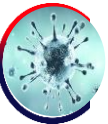




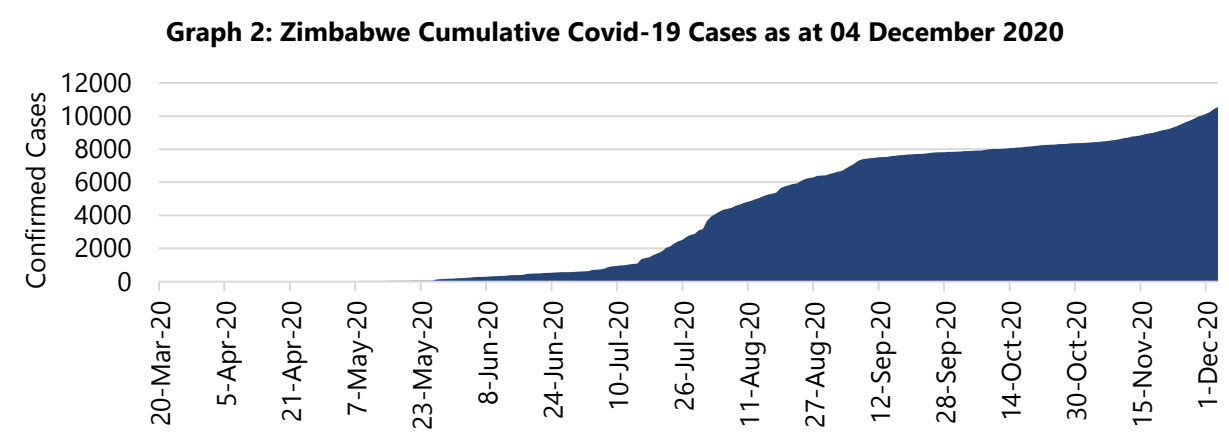
...Zimbabwe's land borders
re-open to the travelling
public...

THE CBZ ECONOMIC BRIEF

Week Ending 04 December 2020



COVID-19 | Global Status as at 04 December 2020



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

Notable Trends in Cases for the Week

- Cumulative global COVID-19 cases rose above 66m, after more than 4.2m cases were recorded during the week to 04 December 2020– **Chart 1**. The U.S remained the most infected country in the world with 14.7m cases, following a record rise in weekly cases of 1.3m. Other notable weekly cases were recorded in Brazil (296k), India (257k) and Russia (187k). Meanwhile, England’s new 3-tier coronavirus system, which places increasing restrictions depending on the designated alert level, came into effect on 02 December 2020, after the national lockdown was lifted. Under the new system, all the 3-tiers face limits on gatherings and rules to cover faces, but non-essential retail can reopen and international travel has resumed.
- In Africa, confirmed cases increased by 4.6% to 2.2m, after an additional 98k new cases were recorded during the week. The largest weekly cases recorded in Morocco (27k), South Africa (23k) and Tunisia (8k). A total of 100k recoveries were recorded across the continent during the week, taking Africa’s cumulative recoveries to above 1.9m. Resultantly, the ratio of active cases to total cases declined to 12%, from 13% recorded during the previous week.
- In Zimbabwe, cumulative cases surpassed the 10k mark to reach 10,471, after a record 833 new cases were recorded during the week - **Graph 1**. The largest weekly cases were recorded in Bulawayo (320), Harare (120), Midlands (117) and Mat South (101). Meanwhile, the national recovery rate declined to 83.5% as at Friday, 04 December 2020, from 87.2% recorded during the end of the previous week.
- Meanwhile, according to Eurostat, the seasonally-adjusted unemployment rates for the Euro Area and EU were 8.4% and 7.6% in October 2020, compared to 8.5% and 7.6% recorded in September 2020, respectively. In absolute terms, the agency estimated that 16.236 million men and women in the EU, of whom 13.825 million are in the euro area, were unemployed in October 2020.
- In South Africa, the government announced the return to tougher lockdown restrictions for COVID-19 hotspots, including limited days and hours for the sale of alcohol, a ban on gatherings of more than 100 people, a night time curfew and a ban on alcohol consumption in public spaces.
- In coronavirus vaccine development, the U.K regulators approved the emergency use of Pfizer and BioNTech's mRNA vaccine and a total of 800,000 doses of the vaccine will be made available in the U.K by mid December 2020, with vulnerable groups expected to be prioritised.
- In Zimbabwe, the government extended the opening hours of restaurants from the 1830 hours closing time to 2000 hours closing time. This was done in order to promote business activities in the tourism sector on anticipated increase of tourists. Meanwhile, the country’s land borders re-opened to the travelling public, with effect from 01 December 2020 as initially scheduled.



Electricity and Fuel Price Review

- Zimbabwe Electricity Transmission and Distribution Company “ZETDC” revised its domestic prepayment tariff structure, from a four to a six stepped structure, with effect from 03 December 2020. This was done to enable customers to get more electricity units as well as providing more buying options - **Table 1**.
- The power utility further announced the introduction of Net Metering programme-a scheme where customers generating solar energy on their premises can feed excess power into the ZETDC Network. The move is expected to result in reduction in electricity import bill and save the much needed foreign currency.
- Meanwhile, the Zimbabwe Energy Regulatory Authority “ZERA” reviewed the maximum pump prices for fuel in line with the prevailing market conditions, effective 05 December 2020.
- The maximum ZW\$ pump price for blend increased by ZW\$0.33 (0.3%) to ZW\$97.44/litre, while that for diesel went up by ZW\$15.19 (19%) to ZW\$97.24/litre - **Graph 2**. The energy regulator kept the United States dollar price of blend unchanged at US\$1.19, whilst diesel price was increased by 19% to US\$1.19.
- Table 2** below highlights the comparable fuel prices for Zimbabwe’s neighbours as well as its major trading partners.

