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## THE CBZ ECONOMIC BRIEF

**Week Ending 14 August 2020**

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# COVID-19 | Global Status as at 14 August 2020

Graph 1: Cumulative Global Cases as at 14 August 2020

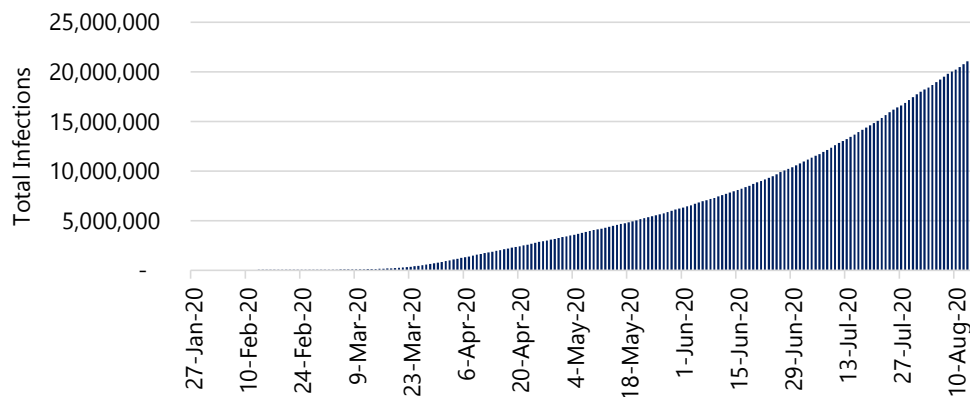
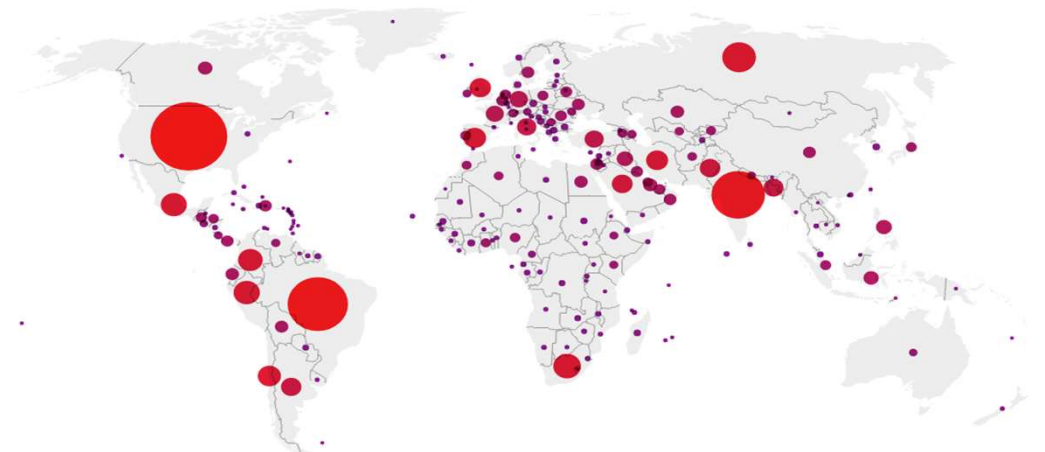


Chart 1: Global Confirmed Cases



Map: Created by CBZ Holdings Limited • Created with Datawrapper

## Notable Trends in Cases for the Week

- Global cumulative coronavirus cases rose to 21.3m, after an additional 1.8m cases were recorded during the week to 14 August 2020 – **Graph 1**.
- The largest weekly infections were recorded in India (438k), followed by the U.S (381k), Brazil (312k) and Columbia (78k).
- As shown in **Chart 1 - top right** - the U.S remained the most infected country in the world, followed by Brazil, India, Russia and South Africa.
- In Africa, confirmed cases rose to 1.1m, after more than 75k new cases were recorded during the week to 14 August 2020. South Africa remained the most infected country in Africa, accounting for about 53% of all recorded cases.
- Meanwhile, cumulative global recoveries reached 14.1m, after more than 1.6m new recoveries were recorded during the week to 14 August 2020.
- Notwithstanding the surge in new infections, the ratio of active cases to total cases marginally declined to 30% as at 14 August 2020, from 32% recorded the previous week.

## Major Market Developments

- The Bank of Mexico lowered its benchmark lending rate, for the sixth time in 2020, to 4.5%.
- The Reserve Bank of New Zealand (RBNZ) left its Official Cash Rate (OCR) at a record low 0.25%, unchanged since the 75 basis points reduction in March 2020. the RBNZ also increased its Large Scale Asset Purchase (LSAP) program by up to \$100 billion, from \$60 billion.
- Japan, which fell into recession in Q1 of 2020, recorded its worst economic decline on record of 27.8% in the second quarter of 2020.
- Africa e-commerce giant, Jumia, registered a 10% decline in revenue to US\$41m in Q2 of 2020 due to CoVID-induced lockdowns.
- Meanwhile, South Africa announced the shift in lockdown measures to Level 2, from Level 3, effective 18 August 2020, citing reduction in the number of active cases. Whilst the national curfew is to be maintained, the South Africa government announced that all restrictions on interprovincial travel will be lifted, while the sale of tobacco products and alcohol will resume.



