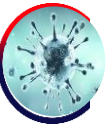




...Trade Balance switched to a surplus of US\$19m in November 2020, amid record highs in Exports and Imports...

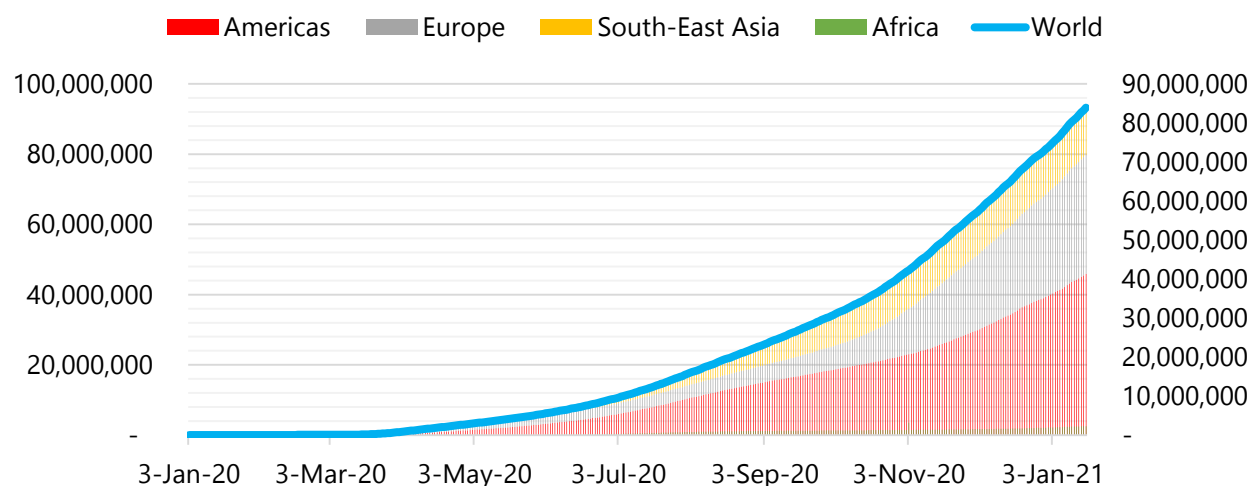
THE CBZ ECONOMIC BRIEF

Week Ending 15 January 2021

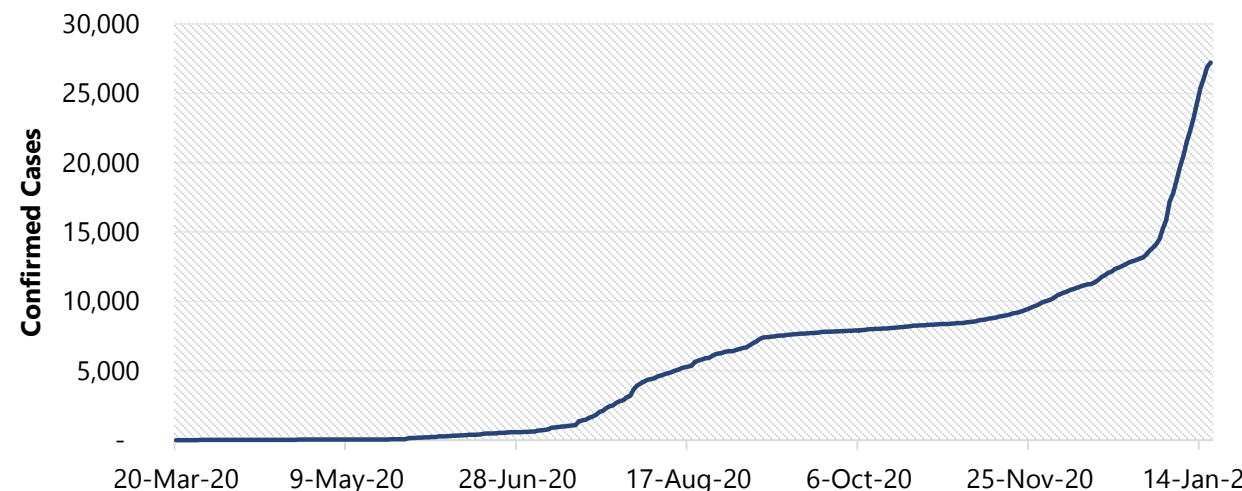


COVID-19 | Global Status as at 17 January 2021

Graph 1: Global Cumulative COVID-19 Cases as at 17 January 2021



Graph 1: Zimbabwe Cumulative Covid-19 Cases as at 17 January 2021



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

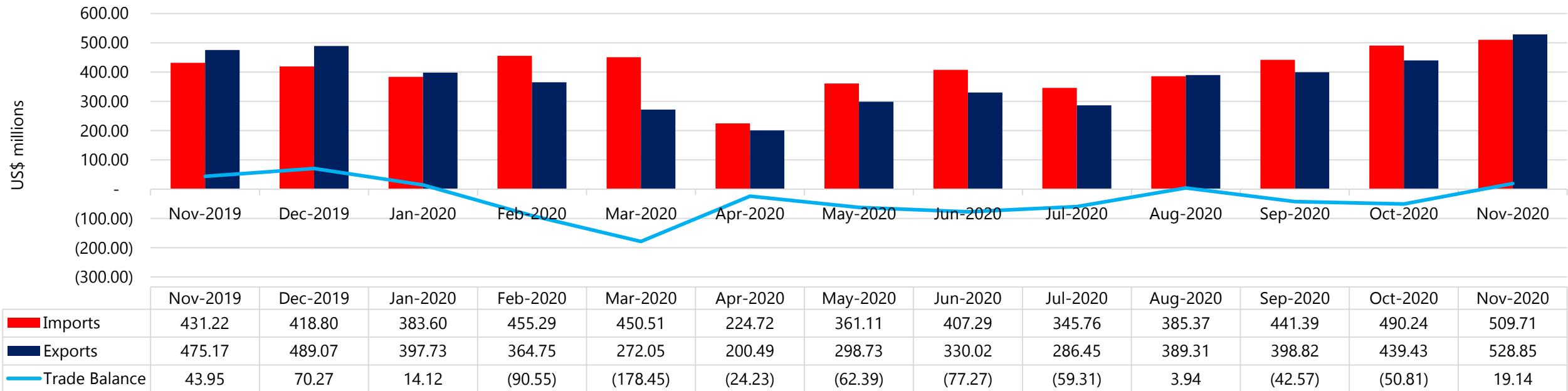
Notable Trends in Cases for the Week

- Cumulative global COVID-19 cases rose above 93m, after 4.7m new cases were recorded during the week to 17 January 2021– Graph 1. The Americas (41m), led by the U.S and Brazil, remained the most infected region in the world, accounting for about 44% of all confirmed cases. Europe (30m) and South-East Asia (12m) completed the world’s top three most infected regions. Meanwhile, a laboratory study by Pfizer and scientists from the University of Texas, indicated that the Pfizer/BioNTech COVID-19 vaccine appeared to work against a key mutation in the highly transmissible new variants of the coronavirus discovered in the UK and South Africa. However, the study has not been peer-reviewed.
- In Africa, confirmed cases rose by 8.3% to 2.3m. South Africa remained the most infected country in the region, with a total of 1.3m confirmed cases. It was followed by Morocco (459k), Tunisia (180k) and Egypt (156k). Meanwhile, the United Kingdom “U.K” announced that, with effect from 09 January 2021, “Entry into England will be banned to those who have travelled from or through any southern African country, including Namibia, Zimbabwe, Botswana, Eswatini, Zambia, Malawi, Lesotho, Mozambique and Angola – as well as Seychelles and Mauritius”
- In Zimbabwe, a total of 5,726 new cases were recorded during the week- the second sharpest weekly growth since the first case was recorded on 20 March 2020, bringing the cumulative confirmed cases to 27,203 - **Graph 2**. Resultantly, the country is now ranked among the top 20 most infected countries in Africa. Harare recorded the largest weekly cases of 2,327, followed by Manicaland (766), Mash East (512) and Masvingo (412). The national recovery rate slightly increased to 60.7% as at Sunday, 17 January 2021, from 58.6% recorded during the end of the previous review period, reflecting a slowdown in new cases.
