**ZSE Monthly Market Summaries**

|  |  |  |  |
| --- | --- | --- | --- |
| Indices | 3 May 2022 | 30 May 2022 | % Change |
| ZSE All Share | 27,632.32 | 21,504.66 | **-22.18** |
| ZSE Top 10 | 18,295.1 | 14,025.13 | **-23.34** |
| ZSE Top 15 | 20,315.84 | 15,412.2 | **-24.14** |
| Medium Cap | 45,602.33 | 37,086.85 | **-18.67** |
| Small Cap | 582,862.13 | 479,093.24 | **-17.80** |

**Inflation Rate**

|  |  |  |
| --- | --- | --- |
| M.O.M | Y.O.Y (Zimstats) | Y.O.Y (Steve Hanks) |
| 8.7% | 60.61% | 207% |

**Consumer Price Index**

|  |  |
| --- | --- |
| Month | CPI |
| March | 2.7 |
| April | 9.6 |
| May | 8.7 |

**Movement of the Exchange Rates**

|  |  |  |  |
| --- | --- | --- | --- |
| Exchange Rate | 3 May 2022 | 30 May 2022 | % Change |
| Auction | Z$165.9942 | Z$290.8876 | 75.24 |
| Interbank | Z$277.0262 | Z$299.6819 | 8.18 |
| Black Market | Z$380.00 | Z$480.00 | 26.32 |

This is based on First Capital Bank Rates

***Inflation***

**Human Poverty Index (HPI)**

* According to this measure, the HPI increased from 29% to 49% between 2019 and 2021. The average poor person should be able to subsist on $1.90 per day, however the increase in the Human Poverty Index shows that 7,9 million Zimbabweans live on less than $1.90 per day, indicating that they are extremely poor.
* The local currency depreciated dramatically in May, with the auction rate, interbank rate, and black-market rate all rising by 75.24 percent, 8.18 percent, and 26.32 percent, respectively, contributing to an increase in inflation to reach a 3-figure digit of 207%.
* The local industry was affected by a shortage of basic commodities, forcing prices to rise and inflation to reach a three-digit rate of 207 percent.

***ZSE Market Watch***

* The month of April was marked by a tremendous depreciation of the local currency in the black market, resulting in a bull run in the ZSE All-share. However, the government intervened and imposed a series of measures to halt the bull run, including:
* The ban of lending by banks which led some companies to go on a survival mode.
* The government reduced the circuit breaker from 20% to 15% and they introduced a cooling off period of 30 minutes for an increase of 10% of the ZSE All-Share.
* Capital gains withholding tax was increased to 4% for securities held for less than 270 days.
* The government went on further by introducing Statutory instrument 103 of the Securities Exchange being the 600th statutory instrument since 2018.
* As investors witnessed all of this, they thought back to the year 2020, when the Stock Market was suspended, and they began to relocate their funds by selling, with trading halting as well. The ZSE-All-share depreciated by -22.18 percent because of this.

***Effects of Government measures and Inflation on Stocks***

* Due to government initiatives to restore confidence in the local currency, a number of counters have been undervalued, and the ZSE All-share index has yet to catch up with inflation, which is currently at 207 percent.

Hence, we recommend a buy on the following stocks picks,

 1. Innscor -With a beta of around 0.9, this is a defensive stock.

 2. Econet

 3. Delta

 4. Simbisa