



...mining sector capacity  
utilisation drops to a 4-year  
low of 61% in 2020...

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## THE CBZ ECONOMIC BRIEF

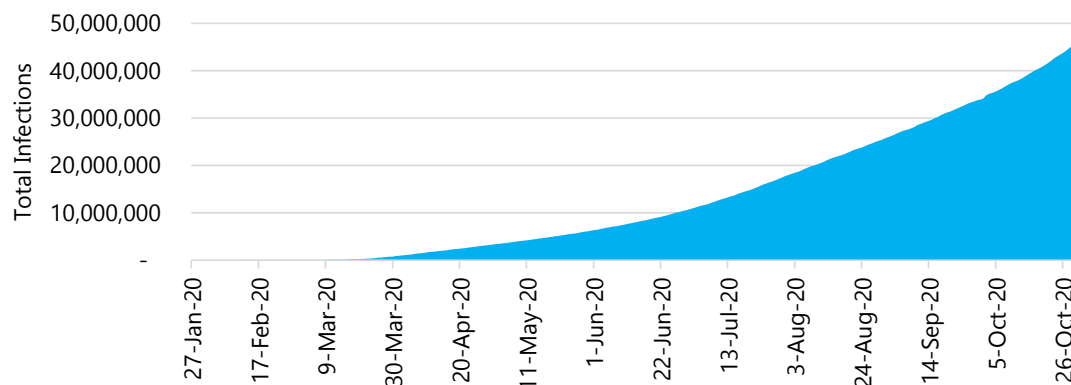
### Week Ending 30 October 2020

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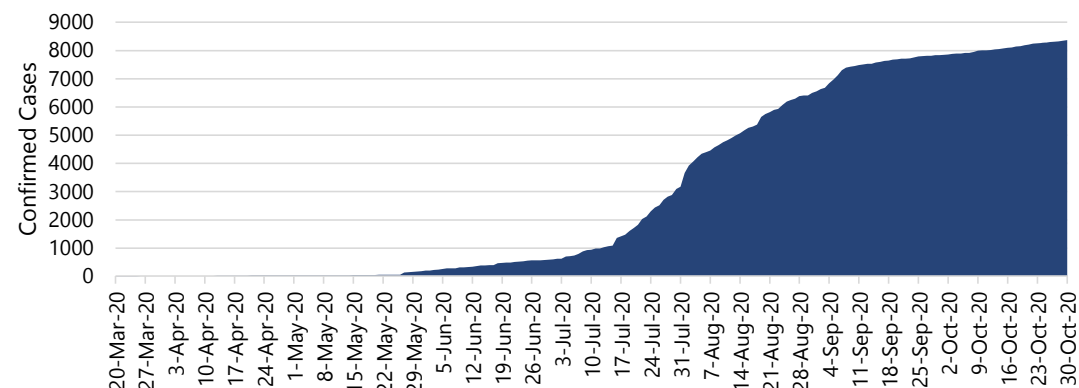


# COVID-19 | Global Status as at 30 October 2020

**Graph 1: Cumulative Global Cases as at 30 October 2020**



**Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 30 October 2020**



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

## Notable Trends in Cases for the Week

- Cumulative global COVID-19 cases surged above 45m, after a record 3.4m cases were recorded during the week to 30 October 2020 – **Graph 1**. The largest weekly cases were recorded in the U.S (567k), India (322k), France (290k), Brazil (163k), U.K (158k) and Spain (154k). Resultantly, some European countries announced new lockdown measures. In fact, England announced a month long lockdown during which pubs, bars, restaurants and non-essential retail will be closed. German, France and Spain also announced restrictions, including closures and curfews as part of measures to fight the resurgent infections.
- In Africa, cumulative cases rose by 4.5% to 1.8m, after an additional 77k new cases were recorded during the week. The largest weekly cases recorded in Morocco (24k), followed by South Africa (11k), Tunisia (10k) and Libya (7k). Consequently, South Africa remained the most infected African country, accounting for about 41% of the total confirmed cases.
- In Zimbabwe, cumulative cases increased to 8,362, after 105 new cases were recorded during the week - **Graph 2**. Bulawayo (42), Harare (23), Midlands (17) and Mat North (11) recorded the largest weekly cases. A total of 113 recoveries were recorded during the period under review, bringing the cumulative recoveries to 7,884. The ratio of active cases to total cases remained flat at 3%.
- Meanwhile, according to Eurostat, Q3 2020 seasonally adjusted GDP increased by 12.7% in the Euro Area, and by 12.1% in the European Union, compared with the previous quarter. France was the best performer, with GDP growth of 18.2%, followed by Spain (16.7%) and Italy (16.1%). However, the Euro Area and European Union economies were 4.3% and 3.9% smaller than they were same time last year. Elsewhere, the European Central Bank “ECB” left its interest rates on the main refinancing operations, marginal lending facility and deposit facility unchanged at 0%, 0.25% and -0.5%, respectively. The recent surge in COVID-19 infections, and reintroduction of lockdown measures are likely to put a new dent on economic growth, raising expectations of extended accommodative policies in these advanced economies.
- According to U.S Commerce Department, U.S GDP for Q3 2020 roared back at a better-than-expected 33.1% on a seasonally and inflation-adjusted basis, up from the 31.4% drop recorded in Q2. Growth was supported by increases in personal consumption (40.7%) and gross private domestic investment (83.0%).
- In Zimbabwe, the Government announced relaxation of curfew hours from 8pm to 10pm for the convenience of travellers. It also further resolved to open the country’s borders in phases, beginning with private passenger vehicles and pedestrians from December 1, 2020, while assessments are undertaken regarding public transport. Border operating hours were fixed between 0600hrs and 1800hrs until further notice. Meanwhile, according to the Chamber of Mines 2020, capacity utilisation in the mining sector dropped to a 4-year low of 61% in 2020, amid disruptions caused by the coronavirus.