- Meanwhile, according to the World Bank’s Global Economic Prospects, January 2021 Report, the global economy is estimated to have contracted by 4.3% in 2020, the sharpest recession in over a century, and only bettered by the two World Wars and the Great Depression. However, the global financier expects the world economy to expand by 4% in 2021, and to moderate by 3.8% in 2022. Sub-Saharan Africa is expected to grow by 3.3% in 2021, from a decline of 7.8% in 2020. The modest recovery in Africa will be weighed down by the long lasting impact of COVID-19 pandemic on investment and human capital. Zimbabwe’s GDP is expected to contract by 10% in 2020 before recovering by 2.9% in 2021.



- According to the Zimbabwe National Statistics Agency, "ZimStat", the country's exports and imports maintained an upward trend, with exports rising to a 34-months high of US\$529m, while imports rose to a 23-months high of US\$510m, in November 2020 - **Graph 3**. The increases reflected the impact of the lifting of COVID-19 induced restrictions and firming up of gold and nickel prices on the international market, on the exports side, and increased demand for farming inputs, especially fertilizer (sulphuric acid) on the import side, on the back of good rains received for the 2020/21 farming season.
- The country's trade balanced switched to a trade surplus of US\$19m in November 2020, from a deficit of US\$51m in October 2020. Resultantly, the cumulative trade deficit for the 11 months to November 2020 improved to US\$548m, compared to US\$617m recorded during the comparable period in 2019.
- Going forward, the country should take advantage of the opportunities presented by the African Continental Free Trade Area "AfCFTA" that commenced on 01 January 2021, and explore new export markets and diversify its exports. Over the past years, the country's exports have been dominated by mineral products and tobacco. In fact, during the period under review, the top 10 exports accounted for 92% of the country's export earnings.

