

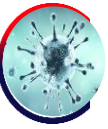


...Zimbabwe's active internet subscriptions increased by 5.6%, while mobile subscriptions dropped by 0.1% in Q3 2020 ...

THE CBZ ECONOMIC BRIEF

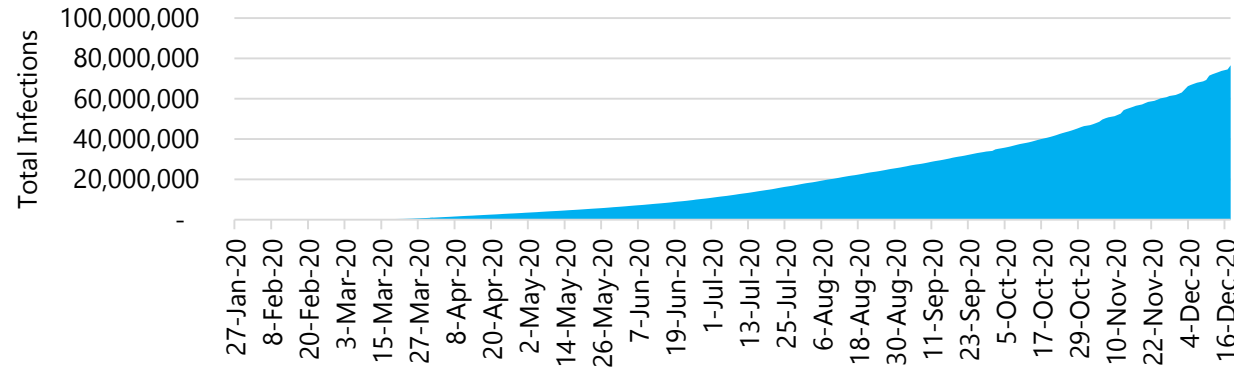
Week Ending 18 December 2020



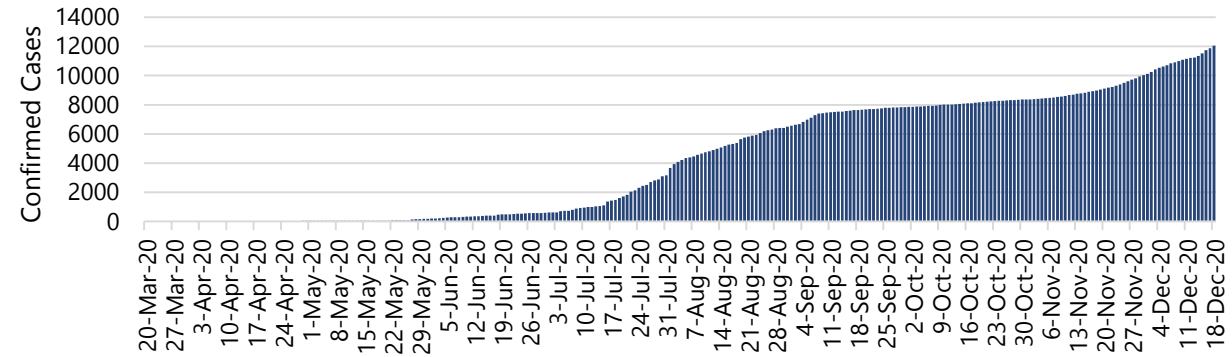


COVID-19 | Global Status as at 11 December 2020

Graph 1: Cumulative Global Cases as at 18 December 2020



Graph 2: Zimbabwe Cumulative Covid-19 Cases as at 18 December 2020



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

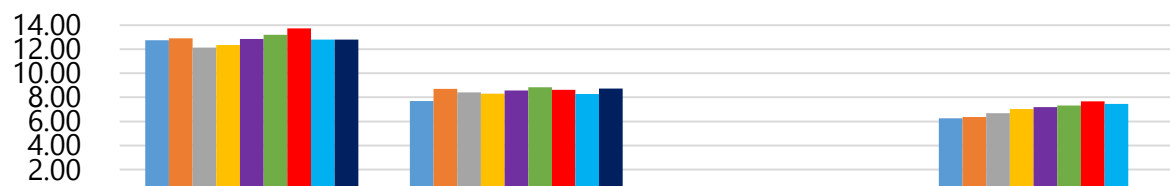
Notable Trends in Cases for the Week

- Cumulative global COVID-19 cases rose above 75m, after 5.2m new cases were recorded during the week to 18 December 2020– **Graph 1**. The U.S remained the most infected country in the world, after recording 1.7m new cases during the week. Other notable weekly cases were recorded in Turkey (461k), Brazil (376k), Russia (221k) and India (204k)-which surpassed the 10m cases mark. Italy joined other European countries in tightening its COVID-19 restrictions ahead of the festive holidays. According to the new measures, Italy will be under "red-zone" restrictions over the public holidays, with non-essential shops, restaurants and bars closed, and citizens only allowed to travel for work, health and emergency reasons. Meanwhile, a new covid-19 variant was reported in the U.K, Australia and South Africa.
- In Africa, confirmed cases rose by 6.2% to 2.5m, after an additional 146k new cases were recorded during the week. South Africa recorded the largest weekly increase of 67k, followed by Morocco (20k) and Tunisia (10k). Resultantly, South Africa remained the most infected country in Africa, accounting for 36% of the region’s total infections. A total of 99k recoveries were recorded across the continent during the week, taking Africa’s cumulative recoveries to above 2.1m.
- In Zimbabwe, cumulative cases increased to 12,047, after 885 new cases were recorded during the week - **Graph 2**. Bulawayo province recorded the largest weekly cases of 274, followed by Mash West(115) and Harare (103). The national recovery rate marginally declined to 82.1% as at Friday, 18 December 2020, from 83.4% recorded during the end of the previous week.
- Meanwhile, in the U.K, the Bank of England “BoE” kept its main lending rate unchanged at the all-time-low of 0.1%. The Bank also maintained its target stock of asset purchases (QE) at £895 billion (c.US\$1.2b), amid “unusually uncertain” outlook and rising COVID-19 cases.
- The U.S agreed on a new economic stimulus package, estimated to be around US\$900b, and becomes the country’s second-largest relief bill in the history of the country after the US\$2.2t introduced in March 2020. The package includes the US\$600 stimulus checks for individual tax payers earning under US\$75,000 per year and their child dependents, US\$300 in enhanced unemployment insurance, US\$248 billion loans for small businesses, etc.
- In Zimbabwe, the Reserve Bank of Zimbabwe “RBZ” maintained its policy rate for the overnight accommodation at 35%. It also left the medium term lending rate for the productive sectors unchanged at 25%.



