



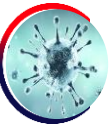
...Government announces  
resumption of domestic  
and international flights...

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## THE CBZ ECONOMIC BRIEF

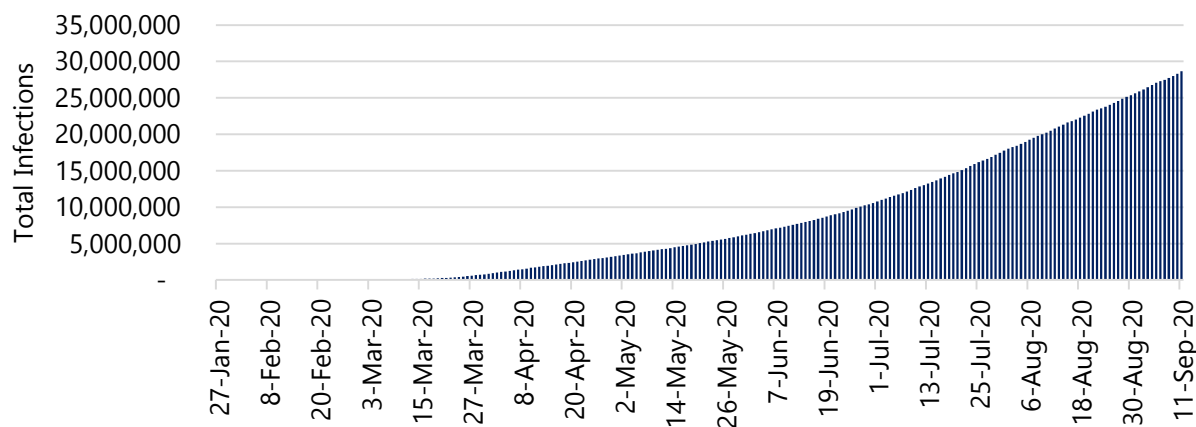
Week Ending 11 September 2020

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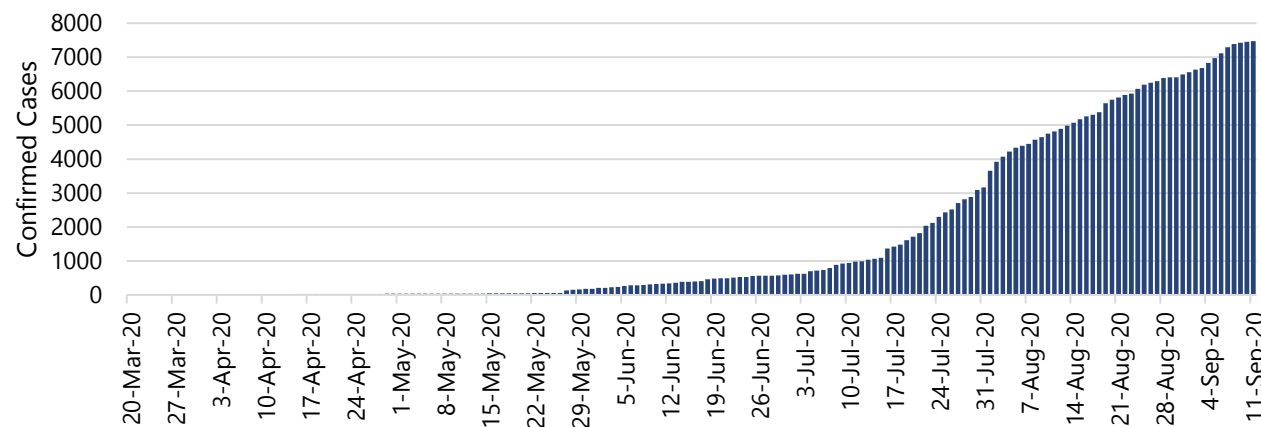


# COVID-19 | Global Status as at 11 September 2020

**Graph 1: Cumulative Global Cases as at 11 September 2020**



**Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 11 September 2020**



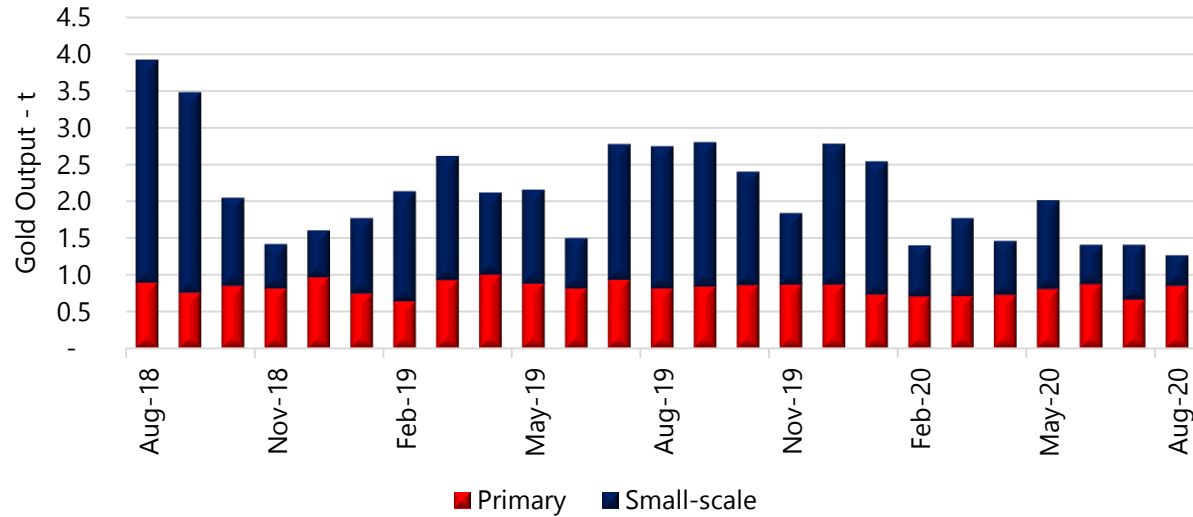
Sources: Johns Hopkins University & Ministry of Health & Child Care (Zimbabwe)

