

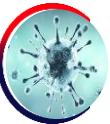
...Zimbabwe records 1<sup>st</sup>  
positive Trade Balance in 7  
months...

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## THE CBZ ECONOMIC BRIEF

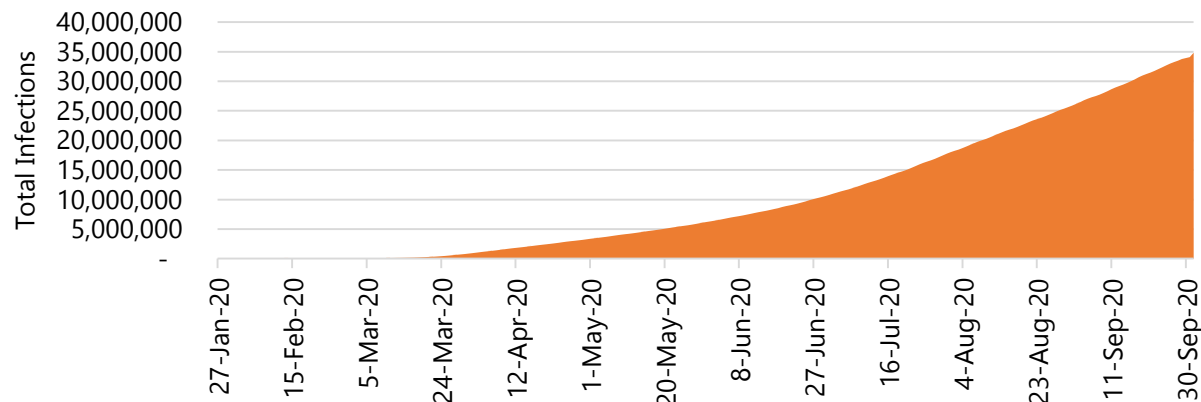
Week Ending 02 October 2020

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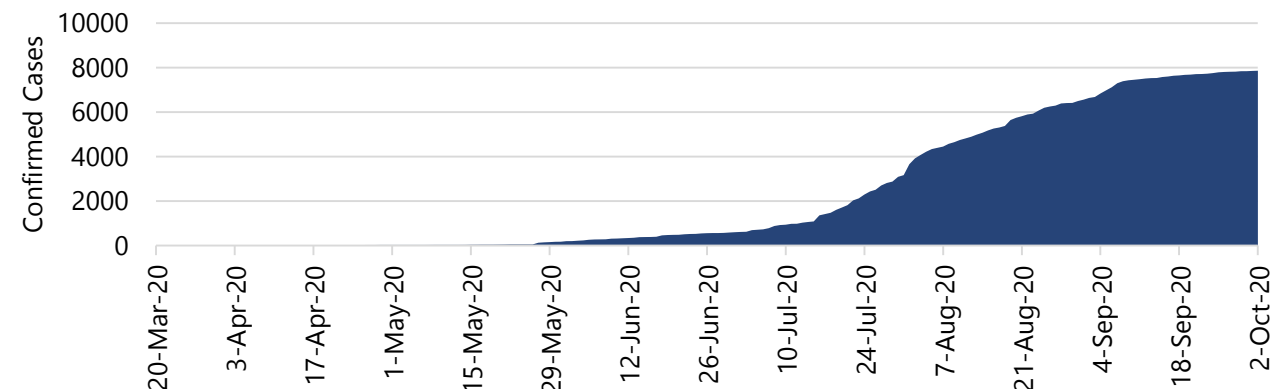


