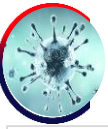


... Government announced the presence of a COVID-19 variant B.1.617 in the country, first identified in India...

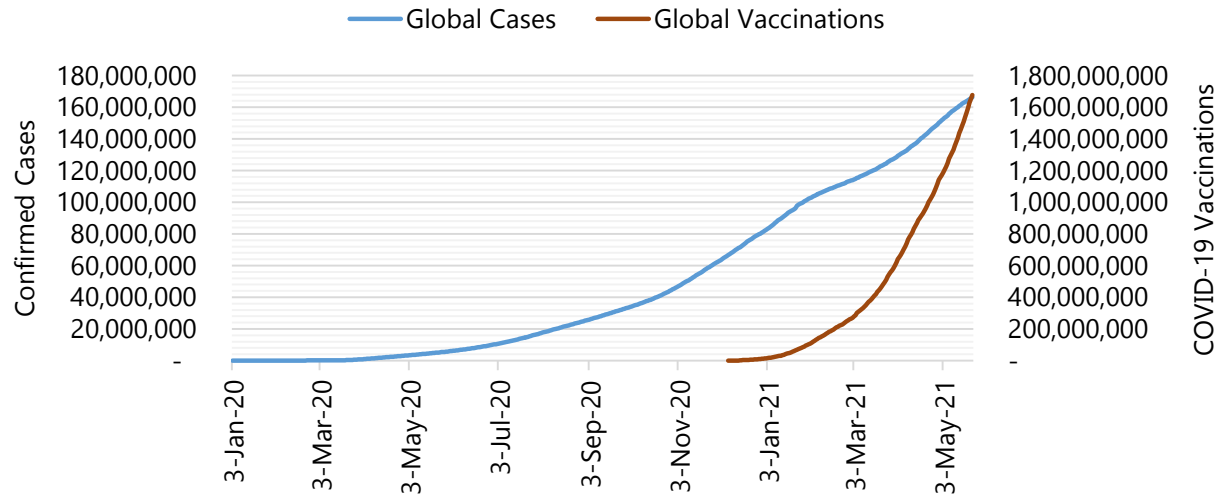
THE CBZ ECONOMIC BRIEF

Week Ending 21 May 2021

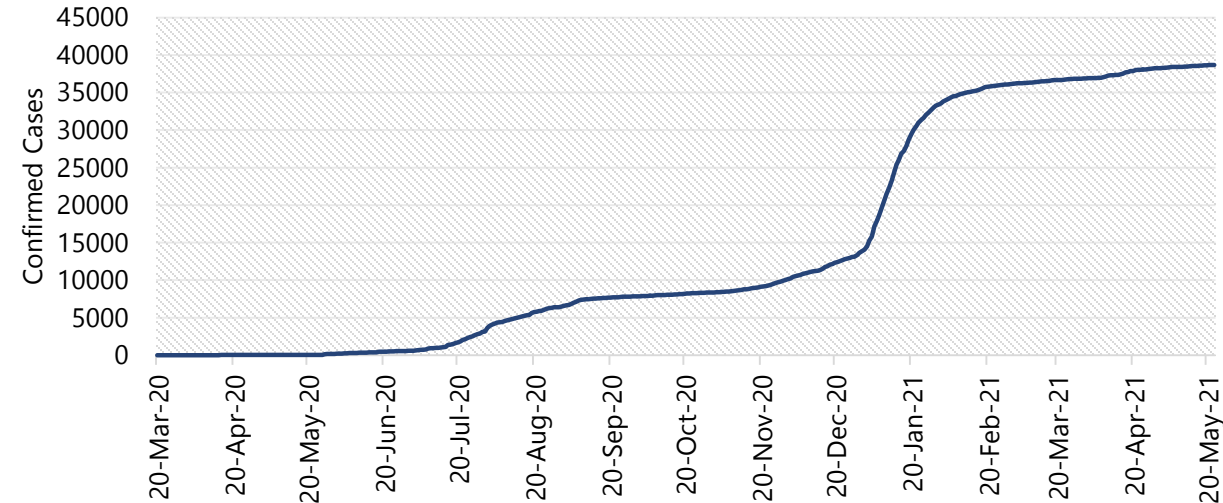


COVID-19 | Global Status as at 23 May 2021

Global Cumulative COVID-19 Cases and Vaccination Trends



Graph 2: Zimbabwe Cumulative COVID-19 Cases as at 23 May 2021



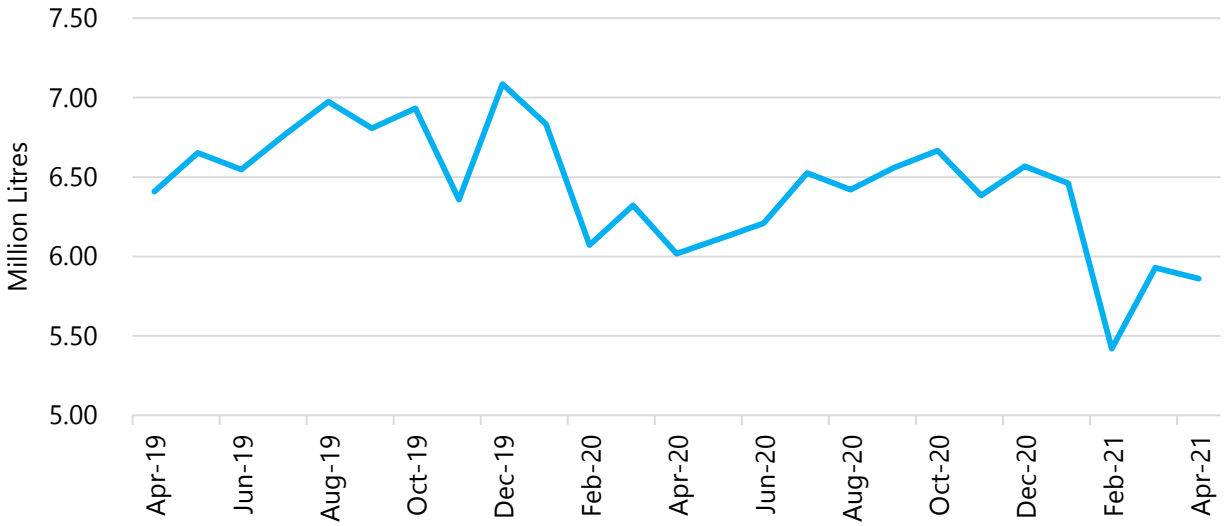
Sources: World Health Organisation & Ministry of Health & Child Care (Zimbabwe)

