

Monthly Economic Update April 2022

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1. Economic Performance

a) Domestic Economy

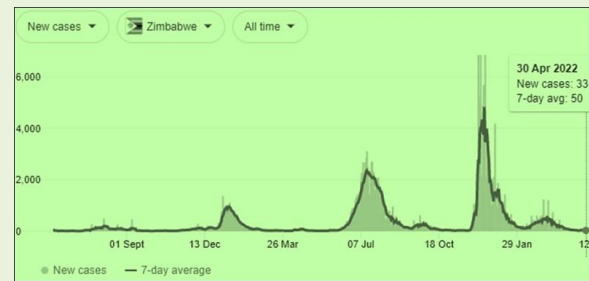
According to the Ministry of Finance and Economic Development, the Zimbabwean economy will grow at a rate of 5.5% in 2022 and 5.2% in 2023. However, substantial downside risks remain, one of which pertains to food security - a prolonged dry period during the 2021/22 season means that the country is unlikely to reach its agricultural targets this season. The situation has been exacerbated by the Russia-Ukraine conflict, which has resulted in an increase in oil and wheat prices, among other commodities. Going forward, the Government of Zimbabwe through the Ministry of Finance has temporarily suspended import duties on essential basic commodities so as to plug domestic food shortages. The suspension of duty on basic commodity imports is not without its challenges, however, as it opens up foreign competition for domestic industry, a situation which poses challenges for capacity utilisation, jobs and ultimately growth prospects.

The following table shows Zimbabwe economic growth estimates and forecasts for the period 2021 to 2023:

Zimbabwe Economic Growth Forecasts (%)			
Year	2021	2022	2023
World Bank	5.1	4.3	4.2
IMF	5.1	3.1	3.0
MOF	7.8	5.5	5.2

b) Health Issues

According to the Ministry of Health and Child Care, Zimbabwe cumulatively recorded 247,875 confirmed cases, 241,689 recoveries and 5,469 deaths as at 30 April 2022. This brought the National Recovery rate to 97.5%. The following graph shows the daily trend of recorded COVID-19 cases between 27 May 2020 and 30 April 2022.



Meanwhile, as at April 2022, a total of 5,866,832 people (39.50% of the population) had received the first dose of the vaccine while 3,672,516 people (24.70% of the population) had been fully vaccinated and 774,513 had received the booster. The graph below shows the vaccination progress as at 30 April 2022:



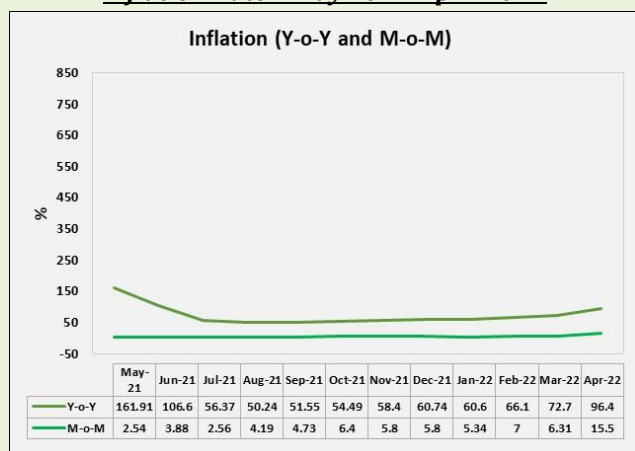
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2. Inflation

Annual inflation worsened by 23.70 percentage points, from 72.70% in March 2022 to 96.40% in April 2022. Month on month inflation worsened by 9.19 percentage points, from 6.31% in March 2022 to 15.5% in April 2022.

The year on year and month on month inflation trend for the period May 2021 to April 2022 is shown in the following graph:

Inflation Rate – May 2021-April 2022



3. Financial Sector

a) Money supply

According to the Reserve Bank of Zimbabwe (RBZ) latest statistics in its February Monthly Economic Report, Zimbabwe's broad money supply (M3), which consists of domestic and foreign currency deposits, rose by 7.59% to ZW\$506.1 billion in February 2022 from ZW\$470.4 billion in January 2022. The money stock was largely composed of local currency deposits at 54.87% and foreign currency deposits at 44.61%, while currency in circulation constituted 0.52% of total money supply. In a bid to contain inflation in the economy and foster stability, the Monetary Policy Committee (MPC) maintained the following policies during the period under review:

- ✓ Maintaining the Bank Policy Rate at 80% and the Medium-Term Bank Accommodation Facility Interest Rate at 50%;

- ✓ Maintaining the minimum deposit rates for ZW\$ savings and time deposits at 12.5% and 25% per annum, respectively;
- ✓ Maintaining the foreign payment transactions limit on the willing-buyer willing-seller foreign currency trading arrangement for banks and bureaux de change at US\$1,000 and allowing the Bank to increase the limit as conditions permit. This limit was however subsequently reviewed upwards to a maximum of US\$5,000/day, with a limit of US\$10,000/week per individual with effect from 7 May 2022.

Meanwhile, in order to promote economic stability and mop out excess funds in the economy, the Government reduced the quarterly reserve money growth target to 0% per quarter from the previous 5% quarterly target.

In addition, in order to minimize the creation of broad money that is prone to abuse for purposes of manipulating the exchange rate for financial gains and to pave way for investigations, lending by banks to both the Government and the private sector was suspended with effect from 7 May 2022, but the suspension was subsequently lifted on 17 May 2022.

b) Interest Rates

The following table shows weighted lending rates and deposit rates for the period 18 March 2022 to 15 April 2022:

Weighted lending Rates and Deposit Rates

Week Ending	Weighted Lending Rates (%)		Deposit Rates (%)		
	Individual Clients	Corporate Clients	Savings	1-Month	3-Months
18-Mar-22	56.23	63.9	5.85	15.06	16.42
25-Mar-22	57.83	63.78	5.94	15.61	16.95
1-Apr-22	57.83	63.78	5.94	15.61	16.95
8-Apr-22	57.81	63.98	6.21	16.22	18.11
15-Apr-22	57.81	63.98	2.21	16.22	18.11
Average	57.50	63.88	5.23	15.74	17.31

c) Foreign Currency Market

During the period under review, when using the monthly average exchange rate analysis, the USD appreciated against 13 of the 18 currencies in our basket and depreciated against 5 currencies. The

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USD gained the most against the Zimbabwean Dollar (13.21%) followed by the Japanese Yen (6.58%) and the Argentine Peso (3.56%). On the other hand, the USD on average depreciated most against the Russian Ruble (26.67%), the Brazilian Real (4.44%) and the Canadian Dollar (0.25%) as shown in the table below.

Exchange Rate Analysis

Exchange Rate Analysis: Monthly Average			
US\$/Currency	Mar-22	Apr-22	Change (%)
Zimbabwean Dollar	132.9774	150.5459	13.21%
Japanese Yen	118.5767	126.3834	6.58%
Argentine Peso	109.3967	113.2957	3.56%
Euro	0.9076	0.9259	2.02%
British Pound	0.7594	0.7735	1.85%
Swiss Franc	0.9296	0.9450	1.66%
Chinese Yuan Renminbi	6.3454	6.4328	1.38%
South Korean Won	1220.8566	1237.4601	1.36%
Norwegian Krone	8.8352	8.9157	0.91%
Botswana Pula	11.5752	11.6479	0.63%
South African Rand	14.9644	15.0496	0.57%
HongKong Dollar	7.8230	7.8415	0.24%
Australian Dollar	1.3563	1.3586	0.17%
Indian Rupee	76.2180	76.2054	-0.02%
Swedish Krona	9.5655	9.5616	-0.04%
Canadian Dollar	1.2661	1.2630	-0.25%
Brazilian Real	4.9777	4.7567	-4.44%
Russian Ruble	109.1861	80.0674	-26.67%

Source: X-rates.com © ZB Financial Holdings

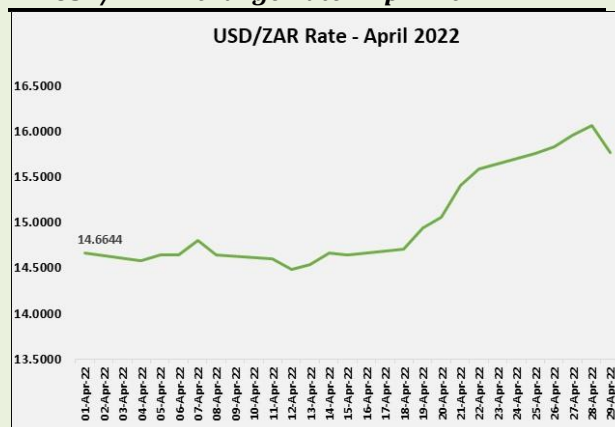
However when analysing the exchange rates based on the opening period and closing period exchange rates, the USD appreciated against 17 out of 18 currencies in our basket. It gained most against the Zimbabwean Dollar (11.88%), followed by the South African Rand (7.52%) and the Norwegian Krone (6.72%). The USD depreciated only against the Russian Ruble (17.12%).

