



...new challenges &  
opportunities as companies  
report high efficacy rates  
for COVID-19 vaccines...

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## THE CBZ ECONOMIC BRIEF

Week Ending 20 Nov 2020

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# COVID-19 | Vaccine breakthrough: new challenges & opportunities...



Following a surge in new infections, cumulative global cases increased to 57.6 million as at 21 Nov 2020 – according to data from the John Hopkins University.

The United States remained the most infected country with 11.9m cases, followed by India (9.0m), Brazil (6.0m), France (2.1m) and Russia (2.0m).



According to the Ministry of Health & Child Care, confirmed cases increased by 4% from 8765 as at 13 Nov 2020 to 9120 as at 20 Nov 2020, driven by local infections. About 8229 people had recovered, whilst active cases stood at 626 or 7% of total infections.

Mat North had the highest ratio of active cases to total cases of 50%, followed by Masvingo (14%), Bulawayo (10%) and Mat South (7%), hence the need for enhanced province based interventions.



The Government of Zimbabwe reminded citizens that the country is still under COVID-19 lockdown measures, hence the need to continuously observe set guidelines and regulations.

The Centre for Disease Control “CDC” recommended the community use of masks, specifically non-valved multi-layer cloth masks, to prevent transmission of SARS-CoV-2...especially (from) asymptomatic or presymptomatic infected wearers who feel well and may be unaware of their infectiousness to others, and who are estimated to account for more than 50% of transmissions.



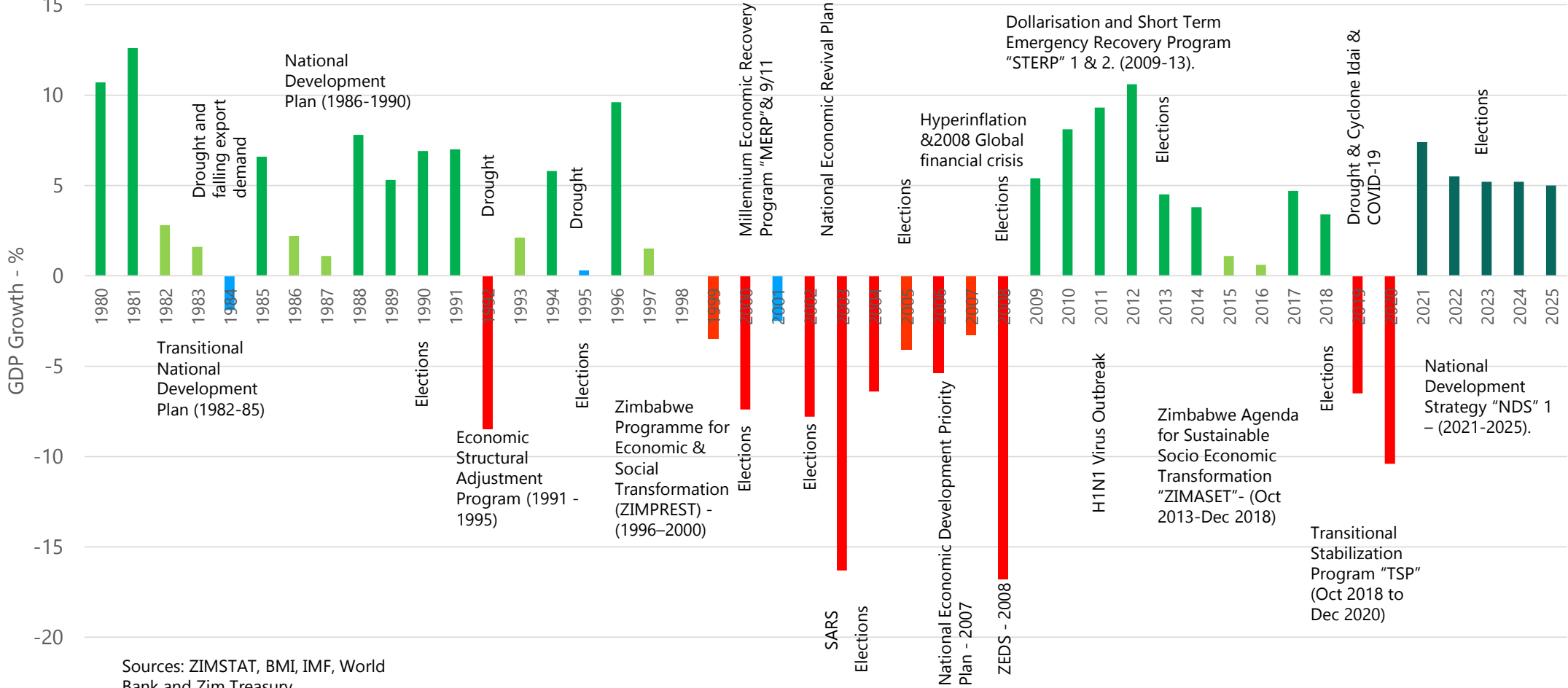
As the race for first to market heated up, Pfizer announced that primary efficacy analysis demonstrates its BNT162b2 to be 95% effective against COVID-19. Moderna also announced that its mRNA-1273 met its primary efficacy endpoint in the first interim analysis ... with an efficacy of 94.5%. Following these positive developments on potential breakthrough on cure, attention is now shifting to new challenges and opportunities around global manufacturing, logistics, storage, prioritisation and tracing capabilities, given the amounts of doses that would need to be produced, shipped and stored globally.