Notable Trends in Cases for the Week

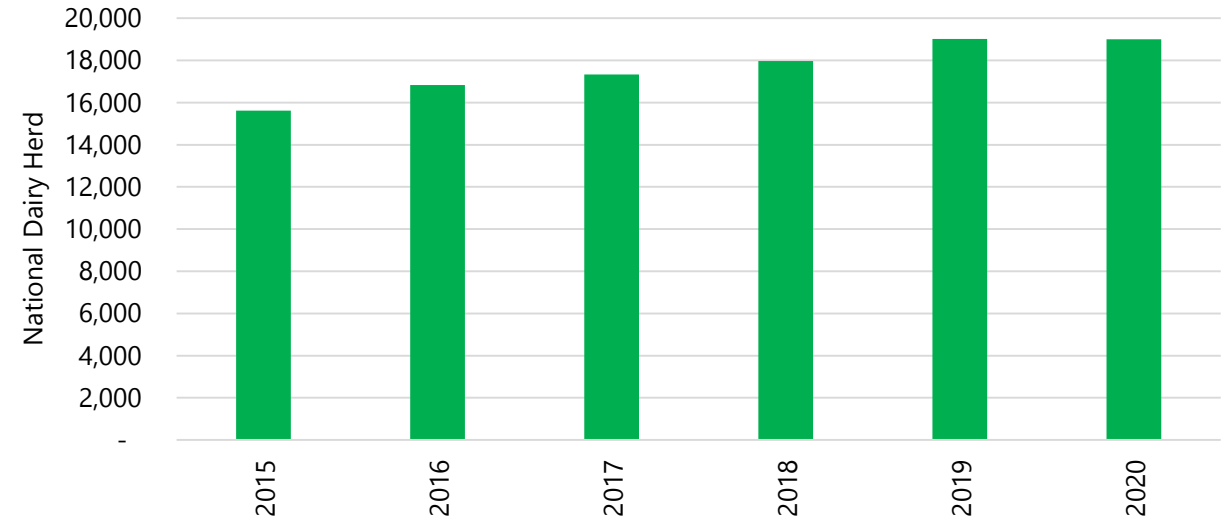
- Global cumulative coronavirus cases rose above 166m after more than 4.1m new cases were recorded during the week to 23 May 2021. During the same period, a total of 194m COVID-19 doses were administered globally, bringing the cumulative COVID-19 vaccinations to 1.7b – **Graph 1**. Meanwhile, the U.S Centers for Disease Control and Prevention “CDC” issued new guideline for fully vaccinated people. According to the new guidelines, fully vaccinated people no longer need to wear a mask or to physically distance in any setting except where required by local or territorial laws including local business and workplace guidelines.
- In Africa, cumulative cases increased by 1.4% to 3.4m. South Africa remained the most infected country in the continent with 1.65m cases, followed by Morocco (517k), Tunisia (335k), Ethiopia (269k) and Egypt (253k). Meanwhile, Kenya announced that it is engaging other COVID-19 manufacturers as alternative to the AstraZeneca vaccine after shipment delays of the drug from India, as the South Asian country battles to control the surging infections and deaths.
- In Zimbabwe, confirmed cases rose to 38,682 after an additional 122 new cases were recorded during the week - **Graph 2**. The national recovery rate remained unchanged at 94.2% as at 23 May 2021. Meanwhile, government announced the presence of a COVID-19 variant B.1.617 in the country after a first case was reported in the city of Kwekwe on 14 May 2021. This variant is a sub-species of the strain that was first identified in India. Subsequently, localised containment measures were introduced, effective 21 May 2021, including a curfew between 1900hrs and 0600hrs, closure of all bars & drinking places, prohibition of all gatherings, review of business operating hours from 0800hrs to 1700hrs etc.
- Meanwhile, the World Bank through its investment arm- the International Finance Corporation “IFC”- announced that it will invest US\$2b in Africa to support small businesses and boost international trade in order to bolster the continent’s recovery from COVID-19 pandemic. A total of US\$1b will be invested in new direct financing for micro, small and medium enterprises “MSMEs”, while the remaining US\$1b will be channelled towards supporting international trade finance to facilitate the flow of imports and exports of essential goods, including food and medical products.



