

Monthly Economic Update

July 2023

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1. Economic Performance

a) Domestic Economy

According to the Zimbabwe National Statistics Agency (ZimStat), the Zimbabwean economy grew by 6.5% in 2022, higher than the 4% previous estimate, as the country's Gross Domestic Product (GDP) continues to increase year by year, despite the adverse impacts of the Covid-19 pandemic. The Zimbabwe's economy has proved to be resilient to the pandemic and global supply chain disruptions wrought by the ongoing Russia-Ukraine conflict. The accommodation and food services industry recorded the highest growth rate with 23.7%, followed by the Finance and Insurance industry which grew by 15.6%. Information Communication grew by 14.1%, mining and quarrying 10.5%, transport and storage 6.6% and agriculture grew by 6.2%. In terms of value added, the top contributing industries to the GDP were wholesale and retail at 18.7%, mining {13.2%}, agriculture {12%}, manufacturing {11.2%} and the finance and insurance industry {8.2%}. In the agriculture sector, crop production contributed 80.5%, livestock production coming in second at 14.6%, hunting 0.2%, forestry and logging 2.9% and fishing and aquaculture 1.8%. The crops that recorded significant growth were wheat at 11.3%, maize {6%} and soya bean {15.5%}.

Going forward, despite the recent volatility in the exchange rate, the domestic economic prospects remain robust with economic growth now projected at 5.3% in 2023, up from the initial forecast of 3.8%. This growth is on account of better performance in agriculture, mining, ICT and tourism, supported by expected improvements in electricity generation in the second half of the year. Meanwhile, the following table shows the projections as proposed by different authorities.

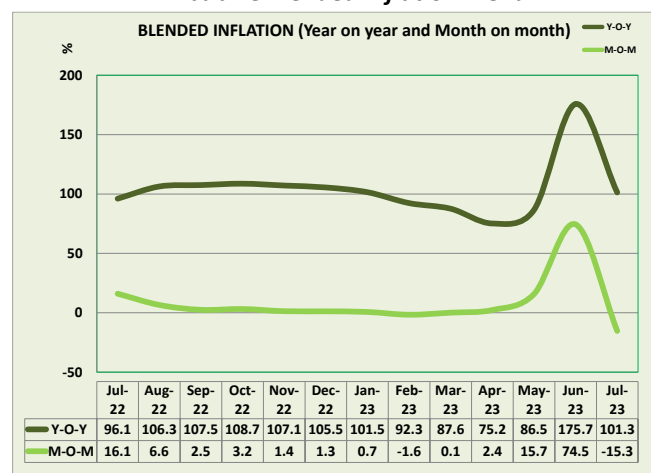
Zimbabwe Economic Growth Forecasts (%)

Year	2022	2023	2024
World Bank	3.4	3.6	3.6
IMF	3.0	2.8	3.0
BMI	3.4	3.8	3.2
AfDB	3.0	3.2	3.2
MOF	6.5	5.3	4.8

2. Inflation

Using the blended calculation system, the year on year inflation took a downward turn in July 2023, while the month on month inflation ventured into the negative territory confirming largely the impact of contractionary monetary policy as well as other macroeconomic stabilisation measures. In fact, the year on year inflation fell by 74.4% from 175.8% in June 2023 to 101.3% in July 2023. On a monthly basis, consumer prices dropped from a record 74.5% in June to minus 15.3%. The following graph shows an annual blended inflation trend to date.

Zimbabwe Blended Inflation Trend



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Going forward, the Government is expected to maintain strict fiscal and monetary policies in order to reduce the risks associated with inflation and exchange rates deterioration. Some of these measures include: encouraging the use of Zimbabwe Dollar, maintaining high minimum lending rates and reserve ratio while generally reducing money supply through a number of instruments. Meanwhile, all things being equal, our 3-month econometric forecasts for blended inflation are as indicated below:

3 Month Inflation Forecasts (%)		
Month	Y-O-Y	M-O-M
Aug-23	75.4	-7.1
Sep-23	82.4	6.6
Oct-23	88.6	6.7

3. Financial Sector

a) Money supply

Broad money (M3) amounted to ZW\$14,275.48 billion as at the end of June 2023, compared to ZW\$2,338.23 billion recorded in December 2022. On an annual basis, broad money grew by 1,174.94% in June 2023, largely reflecting exchange rate movements which led to the expansion of ZW\$10,977.60 billion in foreign currency accounts deposits. Foreign currency deposits constituted 81.51% of total M3 as of June 2023, while local currency deposits accounted for 18.43%, and currency in circulation, 0.06%. The graph below shows monetary developments for the period December 2021 to June 2023.

Monetary Developments (ZW\$ Billion)



b) Interest Rates

The Reserve Bank of Zimbabwe (RBZ) has maintained the current policy rates which will continue to be reviewed in line with inflation developments. The policy rates are as follows:

- Bank RBZ policy rate is currently at 150%;
- The medium-term accommodation lending rate for productive sectors including individuals and MSMEs is currently at 75%;

- The RBZ policy rate remains the minimum lending rate for all banks; and
- The deposit interest rates on savings and time deposits are currently at 30% and 50% per annum, respectively.

