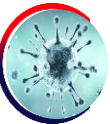




...ZETDC increases electricity tariffs in line with market developments...

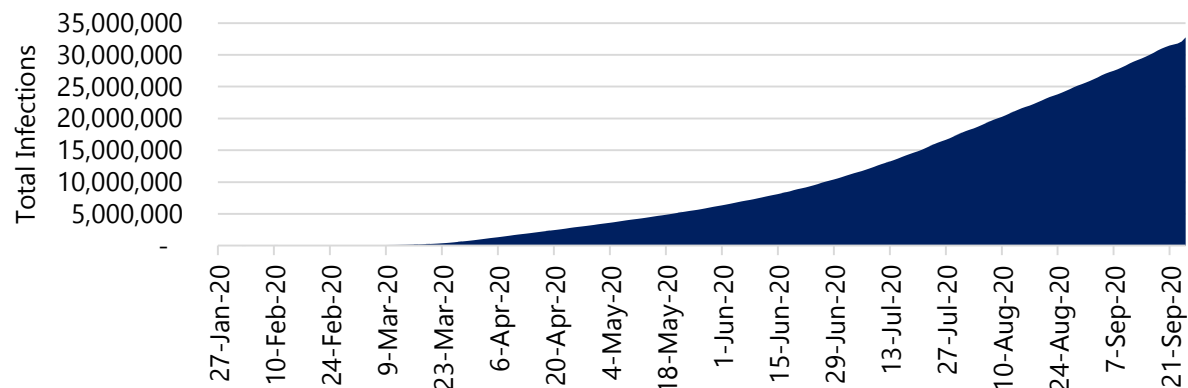
THE CBZ ECONOMIC BRIEF

Week Ending 25 September 2020

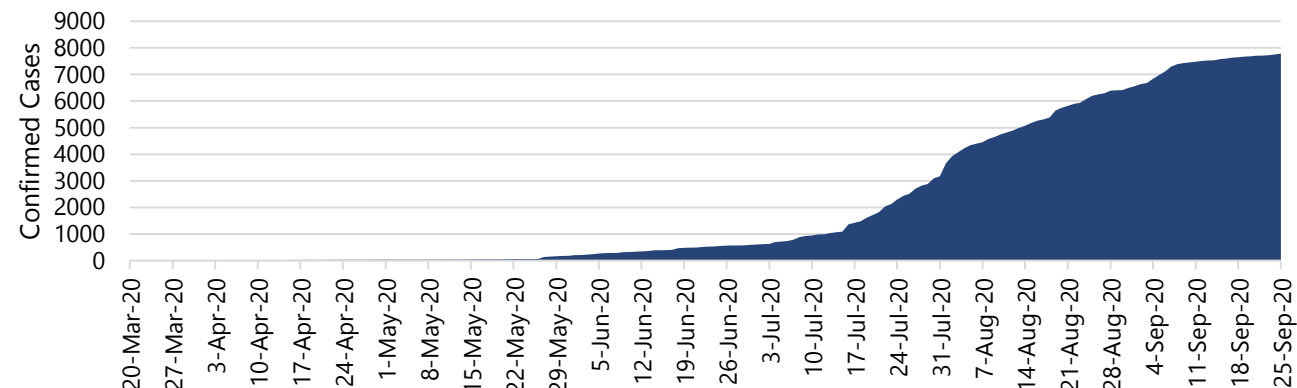


COVID-19 | Global Status as at 25 September 2020

Graph 1: Cumulative Global Cases as at 25 September 2020



Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 25 September 2020



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

Notable Trends in Cases for the Week

- Global cumulative cases rose above 32m, after an additional 2.1m cases were recorded during the week to 25 September 2020 – **Graph 1**. India recorded the largest weekly infections of 596k, followed by the U.S (319k), Brazil (195k) and Spain (75k). The U.S remained the most infected country in the world, followed by India, Brazil and Russia, respectively. Spain recorded a spike in new cases, with a 12% rise pushing total cases to 735k.
- In Africa, confirmed cases rose by 4% to 1.5m, after an additional 56k new cases were recorded. The largest weekly infections were recorded in Morocco (15k), South Africa (11k) and Ethiopia (4k). Resultantly, cumulative cases in Morocco rose to 113k, moving to 2nd position above Egypt (103k) and behind South Africa (669k).
- In Zimbabwe, cumulative cases rose to 7,787 following 140 new cases that were recorded during the week - **Graph 2**. Bulawayo province recorded the largest weekly cases of 43, followed by Harare (30), Mash Central (20) and Mat South (18). A total of 174 people recovered during the period under review, bringing the cumulative recoveries to 6,057. Resultantly, the ratio of active cases to total cases marginally dropped to 19%, from 20% recorded during the previous week.
- Meanwhile, U.K Prime Minister announced new coronavirus containment measures for England, amid rising new cases. Under the new measures, office workers are advised to work from home again if possible, penalties for not wearing a mask or gathering in groups of more than 6 will increase to £200 for first time offenders, only 15 people will be allowed to attend weddings and civil partnerships-in groups of six . The planned return of spectators to sports venues from 01 October 2020 was also suspended.
- China kept its lending rates for individual and corporate loans steady, for the 5th straight month, in line with market expectations. The one-year loan prime rate “LPR” was kept unchanged at 3.85%, while the five-year LPR remained at 4.65%..
- In German, cabinet approved the draft budget plan for 2021 that includes new debts worth €96.2b (c. US\$112.6b) to fund measures aimed at combating the coronavirus crisis. The additional borrowings marks the second-highest amount of new debts in Europe’s largest economy since the end of World War II.
- In Zimbabwe, Cabinet approved the phased reopening of schools, starting with examination classes, followed by next year’s examination classes and then the rest of learners. Three examination classes-Grade 7, Form 4 and Form 6-will open on the 28th of September 2020, while next year’s examination classes - Grade 6, Form 3 and Form 5, and the rest of other learners will open on 06 October 2020 and 09 November 2020, respectively. Government further announced that learners will proceed to next grade next year despite limited learning during the 2020 academic year.