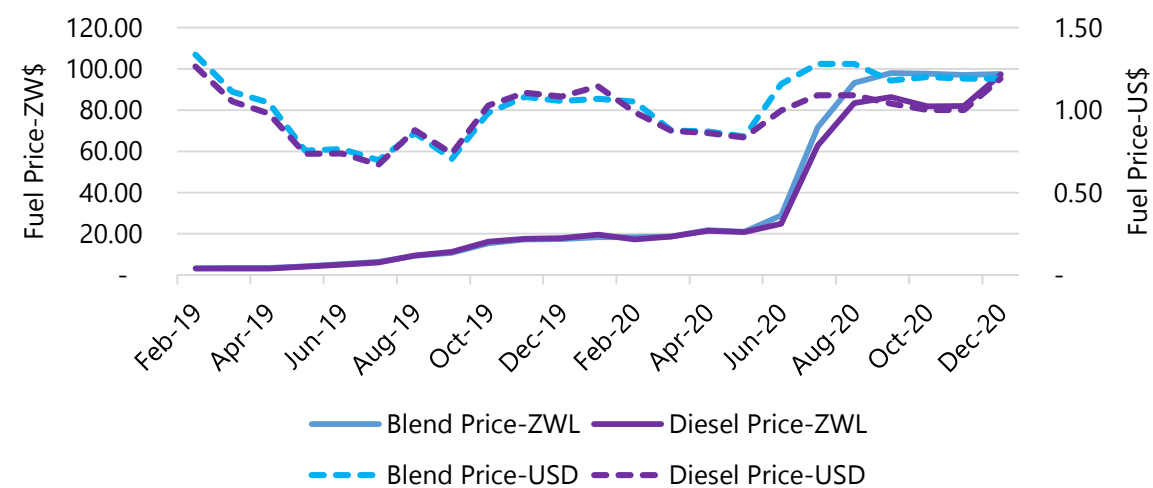
Table 2: Zimbabwe’s Trading Partners and Peers-US\$ Fuel Prices

Country	Blend Price-US\$	Diesel Price-US\$
Angola	0.24	0.21
Botswana	0.70	0.72
DRC	1.01	1.01
Kenya	0.98	0.84
Malawi	0.91	0.87
Mauritius	1.10	0.88
Mozambique	0.84	0.77
Namibia	0.76	0.76
South Africa	0.92	0.93
Tanzania	0.80	0.73
Zambia	0.97	0.86
Zimbabwe	1.19	1.19

Table 1: Domestic Electricity Payment Structure

Consumption Band	Unit Price (ZW\$/kWh)	Implied US\$ Price
(i) 0 to 50 kWh	1.73	0.02
(ii) 51 to 100 kWh	3.46	0.04
(iii) 101 to 200 kWh	6.06	0.07
(iv) 201 to 300 kWh	8.66	0.11
(v) 301 to 400 kWh	9.96	0.12
(vi) 401 and above	10.39	0.13

