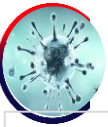




...Blend and Diesel prices reviewed upwards in February 2021, for the 4th straight month, amid rising global oil prices...

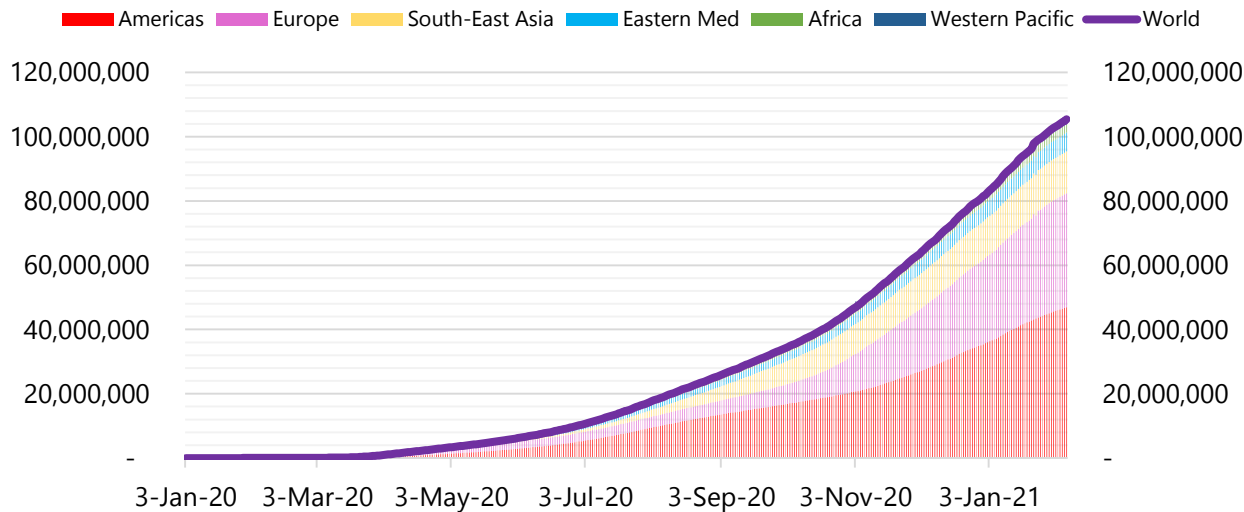
THE CBZ ECONOMIC BRIEF

Week Ending 05 February 2021

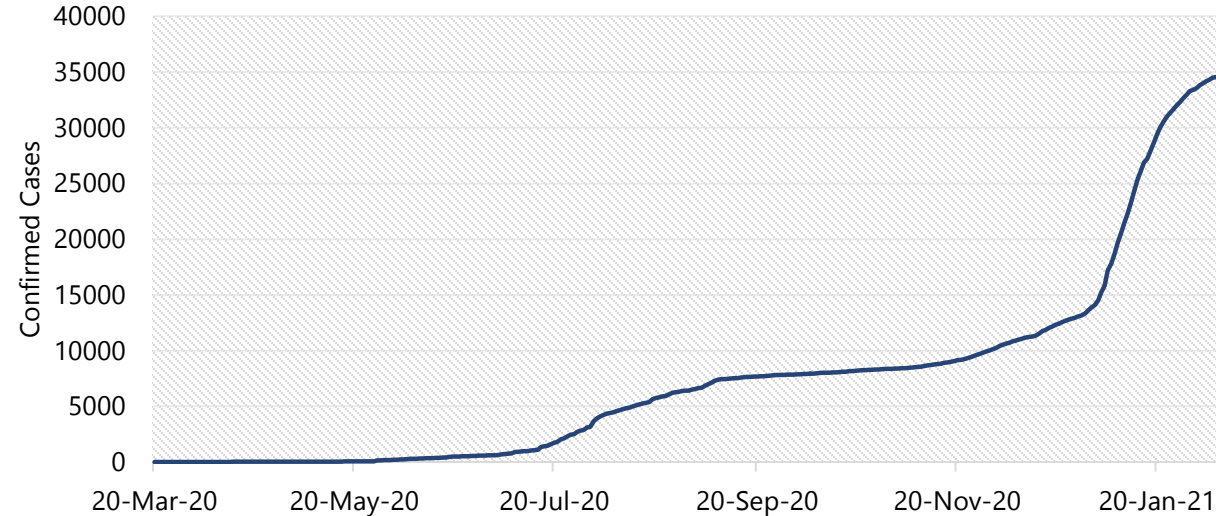


COVID-19 | Global Status as at 07 February 2021

Graph 1: Global Cumulative COVID-19 Cases as at 07 February 2021



Graph 2: Zimbabwe Cumulative COVID-19 Cases as at 07 February 2021



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

Notable Trends in Cases for the Week

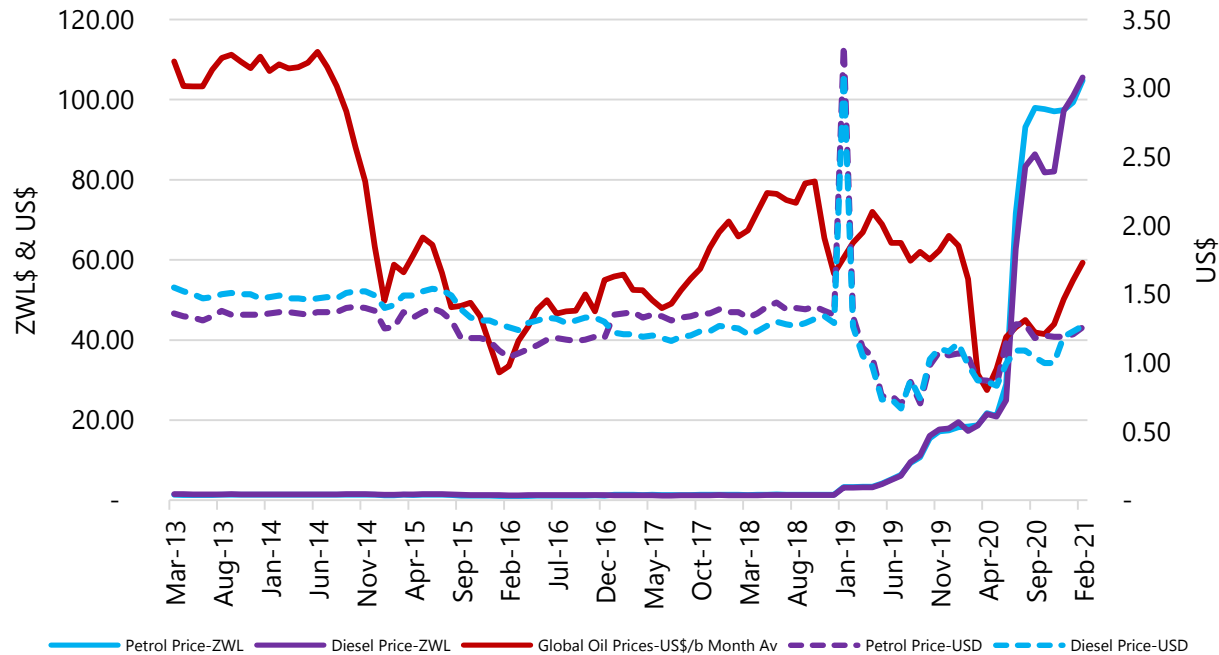
- A total of 3.1m new cases were recorded during the week to 07 February 2021, bringing the cumulative global cases to 105.4m – **Graph 1**. The Western Pacific region recorded the largest weekly growth of 4.3%, followed by the Americas (3.5%), Africa (3.3%) and Europe (3.1%). However, the Americas remained the most infected region in the world, with 46.9m confirmed cases. Meanwhile, data from Oxford University showed that coronavirus vaccine doses administered across the world surpassed the total infections to 130.7m.
- In Africa, confirmed cases rose to 2.7m, after more than 85k new cases were recorded during the week. South Africa remained the most infected country in Africa, with 1.4m cases. It was distantly followed by Morocco (475k), Tunisia (217k) and Egypt (169k). Meanwhile, South Africa halted its planned rollout of AstraZeneca's COVID-19 vaccinations after data showed the jab gave minimal protection against mild infection from one variant.
- In Zimbabwe, confirmed cases rose to 34,552, after additional 1,164 new cases were recorded during the period under review- **Graph 2**. Harare recorded the largest weekly cases of 383, followed by Bulawayo (191), Manicaland (145) and Mash West (103). The national recovery rate increased to 82.6%, from 78.0% recorded during previous review period. Meanwhile, Air Rwanda and Emirates announced the temporary suspension of flights to and from Zimbabwe citing global concerns over COVID-19 variants prevalent throughout Southern Africa, effective 08 and 13 February 2021, respectively.
