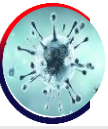


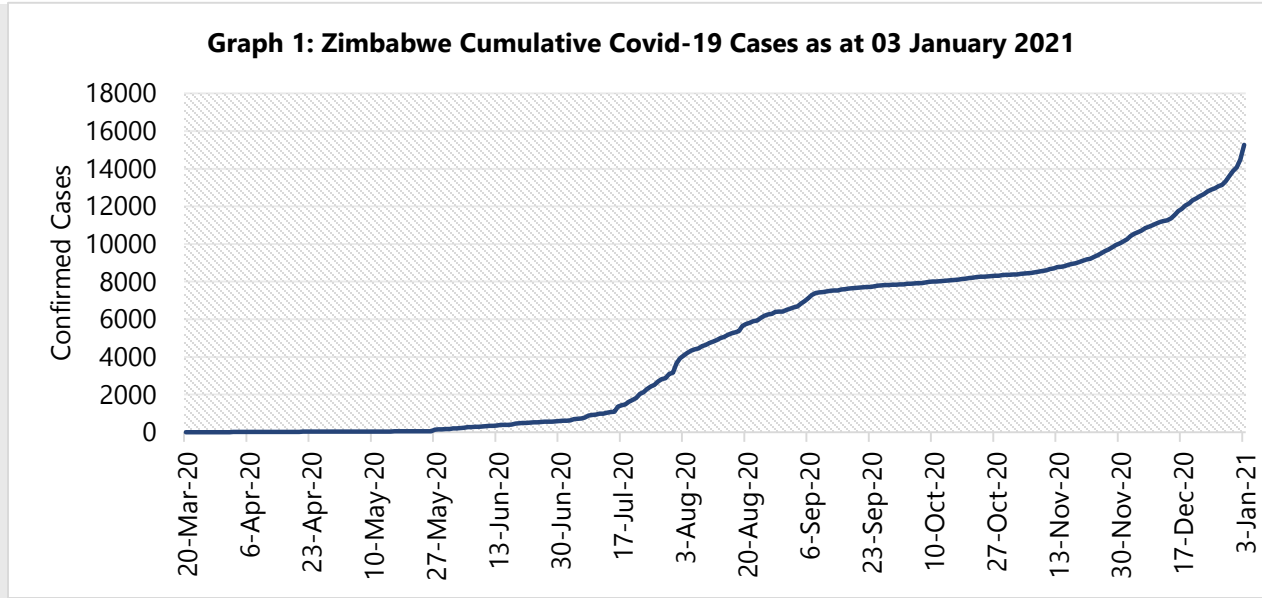
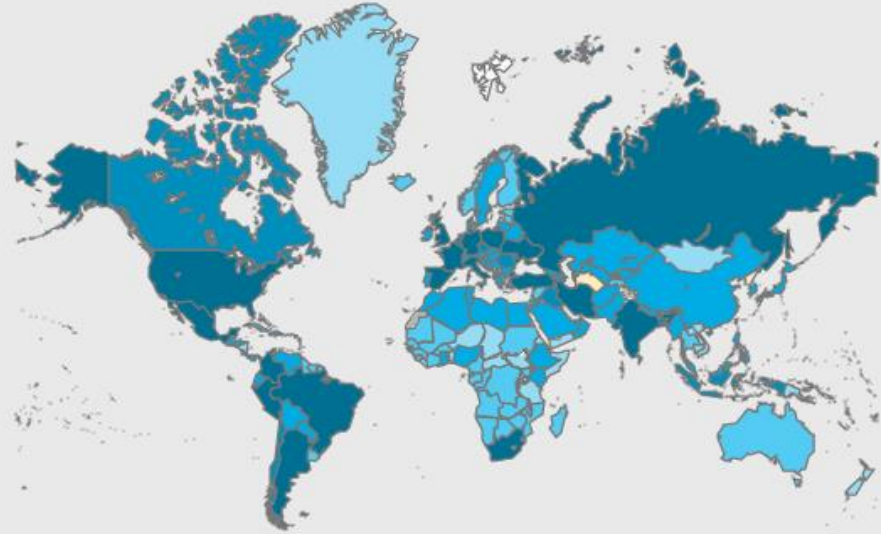
...Zimbabwe moves back to
Leve IV of its COVID-19
response framework, amid
rising coronavirus cases...

THE CBZ ECONOMIC BRIEF

Week Ending 31 December 2020



COVID-19 | Global Status as at 03 January 2021



Sources: World Health Organisation & Ministry of Health & Child Care (Zimbabwe)

