

...China to halve additional tariffs on US imports...

Asia – US/China phase-one deal in motion...

According to China’s Ministry of Finance, China will halve additional tariffs levied against US\$75 billion products imported from the United States as part of the phase one deal between the two countries. In fact, the additional tariffs will be cut to 5% from 10%, extra tariffs on some goods will be lowered to 2.5% from 5% and soybeans tariffs will be reduced to 27.5% from 30%. The reduction in tariffs, effective 14 February 2020, will correspond with reduction in US\$112 billion worth of Chinese goods exported into the United States. In the short term, the trade truce will most likely ease pressure on international trade and global growth given the emergence of coronavirus which is expected to halve China’s Q1 2020 growth to 3% if not swiftly contained (Fitch Ratings).

...Ghana’s US\$3b bond oversubscribed...

Africa-Ghana in US\$3billion Eurobond auction...

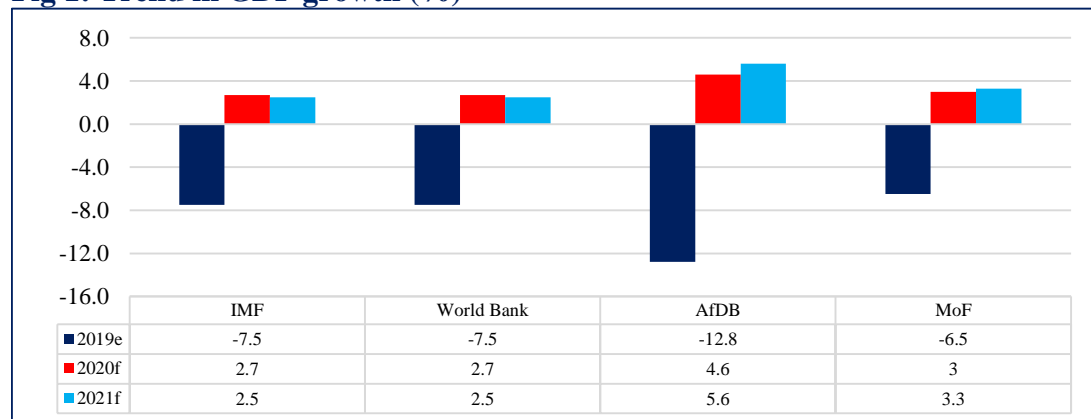
According to the Government of Ghana, the country raised US\$3 billion in Eurobond auctions that was made up of (a) US\$1.2 billion seven (7)-year bonds at a coupon rate of 6.375%, (b) US\$1 billion fifteen (15)-year bonds with a coupon rate of 7.875% and (c) US\$0.75 billion forty one (41)-year bond at a coupon rate of 8.875%. In fact, the 41-year paper is the highest-yielding sovereign dollar bond so far this year and the longest-dated paper ever raised in the Sub-Saharan Africa “SSA”. Bank of America, JPMorgan, Morgan Stanley, Standard Bank Group Ltd. and Standard Chartered Plc arranged the Eurobond issue. With total bids of US\$14 billion, the oversubscription rate (4.7x) reflects the huge demand for sovereign assets within SSA due to relatively higher returns.

...AfDB forecasts 4.6% GDP growth in 2020....

Zimbabwe –AfDB forecasts GDP growth of 4.6% in 2020...

According to the African Development Bank “AfDB”, the domestic economy is expected to grow by 4.6% in 2020 and 5.6% in 2021 driven by recovery in agriculture, mining, tourism and increased public and private investments. According to the AfDB, the projected growth in 2020 follows contraction in 2019 of 12.8% which was dragged by poor performances in the real sectors including agriculture and mining. In fact, agriculture sector is estimated to have declined by 15.8% due to cyclone Idai, prolonged drought, livestock diseases and currency shortages thereby reducing the availability of inputs. **Fig 1** below outlines Zimbabwe’s economic growth projections

Fig 1: Trend in GDP growth (%)



Source: Various

In the outlook, expectations are tilted on the downside and any meaningful recovery in the economy is premised on the government taking corrective measures to restore macroeconomic stability, particularly price and exchange rate stability as well as policies that promote production and productivity.

Markets Summary

1. Equities

All Share Index increased by 0.5% to end the week at 334.69 due to gains in selected heavyweight counters. Meanwhile, weekly turnover decreased by 64.2% to \$48.5m with offshore investors closing as net sellers. Elsewhere, with exception of Nigeria and Ghana, most regional and global markets under our watch recorded some gains. US markets registered some weekly gains supported by positive US employment data for January 2020. **Table 1** below outlines the local as well as major regional and global equities markets' performance as at 07 February 2020.

