
THE CBZ ECONOMIC BRIEF

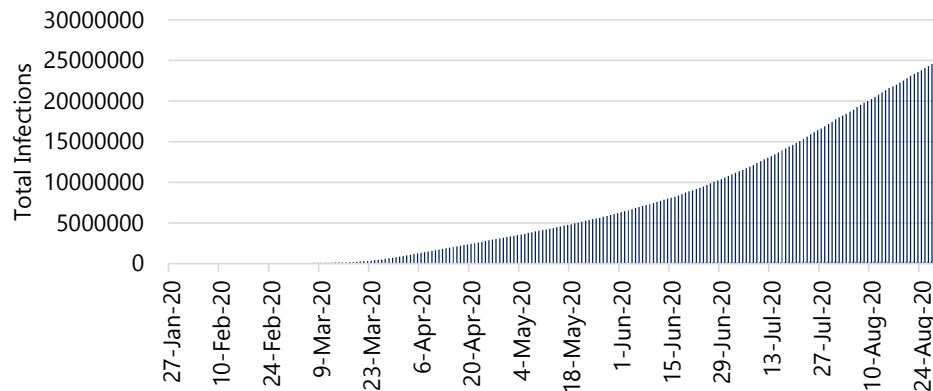
Week Ending 28 August 2020



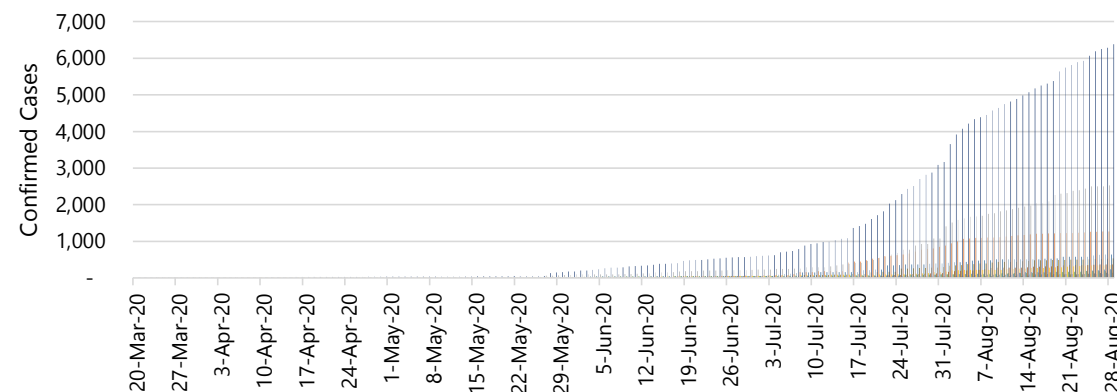


COVID-19 | Global Status as at 28 August 2020

Graph 1: Cumulative Global Cases as at 28 August 2020



Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 28 August 2020



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

Notable Trends in Cases for the Week

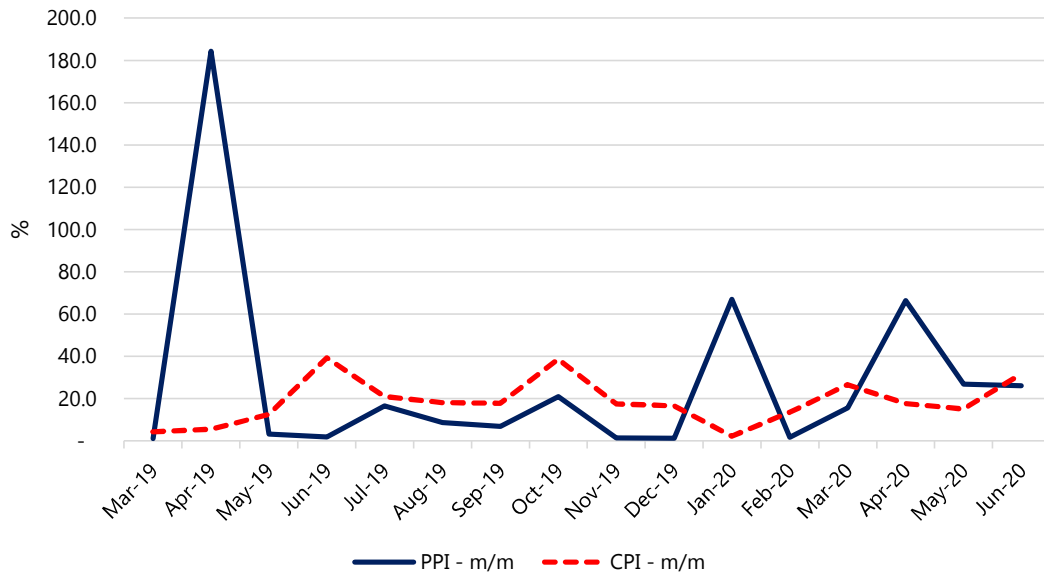
- Global cumulative cases rose to 24.9m, after an additional 1.8m cases were recorded during the week to 28 August 2020 – **Graph 1**. The largest weekly infections were recorded in India (488k), followed by the U.S (299k), Brazil (276k) and Colombia (68k). The U.S remained the most infected country in the world, followed by Brazil, India, Russia and South Africa
- In Africa, confirmed cases rose to 1.2m, after more than 61k new cases were recorded during the week to 28 August 2020. South Africa remained the most infected country in Africa, accounting for about 50% of all recorded cases, distantly followed by Egypt and Morocco at 8% and 5%, respectively.
- In Zimbabwe, cumulative cases rose to 6,388, after 573 new cases were recorded during the week to 28 August 2020 - **Graph 2**. Local cases (515) accounted for the bulk of the new cases. Harare Metropolitan province recorded the largest weekly cases of 217, followed by Mash West (64) and Mat South (62). Resultantly, Harare remained the most infected province with 2,532, followed by Bulawayo (1,271), Mat South (638) and Midlands (530), respectively.
- Meanwhile, cumulative global recoveries reached 17.3m, after more than 1.6m new recoveries were recorded during the week to 28 August 2020. Notwithstanding the surge in new infections, the ratio of active cases to total cases marginally declined to 27% as at 28 August 2020, from 29% recorded the previous week. In Zimbabwe, the ratio of active cases to total cases fell to 18% from 19%.
- According to the US Commerce Department, a second reading of the US economic growth revealed an annualized 31.7% contraction in Q2 2020 against an initial reading of -32.9%. The decline was attributed to the pandemic-fueled lockdown.
- The Republic of Madagascar requested for an additional disbursement under the IMF Rapid Credit Facility "RCF" following a worsening of the country's macroeconomic outlook.
- In South Africa, monthly inflation rose to 1.3% in July 2020 from 0.5% in June 2020, driven by higher fuel prices and municipal tariffs. Annual inflation accelerated to 3.2% from 2.2% over the same period.



