) and other non-metallic minerals (8.3%).

Zimbabwe –Slowdown in monthly inflation in December 2019...

According to the Zimbabwe National Statistics Agency, "ZimStat", the month-on-month (m/m) inflation rate marginally declined, for the second consecutive month, to 16.55% in December 2019 from 17.46% in November 2019. This reflected the larger decline in food inflation (-6.88 percentage points "pp") against the lower increase in non-food inflation. In fact, food inflation fell from 22.63% in November 2019 to 15.75% in December 2019. However, increases were still recorded in the prices of fruits, oils & fats, vegetables as well as fish & sea food. Non-food inflation increased from 14.95% to 17.14%, over the same period, underpinned by increases in the housing (rentals), transport (motor cycles, animal-drawn vehicles and passenger transport) and health (para-medical services and medical aid contribution) categories. Fig 1 below outlines the monthly trend in inflation since xx.

Fig 1: Trends in monthly Inflation



Source: ZimStat

In the outlook, inflationary pressures are expected to remain elevated, driven by higher wage demands, cost reflective pricing, rising oil prices on the international markets and potential food shortages.

Markets Summary

1. Equities

All Share Index increased by 1.7% to end the week at 238.19 due to gains in selected heavyweight counters. Meanwhile, weekly turnover increased by 367.3% to \$103.97m with offshore investors closing with a net position of \$36.74m. Elsewhere, mixed trades were recorded among regional and global markets under our watch. US markets registered gains supported by the US-China phase one deal and positive US economic data. **Table 1** below outlines the local as well as major regional and global equities markets' performance as at 17 January 2020.

Table 1: Local, Regional and Global Stock Market Performance

| Domestic | 10-Jan-20 | 17-Jan-20 | Weekly change (%) | Previous week change(%) | YTD Change (%) |
|------------------------|-----------|-----------|-------------------|-------------------------|----------------|
| All Share | 234.10 | 238.19 | 1.7% | 0.8% | 3.5% |
| Top 10 | 208.43 | 210.93 | 1.2% | 1.0% | 3.6% |
| Top 25 | 209.55 | 212.28 | 1.3% | 0.9% | 3.4% |
| Small Cap | 636.12 | 678.65 | 6.7% | 0.0% | 6.5% |
| Medium Cap | 286.09 | 293.53 | 2.6% | 0.5% | 3.2% |
| Market Cap | 30.29 | 30.85 | 1.8% | 0.8% | 2.7% |
| Turnover - RTGS\$m | 22.25 | 103.97 | 367.3% | 6.3% | |
| African | | | | | |
| Botswana | 7,495.89 | 7,521.17 | 0.3% | 0.0% | 0.4% |
| Ghana | 2,252.13 | 2,240.42 | -0.5% | -0.3% | -0.6% |
| Kenya | 171.36 | 167.21 | -2.4% | 2.4% | 1.1% |
| Malawi | 30,273.44 | 29,500.15 | -2.6% | 0.1% | -0.1% |
| South Africa | 57,484.84 | 59,001.87 | 2.6% | -0.6% | 2.7% |
| Nigeria | 29,415.39 | 29,618.52 | 0.7% | 9.1% | 12.1% |
| Zambia | 4,256.69 | 4,257.65 | 0.0% | -0.2% | -0.2% |
| Mauritius | 2,228.70 | 2,208.47 | -0.9% | 2.2% | 1.4% |
| Global | | | | | |
| U.S. - Dow | 28,823.77 | 29,438.10 | 2.1% | 0.7% | 2.8% |
| U.S. - S&P500 | 3,265.35 | 3,329.62 | 2.0% | 0.9% | 2.8% |
| U.K. - FTSE 100 | 7,587.85 | 7,674.56 | 1.1% | -0.5% | 0.4% |
| Japan - NIKKEI 225 | 23,850.57 | 24,083.51 | 1.0% | 2.8% | 1.0% |
| China - Shanghai Index | 3,115.57 | 3,090.93 | -0.8% | 1.1% | 2.9% |

Source: Various

2. Commodities

Mixed trades were recorded amongst major commodities during the week under review. Gold prices remained relatively unchanged to close the week at US\$1,560.30/oz as investors opted for more risk assets on the back of positive US economic data and the long awaited US-China trade phase one deal. On the other hand, oil prices decreased marginally by 0.2% to end the week at US\$64.85/b - **Table 2** below.