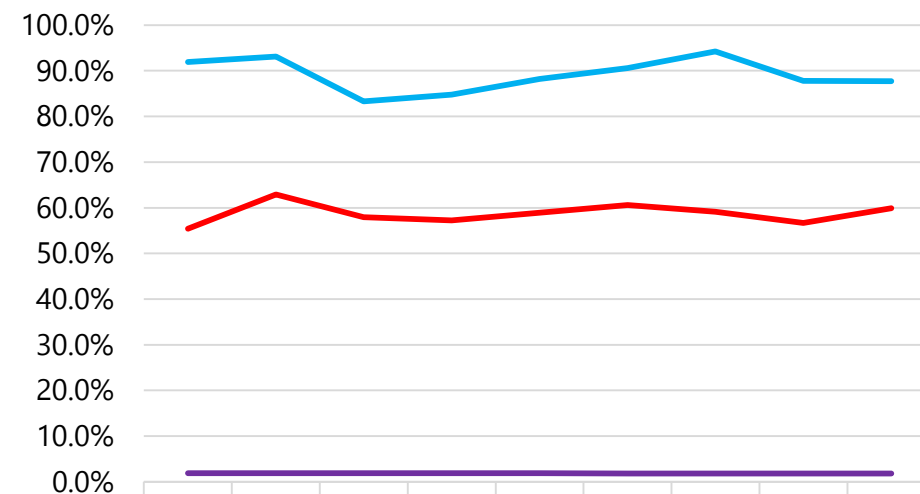
- According to the Postal and Telecommunications Regulatory Authority of Zimbabwe, "Potraz", the number of active internet subscribers increased by 5.6% to 8.73m, driven by increased adoption of e-learning, telecommuting and e-conferencing, while active fixed line subscribers declined by 1.6% to 0.256m in the third quarter of 2020 "Q3 2020" against Q2 2020 levels of 8.27m and 0.261m, respectively – **Graph 3**. Active mobile subscribers also recorded a marginal decline of 0.1% to 12.78m during the same period.
- Subsequently, and in line with movement in subscription base, internet penetration rate increased by 3.2% to reach 59.9% from 56.7% recorded in the previous quarter, while mobile penetration rate declined to 87.7% compared to Q2 2020 levels- **Graph 4**. The country remained above the average mobile penetration (45%: GSMA) and internet penetration ratio (41.7%: Internet World Stats) in Africa.
- Meanwhile, the industry recorded a revenue growth of 194.7% to ZW\$8.9b, while operating costs grew by 23.6% to ZW\$2.5b. The growth was attributed, in large part, to the high inflationary environment.

Graph 3: Trend in Subscriber Base-Mln



	Active mobile subscribers - mln	Active internet subscribers - mln	Active fixed line subscribers - mln	Mobile money subscribers - mln
Q3 2018	12.75	7.70	0.26	6.25
Q4 2018	12.91	8.70	0.27	6.35
Q1 2019	12.13	8.40	0.27	6.68
Q2 2019	12.35	8.30	0.27	7.03
Q3 2019	12.85	8.58	0.27	7.19
Q4 2019	13.20	8.84	0.27	7.33
Q1 2020	13.72	8.61	0.26	7.67
Q2 2020	12.80	8.27	0.26	7.46
Q3 2020	12.78	8.73	0.26	-