## Notable Trends in Cases for the Week

- Global cumulative cases rose above 28m, after an additional 1.9m cases were recorded during the week to 11 September 2020 – **Graph 1**. The largest weekly cases were recorded in India (637k), followed by the U.S (248k) and Brazil (192k). The U.S remained the most infected country in the world, with cumulative cases of about 6.6m, followed by India (4.6m) - which surpassed Brazil (4.3m) in 3<sup>rd</sup>, and Russia (1.1m), respectively.
- In Africa, confirmed cases rose by 4.3% to 1.3m, after an additional 55k new cases were recorded. The largest weekly infections were recorded in Morocco (13.6k), South Africa (11.3k) and Ethiopia (6.9k). South Africa (646k) remained the continent's most infected country, followed by Egypt (100k) and Morocco (82k).
- In Zimbabwe, cumulative cases rose to 7,479 following 642 new cases - **Graph 2**. Harare recorded the largest weekly cases of 466, followed by Bulawayo (45) and Manicaland (27). A total of 315 people recovered during the period under review, bringing the cumulative recoveries to 5,660. Nonetheless, the ratio of active cases to total cases increased to 21%, from 19% recorded during the previous week.
- Meanwhile, the European Central Bank "ECB" kept its interest rate on the main financing operations, marginal lending facility and the deposit facility unchanged at 0.00%, 0.25% and -0.5%, respectively. It also announced that it will continue with its asset purchases under the €1,350b pandemic emergency purchase programme.
- The U.K announced that it secured, in principle, a Free Trade Agreement with Japan, the country's first major trade deal since leaving the European Union. Under the agreement, trade between the two nations is expected to increase by an estimated £15.2b, and will boost GDP by around 0.07% over 15 years.
- According to the Congressional Budget Office "CBO", the U.S federal budget deficit for August 2020 stood at US\$198b, about US\$3b less than the deficit recorded in the comparable period last year. However, the cumulative budget deficit for the first 11 months of fiscal year 2020 was US\$3.0 trillion, about US\$1.9 trillion more than the deficit recorded for the same period last year.
- In South Africa, the Minister of Finance expects the economy to contract by more than the initial 7% that was forecasted in July 2020. This followed the release of figures showing that GDP shrunk by a record 51% in the second quarter of 2020, the fourth quarterly contraction in a row.
- In Zimbabwe, Cabinet approved the resumption of domestic and international flights, with effect from 10 September and 1 October 2020, respectively. The Government also announced that Standard Operating Procedures "SOPs" were put in place to guide the reopening of international and domestic airports. In line World Health Organisation "WHO" safety guidelines, all travelers will be sanitized, temperature checked, mandated to wear masks, maintain social distance, and required to have a PCR Covid-19 clearance issued by a recognized facility within 48hrs from date of departure. The move by government to reopen the airspace, and the tourism industry in general, is in line with other tourism destinations across the globe. In fact, according United Nations World Tourism Organisation "UNWTO", 115 destinations (51%) started to ease travel restrictions as at 01 September 2020.