- The Zimbabwe Electricity Supply Authority of Zimbabwe “ZESA” increased electricity tariffs by 50%, across all consumption bands, with effect from Wednesday, 23 September 2020. The lower band (0-50kWh) will now cost ZW\$0.78/ kWh, while the 51-100 kWh, 201-300 kWh and the 301+ kWh bands, will now cost ZW\$1.72kWh, ZW\$4.67kWh and ZW\$7.34kWh, inclusive of the 6% Rural Electricity Authority “REA” levy, respectively – **Table 1**.
- The fixed monthly charge will be \$10,86 for domestic use. The mining, industrial, commercial and pumping works will now attract a fixed monthly charge of \$66,44, whilst the energy per kWh will be \$357.
- According to the power utility, the review was in line with market developments and in accordance with the tariff award of October 2, 2019, which approved the implementation of monthly tariff indexation formula for changes above 10%.
- Meanwhile, the new tariffs are expected to somewhat enhance viability for the power utility company. However, they are also likely to result in increased cost of doing business. Companies may pass on the additional cost to consumers through increases in prices, thereby leading to renewed short term inflationary pressures.

Table 1: Domestic Electricity Tariff Structure

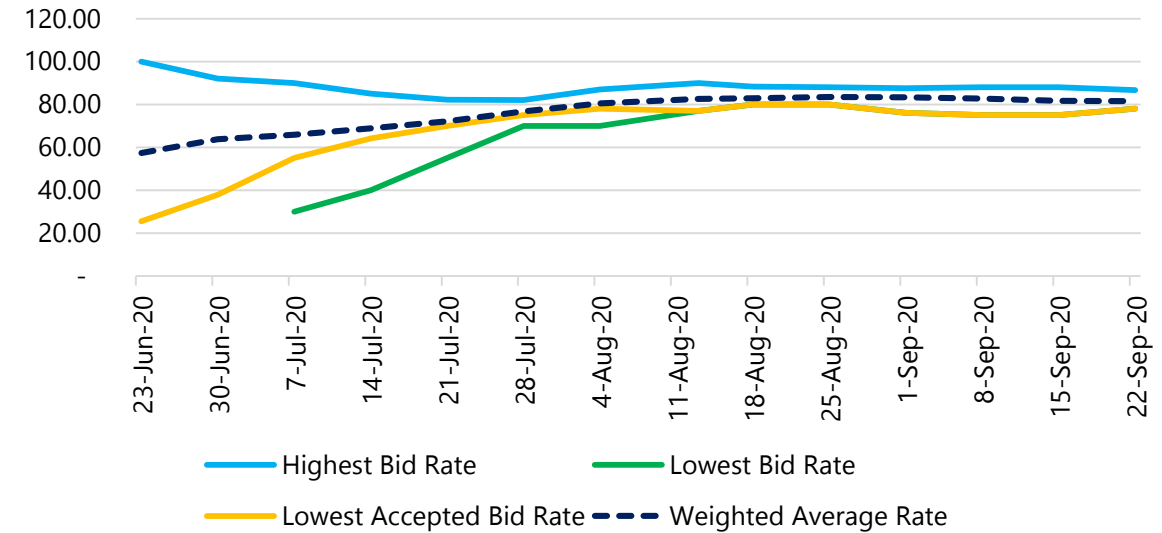
Consumption Band	Price Per Unit		Cost Per Band		Change (%)	Implied Price Per Unit- US\$
	12 June 2020	23 Sept 2020	12 June 2020	23 Sept 2020		
0 – 50 kWh	ZW\$0.52/kWh	ZW\$0.78/kWh	ZW\$26	ZW\$39	50%	US\$0.01
51- 200 kWh	ZW\$1.14/kWh	ZW\$1.72kWh	ZW\$172	ZW\$258	50%	US\$0.02
201-300 kWh	ZW\$3.12/kWh	ZW\$4.67kWh	ZW\$312	ZW\$467	50%	\$US0.05
301 kWh & Above	ZW\$4.88/kWh	ZW\$7.34kWh	-			US\$0.08



