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MORGAN & CO RESEARCH COLA-NOMICS INDICATOR

Weekly Report: 04 November 2019

The Cola-nomics Indicator: A measure of Purchasing Power Parity (PPP)

The Morgan & Co Research Cola-nomics Indicator is an in-house measure of Purchasing Power Parity (PPP) in Southern Africa. PPP is a common macroeconomic analysis metric to compare economic productivity and standards of living by evaluating different countries' currencies through a "basket of goods" approach.

Methodology

Cola-nomics uses the price of Coca Cola's 2 litre PET bottle. Coca Cola is a very common brand on the African continent and is sold in all Southern African countries. Cola-nomics uses the United States Dollar (USD) as a base currency. Implied exchange rates are calculated by dividing the price of a 2 litre Coca Cola PET bottle in the various countries by the average price of a 2 litre Coca Cola PET bottle in the USA. These implied rates are then compared to the actual respective exchange rates, and the difference between the comparable rates measures the magnitude in the differences in purchasing power parity.

Coca Cola 2-litre PET Price Analysis



USA	South Africa	Botswana	Namibia	Zambia	Mozambique	Malawi	Zimbabwe
USD1.93	ZAR21.65	BWP17.00	NAD20.00	ZMW16.00	MZN82.00	MWK986.00	ZWL24.99
USD1.93	USD1.48	USD1.55	USD1.34	USD1.20	USD1.30	USD1.34	USD1.59

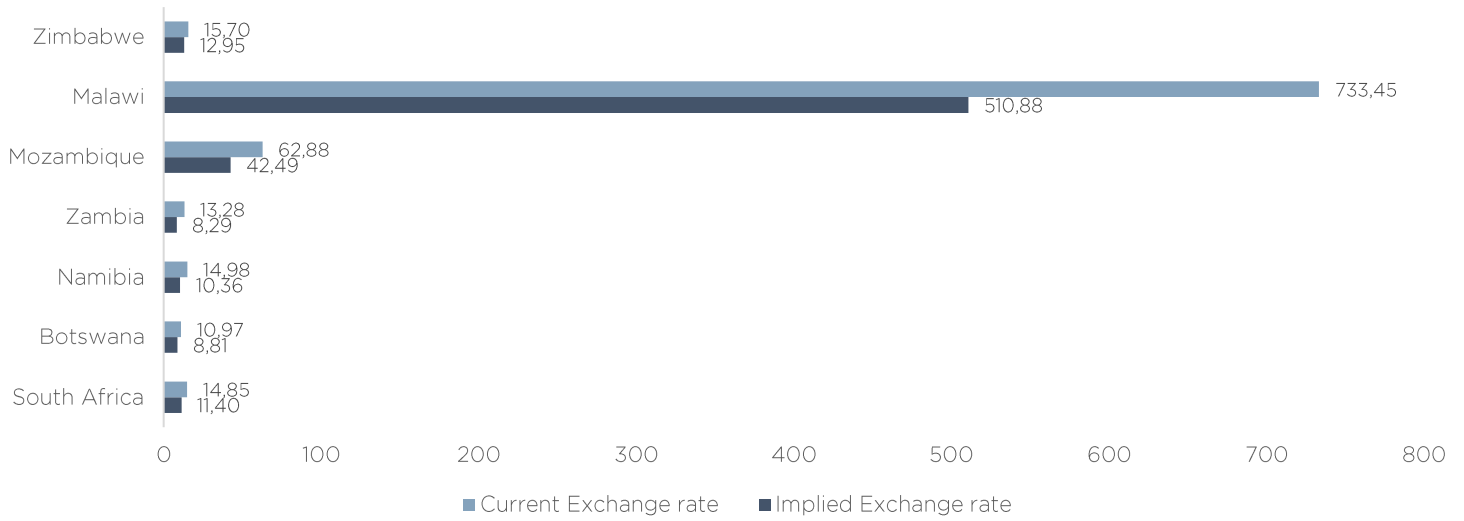
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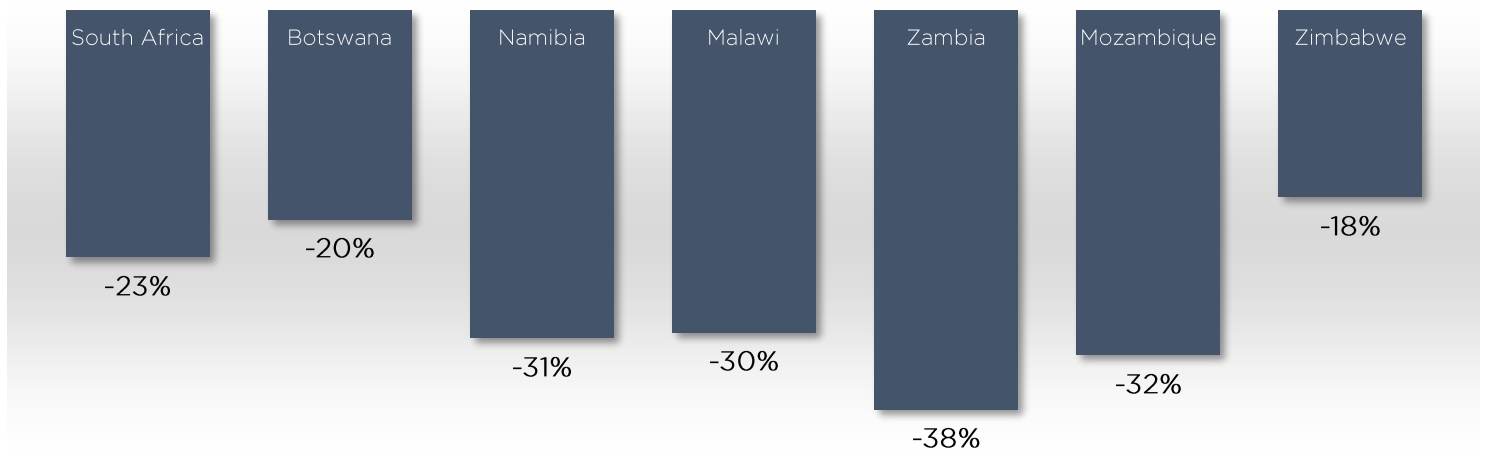
ANALYSIS OF EXCHANGE RATES