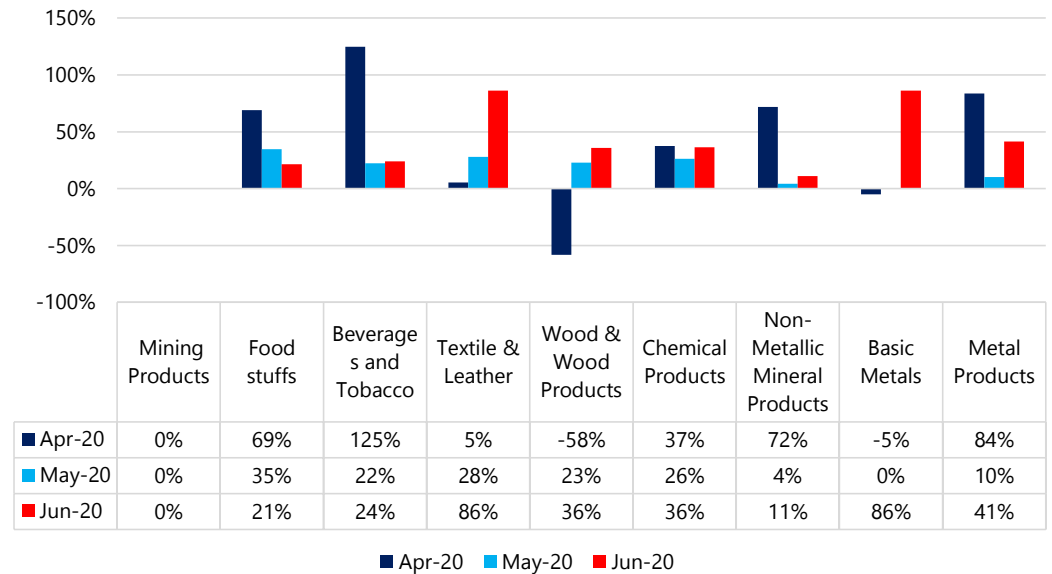
Producer Price Index

- According to the Zimbabwe National Statistics Agency, ZimStat, the monthly producer price index “PPI” was largely flat at 26.1% in June 2020 compared to 26.9% the prior month - **Graph 3**.
- The major cost pressures were recorded in base metals, metals and textile & leather products – **Graph 4**.
- Meanwhile, the annual PPI rose to 779.6% in June 2020, from 611% in May 2020, and against an annual inflation rate of 737.3%. Going forward, cost push pressures will continue to emanate from the gradual adjustment in utilities and fuel prices, adjustments in telecommunications and related charges as well as rising prices (inflation) in SA – especially following the more than doubling in the country’s m/m inflation rate in July 2020 and the rise in the Producer Price Index from 1.2% to 1.9%, over the same period.

