



...default settings restored
as South Africa regains top
spot as major trading
partner...

External Sector Developments

Trade Update

May 2020

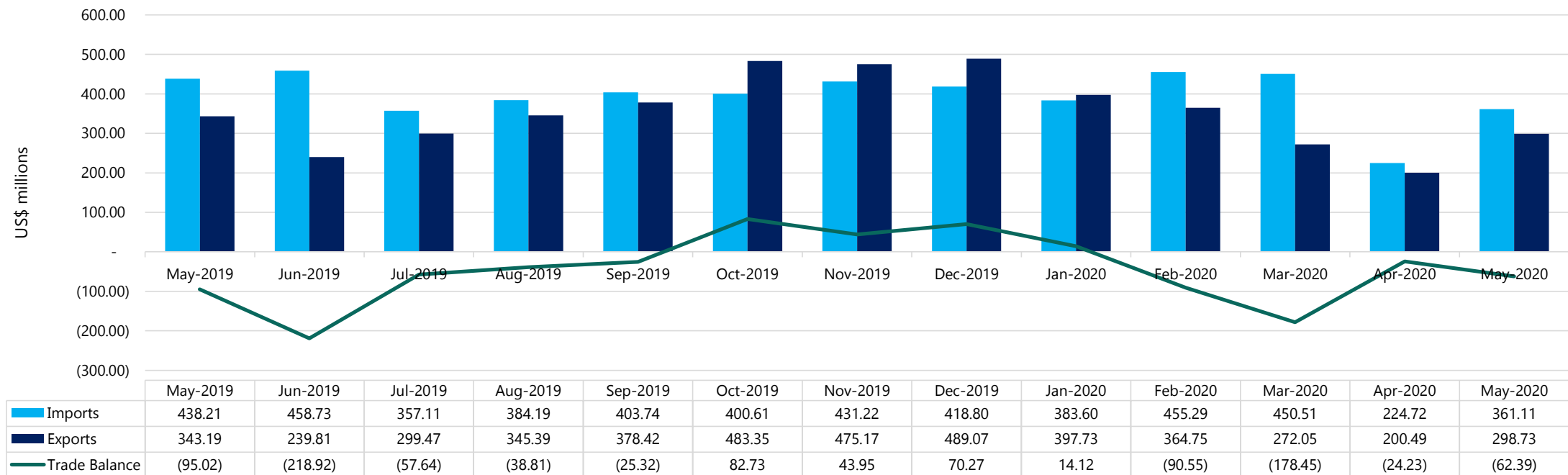


EXTERNAL TRADE | Overview



- According to the Zimbabwe National Statistics Agency, “ZimStat”, both exports and imports recovered considerably in May 2020, compared April 2020 - **Graph 1**, reflecting the easing of lockdown restrictions by major trading partners and the emergence of new markets.
- However, on a year-on-year “y/y” basis, both imports and exports were 18% and 13%, respectively, lower than the comparative period of 2019.
- Although the monthly trade deficit widened to US\$62m in May 2020, from a deficit of US\$24m in April 2020 - as imports rose faster than exports - the cumulative deficit of US\$341m for the 5 months to May 2020 was relatively lower than the cumulative deficit of US\$402m that was recorded during the comparative period of 2019.

