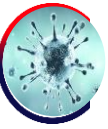




...The Supreme Court of Zimbabwe overturns termination of employment contract on 3-months notice...

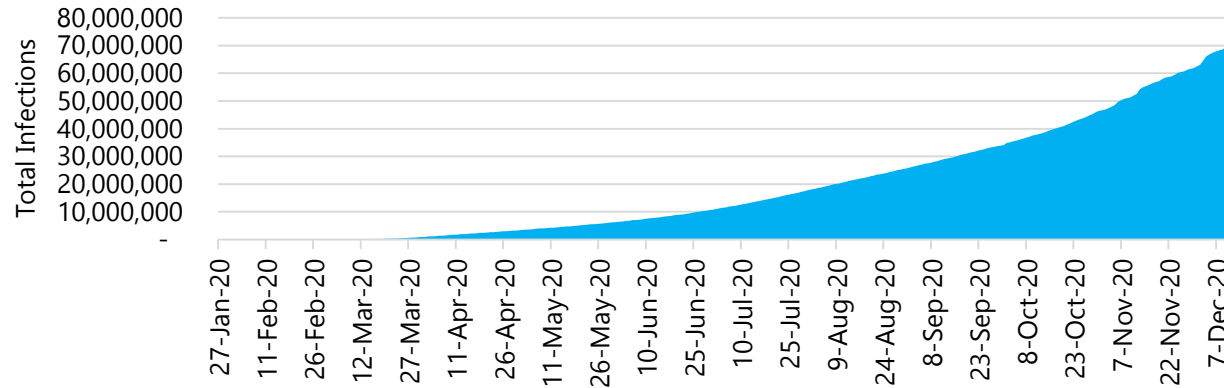
THE CBZ ECONOMIC BRIEF

Week Ending 11 December 2020

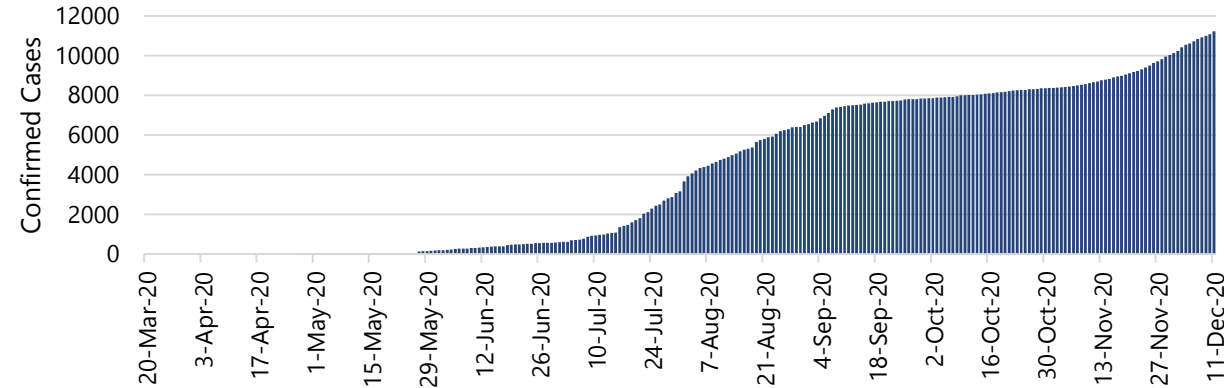


COVID-19 | Global Status as at 11 December 2020

Graph 1: Cumulative Global Cases as at 11 December 2020



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



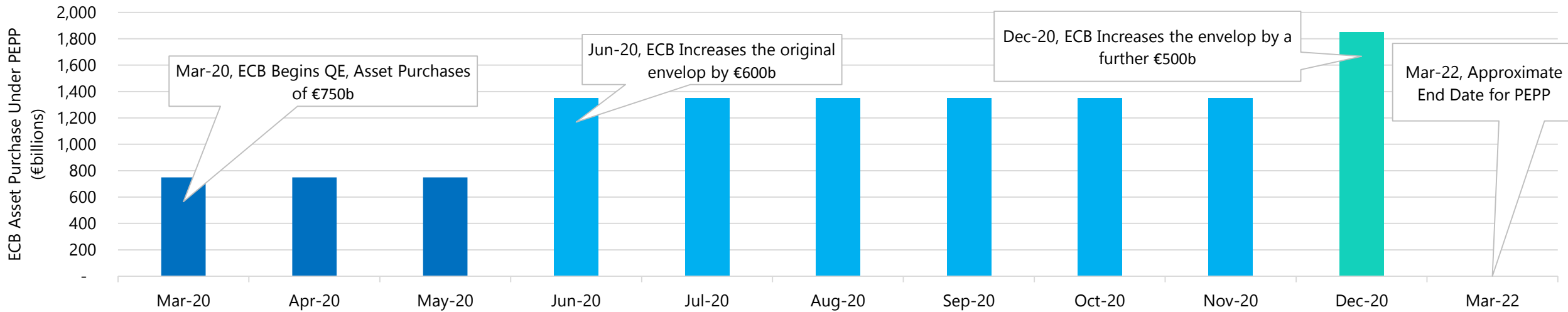
Sources: Johns Hopkins University & Ministry of Health & Child Care (Zimbabwe)

Notable Trends in Cases for the Week

- A total of 5.2m new cases were recorded during the week to 11 December 2020, bringing the cumulative global cases to 71m – **Graph 1**. The largest weekly cases were recorded in the U.S (1.5m), Brazil (301k), India (218k) and Russia (194k). Meanwhile, Turkey, on Thursday 10 December 2020 adjusted their coronavirus cases up by nearly 83% to 1.75m, after the government changed their reporting methodology from publishing only the number of coronavirus patients to publishing the total number of cases.
- In Africa, confirmed cases rose by 4.9% to 2.3m, after an additional 110k new cases were recorded during the week. South Africa recorded the largest weekly increase of 39k, followed by Morocco (21k) and Tunisia (7k). A total of 87k recoveries were recorded across the continent during the week, taking Africa’s cumulative recoveries to above 2.0m. Notwithstanding the increase in recoveries, the ratio of active cases to total cases increased to 13%, from 12% recorded during the previous week, reflecting increase in new cases.
- In Zimbabwe, cumulative cases rose above 11k, after 627 new cases were recorded during the week - **Graph 2**. Bulawayo province recorded the largest weekly cases of 296, followed by Mat South (100) and Harare (95), Midlands (117) and Mat South (101). The national recovery rate marginally declined to 83.4% as at Friday, 11 December 2020, from 83.5% recorded during the end of the previous week.
- Meanwhile, China’s trade surplus rose to a record US\$75.42b in November 2020, the largest since at least 1981 when records began, and more than the US\$58.44b surplus recorded for October 2020. Exports rose by 21.2% year-on-year during the same period, while imports grew by 4.5%. The export growth was supported by strong overseas demand for personal protective equipment (PPE) and electronics products for working from home, as well as seasonal Christmas demand.
- According to Zambia’s Ministry of Finance, the economy is expected to contract by at least 3% in 2020, as manufacturing, retail and wholesale trade and tourism industry post negative growth rates. This followed last week’s government appeal for IMF funding after the country missed the US\$42.5m interest payment due on a €750m Eurobond bond on October 14, 2020.
- In Zimbabwe, the Supreme court confirmed a decision earlier made by the lower court that permanent employees fired then on a 3-months notice are deemed to be protected and must be reinstated or compensated. This decision will likely impact the full breath of the country’s industry at time when companies are battling to stay afloat due to the impact of the coronavirus outbreak.