Graph 3: Producer Price Index vs Monthly inflation



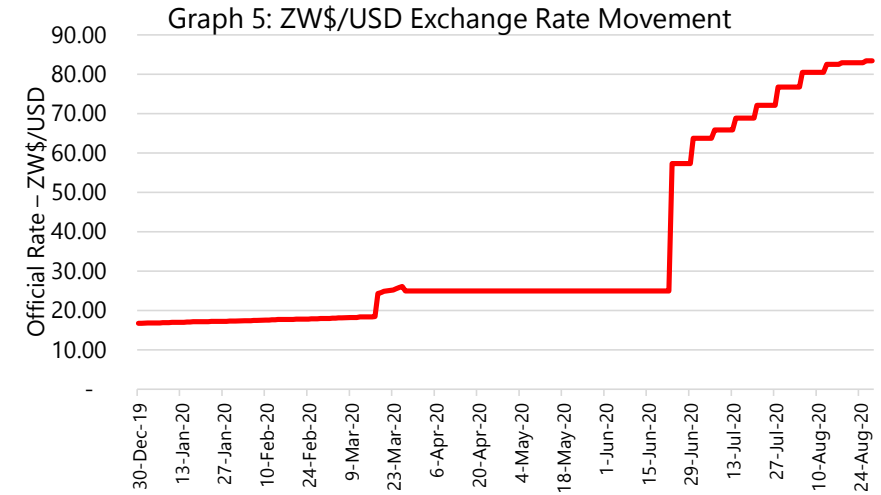
Graph 4: Trend in Categories (m/m)



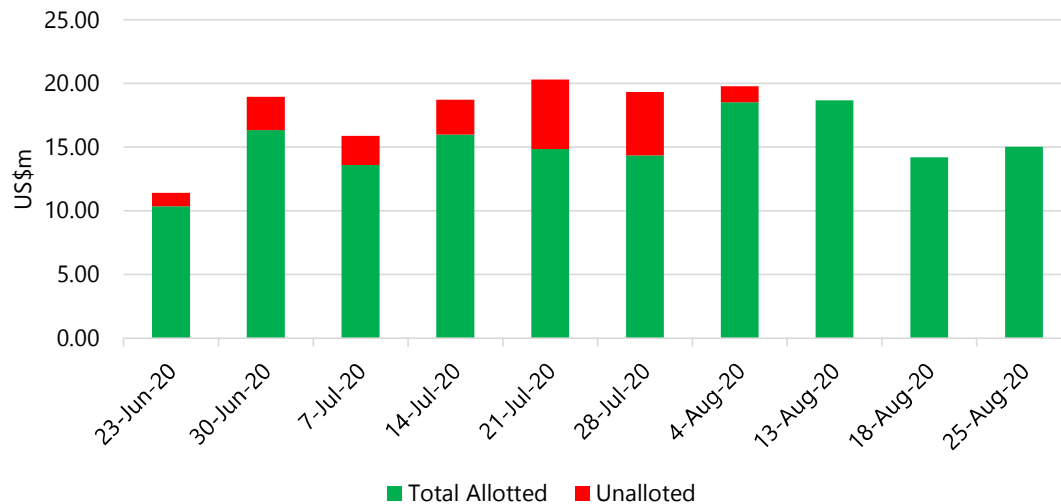


Foreign Currency Market Developments

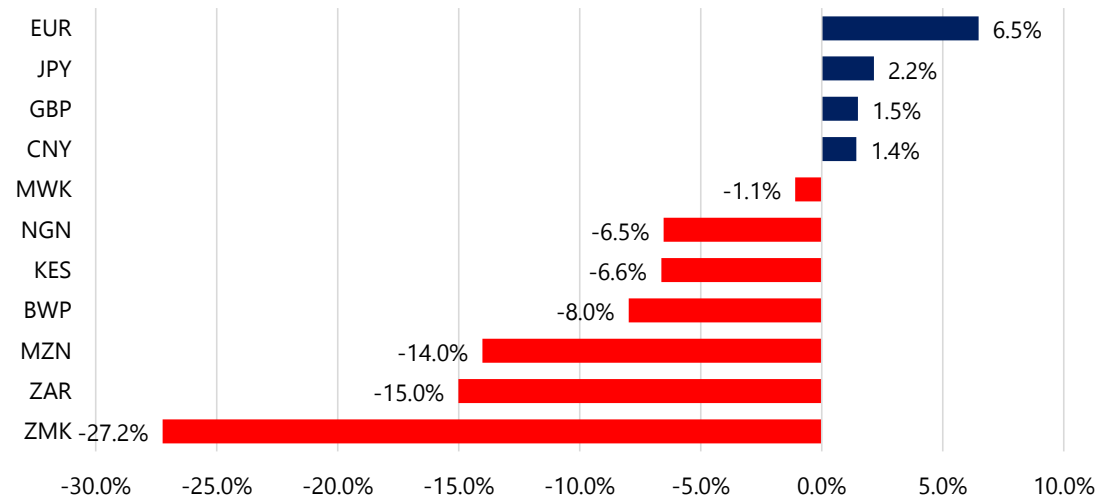
- The ZW\$ marginally depreciated by 0.6% from ZW\$82.92/ USD to a weighted average rate of ZW\$83.40/ USD following the foreign exchange auction held on 25 August 2020 - **Graph 5**.
- A total of US\$15.0m was allotted on the 25 August 2020 auction, with the largest weekly allotments going to raw materials (US\$5.0m), machinery & equipment (US\$3.9m), consumables (US\$1.7m) and pharmaceuticals & chemicals (US\$1.5m).
- Going forward, the end of the tobacco marketing season, potential increased expenditure ahead of the 2020 summer cropping season and potential need to ramp up electricity imports to cover for constricted domestic power generation may somewhat result in increased pressure on the local currency. The authorities, therefore, would need to continue with ongoing efforts towards supporting the export generating sectors, enhancing utilization of the available foreign currency, building confidence in the local currency and promoting demand and usage of the local currency.
- Meanwhile, on the international currency markets, the U.S dollar maintained YTD gains against other major currencies, except the Euro, Japanese Yen, Chinese Yuan and Pound sterling – **Graph 6**.