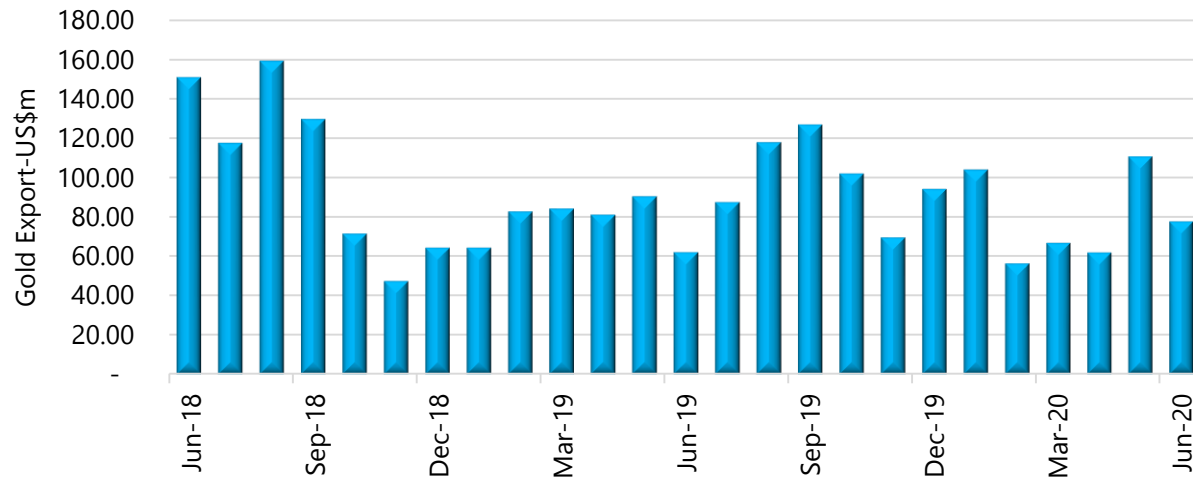
### Graph 3: Monthly Gold Output Trend



### Gold output dropped, for the 3<sup>rd</sup> straight month in August 2020...

- According to the Fidelity Printers and Refiners “FPR”, gold output declined by 9.8% m/m to 1.27t in August 2020, from 1.41t recorded in July 2020. The decline was attributed to cash shortages due to limited inflow of flights with United States dollars because of covid-19 restrictions - **Graph 3**.
- Output from primary producers increased from 0.7t in July 2020 to 0.9t in August 2020. However, a larger decline was recorded in the scam scale producers subsector, hence the decline in monthly output.
- Cumulative deliveries for the 8-months to August 2020 also declined by 26% to 13.28t, compared 17.83t delivered during the first eight months of 2019.
- Meanwhile, according to Zimbabwe Statistics Agency ZimStat, the country’s gold export earnings increased by 2.6% to US\$477.80m during the first half of 2020, from US\$465.55m recorded during the comparative period of 2019 - **Graph 4**. The upward review of gold export retention from 55% to 70% as well firming gold prices on the international market, in part, contributed to the earnings growth.

