



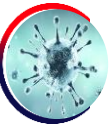
...ZW\$ fuel prices reduced,  
for the first time in 6  
months...

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## THE CBZ ECONOMIC BRIEF

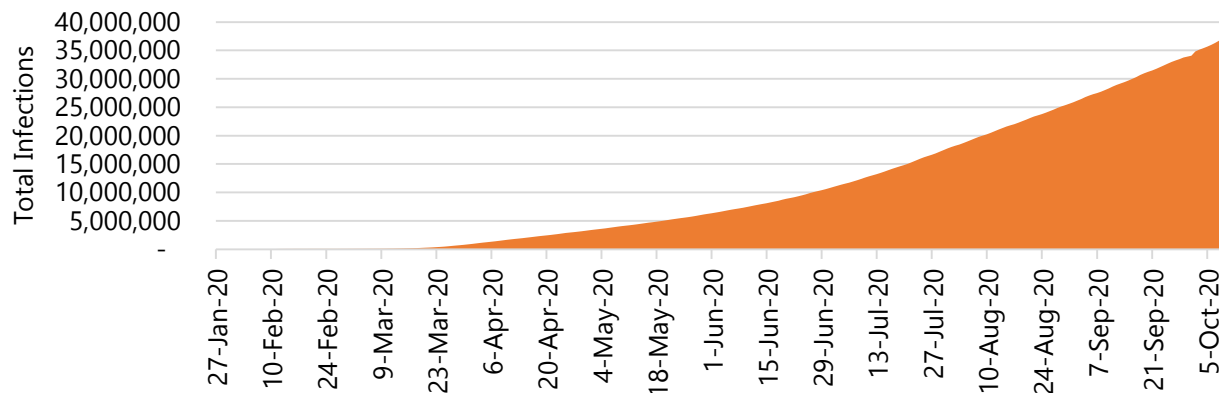
### Week Ending 09 October 2020

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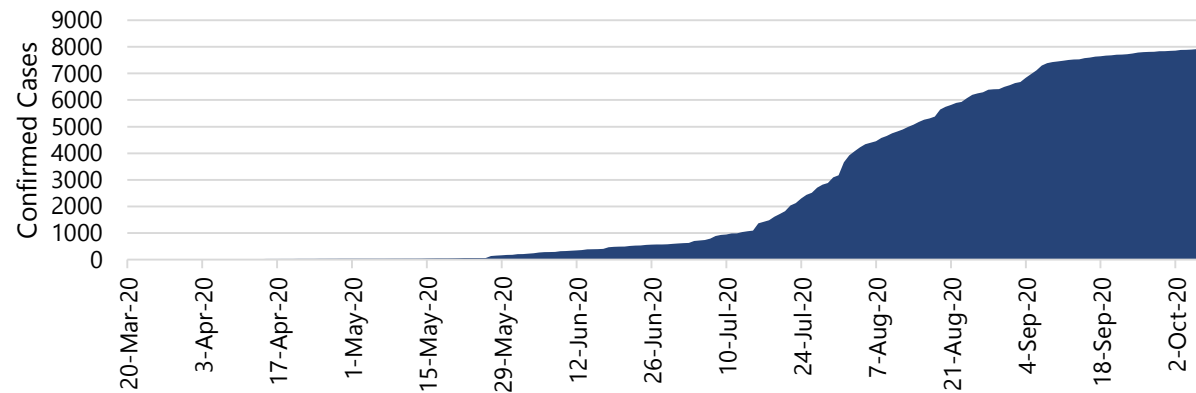


# COVID-19 | Global Status as at 09 October 2020

**Graph 1: Cumulative Global Cases as at 09 October 2020**



**Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 09 October 2020**



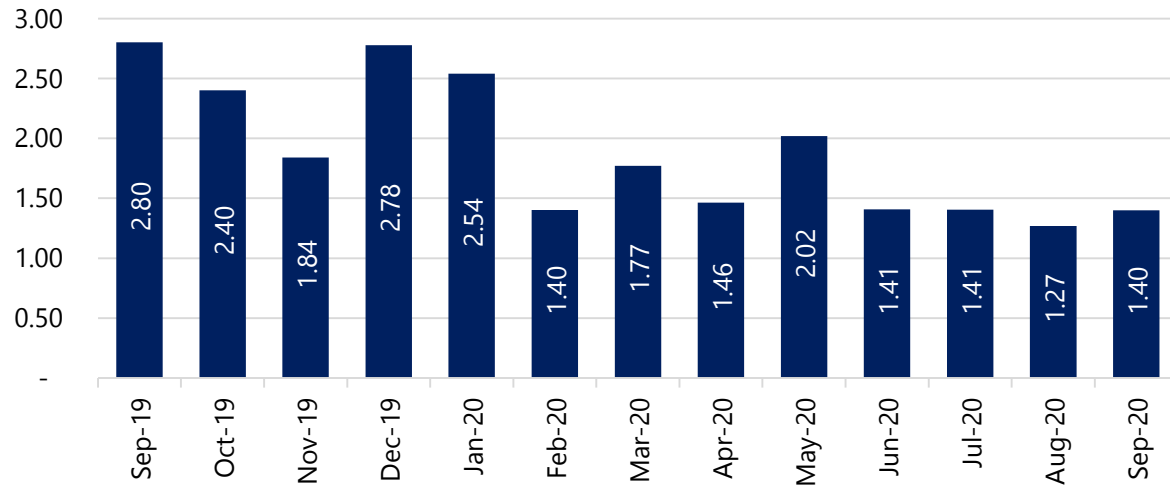
**Sources: Johns Hopkins University & Ministry of Health & Child Care (Zimbabwe)**

