

Monthly Economic Update December 2021

Table of Contents

1. Economic Performance	1
2. Inflation	1
3. Financial Sector	2
4. Various Sectors of the Economy	4
5. Regional Economies	5
6. International Economies	6
7. Commodities Markets.....	8

1. Economic Performance

a) Domestic Economy

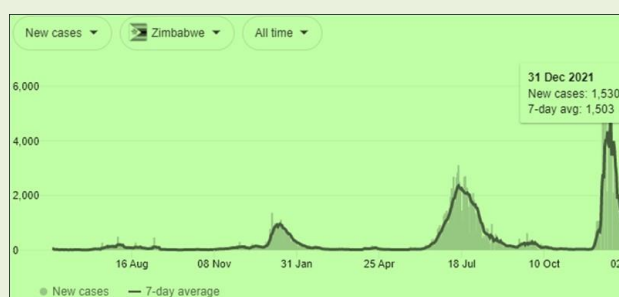
In 2021, the Zimbabwean economy is estimated to have grown by 7.8% underpinned by recovery in the real sectors - manufacturing, agriculture and mining.

Going forward to 2022, the Government of Zimbabwe is optimistic about the attainability of the Gross Domestic Product (GDP) growth projection of 5.5% given the stable macroeconomic environment and the anticipated good agricultural season. The following table shows Zimbabwe economic growth estimates and forecasts for the period 2020 to 2022:

Zimbabwe Economic Growth Forecasts			
Year	2020	2021	2022
World Bank	-10.0	3.9	5.1
IMF	-8.0	5.1	3.1
MOF	-4.1	7.8	5.5
AfDB	-10.0	5.6	-

b) Health Issues

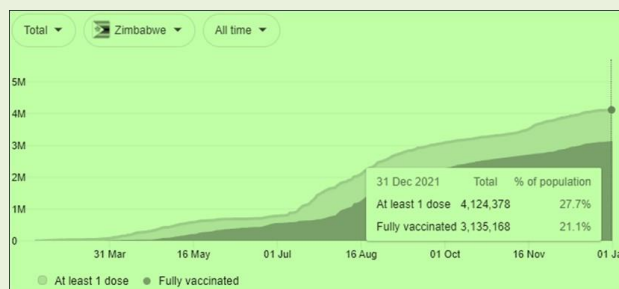
According to the Ministry of Health and Child Care, Zimbabwe cumulatively recorded 213,258 confirmed cases, 180,570 recoveries and 5,004 deaths as at 31 December 2021. This brought the National Recovery rate to 85%. The following diagram shows the daily trend of recorded COVID-19 cases between 27 May 2020 and 31 December 2021.



The Government of Zimbabwe introduced a vaccination program in February 2021 in order to alleviate COVID-19.

As at 31 December 2021, a total of 4,124,378 people (27.7% of the population) had received the first dose of the vaccine while 3,135,168 people (21.1% of the population) had been fully vaccinated.

The graph below shows the progress as at 31 December 2021:



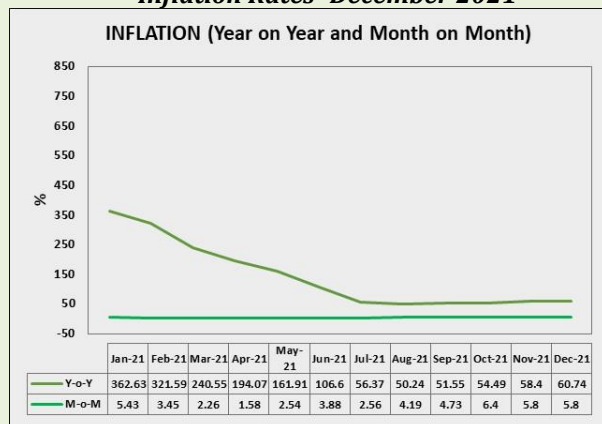
2. Inflation

During the month of December 2021, annual inflation accelerated by 2.34 percentage points from

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58.4% in November 2021 to 60.74% in December 2021 as shown in the diagram below:

Inflation Rates -December 2021



Month on month inflation in December 2021 remained constant at 5.8%, from November 2021. Going forward to January 2022, we expect Zimbabwe's annual inflation rate to close at 61.60%.