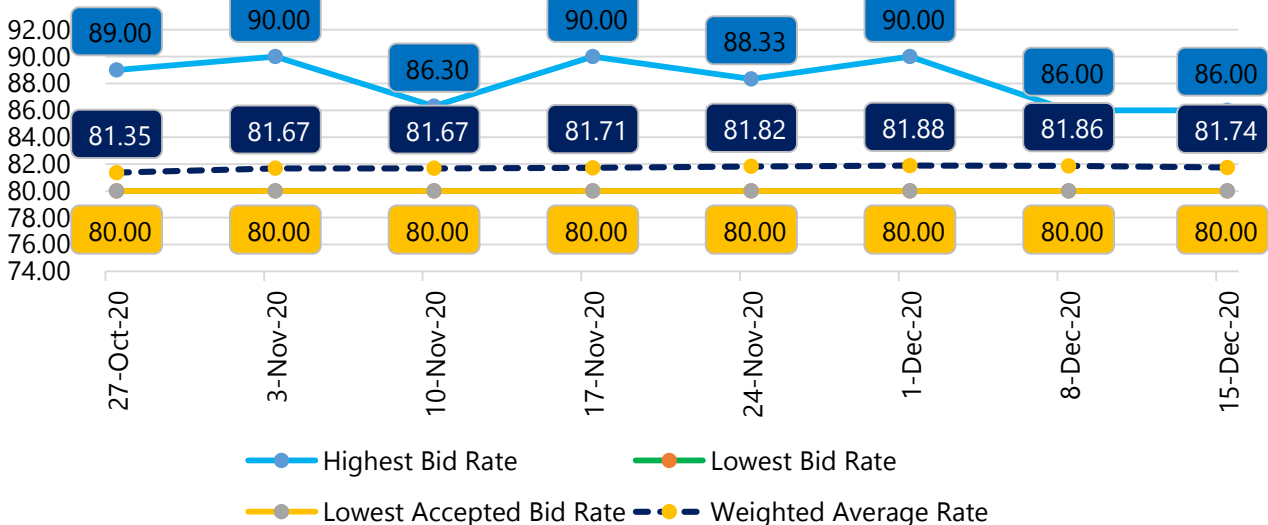
Graph 4: Penetration Rates



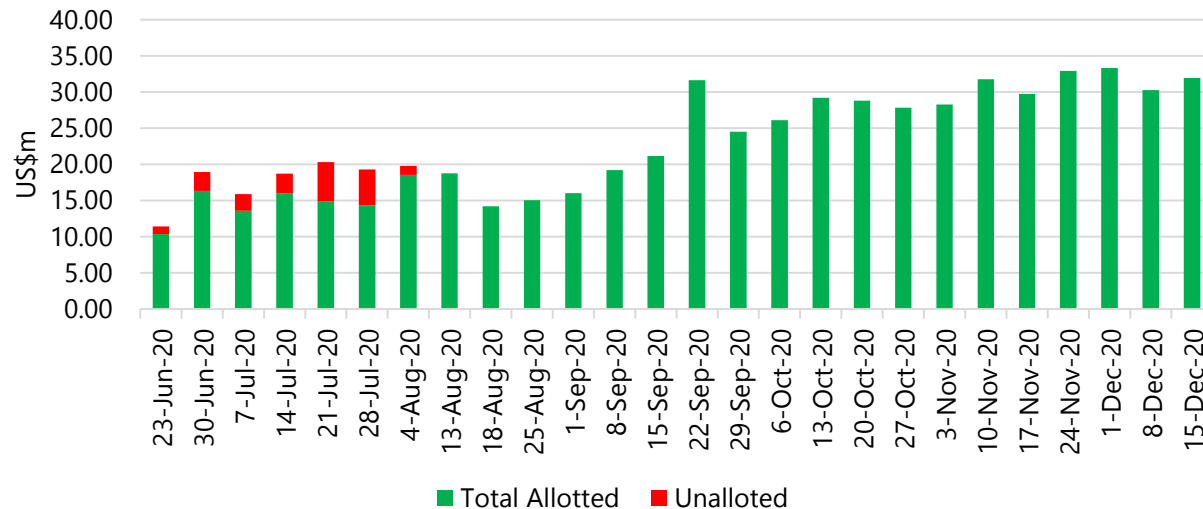
	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Fixed Teledensity Ratio	1.9%	1.9%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.8%
Internet penetration ratio	55.4%	62.9%	57.9%	57.2%	58.9%	60.6%	59.1%	56.7%	59.9%
Mobile penetration rate	91.9%	93.1%	83.3%	84.8%	88.2%	90.6%	94.2%	87.8%	87.7%



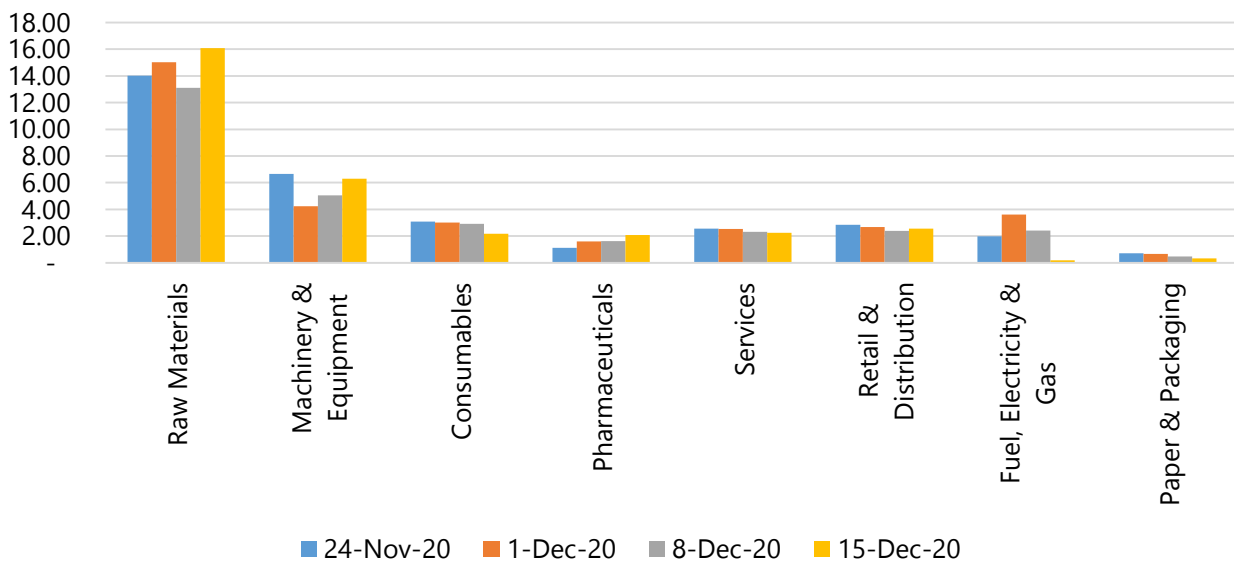
Graph 5: FX Auction Market Bid Rates Trend



