



...Imports record five successive months of growth, while exports record first monthly decline over the same period ...

External Sector Developments

Trade Update

December 2020



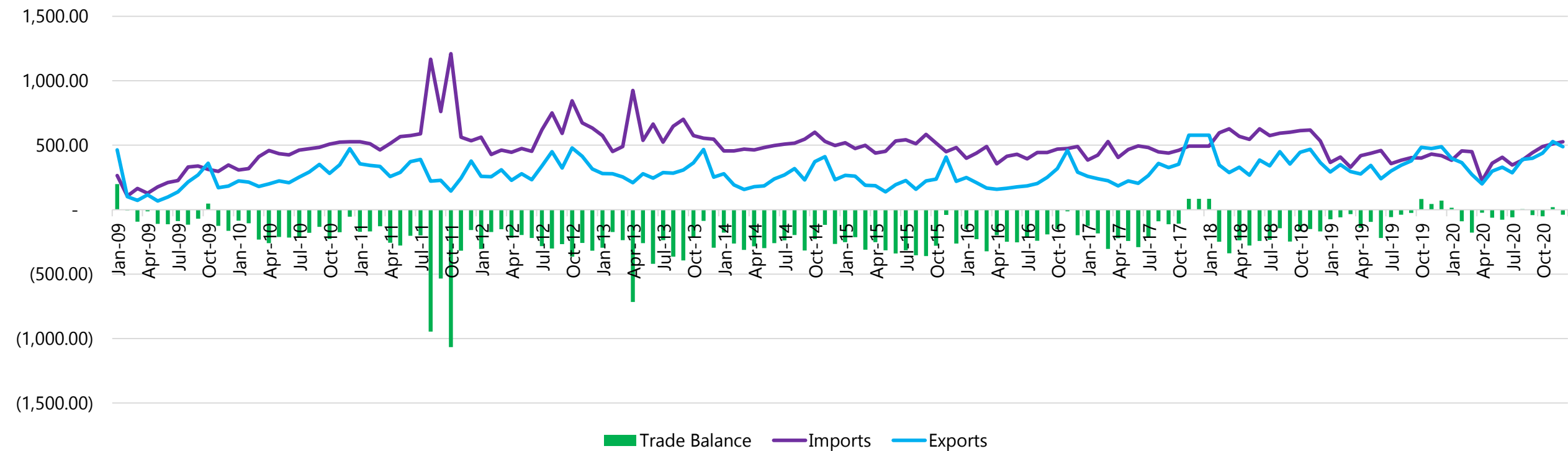
EXTERNAL TRADE

Overview



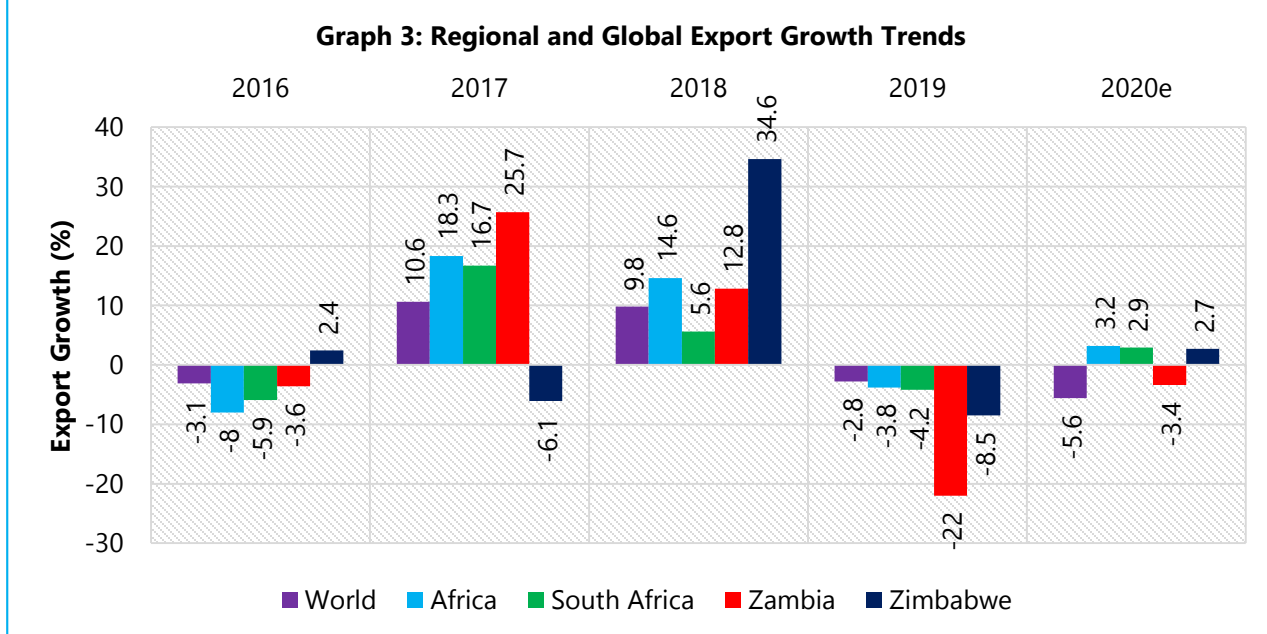
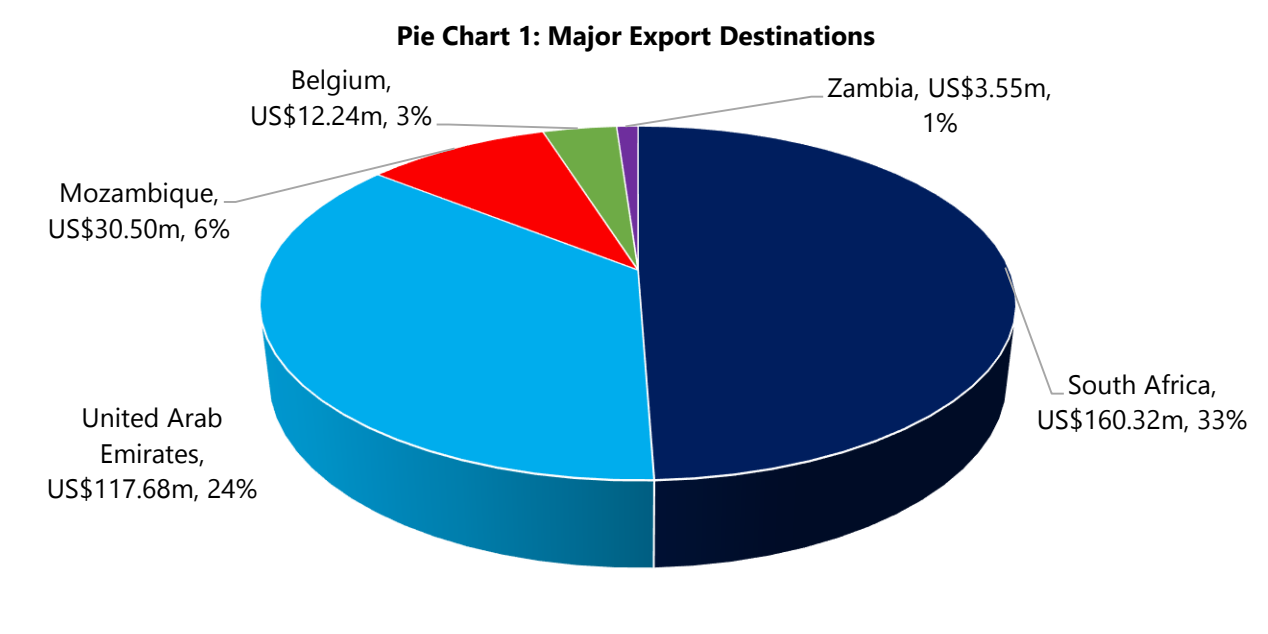
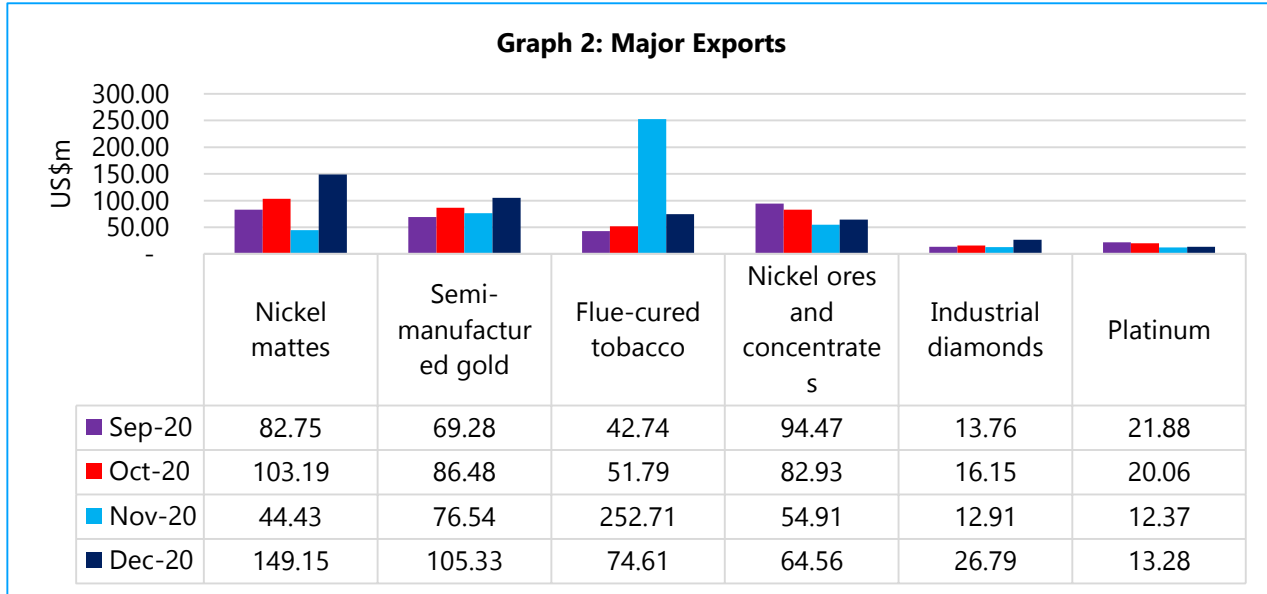
- According to the Zimbabwe National Statistics Agency, "ZimStat", the country's trade balance switched to a deficit of US\$39m in December 2020, from narrow trade surplus of US\$19m recorded in November 2020. This followed five months of consecutive increases in imports- to a 24-months high of US\$527m- and the first decline in exports over the same period – **Graph 1**.
- Subsequently, the cumulative trade deficit for the full-year to December 2020 worsened to US\$590m, compared to a deficit of US\$547m recorded during the comparable period of 2019
- In the outlook, the country's merchandise trade growth trajectory remain clouded with uncertainty, with downside risks abound. On the downside, the COVID-19 lockdown containment measures instituted at the beginning of year and further extended until mid February 2021, the disruption to production specially in the mining sector due to water lodging, and the move by countries to promote local value chains, is expected to weigh down on trade. However, favourable commodity prices on global markets, especially gold, and the expected good harvest, is somewhat expected to bring light at end of the tunnel. Globally, international trade volume is anticipated to recover by 8% in 2021 (IMF), from a estimated decline of around 8% (UNCTAD) recorded in 2020. The unresolved trade issues among major economies and the uncertainty over the evolution of COVID-19 pandemic, will pose greater challenge to global trade recovery.

