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Monthly Economic Update

December 2023

1. Economic Performance

a) Domestic Economy

According to the World Bank, the domestic economy is projected to slow down to 3.5% in 2024. This projection is attributed to the expected decline in agricultural output due to depressed global growth, particularly from China, and the predicted erratic and below-average rainfall caused by the El Niño weather pattern. The World Bank's projection aligns with the Government of Zimbabwe's 2024 projection, which is based on the anticipated impact of the forecasted El Niño phenomenon for the 2023/24 summer cropping season on agricultural output, as well as declining mineral commodity prices resulting from the global economic slowdown. The table below depicts economic growth forecasts for Zimbabwe.

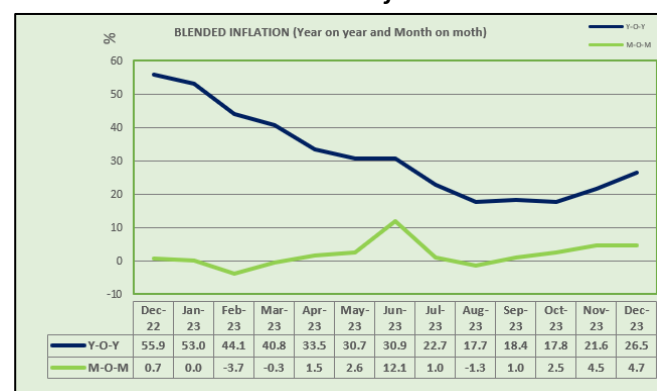
Zimbabwe Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Dec 23)	3.4	4.5	3.5
IMF (Oct 23)	6.2	4.8	3.5
BMI	3.4	3.8	3.2
AfDB	3.0	3.2	3.2
GOZ (Nov 23)	6.5	5.5	3.5

2. Inflation

The year-on-year inflation rate in Zimbabwe accelerated to a six-month high of 26.5% in December 2023, gaining 4.9 percentage points from 21.6% recorded in the previous month. On a monthly basis, the month-on-month inflation rate for December 2023 grew by 0.2 percentage points

compared to November 2023, reaching 4.7%. Among the components, the CPI for non-alcoholic beverages made the highest contribution to the month-on-month change in the inflation rate, registering 2.7% increase. This was followed by housing, water, electricity, gas, and other fuels, which contributed 1.6% to the inflation rate. The graph below illustrates a twelve-month trajectory of annual and month on month blended inflation rates.

Zimbabwe Blended Inflation Trend



It is notable that monthly inflation rate accelerated to 4.7%, surpassing the RBZ's 3% target. In light of this, it's expected that the Government will persist in implementing tight fiscal and monetary measures to mitigate potential risks associated with inflation and currency depreciation. Various measures will be adopted to achieve this goal, including maintaining high minimum lending, high reserve ratios, and employing diverse tools to reduce the overall money supply. Meanwhile, barring significant alterations, our 3-month

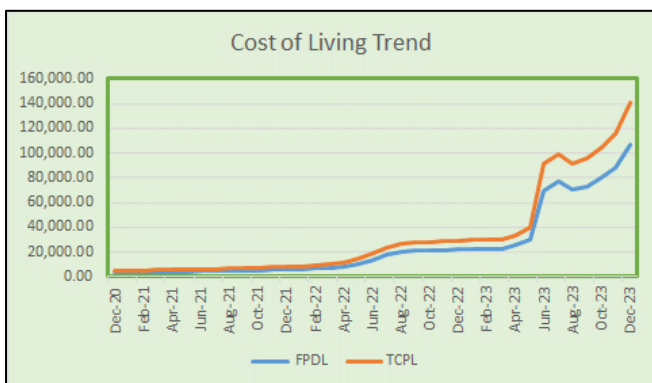
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econometric forecasts for cumulative inflation are outlined below:

3 Month Inflation Forecasts (%)		
Month	Y-O-Y	M-O-M
Jan-24	25.9	-0.5
Feb-24	34.9	3.2
Mar-24	38.8	2.6

3. Poverty Datum Lines

The Total Consumption Poverty Line (TCPL), representing the essential monthly living expenses, surged by 21.9% from ZWL\$115,090.15 in November 2023 to ZWL\$140,252.59 in December 2023. Similarly, the Food Poverty Datum Line (FPDL), indicating the minimum expenditure solely on food, also experienced a surge of 21.6%, climbing from ZWL\$87,756.38 in November 2023 to ZWL\$106,696.52 in December 2023. The graph below illustrates the trends of these two variables up to the present month.



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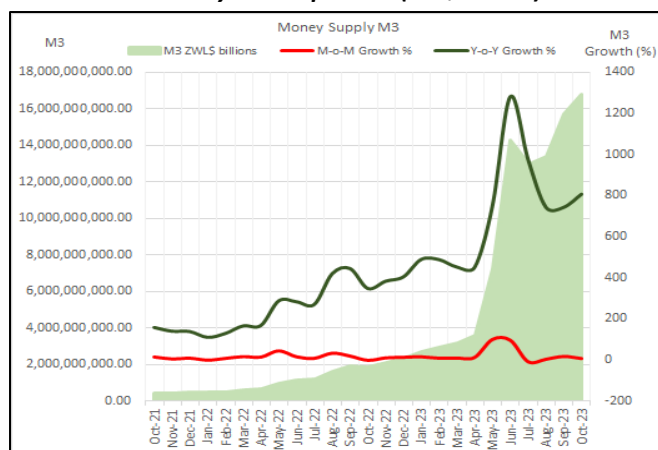
4. Financial Sector

a) Money supply

Broad money (M3) stock stood at ZW\$16,790.29 billion in October 2023, compared to ZW\$15,714.07 billion recorded in September 2023. The money stock was largely composed of foreign currency deposits (79.18%), local currency deposits (20.75%) and currency in circulation (0.07%). On a month-on-month basis, broad money increased by 6.85% in October 2023, compared to a 17.17% increase recorded in September 2023. The increase in money supply reflected an expansion of 30.01% in the local currency component due to credit creation by banks. Foreign currency component of money supply recorded a monthly increase of 2.07%.