Notable Trends in Cases for the Week

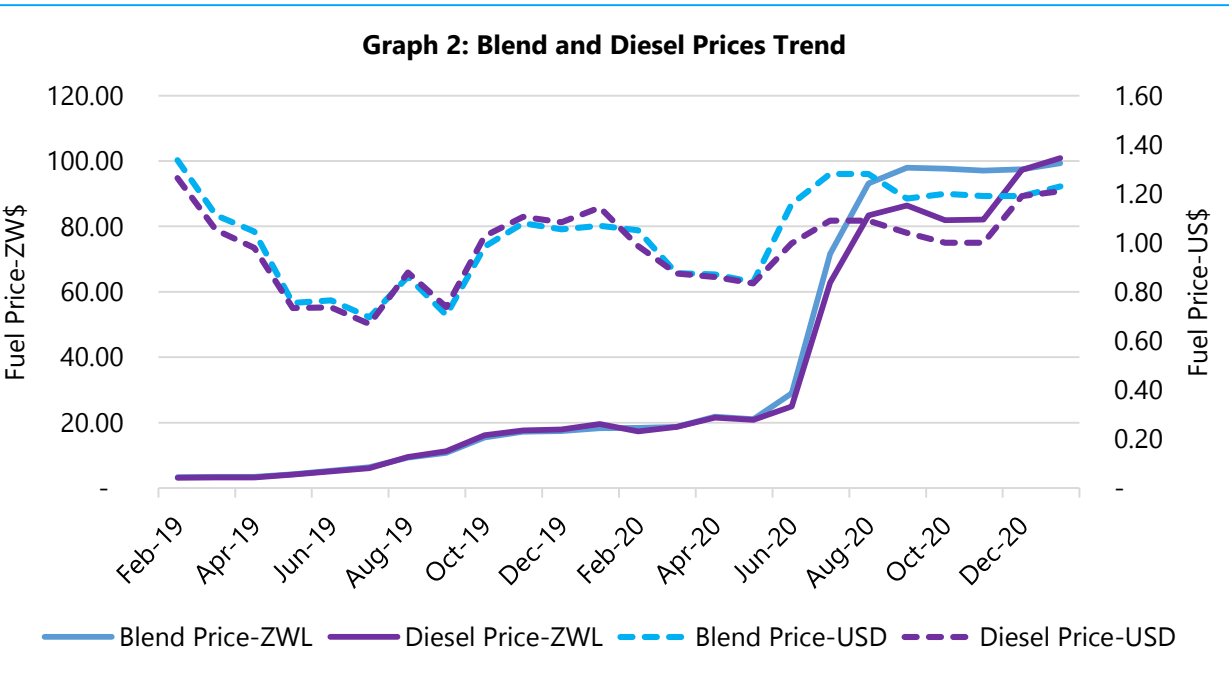
- Cumulative global COVID-19 cases rose above 83m, after 4.0m new cases were recorded during the week to 03 January 2021– Chart 1. The U.S remained the most infected country in the world, with cumulative cases of 19.6m. It was distantly followed India (10.3m), Brazil (7.7m), Russia (3.2m) and France (2.6m). Meanwhile, India, on Sunday 03 January 2021, approved two coronavirus vaccines for emergency use, one made by AstraZeneca and Oxford University and the other developed in India. The U.K had become the first country to approve the Oxford/AstraZeneca vaccine, amid record surge of infections driven by a highly contagious form of the virus.
- In Africa, confirmed cases rose by 7.1% to 1.96m, after an additional 130k new cases were recorded during the week. South Africa surpassed the 1m cases mark, after more than 84k cases were recorded during the review period. Resultantly, South Africa remained the most infected country in Africa, accounting for 56% of the region’s total infections.
- In Zimbabwe, cumulative cases spiked to 15,265, after a record 2,188 new cases were recorded during the week - **Graph 1**. Harare recorded the largest weekly cases of 849, followed by Bulawayo (286), Manicaland (246), Mash Central (199) and Masvingo (191). The national recovery rate declined to 76% as at Sunday, 03 January 2021, from 81% recorded during the end of the previous review period.
- Meanwhile, the United Kingdom “U.K” and the European Union “EU” eventually reached a trade deal, the “EU-UK Trade and Cooperation Agreement”, that will govern the future trade conduct of both parties. According to the agreement, EU agreed to give up 25 percent of its existing fishing quotas in UK waters over a transition period of five and a half years, and avoided a hard border on the island of Ireland and preserves the “four freedoms” of its single market-free movement of goods, services, capital, and people. On the other hand, U.K achieved “zero tariff, zero quota” goods trade with its main trading partner and avoided any role for the European Court of Justice in settling trade disputes.
- In Zimbabwe, the government announced that the country will move back to level four (4) of its coronavirus response framework, effective 05 January 2021, amid a spike in COVID-19 cases. The following measures will be effected: (a) gathering at funerals restricted to 30 people, (b) social gatherings suspended for the 30 days, (c) gathering for worship will be suspended, (d) gathering at restaurants and hotels will be suspended, except for hotel residents, (e) gathering for public hearing will also be suspended, (f) essentials services will remain open, but will operate from 0800hrs to 1500hrs. (g) National curfew will imposed, starting at 1800hrs to 0600hrs, (h) Intercity travel will be suspended, etc.



Fuel Price Review

- The Zimbabwe Energy Regulatory Authority “ZERA” announced an upward review of fuel prices, in line with current market developments, effective 05 January 2021. The maximum ZW\$ pump price for blend increased by ZW\$1.96 (1.96%) to ZW\$99.35/litre, while that for diesel went up by ZW\$3.67 (3.77%) to ZW\$100.91/litre - **Graph 2**. The U.S dollar price of blend went up by US\$0.02 (1.68%) to US\$1.21, whilst diesel price was adjusted upwards by US\$0.04 (3.36%) to US\$1.23.
- The upward adjustment was mainly driven by increase in Brent crude oil on the international market. In fact, oil prices increased by 5.2% from US\$48.79/b on 07 December 2020, to US\$51.80/b on 31 December 2020. The adjustment of the US\$ prices, especially diesel, will exert significant cost pressures to businesses, which will in turn, pass on the burden to consumers through prices increases.
- Meanwhile, South Africa’s Department of Energy also announced an upward review in fuel prices, with effect from 06 January 2021. According to the announcement, all grades of fuel will see prices increases, with petrol climbing between 40 cents and 43 cents per litre, and diesel increasing by 54 and 55 cents per litre, in line with international petroleum costs and well as ZAR/US\$ exchange rate movements.
- Table 1** below highlights the comparable fuel prices for Zimbabwe’s neighbours as well as its major trading partners.