## Notable Trends in Cases for the Week

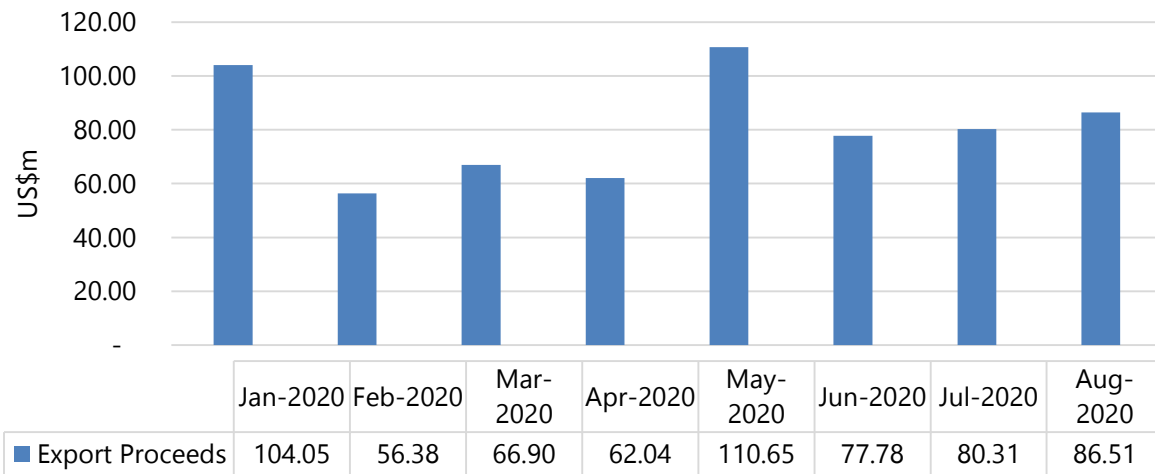
- Cumulative cases rose above 37m, after more than 2.3m new cases were recorded during the week to 09 October 2020– **Graph 1**. India recorded the largest weekly cases of 505k, followed by the U.S (342k), Brazil (174k) and Argentina (91k). Resultantly, the U.S remained the most infected country in the world, with cumulative cases of 7.8m. It was followed by India (6.9m), Brazil (5.1m) and Russia (1.7m). Meanwhile, the World Health Organization “WHO” said that its “best estimates” indicate that roughly one in 10 people worldwide may have been infected by the coronavirus, which is more than 20 times the number of confirmed cases. It also warned of a difficult period ahead.
- In Africa, confirmed cases rose by 3.7% to 1.6m, after an additional 58k new cases were recorded during the week. The largest weekly cases were recorded in Morocco (17.8k) South Africa (10.5k), Ethiopia (5.7k) and Libya (5.6k). Consequently, South Africa remained the most infected country in Africa, accounting for about 44% of all confirmed cases.
- In Zimbabwe, cumulative cases increased to 7,994, after 136 new cases were recorded during the week to 05 October 2020 - **Graph 2**. Local cases accounted for the bulk of the new cases. The largest weekly cases were recorded in Bulawayo (40), Midlands(40), Harare (22) and Mash East (16). A total of 152 people recovered during the period under review, bringing the cumulative recoveries to 6,474. Resultantly, the ratio of active cases to total cases declined to 16%, from 17% recorded during the previous week.
- Meanwhile, according to U.S Department of Commerce, the U.S. trade deficit stood at US\$67.1b in August 2020, up from US\$63.4b recorded in July 2020. Imports rose 3.2% to US\$239 billion driven by purchases of crude oil, cars and auto parts, while exports grew by 2.2% to US\$171.9b supported by a surge in shipments of soybeans.
- In Zimbabwe, the department of immigration at the Beitbridge Border Post announced that all Zimbabweans and South Africans who had failed to leave either country at the onset of the Covid-19 lockdown are, with immediate effect, allowed to travel to their countries without going through their embassies. The borders, however, remain closed to general travelers in line with the country’s lockdown protocols.



### Graph 3: Monthly Gold Production Trend



### Graph 4: Gold Export Earnings Trend



Source: FPR and ZimStat

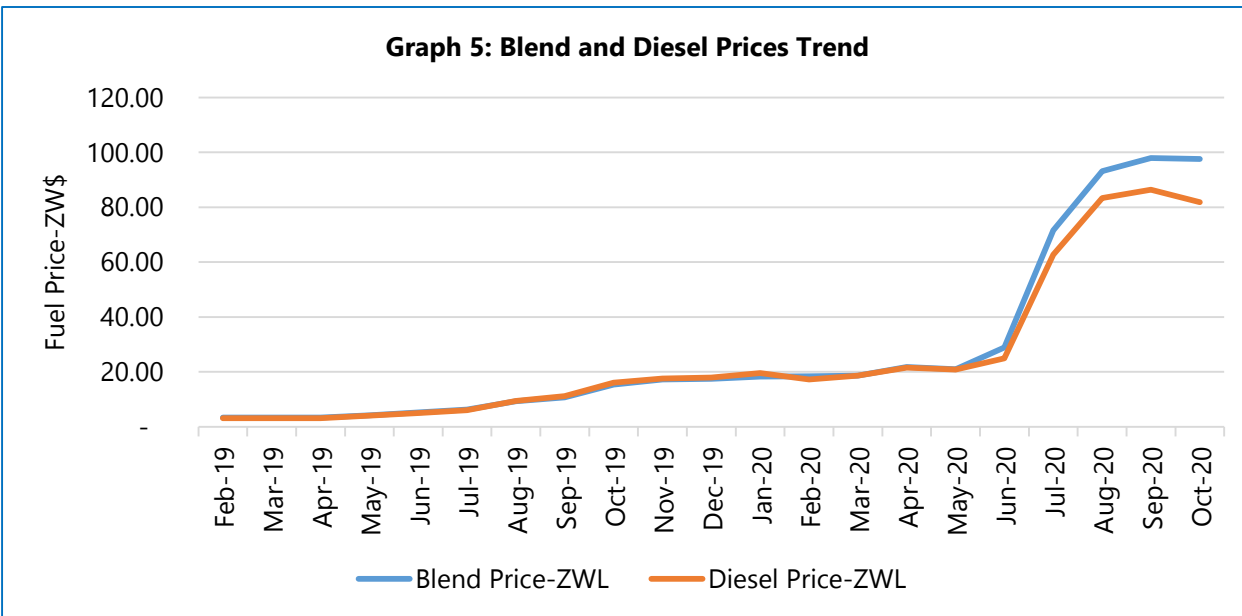
- According to Fidelity Printers and Refiners, “FPR”, the country’s gold production increased 10% month-on-month to 1.40t in September 2020, up from 1.27t in August 2020 - **Graph 3**.
- However, on a year-year basis, gold output declined by 50% in September 2020, compared to September 2019. FPR attributed the decline to the negative impact of the coronavirus outbreak, electricity challenges, deepening gold mining shafts as well as lack of mining equipment for the artisanal and small-scale miners “ASM”.
- Cumulatively, gold production during the first nine months to September 2020 stood at 14.7t, a decline of about 29% from the previous year’s total of 20.6t recorded during the same comparable period. Large scale miners contributed 53% to the total output delivered in 2020.
- Meanwhile, according to the ZimStat, the country’s gold export earnings grew by 8% m/m to US\$86.5m in August 2020. However, cumulative earnings for the first 8 months to August 2020 declined by 4% to US\$644m, from the US\$671m recorded during the same period last year- **Graph 4**.
- Going forward, efforts to address availability of utilities such as electricity as well as maintaining a friendly pricing framework would need to be buttressed with broader initiatives to diversify the country’s export base in-order to enhance stability of foreign currency inflows.