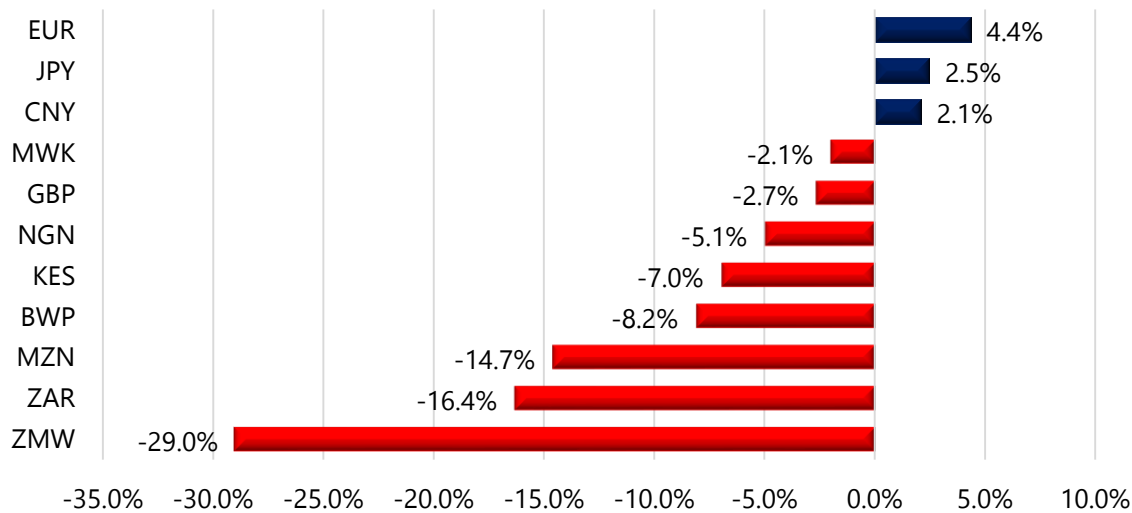
Foreign Currency Market Developments

- The ZW\$ firmed against the USD, for the 4th week in a row, after it appreciated by 0.3%, from ZW\$81.71/ USD to a weighted average rate of ZW\$81.50/ USD, during the foreign currency auction held on Tuesday 23 Sep 2020 - **Graph 3a**. The highest bid declined from 88.0 to 86.7, whilst the lowest accepted bid rate increased from 75 to 78, on the main auction market.
- A record US\$31.3m was allotted at the 23 Sep 2020 auction, compared to US\$21.2m allotted during the previous week – **Graph 3b**. The largest weekly allotments went to raw materials (US\$13.9m), machinery & equipment (US\$5.9m), consumables (US\$3.0m), services (US\$2.5m) and retail & distribution (US\$2.3m).
- Meanwhile, on the international currency markets, the U.S dollar maintained YTD gains against other major currencies, except the Euro, Japanese Yen and the Chinese Yuan – **Graph 4**.

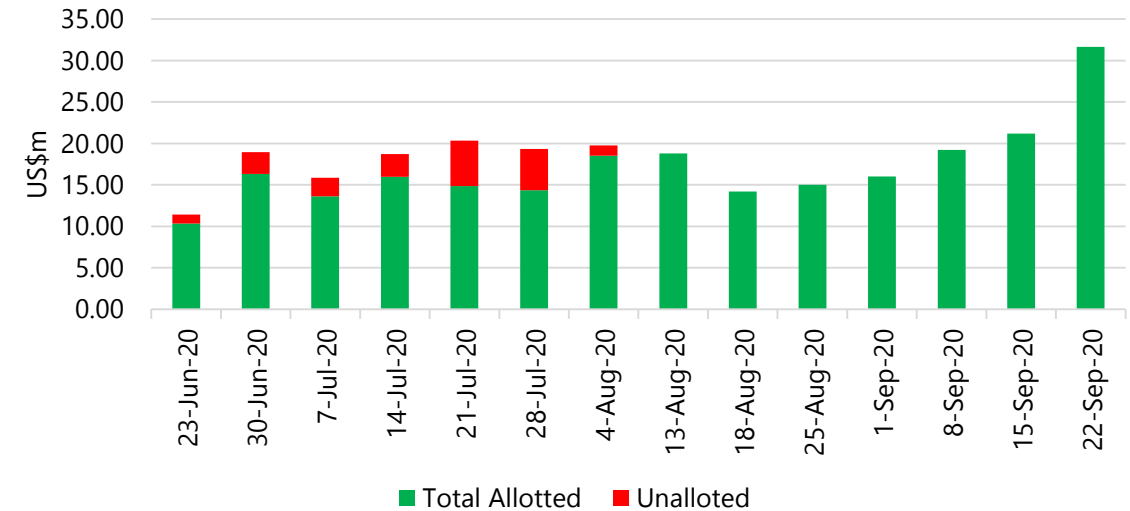
Graph 3a: FX Auction Market Bid Rates Trend