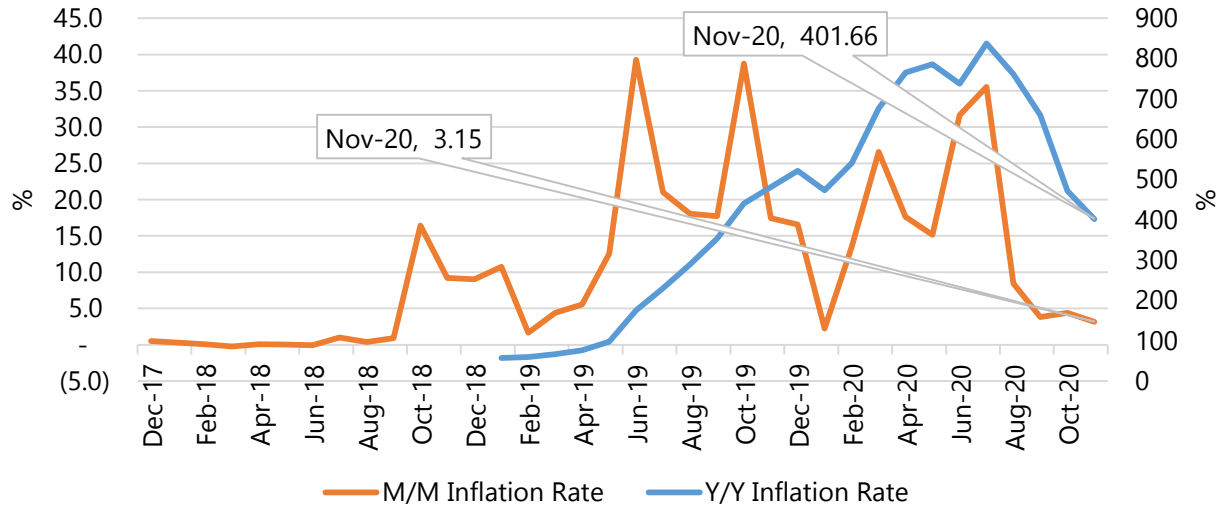
Graph 3: ECB Asset Purchases Under PEPP



- The European Central Bank “ECB”, the central bank for the 19 European Union member countries, introduced the asset purchase programme of both private and public sector securities, to counter the risk posed by the outbreak and escalating diffusion of the coronavirus, COVID-19.
- The asset purchase program was launched in March 2020 under the Pandemic Emergency Purchase Programme banner, and had an initial envelop of €750b. The ECB increased the original envelop by a further €600b and €500b in June and December 2020, respectively, as the resurgence in COVID-19 cases and the associated containment measures continued to restrict growth in the bloc- **Graph 3**.
- According to ECB, the purchases under this programme will be extended to March 2022, or until it judges that the coronavirus crisis phase is over.
- Meanwhile, in its latest sitting, the ECB governing council decided to keep its interest rates on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25 % and -0.50%, respectively.
- In the United Kingdom “U.K”, the country is yet to agree a trade-deal with the European Union almost a year after the north-western country exited the bloc on 31 January 2020, but continued to be a member of the single market and customs union under the Brexit transition terms which will come to an end at 31 December 2020. The latest round on negotiations, which ended on Sunday 13 December, failed to reach a consensus and it is more likely that U.K will leave the EU without a deal. However, the two parties agreed to continue with the negotiations to see whether the agreement can be reached.