Graph 6a: Foreign Currency Auction Allotments



Graph 6b: FX Allotments Per Sector

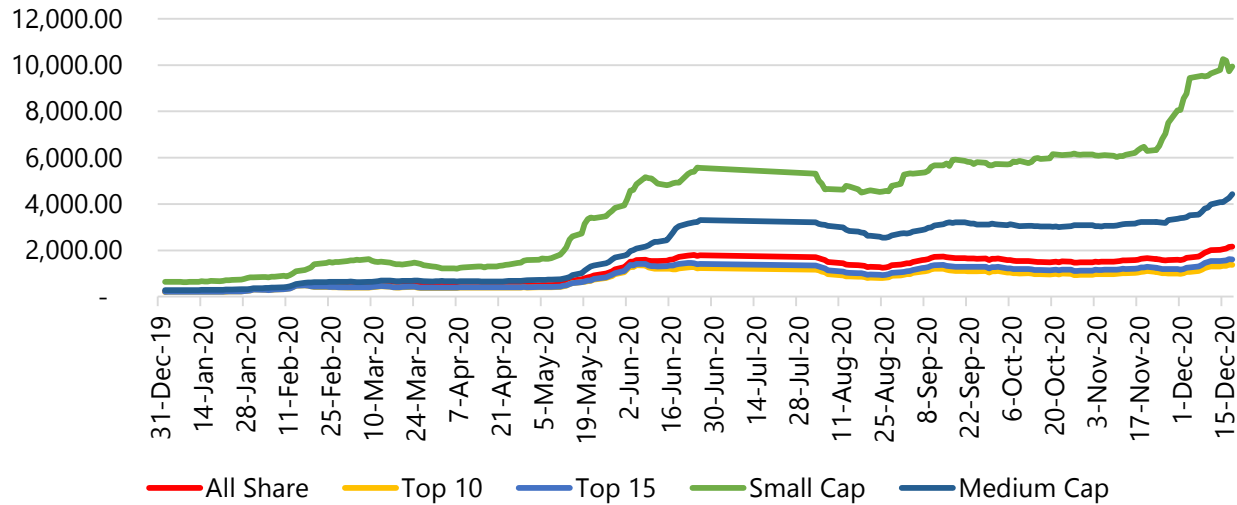


Foreign Currency Market Developments

- The ZW\$ firmed up 0.15% to trade at ZW\$81.86/ USD, during the last auction held by the RBZ on Tuesday, 15 December 2020- **Graph 5**. The highest and lowest bid rates remained flat at 86.0 and 80.0 on the main action, respectively.
- The total allotment for the week increased by 5.5% to US\$31.9m, from US\$30.3m allotted during the previous week- **Graph 6a**. Raw materials received the largest allotment of US\$16.1m, followed by machinery & equipment (US\$6.3m), consumables (US\$2.9m), retail & distribution (US\$2.3m) and services (US\$2.3m).
- Meanwhile, the Reserve Bank of Zimbabwe announced the following with regards to the operations of the auction system:
 - The next date for the foreign exchange auction will be brought back to Monday 21 December 2020 given that 22 December 2020 is a public holiday and that the manufacturing sector will thereafter be going on festive season shut-down.
 - The next post-festive auction to be hold on 12 January 2021.



Graph 7: ZSE Indices



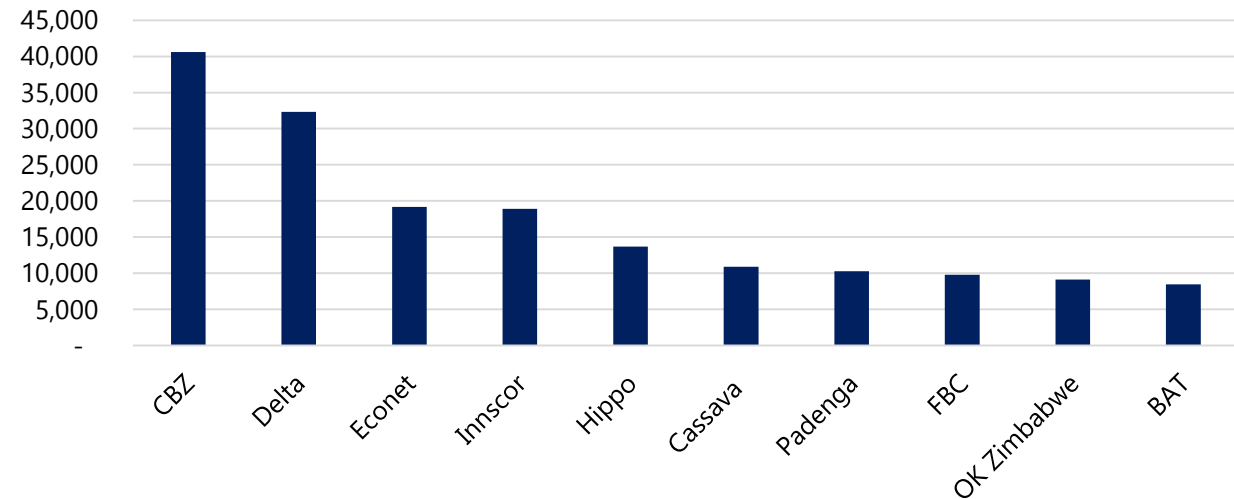
Equities Market Developments

- On the ZSE, all indices recorded 3rd successive weekly gains, led by the Medium Cap Index (+11.0%) and the Top 10 Index (+5.2%). The benchmark All Share Index gained 7.2%, to close the week at 2,154.67, supported by selected heavyweights –**Graph 7**.
- Hippo headlined the market gainers, with a weekly gain of +68.2%, followed by TSL (+41.5%), FML (+40.0%), Nampak (+24.8%) and Axia (+23.2%). Market gains were offset by losses in FCB (-15.5%), Mash (-13.9%) and Meikles (-13.6%). -**Table 1**.
- CBZ extended its YTD gain to 8,378%, to remain the largest counter on the ZSE, with a market capitalization of ZW\$40.6b. Delta (ZW\$32.3b), Econet (ZW\$19.2b), Innscor (ZW\$18.9b) and Hippo (ZW\$13.7b) completed the top 5 most capitalized counters as at 18 December 2020 - **Graph 8**.
- Meanwhile, the ZSE announced the new initial and annual listing fees for 2021. Initial fees will now be charged at 0.05% of the value of securities subject to a minimum fee of ZW\$450k and maximum fee of \$4.5m, from a range of ZW\$85k and ZW\$550k while annual fees will be charged between \$450k and US\$4.2m.