# COVID-19 | Global Status as at 02 October 2020

**Graph 1: Cumulative Global Cases as at 02 October 2020**



**Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 02 October 2020**



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

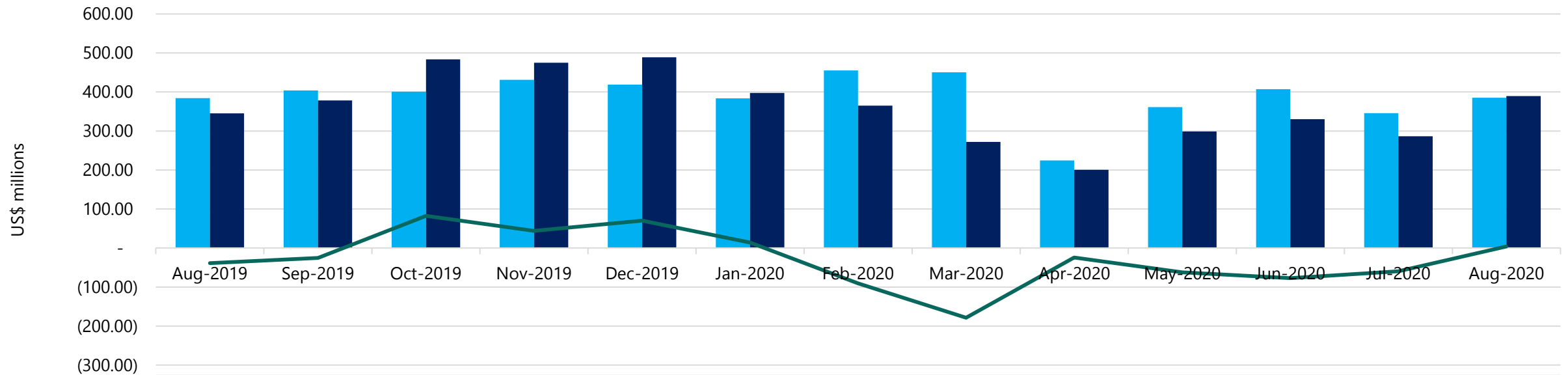
## Notable Trends in Cases for the Week

- A total of 2.1m new cases were recorded during the week to 02 October 2020, resulting in cumulative global cases rising above 34m – **Graph 1**. The largest weekly cases were recorded in India-which subsequently surpassed the 6m+ cases mark, followed by the U.S, Brazil and Argentina. In Europe, France, U.K and Spain recorded increases in new cases of 15%, 12% and 10% for the week, respectively, as the risk for a second wave of infections gathered momentum.
- In Africa, confirmed cases rose by 3.7%, the lowest weekly growth in over two months, to 1.5m, after an additional 53k new cases were recorded during the week to 02 October 2020. Morocco recorded the largest weekly cases of 16.0k, followed by South Africa (9.3k), Ethiopia (4.5k) and Libya (4.3k). Consequently, South Africa remained the most infected country in Africa, with 677k cases, distantly followed by Morocco (128k), Egypt (103k) and Ethiopia (76k).
- In Zimbabwe, cumulative cases increased to 7,858, after 71 new cases were recorded during the week - **Graph 2**. Local cases accounted for 97% (69) of the new cases, while only two returnees from South Africa tested positive during the week under review. Bulawayo province recorded the largest weekly cases of 28, followed by Mash East (12) and Manicaland (12). In terms of recoveries, a total of 265 people recovered during the period under review, bringing the cumulative recoveries to 6,322. Resultantly, the ratio of active cases to total cases declined to 17%, from 19% recorded during the previous week.
- Meanwhile, according to the HIS Markit Purchasing Managers' Index, the U.K manufacturing output increased in September 2020, despite the rate of growth easing slightly, supported by improved inflows of new work from both domestic and overseas markets. The PMI fell slightly to 54.1 in September 2020, from 55.2 recorded during the prior month. The Index stayed above its no-change mark of 50 four successive months-its longest sequence of expansion since 2019.
- According to Eurostat estimates, Euro Zone annual inflation fell to -0.3% in September 2020, from -0.2% recorded in August 2020.
- In Zimbabwe, the government reopened international airports to passenger traffic, with effect from 01 October 2020, while land borders remain closed to human traffic. Only commercial traffic, diplomats and returning residents are allowed passage across the land borders. Meanwhile, the Zimbabwe Electricity and Distribution Company "ZETDC" increased domestic electricity tariffs by another 50% effective 01 October 2020. This followed another increase of 50% which came into effect on 23 September 2020 - **slide 4**.



- According to the Zimbabwe National Statistics Agency, "ZimStat", the country's trade balance switched to a positive balance of US\$3.9m in August 2020, from a trade deficit of US\$59.3m recorded in July 2020. This reflected a considerably higher export growth and a relatively lower import growth during the period under review - **Graph 3**. In fact, exports grew by 36% m/m to US\$389m in August 2020, while imports increased by 11% m/m to US\$385m, during the same period.
- On a year-year "y/y" basis, however, imports remained relatively flat in August 2020, while exports grew by 13%, compared to the comparative period of 2019.
- Resultantly, the cumulative trade deficit for the 8 months to August 2020 fell to US\$474m, from a cumulative deficit of US\$718 recorded during the comparative period of 2019. This somewhat reflected import restrictions induced by the coronavirus outbreak, particularly during the second half of the year.

**Graph 3: Exports, Imports and Trade Balance Trend**



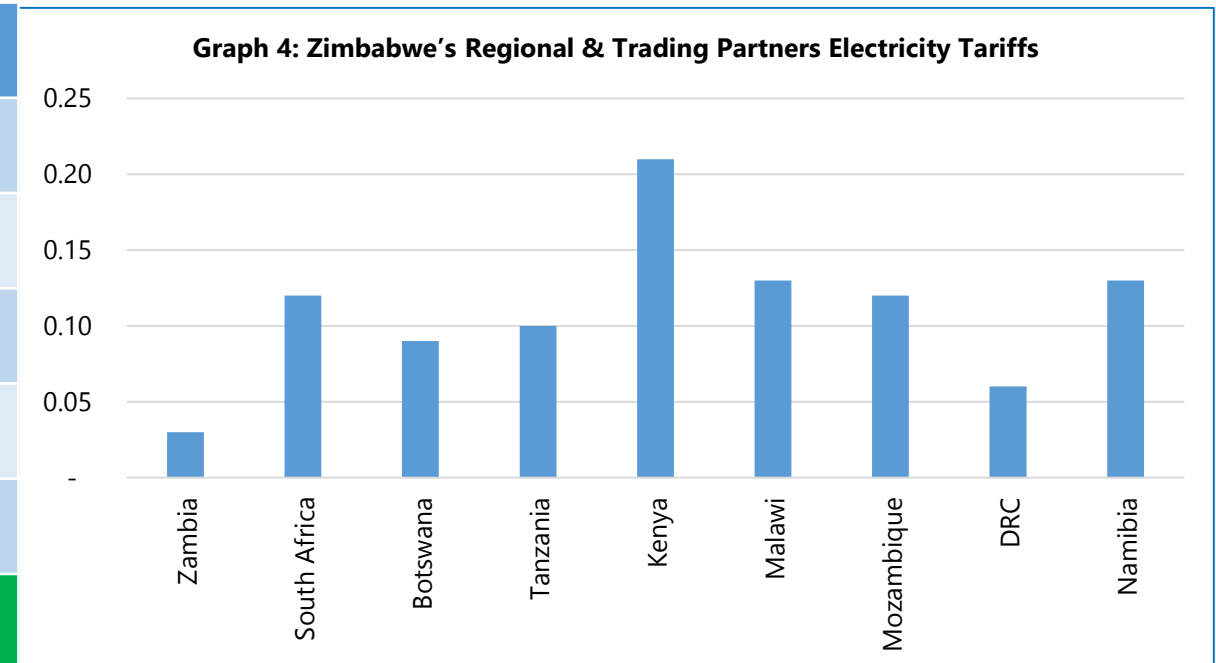
	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020
Imports	384.19	403.74	400.61	431.22	418.80	383.60	455.29	450.51	224.72	361.11	407.29	345.76	385.37
Exports	345.39	378.42	483.35	475.17	489.07	397.73	364.75	272.05	200.49	298.73	330.02	286.45	389.31
Trade Balance	(38.81)	(25.32)	82.73	43.95	70.27	14.12	(90.55)	(178.45)	(24.23)	(62.39)	(77.27)	(59.31)	3.94

**Source: ZimStat**



- The Zimbabwe Electricity Transmission and Distribution Company “ZETDC” hiked electricity tariffs by another 50%, with effect from 01 October 2020, across all consumption bands. This followed another increase that came into effect from 23 September 2020, as the power utility sought to enhance its viability and power generation capacity. The lower band (0-50kWh) will now cost ZW\$1.18/ kWh, while the 51-100 kWh, 201-300 kWh and the 301+ kWh bands, will now cost ZW\$2.58kWh, ZW\$7.02kWh and ZW\$11.00kWh, inclusive of the 6% Rural Electrification levy, respectively – **Table 1**. The fixed monthly charge increased from ZW\$10,86 to ZW\$16.29 for domestic use.
- Whilst the current increase, together with the planned further increase in November 2020, somewhat enhances operational viability for the utility company, it is also expected to result in general increases of prices of goods and services across the economy, given that electricity is a key component in the production process. This will also result in renewed inflationary pressures.
- Meanwhile, Graph 4 below outlines the comparative electricity tariffs for Zimbabwe’s major trading partners and neighboring countries.

