

...Producer Price Index declines to 1% in Sept 2020, the slowest change since rebasing in February 2020...

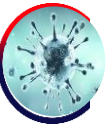
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## THE CBZ ECONOMIC BRIEF

**Week Ending 06 November 2020**

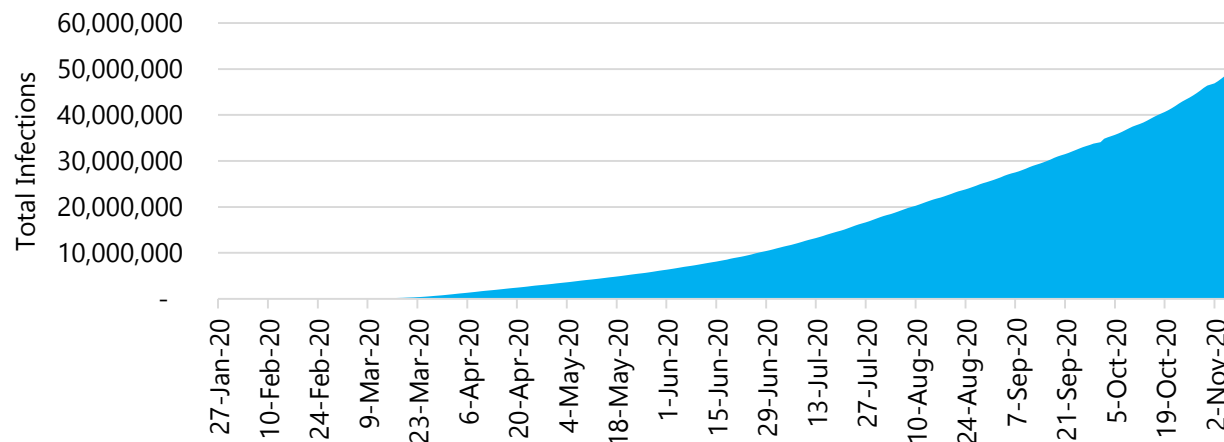
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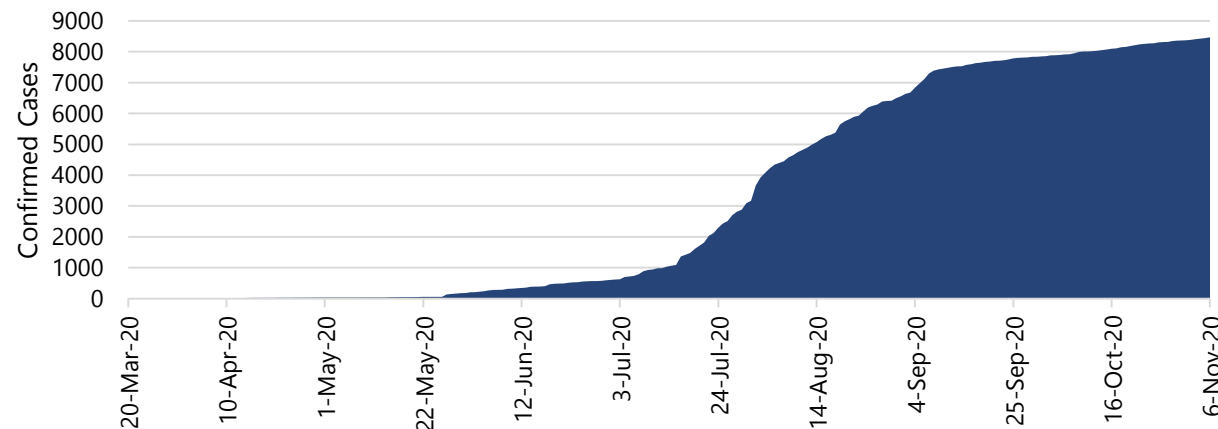


# COVID-19 | Global Status as at 06 November 2020

**Graph 1: Cumulative Global Cases as at 06 November 2020**



**Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 06 November 2020**



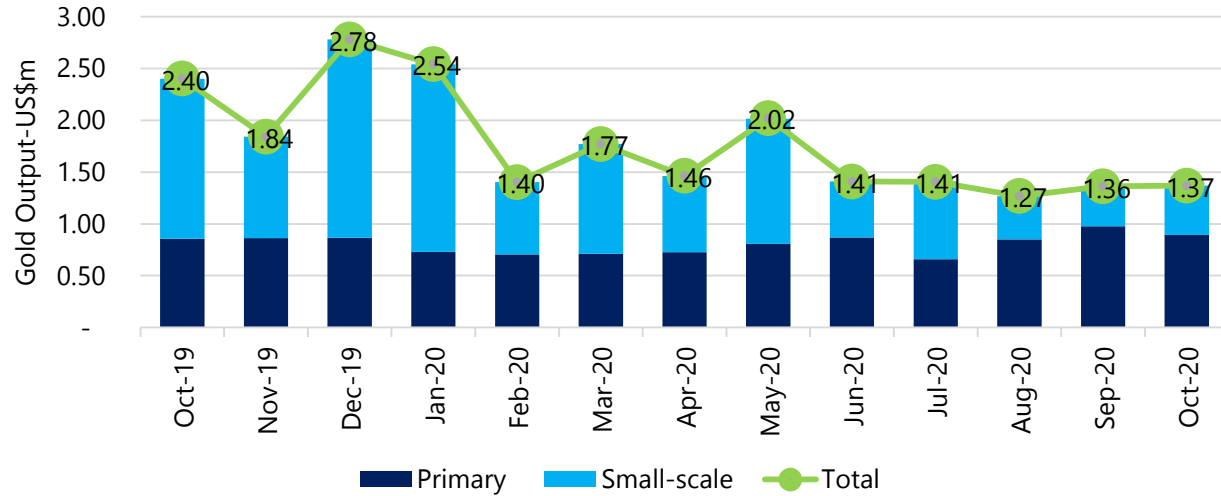
**Sources: Johns Hopkins University & Ministry of Health & Child Care (Zimbabwe)**

## Notable Trends in Cases for the Week

- Cumulative global COVID-19 cases climbed above 49m, after more than 3.7m cases were recorded during the week to 06 November 2020– **Graph 1**. The U.S recorded the largest weekly cases of 742k, bringing the country’s cumulative cases above 10m. Other notable cases were recorded in France (329k), India (324k), Italy (215k) and U.K (156k). Resultantly, Italy joined other European countries in imposing restrictions to contain the spread of the virus. The western European nation announced country-wide night curfews and localised lockdown in areas categorised as high-risk zones.
- In Africa, confirmed cumulative cases increased by 5% to 1.9m, after an additional 82k new cases were recorded during the week. The largest weekly cases recorded in Morocco (31k), South Africa (10k), Tunisia (8k) and Kenya (6k). A total of 105k recoveries were recorded across the continent during the week, taking Africa’s cumulative recoveries to above 1.5m. Resultantly, the ratio of active cases to total cases declined to 14%, from 16% recorded during the previous week.
- In Zimbabwe, cumulative cases rose to 8,471, after 109 new cases were recorded during the week - **Graph 2**. Bulawayo province recorded the largest weekly cases of 51, followed by Midlands (24), Manicaland (11) and Mat North (8). Meanwhile, the national recovery rate marginally declined to 94.2% as at Friday, 06 November 2020, from 94.3% recorded during the end of the previous week.
- Meanwhile, Pfizer/BioNTech- one of the leading coronavirus vaccine developer- announced that results from their phase 3 covid-19 trials showed that the vaccine is 90% effective in preventing the virus. The company now expects to produce 50m doses, or enough vaccine to protect 25m people in 2020, and up to 1.3b doses in 2021. However, the data is yet to be peer-reviewed or published in a medical journal
- The European Commission “EU” slightly raised its growth forecasts for 2020 and cuts them for 2021. It projects that the euro-area economy will contract by 7.8% in 2020 before growing 4.2% in 2021, and the EU economy will contract by 7.4% in 2020 before recovering with growth of 4.1% in 2021.
- The Bank of England “BoE” maintained its main lending rate at 0.1%, in order to support the economy, whose recovery is expected to be derailed by the fresh lockdown measures imposed amid rising new wave of coronavirus cases. The central bank also expanded its target stock of asset purchases to £895 billion (c.US\$1.2 trillion).
- In aviation news, the International Air Transport Association “IATA”, in its September 2020 Air Passenger Market Analysis report, announced that African airlines’ traffic declined by 88.5% in September 2020, broadly unchanged from an 88.7% drop in August 2020. The report also indicated that capacity contracted by 74.7%, and load factor fell by 39.4 percentage points to 32.6%, the lowest among the IATA regions.



