



# Monthly Economic Update

## April 2021

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## 1. Economic Performance

### a) Domestic Economy

Despite the adverse effects of COVID-19 pandemic as well as barriers to economic development like economic sanctions, the economy of Zimbabwe is poised for growth anchored mainly on recoveries in the agriculture and mining sectors, supported by a projected improvement in electric power supply. The country benefited from above normal rainfall in the 2020/21 agricultural season. Underpinned by the above-mentioned performance of agriculture and mining, the economy is projected to grow by 7.4% in 2021 [Government of Zimbabwe].

During the period under review, most sectors recorded notable recovery, with the exception of the tourism sector, which has been negatively affected by the deadly COVID-19 outbreak – the tourism sector was particularly hard hit by the restrictions to regional & international movements and gatherings.

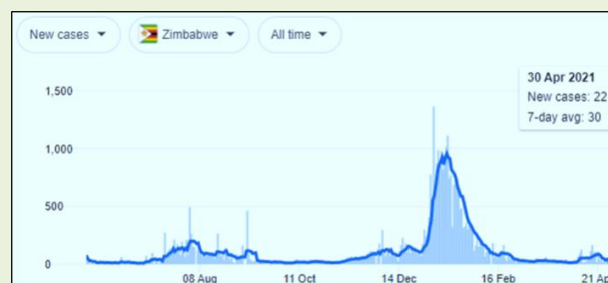
Zimbabwe Economic Growth Forecasts			
Year	2020	2021	2022
World Bank	-10.0	2.9	-
IMF	-8.0	3.1	4.0
MOF	-4.1	7.4	5.4
AfDB	-10.0	4.2	-

Meanwhile, the International Monetary Fund (IMF) expects the Zimbabwean economy to grow by only

3.1% in 2021, after contracting in 2020.

### b) Health Issues

According to the Ministry of Health and Child Care, Zimbabwe cumulatively recorded 38,257 confirmed cases, including 35,612 recoveries and 1,567 deaths as at 30 April 2021. The diagram below shows the daily trend of recorded COVID-19 cases from 27 May 2020 to 30 April 2021.



As part of measures to fight Corona Virus, the Zimbabwean Government started a vaccination program on 24 February 2021 and as at 30 April 2021, about 414,735 people have been vaccinated.



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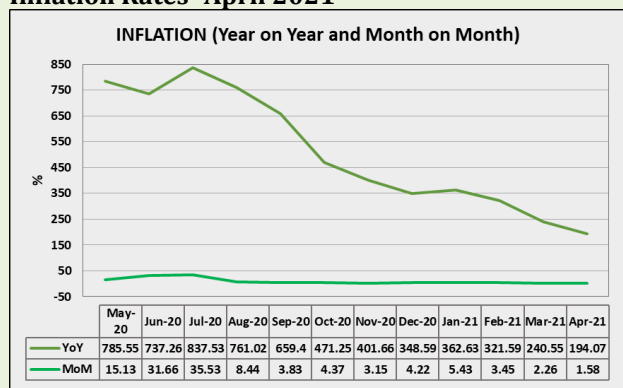
The above graph shows the trend of vaccinated people from 24 February 2021 to 30 April 2021. The country aims to achieve 60% herd immunity from COVID-19 with the vaccination of 10 million people by the end of 2021. In view of the fact that, as at end of April 2021, the country has only managed to attain 4% of the target, it does not appear likely that herd immunity will be achieved in 2021.

On another note, according to the Ministry of Health and Child Care, Zimbabwe achieved substantial progress in reducing malaria cases by 79% between 2004 and 2020. Malaria remains a killer disease in Zimbabwe and the Ministry of Health and Child Care has put in place interventions aimed at reducing malaria incidence and mortality rates by at least 90% by 2030. According to the World Health Organisation (WHO), despite the progress made in the response to malaria, the African region is still recording a high number of cases and deaths.

## 2. Inflation

The country's inflation profile continued to improve, with year on year inflation falling from a peak of 837.5% in July 2020 to 194.07% in April 2021. Annual inflation was recorded at 240.55% in March 2021. The month on month inflation rate fell from a peak of 35.5% in July 2020 to 1.58% in April 2021. The following diagram shows Zimbabwe's inflation trend from May 2020 to April 2021.

### Inflation Rates -April 2021



Going forward, the Reserve Bank of Zimbabwe's Monetary Policy Committee (MPC) anticipates that the annual inflation rate will continue falling and year-on-year inflation will be below 55% by July 2021. The MPC noted with great satisfaction the reduction in the annual inflation rate and also reaffirmed its strong commitment to continue with the conservative monetary policy stance to ensure that the current price stability is maintained.

## 3. Financial Sector

On 30 April 2021, the Reserve Bank of Zimbabwe through its Monetary Policy Committee (MPC) approved a facility of ZW\$500 million for term finance for Micro, Small and Medium Enterprises (MSMEs) which the MSMEs will access from banks and microfinance institutions at 30% per annum for purposes of enhancing production and productivity across all the sectors of the economy. In addition, the Central Bank reaffirmed its position to support bureaux de change with foreign exchange requirements to support MSMEs that need foreign currency for their various productive requirements.