# ZIMBABWE

## NDS 1 LAUNCHED – Government targets +5% GDP growth...

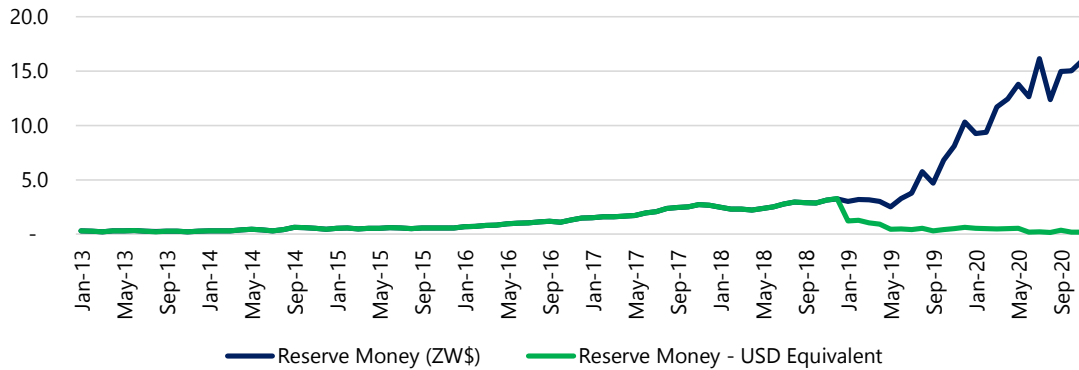
Graph 1: Zimbabwe Development Strategies & Attendant GDP Growth from 1980