Exchange Rate Analysis			
US\$/Currency	01-Apr-22	30-Apr-22	Change (%)
Zimbabwean Dollar	142.4237	159.3482	11.88%
South African Rand	14.6644	15.7675	7.52%
Norwegian Krone	8.7437	9.3315	6.72%
Japanese Yen	122.5696	129.8027	5.90%
Botswana Pula	11.4654	12.1123	5.64%
Australian Dollar	1.3345	1.4077	5.48%
Swiss Franc	0.9257	0.9720	5.00%
Brazilian Real	4.6942	4.9267	4.95%
Euro	0.9055	0.9485	4.75%
Swedish Krona	9.3603	9.8018	4.72%
British Pound	0.7627	0.7957	4.33%
Chinese Yuan Renminbi	6.3633	6.6088	3.86%
Argentine Peso	111.1234	115.3122	3.77%
South Korean Won	1219.5594	1261.3190	3.42%
Canadian Dollar	1.2507	1.2803	2.36%
Indian Rupee	75.9911	76.5101	0.68%
HongKong Dollar	7.8345	7.8467	0.16%
Russian Ruble	85.6821	71.0110	-17.12%

Source: X-rates.com © ZB Financial Holdings

Meanwhile, on average the South African Rand depreciated by 0.57% in April 2022 against the USD from USDZAR 14.96 average in March 2022 to USDZAR 15.05 average rate in April 2022. The diagram below shows the trend of the South African Rand against the USD during the period under review.

USD/ZAR Exchange Rate – April 2022



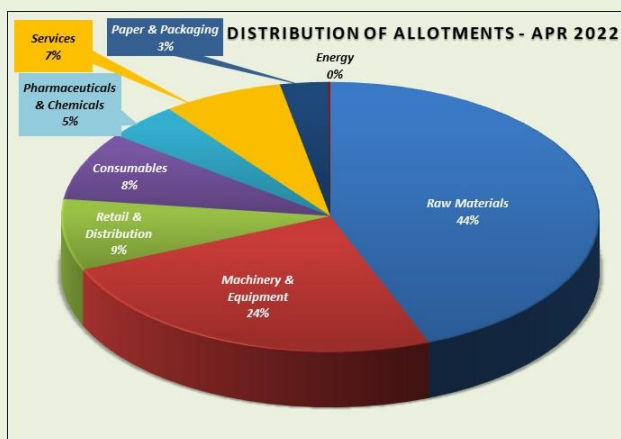
d) RBZ Forex Auction Market

From January 2022 to May 2022, the ZWL depreciated by 46.64% against the USD from ZW\$108.666 on 1 January 2022 to 159.3482 on 30 April 2022. The following table shows the trend of the USD/ZWL exchange rate from 2 February 2021 to 30 April 2022.

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During the period under review, the Foreign Exchange Auction Market allocated US\$125.65 million cumulatively. Of the April 2022 foreign currency allocations, 44% was allocated to raw materials and 24% to machinery & equipment as shown in the following diagram:



Going forward, the Reserve Bank of Zimbabwe endeavours to ensure that all foreign currency allotments are settled within a period of 14 days post auction allotment.

e) Equities Market & Corporate Briefs

- Bindura Nickel Corporation (BNC) listed on VFEX is expected to rebound in 2022 as the demand for nickel and graphite which is used to manufacture EV batteries is on the rise.
- Going forward, the Government implemented the following measures to promote long-term investment on ZSE:

- Inter account transfers between clients sub-account with a broker are now prohibited;
- Third party funding of client sub-accounts is no longer permitted;
- Third party funding of client sub-account with a broker shall only be allowed to customers’ bank account not to third parties; and
- To promote long term investments on the stock market, the Government, with effect from 7 May 2022 reviewed Capital gains tax for shares held for a period not exceeding 270 days to 40% (up from the normal rate of 20%) in line with individual maximum marginal tax for Pay as You Earn (PAYE).

