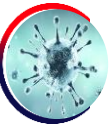




...Tourism Sector re-opens;
plans to resume domestic
flights muted...

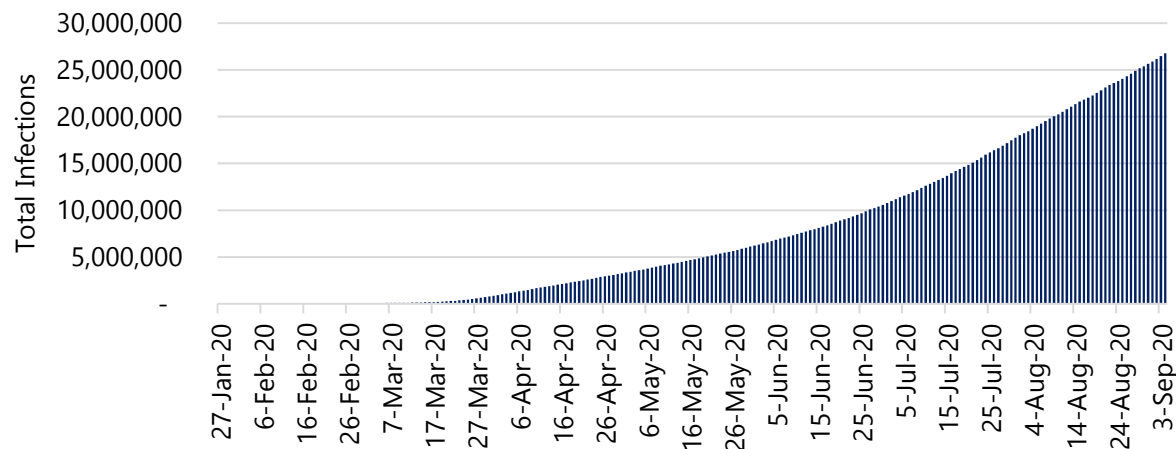
THE CBZ ECONOMIC BRIEF

Week Ending 04 September 2020

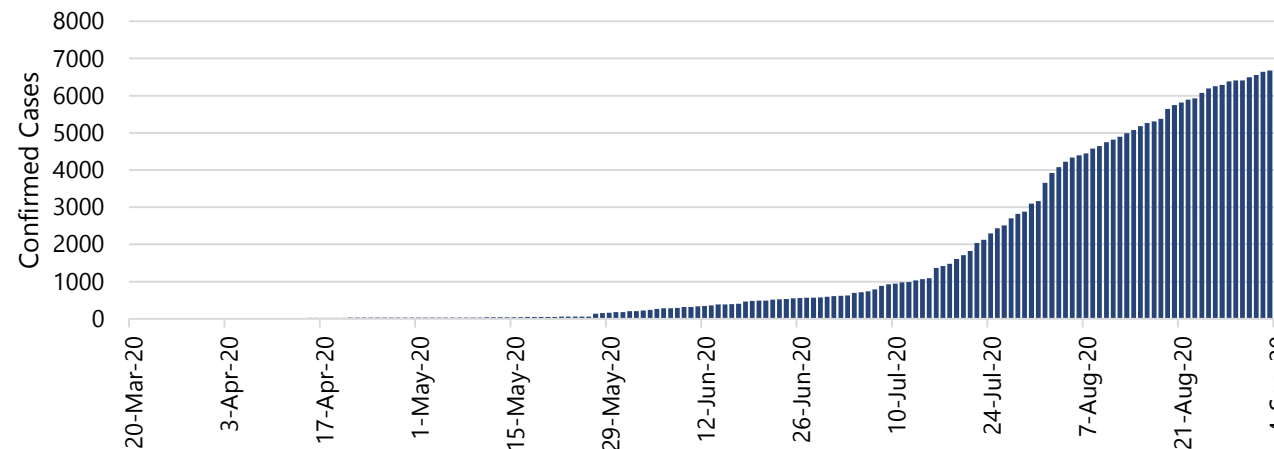


COVID-19 | Global Status as at 04 September 2020

Graph 1: Cumulative Global Covid-19 Cases as at 04 September 2020



Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 04 September 2020



Sources: Johns Hopkins University & Ministry of Health & Child Care (Zimbabwe)

