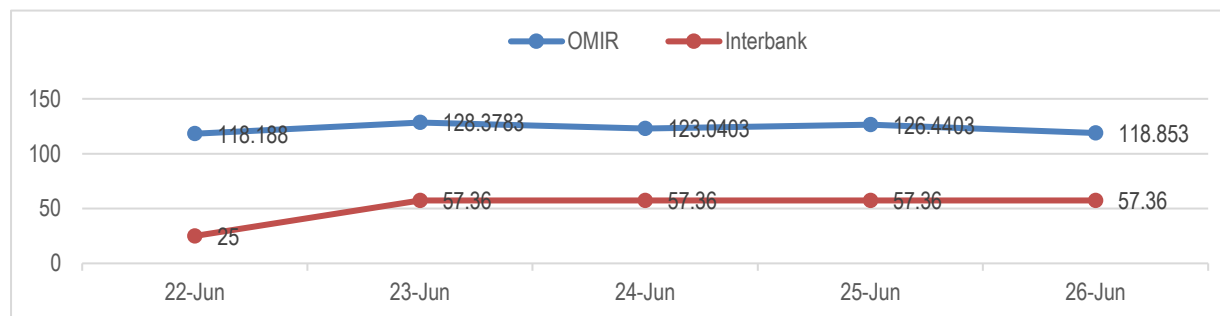


MACRO-ECONOMIC UPDATE: WEEK ENDING 26 JUNE 2020

- **Introduction of a Foreign Exchange Auction Trading System** - The RBZ released a press statement concerning the establishment of the Foreign Exchange Auction Trading System to be operational with effect from 23 June 2020.
 - **Bidding Timelines** - The Auction will be conducted once every week on Tuesdays. Where the Auction date falls on a public holiday, the Auction will be conducted on the next business day which is not a public holiday. Auction results will be released and published by 1639hrs on the Auction day.
 - **Settlement** - Payment for winning bids will be made through the Zimbabwe Electronic Transfer and Settlement System (ZETS) on a T+1 basis. The RBZ will transfer the forex to the Nostro account of the winning bidders' Authorised Dealer, after receiving the ZWL\$ equivalent. Settlement of funds transferred to the Nostro ac-count will be on a T+2 basis.
 - **Forex Auction Results for the week ending 26 June 2020:** The weighted average of ZWL\$57.36 for every US dollar, was the official exchange rate for the week. US\$10.34m was traded on Monday with the highest bid coming in at ZWL\$100 while the lowest bid came in at ZWL\$25.50.

Amount Allotted	US\$10,345,250.04
Highest Rate:	100.0000
Lowest Rate	25.5000
Weighted Average Rate:	57.3582
Total bids	US\$11,407,240.20

Source: RBZ



- **Fuel Pricing:** The Zimbabwe Energy Regulatory Authority (ZERA) will be reviewing prices of fuel on a weekly basis in line with movements in the exchange rate which will now be determined through foreign currency auctions to be conducted every week. This week's auction resulted in a 150 % increase in fuel prices.
- **Lithium production:** Zimbabwe has been named among the five countries which accounted for about 97% of global lithium production in 2018, latest data shows. Australia produced 60% of lithium concentrate in the form of spodumene (rock), Chile and Argentina produced 19% and 7.3% from brine respectively, China produced 9.4% from rock and brine while Zimbabwe produced 1.9% from the rock.

COMMENTARY & FIRST MUTUAL WEALTH'S VIEWS

- **Foreign Currency Auction:** This is a positive step towards the liberalization of the FX market. Concerns still remain on the availability of enough foreign currency to satisfy legitimate business needs and this will determine the success of the auction system. The market at this stage has little confidence that the auction system will provide transparency needed for price discovery. The auction system alone will not stabilize the currency market but a coordinated fiscal and monetary policy framework that addresses the structural issues that create arbitrage opportunities that destabilize the currency market. Ultimately the Central bank needs to be delegated to policy formulation and interventions where necessary, if the exchange rate is affected by exogenous circumstances. This leaves the banking sector to allocate foreign currency efficiently in the market.

- **Exchange Rates:** The local currency on the interbank rate lost 56.42% to close at \$57.36, while the on the OMIR market the local currency lost 4.24% to close the week at ZWL\$82.50/US\$.

- **Fuel Pricing:** The increase in fuel prices during the week is a direct result of the setting of a new official exchange rate at ZW\$57, bringing fuel prices almost into line with regional prices.
- **Lithium:** During Q1, the impact of COVID-19 dominated market dynamics in every commodity, lithium has been one of the metals least affected by the pandemic in terms of price. Lithium demand is still poised to surge in the long term on the back of the probably energy revolution.