Graph 1: Imports, Exports and Trade Balance Trends



EXPORTS | Tobacco sales drop, as exports record 1st decline in 5 months...

- Total exports declined by 7.6% month-on-month "m/m" to US\$488m in December 2020, from US\$529m in November 2020, dragged by declines in exports of flue-cured tobacco (-71%), ferro-chromium (-72%), other ginned cotton (-59%) and maize seed (-86%). However, m/m increases were still recorded for nickel mattes (+236%), gold (+38%) and industrial diamonds (+108%) – **Graph 2**.
- Meanwhile, cumulative exports for the full-year to December 2020 marginally rose by 2.7% to US\$4.4b, compared to US\$4.3b recorded during the same period last year. The increase, in large part, reflected the general increase in commodity prices on the global market, especially gold, nickel and platinum.
- The top 10 exports, mainly dominated by mineral products and tobacco, accounted for about 93% of the country's total export earnings in December 2020.
- South Africa closed the year as Zimbabwe's major export destination, after goods worth US\$160m were exported to southern nation in December 2020, and a cumulative total of US\$1.7b during the year. Other major export destinations were United Arab Emirates, Mozambique, Belgium and Zambia – **Pie Chart 1**.
- Meanwhile, **graph 3** shows regional and global export growth trends.

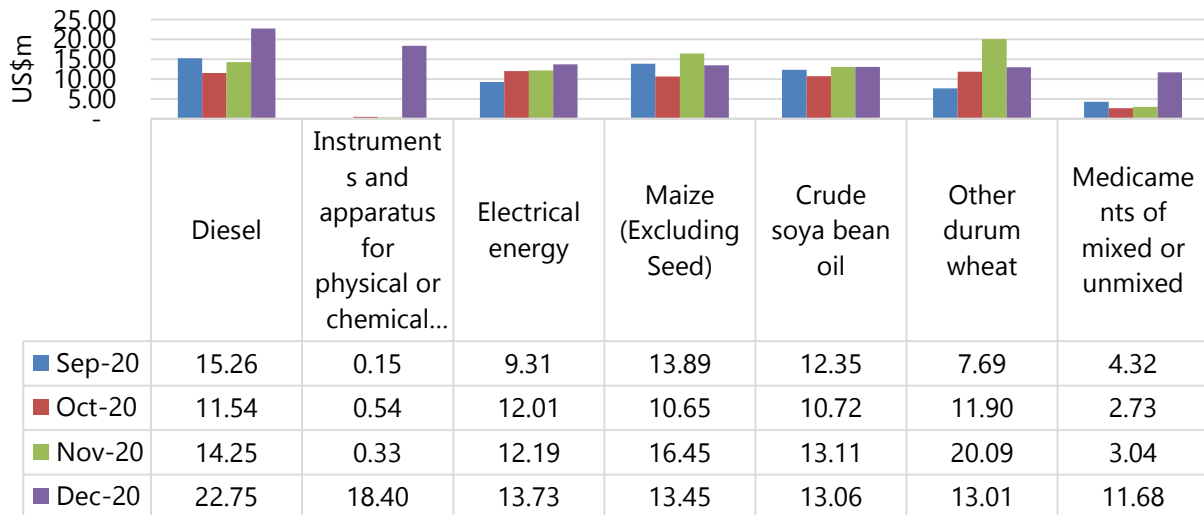


IMPORTS

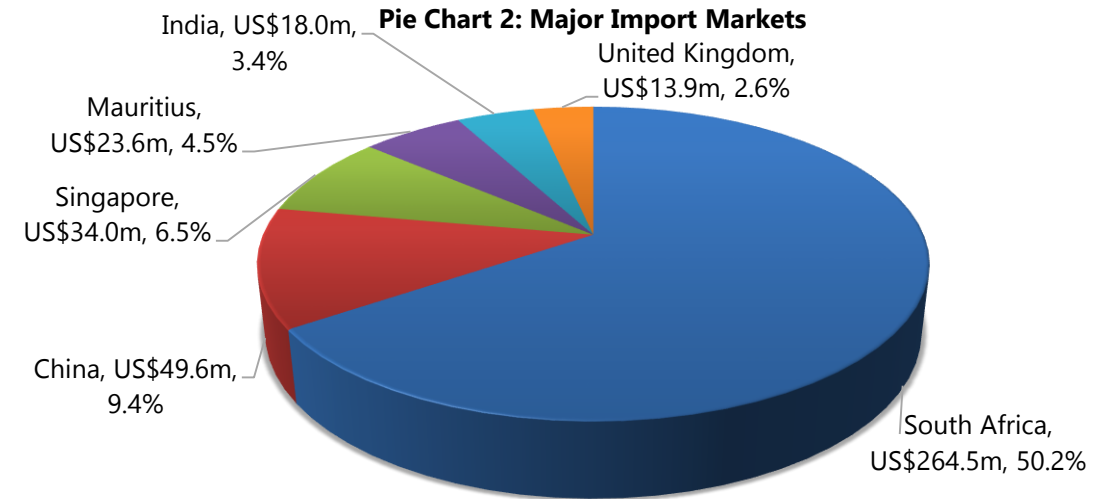
Medical equipment, medicine & farming inputs drove imports.....

- Imports increased by 3.4% m/m to US\$527m in December 2020, from US\$510m in November 2020, driven by increases in importation of instruments and apparatus for physical or chemical analysis (+5460%), medicaments of mixed or unmixed (+285%), diesel (+60%), urea (+252%) and ammonium dihydrogen orthophosphate (+148%)- **Graph 4**.
- Notable declines were recorded in the importation of other durum wheat (-35%) and insecticides (-47%).
- Cumulatively, imports marginally rose by 4.0% to US\$4.98b in 2020, from US\$4.79b recorded in 2019.
- Meanwhile, the country's major source markets for imports were South Africa (50.2%), China (9.4%), Singapore (6.5%), Mauritius (4.5%), India (3.4%) and U.K (2.6%) – **Pie Chart 2**.