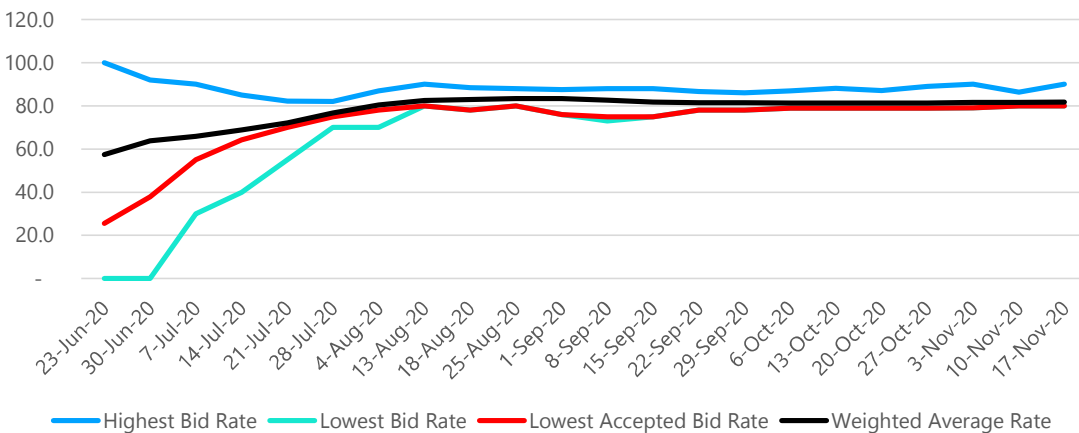


# ZIMBABWE | MONEY & FX MARKETS

Reserve Money Trends  
Jan 2013 - 6 Nov 2020



Official Exchange Rates - ZW\$/ USD

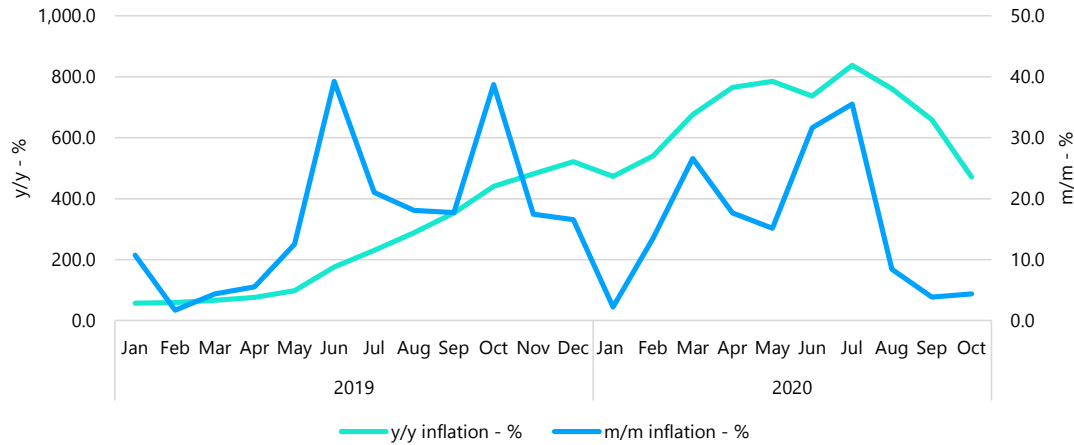


- Provisional figures from the Reserve Bank of Zimbabwe “RBZ” indicate that reserve money stood at ZW\$16.0b during the week ended 6 Nov 2020, reflecting the monetary authorities’ ongoing tight policy stance.
- The reserve money comprised banks’ RTGS liquidity (75%), Statutory Reserves (10.0%) and currency issued by RBZ (13%).
- In US dollar terms, the reserve money translated to about US\$200 million, levels last seen in 2013 when the economy was adjusting from the hyperinflation period into the new normal of a dollarised economy.
- Meanwhile, a total of US\$29.4m was allotted, mostly for importation of raw materials and machinery & equipment, at the 17 Nov 2020 foreign currency auction. The official exchange rate remained stable at a weighted average of ZW\$81.7/ USD.
- Going forward, a tight monetary policy stance remains desirable for the purposes of promoting currency and price stability. The authorities are therefore expected to continue with the difficult approach of pursuing policies that promote the twin targets of stability and growth.