Table 1: ZSE Movers and Shakers

Movers	04-Dec-20	11-Dec-20	Weekly change (%)
Hippo	4,220.00	7,100.00	68.2%
TSL	720.00	1,018.46	41.5%
FML	550.00	769.96	40.0%
Nampak	125.00	156.00	24.8%
Axia	531.48	654.89	23.2%
Shakers	04-Dec-20	11-Dec-20	Weekly change (%)
FCB	96.12	81.23	-15.5%
Mash	76.75	66.05	-13.9%
Meikles	2,065.00	1,784.35	-13.6%
Padenga	2,179.02	1,893.80	-13.1%
African Sun	187.21	164.00	-12.4%

Graph 8: Top 10 Counters By Market Capitalization-ZWL\$ Mln

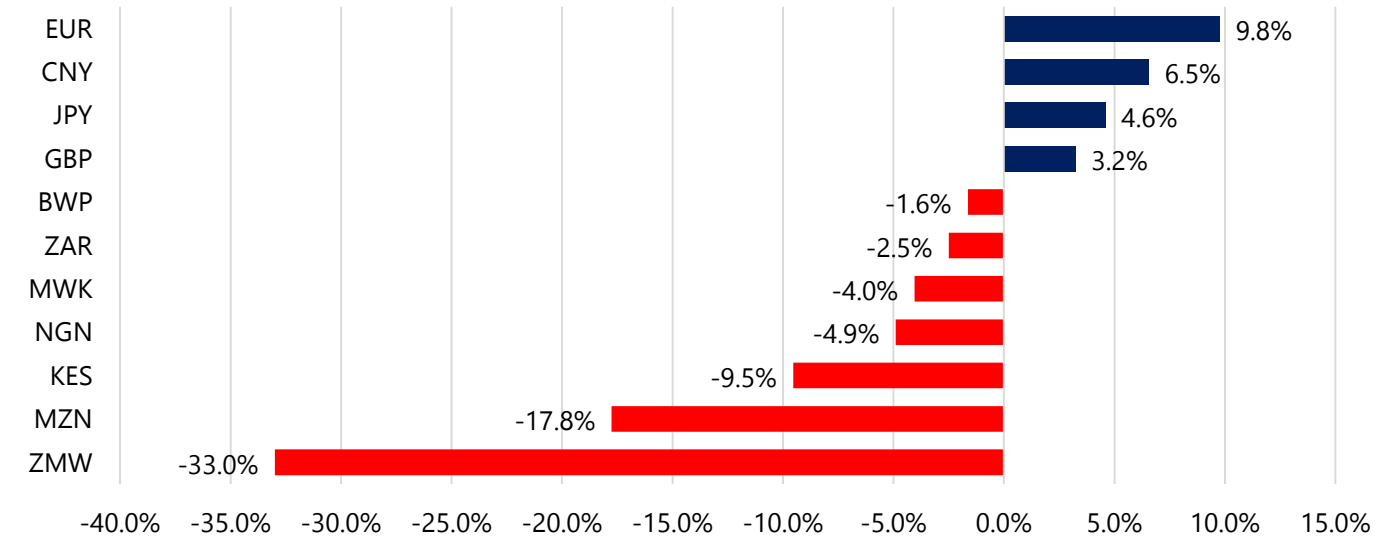




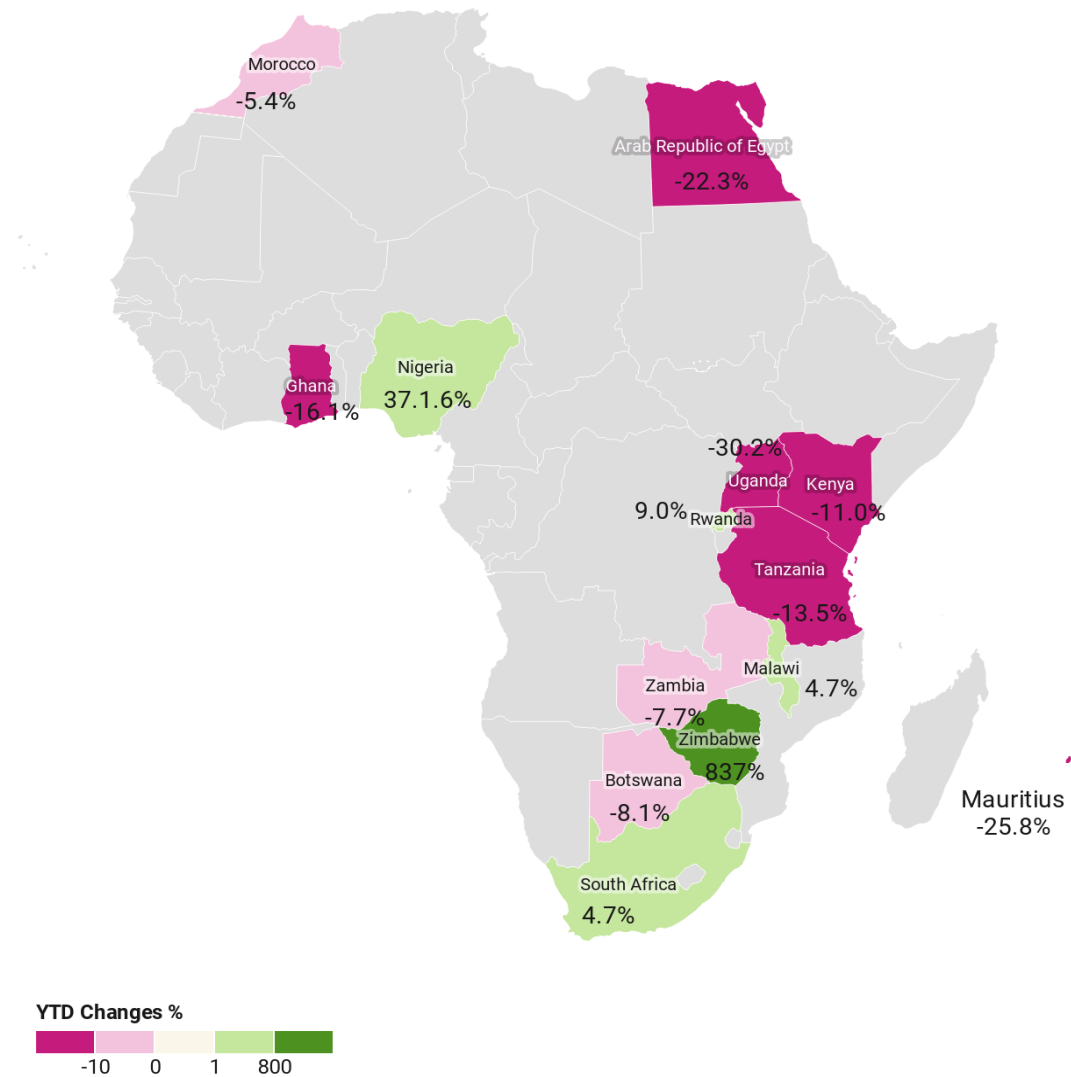
REGIONAL & GLOBAL FINANCIAL MARKETS

- On the global markets, the major equity benchmarks slipped from record highs in volatile trading on the last day of the week, as U.S lawmakers struggled to bridge differences on additional coronavirus stimulus measures. For the week, however, most equities markets recorded weekly gains, led by China’s Shanghai Composite Index (+1.4%) and U.S S&P500 (+1.3%). U.K’s FTSE 100 recorded weekly decline of 0.3%, amid continued impasse on Brexit trade deal.
- In African, most equities markets under our watch recorded weekly gains. However, mixed performances were recorded on a year-to-date basis, with Zimbabwe and Nigeria extending their gains to +837% and +37%, while, Uganda (-30%) and Egypt (-22%) led the fallers, respectively. Meanwhile, the Nairobi Securities Exchange “NSE” launched the Unquoted Securities Platform, a market infrastructure to facilitate the trading, clearing and settlement of securities of unquoted companies.
- On the currencies market, the U.S Dollar index lost 1.2%, its worst weekly loss in a month, amid slow progress on U.S stimulus package and Brexit deal. On a YTD basis, the U.S dollar maintained gains against most major currencies except the Euro, Chinese Yuan, Japanese Yen and British Sterling- **Graph 9.**

Graph 9: Major Currencies vs the USD-YTD Movements-18 December 2020



Selected African Equities Markets- YTD Performances (% Changes)