Average Lending Rates and Deposit Rates (ZWL)

Local Currency (ZWL)					
Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Commercial Banks (<i>minimums</i>)				
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
23-Jun-23	76.22	92.19	167.8	36	34.27
30-Jun-23	76.33	92.64	168.45	34.67	33.86
7-Jul-23	75.87	93.19	167.52	35	33.86
14-Jul-23	76.65	93.3	167.36	34.29	33.14
21-Jul-23	77.8	94.6	167.29	34.29	33.14
Average	76.57	93.18	167.68	34.85	33.654

Average Lending Rates and Deposit Rates (USD)

Foreign Currency (USD)					
Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Commercial Banks (<i>minimums</i>)				
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
23-Jun-23	11.35	8.02	1.27	3.12	3.45
30-Jun-23	11.33	8.05	1.27	3.19	3.36
7-Jul-23	11.38	8.01	1.27	3.19	3.36
14-Jul-23	11.35	7.99	1.27	3.19	3.36
21-Jul-23	11.33	7.97	1.27	3.19	3.36
Average	11.35	8.01	1.27	3.176	3.378

c) Foreign Currency Market

During the period under review, the USD depreciated against 14 of the 18 currencies in our basket and depreciated against 4 currencies, when using the monthly average exchange rate analysis. The USD lost the most against the Zimbabwean Dollar (15.5%) as shown in the table below.

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Exchange Rate Analysis (monthly average)

Exchange Rate Analysis (Monthly Average)			
Currency/US\$	Jun-23	Jul-23	Change (%)
Zimbabwean Dollar	5,746.7500	4,853.8995	-15.5%
Argentine Peso	247.4395	265.2263	7.2%
Russian Ruble	83.0424	90.5118	9.0%
South Korean Won	1,295.6898	1,286.0675	-0.7%
Hong Kong Dollar	7.8326	7.8191	-0.2%
Australian Dollar	1.4897	1.4866	-0.2%
Chinese Yuan Renminbi	7.1492	7.1921	0.6%
Japanese Yen	141.1550	141.2410	0.1%
Norwegian Krone	10.7984	10.3063	-4.6%
Indian Rupee	82.1960	82.1877	-0.0%
South African Rand	18.7672	18.2339	-2.8%
Botswana Pula	13.4687	13.2426	-1.7%
Swedish Krona	10.7603	10.5357	-2.1%
Canadian Dollar	1.3297	1.3229	-0.5%
Euro	0.9227	0.9047	-2.0%
British Pound	0.7919	0.7769	-1.9%
Swiss Franc	0.9007	0.8752	-2.8%
Brazilian Real	4.8610	4.8004	-1.2%

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

When analysing the exchange rates based on the opening period and closing period exchange rates, the USD depreciated against 15 of the 18 currencies in our basket as shown in the following table:

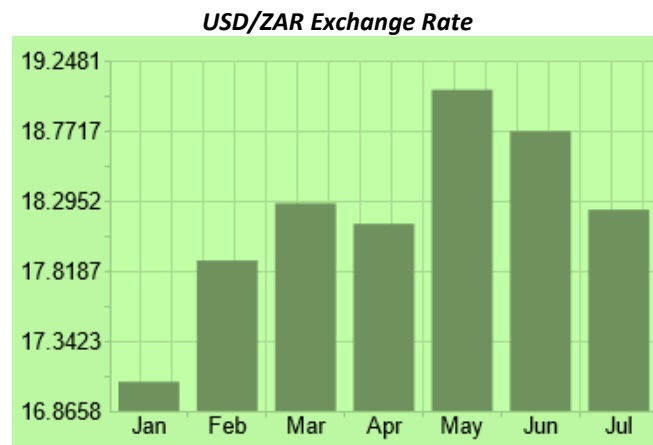
Exchange Rate Analysis (end period)

Exchange Rate Analysis			
Currency/US\$	03-Jul-23	31-Jul-23	Change (%)
Argentine Peso	257.9802	274.5662	6.429%
Australian Dollar	1.4974	1.4861	-0.754%
Botswana Pula	13.4374	13.0924	-2.568%
Brazilian Real	4.7909	4.7420	-1.019%
British Pound	0.7878	0.7778	-1.267%
Canadian Dollar	1.3244	1.3161	-0.629%
Chinese Yuan Renminbi	7.2401	7.1361	-1.438%
Euro	0.9159	0.9075	-0.910%
Hong Kong Dollar	7.8337	7.7988	-0.446%
Indian Rupee	81.9320	82.2415	0.378%
Japanese Yen	144.4936	142.1647	-1.612%
Norwegian Krone	10.6849	10.1116	-5.366%
Russian Ruble	89.5011	91.9865	2.777%
South African Rand	18.7478	17.8092	-5.007%
South Korean Won	1305.8587	1276.6944	-2.233%
Swedish Krona	10.8244	10.4994	-3.002%
Swiss Franc	0.8956	0.8689	-2.980%
Zimbabwean Dollar	5739.7961	4517.1359	-21.301%

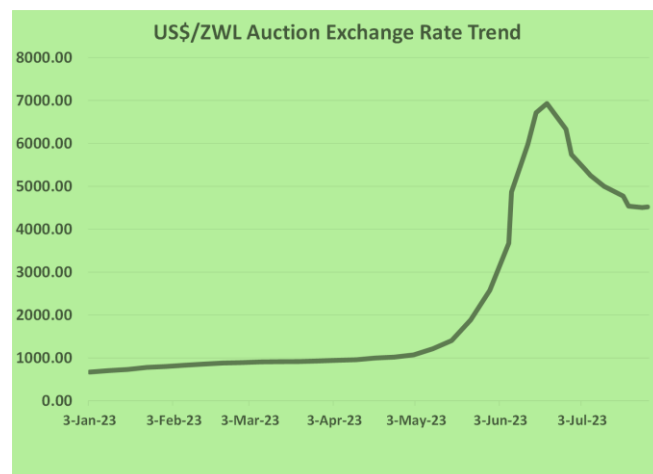
Source :x-rates.com; RBZ © ZB Financial Holdings