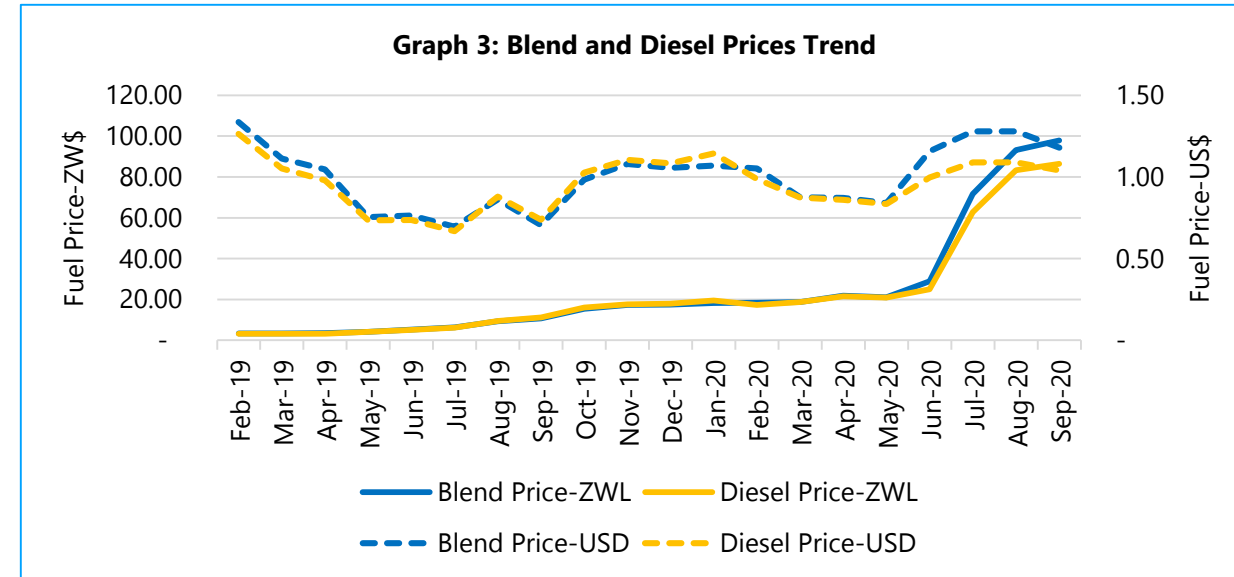
Notable Trends in Cases for the Week

- A total of 1.9m new cases were recorded during the week to 04 September 2020, resulting in cumulative global cases rising above 26m – **Graph 1**. India recorded the largest weekly infections (559k), for a 4th consecutive week, followed by the U.S (293k), Brazil (279k) and Colombia (60k). Brazil and India surpassed the 4m cases mark, but remained in 2nd and 3rd positions, respectively, behind the U.S with cumulative cases of about 6.3m.
- In Africa, confirmed cases rose by 4.6% to 1.3m - the slowest weekly growth in a month, after an additional 56k new cases were recorded during the week to 04 September 2020. The largest weekly infections were recorded in South Africa (14.9k), Egypt (10.1k) and Ethiopia (8.4k). Resultantly, South Africa (635k) remained the continent's most infected country, followed by Egypt (99.5k) and Morocco (68.6k).
- In Zimbabwe, cumulative cases rose to 6,837, after 449 new cases were recorded during the week to 04 September 2020 - **Graph 2**. Local cases accounted for about 84% (377) of the new cases. Harare Metropolitan province recorded the largest weekly cases of 167, followed by Mat South (94) and Mash West (73). In terms of recoveries, a total of 302 people recovered during the period under review, bringing the cumulative recoveries to 5,345. Notwithstanding the increase in recovered cases, the ratio of active cases to total cases increased to 19%, from 18% recorded during the previous week.
- Meanwhile, the U.S. Center for Disease Control and Prevention "CDC" announced that it will prohibit tenant evictions until the end of the year. This followed the report by the U.S Labour Department which showed that about 13m Americans are currently unemployed, while job growth is anticipated to slow over the next decade. Elsewhere, the U.S Department of Commerce announced that the U.S trade deficit increased by 18% in July 2020 to US\$63.6b, from US\$53.5b recorded in June 2020. The increase in the trade deficit was driven by a relatively larger growth in imports (10.9%), and a slower growth in exports (8.1%).
- France unveiled a €100b stimulus package to support the economy hard-hit by the impact of the coronavirus outbreak.
- In Botswana, the government lifted the ban on sale of liquor and consumption of liquor in public places, provided that: the liquor will be sold for on-site consumption and liquor distributors and wholesalers shall sell liquor to registered liquor traders only.
- In Zimbabwe, the cabinet approved the re-opening of the tourism sector. The Government is also working on the modalities for resumption of domestic flights in order to support the sector. The move is expected to somewhat uplift the tourism and hospitality industry, which, according to the Ministry of Finance & Economic Development, is expected to contract by 7.4% in 2020. Given that the sector will continue to operate way below capacity, both as part of COVID-19 safety measures and due to generally depressed demand, more fiscal supportive measures will be needed to enhance the viability of operators.



Fuel Price Review

- The Zimbabwe Energy Regulatory Authority "ZERA", announced new prices for diesel and blend, with effect from 05 September 2020. The maximum ZW\$ pump price for diesel increased by 3.6% to ZW\$86.36/litre, whilst blend price rose by 5.1%, to ZW\$97.93/litre - **Graph 3**.
- The US\$ pump prices for diesel and petrol, on the other hand, were reduced by 4.6% and 7.8%, to US\$1.04/litre and US\$1.18/litre, respectively, effective the same date.
- The relatively lower increase in ZW\$ fuel prices, compared to the increase of 16% and 48% that were effected in early August 2020, somewhat reflected the relative stability of the ZW\$ on both the official and parallel markets. In fact, the ZW\$ depreciated by 3.4% against the US\$ since the 5 August 2020, compared to a 20.8% depreciation recorded during the previous price reviews.
- Meanwhile, Namibia (+11%), Tanzania (+8%) and Kenya (+3%), recorded the largest increases in blend prices, whilst Zimbabwe (-8%), Angola (-4%) and Malawi (-2%), recorded declines, same period
- Nevertheless, amongst regional peers, Zimbabwe appeared to have the highest blend price as at 05 September 2020. Angola (US\$0.27) had the least price for blend per litre, followed by Botswana (US\$0.68), Namibia (US\$0.78), Tanzania (US\$0.79) and South Africa (US\$0.88).
- Going forward, the increase in fuel prices, together with the attendant increase in public transport costs and the upward adjustment of telecommunications tariffs, are expected to exert upward pressure on domestic prices of goods and services across the economy. This will put further pressure on the country's inflation.