### Fuel Price Review

- The Zimbabwe Energy Regulatory Authority "ZERA" announced new prices for diesel and blend, with effect from 05 October 2020. The maximum ZW\$ pump price for diesel declined by 5.2% to ZW\$81.85/litre, whilst blend price marginally declined by 0.3% to ZW\$97.62/litre - **Graph 5**.
- The fuel price adjustments were generally in line with the ongoing stability, and recent nascent appreciation of the ZW on the foreign currency markets.

- Table 1 also outlines comparative fuel prices for selected regional countries, including Zimbabwe – **Table 1**.



Source: ZERA

**Table 1: Comparable Regional Blend Prices**

Country	Blend Price-US\$		
	5-Sep-20	5-Oct-20	Change (%)
Angola	0.27	0.25	-7%
Botswana	0.68	0.68	0%
Namibia	0.78	0.78	0%
Tanzania	0.79	0.81	3%
South Africa	0.88	0.88	0%
Mozambique	0.90	0.89	-1%
Malawi	0.92	0.92	0%
Zambia	0.97	0.97	0%
Kenya	0.98	0.99	1%
DRC	1.02	1.02	0%
Mauritius	1.11	1.10	-1%
Zimbabwe	1.18	1.20	2%

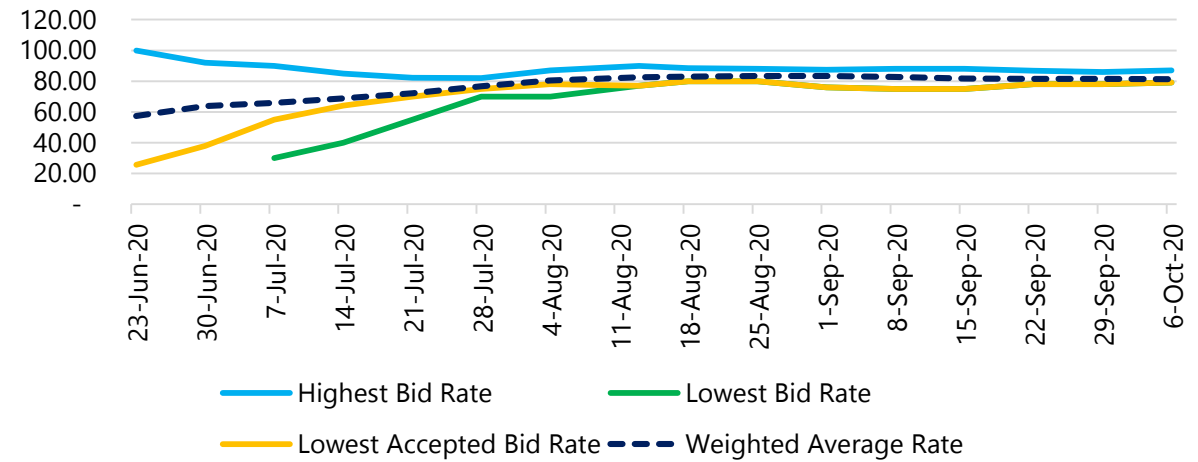
Source: GlobalPetroPrices.com



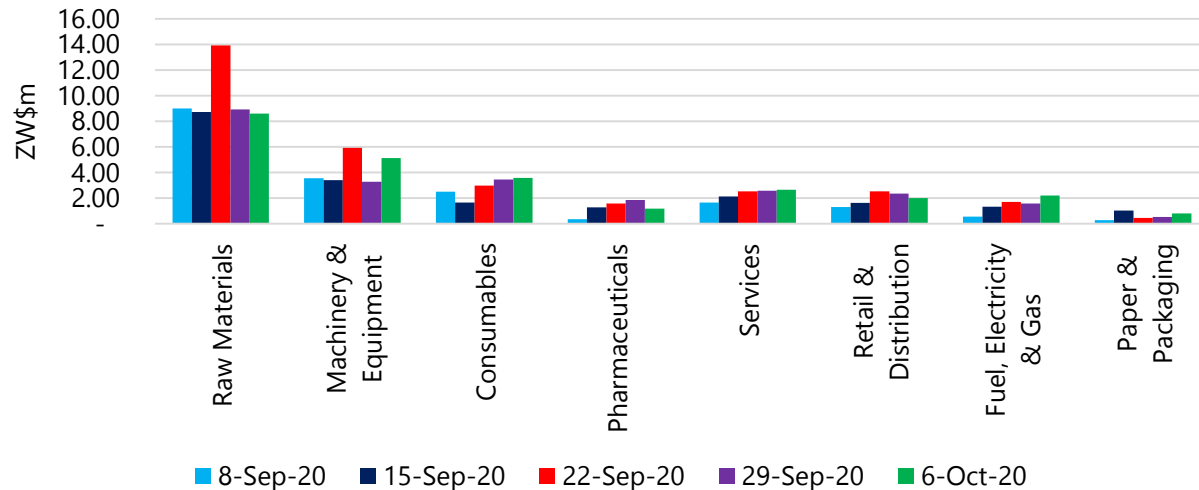
## Foreign Currency Market Developments

- The ZW\$ appreciated, for the 6<sup>th</sup> straight week running, by 0.12% from ZW\$81.44/ USD to a weighted average rate of ZW\$81.35/ USD, during the foreign currency auction held on Tuesday 06 October 2020 - **Graph 6a.**
- The highest and lowest accepted bid rates increased from 86.0 and 78.0, to 87.0 and 79.0, respectively.
- Foreign currency allotments for the week increased by 7% to US\$26.1m, compared to the previous week's allotment of US\$24.5m – **Graph 6b.**
- The largest weekly allotments were for raw materials, which received US\$8.6m. Other notable allotments went to machinery & equipment (US\$5.1m), consumables (US\$3.6m), services (US\$2.6m) and fuel, electricity & gas (US\$2.2m)- **Graph 6c.**

