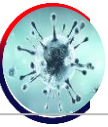




...Government of
Zimbabwe "GoZ" sets aside
US\$100mIn for COVID-19
vaccine procurement...

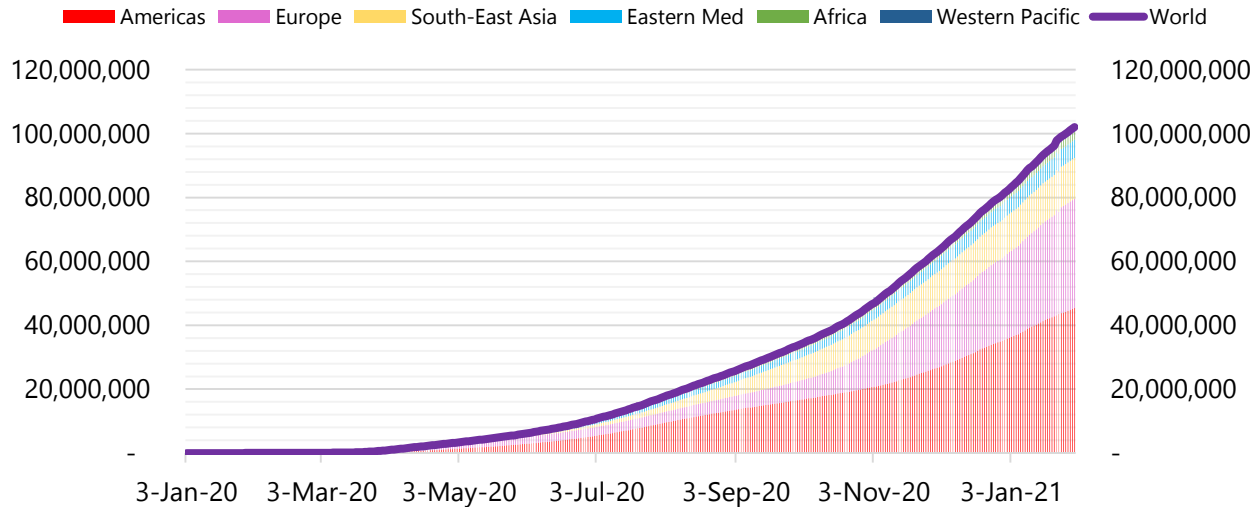
THE CBZ ECONOMIC BRIEF

Week Ending 29 January 2021

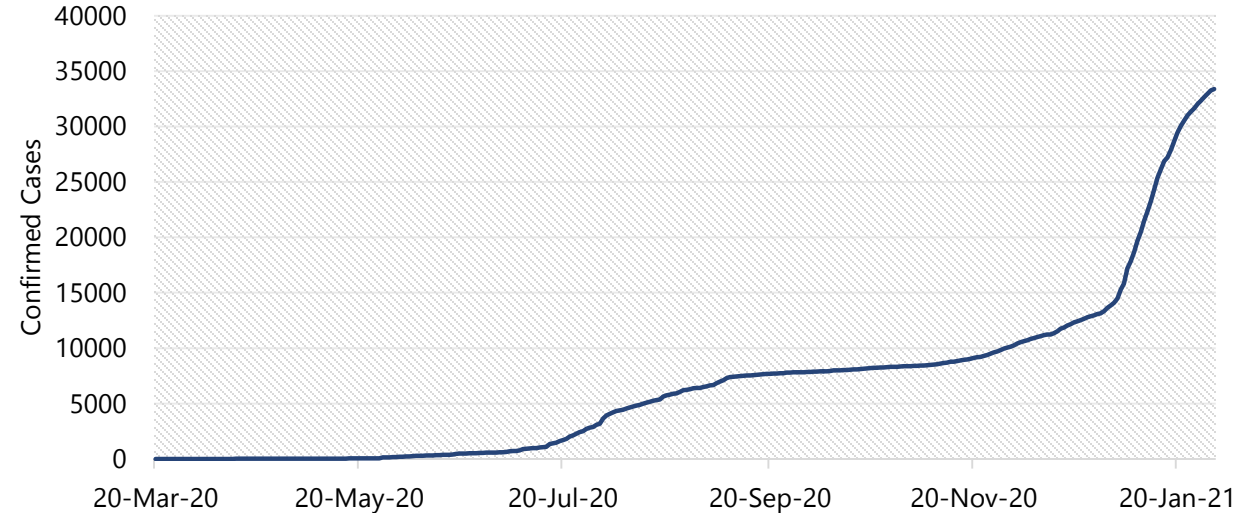


COVID-19 | Global Status as at 31 January 2021

Graph 1: Global Cumulative COVID-19 Cases as at 31 January 2021



Graph 2: Zimbabwe Cumulative COVID-19 Cases as at 31 January 2021



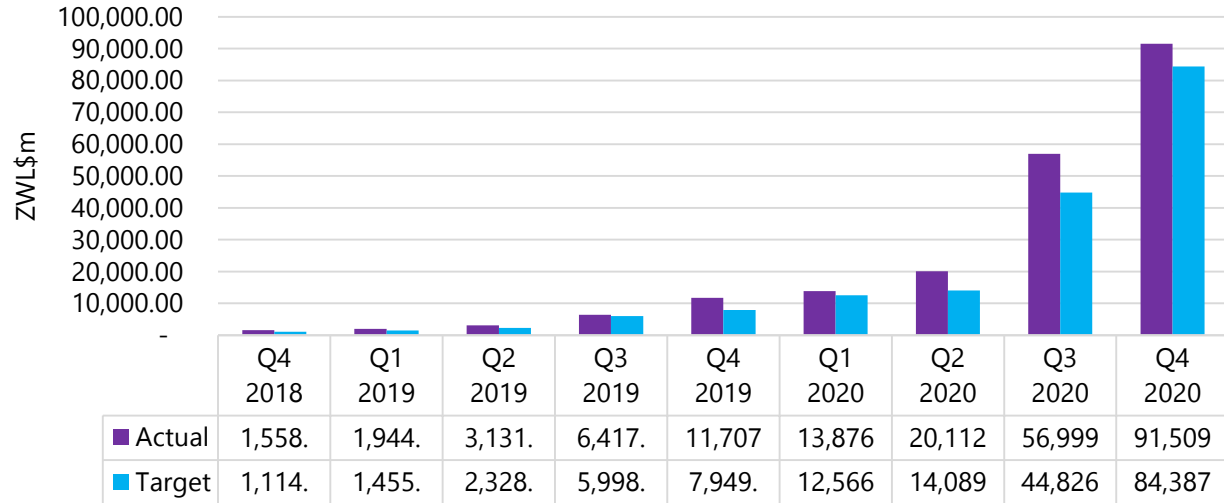
Sources: World Health Organisation & Ministry of Health & Child Care (Zimbabwe)