**Graph 3: Monthly Gold Output Trend**



- According to Fidelity Printers and Refiners, "FPR", the country's gold output marginally increased by 0.42% month-on-month to 1.37t in October 2020, from 1.36t recorded in September 2020 - **Graph 3.**

- Large scale miners contributed about 65% (0.89t) of the total output in October, while artisanal and small-scale miners "ASM" delivered about 0.47t during the same period. This represented a m/m decline of 8.4% for large scale miners and a 22.7% growth for ASM.

- However, on a year-on-year basis, gold output declined by 43.1% in October 2020, compared to October 2019. Output by the ASM sub-sector recorded significant drop, declining by 69.4% y/y, as delays in payment of gold deliveries and the impact of the coronavirus continued to weigh down on production.

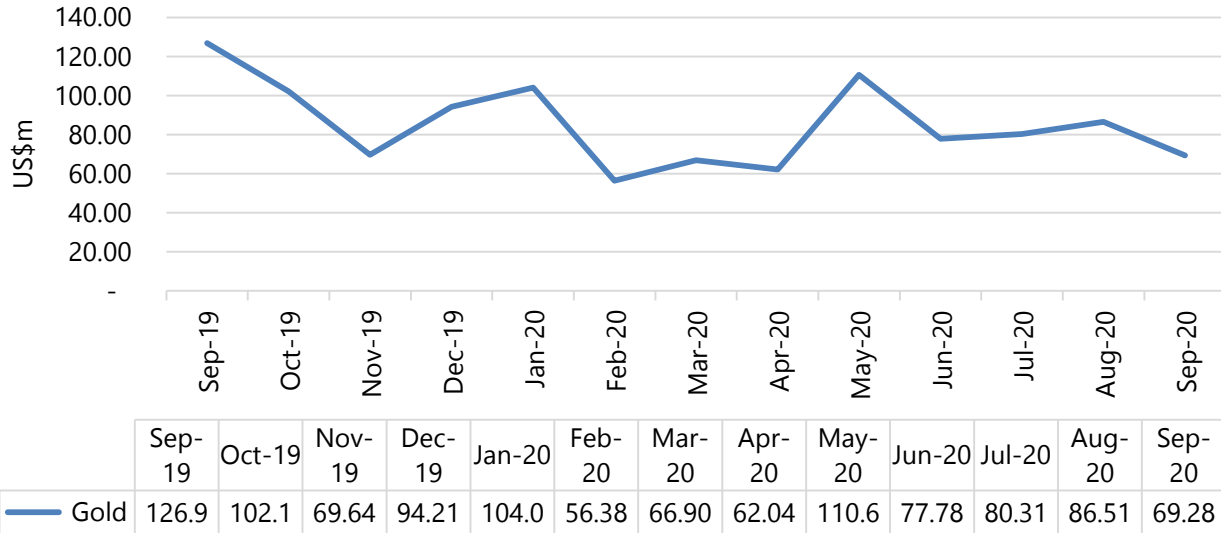
- Cumulatively, gold production during the first ten-months to October 2020 stood at 16t, a decline of about 31% from the previous year's total of 23t recorded during the same period.

- Meanwhile, according to the ZimStat, the country's gold export earnings declined by 20% m/m, and by 45% y/y, to US\$69.3m in September 2020, reflecting the decline in gold deliveries. Similarly, cumulative earnings for the first 9 months to September 2020 declined by 11% to US\$714m, from the US\$798m recorded during the same period last year-

**Graph 4.**

- Going forward, and in order to achieve the government's annual gold production target of 25t, there is need to address the constraints experienced in the gold sub-sector, including shortage of critical imported inputs, inadequate foreign exchange allocation, delays in payment of gold deliveries as well as capital shortages-especially for the ASM sector.

**Graph 4: Monthly Gold Export Earnings Trend**

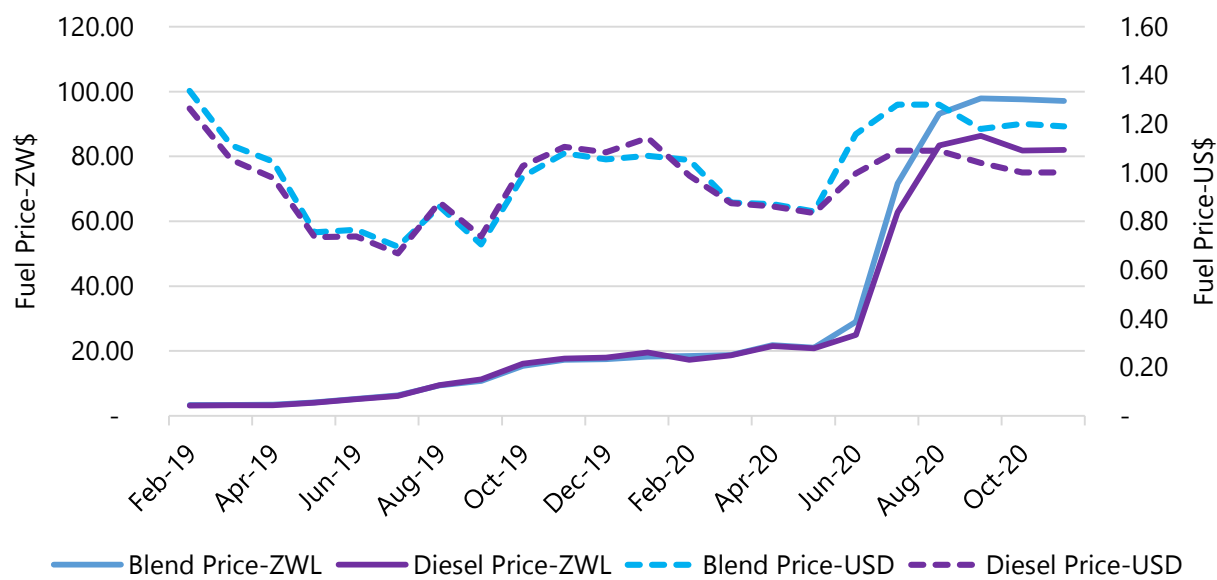




## Fuel Price Review

- The Zimbabwe Energy Regulatory Authority “ZERA” reviewed prices for diesel and blend in line with prevailing market conditions, with effect from 05 November 2020. The maximum ZW\$ pump price for blend declined by ZW\$0.51 (-0.5%) to ZW\$97.11/litre, while that for diesel went up by ZW\$0.20 (+0.2%) to ZW\$82.05/litre - **Graph 5**. The energy regulator kept the United States dollar fuel prices broadly unchanged at US\$1.19 and US\$1.00, for blend and diesel respectively.
- Meanwhile, the country’s fuel prices remained relatively high compared to its peers in region and trading partners– **Table 1**. Angola had the lowest prices for both blend and diesel, while DRC, Kenya, Mauritius and Zimbabwe were trading above US\$1/litre for blend.
- In the outlook, contraction in oil demand due to the reintroduction of lockdown measures to contain the spread of covid-19 is expected to drive the global oil prices downwards. Locally, US\$ fuel prices are expected to remain stable in line with global oil prices and changes in taxation, while ZW\$ prices are expected to move in line with ZW\$/ US\$ exchange rate movements.