### Graph 4: Monthly Gold Export Earnings Trend

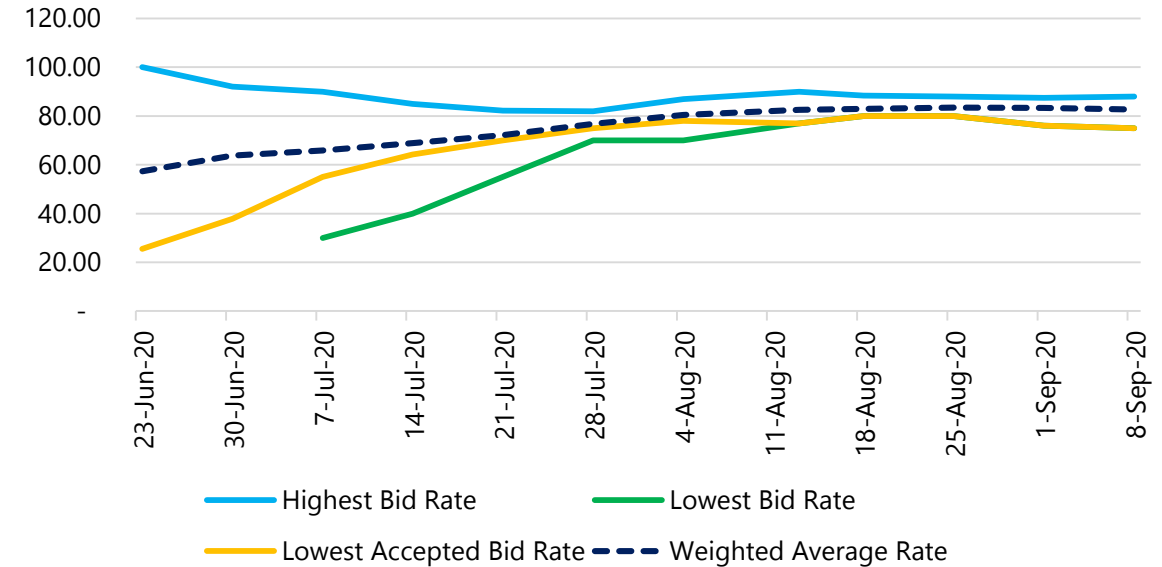




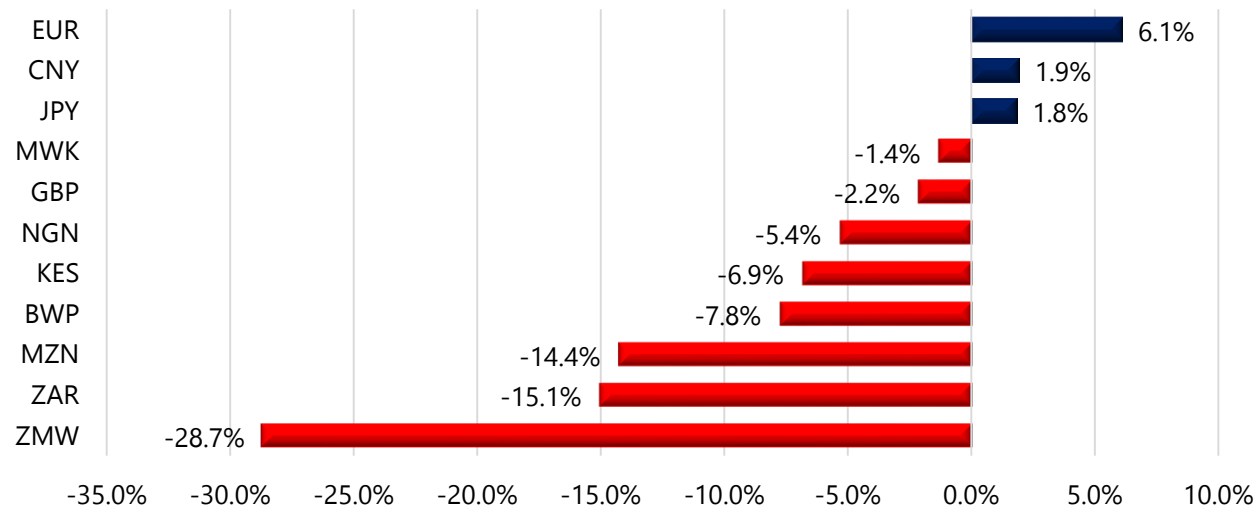
## Foreign Currency Market Developments

- The ZW\$ firmed against the USD, for the second week in a row, after it appreciated by 0.8%, from ZW\$83.32/ USD to a weighted average rate of ZW\$82.70/ USD, following the 12<sup>th</sup> foreign currency auction held on Tuesday 11 Sep 2020 - **Graph 5a**. The highest bid on the main auction marginally increased from 87.5 to 88.0, whilst the lowest accepted bid dropped from 76 to 75.
- A total of US\$19.21m was allotted, with the largest weekly allotments going to raw materials (US\$9.0m), machinery & equipment (US\$3.5m), consumables (US\$2.5m) and services (US\$1.6m).
- Going forward, it remains imperative for the authorities to continue with ongoing efforts to reduce the gap between the official and parallel market exchange rates, in order to enhance foreign currency trading through the formal channels. Exchange rate movements are expected to remain a function of money supply growth, inflation developments and general market confidence.
- Meanwhile, on the international currency markets, the U.S dollar maintained YTD gains against other major currencies, except the Euro, Chinese Yuan and the Japanese Yen – **Graph 6**.

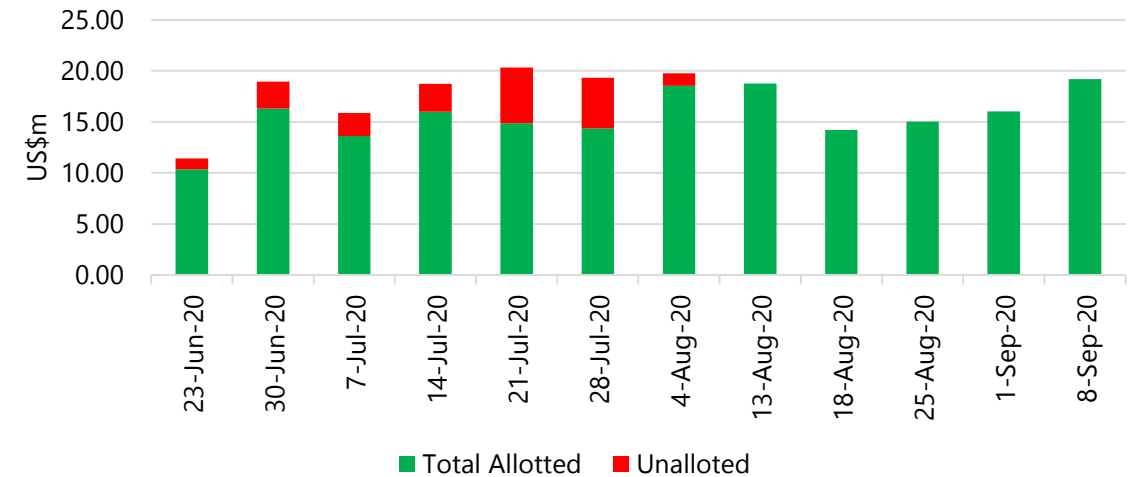
### Graph 5a: FX Auction Market Bid Rates Trend