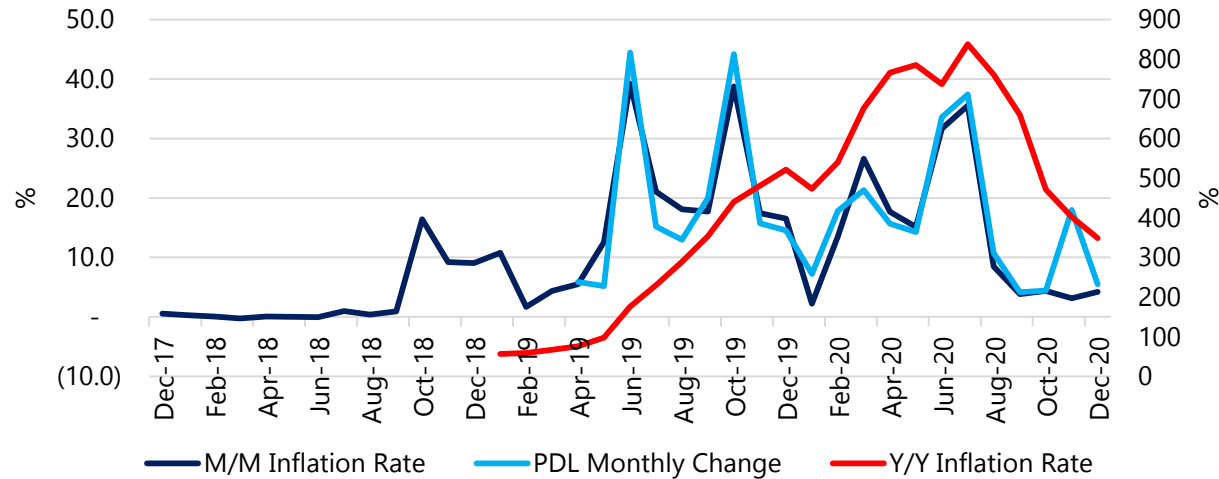
Graph 3: Imports, Exports & Trade Balance Trends