COMPANY UPDATES: WEEK ENDING 26 JUNE 2020

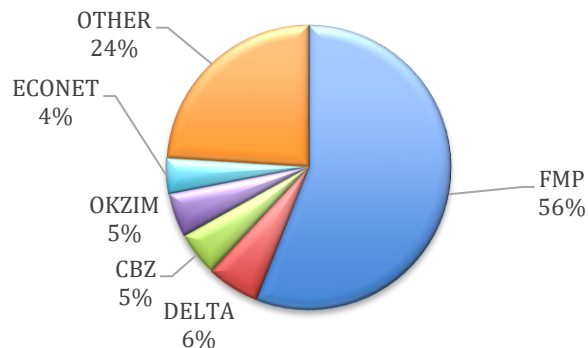
ART Corp HY2020 Update: Art revenue gained 97% to \$453 mn HY2020, buoyed by a modest increase in volumes and exports. PAT improved to \$123.13 ml from \$67.4 mn. Export revenue HY2020 increased by 23% in US dollar terms compared to the same period last year. The group's overall volumes for the half year grew by 10% compared to prior year.

CAPITAL MARKETS UPDATE: WEEK ENDING 26 JUNE 2020

ZSE Review: The Industrial Index added 15.28% to 5,870.36pts on weekly basis though the gains were held back by falling heavies whilst year to date return is 666.38%. The ZSE All share Index firmed 4.38% and closed at 1,713.63pts and bringing up its year to date return to 677.38%, while the Mining Index firmed 77.96% and closed at 3,995.48pts a year to date return of 1,161.60% as Nickel miners Bindura spearheaded the mining's charge on a 65.34%. Top Ten Index surged to 0.89% and ended at 1,232.79 pts.

VOLUME TRADED: WEEK ENDING 26 JUNE 2020

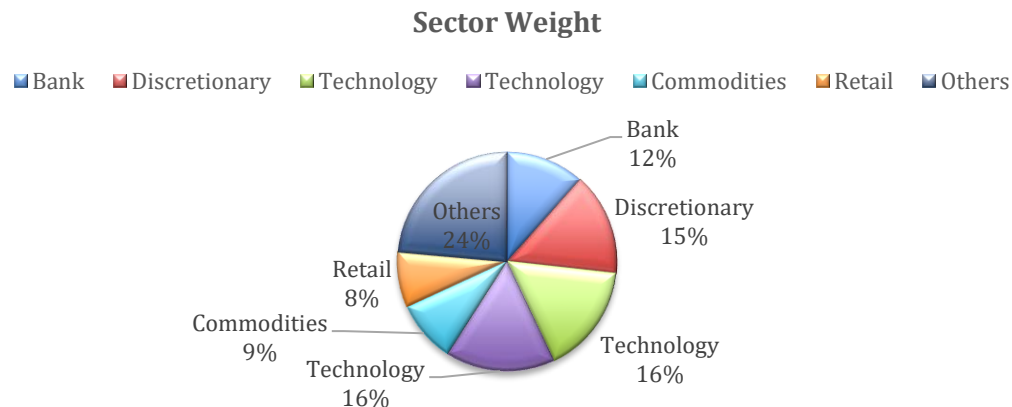
VOLUME TRADED BY STOCK



COMMENTARY & FIRST MUTUAL WEALTH'S VIEWS

- **Art Corp** – The company managed to improve its financial position in this period and also increased production overall volume by 10% despite the prevailing economic environment. It has to put firm cost containing measures in order to drive more exports in the second half so as to increase their earnings for the year.
- **Foreign Investor Participation:** ZSE recorded a net foreign outflow position of ZWL\$171.75m. Foreign purchases amounted to ZWL\$18.49m, while foreign sales closed the week higher at \$190.24m.
- Volumes traded were driven by property stock FMP which accounted for 56% of same amidst strong demand.

CONTRIBUTION TO MARKET CAPITALISATION BY SECTOR: WEEK ENDING 26 JUNE 2020



FIRST MUTUAL WEALTH UNIT TRUST FUNDS UNIT PRICE

Fund	Unit Price (ZWL\$)	Unit Price (ZWL\$)	Unit Price (ZWL\$)	Weekly return (%)	YTD return (%)
	31-Dec-19	20-Jun-20	25-Jun-20		
First Mutual Wealth Equity Fund	9.68905	57.122217	56.838376	-0.50%	486.62%
First Mutual Wealth Balanced Fund	5.1936	33.011564	32.409207	-1.82%	524.02%
First Mutual Wealth Bond Fund	1.1629	1.181063	1.181457	0.03%	1.60%
First Mutual Wealth Money Market Fund	1.096159	1.115922	1.116721	0.07%	1.88%
First Mutual Wealth Money Market Gross Fund	1.069472	1.072028	1.072165	0.01%	0.25%

COMMENTARY & FIRST MUTUAL WEALTH'S VIEWS

- **Sector Weights:** Technological sector contributed 19% to market capitalization, followed by Discretionary with 18%, Commodities 11%, Retail 10% and others at 28%.
- Values traded increased to 144.85% on the prior week and closing at ZWL\$ 635,243,700.50 while, the volumes exchanged surged 122.79% as they ended the week at 91,127,400 shares. Top values for the week were seen in Delta and CBZ which accounted for a combined 46% of the aggregate with FMP also driving a notable 16% of the spend.
- Equity based Unit Trust Funds continue to outperform monetary based Unit Trusts in line with the rallying stock market. Unit Trust YTD returns for the week are summarized below:
 - Equity Fund – 486.62%
 - Balanced Fund – 524.02%,
 - Bond Fund – 1.60%
 - Money Market Fund - 1.88% and
 - Money Market Gross fund 0.25%.