Graph 2: Blend and Diesel Prices Trend

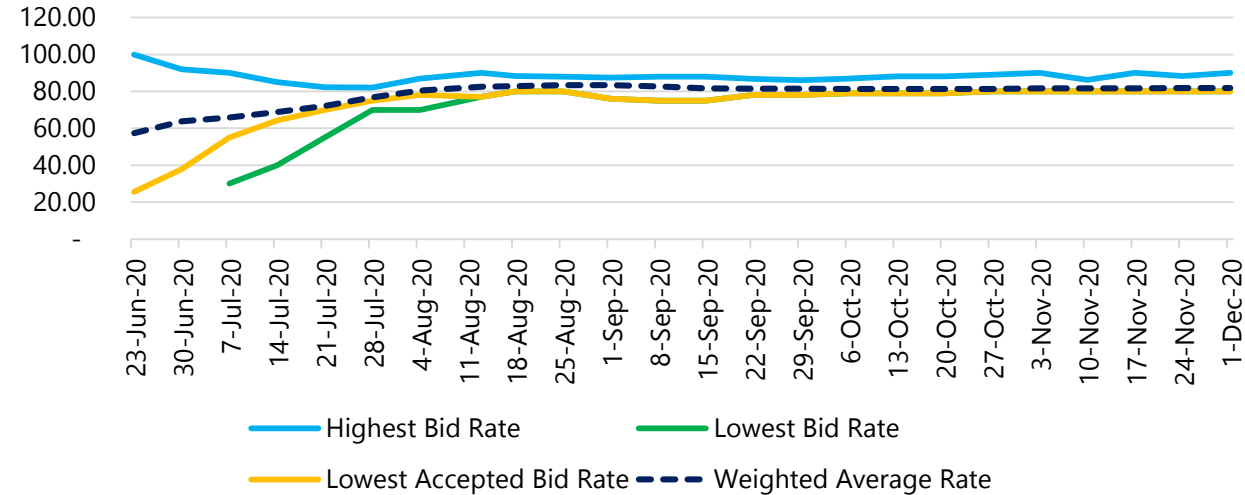




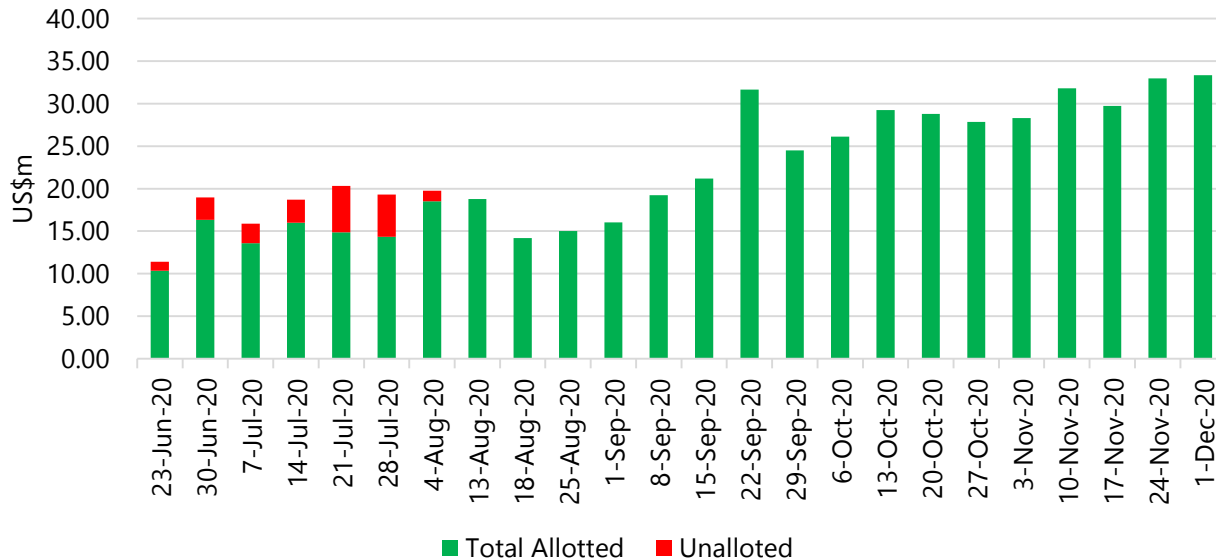
Foreign Currency Market Developments

- The ZW\$ eased against the US\$, for the 3rd straight week, by 0.1% to trade at ZW\$81.88/ USD, during the last auction held by the RBZ on Tuesday, 01 December 2020- **Graph 3**. The highest bid rate increased from 83.3 to 90.0, while the lowest accepted bid rates remained flat at 80.0 on the main action.
- The total allotment for the week increased by 1.2% and 222% to US\$33.3m, compared to US\$33.0m and US\$10.3m that was allotted during the previous week and first week, respectively – **Graph 4a**.
- Raw materials received the largest weekly allotment of (US\$15.0m), followed by machinery & equipment (US\$4.2m), fuel, electricity & gas (US\$3.6m), consumables (US\$3.0m) and retail & distribution (US\$2.7m)- **Graph 4b**.

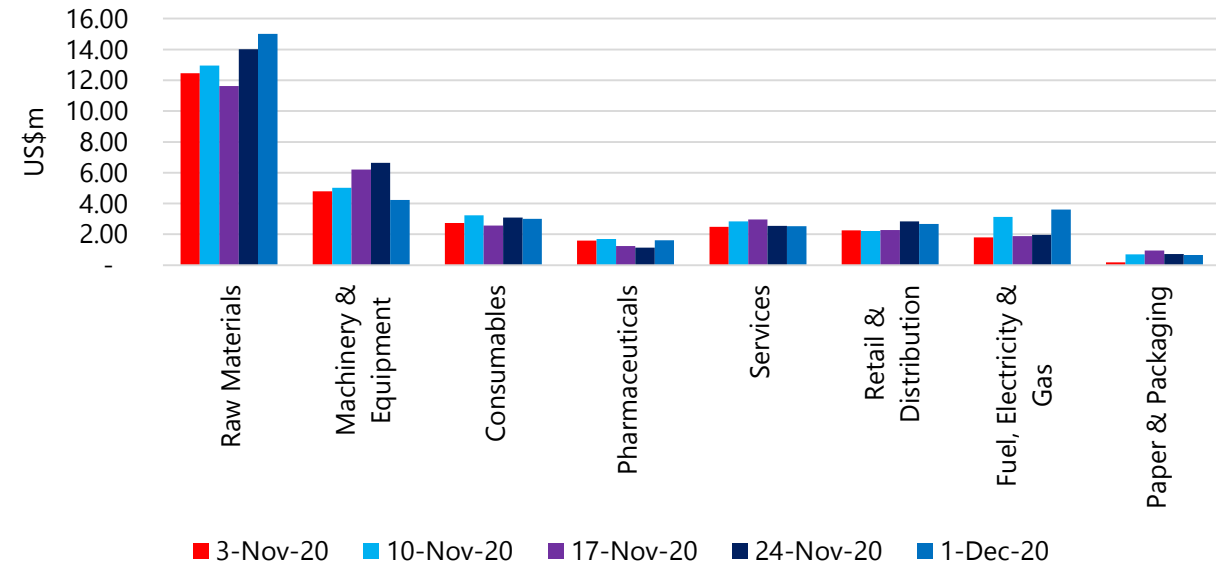
Graph 3: FX Auction Market Bid Rates Trend