Going forward, the Reserve Bank of Zimbabwe plans to sell US\$1.1 million every week to bureaux de change for on selling to individuals and MSMEs that are excluded from the existing foreign currency auction system. To qualify for the SMEs foreign currency auction system, individuals and institutions must bid a minimum of US\$2,500, an amount which meant many players were excluded from accessing foreign currency and would be forced to resort to the alternative market. However, from bureaux de change, individuals and institutions can buy any amount, up to a maximum of US\$500 per day. The new development will see bureaux de change buy foreign currency from the RBZ at prescribed limit every Wednesday at the ruling weighted average exchange rate, and will be allowed to on-sell at a margin of not more than 8% of the weighted average exchange rate from the main auction. RBZ believes the US\$1.1 million, will go a long way to feed the lesser market.

### a) Architecture

Operational banking institutions and other non-banks under the supervision of the Reserve Bank of



Zimbabwe (RBZ) 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
<b>Total Banking Institutions</b>	<b>19</b>
<b>Other Operational Institutions under the supervision of the Reserve Bank</b>	
Credit-only-MFI's	225
Deposit-taking MFI's	8
Development Financial Institutions (SMEDCO & IDBZ)	2
<b>Total Other Institutions</b>	<b>235</b>

### b) Money supply

As at 30 April 2021, reserve money stood at ZW\$22.62 billion, having risen by 3.55%, from ZW\$22.54 billion as at 23 April 2021, and 20.58% from ZW\$18.76 billion as at end of December 2020. Between end of December 2020 and end of April 2021, the 20.58% growth in reserve money was largely as a result of a 160.45% increase in Statutory Reserves, from ZW\$2.2 billion to ZW\$5.73 billion, a 36.55% increase in Currency Issued, from ZW\$2.38 billion to ZW\$3.25 billion as well as a 18.25% increase in Banking Sector Deposits from ZW\$16.38 billion to ZW\$19.37 billion. The above increases were partially offset by a 3.81% decrease in Banks' RTGS Liquidity, from ZW\$14.18 billion to ZW\$13.64 billion.

Meanwhile, the International Monetary Fund (IMF) has warned the Zimbabwean Government over the excessive issuance of Government commercial paper into the market to finance its activities, a move likely to trigger inflation.

### c) Interest Rates

Minimum weighted lending rates charged by commercial banks to individual clients increased by 0.8 percentage points from 34.54%, as at 12 March 2021, to 35.34% as at 9 April 2021. Minimum weighted lending rates for corporate clients however dropped, from 22.38% as at 12 March 2021 to 22.32% as at 9 April 2021. Savings deposit rates remained stagnant at 4.04%. Considering that year-on-year inflation remained generally high, above the lending rates, real interest rates have continued to be negative for the past few years. The following table shows weighted lending rates and deposit rates for the period 12 March 2021 to 9

April 2021.

### Weighted lending Rates and Deposit Rates

Week Ending	Weighted Lending Rates (%)		Deposit Rates (%)		
	Individual Clients	Corporate Clients	Savings	1-Month	3-Months
12-Mar-21	34.54	22.38	4.04	10.66	11.65
19-Mar-21	34.54	22.38	4.04	10.66	11.65
26-Mar-21	35.83	22.61	4.04	10.83	11.8
2-Apr-21	35.83	22.61	4.04	10.83	11.8
9-Apr-21	35.34	22.32	4.04	11.19	11.87
<b>Average</b>	<b>35.22</b>	<b>22.46</b>	<b>4.04</b>	<b>10.83</b>	<b>11.75</b>

On 30 April 2021, the RBZ Monetary Policy Committee announced that it is maintaining the bank policy rate at 40% and the interest rate on the medium term accommodation facility at 30% per annum so as to curb speculative borrowing.

### d) Foreign Currency Market

During the month of April 2021, the USD gained only against 3 out of 17 currencies in our basket, as shown in the following table.

#### Exchange Rate Analysis

Exchange Rate Analysis			
Currency/US\$	1-Apr-21	30-Apr-21	Change (%)
Argentine Peso	91.7975	93.5543	1.91%
Australian Dollar	1.3152	1.2960	-1.46%
Botswana Pula	11.0922	10.8045	-2.59%
Brazilian Real	5.6861	5.4189	-4.70%
British Pound	0.7234	0.7227	-0.09%
Canadian Dollar	1.2569	1.2295	-2.18%
Chinese Yuan Renminbi	6.5646	6.4741	-1.38%
Euro	0.8495	0.8310	-2.18%
HongKong Dollar	7.7766	7.7661	-0.14%
Indian Rupee	73.3201	73.9908	0.91%
Japanese Yen	110.6150	109.3304	-1.16%
Norwegian Krone	8.5342	8.3010	-2.73%
Russian Ruble	76.3440	75.1818	-1.52%
South African Rand	14.6509	14.4907	-1.09%
Swedish Krona	8.7138	8.4482	-3.05%
Swiss Franc	0.9412	0.9125	-3.05%
Zimbabwean Dollar	84.4001	84.5032	0.12%