**Graph 5: Blend and Diesel Prices Trend**



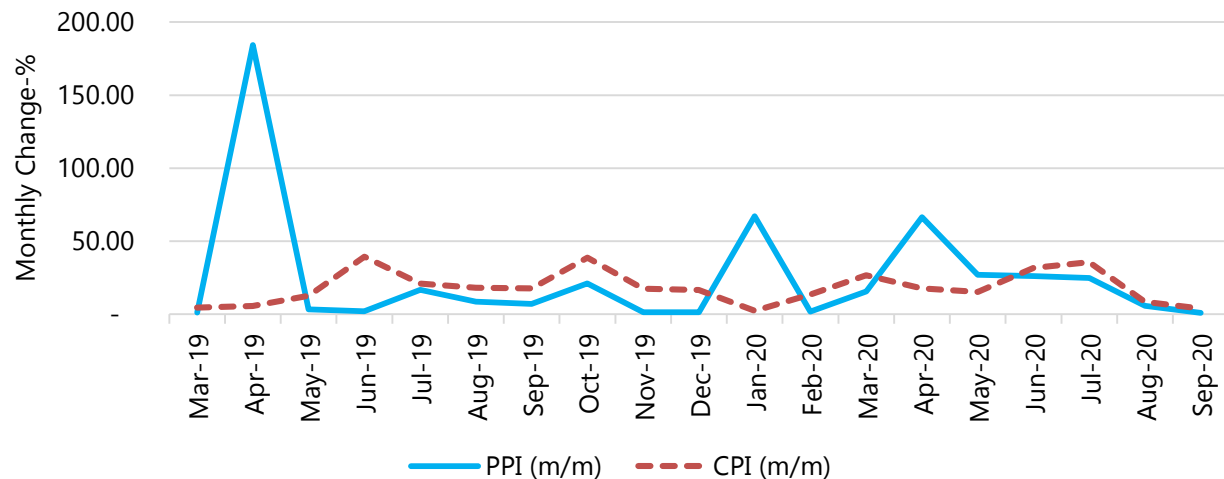
Source: ZERA

Country	Blend Price-US\$	Diesel Price-US\$
Angola	0.24	0.20
Botswana	0.68	0.70
DRC	1.01	1.01
Kenya	1.00	0.87
Malawi	0.91	0.88
Mauritius	1.10	0.88
Mozambique	0.88	0.81
Namibia	0.78	0.78
South Africa	0.88	0.87
Tanzania	0.82	0.75
Zambia	0.97	0.86
Zimbabwe	1.19	1.00

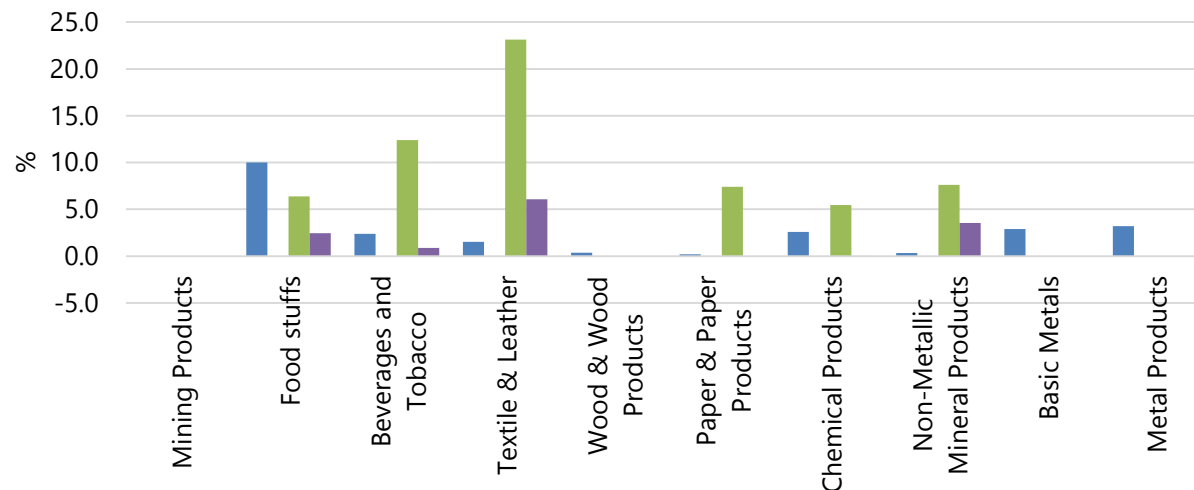
Source: GlobalPetrolPrices.com & ZERA



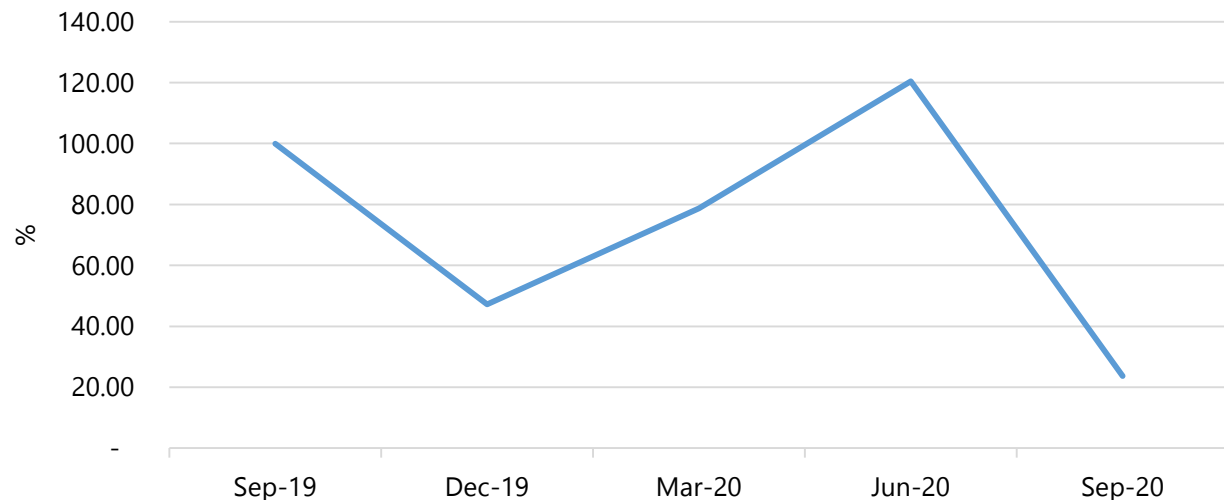
### Graph 6: Producer Price Index vs CPI