Source: ZimStat



Graph 4: Monthly Inflation and PDL Trends



Graph 5: M/M Inflation Trends By CPI Categories

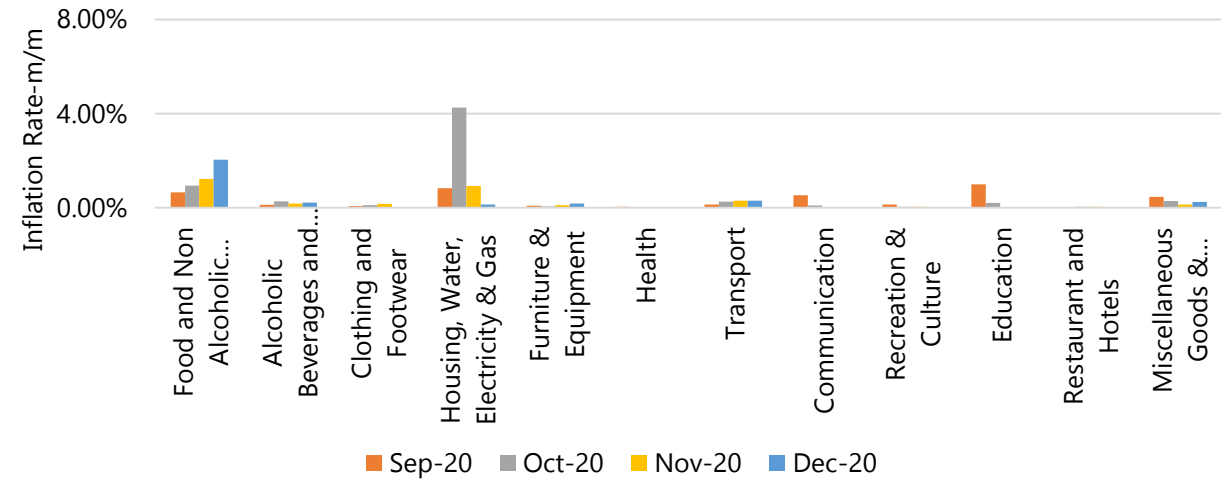


Table 1: Comparative Regional Inflation Rates

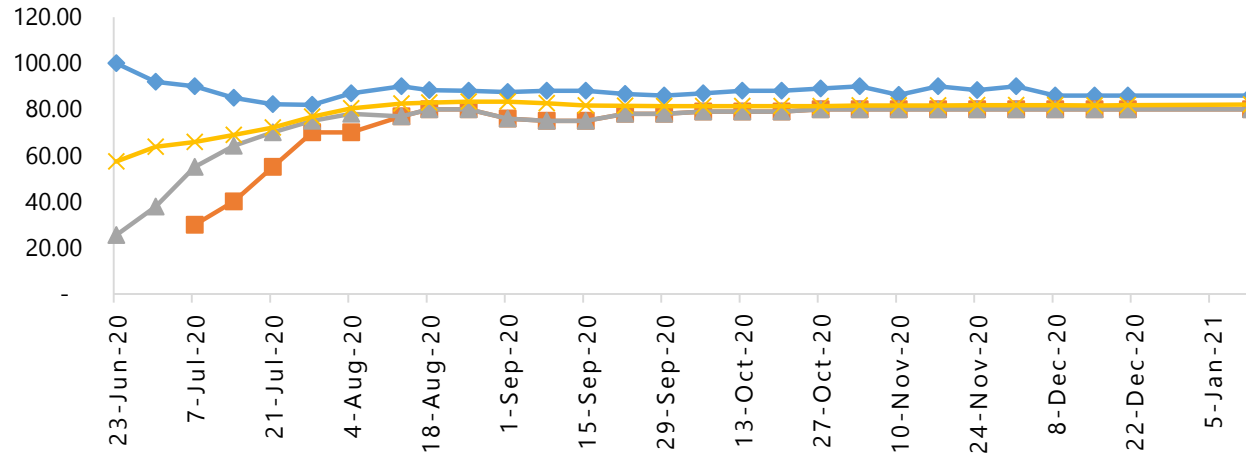
	M/M Inflation Rate (%)			Y/Y Inflation Rate (%)		
	October-2020	November-2020	December-2020	October-2020	November-2020	December-2020
South Africa	0.3	0.3	n/a	3.3	3.2	n/a
Kenya	1.0	1.2	0.98	4.8	5.5	5.6
Botswana	0.5	0.1	0.1	2.2	2.2	2.2
Tanzania	0.1	0.3	0.8	3.1	3.0	3.2
Zambia	1.3	2.2	3.2	16.0	17.4	19.2
Zimbabwe	4.4	3.2	4.2	471.3	401.7	348.6
Uganda	0.2	0.5	0.3	4.5	3.7	3.6

- According to the ZimStat, the headline month-on-month “m/m” inflation rate increased to 4.2% in December 2020, from 3.2% recorded in November 2020 - **Graph 4**. Vegetables, meat, bread and cereals were the major drivers of food inflation, while fuel and alcoholic beverages pushed up the non-food inflation.
- The annual inflation rate, however, receded to 348.6% in December 2020, from 402% in November 2020, and was largely in line with government’s projected rate of 332.5%
- Meanwhile, the cost of living, as measured by the poverty datum line “PDL”, went up 5.5% in December 2020. In fact, the PDL for one person increased from US\$4,426 in November 2020, to US\$4,670 in December 2020.
- **Table 1** outlines comparative inflation rates for selected regional and trading partner countries.
- Going forward, the inflation outturn, in the main, remain tilted to the upside. The recent increase in fuel prices, the upward adjustment to public transport fares and the general price increases is expected to exert upwards pressures on the prices of basic commodities, and in turn inflation.



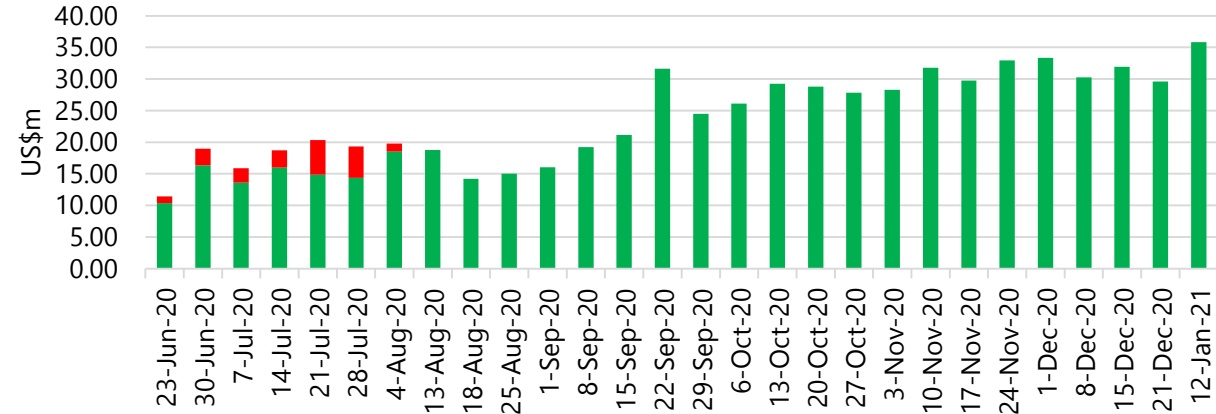
Graph 6: FX Auction Market Bid Rates Trend

◆ Highest Bid Rate ■ Lowest Bid Rate ▲ Lowest Accepted Bid Rate ✕ Weighted Average Rate