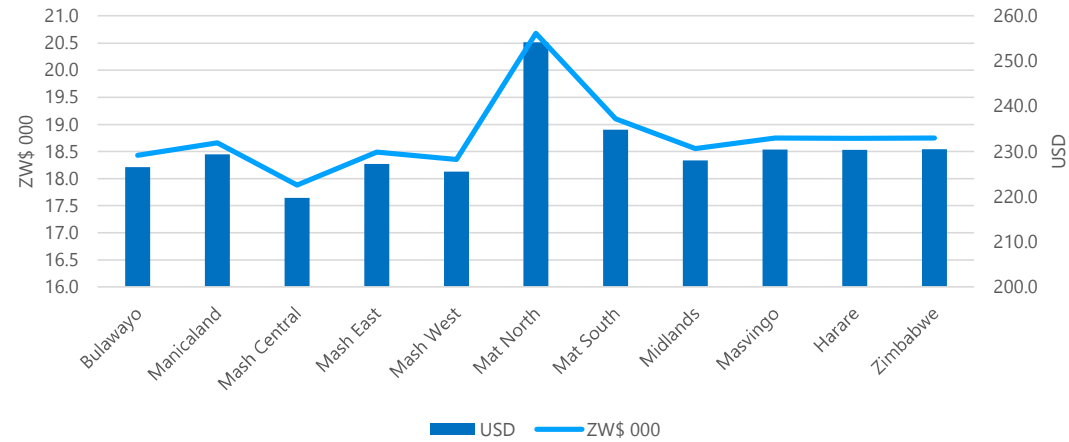


# ZIMBABWE | INFLATION & PRICES

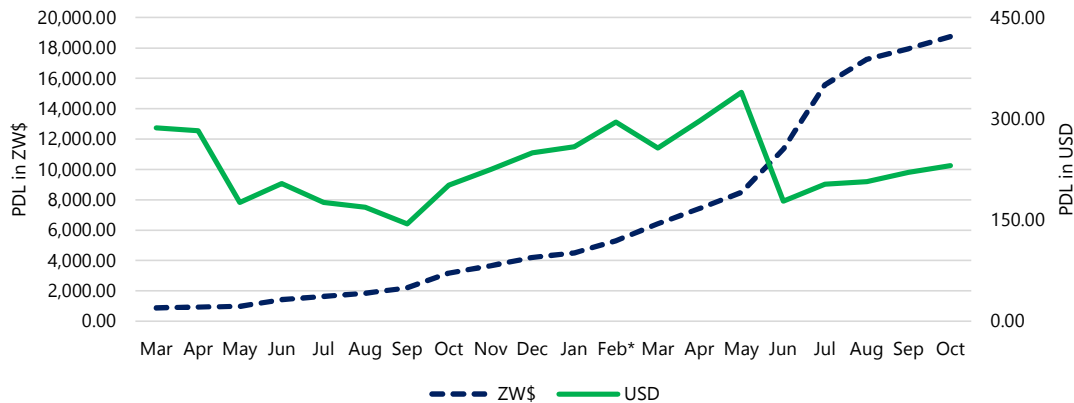
Inflation Rates



PDL by Province



Poverty Datum Line – Family of 5  
Marc 2019 to Oct 2020



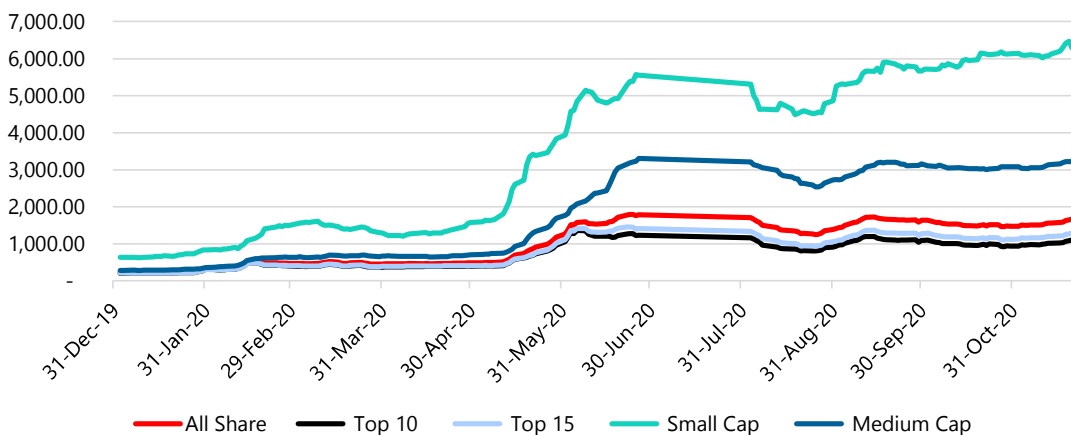
- According to the ZIMSTAT, the Poverty Datum Line for an average family of 5 people increased by 4.4% to ZW\$18 750 in October 2020.
- This translated to USD230, up from USD220 the previous month, generally indicating the possibility of USD inflation in the economy.
- Mat North and Mat South were the most expensive provinces, whilst Mash Central was the cheapest province.
- Going forward, the lagged adjustments to utility and other public services charges, e.g. the recent increases in electricity tariffs and toll fees, are expected to exert moderate upward pressure on prices and inflation. The authorities' ability to maintain monetary and exchange rate stability will also determine the direction of prices, inflation and financial dollarisation.