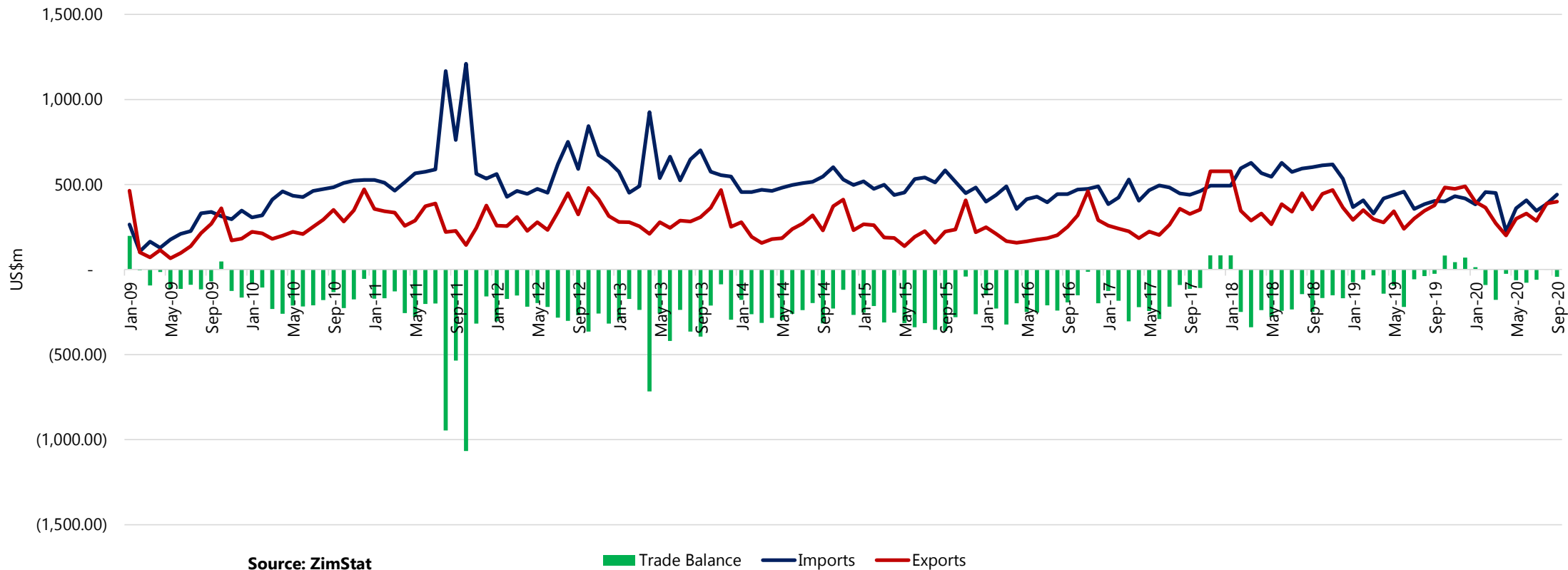
# ZIMBABWE

## EXTERNAL SECTOR DEVELOPMENTS



- According to the Zimbabwe National Statistics Agency, "ZimStat", the country's trade account switched back to a deficit of US\$42.6m in September 2020, from a surplus of US\$3.9m recorded in August 2020. There was a significant rebound in trade during the period under review, with exports rising to a 9-months high of US\$399m, while imports grew by 15% m/m to a 6-months high of US\$441m - **Graph 3**.
- Nickel ores & concentrates (+41%), flue-cured tobacco (+34%) and platinum (33%) anchored export growth, while nickel mates, gold and other articles & parts of precious metal were a drag. The largest imports were recorded for machines for mixing, kneading, crushing and grinding (+131757%), structures & parts of structures, of iron/ steel (+1072%), diesel (+59%) and maize (+59%).
- On a cumulative basis, imports declined by 3.1% to US\$3.46b, whilst exports grew by 4.1% to US\$2.94b, in the 9 months to September 2020, compared to the same period of 2019.
- Resultantly, the cumulative trade deficit declined to US\$517m in September 2020, from US\$743m in recorded during the comparative period of 2019.

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





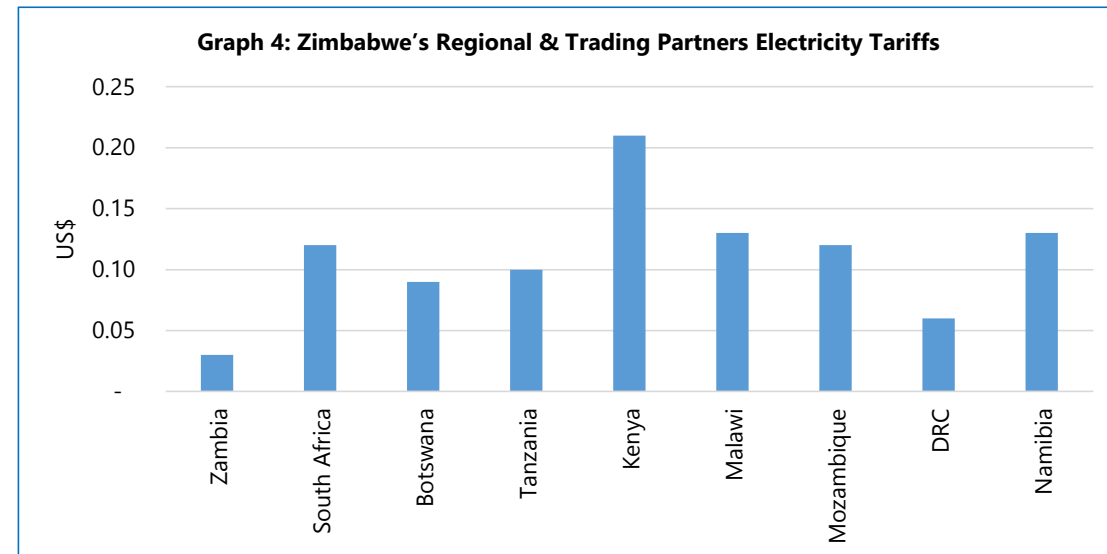
# ZIMBABWE

## ENERGY SECTOR DEVELOPMENTS

- The Zimbabwe Electricity Transmission & Distribution Company “ZETDC” increased electricity tariffs by 50%, with effect from 01 November 2020, across all consumption bands. The lower band (0-50kWh) will now cost ZW\$1.67/ kWh, while the 51-100 kWh, 201-300 kWh and the 301+ kWh bands, will now cost ZW\$3.65kWh, ZW\$9.92kWh and ZW\$15.57kWh, exclusive of the 6% Rural Electrification levy, respectively – **Table 1**. The fixed monthly charge increased from ZW\$16.29 to ZW\$24.44 for domestic use.
- The adjustment in tariffs is in line with the drive to enhance viability of the utility company. However, it also need to be augmented with enhancement of operational efficiencies.
- Meanwhile, **Graph 4** below outlines the comparative electricity tariffs for Zimbabwe’s major trading partners and neighboring countries.