Graph 5b: Foreign Currency Auction Allotments



Graph 6: Major Currencies vs the USD - Ytd as at 28 August 2020





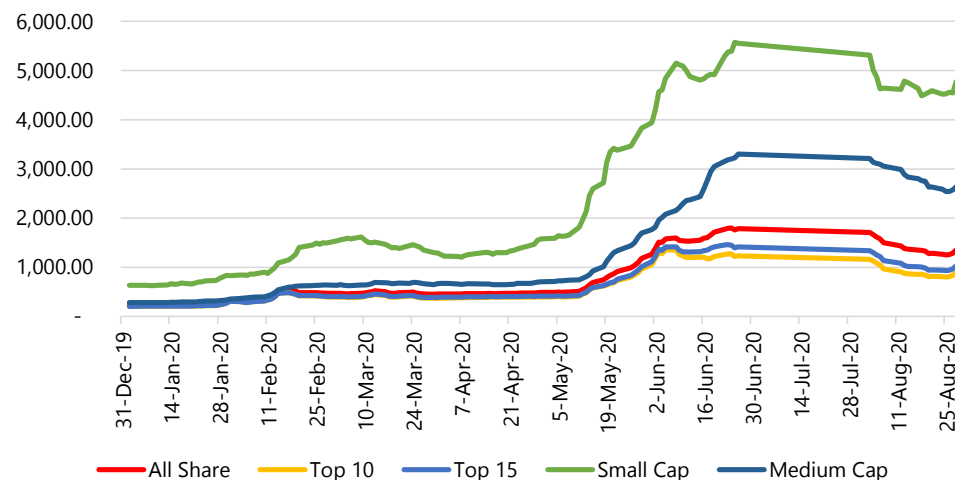
ZIMBABWE | FINANCIAL MARKETS-EQUITIES MARKETS



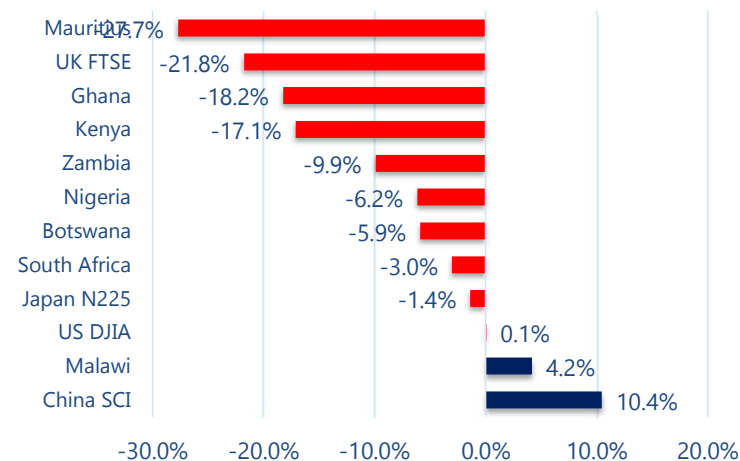
Equities Market Developments

- On the Zimbabwe Stock Exchange, all indices recorded the first weekly gains post the June 2020 suspension of trading, during the week under review. The All Share Index rose by 5.5%, driven by the Top 10 (+9.6%), Top-15 (+8.2%), Small Cap (+4.2%) and Medium Cap (+0.2%) – **Graph 7**.
- Subsequently, the year-to-date “YTD” gains rose to 489% from the previous week’s level of 459%.
- Tyre-retailer, NTS, recorded the largest gain of 107% - the second consecutive weekly gain. Other movers were Bindura (40%), OK Zimbabwe (37%) and Innscor (30%). However, notable weekly losses were still recorded for FCB (-26%), GB Holdings (-20%), ZBFH (-20%) and Truworths (-17%) - **Table 1**.
- Delta remained the largest counter on the ZSE, with a market capitalization of ZW\$20.4b, followed by CBZ Holdings (ZW\$18.5b), Econet (ZW\$12.2b), Cassava (ZW\$11.1b) and Innscor (ZW\$9.9b) - **Graph 8**.
- Meanwhile, on a YTD basis, the ZSE outperformed most of the major global and regional stock markets under our watch as at 28 August 2020 - **Graph 9**.