Meanwhile, on average the South African Rand improved from 18.7672 per USD in June 2023 to 18.2339 per USD in

July 2023. The graph below shows the year to date trend of the South African Rand against the USD:

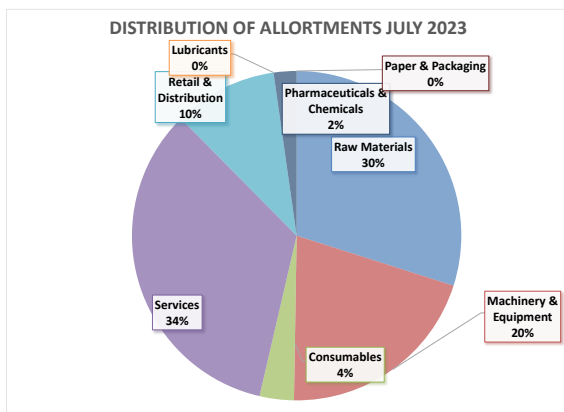

d) Zimbabwe Official Forex Market

During the month under review, the Zimbabwe Dollar extended its appreciation mode against the USD, as economic stabilisation measures continue to bear fruit. The Zimbabwe dollar exchange rate improved from ZWL\$5,395.96 per USD registered on 4 July 2023 to close the month at ZWL\$4,517.14 per USD on the official market. This comes as local currency liquidity continues to tighten across the economy as a result of economic stabilisation measures rolled out by the Government. The Zimbabwe dollar is expected to post further gains in the short to medium term, notwithstanding any unforeseen policy shifts. The following graph shows the trend of the USD/ZWL exchange rate in 2023:



Meanwhile, of the July 2023 foreign currency allocations, 30% was allocated to raw materials and 20% to machinery & equipment as shown in the pie chart that follows:

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e) Equities Markets & Corporate Briefs

In July 2023, the ZSE performance slowed down, registering a 33% fall in the All share index to 114,746.13 points. The market capitalisation consequently fell by 30% from Z\$13.088 trillion in June 2023 to Z\$9.138 trillion in July 2023. The ZSE market capitalisation also fell in US Dollar terms during the month under review. The same scenario has also befallen the Victoria Falls Stock Exchange (VFX) as both the All Share Index and the Market Capitalisation registered losses. The table below shows the ZSE and VFX performance during the period under review.

ZSE and VFX Market Performance Indicators

ZSE Market Summary				VFEX		VFEX	
Date	All Share	Mkt Cap ZWL\$m	Mkt Cap US\$m	All Share	Mkt Cap US\$m		
Jul-23	114,746.13	9,138,655.60	2,023.11	68.31	902.66		
Jun-23	171,408.90	13,088,125.39	2,068.75	76.17	1,022.19		
May-23	108,195.29	8,923,575.70	3,462.70	81.93	1,121.66		
Apr-23	41,391.62	3,482,408.54	3,410.09	86.62	1,004.25		
Jul-22	16,594.91	2,068,222.01	457.86	121.58	-		

News Highlights in the Financial Sector

- The ZSE revealed that the operationalisation of a commodities exchange trading in base and precious minerals is near completion with its launch expected by year end.
- In July 2023, Zimplow became the 14th counter to list on the VFX bourse.
- Border Timbers Limited (BTL) received an offer from Cicada Plantations Zimbabwe (Private) Limited, an agricultural entity, whereby CPZ seeks to acquire 100% of the issued share capital of BTL, and simultaneously make an offer to acquire 100% of the issued share capital of Makandi Estates (Private) Limited, a complementary agricultural concern, in exchange for CPZ shares

4. Various Sectors of the Economy

a) External Sector

Zimbabwe's merchandise exports declined by 8.2%, from US\$3,479.0 million in the first half of 2022 to US\$3,194.2 million for the corresponding period in 2023, mainly weighed down by the subdued performance in mineral exports. Mineral exports, which account for the largest share of merchandise exports, declined by 12.5%, from US\$2,898.9 million in the first half of 2022 to US\$2,536.8 million in the first half of 2023. The decline in exports followed the continued softening of key commodity prices largely on account of faltering global growth prospects. To year end, merchandise exports are envisaged to grow by 3.5% in 2023.

On that same note, merchandise imports registered a 3% increase, from US\$3,965.3 million in the first half of 2022 to US\$3,849.4 million in 2023, driven by growth in fuel, machinery, and electricity imports. The country's import bill was, however, moderated by reduced crude oil, edible oils and fertilizer prices. To year end, merchandise imports are projected to grow by 1.4% to US\$8.8 billion.

b) Mining Sector

The country's mining sector has recorded US\$20.2 billion in export earnings in the past five years spurred by the improved investment climate and expansion projects. Zimbabwe has made huge strides in normalising bilateral, regional and international relations, which has resulted in increased trade gains and new investment pitches. Unlike in the past when mining earnings averaged an estimated US\$2.7 billion per year, the sector has recently registered gains in line with the ambitious US\$12 billion milestone by the end of 2023. The sector contributed almost 80% of the country's exports in 2022 and supporting more than 38,000 formal jobs. Additionally, the industry supports approximately 500,000 artisanal and small-scale miners and generates more than 20% of Government revenue. Overall growth in the mining sector during 2023 is now projected at 4.8%, benefitting from increases in the production of lithium, chrome, diamonds and PGMs.