Graph 4: Major Currencies vs the USD-YTD Movements-25 June 2020



Graph 3b: Foreign Currency Auction Allotments





Equities Market Developments

- On the ZSE, all indices recorded weekly losses, led by the Medium Caps (-2.9%) and Small Caps (-1.8%). The primary All Share Index shed 1.7%, weighed down by liquidity constraints and profit taking. However, it registered YTD gain of 611% – **Graph 5**.
- Notable declines were recorded for property stock Mashonaland Holdings (-35%), construction allied products manufacturer Turnall (-31%) and FCB (-21%). Construction company, Masimba, recorded the largest weekly gain of 11%, followed by real estate company, ZPI (10%) following the proposed buyout of minorities by Zimre Holdings - fast foods concern Simbisa (20%), hoteliers Meikles (3%) and electrical appliances supplier, Powerspeed (3%) - **Table 2**.
- CBZ Holdings maintained its YTD gain at +7820%, thereby remaining the largest counter on the ZSE, with a market capitalization of ZW\$37.9b. It was followed by Delta (ZW\$21.8b), Econet (ZW\$13.0b) and Cassava (ZW\$11.4b) - **Graph 6**.
- Meanwhile, the ZSE launched an online trading platform, ZSE Direct, that allows retail investors to buy and sell securities listed on the exchange remotely. The platform also allows users to view their CSD holdings.
- Finally, **Graph 7** shows YTD performances for major regional and international markets under our watch.

Graph 5: ZSE Indices

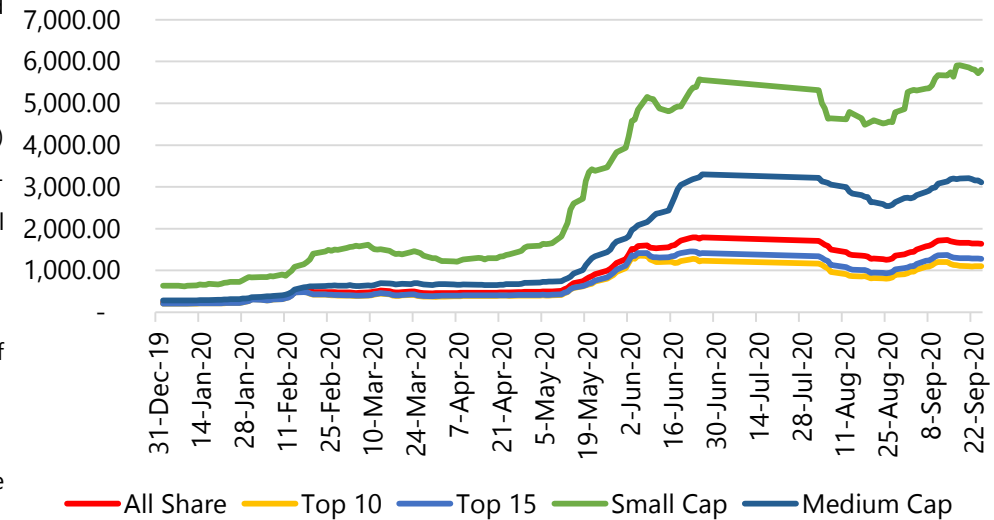
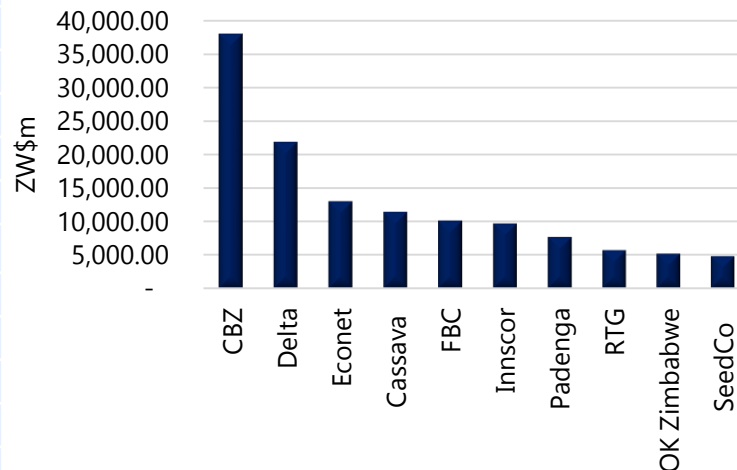