Graph 4a: Foreign Currency Auction Allotments

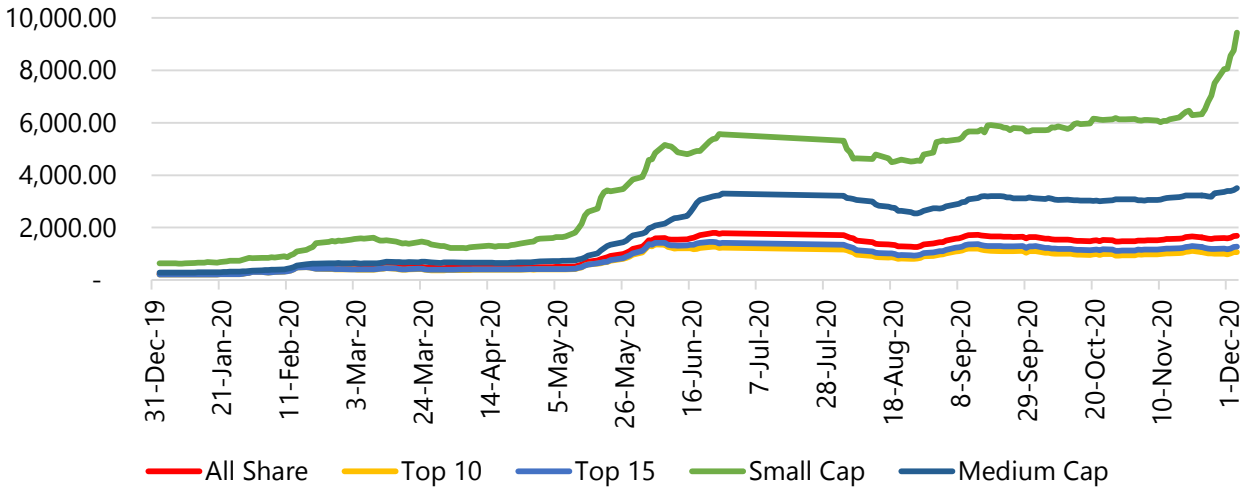


Graph 4b: FX Allotments Per Sector





Graph 5: ZSE Indices



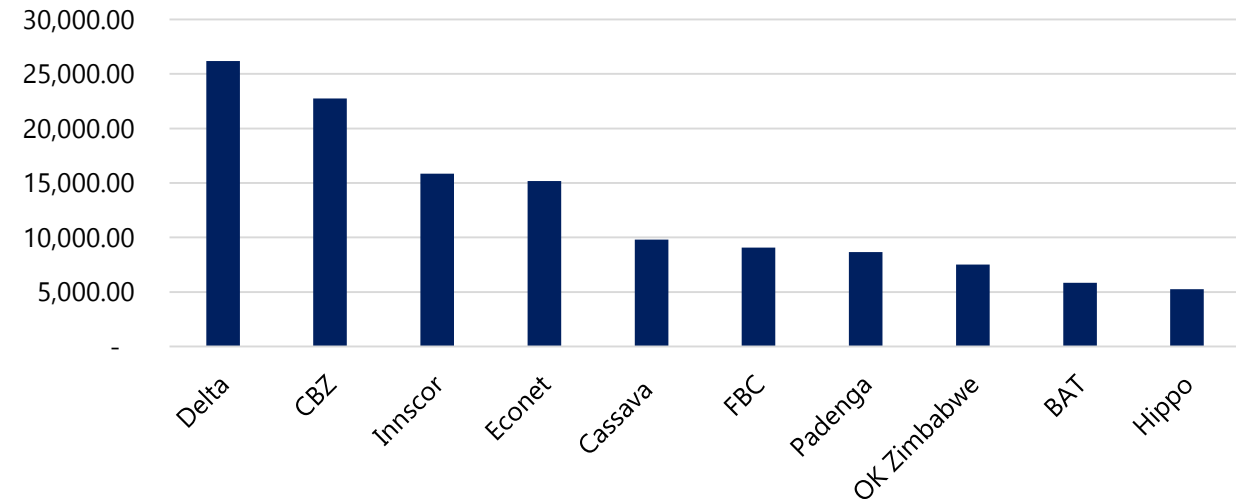
Equities Market Developments

- On the ZSE, all indices record weekly gains, led by the Small Cap Index (+25.7%) and the Top 15 Index (+6.5%). The benchmark All Share Index closed the week 6.6% firmer, to close the week at 1,686.51, supported by selected heavyweights. On a YTD basis, the benchmark index extended its gains to 633%—**Graph 5**.
- Leading the markers gainers was Masimba, which recorded a weekly gain of 73.1%, followed by Lafarge (31.1%), Fidelity Life (30.1%), FCB (29.6%) and Hippo (24.8%). Gains were offset by weekly losses in CBZ (-10.4%), Willdale (-10.1%) and Truworths (-6.0%). -**Table 3**.
- Delta closed the week as the largest counter on the ZSE, with a market capitalization of ZW\$26.2b. CBZ (ZW\$22.7b), Inncor (ZW\$15.9b), Econet (ZW\$15.2b) and Cassava (ZW\$9.8b) completed the top 5 most capitalized counters as at 04 December 2020 - **Graph 6**.
- Meanwhile, the ZSE granted approval for the listing of the Old Mutual Zimbabwe Stock Exchange Top Ten Index Exchange Traded Fund (ETF) on the local bourse by way of Introduction, with effect from the January 2020.

Table 3: ZSE Movers and Shakers

Movers	27-Nov-20	04-Dec-20	Weekly change (%)
Masimba	504.94	874.06	73.1%
Lafarge	610.00	800.00	31.1%
Fidelity Life	120.08	156.19	30.1%
FCB	60.68	78.65	29.6%
Hippo	2,180.00	2,720.00	24.8%
Shakers	27-Nov-20	04-Dec-20	Weekly change (%)
CBZ	3,695.01	3,310.00	-10.4%
Willdale	27.25	24.50	-10.1%
Truworths	16.00	15.04	-6.0%
DZLH	850.00	800.08	-5.9%
African Sun	167.45	159.00	-5.0%