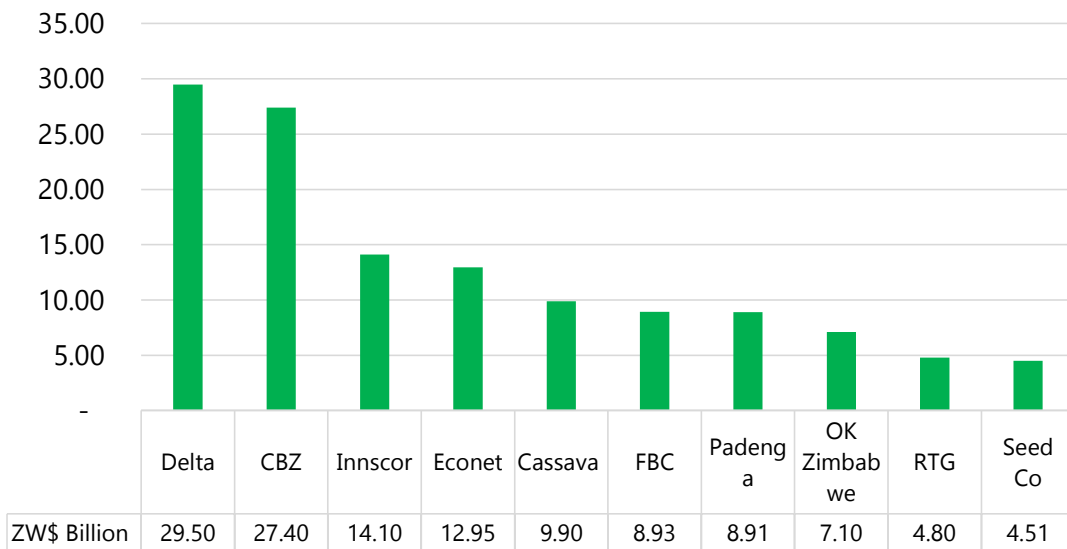
# ZIMBABWE | CAPITAL MARKETS



**ZSE Indices**



**Top Ten Largest Counters - ZW\$ Billion**



**Table: Bulls & Bears**

	16 Nov 2020	20 Nov 2020	Change (%)
Delta	1704.76	2300.55	+35%
Econet	394.69	500.27	+27%
SeedCo	1514.73	1827.62	+21%
Natfoods	5000	6000	+20%
Star Africa	25.03	30	+20%

Truworths	17.4	15.57	-11%
NMB	290	259.5	-11%
DZLH	900	799.1	-11%
ZBFH	1750	1500	-14%
African Sun	185	150	-19%

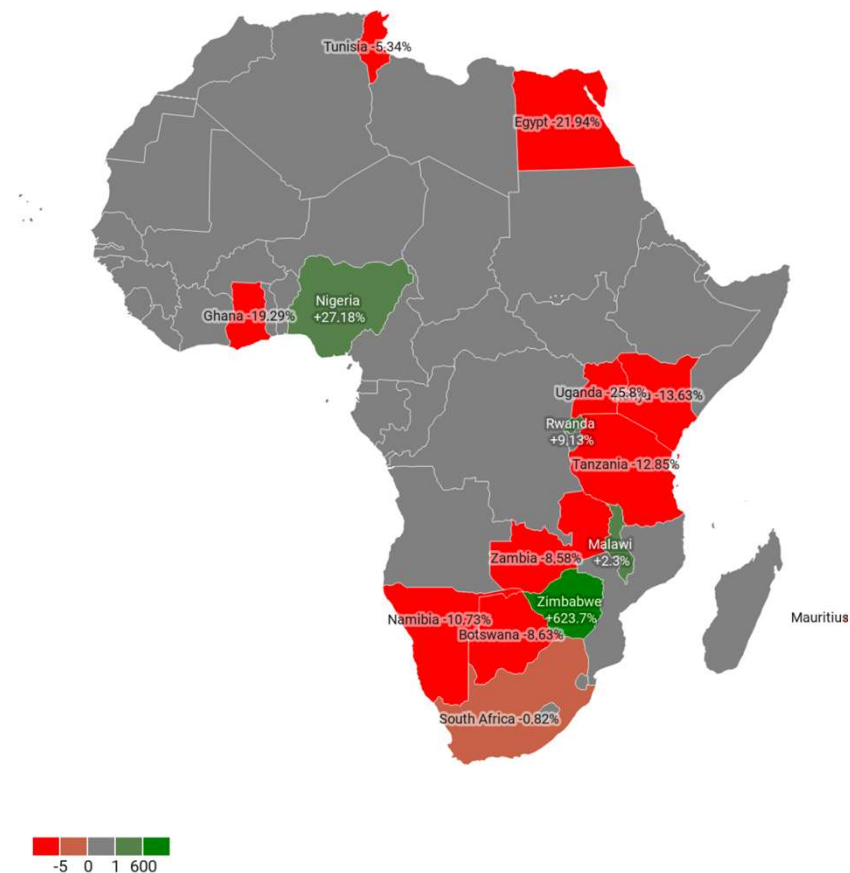
- On the Zimbabwe Stock Exchange "ZSE", all indices rose during, led by the Top 10 and Top 15 counters, which rose by 8% and 7%, respectively.
- Notable gains were recorded for blue chips – Delta and Econet – both of which are involved in Mutare Bottling Company, whose bottling assets Delta is seeking to acquire. African Sun, ZBFH and NMB recorded the largest losses.
- Meanwhile, the overall market capitalization ended the week higher at ZW\$198b (US\$2.4b). Thanks to its huge weekly gain of 35%, Delta ended the week as the largest counter on the ZSE, with a market cap of ZW\$29.5b. It was closely followed by CBZH (ZW\$27.4b).