Graph 7 : Foreign Currency Auction Allotments

■ Total Allotted ■ Unallotted

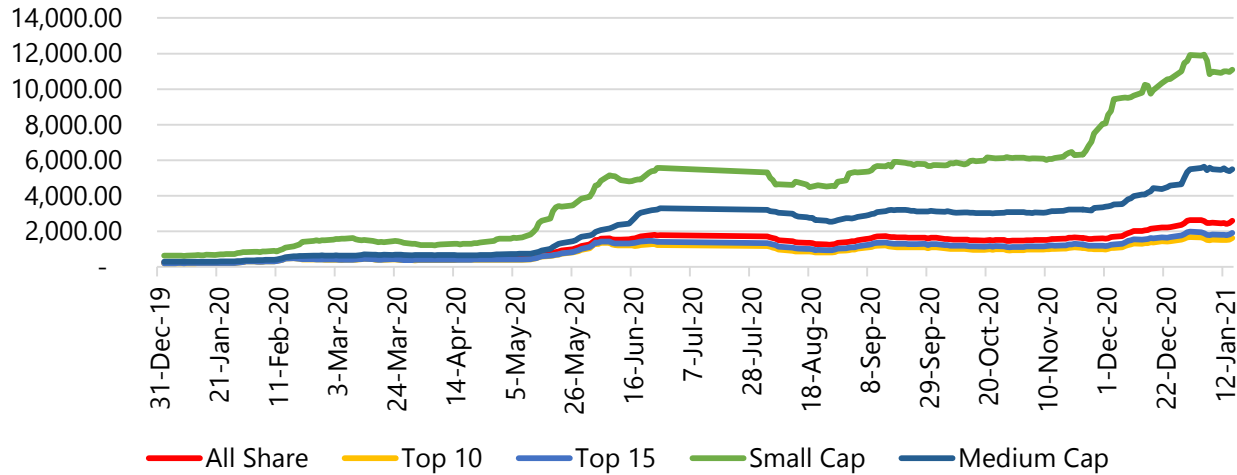


Foreign Currency Market Developments

- The ZW\$ lost 0.4% against the U.S dollar post festive holidays, to trade at ZW\$82.09/ USD- **Graph 6**. 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 increased by 21% to US\$35.8m, the highest weekly allotment since the auction system was introduced in June 2020– **Graph 7**. The largest allotments were for raw materials (US\$17.4m), machinery & equipment (US\$4.7m), fuel electricity & gas (US\$3.1m) and retail & distribution (US\$2.9m).
- Meanwhile, the Reserve Bank of Zimbabwe “RBZ” announced the following Monetary Policy Resolutions, made to refine and enhance the efficiency of the FX auction system:
 - To remove the compulsory requirement to liquidate all unutilized export proceeds after 60 days, effective 08 January 2021;
 - To increase all export surrender requirements from 30% to 40%, effective 08 January 2021;
 - To maintain the liquidation requirement for domestic foreign exchange sales at 20% net of sales tax, with Authorized Dealers required to remit funds to RBZ in the currency of receipt;
 - To ensure that the allotment of foreign currency on Foreign Exchange Auction and Interbank Market continues to be guided by the priority list which places productive imports (raw material, consumables and capital goods) ahead of foreign currency requirements for services, education and portfolio investment;
 - To reduce the portion of balances to be sold on the Foreign Exchange Auction by bureau de change from 80% to 40% in line with the export surrender requirements for exporters;
 - To increase the maximum allowable margin on small transactions to be charged by bureau de change from 5% to 8%;
 - To affirm that bureau de change are allowed to purchase foreign currency from individuals and companies without limit subject to KYC and anti-money laundering requirements;
 - To reiterate that all bureau de change foreign exchange transactions shall be done through the RBZ’s Bureau de Change Transaction Reporting system.