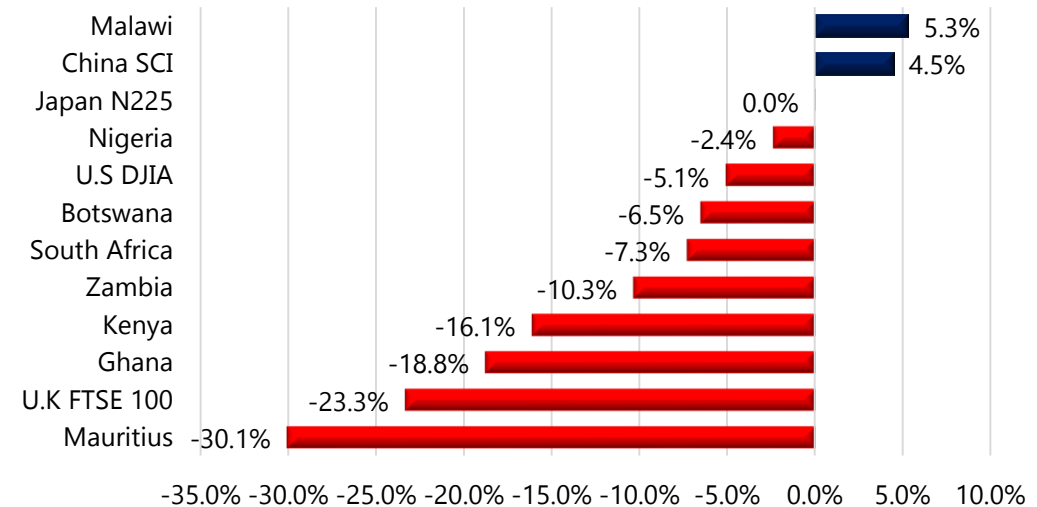
Table 1: ZSE Movers and Shakers

Movers	18-Sep-20	25-Sep-20	Weekly change (%)
Masimba	200.00	222.69	11.3%
ZPI	57.75	63.25	9.5%
Simbisa	635.75	674.96	6.2%
Meikles	1,405.00	1,450.00	3.2%
Powerspeed	185.12	190.00	2.6%
Shakers	18-Sep-20	25-Sep-20	Weekly change (%)
Mash Holdings	63.83	41.75	-34.6%
Turnall	93.22	64.00	-31.3%
FCB	91.96	72.37	-21.3%
Ariston	177.00	140.00	-20.9%
RioZim	1,205.00	1,000.00	-17.0%