# COVID-19 | Zimbabwe & Its Major Trading Partners

Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 14 August 2020

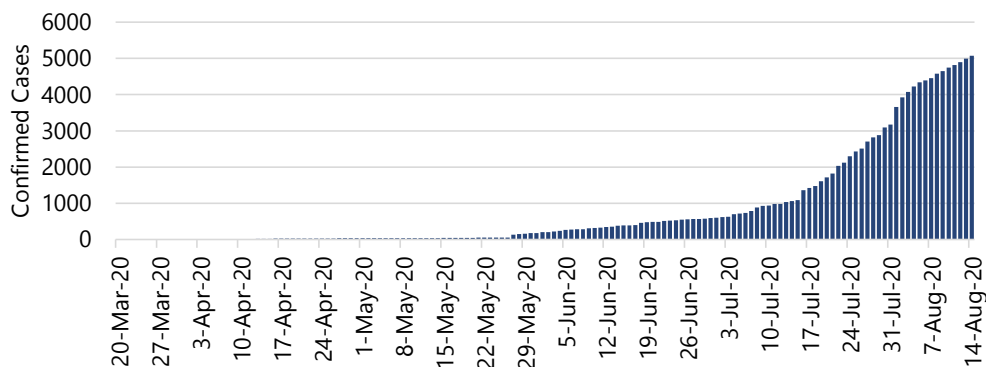
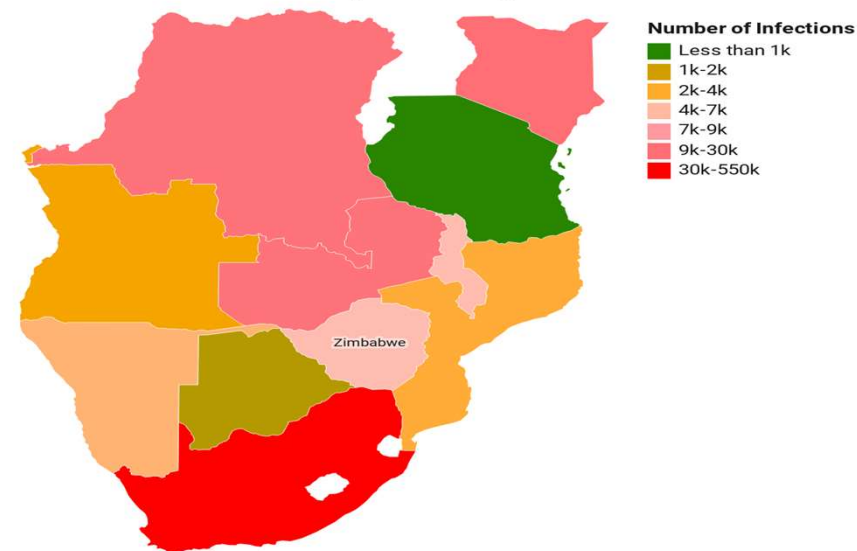


Chart 2: Zimbabwe's Major Trading Partners



Source: CBZ Holdings Limited • Created with Datawrapper

## Highlights

- Zimbabwe’s cumulative cases rose to 5,072, after 621 new cases were recorded during the week to 14 August 2020 - **Graph 2**. Local cases (566) accounted for the bulk of the new cases.
- Harare Metropolitan province recorded the largest weekly cases of 248, followed by Bulawayo (77) and Midlands (70). Resultantly, Harare remained the most infected province with 1,947 cases, followed by Bulawayo (1,170), Mat South (507) and Midlands (460), respectively.
- The country’s total recoveries increased to 1,998, after 653 more people recovered during the week to 14 August 2020. Notwithstanding the increase in new cases, the ratio of active cases to total cases declined to 58%, from 67% recorded during the previous week.
- However, Harare, Mat South and Mash West had the largest active cases to total cases ratios, hence the need for enhanced tracing of former patients.
- Meanwhile, South Africa (34k), Kenya (4.2k), Zambia (1.5k) and Namibia (924) were among Zimbabwe’s major trading partners that recorded the largest weekly new cases – Chart 2.

- Meanwhile, the African Union Commission announced on 14 August 2020 that “for the current African Continental Free Trade Area “AfCFTA” operationalisation timeline of 1<sup>st</sup> January 2021 to be met, and the decision of African Leaders on the fast-tracking of processes leading to the commencement of trading to be implemented, outstanding AfCFTA negotiations must move online...The Commission further expressed hope that “digital technologies can play a very powerful role in driving positive cooperation among Member States for a safe, smart and harmonised reopening process”.



# ZIMBABWE

## INFLATION DEVELOPMENTS - JULY 2020

### Rising inflationary pressures...

- According to the Zimbabwe National Statistics Agency, ZimStat, the month-on-month inflation rate rose from 31.7% in June 2020 to 35.5% in July 2020 largely driven by increases in non-food inflation - Graph 3. In fact, food inflation rose marginally from 37.7% to 38%, whilst non-food increased from 27.6% to 33.8%, over the same period.
- Resultantly, the annual inflation rate increased from 737.3% in June 2020 to 837.5% in July 2020, reflecting the currency depreciation and adverse expectations induced increases in prices of goods and services over the 12 months period.
- Table 1 shows the respective inflation rates for some of Zimbabwe's neighbouring countries and major trading partners.

