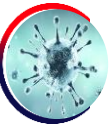




...Cost of living increases by
11% in Aug 2020...

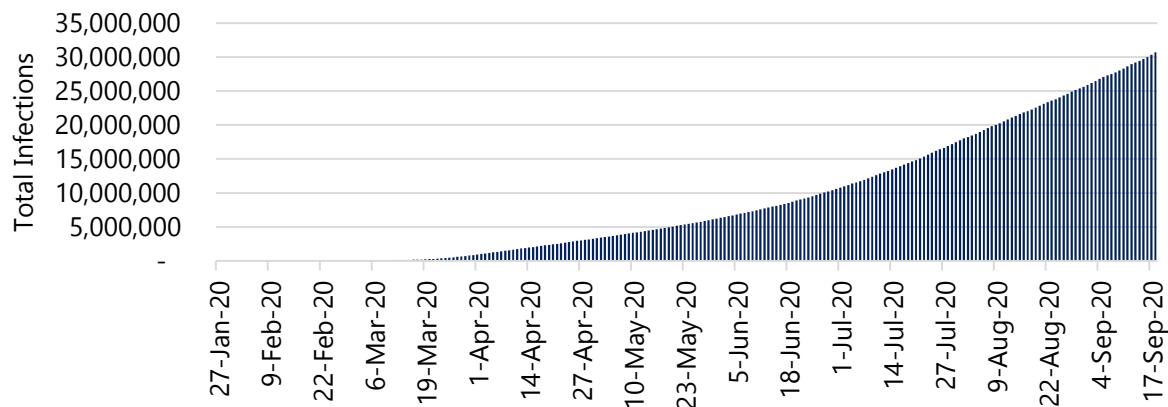
THE CBZ ECONOMIC BRIEF

Week Ending 18 September 2020

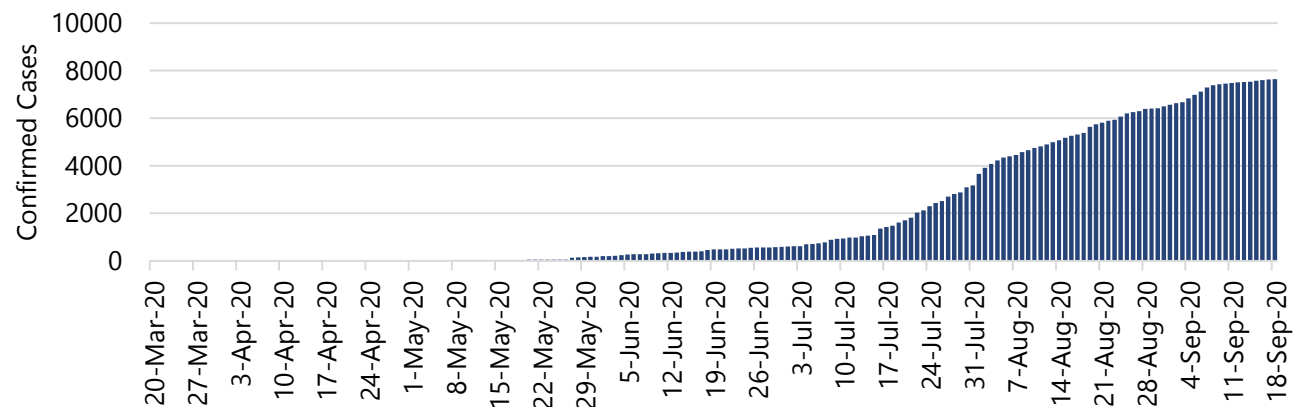


COVID-19 | Global Status as at 18 September 2020

Graph 1: Cumulative Global Cases as at 18 September 2020



Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 18 September 2020



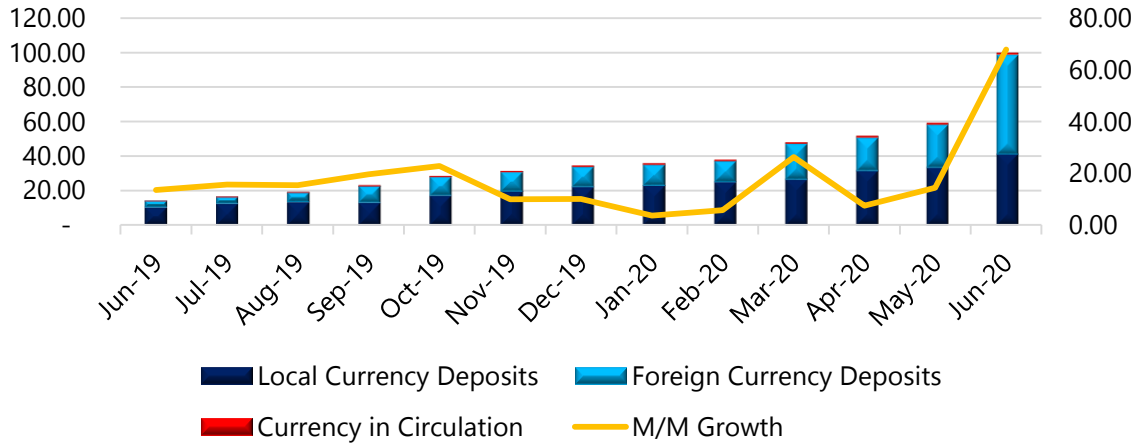
Sources: Johns Hopkins University & Ministry of Health & Child Care (Zimbabwe)