Period	0- 50 kWh	51- 200 kWh	201- 300 kWh	Above 300 kWh
Oct-19	0.41	0.91	3.87	n/a
Mar-20	0.49	1.08	4.61	n/a
Jun-20	0.52	1.14	3.12	4.88
Sep-20	0.78	1.72	4.67	7.34
Oct-20	1.18	2.58	7.02	11.00
Oct-20 Implied US\$ Price	0.01	0.03	0.09	0.14



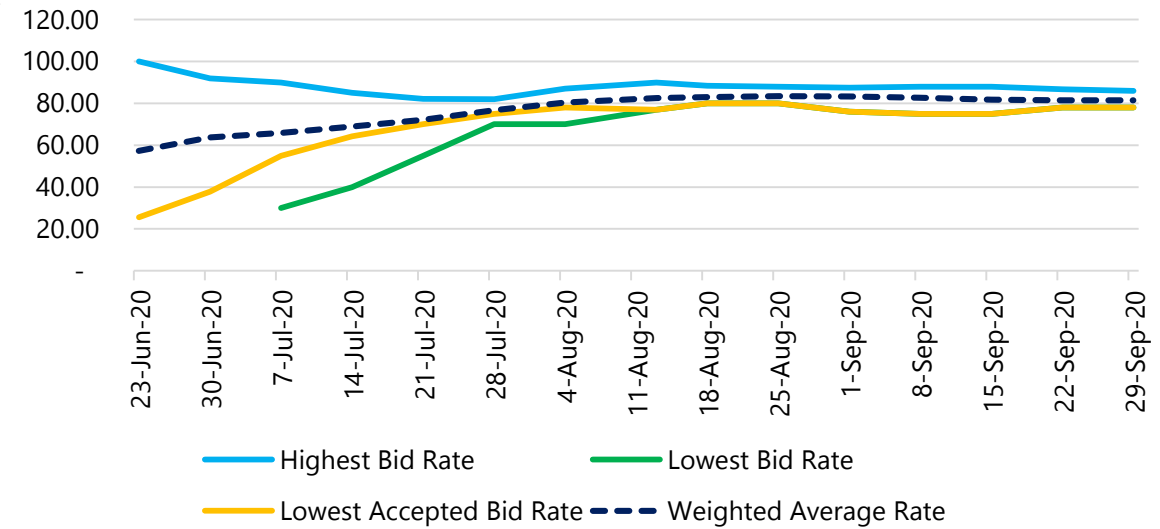
Source: GlobalPetrolPrices.com



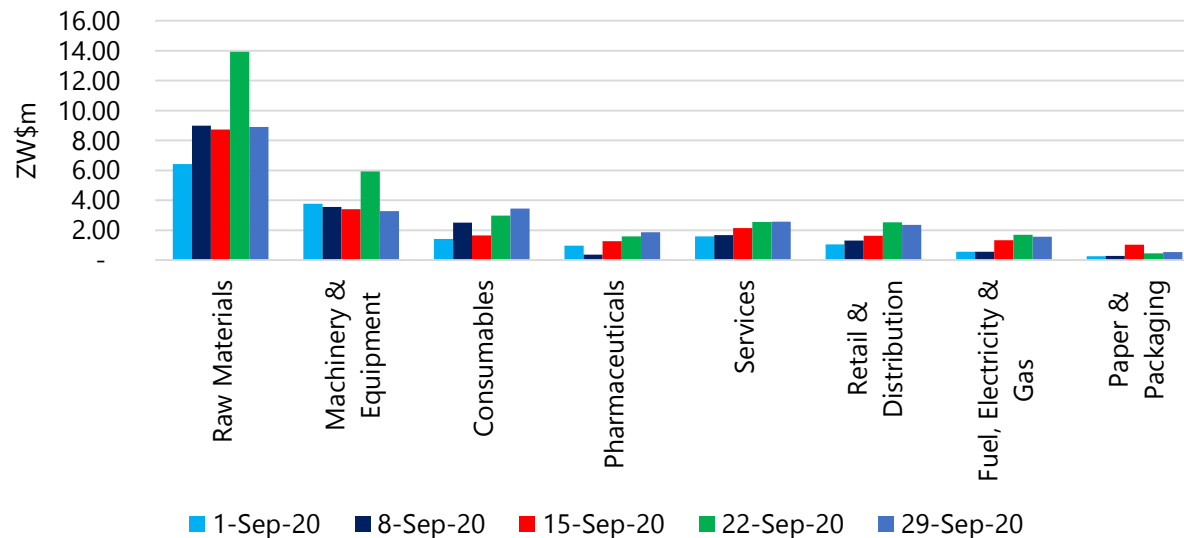
## Foreign Currency Market Developments

- The ZW\$ appreciated, for the 5<sup>th</sup> straight week, by 0.1% from ZW\$81.50/ USD to a weighted average rate of ZW\$81.44/ USD, during the foreign currency auction held on Tuesday 29 September 2020 - **Graph 5a**.
- The highest bid rate marginally declined from 86.7 to 86.0, whilst the lowest accepted bid rate remained flat at 78.0.
- A total of US\$24.5m was allotted at the 29 September 2020 auction, down from \$31.6m allotted during the previous week – **Graph 5b**. Resultantly, cumulative fx allotments for September stood at US\$112.5m, compared to US\$66.5m allotted during August 2020.
- For the week, raw materials received the largest allotment of US\$48.9m, followed by consumables (US\$3.4m), machinery and equipment (US\$3.2m) and services (US\$2.5m)- **Graph 5c**.