On a year-on-year basis, broad money registered an increase of 792.71% compared to 719.66%, in September 2023. The annual growth in money supply partly reflected exchange rate depreciation, from ZW\$632.77/USD in October 2022 to ZW\$5,698.96/USD by end-October 2023. Consequently, the change in foreign currency deposits due to exchange rate movement accounted for 600.69 percentage points of the 792.7% annual growth in broad money. The local currency component contributed the remaining 192.01 percentage points of the annual money supply growth. The graph below shows monetary developments for the period October 2021 to October 2023.

Monetary Developments (ZW\$ Billion)



Meanwhile, all things being equal, econometric forecasts for Money Supply are as indicated below:

Month	M-o-M Growth	Y-o-Y Growth	M3 ZWL\$ billions
Nov-23	11.10%	800.58%	18,653.74
Dec-23	1.12%	706.75%	18,863.55
Jan-24	9.65%	666.79%	20,683.07
Feb-24	6.95%	655.39%	22,119.58
Mar-24	4.86%	625.92%	23,195.62

b) Interest Rates

In consideration of the prevailing macroeconomic environment, the RBZ's Monetary Policy Committee meeting on December 1, 2023, resulted in the following resolutions regarding interest rates:

- The RBZ policy rate was maintained at 130%.
- The medium-term accommodation lending rate for productive sectors including individuals and MSMEs was maintained at 75%.
- The RBZ policy rate serves as the minimum lending rate applicable to all Banks.

The most recent minimum lending rates in ZWL\$ were recorded at 62.39% for individuals and 93.45% for corporates. As of December 15, 2023, the latest minimum deposit rates for savings remained unchanged at 34.38%, while 1-month and 3-month deposits were last recorded at 55.94% and 57.94%, respectively. The table below illustrates the trend in minimum lending rates and deposits denominated in ZWL\$.

Average lending Rates and Deposit Rates (ZWL)

LOCAL CURRENCY (ZWL)					
Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
1-Dec-23	70.64	91.91	34.38	56.06	58.31
8-Dec-23	69.07	93.58	34.38	55.67	58.00
15-Dec-23	62.39	93.45	34.38	55.94	57.94
Average	67.37	92.98	34.38	55.89	58.08

The most recent minimum US\$ lending rates stood at 10.88% for individuals and 8.21% for corporates. As of December 15, 2023, the latest minimum deposit rates for savings, 1-month, and 3-month deposits remained unchanged at 1.32%, 3.00%, and 3.34%, respectively. The

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table below illustrates the trend in minimum US\$ lending rates and deposits.

Average lending Rates and Deposit Rates (USD)

FOREIGN CURRENCY (USD)					
Lending Rates (%)			Deposit Rates (%)		
Week Ending	Commercial Banks (minimums)				
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
1-Dec-23	10.96	8.26	1.32	3.00	3.34
8-Dec-23	11.00	8.29	1.32	3.00	3.34
15-Dec-23	10.88	8.21	1.32	3.00	3.34
Average	10.95	8.25	1.32	3.00	3.34

c) Foreign Currency Market

Using monthly average exchange rates, the USD lost value against 13 of the 18 currencies in our basket and gained value against 5 currencies, one of which was the ZWL. The table below shows a detailed breakdown of the monthly average exchange rates analysis.

Exchange Rate Analysis (monthly average)

Exchange Rate Analysis (Monthly Averages)			
Currency/US\$	Nov-23	Dec-23	Change (%)
Zimbabwean Dollar	5764.69	5865.5935	1.75
Argentine Peso	352.806283	618.64659	75.35
Australian Dollar	1.54075	1.493492	-3.07
Botswana Pula	13.512105	13.489404	-0.17
Brazilian Real	4.904108	4.896994	-0.15
British Pound	0.805806	0.789665	-2.00
Canadian Dollar	1.371673	1.341669	-2.19
Chinese Yuan Renminbi	7.216928	7.125942	-1.26
Euro	0.925158	0.916024	-0.99
Hong Kong Dollar	7.806836	7.809855	0.04
Indian Rupee	83.267997	83.245585	-0.03
Japanese Yen	149.914343	143.896488	-4.01
Norwegian Krone	10.919225	10.540141	-3.47
Russian Ruble	90.592804	90.971619	0.42
South African Rand	18.532529	18.612128	0.43
Swedish Krona	10.698929	10.252897	-4.17
Swiss Franc	0.892247	0.86501	-3.05
South Korean Won	1307.77719	1302.164193	-0.43

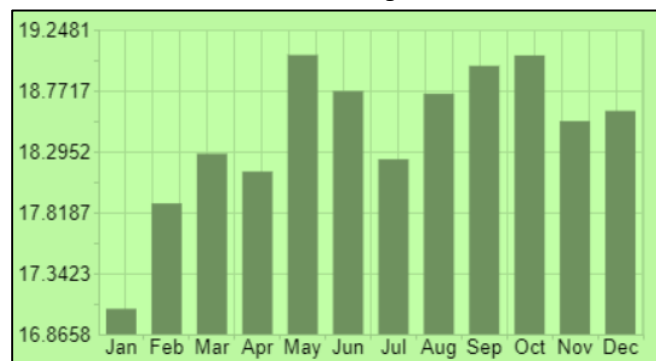
Source : x-rates.com ; RBZ © ZB Financial holdings

The depreciation of the USD against all major currencies resulted in the ZWL losing against the USD by a small margin of 1.72% on average in December 2023, a notable small decrease from the 1.79% recorded in November 2023.

On that same note, the South African Rand depreciated by 0.43% on average against the USD. The Rand depreciated from 18.5325/USD in November 2023 to 18.6121/USD in

December 2023. The graph below illustrates the year-to-date trend of the South African Rand against the USD.