### Graph 7: PPI Sub-Categories Trend



### Graph 8: Quarterly Building Material Price Index



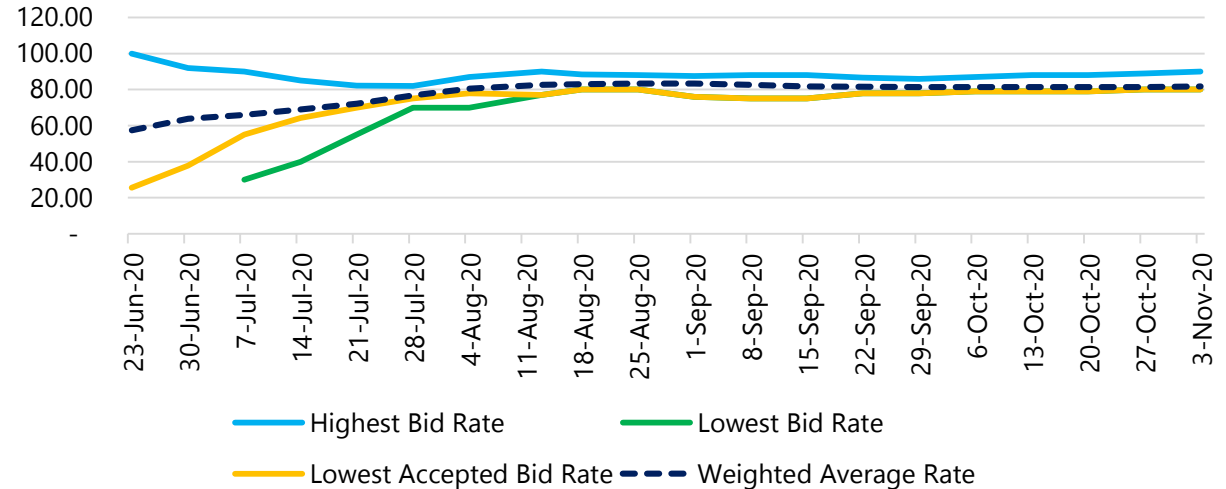
- According to the Zimbabwe National Statistics Agency, ZimStat, the monthly producer price index "PPI" shed 4.7 percentage points "pp" to 0.97% in September 2020. The September recording is the slowest monthly change since rebasing in February 2020 – **Graph 6**.
- Notable cost pressures were recorded in textile & leather, non-metallic mineral products and food stuffs – **Graph 7**.
- Meanwhile, the quarterly building material price index "BMPI" declined by 96.77 pp to 23.66% in September 2020, from 120.43% recorded in June 2020 – **Graph 8**.
- Timber & wood products (6%), sanitary ware and plumbing (4%) and Cement, aggregates and allied materials (4%), were the major cost drivers.



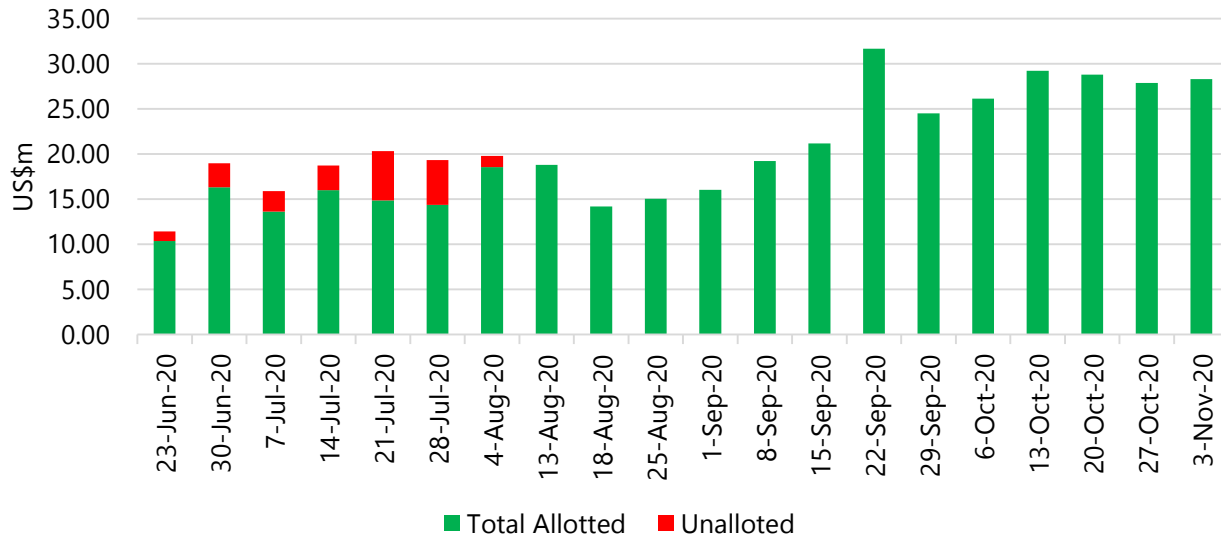
### Foreign Currency Market Developments

- The ZW\$ eased 0.4% to trade at ZW\$81.67/ USD, during the last auction held by the RBZ on Tuesday, 03 November 2020- **Graph 9a**
- The highest increased from 89.0 to 90.0, while the lowest accepted bid rates remained flat at 80.0 on the main action.
- Allotment for the week increased by 2% to US\$28.3m, from US\$27.9m that was allotted during the previous week – **Graph 9b.**
- The largest weekly allotments were for raw materials (US\$12.5m), machinery & equipment (US\$4.5m), consumables (US\$2.7m), services (US\$2.5m) and retail and distribution (US\$2.2m)- **Graph 9c.**

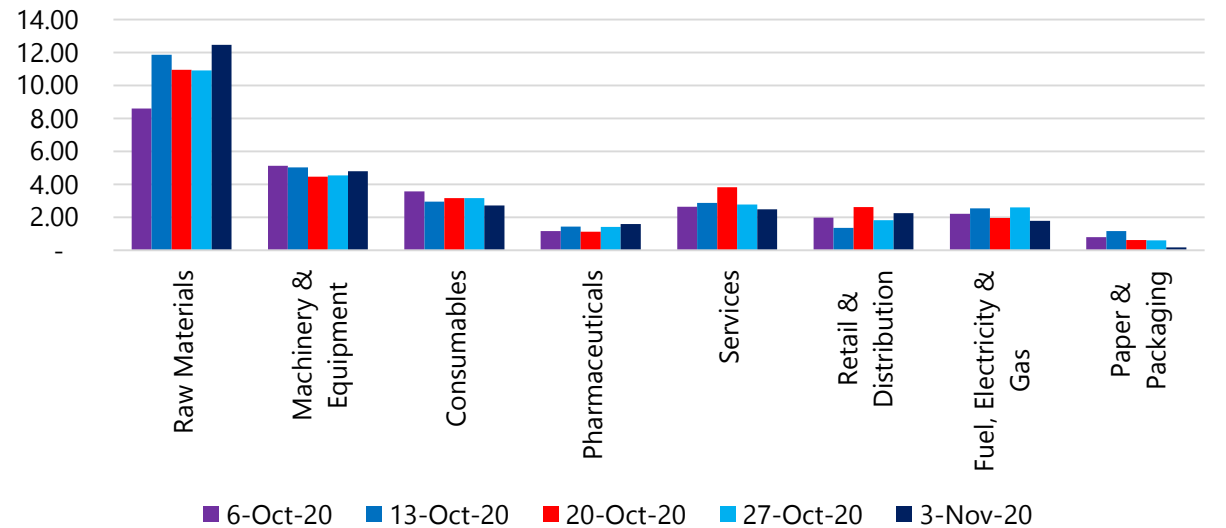
### Graph 9a: FX Auction Market Bid Rates Trend