Graph 4: M/M and Y/Y Inflation Trends



Graph 5: M/M Inflation Trends By CPI Categories

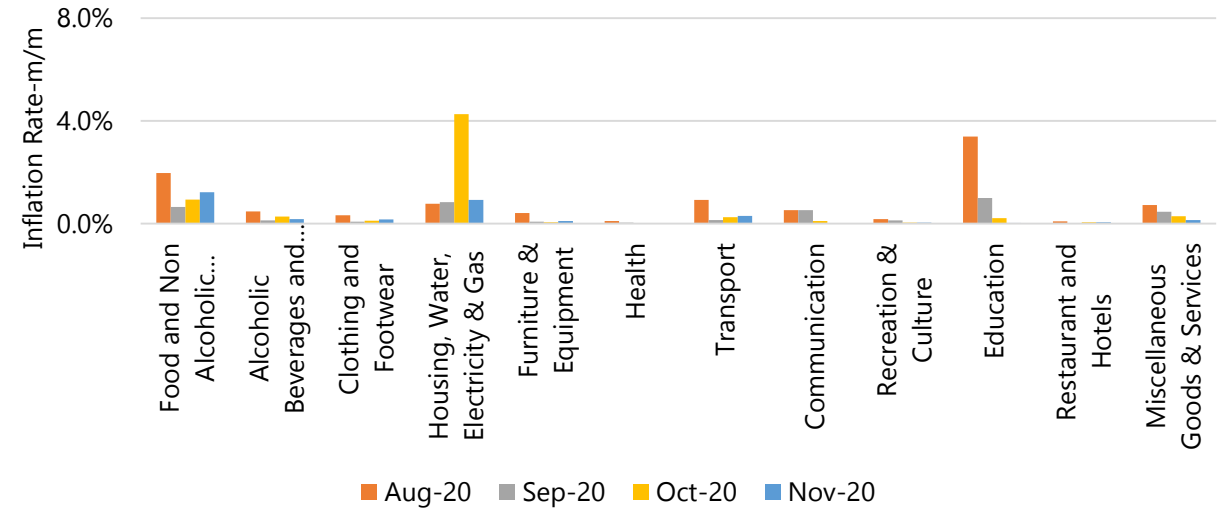


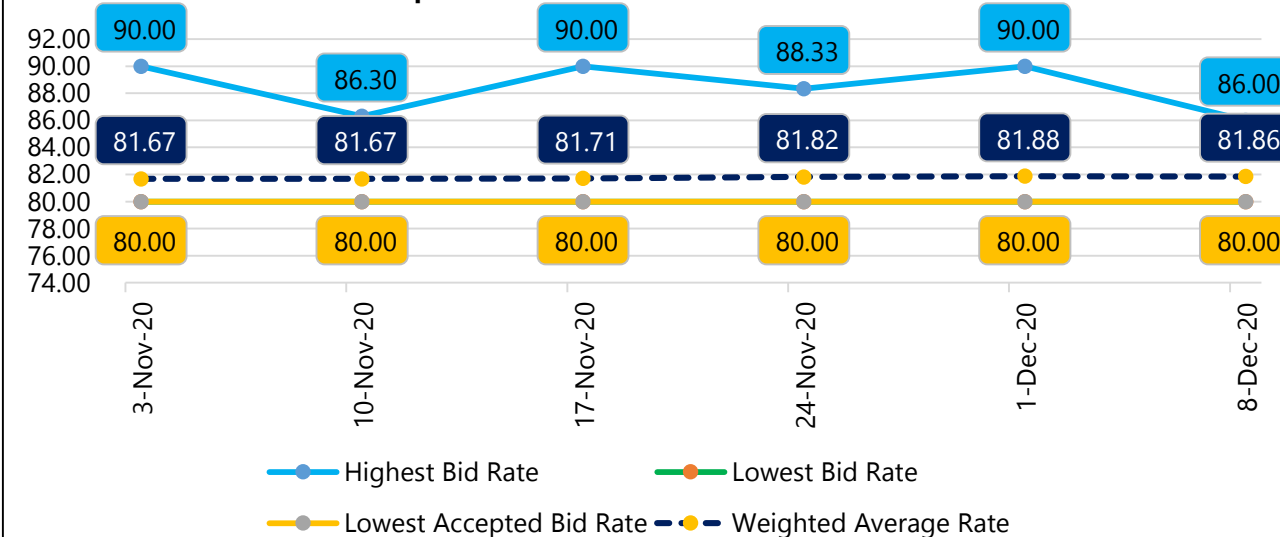
Table 1: Comparative Regional Inflation Rates

	M/M Inflation Rate (%)			Y/Y Inflation Rate (%)		
	September-2020	October-2020	November-2020	September-2020	October-2020	November-2020
South Africa	0.2	0.3	0.3	3.0	3.3	3.2
Kenya	0.2	1.0	1.2	4.2	4.8	5.5
Botswana	0.8	0.5	n/a	1.8	2.2	n/a
Tanzania	-0.3	0.1	0.3	3.1	3.1	3.0
Zambia	1.4	1.3	2.2	15.7	16.0	17.4
Zimbabwe	3.8	4.4	3.2	659.4	471.3	401.7
Uganda	0.6	0.2	0.5	4.5	4.5	3.7

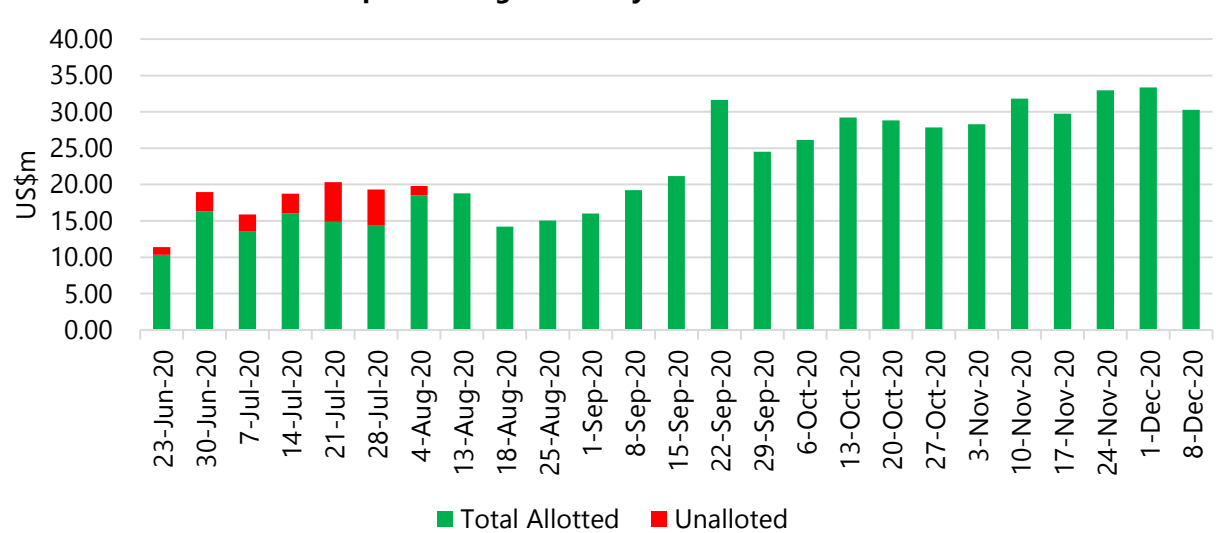
- According to the ZimStat, the headline month-on-month “m/m” inflation rate dropped to 3.2% in November 2020, from 4.4% recorded in October 2020 - **Graph 4**. This reflected a relatively larger decline in non-food inflation rate (2.63 percentage points) and smaller growth in food inflation rate (0.91 percentage points).
- In fact, food and non-alcoholic beverages inflation sub-category increased by 1.2%, whilst most non-food subcategories recorded declines- **Graph 5**.
- The annual inflation rate also receded to 402% in November 2020, from 471% in October 2020.
- Meanwhile, **Table 1** outlines comparative inflation rates for selected regional and trading partner countries.
- Going forward, the inflation outturn is tilted to the upside, driven by the increases in telecommunication tariffs and prices of fuel, especially USD diesel prices which increased by about 19%. Prices of basic commodities are expected to go up, as retailers try to take advantage of the festive spending spree by consumers. However, the relative stability in the exchange is expected to somewhat reduce the upside pressures.



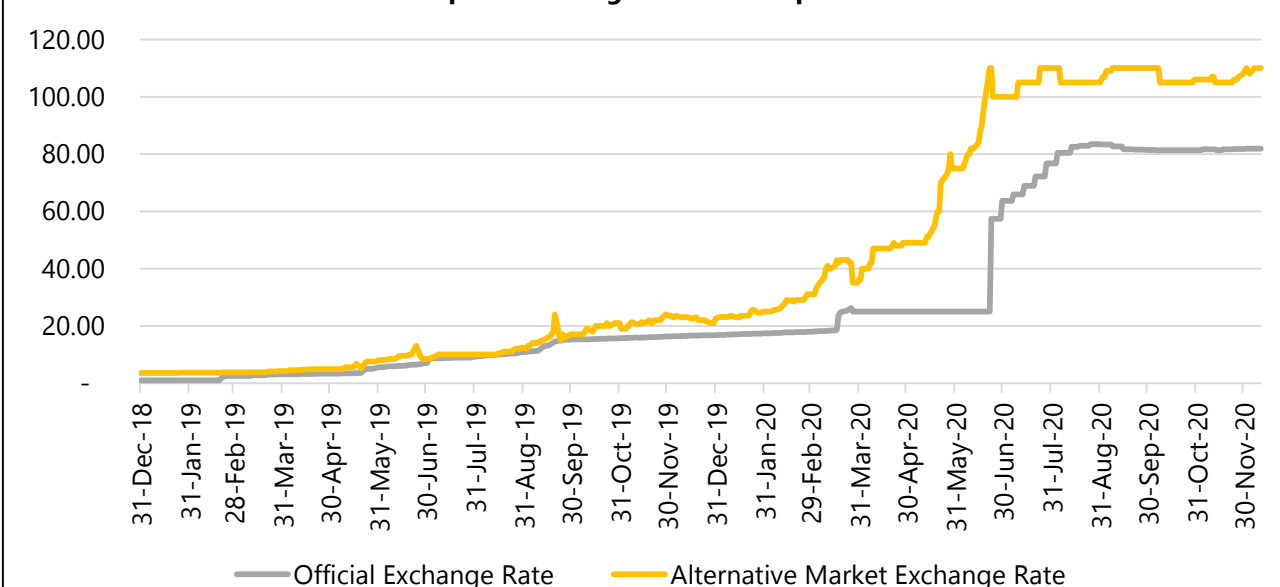
Graph 6: FX Auction Market Bid Rates Trend