- Meanwhile, the Bank of England “BoE” kept its interest rate unchanged at 0.1%, amid uncertain economic outlook with lockdown measures in place until March 2021. The bank also maintained its target stock of asset purchases at £895b (c.US\$1.2 trillion). Going forward, BoE’s Prudential Regulation Authority announced that banks would need six months to prepare their systems to accommodate a negative Bank Rate without material risks to safety and soundness, should the apex bank decide to reduce interest rate to below zero.



Fuel Price Review

- The Zimbabwe Energy Regulatory Authority "ZERA" announced an upward review of fuel prices, in line with current market developments, effective 05 February 2021. The maximum ZW\$ pump price for blend increased by ZW\$5.47 (5.51%) to ZW\$104.82/litre, while that for diesel went up by ZW\$4.67 (4.63%) to ZW\$105.58/litre. The U.S dollar price of blend went up by US\$0.05 (4.13%) to US\$1.26, whilst diesel price was adjusted upwards by US\$0.04 (3.25%) to US\$1.27. The upward adjustment was mainly driven by increases in brent crude oil on the international market. In fact, oil prices increased by 10.7% from US\$53.60/b on 05 January 2021, to US\$59.53/b on 05 February 2021- **Graph 3**.
- The adjustment to the fuel prices, a key enabler in the production value chain, will exert significant cost pressures on businesses, which will in turn, pass on the burden to consumers through prices increases and hence inflation.
- Meanwhile, South Africa's Department of Energy also announced an upward review in fuel prices, with effect from 03 February 2021. According to the announcement, all grades of fuel will see prices increases, with petrol climbing between 80 cents and 83 cents per litre, and diesel increasing by 58 and 59 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 as at 01 February 2021.

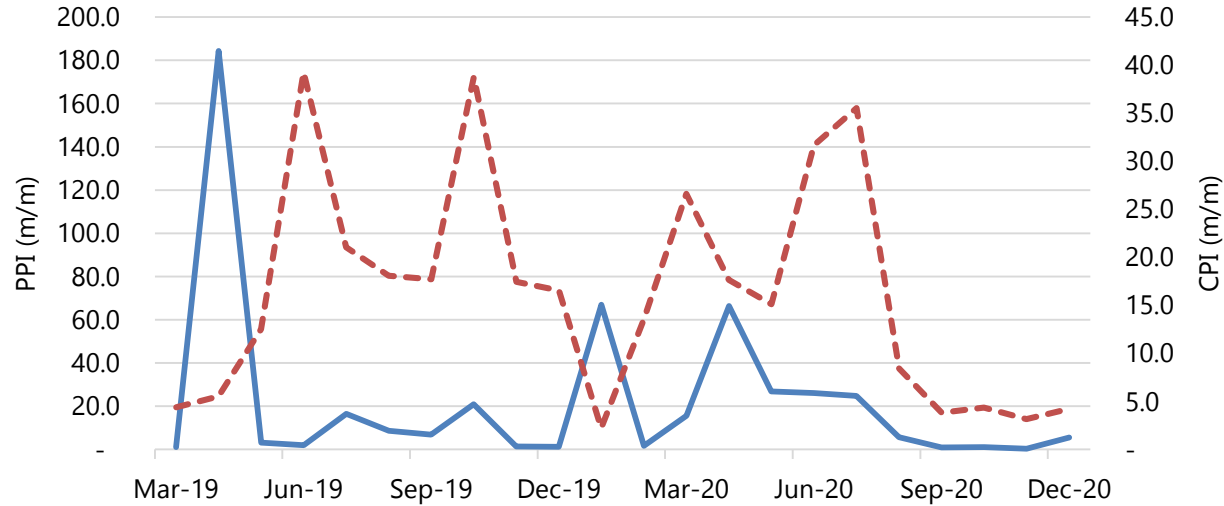
Graph 3: Fuel and International Oil prices Trends