GLOBAL COMMODITY PRICE MOVEMENTS

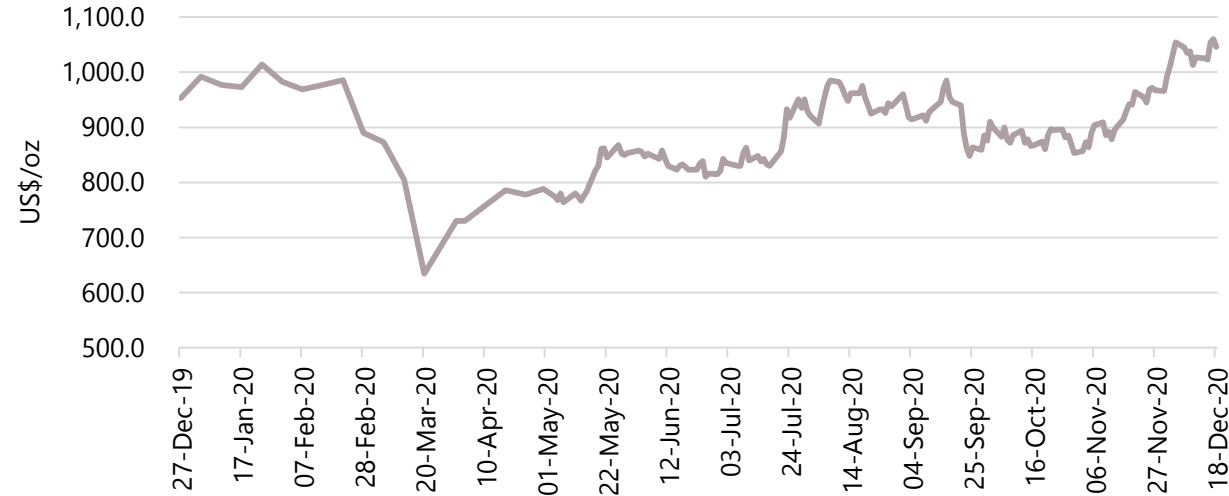
PRECIOUS METALS



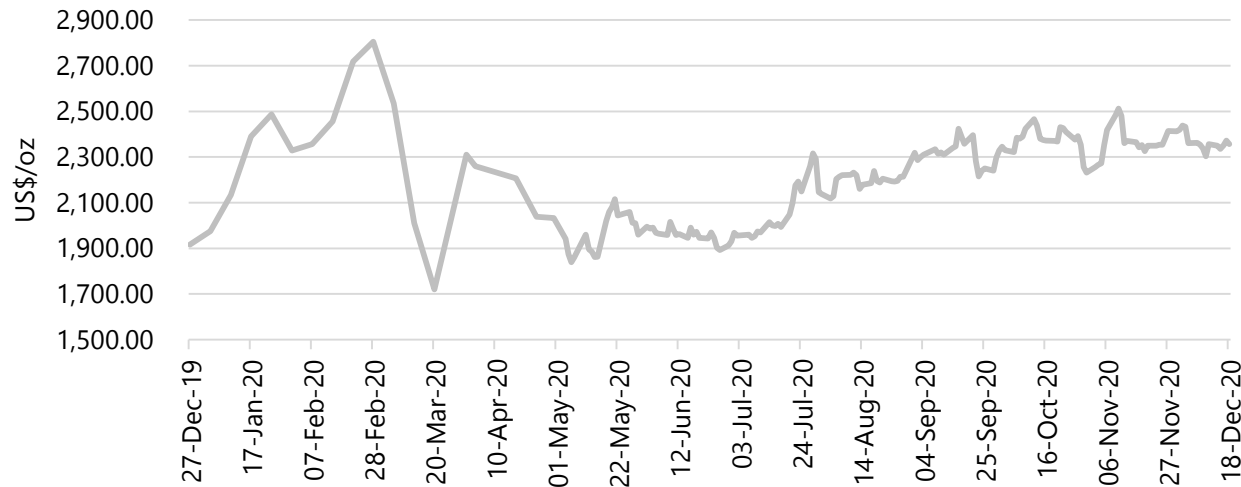
Gold prices - US\$/oz



Platinum price - US\$/oz



Palladium-US\$/oz



Source: Quandl

- Gold prices rallied strongly during the week, climbing as high as US\$1,893 per ounce on Thursday, 17 December 2020. However, an uptick in the value of the U.S dollar weighed down the yellow metal, pulling it further away from the US\$1,900 range. Nonetheless, the precious metal recorded a weekly gain of 2.5% to US\$1,886/oz.
- Platinum recovered from previous week decline, to record a weekly gain of 1.9% to US1,046/oz, while palladium price remained unchanged for the week at US\$2,357/oz.
- Meanwhile, in Zimbabwe, the Reserve Bank of Zimbabwe “RBZ” announced the partial privatisation of gold buying in the country and unbundled the operations of Fidelity Printers and Refiners “FPR”-current sole buyer of gold. Under the arrangement, the RBZ will retain 40% shareholding and dispose of 60% shareholding to both large-scale and small-scale gold producers. Using the 3-year average gold delivery to FPR, 50% shareholding will be offered to large-scale producers, 3% to major gold buying agents and 7% to small-scale producers through their representative bodies.