Table 1		Oct-19	Mar-20	Jun-20	Sep-20	Oct-20	Nov-20
<b>Fixed Monthly Charge (ZW\$)</b>		n/a	7.24	7.24	10.86	16.29	24.44
<b>Tariff Band (ZW\$)</b>	(i) 0- 50 kWh	0.41	0.49	0.49	0.74	1.11	1.67
	(ii) 51- 200 kWh	0.91	1.08	1.08	1.62	2.43	3.65
	(iii) 201- 300 kWh	n/a	n/a	2.94	4.41	6.62	9.92
	(iv) Above 300 kWh	3.87	4.61	4.88	6.92	10.38	15.57

Source: ZETDC



Source: GlobalPetrolPrices.com

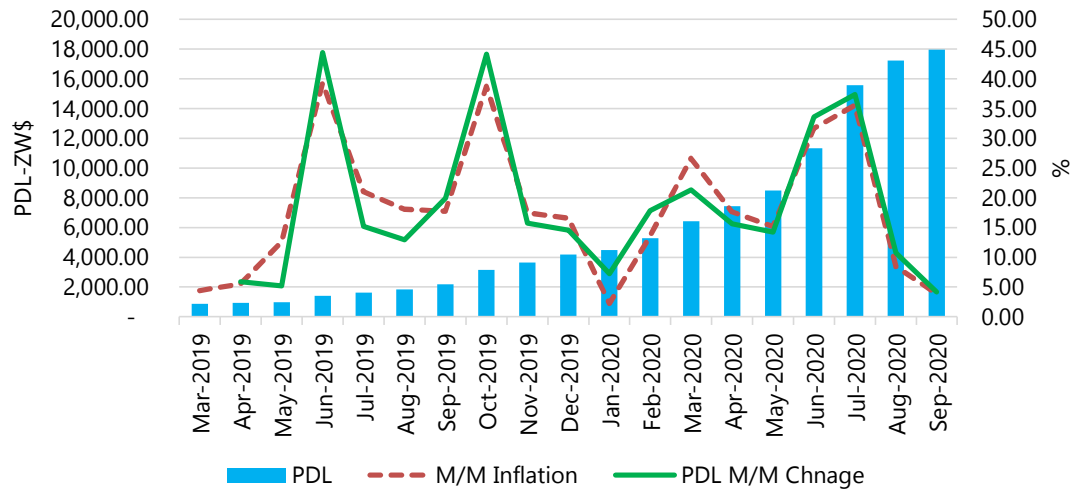


# ZIMBABWE

## POVERTY DATUM LINE- SEPTEMBER 2020

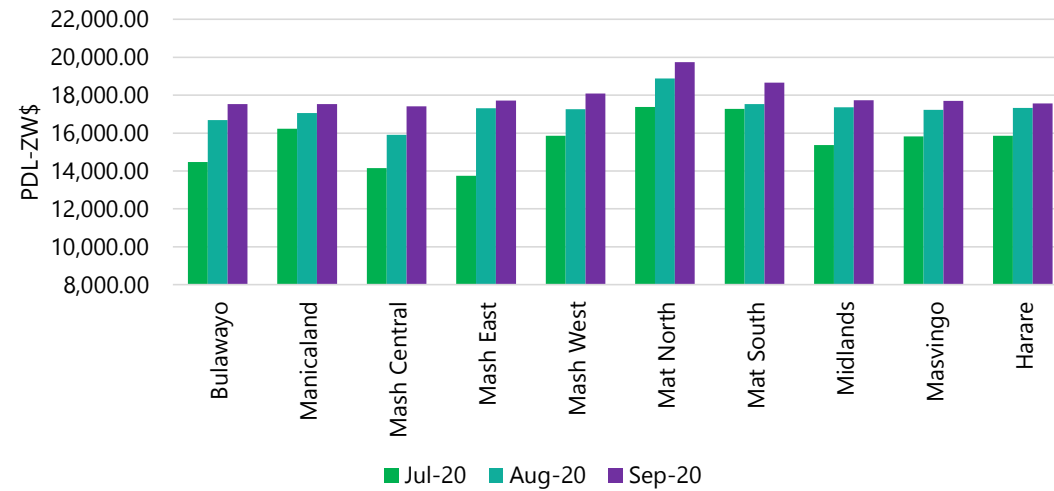
- According to ZimStat, the cost of living for a standard family of 5 people, as measured by the Total Consumption Poverty Line "TCPL", increased by 4% - the slowest increase since the rebasing in February 2019, to ZWL\$17,957 in September 2020, from the ZWL\$17,244 that was recorded in August 2020 – **Graph 5**.
- The increase was generally in line with inflation movements for the same period. Major cost push factors were electricity tariffs, telecommunication tariffs, fuel prices (ZW\$) and other basic commodities. The ongoing lagged adjustments to utility charges will remain among the key cost drivers going forward.