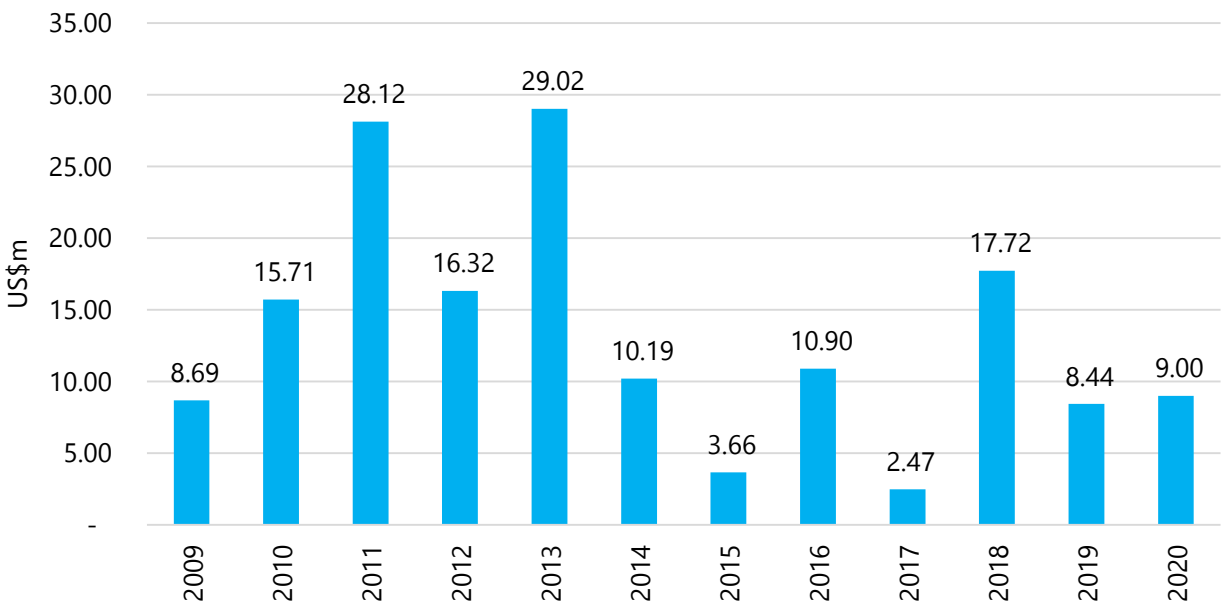
Graph 3: Monthly Milk Production Trends



Graph 4: National Dairy Herd Production Trends



Graph 5: Concentrated Milk and Cream Import Trends



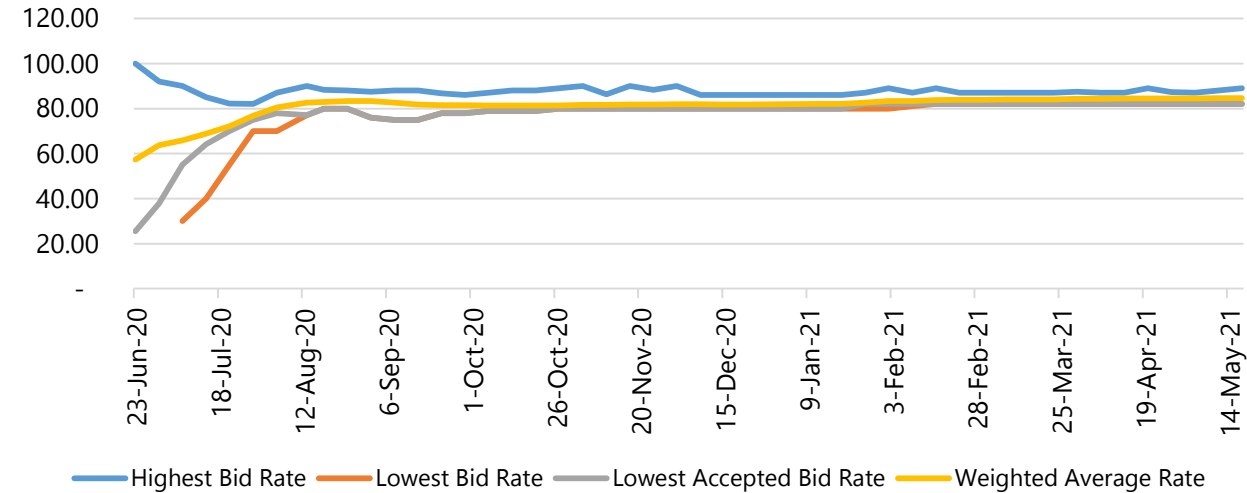
- According to the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement “MoLAFWRR” raw milk production declined by 1.2% m/m to 5.86m litres in April 2021, from 5.93m litres recorded in March 2021 – **Graph 3**.
- On a year-on-year basis, milk output declined by 2.6% in April 2021 compared to April 2020 levels of 6.02m litres. The April production was 4.14m litres below the national requirement of 10m litres per month. Cumulatively, milk production for the four months to April 2021 stood at 23.7m litres, 6.2% below the comparable of 2020.
- According to the Zimbabwe Association of Dairy Farmers “ZADF”, the decline in output was attributed to viability challenges emanating from unfavorable producer prices and depleted national milk herd due to the impact of successive droughts experienced in the country during the previous two seasons.
- In fact, the national dairy herd stood at 19k in 2020, 46% below the target of 35k required to meet and exceed the national requirements- **Graph 4**.
- Meanwhile, the value of milk imported into the country increased by 7% to US\$9.0m in 2020 from US\$8.4m recorded in 2019 – **Graph 5**.



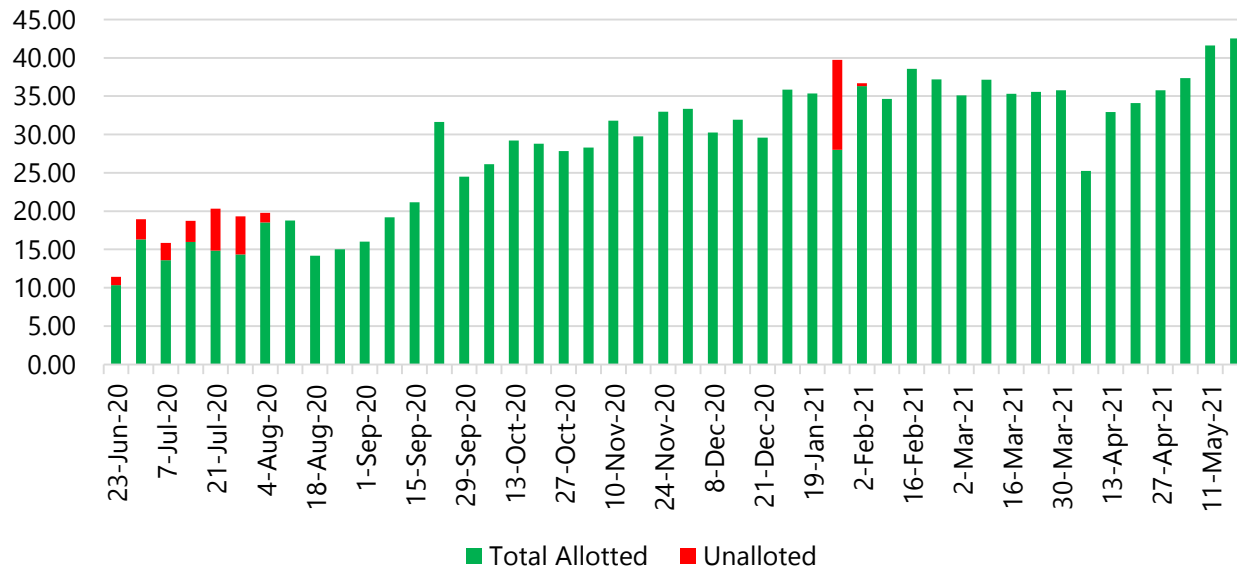
Foreign Currency Market Developments

- The ZW\$ marginally declined by 0.04% against the U.S dollar to trade at ZWL\$84.64/USD during the last auction held by the RBZ on Tuesday, 18 May 2021-**Graph 6**. The highest bid rate increased from 88.0 to 89.0, whilst the lowest accepted rate was unchanged at 82.0 on the main auction.
- The total number of allotted bids increased from 664 to 731. Resultantly, total allotment for the week increased by 2.2% to US\$42.5m, from US\$41.6m that was allotted during the previous week – **Graph 7a**.
- The largest weekly allotments were for raw materials (US\$15.5m), machinery & equipment (US\$8.0m), consumables (US\$4.6m), services (US\$4.3m), retail & distribution (US\$4.0m) and Pharmaceuticals (US\$3.2m)- **Graph 7b**.

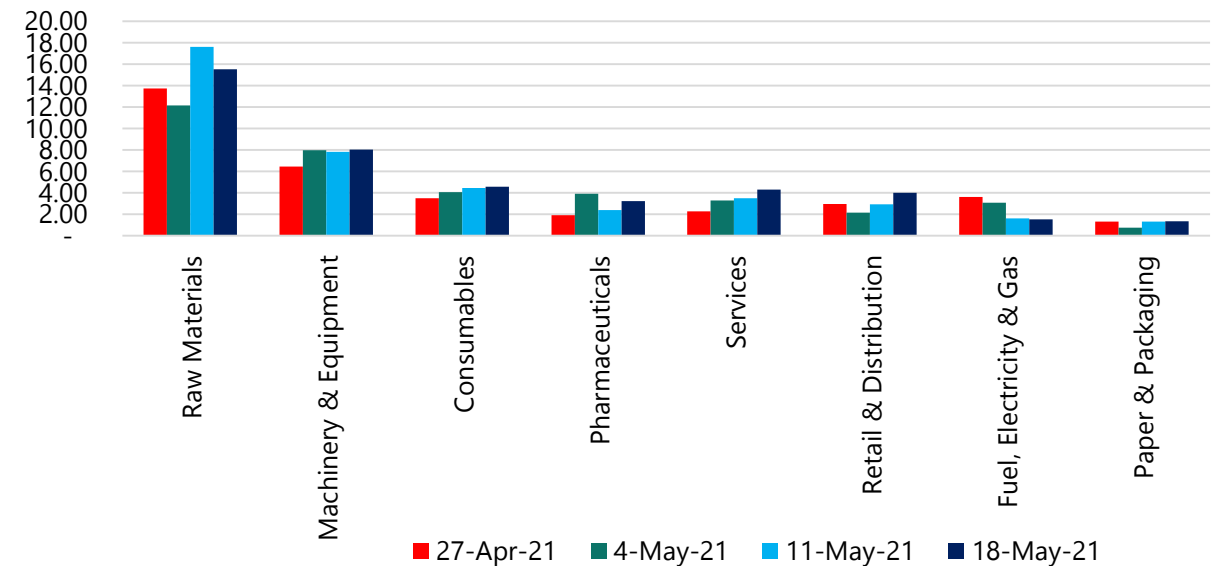
Graph 6: FX Auction Market Bid Rates Trend