3. Financial Sector

a) Money supply

According to data provided by the Reserve Bank of Zimbabwe Weekly Report as at 24 December 2021, the reserve money fell by ZW\$126.89 million to ZW\$28.25 billion during the week ending 24 December 2021 compared to week ending 17 December 2021 position of ZW\$28.38 billion. The decline in reserve money largely reflected a decrease of ZW\$752.05 million in banks' liquidity (RTGS balances) at the Central Bank, which was partially offset by increases of ZW\$612.27 million and ZW\$12.89 million in required reserves and currency issued, respectively.

Meanwhile, the Government deposits at the Reserve Bank increased by ZW\$5.51 billion, resulting in liquidity withdrawal from the market.

b) Interest Rates

According to the latest Weekly Economic Highlights reports by the RBZ, as at 10 December 2021, maximum weighted lending rates charged by commercial banks to individual clients increased slightly by 0.12 percentage points from 58.55% as at 12 November 2021, to 58.67% as at 10 December 2021. Maximum weighted lending rates for corporate clients increased by 5.33 percentage points from 59.14% on 12 November 2021 to

64.67% as at 10 December 2021. Savings deposit rates increased from 5.29% as at 12 November 2021 to 5.33% as at 10 December 2021. The following table shows weighted lending rates and deposit rates for the period 12 November 2021 to 10 December 2021:

Weighted lending Rates and Deposit Rates

Week Ending	Commercial Banks		Deposit Rates (%)		
	Individual Clients	Corporate Clients	Savings	1-Month	3-Months
	12-Nov-21	58.55	59.14	5.29	12.67
19-Nov-21	58.74	64.38	5.33	13.34	15.05
26-Nov-21	58.74	64.38	5.33	13.34	15.05
3-Dec-21	58.67	64.47	5.33	14.17	15.05
10-Dec-21	58.67	64.47	5.33	14.17	15.05
Average	58.67	63.37	5.32	13.54	14.82

c) Foreign Currency Market

In December 2021, the USD appreciated against 7 of the 18 currencies in our basket and depreciated against 11 currencies. The USD gained the most against the Zimbabwean Dollar (2.84%), followed by the Japanese Yen (2.06%) and the Argentine Peso (1.66%). The USD depreciated most against the Norwegian Krone (2.70%) and the Australian (1.89%).

Exchange Rate Analysis

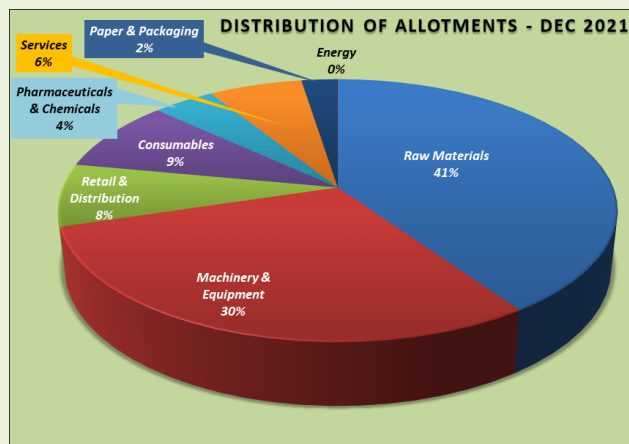
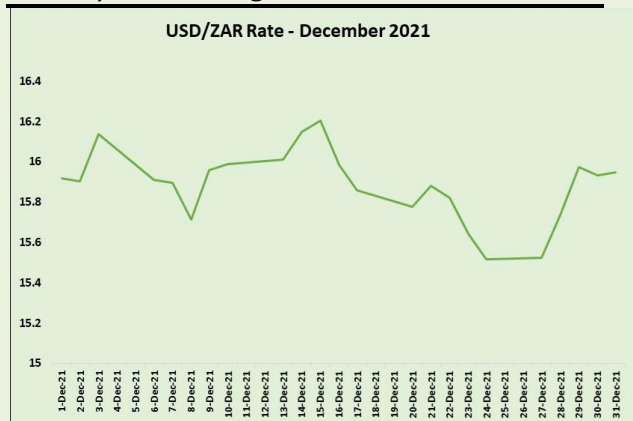
Exchange Rate Analysis			
Currency/US\$	1-Dec-21	31-Dec-21	Change (%)
Zimbabwean Dollar	105.6680	108.6660	2.84%
Japanese Yen	112.7984	115.1209	2.06%
Argentine Peso	101.0053	102.6817	1.66%
Russian Ruble	73.9729	75.0224	1.42%
South Korean Won	1174.9170	1190.4491	1.32%
South African Rand	15.9180	15.9480	0.19%
HongKong Dollar	7.7914	7.7973	0.08%
Swedish Krona	9.0468	9.0376	-0.10%
Chinese Yuan Renminbi	6.3678	6.3551	-0.20%
Botswana Pula	11.7622	11.7334	-0.25%
Euro	0.8830	0.8790	-0.45%
Indian Rupee	74.8710	74.4997	-0.50%
Swiss Franc	0.9194	0.9118	-0.83%
Canadian Dollar	1.2777	1.2656	-0.95%
Brazilian Real	5.6376	5.5714	-1.17%
British Pound	0.7515	0.7388	-1.69%
Australian Dollar	1.4024	1.3759	-1.89%
Norwegian Krone	9.0551	8.8109	-2.70%