Graph 8: ZSE Indices



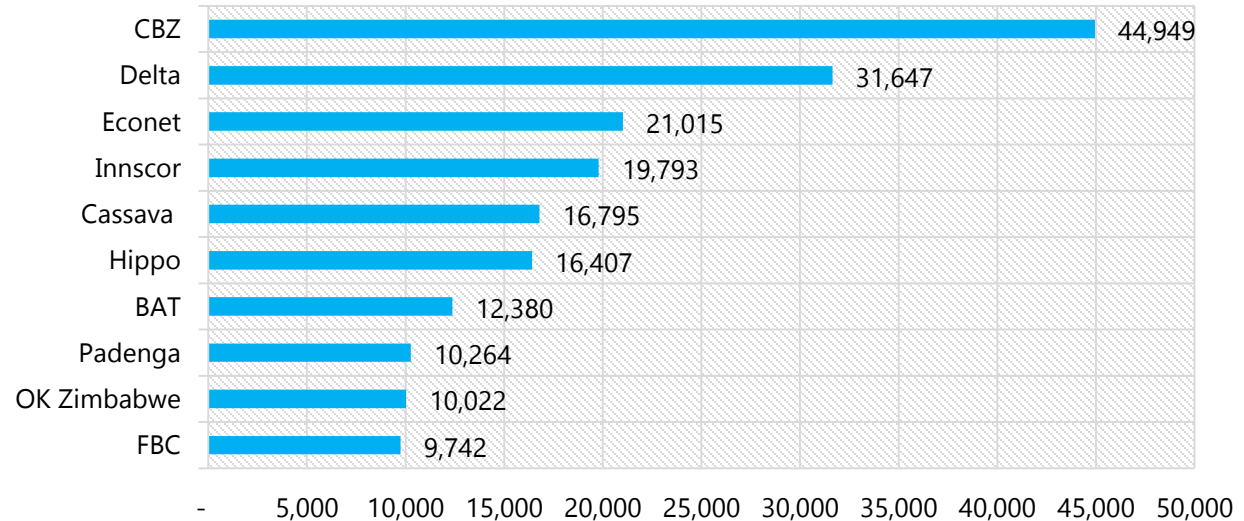
Equities Market Developments

- On the ZSE, all indices, except the Medium Cap Index (-0.3%), recorded weekly gains, led by the Top 10 Index (+6.4%) and the Top 15 Index (5.8%). The benchmark All Share Index gained 4.1%, to close the week at 2,586.90 points, supported by selected heavyweights –**Graph 8**.
- Light Manufacturing giant, Inncor, led the market gainers, with a weekly gain of +23.4%, followed by GetBucks (+20.0%), Meikles (+14.1%), Cassava (+11.8%) and Axia (+10.8%). Market gains were offset by losses in Zimplow (-23.6%), African Sun (-20.5% and Art (-18.2%)-**Table 2**.
- CBZ remained the largest counter on the ZSE, with a market capitalization of ZW\$4494b, followed by Delta (ZW\$31.6b), Econet (ZW\$21.0b), Inncor (ZW\$19.8b) and Cassava (ZW\$16.8b)-**Graph 9**.
- Meanwhile, Dairibord Zimbabwe Limited DZL, issued a further cautionary statement advising its shareholders that the company is still in discussion with an unlisted company (Dendairy Pvt Ltd), for a merger and acquisition transaction.

Table 2: ZSE Movers and Shakers

Movers	08-Jan-21	15-Jan-21	Weekly change (%)
Inncor	2,839.95	3,504.53	23.4%
GetBucks	12.50	15.00	20.0%
Meikles	2,020.78	2,305.95	14.1%
Cassava	580.07	648.31	11.8%
Axia	721.77	800.00	10.8%
Shakers	08-Jan-21	15-Jan-21	Weekly change (%)
Zimplow	550.00	420.02	-23.6%
African Sun	149.64	119.00	-20.5%
Art	489.00	400.08	-18.2%
TSL	1,660.00	1,405.09	-15.4%
Star Africa	25.07	22.08	-11.9%