News and highlights in the Mining Sector

- The Zimbabwe Investment and Development Agency (ZIDA) issued 42 licences to lithium investors in the first three months of 2023, underlining the country's potential as a key resource base, especially at a time when global demand for the mineral is soaring. Overall, ZIDA issued 116 licences across all sectors during the

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period. The investments in the lithium sector have a potential investment value (PIV) of US\$301 million.

- Kuvimba Mining House (KMH) subsidiary, Freda Rebecca Gold Mine (Freda) produced 603 kilogrammes of gold in the first three months to May 2023, up 2% on the prior period, despite losing many hours of production due to power cuts. The Government owns 65% of KMH, which in 2020 acquired Bindura-based Freda as part of a wave of mining asset purchases.
- Bikita Minerals, a subsidiary of Chinese firm Sinomine, has begun trial production of lithium on the newly constructed gravity separation and flotation plants. The gravity plant has capacity to produce two million tonnes of petalite concentrate while the flotation plant will produce two million tonnes of spodumene concentrate per annum. The mining entity is broadening its horizons in Zimbabwe, with the new plants expected to support the company's vision of generating circa US\$500 million from lithium exports by the end of 2023. The Chinese group has invested over US\$300 million in Bikita Minerals operations mainly for exploration and plant expansion.
- United Kingdom-based exploration and development mining company, Galileo Resources, says it has discovered substantial gold deposits in the area around the Queen's mine near Bulawayo.
- One of China's biggest companies specialising in battery recycling, Shengxiang Investments (Pvt) Limited, is building a US\$40 million modern lithium processing plant in Goromonzi District, Mashonaland East.
- Dorowa Minerals Limited says it requires US\$16 million to increase production to reach its optimum capacity of 150,000 tonnes of phosphate concentrates per annum. The company is Zimbabwe's main producer of phosphate concentrates, which is a critical ingredient in basal fertiliser manufacturing. It also produces magnetite, an industrial mineral. Currently, the mine is producing 48,000 tonnes of phosphate concentrates annually, which translates to a 30% capacity utilisation. The company's current output level is enough to support the manufacturing of about 300,000 tonnes of basal fertilisers, which is about 75% of national basal fertiliser demand. This leaves the country with a deficit covered by imports.

c) Agriculture Sector

Some positive developments have been registered in the agriculture sector in 2023. The strong growth in the agricultural sector is mainly driven by projected growth in maize, tobacco, wheat, and cotton. Maize output is expected to be more than 2 million tonnes in 2023, up from 1.5 million tonnes in 2022. Tobacco output reached a record high of 295 million kilograms in 2023. Overall, the agriculture sector, initially projected to grow by 4% in 2023, is now projected to grow by 9.7%.

News Highlights in the Agriculture Sector

- The total cereal production, excluding the winter wheat crop is estimated at 2.6 million tonnes for 2023, a 40% above the production levels achieved last year.
- The 2023 tobacco auction marketing season officially closed on 31 July 2023. However, contract floors will remain open to take care of mop-up deliveries. As of the 31st of July, tobacco deliveries were 294 million kgs, the highest ever seasonal output in Zimbabwe. The deliveries resembled 45% growth from 2022 season. Despite delivery prices remaining largely the same, averaging US\$3.03, seasonal value earned increased from US\$614 million to US\$887 million.
- Preparations for the next tobacco season are at an advanced stage, with farmers already sown tobacco seedbeds covering 26.13 hectares compared to the 14.68 ha sown by this stage last year.
- According to Zimtrade the country's agricultural produce, such as maize, tobacco, citrus fruits, beef and dairy products, are highly sought-after in the Democratic Republic of Congo (DRC) due to their quality and taste. With a population of over 80 million, the DRC has a high demand for food products, including grains, fruits, vegetables and meat.
- The country's agricultural exports increased by 15.9%, from US\$399.9 million in the first half of 2022 to US\$463.5 million in 2023, driven by tobacco exports. Horticultural exports were, however, subdued owing to lagged effects of higher input costs for fertilizer, chemicals, fuel, packaging, and labour, which increased significantly in 2022.
- Nimbi Fresh Exports, one of the country's largest horticultural companies, has secured €10 million

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(US\$11.2 million) from the United Arab Emirates (UAE) for its blueberry expansion and export programme.

d) Manufacturing Sector

The manufacturing sector is expected to grow by 2.2% in 2023, on account of a better agricultural season and measures being implemented by Government to tame inflation and exchange volatility.

News Highlights in the Manufacturing Sector

- Manufactured exports increased by 7.6%, from US\$180.6 million recorded in the first half of 2022 to US\$193.84 million in the corresponding half in 2023, largely driven by rising tobacco cigarette exports. Low competitiveness, which emanated from high production and market development costs and antiquated machinery, however, continued to adversely affect manufactured exports.
- Varun Beverages, one of Zimbabwe's largest beverage companies, has invested US\$110 million since 2018 to establish nine production lines with capacity to produce 80 million bottles and cans per month.

e) Energy Sector

During the period under review, Hwange Thermal Power Station's Unit 7 which was successfully put into commercial operation to provide an uninterrupted 300MW electricity supply to the national grid while Unit 8 was expected to be at full throttle in the near future, adding an additional 300MW for domestic and industrial consumers. The additional power is expected to go a long way in easing load-shedding and boosting industrial activity.