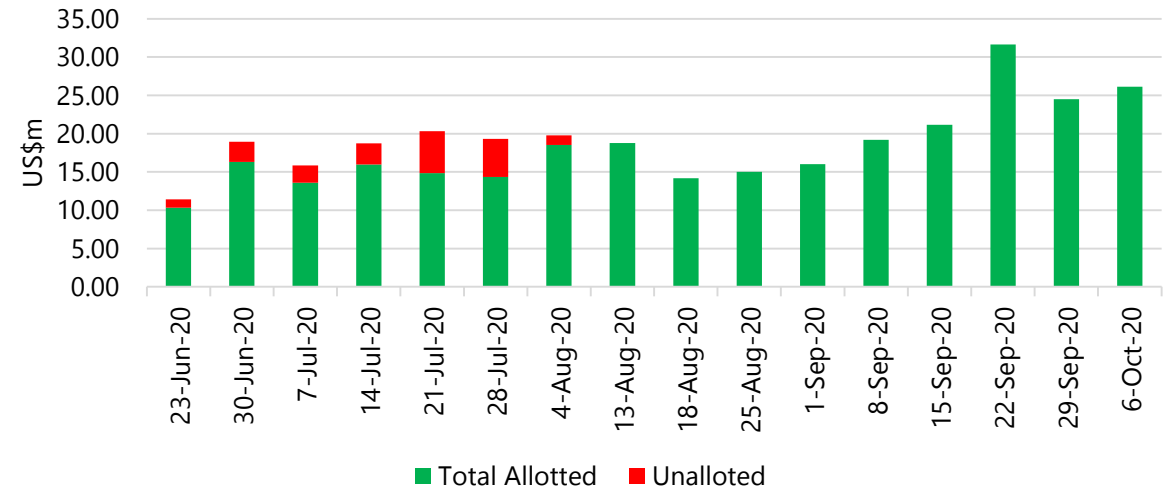
### Graph 6a: FX Auction Market Bid Rates Trend



### Graph 6c: FX Allotments Per Sector

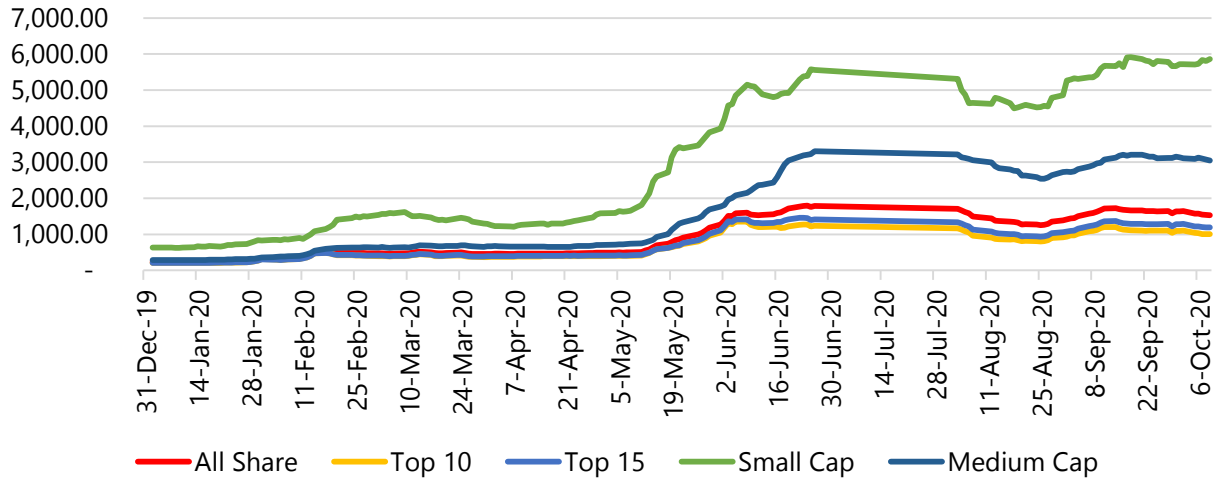


### Graph 6b: Foreign Currency Auction Allotments





**Graph 7: ZSE Indices**



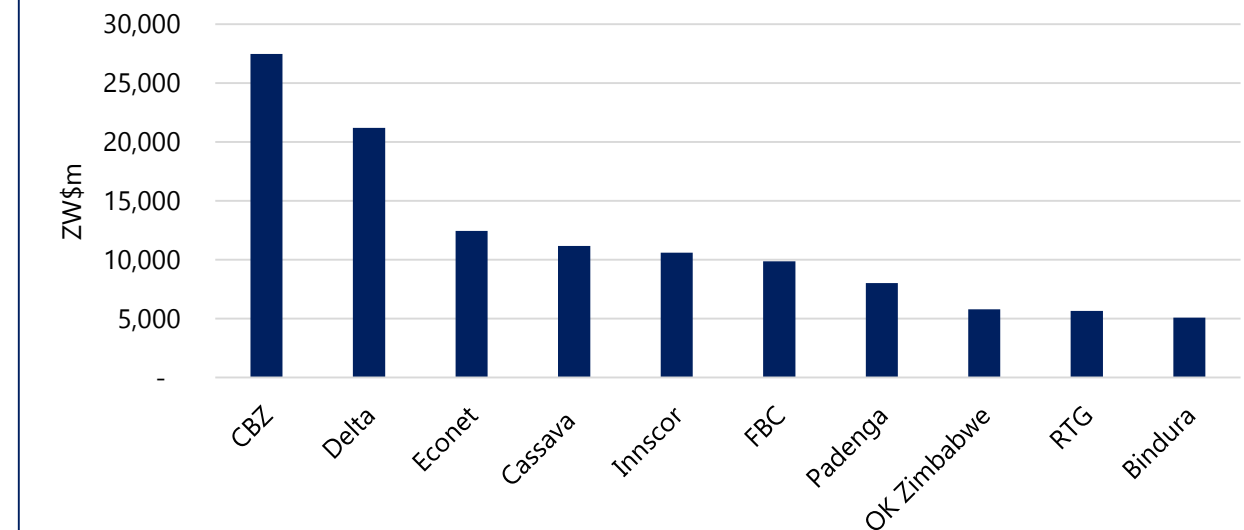
**Table 2: ZSE Movers and Shakers**

Movers	2-Oct-20	9-Oct-20	Weekly change (%)
Mash Holdings	41.75	65.87	58%
Masimba	200.00	240.00	20%
Meikles	1,444.67	1,570.37	9%
Bindura	400.00	408.00	2%
National Foods	4,910.00	5,000.00	2%
Shakers	2-Oct-20	9-Oct-20	Weekly change (%)
Dawn Properties	100.00	75.00	-25%
CBZH	5,290.10	4,000.00	-24%
Nampak	115.63	95.01	-18%
FCB	60.01	50.31	-16%
African Sun	164.36	150.00	-9%