Graph 9: Top 10 Counters By Market Capitalization-ZWLmln

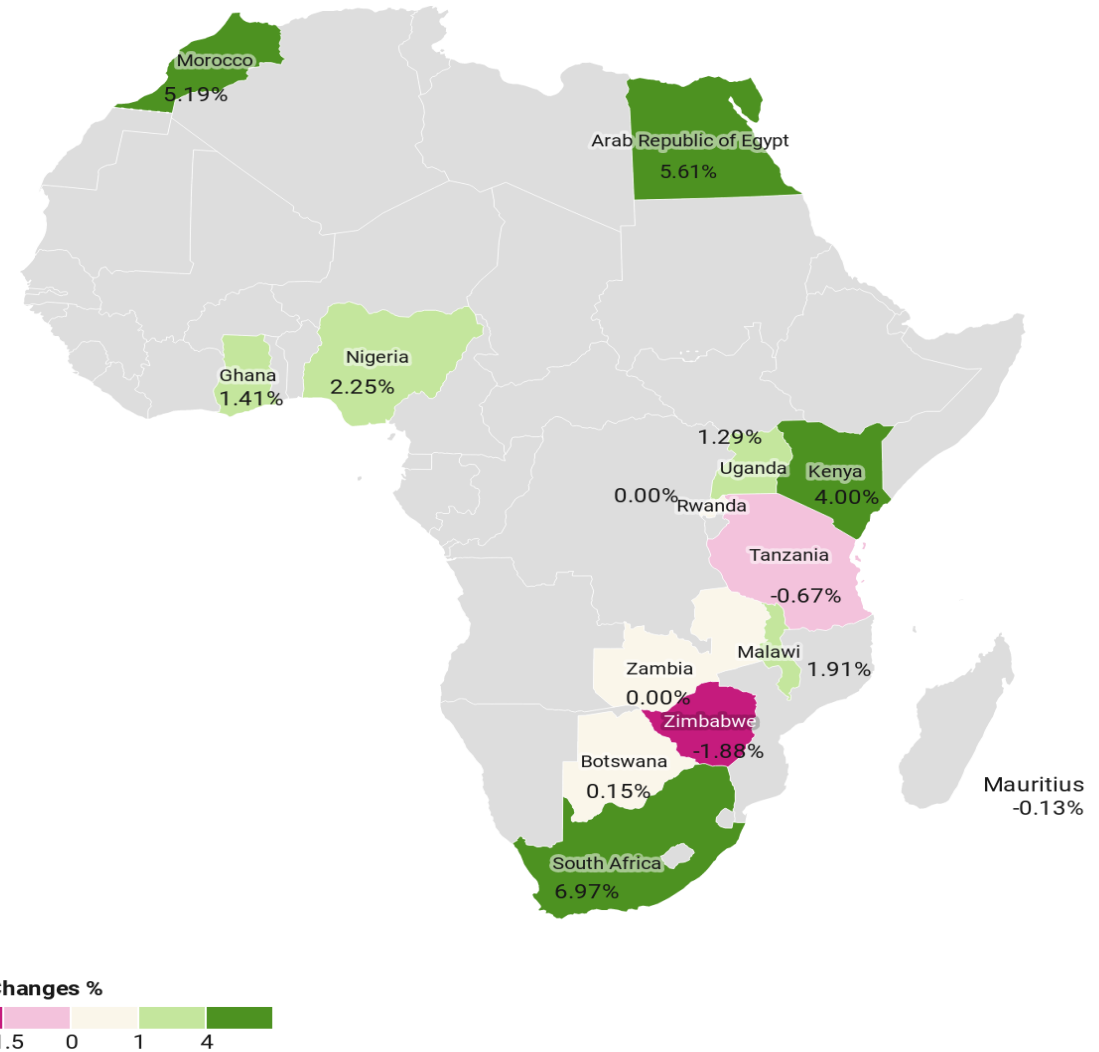




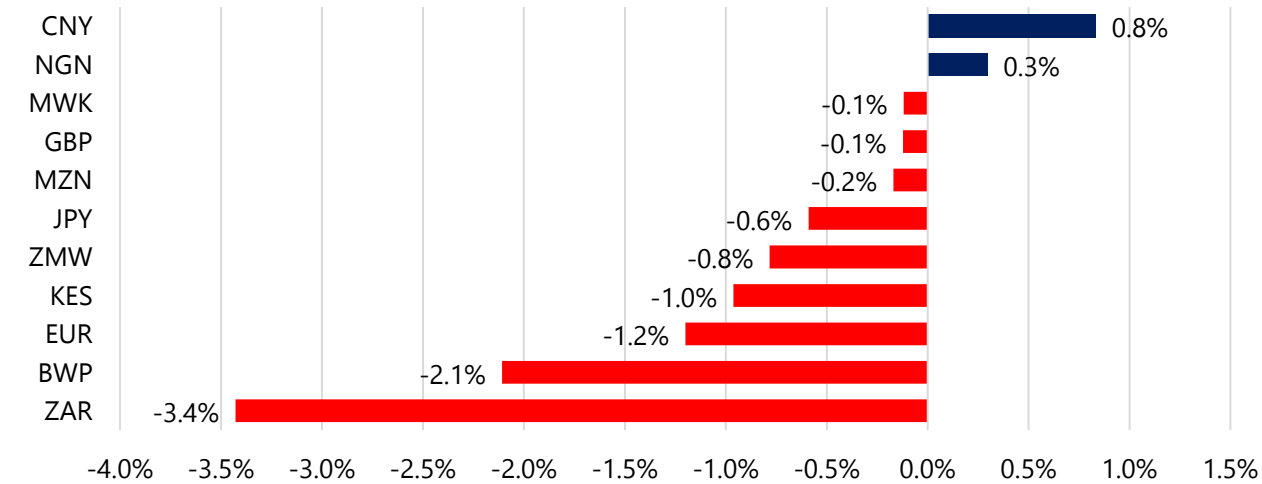
REGIONAL & GLOBAL FINANCIAL MARKETS

- On the global markets, all the major exchanges in the U.S, Europe and Asia closed the week in negative territory as concerns over new lockdown measures, political uncertainty and the re-emergence of COVID-19 in China dented the positive sentiment generated by the U.S stimulus plan. U.K'S FTSE100 (-2.0%) led the weekly fallers, followed by U.S DJIA (-0.9%) and China SCI (-0.1%).
- In African, most equities markets under our watch recorded weekly gains, led by Egypt (4.58%) and Zimbabwe (4.07%). Similarly, most markets recorded YTD gains, with South Africa (6.97%), Egypt (5.61%) and Morocco (5.19%), the major movers.
- On the currencies market, the U.S Dollar index lost 0.8%, to close the week at 90.8, supported by its safe haven appeal amid intensifying lockdowns . On a YTD basis, the U.S dollar extended gains against most major currencies except the Chinese Yuan and the Nigeria Naira- **Graph 10**.

