

Monthly Economic Update

April 2023

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1. Economic Performance

a) Domestic Economy

Zimbabwe's economy could grow by 6% in 2023, better than a previous forecast for 3.8% growth, thanks to a strong performance by agriculture and easing power shortages. According to the Finance Minister, Mthuli Ncube, the 3.8% initial growth forecast was an underestimate. The Government is expecting to harvest 2.3 million tonnes of maize in 2023, a 58% jump from the previous season driven by favorable rains. The strong recovery in the agricultural sector, estimated at 54% growth, at least in the grains sub-sector is expected to spur the overall economic growth. Moreover, 35% growth is expected in the non-food sector. Elsewhere, improved generation at the Hwange coal plant and the Kariba hydroelectric station is expected to improve electricity availability for the productive sectors going forward. The Finance Minister also downplayed the likelihood of the Government overspending given this year's general election, highlighting that the target was still for the overall fiscal deficit to be 1.5% of GDP, the same as forecast in November 2022.

Meanwhile, the table below shows the growth projections for Zimbabwe.

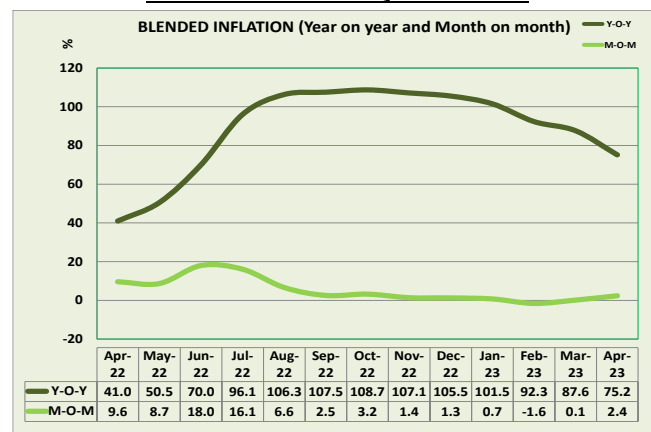
Zimbabwe Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	3.4	3.6	3.6
IMF	3.0	2.8	3.0
MOF	4	3.8	4.8

2. Inflation

Using the blended calculation system, annual inflation fell, for the sixth consecutive month, from 87.6% in March 2023 to 75.2% in April 2023. Zimbabwe's annual inflation declined by 12.4 percentage points, reflecting the positive impact of

the tight monetary policy stance authorities adopted last year to keep a firm lid on price increases. Using the same method, monthly inflation gained 2.2 percentage points from 0.1% in March 2023 to 2.4% in April 2023. The depreciation in the local currency has lately driven renewed price increases that have resulted in an uptick in month-on-month inflation, although the rate of price increases has down-trended on an annualised basis. The following graph shows an annual blended inflation trend to date.

Zimbabwe Blended Inflation Trend



Going forward, all things being equal, our econometric forecasts indicate a projected slow down of blended year on year inflation (Y-O-Y) in the next 3 months as indicated below:

3 Month Inflation Forecasts (%)		
Month	Y-O-Y	M-O-M
May-23	60.1	-0.6
Jun-23	35.8	0.1
Jul-23	17.4	0.3

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The Government is also expected to maintain strict fiscal and monetary policies in order to reduce the risks associated with inflation and exchange rates deterioration.

3. Financial Sector

a) Money supply

According to the RBZ's latest Reserve Money Update, reserve money increased by ZW\$6.94 billion to ZW\$234.31 billion during the week ending 14 April 2023, compared to the previous week's position of ZW\$227.37 billion.

Reserve Money Developments (ZW\$ Billions)

	PRELIMINARY ESTIMATES									
	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22 ¹	Jan-23	Feb-23	Week Ending 31-Mar-23	Week Ending 7-Apr-23	Week Ending 14-Apr-23
Currency Issued by RBZ	6.65	6.84	7.11	7.36	7.57	7.54	8.03	8.51	8.54	8.90
Banking Sector Deposits at RBZ	30.81	80.26	85.16	91.50	96.47	115.46	196.01	224.38	218.81	225.38
Statutory (Required) Reserves	30.69	80.16	85.06	91.40	96.37	115.36	195.91	224.28	218.71	225.28
of which stat reserves - ZWL		36.21	39.25	45.03	51.08	56.11	63.03	72.74	72.76	73.34
of which stat reserves - FCA		43.95	45.80	46.37	45.29	59.24	132.88	151.55	145.95	151.94
Banks' RTGS Liquidity	0.12	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Other Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve Money	37.47	87.10	92.27	98.86	104.04	123.00	204.04	232.91	227.37	234.31

The growth in reserve money largely reflected increases of ZW\$6.00 billion and ZW\$0.58 billion in foreign statutory reserves and local currency statutory reserves, respectively. Currency issued also increased by ZW\$0.36 billion to ZW\$8.9 billion.

