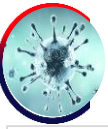




... ZETDC increases
domestic electricity tariffs
by 30%, effective 26 May
2021....

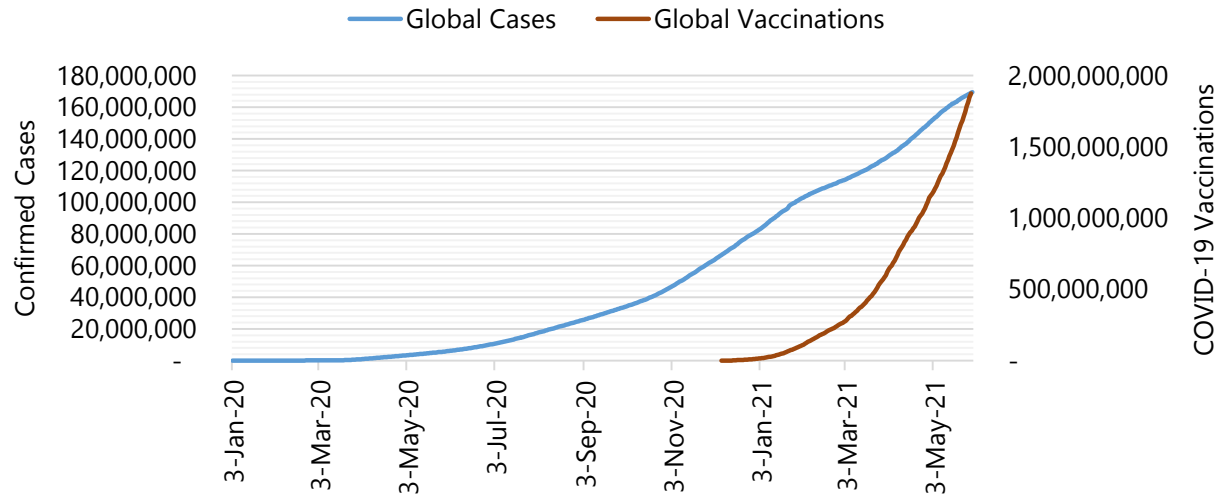
THE CBZ ECONOMIC BRIEF

Week Ending 28 May 2021

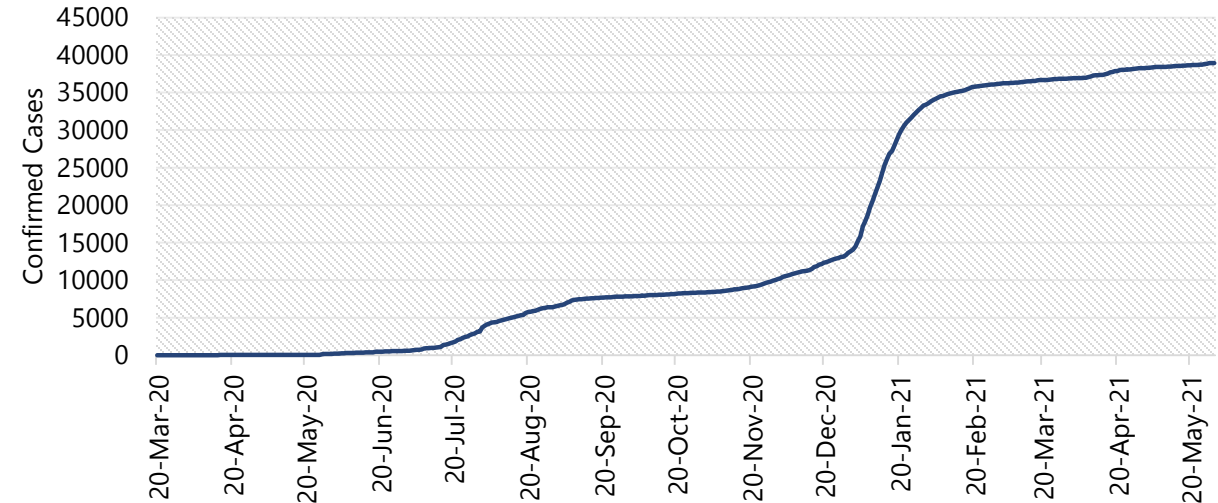


COVID-19 | Global Status as at 30 May 2021

Graph 1: Global Cumulative COVID-19 Cases and Vaccination Trends



Graph 2: Zimbabwe Cumulative COVID-19 Cases as at 30 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 169m after more than 3.5m new cases were recorded during the week to 30 May 2021. During the same period, a total of 190m COVID-19 doses were administered globally, bringing the cumulative COVID-19 vaccinations to 1.8b – **Graph 1**. Meanwhile, the government of U.K muted plans to introduce compulsory COVID-19 vaccination for healthcare workers in order to stop the spread of the virus in hospitals.
- In Africa, cumulative cases increased by 1.5% to 3.5m. South Africa remained the most infected country in the continent with 1.7m cases, followed by Morocco (519k), Tunisia (345k), Ethiopia (271k) and Egypt (262k). Meanwhile, South Africa announced new COVID-19 containment measures following a surge in new cases and will now move to adjusted level 2 of its coronavirus response framework with effect from Monday 31 May 2021. According to the new measures, curfew hours will start at 2300hrs and end at 0400hrs, non-essential establishments like bars, restaurants and fitness centres to close by 2200hrs, all gatherings will be limited to 100 people indoors from 250 and 250 people outdoors from 500 etc.
- In Zimbabwe, confirmed cases rose to 38,944 after an additional 262 new cases were recorded during the week - **Graph 2**. The national recovery rate slightly declined to 94.0% as at 30 May 2021, from 94.2% recorded at the end of the previous review period. Meanwhile, government announced that the country is expected to receive another batch of 500k Sinopharm COVID-19 vaccine doses in June 2021.