Blend Price-US\$			
Country	5-Aug-20	5-Sep-20	Change (%)
Angola	0.28	0.27	-4%
Botswana	0.67	0.68	1%
Namibia	0.70	0.78	11%
Tanzania	0.73	0.79	8%
South Africa	0.86	0.88	2%
Mozambique	0.91	0.90	-1%
Malawi	0.94	0.92	-2%
Zambia	0.97	0.97	0%
Kenya	0.95	0.98	3%
DRC	1.00	1.02	2%
Mauritius	1.11	1.11	0%
Zimbabwe	1.28	1.18	-8%

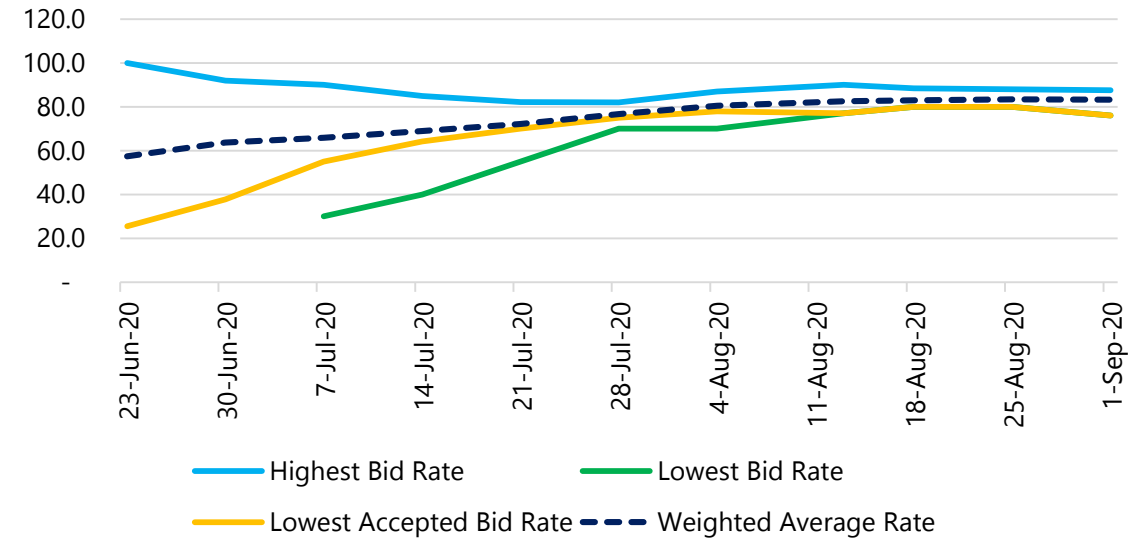
Source: GlobalPetroPrices.com and ZERA



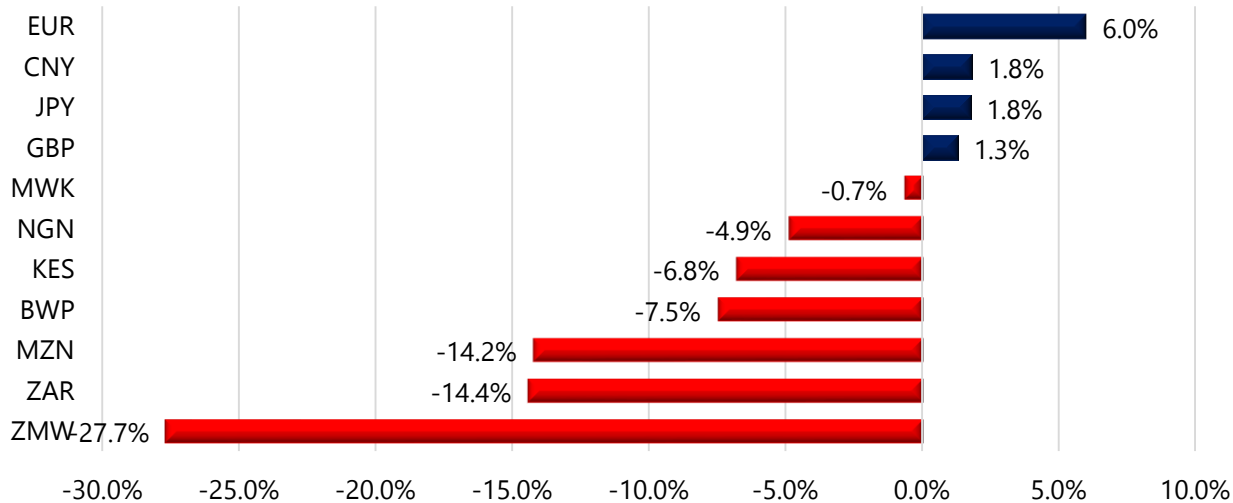
Foreign Currency Market Developments

- The ZW\$ appreciated by 0.1%, for the first time since the introduction of the auction system, from ZW\$83.40/ USD to a weighted average rate of ZW\$83.32/ USD following the 1 Sep 2020 auction - **Graph 6**.
- The highest and lowest accepted bid rates on the main auction declined from 88 to 87.5, and from 76 to 80, respectively.
- A total of US\$16.02m was allotted, with the largest weekly allotments going to raw materials (US\$6.4m), machinery & equipment (US\$3.8m), services (US\$1.6m), consumables (US\$1.4m) and retail & distribution (US\$1.1m).
- Meanwhile, on the international currency markets, the U.S dollar maintained YTD gains against other major currencies, except the Euro, Chinese Yuan, Japanese Yen and Pound sterling – **Graph 7**.