Graph 1: Imports, Exports & Trade Balance Trends



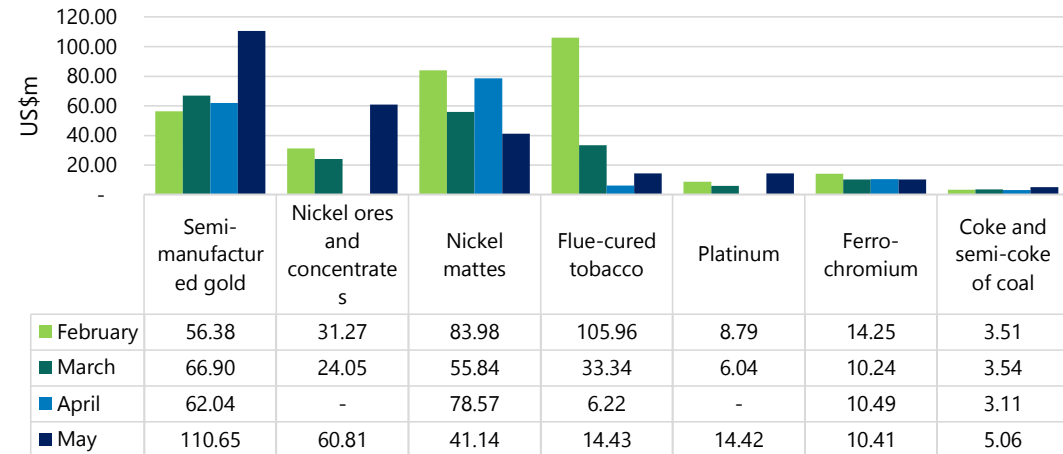
Source: ZimStat

EXPORTS

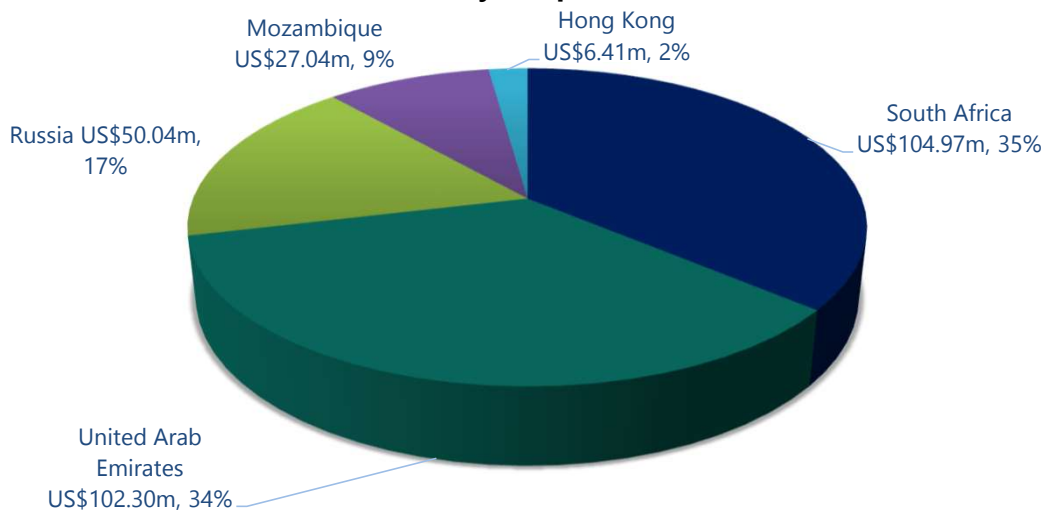
Traditional export markets back on the fore...

- Monthly exports recovered by 49% to a 3-months high of US\$298.7m in May 2020, from US\$200.5m in April 2020, driven by the relaxation of lockdown restrictions, particularly in major export sectors such as mining and agriculture (mainly tobacco).
- The largest increases were recorded in the exports of nickel ores and concentrates, gold, platinum and flue-cured tobacco. However, monthly decreases were still recorded for nickel mattes (-48%) and chromium ores and concentrates (-7%) - **Graph 2**.
- Meanwhile, cumulative exports for the five months to May 2020 stood at US\$1.5 billion, about 2% lower than the comparative period of 2019.
- The top 10 export products accounted for 90% of the country's export earnings.