Table 1: Zimbabwe’s Trading Partners and Peers-US\$ Fuel Prices



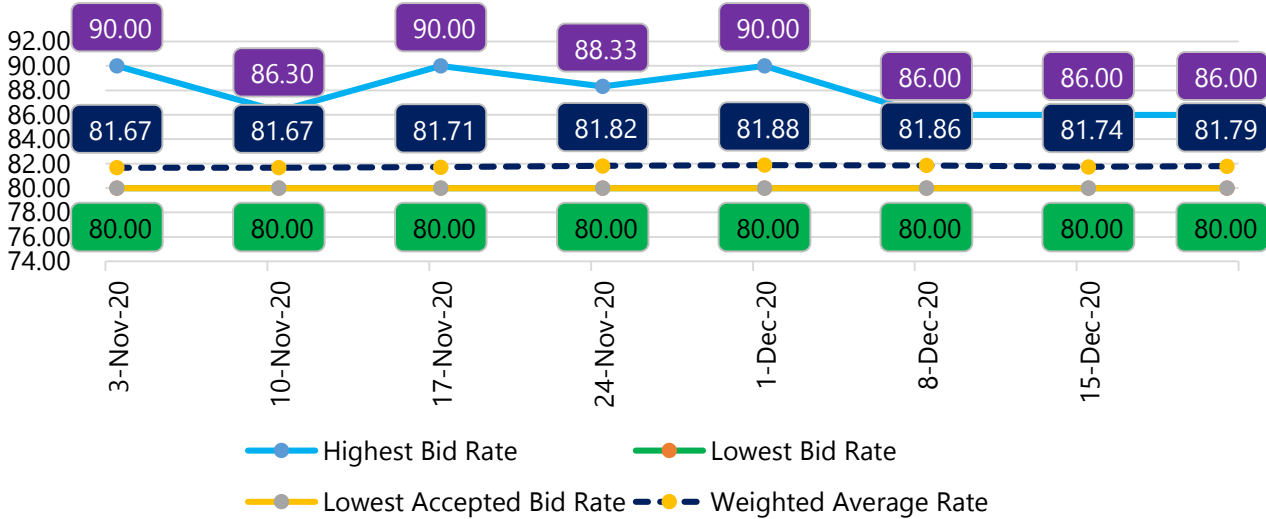
Sources: ZERA

Country	Blend Price-US\$	Diesel Price-US\$
Angola	0.24	0.21
Botswana	0.72	0.74
DRC	1.01	1.00
Kenya	1.00	0.86
Malawi	1.08	1.07
Mauritius	1.12	0.89
Mozambique	0.84	0.77
Namibia	0.76	0.76
South Africa	1.02	0.87
Tanzania	0.81	0.73
Zambia	0.97	0.86
Zimbabwe*	1.21	1.23
World Average	1.04	0.94

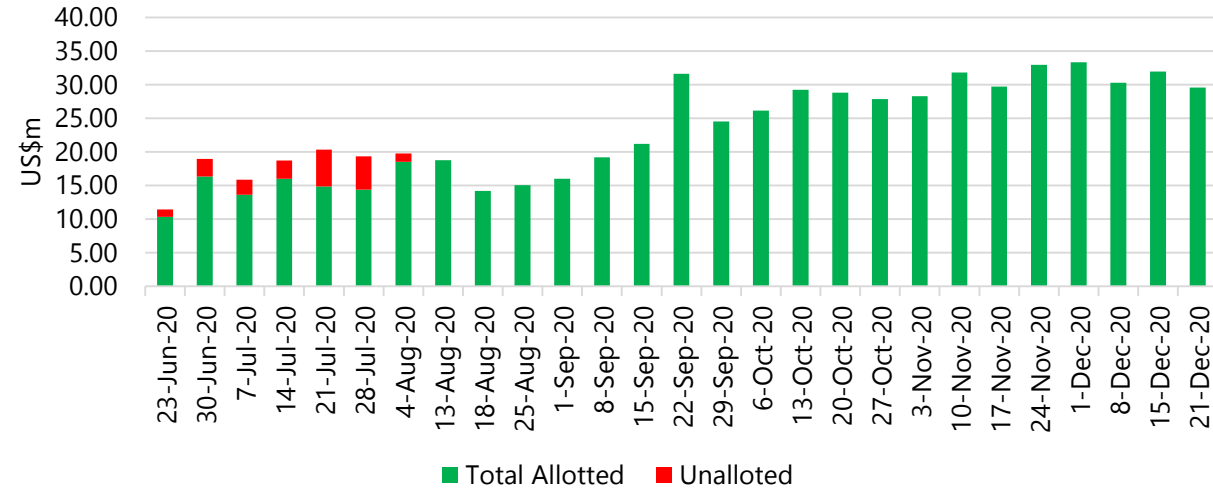
Sources: GlobalPetrolPrices.com & ZERA



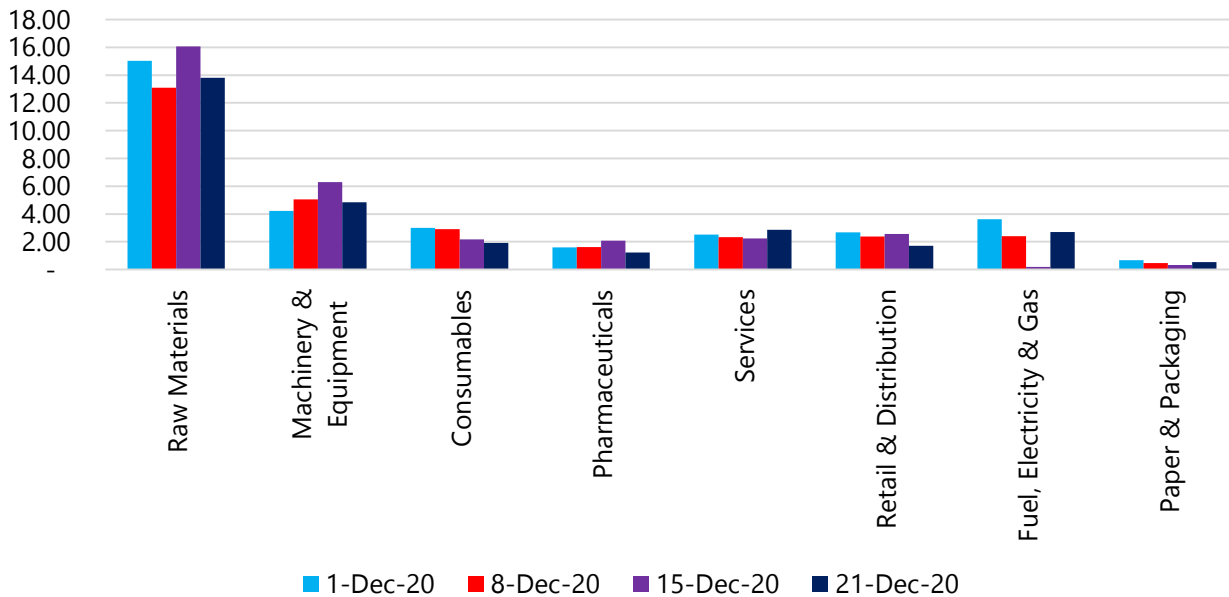
Graph 2: FX Auction Market Bid Rates Trend



