Group Economics &Corporate Strategy
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What You Need To Succeed.

Monthly Economic Update

March 2021

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1. Economic Performance

a) Domestic Economy

Like most other economies across the globe, the domestic economy continues to suffer the effects of the COVID-19 pandemic. Significant uncertainty remains regarding the economy's growth, following its contraction in 2020. According to the African Development Bank (AfDB), Zimbabwe's economy contracted by 10% in 2020 and is envisaged to grow by 4.2% in 2021, with the 2021 growth being premised on the institution of effective measures to stabilise foreign exchange and avoidance of excessive money creation. The Government of Zimbabwe, through the Ministry of Finance and Economic Development, still projects that the Zimbabwe economy will grow by 7.4% in 2021. However, the International Monetary Fund (IMF), in its April 2021 World Economic Outlook (WEO) revised downwards its GDP growth projections for Zimbabwe - the global lender projected that the Zimbabwe economy will grow by 3.1%, 0.1 percentage points lower than its earlier projection of a 3.2% growth (October 2020 WEO).

Meanwhile, little traction has been recorded regarding the country's debt repayment plan, with recent data from the AfDB showing that the country's total public debt stands at US$11.1billion, approximately 53.9% of gross domestic product (GDP) - of that total, 95.6% is external, which includes US$6.4billion in arrears to international financial institutions (IFIs), bilateral, and private creditors.

The table below shows the growth forecasts for Zimbabwe economic growth.

Zimbabwe Economic Growth Forecasts			
Year	2020	2021	2022
World Bank	-10.0	2.9	-
IMF	-10.4	3.1	4.0
MOF	-4.1	7.4	5.4
AfDB	-10.0	4.2	-

- *Given that the economy was under lockdown for the greater part of Q1 2021, and the growing possibility of a 3rd wave of the COVID-19 pandemic, the Government's growth projection remains rather over-optimistic, despite the offsetting effects of an anticipated good harvest premised on above normal rainfall as well as the success of the Pvumvudza intervention We expect Government to revise the growth projection downwards as the year progresses .*

b) COVID-19

According to the Ministry of Health and Child Care, Zimbabwe cumulatively recorded 36,839 confirmed cases, including 34,617 recoveries and 1,520 deaths, as at 31 March 2021.

During the period under review, Zimbabwe received its 3rd shipment of COVID-19 vaccine doses procured from the Chinese pharmaceutical company Sinovac. The country is progressively scaling up its national vaccination program, and has thus far authorized the use of 4 COVID-19 vaccines, namely Sinopharm and Sinovac (Chinese), Sputnik V (Russian) and Covaxin (Indian). As at 31 March 2021, unofficial statistics suggest that upwards of 70,000 people had received their first shots of either Sinopharm or Sinovac doses from China.

The diagram below shows the daily trend of recorded COVID-19 cases from 27 May 2020 to 31March 2021.

Even though the Government received more than 200,000 doses of vaccines, the uptake of the vaccine remained rather on the low side – with unofficial statistics suggesting that, up to 31 March 2021, not more than 35% of the received vaccines (about 70,000 out of at least 200,000 received) had been utilised. Going forward, we expect the number of people being vaccinated to improve significantly as more people overcome vaccine hesitancy. There however still remains risk of the country being hit by a third wave of COVID-19, as has already begun to unfold in parts of Europe.

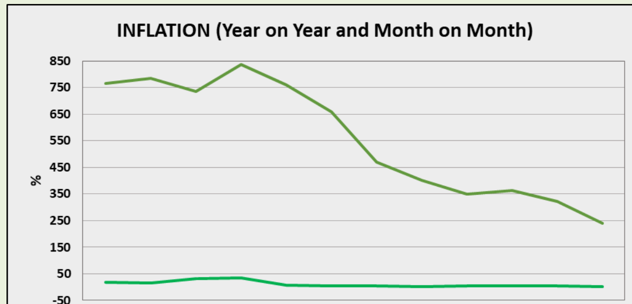
2. Inflation

Zimbabwe's annual consumer price inflation eased to 240.55% in March 2021 from 321.59% in the prior month. Inflation has generally trended downward since July 2020 when it recorded 837.53%. On a monthly basis, consumer prices went down by 2.26%, following a 3.45% rise in the previous month.

Meanwhile, Zimbabwe has recently seen a significant rise in utility costs, with some charges, such as water bills, increasing by more than 300%. Moreover, as at 31 March 2021 the Zimbabwe Energy Regulatory Authority (ZERA) has reviewed the price of fuel upwards thrice since the beginning of the year (5 January 2021, 5 February 2021 and 5 March 2021), citing an average increase in oil prices on the international market. A 4th upward price review came into effect on 5 April 2021.

The following graph shows the Zimbabwe inflation trend from April 2020 to March 2021.