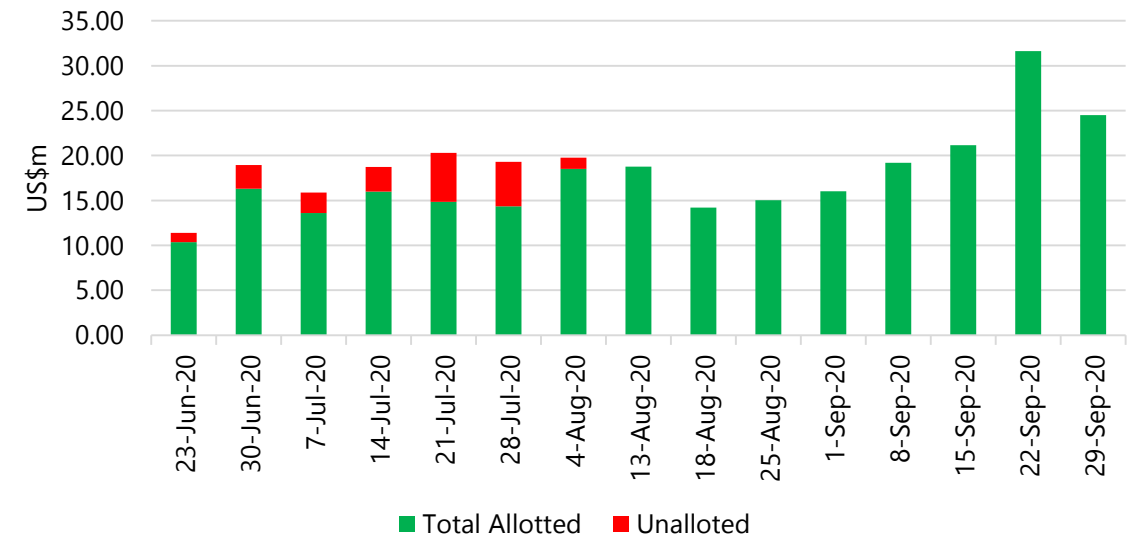
### Graph 5a: FX Auction Market Bid Rates Trend



### Graph 5c: FX Allotments Per Sector

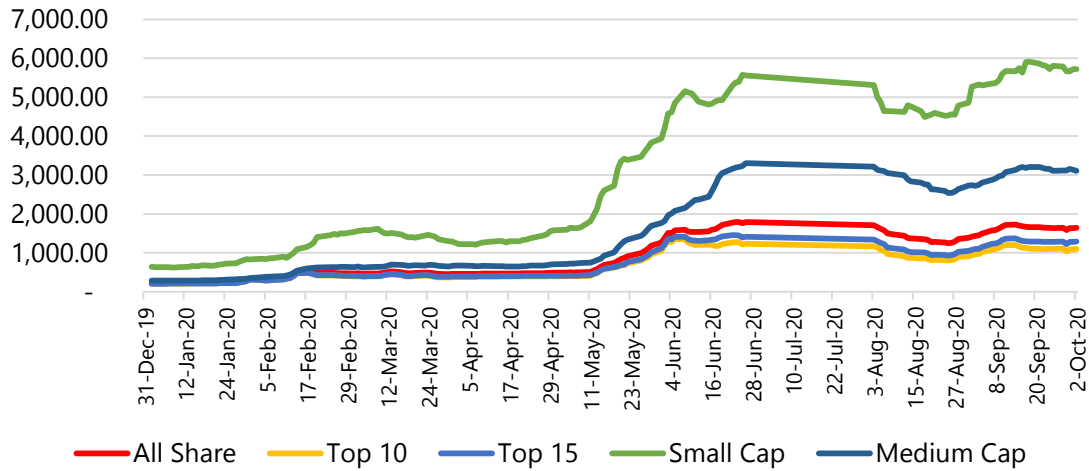


### Graph 5b: Foreign Currency Auction Allotments





**Graph 6: ZSE Indices**



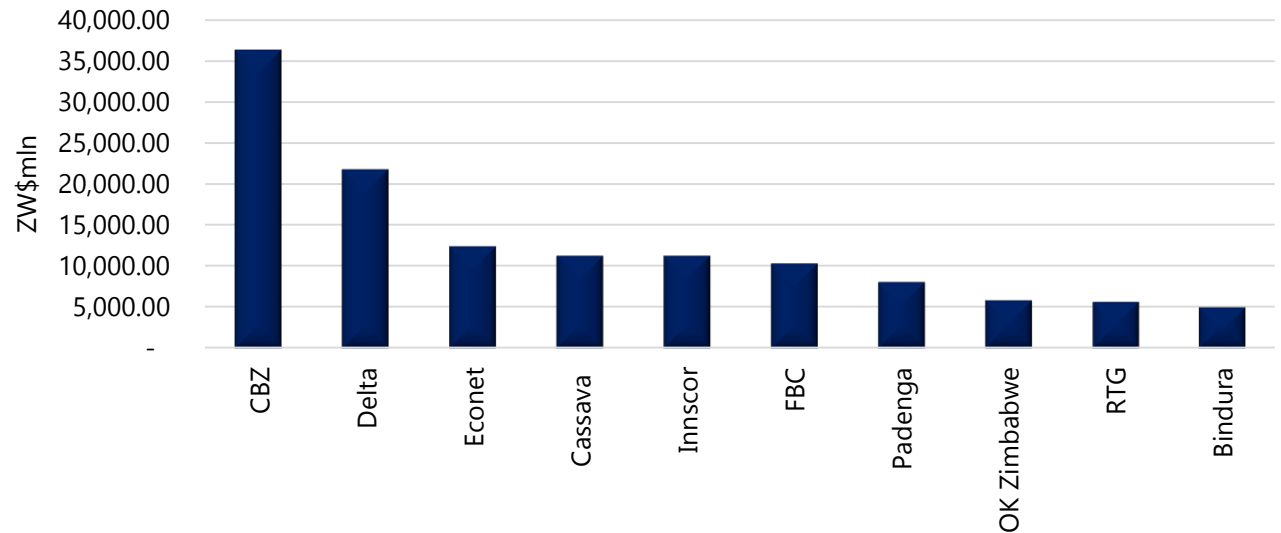
**Equities Market Developments**

- On the ZSE, mixed performances were recorded during the week ending 02 October 2020. The Top 10 and 15 indices recovered from the previous week slumber, to record marginal gains of 0.4% and 0.5%, while the Small and Medium Caps shed 1.49% and 0.04%, respectively. The benchmark All Share Index gained 0.32%, extending its YTD gain to 613%, supported by selected heavyweight counters – **Graph 6**.
- Earth moving machine manufactures, Zimplow, recorded the largest weekly gain of 19%, followed by light manufacturing giant Innscor (17%) - following the company's dividend declaration of ZW\$1 per share, retail group OK Zimbabwe (13%), property group, ZPI (11%) and Bindura (8%). - **Table 2**. However, declines were still recorded for Nampak (22%), Truworths (20%), Turnall (19%) and FCB (17%).
- CBZ Holdings remained the largest counter on the ZSE, with a market capitalization of ZW\$36.4b. It was followed by Delta (ZW\$21.8b), Econet (ZW\$12.4b) and Cassava (ZW\$11.3b) - **Graph 7**.
- Meanwhile, SeedCo issued further cautionary statement with regards to the proposal to integrate SCL's operations under SeedCo International as part of the latter's consolidation plan being pursued to strengthen the proposed transfer of SeedCo International's secondary listing from the ZSE to the Victoria Falls Stock Exchange.