Graph 3: Trend in MoM Inflation

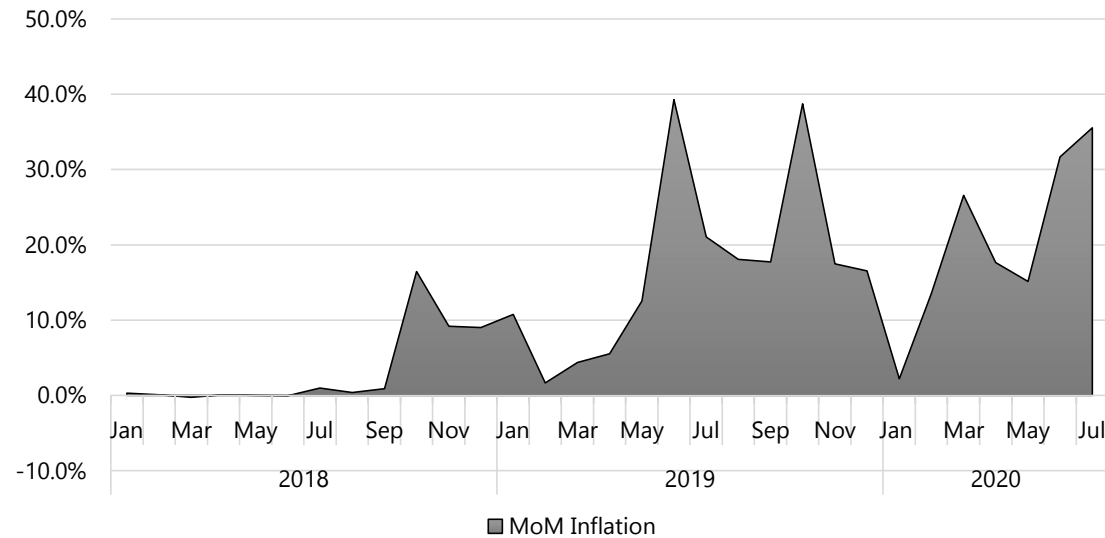


Table 1: Regional peers

	M/M Inflation (%)			Y/Y Inflation (%)		
	May-20	Jun-20	Jul-20	May-20	Jun-20	Jul-20
South Africa	(0.6)	0.5	n/a	2.1	2.2	n/a
Kenya	0.6	(0.3)	0.1	5.5	4.6	4.4
Botswana	-	(1.2)	0.2	2.4	0.9	0.9
Tanzania	0.2	(0.2)	(0.2)	3.2	3.2	3.3
Zambia	1.6	0.2	0.3	16.6	15.9	15.8
Zimbabwe	15.1	31.7	35.5	785.5	737.3	837.5

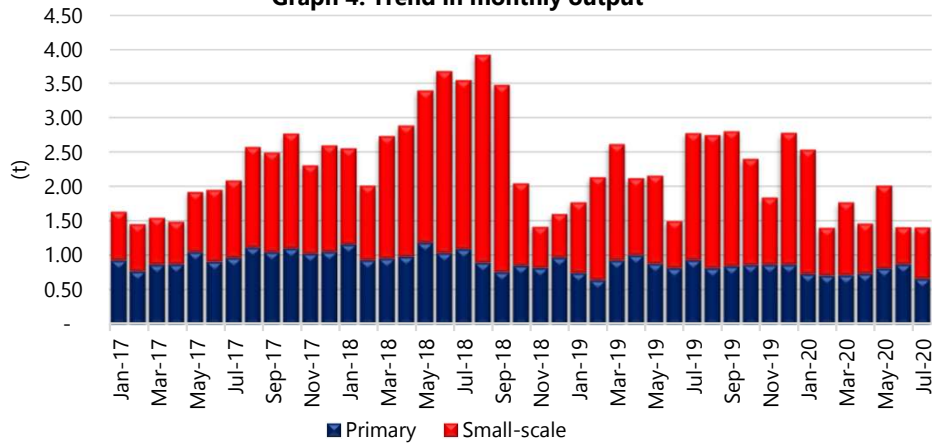
Sources: National Statistical Agencies



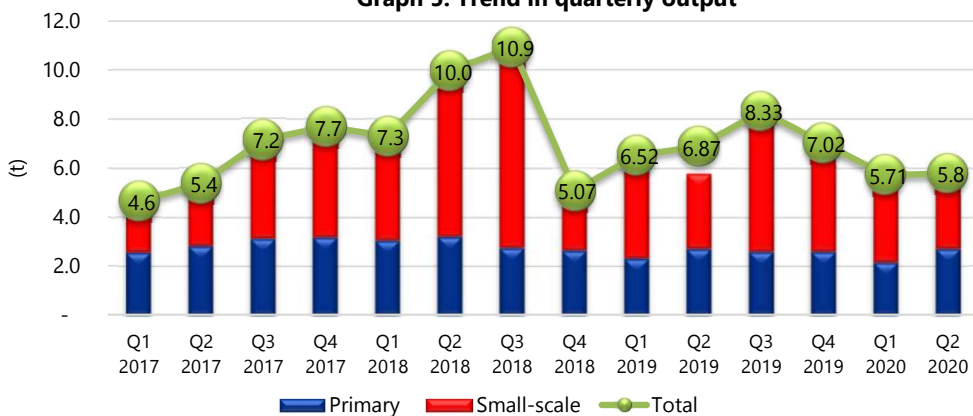
# ZIMBABWE

## MINING SECTOR – GOLD SUB-SECTOR

**Graph 4: Trend in monthly output**



**Graph 5: Trend in quarterly output**



Source: Fidelity Printers & Refiners

### Second lowest monthly output recorded in July 2020...

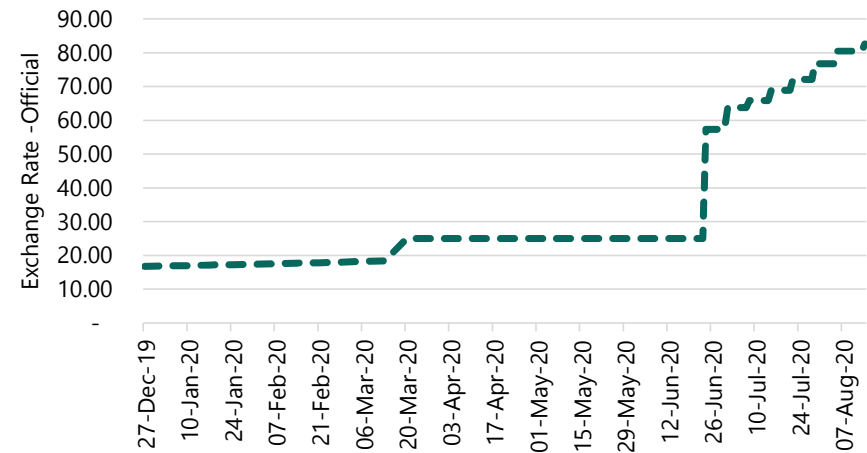
- According to the Fidelity Printers & Refiners “FPR”, gold output marginally fell by 0.2% to 1.406 tonnes “t” in July 2020 against 1.410t produced in the prior month. This was the second lowest monthly output in 2020 after the 1.402t recorded in Feb 2020 – **Graph 4**.
- Increased output from small-scale miners offset the decline from primary producers, leading to the relatively flat output. In fact, the change in the gold pricing framework to some extent supported increased output from small-scale miners.
- Meanwhile, cumulative deliveries in the year to July 2020 fell by 20.4% at 12.0t compared to 15.1t recorded in the comparative period of 2019. Small-scale miners remained the major contributors at 57% (2019: 61%), whilst primary producers weighed in 43%.
- **Graph 5** across illustrates the flat output witnessed between Q1 2020 and Q2 2020 somewhat reflecting the resilience by gold miners amidst the global health pandemic.
- Going forward, continued efforts by the authorities to create a conducive investment environment for both domestic and foreign investment in the sector, use of advanced mining technologies and incentives for increased production will go a long way in boosting output and earnings from the country’s largest export earner.