### Graph 9b: Foreign Currency Auction Allotments

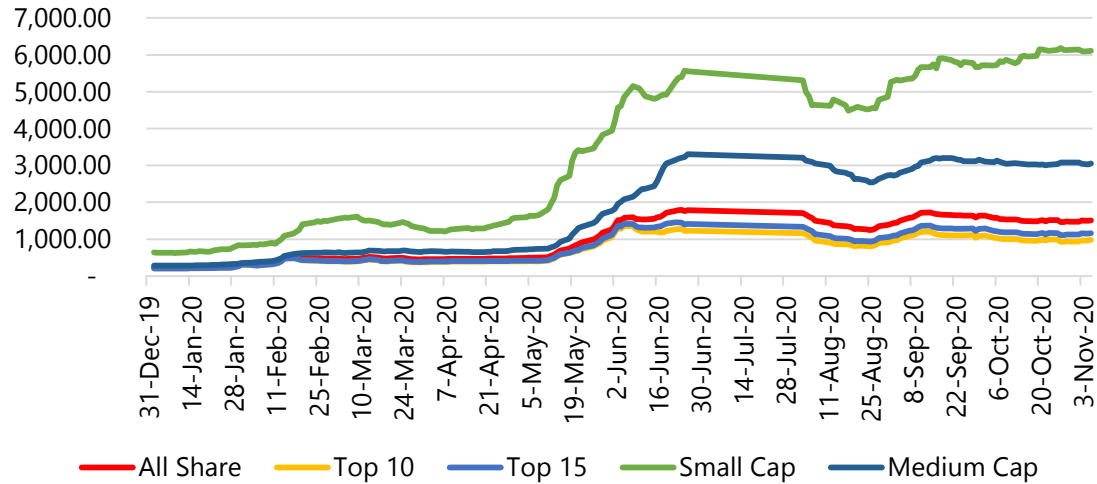


### Graph 9c: FX Allotments Per Sector





**Graph 10: ZSE Indices**



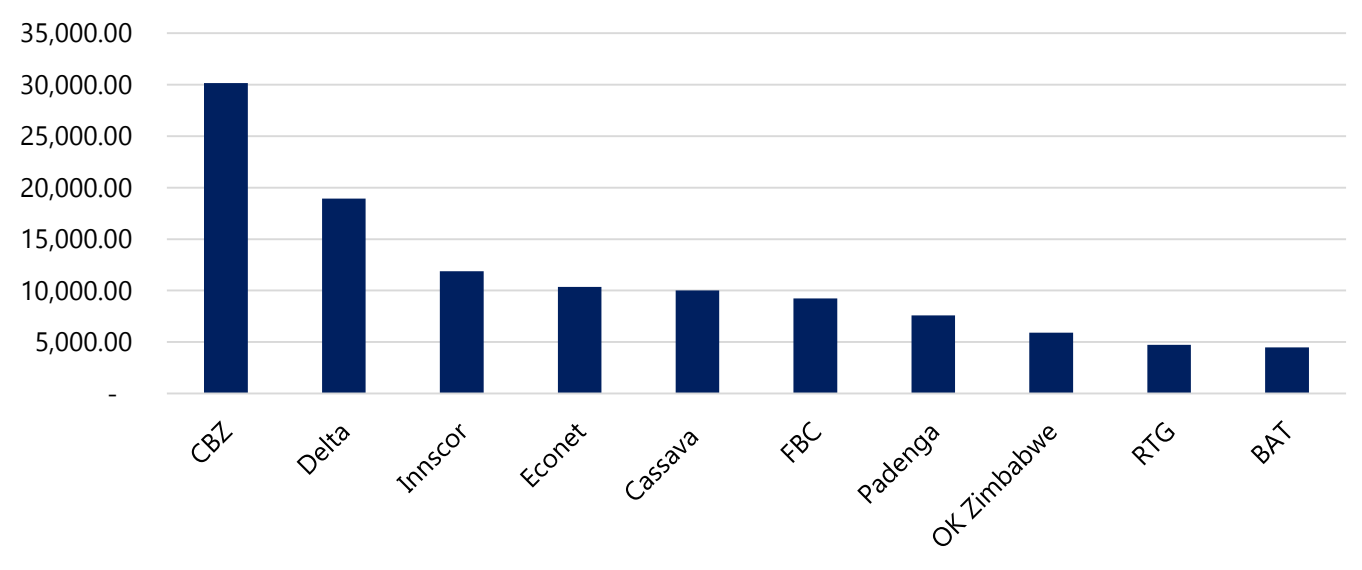
**Equities Market Developments**

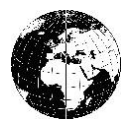
- On the ZSE, mixed performances were recorded during the first week of November, with the Top 10 and Top 15 indices recording weekly gains of 4.3% and 3.3%, while the Medium Cap Index and Small Cap indices recorded losses of 0.9% and 0.4%, respectively. The benchmark All Share Index closed the week 2.3% firmer, to close the week at 1,510.58, supported by selected heavyweights. On a YTD, the benchmark index rose by 557%—Graph 10.
- Hotel & hospitality concern, Africa Sun, led the market gainers with a gain of 13.5%, followed by Afdis (11.8%), Innscor (11.7%), Truworths (10.1%) and CBZH (9.8%). Notable fallers were recorded for Mash Holdings (-15.9%) and RioZim (-12.8%) - **Table 2**.
- CBZH extended its YTD gain to +6,191%, to remain the largest counter on the ZSE, with a market capitalization of ZW\$30.1b. Delta (ZW\$18.9b), Innscor (ZW\$11.9b), Econet (ZW\$10.4b) and Cassava (ZW\$10.0b) completed the top 5 most capitalized counters as at 06 November 2020 - **Graph 11**.
- Meanwhile, the Ministry of Finance and Economic Development announced the lifting of all fungibility restrictions on SeedCo International Limited shares with effect from 05 November 2020, following the company's full compliance and successful relisting on Victoria Falls Stock Exchange .

**Table 2: ZSE Movers and Shakers**

Movers	30-Oct-20	06-Nov-20	Weekly change (%)
African Sun	163.00	185.00	13.5%
Afdis	1,700.00	1,900.01	11.8%
Innscor	1,881.20	2,100.86	11.7%
Truworths	15.41	16.97	10.1%
CBZH	3,995.28	4,386.10	9.8%
Shakers	30-Oct-20	06-Nov-20	Weekly change (%)
Mash Holdings	60.04	50.50	-15.9%
RioZim	975.00	850.00	-12.8%
Dairibord	900.00	800.00	-11.1%
NMB	300.00	269.83	-10.1%
Bindura	383.52	346.13	-9.7%