Graph 3a: Foreign Currency Auction Allotments



Graph 3b: FX Allotments Per Sector



Foreign Currency Market Developments

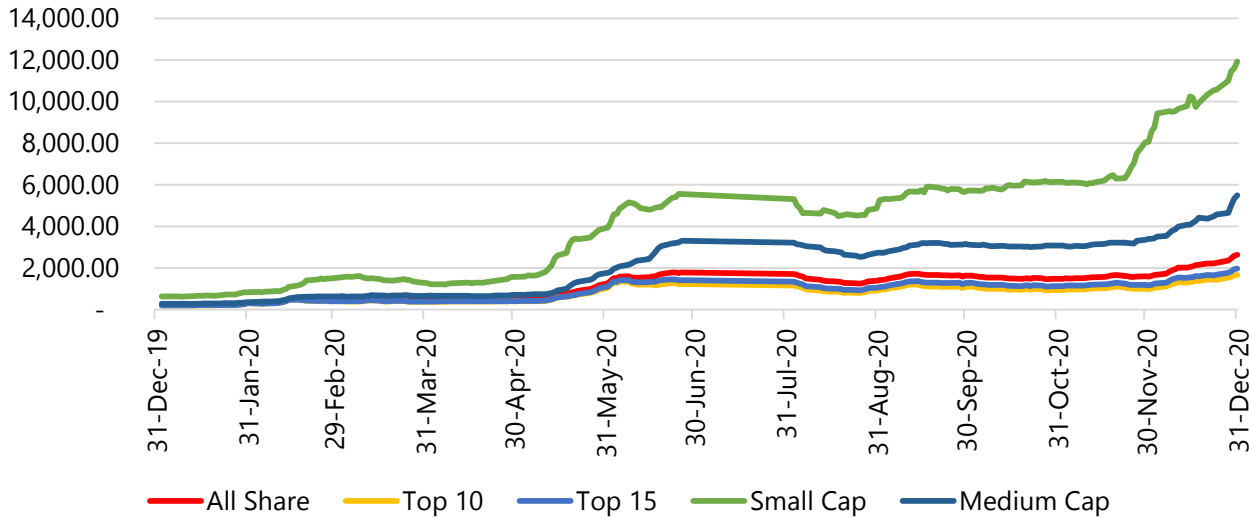
- The ZW\$ lost 0.1% against the U.S dollar, to trade at ZW\$81.79/ USD, during the last auction held by the RBZ on Tuesday, 21 December 2020- **Graph 2**. The highest and lowest bid rates remained flat at 86.0 and 80.0 on the main auction, respectively.
- The total allotment for the week decreased by 7.1% to US\$29.6m, from US\$31.9m allotted during the previous week- **Graph 3a**. 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).



ZIMBABWE | FINANCIAL MARKETS-EQUITIES MARKETS



Graph 4: ZSE Indices



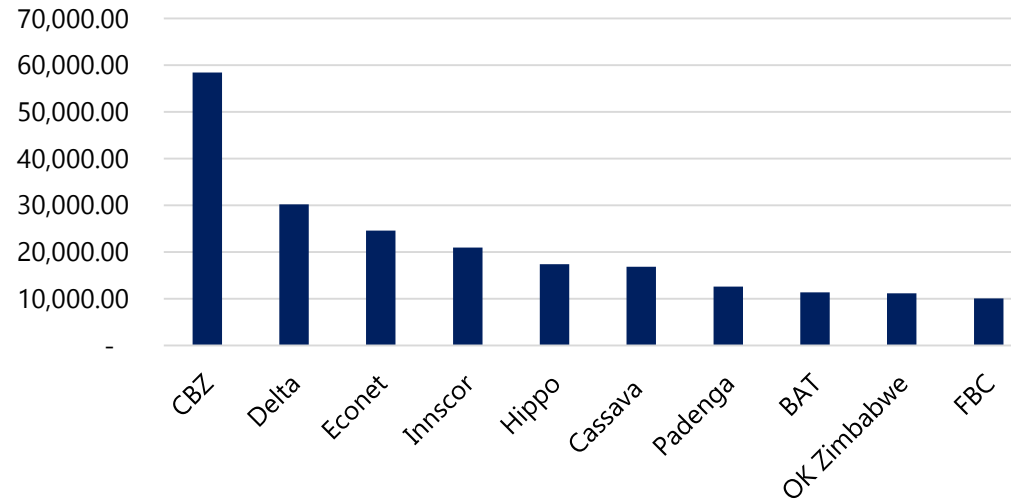
Equities Market Developments

- On the ZSE, all indices ended the year in green, recording their 5th successive weekly gains, led by the Medium Cap Index (+20.1%) and the Top 10 Index (+18.1%). The benchmark All Share Index gained 17.5%, to close the week at 2,636.34 points, supported by selected heavyweights – **Graph 4.**
- Cassava headlined the market gainers, with a weekly gain of +45.0%, followed by Meikles (+42.5%), FCB (+40.3%), Axia (+38.9%) and BAT (+37.5%). Market gains were offset by losses in Delta (-5.8%) and Ariston (-0.2%) - **Table 1.**
- CBZ remained the largest counter on the ZSE, with a market capitalization of ZW\$58.4b. Delta (ZW\$30.2b), Econet (ZW\$24.6b), Innscor (ZW\$21.0b) and Hippo (ZW\$17.4b) completed the top 5 most capitalized counters as at 31 December 2020 - **Graph 8.** In terms of year-to-date “YTD” gains, CBZ closed the year with largest gain of 12,093%, followed by Masimba (6,533%), Cafca (4,950%), Hippo (4,524%) and Art (3,292%).