Notable Trends in Cases for the Week

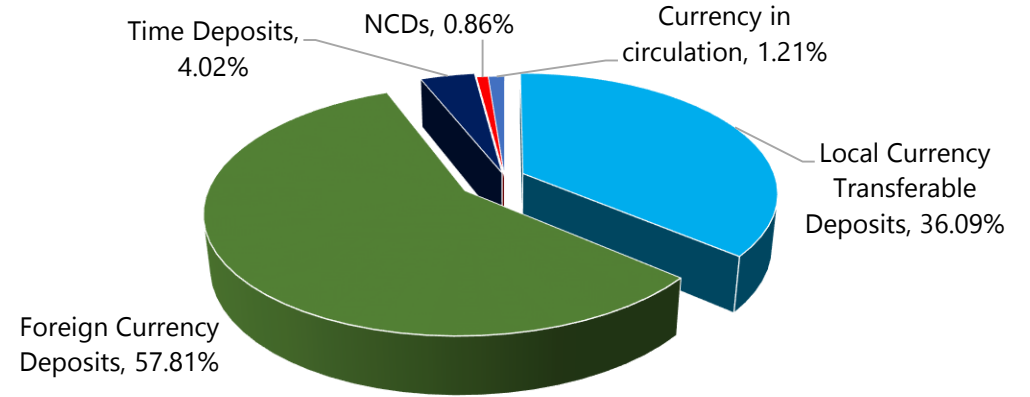
- Global cumulative cases rose by 7.1%, surpassing the 30m cases mark, after an additional 2m cases were recorded during the week to 18 September 2020 – **Graph 1**. India recorded the largest weekly infections of 648k, followed by the U.S (288k) and Brazil (213k). The U.S remained the most infected country in the world, followed by India, Brazil and Russia, respectively.
- In Africa, confirmed cases rose above 1.3m, after an additional 52k new cases were recorded during the week to 18 September 2020. The largest weekly infections were recorded in Morocco (15k), South Africa (11k) and Ethiopia (4k). South Africa (658k) remained the continent’s most infected country, accounting for about 47% of Africa’s total cases, distantly followed by Egypt (101k) and Morocco (97k).
- In Zimbabwe, cumulative cases rose to 7,647 following 168 new cases that were recorded during the week - **Graph 2**. Harare recorded the largest weekly cases of 54, followed by Bulawayo (49), Manicaland (20) and Midlands (20). A total of 223 people recovered during the period under review, bringing the cumulative recoveries to 5,883. Resultantly, the ratio of active cases to total cases marginally dropped to 20%, from 21% recorded during the previous week.
- Meanwhile, according to United Nations World Tourism Organisation “UNWTO”, international tourists arrivals plunged 93% in June 2020, compared to June 2019, due to the severe impact of coronavirus to the tourism sector. The data also showed that international tourist arrivals dropped by 65% during the first half of 2020 (H1 2020).
- The Bank of England “BoE” left its interest rates unchanged at 0.1%, and maintained its current levels of asset purchases at £745b, amid unusually uncertain economic outlook. The SARB also kept rates unchanged.
- In South Africa, the government announced that the country will enter into Level 1 on its coronavirus response framework, with effect from 21 September 2020. Travelling to and out of the country for business, leisure and other travel will be allowed from 01 October 2020, subject to the following: all travellers will be screened on arrival and those presenting with symptoms will be required to remain in quarantine until a repeat test is conducted, and all travellers will be asked to install the COVID Alert South Africa mobile application.
- In Zimbabwe, Cabinet approved the resumption of intercity travel, to facilitate the smooth movement of examination candidates, citizens and visitors. Transporters who wish to ferry passengers are required to register with the Ministry of Transport and Infrastructural Development to ensure that they strictly comply with Standard Operating Procedures “SOP” for their sector which are compliant to the World Health Organisation “WHO” guidelines and all COVID-19 regulations