The increase in reserve money highlighted above points to the tight monetary policy being pursued by the Central Bank. An increase in reserve money (or reserve requirements) reduces the money supply. The RBZ maintained the statutory reserves requirements at 10% for demand and call deposits and 5% for time and savings deposits for both domestic and foreign currency deposits during the month under review.

b) Interest Rates

Zimbabwe's Finance Minister threatened to hike Zimbabwe's policy rate beyond 200%, if companies continue to dabble into parallel market activities. The Treasury Chief, who spoke during the Zimbabwe International Trade Fair (ZITF) business conference in Bulawayo, demanded an immediate end to the abuse of Zimbabwe's volatile exchange rate. This comes when the authorities had responded to inflation domestically by raising interest rates

to levels of 200% in 2022 and started gradually reducing the rates in line with a downward trend in inflation. In fact, the Bank Policy rate had been reduced to 140% per annum during the month under review. However, a hike in the exchange rates in other (black) markets had left the Treasury Chief wondering whether to hike interest rates once again. Government has been worried about the continued battering of Zimbabwe's currency on the parallel market, which has forced the RBZ to maintain a tight monetary policy regime.

The following table shows the latest average lending rates and deposit rates for the period 10 March 2023 to 6 April 2023:

Average lending Rates and Deposit Rates

Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Commercial Banks		Savings	1-Month	3-Months
	Individuals Clients	Corporate Clients			
10-Mar-23	111.92	166.12	37.75	76.94	74.5
17-Mar-23	111.75	166.55	37.75	74.72	72.61
24-Mar-23	110.94	167.86	35.26	75.94	75.06
31-Mar-23	110.3	166.96	35.26	75.39	73.39
6-Apr-23	110.27	166.9	34.94	74.28	73.61
Average	111.036	166.878	36.192	75.454	73.834

c) Foreign Currency Market

During the period under review, the USD appreciated against 5 of the 18 currencies in our basket and depreciated against 13 currencies, when using the monthly average exchange rate analysis. The USD gained the most against the Zimbabwean Dollar (7.12%) as shown in the table below.

Exchange Rate Analysis			
Currency/US\$	Mar-23	Apr-23	Change (%)
Zimbabwean Dollar	916.069325	981.313575	7.122%
Argentine Peso	202.257391	214.964828	6.283%
Russian Ruble	76.282992	80.888665	6.038%
South Korean Won	1305.552515	1320.242994	1.125%
Hong Kong Dollar	7.849584	7.851362	0.023%
Australian Dollar	1.497178	1.494992	-0.146%
Chinese Yuan Renminbi	6.894458	6.883266	-0.162%
Japanese Yen	133.685545	133.420117	-0.199%
Norwegian Krone	10.532426	10.494422	-0.361%
Indian Rupee	82.250902	81.953828	-0.361%
South African Rand	18.27781	18.137716	-0.766%
Botswana Pula	13.233408	13.117608	-0.875%
Swedish Krona	10.502411	10.349189	-1.459%
Canadian Dollar	1.369379	1.348941	-1.493%
Euro	0.934133	0.910962	-2.480%
British Pound	0.824525	0.804021	-2.487%
Swiss Franc	0.926397	0.899613	-2.891%
Brazilian Real	5.216996	5.017864	-3.817%

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

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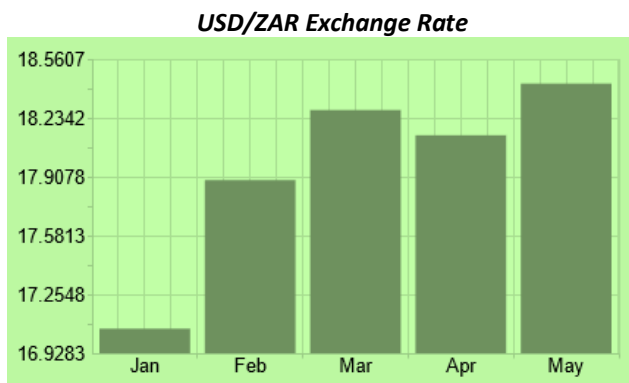
When analysing the exchange rates based on the opening period and closing period exchange rates, the USD appreciated against 12 currencies in our basket as shown in the following table:

Exchange Rate Analysis

Exchange Rate Analysis			
Currency/US\$	03-Apr-23	28-Apr-23	Change (%)
Zimbabwean Dollar	928.5887	1021.2072	9.974%
Argentine Peso	209.823544	222.57229	6.076%
Norwegian Krone	10.304532	10.644466	3.299%
Japanese Yen	132.372178	136.002091	2.742%
South African Rand	17.807164	18.293465	2.731%
Australian Dollar	1.474413	1.511382	2.507%
Russian Ruble	78.3267	80.209114	2.403%
South Korean Won	1312.92547	1338.49468	1.947%
Botswana Pula	13.047145	13.223445	1.351%
Canadian Dollar	1.343445	1.355534	0.900%
Chinese Yuan Renminbi	6.878008	6.91288	0.507%
Hong Kong Dollar	7.850005	7.850231	0.003%
Indian Rupee	82.251993	81.777822	-0.576%
Brazilian Real	5.068617	5.006585	-1.224%
Swedish Krona	10.383619	10.245619	-1.329%
Euro	0.91827	0.905728	-1.366%
British Pound	0.806292	0.794922	-1.410%
Swiss Franc	0.913063	0.891089	-2.407%

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

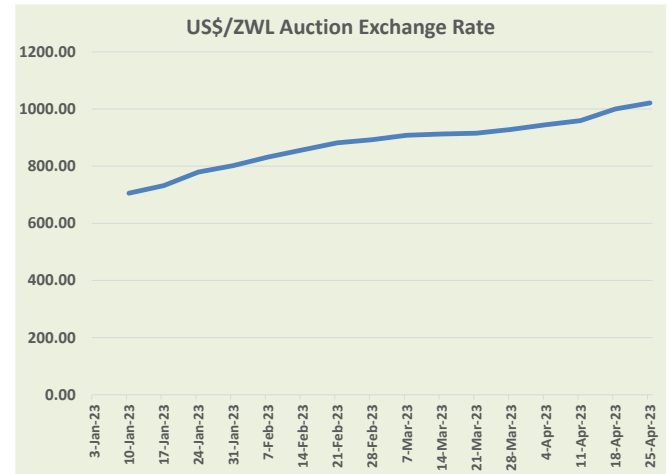
Meanwhile, on average the South African Rand depreciated by 0.8% 2023 against the USD. The diagram below shows the trend of the South African Rand against the USD for March 2023:



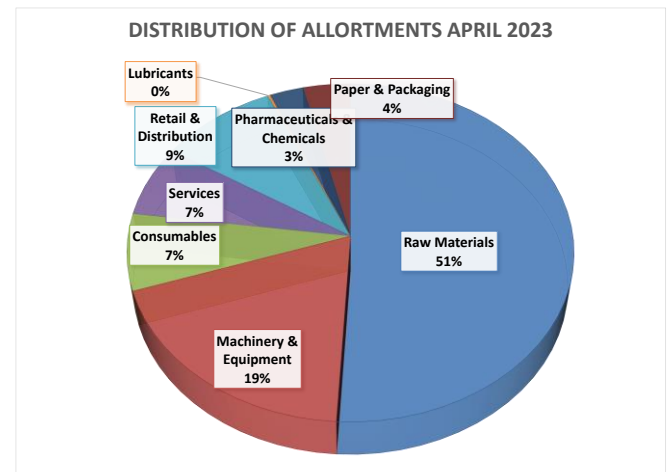
d) RBZ Forex Auction Market

The local currency continued to depreciate against the USD on the official foreign exchange market, as shown in the

previous analysis. The following graph shows the trend of the USD/ZWL exchange rate in 2023:



Meanwhile, of the April 2023 2023 foreign currency allocations, 51% was allocated to raw materials and 19% to machinery & equipment as shown in the following pie chart:



In order to ensure continued anchoring of exchange rate and inflation expectations in the economy, the Monetary Policy Committee (MPC) resolved to stay the course of a tight monetary policy stance and made the following policy decisions which will take effect from 1 April 2023:

- i. Reduced the Bank policy rate from 150% to 140% per annum;
- ii. Reduced the Medium-term Bank Accommodation (MBA) Facility for the productive sectors, including individuals and MSMEs, from 75% to 70% per annum;
- iii. Maintained the prevailing Bank policy rate as the minimum lending rate for all banks;
- iv. Maintained the statutory reserves requirements at 10% for demand and call deposits and 5% for time and

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savings deposits for both domestic and foreign currency deposits;

- v. Maintained the minimum deposit rates on savings and time deposits at 30% and 50% per annum, respectively; and
- vi. Further liberalised the foreign exchange market to enhance the operation of the Willing-Buyer Willing-Seller market by:
 - a) increasing and standardising the trading margins for authorized dealers from the current 5% to 10%, consistent with the margin applicable to bureaux de change and retailers; and
 - b) maintaining the maximum amount per transaction at US\$100,000.

e) Equities Market & Corporate Briefs

The ZSE Market capitalisation registered marginal growth from Z\$3.097 trillion in March 2023 to Z\$3.197 trillion during the month of April 2023. The ZSE All Share Index gained 7.3% points from 38,568.48 to 41,391.62, during the same period. However, the mining sector declined by 2.59% during the same period.

