



MONTHLY ECONOMIC BRIEF 2021



HIGHLIGHTS



Political landscape

Concerns raised over the Constitutional Amendment Bill



95.13%

Tobacco values up by 95.13%



COVID 3RD WAVE

COVID-19 cases rise, 3rd wave averted.



194.07%

Consumer inflation closed the month at 194.07%



74.9%

ZSE market capitalization advanced by 2.21% in April 2021

Constitutional Amendment Bill sails through.....

The National Assembly and the Senate approved the Constitutional Amendment Bill (No.2) which will soon be passed into law after presidential assent. Sixty-five senators, including at least five from the opposition MDC-T, voted in favour of the Bill while 10 senators voted against the changes. Voting in both houses has reportedly been along party lines with the ruling party assenting to the amendments. Members of the opposition party and some civil society organizations raised concerns that some of the amendments centralise excessive powers in the executive and are anti-democracy. Some of the critical clauses were on the appointment by the president of members of the judiciary and the head of prosecution, the removal of the presidential running mate provision and the composition of executive and legislative oversight role.

Gold production rained out as prices decline...

Zimbabwe's gold production fell by 30% to 3.98 tonnes in the first quarter of this year compared to 5.75 tonnes produced in the same period in 2020. The decline was mainly due to excessive rains and flooded mine shafts which hindered production. Artisanal miners, estimated to be about 1,5 million in Zimbabwe, produce over half of the country's annual gold. They were the most affected by the heavy rains. The yellow metal's export earnings also declined to \$200 million in the first quarter of 2021, from \$226 million during the same period last year.

The Golden Leaf to regain its luster

The tobacco marketing season opened on the 7th of April 2021 with high hopes of overall improvement in foreign currency liquidity in the country. Tobacco is the country's second highest foreign currency earner after gold, with China and South Africa being the major buyers. Output for the current marketing season is projected at 200 million kilograms, up from 180 million kilograms produced in the 2020 season. Growth in output is mainly due to a 6.84% increase in hectareage under tobacco, which was up from 117,000 hectares in the prior season to 125,000 hectares in the 2020/21 season.

A total of 52.092 million kilograms worth US\$135.55 million were traded at an average price of US\$ 2.60 as at the 30 April 2021 (day 17). Volumes and values were up by 68.19% and 95.13% respectively relative to the same period last year. Prices increased by 16.07% on account of improved quality, allaying earlier concerns of potential quality gaps due to excessive rains.

COVID-19 3rd wave averted.

As of the 01st of May 2021, the country had a cumulative total of 38,260 COVID-19 cases, up from 36,896 at the start of April 2021. The 7-day rolling average number of cases were at 28 as at the 1st of May 2021 from 17 at the beginning of April 2021. However, halfway through the month under review, the 7-day rolling average number of cases jumped to 87, raising concerns of a potential 3rd wave of the pandemic. The vaccination program continued during the month with a total of 428,135 people having received their 1st dose of the vaccine while 92,164 people got the 2nd jab as at 01 May 2021. The country needs to vaccinate at least 40,000 people daily to reach herd immunity this year.

Consumer prices up 1.58% in April 2021

Average consumer prices increased by 1.58% in April 2021, compared to 2.26% in the prior month. Since the beginning of the year and from April 2020 prices have increased by 13.30% and 194.07% respectively. The Total Consumption Poverty Line (TCPL) per person per month closed April 2021 at ZWL\$5,672.47, after going up ahead of inflation both in the month under review and on a year to date basis at 6.8% and 21.47% respectively. This partly explains the increasing demands for higher wages. The blended inflation rate, which looks at both US\$ and ZWL\$ consumer price movements expanded by 0.94% and 94.70% in the month of April 2021 and on year-on-year basis respectively. Single digit month-on-month inflation has sustained since August 2020. Risks of price escalations emanating from a wage and fuel price increases and exchange rate pass through effects sustain high inflation expectations in the near term.

The US\$ weakened against major currencies.

The United States Dollar (US\$) weakened against major currencies in April 2021, due to rising inflation concerns amidst stronger economic data. The US\$ lost 3.12% against the Euro to close at US\$1.21 per Euro during the month.

The South African Rand (ZAR) strengthened against the US\$ due to increased economic activity with the continued easing of lockdown restrictions. The ZAR appreciated by 2.59% against the dollar to close the month at ZAR14.39 per US\$. The Zimbabwean Dollar (ZWL) depreciated by 0.12% in April 2021 to close at ZWL\$84.50 per US\$.

Commodities turn bullish during the month...

Commodity prices were bullish during the month as shown in the table below:

Commodity	Price	Apr'21	YTD'21
Crude Oil (usd/bbl)	67.29	5.52%	31.30%
Gold (usd/oz)	1,770.87	4.90%	-6.70%
Platinum (usd/oz)	1,220.68	3.27%	13.44%
Nickel (usd/ton)	17,433	6.77%	3.92%
Coffee (usc/lb)	144.75	19.04%	14.52%
Maize (usd/ton)	254.8087	20.14%	34.77%
Wheat (usd/ton)	717.75	19.28%	12.41%
Sugar (usc/lb)	16.81	12.89%	10.37%
Cotton (usc/lb)	87.37	9.31%	12.39%

Crude Oil prices maintained an upward trend in April 2021 amidst rising demand against relatively static supply. Gold price was up in

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the month reducing year to date losses to a single digit.

Local equities remain bullish ...

Local equities maintained strong growth in the month, adding ZWL\$11.963bn in value. Generalized economic environment concerns and limited investment options drove demand for shares.

Sector/Index	Value	Apr'21	YTD'21
ZSE All Share	4,641.11	3.39%	76.04%
ZSE Top 10	2,660.37	1.91%	59.16%
ZSE Medium Cap	11,330.52	6.49%	106.34%
ZSE Market Cap (ZWL billions)	553.616	2.21%	74.89%

The tables below highlight the ZSE top and bottom performing stocks in April 2021.

Top 3	Price ZWLc	Apr'21	YTD'21
NAMPAK	1,822.95	142.74%	698.66%
NMBZ	1,130.00	36.02%	182.50%
MEIKLES	5,996.24	33.10%	135.85%

Bottom 3	Price ZWLc	Apr'21	YTD'21
UNIFREIGHT	1,120.88	-25.27%	5,926.24%
SIMBISA	3,142.42	-21.08%	138.02%
NTS	800.00	-20.00%	2,814.39%

Value of trades decreased by 31.9% to ZWL\$3.076 bn in April 2021, while daily trade values averaged ZWL\$161.894 mln, down by 17.57% from the prior month. Foreign investors registered a net monthly sell-off of ZWL\$976.4 mln, with foreign trades accounting for 27.7% of total trades during the month, up from 7.7% in March 2021.

There were US\$45.18 worth of trades in Seedco International on the Victoria Falls Stock Exchange (VFEX) during the month, resulting in Seedco International's share price falling by 10% to close at US\$0.18 as at 30 April 2021. Several ZSE listed companies have delayed releasing of financial results due to COVID-19 disruptions and hyperinflation accounting complications.

ECONOMIC OUTLOOK

Tobacco and gold foreign currency inflows are expected to improve the supply of foreign currency in the country to support the seemingly overstretched foreign currency auction. Grain purchases if improperly financed are likely to increase money supply, stoking inflation in the near term. Cautious optimism is maintained on the outlook