### Graph 6: Major Currencies vs the USD-YTD Movements -11 Sept 2020



### Graph 5b: Foreign Currency Auction Allotments

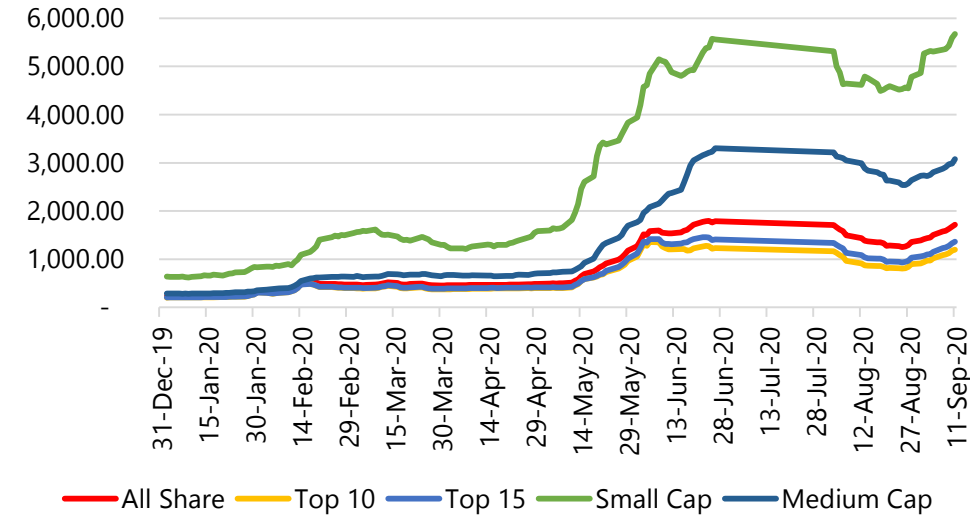




### Equities Market Developments

- On the Zimbabwe Stock Exchange, all indices maintained an upward trend, for the 3<sup>rd</sup> consecutive week, led by the top 15 stocks (+18.1%) and the top 10 stocks (+17.6%) indices. The All Share Index gained by 14.3%, its best weekly performance since the resumption of trade, and in the process extended its year-to-date "YTD" gain to 645% – **Graph 7**.
- Milk manufacturer and marketer, Dairibord Holdings, which is trading under a cautionary in respect of a potential merger and acquisition transaction, posted the largest weekly gain of 72.0%, followed by construction company, Masimba (62.7%), banking groups, CBZH (55.0%) and FBC (38.0%) and agricultural concern Seed Co (29.1%) – as the 2020 summer cropping season beckons. Major weekly declines were recorded for Bindura (-24.6%) and ZPI (-16.6%) - **Table 2**.
- Meanwhile, CBZ Holdings extended its YTD gain to +7616.3%, thereby rising to become the largest counter on the ZSE, with a market capitalization of ZW\$37.0b. It was followed by Delta (ZW\$28.7b), Econet (ZW\$13.0b), Innscor (ZW\$12.4b) and Cassava (ZW\$11.4b) - **Graph 8**.
- Meanwhile, the Victoria Falls Stock Exchange "VFEX" launched an online examination for the VFEX sponsor approved executives. The examination will focus on understanding the VFEX trading rules, the application of the Securities and Exchange Act (24:25) with regards to issuers and listings, and the application of exchange control requirements with regards to listings. The examinations are set for 24 September and 01 October 2020, and on the 1<sup>st</sup> Monday of each subsequent month.
- Graph 9** shows YTD performances for major regional and international markets under our watch.

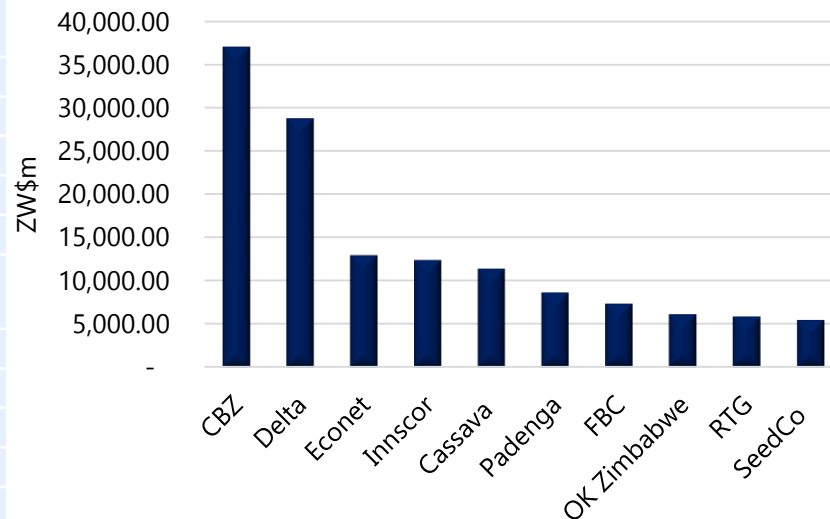
**Graph 7: ZSE Indices**



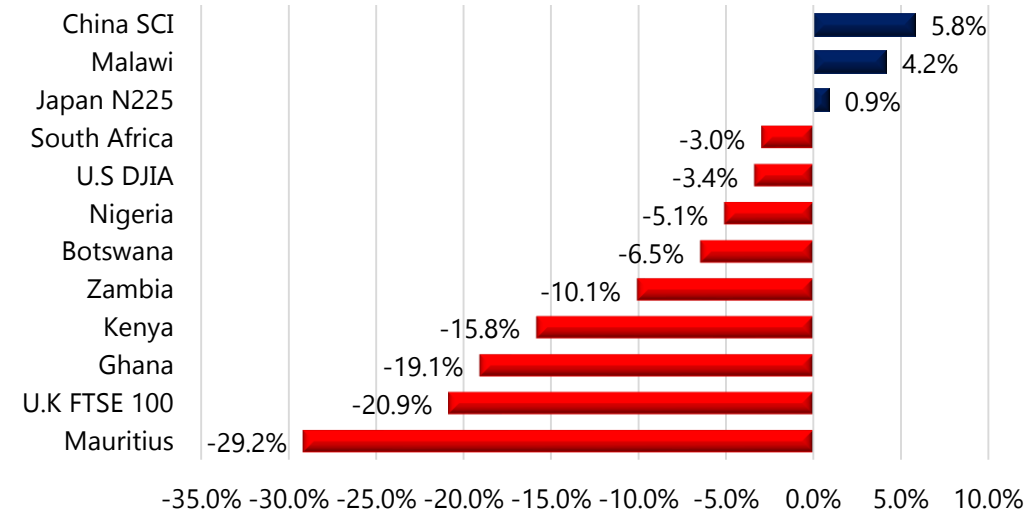
**Table 1: ZSE Movers and Shakers**

Movers	4-Sep-20	11-Sep-20	Weekly change (%)
DZLH	605.00	1,040.73	72.0%
Masimba	102.00	166.00	62.7%
CBZ	3,471.38	5,379.04	55.0%
FBC	797.06	1,100.19	38.0%
SeedCo	1,716.70	2,215.69	29.1%
Shakers	4-Sep-20	11-Sep-20	Weekly change (%)
Bindura	398.05	300.04	-24.6%
ZPI	69.25	57.75	-16.6%
African Sun	160.00	150.36	-6.0%
NMB	310.00	300.33	-3.1%
Dawn	109.48	107.26	-2.0%