Inflation Rates -March 2021



	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
YoY	765.57	785.55	737.26	837.53	761.02	659.4	471.25	401.66	348.59	362.63	321.59	240.55
MoM	17.64	15.13	31.66	35.53	8.44	3.83	4.37	3.15	4.22	5.43	3.45	2.26

In the outlook, the Central Bank has forecast that annual inflation will end the year below 10%, on the back of sustained economic stability coupled with strict management policies. Meanwhile, we forecast inflation to be 201.69% in April 2021 and to close the year in the region of 40% to 50%, ceteris paribus*.*

3. Financial Sector

According to the Ministry of Finance and Economic Development, some banks are not complying with a Government directive to pay interest on savings and fixed deposits. In 2020 the Government of Zimbabwe, through the Ministry of Finance and Economic Development enacted Statutory Instrument (SI) 65 of 2020, directing banks to pay interest on savings accounts and fixed deposits. The authorities note that some banks are still yet to comply, and the Central Bank has been directed to investigate this issue and enforce it. In addition, the accounting profession has been tasked to enforce SI

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65 of 2020 during their audits, such that audit statements reflect whether or not respective institutions are in compliance.

Meanwhile, the Reserve Bank of Zimbabwe (RBZ) maintained the bank's policy rate at 40%, as it fights to avoid a recession through a rate hike that has been demanded by economic agencies. The policy rate was recently increased to 40% from 35% in October 2020. When interest rates increase quickly, this can trigger a chain reaction that affects the economy, which can potentially slip into a recession under tepid demand.

a) Architecture

Operational banking institutions and other non-banks under the supervision of the Reserve Bank of Zimbabwe are shown in the table below - the financial services sector comprises 19 Banks and 235 other Institutions.

Type of Institution	Number
Commercial Banks	13
Building Societies	5
Savings Bank (POSB)	1
Total Banking Institutions	**19**
Other Operational Institutions under the supervision of the Reserve Bank	
Credit-only-MFI's	225
Deposit-taking MFI's	8
Development Financial Instituions (SMEDCO &IDBZ)	2
Total Other Instutions	**235**

b) Money supply

The Central Bank is targeting to tame reserve money growth to under 22.5% per quarter in 2021 from 25% in 2020, in a bid to maintain a grip on the relative inflation and exchange rate stability being currently experienced in the country. This is a positive development because excessive growth in money supply has been a major driver of inflation.
For now, the Central Bank increased required reserve ratio (RRR) on all call deposits from 2.5% to 5%. This RRR adjustment is a submission by authorities that the local currency is not yet fully stable. By increasing the ratio, it reduces the amount available to banks for discretionary lending.

During the period under review, reserve money fell by -7.2%, from ZW$22.38 billion as at 26th February 2021, to ZW$20.77billion at 26th March 2021. The decrease in reserve money largely reflected decreases in banking sector deposits at the Reserve Bank (ZW$17.62 billion as compared to ZW$19.43 billion in February 2021), and RTGS liquidity (ZW$12.47 billion vs ZW$14.63 billion), which was partially offset by increases of ZW$0.35 billion and ZW$0.2 billion in required reserves and currency issued, respectively.

c) Interest Rates

During the period under review, individual clients weighted lending rates dropped by 3.56 percentage points from 55.57% on 5th February 2021 to 52.01% as at 5th March 2021. Corporate clients weighted lending rates dropped by 2.69 percentage points from 61.12% on 5th February 2021 to 58.43% as at 5th March 2021.

In terms of the deposit rates, savings rates contracted by 0.23 percentage points, 1-month rates contracted by 0.39 percentage point and 3-month deposits rates increased by 0.21 percentage points during the same period. The table below shows the movements of the respective rates.

Weighted lending Rates and Deposit Rates

Week Ending	Weighted Lending Rates (%)		Deposit Rates (%)		
	Commercial Banks				
	Individual Clients	Corporate Clients	Savings	1-Month	3-Months
5-Feb-21	55.57	61.12	4.47	10.27	11.15
12-Feb-21	55.41	58.67	4.24	10.66	11.43
19-Feb-21	55.41	58.67	4.24	10.66	11.43
26-Feb-21	52.01	58.43	4.24	9.88	11.43
5-Mar-21	52.01	58.43	4.24	9.88	11.36
Average	**54.08**	**59.06**	**4.29**	**10.27**	**11.36**

d) Foreign Currency Market

During the period under review, the USD gained against 13 out of 17 currencies in our basket. The USD gained the most against the Japanese Yen (3.66%), followed by the Swedish Krona (3.34%), Swiss Franc (3.04%), Euro (2.64%) and the Australian Dollar (2.13%). However, the USD lost value against 4 out of 17 currencies in our basket. Against the British Pound the USD was outperformed by 1.38%, Canadian Dollar (0.66%), Indian Rupee (0.30%) and Norwegian Krone (0.28).The following table shows the March 2021

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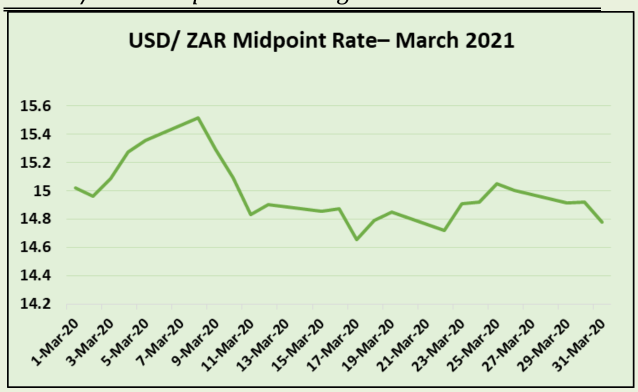
Exchange Rate Analysis.