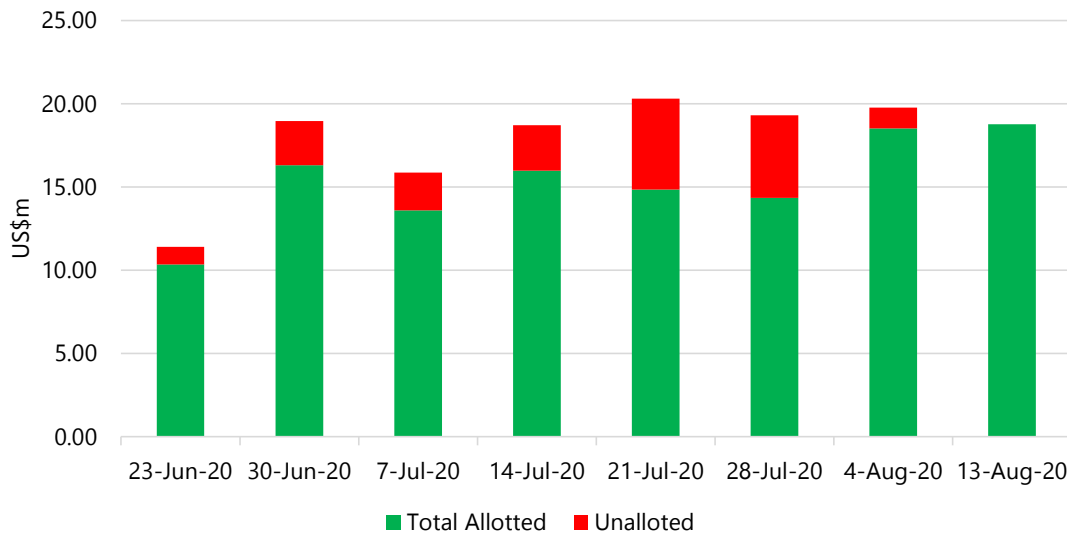
### Foreign Currency Market Developments

- The ZW\$ depreciated by 2.5% from ZW\$80.47/ USD, to a weighted average rate of ZW\$82.56/ USD, following a combined (Main and SMEs) foreign exchange auction held by RBZ on Thursday 13 August 2020 - **Graph 6**.
- A total of US\$18.8m was allotted on the 13 August 2020 auction. The largest weekly allotments were for raw materials (US\$7.9m), machinery & equipment (US\$3.1m), consumables (US\$2.7m), pharmaceuticals & chemicals (US\$1.5m), and services (US\$1.4m).
- Meanwhile, on the international currency markets, the U.S dollar maintained YTD gains against other major currencies, except the Euro, Japanese Yen and Chinese Yuan – **Graph 7**.

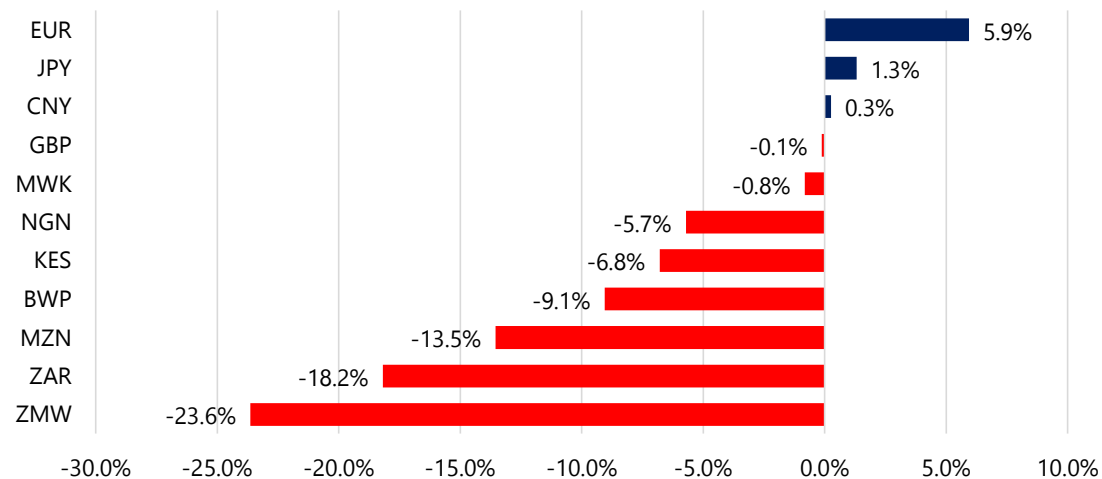
**Graph 6a: ZW\$/USD Exchange Rate Movements**

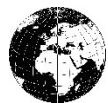


**Graph 6b: Foreign Currency Auction Allotments**



**Graph 7: Major Currencies vs the USD-YTD Movements-14 August 2020**





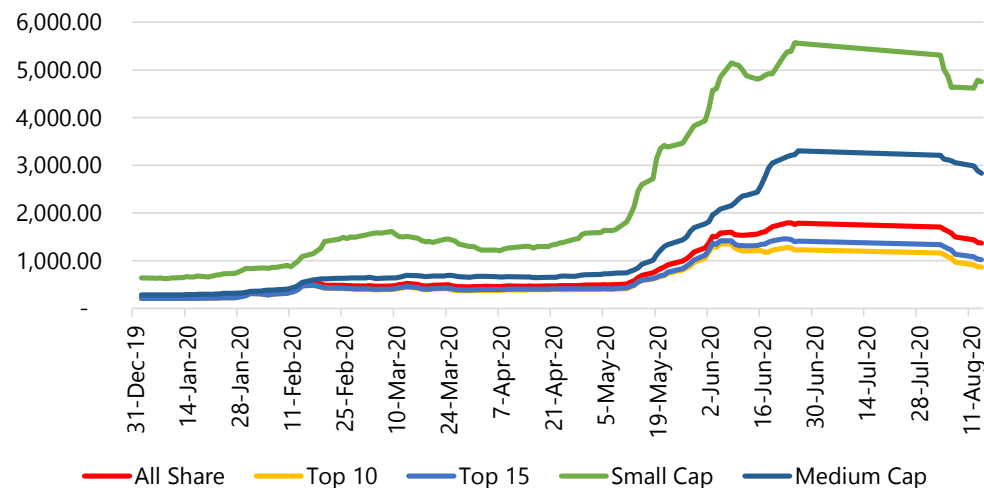
# ZIMBABWE | FINANCIAL MARKETS - EQUITIES MARKETS