Notable Trends in Cases for the Week

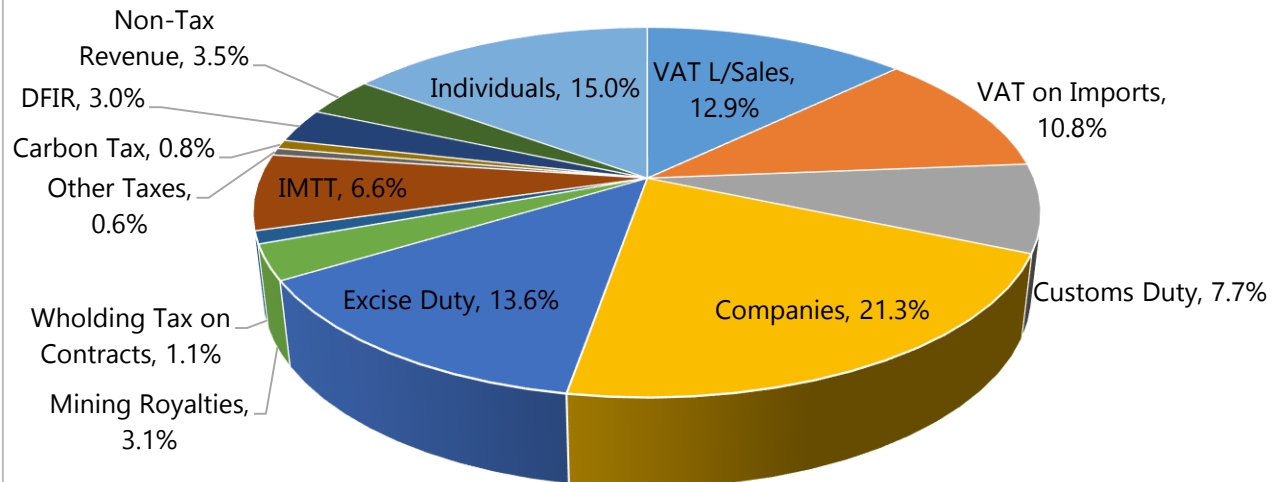
- o Cumulative global COVID-19 cases surpassed the 100 million cases mark, to reach 102m cases as at 31 January 2021 after an additional 3.6m new cases were recorded during the week – **Graph 1**. The largest weekly cases were recorded in Europe (2.2m) and Americas (1.9m). However, the Americas remained the most infected region in the world, with confirmed cases of 45.3m (44%). Meanwhile, Novavax Inc announced that the NVX-CoV2373-its protein-based COVID-19 vaccine candidate- has an efficacy of 89.3%, according to results from Phase 3 clinical trial conducted in the United Kingdom “UK”, with over 50% of cases attributable to the now-predominant UK variant and the remainder attributable to COVID-19 virus.
- o In Africa, confirmed cases rose to 2.6m, after more than 108k new cases were recorded during the week to 31 January 2021. South Africa remained the most infected country in Africa, accounting for 56% of the region’s total confirmed cases. Meanwhile, the World Health Organisation “WHO” noted that the new variant first discovered in South Africa is driving record infection rates in the continent. The world health body also noted that COVID-19 fatigue and the aftermath of the year-end gathering, may continue to drive up Africa’s second wave.
- o In Zimbabwe, confirmed cases rose to 33,388, after additional 2,068 new cases were recorded during the period under review- **Graph 2**. Harare recorded the largest weekly cases of 605, followed by Manicaland (268), Bulawayo (257) and Mash West (332). Despite the recent slowdown in reported cases, which saw the national recovery improving to 78% from 71% recorded during previous review period, the government extended the national lockdown by another 14 days to 15 February 2021. Meanwhile, the government announced that it has set aside US\$100m to procure 20 million COVID-19 vaccine doses to vaccinate 10m people. In the interim, the government approved the use of Ivermectin drug for controlled use against COVID-19.
- o Meanwhile, the International Monetary Fund “IMF” revised upwards the projected growth for the global economy for 2020 and 2021. The global economy is now anticipated to contract by 3.5% (0.9 percentage points “pp” from October projection of -4.4%) and to recover by 5.5% (0.3 pp from earlier projection of 5.2%) in 2021, reflecting stronger that anticipated momentum in the second half of 2020 and higher expectations of a vaccine-powered growth in the outlook. The global financier also upgraded Sub-Saharan Africa growth projections from -3.0% to -2.6%, and from 3.1% to 3.2% in 2020 and 2021, respectively.
- o In Kenya, the Central Bank of Kenya “CBK” kept its interest rate unchanged at 7.0%, the sixth time in a row, to support the economy hard hit by the impact of COVID-19 pandemic. Going forward, the monetary authorities expects inflation to remain within the target range, supported by lower food prices and muted demand pressures.