**Table 2: ZSE Movers and Shakers**

Movers	25-Sep-20	2-Oct-20	Weekly change (%)
Zimplow	420.00	500.00	19.0%
Innscor	1,712.79	1,999.73	16.8%
OK Zimbabwe	415.00	470.05	13.3%
ZPI	63.25	70.00	10.7%
Bindura	370.00	400.00	8.1%
Shakers	25-Sep-20	2-Oct-20	Weekly change (%)
Nampak	149.00	115.63	-22.4%
Truworths	16.36	13.10	-19.9%
Turnall	64.00	52.00	-18.8%
FCB	72.37	60.01	-17.1%
Powerspeed	190.00	158.30	-16.7%

**Graph 7: ZSE Top 10 Counters By Market Capitalization**



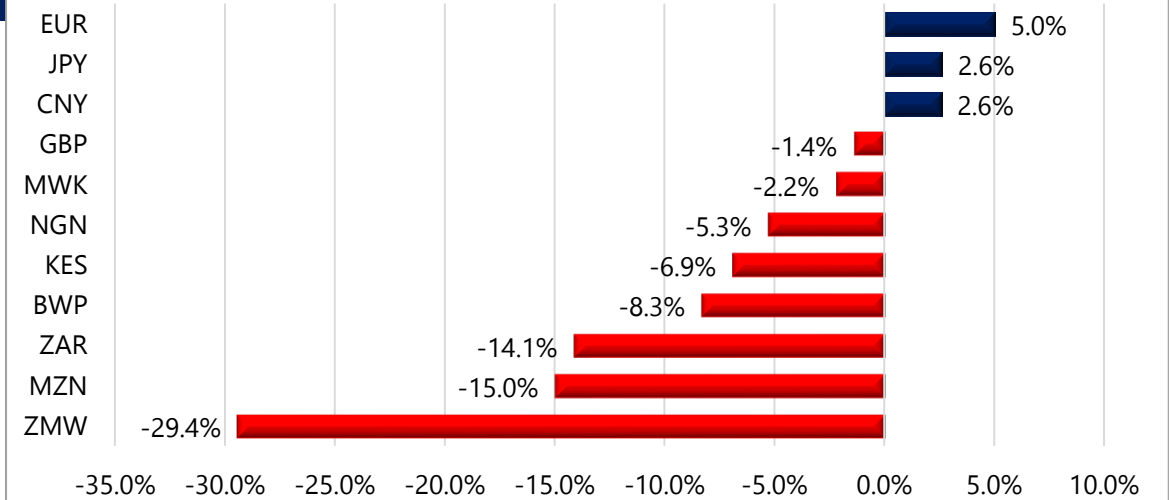


- On the global equities markets, mixed trades were recorded on most regional and international markets under our watch – **Table 3**. The U.S markets rebounded from last week’s losses, supported by renewed interest for another U.S economic relief package, coupled with some positive economic data. In fact, headline unemployment rate fell by 7.9%, while September job numbers increased by 661k, albeit below market expectations.
- The Dow Jones Industrial Average “DJIA” and S&P500 regained 1.9% and 1.5% for the week, respectively. However, on a year-to-date basis, the DJIA declined by 3% to end the week at 27 682.81, while the S&P500 gained 3.5% to end the week at 3 348.44.
- Elsewhere, Japan’s Nikkei 225 lost 0.8% for the week, tumbling to a five-week low of 23 029 on Friday, 02 October 2020, a day after all trading was suspended due to a system glitch.
- Meanwhile, on the global currencies market , the U.S dollar declined by 0.8% w/w against a basket of currencies. However, the U.S dollar registered YTD gains against other major currencies, except the Euro, Japanese Yen and the Chinese Yuan - **Graph 8**.

**Table 3: Regional and Global Stock Market Performance**

African	25-Sep-20	02-Oct-20	Previous week change(%)	Weekly change (%)	YTD Change (%)
Botswana	7,004.78	6,999.11	0.0%	-0.1%	-6.6%
Ghana	1,834.47	1,845.66	-0.4%	0.6%	-18.3%
Kenya	140.37	140.22	0.1%	-0.1%	-16.2%
Malawi	31,855.04	31,477.62	1.3%	-1.2%	4.1%
South Africa	53,587.11	54,219.24	-2.0%	1.2%	-6.2%
Nigeria	26,319.47	26,985.77	2.9%	2.5%	0.1%
Zambia	3,823.58	3,811.81	-0.3%	-0.3%	-10.6%
Mauritius	1,523.98	1,483.39	-1.1%	-2.7%	-31.9%
<b>Global</b>					
DJIA	27,173.96	27,682.81	-1.7%	1.9%	-3.3%
S&P500	3,298.46	3,348.44	-0.6%	1.5%	3.5%
FTSE 100	5,842.67	5,902.12	-2.7%	1.0%	-22.6%
NIKKEI 225	23,204.62	23,029.90	-0.7%	-0.8%	-0.8%
Shanghai Composite Index	3,219.42	3,218.05	-3.6%	0.0%	4.4%