Graph 2: Major Exports



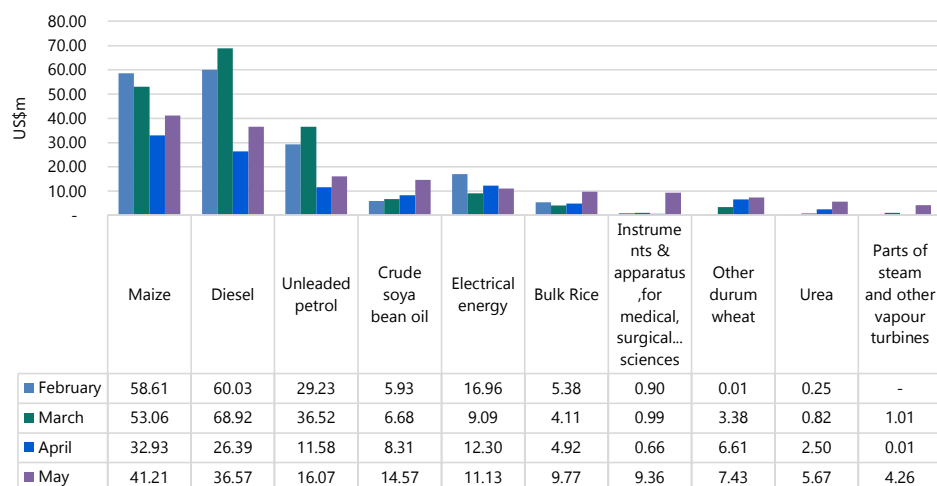
Pie Chart 1: Major Export Destination



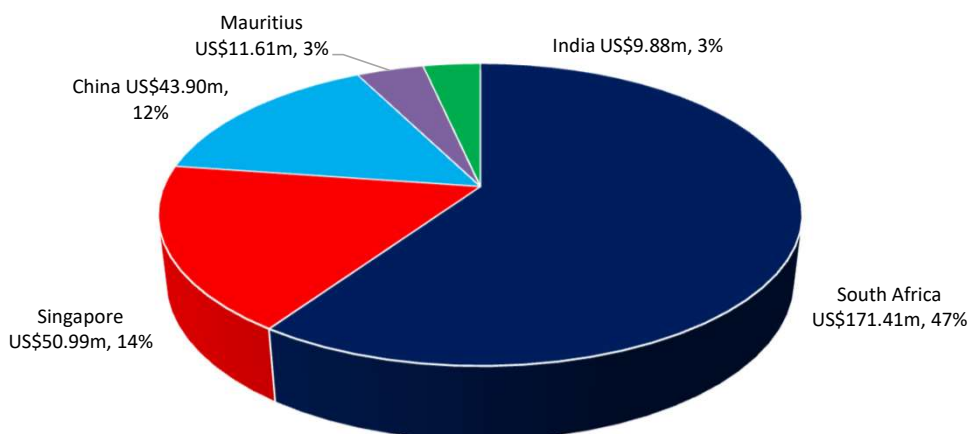
- South Africa regained its status as Zimbabwe's number one export destination, after goods worth US\$105m (35% of the total exports) were exported to the country in May 2020. Other major export destinations were the United Arab Emirates, Russia, Mozambique and Hong Kong - **Pie Chart 1**.
- The continued gradual reopening of countries, coupled with the recent devaluation of the ZWL and the ongoing adoption of a dual currency system provides some upside potential for the export and productive sectors.
- However, the increase in fuel prices, especially in US dollar terms, among other upward adjustments in prices of critical enablers, are likely to present downside risks to the export and productive sectors through constricted production and reduced competitiveness.