Graph 3: ZIMRA Net Revenue Collections vs MoFED Targets Quarterly Trends



Pie-Chart 1: Revenue Heads Contribution to Net Revenue Collections

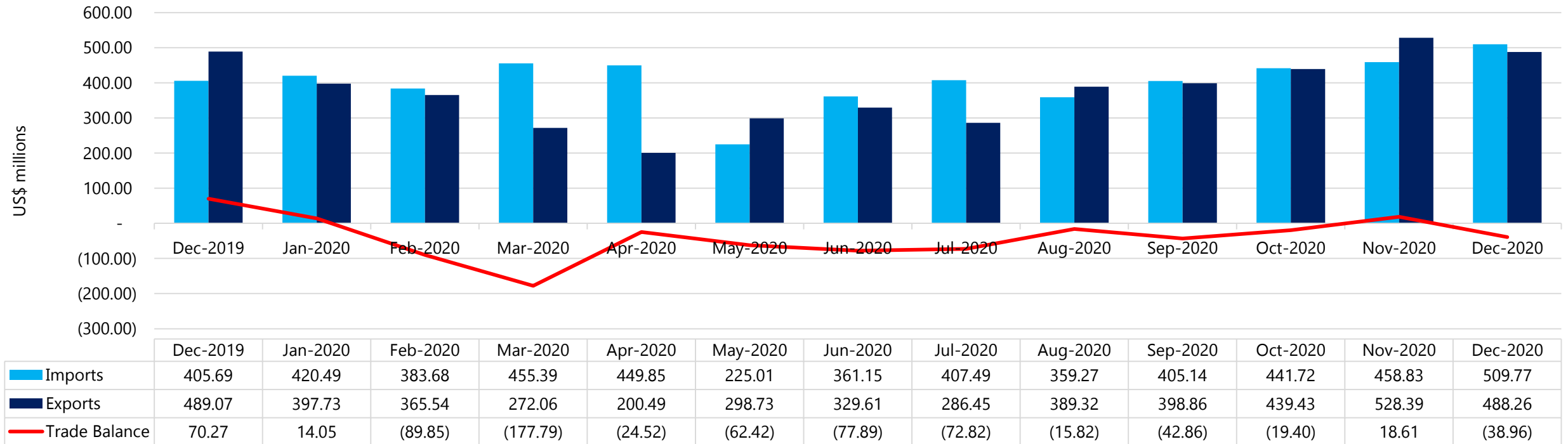


- According to the Zimbabwe Revenue Authority “ZIMRA”, nominal net revenue collections grew by 61% quarter-on quarter “q/q” to ZWL\$91.51b in Q4 2020, from ZWL\$57.00b recorded in Q3 2020 – **Graph 3**. This represented a positive variance for the quarter of 8.4% against revenue collection target of ZWL\$84.39b set out by the Ministry of Finance and Economic Development. On a year-on-year basis, Q4 2020 revenues grew by 682%, from ZWL\$11.71b recorded in Q4 2019.
- Foreign currency net collections for the quarter stood at US\$362.06m.
- Cumulatively, revenue collections for year stood at ZWL\$182.59b, translating to a positive variance of 6.2% against a set target of ZWL\$171,90b, and an annual growth of 687% compared to 2019 total of ZWL\$23,19b.
- The growth in nominal government revenues was attributed to the inflationary effect, combined with a wide range of strategies implemented by the tax collector, including effective debt management, risk-based audits, transit management, customs post clearance enforcement, tax inspectors without borders project and an effective business continuity plan amid coronavirus pandemic.
- Meanwhile, all revenue heads registered positive growth for the quarter, in nominal terms, led by carbon tax (+3471%), DFIR (+1995%) and companies (+1069%). However, companies (21.3%), excise duty (13.6%), VAT on Local Sales (12.9%) and VAT on imports (10.8%) were the major contributors to net revenues during the quarter under review – **Pie Chart 1**.



- 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 4**.
- Flue cured tobacco (-71%), ferro-chromium (-72%), other ginned cotton (-59%) and maize seed (-86%) were the major drag on the exports, while imports growth were driven by increases in the 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%).
- Cumulatively, 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, while import rose by 4.0% to US\$4.98b over the same period.
- 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.
- Meanwhile, global 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 4: Imports, Exports & Trade Balance Trends