**Graph 5: Monthly PDL and Inflation Trends**



Source: ZimStat

**Graph 6: PDL Per Province**



Source: ZimStat

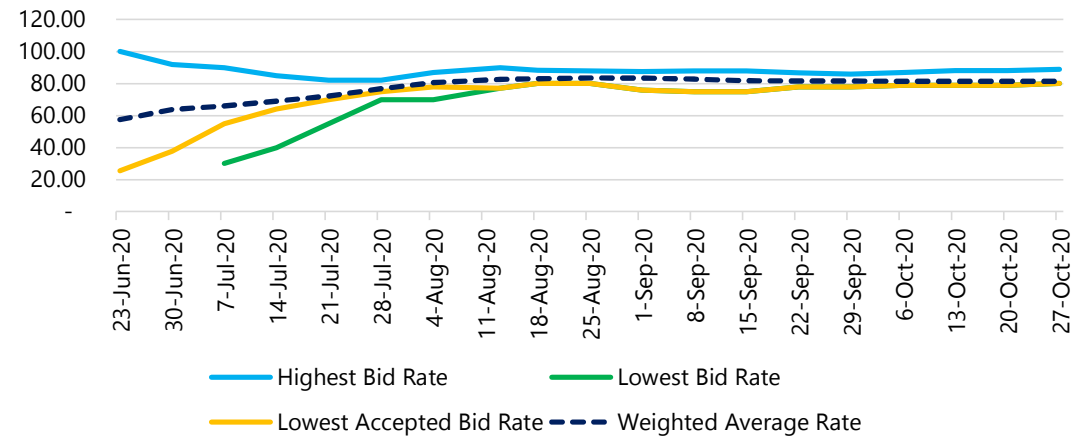
- Meanwhile, Mash Central (9.4%), Mat South (6.5%), Bulawayo (5.0%) and Mash West (4.8%), recorded the largest increases in cost of living – **Graph 6**. However, Mat North and Mat South remained the most expensive provinces in the country, requiring an income of ZWL\$19,753 and ZWL\$18,663 per month for a standard family of five.



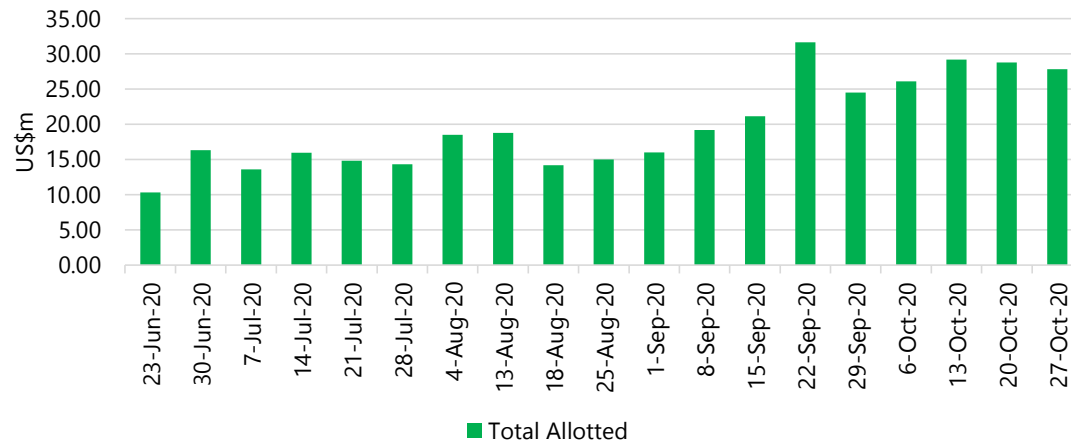
### Foreign Currency Market Developments

- The ZW\$ traded largely unchanged at ZW\$81.35/ USD, for the 3<sup>rd</sup> consecutive week, on the foreign currency auction market - **Graph 7**.
- The highest bid increased from 87.1 to 89.0, while the lowest accepted bid rate increased from 79.0 to 80.0 on the main action.
- A total of US\$27.9m was allotted during the week, 3% down from the previous week's allotment of US\$28.8m. The total allotments in October 2020 stood at US\$112m, a decline of 0.5% from the September 2020 allotments of US\$113m – **Graph 8**.
- The largest weekly allotments were for raw materials, which received US\$10.9m, followed by machinery & equipment (US\$4.5m), consumables (US\$3.2m), services (US\$2.7m) - **Graph 9**.

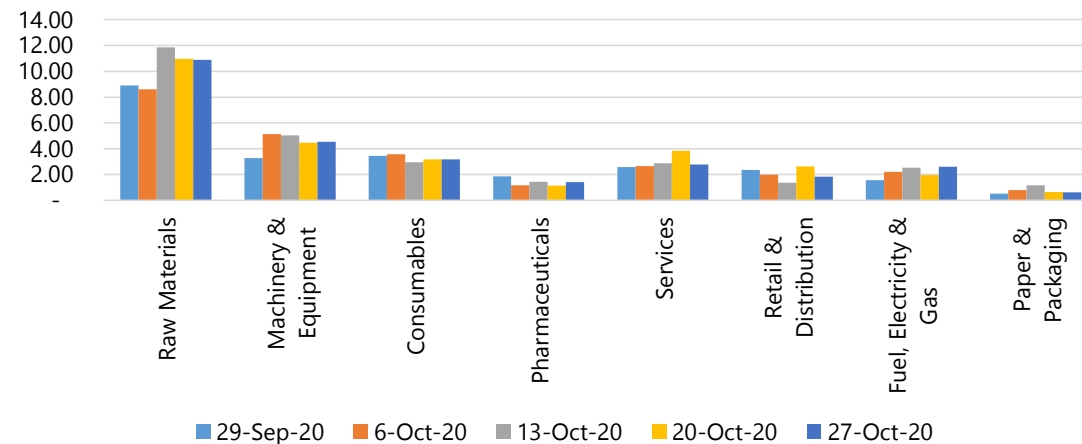
Graph 7: FX Auction Market Bid Rates Trend