IMPORTS | Maize and fuel imports rise

Graph 3: Major Imports



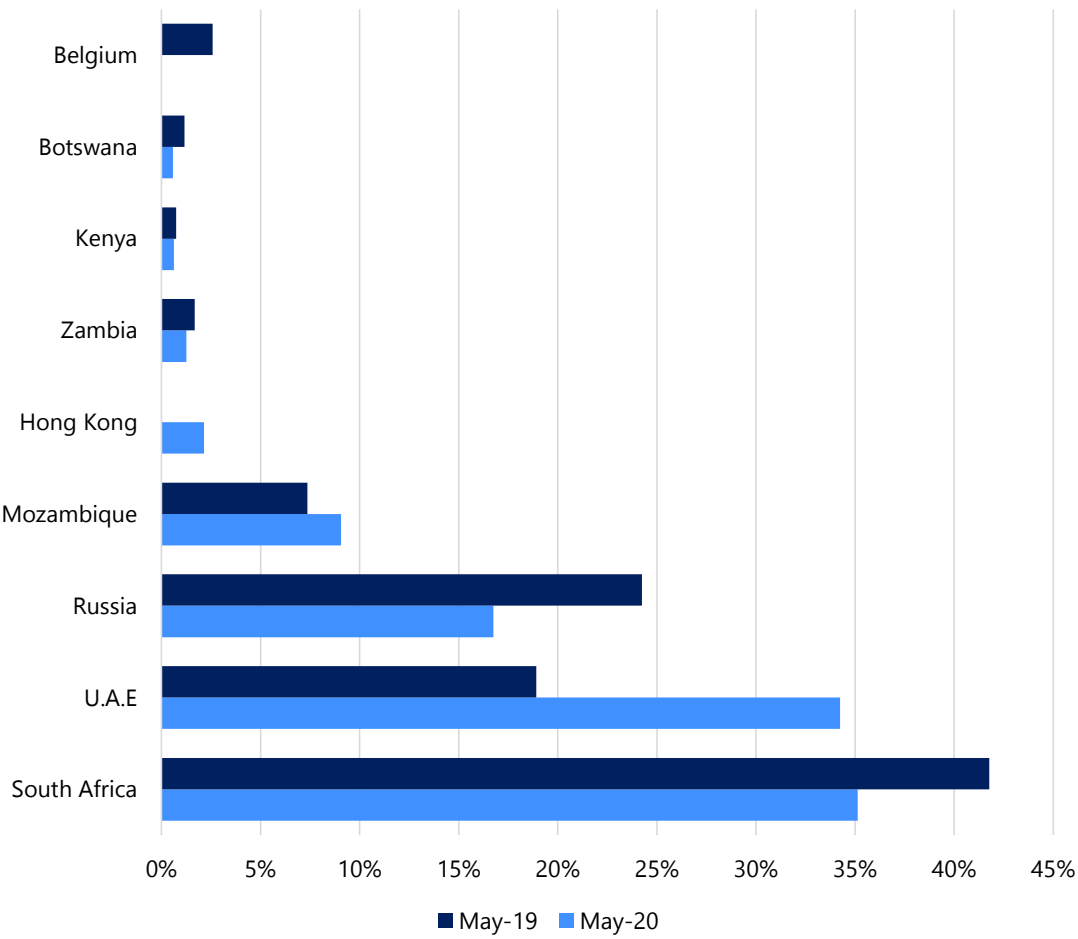
Pie Chart 2: Major Imports Market



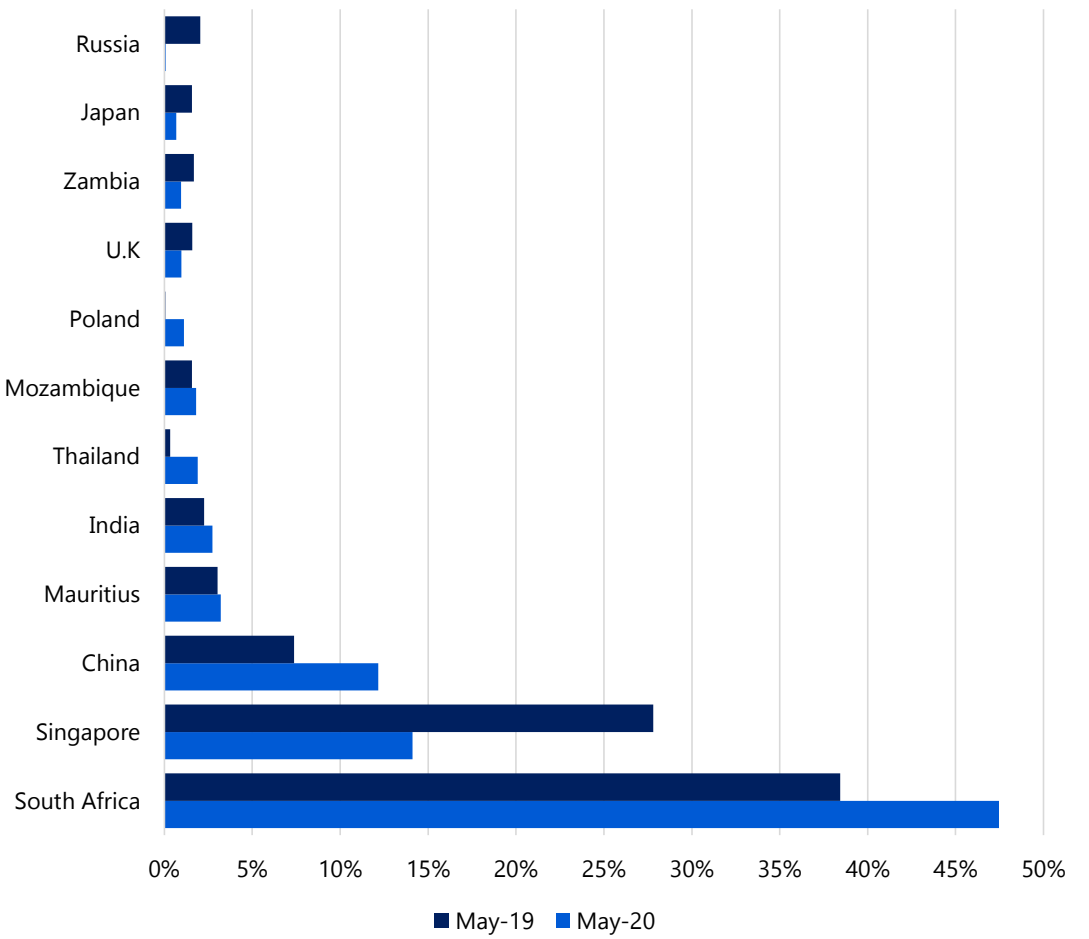
- Imports increased by 61% m/m to US\$361.1m in May 2020, driven by increases in the importation of diesel (+39%), instruments and apparatus for medical, surgical... sciences (+1318%), maize (+25%), crude soya bean oil (+75%), bulk rice (+99%) and petrol (+39%) – **Graph 3**.
- However, notable m/m decreases were recorded in the importation of electrical energy (-9%).
- Resultantly, cumulative imports for the five months to May 2020 declined by 2%, compared to the same period last year.
- Meanwhile, the major sources of imports were South Africa (47%), Singapore (14%), China (12%), Mauritius (3%) and India (3%). There was significant increase in imports from South Africa and China in May 2020, compared to the previous month, following gradual reopening of the two economies during the period under review – **Pie Chart 2**.
- Going forward, the recent devaluation of the ZWL from ZWL25/ USD to USD57.35/ USD is – to the extent that it eliminates multiple exchange rates - expected to somewhat result in a decline in imports for non-essential and price elastic goods – as consumers switch expenditure to local markets or reduce import quantities.
- However, imports of non substitutable products such as electricity, fuels, and machinery are expected to remain elevated, with further pressure expected to come from the food and healthcare subsectors through medical drugs and food imports.

TRADE DYNAMICS |

Graph 4: Major Export Destinations - 2019 v 2020



Graph 5: Major Source Markets-2019 v 2020



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