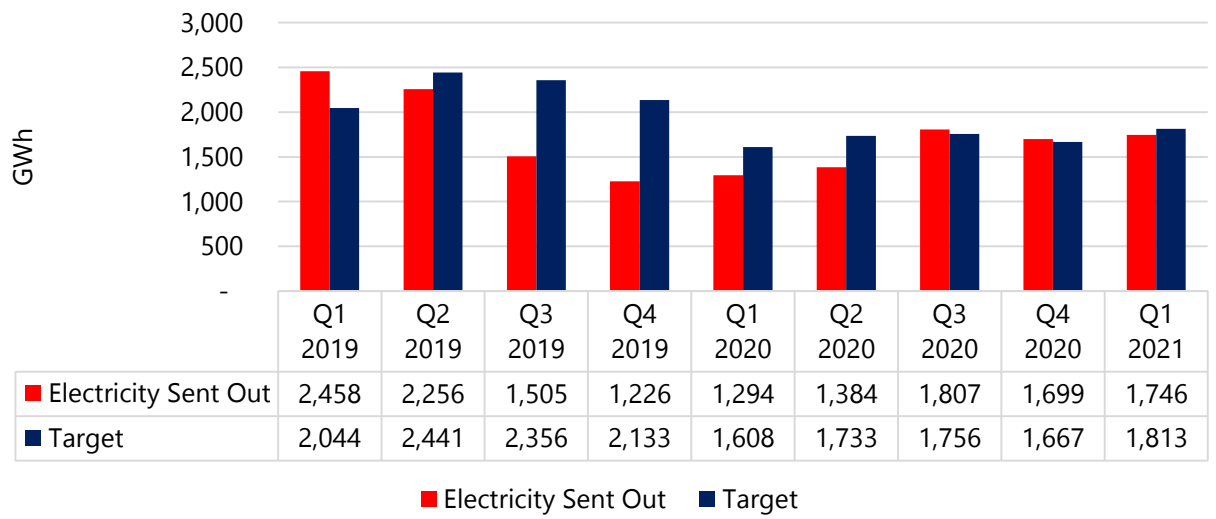


ZIMBABWE | ENERGY SECTOR DEVELOPMENTS



- According to the Zimbabwe Power Company "ZPC", electricity generation during the first quarter (Q1) of 2021 increased by 2.8% to 1,746GWh from 1,699GWh generated during the previous quarter. However, the Q1 2021 output levels were 3.7% below the quarter's target of 1,813GWh - **Graph 3**.
- The negative variance was attributed to the impact of COVID-19 induced lockdown introduced at the beginning of the quarter as well as depressed generation at Hwange Power Station, the country's largest thermal power plant.
- Kariba Hydro and Hwange power stations were the major sources of power generation during the quarter, contributing 72% and 24% respectively. Small thermal stations contributed 4% - **Graph 4**.
- Meanwhile, the Zimbabwe Electricity and Distribution Company "ZETDC" announced a 30% increase in domestic electricity tariffs across all bands, with effect from 26 May 2021. Inclusive of levies, the lowest band will now cost ZWL\$2.25/kWh from ZWL\$1.73/kWh, while highest band will now cost ZWL\$13.50/kWh from ZWL\$10.39/kWh respectively - **Table 1**.

Graph 3: Quarterly Electricity Generation Trends



Graph 4: Electricity Generation By Units

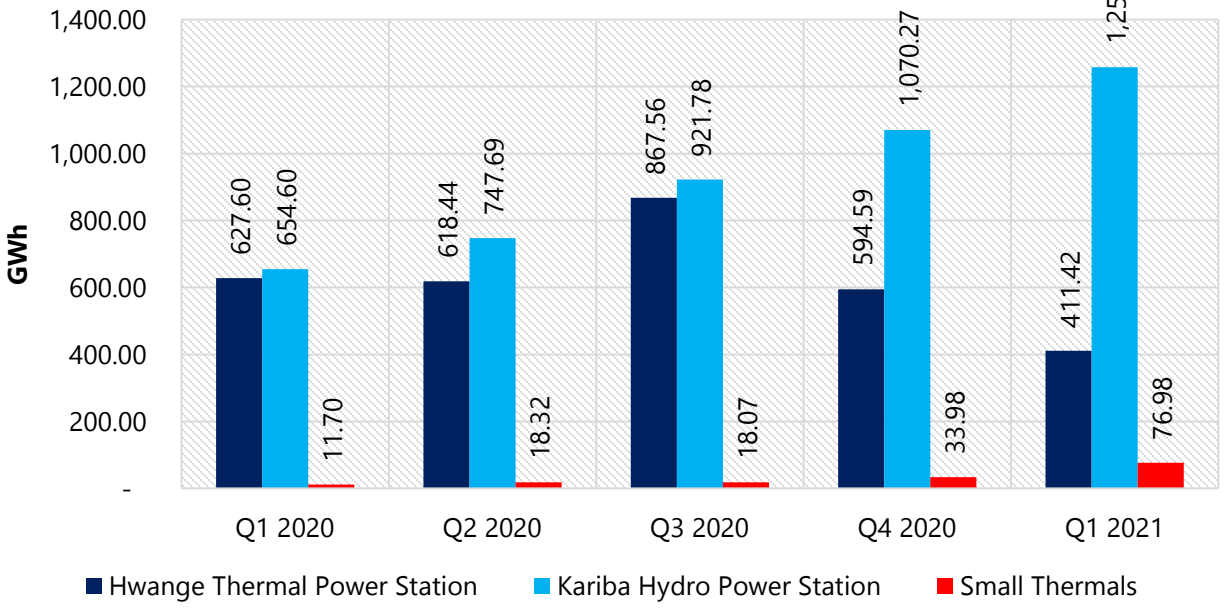
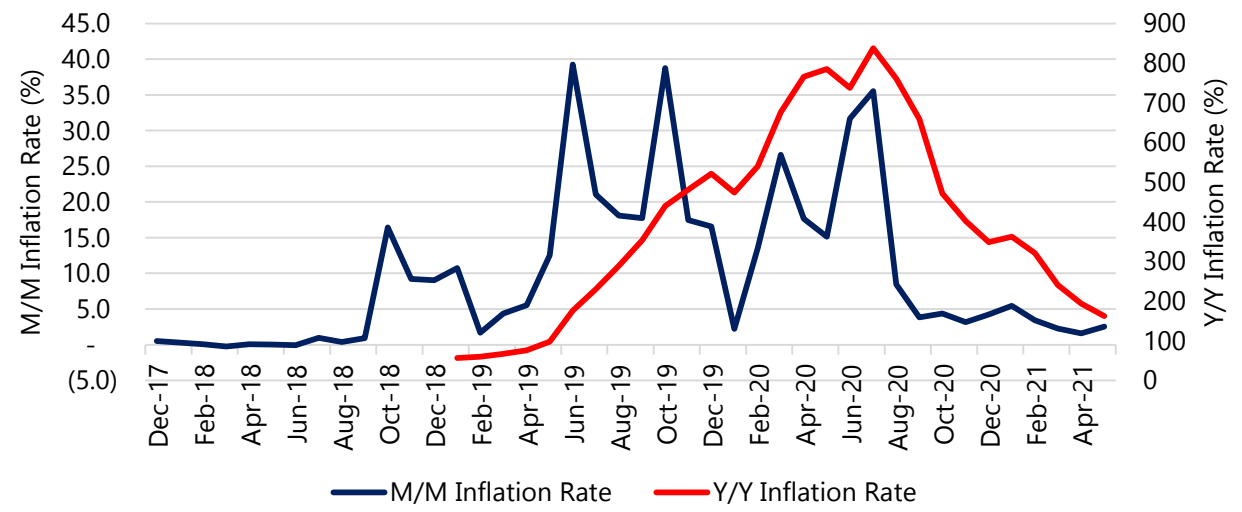