News Highlights in the Energy Sector

- Zimbabwe's industrial electricity consumers and exporters aim to raise US\$250 million to build the first phase of floating solar panels on the world's largest man-made lake. Members of the Intensive Energy User Group, which also includes mining companies, will own 52% of a development company for the project to be located on Lake Kariba, between Zimbabwe and Zambia. The electricity generated by the station, initially planned for 250 megawatts, will be sold to the group and other qualifying customers under a 25-year power purchase agreement. Any excess output could also be exported throughout the region.

5. Regional Economies

The African Development Bank (AfDB) has noted that there are several downside risks to the economic prospects of the Southern African region despite positive average economic growth forecasts for most of the countries. The Southern Africa region's prospects are largely linked to developments in the Global Economy. Now, considering that the external outlook is largely clouded with many risks, this only paints a gloomy future for the African economies. Only those nations that would be able to circumvent or mitigate the risks emanating from the Global Economy will stand to register positive and high growth in the outlook. Several global factors are subject to sizable downside risks that would impact baseline projections. Some of these downside risks include:

- *More persistent global inflation which could prompt significantly larger monetary tightening with substantial spill overs effect in the region.*
- *An abrupt growth slowdown in China and/or a protracted war in Ukraine which could weaken global demand of mineral and metal commodities, exacerbating growth outlook of resource rich countries.*
- *Likewise, an intensification of the war in Ukraine and geopolitical tensions could spur the prices of food and energy, exacerbating the fragility of oil and food importing countries.*

In addition to the Global risk matrix aforementioned, the Southern African nations also have their own domestic issues that need determination. These include:

- *The socio-political context which could also cloud the economic outlook. Six Southern African countries will hold presidential and/or parliamentary elections over 2023-2024, which could put upward pressure on wages and public spending and challenge fiscal discipline as well as the implementation of bold structural reforms.*
- *Adverse climatic events and weather-related risks could further deteriorate significantly projected economic and social outlook.*
- *Monetary stabilisation and Fiscal consolidation.*

Meanwhile, Sub Saharan Africa's average macroeconomic indicators for 2023 and 2024, according to AfDB are highlighted in the table below: Mozambique, Madagascar and Mauritius are topping the list on Economic growth. South Africa and Namibia are expecting low and stable inflation.

Outlook for key macroeconomic indicators, average 2023-2024

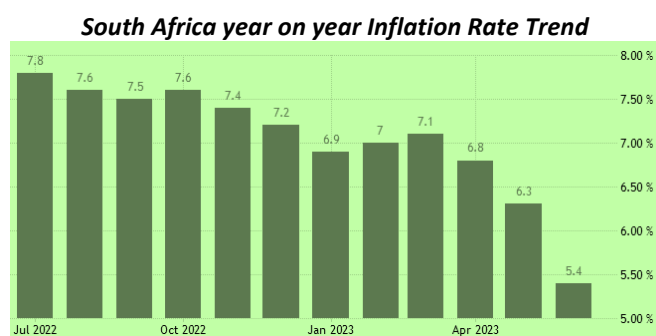
Average 2023-2024	Real GDP growth rate (%)	Inflation (%)	Fiscal Balance % GDP	Current Account Balance (% GDP)
Southern Africa	2,2	8,4	-4,7	-19
Angola	3,7	11,4	-0,1	4,1
Botswana	3,9	7,0	1,5	3,4
Lesotho	2,3	6,0	-5,3	-55
Madagascar	4,6	8,9	-3,3	-55
Malawi	2,7	19,1	-7,8	-120
Mauritius	4,6	6,3	-5,1	-6,4
Mozambique	6,6	8,2	-3,8	-25,0
Namibia	3,2	5,2	-5,2	-4,3
São Tomé & Príncipe	1,8	11,5	-5,0	-15,0
South Africa	0,8	5,2	-6,5	-2,3
eSwatini	4,2	5,3	-4,1	0,9
Zambia	4,1	7,8	-7,7	-0,5
Zimbabwe	3,2	84,2	0,1	0,6

a) South Africa

According to African Development Bank (AfDB) the economy is projected to grow marginally, by 0.2% in 2023 and 1.5% in 2024, supported by growth in trade, tourism, mining, and manufacturing. The following table shows economic growth forecasts for South Africa:

South Africa Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	1.9	1.4	1.8
IMF	2.1	1.1	1.4
AfDB		0.2	1.5

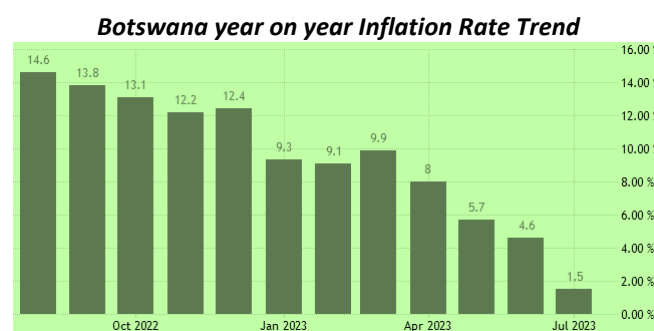
South Africa's annual inflation rate eased further to a 19-month low of 5.4% in June 2023, down from 6.3% in May and below market forecasts of 5.6%, moving back to the central bank's target range of 3%-6%. Food inflation eased to an eleven-month low of 11% and prices also softened for household contents & services, clothing, transport and restaurants & hotels. By contrast, inflation accelerated for housing & utilities, recreation & culture and alcoholic beverages & tobacco. On a monthly basis, consumer price inflation remained unchanged at 0.2%. The following graph shows South Africa's year on year inflation trend.