### Equities Market Developments

- On the ZSE, all but the Small Cap Index recorded weekly declines, led by the Top 10 and Top 15 indices that declined by 9.1% and 7.7%, respectively. The benchmark All Share Index lost 6.5% to end the week at 1,534.34, weighed down by the market's top capitalized stocks. However, it managed to record a YTD gain of 567% – **Graph 7.**
- Notable weekly declines were recorded for Dawn Properties (-25%), CBZH (-24%), Nampak (-18%), FCB (-16%) and African Sun (-9%). Property group Mash Holdings (+58%) headlined market gainers, followed by Masimba (+20%), Meikles (+9%), Bindura (+2%) and National Foods (+2%) - **Table 2.**
- Notwithstanding the weekly decline, CBZH remained the largest counter on the ZSE, with a market capitalization of ZW\$27.5b. It was followed by Delta (ZW\$21.2b), Econet (ZW\$12.5b) and Cassava (ZW\$11.2b) - **Graph 8.**
- Meanwhile, the VFEX signed a memorandum of understanding "MOU" with the RBZ, in which the central bank will facilitate settlement of foreign currency trades on behalf of the exchange. In related matters, the Ministry of Finance and Economic Development announced that VFEX will be launched by the end of October 2020.

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



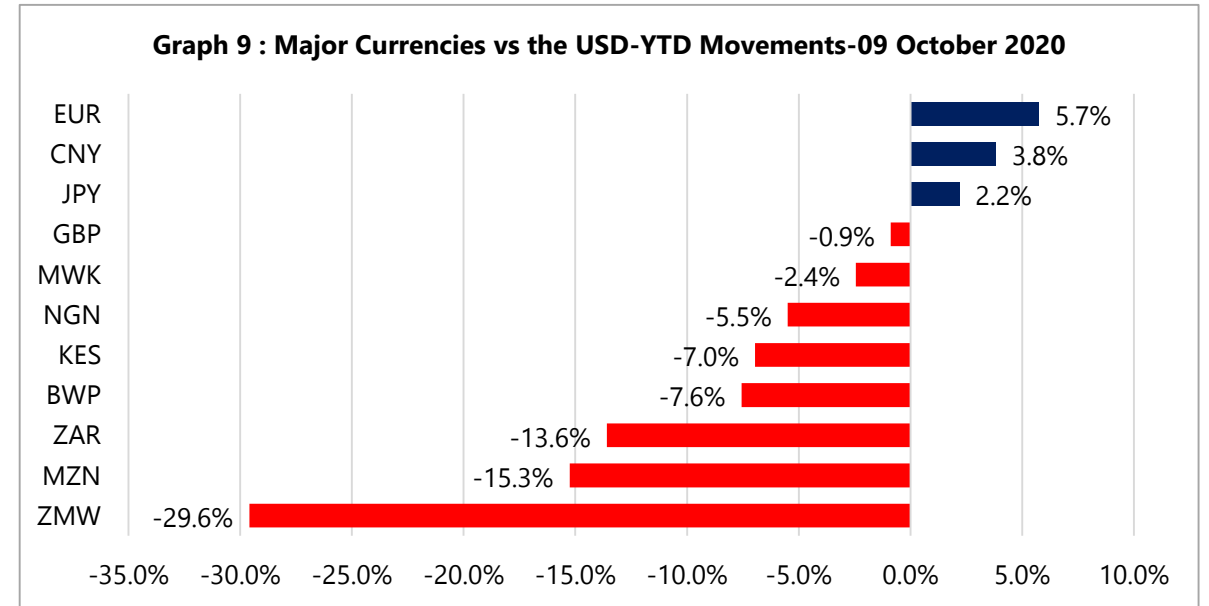


- On the global equities markets, with the exception of Botswana, Kenya, Malawi and Mauritius, most of the regional and international stock markets under our watch recorded weekly gains – **Table 3**.
- Asian stocks finished the week firm, with the Japanese N225 gaining 2.6% to 23,619, while China’s Shanghai Composite Index was 1.7% stronger, after a private survey by the Caixin/Markit showed that services activity in China expanded in September 2020, with a PMI reading of 54.8.
- In the U.S and Europe, stocks posted a weekly gains, as positive U.S stimulus package and developments on coronavirus vaccines lifted global investor mood. The Dow Jones Industrial Average “DJIA” and S&P500 rose by 3.3% and 3.8% for the week, respectively, while U.K’s FTSE 100 gained 1.9%. On a year-to-date basis , S&P500 gained 7.5% to 3,477.13, while the FTSE100 fell by 21.1% to 6,016.65.
- Most Africa markets, however, traded lower.

- 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 9**.

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

African	02-Oct-20	09-Oct-20	Previous week change(%)	Weekly change (%)	YTD Change (%)
Botswana	6,999.11	6,953.68	-0.1%	-0.6%	-7.2%
Ghana	1,845.66	1,864.32	0.6%	1.0%	-17.5%
Kenya	140.22	140.07	-0.1%	-0.1%	-16.3%
Malawi	31,477.62	31,401.87	-1.2%	-0.2%	3.8%
South Africa	54,219.24	55,182.99	1.2%	1.8%	-4.5%
Nigeria	26,985.77	28,415.31	2.5%	5.3%	5.4%
Zambia	3,811.81	3,811.75	-0.3%	0.0%	-10.6%
Mauritius	1,483.39	1,474.66	-2.7%	-0.6%	-32.3%
<b>Global</b>					
DJIA	27,682.81	28,586.90	1.9%	3.3%	-0.2%
S&P500	3,348.44	3,477.13	1.5%	3.8%	7.5%
FTSE 100	5,902.12	6,016.65	1.0%	1.9%	-21.1%
NIKKEI 225	23,029.90	23,619.69	-0.8%	2.6%	1.8%
Shanghai Composite Index	3,218.05	3,272.08	0.0%	1.7%	6.2%