**Graph 8: Major Currencies vs the USD-YTD Movements-02 October 2020**

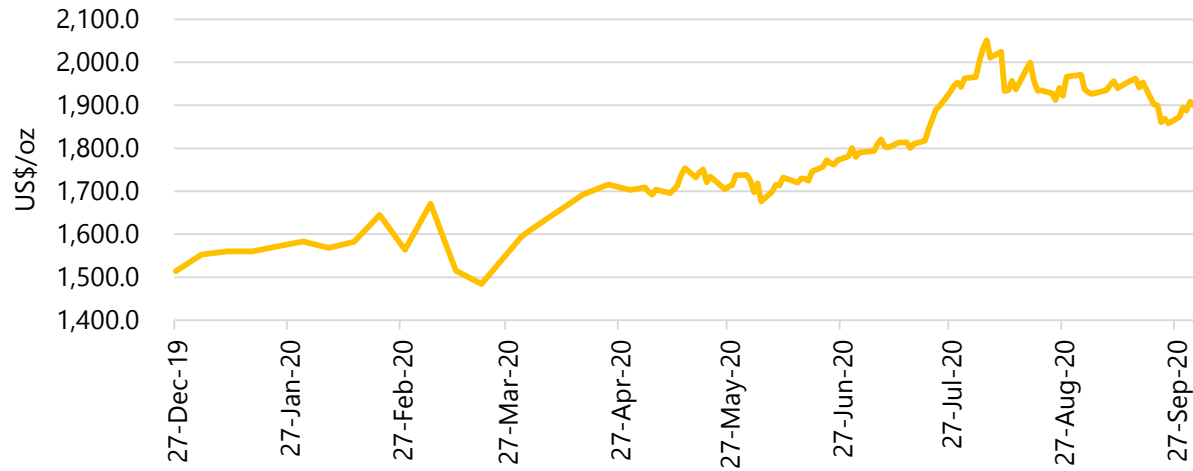




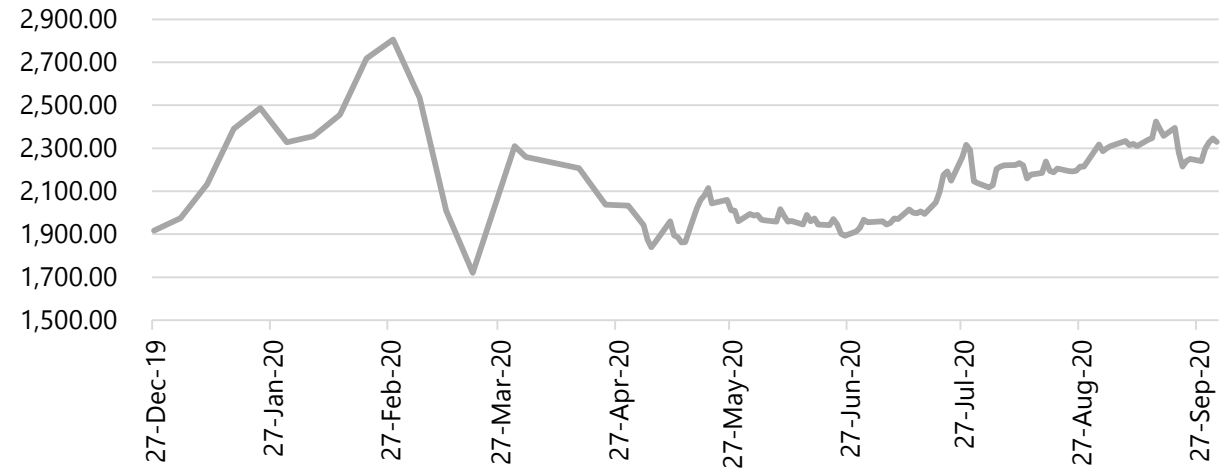
# GLOBAL COMMODITY PRICE MOVEMENTS

## PRECIOUS METALS

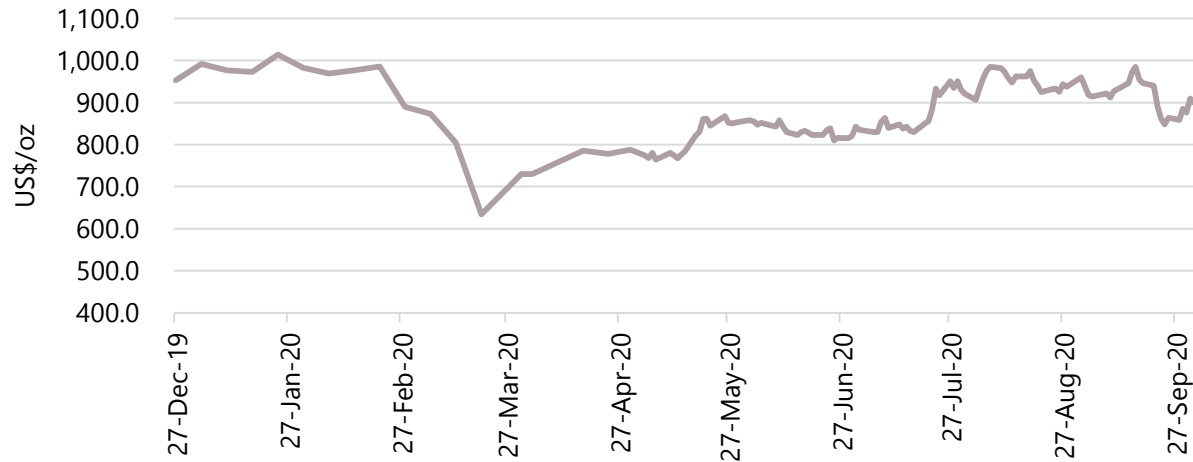
### Gold prices - US\$/oz



### Palladium-US\$/oz



### Platinum price - US\$/oz



- All precious metals recorded modest recoveries during the week ending 02 October 2020, in part, due to worse than expected September U.S jobs report as well as the U.S President Donald Trump’s positive coronavirus test.
- Gold closed the week trading at US\$1900.02, after gaining 2.3% from the previous week’s closing price of US\$1857.8. Platinum and Palladium gained by 4.2% and 3.6%, to end the week trading at US\$900.00 and US\$2 330.00, respectively.
- Going forward, commodity prices are expected to remain generally volatile, as investors continue to watch developments around the Covid-19 vaccine, US Presidential Elections, among others.