Graph 8: Foreign Currency Auction Allotments



Graph 9: FX Allotments Per Sector

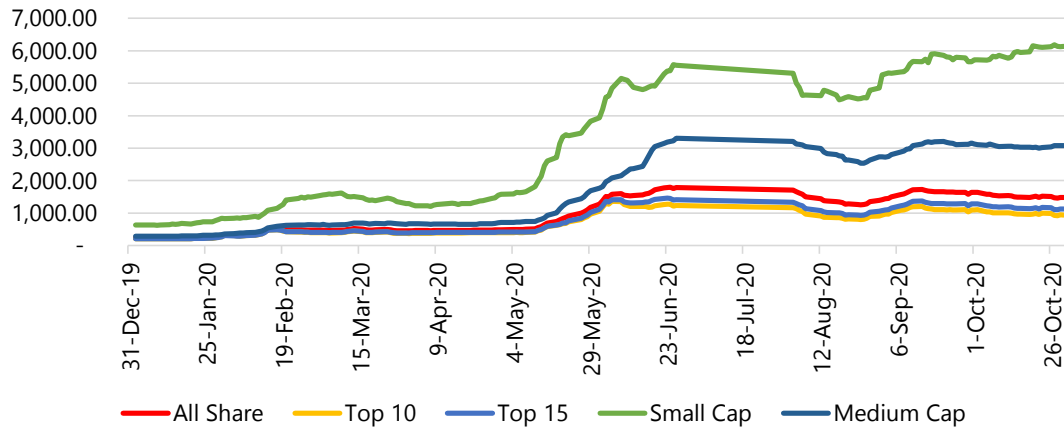




# ZIMBABWE | FINANCIAL MARKETS-EQUITIES MARKETS



**Graph 10: ZSE Indices**



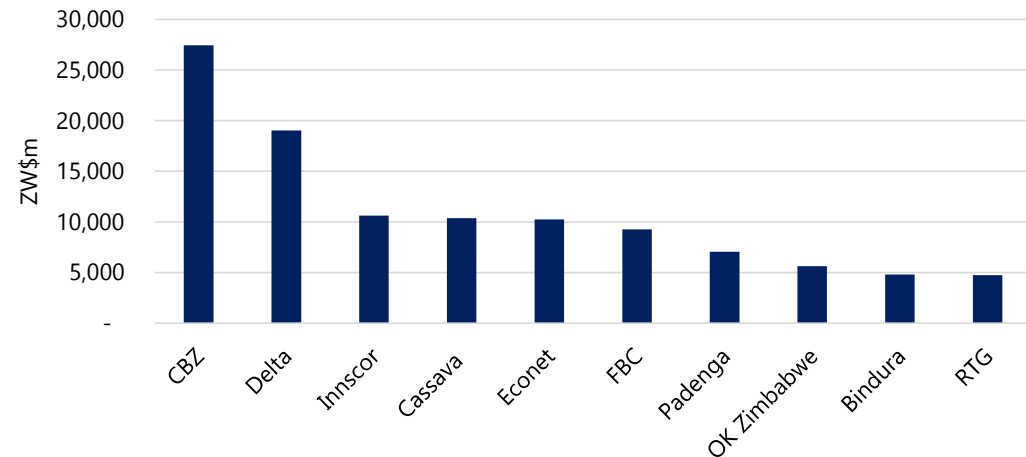
**Table 2: ZSE Movers and Shakers**

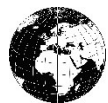
Movers	23-Oct-20	30-Oct-20	Weekly change (%)
Bindura	301.82	383.52	27.1%
National Tyre Services	19.10	22.90	19.9%
RioZim	830.00	975.00	17.5%
Proplastics	492.59	571.00	15.9%
General Beltings Holdings	15.00	17.00	13.3%
Shakers	23-Oct-20	30-Oct-20	Weekly change (%)
Nampak	85.00	74.75	-12.1%
CBZH	4,469.98	3,995.28	-10.6%
African Sun	181.00	163.00	-9.9%
Padenga Holdings	1,415.84	1,300.93	-8.1%
Econet	424.29	395.75	-6.7%

## Equities Market Developments

- On the ZSE, mixed performances were recorded during the last week of the month, with the Top 10 and Top 15 indices recording weekly losses of 5.8% and 4.1%, while the Medium Cap Index and Small Cap indices recorded gains of 2.0% and 0.4%, respectively. Consequently, the All Share Index closed the week 2.9% softer at 1,476.87. However, on a YTD, the benchmark index rose by 542% – **Graph 10**.
- Packaging group, Nampak, led the fallers with a decline of 12.1%, followed by financial services group CBZH (-10.6%), leisure & hospitality concern African Sun (-9.9%), crocodile skin supplier Padenga (-8.1%) and telecoms giant Econet (-6.7%). Notable gains were recorded for Bindura (+27.1%) and NTS (+19.9%) - **Table 2**.
- Notwithstanding the decline, CBZH recorded a YTD gain of 5,631%, to remain the largest counter on the ZSE, with a market capitalization of ZW\$27.5b. Delta (ZW\$19.0b), Innscor (ZW\$10.6b), Cassava (ZW\$10.4b) and Econet (ZW\$10.3b) completed the top 5 most capitalized counters as at 30 October 2020 - **Graph 11**.
- Meanwhile, the RBZ issued exchange control guidelines for the VFEX. Specifically, among other guidelines and incentives, investment should be from free or offshore funds. An investment FCA shall be created to segregate and hold such funds, and this shall not be subject to surrender requirements, can be held indefinitely and can be used without seeking exchange control approval. Dividend and disinvestment funds shall be freely remittable.