Exchange Rate Analysis

Exchange Rate Analysis			
Currency/US$	**1-Mar-21**	**31-Mar-21**	**Change (%)**
Argentine Peso	90.0785	91.9843	2.12%
Austrialian Dollar	1.2861	1.3135	2.13%
Botswana Pula	11.0144	11.0987	0.76%
Brazilian Real	5.5713	5.6557	1.52%
British Pound	0.7175	0.7247	1.01%
Canadian Dollar	1.2654	1.2571	-0.66%
Chinese Yuan Renminbi	6.4657	6.5528	1.35%
Euro	0.8296	0.8515	2.64%
HongKong Dollar	7.7567	7.7750	0.24%
Indian Rupee	73.3853	73.1661	-0.30%
Japanese Yen	106.6919	110.5916	3.66%
Norwegian Krone	8.5565	8.5327	-0.28%
Russian Ruble	74.1118	75.5461	1.94%
South African Rand	14.9636	14.7573	-1.38%
Swedish Krona	8.4375	8.7197	3.34%
Swiss Franc	0.9140	0.9418	3.04%
Zimbabwean Dollar	82.8868	84.4001	1.83%
Source:X-Rates © ZB Financial Holdings			

The following graph shows the trend of the USD/ZAR exchange rate from 1st March 2021 to 31st March 2021.

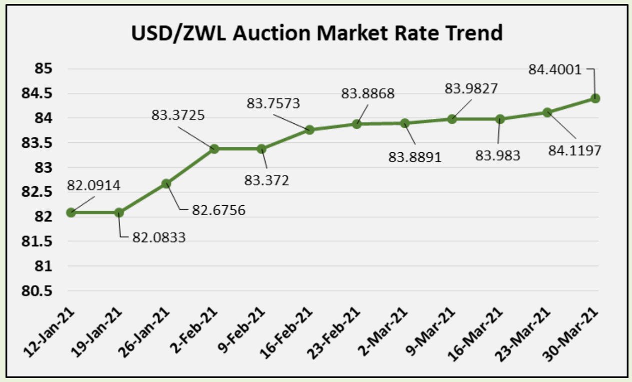
USD/ ZAR Midpoint Exchange Rate–March 2021



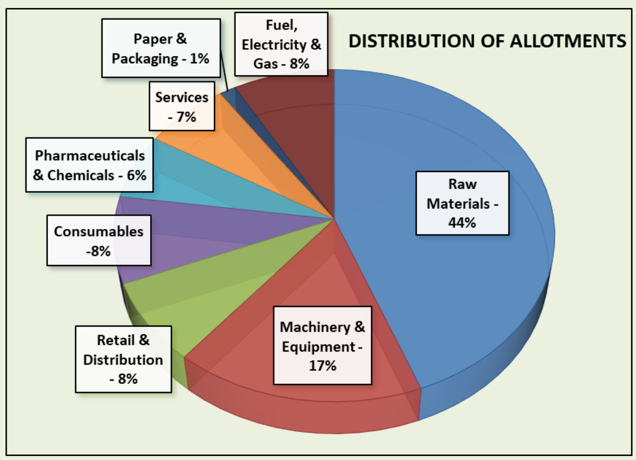
The South African Rand dropped by 1.60% against the USD between 1st March 2021 and 31st March 2021, to close at 14.7767, with an average rate of 14.9804. This was prompted by the Central Banks (SARB) move to preserve lending rates in the face of international inflation forces and increase in rates in other emerging markets.

RBZ Foreign Currency Auction Market

Since 12th January 2021, the USD has gained 2.81% against the Zimbabwean Dollar, from 82.0914 as at 12th January 2021 to 84.4001 as at 30th March 2021. The following graph shows the trend of USD against ZWL from 12th January 2021 to 30th March2021.



Since January 2021, US$424.8million was cumulatively allocated to various sectors of the economy (for the period from 12th January 2021 to 30th March 2021). Of that US$4.24.8million, 44% was allocated towards raw materials, 17% was allocated to Machinery and Equipment, 8% towards Retail and Distribution, 8% towards consumables, 6% towards pharmaceuticals, and 7% towards services, 8% towards fuel, electricity & gas and 1% towards paper and packaging as shown in the pictorial presentation below.