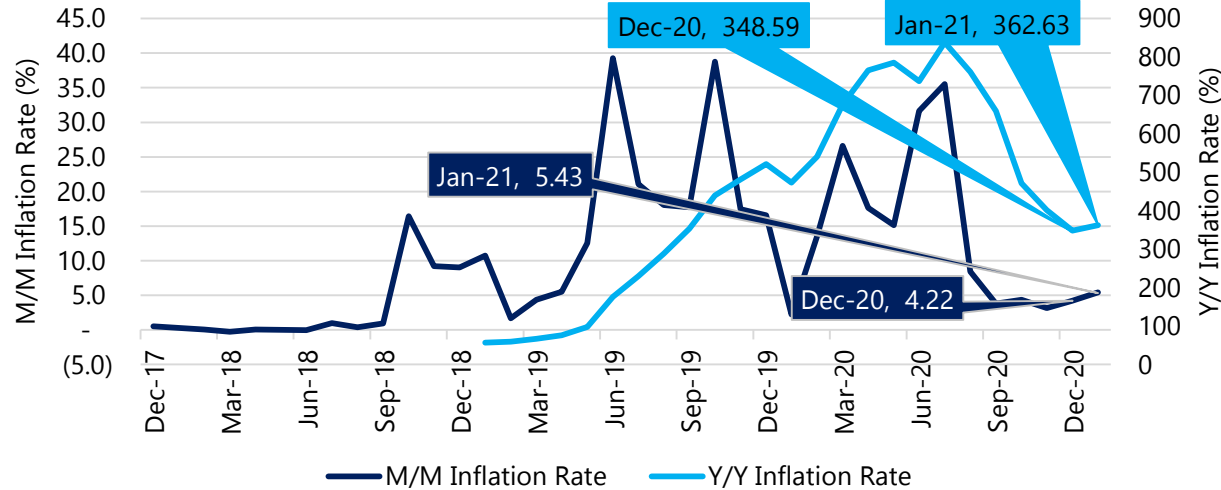




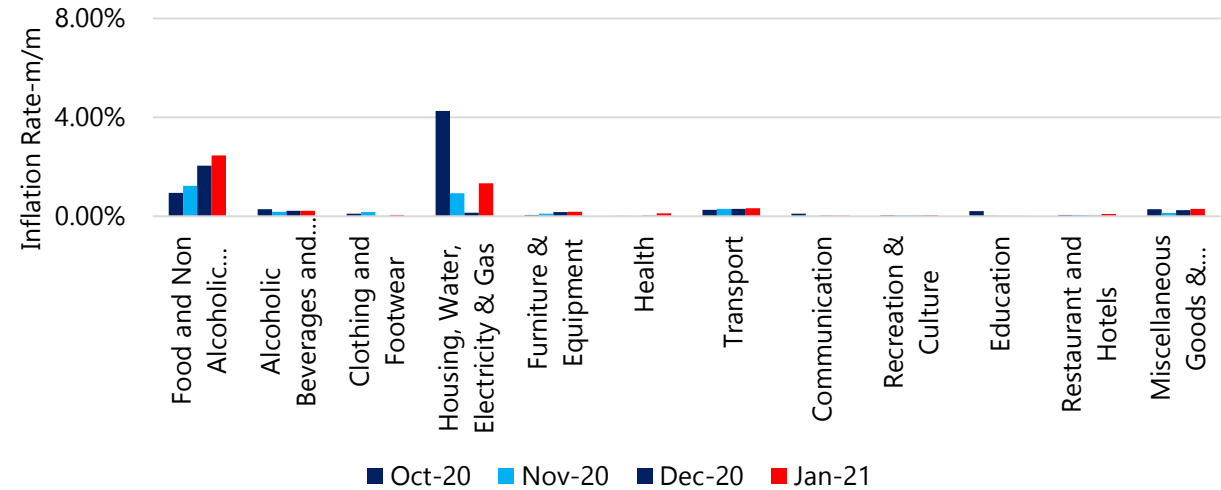
ZIMBABWE

INFLATION AND POVERTY DATUM LINE DEVELOPMENTS- JAN 2021

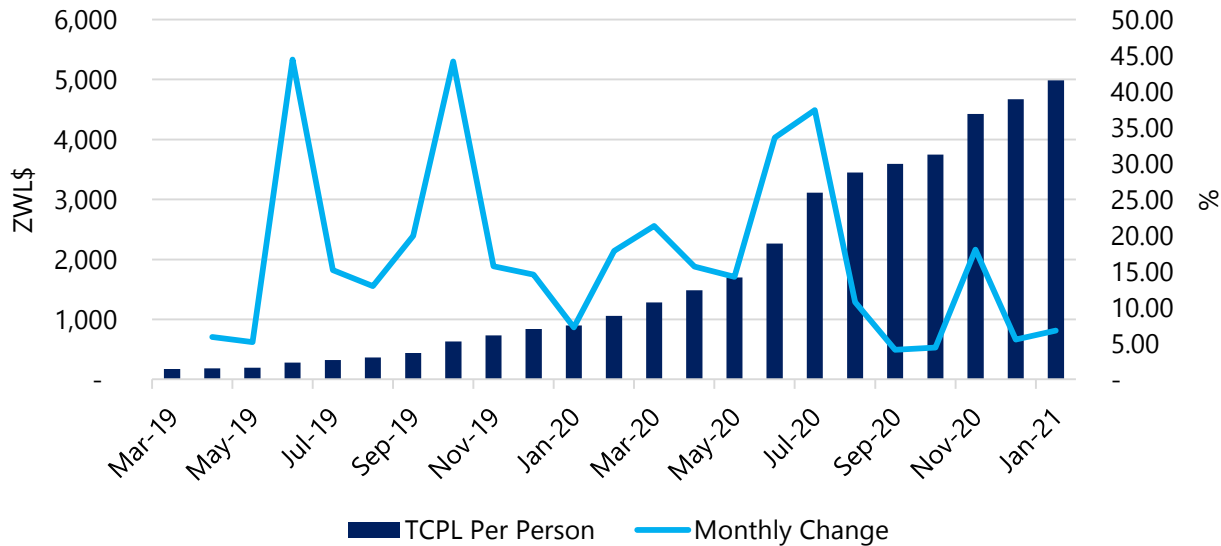
Graph 5: Annual and Monthly Inflation Trends



Graph 6: M/M Inflation Trends By CPI Categories



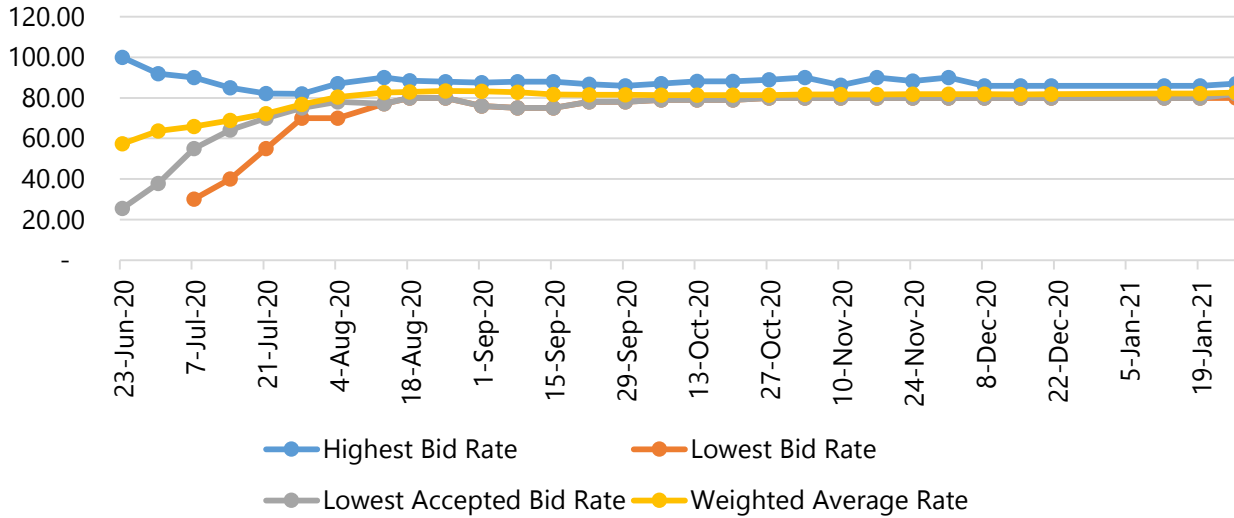
Graph 7: Total Consumption Poverty Line "TCPL" Per Person Trends



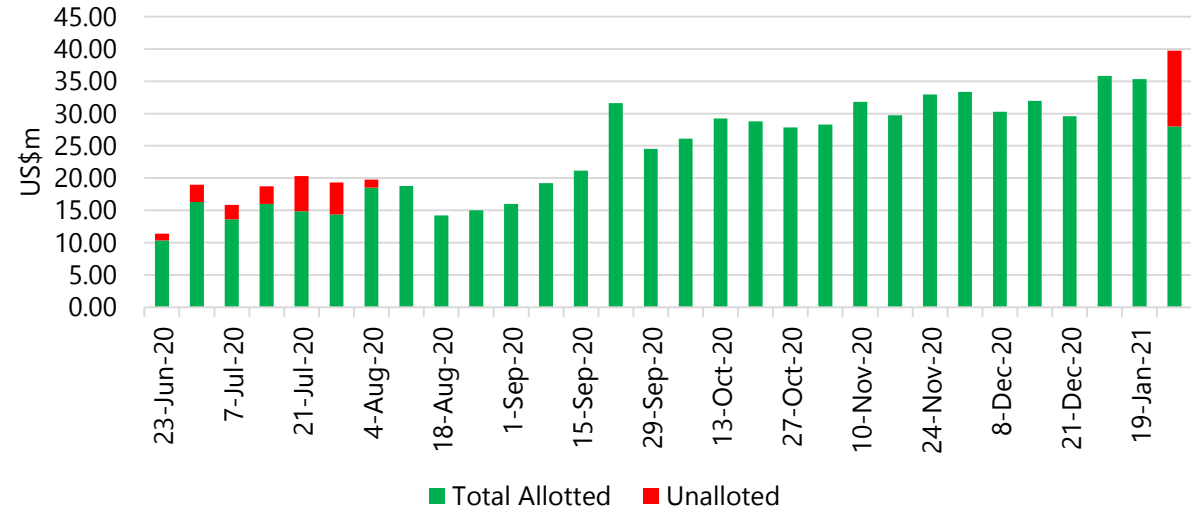
- Figures from ZimStat showed that the headline consumer inflation edged higher in January 2021, to a 5-months high of 5.4% month-on-month "m/m", from 4.2% and 3.2% recorded in December and November 2020, respectively - **Graph 5**. This reflected increases in both food and non-food inflation rates to 7.8% and 3.7%, respectively.
- In fact, with the exception of education and communication, most CPI subcategories recorded increases, led by housing, water, electricity & gas (1.3%) and food and non-alcoholic beverages (2.5%) – **Graph 6**. Resultantly, annual inflation rate broke a 7-month downward trend, after gaining 14 percentage points "pp" to 362.6% in January 2021, from 348.6% in December 2020.
- Meanwhile, in line with inflation movements, the per capita cost of living, as measured by The Total Consumption Poverty Line 'TCPL' increased by 6.8% in January 2021 to ZWL\$4,987, from ZWL\$4,670 recorded in December 2020 - **Graph 7**.