USD/ZAR Exchange Rate



The opening and month ending period analysis, however, reveals that the USD lost value against 15 of the 18 currencies in our basket and gained value against the remaining 3 currencies in December 2023. The table below shows a detailed breakdown of the monthly end period exchange rates analysis.

Exchange Rate Analysis (end period)

Exchange Rate Analysis(end period)			
Currency/US\$	1-Dec-23	29-Dec-23	Change (%)
Argentine Peso	361.083745	808.524217	123.92
Australian Dollar	1.501261	1.465076	-2.41
Botswana Pula	13.524909	13.421198	-0.77
Brazilian Real	4.885185	4.852098	-0.68
British Pound	0.788462	0.785015	-0.44
Canadian Dollar	1.349479	1.32047	-2.15
Chinese Yuan Renminbi	7.103294	7.084601	-0.26
Euro	0.919133	0.904203	-1.62
Hong Kong Dollar	7.814988	7.811188	-0.05
Indian Rupee	83.273219	83.21679	-0.07
Japanese Yen	146.976538	140.93999	-4.11
Norwegian Krone	10.661516	10.126156	-5.02
Russian Ruble	90.380593	89.78759	-0.66
South African Rand	18.628475	18.271322	-1.92
South Korean Won	1296.77025	1297.72758	0.07
Swedish Krona	10.373819	10.05198	-3.10
Swiss Franc	0.87042	0.840832	-3.40
Zimbabwean dollar	5790.0545	5903.3898	1.96

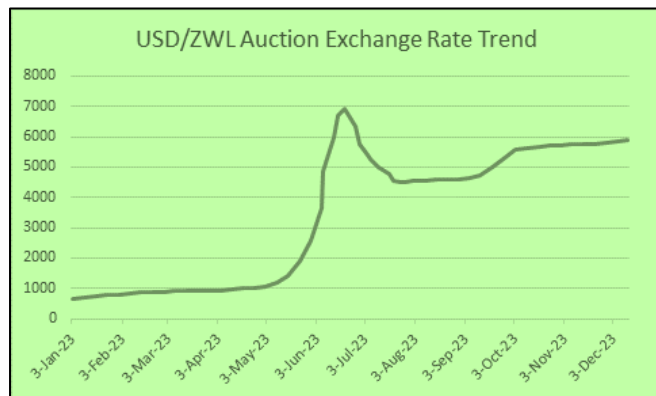
Source: x-rates; RBZ © ZB Financial holdings

d) Zimbabwe Official Forex Market

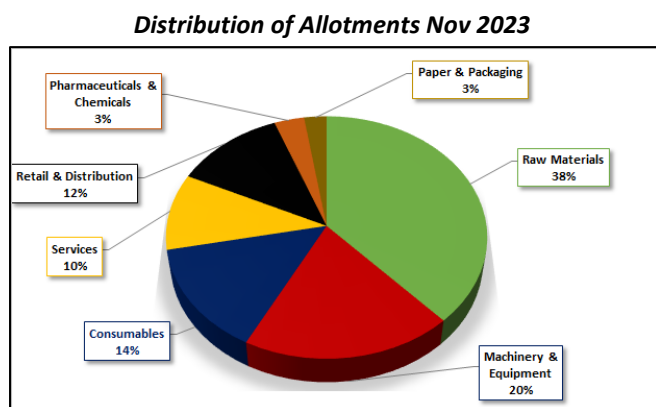
During the month under review, the Zimbabwe Dollar depreciated by 1.9% against the US Dollar, moving from ZWL\$5,790.0545/US\$ recorded at the end of November

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2023 to ZWL\$5,903.3898/US\$ recorded at the end of December 2023 on the official Auction Market. This depreciation coincided with a significant surge in money supply. Expectations suggest a continued gradual weakening of the Zimbabwe dollar in the short to medium term, barring unexpected policy changes. The following graph depicts the trend of the USD/ZWL auction exchange rate from January 2023.



In December 2023, the largest share of foreign currency allocations went to the raw materials sector, receiving 38%, followed by machinery and equipment, which received 20% of the allocation. The chart below provides a detailed breakdown of the forex allocations.



e) Equities Markets & Corporate Briefs

Based on Market Capitalization and the All Share Index, the ZSE showed impressive performance in December 2023 compared to its performance in November 2023. The market capitalization in local currency increased by 9.3% from ZWL\$14,644 trillion in November 2023 to ZWL\$16,007 trillion in December 2023. In US dollar terms, the ZSE Market

Capitalization rose by 3.7% from US\$2,528.79 million to US\$2,622.16 million during the same period. Additionally, the All Share Index surged by 7.8%, climbing from 191,271.68 points to 206,113.65 points.

Similarly, the VFEX market also displayed notable positive performance in both Market Capitalization and the All Share Index, registering 3.8% and 2.3% increases, respectively. The table below illustrates the performance of both the ZSE and VFEX during the reviewed period.

ZSE and VFEX Market Performance Indicators

Date	ZSE Market Summary			VFEX Market Summary	
	All Share	Mkt Cap ZWL\$ mil	Mkt Cap US\$ mil	All Share	Mkt Cap US\$ mil
Dec-23	206,113.65	16,007,565.68	2,622.16	70.48	947,430
Nov-23	191,271.68	14,644,444.80	2,528.79	68.90	912,880
Oct-23	157,083.06	12,026,448.18	2,110.29	67.65	885,780
Sep-23	126,642.42	9,856,416.54	1,802.98	74.48	1,006,120

News Highlights in the Financial Sector

- THE Victoria Falls Stock Exchange All Share Index was rebased to 100 points starting January 1, 2024. While the old index will still be available, it will no longer be published.
- NMB Bank Limited secured a US\$15 million trade finance facility from the African Development Bank (AfDB) to aid small-to-medium enterprises (SMEs) and corporates in Zimbabwe's agribusiness and trade distribution. The bank also announced it is working on securing more than US\$55 million from two international institutions that have already conducted due diligence on the bank.
- The AFDB approved a US\$25 million trade finance line of credit facility for CABS, intended to bolster local firms and SMEs. This facility is aimed at financing approximately US\$175 million of trades over a three-and-a-half-year period. This AFDB facility comes a month after CABS secured a US\$40 million Afreximbank facility for on-lending to exporting companies.