Zimbabwe Stock Exchange Performance Indicators

Date	Industrial Index	Mining Index	All Share Index	Market Cap ZW\$ (Trillion)
Mar-23	127,352.53	37,359.78	38,568.48	3.097
Apr-23	136,413.04	36,393.55	41,391.62	3.197
Growth	7.11%	-2.59%	7.32%	3.23%

News Highlights in the Financial Sector

- CABS has signed agreements with eight correspondent banks around the world to improve its capacity to manage overseas transactions for both corporate and retail clients. The Bank established additional correspondent banking relationships with Ecobank of France, Spain based BMCE Bank, two Germany based financial institutions — Commerzbank and Oddo BHF Bank and also South African powerhouse Standard Bank.
- The Reserve Bank of Zimbabwe (RBZ) intends to introduce its planned gold-backed digital tokens in May 2023 to provide a further investment alternative that would also help to suck excess liquidity from the market and stabilise the Zimbabwe dollar. This comes as the domestic unit of exchange has been facing attacks emanating from what the

central bank terms ‘unlimited demand’ for the greenback by holders of huge sums of the local currency.

- Zimbabwe’s Victoria Falls Stock Exchange (VFEX) has emerged as one of the fastest-growing equities markets globally after registering a 450% jump in market capitalisation over the past 15 months to US\$1.1 billion in March 2023. Several companies listed on the Zimbabwe Stock Exchange (ZSE) have migrated from the bourse to the VFEX, now widely seen as a safe haven against economic shocks, especially currency and exchange control risks.
- Zimbabwe’s fastest growing property firm, West Property (WestProp) Holdings, says it has laid the groundwork to expand into a US\$5 billion operation. In order to bankroll several of its projects, WestProp plans to raise US\$30 million on the Victoria Falls stock Exchange (VFEX) after listing by way of an initial public offering (IPO), thus becoming the first property firm to list on VFEX. CEO Ken Sharpe said significant work had been made to transform the business. The company vision is bearing fruit as evidenced through the developments at Pomona City, Millennium Heights and Pokugara Residential Estate with future flagship developments of the Mall of Zimbabwe and The Hills Lifestyle Estate adding on to this impetus of growing an asset value of US\$5 billion within the next 27 years.

4. Various Sectors of the Economy

a) Energy sector

News Highlights in the Energy Sector

- Government promised to give independent power producers (IPPs) tax incentives and guarantees to potential financiers of their projects, among a slew of measures to fix the energy crisis in the country. This comes as Zimbabwe continues to suffer acute power shortages lasting up to 18 hours a day. While there has been a general improvement in the power supply situation for industry, households are still experiencing rolling power cuts.
- According to the Energy and Power Development ministry, more than 90 licences have been issued to

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IPPs for renewable energy projects, with only 20 being active.

b) Mining

Gold deliveries to Fidelity Printers and Refiners (FPR) were down by nearly 16% during the first four months of 2023 to 8.57 tonnes compared to the prior period owing to rains. During the comparable four-month period of 2022, gold deliveries totalled 10.17 tonnes, according to latest statistics from FPR. The decrease in gold deliveries comes at a time when production is expected to reach 40 tonnes by year end, with Zimbabwe Miners Federation (ZMF) sticking to that target. Gold production totalled 33 tonnes in 2022, up 5% from nearly 31.5 tonnes in 2021. FPR attributed the decline in gold output to incessant rains which disrupted production in the period under review, but said going forward output is expected to improve. According to ZMF, the apex Government body that represents small-scale gold miners, artisanal miners contribute 60% of the total production in the country.

News and highlights in the Mining Sector

- Dinson Iron and Steel Company (Disco) has so far invested US\$750 million into the construction of its US\$1.5 billion steel plant in Mvuma, Midlands Province, with the project now 60% complete. The development of the steelworks, which is touted to be Africa's largest integrated steel plant, began in 2022 with an initial production deadline of August 2023, but this has since been pushed to November 2023 due to incessant rains the country experienced early this year, which disrupted construction. Disco is one of the three local subsidiaries of China's largest stainless-steel producer, Tsingshan Holdings. The group's other local subsidiaries are Dinson Colliery and Afrochine Smelting (Pvt) Limited.
- At full throttle, the steel plant is expected to produce 1.2 million tonnes of steel annually with the first phase of the investment targeted to produce 600 000 tonnes of carbon steel per year for local and export markets.
- As a result of the development of the steel plant in Manhize, a new town is sprouting while a number of infrastructural development projects are also coming on board. New projects linked to the steelworks plan include a bridge Disco has already constructed across Munyati River, road and rail networks in the area and a dam to supply water for domestic and industrial use.