Graph 6: ZSE Top 10 Counters By Market Capitalization



Graph 7: Major Equities Markets-YTD Movements-25 Sept 2020

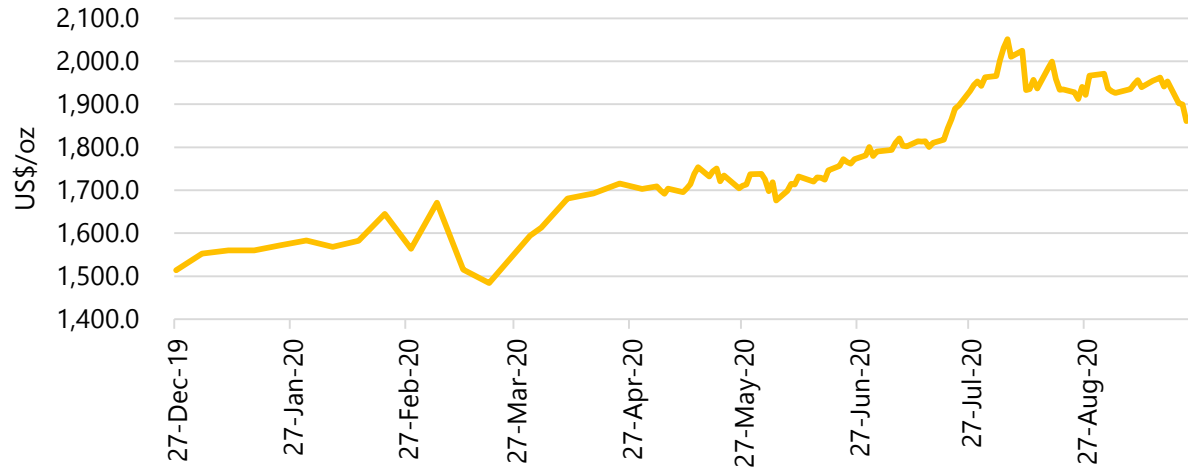




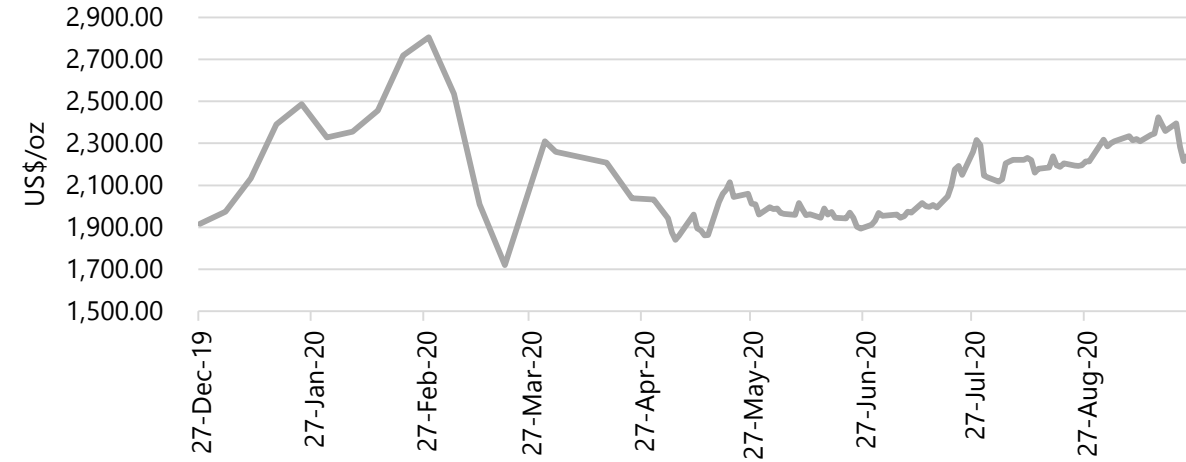
GLOBAL COMMODITY PRICE MOVEMENTS

PRECIOUS METALS

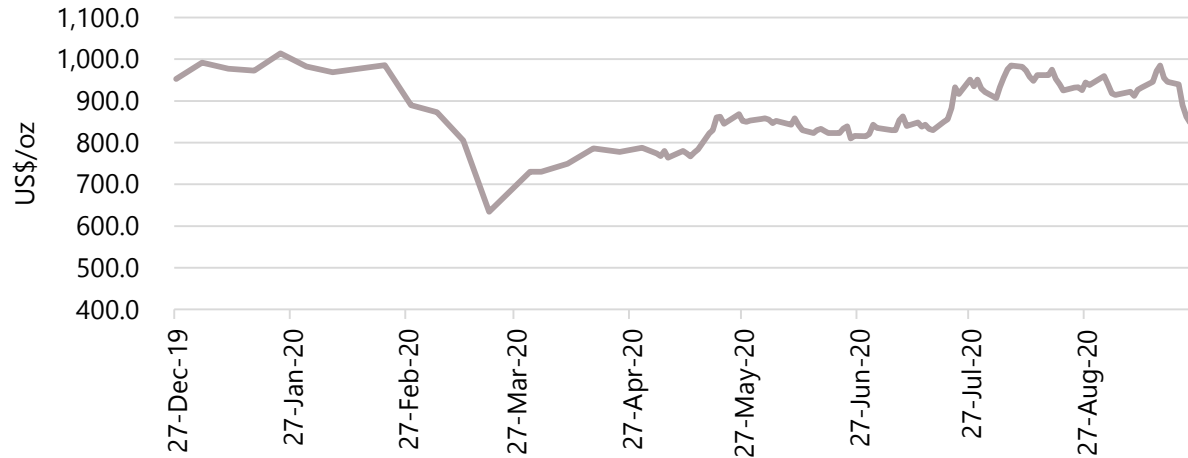
Gold prices - US\$/oz



Palladium-US\$/oz



Platinum price - US\$/oz



- Weekly declines were recorded across all the precious metals under our watch, led by platinum (-8.7%), gold (-4.9%) and palladium (-4.6%), dragged by a surge in the US dollar and general sell off in the equities markets.
- Gold traded below the US\$1900/oz for the first time in eight weeks, to end the week at US\$1857/oz, while palladium and platinum lost US\$108 and US\$82, to trade at US\$2250 and US\$864 at the end of the week, respectively.
- The declines also reflected renewed fears of increasing COVID-19 reinfections, and this is expected to perpetuate market volatility in the short term.