Table 1: Domestic Electricity Tariffs

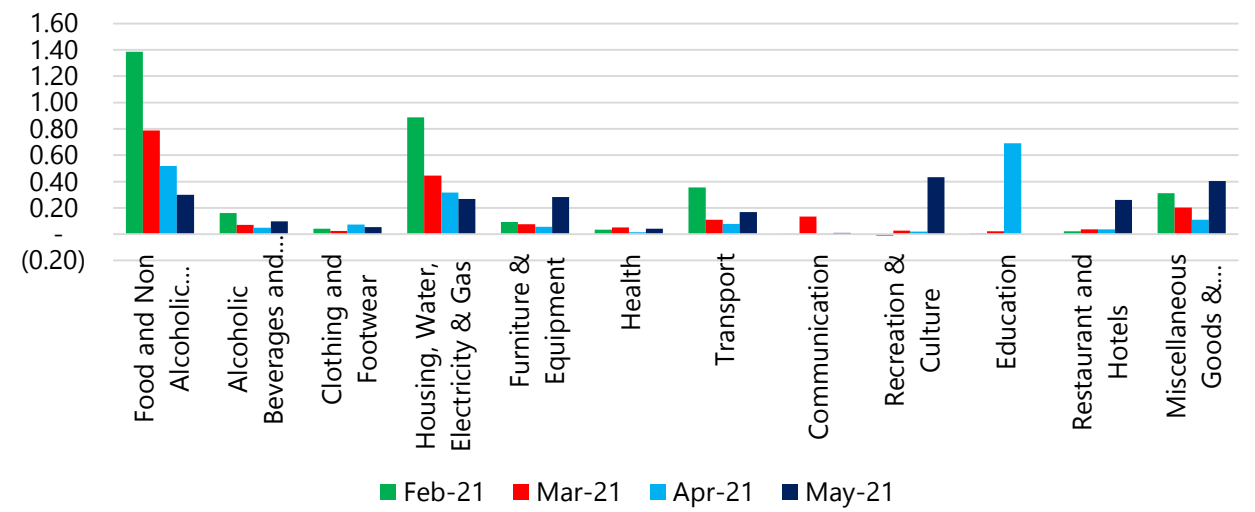
		Dec-20	May-21	May 2021 Implied US\$ Price	Change (%)
Tariff Band:	(i) 0- 50 kWh	1.73	2.25	0.03	30%
	(ii) 50 - 100 kWh	3.46	4.51	0.05	30%
	(iii) 101 - 200 kWh	6.06	7.89	0.09	30%
	(iv) 201 - 300 kWh	8.66	11.26	0.13	30%
	(v) 301 - 400 kWh	9.96	12.94	0.15	30%
	(vi) Above 400 kWh	10.39	13.50	0.16	30%



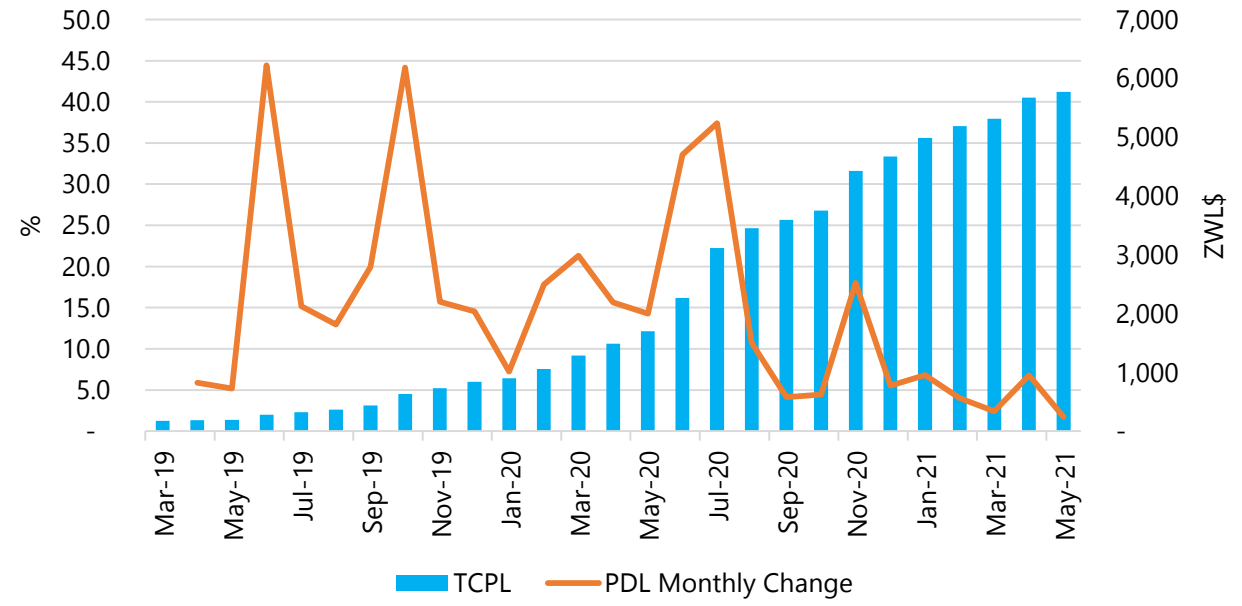
Graph 5: Inflation Trends



Graph 6: CPI Sub-Categories Contribution to Monthly Inflation Rate



Graph 7: Monthly Poverty Datum Line Trends



- According to the ZimStat, the monthly headline consumer inflation rate increased by 1.0 percentage points “pp” to a 3-months high of 2.5% in May 2021, from 1.6% recorded in April 2021 - **Graph 5**.
- The main contributors to the monthly headline inflation were ‘recreation & culture’, ‘miscellaneous goods & services’ and ‘food & non-alcoholic beverages’ sub-categories, which added 0.43, 0.40 and 0.30 percentage points to the headline increase, respectively – **Graph 6**.
- On a year-on-year basis, headline consumer inflation rate decelerated to 161.9% in May 2021 compared to 194.1% recorded in April 2021.
- Meanwhile, the cost of living for a single person increased by 1.7% m/m to ZWL\$5,771 in May 2021, from ZWL\$5,672 in April 2021 – **Graph 7**.
- The largest increase in cost of living was recorded in Bulawayo (2.5%), with an individual requiring income of ZWL\$6,342 per month. Mashonaland Central remained the most expensive province to live in and required income of ZWL\$6,508 for an individual not to be deemed poor, while Mat South (ZWL\$5,049) was the least expensive.