- British miner, Anglo American Plc (Angloplat) said its strong production from its Unki Mine partially offset lower output at its South African units in the first quarter of 2023. Total group output fell by 6% to 586,000 ounces as a result of lower production from its Mogalakwena and Amandelbult mines. During the period under review, production from Unki Mine increased 17%, reflecting improvements in throughput, grade and recoveries.
- Unki is an underground mine located in Shurugwi in the Midlands province. In its production report for the first quarter ended March 31, 2023 Angloplat said Mogalakwena production decreased by 12% to 219,000 ounces as a result of unplanned plant maintenance and mining in a lower grade area.

c) Agriculture

The agriculture sector is now poised to register high growth in 2023, largely owing to better than expected performance in some sub sectors. A harvest of 2.3 million tonnes of maize is expected in 2023, which is a 58% jump from the previous season, driven by favorable rains. The overall grains sector is expected to register 54% growth while a 35% growth is expected in the non-food sector.

News Highlights in the Agriculture Sector

- Sunflower is now seen as a major source of present and future vegetable oil needs, with the current season harvest likely to be 90,479 tonnes, more than eight times the 11,117 tonnes reaped last season. The crop is not labour intensive, making it ideal for smaller family farms. Zimbabwe produces, even with that huge increase in sunflower, only a little more than half its oil seed needs, and sunflower is now seen, after the success of the just-ended season, as one of the fastest ways to accelerate production to meet national requirements and then boost exports.
- The shisha tobacco marketing season has been progressing well in April, with farmers so far having sold 263 bales weighing 25,268 kg worth US\$97,897,000 at an average price of US\$4.40 per kg and the highest price was at US\$5.40 per kg. Farmers are happy with the prices of the crop and some indicate that they will increase the hectareage the next season. Shisha prices have been good compared to the Virginia type and no curing fuel needed.

d) Manufacturing

News Highlights in the Manufacturing Sector

- Milk processing giant, Dairibord Holdings Limited, has invested about US\$30 million into capital equipment over the last five years. The investments were meant to bolster the firm’s capacity to export into African markets, taking advantage of improved conditions following the launch of the African Continental Free Trade Area (AfCFTA) in 2021. AfCFTA promises to prop up African economies by eliminating duty on 90% of goods originating from the 54 economies that have signed up.
- The United Nations Economic Commission for Africa has predicted that AfCFTA will raise intra-African trade by 15% to 25% or US\$50 billion to US\$70 billion by 2040 compared to an Africa without the bloc.

5. Regional Economies

Sub-Saharan African countries, as elsewhere, have recently faced significant exchange rate pressures driven predominantly by external factors, including tighter financing conditions and adverse terms of trade which are expected to be durable. Currency depreciations have contributed to higher inflation and public debt and deteriorated the trade balance in the near term. However, with reserves running low, most non-pegged countries have no choice but to let the exchange rate adjust and tighten monetary policy to mitigate the impact on inflation. To preserve external stability, pegged countries are bound to adjust monetary policy in line with the country of the peg. In both country groups, fiscal consolidation can help to rein in external imbalances and contain the increase in debt related to currency depreciation.

a) South Africa

In 2022, South African economy has faced a series of global and local disruptions, including slowing global growth, geopolitical tensions, acute power challenges, inefficiencies in state-owned enterprises, and climate change, among others. If these challenges persist, the economy will continue to struggle, particularly in 2023. To minimize further deterioration and create conditions for future growth, urgent action is needed to address supply-side constraints to the country’s growth, such as ensuring stable electricity access and improving freight and logistics.

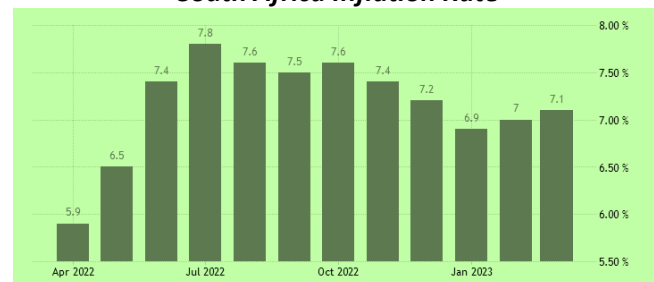
As per Statistics South Africa (StatsSA), the South African economy expanded by merely 0.3% since the outbreak of the pandemic (that is, between 2019 and 2022)—which is a

fraction of its population growth over that period. Six industries—most notably construction, mining, and manufacturing—are still lagging behind pre-pandemic levels of output. The following table shows economic growth forecasts for South Africa:

S.A Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	1.9	1.4	1.8
IMF	2.1	1.1	1.4

Meanwhile, the latest South Africa's annual inflation rate stood at 7.1% in March 2023, from 7% in the prior month, which is still above the upper limit of the SARB's target range of 3%-6%. On a monthly basis, consumer prices inched up by 1% in March, the most in eight months and above market forecasts of a 0.9% increase. The following graph shows South Africa’s inflation trend.