Implied Exchange Rates as per the Cola-nomics Indicator



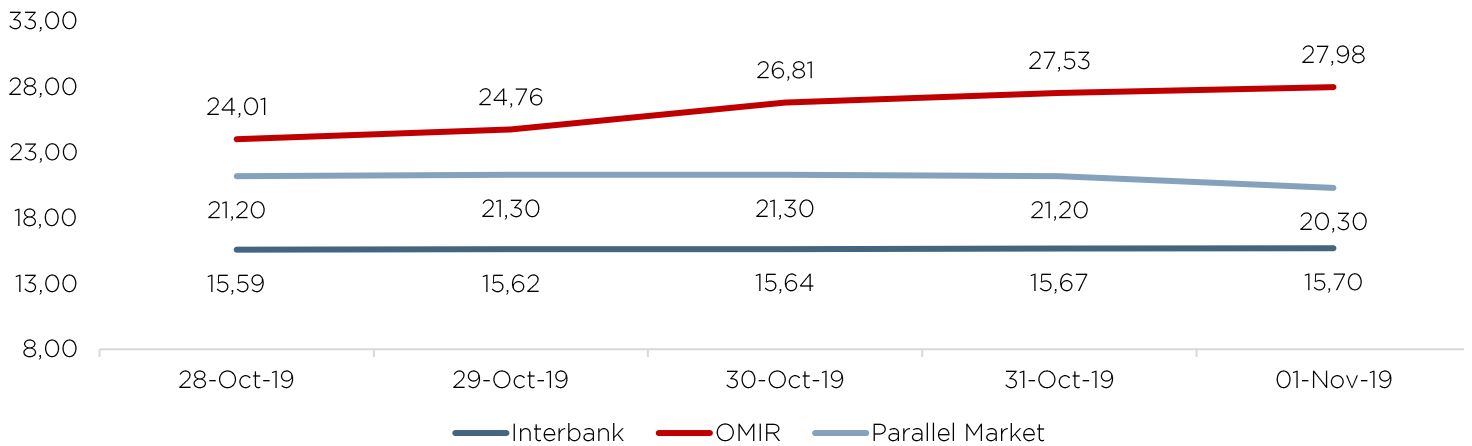
Source: Morgan & Co Research

Cola-nomics: Purchasing Power Parity



Source: Morgan & Co Research

Weekly Data: Interbank Vs OMIR Vs Parallel Market Exchange Rates



Source: Morgan & Co Research



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Disclosure Appendix

Analyst Certification

The following analyst(s) **Batanai Matsika, Tafara Mtutu, Macbeth Chipeni and Hillary Mukwenha** who is (are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security (ies) or issuer(s) and/or any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report.

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Additional disclosures

1 This report is dated as at 4 November 2019

2 All market data included in this report are dated as at close of 4 November 2019, unless otherwise indicated in the report.

