



Monthly Economic Update

June 2021

Table of Contents

1. Economic Performance	1
2. Inflation	2
3. Financial Sector	2
4. Various Sectors of the Economy	5
5. Regional Economies	7
6. International Economies	8
7. Commodities Markets	10

1. Economic Performance

a) Domestic Economy

In June 2021, the IMF reviewed its 2021 growth forecast for Zimbabwe to 6%, from the previous forecast of 3.1%. This growth is expected to be underpinned mainly by the above average crop harvest after good rains, and increased power output.

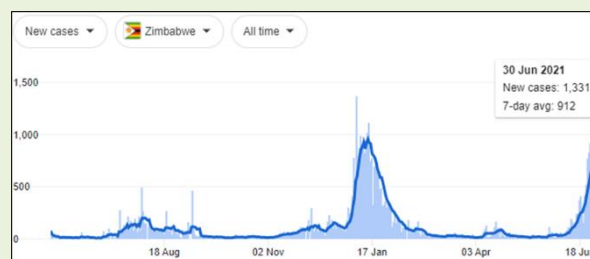
Meanwhile, the World Bank, in its World Bank Economic Update Report, forecast that Zimbabwe's economy will grow by 3.9% in 2021 and 5.1% in 2022. Earlier, the African Development Bank (AfDB) projected a 5.6% economic growth in 2021 driven by recovery in the agriculture, mining and tourism sectors, together with increased public and private investments.

Government of Zimbabwe forecasts 2021 economic growth at 7.4%.

Zimbabwe Economic Growth Forecasts (%)			
Year	2020	2021	2022
World Bank	-10.0	3.9	5.1
IMF	-8.0	6.0	4.0
MOF	-4.1	7.4	5.4
AfDB	-10.0	5.6	-

b) Health Issues

According to the Ministry of Health and Child Care, Zimbabwe cumulatively recorded 49,864 COVID-19 infections, 39,121 recoveries and 1,789 deaths as at 30 June 2021. The diagram below shows the daily trend of recorded COVID-19 cases from 27 May 2020 to 30 June 2021.



In a bid to mitigate the spread of Corona Virus, like other countries globally, the Zimbabwean Government started a vaccination program on 24 February 2021 and as at 30 June 2021, about 777,161 people (5.3% of population) had received the first dose of the vaccine, with at least 555,277 people (3.8% of population) having been fully vaccinated. The following diagram shows the daily vaccination trend from the first day of the program to 30 June 2021:

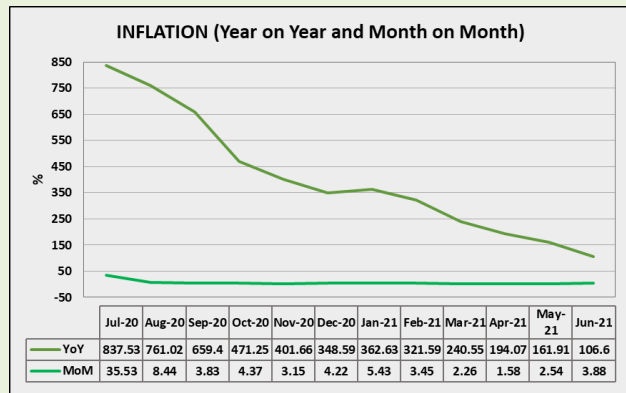
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2. Inflation

Zimbabwe’s annual inflation profile continued to improve. During the period under review, year on year inflation improved by 55.31 percentage points, from 161.91% in May 2021 to 106.60% in June 2021. Month on month inflation rate in June 2021 was 3.88% gaining 1.34 percentage points on the May 2021 rate of 2.54%. The following diagram shows Zimbabwe’s inflation trend from July 2020 to June 2021:

Inflation Rates - June 2021



Going forward, we expect Zimbabwe’s annual inflation rate to continue to improve, and to end the year around 40%.

3. Financial Sector

a) Architecture

Operational banking institutions and other non-banks under the supervision of the Reserve Bank of Zimbabwe (RBZ) are shown in the table below. The

financial services sector comprises 19 Banks and 235 other Institutions.

Type of Institution	Number
Commercial Banks	13
Building Societies	5
Savings Bank (POSB)	1
Total Banking Institutions	19
Other Operational Institutions under the supervision of the Reserve Bank	
Credit-only-MFI's	225
Deposit-taking MFI's	8
Development Financial Institutions (SMEDCO & IDBZ)	2
Total Other Institutions	235

b) Money supply

As at 25 June 2021, Reserve Money increased by ZW\$602.35 million to ZW\$24.45 billion from ZW\$23.85 billion as at 18 June 2021. The rise in reserve money largely reflected increases of ZW\$323.06 million and ZW\$277.23 million in required reserves and banks’ liquidity (RGTS balances) at the Reserve Bank, respectively. Payment of monthly salaries and wages by Government injected liquidity into the economy, as reflected by a decline of ZW\$4.34 billion in Government deposits at the Central Bank. Partially offsetting the liquidity injections was a net issuance of non-negotiable certificates of deposits (NNCDs), worth ZW\$4.61 billion. Meanwhile, the RBZ Monetary Policy Committee has reduced its quarterly reserve money target from 22.5% to 20%.

c) Interest Rates

Minimum weighted lending rates charged by commercial banks to individual clients increased by 0.12 percentage points from 35.91%, as at 7 May 2021, to 36.03% as at 4 June 2021. Minimum weighted lending rates for corporate clients decreased from 22.46% as at 7 May 2021 to 21.81% as at 4 June 2021. Savings deposit rates remained flat at 4.04%. Considering that year-on-year inflation remained significantly higher than lending rates, real interest rates continued to be in the negative region. The following table shows weighted lending rates and deposit rates for the period 7 May 2021 to 4 June 2021.