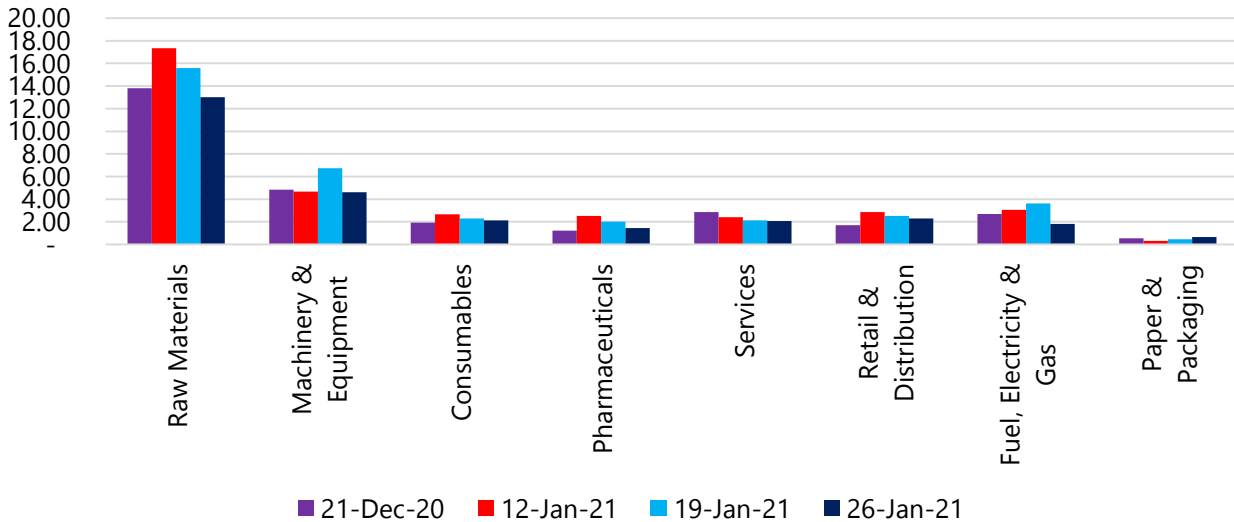
Graph 8: FX Auction Market Bid Rates Trend



Graph 9a: Foreign Currency Auction Allotments



Graph 9b: FX Allotments Per Sector

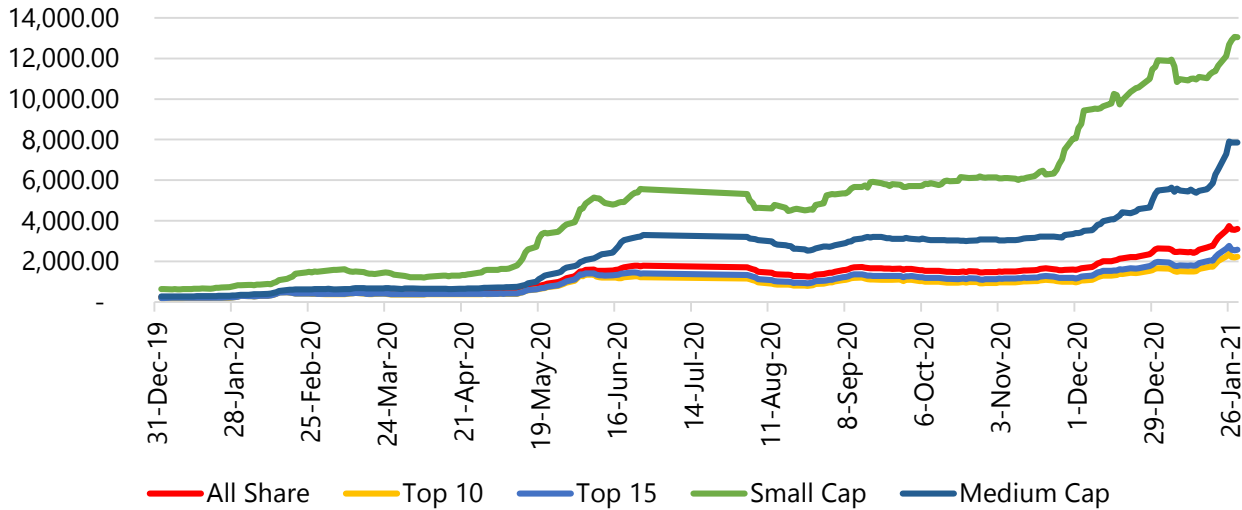


Foreign Currency Market Developments

- The ZW\$ lost 0.7% to trade at ZW\$82.68/ USD, during the last auction held by the RBZ on Tuesday, 26 January 2021 , from ZW82.08/USD recorded during the previous week-**Graph 8**.
- The lowest accepted rate increased from 80.0 to 82, while the highest rate increased from 86.0 to 87.0 on the main auction, respectively.
- Allotment for the week decreased by 21% to US\$28.0m, from US\$35.3m that was allotted during the previous week – **Graph 9b**. The largest weekly allotments were for raw materials (US\$13.0m), machinery & equipment (US\$4.6m), retail and distribution (US\$2.3m), consumables (US\$2.1m), and services (US\$2.1m) - **Graph 9b**.