Table 1: Local, Regional and Global Stock Market Performance

Domestic	31-Jan-20	07-Feb-20	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share	332.90	334.69	0.5%	32.5%	45.5%
Top 10	313.32	303.98	-3.0%	41.7%	49.3%
Top 25	308.10	303.55	-1.5%	38.4%	47.9%
Small Cap	831.08	859.55	3.4%	14.4%	34.9%
Medium Cap	355.88	391.95	10.1%	13.4%	37.7%
Market Cap	43.43	43.35	-0.2%	33.3%	44.3%
Turnover - RTGS\$mln	135.39	48.53	-64.2%	278.9%	
African					
Botswana	7,545.47	7,597.27	0.7%	0.3%	1.4%
Ghana	2,212.21	2,196.72	-0.7%	-1.6%	-2.6%
Kenya	162.09	168.65	4.0%	-1.8%	2.0%
Malawi	28,976.30	29,006.21	0.1%	-0.1%	-1.8%
South Africa	56,079.54	57,276.49	2.1%	-2.1%	-0.3%
Nigeria	28,843.53	28,067.09	-2.7%	-2.7%	6.2%
Zambia	4,251.54	4,254.23	0.1%	0.0%	-0.2%
Mauritius	2,211.30	2,222.53	0.5%	-1.1%	2.1%
Global					
U.S. - Dow	28,256.03	29,102.51	3.0%	-2.5%	1.6%
U.S. - S&P500	3,225.52	3,327.71	3.2%	-2.1%	2.7%
U.K. - FTSE 100	7,286.01	7,466.70	2.5%	-4.0%	-2.3%
Japan - NIKKEI 225	22,971.94	23,685.98	3.1%	-1.6%	-0.6%
China - Shanghai Index	2,738.22	2,883.90	5.3%	-8.0%	-4.0%

Source: Various

2. Commodities

Mixed trades were recorded for major commodities under our watch. Gold prices decreased by 0.9% close the week at US\$1,568.90/oz as positive US economic data reduced safe-haven demand for the precious metal. On the other hand, there were weekly price increases for nickel and copper supported by the anticipated progress on the US-China phase-one trade deal - **Table 2** below.

Table 2: Commodities Price Performance

Commodities	31-Jan-20	7-Feb-20	Weekly change (%)	Previous week change (%)	YTD Change (%)
Metals					
Gold - US\$/oz	1582.9	1568.6	-0.9%	0.7%	3.6%
Platinum - US\$/oz	983	969	-1.4%	-3.1%	1.7%
Copper - US\$/t	5567	5663	1.7%	-6.1%	-8.9%
Nickel - US\$/t	12670	12760	0.7%	-2.4%	-8.8%
Oil - US\$/b	58.16	54.47	-6.3%	-4.2%	-20.1%
Agricultural					
Wheat - US\$/t	203.47	205.31	0.9%	-3.4%	0.4%
Soybeans - US\$/t	320.58	324.07	1.1%	-3.3%	-5.1%
Sugar - US\$/pound	14.61	14.92	2.1%	1.5%	10.2%
Cotton - US\$/pound	67.5	67.75	-2.7%	-2.7%	-1.7%

Source: Various

...ZSE Index advanced by 0.5% to close week at 334.69...

...Gold prices decreased by 0.9% for the week...

3. Currencies

The US dollar strengthened against major trading currencies as positive US employment data outweighed fears of coronavirus' impact on global growth. As a result, the dollar index increased by 1.3% to end the week at 98.70. Elsewhere, the South African rand ended the week at ZAR14.99/US\$. **Table 3** below outlines currencies performance as at 07 February 2020.

Table 3: Currencies Performance

Currencies	31-Jan-20	31-Jan-20	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	17.35	17.50	0.9%	0.6%	4.2%
USD/ZAR	14.88	15.00	0.8%	3.4%	6.6%
USD/BWP	10.71	10.78	0.7%	0.9%	2.7%
USD/ZMK	14.76	14.65	-0.8%	2.0%	10.4%
USD/NGN	360.41	362.07	0.5%	0.0%	0.4%
USD/GBP	0.76	0.77	1.7%	-0.3%	1.0%
USD/EUR	0.90	0.91	0.8%	-0.1%	1.7%
USD/JPY	108.77	109.82	1.0%	-0.6%	0.3%
USD/CNY	6.93	6.99	0.8%	0.0%	-0.1%
Dollar Index - DXY	97.39	98.70	1.3%	-0.5%	1.8%

Source: Oanda

Looking Ahead

Date	Event	Period	Forecast	Previous
Local				
Regional and International				
11-Feb-2020	SA Manufacturing Production (MoM)	Dec-2019	0.7%	-1.5%
12-Feb-2020	US Federal Budget Balance	Jan-2020	-	US\$-13.3B
13-Feb-2020	US Core CPI (YoY)	Jan-2020	2.2%	2.3%
14-Feb-2020	Euro GDP (QoQ)	Q4 2019	0.1%	0.1%

Source: Various

...US dollar strengthened amid strong US economic data...

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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