Graph 7a: Foreign Currency Auction Allotment Trends

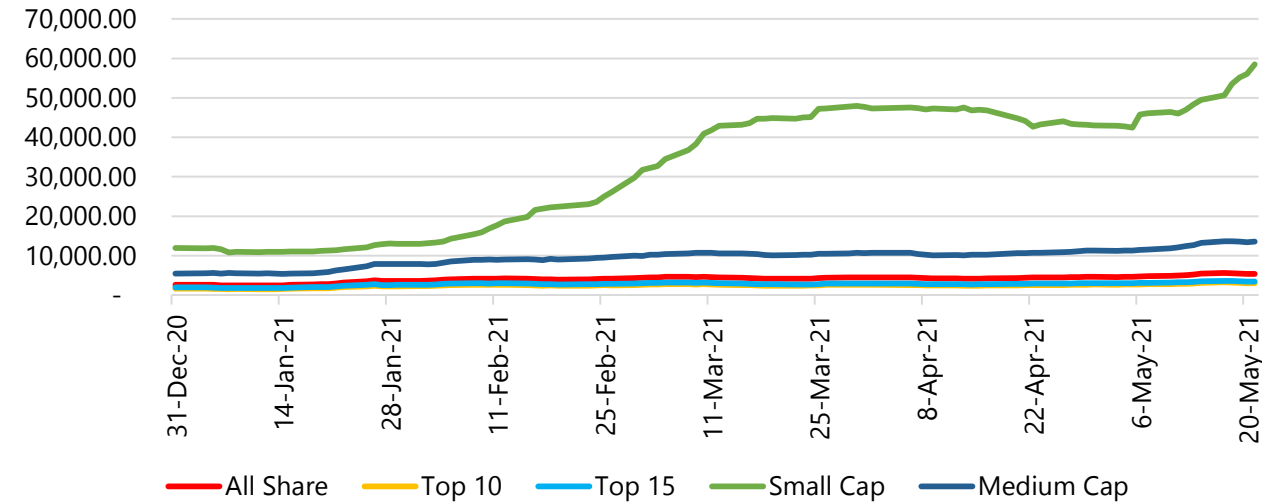


Graph 7b: Graph: FX Allotments Per Sector

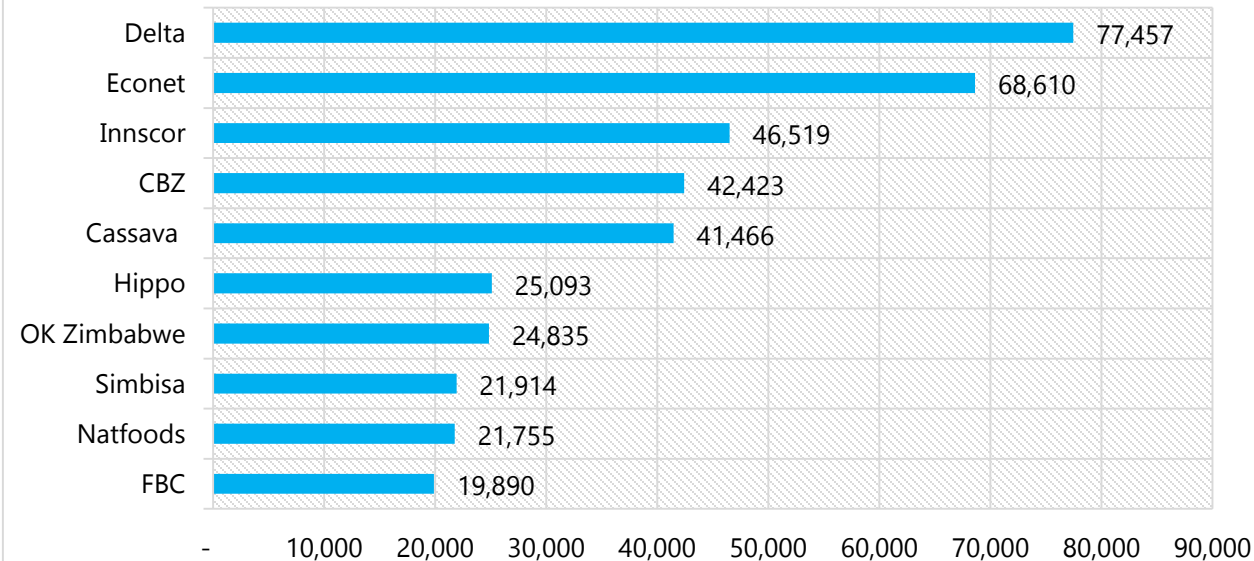




Graph 8: ZSE Indices



Graph 9: ZSE Top 10 Counters By Market Capitalisation-ZWL\$m

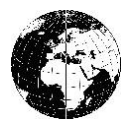


Source: ZSE

Table 1: ZSE Movers and Shakers

| Movers | 14-May-21 | 21-May-21 | Weekly Change (%) |
|-------------|-----------|-----------|-------------------|
| GetBucks | 79.00 | 179.00 | 126.6% |
| RioZim | 2,050.00 | 2,940.00 | 43.4% |
| Mash | 239.51 | 336.16 | 40.4% |
| MedTech | 13.00 | 16.99 | 30.7% |
| Lafarge | 5,300.00 | 6,720.00 | 26.8% |
| Shakers | 14-May-21 | 21-May-21 | Weekly Change (%) |
| Proplastics | 3,500.00 | 2,850.00 | -18.6% |
| Meikles | 7,879.49 | 6,550.00 | -16.9% |
| Nampak | 1,845.16 | 1,547.50 | -16.1% |
| Willdale | 169.04 | 148.09 | -12.4% |
| Padenga | 3,602.29 | 3,206.16 | -11.0% |