**Graph 11: ZSE Top 10 Counters By Market Capitalization**





# GLOBAL

# GLOBAL FINANCIAL MARKETS

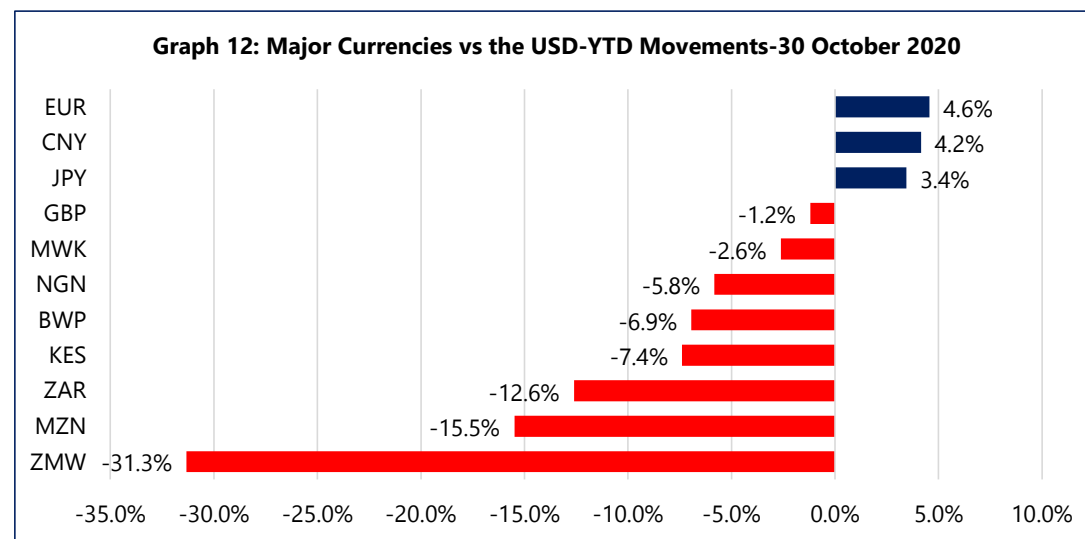


- On the global equities markets, with the exception of Nigeria, Zambia and Mauritius, most of the stock markets under our watch recorded weekly losses – **Table 3**.
- The US stocks suffered their worst weekly declines since March, as the resurgence in the coronavirus infections and election uncertainty weighed on investor sentiment. The DJIA and the S&P500 recorded weekly declines of 6.5% and 5.6%, respectively.
- In Europe, stocks declined for the 3<sup>rd</sup> consecutive week, as investors worried that lockdowns aiming to control the coronavirus' spread could push the Eurozone economy into a double-dip recession. Political uncertainty in the U.S. also weighed on sentiment. In the U.K, the FTSE 100 lost 4.8% for the week and -26.8% YTD.

- Asian stocks also suffered weekly losses, seemingly in sympathy with the down turn on the U.S stocks. China's Shanghai Composite Index retreated by 1.6%, while Japan's Nikkei 225 decreased by 2.3%. In Africa, most stock markets recorded weekly losses, led by South Africa (-6.6%) and Kenya(-0.8%).
- Meanwhile, on the global currencies market, the U.S dollar rose by 1.2% against a basket of currencies, amid uncertainty over the US election and continued surge in COVID-19 cases that forced reintroduction of lockdowns in the greater part of Europe.
- The U.S dollar maintained its YTD gains against other major currencies, except the Euro, Japanese Yen and the Chinese Yuan, against which it remained in the red – **Graph 7**.

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

African	23-Oct-20	30-Oct-20	Weekly change(%)	Previous Week change (%)	YTD Change (%)
Botswana	6,904.49	6,890.35	-0.2%	0.4%	-8.1%
Ghana	1,842.85	1,837.27	-0.3%	-0.2%	-18.7%
Kenya	141.21	140.04	-0.8%	1.1%	-16.3%
Malawi	31,346.80	31,303.78	-0.1%	0.0%	3.5%
South Africa	55,339.58	51,684.70	-6.6%	0.5%	-10.6%
Nigeria	28,697.06	30,530.69	6.4%	0.1%	13.2%
Zambia	3,806.88	3,809.22	0.1%	0.0%	-10.7%
Mauritius	1,476.84	1,476.84	0.0%	0.2%	-32.2%
<b>Global</b>					
DJIA	28,335.57	26,501.60	-6.5%	-0.9%	-7.4%
S&P500	3,465.39	3,269.96	-5.6%	-0.5%	1.1%
FTSE 100	5,860.28	5,577.27	-4.8%	-1.0%	-26.8%
NIKKEI 225	23,516.59	22,977.13	-2.3%	0.5%	-1.0%
Shanghai Composite Index	3,278.00	3,224.53	-1.6%	-1.7%	4.6%