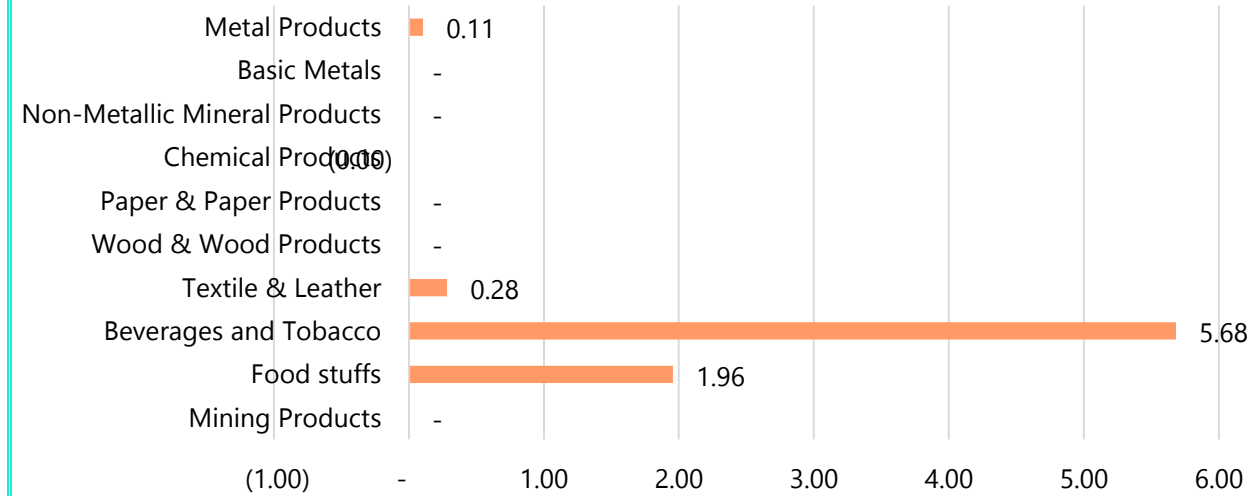
Country	Blend Price-US\$	Diesel Price-US\$
Angola	0.24	0.21
Botswana	0.71	0.73
DRC	1.00	1.00
Kenya	0.99	0.90
Malawi	1.08	1.07
Mauritius	1.11	0.88
Mozambique	0.83	0.77
Namibia	0.80	0.80
South Africa	0.97	0.99
Tanzania	0.81	0.79
Zambia	0.97	0.86
Zimbabwe	1.26	1.27
Global Average	1.05	0.95



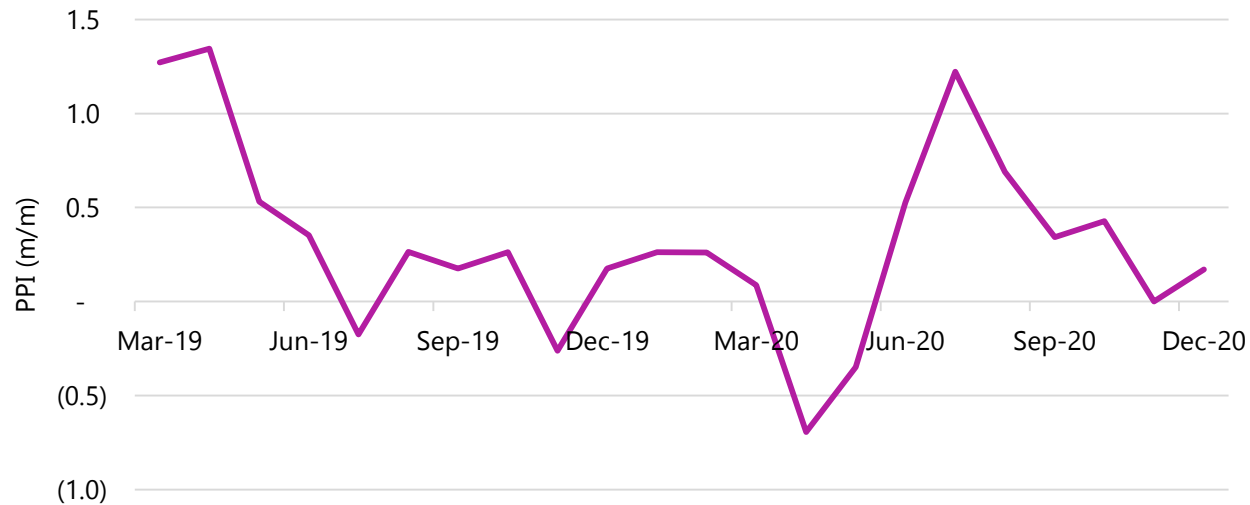
Graph 4: Producer Price Index vs Consumer Price Index Trends