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5. Various Sectors of the Economy

a) External Sector

According to the latest statistics released by ZIMSTAT, in November 2023, the value of exports reached US\$681.4 million, marking an 18.1% decrease from the US\$831.9 million recorded in October 2023. On the other hand, imports for November 2023 amounted to US\$827.3 million, indicating 8.3% decrease from the US\$902.3 million recorded in October 2023. This shift in trade resulted in a trade deficit of US\$146 million for November 2023, representing 107.2% increase from a deficit of US\$70.5 million recorded in October 2023.

Major Exports in November 2023 (%)

Tobacco	31.1
Semi-manufactured gold	17.1
Other mineral substances	15.6

The major export destinations for the country during November 2023 were China at 32.3%, South Africa at 22.5%, and the United Arab Emirates at 19.6%, collectively accounting for approximately 75% of the total exports.

Major Imports in November 2023 (%)

Mineral fuels and oil products	20.4
Machinery and mechanical appliances	10.5
Vehicles	17.9
Cereals	7.3

b) Mining Sector

The mining sector is expected to grow by 7.6% in 2024, driven mainly by ongoing investment in PGMs, gold, coal and lithium. In 2024, mining sector is projected to contribute 13.7% to the total GDP.

News and highlights in the Mining Sector

- The Government of Zimbabwe announced on the 7th of December 2023 that Geo Associates and its partners, Invictus Energy and One Gas Resources, successfully declared a gas discovery in Zimbabwe through ongoing exploration activities in Muzarabani. This discovery is major and represents

one of the most significant developments in the onshore oil and gas sector in the Southern Africa region. Additionally, this discovery marks the first Triassic-aged hydrocarbon find in Sub-Saharan Africa.

- Invictus Energy partnered with Zimbabwe's Mbuyu Energy to supply gas for a 500MW power plant, subsequent to a recent carbon fuel discovery in the Cabora Bassa project. This deal aims to construct a gas-to-electricity plant that can be expanded to 1,000MW, meeting a forecasted demand of approximately 1.4 trillion cubic feet of natural gas over 20 years.
- RIOZIM recorded a 13% increase in gold production to 307 kg during the Q3 2023, compared to 272 kg in the prior quarter, attributed to an improvement in power supply.
- Murowa Diamond Mine, RIOZIM's subsidiary, saw a 12% drop in Q3 2023 production due to machinery breakdowns. Even with recent modernization efforts resulting in higher diamond output and mining efficiency, plant issues impacted operations, resulting in 100,000 carats produced versus 130,000 in 2022.
- MetalsGrove Mining expects to acquire six contiguous lithium-tin-tantalum claims from two mines. Five claims are situated within the Goromonzi lithium belt, while one resides in the Beatrice lithium belt. The transaction involves an initial payment of US\$60,000 (US\$50,000 for Arcturas and US\$10,000 for Beatrice), with additional payments of up to US\$4 million anticipated based on exploration findings.
- Kuvimba Mining House (KMH) launched a US\$200 million bond on the market in December 2023 to support its Sandawana Mines. The bond consists of a US\$100 million local currency convertible bond and a US\$100 million payment over two years. Sandawana Mines, facilitated by Kuvimba, will repay the bond at an 11.5% annual interest rate.

c) Agriculture Sector

In 2024, the agriculture sector is projected to contract by 4.9% due to the anticipated normal to below-normal rainfall

pattern during the forthcoming 2023/24 farming season. In 2024, agriculture sector is projected to contribute 11.6% to the total GDP.

News Highlights in the Agriculture Sector

- Grain Marketing Board (GMB) announced the successful completion of payments for the 2023 summer crop intake, totalling ZWL\$68.6 billion and a USD component of US\$2.8 million. Furthermore, the Government initiated payments for the winter wheat intake, disbursing ZWL\$5.9 billion to date.
- As of December 10, 2023, the GMB reported a stock of 235,095 metric tons (MT) of grain. This stockpile comprises 188,353 MT of maize and 46,742 MT of traditional grains. Based on the current monthly consumption rate of 23,000 MT, the available grain is estimated to last for approximately 10.2 months before running out, indicating a relatively stable and sufficient grain supply.
- In 2023, Zimbabwe experienced a remarkable 35.75% increase in tobacco export proceeds compared to the previous year, with 227.5 million kilograms of tobacco valued at US\$1.196 billion exported at an average price of US\$5.26 per kilogram. This significant surge surpassed the figures from 2022, when 182 million kilograms of tobacco, worth US\$880.677 million at an average of US\$4.83 per kilogram, were exported during the same period, highlighting substantial growth in both export quantity and revenue per kilogram within Zimbabwe's tobacco industry.
- Southern Cotton Company, Zimbabwe's second-largest cotton firm, announced the need for over US\$2.5 million in funding to refurbish the Shamva plant project. This refurbishment is poised to significantly enhance the company's efficiencies.

d) Tourism Sector

The tourism industry is experiencing a resurgence and is expected to grow by 6.9% in 2024, driven by growing interest from international tourists, increased travel & trade in the region, the ongoing global tourism recovery & improved accessibility to Zimbabwe made possible by improved infrastructure and the entry of new airlines into the country.

News Highlights in the Tourism Sector

- In 2024, the tourism sector is set to benefit from US\$1 million allocated towards the renovations and rehabilitation of Great Zimbabwe, Comprehensive Tourism Assessment and Strategy Implementation Framework, as well as development of Protected Area Management Plans for national parks.
- During the Q3 of 2023, the country recorded a total of 494,878 tourist arrivals which was 41.9% higher than 348,559 recorded in the comparable period of 2022.
- In line with the rise in arrivals, tourism receipts are estimated to have risen by 24% from US\$219.45 million in the Q2 of 2023 to US\$272.26 million in the Q3 of 2023.

e) Energy Sector

The energy sector is expected to grow by 17.4% in 2024, driven by the restructuring of ZESA, complemented by critical governance reforms, including charging of commercially viable tariffs, as well as promotion of private investment in renewable energy sources. In 2024, energy sector is projected to contribute 3.5% to the total GDP.