South Africa Inflation Rate



b) Botswana

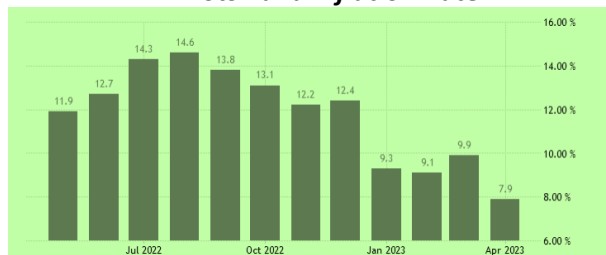
The economy of Botswana is projected to expand by 4% in 2023, a decrease from 6.7% in 2022. The growth projections for Botswana through 2023 are shown in the table below.

Botswana Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	4.1	4.0	4.0
IMF	4.1	4.0	4.0

The annual inflation rate in Botswana eased to 7.9% in April 2023 from 9.9% rise in the previous month. This was the lowest reading since May 2021, as food inflation eased to 16.6% from a 14-year high of 17.8% in March. Prices also rose at a softer pace for transportation (11.2% vs 17%), housing & utilities (1.7% vs 4.6%) and education (5.2% vs 6.2%). Meanwhile, inflation was steady for furniture & household equipment (at 7.3%) while cost accelerated slightly for clothing & footwear (6.3% vs 6.2%) and

restaurants & hotels (6.6% vs 6.3%). On a monthly basis, consumer prices surged by 1.1% in April 2023, after a 1% increase in March 2023. The following table shows Botswana's inflation trend:

Botswana Inflation Rate



c) Zambia

Zambia's Ministry of Finance forecast GDP to grow by 4.2% in 2023 with growth dipping compared to last year as the southern African country battles to wrap up a long-delayed debt restructuring. Preliminary data indicated that the economy grew by 4.7% in 2022, a slight uptick from the 4.6% expansion in 2021. The following table displays Zambia's economic growth projections in terms of performance:

Zambia Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	3.0	3.9	4.1
IMF	2.9	4.0	5.0

Meanwhile, annual inflation rate in Zambia accelerated for the third month to 10.2% in April 2023, up from 9.9% in March, returning to double digits for the first time in almost a year. Upward pressure came from both food (11.6% vs 11.8% in March) and non-food products (8.3% vs 7.3%). On a monthly basis, consumer prices rose by 0.9% in April, after increasing 1.1% in the prior month. The following graph shows Zambia's inflation trend.

Zambia Year on year Inflation Rate Trend



6. International Economies

The global economy is heading for its weakest medium-term growth in more than 30 years as the world grapples with geopolitical fragmentation, slower labour force growth and weaker prospects for previously fast-growing economies such as China, the International Monetary Fund (IMF) warns in its latest World Economic Outlook. It expects global growth to be around 3% in 2028 – the lowest medium-term forecast in an IMF report since 1990. The IMF has long warned of increased costs, economic friction and GDP output losses associated with the global economy fragmenting into geopolitical blocs. The agency has also trimmed its 2023 global growth outlook slightly, as higher interest rates cool economic activity. It now forecasts global real GDP growth at 2.8% for 2023 and 3.0% for 2024, marking a slowdown from 3.4% growth in 2022.

a) United States of America

The US economy slowed in the first three months of 2023, as businesses reduced investments in the face of higher borrowing costs. The economy grew by 1.1% on an annualised basis according to the Commerce Department. That was down from a rate of 2.6% in the prior quarter, despite strong consumer spending. The latest report on GDP showed the economy has now grown for three quarters in a row. Analysts are watching nervously to see how the world's largest economy handles a mix of higher interest rates and rising prices.

Meanwhile, the US central bank has raised interest rates to the highest level in 16 years as it battles to stabilise prices. The Federal Reserve increased its key interest rate by 0.25 percentage points, its 10th hike in 14 months. That pushed its benchmark rate to between 5% and 5.25%, up from near zero in March 2022, although the Fed hinted the rise may be its last one for now. The following table shows the U.S growth forecasts up to 2024.

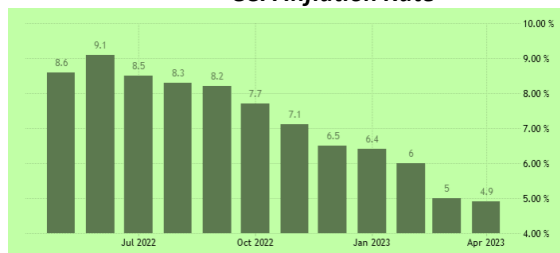
U.S.A Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	1.9	0.5	1.6
IMF	1.6	1.0	1.9

The annual inflation rate in the US fell to 4.9% in April 2023, the lowest since April 2021, and below market forecasts of 5%. Food prices grew at a slower rate (7.7% vs 8.5% in March) while energy costs fell further (-5.1% vs -6.4%) including gasoline (-12.2%) and fuel oil (-20.2%). Also, shelter cost which accounts for over 30% of the total CPI basket, slowed for the first time in two years (8.1% vs 8.2%) and prices for used cars and trucks declined once again (-6.6% vs

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-11.6%). On a month on month basis, the CPI rose by 0.4% compared to the previous month, much higher than 0.1% in March but matching market expectations. The shelter was the largest contributor to the monthly all-items increase, followed by used cars and trucks and gasoline. The graph below shows inflation trend for the USA economy.