We anticipate that the Central Bank will continue supporting the foreign exchange auction system *which remains significant in promoting stability on inflation and in the financial system.*

However the alternative market rate which is now hovering around ZWL$130/US$1 against the ZWL$84.40/US$1 from auction market is a major concern. This buttresses the observation that the foreign currency auction market is currently unable to fully meet the requirements of all economic agents in the economy. The widening disparity between the official and alternative market rates is worrisome because most of the informal activity in the economy is indexed against the alternative market rate, and the prevailing trend will most likely result in upward pressure on prices.

e) Equities Market & Corporate Briefs

The Zimbabwe Stock Exchange (ZSE) has started levying bank charges on withdrawals done through the ZSE Direct platform. The ZSE Direct is a platform that allows institutional investors and fund managers to enter their orders directly to the Automated Trading System. The applicable charge will be 1% of the amount, subject to a minimum of ZW$150 and a maximum of ZW$1,000 on each withdrawal.

For the time being, the suspension of Old Mutual and cement maker PPC has been extended by another 12 months as the Government is still considering the implications of an audit report. The initial suspension was implemented last year on allegations that fungible stocks had become vehicles for repatriating investments out of the country, at a time foreign currency has been scarce and therefore fuelling currency distortions and a spike in exchange rate.

Meanwhile, the much-anticipated launch of the commodities exchange, the Zimbabwe Mercantile Exchange (ZMX) been extended by a month to 30th April 2020 to give allowance for the requisite approvals and promulgation of statutes, according to the Financial Securities Exchange (Pvt) Limited (Finsec). ZMX was initially pencilled to go live on 31 March 2021. The commodities exchange will be anchored on the warehouse receipt system (WRS), which helps in ensuring an efficient market with a fair price discovery system that gives access to both local and international commodity buyers and better margins for the farmers.

Zimbabwe Stock Exchange Performance Indicators

DATE	TURNOVER VALUE	TURNOVER VOLUME	INDUSTRIAL INDEX	MINING INDEX	MARKET CAP (RTGS) (Mln)
Mar-20	1,890,645,161.29	7,666,774.19	1,512.46	720.47	63,143.00
Aug-20	78,066,496.09	7,807,216.00	4,442.22	3,240.12	171,495.08
Sep-20	13,364,733.00	239,931,583.95	5,385.73	4,128.52	206,502.49
Oct-20	33,976,470.53	8,050,142.00	4,852.49	3,792.35	179,689.96
Nov-20	2,456,467,845.80	111,245,705.00	5,278.38	3,322.22	193,270.75
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

On a year-on-year basis, the mining index rose by 637.77% to reach 5,315.39 points on 31st March 2021 as compared to 720.47 points on 29th March 2020. The industrial index also rose by 874.57% from March 2020 to close at 14,740.05 points as at the last trading day of March 2021. Turnover for the period closed at ZW$125.52 million compared to ZW$1.89 billion in March 2020, representing a 93.36% decrease.

Going forward, the equities market is expected to continue on a bullish note especially given the high inflation prevailing in the economy.

News Highlights in the Financial Sector

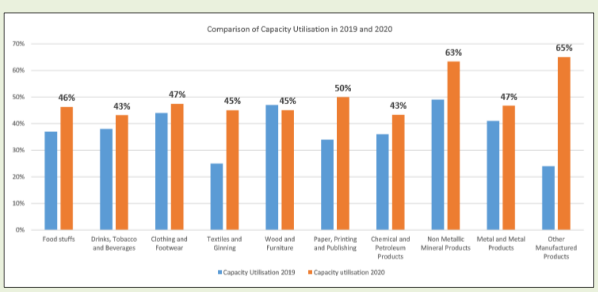
- Stanbic Bank posted an inflation adjusted profit after tax of ZW$1.1 billion for the year ended 31st December 2020, recovering from a ZW$44 million loss in the prior year. In addition, Stanbic Bank recorded a 53% increase in its net fee and commission income, growing from ZW$1.7 billion in 2019 to ZW$2.6 billion in 2020.
- Stanbic Bank clients can now withdraw USD cash using any local or foreign VISA or MasterCard at selected ATMs.
- Ecobank Zimbabwe Limited has declared ZW$593 million dividend having maintained sound operations during the period ended December 2020 despite the adverse effects of the COVID-19 pandemic and inflationary pressures. During the period under review, Ecobank recorded inflation adjusted operating profit of ZW$6.4 billion compared to ZW$5.6 billion in prior comparable period. The bank's balance sheet as of 31 December 2020 stood

at ZW$41.1 billion, largely driven by deposits of ZW$33.2 billion.
- NMBZ has resolved not to declare a dividend for the year ended 31st December 2020 as the group focuses on complying with the required minimum capitalisation threshold for its banking subsidiary.
- State-run agricultural lender, Agribank, has lined up foreign currency-denominated loans for exporters to boost the country's hard currency reserves following years of protracted trade deficits.
- Government has agreed to be the guarantor of bonds and loans worth about ZW$1 billion secured by some banks and parastatals from the local market last year.

4. Various Sectors of the Economy

a) Manufacturing sector

According to the Confederation of Zimbabwe Industries (CZI) 2020 State of Manufacturing Sector Survey, industry capacity utilisation rose by 11 percentage points, from 36% in 2019 to 2020. Between 2019 and 2020, the greatest improvement in average capacity utilisation was recorded in the Other Manufactured Products sub-sector, whilst the Wood and Furniture sub-sector was the only one to record a decline in capacity utilisation. Furthermore, Other Manufactured Products (average capacity utilisation 65%) and Non Metallic Mineral Products (63%) had the highest average capacity utilisation, whilst Chemical and Petroleum Products (43%) and Drinks, Tobacco & Beverages (43%) sub-sectors had the lowest average capacity utilisation.