- The government of Zimbabwe “GoZ” announced, through Statutory Instrument “SI” 127 of 2021 Presidential Powers (Temporary Measures) (Financial Laws Amendment) Regulations, 2021, civil penalties for individuals and corporates that violate specific financial regulations as summarised in the table below:

OFFENSE	PENALTY
<ul style="list-style-type: none"> ○ A natural or legal person shall be guilty of a civil infringement if he or she without Exchange Control authority, uses the foreign currency obtained directly or indirectly from a foreign exchange auction or an authorised dealer for a purpose other than that specified in the application to partake in the auction or in the application for foreign currency 	<ul style="list-style-type: none"> ○ A combination of: <ul style="list-style-type: none"> ✓ A fixed penalty of ZWL1m or an amount equivalent to the value of the foreign currency obtained (whichever is the greater amount); and ✓ A cumulative penalty over a period not exceeding 90 days of 5% of the outstanding amount of the fixed penalty for each day that the fixed penalty or any outstanding amount remains unpaid by the defaulter
<ul style="list-style-type: none"> ○ A natural or legal person shall be guilty of a civil infringement if he or she, being a seller of goods or services not authorised by law to charge for them exclusively in foreign currency, refuses to allow any buyer thereof to tender payment for them in Zimbabwe dollars at the ruling exchange rate 	<ul style="list-style-type: none"> ○ A combination of : <ul style="list-style-type: none"> ✓ A fixed penalty of ZWL50k or an amount equivalent to the value of the foreign currency charged for the goods and services in question (whichever is the greater amount); and ✓ A cumulative penalty over a period not exceeding 90 days of 5% of the outstanding amount of the fixed penalty for each day that the fixed penalty or any outstanding amount remains unpaid by the defaulter
<ul style="list-style-type: none"> ○ An authorised dealer shall be guilty of a civil infringement if he or she submits to the Reserve Bank an application for foreign currency or exchange control authority, or a return or any other document in connection therewith, without exercising reasonable due diligence to verify the correctness of the information in or accompanying the application, return or document, with the result that the application, return or document contains information that the authorised dealer knows or ought to have known to be false in any material respect 	<ul style="list-style-type: none"> ○ A combination of: <ul style="list-style-type: none"> ✓ A fixed penalty of ZWL\$5m; and ✓ A cumulative penalty over a period not exceeding 90 days of 5% of the outstanding amount of the fixed penalty for each day that the fixed penalty or any outstanding amount remain unpaid by the defaulter
<ul style="list-style-type: none"> ○ A natural or legal person shall be guilty of a civil infringement if he or she sells, displays or offers goods and services for sale at an exchange rate above the ruling exchange rate, or imposes (for the predominant purpose of encouraging payment in a foreign currency) a premium on Zimbabwe dollar payments or allows a discount on foreign currency payments. 	<ul style="list-style-type: none"> ○ A combination of : <ul style="list-style-type: none"> ✓ A fixed penalty of ZWL\$50k or amount equivalent to the value of the foreign currency charged for goods and services in question (whichever is greater); and ✓ A cumulative penalty over a period not exceeding 90 days of 5% of the outstanding amount of the fixed penalty for each day that the fixed penalty or any outstanding amount remains unpaid by the defaulter
<ul style="list-style-type: none"> ○ A natural or legal person shall be guilty of a civil infringement if he or she, being a seller of goods or services, issues to a buyer thereof a receipt in Zimbabwe dollars for payment received in foreign currency, or records sales other than in the currency in which the sale was conducted. 	<ul style="list-style-type: none"> ○ A combination of: <ul style="list-style-type: none"> ✓ A fixed penalty of ZWL\$50k or an amount equivalent to the value of the foreign currency charged for goods in question (whichever is higher); and ✓ A cumulative penalty over a period not exceeding 90 days of 5% of the outstanding amount of the fixed penalty for each day that the fixed penalty or any outstanding amount thereof remains unpaid by the defaulter.



Graph 10: ZSE Indices

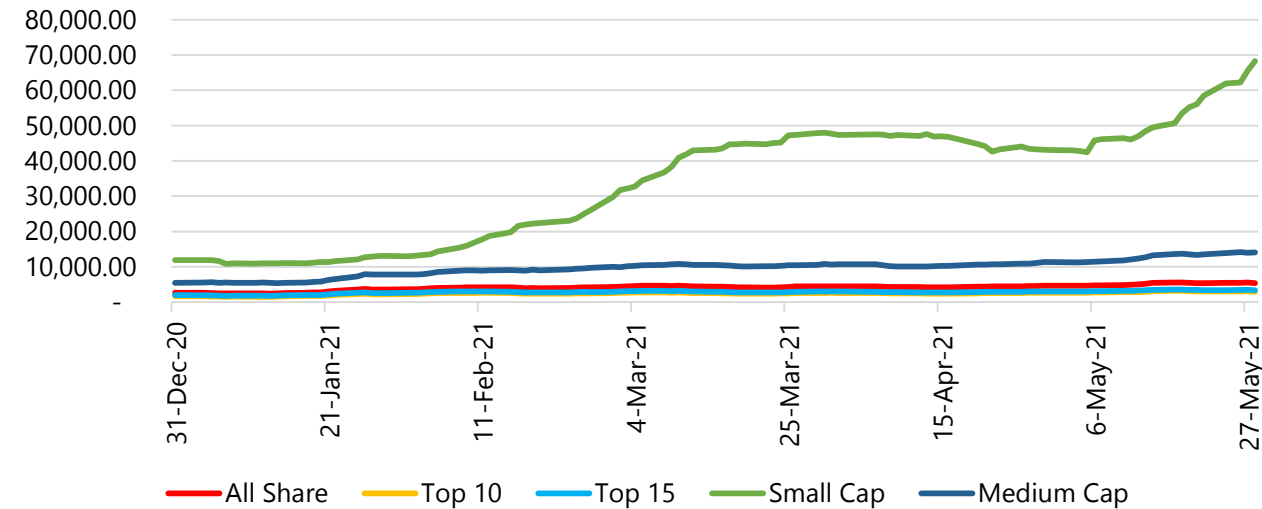
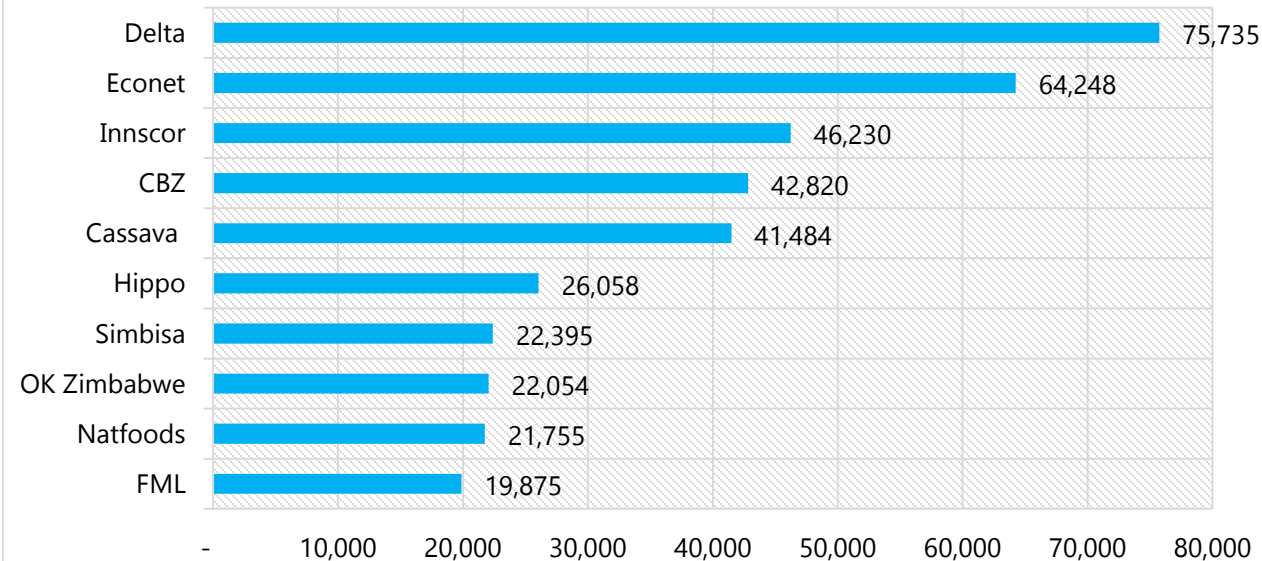