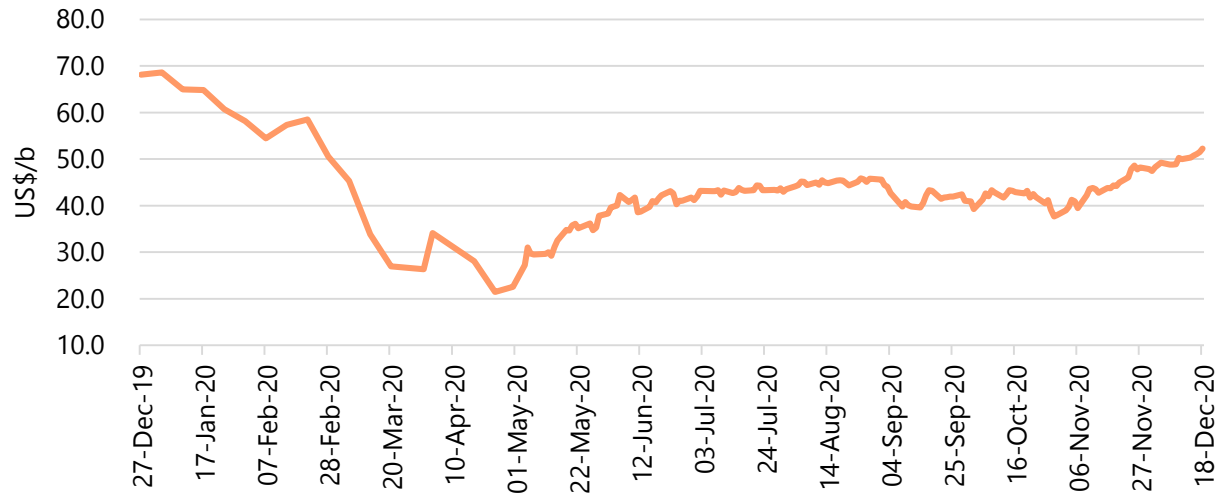


GLOBAL COMMODITY PRICE MOVEMENTS

BASE & INDUSTRIAL METALS



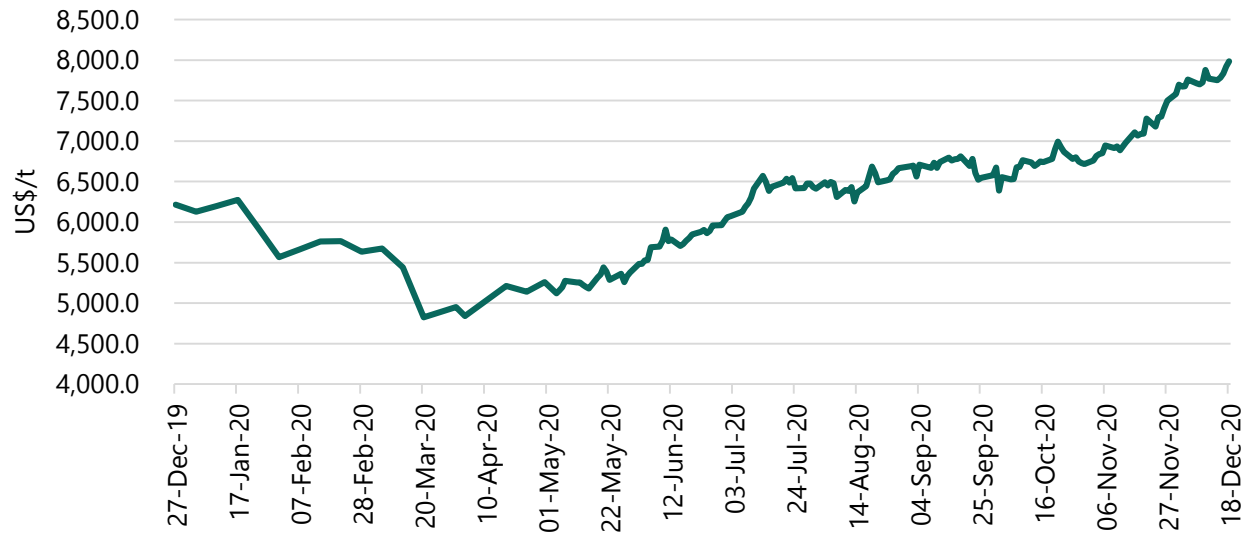
Oil prices - US\$/b



Nickel price - US\$/t



Copper - US\$/t



- The global benchmark Brent crude oil settled up at a 9-months high of US\$52.26/b, registering a 7th straight week of gain, the longest winning streak in 20 months, as investors focused on the COVID-19 vaccines rollout and a decline in the U.S dollar. For the week, oil rose 4.6%, from the previous end of week settlement price of US\$49.97/b.
- Copper prices gained 2.7% to end the week trading at US\$7,985/t, supported by economic recovery hopes, amid widespread vaccine rollout. Nickel rally continued for the 2nd straight week, gaining 2.1% to close at US\$17,551/t.
- Meanwhile, the International Energy Agency "IEA" projected the global oil demand to increase by 6.2% in 2021, or 5.7 million barrels per day "bpd", to an average of 96.9 million bpd, 170,000 barrels per day below its November 2020 forecast, citing weaker jet fuel demand..

Source: Quandl & Bloomberg