## Equities Market Developments

- On the Zimbabwe Stock Exchange, with the exception of Small Cap index, all the other indices recorded losses during the holiday shortened trading week. The Small Cap index rose 2.4%, while the Top-10, Top-15 and Medium Cap indices fell by 10.2%, 10.0% and 7.1%, respectively – **Graph 8**.
- The All Share Index declined, for the 2<sup>nd</sup> week in a row, by 8.6%. However, the benchmark index posted a year-to-date “YTD” gain of 495%.
- Insurer and microfinancier, Fidelity Life, recorded the largest weekly gain of 44%, followed by Lafarge (20%), TSL (20%), RioZim (17%) and Zimplow (11%). On the other hand, major weekly losses were recorded for Bindura (27%), Econet (22%) and Hippo (20%) - **Table 2**.
- Delta remained the largest counter on the ZSE, with a market capitalization of ZW\$20.5b, followed by Cassava (ZW\$14.5b), Econet (ZW\$14.2b) and CBZH (ZW\$14.1b) - **Graph 9**.
- Meanwhile, on a YTD basis, the ZSE outperformed most of the major global and regional stock markets under our watch as at 14 August 2020. Other markets with ytd gains included China and Malawi - **Graph 10**.

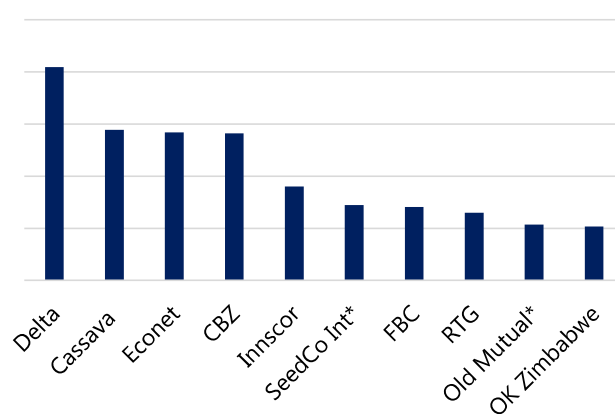
**Graph 8: ZSE Indices**



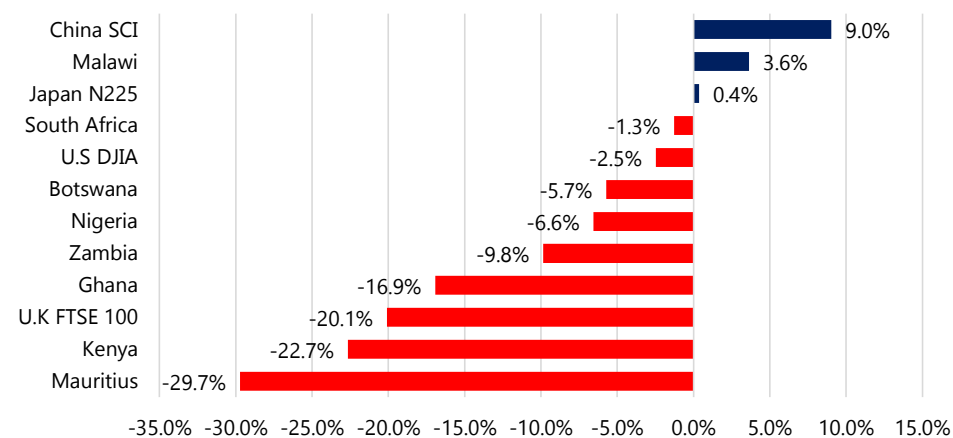
**Table 2: ZSE Movers and Shakers**

Movers	7-Aug-20		14-Aug-20		Weekly change (%)
	Value	Value	Value	Value	
Fidelity Life	19.45	27.95	44%		
Lafarge	490.00	588.00	20%		
TSL	340.00	408.00	20%		
RioZim	640.00	750.00	17%		
Zimplow	343.00	380.19	11%		
Shakers					
	7-Aug-20	14-Aug-20	Weekly change (%)		
Bindura	394.66	289.99	-27%		
Econet	706.59	548.78	-22%		
Hippo	1,350.00	1,080.00	-20%		
ZPI	90.00	72.00	-20%		
Cassava	692.97	558.10	-19%		