Chart 1: Selected African Equities Markets- YTD Performances



Graph 10: Major Currencies vs the USD-YTD Movements-15 January 2021



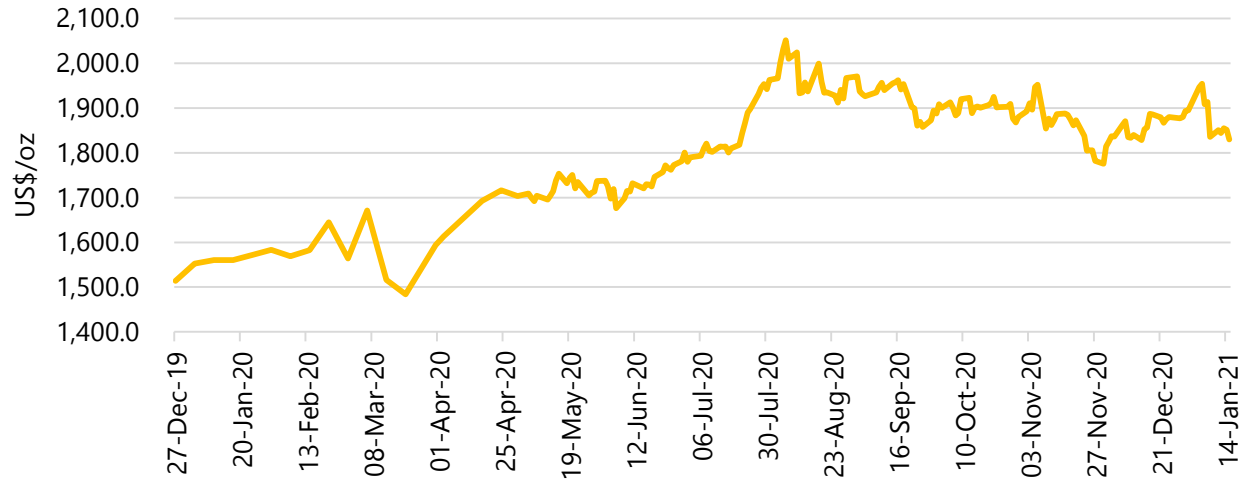


GLOBAL COMMODITY PRICE MOVEMENTS

MINERALS



Gold prices - US\$/oz



Platinum price - US\$/oz



Palladium-US\$/oz



Oil prices - US\$/b



Source: Quandl



GLOBAL COMMODITY PRICE MOVEMENTS

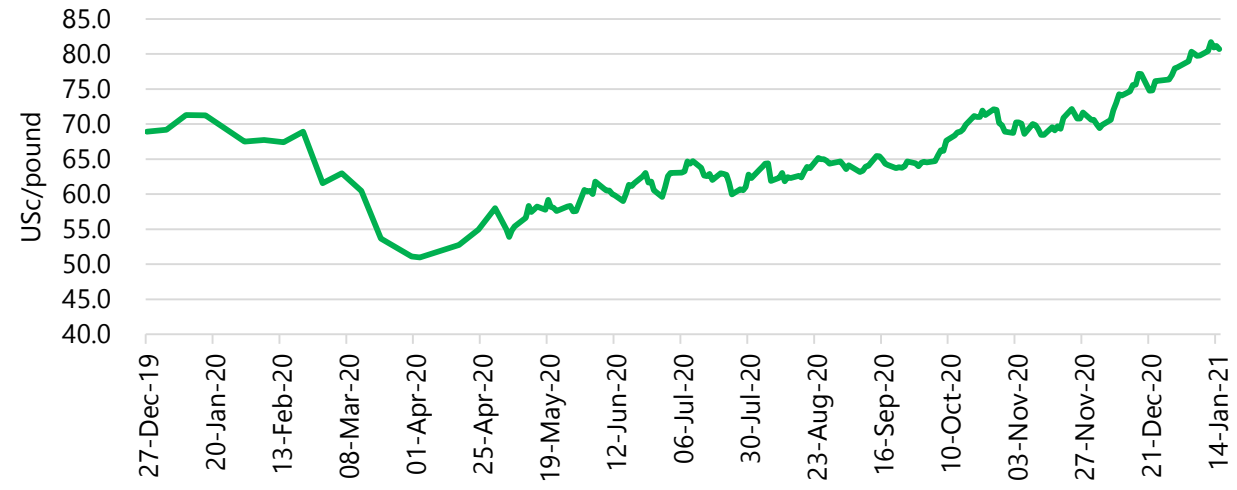
AGRIC COMMODITIES



Corn - US\$/t



Cotton - USc/pound



Wheat - US\$/t



Sugar - USc/pound



Source: Quandl

Date	Event	Period	Forecast	Previous
Local				
19 January 2021	RBZ Foreign Exchange Auction Market	20 - 26 January 2021		82.0914
TBA	Monetary Policy Statement "MPS" Presentation	January 2021		
Regional & International				
17 January 2021	China GDP YoY (QoQ)	Q4 2020	6.1% (3.2%)	4.9% (2.7%)
19 January 2021	Euro Zone ZEW Economic Sentiments	January 2021	5.1%	4.8%
20 January 2021	People's Bank of China Interest Rate Decision	January 2021		3.85%
20 January 2021	U.K CPI YoY (MoM)	December 2020	0.5% (0.3%)	0.3% (-0.1%)
20 January 2021	South Africa "SA" CPI YoY (MoM)	December 2020	3.2% (0.1%)	3.2% (0.3%)
20 January 2021	Euro Zone CPI YoY (MoM)	December 2020	-0.3% (0.3%)	-0.3% (-0.3%)
20 January 2021	U.S President Joseph Biden Inauguration	January 2021		
21 January 2021	Bank of Japan "BoJ" Interest Rate Decision	January 2021	-0.10%	-0.10%
21 January 2021	European Central Bank "ECB" Interest Rate Decision	January 2021		
21 January 2021	South Africa Interest Rate Decision	January 2021	3.5%	3.5%
22 January 2021	U.K Retail Sales (MoM)	December 2020	0.9%	-3.8%

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