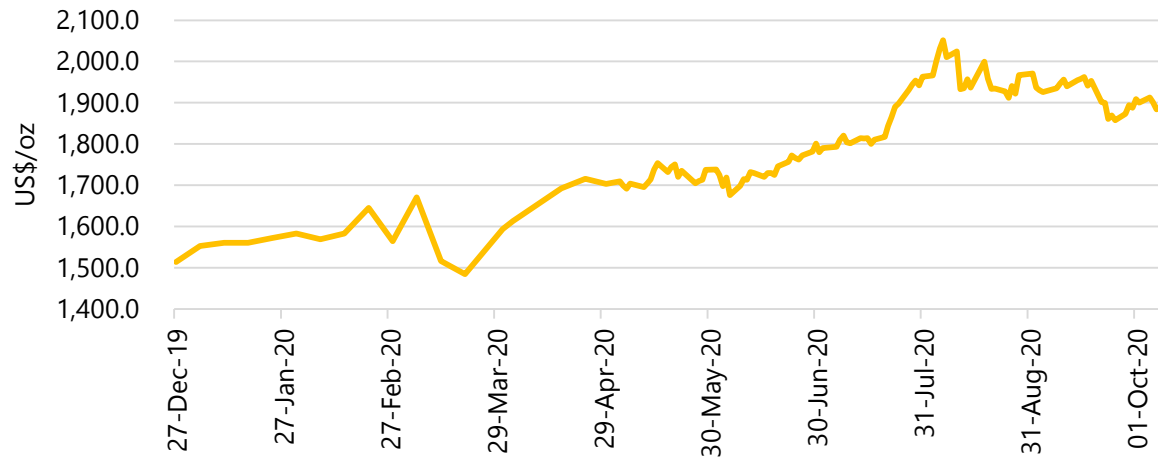


# GLOBAL COMMODITY PRICE MOVEMENTS

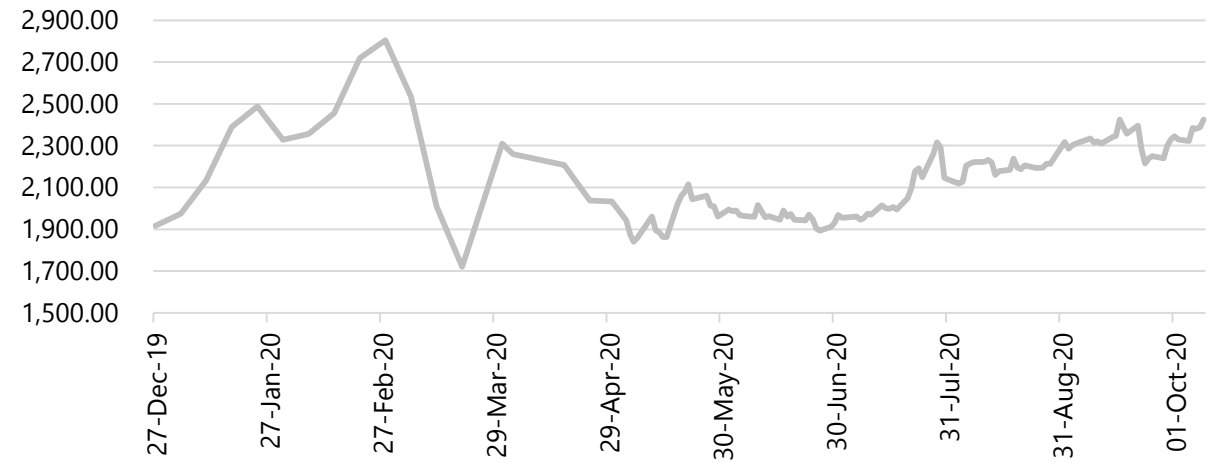
## PRECIOUS METALS



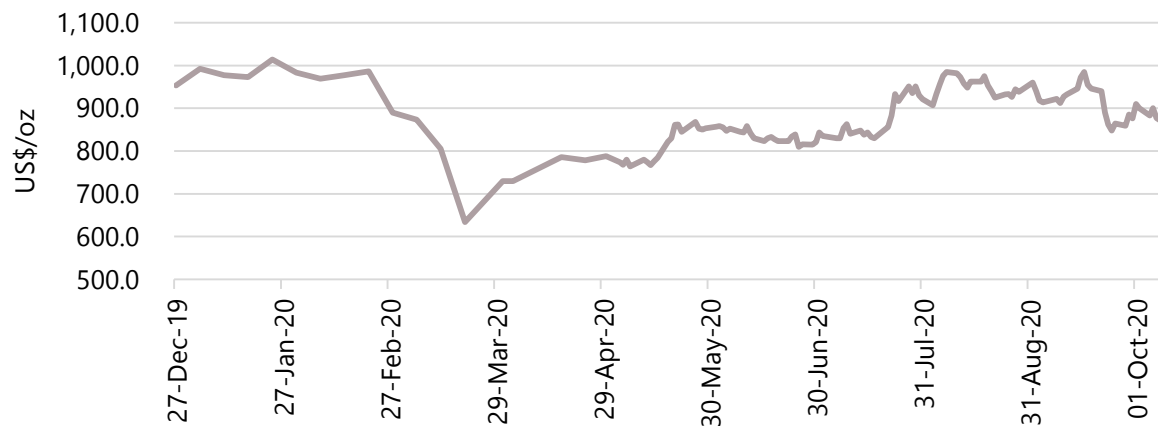
### Gold prices - US\$/oz



### Palladium-US\$/oz



### Platinum price - US\$/oz



Source: Quandl

- Gold recorded its second consecutive weekly gains, after adding 1.0% to the previous week's price, to end the week trading at US\$1,919.50/oz. The bullish trend was supported by its safe haven appeal, after more cases were recorded in the U.S White House, coupled with renewed optimism over the U.S economic stimulus deal. A weaker U.S dollar also worked in favor of the yellow metal, as investors looked to hedge against currency debasement.
- Elsewhere, other precious metals ended the week mixed. Palladium recorded the largest weekly gain of 4.0%, to a 2-weeks high of US\$2,424/oz, while Platinum fell by 1.6% to US\$886/oz.
- Meanwhile, the Government of Zimbabwe "GoZ" signed a memorandum of understanding "MOU" with Caledonia Mining Corporation, a Gwanda goldbelt miner, wherein, the miner committed to increase gold production to around 500k ounces by 2030. In fact, in its Q3 trading update, Caledonia Mining Corporation, under its subsidiary Blanket Mine, announced a quarterly increase in gold production of 11% to 15,164 ounces, compared to the same period last year.