Source: X-rates.com; RBZ © ZB Financial Holdings

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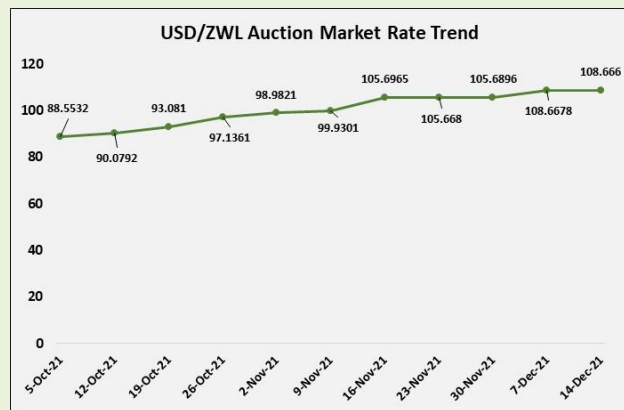
Meanwhile, the South African Rand depreciated by (0.19%) against the USD in December 2021. This was mainly due to low repo rates which were prevailing in South Africa.

USD/ZAR Exchange Rate – December 2021



d) RBZ Forex Auction Market

As the year 2021 came to an end, the ZWL depreciated by 33% from 81.7866 on 1 January 2021 to 108.6660 on 31 December 2021 with an average rate of 88.1295. The table below shows the trend of the USD/ZWL exchange rate from 5 October 2021 to 14 December 2021:



During the period under review, the Foreign Exchange Auction Market allocated US\$82.60 million cumulatively which is 62% less than the November 2021 allocation because the market was temporarily closed for the holiday. Of the December 2021 allocation, 41% was allocated to raw materials, 30% to Machinery & Equipment as shown in the following diagram:

e) Equities Market & Corporate Briefs

- The Victoria Falls Stock Exchange (VFEX) expects at least four new listings in 2022 as the exchange continues to generate interest from both local and international companies. The expected listing are Seed Co International Limited, Padenga Holdings, Caledonia Mining Corporation and Bindura Nickel Corporation.
- Tanganda Tea Limited’s listing on the ZSE which was expected to take place on 9 December 2021, was pushed to a future date pending capital gains tax approval from the Zimbabwe Revenue Authority.