Source: X-Rates © ZB Financial Holdings

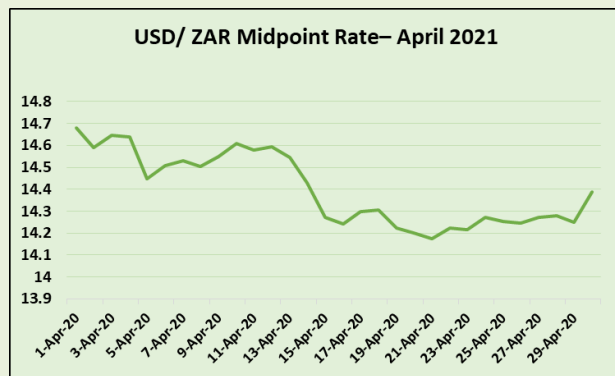
The USD gained against the Argentine Peso (+1.91%), followed by Indian Rupee (+0.91%) and Zimbabwean Dollar (+0.12%). However, the USD



was outperformed by 14 currencies in our basket, losing the most against the Brazilian Real (-4.70%), Swedish Krona (-3.05%), Swiss Franc (-3.05%), Norwegian Krone (-2.73%) and Botswana Pula (-2.59%).

The following graph shows the trend of the USD/ZAR exchange rate from 1 April 2021 to 30 April 2021.

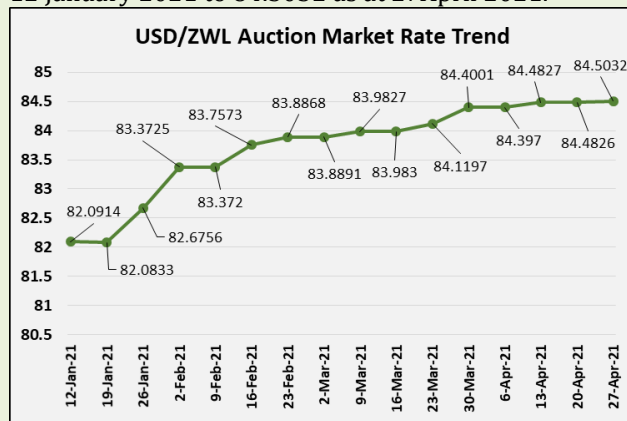
*USD/ ZAR Midpoint Exchange Rate– April 2021*



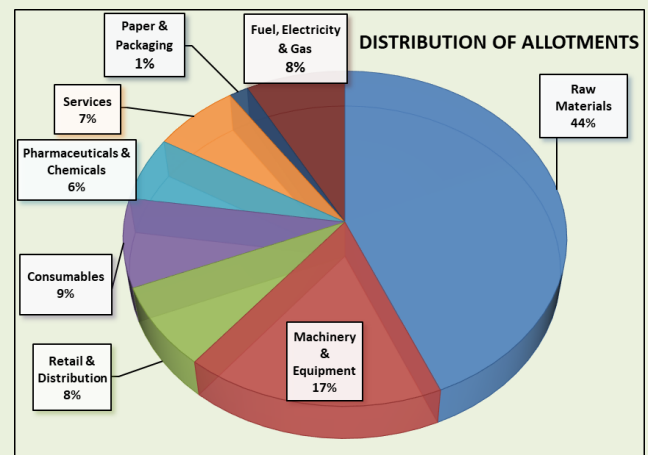
The South African Rand dropped by 1.09% between 01 April 2021 and 30 April 2021 with an average rate of 14.3984. This was driven by the South African Reserve Bank’s decision not to improve lending rates to cope with inflationary forces and rise in rates in other emerging markets.

**RBZ Forex Auction Market**

From the time when the Auction market resumed on 12 January 2021, the USD has gained 2.94% against the Zimbabwean Dollar, from 82.0914 as at 12 January 2021 to 84.5032 as at 27 April 2021.



Since 12 January 2021, the Foreign Exchange Auction market has allocated US\$552.86 million cumulatively to various sectors of the economy. Of that US\$552.86 million, 44% was allocated towards raw materials, 17% was allocated to Machinery and Equipment, 8% towards Retail and Distribution, 9% towards consumables, 6% towards pharmaceuticals, 7% towards services, 8% towards fuel, electricity & gas and 2% towards paper and packaging. The diagram below shows the distribution of the US\$552.86 million.



**e) Equities Market & Corporate Briefs**

The Zimbabwean Government has caved in to market demands for valuation of the two suspended formally dually-traded securities, Old Mutual and PPC, to be valued according to the closing prices of the two stocks on the Johannesburg Stock Exchange (JSE). The two stocks were suspended in June 2020, amid allegations of fuelling inflation due to their fungibility, i.e. the stocks were trading in both Zimbabwe and South Africa.