News Highlights in the Manufacturing Sector

- Zimbabwe has received US$15 million funding from the Common Market for Eastern and Southern Africa (COMESA) to capacitate industrial operations under the leather sector value chain.
- The country's leather sector is poised for increased production capacity and export earnings under the "Zimbabwe Leather Collective", a recently launched marketing approach that brings together key producers in co-ordinated production and supply of leather products for domestic and international markets.
- Zimbabwe's largest milk processor, Dairibord Holdings Limited's production has plunged following excessive wet conditions and heavy rains recently experienced across the country. The plunge in output has seen some major supermarkets across the country without fresh milk.
- Zimbabwe Phosphates (Zimphos), a unit of Chemplex Corporation, is planning to resuscitate its sulphuric acid plant to improve the company's production capacity. The plant is expected to be completed in 2022.

b) Mining

The Government remains optimistic that its ambitious plan to quadruple the sector's total value to US$12 billion by 2023 are on track, underpinned by solid performance from the platinum group metals, diamonds, gold, coal & hydrocarbon, and chrome sub-sectors. The country is banking on its abundant natural resource base, including but not limited to the country's Great Dyke, and the second-largest known platinum deposits in the world with around 2.8 billion tonnes of ore belonging to the platinum group metals.

News Highlights in the Mining sector

- Midlands-based, Chimona Mining Company has spread its wings to Bubi District in Matabeleland North where it has acquired new gold mining rights and will be setting up a processing centre under a US$500,000.00 investment.

- Caledonia Mining Corporation's linchpin Blanket Gold Mine in Gwanda is now operational.
- Gwanda-based gold miner, Blanket is planning to invest US$35.8 million in plant maintenance and the implementation of its new underground operation called Central Shaft. The massive capital outlay will also be deployed towards setting up the firm's solar power plant, which is key to ameliorating hurdles caused by erratic electricity supplies.

c) Agriculture

The agriculture sector contributes about 60% of raw materials used in the manufacturing sector, and a good cropping season usually leads to more factories operating and more jobs being created.

Agriculture continues to occupy a dominant role in the recovery of the Zimbabwe economy and has beforehand contributed up to 20% of the country's Gross Domestic Product (GDP), 33% to formal employment and account for the livelihoods of 67% of the population which lives in rural areas as smallholder farmers. Owing largely to the above normal rainfall and the Government's interventions via the Pfumvudza inputs scheme, the country is anticipating a good harvest for the 2020/21 agriculture season, and resultantly projecting economic growth to benefit immensely from this development.

News Highlights in the Agriculture Sector

- Government has already begun preparations for harvesting and storage with 72 and 21 combine harvesters expected from the John Deere and Belarus facilities, while 665 COTTCO depots would be used as collection and buying points.
- Manicaland Province has the highest maize hectarage after recording a 26% increase from 223,294 hectares in the 2019/2020 to 280,400 hectares in the 2020/21 season.
- Mashonaland Central comes second with 216,712 hectares, 7% up from 202,293 hectares from the 2019/20 season.
- Mashonaland West province has the highest hectarage of cereal crops such as sorghum, pearl millet and finger millet.
- Overall, small grains sorghum and pearl millet record 15% and 26% increases in hectarage, respectively. Tobacco, soyabean and cotton similarly rose by 7%, 33% and 40% in that order.
- Government is working on introducing the Presidential Rural Poultry Scheme where each household will receive road-runner chickens as part of efforts to empower Zimbabweans.

5. Regional Economies

According to the World Bank Global Economic Prospects report (January 2021), growth in the Sub-Saharan Africa region is forecast to rise by 2.7% in 2021 and 3.3% in 2022, depending on the policies adopted by countries and the international community. However, the 2021 baseline projection for the region is partly dragged down by the second wave of COVID-19 infections, driven by new and more transmissible variants, which appear to be worse than the first wave. Vaccine deployment along with credible policies to stimulate private investment could, however, accelerate growth and the number of countries with growth exceeding 4% in 2021 could more than double, from 8% to 17%. Achieving growth above 4% will be possible if countries implement a policy package that encourages sustained investments and job creation, and that allows the exchange rate to reflect market forces and enhance the country's competitiveness. Non-resource-intensive countries, such as Côte d'Ivoire, and Kenya, and mining-dependent economies, such as Botswana and Guinea, are expected to see robust growth in 2021, driven by a rebound in private consumption and investment as confidence strengthens and exports increase.