News Highlights in the Energy Sector

- According to the World Bank's December 2023 report, Zimbabwe's power shortages have a significant economic cost, amounting to approximately 6.1% of the country's GDP annually. In 2020, the available electricity generation capacity stood at 1,585 megawatts (MW), while the peak demand reached 1,900 MW, highlighting a notable gap between available capacity and the actual demand for electricity in the country.
- In December 2023, the Government approved 27 out of 28 projects proposed by independent power producers (IPPs). However, reports indicate a substantial backlog of approximately 130 unapproved applications, posing a challenge for Zimbabwe as it contends with frequent power cuts.
- Development Partner Assistance (DPA) pledges US\$9.8 million for Zimbabwe's power distribution, transmission, and renewable energy in 2024. The 2024 budget specified that this US\$9.8 million is for power enhancement and consultancy, including

Kariba Dam refurbishment and social upliftment projects.

- At COP28 in Dubai, Zimbabwe struck a deal with UK-supported Africa GreenCo to mitigate investment risks in energy. Despite licensing IPPs for 7,000MW, investors hesitated due to currency uncertainty and tariff risks. GreenCo's pact with ZESA involves an 18-month cash cover for investors, safeguarding against defaults. GreenCo, funded by PIDG, aims to manage investor risks by purchasing power from IPPs.
- PUMA Energy Zimbabwe plans to invest US\$30 million into the Zimbabwean market within the upcoming three years. These funds are earmarked for expanding its retail fuel network and enhancing storage facilities.

6. Regional Economies

According to IMF, the region is anticipated to rebound from a projected growth rate of 3.3% in 2023 to 4.0% in 2024. This growth is expected in four-fifths of sub-Saharan Africa's countries, notably within non-resource-intensive nations. Furthermore, macroeconomic imbalances are expected to improve in 2024, with anticipated decreases in inflation across most of the region and regional countries are expected to gradually stabilize public finances. The following table shows sub-Saharan Africa's economic growth forecasts.

Sub-Saharan Africa Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Oct 2023)	3.6	2.5	3.7
IMF (Oct 2023)	4.0	3.3	4.0

a) South Africa

According to the OECD, GDP growth is projected to increase by 1% in 2024 from the 0.7% projected in 2023, driven by strong investment in machinery and equipment for energy production despite tighter financing conditions. Additionally, inflation is projected to gradually return to the target range, although risks remain to the upside. The following table shows economic growth forecasts for South Africa.

South Africa Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Nov 23)	1.9	0.7	1.5
IMF (Oct 23)	2.1	0.9	1.8
SARB (Nov 23)	2.0	0.8	1.3
OECD (Nov 23)	1.9	0.7	1.0

Gross foreign exchange reserves in South Africa reached an all-time high of US\$62.518 billion in December 2023, up from US\$61.721 billion in the previous month. Increases were observed in foreign currency reserves, gold and Special Drawing Rights (SDRs). Meanwhile, the forward position, representing the central bank's unsettled or swap transactions, remained unchanged at US\$0.508 billion.

Elsewhere, in line with expectations, the South African Reserve Bank maintained its key repo rate at 8.25%, a rate which was last adjusted on 23 November 2023. This decision

aimed to firmly anchor inflation expectations around the target midpoint (3%-6%) and enhance confidence in achieving the inflation goal.

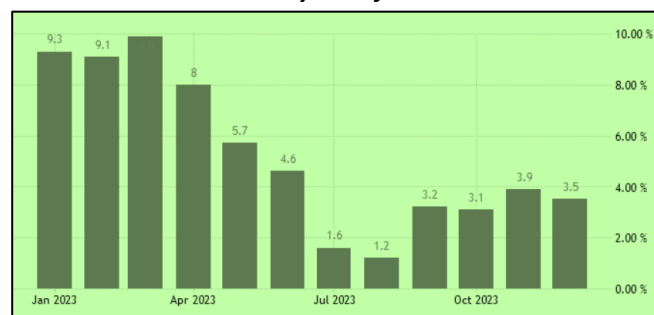
b) Botswana

The Central Bank of Botswana has projected an increase in GDP from the estimated 3.8% in 2023 to 4.4% in 2024. This growth expectation is based on several factors, including supportive monetary and fiscal policies, enhancements in water and electricity supply. Additionally, reforms aimed at further enhancing the business environment are anticipated to contribute to this growth trajectory. The annual growth projections for Botswana are shown in the table below.

Botswana Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Jun 23)	4.1	4.0	4.0
IMF (Oct 23)	4.1	3.8	4.1
AfDB	5.8	4.0	3.9
CBB (Nov 23)	5.8	3.8	4.4

Meanwhile, Botswana's annual inflation rate fell to 3.5% in December 2023, down from a six-month high of 3.9% in November 2023 mainly due to slowing prices of food and non-alcoholic. On a monthly basis, consumer prices edged up by 0.1% in December 2023, after being flat in the previous month.

Botswana Year on year Inflation Rate Trend



Meanwhile, the Central Bank of Botswana slashed its benchmark interest rate by 25 basis points to 2.40% at its meeting held on 7 December 2023, pushing borrowing costs to the lowest since July 2022. Policymakers said it saw scope to ease monetary policy as inflation was projected to stay within its target range of 3%-6% over the medium term.