Zimbabwe Stock Exchange Performance Indicators

DATE	TURNOVER VALUE	TURNOVER VOLUME	INDUSTRIAL INDEX	MINING INDEX	MARKET CAP (RTGS) (Mln)
Dec-20	2,734,500,000.00	316,737,200.00	8,782.18	4,134.09	317,879.30
Jan-21	483,877,611.10	29,895,500.00	12,054.64	4,356.70	434,856.23
Feb-21	191,497,720.00	19,620,142.00	13,830.51	6,683.44	478,152.21
Mar-21	125,521,777.75	7,374,561.00	14,740.05	5,315.39	503,573.85
Apr-21	392,685,859.85	19,716,022.00	15,260.59	5,061.28	515,359.38
May-21	118,534,255.00	5,320,938.00	17,805.83	6,820.54	603,857.57
Jun-21	206,779,818.27	13,358,488.00	20,391.51	6,211.49	712,343.99
Jul-21	135,693,027.01	7,996,175.00	22,452.92	6,621.17	768,428.16
Aug-21	67,729,206.25	2,631,113.00	22,143.27	6,102.68	749,280.68
Sep-21	318,905,814.65	8,240,223.00	28,361.54	6,014.51	975,263.47
Oct-21	219,963,365.78	5,001,856.00	37,508.67	6,652.04	1,293,543.00
Nov-21	160,988,787.44	37,058,783.00	35,367.45	7,193.11	506,531.55
Dec-21	231,152,323.00	16,309,211.00	35,762.09	7,819.37	1,227,272.43

News Highlights in the Financial Sector

- NMB Bank Limited anticipates to raise up to ZW\$2 billion through a private placement of

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a 12 month Agro Bill for onward lending to farmers for the 2021/22 agriculture season.

- The Financial Securities Exchange Limited (FINSEC) is set to introduce the FINSEC Private Markets, a private funding marketplace catering for businesses at every stage of its development.
- Zimbabwe's Life Assurance industry's gross premium written (GPW) for the nine months to 30 September 2021 grew by 485% to ZW\$11.7 billion from ZW\$2 billion in the comparative period in 2020. According to the Insurance and Pensions Commission (IPEC) this growth was mainly powered by significant premium increases, particularly from funeral assurance and group life assurance business classes in response to general rise in inflation.

4. Various Sectors of the Economy

a) Manufacturing sector

Efforts to resuscitate industries gained momentum in 2021, resulting in improved capacity utilisation for several companies and going forward, more attention will be given to assisting unwell firms and resuscitating some of the closed operations. The manufacturing sector is projected to maintain a positive growth trend with capacity utilisation estimated at 61% for the end of 2021.

News Highlights in the Manufacturing Sector

- China's Zhejiang Huayou, the world's biggest refiner of the battery metal cobalt, is set to buy out lithium developer Prospect Resources and creditor's rights for a combined US\$422 million. Prospect is developing the Arcadia lithium mine near Goromonzi.
- StarAfrica Corporation to increase the production of white sugar as the product is attracting fresh consumer interest on the domestic market. Goldstar Sugars Harare (GSSH) saw volumes spike by 46% during the half year ended September 30, 2021.

b) Mining

Zimbabwe is targeting a fourfold increase in revenue from minerals by 2023, under the policy document, known as the Strategic Road to the Achievement of US\$12 billion by 2023, which will see gold exports of US\$4 billion and platinum raking in US\$3 billion. The mining sector is expected to grow by 3.4% in 2021, before reaching 8% in 2022, as the country continues to leverage its mineral resources to achieve the desired growth.

Meanwhile, the Government of Zimbabwe through the Ministry of Mines and Mining Development is working on how it can revive the Kamativi Tin Mines and the Todal-Bokai Platinum Project so that the projects can contribute towards the US\$12 billion industry by 2023.

News Highlights in the Mining sector

- Coal miners are seeking US dollar payments for supplies to power utility ZESA citing high operating costs and failure to access foreign currency on the auction system.
- Zimplats Holdings approved an overall capital investment strategy for the group with a budget of US\$1.8 billion to be implemented over 10 years.
- Karo Resources which signed a US\$4.2 billion deal with the Zimbabwean Government in 2018 is targeting first production of its four year portals before 2023.

c) Agriculture

Wheat farmers harvested 337,212 tonnes of wheat from 66,436ha planted during the winter cropping season. This took Zimbabwe towards the national annual wheat requirement of 400,000 tonnes which ensures uninterrupted availability of the commodity.