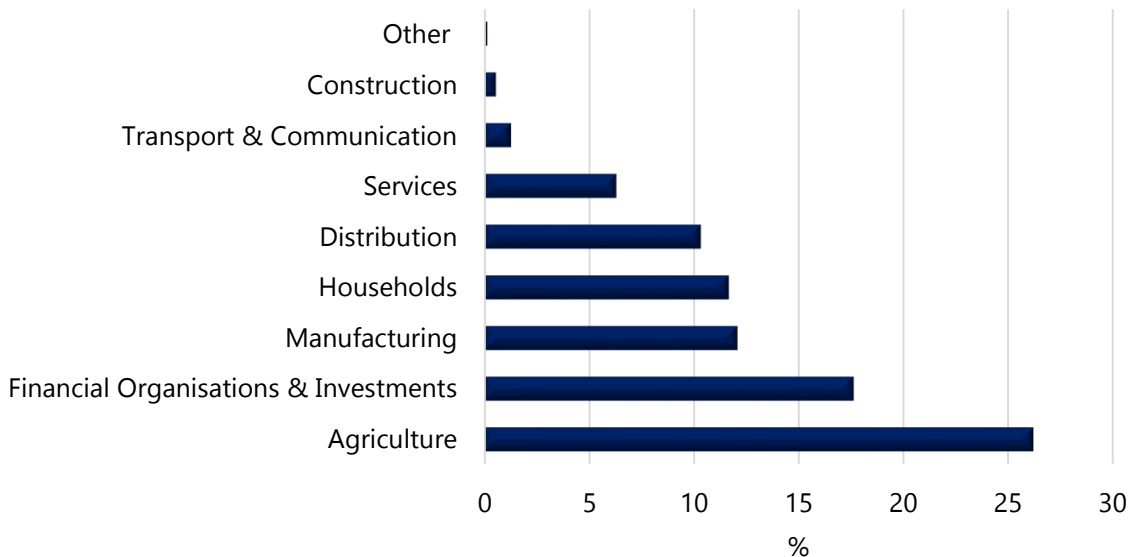
Graph 3: Broad Money Developments



Pie Chart 1: Money Supply Composition



Graph 4: Distribution of Private Sector Credit



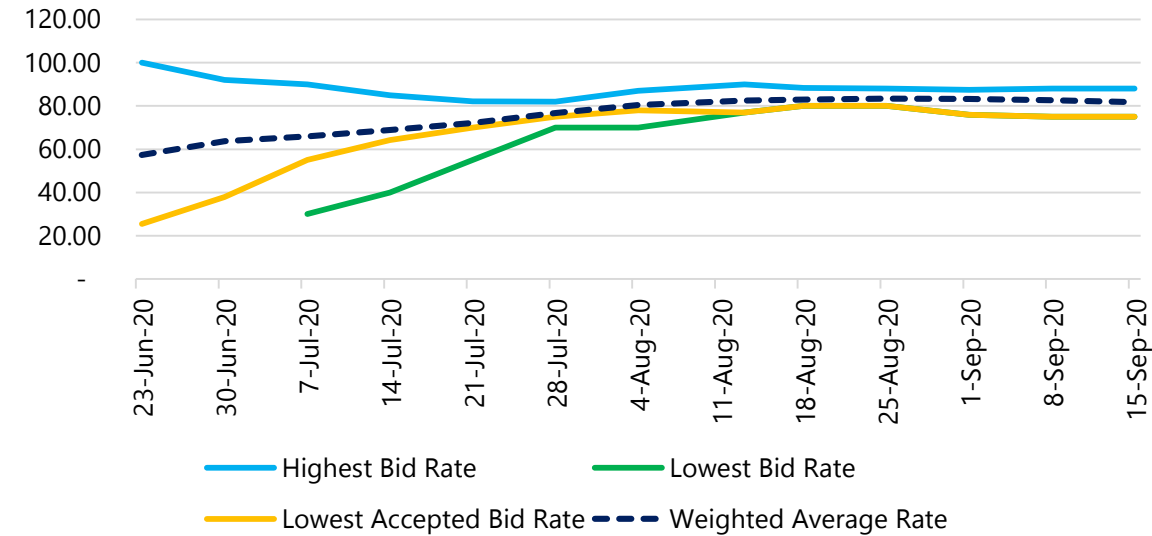
- According to the Reserve Bank of Zimbabwe “RBZ”, broad money supply “M3” increased by 67.8% to ZW\$99.82b in June 2020, up from ZW\$59.48b that was recorded in May 2020 - **Graph 3**. Compared to the same period last year, broad money supply grew by 576% in June 2020.
- The yearly growth in M3 reflected expansion of 1,384%, 293% and 156% in foreign currency “FCA” deposits, local currency deposits and currency in circulation, respectively, to ZW\$57.70b, ZW\$40.91b and ZW\$1.21b. FCA deposit growth was largely attributed to inflows from tobacco sales and revaluation adjustments due to exchange rate movements, whilst the growth in local currency deposits was due to increase in cash.
- FCA deposits made the largest contribution to total money stock of 57.81%, followed by local currency transferable deposits (36.09%), time deposits (4.02%), currency in circulation (1.21%) and NCDs (0.86%) – **Pie Chart 1**.
- Meanwhile, net credit to government declined by 21% m/m to ZW\$11.29b, while credit to private sector increased by 14% , to ZW\$3219b in June 2020. Agriculture (26%), financial organizations (17%), and manufacturing (12%), received the largest private sector credit allocation in June 2020- **Graph 4**.



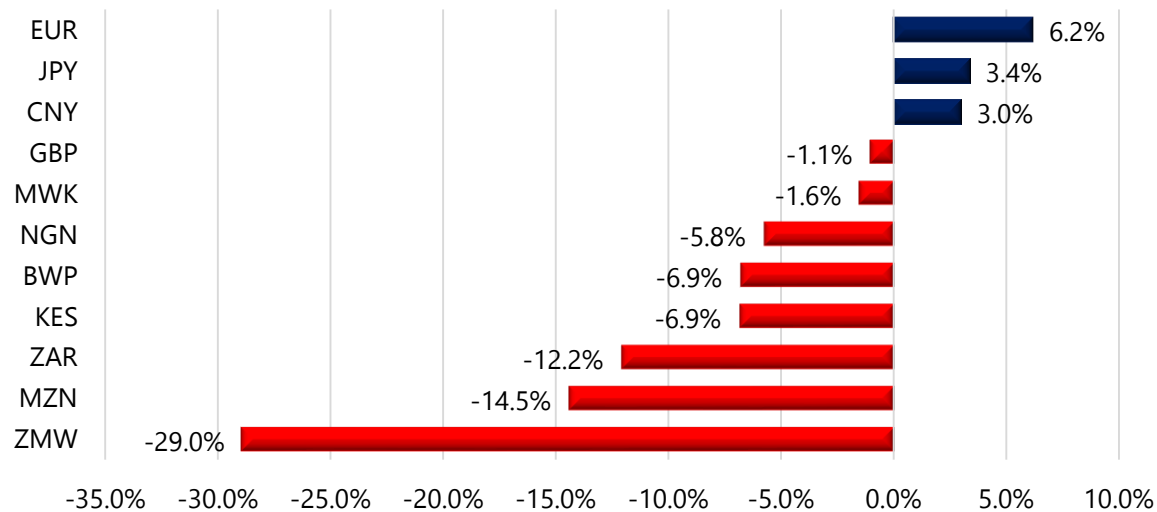
Foreign Currency Market Developments

- The ZW\$ firmed against the USD, for the 3rd week in a row, after it appreciated by 1.2%, from ZW\$82.70/ USD to a weighted average rate of ZW\$81.71/ USD, during the last foreign currency auction held on Tuesday 15 Sep 2020 - **Graph 5a**. The lowest and highest bid rates remained flat, at 75 and 88, respectively.
- A total of US\$21.2m was allotted at the 15 Sep 2020 auction, compared to US\$19.2m allotted during the previous week. The largest weekly allotments went to raw materials (US\$8.7m), machinery & equipment (US\$3.4m), services (US\$2.1m) and consumables (US\$1.6m).
- Meanwhile, on the international currency markets, the U.S dollar maintained YTD gains against other major currencies, except the Euro, Chinese Yuan and the Japanese Yen – Graph 6.

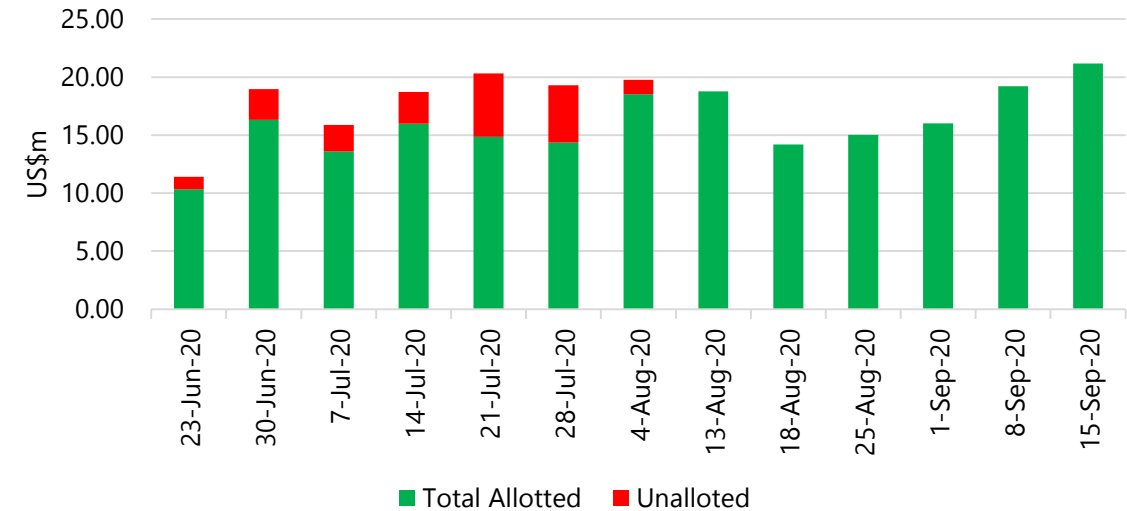
Graph 5a: FX Auction Market Bid Rates Trend