USA Inflation Rate



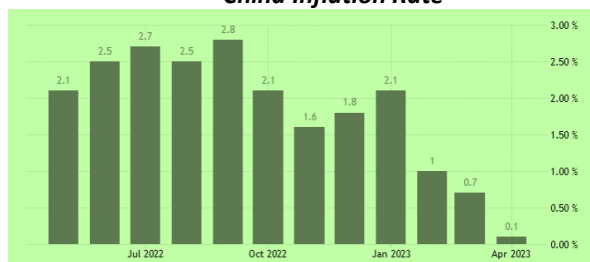
b) China

China’s exports grew by 8.5% in April 2023 in U.S. dollar terms, marking a second-straight month of growth, while imports fell by 7.9% compared with a year ago. In March 2023, imports declined by 1.4% on a year-on-year comparison, while exports saw a surprise jump of 14.8%, according to China Government. China’s trade surplus grew to US\$90.21 billion in April 2023, up from the surplus of US\$88.2 billion in March 2023. The table below shows the China growth forecasts up to 2024.

China Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	2.7	4.3	5.0
IMF	3.2	4.4	4.6

Inflation has largely moderated in China following its reopening, prompting market watchers to question whether the world’s second-largest economy is heading into deflation. In the interim, China’s consumer price index rose 0.1% in April on a year-on-year basis, the slowest since early 2021. Month-on-month, prices declined by 0.1%. The graph below shows China’s inflation trend.

China Inflation Rate

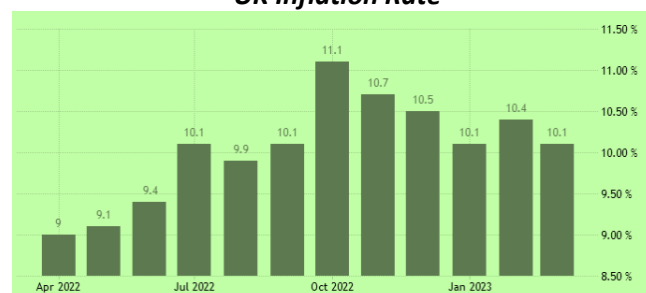


c) United Kingdom

The UK grew only weakly in the first three months of 2023 with the economy hit by strikes, cost of living pressures and wet weather. The economy grew by just 0.1% between January and March, and it remains smaller than levels seen before the Covid-19 pandemic. The UK is also lagging behind growth seen in other major economies. While the economy grew slightly over the first three months of 2023, in March it contracted by 0.3%, with car sales and the retail sector having a bad month. The economy is still 0.5% smaller than pre-pandemic levels. Moreover, while the UK outperformed Germany in the first three months of the year, many other major economies grew faster. Meanwhile, IMF expects the UK economy to shrink by 0.3% in 2023 and then grow by 1% in 2024.

On an inflation front, the consumer price inflation rate in the United Kingdom eased to 10.1% year-on-year in March 2023, down from 10.4% in February but more than market expectations of 9.8%. The rate remained above the 10% mark for a seventh consecutive period and the Bank of England's 2% target for almost two years, suggesting policymakers might continue to raise borrowing costs. Main upward pressure came from food and non-alcoholic beverages (19.1% vs 18.0% in February), recreation and culture (4.6% vs 4.0%), and miscellaneous goods and services (6.7% vs 6.6%). The following Graph depict the UK annual inflation trend.

UK Inflation Rate



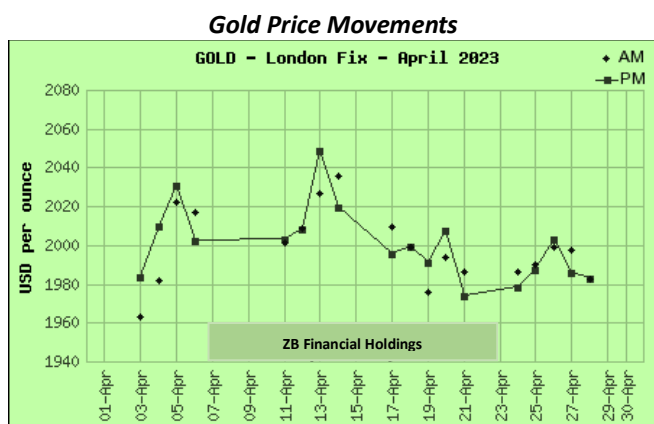
7. Commodities Markets

Commodity	March 2023	April 2023	Percentage Change (%)
	Price (US\$)	Price (US\$)	
Gold	1,912.73	2,000.42	4.6%
Platinum	971.19	1,053.56	8.5%
Silver	21.92	25.00	14.1%
Oil	76.47	82.46	7.8%