Graph 10: ZSE Indices



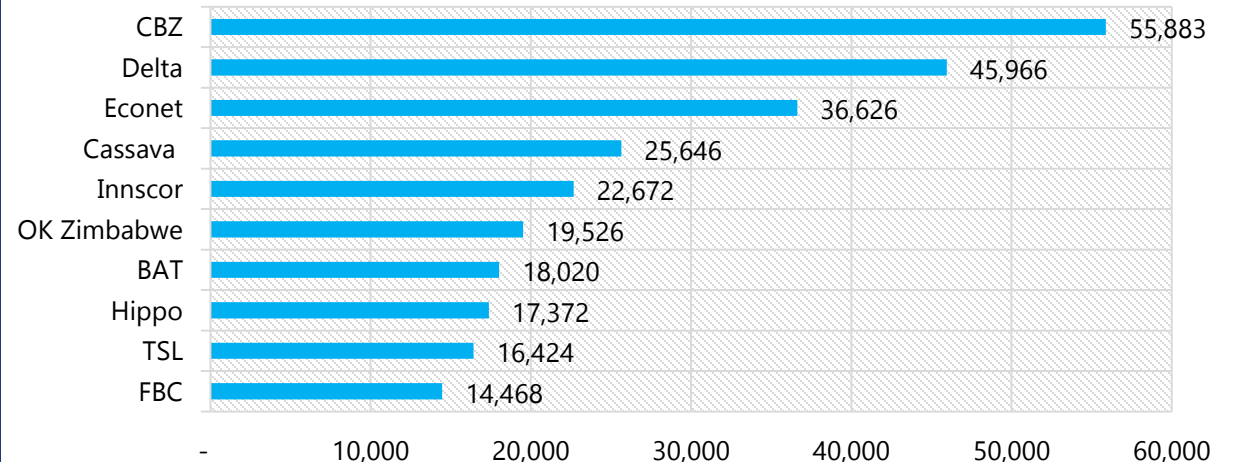
Equities Market Developments

- On the ZSE, all indices recorded weekly gains, for the second week in a row, led by the Medium Cap Index (+20.1%) and the Small Cap Index (+11.9%). The benchmark All Share Index gained 22.6%, to close the week at 3,600.82 points, supported by selected heavyweights –**Graph 10**.
- Logistics and freight concern, Unifreight, recorded the largest weekly gain of +107.1%, followed by TSL (+69.4%), FMP (+65.0%), Zimplot (+64.2%) and FCB (+52.9%). Market gains were offset by losses in SeedCo (-26.1%), Cafca (-19.3%) and Mash (-19.3%)–**Table 1**.
- CBZ market capitalisation grew to ZWL\$55.9b, to remain the largest counter on the ZSE. It was followed by Delta (ZWL\$46.0b), Econet (ZWL\$36.6b), Cassava (ZWL\$25.6b) and Innscor (ZWL\$22.7b)–**Graph 11**.
- Meanwhile, SeedCo International confirms the acquisition of a control block of 35% in SeedCo Limited in acceptance of its Primary Offer based on a share-swap of 1 SeedCo International share for every 0.98 SeedCo Limited shares held. SeedCo International now intends to acquire the remaining shares through a Secondary Offer on the same terms as those by which control block was secured sales volumes.

Table 1: ZSE Movers and Shakers

Movers	15-Jan-21	21-Jan-21	Weekly change (%)
Unifreight	26.75	55.4	107.1%
TSL	2,715.00	4599.2	69.4%
FMP	400.00	660	65.0%
Zimplot	420.20	690	64.2%
FCB	126.25	193.04	52.9%
Shakers	15-Jan-21	21-Jan-21	Weekly change (%)
SeedCo	3,500.00	2,587.92	-26.1%
Cafca	8,000.00	6,456.98	-19.3%
Mash	96.00	77.50	-19.3%
RTG	180.00	150.63	-16.3%
Star Africa	30.00	26.18	-12.7%