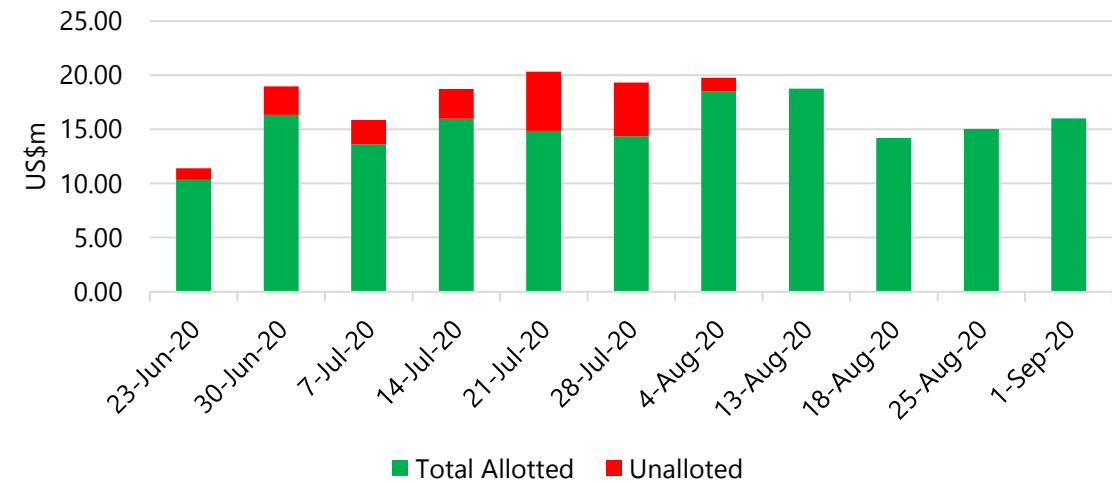
Graph 6a: FX Auction Market Bid Rates Trend



Graph 7: Major Currencies vs the USD-YTD Movements-04 Sept 2020



Graph 6b: Foreign Currency Auction Allotments





Equities Market Developments

- On the Zimbabwe Stock Exchange, all indices maintained an upward trend, led by the top 10 stocks (+13.5%) and the top 15 stocks (+12.1%) indices. The All Share Index rose by 10.6%, pushing its year-to-date "YTD" gain to 552% – **Graph 8**.
- Life assurance group, Fidelity Life, recorded the largest weekly gain of 107%, followed by clothing retailers Edgars (63%), banking entity FCB (46%), tyres firm NTS (44%) and beverages conglomerate Delta (37%). MedTech, which is trading under a cautionary, fell by 11%, whilst Cassava (5%) and Econet (4%), also recorded notable declines - **Table 2**. On a YTD basis, CBZ Holdings, recorded the largest gain of +4879.7%, followed by Cafca (+3326.6%) and Bindura (+2360.1%).
- Delta remained the largest counter on the ZSE, with a market capitalization of ZW\$27.9b, followed by CBZ Holdings (ZW\$23.8b), Econet (ZW\$11.7b), Cassava (ZW\$10.5b) and Padenga (ZW\$7.6b) - **Graph 9**.
- Meanwhile, the Victoria Falls Stock Exchange "VFEX" was granted license to operate as a securities exchange by the Securities and Exchange Commission of Zimbabwe "SECZ". It now awaits finalization of listing and membership requirements, setting up of depository systems, as well as modalities on clearing and settlement of transactions.
- On a YTD basis, the ZSE outperformed most of the major global and regional stock markets under our watch as at 04 September 2020 - **Graph 10**.