b) Botswana

The Gross Domestic Product (GDP) in Botswana expanded by 5.6% during the first quarter of 2023, rebounding sharply from a 2.3% fall in the previous period. The growth projections for Botswana 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

On an inflation front, the annual inflation rate in Botswana eased for the third consecutive month to 1.5% in July 2023, the lowest level since August 2020, from 4.6% in the previous month, mainly attributed to significant cost reductions in transport, as well as slowdowns in furniture & household equipment, housing & utilities and health. On a monthly basis, consumer prices fell by 0.7%, reversing a 0.2% gain in June. The following table shows Botswana's inflation trend:


c) Zambia

The Gross Domestic Product (GDP) in Zambia expanded by 7.4% year-on-year in the first quarter of 2023, up from a 6.1% growth in the previous period. The following table displays Zambia's economic growth projections in terms of performance:

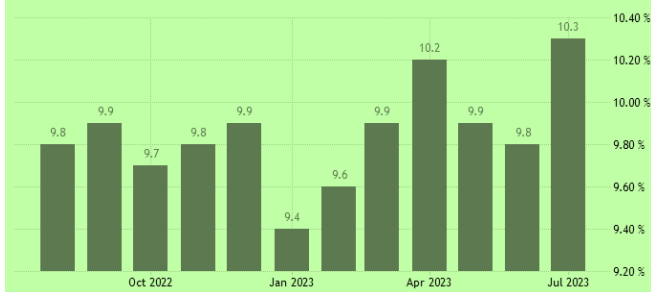
Zambia Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	3.0	3.9	4.1
IMF	2.9	4.0	5.0

Meanwhile, the annual inflation rate in Zambia accelerated to 10.3% in July 2023 from 9.8% in June, marking the highest reading since April 2022. The upward pressure came from food (12.1 vs 11.2% in the previous month), primarily cereals, fish, milk, cheese & eggs, and vegetables. On a monthly basis, consumer prices edged up by 0.9% in July,

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following the 0.8% advance in June. The following graph shows Zambia's inflation trend.

Zambia Year on year Inflation Rate Trend



6. International Economies

Global growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward. The following table shows the Global growth forecasts:

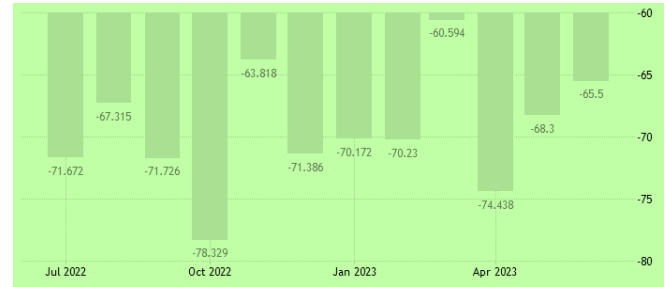
Global Economic Growth Forecasts (%)

Year	2022	2023	2024
World Bank	3.1	2.1	2.4
IMF (July 2023)	3.5	3.0	3.0

a) United States of America

Exports from the United States decreased by US\$0.3 billion to US\$247.5 billion in June 2023, the lowest level since March 2022, reflecting weakened global demand. Exports of goods were down by US\$0.2 billion mainly due to lower sales of industrial supplies and materials including crude oil, fuel oil and natural gas liquids. Imports into the United States fell by US\$3.1 billion to US\$313.0 billion in June 2023, the lowest level since November 2021, suggesting that persistently high inflation and rising interest rates may have impacted domestic demand. Imports of goods decreased by US\$2.9 billion, led by lower purchases of computers; industrial supplies and materials including finished metal shapes and crude oil. Overall, the US trade deficit narrowed to a three-month low of US\$65.5 billion in June 2023 from a downwardly revised US\$68.3 billion in May 2023. The graph that follows shows the trade deficit trend.

USA Trade Balance



Meanwhile, the following table shows the U.S growth forecasts.

USA Economic Growth Forecasts (%)

Year	2022	2023	2024
World Bank	2.1	1.1	0.8
IMF (July 2023)	2.1	1.8	1.0

Annual inflation rate in the US accelerated to 3.2% in July 2023 from 3% in June 2023. It marks a halt in the 12 consecutive months of declines, due to base effects. A year earlier, inflation had started to fall from its peak of 9.1%. The graph below shows inflation trend for the USA economy.

USA year on year Inflation Rate Trend



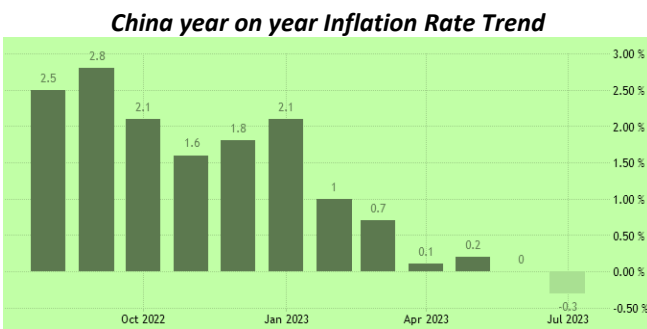
b) China

According to IMF, growth in emerging and developing Asia is on track to rise to 5.3% in 2023, then to moderate to 5.0% in 2024, reflecting a modest (0.1 percentage point) downward revision for 2024. The forecast for China is unchanged at 5.2% for 2023 and 4.5% for 2024, but with a change in composition: Consumption growth has evolved broadly in line with April 2023 WEO projections, but investment has underperformed due to the ongoing real estate downturn in that country. Stronger-than-expected net exports have offset some of the investment weakness, although their contribution is declining as the global economy slows. The table below shows China's economic growth forecasts.