Source: Quandl

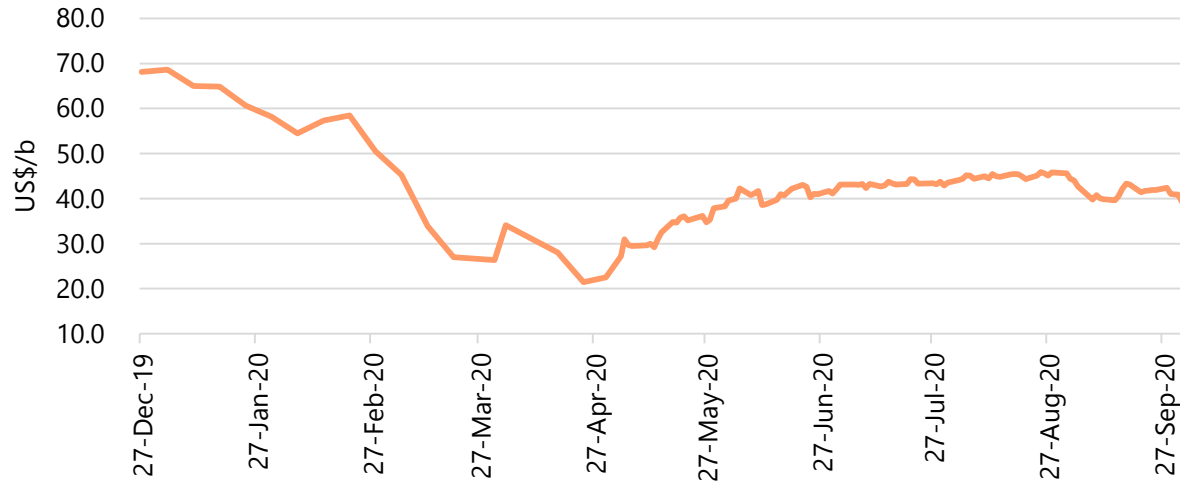




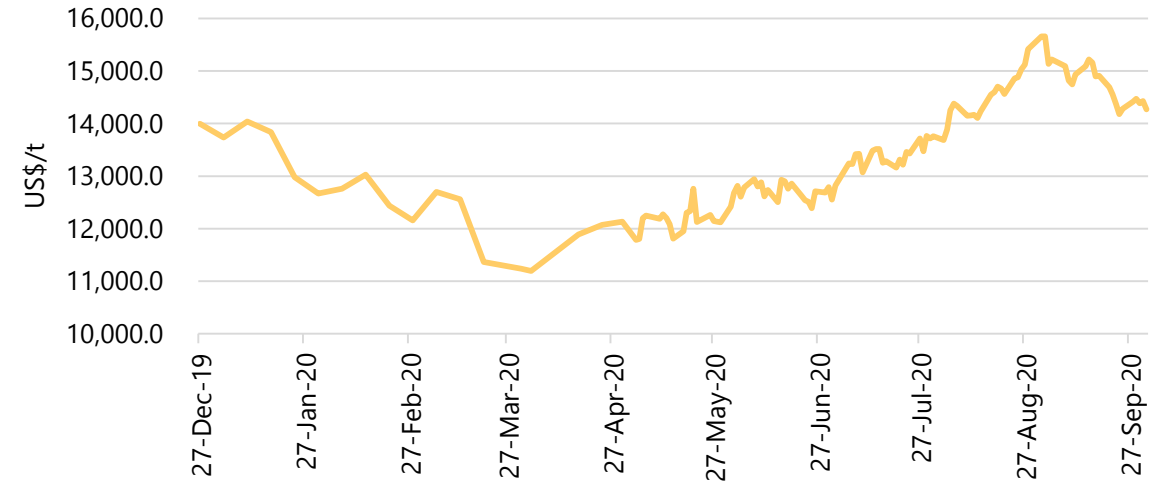
# GLOBAL COMMODITY PRICE MOVEMENTS

## BASE & INDUSTRIAL METALS

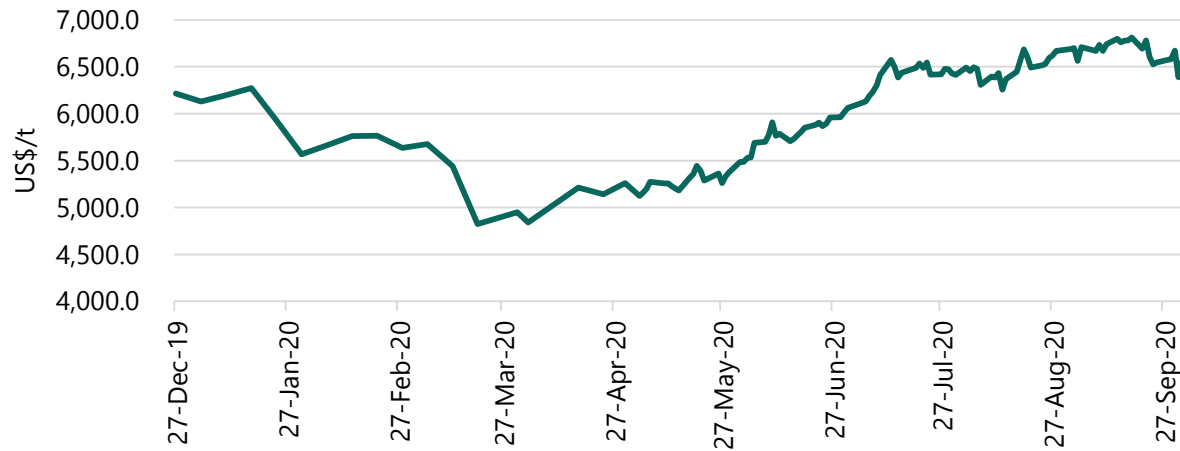
Oil prices - US\$/b



Nickel price - US\$/t



Copper - US\$/t



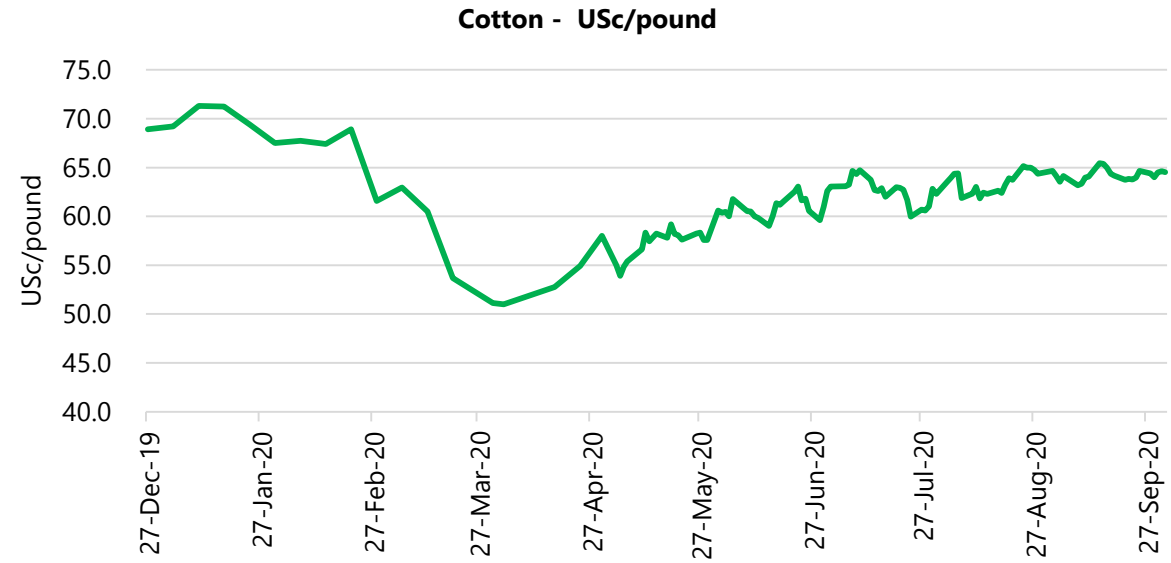
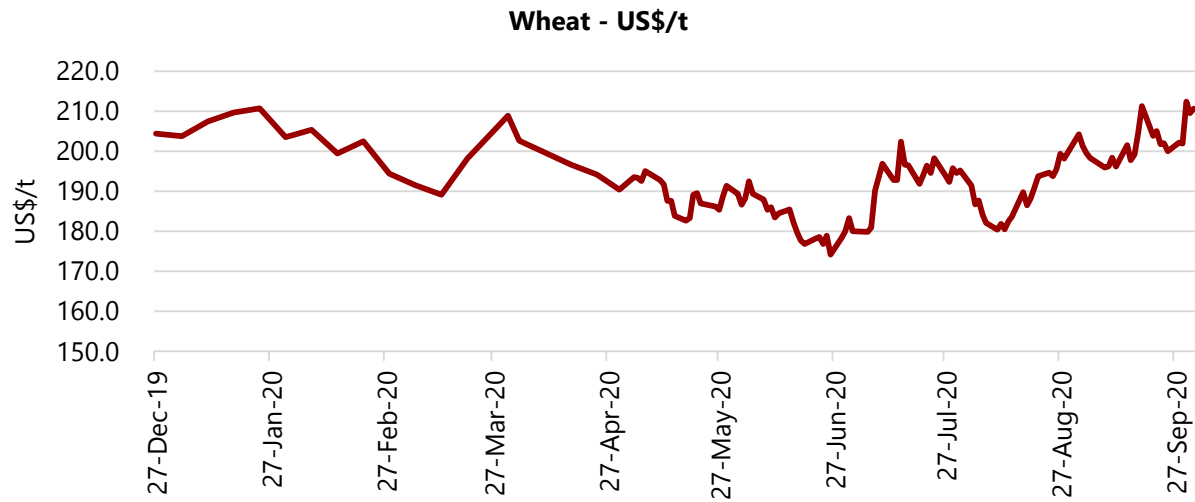
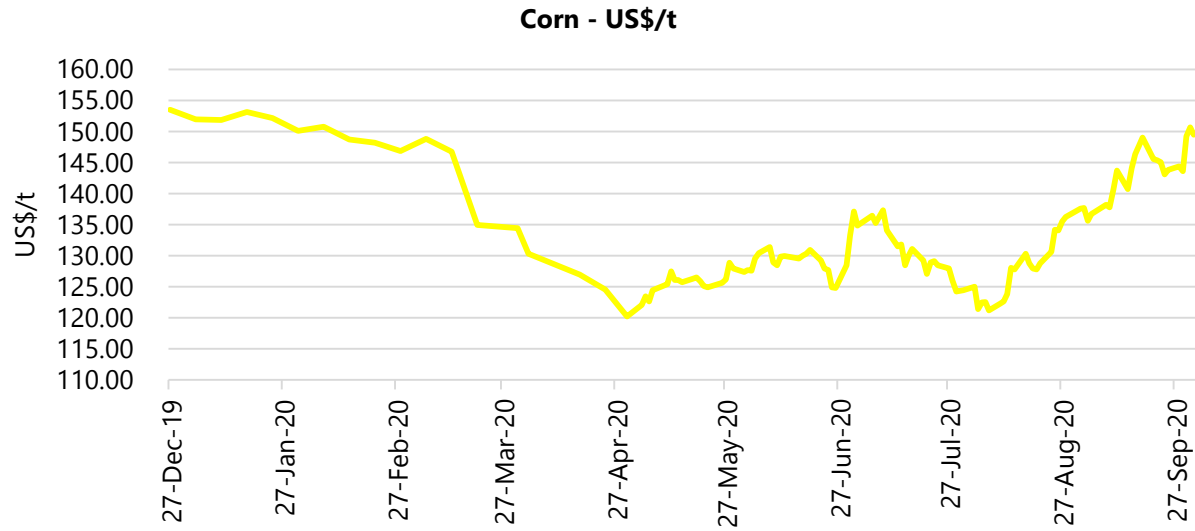
- The global benchmark Brent crude oil continued its bearish trend for the second week running, after it declined by 6.3%, to end the week at US\$39.3/b. Uncertainties over U.S. election, supply side challenges in Libya and concerns over proposed stimulus package as well as tumbling stock markets, distracted the market from a number of oil demand positives from China.
- Nickel marginally declined by 0.1% to end the week trading at US\$14,271, while Copper narrowly gained 0.1% to trade at US\$6,553 as at Friday 02 October 2020.

Source: Quandl & Bloomberg



# GLOBAL COMMODITY PRICE MOVEMENTS

## AGRIC COMMODITIES



- Wheat and corn prices firmed by 5.3% and 4.0%, to end the week trading at US\$210.6/t and US\$149.5/t, respectively. Cotton, on the other hand, dropped by 0.2% to trade at USc64.5/pound.