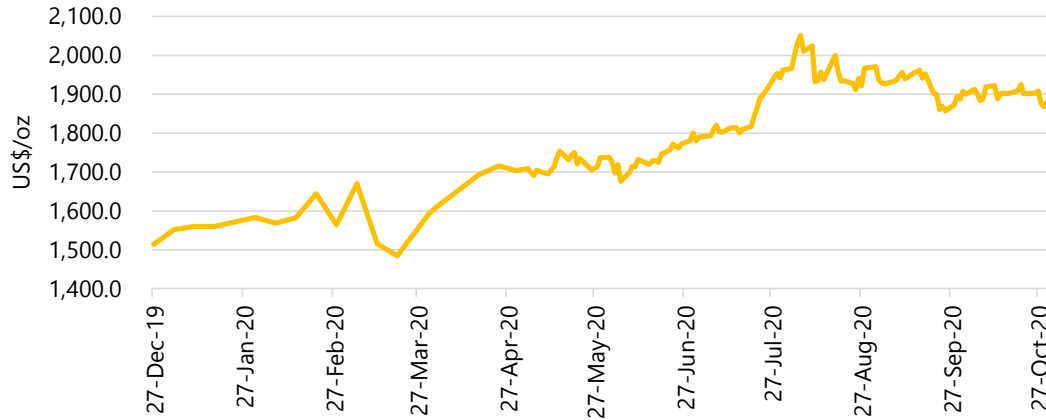


# GLOBAL COMMODITY PRICE MOVEMENTS

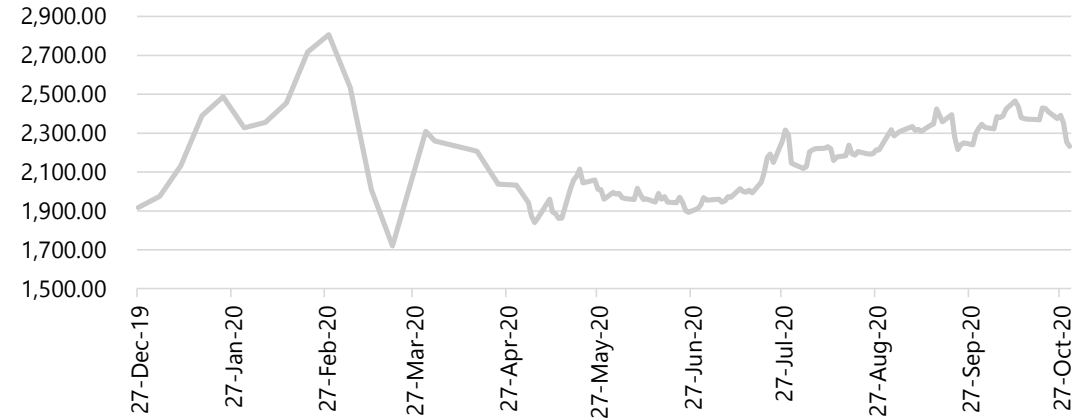
## PRECIOUS METALS



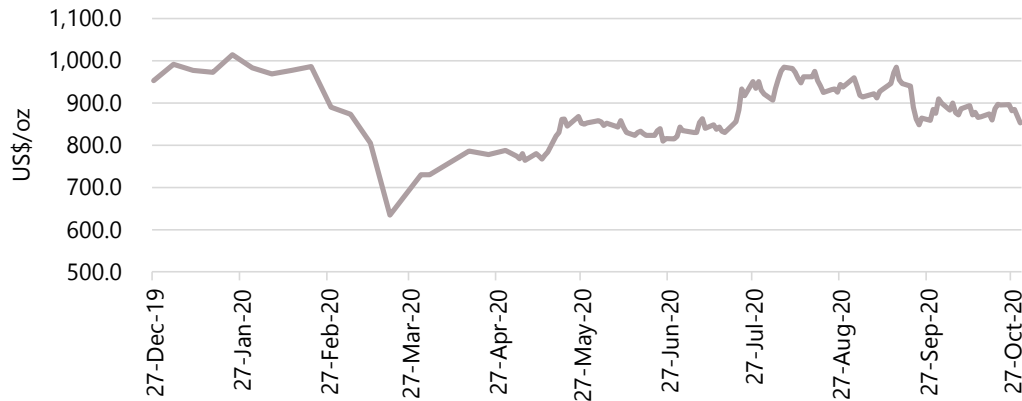
### Gold prices - US\$/oz



### Palladium-US\$/oz



### Platinum price - US\$/oz



Source: Quandl

- Gold lost 1.2% for the week, to close at US\$1,880/ oz, dragged by the uncertainty around the U.S election, paired with a rise in global COVID-19 cases which weighed on investor sentiment.
- Elsewhere, platinum declined by 4.7% to end the week at US\$853/oz, dragged by sluggish Q3 2020 automotive sales and lingering supply chain challenges. Palladium also recorded a 7.4% drop for the week, to trade at US\$2232/oz.
- Meanwhile, according to the 2020 State of the Mining Industry Report, Zimbabwe is expected to produce an average of 25.0t of gold in 2020, down from 27.7t produced during the previous year. However, production is expected to grow by an average of 32% in 2021. PGMs, on the other hand, are expected to grow by 3% in 2021.