Zimbabwe Stock Exchange Performance Indicators

DATE	TURNOVER VALUE	TURNOVER VOLUME	INDUSTRIAL INDEX	MINING INDEX	MARKET CAP (RTGS) (Mln)
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
Jan-22	174,445,629.90	2,366,359.00	39,930.84	8,014.88	1,375,001.39
Feb-22	95,074,707.33	1,295,205.00	49,561.26	9,470.19	1,721,967.60
Mar-22	824,291,924.45	9,199,921.00	52,432.53	10,015.94	1,821,910.18

News Highlights in the Financial Sector

- According to the Q1 2022 Report published by First Capital Bank, foreign currency earnings accounted for 20% of its total income and the bank is aiming to increase contribution of the foreign currency generating operations of the business.
- The Reserve Bank of Zimbabwe suspended Metbank Limited from operating as an authorised forex dealer pending full investigations, for breach of Exchange Control regulations relating to trading in foreign currency. With this suspension in place, Metbank Limited will not be permitted to deal in foreign currency, i.e. buying and selling foreign currency, and processing international

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as well as domestic foreign currency transactions, until further notice.

- The Reserve Bank of Zimbabwe ordered Simbisa Brands (Private) Ltd to cease operating the money transfer service called InnBucks. The cessation of the service means that customers will no longer be able to deposit funds into the InnBucks account or transfer the funds to third parties.
- Standard Chartered Bank Group announced plans to divest of its business interest in Zimbabwe. The divestiture will result in change of ownership and control of Standard Chartered Bank Zimbabwe Limited.
- The Reserve Bank of Zimbabwe suspended Rolink Finance (Private) Limited from operating as a bureau de change. However, the suspension of its operating licence does not relieve Rolink Finance (Private) Limited of any outstanding obligations it incurred or had at the time of suspension of the licence.

4. Various Sectors of the Economy

a) Energy sector

According to the Ministry of Energy and Power Development, Zimbabwe is aiming to generate 2,000 MW of electricity from renewable energy sources by 2030. To meet this target, Zimbabwe is targeting to deploy solar and wind technologies to meet rising demand and reduce the reliance on electricity imports.

Meanwhile, the Government also applied for US\$10 million in green funding from the United Nations Sustainable Development Goal fund for technical assistance, project development and capacity building. The Zimbabwe Electricity Supply Authority (ZESA) and several other solar and wind independent power producers (IPPs) currently do not fulfil the economy's electricity needs, hence Zimbabwe's power supply shortfall.

News Highlights in the Energy Sector

- Zimbabwe has witnessed a steady increase in the number of businesses and homeowners that are generating solar

energy seeking to feed excess electricity into the national grid.

- The Rural Electrification Agency (REA) is pursuing to electrify 370 grid projects across the country in 2022 at an estimated cost of ZW\$2.5 billion (about US\$15.7 million using the exchange rate of 159.3482 as at 30 April 2022).
- To mitigate electricity shortages, Zimbabwe has been importing electricity via the Southern African Power Pool from South Africa and Mozambique to add on to a combined 1,400 MW from ZESA's Kariba hydroelectric plant on the Zambezi River and the Hwange thermal power station.

b) Mining

Zimbabwe's mining sector growth prospects remained strong in the short to medium term in spite of the negative impact of COVID-19 induced setbacks on existing and planned investments. Zimbabwe is targeting to grow export revenue from minerals to US\$12 billion by 2023 as it seeks to transform the country into an upper-middle-income economy by 2030. Growth is expected to be driven by gold, platinum, diamond, chrome, iron ore, coal, lithium, and other strategic minerals. Gold exports are expected to reach US\$4 billion, platinum exports are expected to reach US\$3 billion, diamonds are expected to generate US\$1 billion and chrome, nickel & steel are also expected to reach US\$1 billion.