Graph 6: ZSE Top 10 Counters By Market Capitalisation - ZW\$b





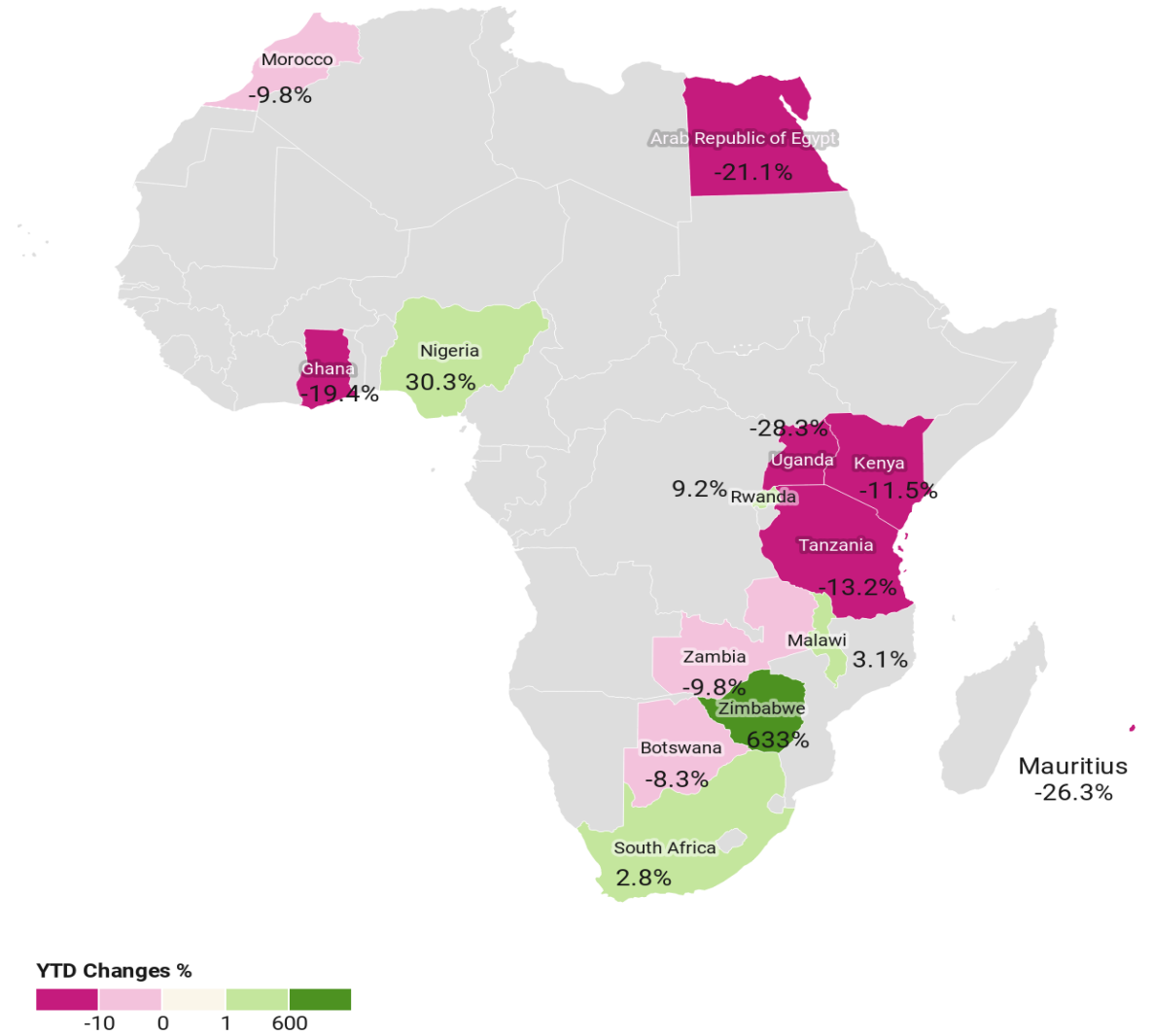
REGIONAL & GLOBAL FINANCIAL MARKETS

- On the global markets, all equities markets under our watch in the U.S, Europe and Asia recorded weekly gains as investors monitored the prospects a U.S stimulus package-which was reported to have garnered bipartisan support- as well as a last-minute Brexit trade deal. U.K's FTSE100 led the charge with weekly gain of 2.9%, followed the U.S's S&P500 (+2.1%)-

Table 4.

- In Africa, with the exception of Malawi, all equities markets recorded weekly gain. However, on year-to-date basis, most exchanges recorded losses, with only Zimbabwe (+633%), Nigeria (+30%), Malawi (+3.1%) and South Africa (+2.8%) recording gains. Meanwhile, Egyptian Exchange's (EGX) concerned committee approved delisting Modern Waterproofing Group's (Bitumode) shares.
- On the currencies market, the U.S Dollar index lost 1.1% to end the week at 90.8, weighed down by a weaker-than-expected U.S. employment report.

Chart 2: Selected African Equities Markets- YTD Performances (% Changes)



Map: Created by CBZ Holdings Limited • Created with Datawrapper

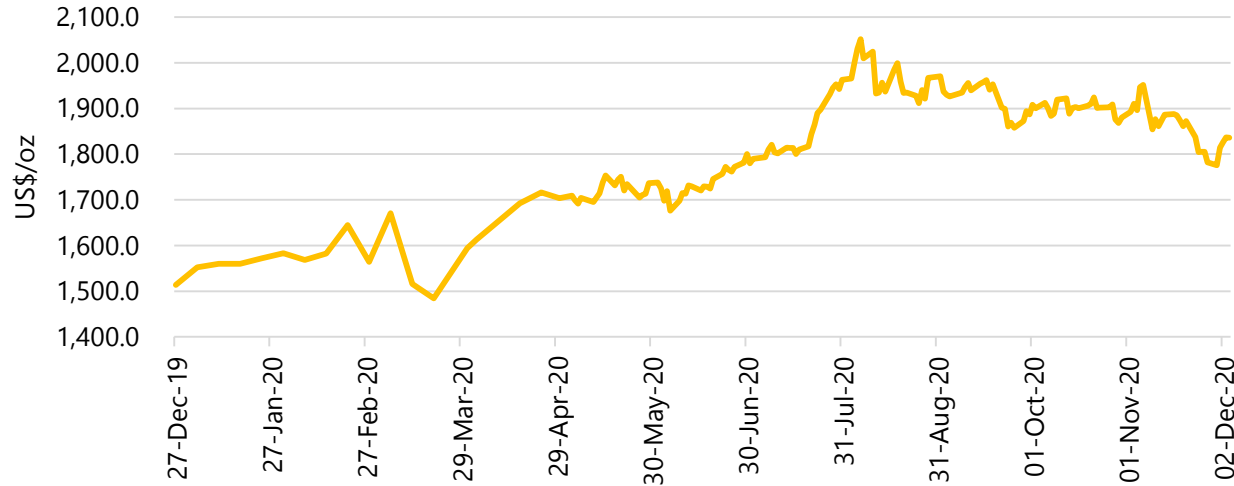
African	27-Nov-20	04-Dec-20	Weekly change(%)	Previous Week change (%)
Botswana	6,864.92	6,869.64	0.1%	0.3%
Ghana	1,806.94	1,820.22	0.7%	-0.8%
Kenya	143.30	148.12	3.4%	-0.3%
Malawi	31,232.57	31,182.29	-0.2%	0.9%
South Africa	57,822.50	59,419.37	2.8%	2.1%
Nigeria	34,885.51	35,137.99	0.7%	2.2%
Zambia	3,804.37	3,847.99	1.1%	-2.4%
Mauritius	1,585.08	1,606.59	1.4%	2.2%
Global				
DJIA	29,638.64	30,218.26	2.0%	1.3%
S&P500	3,621.63	3,699.12	2.1%	1.8%
FTSE 100	6,368.00	6,550.23	2.9%	0.3%
NIKKEI 225	26,645.00	26,751.24	0.4%	4.4%
Shanghai Composite Index	3,408.00	3,444.58	1.1%	0.9%