Graph 6: Major Currencies vs the USD-YTD Movements 18 Sept 2020

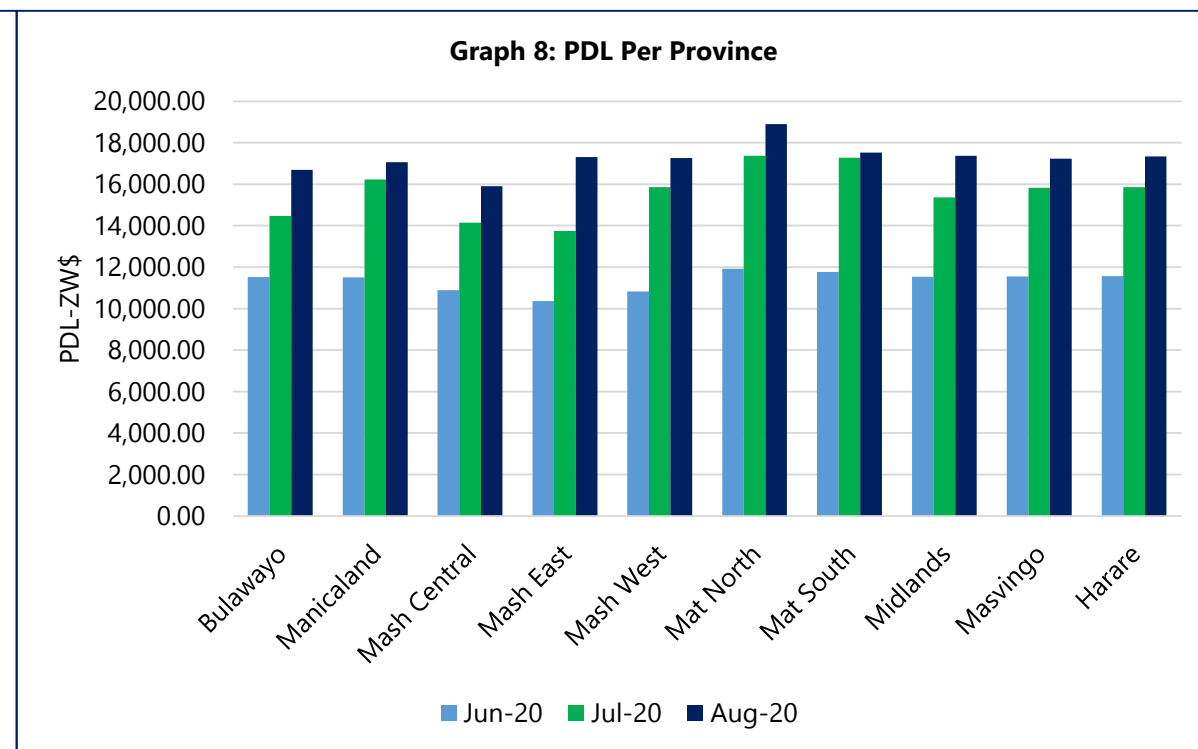
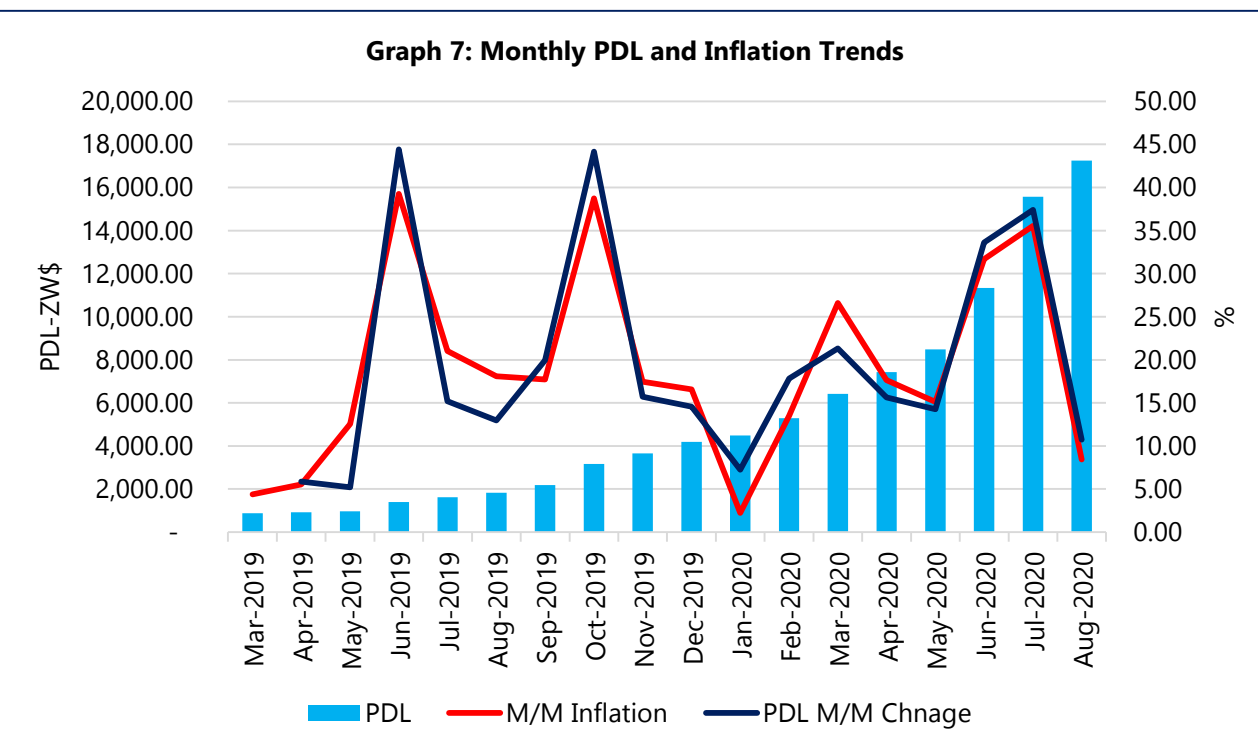


Graph 5b: Foreign Currency Auction Allotments





- According to ZimStat, the cost of living for a standard family of 5 people, as measured by the total consumption poverty line “TCPL”, rose 11% to ZWL\$17,244 in August 2020, up from the ZWL\$15,572 that was recorded in July 2020 – **Graph 7**.
- The upward adjustment in the prices of ZW\$ prices of fuel, telecommunication tariffs, transport fares, among other basic commodities, were the major cost drivers during the period under review.