Meanwhile, according to Agritex, as at 29 December 2021, a total of 587,930ha have been put under the 2021/22 summer crops as farmers continue planting despite receiving below normal rains. Farmers have planted 377,517ha of maize with 95,136ha planted under Pfumvudza/Intwasa



programme, 29,264ha under Command Agriculture and 256,666ha self-financed.

News Highlights in the Agriculture Sector

- Farmers have started reaping and curing the early planted irrigated tobacco in most areas.
- The Grain Marketing Board (GMB) has announced pre-planting producer prices for 2022 intake season with the maize producer price set at ZW\$58,553 per tonne. GMB has been buying grain at ZW\$32,000 per tonne during the 2021 marketing season.
- Zimbabwe’s raw milk production rose by 12.66% to 7.19 million litres in November 2021 compared to the same period in 2020.
- According to the Zimbabwe Poultry Association (ZPA), Zimbabwe’s poultry industry recorded a 61% jump in output in Q2 2021, producing 22.2 million broiler day-old-chicks compared to the prior period output of 13.8 million.
- Zimbabwe’s rabbit meat market is poised for a major upturn in 2022 on the back of a raft of initiatives set to be unveiled by industry players during the course of the year.

d) Energy

Zimbabwe Energy Regulatory Authority (ZERA) has increased the electricity tariffs by 12.30%, effective 1 January 2022. This will see families on pre-paid meters buying 200 units per month now paying ZW\$1,265.11 including the 6% rural electrification levy, up from just under ZW\$1,127.

News Highlights in the Energy sector

- Zambezi Gas and Coal Mine has postponed to 2023 its planned underground mining venture at the southern pit in Hwange district, Matabeleland North province.
- The 2.5 megawatt (MW) Centragrid Power Plant in Nyabira, Mashonaland West is set to undergo an expansion that will see it

churn out 25MW in the first nine months of 2022, thus becoming the largest solar plant in the Zimbabwe.

- ZESA Holdings has completed the designs for the power transmission system that will see a power line coming from Sherwood near Kwekwe to feed Tsingshan Holdings Group’s two sites constituting the billion-dollar steel project in Chirumhanzu.

5. Regional Economies

According to the IMF, the Sub-Saharan Africa regional economy is estimated to grow by 3.7% in 2021 and forecast to grow by 3.8% in 2022, on the back of improvement in global trade and commodity prices. However, the outlook remains uncertain and risks are tilted to the downside. Vulnerable to disruptions in global activity and financial markets, Sub-Saharan Africa will depend on the path of the global pandemic and the regional vaccination effort for its recovery.

Average food price inflation had been accelerating in Sub-Saharan Africa even before the pandemic, from 2% year on year in 2019 to about 11% in 2021. This surge reflects domestic factors such as poor weather and conflict-related supply disruptions.

For Sub-Saharan African policymakers, the first priority is still to save lives. But the sheer speed of the most recent COVID-19 wave highlights the difficulty in heading off a crisis once it gets underway, leaving authorities with little option other than cost-containment measures and the need for continued emergency support and health spending.

a) South Africa

In South Africa, manufacturing production decreased by 8.9% year on year in October 2021 according to Statistics South Africa (Stats SA) reported on 9 December 2021.

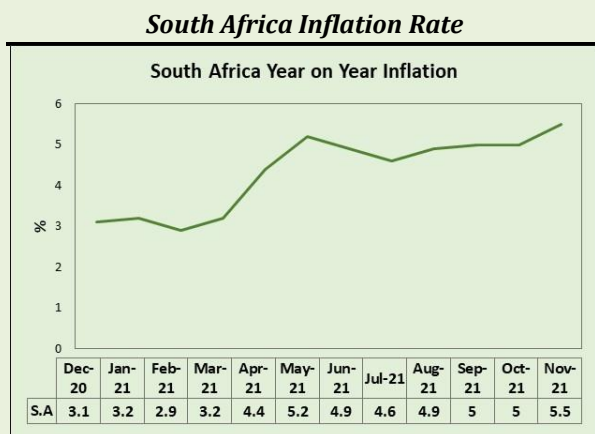
	2020	2021	2022
GDP	-8	3.5	2.2
Inflation	3.3	3.9	4.3
Unemployment rate	29.2	32.8	32.6