Graph 8: ZSE Indices

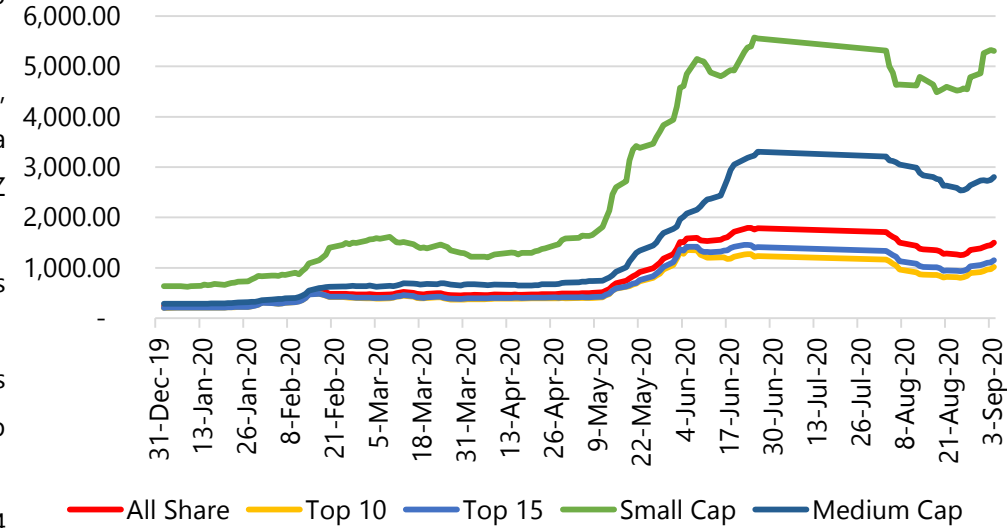
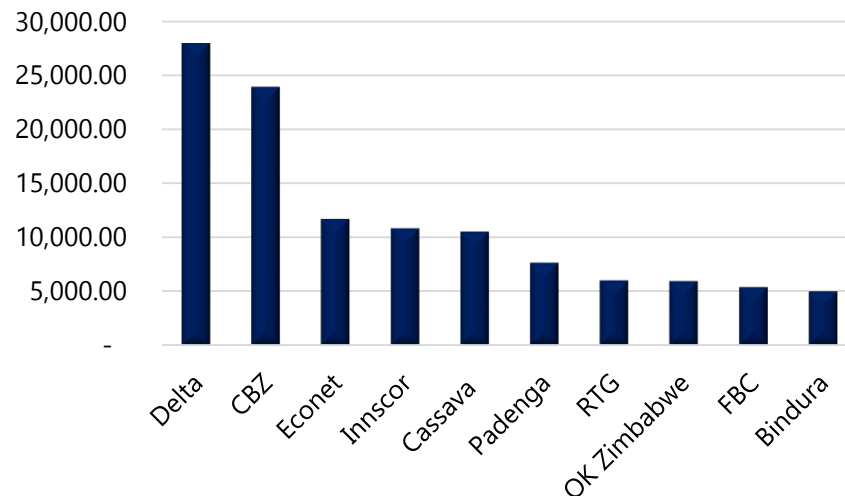


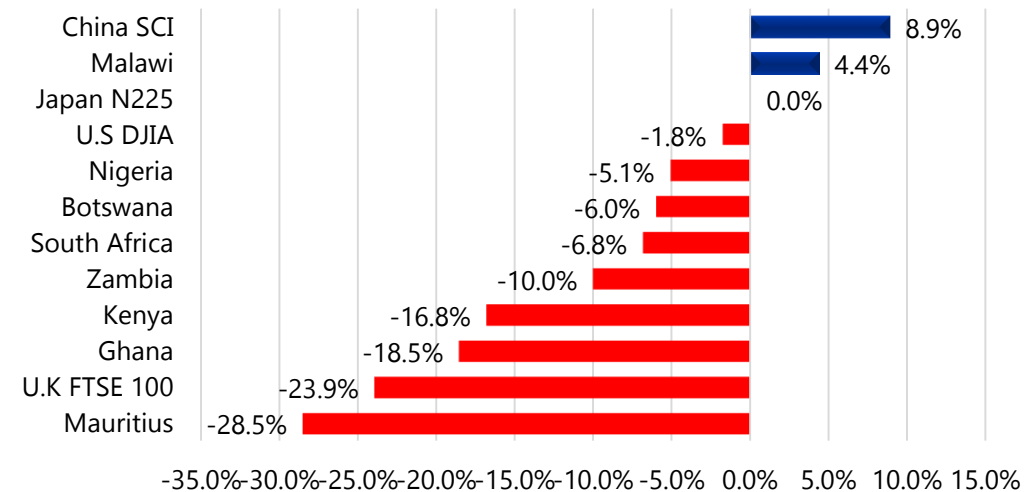
Table 2: ZSE Movers and Shakers

Movers	28-Aug-20	04-Sep-20	Weekly change
Fidelity Life	39.20	81.00	107%
Edgars	50.00	81.54	63%
FCB	70.00	102.00	46%
NTS	13.30	19.10	44%
Delta	1,585.01	2,173.46	37%
Shakers	28-Aug-20	04-Sep-20	Weekly change
MedTech	8.00	7.12	-11%
Cassava	428.13	404.80	-5%
Econet	469.97	450.00	-4%
Art	216.00	209.64	-3%
OK Zimbabwe	488.04	477.20	-2%