Graph 5: Producer Price Inflation By PPI Sub-Categories



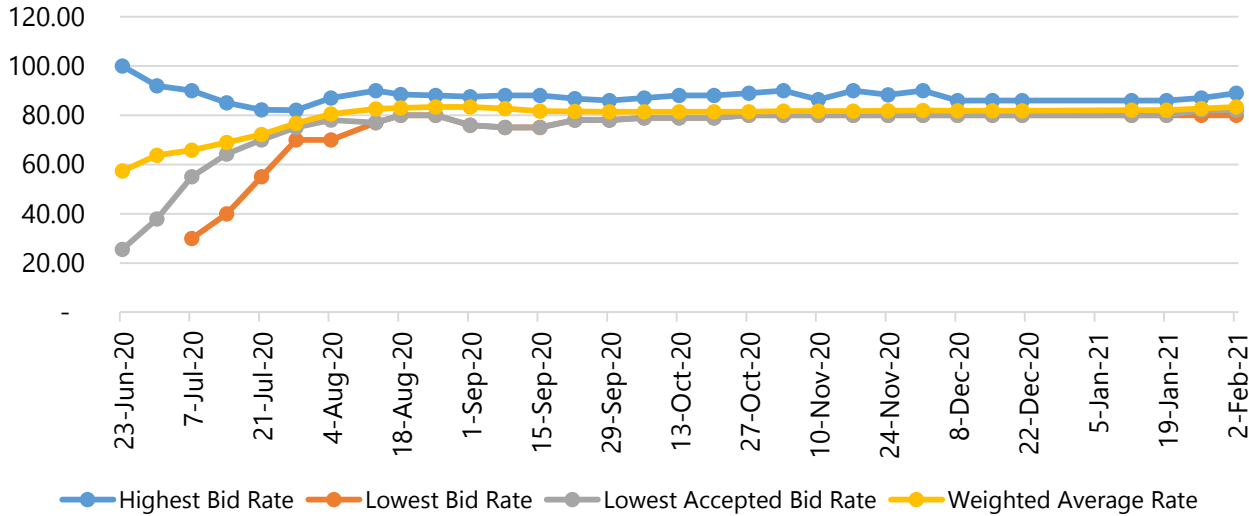
Graph 6: South Africa PPI (m/m) Trends



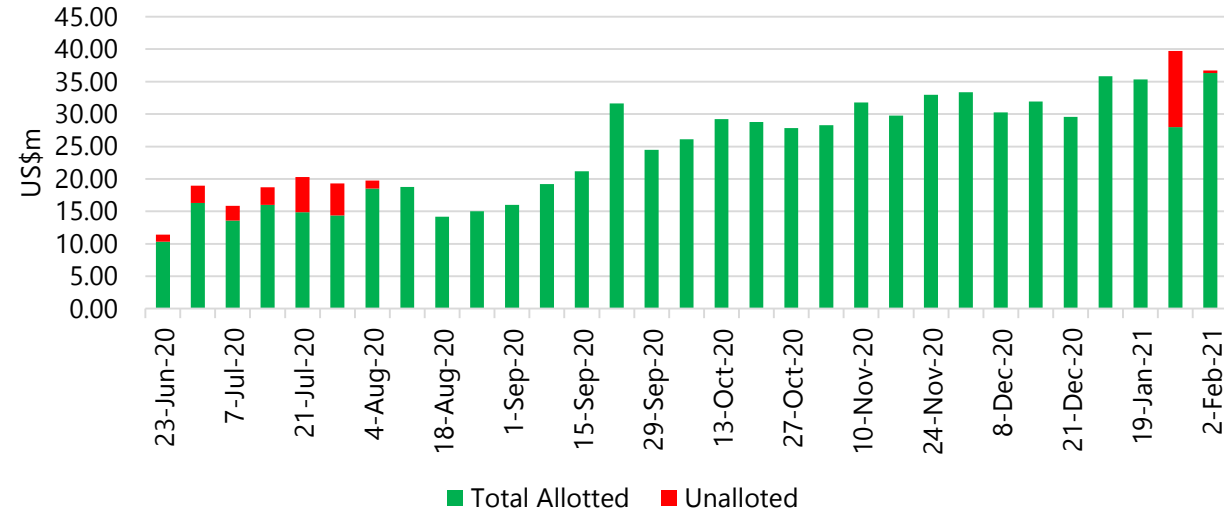
- According to the Zimbabwe National Statistics Agency, ZimStat, the monthly producer price index "PPI"-which measures changes in prices of finished manufactured goods- increased by 5.1 percentage points "pp", to a 4-months high of 5.5% in December 2020 – **Graph 4**.
- The main contributors to the headline monthly producer price inflation were beverages & tobacco, food stuffs, textile & leather and metal products, which increased by 5.7%, 2.0%, 0.3% and 0.1%, respectively –**Graph 5**.
- Meanwhile, prices of finished manufactured goods in South Africa increased by 0.2% m/m and 3.0% y/y in December 2020, with food, beverages and tobacco products being the major contributors- **Graph 6**.



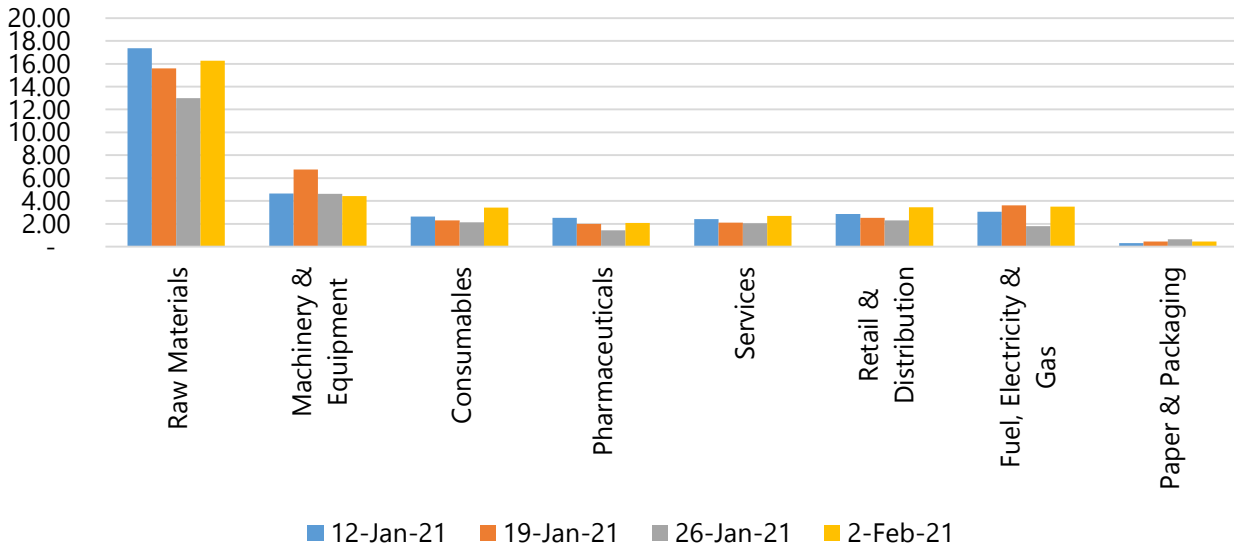
Graph 7: FX Auction Market Bid Rates Trend