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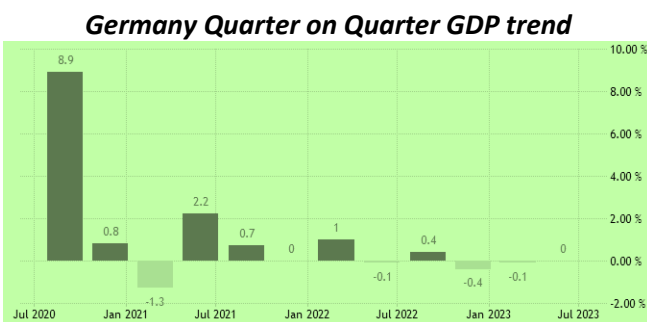
China Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	2.7	4.3	5.0
IMF	3.2	5.2	4.5

China's consumer prices dropped by 0.3% y-o-y in July, the first decrease since February 2021, compared to a flat reading in June 2023. The cost of food fell by 1.7%, after rising in the prior 15 months amid a plunge in pork prices. Meantime, non-food prices were flat after falling 0.6% previously, with the cost rising for clothing, housing, health, and education; while prices of transport continued to fall. China's statistics agency said a fall in CPI will only be temporary, and inflation is projected to pick up gradually as the impact of a high base last year will fade. On a monthly basis, consumer prices unexpectedly rose by 0.2%, marking the first rise in 6 months. The graph below shows China's inflation trend.

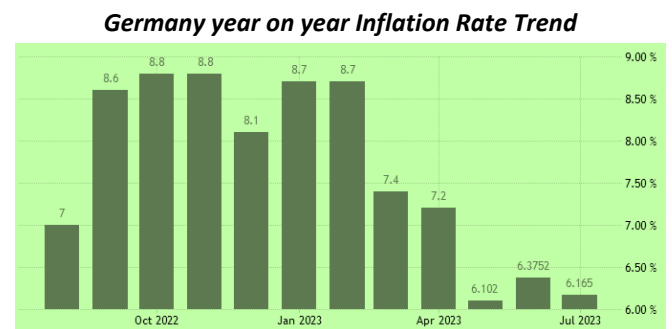


c) Germany

The German GDP stalled (0%) in the second quarter of 2023, after contracting in each of the previous two quarters pushing the economy into a technical recession. Figures for Q1 were revised higher to -0.1% from -0.3% and for Q4 2022 to -0.4% from -0.5%. Meanwhile, the IMF sees the GDP contracting by 0.3% in 2023, more than a 0.1% fall seen in April, as the manufacturing sector remains weak. The graph below shows the GDP trend for Germany.



Meanwhile, the annual inflation rate in Germany was confirmed at 6.2% in July 2023, down from 6.4% in June, and remaining close to May's 14-month low of 6.1%. The core rate, which excludes volatile items such as food and energy, also eased to 5.5%, adding to signs that inflationary pressures in the country were starting to cool. However, both rates remained well above the European Central Bank's target of 2.0%. On a monthly basis, consumer prices were up 0.3% in July, the same pace as in June. The following Graph depict Germany's annual inflation trend.



d) United Kingdom

Unemployment rate in the UK increased to 4.2% in the three months to June 2023, the highest since late-2021. The figure compares with 4% in the previous period. The increase in unemployment was driven by people unemployed for up to 6 months. The following graph shows the unemployment trend in the UK.



On an inflation front, consumer price inflation in the United Kingdom dropped to 6.8% in July 2023 from 7.9% in June, pointing to the lowest level since February 2022 and matching market consensus, mainly due to a slump in fuel prices. On a monthly basis, consumer prices fell by 0.4%, the

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first decline since January after a 0.1% rise in June. The following Graph depict the UK annual inflation trend.

UK Inflation Rate



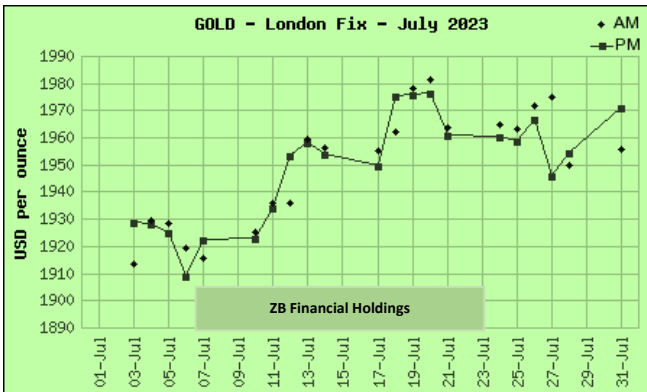
7. Commodities Markets

Commodity	June 2023	July 2023	Percentage Change (%)
	Price (US\$)	Price (US\$)	
Gold	1,942.90	1,948.85	0.3%
Platinum	970.64	946.90	-2%
Silver	23.41	24.04	3%
Oil	75.02	85.43	14%

a) Gold

On average, gold prices rose slightly by 0.3% to US\$1,948.85/ounce in July 2023, from US\$1,942.90/ounce recorded in June 2023. The following graph shows the trend of daily gold prices during the month under review.