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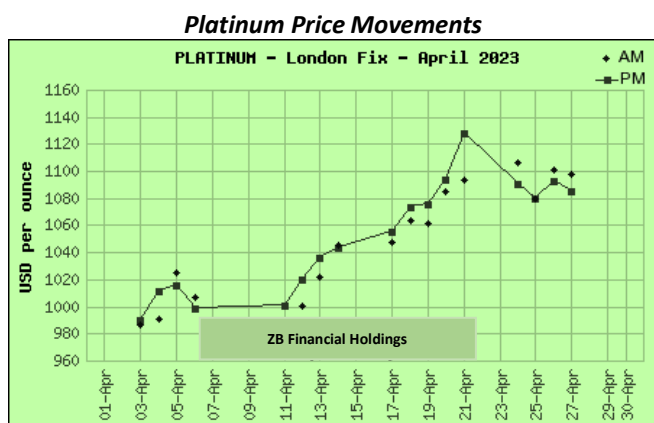
a) Gold

On average, gold prices increased by 4.6% to US\$2,000.42/ounce in April 2023, from US\$1,912.73/ounce recorded in March 2023. The following graph shows the trend of daily gold prices for April 2023.



b) Platinum

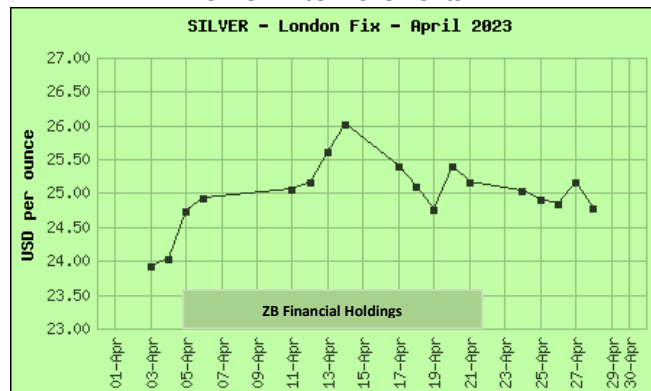
Platinum prices extended gains by 8.5%, from a monthly average of US\$971.19 per ounce in March 2023 to US\$1,053.56 per ounce in April 2023. The increase was largely on account of prospects of a rise in investment demand as well as the picking industrial demand in China. The following graph shows the trend of daily platinum prices for April 2023.



c) Silver

The average price of Silver significantly increased by 14.1% from US\$21.92/oz in March 2023 to US\$25.00/oz in April 2023. The graph below shows the daily trend of Silver price for April 2023.

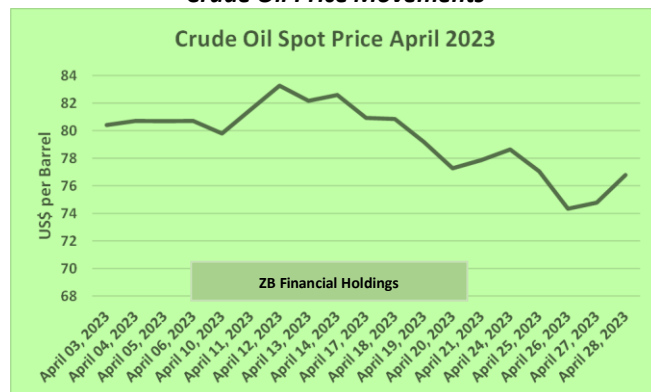
Silver Price Movements



d) Crude Oil

Monthly average crude oil spot price rose by 7.8%, from US\$76.47 per barrel in March 2023 to US\$82.46 per barrel, in April 2023. (The Average Crude Oil Spot Price calculates an equally weighted price of the WTI Crude Oil Price, Brent Crude Oil Price, and Dubai Crude Oil Price.) The graph below shows the trend of crude oil price in April 2023.

Crude Oil Price Movements



The increase in average prices comes as signs of a supply deficit outweighed concerns over fuel demand in the United States and China. OPEC announced that it expects higher demand for its own crude oil than previously projected, leading to expectations of a supply deficit in the second half of the year if the producer group delivers on its latest production cuts. However, there are still concerns about a potential recession in the United States and China's economic recovery from COVID-19 restrictions, which could impact the demand for oil.

END

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