According to Stats SA, South Africa's gross domestic product (GDP) fall by 1.5% during Q3 2021. The

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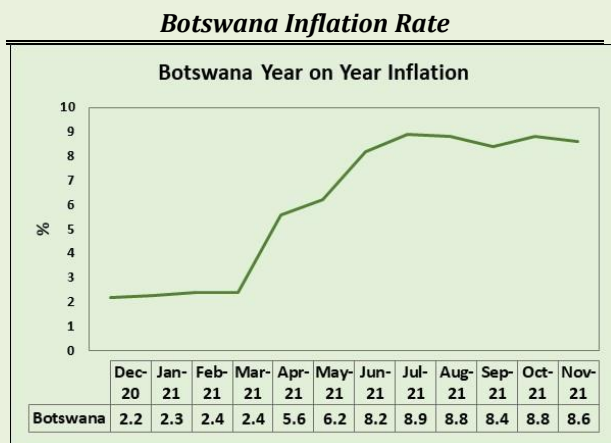
largest falls were in trade, manufacturing and agriculture.

Meanwhile, the annual inflation rate for South Africa increased by 0.5 percentage points to 5.5% in November 2021 from 5% in the previous month. The following graph shows South Africa's inflation trend from December 2020 to November 2021:



b) Botswana

The Government of Botswana forecast growth to return at 8.7 % in 2021 and the budget deficit to be reduced. The balance between recurrent and development spending continued to worsen, as public sector salaries continued to grow towards unsustainability (15% of GDP) and the budget deficit continued to prove to be a challenge to finance. The Government planned to borrow on the local bond market, but this was not as easy as hoped due to asymmetric expectations between investors and the Ministry of Finance and Economic Development.

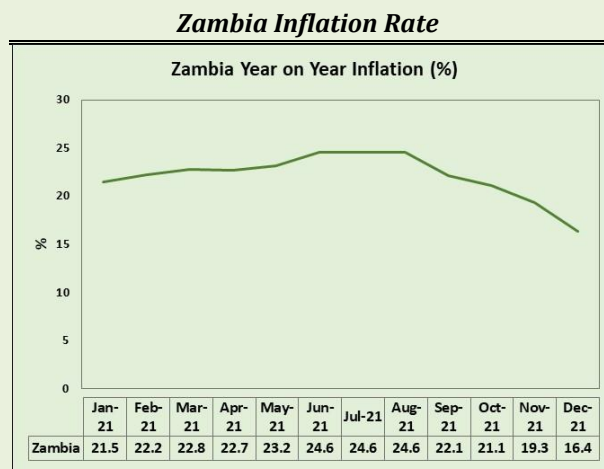


In terms of inflation, Botswana's annual inflation rate slightly decreased by 0.2 percentage points to 8.6% in November 2021 from 8.8% in October 2021. The above graph shows Botswana inflation trend from December 2020 to November 2021.

c) Zambia

During the period under review, the IMF and Zambia reached a staff level agreement on a US\$1.4 billion three-year extended credit facility, bringing Zambia to a comprehensive debt overhaul. Zambia's external debt includes around US\$3 billion in international bonds, US\$2.1 billion to multilateral lending agencies such as the IMF and another US\$3 billion to China and Chinese entities.

In terms of inflation, the annual inflation rate in Zambia improved by 2.9 percentage points from 19.3% in November 2021 to 16.4% in December 2021. The following graph shows Zambia's inflation trend from January 2021 to December 2021:



6. International Economies

The IMF projected that the Global Economy will grow by 4.9% in 2022 and the OECD projected 4.5% growth rate. These numbers are lower than the approximately 5% to 6% global growth expected to have been achieved in 2021, but that represents the inevitable rebound from reopening after the pandemic slumps of 2020.