News Highlights in the Mining sector

- Zimplats Holdings, a unit of Impala Platinum, is expecting to invest US\$200 million into its base metal refinery project, as part of its US\$1.8 billion medium to long term investments in Zimbabwe.
- Zimplats expects to commission the first phase of its 35 megawatts (MW) solar plant in 2024.
- Unki Mine, platinum group metals (PGM) production surged by 5% to 53 300 ounces in Q1 2022 compared to the same period IN 2021.



- Caledonia Mining Corporation Plc reported a 40% increase in gold production in Q1 2022.
- Padenga expects to double gold output in 2022 on the back of US\$29 million investment to start underground mining at Pickstone Mine and production from the reopened Eureka Mine.
- RioZim Limited has put in place new financing options to attract potential investors into its 2,800 megawatt Sengwa coal power project following the withdrawal of China's Industrial and Commercial Bank of China (ICBC) in 2022.
- Premier African Minerals Limited signed a joint venture agreement with Li3 Resources Inc to acquire 50% interest in Premier's lithium assets located in Mutare.

c) Agriculture

The Government of Zimbabwe through the Ministry of Lands, Agriculture, Fisheries, Water, Climate and Rural Development is eyeing increased investment in irrigation infrastructure as part of measures to cushion the agriculture sector from erratic rainfall patterns. Meanwhile, producer prices of maize, soya bean, traditional grains and sunflower were raised for the 2022 marketing season. The floor producer prices for maize and traditional grains was set at ZW\$75,000 per tonne, up from ZW\$58,553 for maize and ZW\$70,263.90 for traditional grains. The floor producer price for Soya beans price was set at ZW\$171,495, up from ZW\$125,530.17 while the price for sunflower was set at ZW\$205,794.52 a tonne, up from ZW\$150,686.20.

News Highlights in the Agriculture Sector

- Winter wheat production has begun with the planted crop in generally good condition and growing well while farmers expect a good harvest. Several farmers have planted the crop whilst others are in the process of preparing the land.
- According to Tobacco Industry Marketing Board (TIMB), tobacco farmers are facing a

myriad of challenges, including increased costs of production and foreign currency shortages to purchase inputs.

- TIMB also indicated that farmers have earned US\$132.6 million from the sale of 45.23 million kilogrammes of tobacco since the opening of the marketing season on 31 March 2022. Since the opening of the 2022 tobacco marketing season, the highest price of US\$6.50 per kilogramme has been recorded at the contract floors while the usual US\$4.99 per kilogramme has continued to prevail at the auction floors.

d) Manufacturing

According to the Confederation of Zimbabwe Industries (CZI) 2021 manufacturing sector survey report, capacity utilisation in the manufacturing sector jumped to 56.52% in 2021 from 47% in 2020 largely driven by increased investments in the industry and funding which emanated from the Reserve Bank of Zimbabwe (RBZ's) foreign currency auction system. This was however below the target of 61% which was set. According to the report, about 38% of companies in the manufacturing sector undertook investments to increase their production capacity in 2021 and these investments created additional capacity of 25.6 %.

News and highlights in the Manufacturing Sector

- According to ZimTrade, Zimbabwe is looking to grow its leather products exports to 40% of annual leather sector shipments by 2030, as part of efforts to diversify the country's export basket

5. Regional Economies

According to the International Monetary Fund April World Economic Outlook Report, growth in Sub-Saharan Africa is projected at 3.8% in 2022. In the region, higher food prices will hurt consumers' purchasing power particularly among low income households and weigh on domestic demand. The increase in oil prices has however lifted growth prospects for the region's oil exporters, such as Nigeria.

a) South Africa

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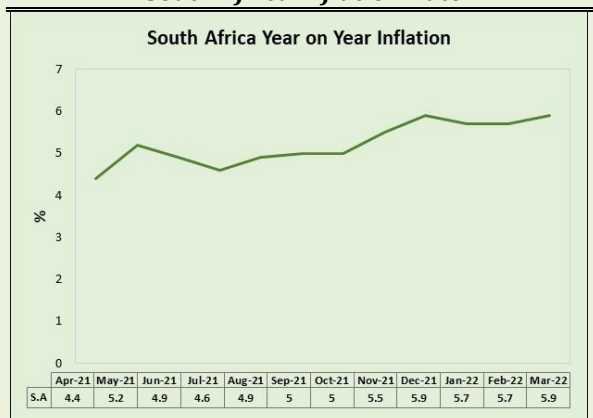