Meanwhile, Zimbabwe’s insurance sector regulator, the Insurance and Pensions Commission (IPEC) says it has noted inconsistencies in pension funds’ valuations of the companies that were suspended from the Zimbabwe Stock Exchange (ZSE). Pension funds are typically heavily invested on the local bourse as they try to grow pensioners’ monies. Official numbers show that as at the close of 2020, pension’s funds’ investments accounted for 34.75% of the ZSE’s total market capitalisation. However,

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some of these invested funds are currently tied up in shares of Old Mutual, PPC and Seed-Co, which were removed from the ZSE in 2020. The lack of resolution over Old Mutual and PPC's shares (Seed-Co switched to the United States dollar-denominated Victoria Falls Stock Exchange in November) leaves pension funds' investments in limbo, creating challenges for pension fund managers on how to value their holdings in these companies.

#### Zimbabwe Stock Exchange Performance Indicators

DATE	TURNOVER VALUE	TURNOVER VOLUME	INDUSTRIAL INDEX	MINING INDEX	MARKET CAP (RTGS) (Mln)
Apr-20	53,639,349.43	19,682,600.00	1,617.24	826.64	63,387.90
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
Apr-21	392,685,859.85	19,716,022.00	15,260.59	5,061.28	515,359.38

On a year-on-year basis, the mining index rose by 512.27% to reach 5,061.28 points on 30 April 2021 as compared to 826.64 points on 30 April 2020. The industrial index also rose by 843.62% from 1,617.24 in April 2020 to close at 15,260.59 as at the last trading day of April 2021. Turnover value for the period under review closed at ZW\$392.69 million on 30 April 2021 compared to ZW\$53.64 million in April 2020, representing a 632.09% increase. Market capitalisation added 713.02% from ZW\$63.388 billion as at 30 April 2020 to ZW\$515.360 billion as at 30 April 2021.

#### News Highlights in the Financial Sector

- RBZ announced that pursuant to the resolution of the Monetary Policy Committee directing bureaux de change to actively participate in the foreign exchange market to meet the foreign currency needs of small-scale enterprises and individuals, the Bank shall, with effect from 21 April 2021, sell foreign currency to registered bureaux de change for on-selling to their customers.
- CBZ Bank has introduced Zero rating service which allows its clients to access CBZ Touch from their mobile devices with no data. The service is currently available to

- customers with Econet lines. In addition, CBZ clients can now access the application to perform any transaction and open Smartcash wallets on CBZ Touch without any data or airtime.
- GetBucks Microfinance Bank is upbeat of its prospects after being awarded a dealership licence to participate in international banking segment.
- CABS has secured €15 million in long term finance from the European Investment Bank (EIB) to help local firms recover from the negative impact of COVID-19.
- NMBZ Holdings Limited is seeking shareholder approval to delist from the London Stock Exchange (LSE), because trade volumes of its stock on the bourse remain depressed.
- The new Agricultural Finance Corporation Holdings, which includes the new Land and Development Bank, was launched during the period under review to boost and formalise finance for farmers across the full range, from communal land-holders to large commercial farmers.

## 4. Various Sectors of the Economy

### a) Manufacturing sector

Zimbabwean manufacturers expect to increase output to 61% of capacity utilisation in 2021, which is going to be the highest capacity utilisation level in 10 years, on the back of anticipated stability in the foreign exchange market and low inflation. According to the Confederation of Zimbabwe Industries (CZI) capacity utilisation rose by 10.6 percentage points to 47% in 2020 from 36.4% in 2019 after the Government established a forex auction market that gave companies easy access to foreign currency. During the lockdown, most local industries benefited from increased domestic demand which was backed by the closure of borders. This went a long way in promoting the "Buy-Zimbabwe" initiative.



### **News Highlights in the Manufacturing Sector**

- Local fertiliser producers have bemoaned the shortage of foreign currency which has hampered production, adding that the foreign currency auction system introduced by the Central Bank was failing to meet their needs fully.
- Beverages production giant, Schweppes Holdings Africa Limited has clinched fresh deals with communities near guava forests across the country to collect the fruits and feed into Beitbridge Juicing Private Limited (BBJ).
- Lafarge Zimbabwe launched its US\$2.8 million Dry Mortars (DMO) project, which is expected to improve the company's manufacturing capacity of dry mortar products from the current 7,000 tonnes to 100,000 tonnes per annum.
- The Government of Zimbabwe is in a fresh hunt for strategic partner to resuscitate operations at the State-owned Zimbabwe Iron and Steel Company (ZISCO).
- Zimbabwe's ailing dairy industry requires up to US\$1 billion to replace antiquated machinery at a time the sector is reeling from unfavourable lending rates.

### **b) Mining**

The mining industry remains one of the economic pillars that are expected to drive the country towards an upper middle-income economy by 2030. The extractive sector alone is projected to realise US\$12 billion by 2023.