Graph 9: ZSE Top 10 Counters By Market Capitalization



Graph 10: Major Equities Markets-YTD Movements-04 Sept 2020

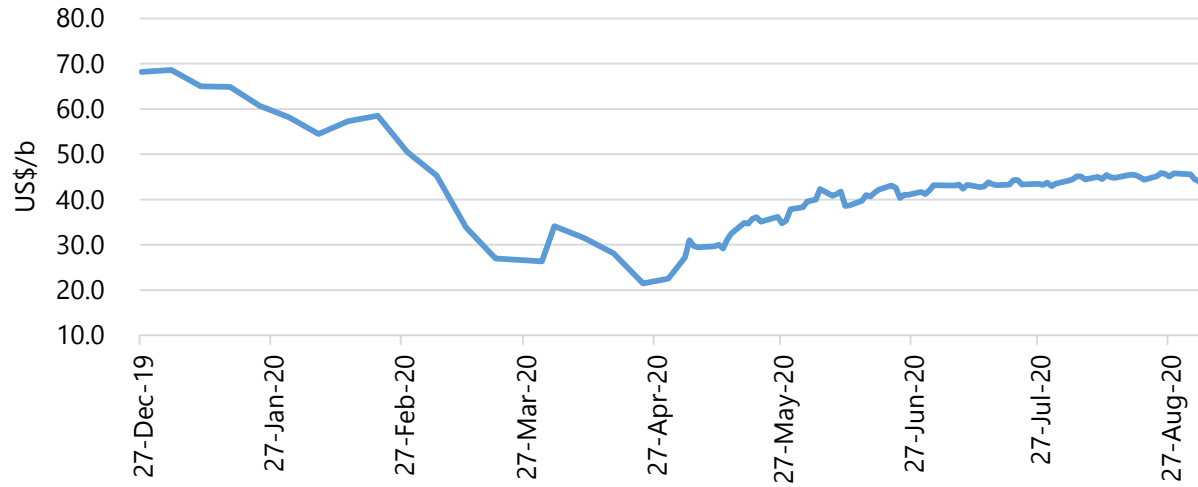




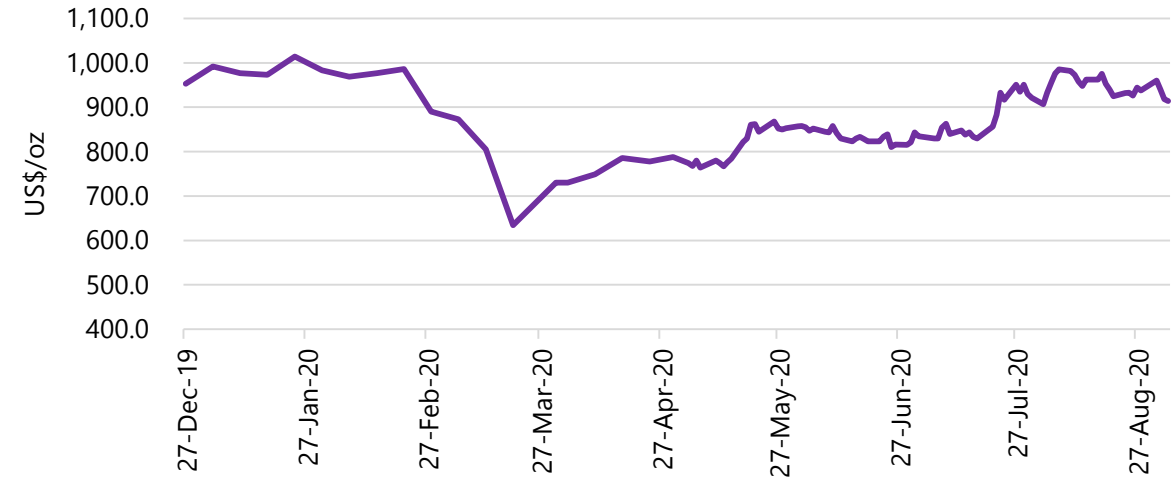
GLOBAL COMMODITY PRICE MOVEMENTS

MINERALS

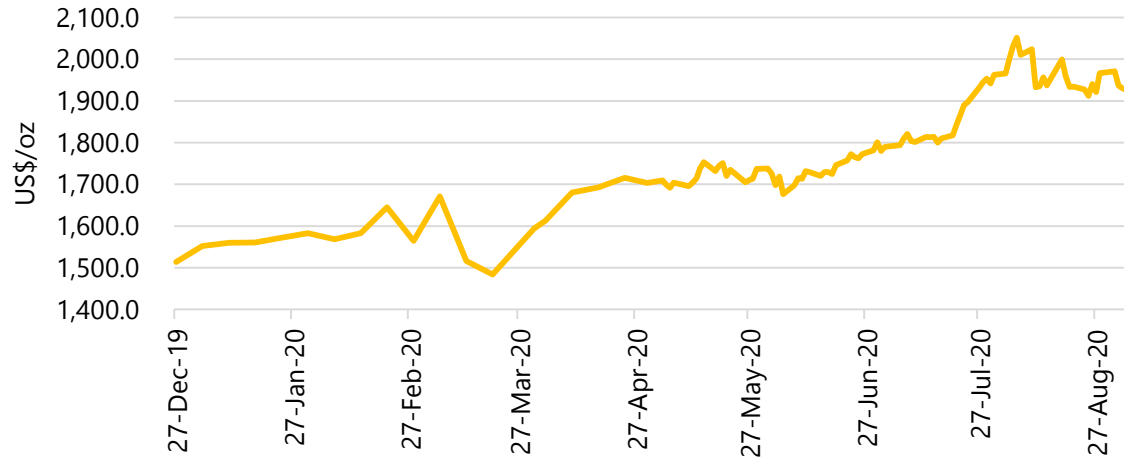
Oil prices - US\$/b



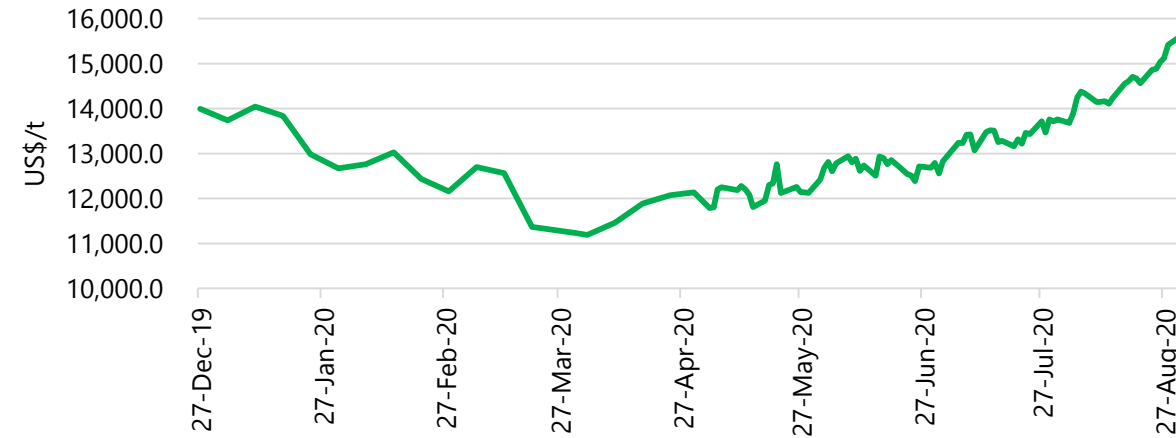
Platinum price - US\$/oz



Gold prices - US\$/oz



Nickel price - US\$/t

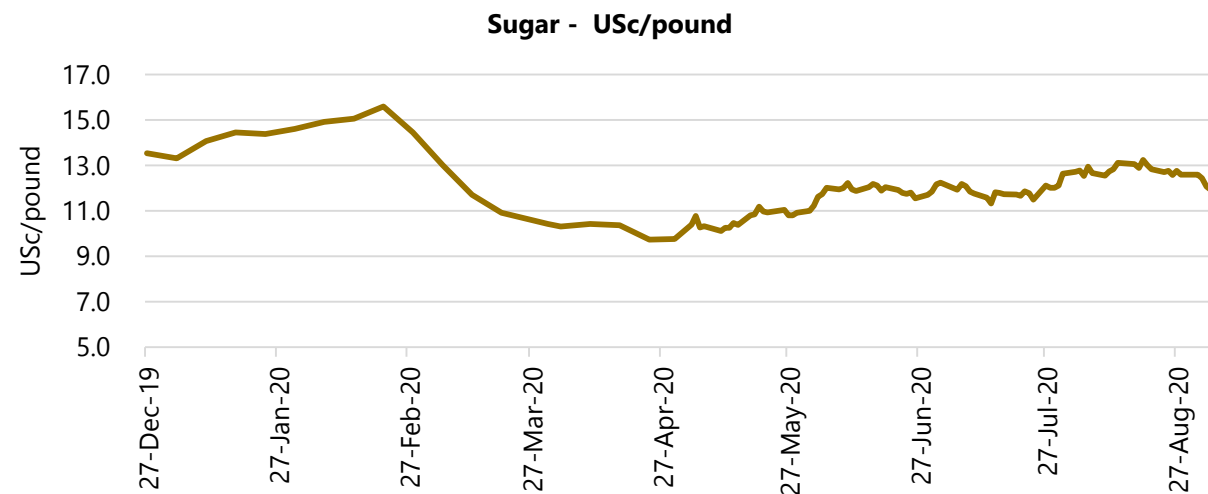
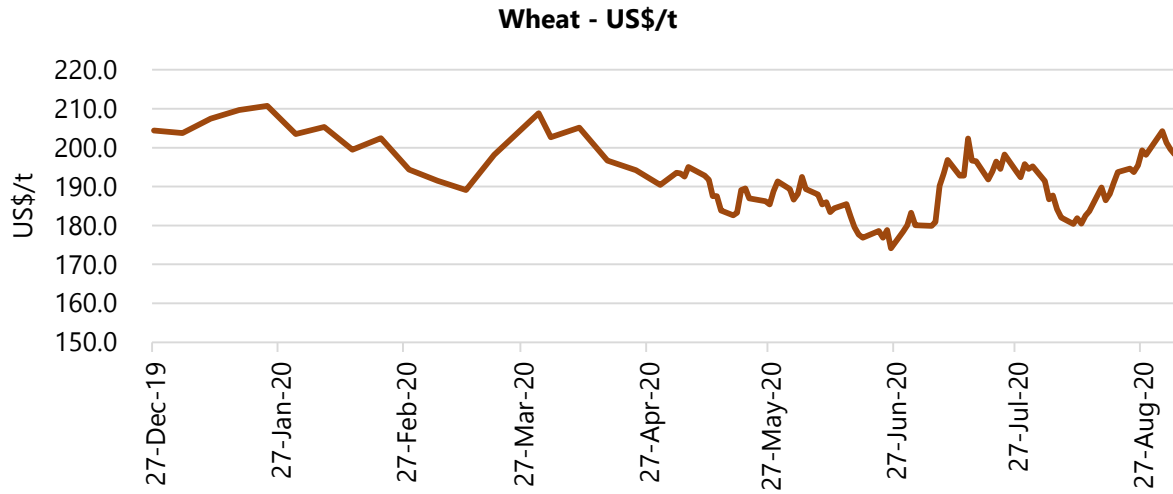
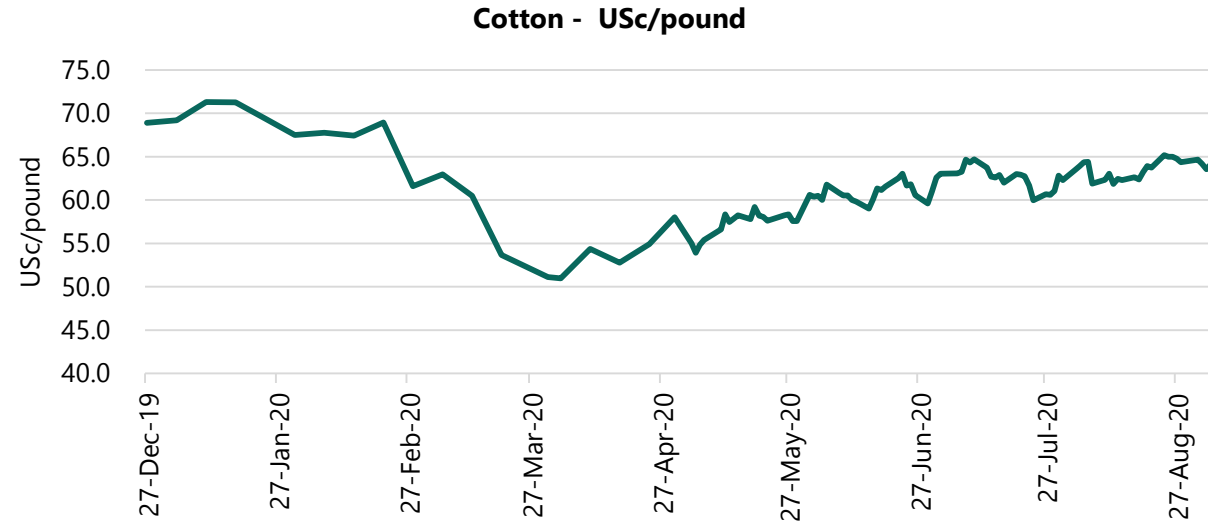