Graph 8a: Foreign Currency Auction Allotments



Graph 8b: FX Allotments Per Sector

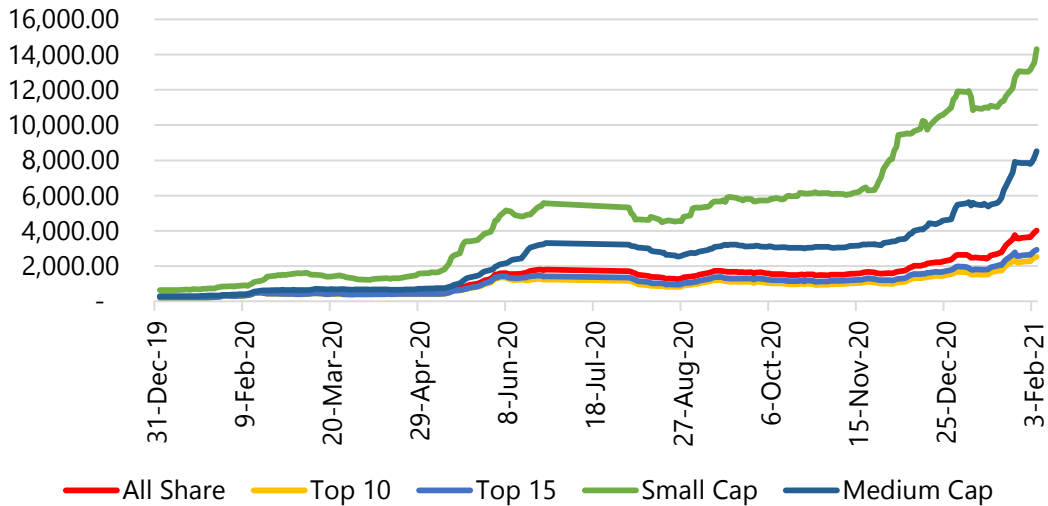


Foreign Currency Market Developments

- The ZW\$ lost 0.8%, for the 2nd consecutive week, to trade at ZW\$83.37/ USD, during the last auction held by the RBZ on Tuesday, 02 February 2021, from ZW82.68/USD recorded during the previous week-**Graph 7**.
- The highest bid rate increased from 87.0 to 89.0, while the lowest accepted bid rate remained steady at 82.0 on the main auction, respectively.
- The total number of allotted bids increased from 365 to 464. Resultantly, total allotment for the week increased by 30% to US\$36.3m, from US\$28.0m that was allotted during the previous week – **Graph 8a**. The largest weekly allotments were for raw materials (US\$16.3m), machinery & equipment (US\$4.4m), fuel, electricity & gas (US\$3.5m), retail and distribution (US\$3.5m,) and consumables (US\$3.4m) - **Graph 8b**.



Graph 9: ZSE Indices



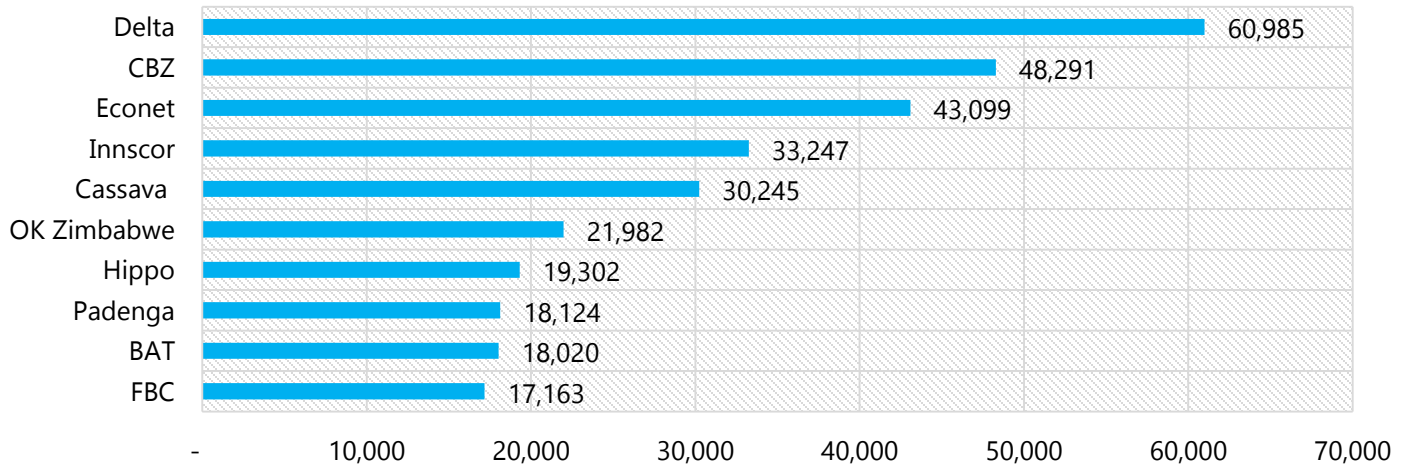
Equities Market Developments

- On the ZSE, all indices recorded 3rd consecutive weekly gains, led by the Top 10 Index (+12.9%) and the Top 15 Index (+12.8%). The benchmark All Share Index gained 22.6%, to close the week at 4,012.47 points, supported by gains in selected heavyweights –**Graph 9**.
- Logistics and freight concern, Unifreight, recorded the largest weekly gain of +106.2%, followed by Proplastics (+59.1%), Ariston (+47.0%)- after reporting an improved business performance for the first quarter ended 31 December 2020 , Innscor (+46.6%) and SeedCo (+36.5%). Market gains were offset by losses in Dawn (-17.7%), FMP (-16.7%) and CBZ (-13.6%)-**Table 2**.
- Delta closed the week as the largest counter on the ZSE, with a market capitalisation of ZWL\$61.0b. It was followed by CBZ (ZWL\$48.3b), Econet (ZWL\$43.1b), Innscor (ZWL\$33.2b) and Cassava (ZWL\$30.2b) and **Graph 10**.
- Meanwhile, Ariston released its trading update for the first quarter (Q1) ended 31 December 2020 (Q1 FY2021) characterized by improved sales volume and revenue performances across the company’s product lines, supported by increased production volumes. In fact, tea production increased to 941 tonnes in Q1 2021 (Q1 FY2020: 821) while banana production increased by 65%, supported by favourable weather patterns. Inflation adjusted revenues increased by 98%

Table 2: ZSE Movers and Shakers

Movers	29-Jan-21	05-Feb-21	Weekly change (%)
Unifreight	55.40	114.25	106.2%
Proplastics	1,499.40	2385	59.1%
Ariston	153.14	225.17	47.0%
Innscor	4,014.40	5886.77	46.6%
SeedCo	2,587.92	3531.65	36.5%
Shakers	29-Jan-21	05-Feb-21	Weekly change (%)
Dawn	49.00	40.33	-17.7%
FMP	660.00	550.00	-16.7%
CBZ	10,691.96	9,239.50	-13.6%
Turnall	99.29	90.00	-9.4%
FML	1,485.14	1,352.33	-8.9%

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





REGIONAL & GLOBAL FINANCIAL MARKETS

- On the global markets, all major benchmarks across the U.S, Europe and Asia rebounded from the previous week's steep losses, supported by hope of economic recovery amid improved pace of COVID-19 vaccinations and positive sentiments on U.S fiscal stimulus package.
- The Japan's N225 Stock Average led the weekly gainers with 4.0%, followed by U.S DJIA (+3.9%), U.K's FTSE100 (+1.3%) and China's SCI (+0.4%).
- In African, with the exception of Mauritius, Botswana and Zambia, most equities markets under our watch recorded positive YTD performances. Zimbabwe remained the best performer after its ZSE extended YTD gains to 52.2%. Other notable gainers include South Africa (+8.2%), Egypt (+7.0%) and Ghana (+5.7%) - **Chart 1**. Meanwhile, according to the Central Bank of Kenya "CBK", profits before taxes of Kenyan banks declined by 28% to 107.7 billion Shillings (c.US\$979m) in 2020, from 150.1 billion Shillings (c.US\$1.3b) recorded during the previous year, dragged by the impact of the coronavirus pandemic.
- On the currencies market, the U.S dollar index marginally gained by 0.5% for the week to 91.00. On a YTD basis, the U.S dollar extended gains against most major currencies except the Nigeria Naira, Chinese Yuan and Pound Sterling-

Graph 11.