Table 3: ZSE Movers and Shakers

Movers	21-May-21	28-May-21	Weekly Change (%)
GetBucks	179.00	296.10	65.4%
ZBFH	5,000.00	6,000.00	20.0%
Ariston	261.22	309.96	18.7%
Masimba	2,520.00	2,969.43	17.8%
FMP	971.29	1,139.58	17.3%
Shakers	21-May-21	28-May-21	Weekly Change (%)
Lafarge	6,720.00	5,500.00	-18.2%
Star Africa	90.59	80.00	-11.7%
OK Zimbabwe	1,987.33	1,764.82	-11.2%
Zimplot	680.00	614.50	-9.6%
Mash	336.16	304.00	-9.6%

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



Source: ZSE

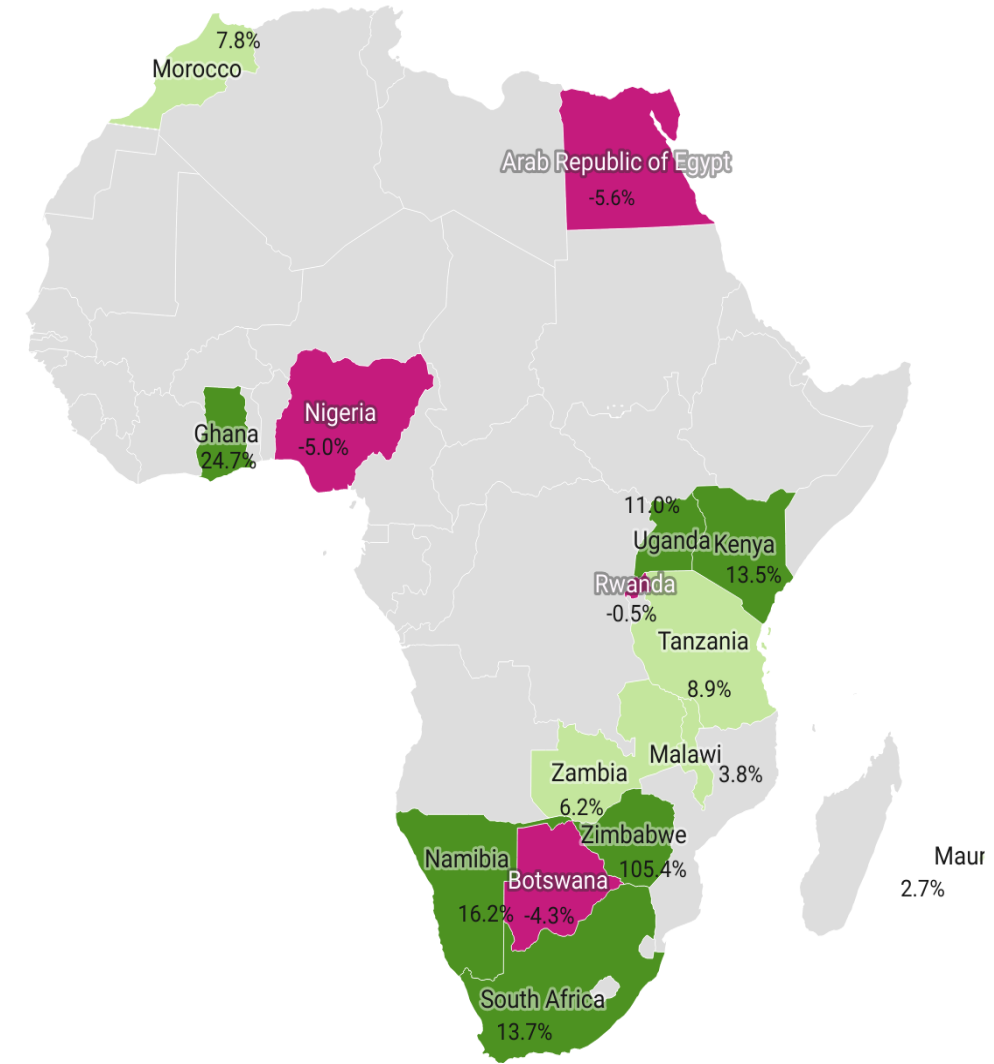
- On the ZSE, mixed performance was recorded for the week after the Small Cap (+16.7%) and Medium Cap (3.9%) indices registered weekly gains, while the Top 10 and Top 15 indices recorded losses of 1.8% and 0.3% respectively. The benchmark All Share Index marginally gained 0.7% to close the week at 5,415.23 points –**Graph 10**.
- GetBucks, for the 2nd successive week, led the market movers with a weekly gain of 65.4%, followed by ZBFH (+20.0%), Ariston (+18.7%), Masimba (+17.8%) and FMP (+17.3%). However, market gains were offset by losses in Lafarge (-18.2%), Star Africa (-11.7%), and OK Zimbabwe (-16.1%) -**Table 3**.
- Delta remained the largest counter on the ZSE with a market capitalisation to ZWL\$75.7b, followed by Econet (ZWL\$64.2b), Innscor (ZWL\$46.2b), CBZ (ZWL\$42.8b) and Cassava (ZWL\$41.5b) -**Graph 11**.