Graph 7: Foreign Currency Auction Allotments



Graph 8: Exchange Rate Developments

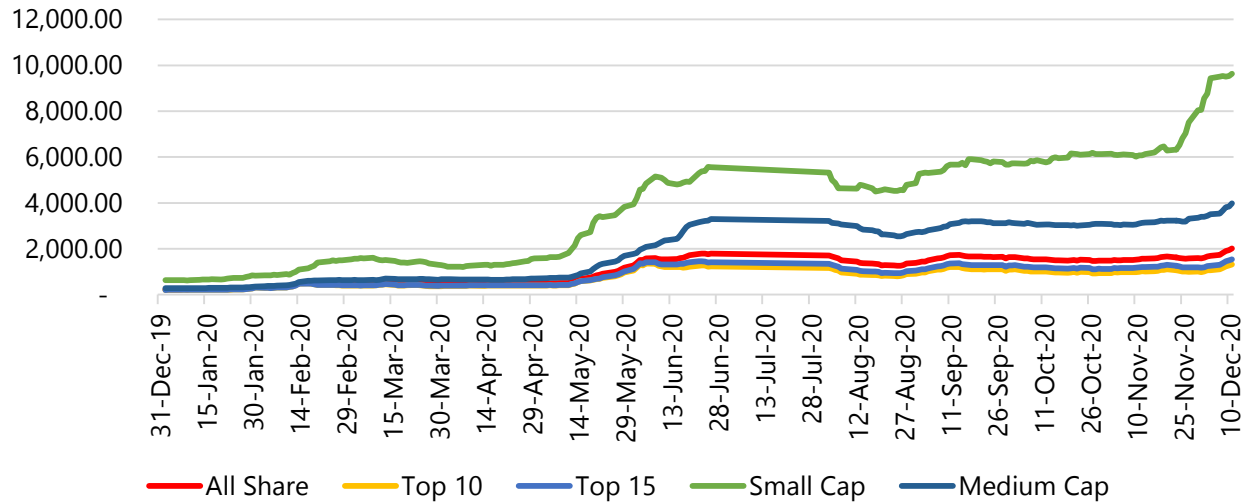


Foreign Currency Market Developments

- The ZW\$ gained by 0.0236% against the U.S dollar to trade at ZW\$81.86/ USD, during the last auction held by the RBZ on Tuesday, 08 December 2020- **Graph 6**. The highest bid rate declined from 90.0 to 86.0, while the lowest accepted bid rates remained flat at 80.0 on the main action.
- The total allotment for the week decreased by 9.2% to US\$30.3m, compared to US\$33.0m allotted during the previous week- **Graph 7**.
- The largest weekly allotments were for raw materials (US\$13.1m), machinery & equipment (US\$5.1m), consumables (US\$2.9m), fuel, electricity & gas (US\$2.4m) and retail & distribution (US\$2.4m).
- Meanwhile, the alternative exchange rates firmed up during the week, increasing from an average of ZW\$105/US\$, to an average of ZW\$110/US\$. The increase was largely attributed to relative growth in ZW\$ RTGS balances – **Graph 8**.



Graph 9: ZSE Indices



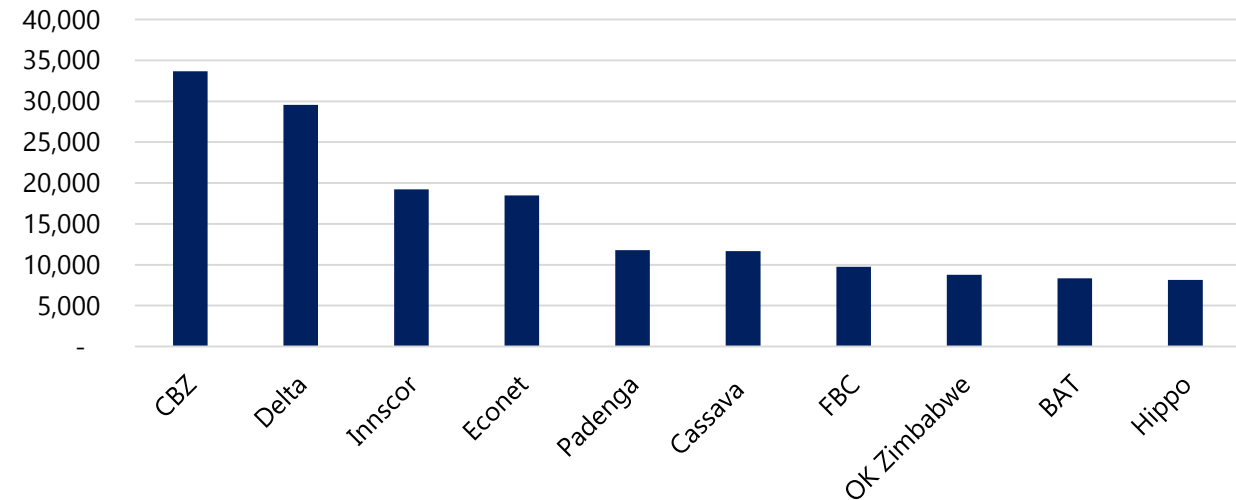
Equities Market Developments

- On the ZSE, all indices recorded 2nd successive weekly gains, led by the Top 10 Stock Index (+23.3%) and the Top 15 Index (+20.0%). The benchmark All Share Index closed the week 19.2% stronger, to close the week at 2,050.57, supported by selected heavyweights –**Graph 9**.
- Art Holdings led the markers movers with a weekly gain of +61.5%, followed by Hippo (+55.1%), CBZ (+47.9%), RioZim (+43.5%) and BAT (+43.0%). Notable losses were recorded for Zimplow (-18.0%), Starafrika (-15.2%) and Bindura (-12.4%). -**Table 2**.
- CBZ regained its top position to close the week as the largest counter on the ZSE, with a market capitalization of ZW\$33.6b. Delta (ZW\$29.6b), Innscor (ZW\$19.2b), Econet (ZW\$18.5b) and Padenga (ZW\$11.8b) completed the top 5 most capitalized counters as at 11 December 2020 - **Graph 10**.
- Meanwhile, ZSE listed mining concern, Bindura Nickel Corporation “BNC” made the final announcement to its shareholders regarding the disposal and acquisition of an aggregate 74.73% of the issued share capital of BNC limited.