Meanwhile, policies that foster investments in innovation and digital technologies can help reset Sub-Saharan Africa's economic structures and facilitate catch-up with the rest of the world.

a) South Africa

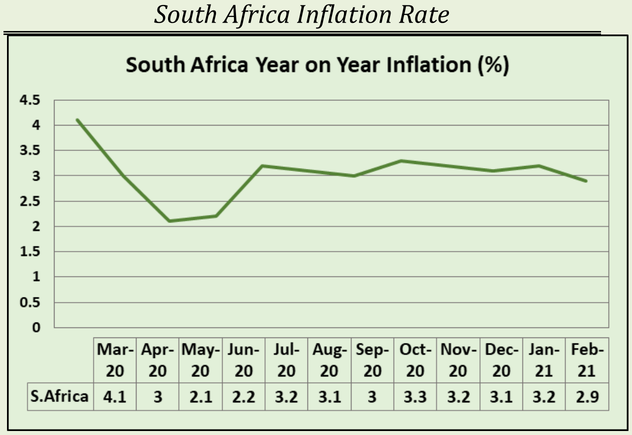
The South African economy is recovering slowly from the lows of the COVID-19 pandemic experienced in mid-2020, with growth expected to rise to 3.5% in 2021 following a contraction of just below 8% for 2020. Economic activity continues to increase, and many sectors are back to, or just below, pre-pandemic levels with notable exceptions being the construction, transport and tourism sectors. Below is a pictorial presentation of economic growth, inflation and unemployment rate forecasts for the South African economy:

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

The rate of inflation is expected to increase from an average of 3.3% for 2020 in line with the general recovery of the economy but it is still forecasted to be below the mid-point of the target range of 3%-6% for 2021. Upward pressure from global oil prices and local energy prices is responsible for much of the increase.

Meanwhile, the diagram below shows South Africa inflation trend from March 2020 to February 2021.

South Africa Inflation Rate



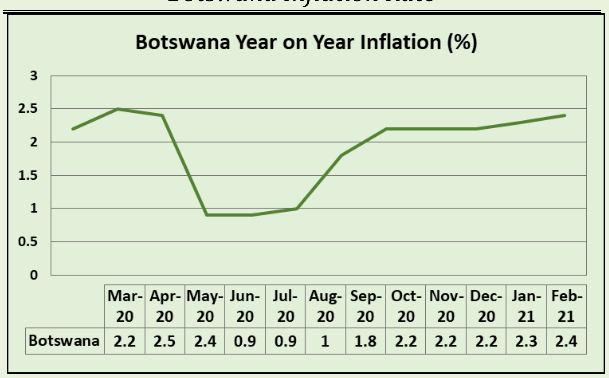
The annual inflation rate in South Africa eased to 2.9% in February of 2021 from 3.2% in January, below market expectations of 3.1% and the South African Reserve Bank's target range of 3%-6%. It was the lowest inflation rate since June 2020. On a monthly basis, consumer prices were up 0.7%, after increasing 0.3% in the prior month, but below market expectations of 0.9%.

a) Botswana

Baylee Enterprises (Pty) Ltd, a private company headquartered in Botswana's capital city Gaborone, is expected to start full production of electric cars in August 2021. The company has developed the prototype of the electric car and it is currently undergoing compliance process with relevant stakeholders including Botswana's Department of Road, Transport and Safety.

Meanwhile, Botswana's central bank expects inflation to rise above 3% in the Q2 2020 for mainly transitory reasons, and will keep monetary policy accommodative. Below is a graphical presentation of Botswana inflation trend from March 2020 to February 2021.

Botswana Inflation Rate



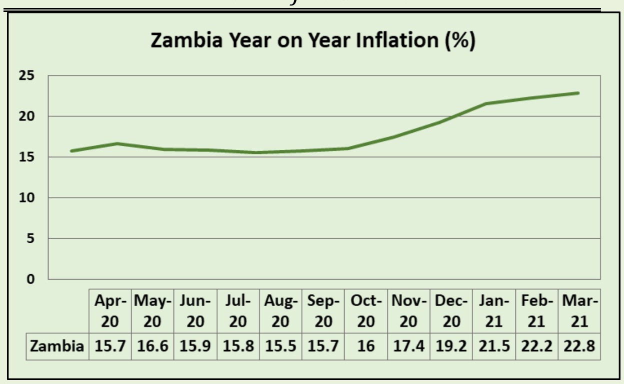
Botswana's annual inflation went up to 2.4% in February 2021 from 2.3% in the previous month. On a monthly basis, consumer prices were up 0.3%, after increasing 0.5% in the previous month.

b) Zambia

Zambia is proposing to reduce the economic debt caused by the pandemic by reducing spending on healthcare and increasing spending on the serving of debt repayments. But Zambia's economic forecast remains bleak. By the close of 2020, Zambia's inflation rate had climbed to 17.4%, its highest level in 4 years. During the period under review, Zambia faced a surge in COVID-19 cases, just 6 months after the government authorised the reopening of the economy following the first wave of cases in early 2020.

Meanwhile, the annual inflation rate in Zambia rose for the 7th straight month to 22.8% in March 2021, its highest level since February 2016. Main upward pressure came from prices of food & non-alcoholic beverages (27.8% vs. 27.3% in February). On a monthly basis, consumer prices increased by 1.7%, slowing from a 2.5% rise in February 2021 due to general price moderation in food and non-food items. Below is a graphical presentation of Zambia inflation trend from April 2020 to March 2021.