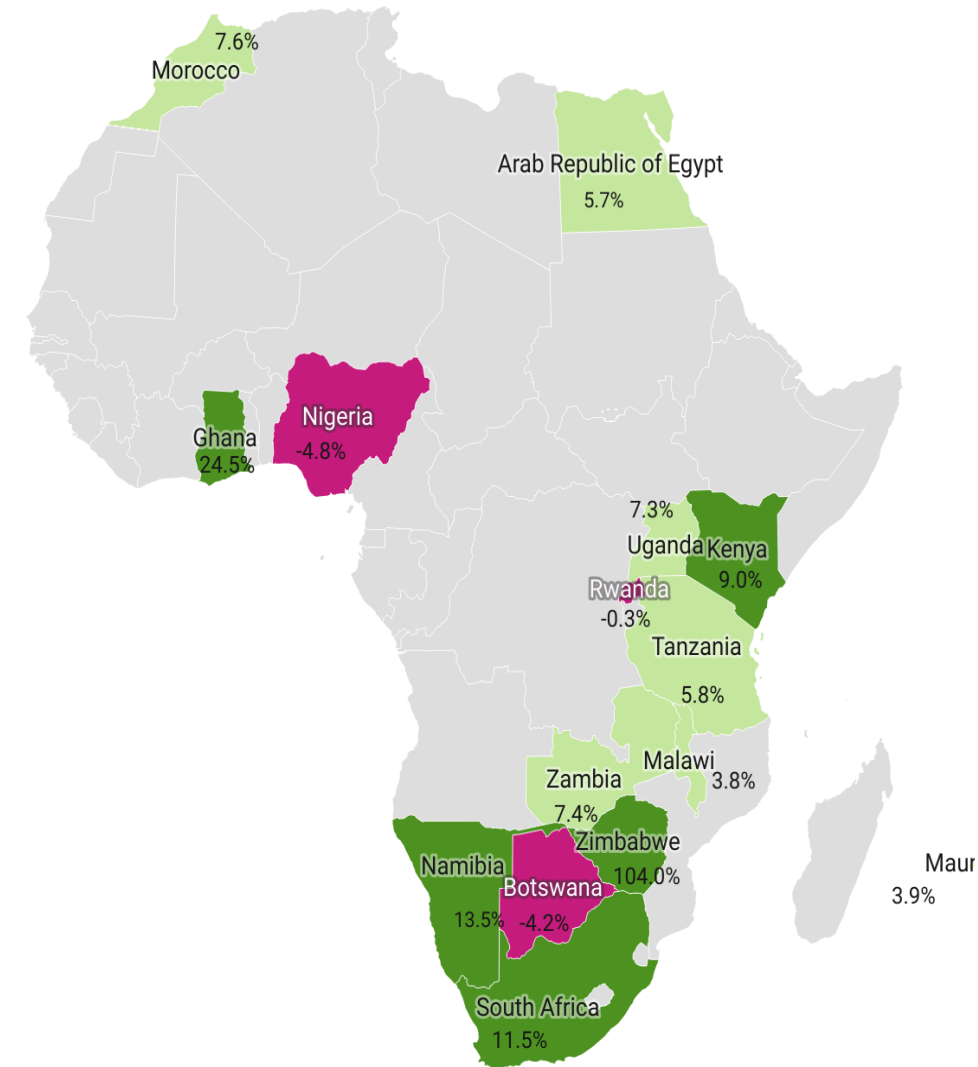
- On the ZSE, mixed performance was recorded for the week after the Medium Cap (+18.2%) and Small Cap (2.0%) indices registered weekly gains, while the Top 10 and Top 15 indices recorded losses of 3.4% and 3.0% respectively. The benchmark All Share Index lost 1.1% to close the week at 5,378.90 points –**Graph 8**.
- GetBucks led the market movers with a weekly gain of 126.6%, followed by RioZim (+43.4%), Mash (+40.4%), MedTech (+30.7%) and Lafarge (+26.8%). However, market gains were offset by losses in Proplastics (-18.6%), Meikles (-16.9%), and Nampak (-16.1%)–**Table 1**.
- Delta remained the largest counter on the ZSE with a market capitalisation to ZWL\$77.5b, followed by Econet (ZWL\$68.6b), Innskor (ZWL\$46.5b), CBZ (ZWL\$42.4b) and Cassava (ZWL\$41.5b) –**Graph 9**.
- Meanwhile, Lafarge Cement Zimbabwe advised its shareholders that the publication of the audited full year financial results for the year ended 31 December 2020 will be done on or before 31 May 2021, after obtaining regulatory approval for a further extension.



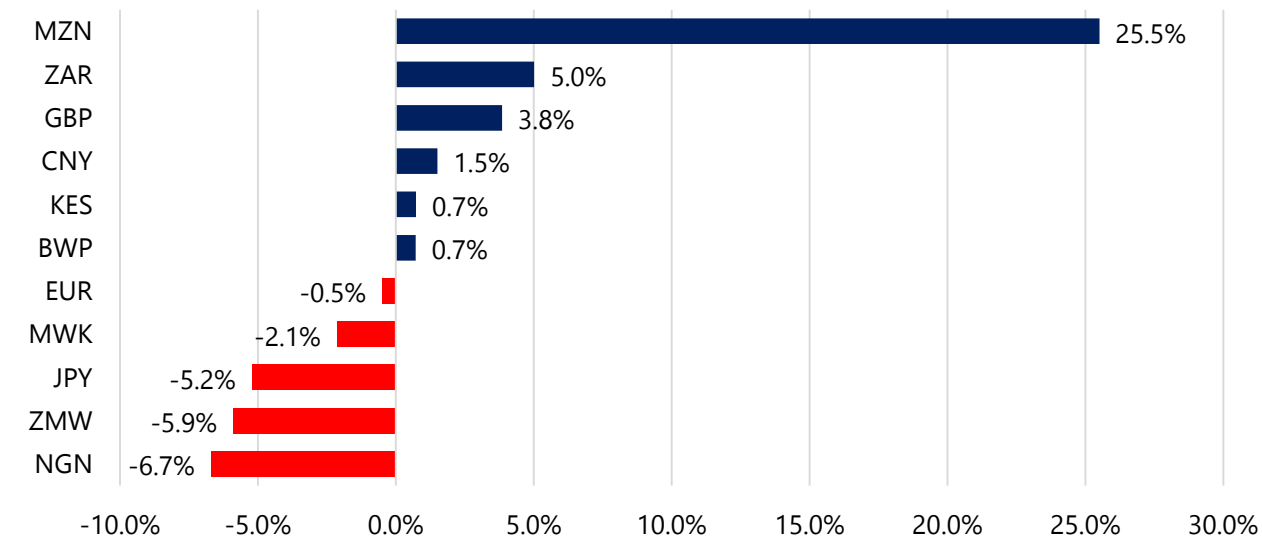
REGIONAL & GLOBAL FINANCIAL MARKETS

- On the global markets, most major international benchmarks under our watch were little changed for the week amid mixed signals. Expectations of an economic rebound due to easing of COVID-19 restrictions in Europe and U.S supported market gains while Inflation worries acted as market drag.
- The U.S DJIA recorded the largest weekly decline of 0.5%, followed by the U.K’s FTSE 100 (-0.4%) and China’s Shanghai Composite Index (-0.1%). The Japanese Nikkei 225 Stock Average recorded a modest weekly gain of 0.8%.
- In African, the stock market sentiment was mixed for the week, with Mauritius leading the gainers after moving 1.7% upwards while Ghana recorded the largest decline of 6.2%. On a year-to-date “YTD” basis, most equities markets recorded gains, led by Zimbabwe (+104.0%), Ghana (+24.5%) and Namibia (+13.5%)- **Chart 1**.
- Meanwhile, the South African Reserve Bank “SARB” kept its repo rate unchanged at 3.5%, citing the need to support economy recovery. The southern African nation’s central bank further noted that the inflation outlook was tilted to the upside after the headline consumer inflation increased by 4.4% y/y in April 2021, the highest since February 2020.
- On the currencies market, the U.S dollar index recorded a marginal loss of 0.3% for the week to 90.02. **Graph 10** below depicts YTD performances of major currencies against the U.S dollar as at 21 May 2021.