Table 2: ZSE Movers and Shakers

Movers	04-Dec-20	11-Dec-20	Weekly change (%)
Art	260.00	420.00	61.5%
Hippo	2,720.00	4,220.00	55.1%
CBZ	3,310.00	4,896.04	47.9%
RioZim	750.00	1,076.06	43.5%
BAT	28,320.00	40,502.50	43.0%
Shakers	04-Dec-20	11-Dec-20	Weekly change (%)
Zimplow	488.00	400.00	-18.0%
Star Africa	29.50	25.02	-15.2%
Bindura	342.55	300.00	-12.4%
FMP	219.00	210.03	-4.1%
Dawn	62.50	60.00	-4.0%

Graph 10: ZSE Top 10 Counters By Market Capitalisation- ZW\$mIn





REGIONAL & GLOBAL FINANCIAL MARKETS

- On the global markets, the U.S, Europe and Asian equities markets closed the week lower, and reversed last week gains, amid continued concerns over the timing of more U.S. economic stimulus and the rapidly approaching deadline for Brexit negotiations-more inclined to a no-deal. The U.S DJIA, U.K FTSE100 and China’s Shanghai Composite Index recorded weekly declines of 0.6%, 0.1% and 2.8%, respectively.
- In Africa, mixed weekly performances were recorded across the continent’s stock exchanges. However, most of the equities markets remained in the red zone, on a YTD basis, led by Uganda and Egypt. Zimbabwe’s ZSE extended its year-to-date gain to 774%. Meanwhile, the Casablanca Stock Exchange “MASI” launched the Morocco Stock Index 20 (MSI20), on Tuesday 8 December 2020, in order to develop its product and service offering, and to meet the needs of operators.
- On the currencies market, the U.S Dollar index gained 0.2% driven by safe-haven buying as investors’ risk appetite soured, amid uncertainty over U.S stimulus package. On a YTD basis, the U.S dollar registered gains against most major currencies except the Euro, Chinese Yuan, Japanese Yen and British Sterling.

Graph 11: Major Currencies vs the USD-YTD Movements-11 December 2020

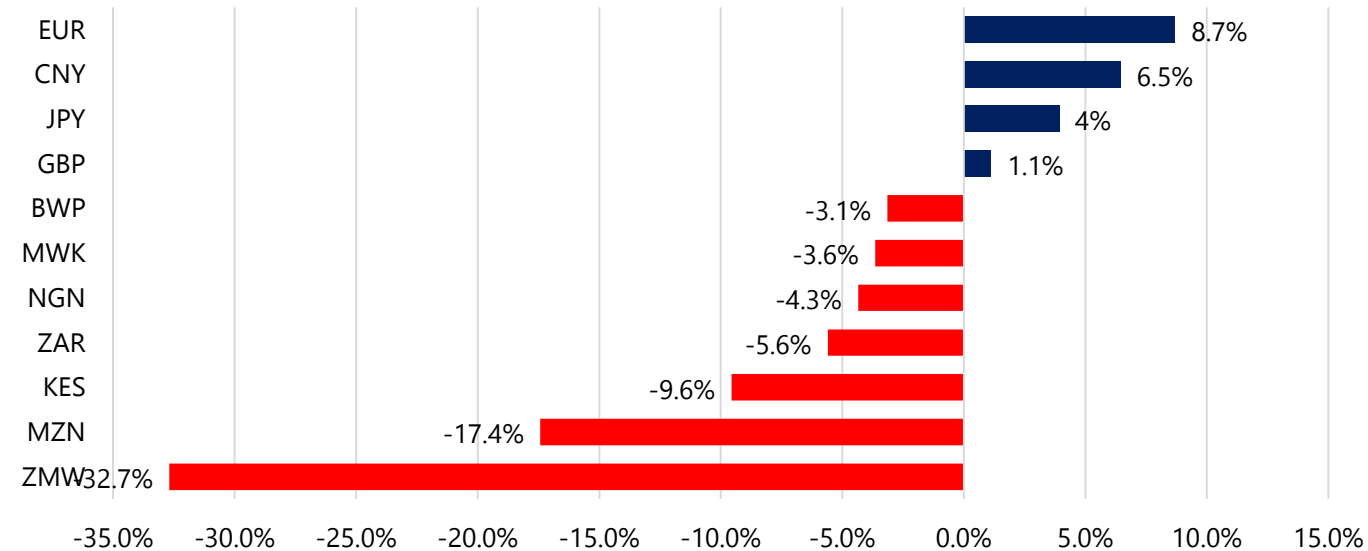
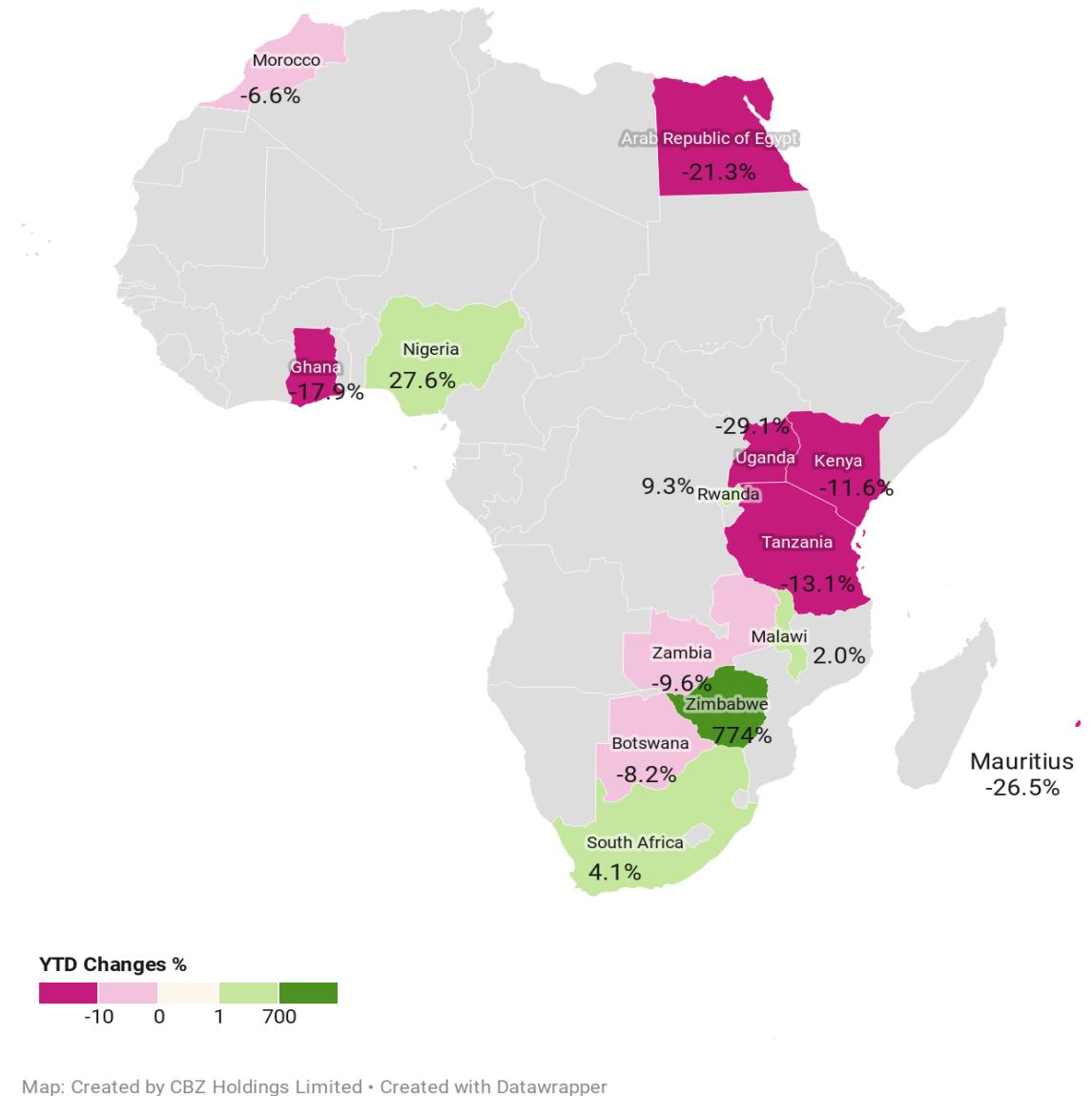