GLOBAL COMMODITY PRICE MOVEMENTS

PRECIOUS METALS

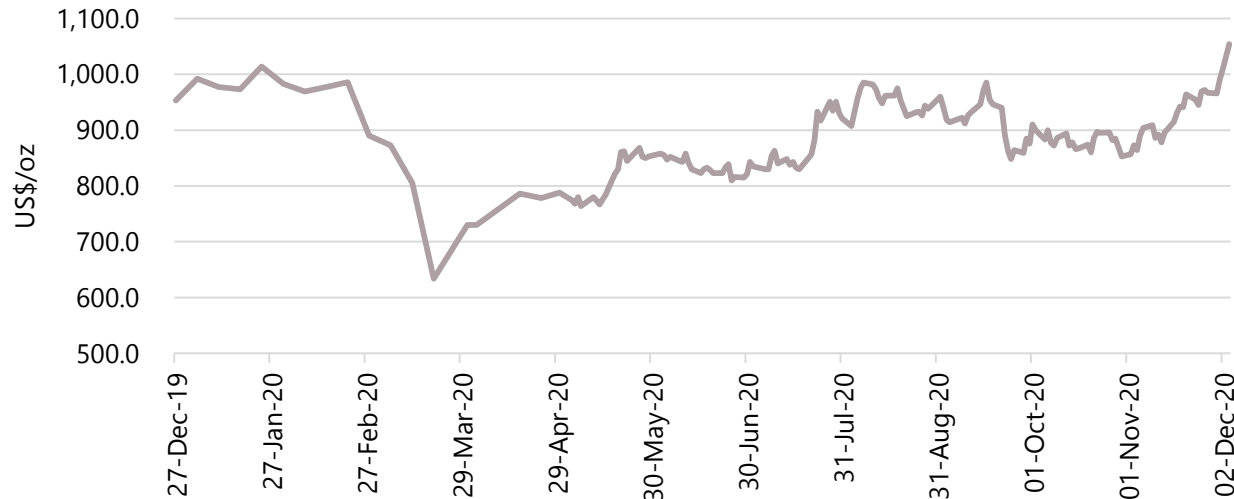
Gold prices - US\$/oz



Palladium-US\$/oz



Platinum price - US\$/oz



Source: Quandl

- Gold posted weekly gain of 3.0%, to end a 4-week losing streak, amid speculation that the U. S may pass a US\$908 billion stimulus package before the new year.
- Elsewhere, mixed weekly performances were recorded for platinum and palladium, with the former recording gain of 9.0%, while the later declined by 2.2%. The platinum price was driven higher by production challenges out of South Africa, particularly the output constraints at Anglo American.
- Meanwhile, according to the World Gold Council, central banks resumed gold buying in October 2020, following two consecutive months of net sales. Resultantly, global official gold reserves rose by 22.8t on a net basis.

