

*...Japan records sharpest economic contraction in Q4 2019...*

**Asia – Economic contraction for Japan in Q4 2019...**

According to Cabinet Office, Japan’s economy declined by an annualised 6.3% in the fourth quarter (Q4) 2019 compared to 0.5% in Q3 2019. The contraction was due to constrained consumer and business spending on the back of a sales tax hike, destructive typhoon and subdued global demand. In fact, consumer and capital spending declined by 11.1% and 14.1% quarter-on-quarter, respectively. Similarly, exports fell to 0.4% quarter-on-quarter as US-China trade war weighed on export growth. In the short term, the coronavirus outbreak is expected to have an adverse effect on Japan’s economy especially the tourism sector.

*...South Africa’s unemployment rate unchanged at 29.1% in Q4 2019...*

**Africa-South Africa’s unemployment rate unchanged at 29% in Q4 2019...**

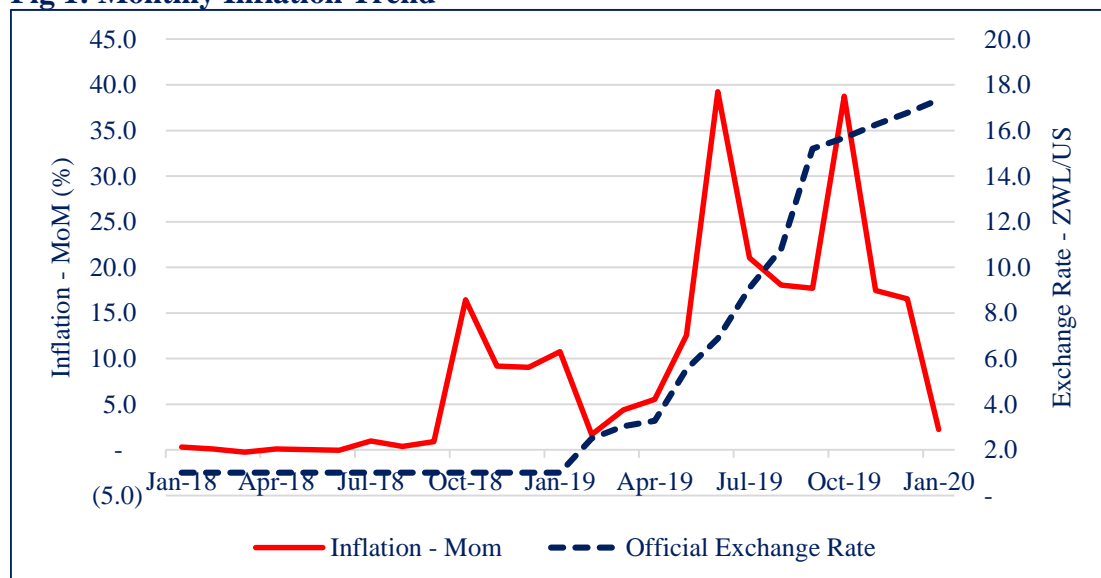
According to the South Africa’s statistics agency “Stats SA”, unemployment remained unchanged at 29.1% in Q4 2019 compared to the previous quarter. Stats SA noted that there were 6.73 million people without jobs in Q4 2019 down from 6.72 million people in Q3 2019. On the other hand, the number of employed people marginally increased by a45,000 to 16.4 million, led by the formal sector and agriculture recording the highest employment increases of 117 000 and 6000 respectively. The short term outlook remains muted with the considerable downside risks mainly emanating from the country’s highly fragile electricity supply and poor fiscal position.

**Zimbabwe –Third consecutive monthly inflation decline in January 2020...**

According to the Zimbabwe National Statistics Agency, “ZimStat”, month-on-month ‘m/m’ inflation rate declined, for the third consecutive month, to 2.23% in January 2020 from 16.55% in December 2019. This decline was supported by significant declines in both food and non-food inflation during the reporting period. In fact, m/m food and non-food inflation declined to 2.55% and 1.99% in January 2020, down from 15.75% and 17.14% in December 2019, respectively. **Fig 1** below outlines m/m inflation trends.

*...Monthly inflation declined to 2.2% in January 2020...*

**Fig 1: Monthly Inflation Trend**



Source: Various

In the outlook, inflationary pressures are expected to remain elevated, driven by higher wage demands, cost-reflective pricing on utilities, exchange rate volatility and acute food shortages especially maize.

## Markets Summary

### 1. Equities

All Share Index increased by 51.1% to end the week at 505.85 lifted by gains in Econet (+48.4%), Simbisa (+47.0%) and Delta (+44.6%). Meanwhile, weekly turnover increased by 98.3% to \$96.3m with offshore investors closing on a net position of \$38.95. Elsewhere, mixed trades were recorded among regional and global markets under our watch. US markets registered some weekly gains supported by proposal to introduce tax incentives for equity investors. **Table 1** below outlines the local as well as major regional and global equities markets' performance as at 14 February 2020.