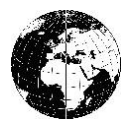
Table 1: ZSE Movers and Shakers

Movers	24-Dec-20	31-Dec-20	Weekly change (%)
Cassava	448.99	650.92	45.0%
Meikles	1,784.35	2,542.40	42.5%
FCB	69.93	98.09	40.3%
Axia	660.34	916.93	38.9%
BAT	40,000.00	55,000.00	37.5%
Shakers	04-Dec-20	11-Dec-20	Weekly change (%)
Delta	2,497.14	2,352.88	-5.8%
Ariston	134.21	134.00	-0.2%

Graph 5: Top 10 Counters By Market Capitalization-ZWL\$ Mln



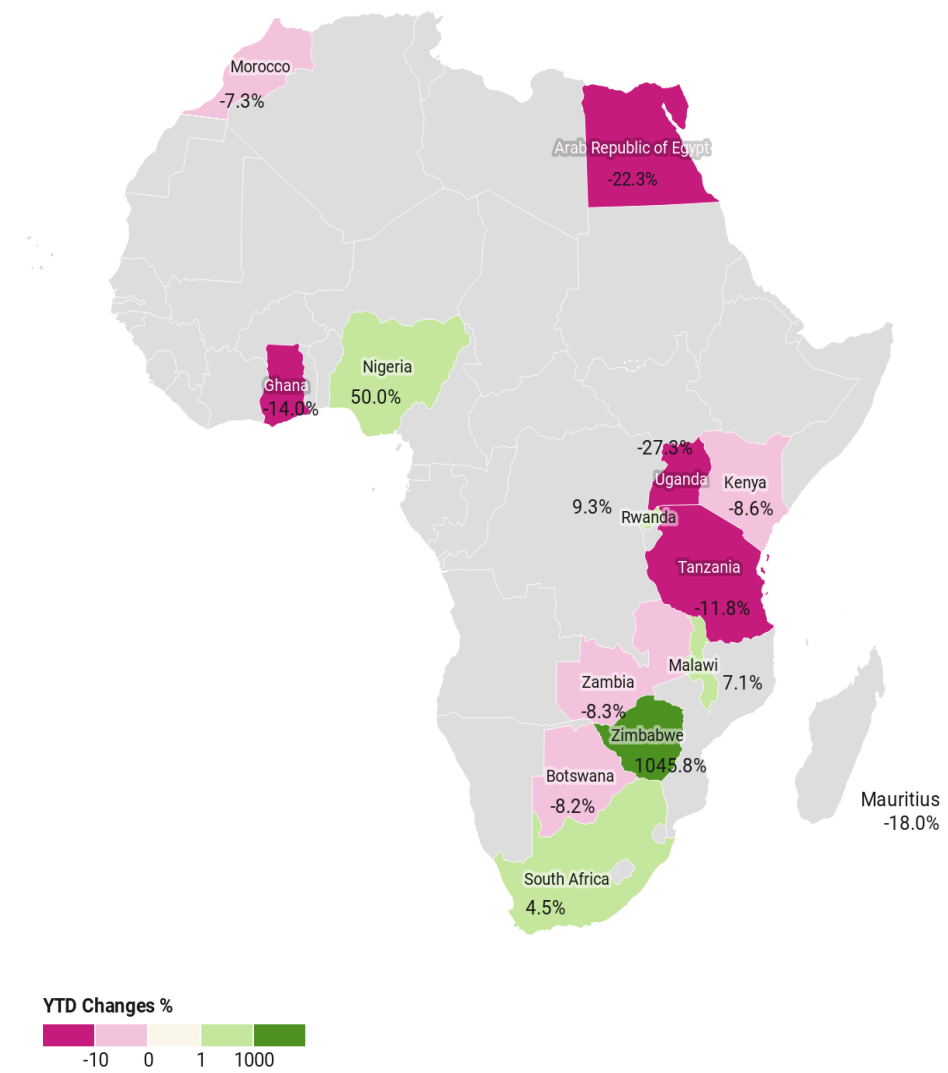
Counter	YTD %
CBZ	12,093
Masimba	6,533
Cafca	4,950
Hippo	4,524
Art	3,292



REGIONAL & GLOBAL FINANCIAL MARKETS

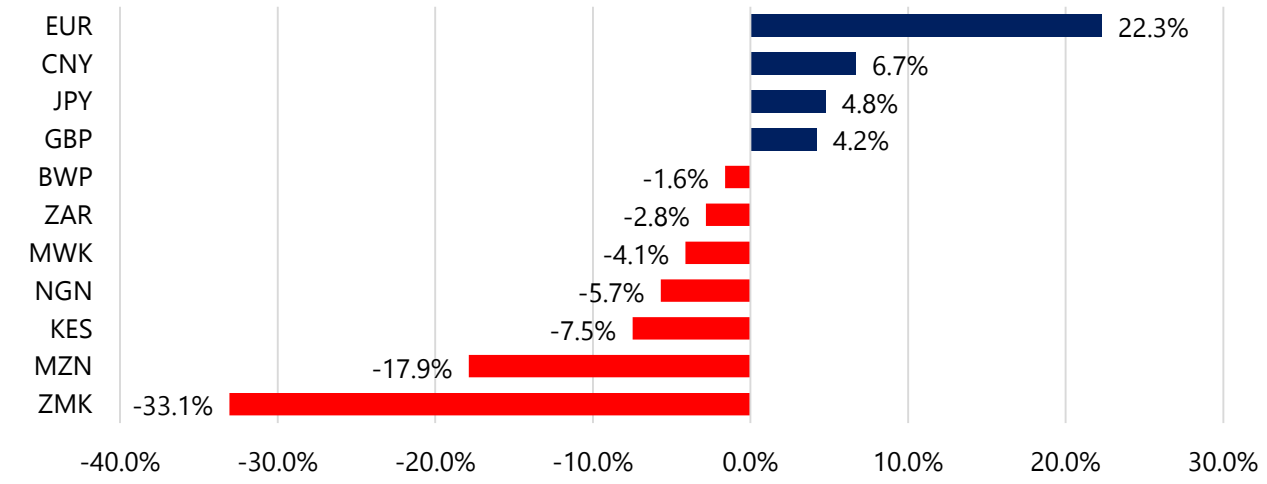
- On the global markets, the major equity benchmarks closed lower on the final trading day of a year dominated by the coronavirus pandemic and extraordinary stimulus measures that tried to mitigate the economic hit from the health crisis. On a YTD basis, mixed performances were recorded on the major exchanges, with China’s Shanghai Composite Index and U.S DJIA recording gains of 12.7% and 7.2%, respectively, while U.K’s FTSE100 declined by over 14%.
- In African, with the exception of Zambia, Morocco and Botswana, 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 +1,046% and +50%, while, Uganda (-27%) and Egypt (-22%) led the fallers, respectively. Meanwhile, the Nigerian Stock Exchange “NSE” announced the launch of X-PO, an online platform for the subscription of public offerings “POs” . It is the first end-to-end self-service online public offerings platform in Africa, which allows investors to conveniently subscribe and make payments for public offers through the web and mobile (USSD).
- On the currencies market, the U.S Dollar index lost 0.4%, to end the year at 89.96, dragged by rock-bottom U.S. interest rates and ongoing Federal Reserve bond purchases. On a YTD basis, the U.S dollar extended gains against most major currencies except the Euro, Chinese Yuan, Japanese Yen and British Sterling- **Graph 9.**