Graph 11: ZSE Top 10 Counters By Market Capitalisation ZWL\$m

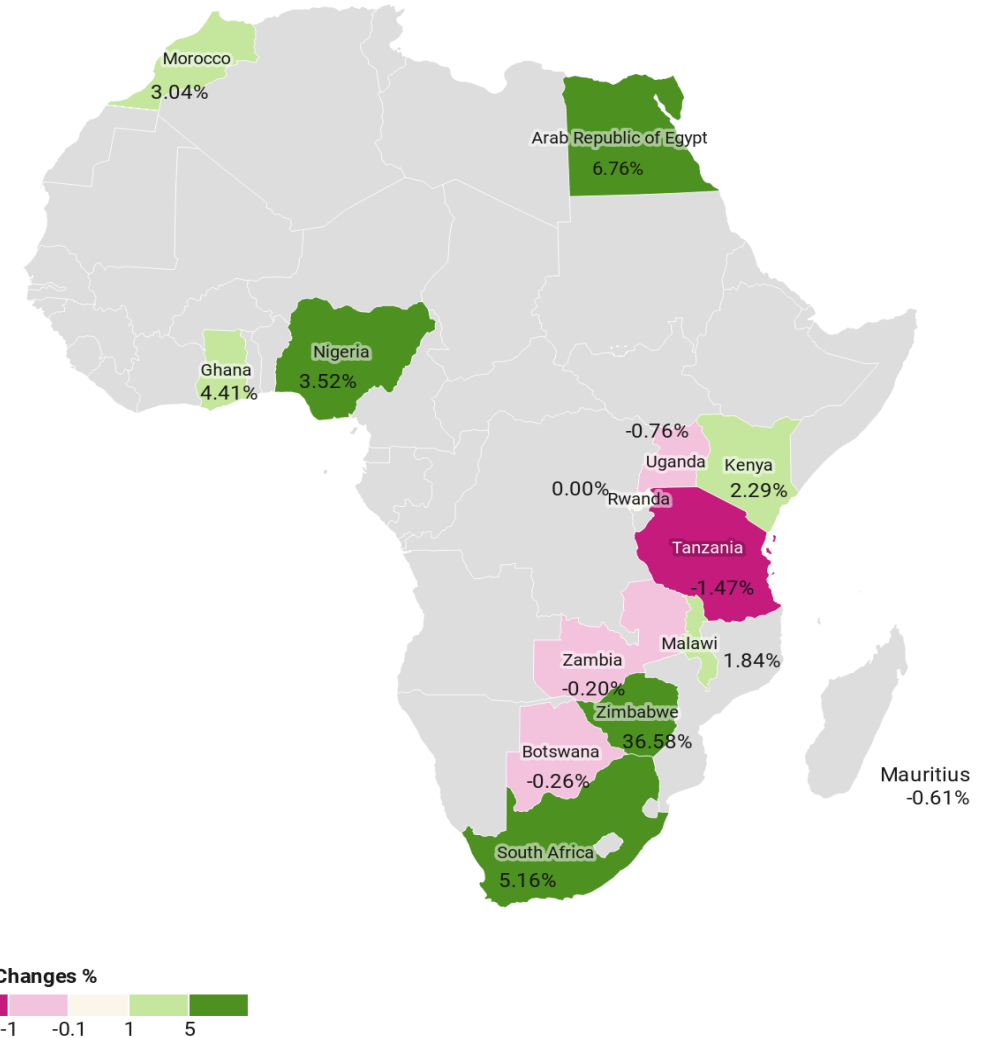




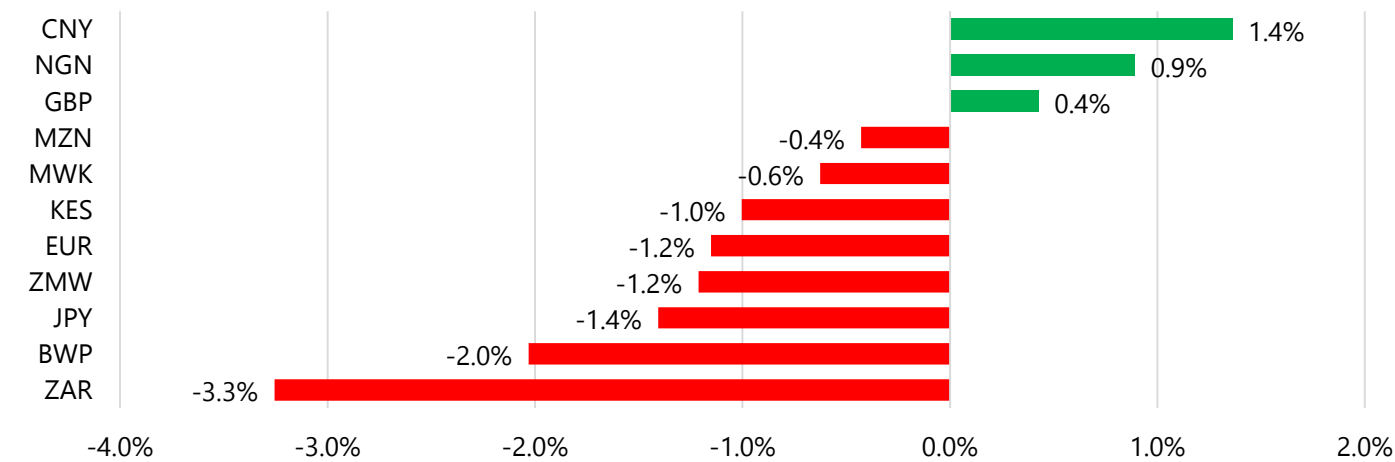
REGIONAL & GLOBAL FINANCIAL MARKETS

- On the global markets, all major stock markets under our watch ended the week in red amid higher volatility and trading volumes in the U.S, and as Europe heightened worries that the economy could slow due to the raging coronavirus pandemic and delays in the distribution of coronavirus vaccines. The U.S DJIA, U.K's FTSE100 and China's SCI recorded weekly loses of 3.2%, 4.3% and 3.4%, respectively,
- In African, most equities markets under our watch recorded positive performances on a year-to-date basis, led by Zimbabwe, which extended its YTD gain to 36.6%, followed by Egypt(+6.7%) and South Africa (+5.2%) - **Chart 1**. Meanwhile, the central banks of Nigeria and Malawi left their main interest steady at 11.5% and 12.0%, respectively.
- On the currencies market, the dollar index was down 0.38% to 90.58 from 90.24 recorded in the previous week, as investors continue to evaluate whether an equities selloff in 2020, driven by expectations of a global pandemic recovery amid massive fiscal spending and continued ultra-easy monetary policy is likely to continue. On a YTD basis, the U.S dollar extended gains against most major currencies except the Chinese Yuan, Nigeria Naira and Pound Sterling- **Graph 12**.