Meanwhile, Zimbabwe's gold deliveries declined to 3.97 tonnes during the first three months of 2021 from 5.72 tonnes during the comparable period last year, after heavy rains swamped shafts and kept artisanal miners from work for prolonged periods. However, historically the output of gold during the first quarter of every year has generally been low due to rainfall and it will grow from the second quarter going forward.

### **News Highlights in the Mining sector**

- Zimbabwe Platinum Mines (Zimplats) production for the quarter ended 31 March 2021 was adversely affected by an accident at Ngwarati Mine on 4 February 2021 which resulted in the temporary closure of the mine. The closure caused a 4% decrease in ore mined from December 2020 output and in comparison with the output as at 31 March 2020, ore mined contracted by 8% to 138,000 ounce.
- Zimbabwe's chrome sector growth continues to be undermined by poor prices offered by buyers.
- Resources group, Caledonia Mining Corporation first quarter 2021 gold production at its local unit Blanket Gold Mine came in slightly lower than same period last year due to flooding. Blanket Mine produced 13,197 ounces of gold against a quarterly target of at least 15,250 ounce per quarter in 2021.
- Mining operations at Eldorado Mine have fully resumed after a disruption by illegal miners who invaded the mine during the early days of the period under review.

### **c) Agriculture**

Tobacco prices have continued to firm with farmers earning US\$135.5 million after selling 52 million kg through the auction and contract sales during the period under review. According to the Tobacco Industry and Marketing Board (TIMB), tobacco earnings have improved by 95% from US\$69.4 million generated from the sale of 30.90 million kg of tobacco in the comparative period in 2020. The average price was US\$2.60/kg during the period under review compared to US\$2.24/kg offered during the same period in 2020.

Zimbabwe is expecting to harvest 2.7 million tonnes of maize during the 2020/21 summer cropping season, the highest yield in 20 years according to the Second Round Crop and Livestock



Assessment report by the Government on 21 April 2021 through the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement. According to the Ministry, a surplus of over 820,000 tonnes of cereals is expected this marketing season, the highest yield since the 2000/01 season. The assessment report has revealed that cereal production is estimated at 3,075,538 tonnes against a national cereal requirement of 1,797,435 tonnes for human consumption and 450,000 tonnes for livestock.

#### **News Highlights in the Agriculture Sector**

- Over 68,000 hectares of land is now available for the winter wheat programme as Zimbabwe looks set to achieve the 75,000 ha target.
- A target of 340,000 tonnes of wheat has been set for the coming winter cropping season, the first time since commercial wheat farming started in the 1960s.
- Cotton farmers have been assured that they will be paid their outstanding dues in full by mid May 2021 for the crop delivered last season according to the Lands, Agriculture, Fisheries, Water and Rural Resettlement Ministry.
- The Agricultural Marketing Authority (AMA) plans to raise ZW\$20 billion through agro-bills to finance the purchase of grain for the 2021 marketing season. The procurement will be done through the Grain Marketing Board (GMB).
- Smallholder poultry farmers continue to dominate broiler production in the country, accounting for 73% of total broiler meat produced last year, according to the Second Round of Crop and Livestock Assessment Report 2020/2021.
- Zimbabwe's poultry sector has again been plunged into a crisis, with farmers decrying a serious shortage of day-old chicks, high input costs and chick mortality. Chick prices have risen by between 15% and

20% in the first two months of 2021.

- Zimbabwe's soya bean output is expected to hit 70,000 tonnes in 2021 from 40,000 tonnes attained in 2020 due to a good rainfall season according to the Oil Expressers Association of Zimbabwe (OEAZ).
- According to the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement the total area planted under sweet potatoes increased by 102% to 41,436 hectares for the 2020/21 farming season as compared to the previous season.
- Zimbabwe's macadamia output is expected to remain steady in 2021 after a substantial amount of the nuts fell off the trees due to heavy cyclone winds. Output is expected at between 8,000 and 9,000 tonnes, according to Macadamia Association of Zimbabwe.
- Government has announced new producer prices for commercial crops for the 2021/22 marketing season. Sugar beans will be sold at ZW\$90,000 per metric tonne, groundnuts (ZW\$40,000), sunflower (ZW\$40,000), nyimo (ZW\$50,000), popcorn (ZW\$42,000), cow peas ZW\$32,500 and Sesame seeds (ZW\$70,000).

## **5. Regional Economies**

Sub-Saharan Africa is expected to recover in 2021 as the continent's economic drivers pick up momentum after activity was halted by the COVID-19 pandemic, despite a slower pace of vaccinations. The IMF forecasts growth for the region at 3.4% in 2021, from an estimated contraction of 1.9%. Growth is expected from all the major economies with Angola growth expected at 1.6%, Ghana at 4.9%, Kenya at 5.1%, Nigeria at 2.0%, South Africa at 3.7% and Zambia at 2.0%.