Selected African Equities Markets- YTD Performances (% Changes)



Map: Created by CBZ Holdings Limited • Created with Datawrapper

Graph 10: Major Currencies vs the USD-YTD Movements-31 December 2020

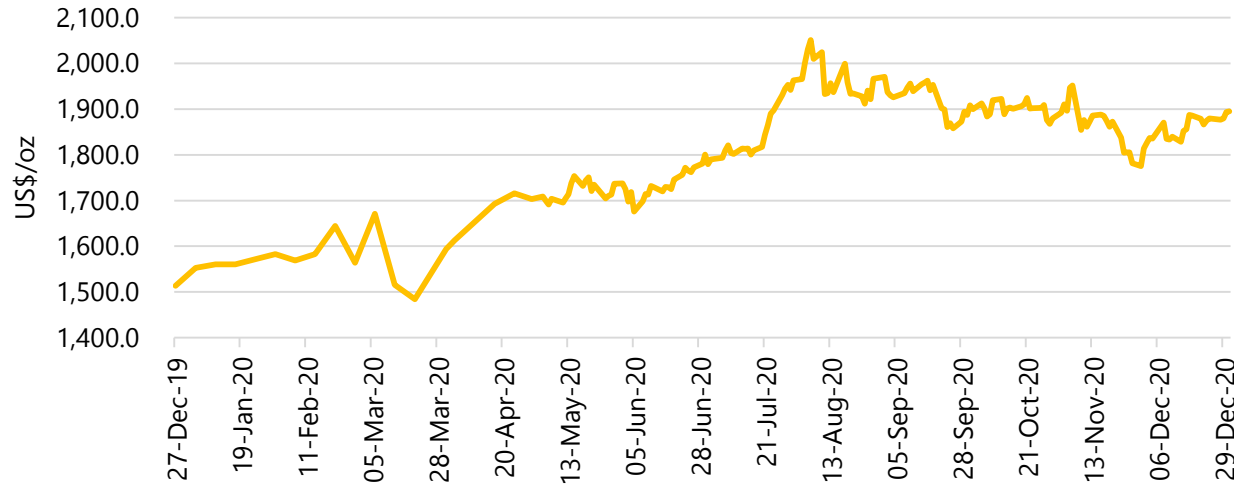




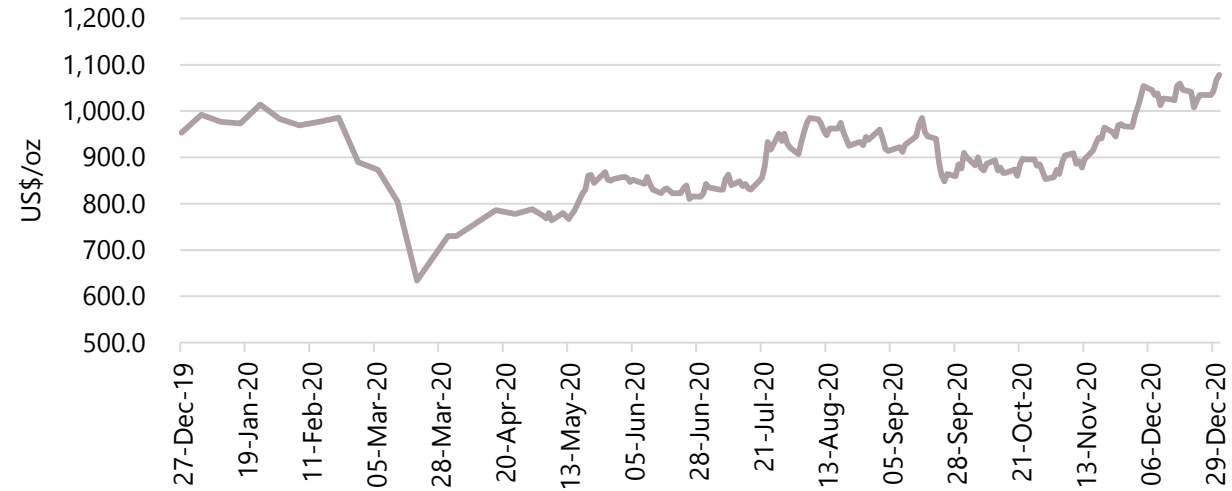
GLOBAL COMMODITY PRICE MOVEMENTS

PRECIOUS METALS

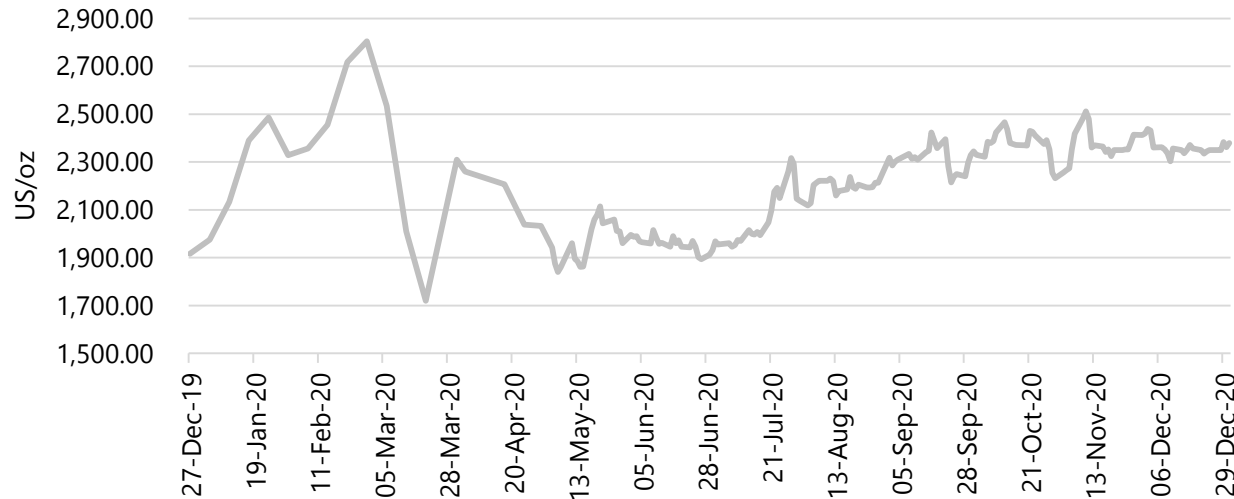
Gold prices - US\$/oz



Platinum price - US\$/oz



Palladium-US\$/oz



Source: Quandl

- Gold price was little changed at the end of the holiday-thinned trading week on Thursday, 31 December 2020, but registered its best annual performance in a decade. The yellow metal marginally gained by 0.8% for the week and increased by 25.2% on a YTD basis, to US\$1,895.1/oz.
- Platinum and Palladium closed the year with weekly gains, supported by the signing of the U.S coronavirus relief bill despite concerns over the amount allocated to citizens. Platinum recorded a 4.2% gain for the week, while palladium firmed up 1.3% to US\$2,380/oz.
- In the outlook, the geopolitical tensions, foreign trade policies and the direction of the U.S dollar will continue to determine the demand for the precious metals and the direction of the price movement, apart from the coronavirus pandemic evolution.