- Meanwhile, China may fall short of annual agricultural product purchasing commitments of US\$36.5b made in its Trade 1 deal with the U.S, following lagging purchases during the first half of the year.

Source: Quandl

Date	Event	Period	Forecast	Previous
<b>Local</b>				
05 October 2020	First Mutual Holdings, EGM (Time:1000hrs;Venue: Virtual)			
05 October 2020	ZERA Fuel Price Review	October 2020		Blend-ZW\$97.93 Diesel-ZW\$86.36
06 October 2020	RBZ Foreign Exchange Auction Market	07- 13 October 2020		81.4439
<b>Regional &amp; International</b>				
05 October 2020	Euro Zone Retail Sales (m/m)	August 2020	2.4%	-1.3%
06 October 2020	U.K Construction PMI	September 2020	54.1	54.6
07 October 2020	U.S Federal Open Markets Committee (FOMC) Minutes			
08 October 2020	Japan GDP (q/q)	Q2 2020		-7.9%
08 October 2020	Botswana Interest Rate Decision	October 2020		4.25
08 October 2020	Uganda Interest Rate Decision	October 2020		7.00
08 October 2020	European Central Bank "ECB" Monetary Policy Statement			
09 October 2020	U.K Trade Balance	August 2020	-£8.95b	-£8.64b
09 October 2020	China FX Reserves			US\$3.165T

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