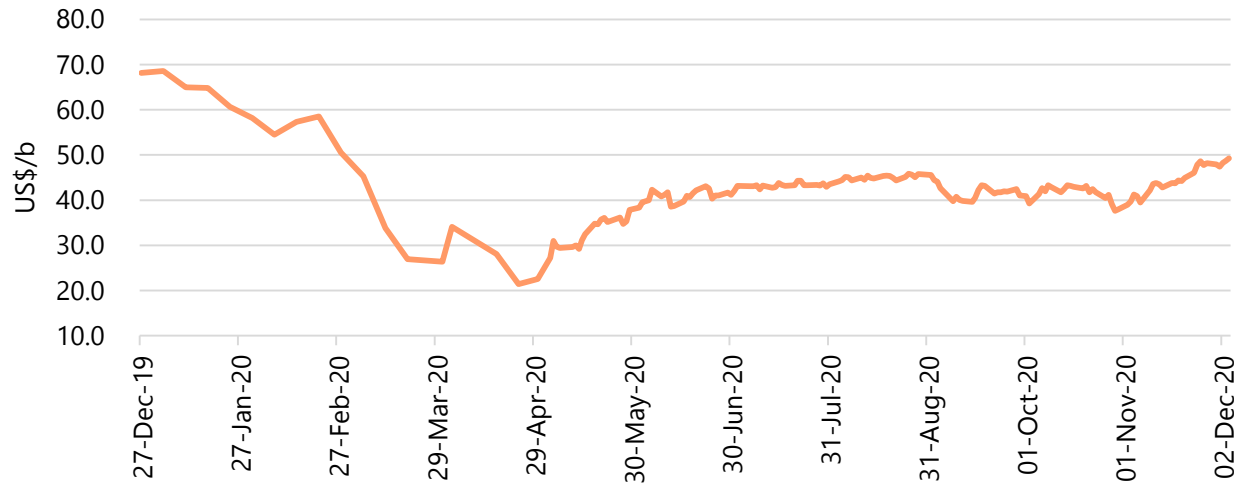


GLOBAL COMMODITY PRICE MOVEMENTS

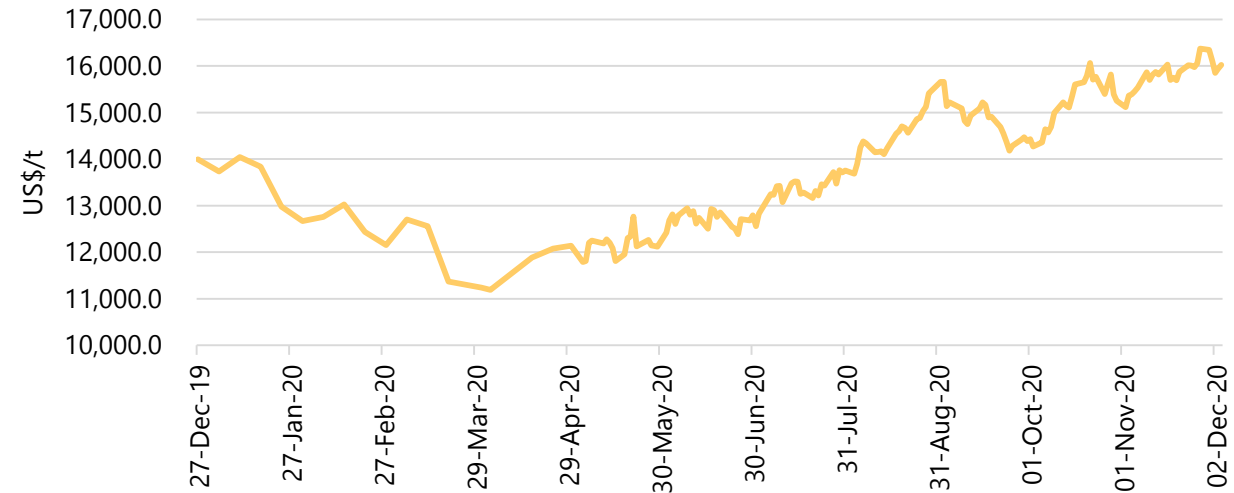
BASE & INDUSTRIAL METALS



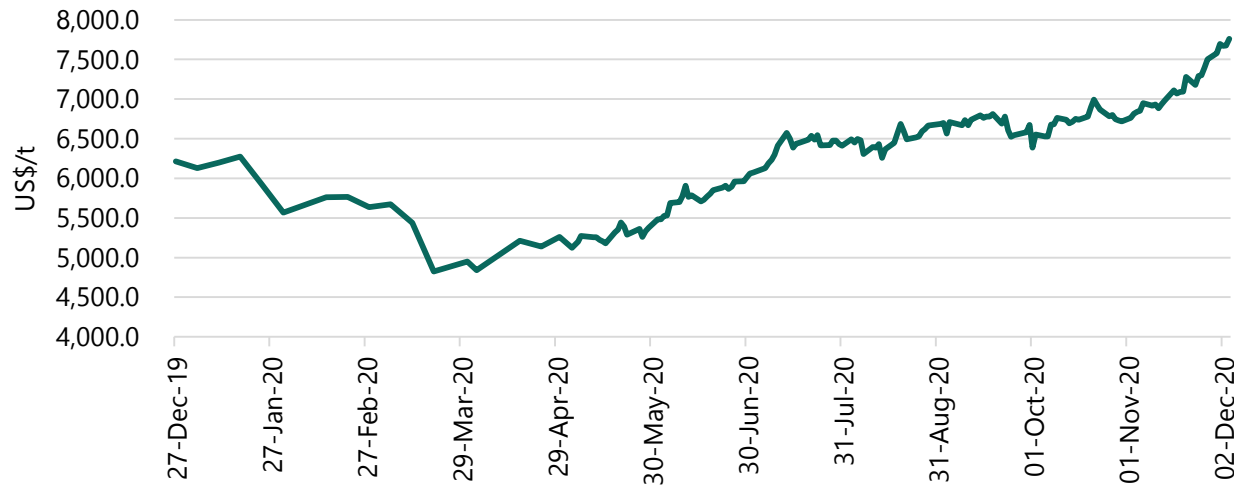
Oil prices - US\$/b



Nickel price - US\$/t



Copper - US\$/t



Source: Quandl & Bloomberg

- The global benchmark Brent crude oil recorded a weekly gain of 2.2% to trade at US\$49.3/b, supported by the expectations of a U.S. economic stimulus package and the possibility of a vaccine for the coronavirus overrode rising supply challenges.
- Copper prices firmed up 3.5% to end the week trading at US\$7,761/t, supported by positive vaccine sentiment and rising oil prices. Nickel, on the other hand, slipped by 2.2% for the week to trade at US\$ 16,020/t.
- Meanwhile, the Organisation of the Petroleum Exporting Countries "OPEC" and its allies, taking into account the current market fundamentals and the outlook for 2021, agreed to increase oil output by 500 000 barrels per day "b/d" in January 2021. This means the combined production cut for the month will be reduced to 7.2 mb/d from the current 7.7 mb/d. Adjustments for further months will be decided at later meetings and will be restricted to 500,000 b/d.