- Meanwhile, Mash East (25.9%), Bulawayo (15.4%), Midlands (13.0%) and Mash Central (12.5%), recorded the largest increases in cost of living–**Graph 8**. Mat North, however, remained the most expensive province in the country.



Equities Market Developments

- On the Zimbabwe Stock Exchange "ZSE", mixed performances were recorded for the week. Small Cap stocks and Medium Cap stocks indices recorded weekly gains of 4.3% and 4.1%, respectively, while Top 10 stocks index (-7.5%) and Top 10 stock index (-5.2%) recorded losses for the week. The All Share Index shed 3.0%, weighed down by losses in selected heavyweight counters- **Graph 9**.
- Banking group, FBCH, recorded the largest weekly gain of 38%, followed by nickel miners Bindura (23%), construction company Masimba (20%) clothing retailers Truworths (19%) and mining concern RioZim (19%). Notable declines were recorded for beverages giant Delta (-24%) and light manufacturing giant Innscor (-17%) - **Table 1**.
- CBZ Holdings extended its YTD gain to +7820%, thereby maintaining its position as the largest counter on the ZSE, with a market capitalization of ZW\$37.9b. It was followed by Delta (ZW\$21.8b), Econet (ZW\$13.0b) and Cassava (ZW\$11.4b) - **Graph 10**.
- Meanwhile, ZSE announced that the Victoria Falls Stock Exchange "VFEX" listing requirements were approved. The initial listing requirements include the following: all listing applications to be submitted through a sponsor, applications to be duly incorporated or validly established, minimum subscribed capital of US\$3m (not less than 10m shares), satisfactory profit history for the preceding 5 years, at least 30% of shares to be held by the public, minimum number of shareholders of 50, and an issuer who is currently listed on the ZSE may list at most 20% of its authorized but unissued shares on the VFEX as a different class of shares from those listed on the ZSE.
- Graph 9** shows YTD performances for major regional and international markets under our watch.

Graph 9: ZSE Indices

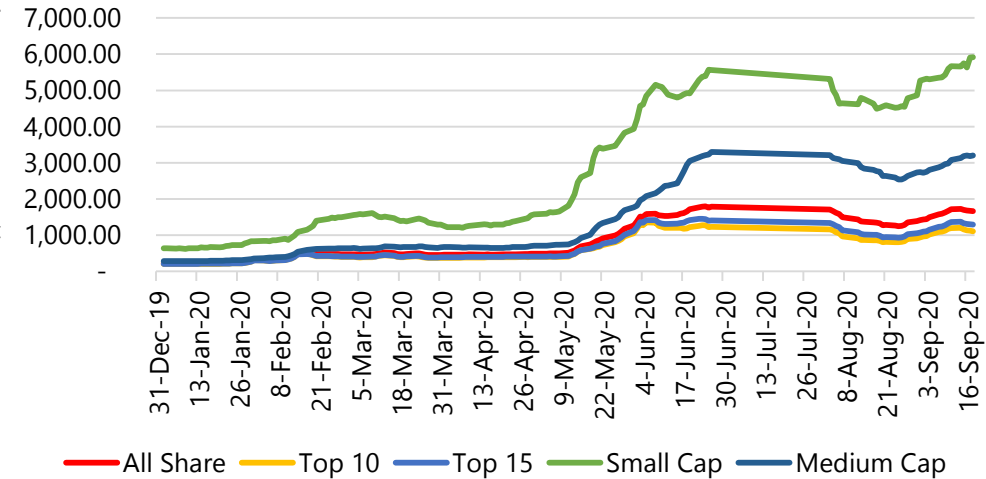
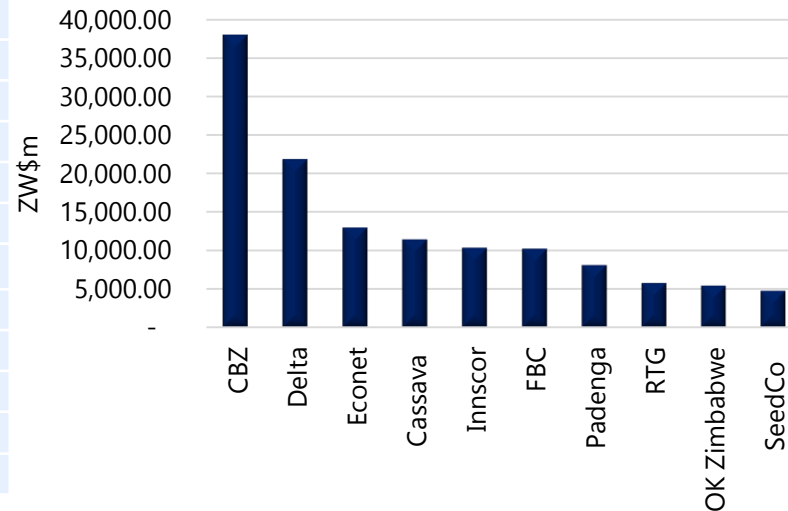