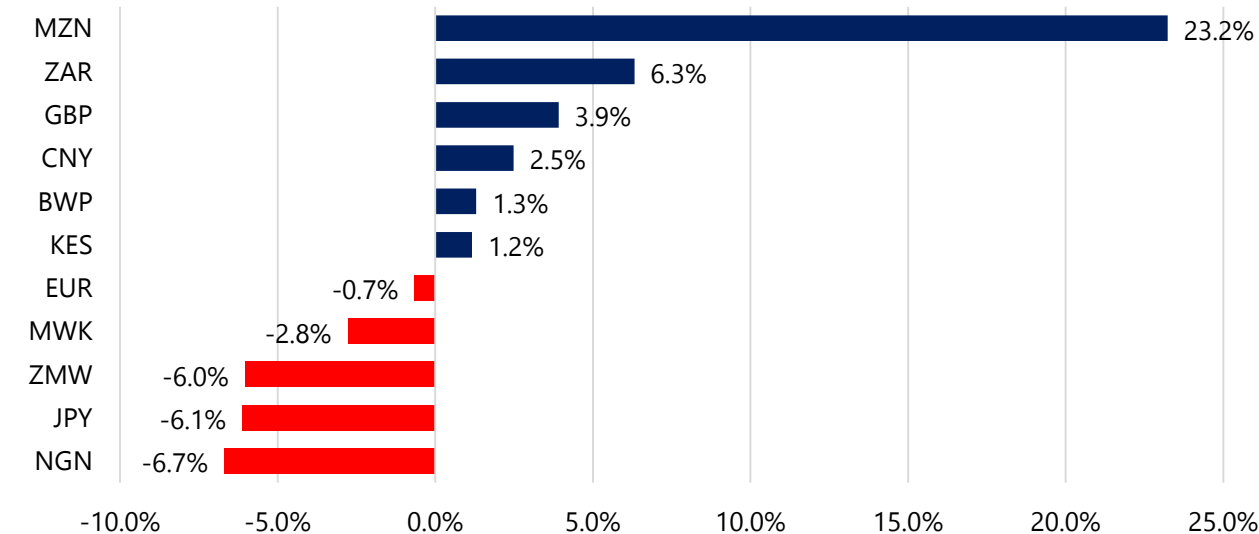
REGIONAL & GLOBAL FINANCIAL MARKETS

- On the global markets, most major international benchmarks under our watch recorded weekly gains as continued accommodative fiscal and monetary policy stance outweighed inflationary worries in the U.S and Europe, while positive news on COVID-19 vaccinations in Asia supported positive stock performance.
- China's Shanghai Composite Index led the gainers with a surge of 3.3% for the week, followed by Japanese Nikkei 225 Stock Average (2.9%), U.S DJIA (0.9%) and U.K's FTSE 100 (0.1%).
- In African, bullish sentiment prevailed on most stock markets for the week. On a year-to-date "YTD" basis, most equities markets recorded gains, led by Zimbabwe (+105.4%), Ghana (+24.7%) and Namibia (+16.2%)- **Chart 1**.
- Meanwhile, the Central Bank of Kenya left its rate unchanged at 7.00% as the country continue to operate below its optimal levels and inflation expectations remain anchored within the target ranges.
- On the currencies market, the U.S dollar index recorded a marginal gain of 0.1% for the week to 90.14. **Graph 12** below depicts YTD performances of major currencies against the U.S dollar as at 28 May 2021.

Chart 1: Selected African Equities Markets- YTD Performances



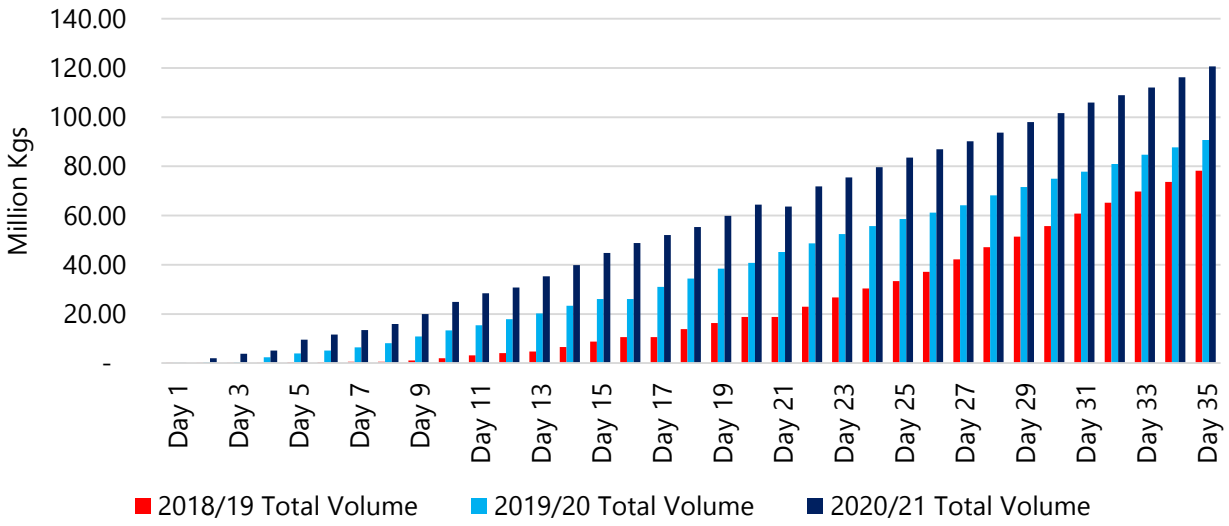
Graph 12: Major Currencies vs the USD-YTD Movements-28 May 2021