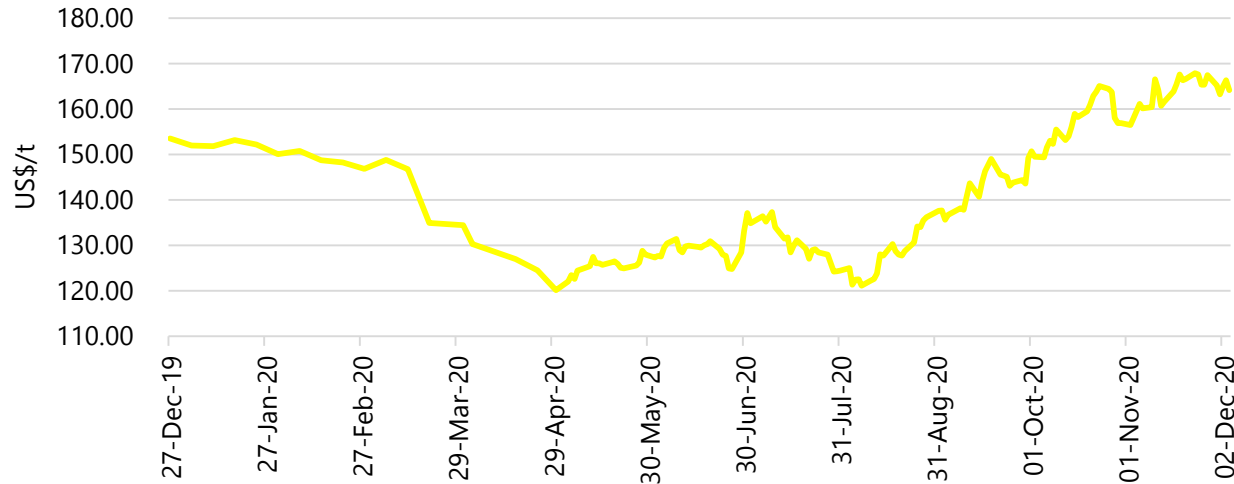


GLOBAL COMMODITY PRICE MOVEMENTS

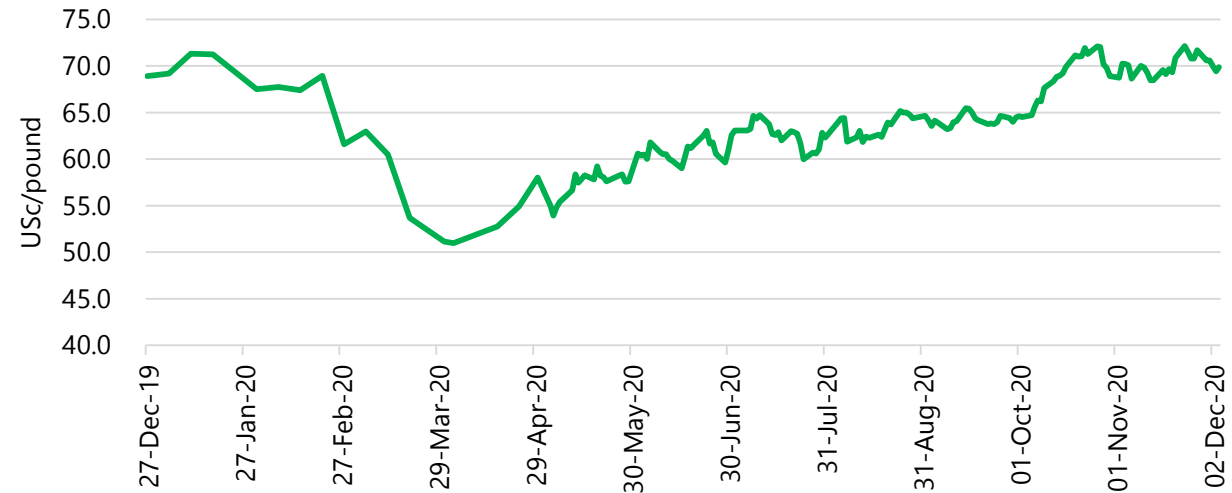
AGRIC COMMODITIES



Corn - US\$/t



Cotton - USc/pound



Wheat - US\$/t



- All agricultural commodities recorded weekly losses. Wheat declined by 5% to US\$208/t, while corn and cotton declined by 2.0% and 2.5%, respectively.
- In Zimbabwe, the government announced the pre-planting producer prices for maize, traditional grains and soya beans at ZW\$32 000/t, ZW\$38 000/t and ZW\$48 000t, respectively.

Source: Quandl

Date	Event	Period	Forecast	Previous
Local				
08 December 2020	RBZ Foreign Exchange Auction Market	09-15 December 2020		81.8765
10 December 2020	Truworths, AGM (Time: 0900hrs; Venue: Virtual)			
Regional & International				
06 December 2020	China Trade Balance (m/m)	November 2020	US\$53.50b	US\$58.44b
07 December 2020	Japan Gross Domestic Product "GDP" (q/q)	Q3 2020	5.0%	5.0%
08 December 2020	South Africa GDP Annualised (q/q)	Q3 2020		-51.0%
08 December 2020	Euro Zone ZEW Economic Sentiment	December 2020		32.8
08 December 2020	Namibia Interest Rate Decision	December 2020		3.75%
08 December 2020	U.S EIA Short-Term Energy Outlook			
08 December 2020	China CPI (M/M)	November 2020	-0.2%	-0.3%
09 December 2020	South Africa CPI (m/m)	November 2020	0.1%	0.3%
09 December 2020	U.S JOLTs Job Openings	October 2020		6.436m
10 December 2020	European Central Bank "ECB" Interest Rate Decision	December 2020		0.00%
10 December 2020	ECB Monetary Policy Statement			
10 December 2020	U.K Manufacturing Production (m/m)	October 2020	1.0%	0.2%
10 December 2020	U.K Trade Balance	October 2020	-£9.50b	-£9.35b
11 December 2020	Mozambique Interest Rate Decision	December 2020		10.25%
11 December 2020	Bank of England "BoE" Financial Stability Report			

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