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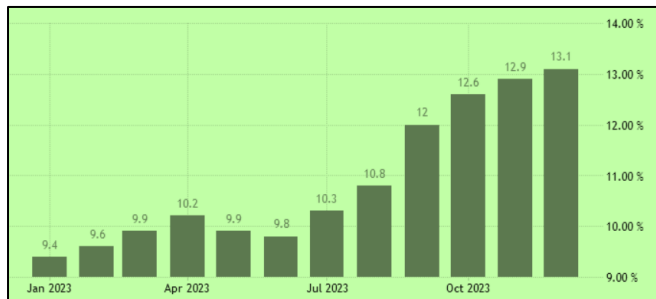
c) Zambia

Zambia Statistics Agency estimated the country’s GDP at 5.1% for the 3rd Quarter of 2023, a notable decrease from the 7.5% growth observed in the Q3 of 2022. These estimates were derived from the year-on-year comparison of GDP at constant 2010 prices. The following table displays Zambia's economic growth projections in terms of performance:

Zambia Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Jun 23)	3.0	4.2	4.7
IMF (Nov 23)	2.9	4.3	4.7
AfDB	3.0	3.2	3.2

Meanwhile, the annual inflation rate in Zambia rose for the sixth consecutive month, reaching 13.1% in December 2023 compared to 12.9% in the previous month. This marked the highest inflation rate since March 2022, driven by an accelerated increase in prices for food and non-alcoholic beverages. On a monthly basis, consumer prices slightly increased to 1% in December from 0.9% in November 2023.

Zambia Year on year Inflation Rate Trend



Elsewhere, the Central Bank of Zambia has maintained its key interest rate at 11% following its hike during the 22 November 2023 meeting. This hike marked the fourth consecutive interest rate increase in 2023 and the largest since November 2009. The objective is to support the currency and guide inflation back into the 6-8% target range, ensuring broader macroeconomic stability.

d) Malawi

According to the Government of Malawi, the country’s real GDP growth rate is projected to increase from 1.5% in 2023 to 3.2% in 2024, driven by stronger growth expected in the electricity, construction, mining, and quarrying, as well as

accommodation and food services sectors. Potential challenges may arise from persistent shortages of foreign exchange and high inflation. The following table displays Malawi economic growth projections:

Malawi Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Oct 23)	0.9	1.6	2.8
IMF (Oct 23)	0.8	1.7	3.3
AfDB	0.8	2.0	3.5
GOM (Dec 23)	0.9	1.5	3.2

Meanwhile, the annual inflation rate in Malawi picked up to 33.1% in November 2023, the highest since April 2013, accelerating from 26.9% in the previous month. Inflation Rate in Malawi averaged 14.83% from 2001 until 2023, reaching an all-time high of 37.90% in February of 2013 and a record low of 6.30% in December of 2010.

Malawi Year on year Inflation Rate Trend



In another update, the Reserve Bank of Malawi maintained its benchmark lending rate at 24.0%, a rate which was last adjusted on 27 October 2023. This decision was attributed to a recent easing of inflationary pressures and sluggish domestic economic growth.

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7. International Economies

According to the OECD, Global economic growth is projected to ease to 2.7% in 2024, a decrease from 2.9% in 2023, primarily due to the persistently tilted downside risks in the near-term global outlook. Heightened geopolitical tensions stemming from the conflict following the terrorist attacks on Israel by Hamas pose a significant near-term concern, particularly if the conflict escalates. Such escalation could result in substantial disruptions in energy markets, major trade routes, and potential repricing of risks in financial markets. These outcomes could slow growth and contribute to inflationary pressures. The following table shows global economic growth forecasts.

Global Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	3.1	2.1	2.4
IMF (Oct 2023)	3.5	3.0	2.9
OECD (Nov 2023)	3.3	2.9	2.7

a) United States of America

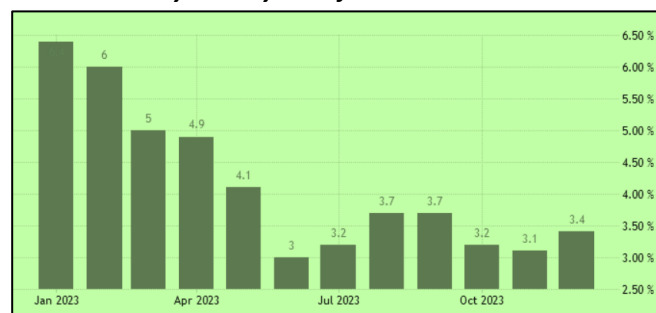
Economic growth in USA is projected to decelerate to 1.5% in 2024 down from 2.4% in 2023. This slowdown comes at a time when both private consumption and investment growth are expected to moderate due to the impact of tighter monetary and financial conditions. Furthermore, employment growth is projected to further slowdown owing to weakened demand, causing the unemployment rate to continue its upward trend through the initial half of 2024. As inflation declines, it is expected to pave the way for monetary policy easing in the latter half of 2024, thereby fostering a recovery in domestic demand growth by 2025. The following table shows economic growth projections for USA:

USA Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	2.1	1.1	0.8
IMF (Oct 2023)	2.1	2.1	1.5
OECD (Oct 2023)	1.9	2.4	1.5

Meanwhile, the annual inflation rate for the USA rose to 3.4% in December 2023 from a five-month low of 3.1% in November 2023, as energy prices decreased at a slower pace. The annual core inflation rate eased to 3.9%, below the

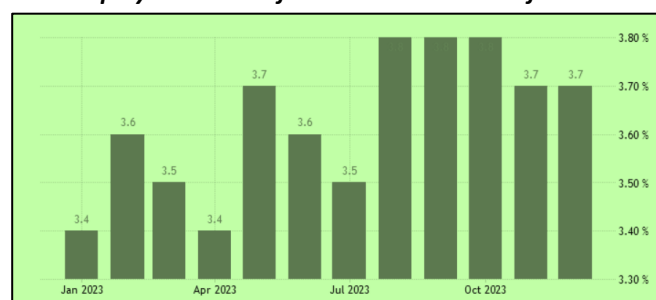
4% recorded in the previous month but exceeding expectations of 3.8%. Compared to November 2023, consumer prices increased by 0.3%, marking the highest in three months and surpassing forecasts of 0.2%.