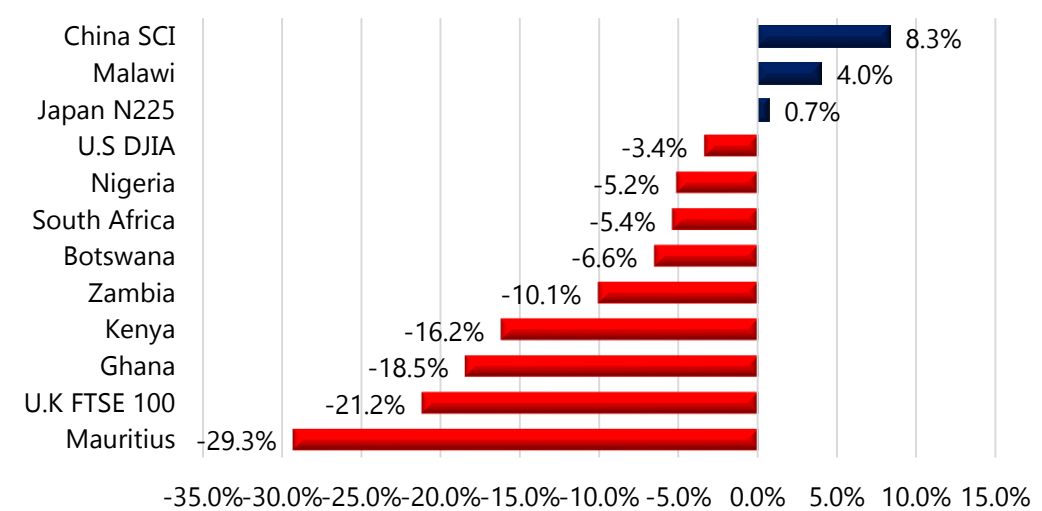
Table 1: ZSE Movers and Shakers

Movers	11-Sep-20	18-Sep-20	Weekly change (%)
FBC	1,100.19	1,516.18	37.81%
Bindura	300.04	368.89	22.95%
Masimba	166.00	200.00	20.48%
Truworths	16.00	19.08	19.25%
RioZim	1,013.72	1,205.00	18.87%
Shakers	11-Sep-20	18-Sep-20	Weekly change (%)
Delta	2,237.67	1,699.15	-24.07%
Innscore	2,195.50	1,826.00	-16.83%
SeedCo	2,215.69	1,921.31	-13.29%
OK Zimbabwe	494.89	433.22	-12.46%
Meikles	1,529.33	1,405.00	-8.13%