Chart 1: Selected African Equities Markets- YTD Performances



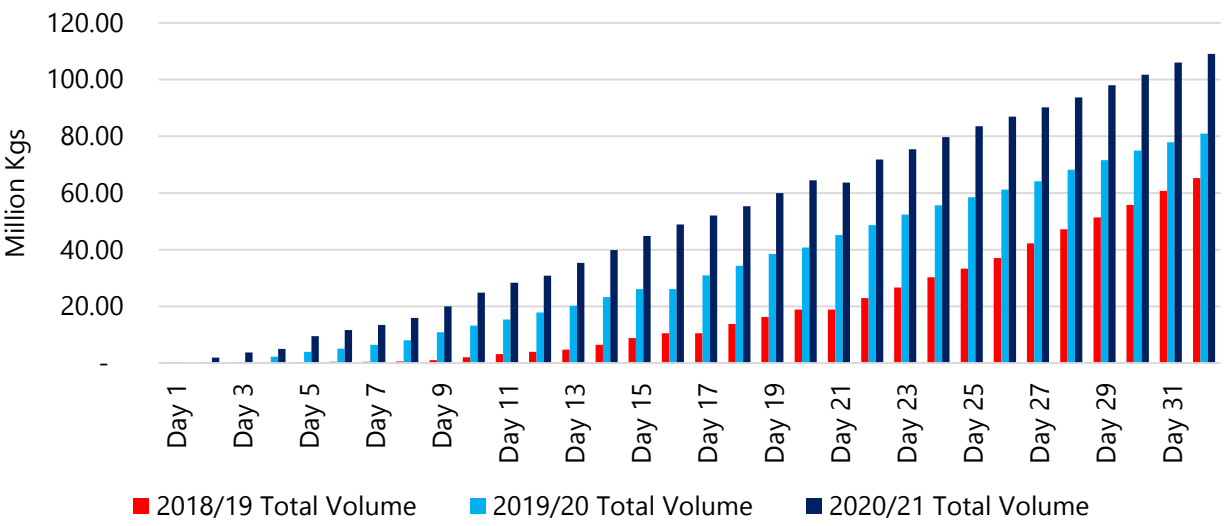
Graph 10: Major Currencies vs the USD-YTD Movements-21 May 2021



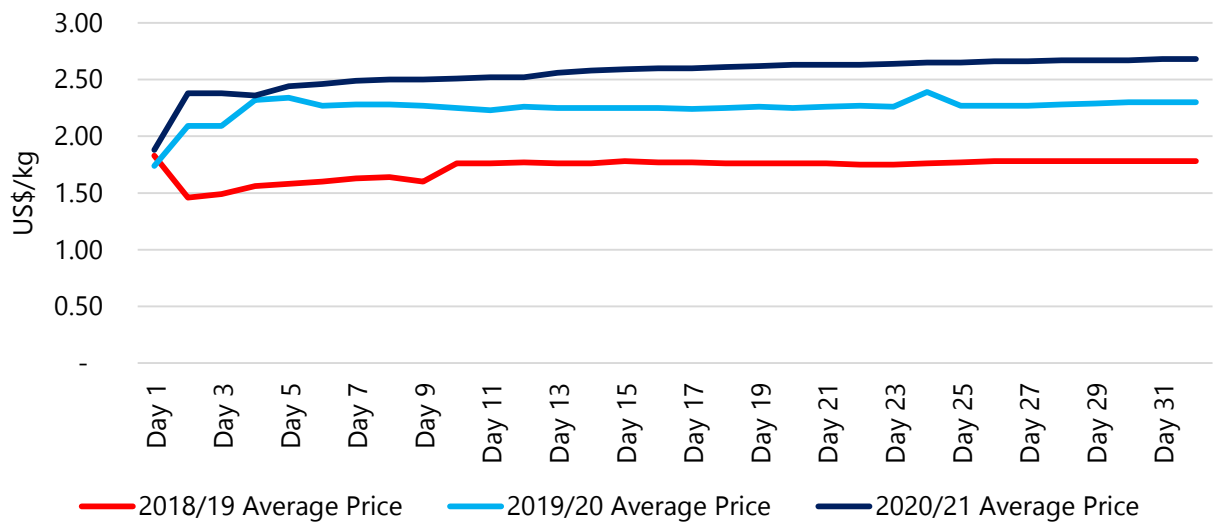


ZIMBABWE | THE 2020/21 TOBACCO MARKETING SEASON

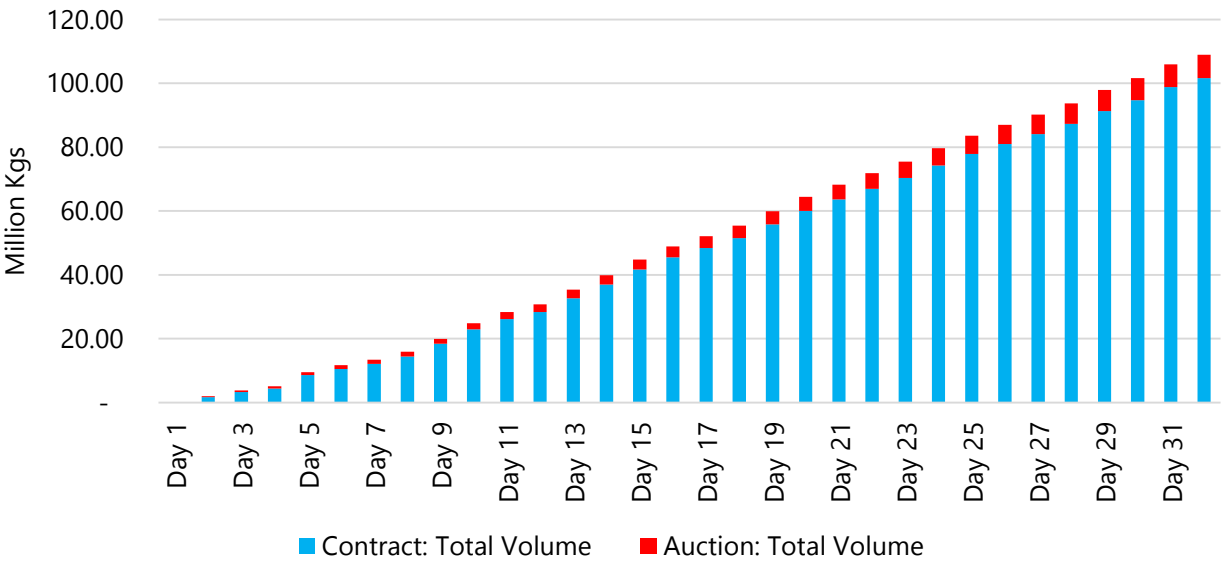
Cumulative Tobacco Sales Volume Trends (2019-2021)