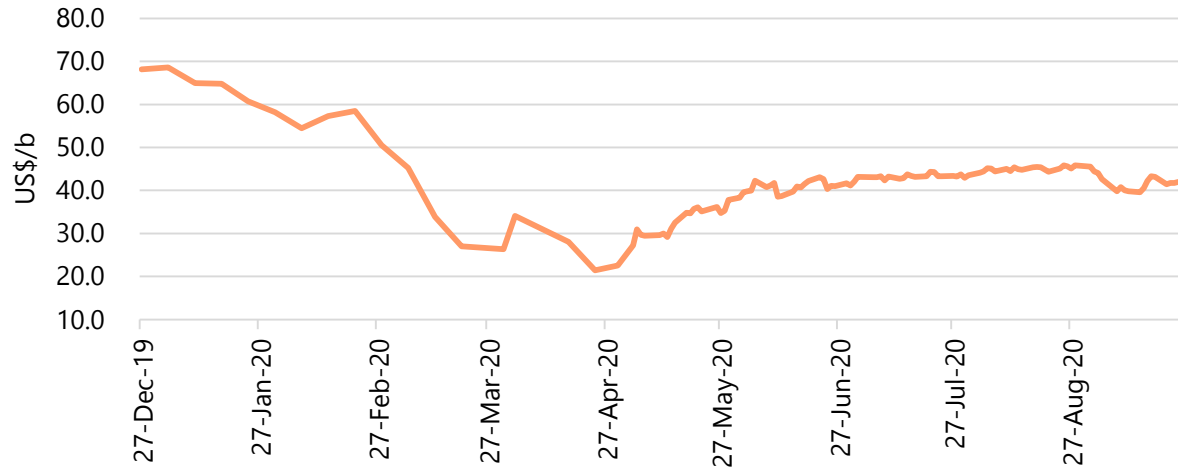
Source: Quandl



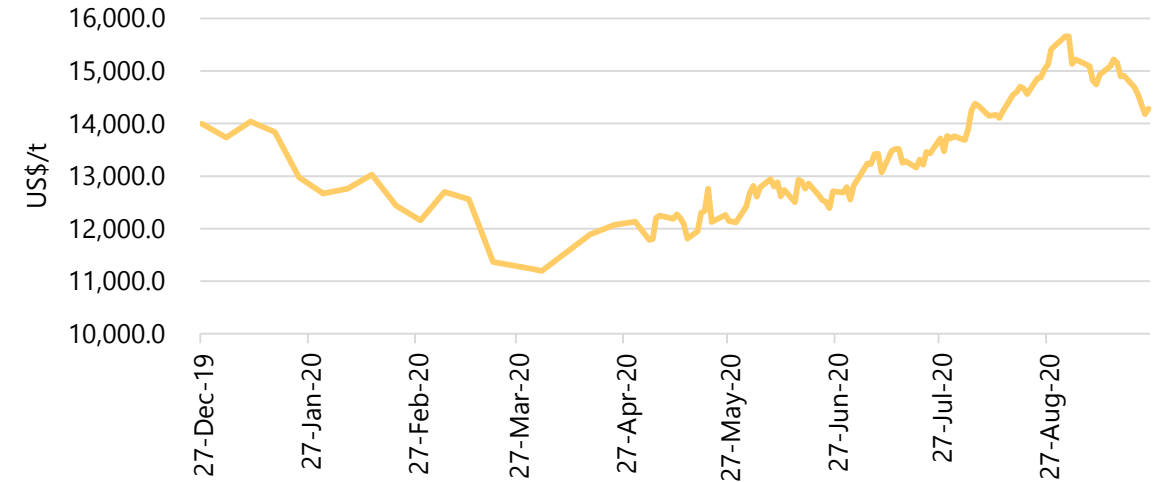
GLOBAL COMMODITY PRICE MOVEMENTS

BASE & INDUSTRIAL METALS

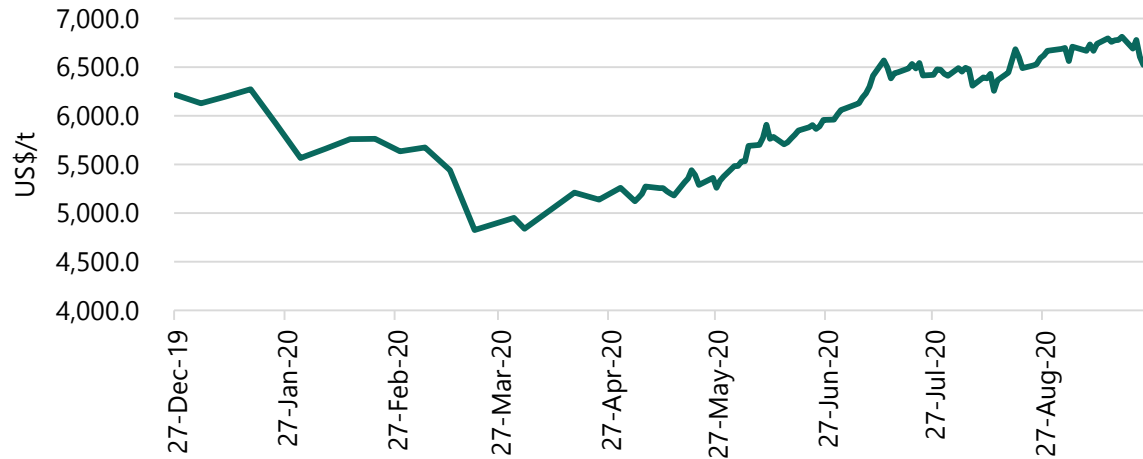
Oil prices - US\$/b



Nickel price - US\$/t



Copper - US\$/t



Source: Quandl & Bloomberg

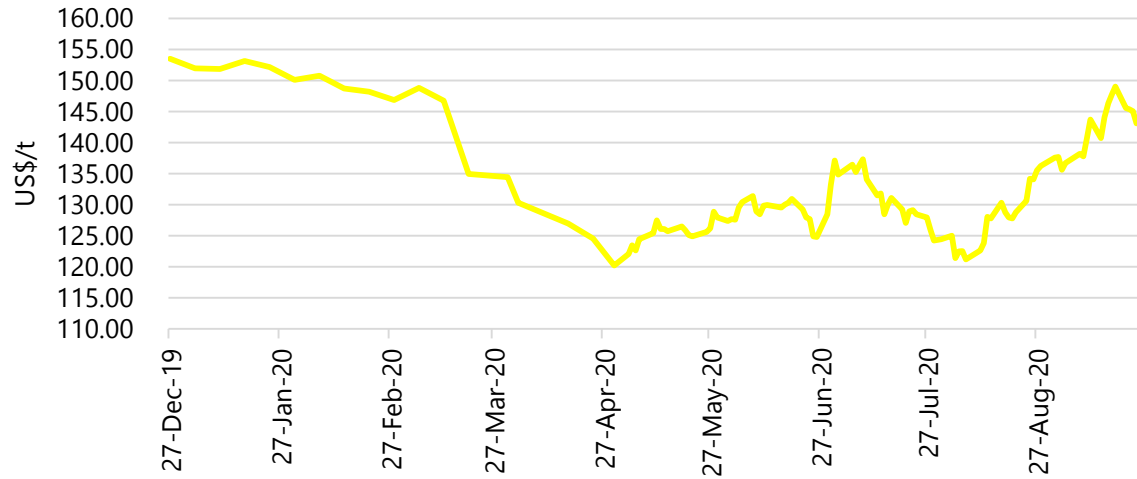
- The global benchmark Brent crude oil recorded a weekly loss of 2.9% to end the week at US\$41.9/b, dragged by growing worries of a negative oil demand outlook due to the resumption of lockdown restrictions in some parts of Europe as a result of rising new COVID-19 cases.
- Meanwhile, base metals under our watch also recorded weekly declines. Nickel lost 4.2% to end the week trading at US\$14,285, while Copper shed 3.9% to trade at US\$6,545 as at Friday 25 September 2020.