South Africa is attracting investments and is committed to creating favourable conditions for inclusive growth and transformation of the economy. Some investments and economic boosts received include the opening of the R800 million Corobrik state of the art brick manufacturing plant in Driefontein in Gauteng. The company is expected to invest a further R200 million to expand its KwaZulu-Natal based concrete facility. In addition, Anglo American’s launch of a hydrogen-powered truck is expected to give a significant boost to the country’s green hydrogen economic hopes. The launch of the new locally manufactured Isuzu D-Max bakkie, which forms part of the company’s R1.2 billion investment commitment (made in 2019) to the country. The following table shows economic growth forecasts for South Africa:

S.A Economic Growth Forecasts (%)			
Year	2021	2022	2023
World Bank	4.6	2.1	1.5
IMF	5.0	2.2	1.3

Meanwhile, the annual inflation rate for South Africa worsened by 0.2 percentage points to 5.9% in March 2022 from 5.7% in February 2022. The following graph shows South Africa’s inflation trend from April 2021 to March 2022:

South Africa Inflation Rate



b) Botswana

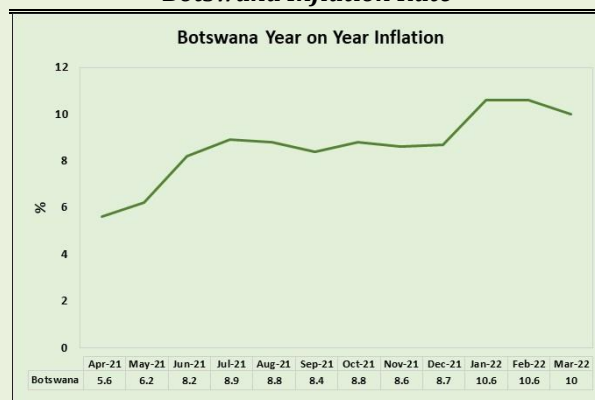
According to Statistics Botswana, Botswana’s real Gross Domestic Product rose by 11.4% in 2021, the highest annual growth rate since 1989 and a rebound from a record contraction in

2020. The expansion exceeded the government’s own projections of 9.7 % growth for 2021. Diamond Traders recorded a massive growth of 78% as opposed to a decline of 36.7% recorded in 2020. The positive growth was due to improved demand for diamonds from the global markets and sales appetite during the year 2021. The following table shows Botswana’s economic growth forecasts from the World Bank and IMF:

Botswana Economic Growth Forecasts (%)			
Year	2021	2022	2023
World Bank	8.5	5.9	4.4
IMF	9.2	4.7	4.0

In terms of inflation, Botswana’s annual inflation rate improved by 0.6 percentage points to 10% in March 2022 from 10.6% in February 2022. The below graph shows Botswana inflation trend from April 2021 to March 2022:

Botswana Inflation Rate



c) Zambia

The Zambian economy is expected to grow by 2.2 % in 2022, on the back of a resurgence in the mining, tourism, and manufacturing sectors. Positive factors include a resurgence in foreign demand and copper prices, as well as a drop in COVID-19 cases, which will help industrial and tourism activity.

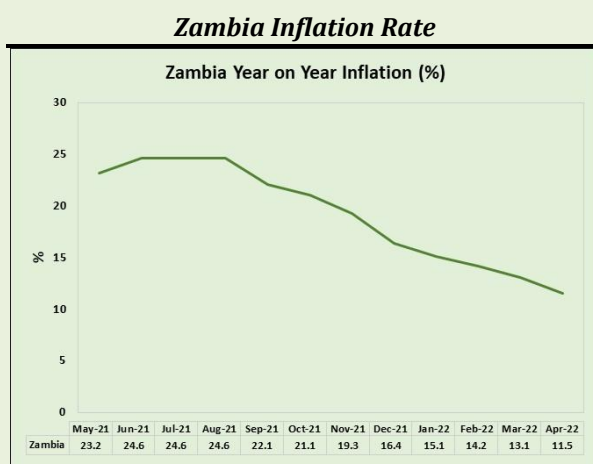
Zambia is currently working with creditors and the International Monetary Fund (IMF) to restructure its foreign debt after years of over-borrowing pushed its debt burden above 120% of GDP. The

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following table shows Zambia's economic growth forecasts:

Zambia Economic Growth Forecasts (%)			
Year	2021	2022	2023
World Bank	2.2	2.9	4.5
IMF	1.0	1.1	1.5

In terms of inflation, the annual inflation rate in Zambia improved by 1.6 percentage points from 13.1% recorded in March 2022 to 11.5% in April 2022. The following graph shows Zambia's inflation trend from May 2021 to April 2022:



6. International Economies

According to the IMF April 2022 World Economic Outlook Update, inflation is projected at 5.7% in advanced economies and 8.7% in emerging market and developing economies 1.8%. Supply chain disruptions have also hurt some industries especially the automobile sector with the war and sanctions further affecting production of key inputs. As a consequence, the European countries' GDP growth in 2022 is revised down to 2.8%, with the biggest downgrades in economies such as Germany and Italy who have a relatively large manufacturing sectors and greater dependence on energy imports from Russia.

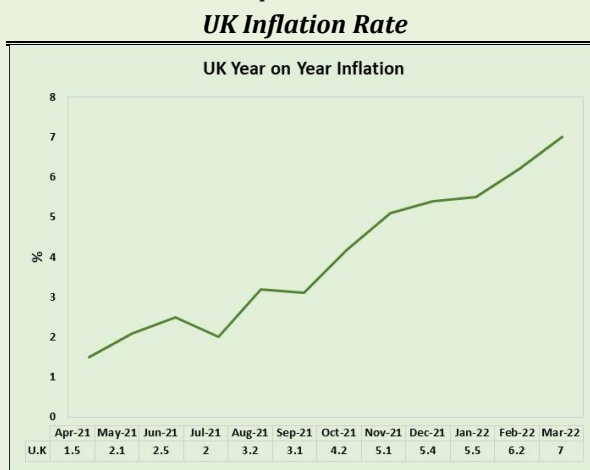
a) United Kingdom

The Bank of England monetary policy committee (MPC) increased interest rates by 0.25%, taking the central bank's base rate to 1%, its highest level since early 2009. This was meant to contain inflation

which jumped to 7% in March 2022. Wages were increasing due to shortages of workers and this was contributing to inflationary pressures.

According to the National Institute of Economic and Social Research (NIESR) forecast Gross Domestic Product will fall by 0.2% in Q3 2022 and 0.4% in the Q4 2022.

Meanwhile, annual inflation rate in the UK increased to 7% in March 2022 from 6.2% in February 2022. This was mainly due to the war in Ukraine which caused supply chain disruptions and energy price spikes. The diagram below shows UK annual inflation trend from April 2021 to March 2022:



b) United States of America

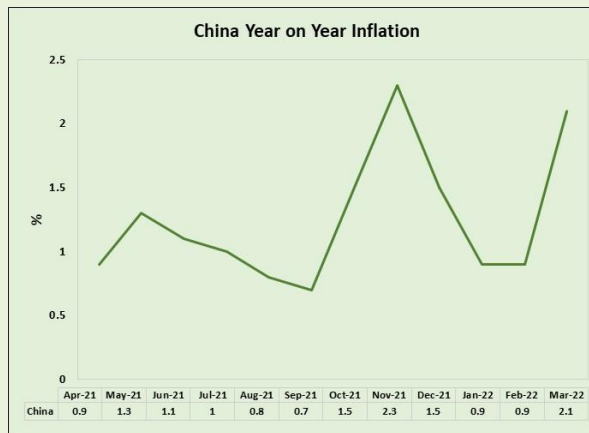
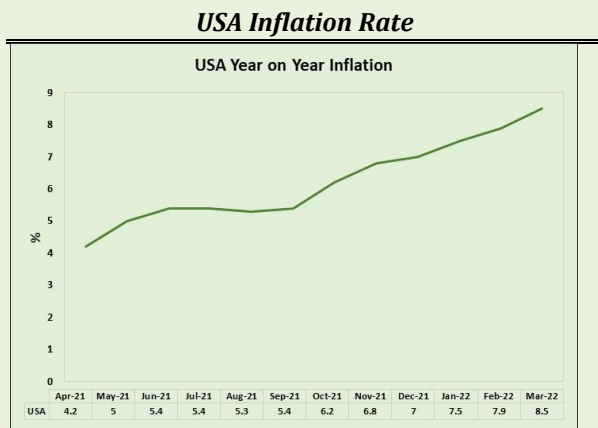
The U.S. economy registered a solid job growth in April 2022, suggesting the labour market is still strong despite headwinds from rising interest rates, soaring inflation, a worsening labour shortage and fears of a slowdown. The unemployment rate, meanwhile, held steady at 3.6%, the lowest level since February 2020. The table below shows the U.S. growth forecasts up to 2023:

U.S.A Economic Growth Forecasts (%)			
Year	2021	2022	2023
World Bank	5.6	3.7	2.6
IMF	4.3	3.5	2.3

Meanwhile, the annual inflation rate in the U.S.A accelerated to 8.5% in March 2022, from 7.9% recorded in February 2022. The following graph

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shows the U.S.A annual inflation trend from April 2021 to May 2022:



c) China

China's export growth slowed to single digits in April 2022, while imports were unchanged as tighter and wider COVID-19 curbs halted factory production, disrupted supply chains and triggered a collapse in domestic demand. Exports in Dollar terms grew 3.9% in April 2022, from 14.7 % growth reported in March 2022. China posted a trade surplus of US\$51.12 billion in the April 2022 against a forecast of US\$50.65 billion surplus. The following table shows Chinas' economic growth forecasts up to 2023:

China Economic Growth Forecasts (%)			
Year	2021	2022	2023
World Bank	8.0	5.1	5.3
IMF	8.0	5.6	4.9

Meanwhile, China's annual inflation rate stood at 2.1% in March 2022, from the February 2022 rate of 0.9%. The following graph shows China's inflation trend from April 2021 to March 2022:

China Inflation Rate

7. Commodities Markets

Commodity	March 2022 Price (US\$)	April 2022 Price (US\$)	Percentage Change
Gold	1,947.83	1,933.90	-0.72%
Platinum	1,043.26	962.32	-7.76%
Silver	25.24	24.54	-2.77%
Oil	108.26	101.64	-6.11%

a) Gold

The average gold price for April 2022 decreased by 0.72% from the previous month's average price of US\$1,947.83/oz. The diagram below shows the trend of gold prices in April 2022:

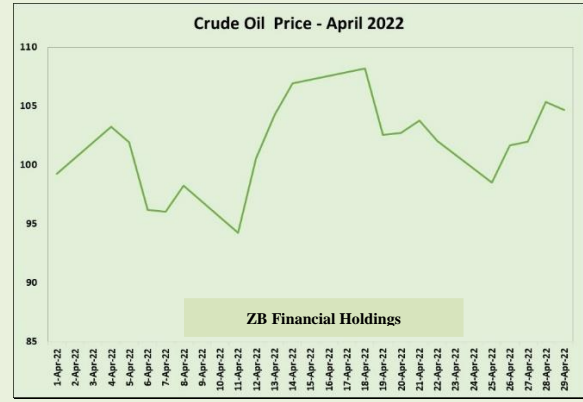
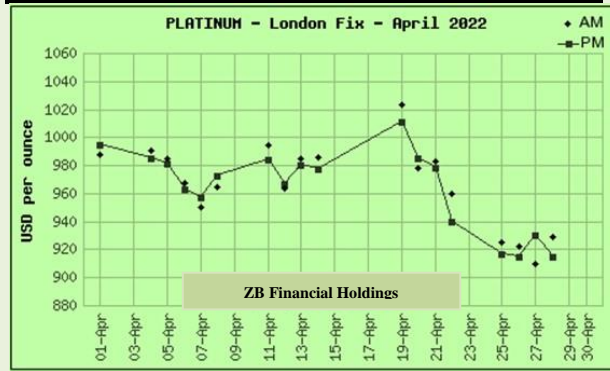


b) Platinum

The average platinum price contracted by 7.76% from US\$1,043.26/oz in March 2022 to US\$962.32/oz in April 2022. The diagram below shows the trend of platinum price in April 2022:

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Platinum Price Movements in April 2022



END

c) Silver

From March 2022 to April 2022, the average price of silver slightly decreased by 2.77% to US\$24.54/oz in April 2022. The graph below show the trend of silver price in April 2022:

Silver Price Movements - April 2022



d) Crude Oil

From March 2022, the average crude oil prices decreased by 6.11% to US\$101.64/barrel in April 2022.

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