Table 2: Commodities Price Performance

| Commodities | 03-Jan-20 | 10-Jan-20 | 17-Jan-20 | Weekly change (%) | Previous week change(%) | YTD Change (%) |
|---------------------|-----------|-----------|-----------|-------------------|-------------------------|----------------|
| Metals | | | | | | |
| Gold - US\$/oz | 1,552.40 | 1,560.10 | 1,560.30 | 0.0% | 0.5% | 3.1% |
| Platinum - US\$/oz | 992.00 | 977.00 | 973.00 | -0.4% | -1.5% | 2.1% |
| Copper - US\$/t | 6,129.50 | 6,198.00 | 6,273.00 | 1.2% | 1.1% | 0.9% |
| Nickel - US\$/t | 13,735.00 | 14,040.00 | 13,835.00 | -1.5% | 2.2% | -1.1% |
| Oil - US\$/b | 68.60 | 64.98 | 64.85 | -0.2% | -5.3% | -4.9% |
| Agricultural | | | | | | |
| Wheat - US\$/t | 203.75 | 207.42 | 209.62 | 1.1% | 1.8% | 2.6% |
| Soybeans - US\$/t | 364.31 | 343.55 | 341.62 | -0.6% | -5.7% | 0.0% |
| Sugar - US\$/pound | 13.31 | 14.07 | 14.45 | 2.7% | 5.7% | 6.7% |
| Cotton - US\$/pound | 69.20 | 71.31 | 71.25 | -0.1% | 3.0% | 3.4% |

Source: Various

...ZSE Index advanced by 1.7%, the 3rd successive week of gain...

...Gold prices unchanged for the week...

3. Currencies

The US dollar strengthened against major trading currencies as positive US economic data raised expectations of an expansion in 2020. As a result, the dollar index rose by 0.3% to end the week at 97.61. Elsewhere, the South African rand weakened by 1.2% to end the week at ZAR14.42/US\$. **Table 3** below outlines currencies performance as at 17 January 2020.

Table 3: Currencies Performance

| Currencies | 10-Jan-20 | 17-Jan-20 | Weekly change (%) | Previous week change(%) | YTD Change (%) |
|-----------------------|-----------|-----------|-------------------|-------------------------|----------------|
| USD/RTGS\$ (mid-rate) | 16.97 | 17.13 | 0.9% | 0.8% | 1.9% |
| USD/ZAR | 14.26 | 14.42 | 1.2% | 0.1% | 2.5% |
| USD/BWP | 10.53 | 10.58 | 0.5% | 0.4% | 0.8% |
| USD/ZMK | 13.93 | 14.58 | 4.7% | -1.5% | 9.8% |
| USD/NGN | 360.81 | 360.15 | -0.2% | -0.1% | -0.1% |
| USD/GBP | 0.77 | 0.77 | 0.1% | 0.2% | 0.1% |
| USD/EUR | 0.90 | 0.90 | 0.0% | 0.5% | 0.3% |
| USD/JPY | 109.54 | 110.16 | 0.6% | 1.3% | 0.6% |
| USD/CNY | 6.93 | 6.86 | -1.0% | -0.5% | -1.9% |
| Dollar Index - DXY | 97.36 | 97.61 | 0.3% | 0.5% | 0.7% |

Source: Oanda

Looking Ahead

| Date | Event | Period | Forecast | Previous |
|-----------------------------------|--|--------|----------|----------|
| <u>Local</u> | | | | |
| <u>Regional and International</u> | | | | |
| 21-Jan-20 | UK Unemployment Rate | Nov-19 | 3.8% | 3.8% |
| 22-Jan-20 | South Africa CPI (YoY) | Dec-19 | 4.0% | 3.6% |
| 23-Jan-20 | European Central Bank (ECB) Interest Rate Decision | Jan-20 | 0.0% | 0.0% |
| 24-Jan-20 | USA Manufacturing PMI | Jan-20 | 52.50 | 52.40 |

Source: Various

...US dollar gained by 0.3% to end the week at 97.61...

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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