Zambia Inflation Rate



6. International Economies

Global economic prospects have improved markedly in recent months, helped by the gradual deployment of effective vaccines, announcements of additional fiscal support in some countries, and signs that economies are coping better with measures to suppress the deadly virus. Global GDP growth is projected to be 4% in 2021 and 3.8% in 2022 (World Bank Global Economic Prospects January 2021), with global output rising above the pre-pandemic level by mid-2021. The significant fiscal stimulus in the United States, along with faster vaccination, could boost US GDP growth by over 3 percentage points this year, with welcome demand spillovers in key trading partners. Strict containment measures will hold back growth in some countries and service sectors in the near term, while others will benefit from effective public health policies, faster vaccine deployment and strong policy support. For the smoothest possible recovery, effective vaccination rollout is required. This includes ensuring that lower-income countries receive adequate vaccination access.

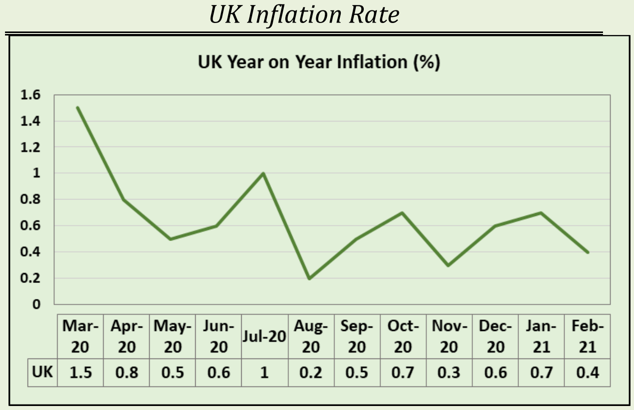
a) United Kingdom

During the period under review, the UK government announced a £65 billion stimulus package over 2 years to revive the UK economy, to be followed by tax increases starting in 2023. The following table below shows projections of key macroeconomic variables for the UK economy up to 2022. The following table shows a summary of the UK's macroeconomic variables forecasts up to 2022.

	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

Meanwhile, inflation is expected to remain below the Bank of England's 2% target by next year, allowing for a longer period of low interest rates to support the economic recovery. The diagram below shows UK inflation rate from March 2020 to February 2021.

UK Inflation Rate



Annual inflation rate in the United Kingdom eased to 0.4% in February 2021 from 0.7% in January 2021, compared to market forecasts of 0.8%. Core inflation rate also slowed to 0.9% from 1.4%. The Bank of England (BOE) expect inflation to rise towards the BoE's 2% target in the first half of this year, mainly due to oil prices, regulated household energy prices and other one-off effects.

b) United States of America

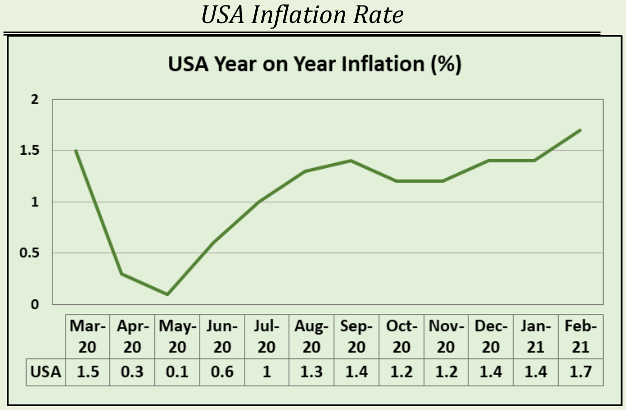
In the United States, the House of Representatives was set to pass a Senate-amended US$1.9 trillion COVID-related economic with President Biden prepared to sign the legislation. This happened when the goods industry is doing well as the pandemic saw a surge in goods consumption rising by 3.9% as households purchased goods that improved their experience of working and spending greater amounts of time at home. Services consumption fell by 7.3% in 2020. Many parts of the services industry experienced both a supply and demand shock.

In terms of the key macroeconomic fundamentals for USA, the table below shows economic growth forecast, inflation rate forecast and the unemployment rate forecast 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

Meanwhile, annual inflation rate in the US increased to 1.7% in February 2021 from 1.4% in January 2021, compared to market forecasts of 1.7%.

USA Inflation Rate



On a monthly basis, consumer prices were up 0.4%, also in line with expectations as gasoline went up 6.4% and accounted for over half of the increase. Annual core inflation on the other hand, came in below forecasts at 1.3%.

c) China

The Chinese government fared relatively better as compared to the rest of the major economies in adopting large fiscal and monetary stimulus policies to help boost the economy – the Chinese economy was the only major economy to record positive economic growth in 2020. Nonetheless, Beijing is still expected to pull back some of the stimulus measures in order to control rising debt levels and prevent asset price inflation.