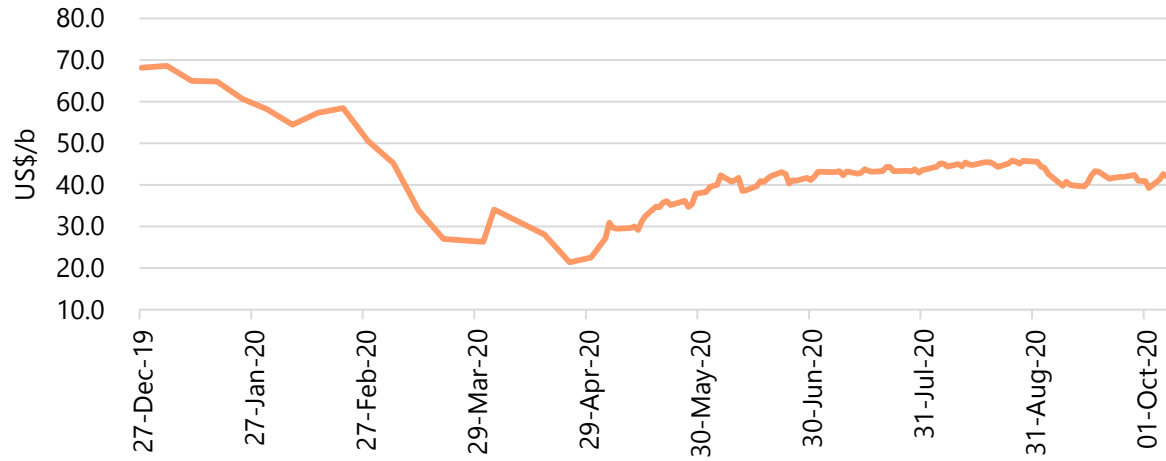


# GLOBAL COMMODITY PRICE MOVEMENTS

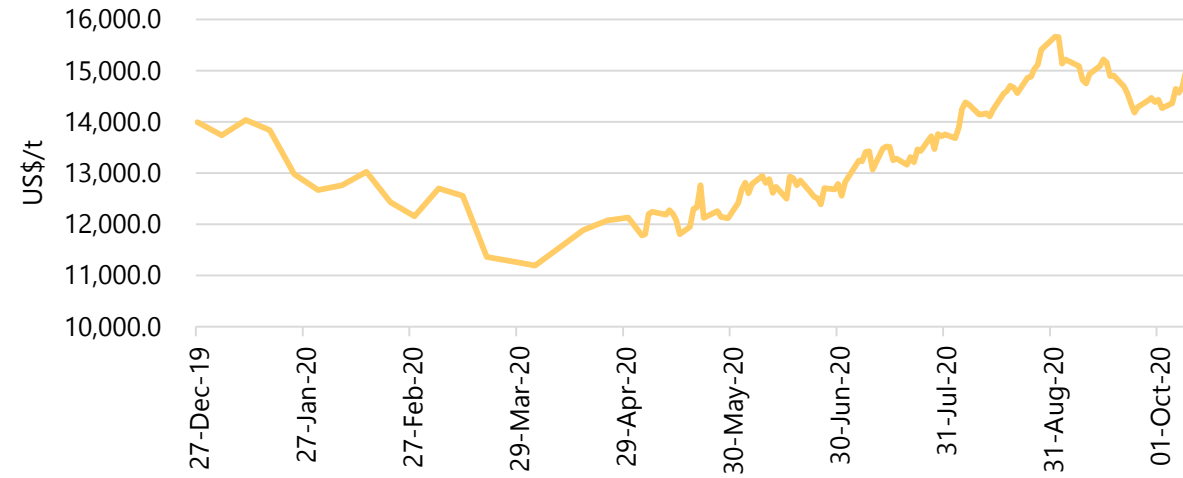
## BASE & INDUSTRIAL METALS



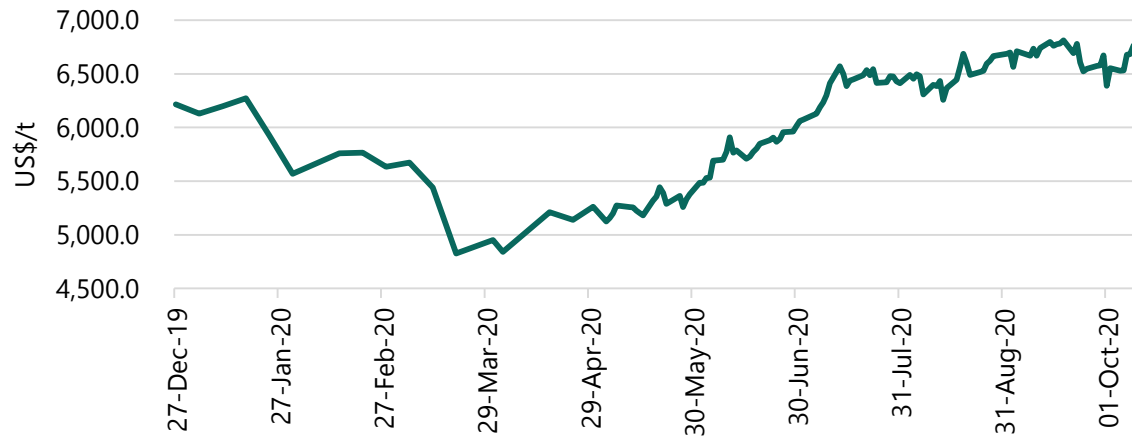
### Oil prices - US\$/b



### Nickel price - US\$/t



### Copper - US\$/t



Source: Quandl & Bloomberg

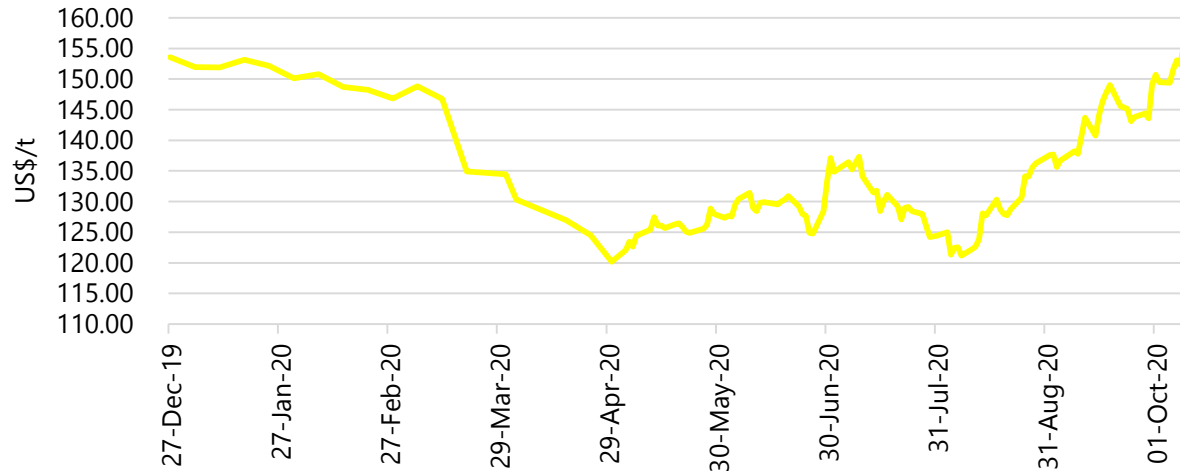
- The global benchmark Brent crude oil recovered from its 2-weeks slumber to record a weekly gain of 9%, to end the week at US\$42.85/b. The oil prices spiked after OPEC announced that the worst was over for the oil market, during its closely-watched annual World Oil Outlook report released on Thursday, 08 October 2020. According to OPEC, world-wide oil demand is expected to increase by nearly 10 million barrels per day "b/d" over the long term, rising to 109.3 million b/d in 2040, and to 109.1 million b/d in 2045. The projections, however, represent a downward revision of over one million b/d when compared to the levels projected in the group's 2019 outlook report.
- Weekly gains were also recorded for copper and nickel. Copper gained by 3% to end the week at US\$6,763/t, while nickel firmed up 5% from the previous week's closing price of US\$ 14,271.
- Meanwhile, in Zimbabwe, the Ministry of Home Affairs and Cultural Heritage suspended the issuance of copper selling licenses with effect from 05 October 2020, until further notice, to allow for necessary amendments to the Copper Control Act. This followed widespread reports of theft and vandalism of copper infrastructures, including electricity cables, that costed companies huge sums of money in repair and maintenance.