USA year on year Inflation Rate Trend.



On another note, the US unemployment rate remained steady at 3.7% in December 2023, unchanged from the previous month and slightly below the market expectation of 3.8%. This stability was influenced by a slowdown in new entries into the labour force. The activity rate declined to 62.5% in December 2023 from 62.8% in November 2023. Additionally, there was an increase of 6 thousand unemployed individuals, totalling 6.27 million, while the count of employed individuals dropped by 683 thousand to 161.2 million. The following graph shows USA's unemployment rate trend.

Unemployment trend for the United States of America



b) China

Economic growth in China is projected to decelerate to 4.7% in 2024 from the previously projected 5.2% in 2023. This slowdown is primarily attributed to subdued consumption growth, influenced by increased precautionary savings, dimmer prospects for employment creation, and heightened uncertainty. Additionally, the ongoing adjustment in the real estate sector persists, marked by declining investment and

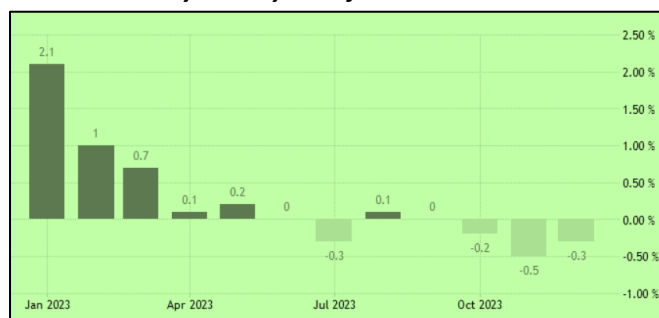
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sustained financial stress. The following table shows economic growth forecasts for China.

China Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	2.7	4.3	5.0
IMF (Nov 2023)	3.0	5.4	4.6
OECD (Oct 2023)	3.0	5.2	4.7

Meanwhile, China's annual inflation rate declined by 0.3% in December 2023, marking the third consecutive month of decrease. This annual rate was below market forecasts, which anticipated a 0.4% decrease. Core consumer prices, excluding food and energy prices, exhibited a year-on-year increase of 0.6% in December 2023, consistent with the previous two months. On a monthly basis, the inflation rate edged up by 0.1%, indicating the first rise in three months but falling below the consensus of a 0.2% increase. The following graph shows China's inflation trend.

China year on year Inflation Rate Trend



The People's Bank of China (PBoC) maintained its lending rates steady at the December fixing, as the Central Bank continued its attempt to revive a sputtering economy. The one-year loan prime rate (LPR), which is the medium-term lending facility used for corporate and household loans, was held unchanged at a record low of 3.45% for the fourth consecutive month. Additionally, the five-year rate, a reference for mortgages, was left at 4.2% for the sixth straight month.

c) Germany

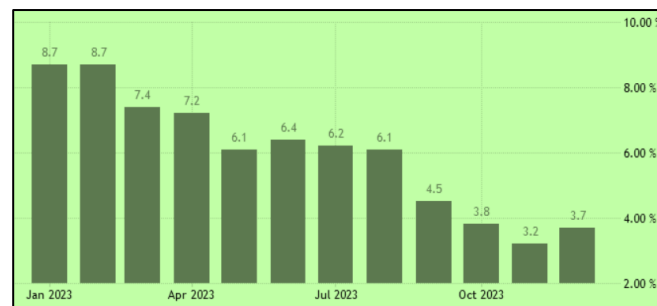
The German economy is forecasted to grow by 0.6% in 2024, rebounding from a slight contraction of -0.1% in 2023. This growth is expected to be propelled by decreasing inflation and rising wages, which will bolster real incomes and

stimulate private consumption. However, high interest rates are anticipated to hinder residential investment and dampen export demand for investment goods. The following table shows economic growth forecasts for Germany:

Germany Economic Growth Forecasts (%)			
Year	2022	2023	2024
IMF (Oct 2023)	1.8	-0.5	0.9
OECD (Nov 2023)	1.9	-0.1	0.6

In December 2023, German consumer price inflation rose to 3.7% year-on-year, climbing from the previous month's two-year low of 3.2% and aligning with market expectations. The upward pressure was driven by a 4.1% surge in energy prices. However, core inflation, which excludes volatile items such as food and energy, decreased to 3.5%, marking its lowest point since July 2022. On a monthly basis, consumer prices increased by 0.1% in December 2023 following a 0.4% decrease in November 2023. Notably, the average inflation rate for 2023 reached 5.9%. The following graph shows Germany's inflation trend.

Germany year on year Inflation Rate Trend



d) United Kingdom

The UK's GDP growth is expected to increase from 0.5% in 2023 to 0.7% in 2024 and further to 1.2% in 2025. Private expenditure is anticipated to take over from government consumption and investment as the primary driver of this growth, supported by a reduction in price pressures. The following table shows economic growth forecasts for UK:

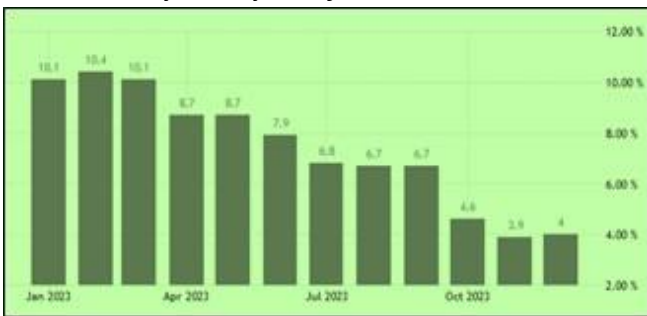
UK Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Jun 23)	3.5	0.4	1.3
IMF (Oct 2023)	4.1	0.5	0.6
OECD (Nov 2023)	4.3	0.5	0.7

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The UK's annual inflation rate decelerated to 3.9% in November 2023, marking the lowest figure since September 2021, down from October's 4.6% and significantly below the anticipated 4.4%. Additionally, annual core inflation also decreased to 5.1%, marking the lowest rate recorded since January 2022.