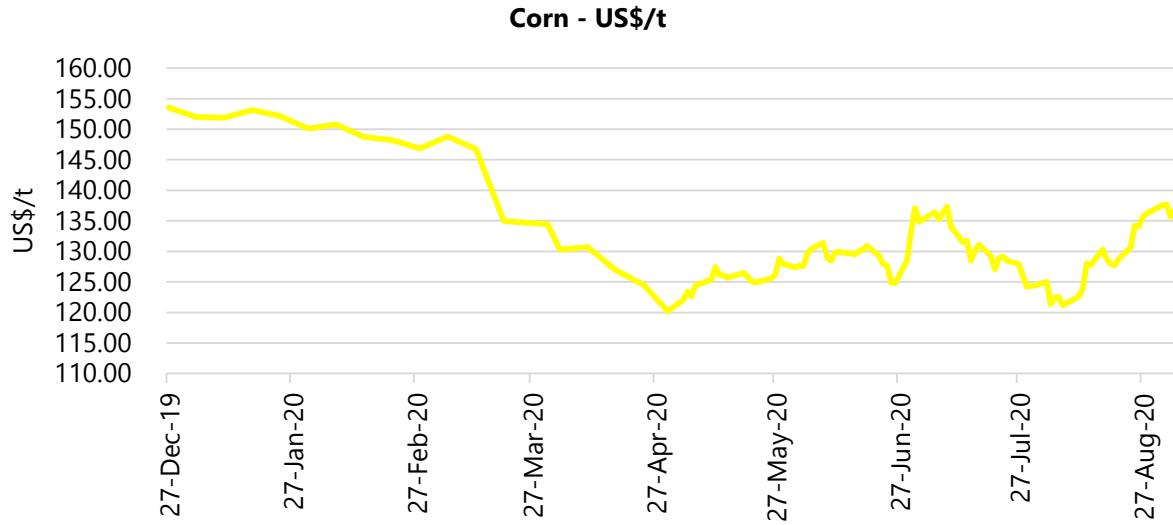


Source: Quandl



GLOBAL COMMODITY PRICE MOVEMENTS

AGRIC COMMODITIES



Source: Quandl

Date	Event	Period	Forecast	Previous
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Local

08 September 2020	RBZ Foreign Exchange Auction Market	09-15 September 2020		83.3209
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Regional & International

06 September 2020	China Trade Balance	August 2020	US\$50.50b	US\$62.33b
07 September 2020	Japan GDP (q/q)	Q2 2020	-8.1%	-0.6%
08 September 2020	Euro Zone GDP (y/y)	Q2 2020	-15.0%	-15.0%
08 September 2020	South Africa GDP (q/q)	Q2 2020	-3.8%	-2.0%
08 September 2020	China CPI (m/m)	August 2020	0.4%	0.6%
10 September 2020	South Africa Manufacturing Production (m/m)	July 2020		16.8%
10 September 2020	European Central Bank "ECB" Interest Rate Decision (MLF)	September 2020	0.00%	0.00%
11 September 2020	U.K Trade Balance	July 2020	-£7.00b	-£5.12b
11 September 2020	US Federal Budget Balance	August 2020		-US\$63.0b

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