Graph 11: Major Currencies vs the USD-YTD Movements-05 February 2021

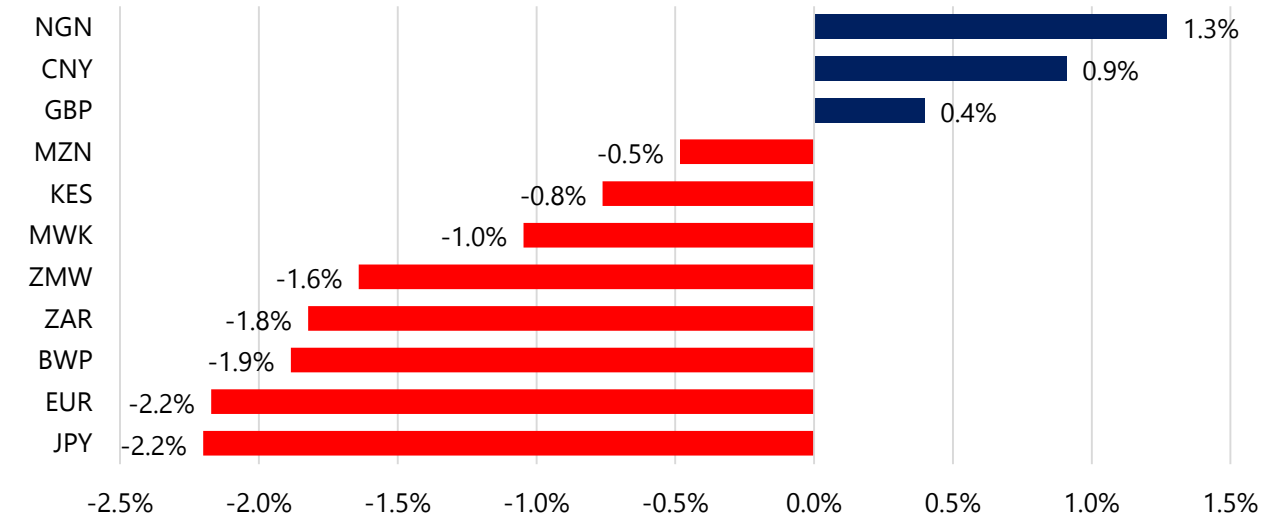
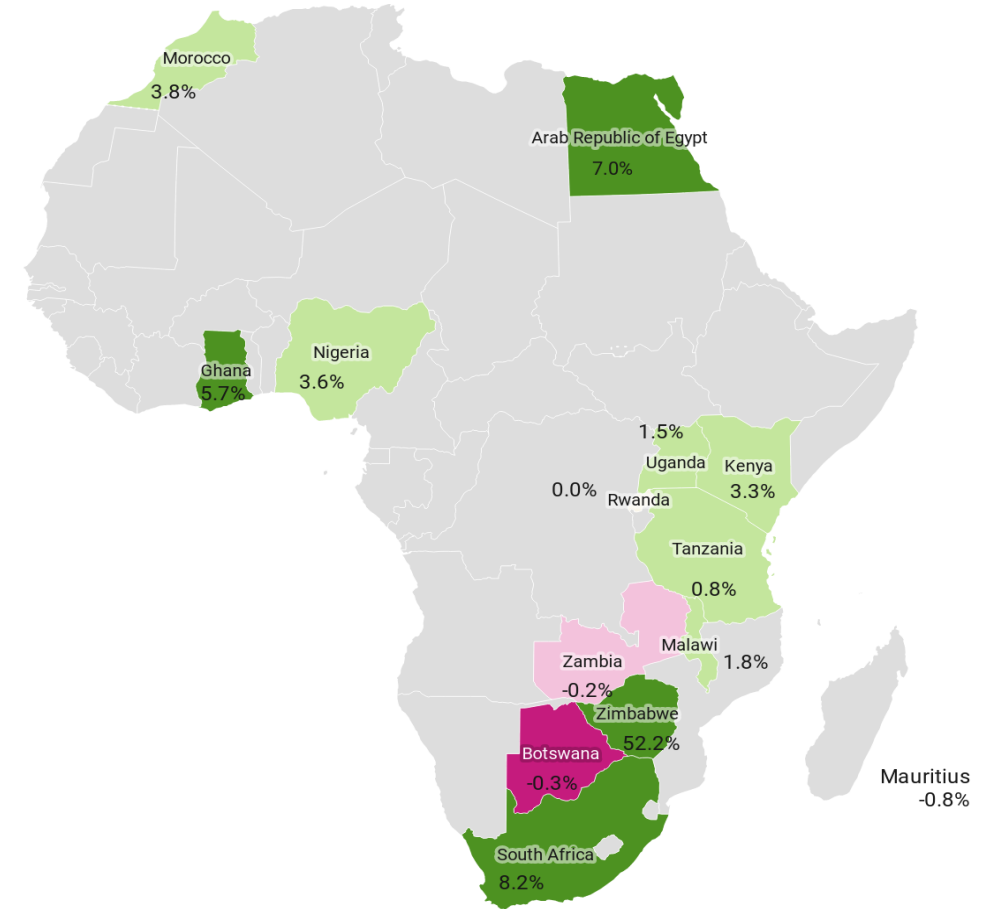