	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

Stability of the labour market has been a top priority for the Chinese government in recent years. To support the labour market amid the pandemic, the government has taken various measures including expanding higher education enrolment and reducing social security contributions by companies.

China Inflation Rate

Meanwhile, China adjusted its consumer price inflation (CPI) calculation baskets in February 2021. The weight of food prices in CPI has been reduced while the weight of housing, healthcare, transport and communications has increased, reflecting changing consumption patterns. With a

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gradual recovery in pork supply and a high base effect, food inflation growth should remain muted in 2021.

The consumer price index in China dropped by 0.2% year-on-year in February 2021, after a 0.3% fall a month earlier and compared with market consensus of a 0.4% decline.

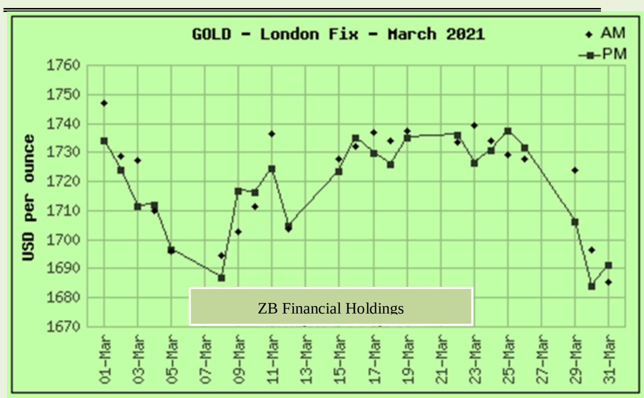
7. Commodities Markets

Commodity	Opening Price (US$)	Closing Price (US$)	% Change
Gold	1,734.15	1,691.05	-2.49%
Platinum	1,208.00	1,182.00	-2.15%
Silver	26.89	24.00	-10.75%
Oil	60.23	59.49	-1.23%

a) Gold

During the period under review, gold prices continued on a negative trajectory largely on account of a strengthening US dollar and high US Treasury yields, a development which continued to erode the appeal for the yellow metal. Furthermore, optimism that the rollout of COVID-19 vaccines would drive global economic recovery pushed investors to switch from the traditional safe haven to other interest bearing assets. Consequently, gold price decreased by 2.49% during the month under review from US$1734.15/0z to US$1691.05/Oz, with an average price of US$1718.23/Oz. The graph below shows the gold price trend for March 2021.

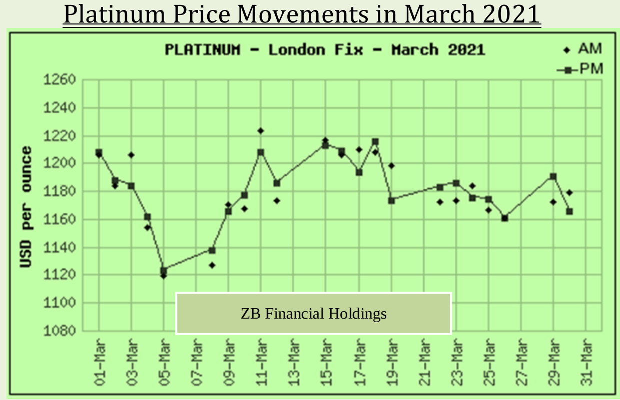
Gold Price Movements in March 2021



b) Platinum

Platinum prices slumped by 2.15%, from US$$1,208.00 per ounce on 1st March 2021 to US$1182.00 per ounce, with an average price of US$1181.00 per ounce as at 31st March 2021. The sustained decline in the price of the precious metal was attributable to a stronger US dollar and surging bond yields, which curbed its investment demand prospects. The graph below shows the platinum price trend for March 2021.

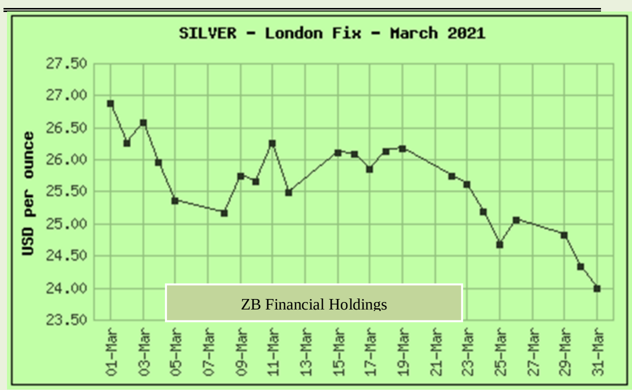
Platinum Price Movements in March 2021



c) Silver

During March 2021, the price of Silver dropped sharply by about 10.75% from US$26.89/Oz as at 1st March 2021to US$24.00/Ozas at 31st March 2021. The price of Silver fluctuated at an average of US$225.61/Oz during the month under review. The graph below shows the silver price trend for March 2021.

Silver Price Movements in March 2021



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d) Crude Oil

International oil price decreased by 1.23% from US$60.23/ barrel on 1st March 2021 to US$59.49/barrel on 31st March 2021. Below is a graphical presentation of the crude oil price trend for the period under review.

Crude Oil Price Movements in March 2021