Meanwhile, the European Central Bank, Federal Reserve and Bank of Japan have all abstained from raising interest rates from their very low levels. The Bank of England also followed the IMF's advice and

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raised rates from 0.1% to 0.25% in December 2021. This is however too little to curb inflation or do any good besides increasing the cost of borrowing for firms and to raise mortgage payments for households.

a) United Kingdom

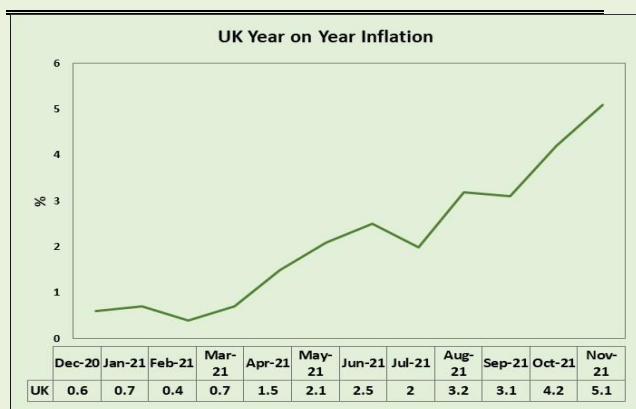
The UK’s balance of payments with the rest of the world, widened to 4.2% from 2.3% in Q2 2021 as exports fell, imports grew, and companies received more income on their holdings on equity investment in the UK through dividends.

The UK economy grew less than forecast in October 2021, as shortages of materials hit the manufacturing and construction sectors, and a further loss of momentum now seems inevitable with consumers facing fresh restrictions to contain the new strain of COVID-19. Gross domestic product grew 0.1%, compared with 0.6% in September 2021 according to the Office for National Statistics. Growth of 0.4% was forecast.

	2020	2021	2022
GDP	-9.9	4.6	5.6
Inflation	0.9	1.6	1.9
Unemployment rate	4.5	5.6	5.8

In the meantime, annual inflation rate in UK rose by 0.9 percentage points to 5.1% in November 2021. Main upward pressure came from cost of transport, principally from motor fuels, second hand cars, and housing and household services.

UK Inflation Rate



b) United States of America

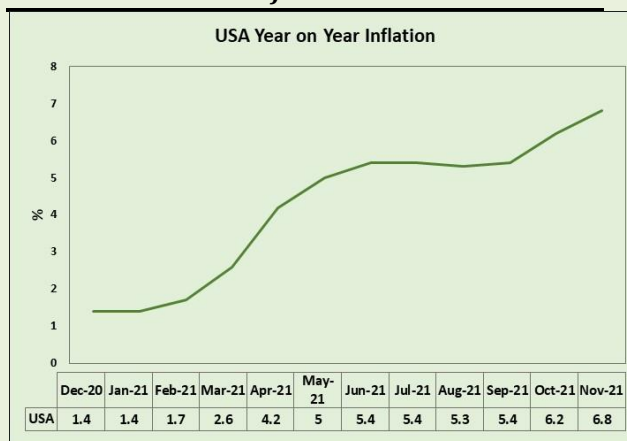
The trade deficit in goods surged by 17.5% in November 2021 to set an all-time high, largely reflecting faster improvement in the U.S. economy compared to most other countries. U.S. imports of goods rose 4.7% to US\$252.4 billion in November 2021. Imports of industrial supplies, autos, consumer goods and food all rose sharply. In terms of exports, the U.S. goods exports slipped 2.1% to US\$154.7 billion from a record US\$157.4 billion in October 2021.

Meanwhile, the United States economy grew at a faster pace in the three months ending September 2021 than originally expected. Gross Domestic Product increased at 2.3% annualised rate in Q3 2021 according to the Commerce Department. The table below shows the U.S growth forecasts up to 2022.