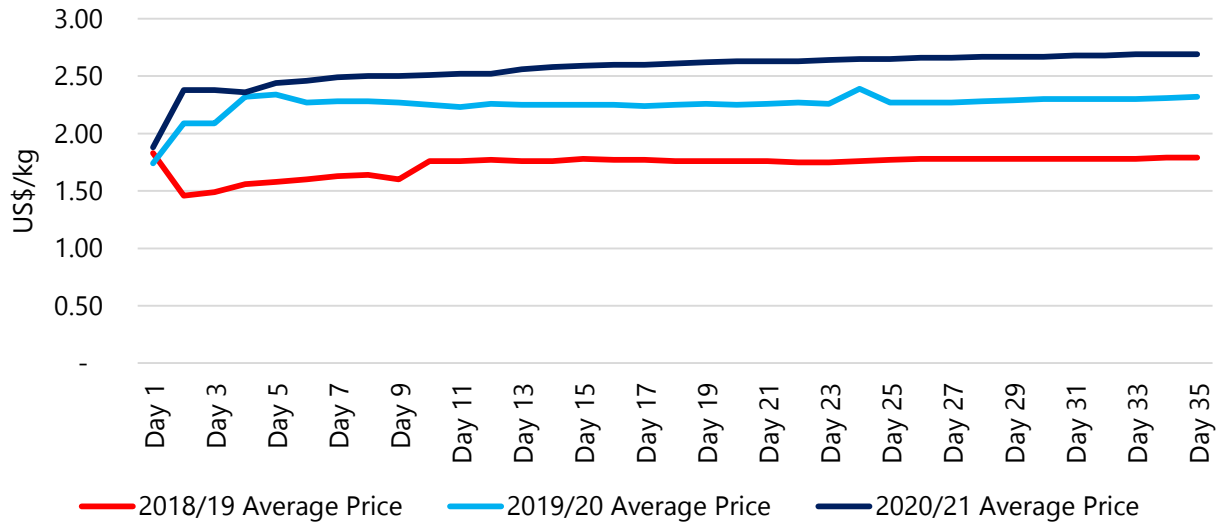


ZIMBABWE | THE 2020/21 TOBACCO MARKETING SEASON

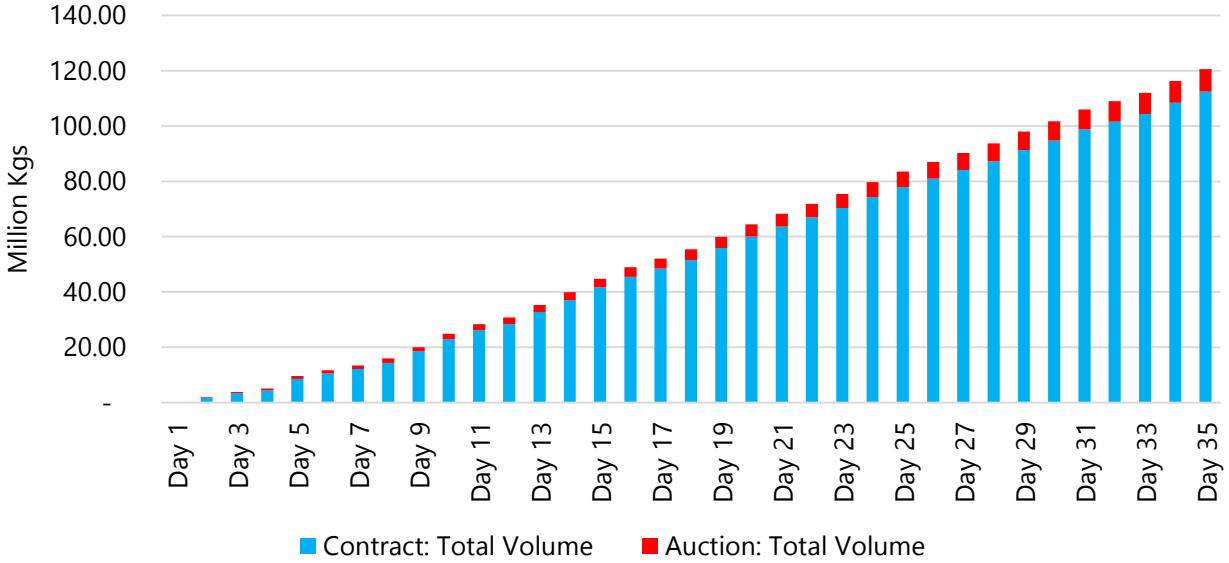
Cumulative Tobacco Sales Volume Trends (2019-2021)



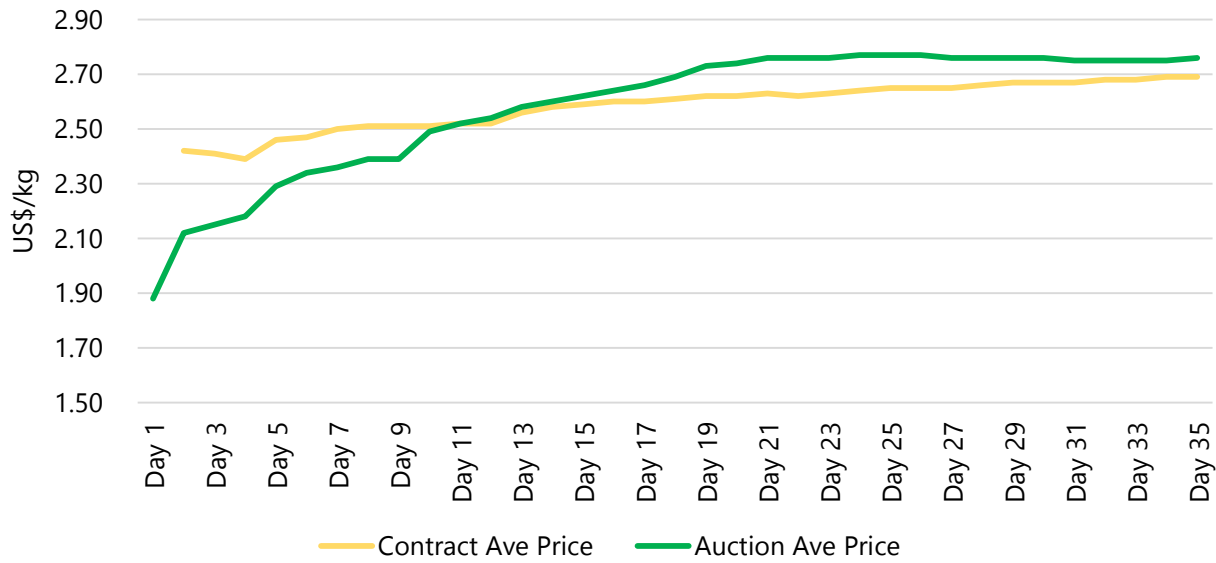
Tobacco Daily Average Price Trends (2019-2021)