**Graph 9: Market Cap - ZWL\$ Mln**



**Graph 10: Major Equities Markets–YTD Movements (14 August 2020)**

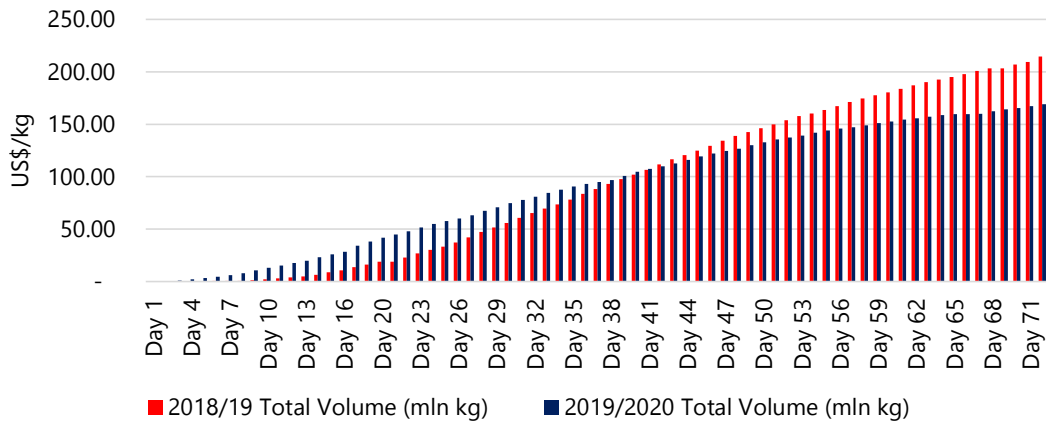




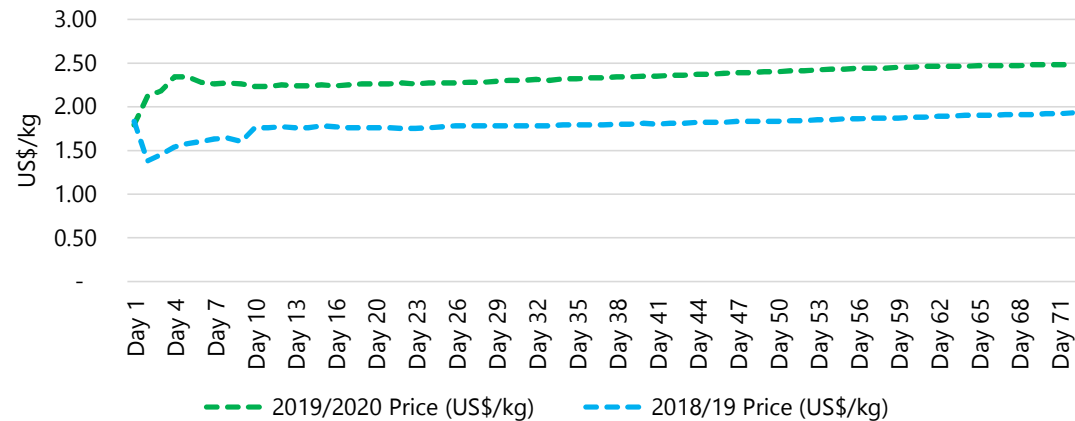
# ZIMBABWE | AGRICULTURE



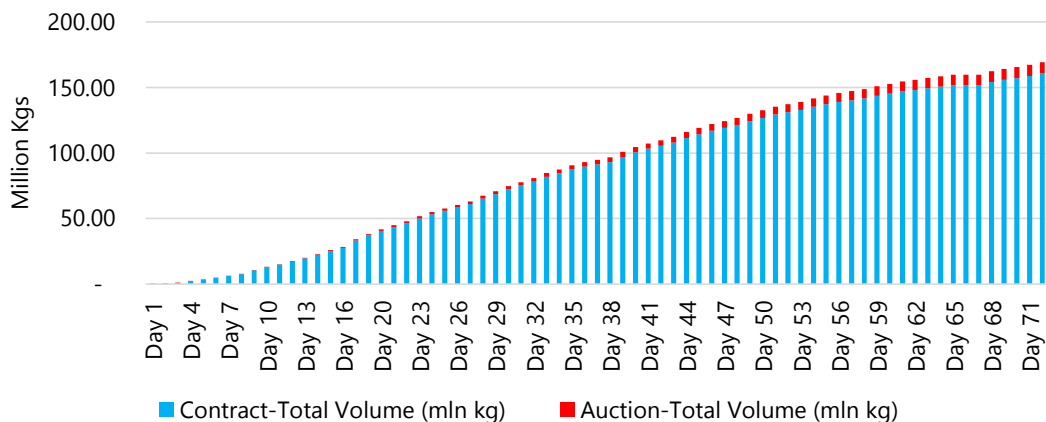
Graph 11a: Cumulative Tobacco Sales –Total Volumes (2018 v 2019)



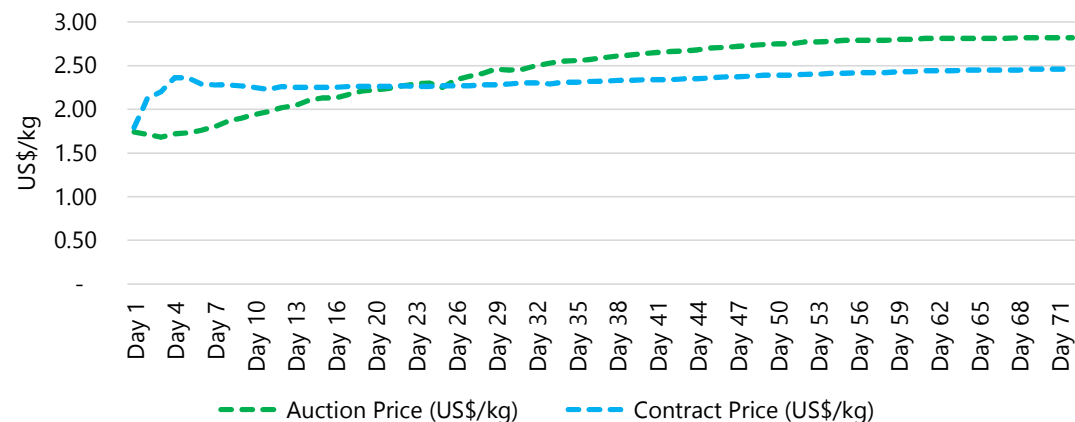
Graph 11b: Tobacco Daily Sales Statistics-Average Prices (2018 v 2019)