Chart 1: Selected African Equities Markets- YTD Performances



Graph 12: Major Currencies vs the USD-YTD Movements-29 January 2021



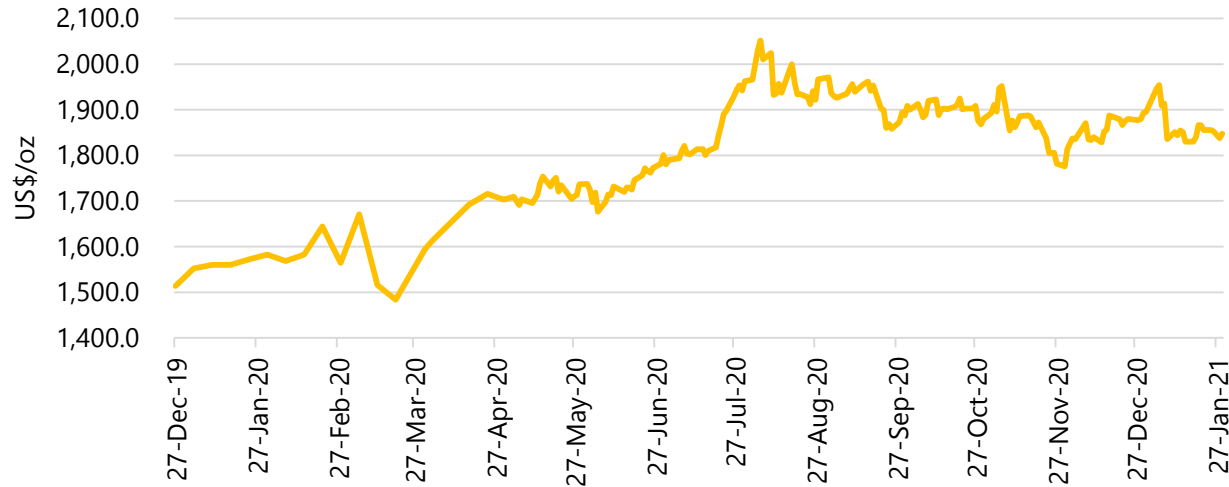


GLOBAL COMMODITY PRICE MOVEMENTS

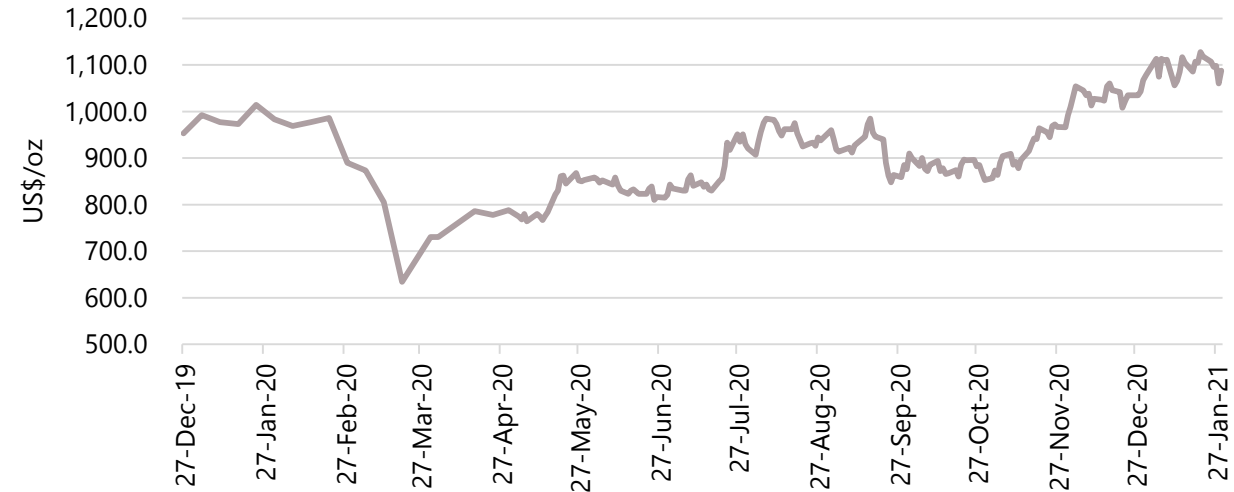
MINERALS



Gold prices - US\$/oz



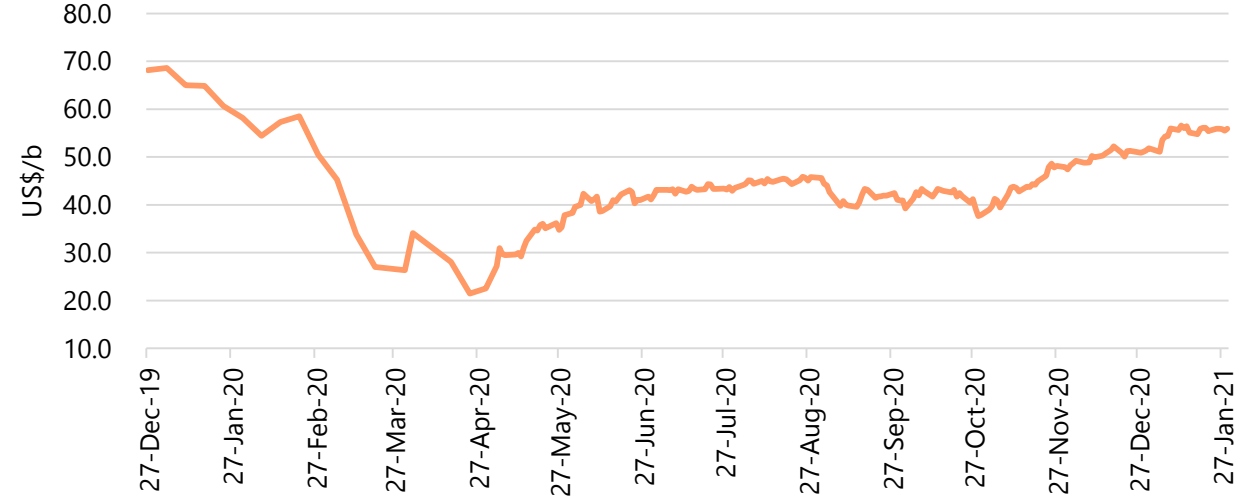
Platinum price - US\$/oz



Palladium-US\$/oz



Oil prices - US\$/b



Source: Quandl



GLOBAL COMMODITY PRICE MOVEMENTS

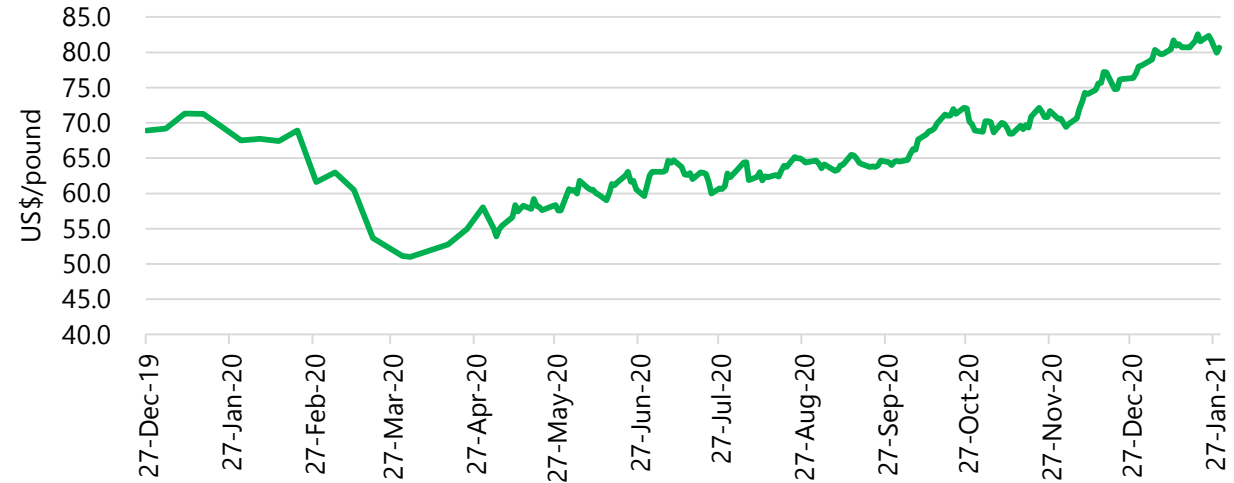
AGRIC COMMODITIES



Corn - US\$/t



Cotton - USc/pound



Wheat - US\$/t



Sugar - USc/pound



Source: Quandl

Date	Event	Period	Forecast	Previous
Local				
01 February 2021	RBZ Foreign Exchange Auction Market	03-09 February 2021		82.6756
TBA	Monetary Policy Statement "MPS" Presentation	2021		
Jan- Mar 2021	December 2020 Earnings Season			
Regional & International				
01 February 2021	U.K Manufacturing PMI	January 2021	52.9	52.9
01 February 2021	Euro Zone Unemployment Rate	December 2020	8.3%	8.3%
01 February 2021	U.S ISM Manufacturing PMI	January 2021	60.0%	60.5%
01 February 2021	Ghana Interest Rate Decision	February 2021		14.5%
03 February 2021	European Central Bank "ECB" Monetary Policy Statement	February 2021		
03 February 2021	U.S Crude Oil Inventories		0.430m	-9.910m
04 February 2021	Bank of England "BoE" Interest Rate Decision	February 2021	0.10%	0.10%
04 February 2021	Mauritius Interest Rate Decision	February 2021		1.85%
05 February 2021	U.S Unemployment Rate	January 2021	6.7%	6.7%

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