GLOBAL COMMODITY PRICE MOVEMENTS

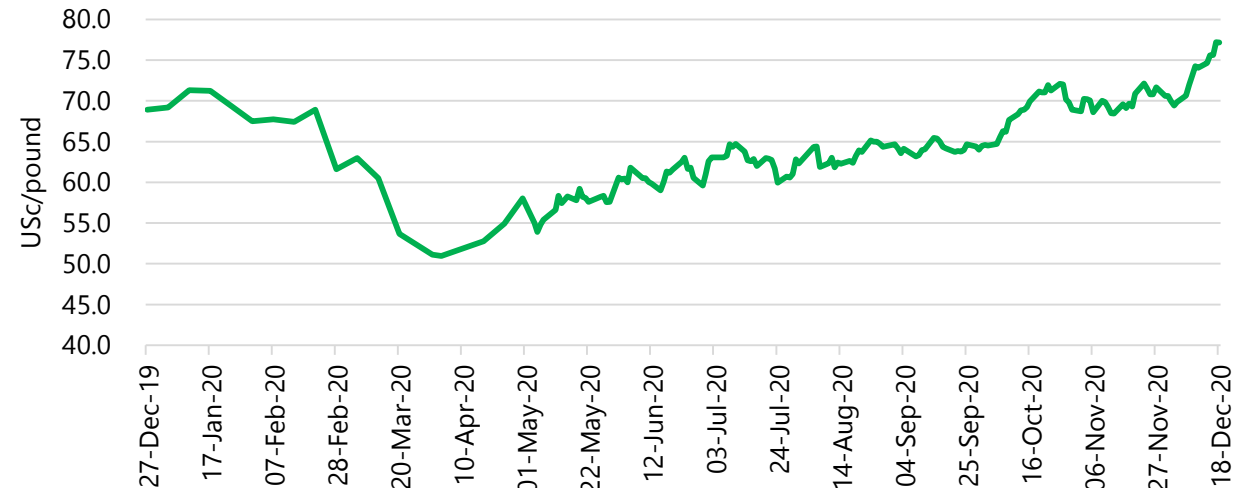
AGRIC COMMODITIES



Corn - US\$/t



Cotton - USc/pound



Wheat - US\$/t



Sugar - USc/pound



Source: Quandl

Date	Event	Period	Forecast	Previous
Local				
21 December 2020	RBZ Foreign Exchange Auction Market	22 Dec 2020-13 Jan 2021		
22 December 2020	National Unity Day (Public Holiday)			
25 December 2020	Christmas Day (Public Holiday)			
26 December 2020	Boxing Day (Public Holiday)			
Regional & International				
21 December 2020	Euro Zone Consumer Inflation Expectation			15.4
22 December 2020	U.K GDP q/q (y/y)	Q3 2020	15.5% (-9.6%)	15.5% (-9.6%)
22 December 2020	U.S GDP q/q	Q3 2020	33.1%	-31.4%
22 December 2020	Japan Monetary Policy Meeting Minutes	December 2020		
23 December 2020	U.S Crude Oil Inventories		-1.937m	-3.135m
24 December 2020	Japan Retail Sales (y/y)	November 2020	1.7%	11.9%
24 December 2020	Egypt Interest Rate Decision	December 2020		
25 December 2020	Public Holiday (Christmas Day)			
26 December 2020	Public Holiday (Boxing Day)	November 2020	-0.3%	-0.3%

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