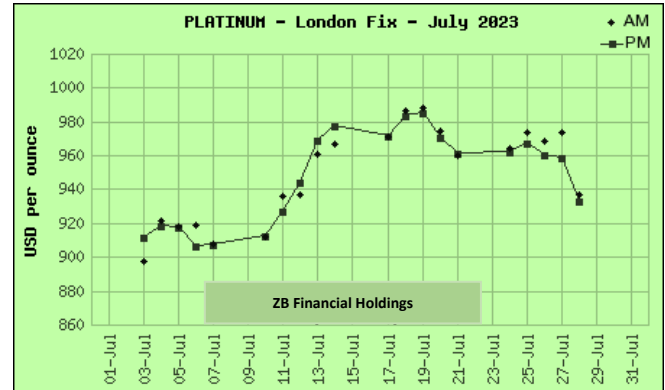
Gold Price Movements



b) Platinum

Platinum prices fell for the second consecutive month in July 2023. Prices fell by 2% from a monthly average of US\$970.64 per ounce in June 2023 to US\$946.90 per ounce in July 2023. The following graph shows the trend of daily platinum prices for the month under review.

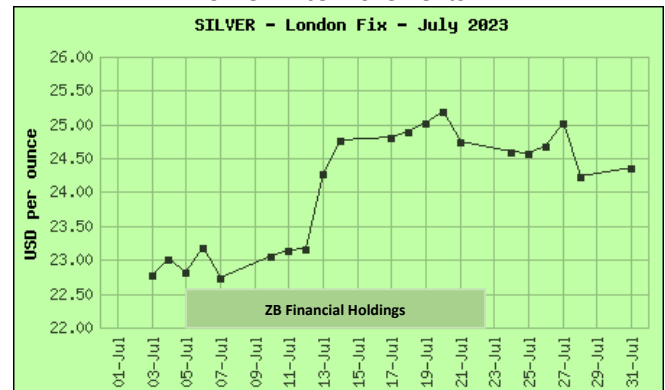
Platinum Price Movements



c) Silver

The average price of Silver recovered by 3% from US\$23.41/oz in June 2023 to US\$24.04/oz in July 2023. The graph below shows the daily trend of Silver price for the month under review.

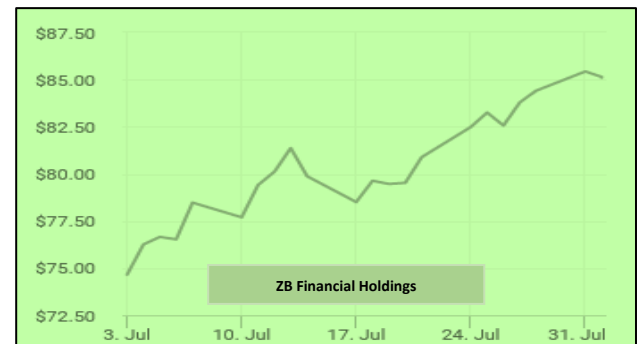
Silver Price Movements



d) Crude Oil

Monthly average Brent crude oil price rose by a significant 14% from US\$75.02 per barrel in June 2023 to US\$85.43 per barrel, in July 2023. The graph below shows the trend of crude oil price during the month under review.

Crude Oil Price Movements



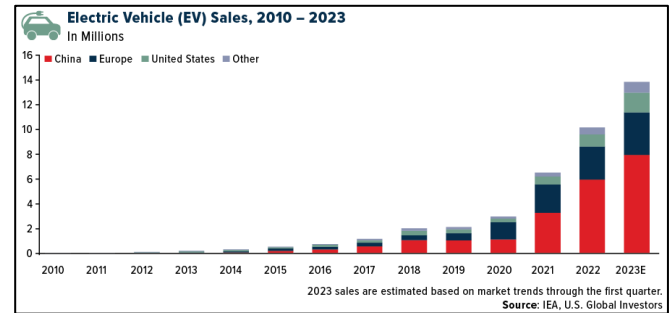
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Going forward, oil prices are expected to go up amid indications that OPEC, a group of oil-producing countries, agreed to continued cuts in production in an attempt to shore up flagging prices. OPEC accounts for around 40% of the world's crude oil and its decisions can have a major impact on oil prices. OPEC said production targets would drop by a further 1.4 million bpd from 2024. Saudi Arabia also indicated that she would extend its voluntary production cuts for another month and possibly beyond, while Russia proposed to reduce exports by half a million barrels daily.

e) Lithium

In the first half of the year, lithium increased by 10.81%, making it the best-performing commodity and one of only two that recorded a positive return, the other being gold. Other commodity lost ground during the six-month period as global manufacturing activity receded and China's economy, historically a major demand engine, delivered a disappointing rebound after ending three years of pandemic lockdowns. So why was lithium up in the first six months of

2023? In a word: batteries. The lightweight metal, the top performer in 2021 and 2022, is a key component of the boom in electric vehicle (EV) sales. First-quarter EV sales suggest a promising year for the market, with a predicted global sales figure of approximately 14 million vehicles. This would mark a robust 35% increase from 2022, raising the global electric sales share to about 18%, according to the International Energy Agency (IEA).



END

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