Graph 7: ZSE Indices



Graph 9: Major Equities: Ytd as at 28 August 2020



Graph 8: Top 10 Stocks by Market Capitalization

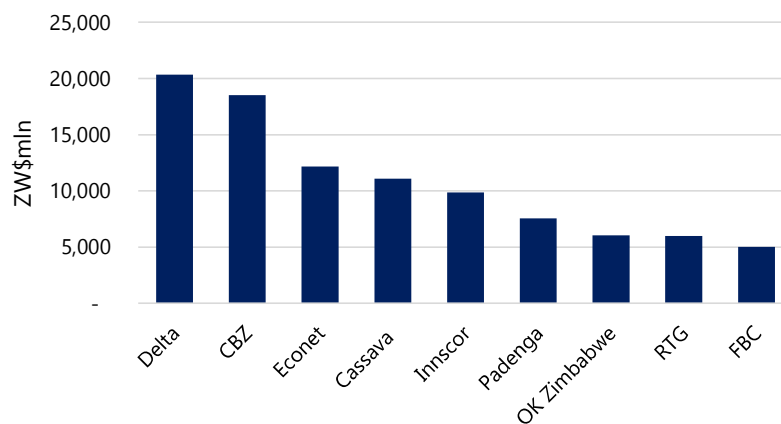


Table 12: ZSE Movers and Shakers

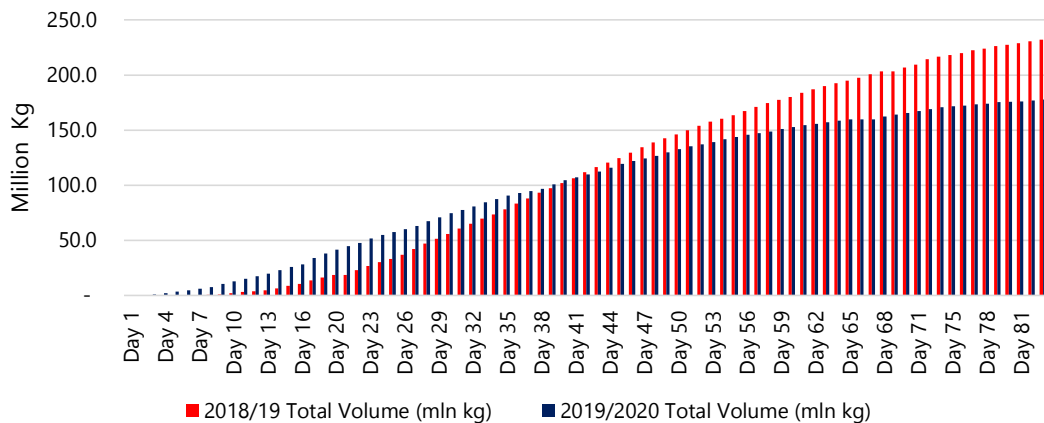
Movers	21-Aug	28-Aug	Change (%)
NTS	6.4	13.3	107.2%
Bindura	240.6	335.8	39.5%
OK Zimbabwe	355.6	488.0	37.2%
Innscor	1,341.4	1,748.6	30.4%
Padenga	1,081.8	1,397.4	29.2%
Shakers	21-Aug	28-Aug	Change (%)
FCB	95.0	70.0	-26.3%
GB Holdings	15.0	12.0	-20.0%
ZBFH	1,300.0	1,040.0	-20.0%
Truworths	17.0	14.0	-17.6%
Willdale	24.0	20.0	-16.7%



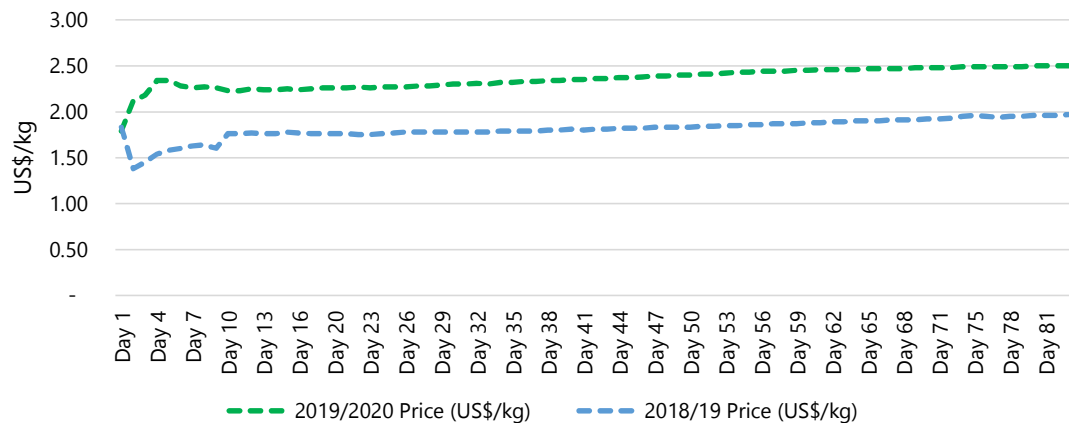
ZIMBABWE | AGRICULTURE



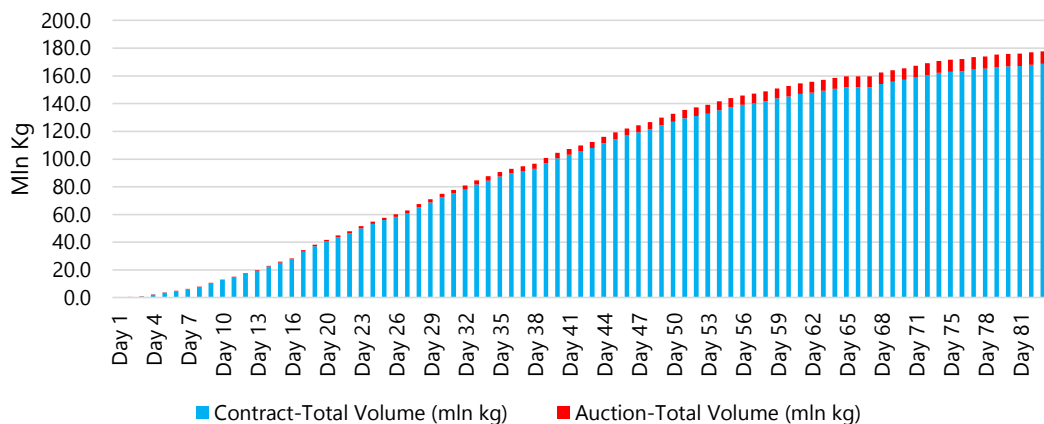
Graph 10a: Cumulative Tobacco Sales – Total Volume (2018 v 2019)