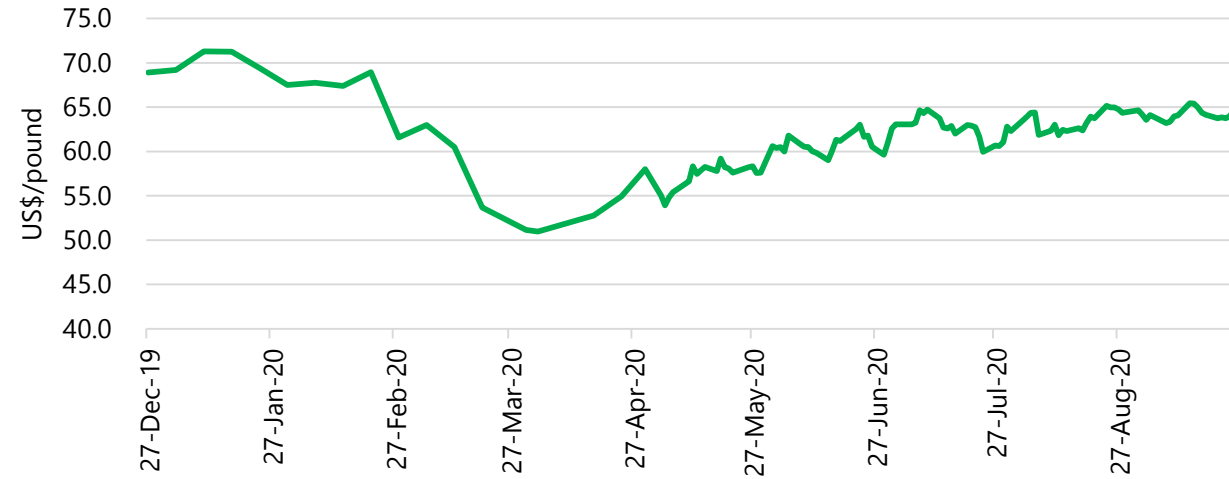
GLOBAL COMMODITY PRICE MOVEMENTS

AGRIC COMMODITIES

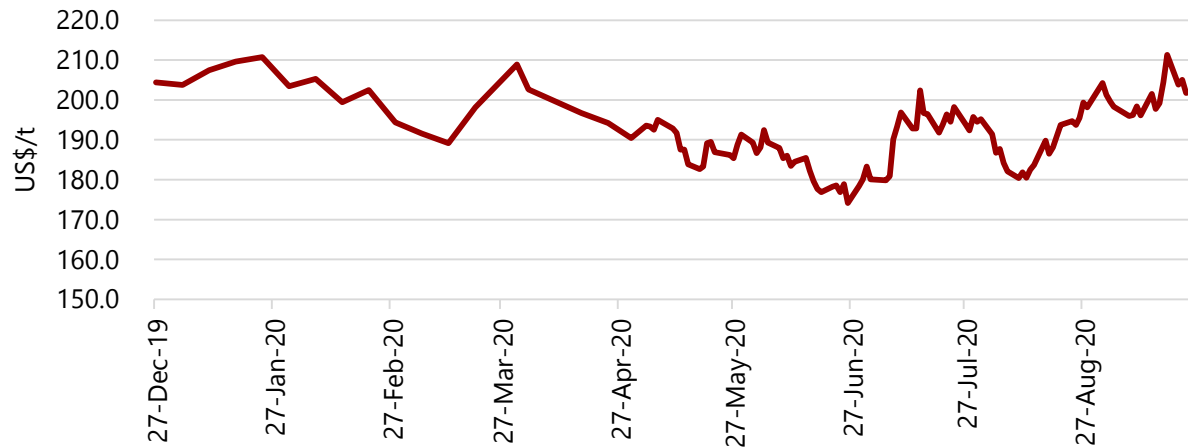
Corn - US\$/t



Cotton - US¢/pound



Wheat - US\$/t



- Mixed performances were recorded for selected agriculture commodities during the week ending 25 September 2020.
- Cotton prices firmed by 0.8% to end the week trading at US¢64.7, while wheat and corn prices declined by 5.3% and 3.5%, to finish the week trading at US\$200/t and US\$144/t, respectively.

Source: Quandl

Date	Event	Period	Forecast	Previous
Local				
29 September 2020	RBZ Foreign Exchange Auction Market	30 September – 06 October 2020		81.4965
30 September 2020	Zimre Holdings, EGM (Time:0900hrs; Venue: Virtual)			
30 September 2020	National Tyre Services, AGM (Time:1000hrs; Venue: Virtual)			
Regional & International				
28 September 2020	Ghana Interest Rate Decision	September 2020		
28 September 2020	Angola Interest Rate Decision	September 2020		
29 September 2020	China Manufacturing PMI	September 2020	51.2	51.0
29 September 2020	U.S Trade Goods Balance	August 2020		-US\$80.11b
29 September 2020	Kenya Interest Rate Decision	September 2020		
30 September 2020	U.K GDP (y/y)	Q2 2020	-21.7%	-21.7%
30 September 2020	South Africa CPI (m/m)	August 2020	0.2%	1.3%
02 October 2020	U.S Unemployment Rate	September 2020	8.2%	8.4%

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