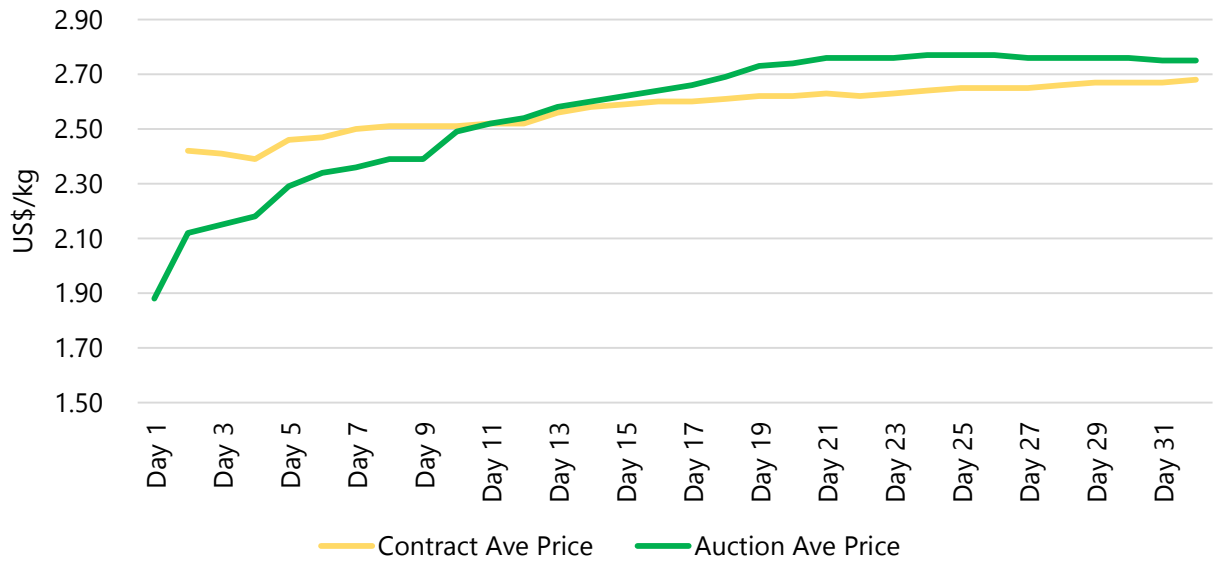
Tobacco Daily Average Price Trends (2019-2021)