Graph 10b: Tobacco Daily Sales Statistics – Average Prices (2018 v 2019)



Graph 11a: 2019/20 Tobacco Sales Volume – Auction v Contract



- The 2020 tobacco marketing season ended on 28 August 2020. As at day 84, a total of 178 million kgs, valued at US\$446m had been sold at an average price of US\$250/ kg. Both the volume and value sold were relatively lower than the 233 million kgs, and US\$460m that had been realized during the corresponding period of 2019. However, the 2020 average price was considerably higher than the 2019 average price of US\$1.97/ kg, reflecting both better quality and supply side constraints following lower output in other major producers.
- The 2020 season figures may, however, increase slightly through mop up sales.
- Meanwhile, preliminary reports indicate that most of the SADC Region is likely to receive normal to above normal rainfall during the 2020/21 season. This naturally raises prospects for the agricultural and allied sectors, hence the need for stakeholders to step up preparations for the forthcoming season, including enhancing availability of funding, timely availability and distribution of inputs and suitable risk management solutions.

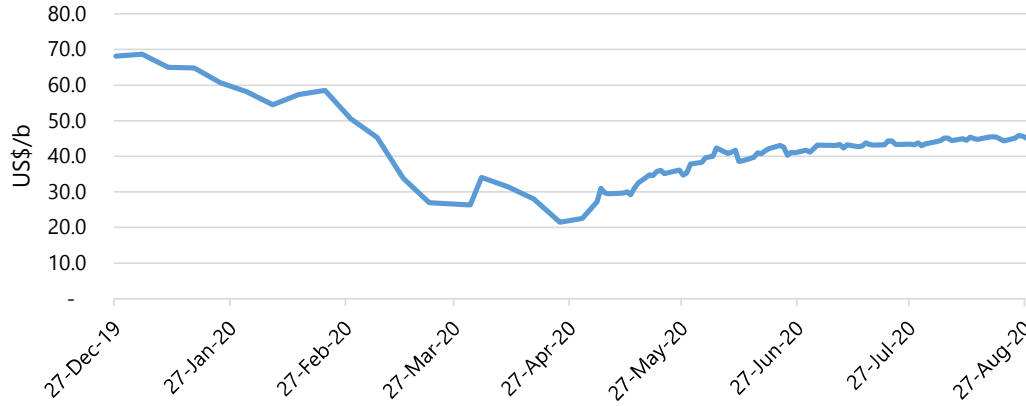
Source: Tobacco Industry and Marketing Board