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

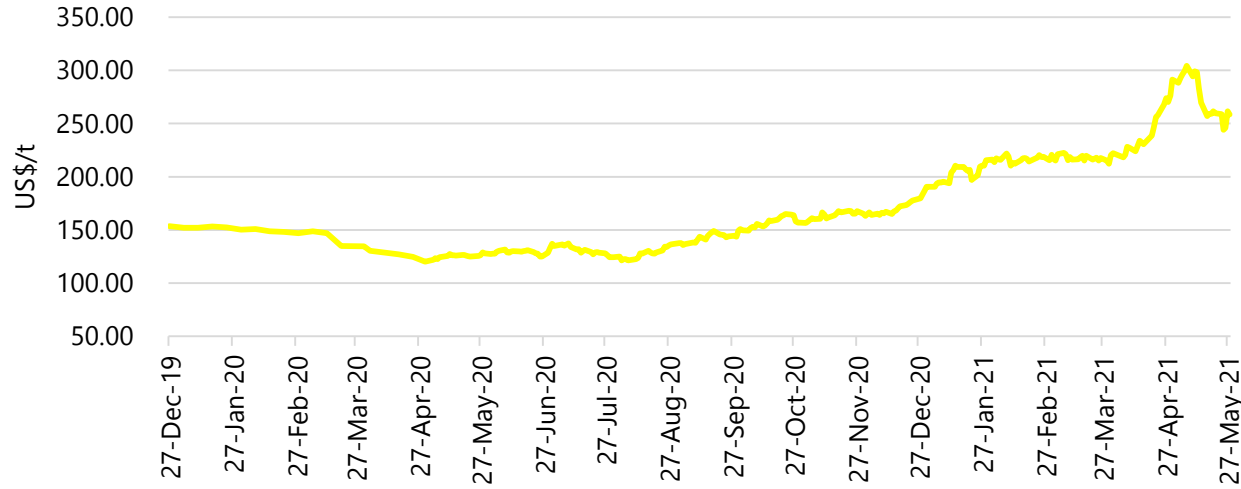


GLOBAL COMMODITY PRICE MOVEMENTS

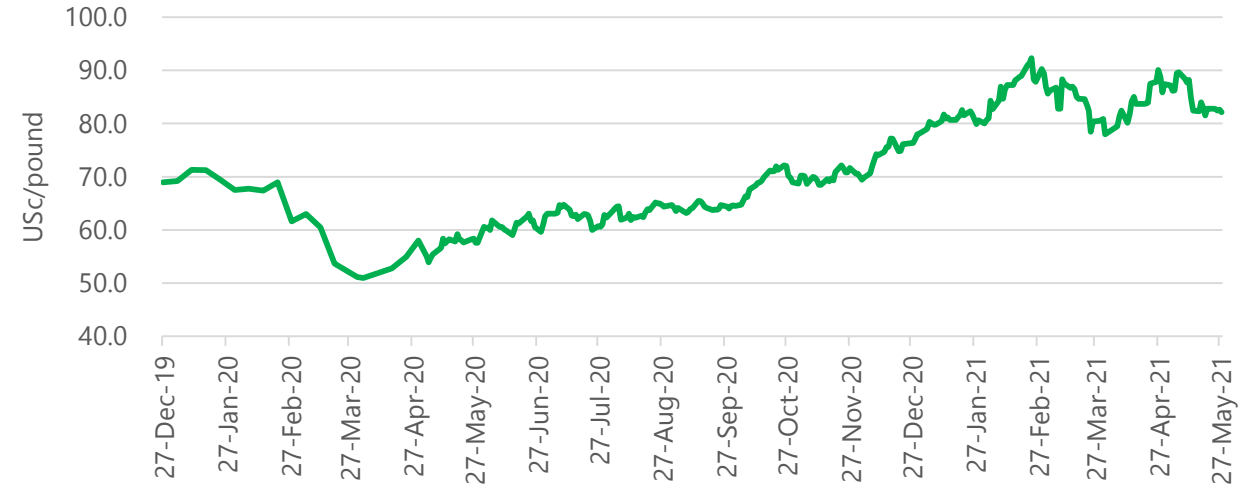
AGRIC COMMODITIES



Corn - US\$/t



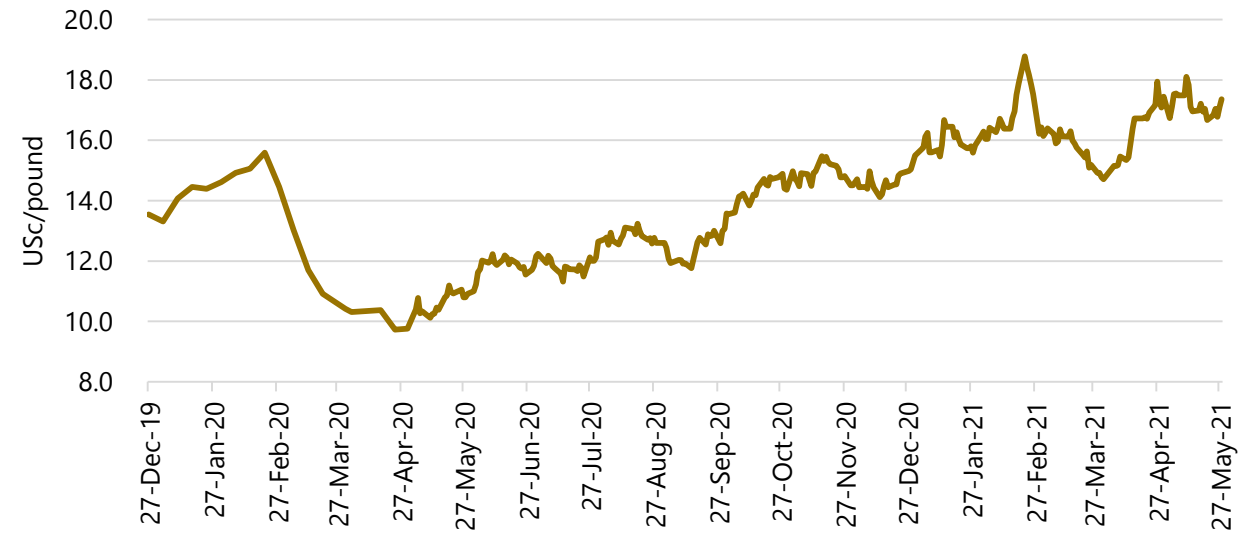
Cotton - USc/pound



Wheat - US\$/t



Sugar - USc/pound



Source: Quandl

Date	Event	Period	Forecast	Previous
Local				
01 June 2021	RBZ Foreign Exchange Auction Market	02 - 08 June 2021		84.7259
04 June 2021	RioZim AGM (Time: 1030hrs; Venue: Virtual https://escrowagm.com/eagmZim/Login.aspx)			
Regional & International				
31 May 2021	China Manufacturing PMI	May 2021	51.1	51.1
31 May 2021	South Africa Trade Balance	April 2021	R25.00b	R52.77b
01 June 2021	U.K Manufacturing PMI	May 2021	66.1	66.1
01 June 2021	Euro Zone CPI y/y	May 2021	1.9%	1.6%
01 June 2021	South Africa Unemployment Rate	Q1 2021		32.50%
02 June 2021	Mauritius Interest Rate Decision	June 2021		1.85%
03 June 2021	U.S Crude Oil Inventories			-1.662m
04 June 2021	U.S Unemployment Rate	May 2021	5.9%	6.1%

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