Chart 1: Selected African Equities Markets- YTD Performances



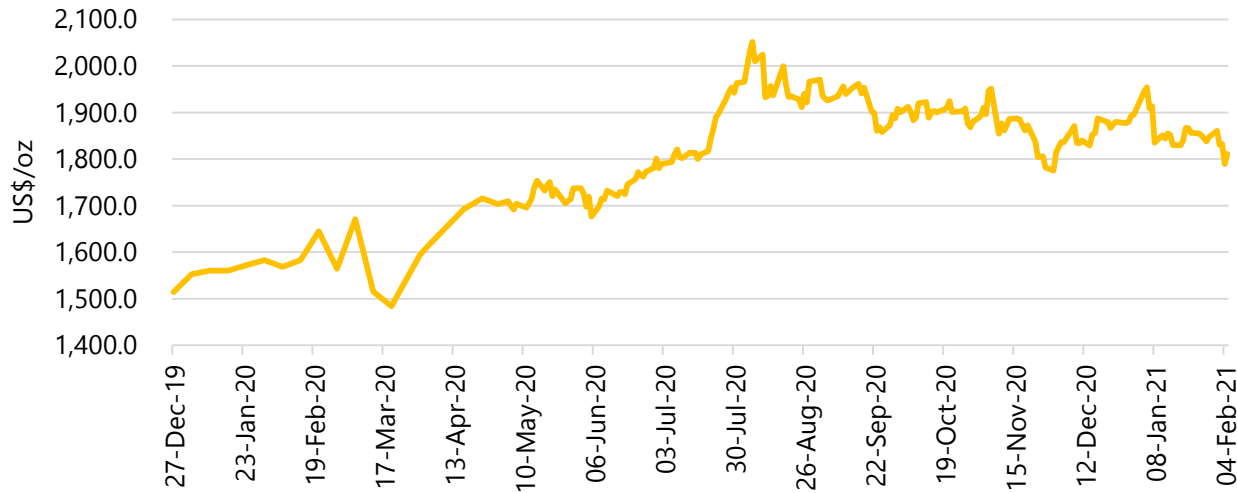


GLOBAL COMMODITY PRICE MOVEMENTS

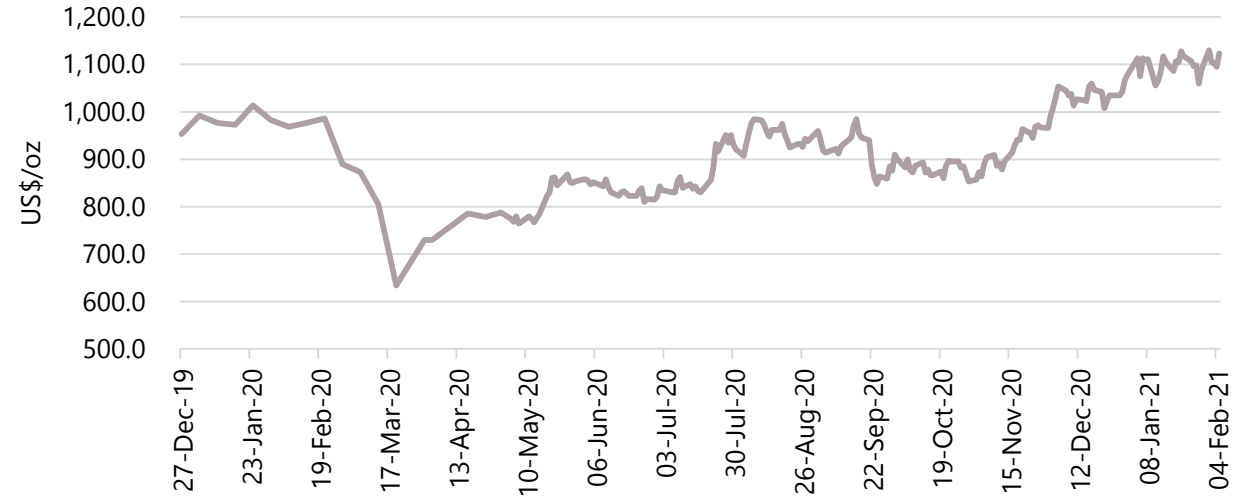
MINERALS



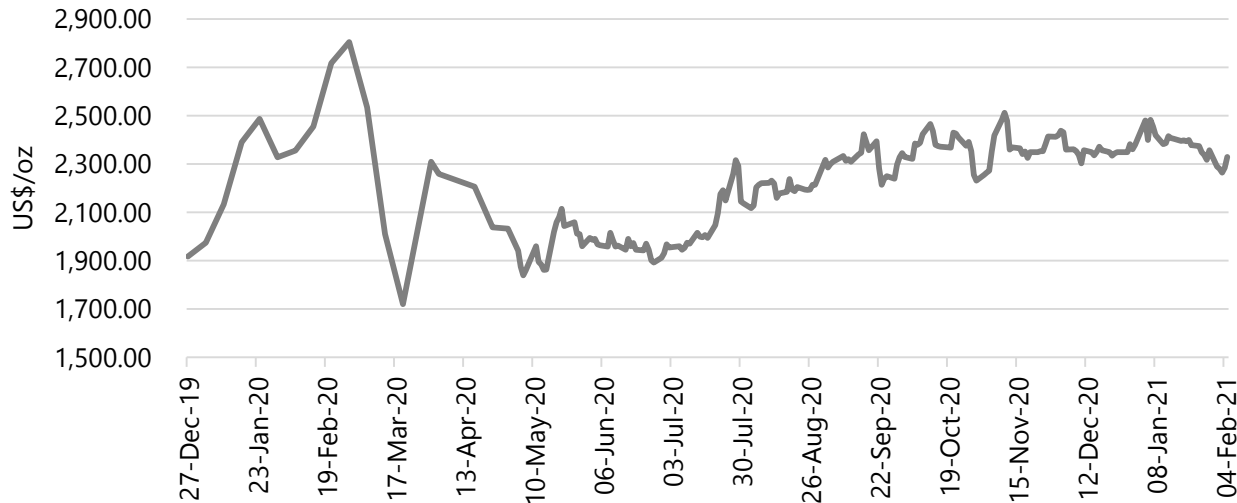
Gold prices - US\$/oz



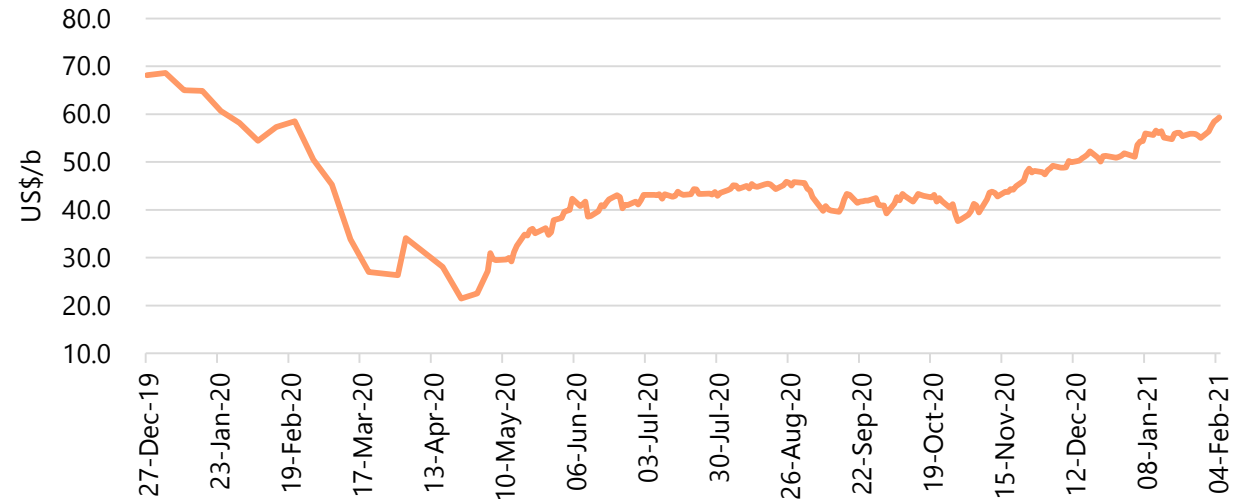
Platinum price - US\$/oz



Palladium-US\$/oz



Oil prices - US\$/b



Source: Quandl

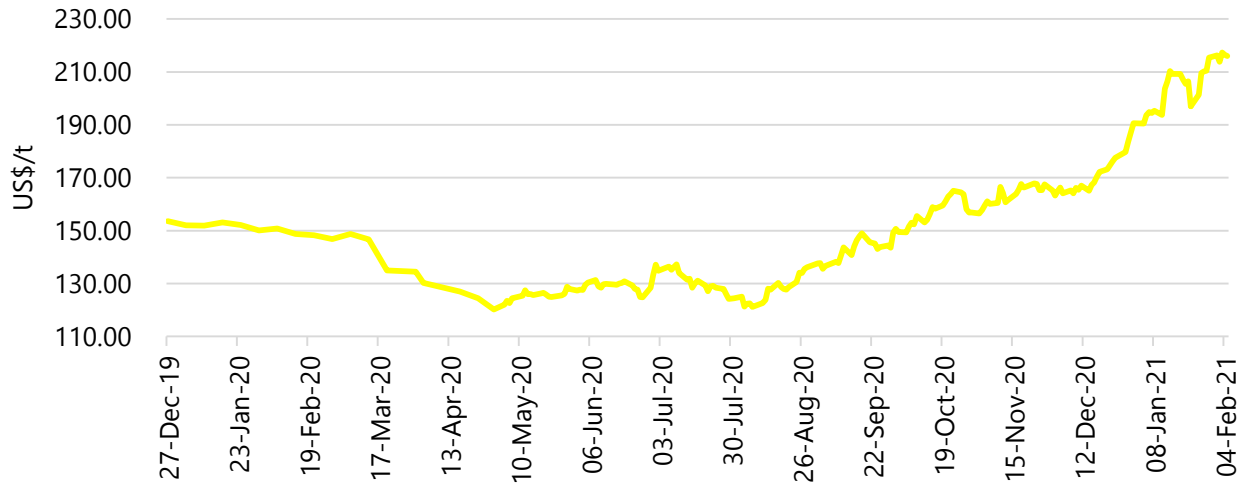


GLOBAL COMMODITY PRICE MOVEMENTS

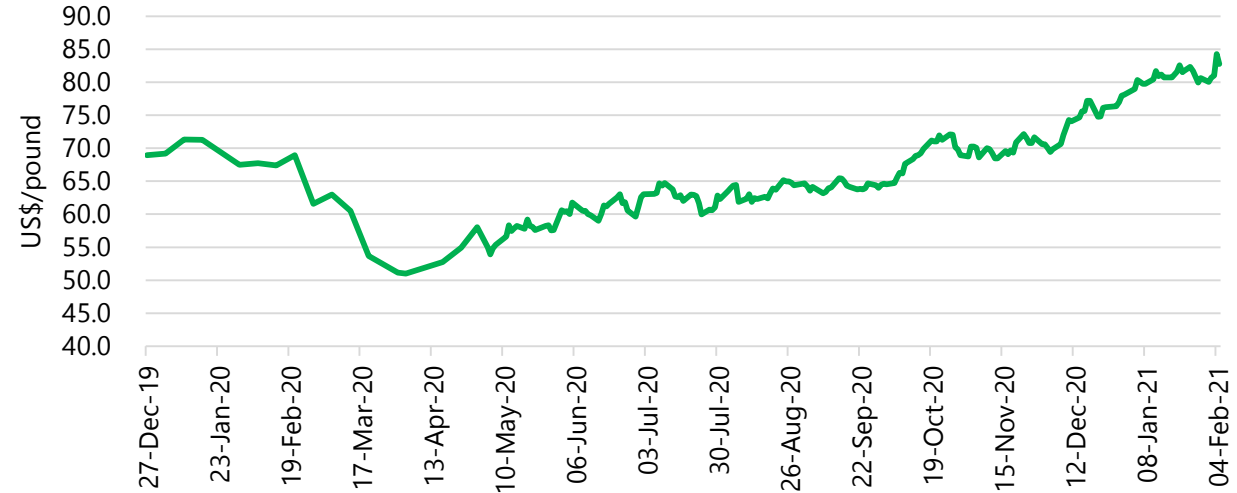
AGRIC COMMODITIES



Corn - US\$/t



Cotton - USc/pound



Wheat - US\$/t



Sugar - USc/pound



Source: Quandl

Date	Event	Period	Forecast	Previous
Local				
09 February 2021	RBZ Foreign Exchange Auction Market	10-16 February 2021		83.3725
TBA	Monetary Policy Statement "MPS" Presentation	2021		
Jan- Mar 2021	December 2020 Earnings Season			
Regional & International				
09 February 2021	U.S EIA Short Term Energy Outlook			
09 February 2021	China CPI M/M (y/y)	January 2021	1.1% (-0.1%)	0.7% (0.2%)
10 February 2021	U.S Federal Budget			
10 February 2021	U.S Crude Oil Inventories			-0.994m
11 February 2021	South Africa Gold Production (y/y)	December 2020		7.0%
11 February 2021	Euro Zone Economic Forecasts			
11 February 2021	U.S Federal Reserve "Fed" Monetary Policy Report			
12 February 2021	U.K GDP Q/Q (y/y)	Q4 2020	0.5% (-8.1%)	16.0% (-8.6%)
12 February 2021	Euro Zone Industrial Production (m/m)	December 2020		2.5%

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