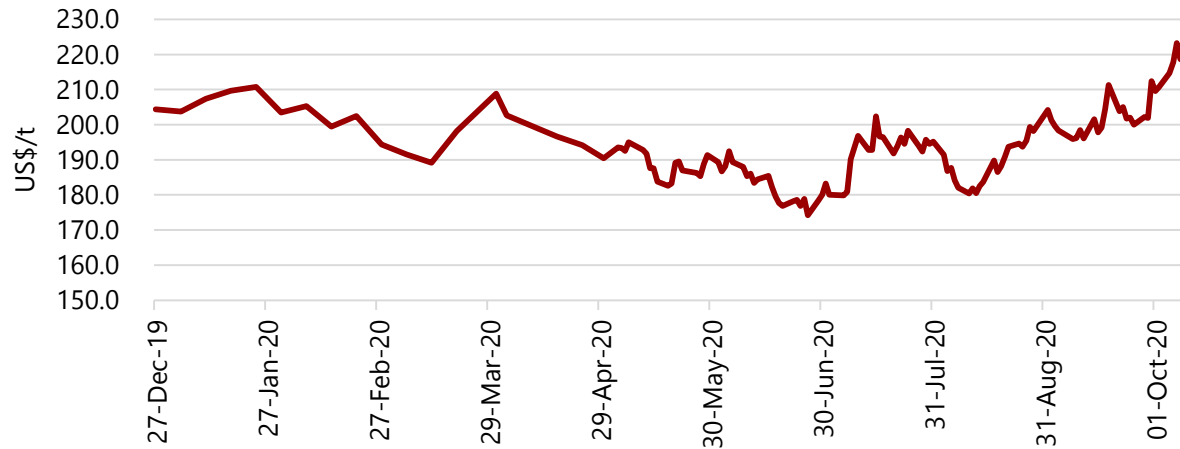
# GLOBAL COMMODITY PRICE MOVEMENTS

## AGRIC COMMODITIES

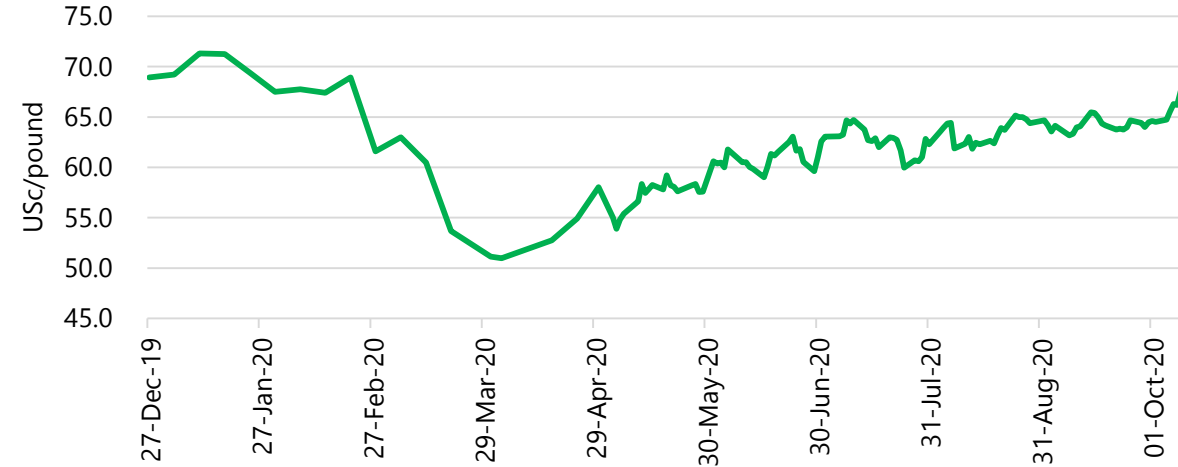
### Corn - US\$/t



### Wheat - US\$/t



### Cotton - USc/pound



- All agricultural commodities under our watch recorded weekly gains, led by cotton, which gained by 4.8%, to close the week trading at USc67.64/pound. Corn and wheat gained by 4.0% and 3.6%, respectively.
- In Zimbabwe, the government announced that more than 8000 tonnes of wheat from the 2020 cropping season were delivered to the Grain Marketing Board "GMB", with the national grain trader buying utility of ordinary wheat at \$43,778.84 per tonne, while grade A will be paid a premium price of 20% above the utility grade - up to \$52,534.61 per tonne.

Source: Quandl

Date	Event	Period	Forecast	Previous
<b>Local</b>				
13 October 2020	RBZ Foreign Exchange Auction Market	14-20 October 2020		81.3486
13 October 2020	African Sun, EGM (Time:1000hrs: Venue: Virtual)			
15 October 2020	Zimplow, EGM (Time:1000hrs: Venue: Virtual)			
<b>Regional &amp; International</b>				
12 October 2020	South Africa Manufacturing Production (m/m)	August 2020		7.6%
13 October 2020	OPEC Monthly Report			
13 October 2020	U.S CPI (m/m)	September 2020	0.2%	0.4%
13 October 2020	China Exports (m/m)	September 2020	10.0%	9.5%
14 October 2020	Euro Zone Industrial Production (m/m)	September 2020	0.7%	4.1%
14 October 2020	International Energy Agency "IEA" Report			
15 October 2020	U.K Autumn Budget			
15 October 2020	U.S Crude Oil Inventories		0.294m	0.501m
16 October 2020	IMF Meetings			

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