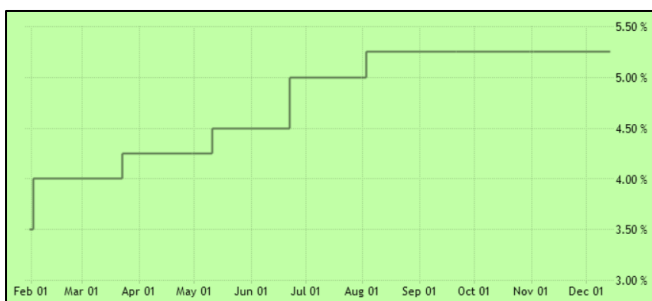
Annual inflation rate in the UK unexpectedly rose to 4% in December 2023 from a nearly two-year low of 3.9% in November 2023. It is the first increase in inflation rate in ten months, with the biggest upward contribution coming from prices of alcohol and tobacco. Compared to the previous month, the CPI went up by 0.4%. Meanwhile, the core CPI rose by 0.6%, leaving the annual rate unchanged at 5.1%.

UK year on year Inflation Rate Trend



Meanwhile, during its December 2023 meeting, the Bank of England maintained its benchmark interest rate at 5.25%, marking the third consecutive occasion the Bank has held this rate at a 15-year high. This decision aligns with policymakers' commitment to combating inflation, despite indications suggesting a challenging economic environment.

UK Benchmark Interest Rate Trend



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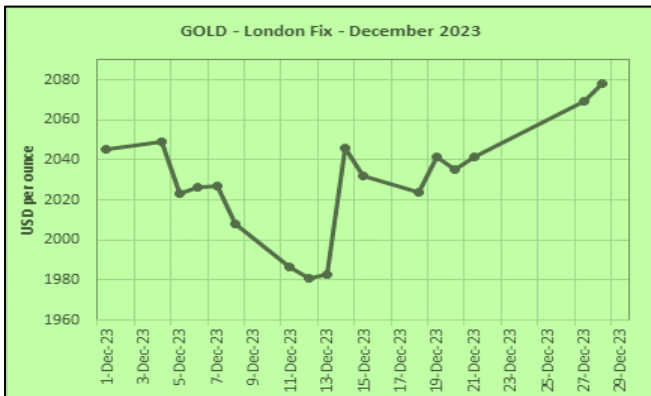
8. Commodities Markets

Commodity	Nov 2023	Dec 2023	Percentage Change (%)
	Price (US\$)	Price (US\$)	
Gold	1,985.27	2,029.29	2.2%
Platinum	906.91	939.06	3.5%
Silver	23.40	23.99	2.5%
Oil	81.9	77.27	-5.7%

a) Gold

On average, gold prices increased for a second consecutive month by 2.2% to close the year at US\$2,029.29 per ounce, compared to US\$1,985.27 per ounce recorded in November 2023. The following graph depicts the trend of daily gold prices during the month under review.

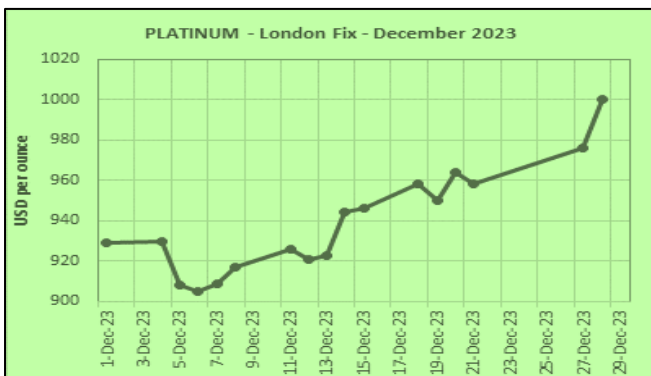
Gold Price Movements



b) Platinum

Platinum prices continued their upward trend for the second consecutive month in December 2023, rising by 3.5% from a monthly average of US\$906.91 per ounce in November 2023 to US\$939.06 per ounce in December 2023. The following graph illustrates the daily trend of platinum prices for the month under review.

Platinum Price Movements



c) Silver

On average, price of silver rose by 2.5% from US\$23.40 per ounce recorded in November 2023 to US\$23.99 per ounce recorded in December 2023. The graph below shows the daily trend of Silver price for the month under review.

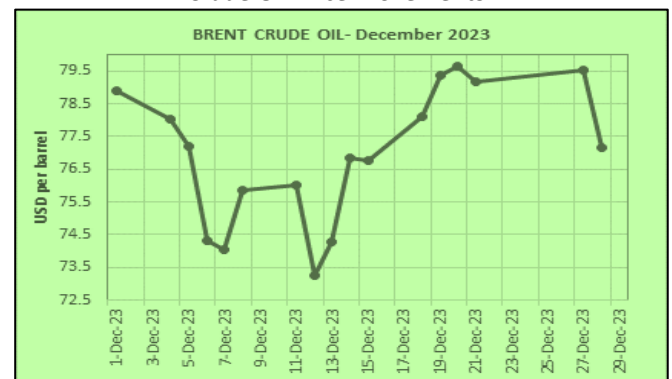
Silver Price Movements



d) Crude Oil

On average, crude oil price decreased for a third consecutive month by 5.7% to close the year at US\$77.27 per barrel, compared to US\$81.9 per barrel recorded in November 2023. The graph below shows the trend of crude oil price during the month under review.

Crude Oil Price Movements



Late 2023 saw a downturn in oil market sentiment due to robust non-OPEC+ supply and weak global demand. Despite extended OPEC+ cuts, prices plummeted by US\$25/barrel from September highs to a six-month low in early December. Global supply shifted from the Middle East to the US and the Atlantic Basin, impacting trade dynamics. Rising output and tepid demand growth complicate efforts by key producers to maintain market share and support oil prices.

END

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