**Graph 11: ZSE Top 10 Counters By Market Capitalization**





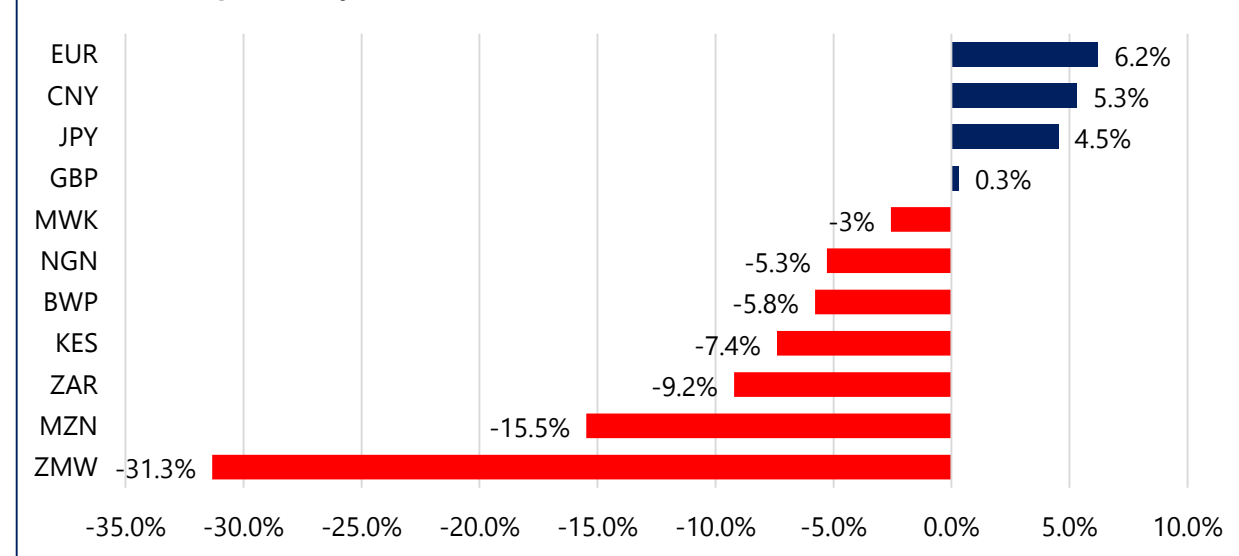
- On the global equities markets, with the exception of Botswana, Ghana, Malawi, Zambia and Mauritius, most of the regional and international stock markets under our watch recorded weekly gains– **Table 3**.
- The US stock markets posted their largest weekly gain since April 2020 despite the uncertainty surrounding the presidential election outcome.. The DJIA and the S&P500 recorded weekly gains of 6.9% and 7.3%, respectively
- In Europe, selected stocks markets recorded weekly gains, supported by the generally strong quarterly earnings reported by European corporations and the additional stimulus measures announced in the UK. The FTSE 100 gained 6% for week and -22.5% YTD.

**Table 3: Regional and Global Stock Market Performance**

African	30-Oct-20	06-Nov-20	Weekly change(%)	Previous Week change (%)	YTD Change (%)
Botswana	6,890.35	6,871.92	-0.3%	-0.2%	-8.3%
Ghana	1,837.27	1,813.79	-1.3%	-0.3%	-19.7%
Kenya	140.04	141.32	0.9%	-0.8%	-15.6%
Malawi	31,303.78	31,007.06	-0.9%	-0.1%	2.5%
South Africa	51,684.70	56,387.04	9.1%	-6.6%	-2.5%
Nigeria	30,530.69	31,016.17	1.6%	6.4%	15.0%
Zambia	3,809.22	3,760.73	-1.3%	0.1%	-11.8%
Mauritius	1,476.84	1,463.99	-0.9%	0.0%	-32.8%
<b>Global</b>					
DJIA	26,501.60	28,323.40	6.9%	-6.5%	-1.1%
S&P500	3,269.96	3,509.44	7.3%	-5.6%	8.5%
FTSE 100	5,577.27	5,910.02	6.0%	-4.8%	-22.5%
NIKKEI 225	22,977.13	24,325.23	5.9%	-2.3%	4.8%
Shanghai Composite Index	3,224.53	3,312.16	2.7%	-1.6%	7.5%

- In Asian, the Japanese stocks finished sharply higher in the holiday-shortened trading week, gaining 5.9% to close at 24,325.23. In China, the Shanghai Composite Index gained 2.7%, as the prospect of a Biden presidency raised the outlook for improved U.S -China relations. Mixed trade were record in Africa, with South Africa leading the gainers, while Ghana and Kenya were notable losers.
- Meanwhile, on the global currencies market, U.S dollar declined by 1.7% against a basket of currencies.
- However, on a YTD basis, the U.S dollar maintained YTD gains against other major currencies, except the Euro, Japanese Yen, Chinese Yuan and British Pound– **Graph 7**.