Chart 2: Selected African Equities Markets- YTD Performances (% Changes)



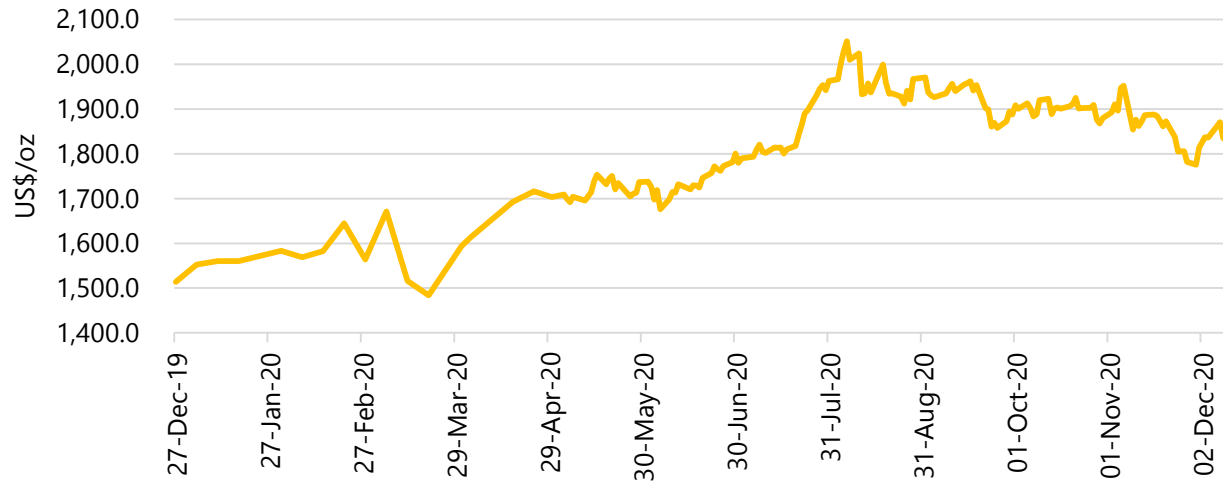


GLOBAL COMMODITY PRICE MOVEMENTS

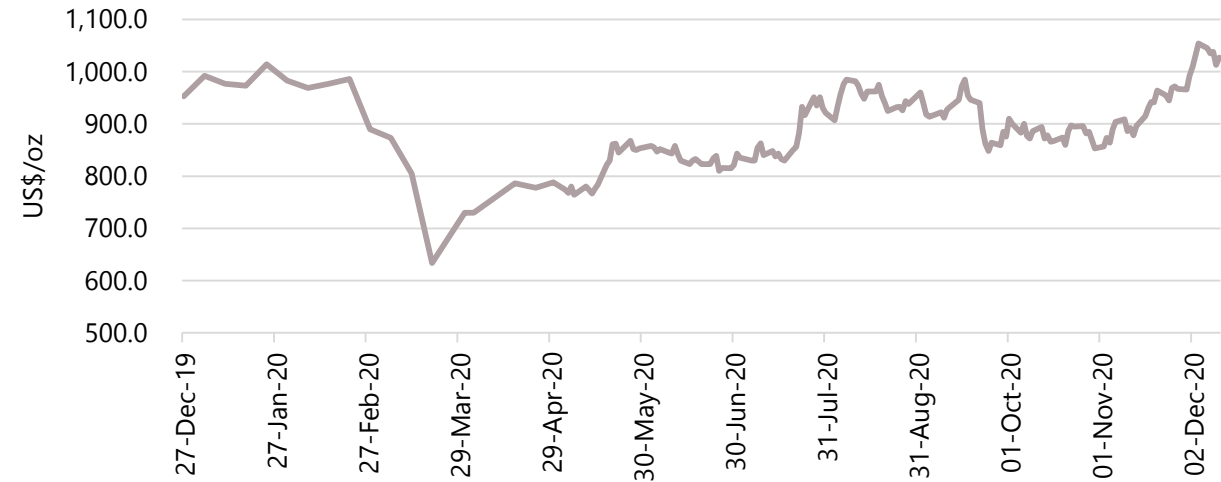
PRECIOUS METALS



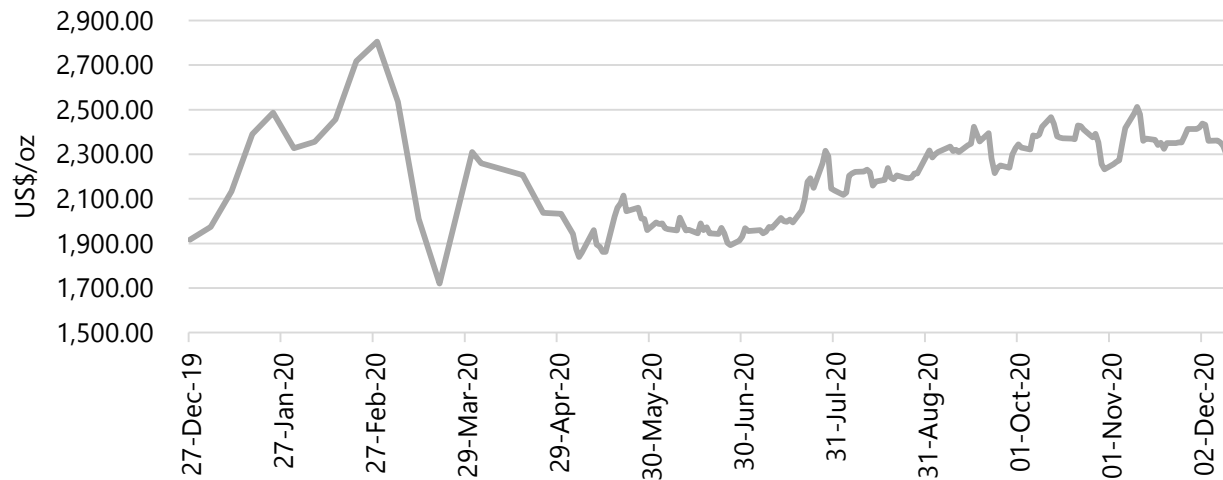
Gold prices - US\$/oz



Platinum price - US\$/oz



Palladium-US\$/oz



Source: Quandl

- Gold prices rose higher early in the week, rising above the US\$1,850/oz for the first time since 20 November 2020. However, developments on vaccines administration and shipment, coupled with strengthening of the U.S dollar saw the yellow metal closing the week lower at US\$1,840. For the week, gold prices recorded a 0.2% growth, supported by the imminent U.S COVID-19 relief package.
- Elsewhere, platinum and palladium prices recorded weekly declines of 2.6% and 0.1%, to end the week trading at US\$1,027/oz and US\$2,357/oz, respectively.
- Meanwhile, the London Bullion Market Association "LBMA"-the world's most influential gold market authority- announced that ten large trading centres, including United Arab Emirates, supported their new regulatory standards on issues such money laundering and unethical sourcing of gold. The move is expected to somewhat control illegal trade in gold across the globe.