- Going forward, the uncertainty around the evolution of the COVID-19 pandemic and the emergency of lockdown restrictions across the world calls for concerted efforts on import substitution and strengthening of local value chains in order to reduce overreliance on imports- for example, increasing local wheat production, harnessing and promoting use of solar energy etc.

Graph 4: Major Imports



Pie Chart 2: Major Import Markets



Contact Details

3rd Floor, Sapphire House,

Cnr Speke/Angwa St,

P O Box 3313,

Tel: +263 4 759 110-6

Website: www.cbz.co.zw

Email: economics@cbz.co.zw

Analysts

Andrew Chirewo

Group Economist

achirewo@cbz.co.zw

Johane Virima

Analyst

jvirima@cbz.co.zw

Andrew T Mafukidze

Analyst

amafukidze@cbz.co.zw

Kundai Patson

Analyst

kpatson@cbz.co.zw

Disclaimer

CBZ Holdings Limited has prepared this report on behalf of itself and its clients for informative purposes only. Whilst the facts and opinions expressed in this report are based on sources that are believed to be reliable, and every care has been taken in preparing the report, no warranty (implicit or explicit) is made by CBZ Holdings Limited, its employees, directors, associates and affiliates regarding the accuracy, reliability, currency or completeness of the information in this report nor its usefulness for any purpose. CBZ Holdings Limited, its employees, directors, associates and affiliates accept no responsibility or liability, whatsoever, for any loss, damage, cost or expense, howsoever, incurred or arising by reason of any person using or relying on information or opinions expressed in this report. The opinions and estimates expressed in this report are based on the information available as at the date of publication and such opinions and estimates are given in good faith, but without legal responsibility, and may be changed after publication at any time without notice. The information contained in this report does not constitute legal advice or personal recommendation and each recipient may undertake his or her own independent investigation of the issues discussed in this report.