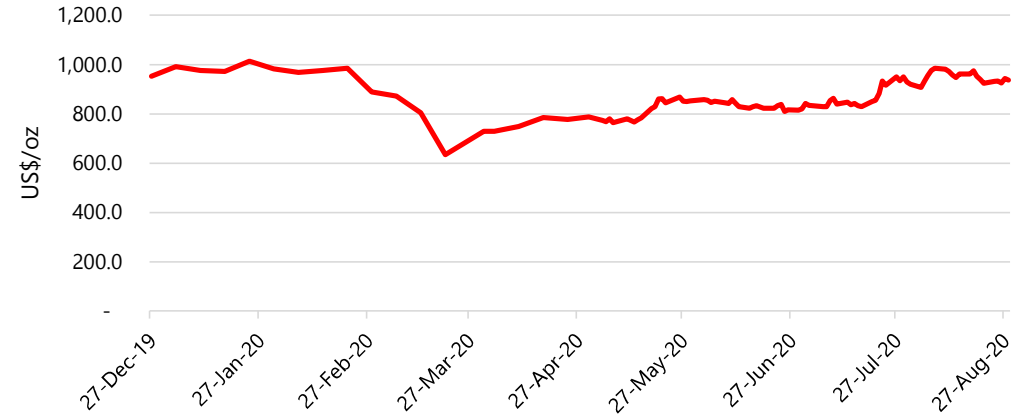
GLOBAL COMMODITY PRICE MOVEMENTS

MINERALS

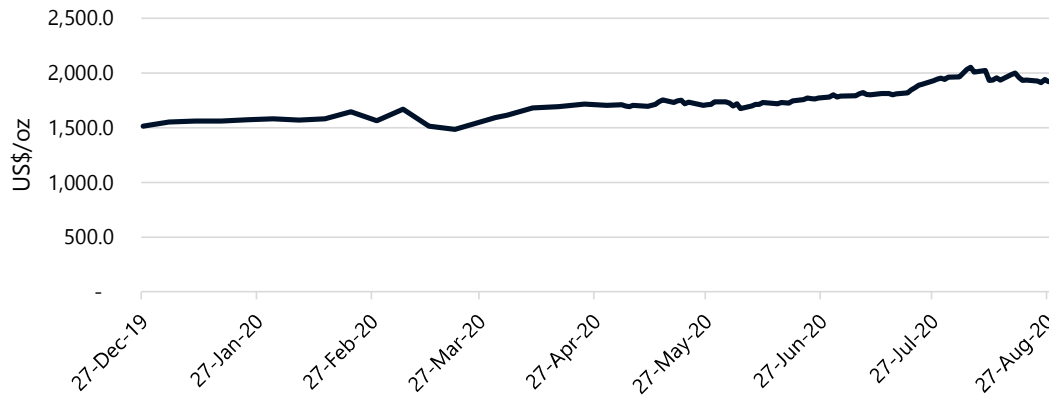
Oil prices - US\$/b



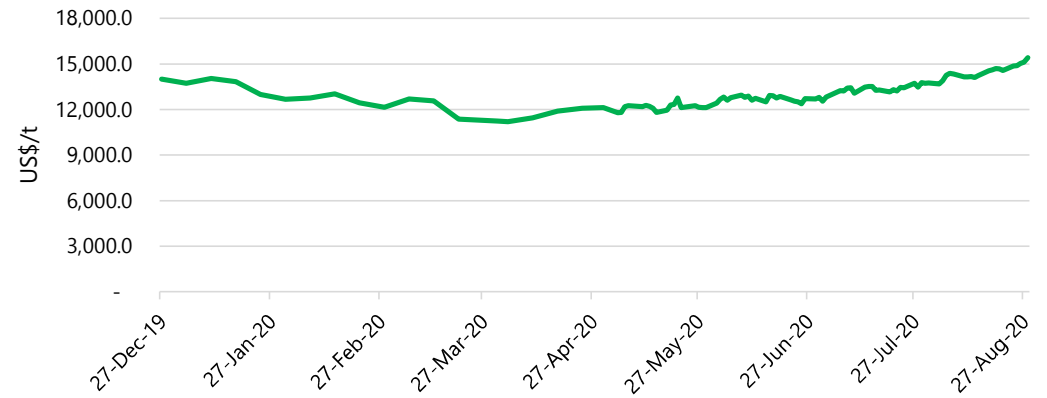
Platinum price - US\$/oz



Gold prices - US\$/oz



Nickel price - US\$/t



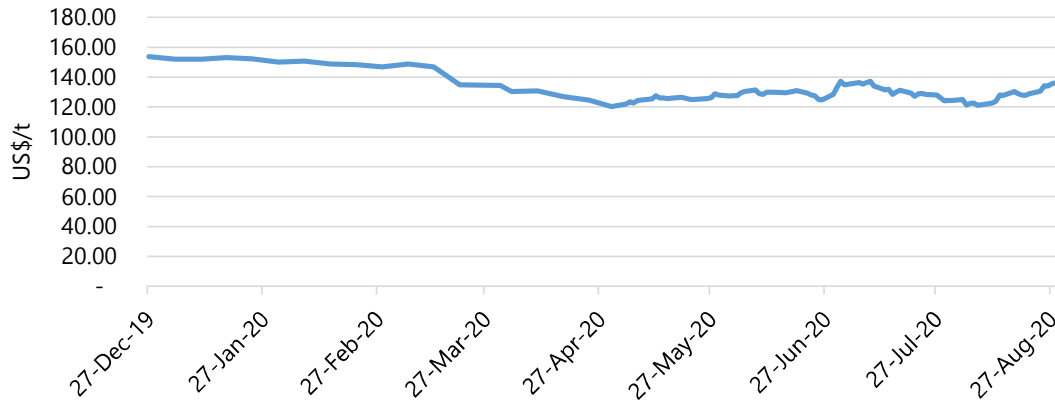
Source: Quandl



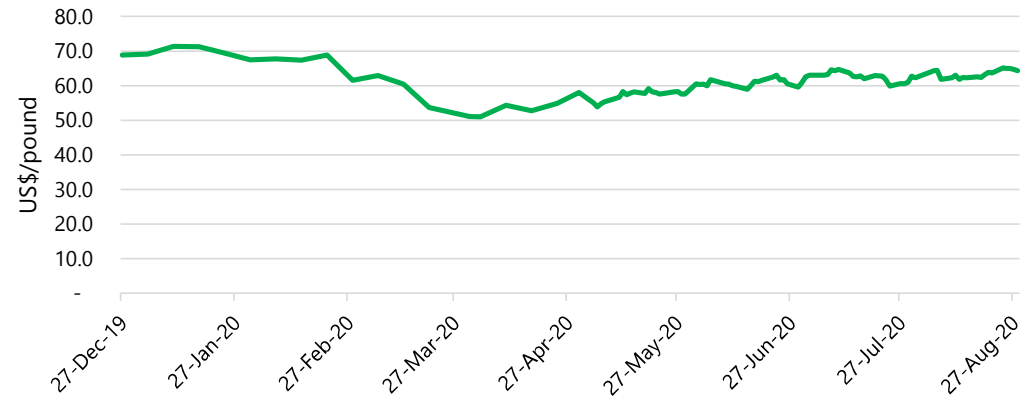
GLOBAL COMMODITY PRICE MOVEMENTS

AGRIC COMMODITIES

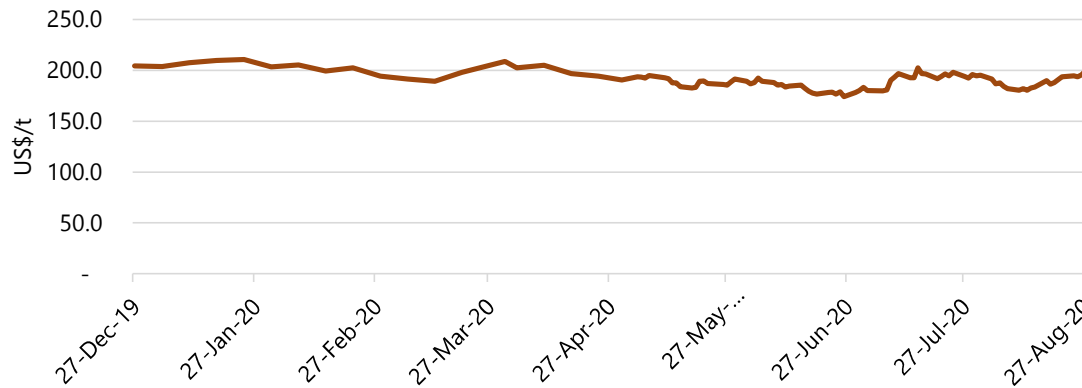
Corn - US\$/t



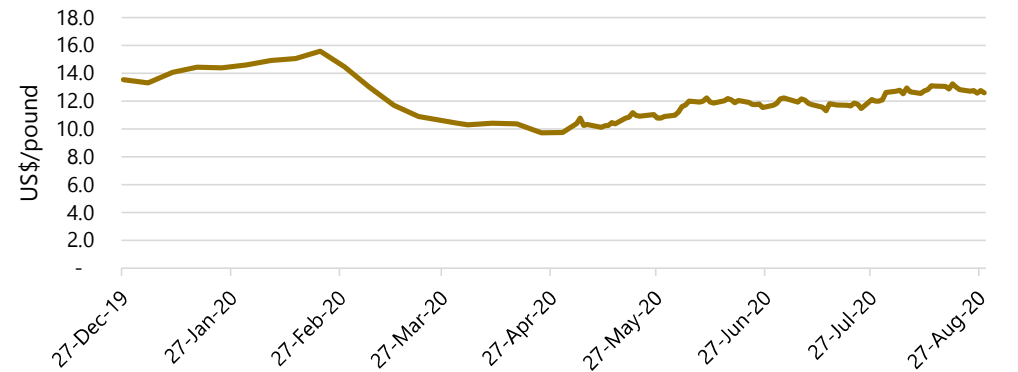
Cotton - US\$/pound



Wheat - US\$/t



Sugar - US\$/pound



Source: Quandl

ECONOMIC CALENDAR

LOOKING AHEAD...

Date	Event	Period	Forecast	Previous
Local				
01 September 2020	RBZ Foreign Exchange Auction Market	02 Sept-07 Sept 2020		83.3994
Regional & International				
31 August 2020	South Africa M3 Money Supply (y/y)	July 2020		11.1%
01 September 2020	Australia Interest Rate Decision	September 2020		0.25%
01 September 2020	Euro CPI (y/y)	August 2020	0.4%	0.2%
02 September 2020	China Caixin Services PMI	August 2020		54.1
03 September 2020	Euro Markit Composite PMI	August 2020	51.6	51.6
03 September 2020	UK Composite PMI	August 2020	60.3	60.3
04 September 2020	US Unemployment	August 2020	9.8%	10.2%

Contact Details

3rd Floor, Sapphire House,

Cnr Speke/Angwa St,

P O Box 3313,

Tel: +263 4 759 110-6

Website: www.cbz.co.zw

Email: economics@cbz.co.zw

Analysts

Andrew Chirewo

Group Economist

achirewo@cbz.co.zw

Victor Makanda

Analyst

vmakanda@cbz.co.zw

Johane Virima

Analyst

jvirima@cbz.co.zw

Disclaimer

CBZ Holdings Limited has prepared this report on behalf of itself and its clients for informative purposes only. Whilst the facts and opinions expressed in this report are based on sources that are believed to be reliable, and every care has been taken in preparing the report, no warranty (implicit or explicit) is made by CBZ Holdings Limited, its employees, directors, associates and affiliates regarding the accuracy, reliability, currency or completeness of the information in this report nor its usefulness for any purpose. CBZ Holdings Limited, its employees, directors, associates and affiliates accept no responsibility or liability, whatsoever, for any loss, damage, cost or expense, howsoever, incurred or arising by reason of any person using or relying on information or opinions expressed in this report. The opinions and estimates expressed in this report are based on the information available as at the date of publication and such opinions and estimates are given in good faith, but without legal responsibility, and may be changed after publication at any time without notice. The information contained in this report does not constitute legal advice or personal recommendation and each recipient may undertake his or her own independent investigation of the issues discussed in this report.