**Graph 10: Major Currencies vs the USD-YTD Movements-30 October 2020**





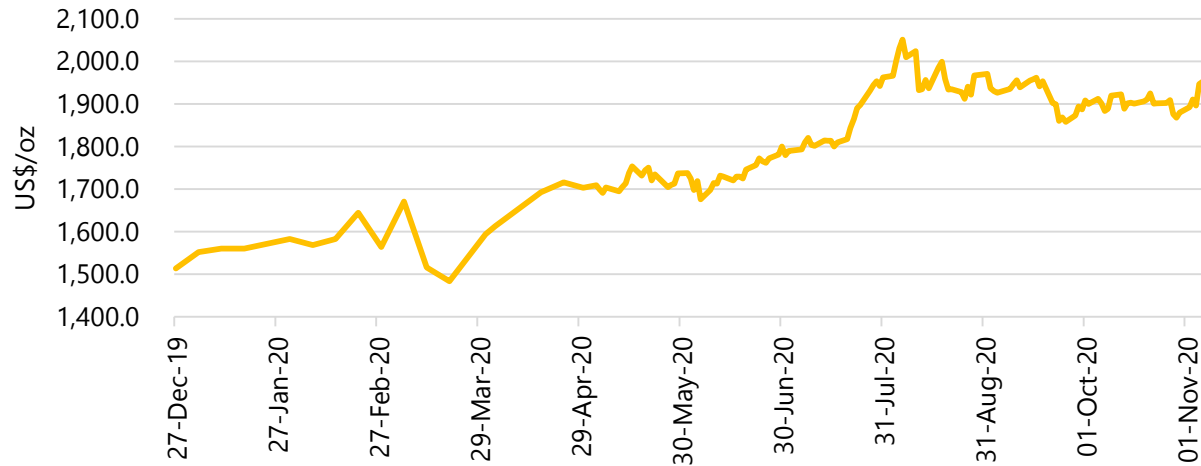


# GLOBAL COMMODITY PRICE MOVEMENTS

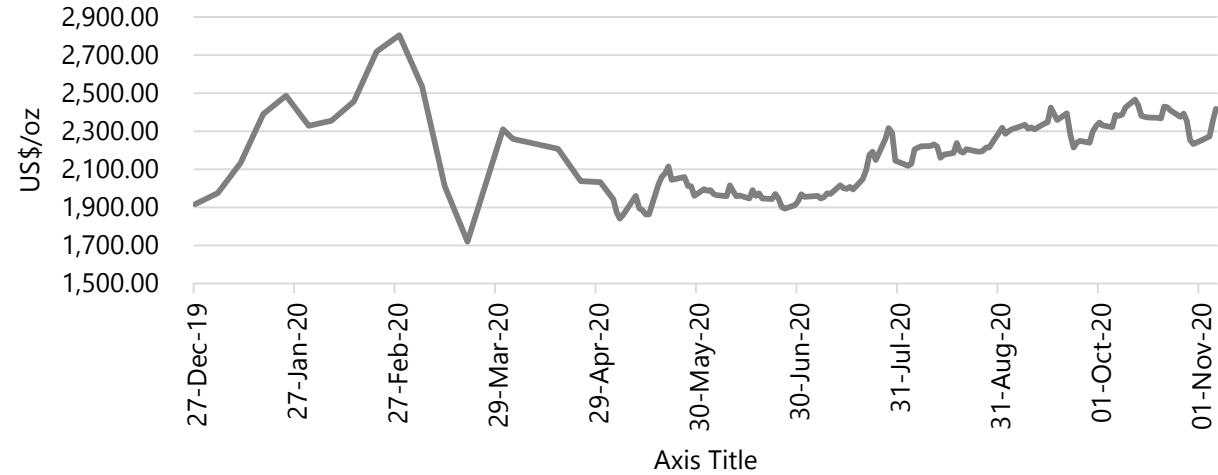
## PRECIOUS METALS



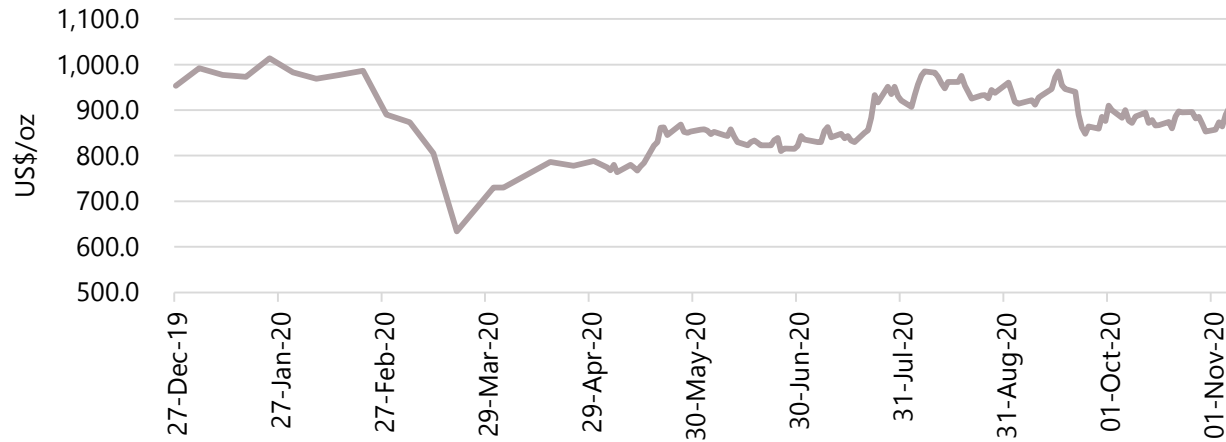
### Gold prices - US\$/oz



### Palladium-US\$/oz



### Platinum price - US\$/oz



Source: Quandl

- Gold gained 3.8% for the week, to close trading at US\$1,952/ oz, supported by the U.S dollar weakness, and the precious metal's safe-haven demand amid uncertainty over the U.S presidential election outcome.
- Elsewhere, palladium gained by 8.3%, driven by the decision by one of the world's top palladium producer, Anglo American Platinum, to close the Phase B unit of its Anglo convertor plant in South Africa, which forced the company to lower its refined production and sales guidance for 2020 to 2.5 million PGM ounces (previously 3.1-3.3 million PGM ounces). Platinum also gained 6.0% to end the week trading at US\$904/oz.
- Meanwhile, according to the World Gold Council, global demand for gold dropped to 892.3 tonnes in Q3 2020, the lowest quarterly total since Q3 2009 and down 19% year-over-year. The decline was driven by, in the main, the drop in jewellery sales and slowdown in bullion stockpiling.