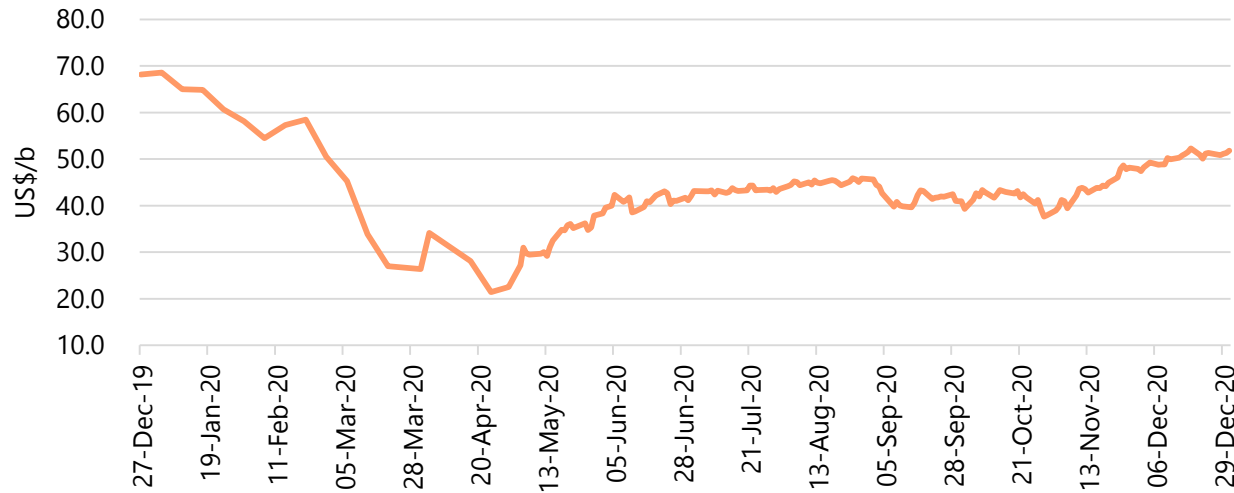


GLOBAL COMMODITY PRICE MOVEMENTS

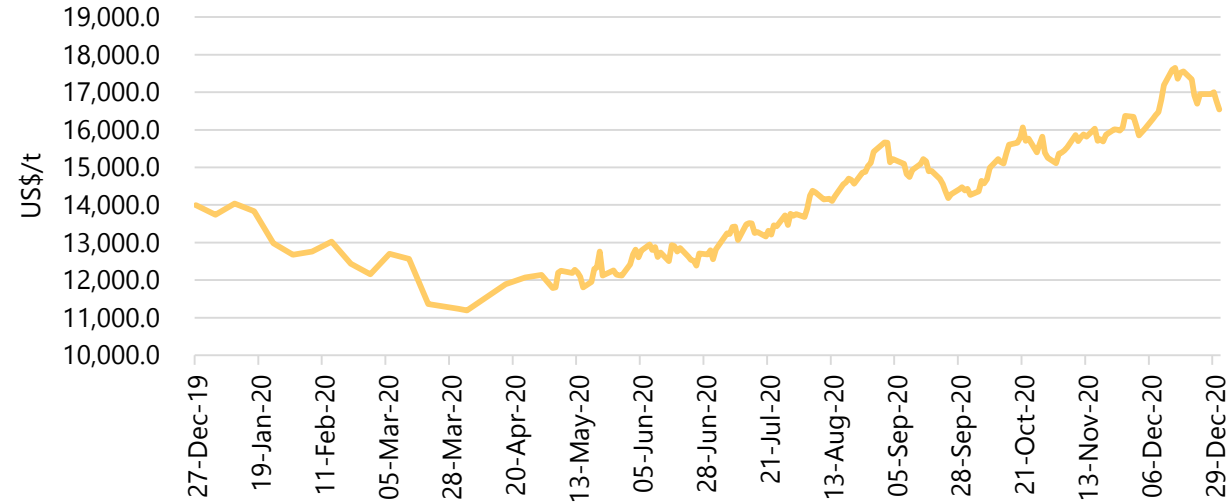
BASE & INDUSTRIAL METALS



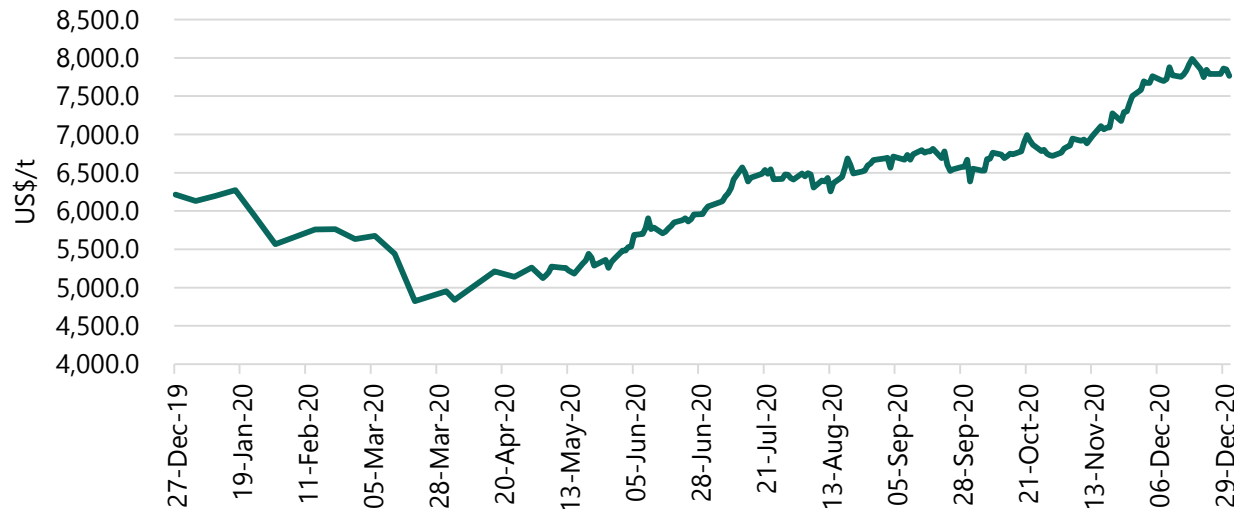
Oil prices - US\$/b



Nickel price - US\$/t



Copper - US\$/t



- The global benchmark Brent crude oil advanced on the last day of trade in 2020, recording a weekly gain of 1.0% to trade at US\$51.8/b. However, the Brent crude oil lost more than a fifth of its value in volatile trade in 2020, characterised by world wide lockdowns to combat the novel COVID-19 virus. This resulted in depressed economic activity and slammed fuel demand.
- Nickel and Copper prices lost 2.4% and 0.3% for the week to trade at US\$16,540/t and US\$7,766/t, respectively.
- Going forward, the demand for oil will likely remain murky as the news of a new COVID-19 variant in U.K, China, South Africa and the U.S will weigh on demand and price. However, OPEC's expected intervention on oil production and positive developments on vaccines roll out will somewhat bring some level of stability to the oil market.