Graph 12a: 2019/20 Tobacco Sales Volumes -Contract Vs Auction



Graph 12b: 2019/20 Average Prices-Contract Vs Auction



Source: Tobacco Industry and Marketing Board

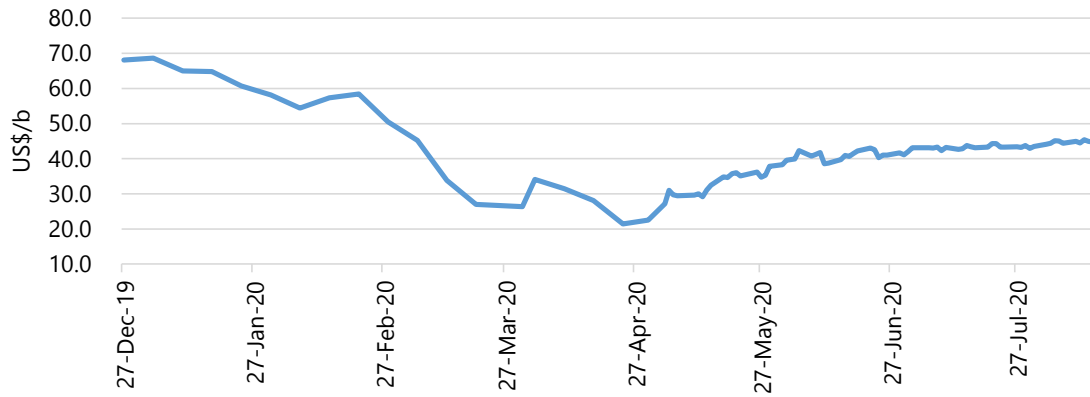




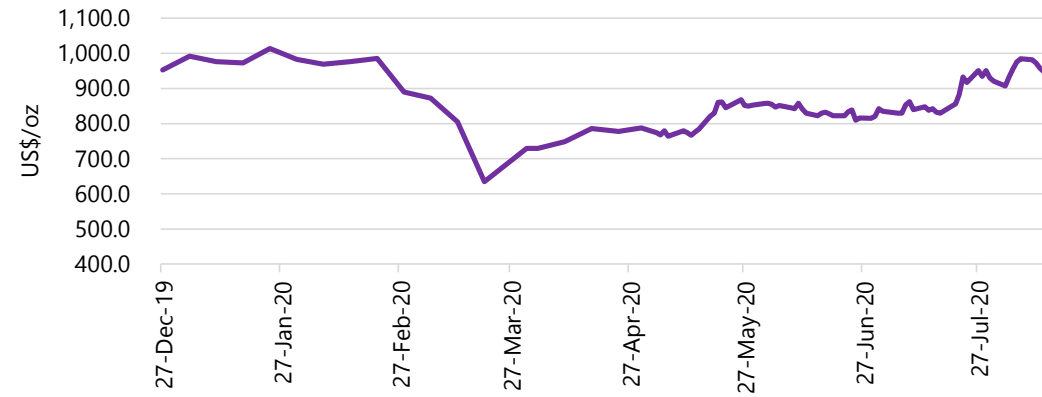
# GLOBAL COMMODITY PRICE MOVEMENTS

## MINERALS

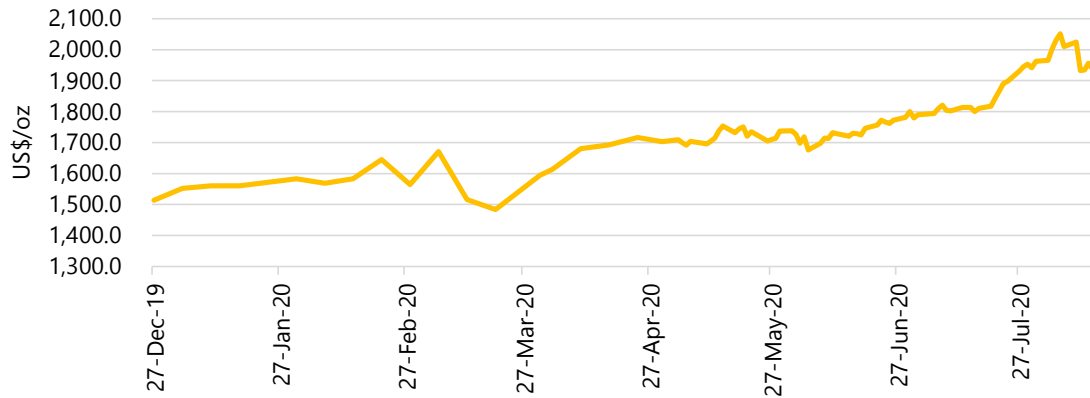
### Oil prices - US\$/b



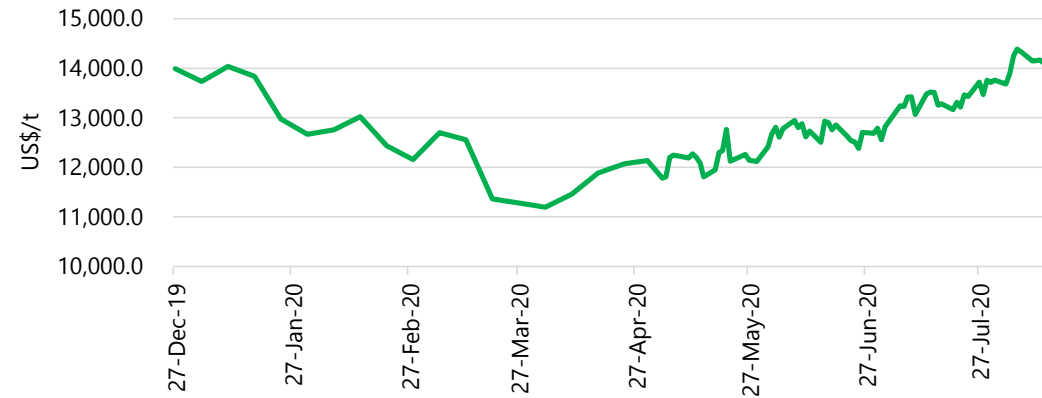
### Platinum price - US\$/oz



### Gold prices - US\$/oz



### Nickel price - US\$/t



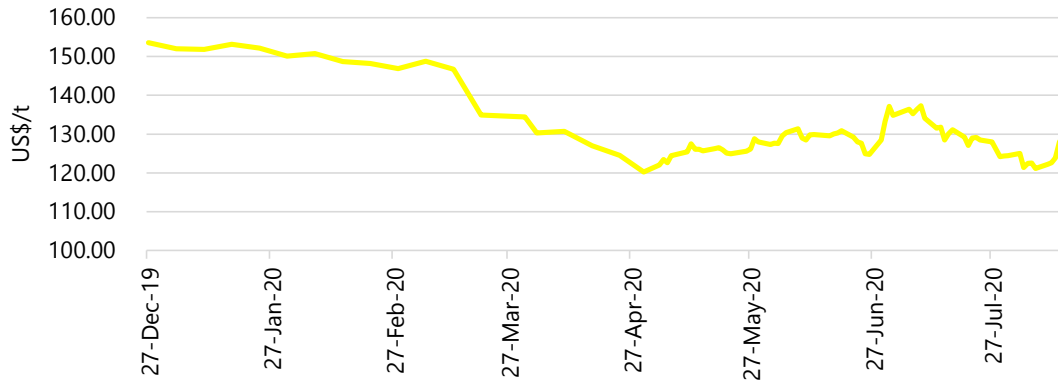
Source: Quandl



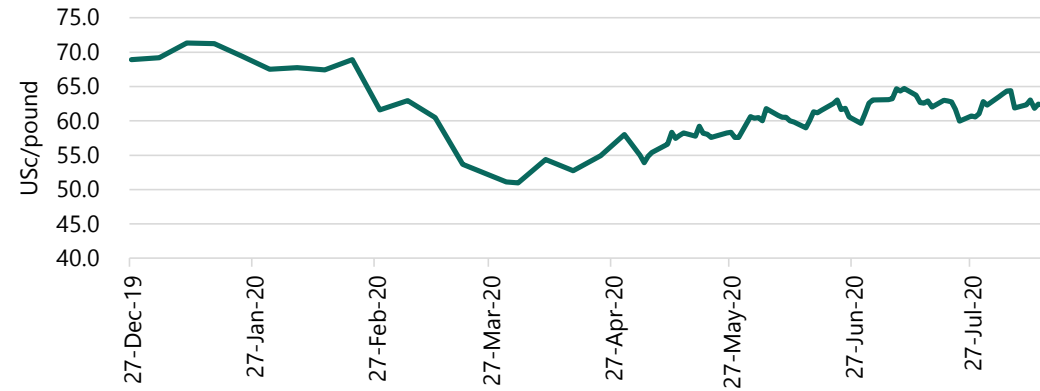
# GLOBAL COMMODITY PRICE MOVEMENTS

## AGRIC COMMODITIES

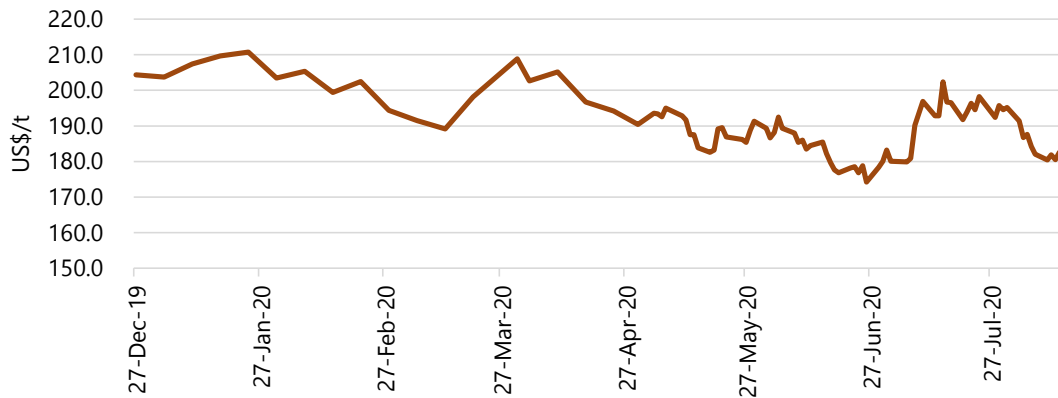
### Corn - US\$/t



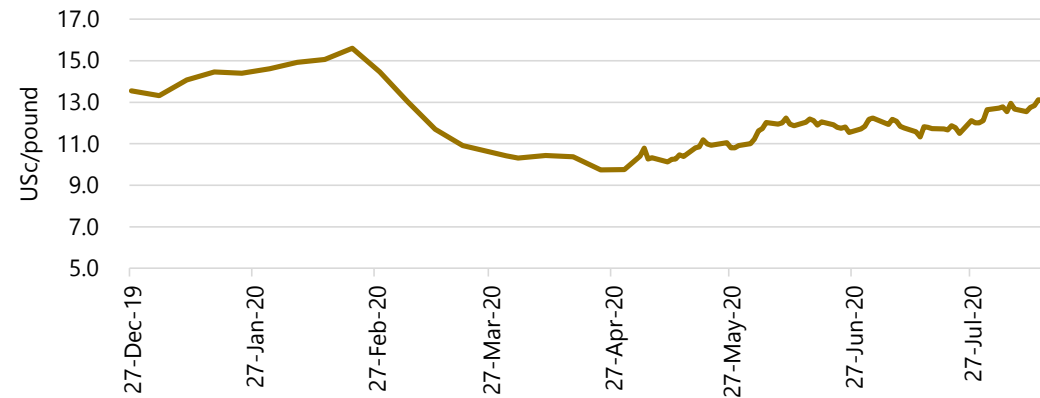
### Cotton - USc/pound



### Wheat - US\$/t



### Sugar - USc/pound



Source: Quandl

# ECONOMIC CALENDAR

LOOKING AHEAD...

Date	Event	Period	Forecast	Previous
<b>Local</b>				
18 August 2020	Lafarge Cement Zimbabwe, AGM (Time:1200hrs; Venue: Virtual)			
18 August 2020	RBZ Foreign Exchange Auction Market	19-25 August 2020		82.5608
TBA	2020 Mid-Term Monetary Policy Statement			
<b>Regional &amp; International</b>				
16 August 2020	Japan GDP (y/y)	Q2 2020	-27.2%	-2.2%
18 August 2020	Japan Trade Balance	July 2020	-¥77.6b	-¥269.3b
19 August 2020	U.K CPI (y/y)	July 2020	0.6%	0.6%
19 August 2020	Zambia Interest Decision	August 2020		9.25
20 August 2020	Botswana Interest Rate Decision	August 2020		4.25%
21 August 2020	U.K Manufacturing PMI	August 2020		53.3
21 August 2020	U.S Manufacturing PMI	August 2020	51.8	50.9

## Partners for Success

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