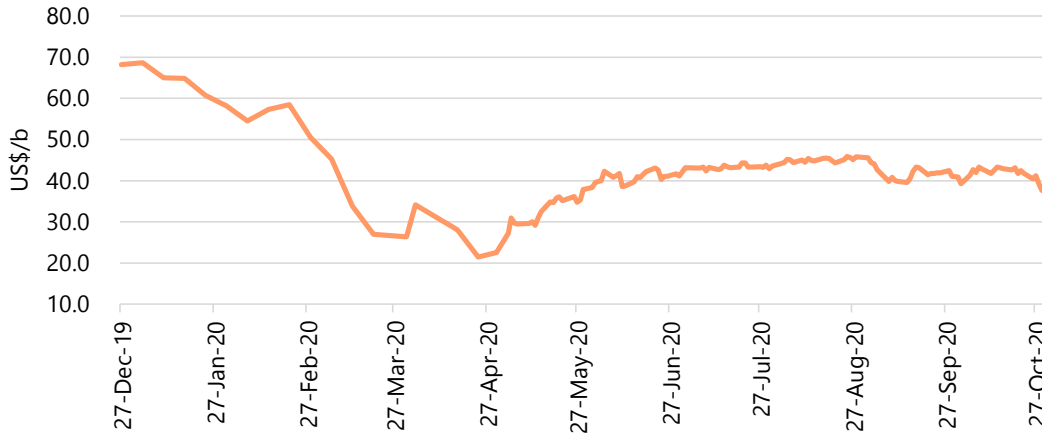


# GLOBAL COMMODITY PRICE MOVEMENTS

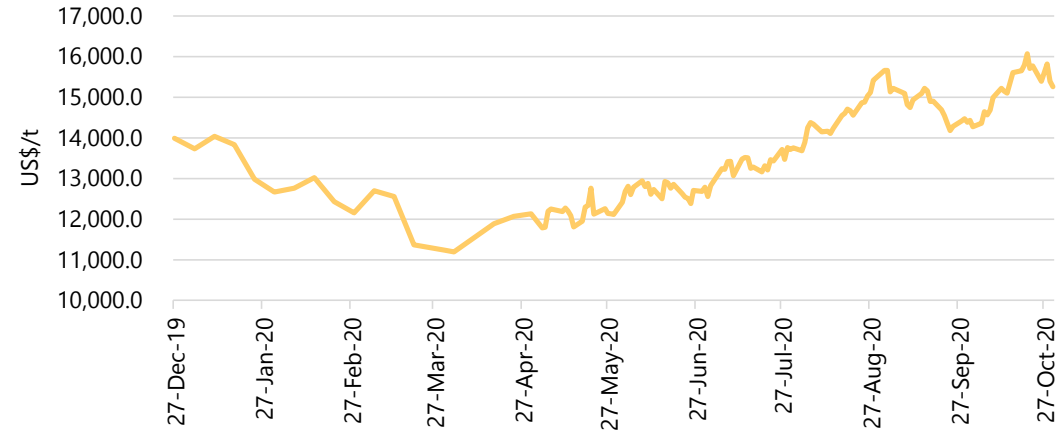
## BASE & INDUSTRIAL METALS



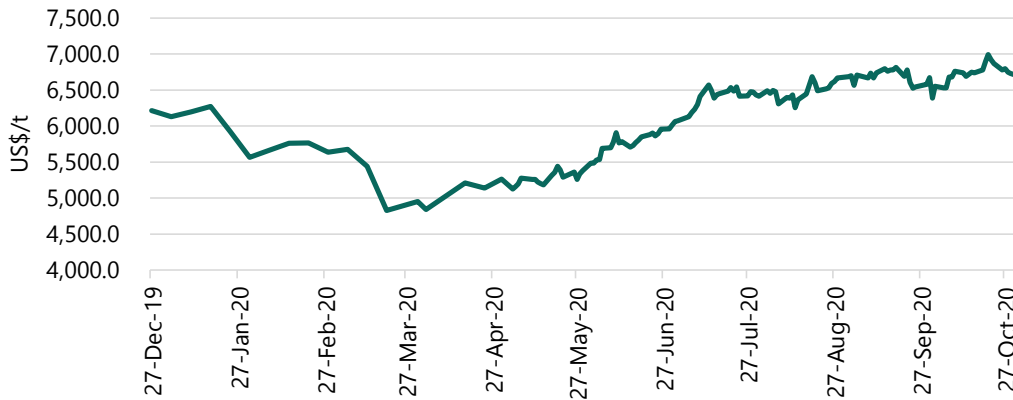
### Oil prices - US\$/b



### Nickel price - US\$/t



### Copper - US\$/t



Source: Quandl & Bloomberg

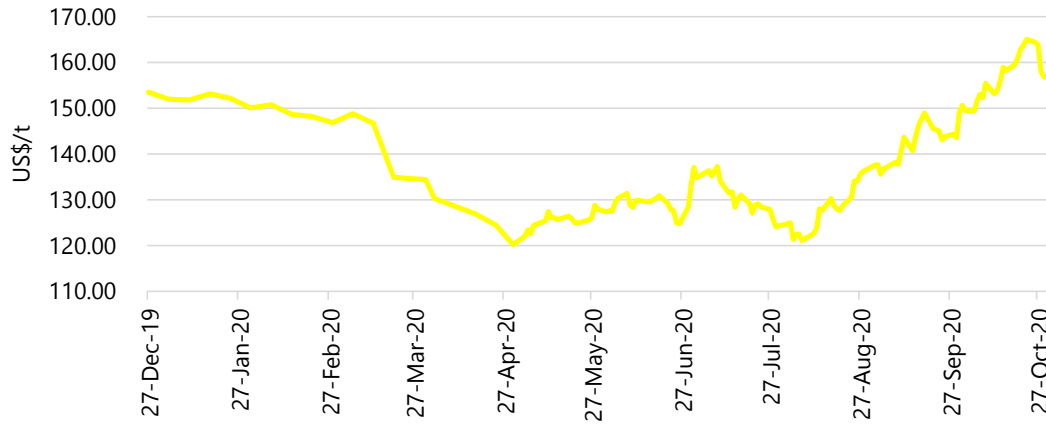
- The global benchmark Brent crude oil declined by 10.3% to US\$37.5/b, dragged by worries over crude oil demand on the back of new restrictions imposed in Europe and the reports suggesting that OPEC+ might not sustain production cuts in 2021.
- Nickel and copper lost 3.2% and 2.2% for the week to trade US\$15,526/t and US\$6.719/t, respectively.



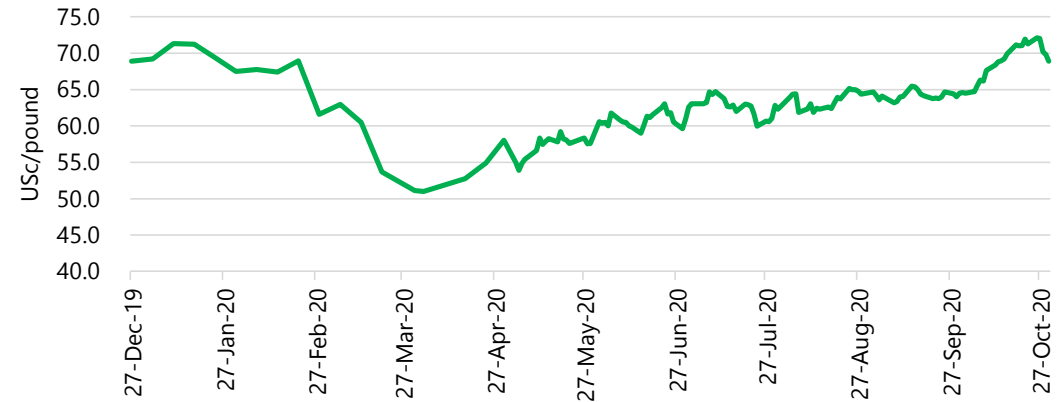
# GLOBAL COMMODITY PRICE MOVEMENTS

## AGRIC COMMODITIES

Corn - US\$/t



Cotton - USc/pound



Wheat - US\$/t



Source: Quandl

- All agricultural commodities under our watch recorded their 1<sup>st</sup> weekly declines in four weeks.
- Wheat recorded the largest decline of 5.4%, followed by corn (-4.9%) and cotton (-3.3%).
- Meanwhile, according to the Grain Marketing Board "GMB", more than 100000 tonnes of wheat were delivered at various depots nationwide, with an average of 4000 tonnes delivered everyday. The country is expected to harvest 9-months supplies (250k tonnes) from the 2020 winter crop.

# ECONOMIC CALENDAR

LOOKING AHEAD...

Date	Event	Period	Forecast	Previous
<b>Local</b>				
03 November 2020	RBZ Foreign Exchange Auction Market	04-08 November 2020		81.3531
05 November 2020	Bindura, AGM (Time:1400hrs: Venue: Virtual)			
<b>Regional &amp; International</b>				
01 November 2020	China Caixin Manufacturing PMI	October 2020	53.0	53.0
02 November 2020	U.K Manufacturing PMI	October 2020		53.3
03 November 2020	U.S Presidential Election			
03 November 2020	Bank of Japan "BoJ" Monetary Policy Statement			
04 November 2020	EU Economic Forecasts			
04 November 2020	U.S Trade Balance (m/m)	September 2020	-US\$66.1b	-US\$67.1b
04 November 2020	U.S Crude Oil Inventories			4.32m
05 November 2020	Bank of England "BoE" Interest Rate Decision	November 2020	0.10%	0.10%
05 November 2020	U.S Federal Reserve Interest Rate Decision	November 2020		0.25%
05 November 2020	U.S FOMC Press Conference	November 2020		

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