### **a) South Africa**

According to the World Bank, the South Africa (SA)

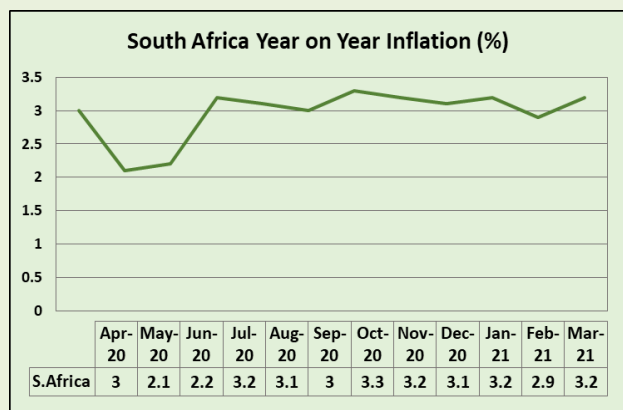


economy is estimated to have contracted by 7.8% in 2020 which was in line with South Africa's Treasury estimate. By comparison, the South African Reserve Bank (SARB) estimates the economy to have contracted by 8% in 2020 and projects that the economy will rebound by 3.5% in 2021. In the meantime, the Global Lender, IMF, projects that the South Africa economy will rebound by 3.3% in 2021. The table below shows economic growth forecasts, inflation forecasts 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

Meanwhile, the annual inflation rate in South Africa rose to 3.2% in March 2021 from 2.9% in February 2021, in line with market expectations, and moving above lower band of the South African Reserve Bank's target range of 3-6%. On a monthly basis, consumer prices went up by 0.7%, the same pace as in the previous month, and matching market expectations. The graph below shows South Africa inflation trend from April 2020 to March 2021:

*South Africa Inflation Rate*



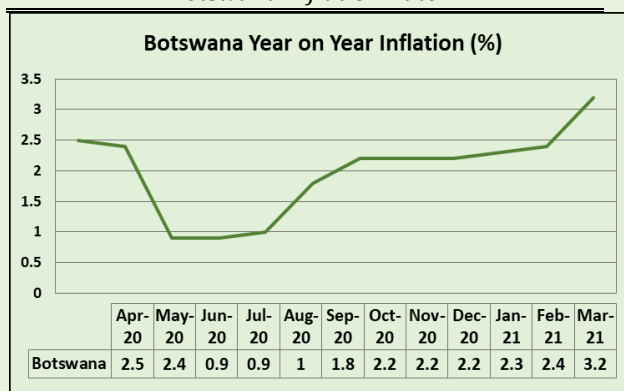
**a) Botswana**

The economy of Botswana is estimated to have contracted by 7.7% in 2020 and is expected to

recover in 2021 at a growth rate of 8.8%.

In terms of inflation, Botswana's annual inflation rose for the third straight month to 3.2% in March 2021, reaching its highest level since March 2019. On a monthly basis, consumer prices inched up 0.8%, after increasing by 0.3% in the previous month.

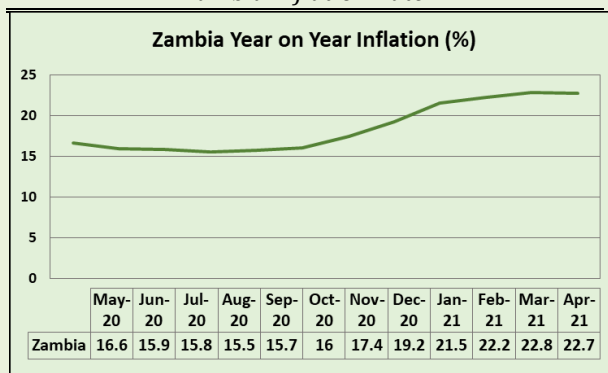
*Botswana Inflation Rate*



**b) Zambia**

Zambia is targeting to reduce its fiscal deficit to 9.3% of gross domestic product (GDP) in 2021 from the 11.7% projected in 2020. Latest statistics indicate that total expenditure in the first quarter of 2021 stood at 22 billion Kwacha and this was 23% below the projected 28.6 billion kwacha according to the country's Ministry of Finance. The statistics indicate that the country is in line with its projected year-end fiscal deficit.

*Zambia Inflation Rate*



Meanwhile, Zambia's annual inflation rate edged

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down to 22.7% in April 2021 from 22.8% in March 2021, which was the highest since February 2016. On a monthly basis, consumer prices increased by 2.2% in April 2021, up from a 1.7% rise in March 2021.

## 6. International Economies

The global economy is recovering faster than expected from the corona virus pandemic, according to the International Monetary Fund (IMF). According to the IMF, the world economy is now expected to grow by 6% in 2021 and to advance by another 4.4% in 2022. The forecasts are sharp increases from the 3.3% declines registered in 2020 during the worst months of the pandemic that spread across the globe after originating in China in late 2019.

In United States of America, the improved economic outlook reflects the additional fiscal support provided by the authorities, vaccination efforts that are expected to lead to a strengthened recovery in the second half of 2021, and also the continued resilience of economic activity to the pandemic in many parts of the world.