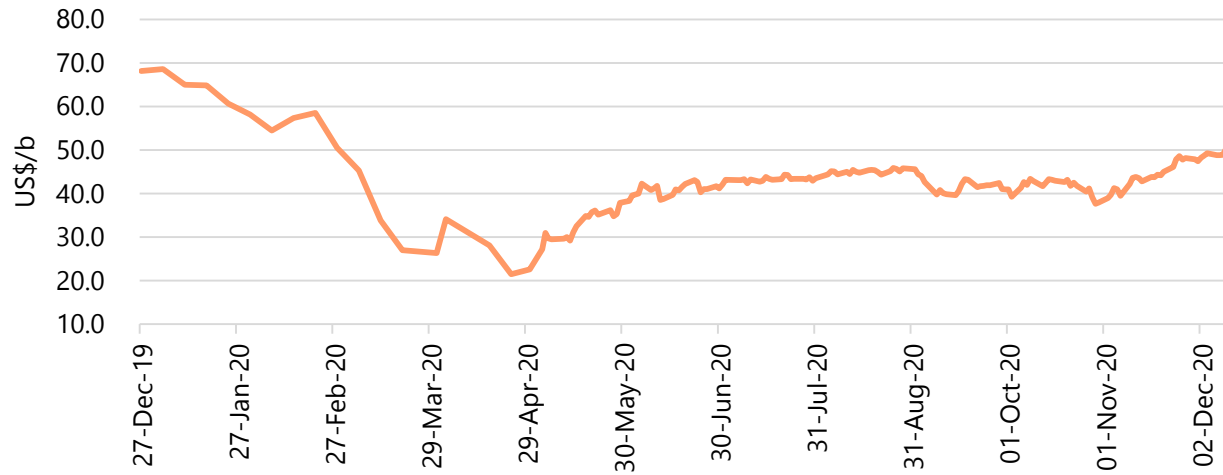


GLOBAL COMMODITY PRICE MOVEMENTS

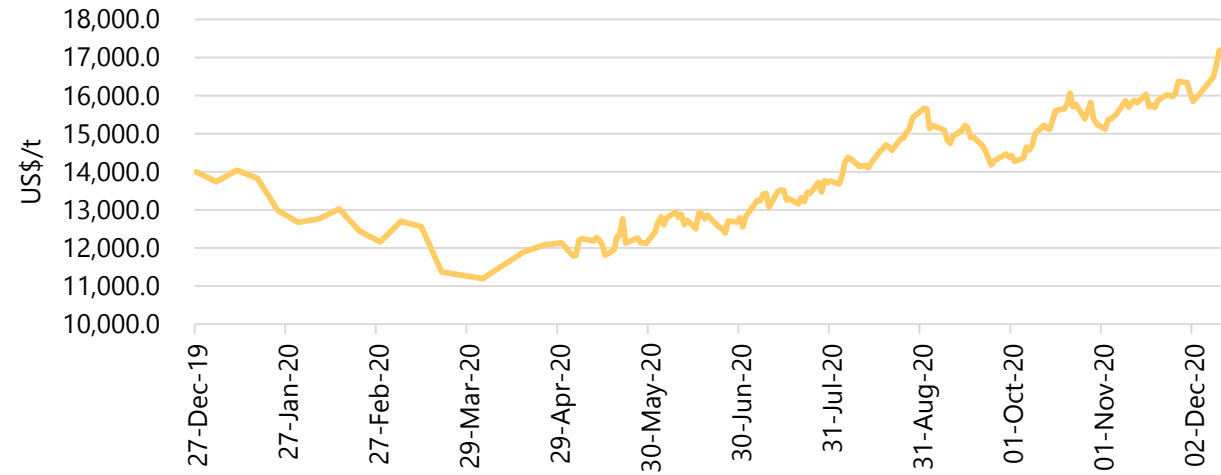
BASE & INDUSTRIAL METALS



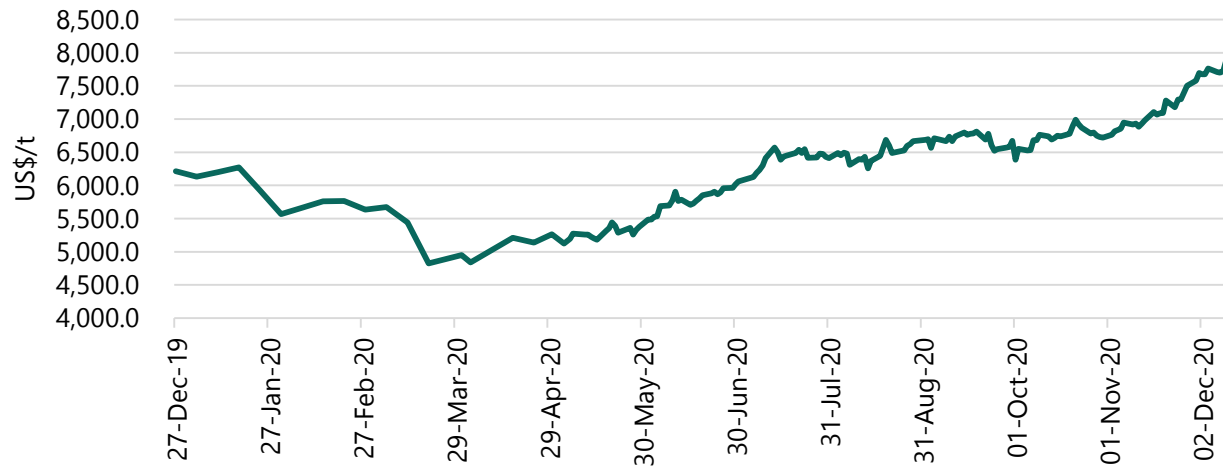
Oil prices - US\$/b



Nickel price - US\$/t



Copper - US\$/t



- The global benchmark Brent crude oil fell by 0.56% at end of trade on Friday, 11 December 2020, to settle at \$49.97/b, after rising above \$51.00/b on Thursday to an early-March high. The dip in price was caused by demand worries due to new coronavirus-related restrictions and the rising U.S. oil inventories. However, for the week, oil recorded a gain of nearly 2%, as the long-awaited rollout of COVID-19 vaccination programmes provided ample bullish fodder.
- Copper prices firmed up 0.2% to end the week trading at US\$7,773/t, supported by bullish developments, including strong demand from China and possible supply problems. Nickel price rose by 7.3% to US\$17,192/t.
- Meanwhile, in Zimbabwe, Invictus Energy Limited – an Australian listed firm exploring oil and gas in the Cabora Bassa Project in Muzarabani- announced that they successfully concluded their recent field operations and reconnaissance program in the area. It further announced that the production Sharing Agreements with Zimbabwe continue to progress and are now in the approval process.

Source: Quandl & Bloomberg