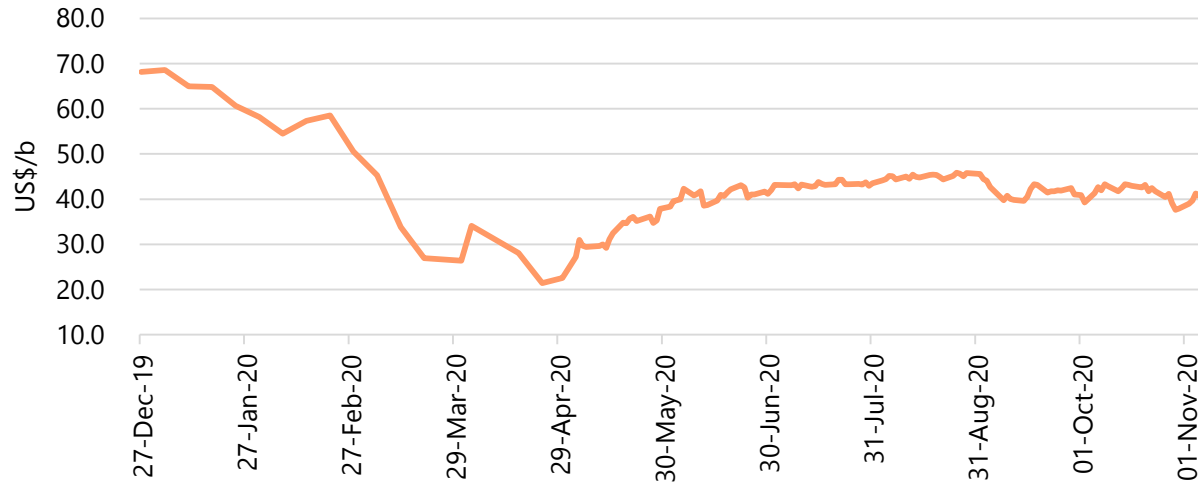


# GLOBAL COMMODITY PRICE MOVEMENTS

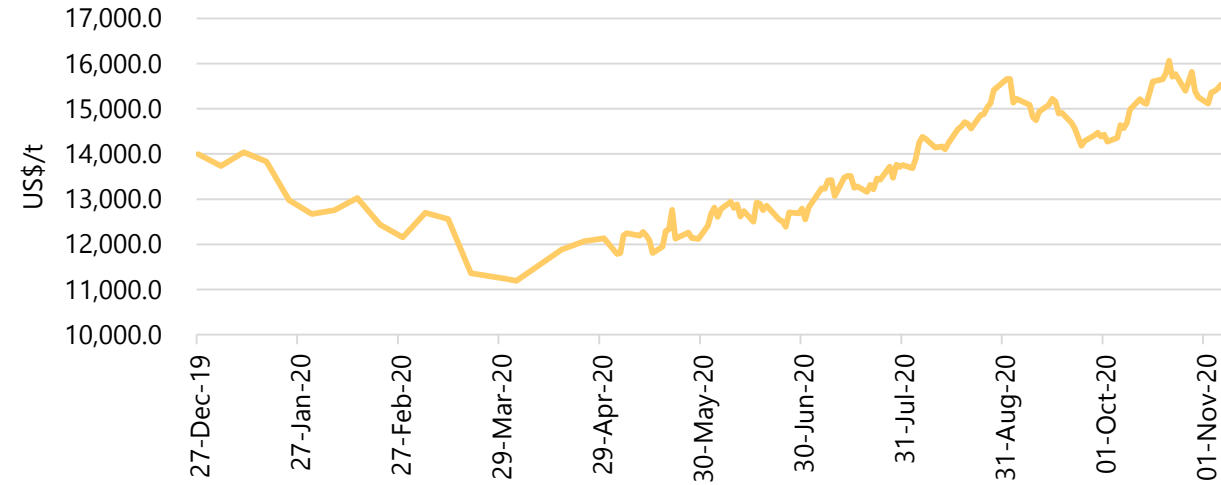
## BASE & INDUSTRIAL METALS



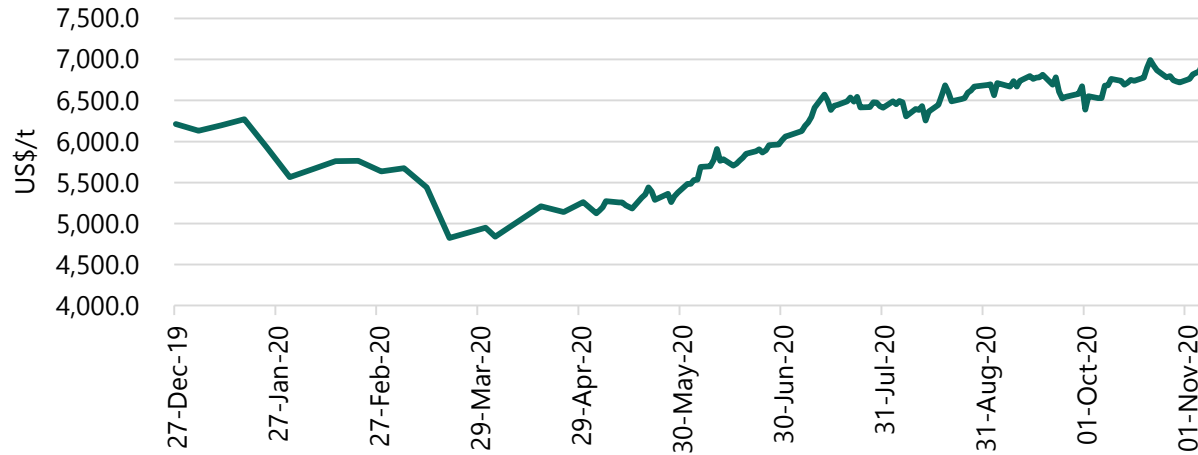
### Oil prices - US\$/b



### Nickel price - US\$/t



### Copper - US\$/t



- The global benchmark Brent crude oil recovered from previous week slumber to record a weekly gain of 4% to trade at US\$39.5/b.
- Nickel and copper firmed 1.8% and 3.4% for the week to trade US\$15,532/t and US\$6,947/t, respectively. The growth in copper prices was attributed to the weakening of the U.S Dollar Index.

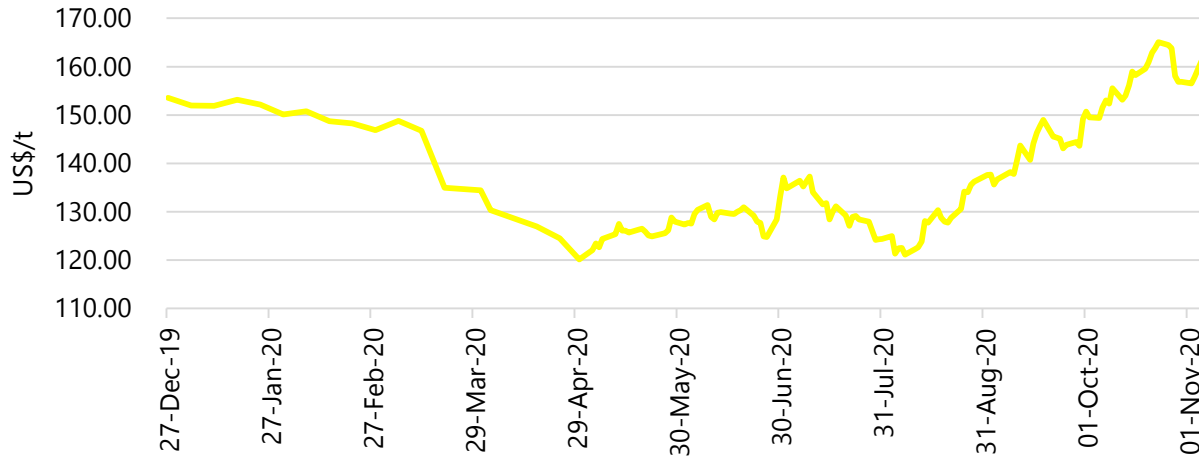
Source: Quandl & Bloomberg



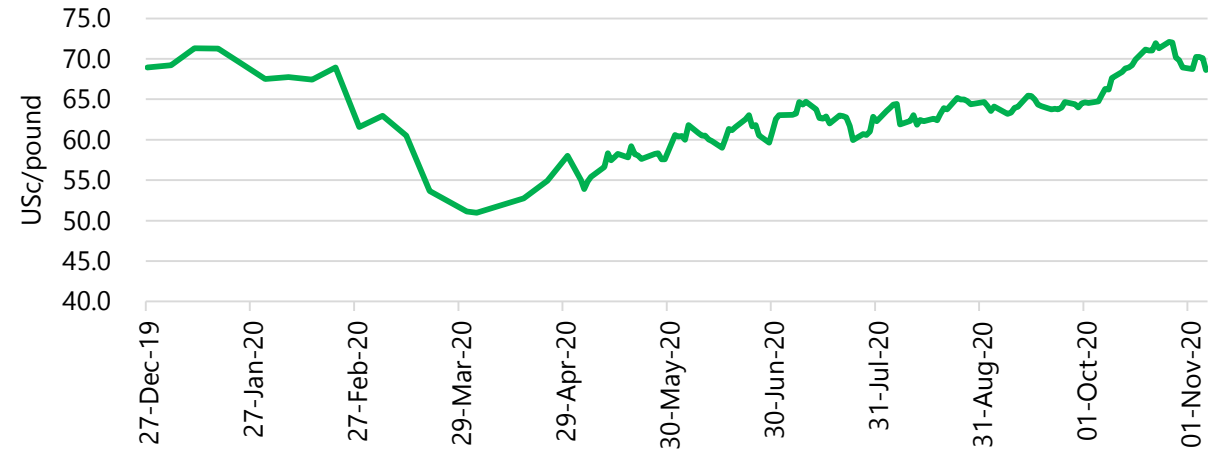
# GLOBAL COMMODITY PRICE MOVEMENTS

## AGRIC COMMODITIES

### Corn - US\$/t



### Cotton - USc/pound



### Wheat - US\$/t



### Sugar - USc/pound



Source: Quandl

Date	Event	Period	Forecast	Previous
<b>Local</b>				
09 November 2020	National Foods, AGM (Time:0845hrs: Venue: Royal Harare Golf Club)			
10 November 2020	RBZ Foreign Exchange Auction Market	11-17 November 2020		81.6740
13 November 2020	AFDIS, AGM (Time:1230hrs: Venue: Virtual)			
TBA	2021 National Budget			
<b>Regional &amp; International</b>				
09 November 2020	China CPI (m/m)	October 2020	0.2%	0.2%
10 November 2020	U.S Energy Information Administration "EIA" Short-Term Energy Report			
11 November 2020	U.K GDP (y/y)	Q3 2020		-21.5%
11 November 2020	U.K Trade Balance	September 2020		-£9.01b
12 November 2020	U.S Federal Budget Balance	October 2020	-US\$124.0b	-US\$125.0b
12 November 2020	Egypt Interest Rate Decision	November 2020		8.75%
12 November 2020	South Africa Mining Production	September 2020		-3.3%
12 November 2020	European Central Bank "ECB" Economic Bulletin			
13 November 2020	Euro Zone Employment Change (y/y)			-3.1%

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