2020/21 Cumulative Sales Volume - Contract vs Auction



2020/21 Average Prices- Contract vs Auction



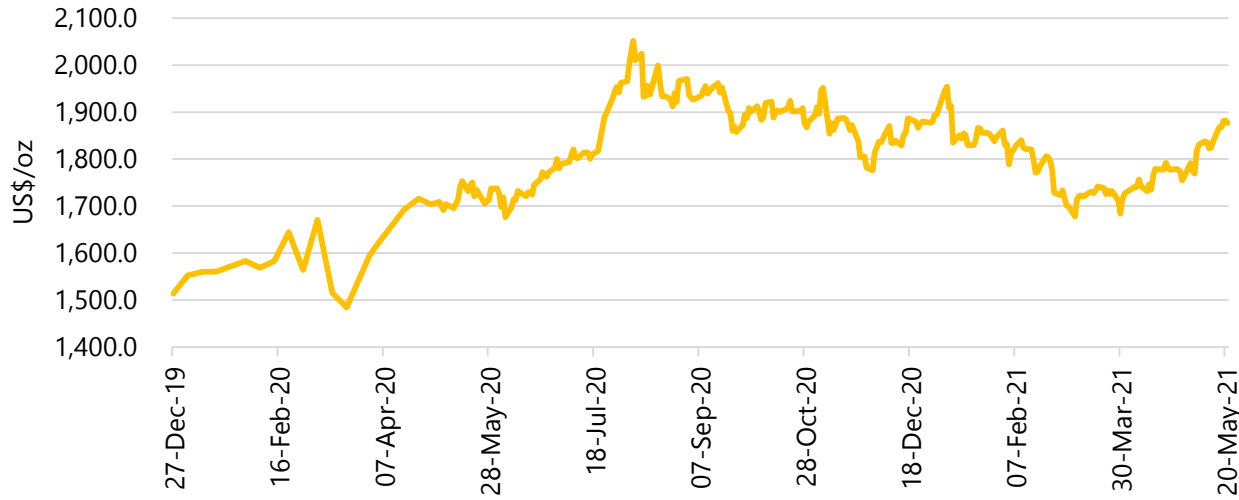


GLOBAL COMMODITY PRICE MOVEMENTS

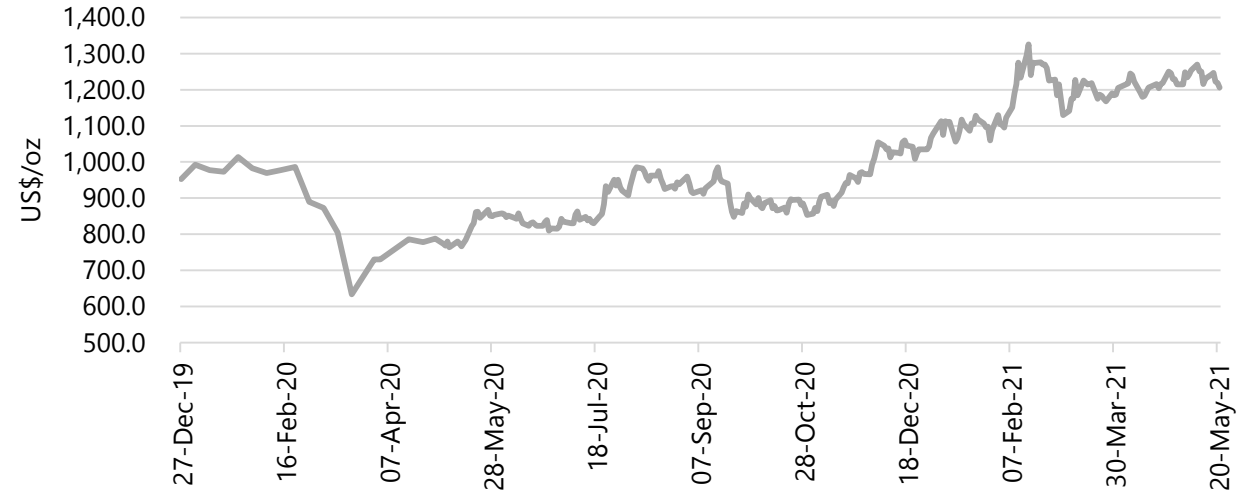
MINERALS



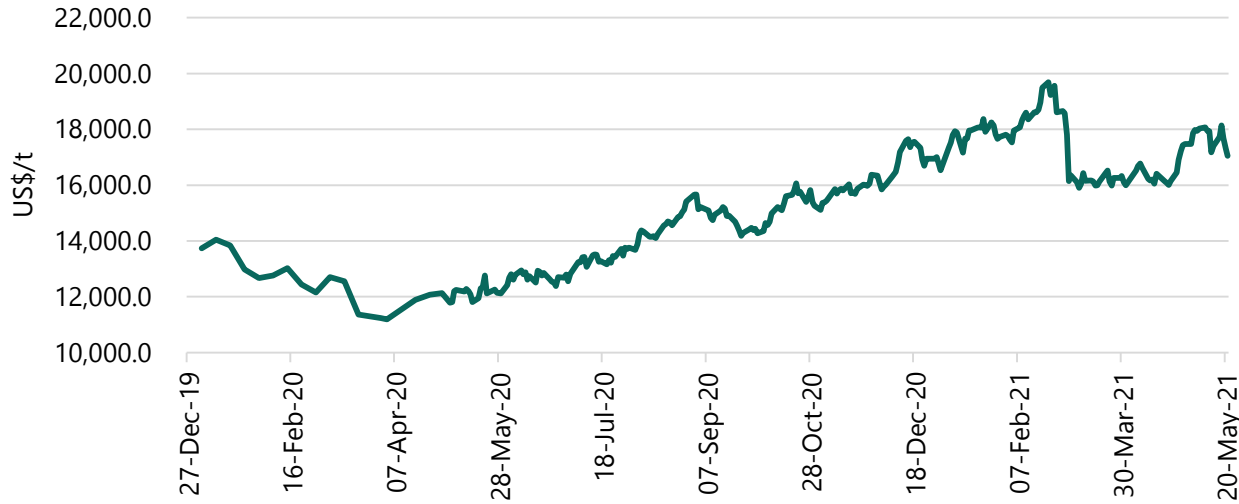
Gold prices - US\$/oz



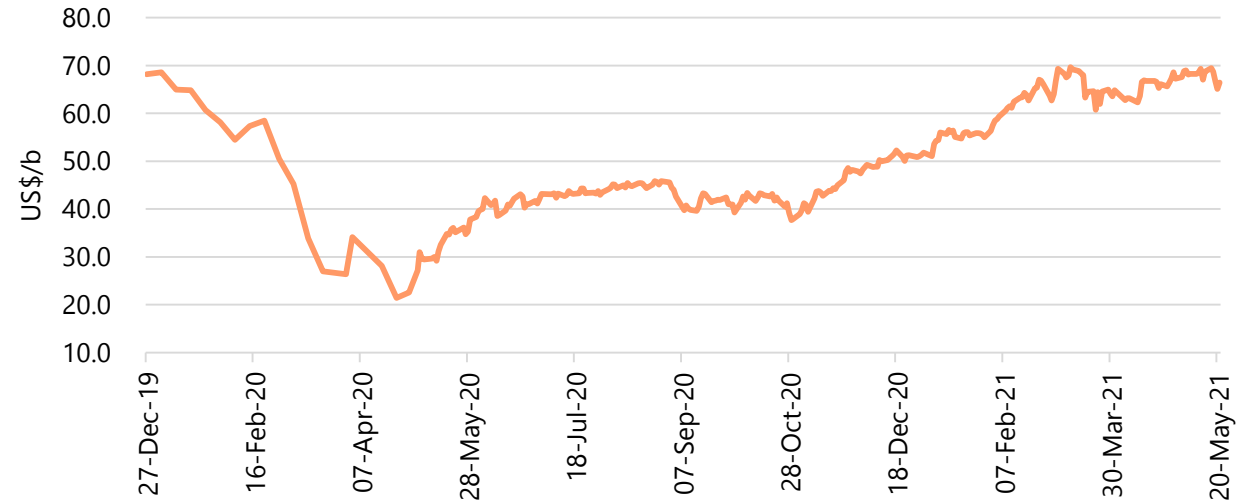
Platinum - US\$/oz



Nickel price - US\$/t



Oil prices - US\$/b



Source: Quandl

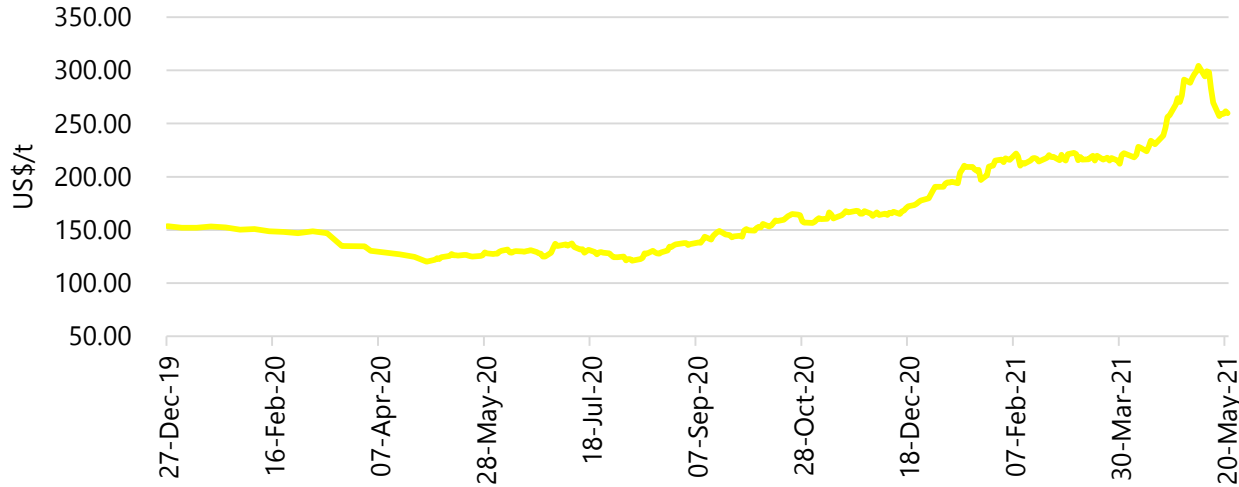


GLOBAL COMMODITY PRICE MOVEMENTS

AGRIC COMMODITIES



Corn - US\$/t



Cotton - USc/pound



Wheat - US\$/t



Sugar - USc/pound



Source: Quandl

| Date | Event | Period | Forecast | Previous |
|-------------------------------------|--|-----------------------|----------|-----------------|
| Local | | | | |
| 25 May 2021 | Africa Day (Public Holiday) | | | |
| 26 May 2021 | RBZ Foreign Exchange Auction Market | 26 May - 01 June 2021 | | 84.6494 |
| 27 May 2021 | Delta Briefing (Time: 1430hrs: Venue: Virtual) | | | |
| 7 May 2021 | Zimbabwe CPI Update m/m (y/y) | May 2021 | | 1.58% (194.07%) |
| 28 May 2021 | Masimba Holdings AGM (Time: 1200hrs: Venue: Virtual) | | | |
| Regional & International | | | | |
| 25 May 2021 | EU Leaders Summit | | | |
| 25 May 2021 | Nigeria Interest Rate Decision | May 2021 | | 11.50% |
| 26 May 2021 | U.S Crude Oil Inventories | | | 1.321m |
| 26 May 2021 | Kenya Interest Rate Decision | May 2021 | | 7.00% |
| 27 May 2021 | South Africa PPI m/m (y/y) | April 2021 | | 1.3% (5.2%) |
| 27 May 2021 | U.S GDP q/q | Q1 2021 | 6.5% | 6.4% |
| 27 May 2021 | Japan Unemployment Rate | April 2021 | 2.7% | 2.6% |
| 28 May 2021 | U.S Goods Trade Balance | April 2021 | | -US\$90.60b |
| 28 May 2021 | Angola Interest Rate Decision | April 2021 | | 15.50% |

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