FMW continue to urge clients in monetary based funds to switch to equities bias funds as a preservation strategy in this hyper-inflation environment.

Table 1: Mining Commodities

Mining Commodity Prices for week ended 26 June 2020				
	26-Jun-20	19-Jun-20	Weekly %Δ	YTD %Δ
Gold	1,765.30	1,727.50	2.19%	15.99%
Nickel	12,709.00	13,120.00	-3.13%	-9.16%
Copper	5,985.00	5,931.50	0.90%	-2.77%
Silver	17.81	17.65	0.91%	-1.36%
Platinum	845.95	815.6	3.72%	-12.91%
Crude	38.49	38.84	-0.90%	-35.92%

Table 2: Agro-commodity

Agro Commodity Prices for the week ended 26 June 2020				
	26-Jun-20	19-Jun-20	Weekly %Δ	YTD %Δ
Coffee* (lb)	0.94	0.95	-0.63%	-27.69%
Maize (mt)	144.49	130.31	10.88%	-5.41%
Cotton (lb)	0.60	0.61	-1.91%	-13.04%
Sugar (lb)	0.120	0.119	0.93%	-7.69%
Wheat (mt)	176.50	177.66	-0.65%	-14.07%

Table 3: International Forex Market

Exchange Rates for the week ended 26 June 2020				
	CCY		Cross Rates	
	26-Jun-20	19-Jun-20	Weekly %Δ	YTD %Δ
USD/EUR	1.1213	1.1246	-0.30%	-0.12%
USD /GBP	1.2334	1.2408	-0.60%	-7.03%
INR/USD	75.6271	76.1097	-0.63%	6.08%
USD /AUD	0.6858	0.6904	-0.66%	-2.43%
CAD/USD	0.7301	0.7376	-1.02%	-5.36%
ZAR /USD	17.2722	17.3197	-0.27%	23.56%
JPY /USD	107.2095	106.8514	0.34%	-1.35%
CNY /USD	7.0782	7.0734	0.07%	1.65%
BWP /USD	11.7755	11.5479	1.97%	10.48%
KES /USD	106.5100	106.3170	0.18%	5.12%
ZMW /USD	18.1600	18.1637	-0.02%	29.08%
USD/ZWL	57.3600	25.0000	129.44%	241.97%

Table 4: Money market rates

Money Market Rates for the week ended 26 June 2020		
Tenor (Days)	26-Jun-20	19-Jun-20
7	-	-
14	-	-
30	7.36%	6.96%
60	7.86%	8.04%
90	8.45%	8.58%

Table 5: ZSE Market Cap

ZSE Indices for the week ended 26 June 2020				
	26-Jun-20	19-Jun-20	Weekly %Δ	YTD %Δ
ZSE Ind. Index (pts)	5,870.36	5,092.42	15.28%	666.07%
ZSE Min. Index (pts)	3,995.48	2,245.11	77.96%	1161.60%
ZSE Top 10 (pts)	1,232.79	1,221.93	0.89%	508.18%
ZSE TOP 15 (pts)	1,412.84	1,418.98	-0.43%	606.42%
ZSE All Share Index (pts)	1,788.75	1,713.63	4.38%	677.38%
Mkt Cap (US\$bn)	228.58	219.20	4.28%	672.23%

Table 6: Top 5 and Bottom 5

ZSE Top 5 and Bottom 5							
Top 5	26-Jun-20	19-Jun-20	Weekly %Δ	Bottom 5	26-Jun-20	19-Jun-20	Weekly %Δ
	Price (cents)	Price (cents)			Price (cents)	Price (cents)	
FBCH	1,235.00	572.00	115.91%	MEDTECH	12.00	15.00	-20.00%
RTG	148.75	86.25	72.46%	POWERSPEED	101.00	126.00	-19.84%
ZHL	225.00	144.25	55.98%	RIOZIM	1,050.00	1,205.00	-12.86%
BINDURA	240.00	165.00	45.45%	HIPPO	1,672.26	1,850.00	-9.61%
AFDIS	1,550.00	1,082.00	43.25%	SIMBISA	830.00	890.00	-6.74%

Table 7: Regional Equities

	26-Jun-20	19-Jun-20	Weekly %Δ	YTD %Δ
ZSE Ind. Index	5,870.36	5,092.42	15.28%	666.07%
Botswana DCI	7,176.60	7,241.13	-0.89%	-4.34%
JSE All Share	53,645.28	53,295.30	0.66%	-6.02%
Nigeria All Share	24,828.96	25,182.67	-1.40%	-6.95%