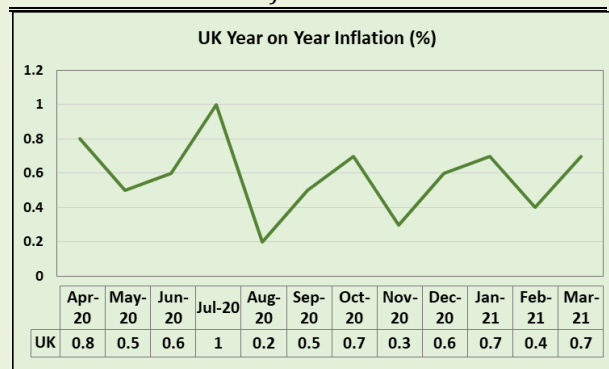
### a) United Kingdom

During the period under review, the UK economy resumed most of its operations, as further relaxations of COVID-19 lockdown restrictions continued, on the back of notable reduction in the number of confirmed cases. Most manufacturing firms have increased their employment levels and consumption levels have started to improve. 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

Annual inflation rate in the United Kingdom edged up to 0.7% in March 2021 from 0.4% in February 2021, and was below market expectations of 0.8%.

### UK Inflation Rate



British inflation is forecast to rise sharply in the coming months, due to an increase in regulated household energy bills in April 2021, higher global oil prices and a low comparison base as demand sank last year due to the corona virus.

### b) United States of America

According to the US Commerce Department, the US economy advanced by a robust 6.4% in the first three months of 2021, as consumers started spending again with the easing of corona virus restrictions and the vaccinations of millions of Americans. This recovery in the January-to-March period has put the US\$21 trillion US economy just slightly ahead of where it was in early 2020, before the pandemic swept into the country and ravaged its economy.

The following table below shows economic growth forecasts, inflation rate forecasts and the unemployment rate forecasts for the US economy up to 2022.

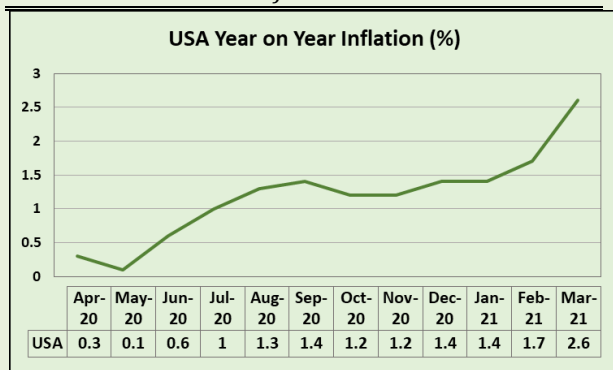
	2020	2021	2022
GDP	-3.5	5.9	4.3
Inflation	1.3	2.4	2.0
Unemployment rate	8.1	5.2	3.7

The annual inflation rate in the US jumped to 2.6% in March 2021 from 1.7% in February 2021, slightly above market forecasts of 2.5%. The effects of the corona virus pandemic are weighing on prices since in March 2020 many businesses closed and lockdowns were imposed, denting economic



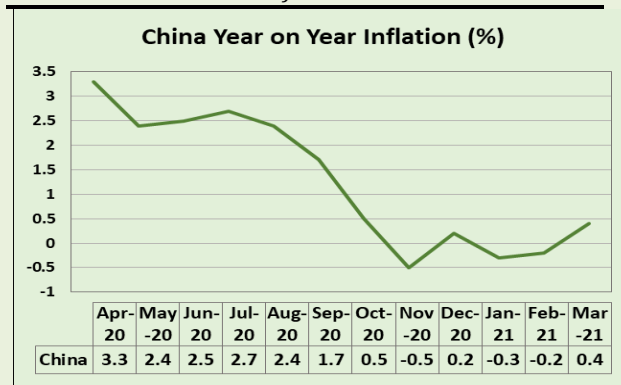
activity. Also, a jump in commodity prices and material costs, coupled with supply constraints, are pushing producer prices up and some companies are passing those costs to clients.

USA Inflation Rate



Chinas' inflation trend from April 2020 to March 2021:

China Inflation Rate



### c) China

According to China's National Bureau of Statistics, China's economy grew by a record 18.3% in the first quarter of 2021 compared to the same quarter last year. It is the biggest jump in gross domestic product (GDP) since China started keeping quarterly records in 1992. In the first quarter of 2020, China's economy shrank by 6.8% due to nationwide lockdowns at the peak of its COVID-19 outbreak. Industrial output for March 2021 rose by 14.1% over a year ago, while retail sales grew by 34.2%.