**Graph 8: ZSE Top 10 Counters By Market Capitalization**



**Graph 9: Major Equities Markets-YTD Movements -11 Sept 2020**

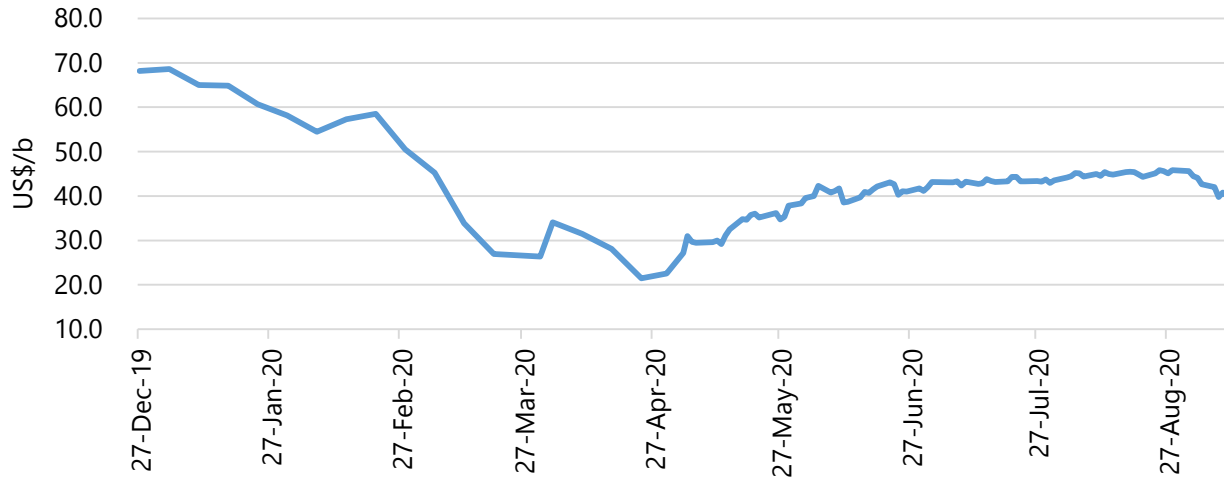




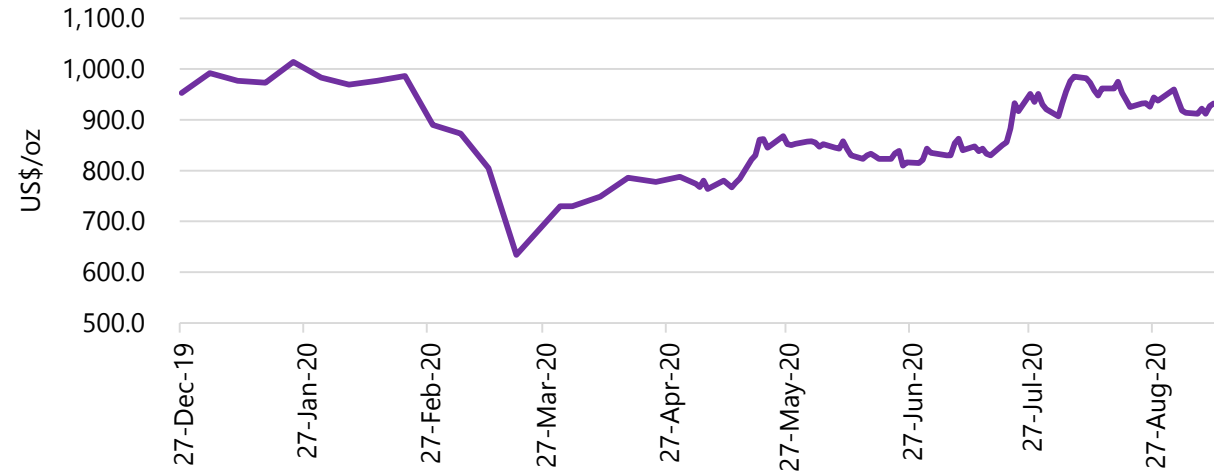
# GLOBAL COMMODITY PRICE MOVEMENTS

## MINERALS

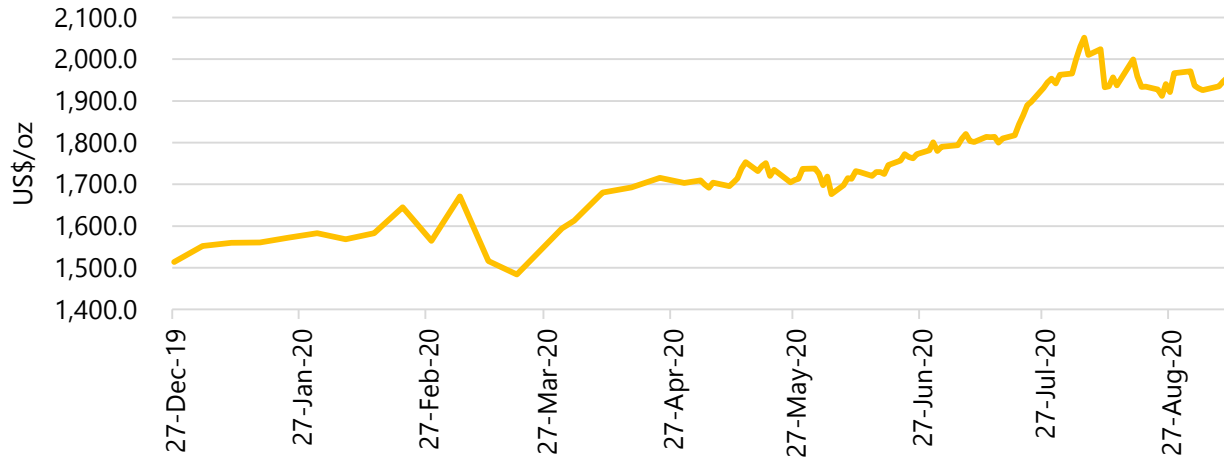
### Oil prices - US\$/b



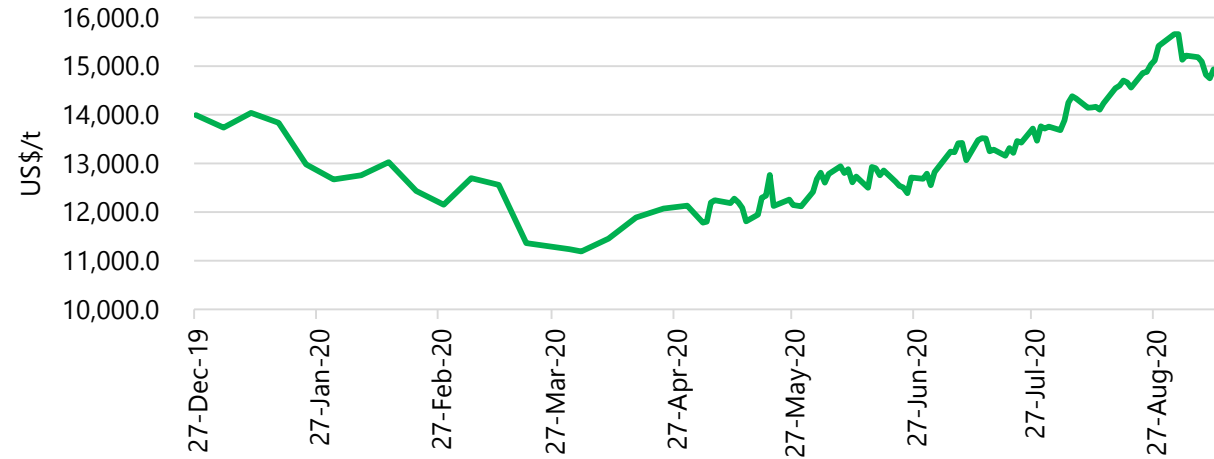
### Platinum price - US\$/oz



### Gold prices - US\$/oz



### Nickel price - US\$/t

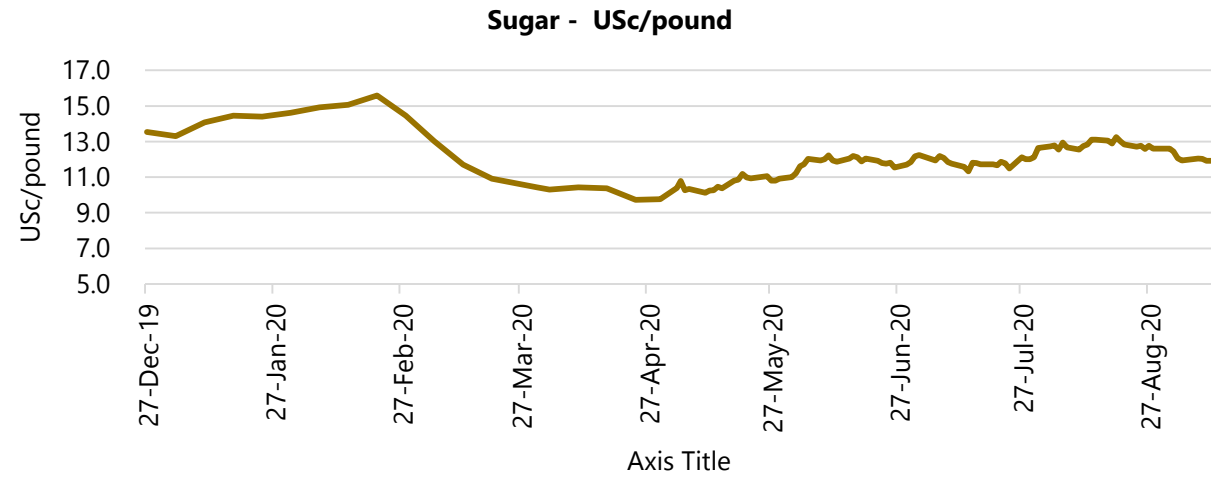
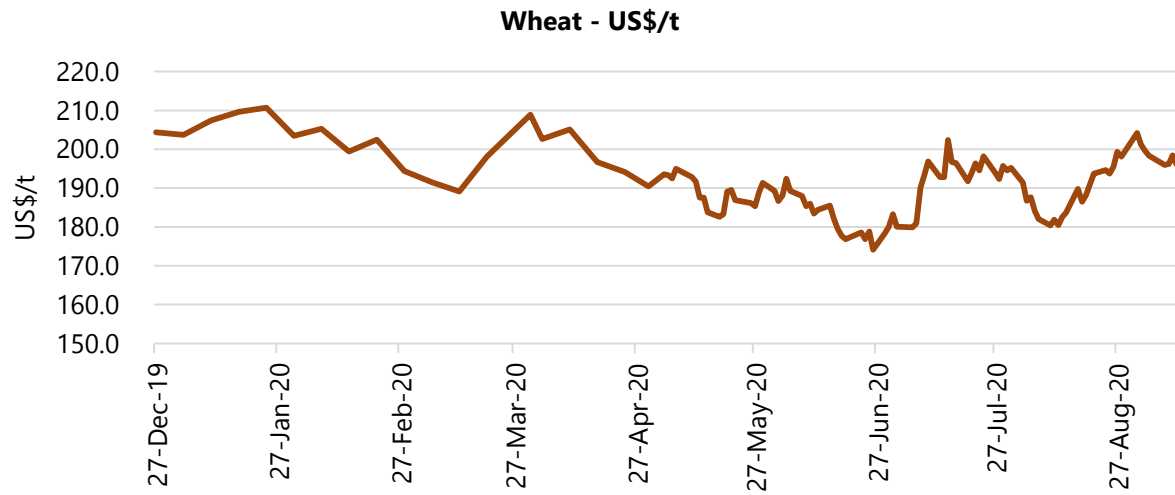
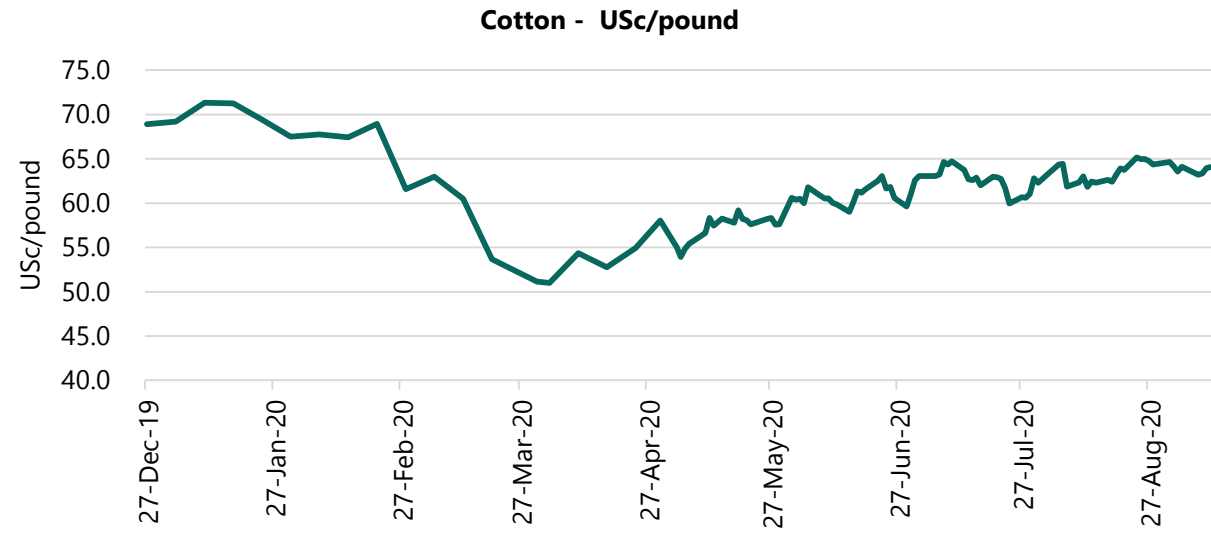