	2020	2021	2022
GDP	-3.5	5.9	4.3
Inflation	1.3	2.4	2.0
Unemployment rate	8.1	5.2	3.7

The annual inflation rate in the U.S. worsened by 0.6 percentage points to 6.8% in November 2021. The following graph shows the U.S.A annual inflation trend from December 2020 to November 2021:

USA Inflation Rate



c) China

According to the World Bank’s December China Economic Update Report, China is projected to slow in 2022. The bank projected that real GDP growth will reach 8.0% in 2021, before moderating to 5.1%

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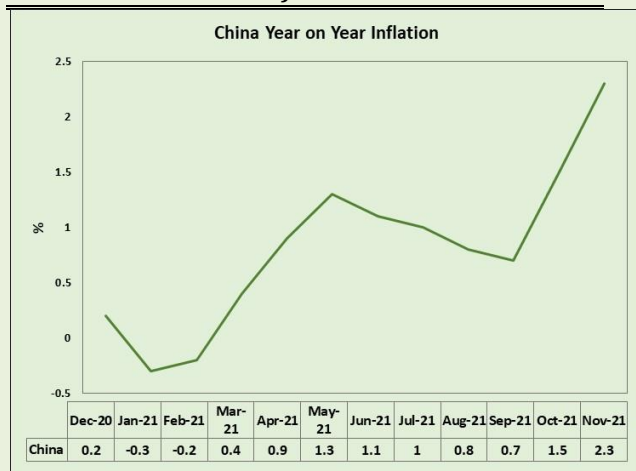
in 2022. The slowdown reflects less-favourable base effects, diminished support from exports, and the government’s continued deleveraging efforts. Though growth is projected to slow in 2022, expectations are that, momentum will pick up, aided by a more supportive fiscal stance.

Meanwhile, during the period under review, the People’s Bank of China cut its main interest rate for the first time in 20 months, in a bid to reduce borrowing costs for economic agents and in turn encourage consumer spending and investment. The following table shows China’s economic growth forecasts, inflation rate forecasts and the unemployment rate forecasts up to 2022:

	2020	2021	2022
GDP	2.3	8.8	5.4
Inflation	2.5	1.3	2.0
Unemployment rate	4.2	3.8	3.6

During the review period, China's annual inflation rate increased by 0.8 percentage points to 2.3% in November 2021 from 1.5% in October 2021. The following graph shows China’s inflation trend from December 2021 to November 2021:

China Inflation Rate



7. Commodities Markets

Commodity	Opening Price (US\$)	Closing Price (US\$)	Percentage Change
Gold	1,789.25	1,805.85	0.93%
Platinum	1,576.51	959.00	-39.17%
Silver	22.86	22.765	-0.42%
Oil	65.57	75.21	14.70%

a) Gold

The gold price increased slightly by 0.93% from US\$1,789.25/oz on 1 December 2021 to US\$1,805.85/oz on 31 December 2021. The yellow metal’s price averaged US\$1,786.65/oz during the month under review.

Gold Price Movements in December 2021



b) Platinum

Platinum price decreased by 39.17% from US\$1,576.51/oz on 1 December 2021 to US\$959.00/oz on 31 December 2021.

Platinum Price Movements in December 2021



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c) Silver

In December 2021 the silver price dropped slightly by 0.42% to US\$22.77/oz as at 31 December 2021, with an average price of US\$22.47/Oz. The following graph shows the silver price trend in December 2021:

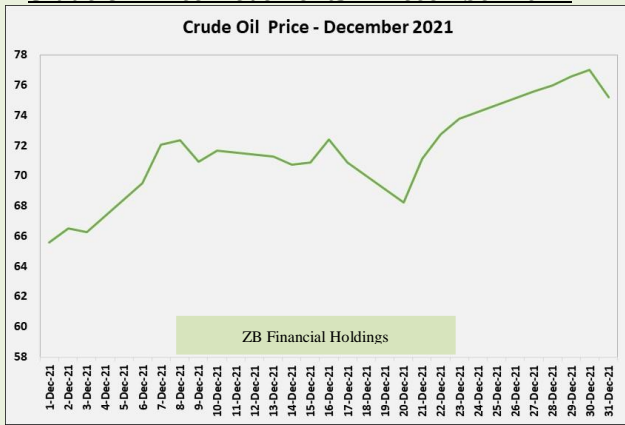
Silver Price Movements - December 2021



d) Crude Oil

During the period under review, crude oil prices increased by 14.70% to US\$75.21/barrel with an average price of US\$71.69/barrel. The following graph shows the crude oil price trend during the period under review.

Crude Oil Price Movements in December 2021



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