The table below shows Chinas' 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

The consumer price index in China rose by 0.4% year on year in March 2021, after a 0.2% drop in February 2021, and compared with market consensus of a 0.3% gain. On a monthly basis, consumer prices went down 0.5% in March 2021, the first decline in four months, following a 0.6% rise in February 2021. The graph below shows

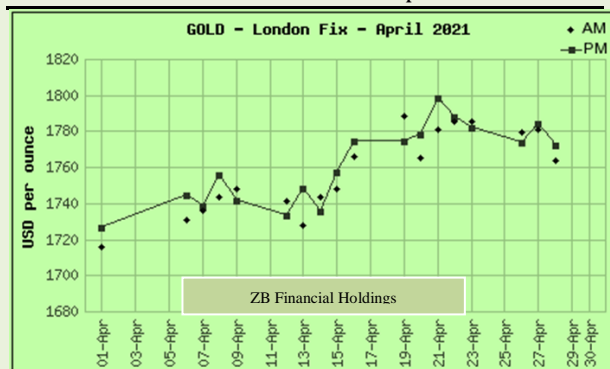
## 7. Commodities Markets

Commodity	Opening Price (US\$)	Closing Price (US\$)	% Change
Gold	1,726.05	1,767.65	+2.41%
Platinum	1,199.00	1,218.00	+1.58%
Silver	24.32	25.88	+6.41%
Oil	61.45	63.48	+3.30%

### a) Gold

The price of gold increased by 2.41% from US\$1,726.05/oz in March 2021 to US\$1,767.65/oz in April 2021, with an average price of US\$1761.68/oz.

Gold Price Movements in April 2021



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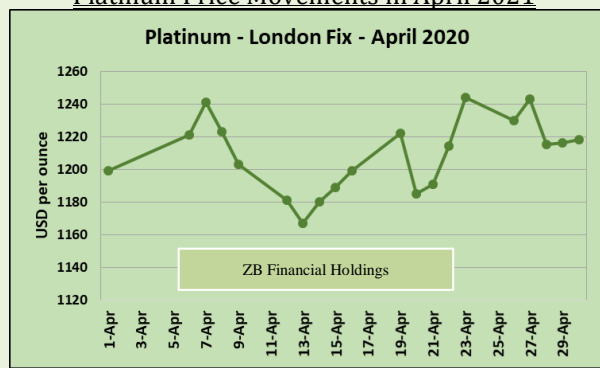


Going forward, the price of the yellow metal is expected to continue on an upward trend on the back of a projected sharp rise in US inflation, a development that will bolster the precious metal's appeal as a hedge against inflation.

**b) Platinum**

Platinum prices were generally unstable in April 2021. During the month under review, prices averaged US\$1209.05/Oz and increased by 1.58% from the first day of trade to close at US\$1,218.00/Oz. The graph below shows the platinum price trend for April 2021.

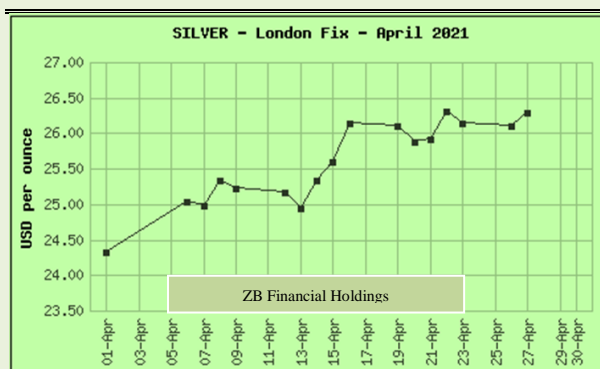
Platinum Price Movements in April 2021



**c) Silver**

During the period under review, the price of Silver increased by 6.41% to US\$25.88/Oz as at 30 April 2021 with an average price of US\$25.64/Oz.

Silver Price Movements in April 2021



**d) Crude Oil**

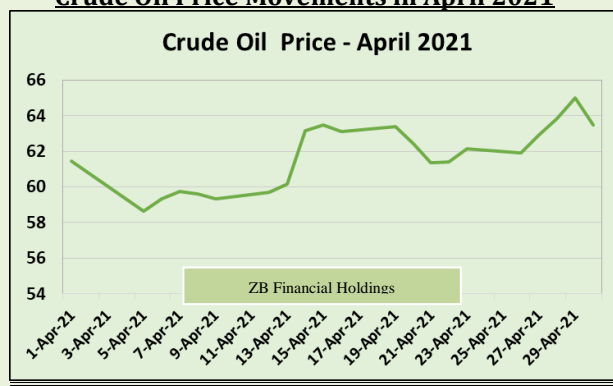
The international oil price increased by 3.30% from US\$61.45/barrel on 1 April 2021 to

US\$63.48/barrel on 30 April 2021. The price increase was attributed to supply shocks emanating from the agreement between the Organisation of Petroleum Exporting Countries (OPEC) and non-OPEC oil-producing countries to maintain last year's production cuts to prevent the market from becoming oversupplied.

In the near future, as the global economy recovers from the wounds of COVID-19, the price of oil is expected to maintain an upward trend as demand is expected to outweigh supply.

Below is a graphical presentation of the crude oil price trend during the period under review.

Crude Oil Price Movements in April 2021



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