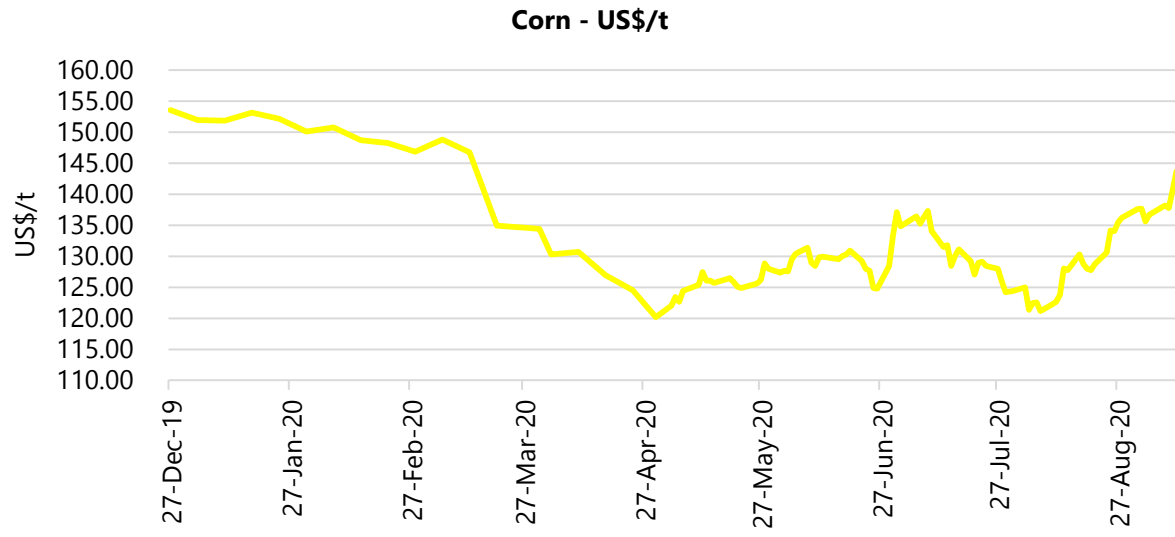


Source: Quandl



# GLOBAL COMMODITY PRICE MOVEMENTS

## AGRIC COMMODITIES



Source: Quandl

Date	Event	Period	Forecast	Previous
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**Local**

15 September 2020	Inflation Update	August 2020		35.5%
15 September 2020	RBZ Foreign Exchange Auction Market	16-22 September 2020		82.6993

**Regional & International**

14 September 2020	Euro Zone Industrial Production (m/m)	July 2020	4.0%	9.1%
14 September 2020	China Industrial Production (m/m)	August 2020	5.1%	4.8%
15 September 2020	U.K Unemployment Rate	July 2020	4.1%	3.9%
16 September 2020	U.K CPI (y/y)	August 2020	0.1%	1.0%
16 September 2020	U.S Federal Reserve "Fed" Interest Rate Decision	September 2020	0.25%	0.25%
16 September 2020	Bank of Japan "BoJ" Interest Rate Decision	September 2020	-0.10%	-0.10%
17 September 2020	Bank of England "BoE" Interest Rate Decision	September 2020	0.10%	0.10%
17 September 2020	South Africa Interest Rate Decision	September 2020	3.50%	3.50%
18 September 2020	U.K Retail Sales (m/m)	August 2020	0.7%	3.6%



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