ZSE Top 10 Counters By Market Capitalization



Graph 11: Major Equities Markets-YTD Movements-18 Sept 2020

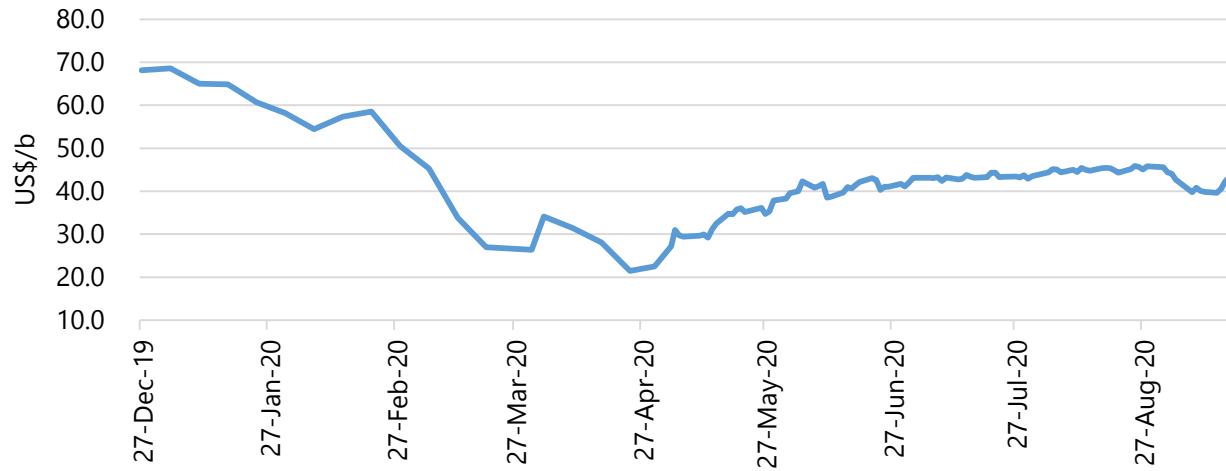




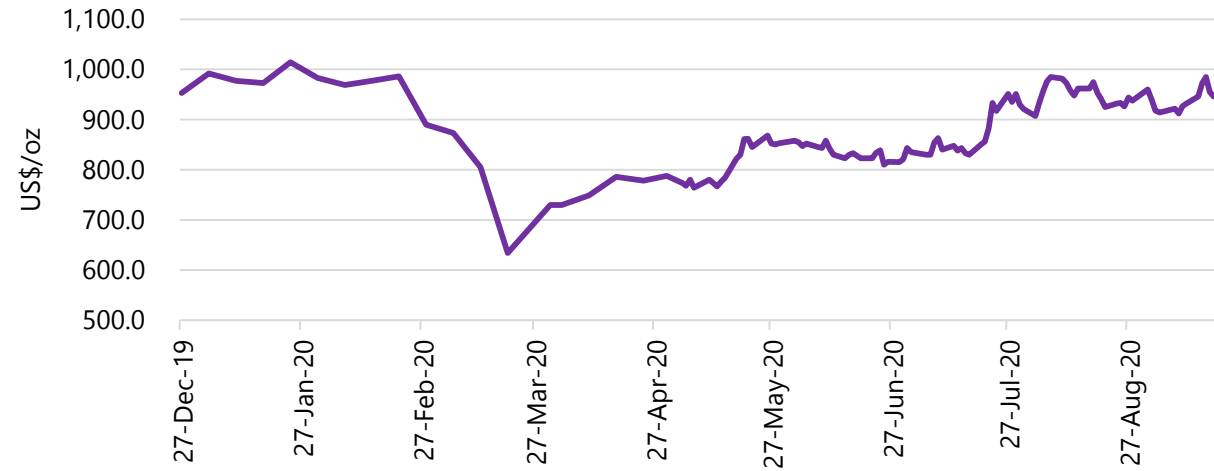
GLOBAL COMMODITY PRICE MOVEMENTS

MINERALS

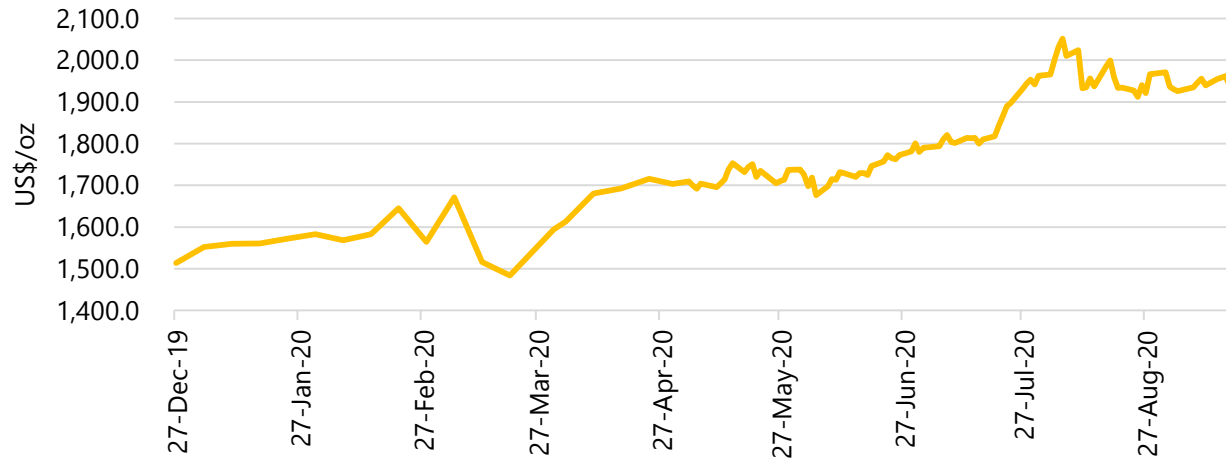
Oil prices - US\$/b



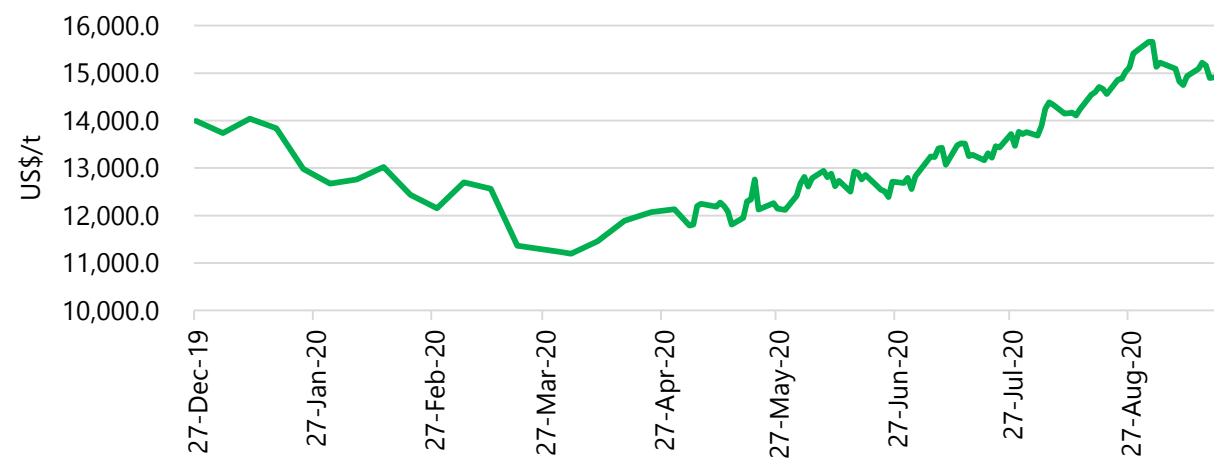
Platinum price - US\$/oz



Gold prices - US\$/oz



Nickel price - US\$/t

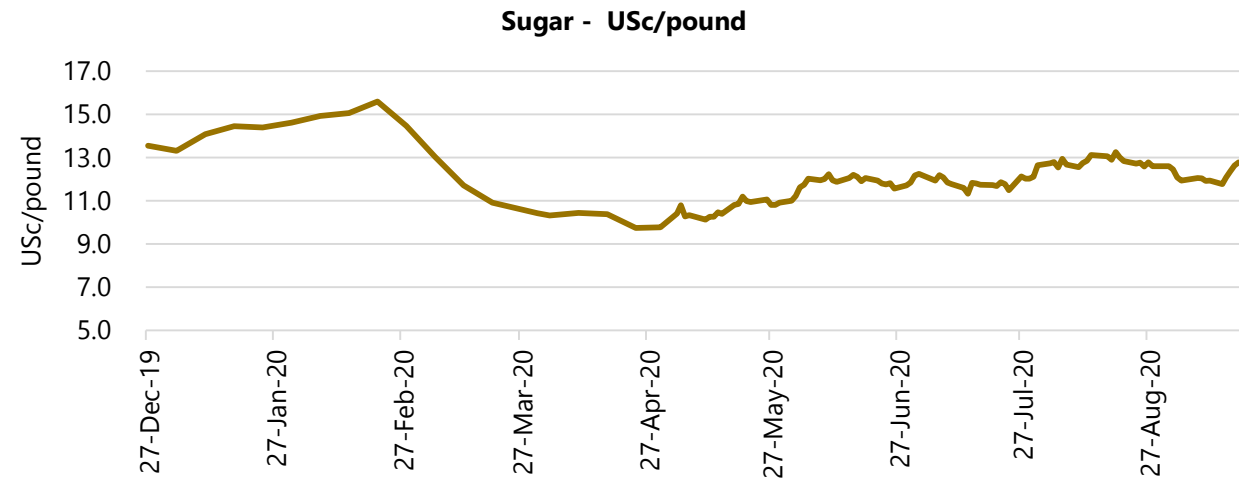
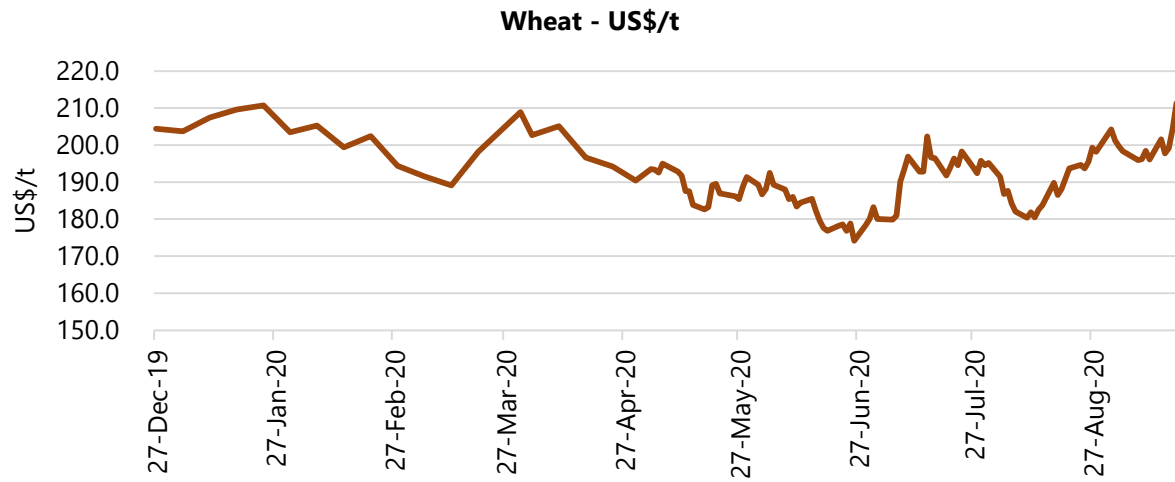
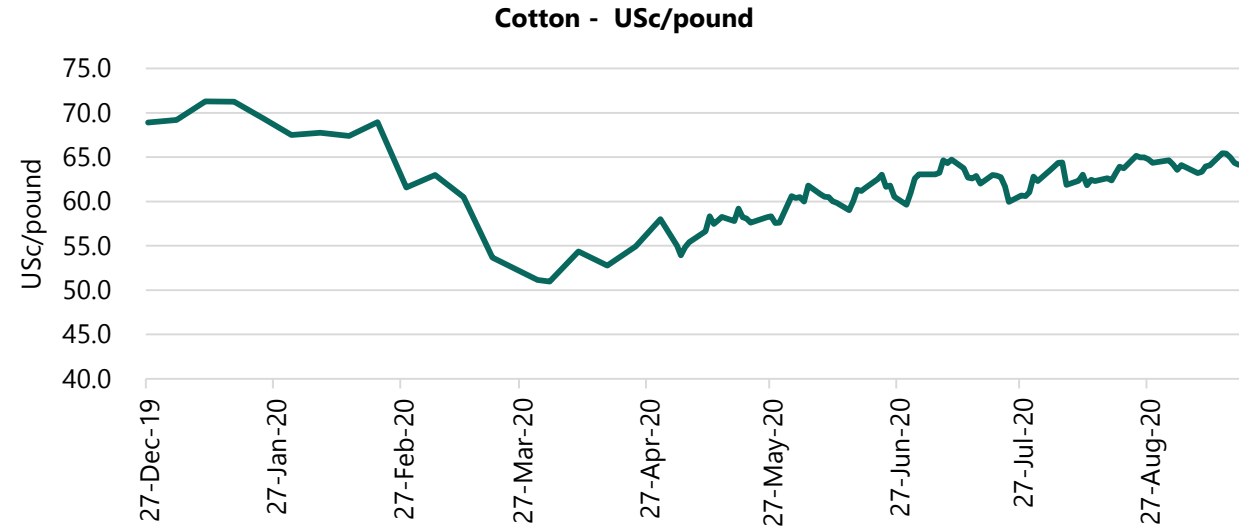
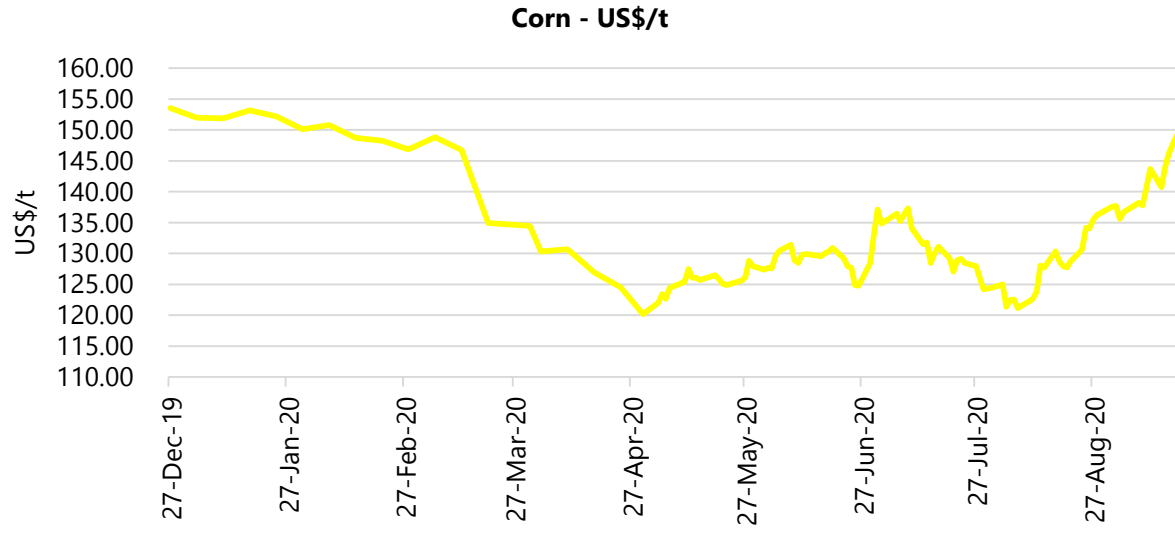


Source: Quandl



GLOBAL COMMODITY PRICE MOVEMENTS

AGRIC COMMODITIES



Source: Quandl

Date	Event	Period	Forecast	Previous
Local				
22 September 2020	RBZ Foreign Exchange Auction Market	23-29 September 2020		81.7076
24 September 2020	Starafrica Corporation, AGM (Time:1100hrs; Venue: Virtual)			
25 September 2020	RioZim, AGM (Time:1030hrs; Venue: Virtual)			
25 September 2020	Hippo Valley Estates, AGM (Time:1200hrs; Venue: Virtual)			
Regional & International				
20 September 2020	People's Bank of China "PBoC" Loan Prime Rate Decision	September 2020		3.85%
22 September 2020	U.K Public Sector Net Borrowing	August 2020	£29.30b	£25.94b
22 September 2020	Nigeria Interest Rate Decision	September 2020		12.5%
22 September 2020	Morocco Interest Rate Decision	September 2020		1.5%
23 September 2020	U.S Manufacturing PMI	September 2020	53.2	53.1
24 September 2020	Egypt Interest Rate Decision	September 2020		9.25%
25 September	Euro Zone Money Supply (M3) (y/y)	August 2020	10.4%	10.2%

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