Source: Quandl & Bloomberg

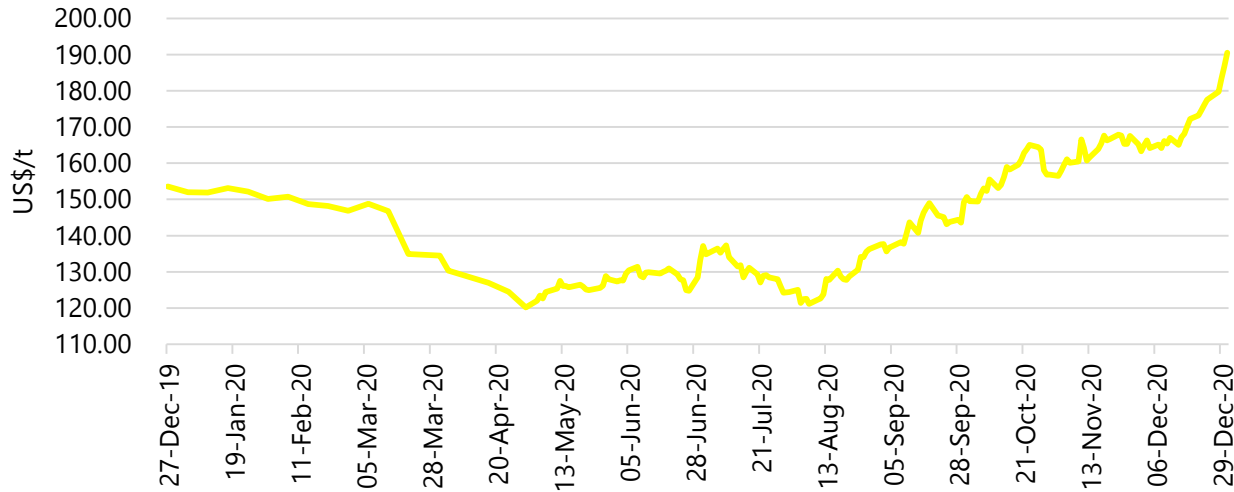


GLOBAL COMMODITY PRICE MOVEMENTS

AGRIC COMMODITIES



Corn - US\$/t



Cotton - USc/pound



Wheat - US\$/t



Sugar - USc/pound



Source: Quandl

Date	Event	Period	Forecast	Previous
Local				
01 January 2021	New Year's Day (Public Holiday)			
Regional & International				
03 January 2020	China Caixin Manufacturing PMI	December 2020	54.8	54.9
04 January 2020	U.K Manufacturing PMI	December 2020	57.3	53.7
05 January 2020	U.S ISM Manufacturing PMI	December 2020	56.5	57.5
07 January 2020	Euro Zone CPI (y/y)	December 2020	-0.2%	-0.3%
07 January 2020	U.S Trade Balance	November 2020	-US\$60.20b	-US\$63.10b
07 January 2020	Euro Zone Unemployment Rate	November 2020	8.5%	8.4%

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