## REGIONAL & GLOBAL | Investors price in the twin transitions...

- On the global scale, financial and commodities markets tumbled into the weekend characterised with portfolio reallocation, as investors priced in the unfolding twin transitions, i.e. US Presidential elections and COVID-19 pandemic. However, positive news on COVID-19 vaccine breakthrough appeared to be overshadowed by the surge in new infections and lockdown measures in some markets.
- In Africa, most equities markets remained in the red, on a y.t.d. basis, led by Egypt and Ghana. However, the ZSE was up 624%, whilst the Nigeria Stock Exchange distantly followed with a y.t.d. gain of 27%, despite ending the week under pressure from profit takers. Meanwhile, members of the Nigeria Stock Exchange "NSE" voted for listing of the Nigerian Exchange Group Plc on the Nigerian Exchange Limited "NEL" once demutualisation of NSE is complete.
- On the currencies markets, the US dollar index ended the week lower at 92.4, indicating the US dollar's further loss of value against a basket of major currencies. The USD index opened 2020 at 96.5.
- In commodities, platinum breached the USD900/oz mark for the first time since mid Sep 2020, to end the week at US\$940/ oz. Spot oil closed near 3 months highs at US\$42.47/ barrel, whilst copper rose to levels last seen in early 2018. Gold, however, marginally retreated to close at US\$1873/oz.
- Meanwhile, the Bank of Zambia left its policy rate unchanged at 8.0%, as authorities sought to balance between boosting economic activity and supporting the currency amid signs of an emerging sovereign debt crisis. In fact, Fitch Ratings on 18 Nov 2020 downgraded Zambia's Long- and Short-Term Foreign-Currency Issuer Default Ratings (IDR) to 'RD' from 'C'. This followed end of the 30-day grace period for the coupon payment on the USD1b Eurobond that matures in 2024. The coupon payment was due on 14 October and the grace period ended on 13 November.

**Selected African Equities Markets - YTD Performance (% Change)**



Map: Created by CBZ Holdings Limited • Created with Datawrapper

# ECONOMIC CALENDAR

LOOKING AHEAD...

Date	Event	Period	Forecast	Previous
<b>Local</b>				
24 November 2020	RBZ Foreign Exchange Auction Market	24 -28 Nov	-	81.7
26 November 2020	National Budget Presentation	2021	ZW\$421b (Expenditure)	ZW\$178b (Expenditure)
<b>Regional &amp; International</b>				
23 November 2020	Japan Workers Day			
23 November 2020	Manufacturing and Services Data (European Countries)	November		
24 November 2020	GDP Data (German and France)	Q3		
25 November 2020	US GDP Data and Fed Meeting Minutes Release	Q3		
26 November 2020	US Thanksgiving (US Markets Closed)			
26 November 2020	ECB Monetary Policy Statement			
27 November 2020	French GDP	Q3		



## Contact Details

3<sup>rd</sup> Floor, Sapphire House,

Cnr Speke/Angwa St,

P O Box 3313,

Tel: +263 4 759 110-6

Website: [www.cbz.co.zw](http://www.cbz.co.zw)

Email: [economics@cbz.co.zw](mailto:economics@cbz.co.zw)

## Analysts

Andrew Chirewo

Group Economist

[achirewo@cbz.co.zw](mailto:achirewo@cbz.co.zw)

Johane Virima

[jvirima@cbz.co.zw](mailto:jvirima@cbz.co.zw)

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