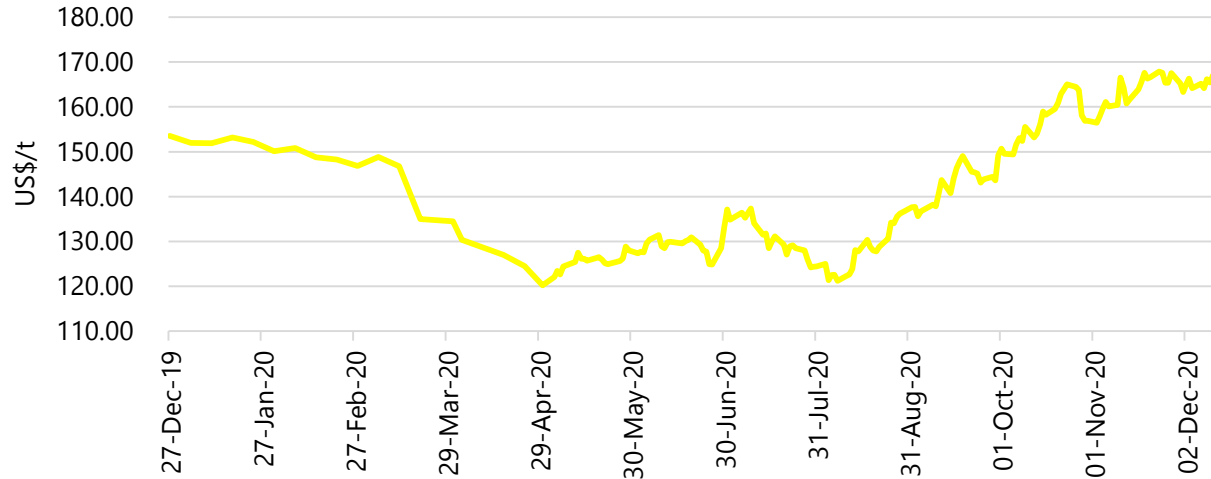


GLOBAL COMMODITY PRICE MOVEMENTS

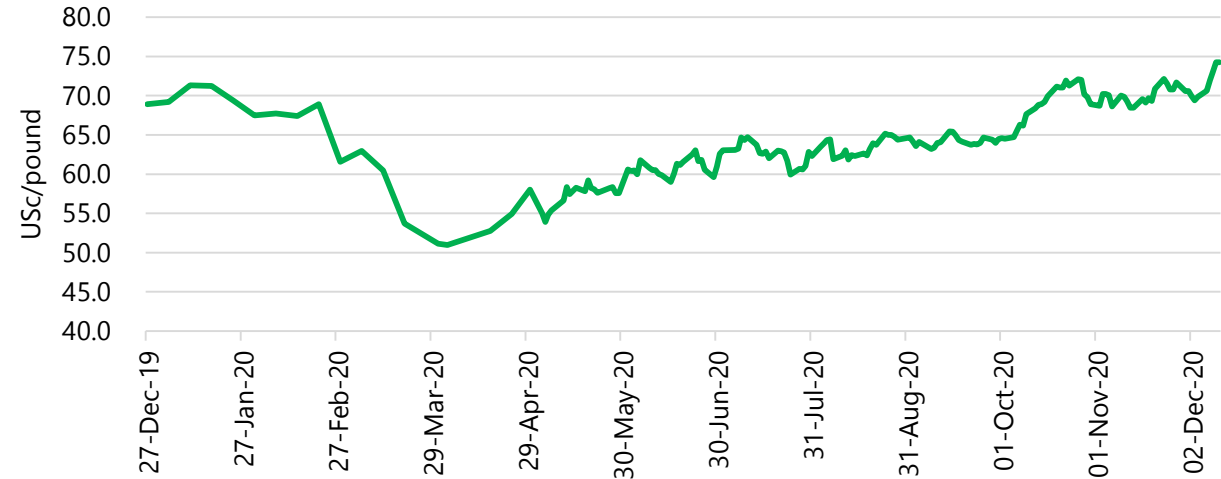
AGRIC COMMODITIES



Corn - US\$/t



Cotton - USc/pound



Wheat - US\$/t



Sugar - USc/pound



Source: Quandl

Date	Event	Period	Forecast	Previous
Local				
14 December 2020	Powerspeed, EGM (Time: 1000hrs; Venue: Powerspeed Complex, Corner Cripps Road & Kelvin Road North, Graniteside, Harare)			
15 December 2020	RBZ Foreign Exchange Auction Market	16-22 December 2020		81.8572
Regional & International				
14 December 2020	Euro Zone Industrial Production (m/m)	October 2020	2.0%	-0.4%
14 December 2020	U.S OPEC Monthly Report			
14 December 2020	Chinese Unemployment Rate		5.2%	5.3%
15 December 2020	Morocco Interest Rate Decision	December 2020		1.5%
16 December 2020	U.K CPI (y/y)	November 2020	0.6%	0.7%
16 December 2020	U.K Manufacturing PMI			55.6
16 December 2020	U.S Federal Reserve "Fed" Interest Rate Decision	December 2020	0.25%	0.25%
16 December 2020	U.S FOMC Statement			
17 December 2020	Euro Zone CPI (y/y)	November 2020	-0.3%	-0.3%
17 December 2020	Bank of England "BoE" Interest Rate Decision	December 2020	0.10%	0.10%
18 December 2020	Bank of Japan Interest Rate Decision	December 2020	-0.10%	-0.10%
18 December 2020	U.S Current Account (q/q)	Q3 2020	-US\$188.9b	-US\$170.5b

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