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

Domestic	07-Feb-20	14-Feb-20	Weekly change (%)	Previous week change(%)	YTD Change (%)
All Share	334.69	505.85	51.1%	0.5%	119.8%
Top 10	303.98	476.94	56.9%	-3.0%	134.2%
Top 25	303.55	472.79	55.8%	-1.5%	130.4%
Small Cap	859.55	1,089.16	26.7%	3.4%	70.9%
Medium Cap	391.95	544.95	39.0%	10.1%	91.5%
Market Cap	43.35	65.75	51.6%	-0.2%	118.8%
Turnover - RTGS\$m	48.53	96.25	98.3%	-64.2%	
<b>African</b>					
Botswana	7,597.27	7,589.31	-0.1%	0.7%	1.3%
Ghana	2,196.72	2,203.63	0.3%	-0.7%	-2.3%
Kenya	168.65	162.37	-3.7%	4.0%	-1.8%
Malawi	29,006.21	28,328.66	-2.3%	0.1%	-4.1%
South Africa	57,276.49	57,861.76	1.0%	2.1%	0.8%
Nigeria	28,067.09	27,755.87	-1.1%	-2.7%	5.1%
Zambia	4,254.23	4,254.82	0.0%	0.1%	-0.2%
Mauritius	2,222.53	2,239.79	0.8%	0.5%	2.9%
<b>Global</b>					
U.S. - Dow	29,102.51	29,398.08	1.0%	3.0%	2.6%
U.S. - S&P500	3,327.71	3,380.16	1.6%	3.2%	4.3%
U.K. - FTSE 100	7,466.70	7,409.13	-0.8%	2.5%	-3.1%
Japan - NIKKEI 225	23,685.98	23,523.24	-0.7%	3.1%	-1.3%
China - Shanghai Index	2,883.90	2,977.58	3.2%	5.3%	-0.9%

Source: Various

### 2. Commodities

With the exception of wheat and cotton, most of the major commodities under our watch recorded some weekly gains. Gold prices increased by 0.9% to close the week at US\$1,582.70/oz, as the increasing uncertainty over the impact of coronavirus on global growth increase the safe-haven demand for the precious metal. On the other hand, wheat and cotton recorded weekly declines of 2.9% and 0.5% respectively - **Table 2** below.

**Table 2: Commodities Price Performance**

Commodities	07-Feb-20	14-Feb-20	Weekly change (%)	Previous week change (%)	YTD Change (%)
<b>Metals</b>					
Gold - US\$/oz	1,568.60	1,582.70	0.9%	-0.9%	4.6%
Platinum - US\$/oz	969.00	977.00	0.8%	-1.4%	2.5%
Copper - US\$/t	5,663.00	5,760.00	1.7%	1.7%	-7.3%
Nickel - US\$/t	12,760.00	13,025.00	2.1%	0.7%	-6.9%
Oil - US\$/b	54.47	57.32	5.2%	-6.3%	-15.9%
<b>Agricultural</b>					
Wheat - US\$/t	205.31	199.43	-2.9%	0.9%	-2.4%
Soybeans - US\$/t	324.07	328.39	1.3%	1.1%	-3.8%
Sugar - US\$/pound	14.92	15.06	0.9%	2.1%	11.2%
Cotton - US\$/pound	67.75	67.41	-0.5%	-2.7%	-2.2%

Source: Various

...ZSE Index advanced by 51.1% to close week at 505.85...

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

### 3. Currencies

The US dollar strengthened against major trading currencies supported positive inflation figures for January 2019 and a stronger US economic outlook. As a result, the dollar index increased by 0.4% to end the week at 99.12. Elsewhere, the South African rand ended the week at ZAR14.89/US\$. **Table 3** below outlines currencies performance as at 14 February 2020.

**Table 3: Currencies Performance**

Currencies	07-Feb-20	14-Feb-20	Weekly change (%)	Previous week change(%)	YTD Change (%)
USD/RTGS\$ (mid-rate)	17.50	17.71	1.2%	0.9%	5.4%
USD/ZAR	15.00	14.89	-0.7%	0.8%	5.9%
USD/BWP	10.78	10.83	0.4%	0.7%	3.1%
USD/ZMK	14.65	14.68	0.2%	-0.8%	10.6%
USD/NGN	362.07	362.30	0.1%	0.5%	0.5%
USD/GBP	0.77	0.77	-0.9%	1.7%	0.1%
USD/EUR	0.91	0.92	1.1%	0.8%	2.8%
USD/JPY	109.82	109.78	0.0%	1.0%	0.3%
USD/CNY	6.99	6.98	-0.1%	0.8%	-0.2%
Dollar Index - DXY	98.70	99.12	0.4%	1.3%	2.3%

Source: Oanda

### Looking Ahead

Date	Event	Period	Forecast	Previous
<b>Local</b>				
<b>Regional and International</b>				
18-Feb-2020	UK Unemployment Rate	Dec-2019	3.8%	3.8%
19-Feb-2020	South Africa CPI (YoY)	Jan-2020	4.40%	4.0%
20-Feb-2020	Japan CPI (YoY)	Jan-2020	0.7%	0.8%
21-Feb-2020	USA Manufacturing PMI	Feb-2020	51.50	51.90

Source: Various

...US dollar strengthened amid stronger US economic outlook...

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