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Weighted lending Rates and Deposit Rates

Week Ending	Weighted Lending Rates (%)		Deposit Rates (%)		
	Commercial Banks		Savings	1-Month	3-Months
	Individual Clients	Corporate Clients			
7-May-21	35.91	22.46	4.04	10.83	11.67
14-May-21	35.91	22.46	4.04	10.83	11.67
21-May-21	34.84	21.76	4.04	10.83	11.72
28-May-21	34.84	21.76	4.04	10.83	11.72
4-Jun-21	36.03	21.81	4.04	10.77	11.72
Average	35.51	22.05	4.04	10.82	11.70

At its last meeting which was held on 28 June 2021, the Reserve Bank of Zimbabwe through its Monetary Policy Committee left its interest rate policy unchanged at 40% in an effort to entrench the prevailing economic stability. The interest rate on the medium term accommodation facility was also left unchanged during at 30% per annum so as to curb speculative borrowing.

Going forward, the Reserve Bank of Zimbabwe (RBZ) ordered banks to pay interest on deposits to entice locals to save with effect from 1 July 2021. The table below shows the rates of interest to be paid by financial institution on savings per annum:

	ZW\$	USD
Savings Accounts	Minimum 5% per annum	Minimum 1% per annum
Fixed Term Deposits	Minimum 10% per annum	Minimum 2.5% per annum

d) Foreign Currency Market

During the period under review, the USD gained against 16 out of 18 currencies in our basket.

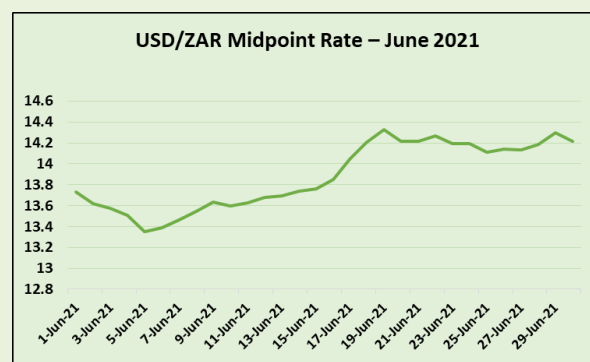
The USD gained most against the South African Rand (+4.02%), followed by Norwegian Krone (+3.76%) and Australian Dollar (+3.62%). However, the USD was outperformed by 2 out of 18 currencies in our basket that is the Brazilian Real (-3.01%) and the Russian Ruble (-0.30%). The following graph shows the trend of the USD/ZAR exchange rate from 01 June 2021 to 30 June 2021.

Exchange Rate Analysis

Currency/US\$	1-Jun-21	30-Jun-21	Change (%)
Argentine Peso	94.7349	95.7214	1.04%
Australian Dollar	1.2876	1.3342	3.62%
Botswana Pula	10.6343	10.8457	1.99%
Brazilian Real	5.1645	5.0092	-3.01%
British Pound	0.7058	0.7243	2.62%
Canadian Dollar	1.2033	1.2404	3.08%
Chinese Yuan Renminbi	6.3818	6.4586	1.20%
Euro	0.8169	0.8438	3.29%
HongKong Dollar	7.7590	7.7661	0.09%
Indian Rupee	72.8460	74.3255	2.03%
Japanese Yen	109.4167	111.0466	1.49%
Norwegian Krone	8.3063	8.6190	3.76%
Russian Ruble	73.4363	73.2179	-0.30%
South African Rand	13.7573	14.3099	4.02%
Swedish Krona	8.2639	8.5600	3.58%
Swiss Franc	0.8954	0.9252	3.33%
South Korean Won	1106.8355	1130.9424	2.18%
Zimbabwean Dollar	84.7653	85.4234	0.78%

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

USD/ ZAR Midpoint Exchange Rate- June 2021



The South African Rand depreciated by 4.02% between 01 June 2021 and 30 June 2021 with an average rate of 13.8833. This was driven by the move to maintain interest rates which was put forwards by the South African Government. This resulted in capital flight searching for better earning abroad.

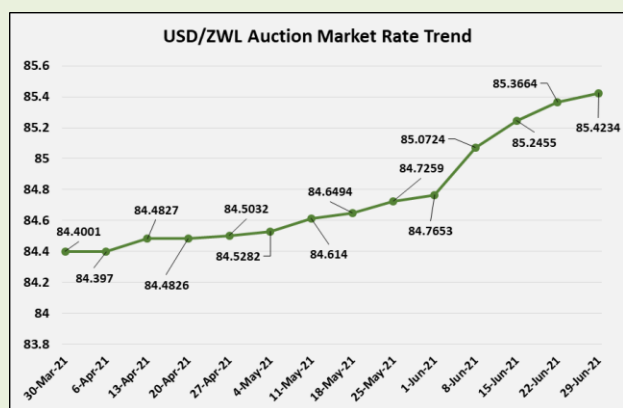
RBZ Forex Auction Market

During the month period under review, the Zimbabwean Dollar depreciated by 0.78% against the USD from 1USD/ZW\$84.7653 as at 1 June 2021

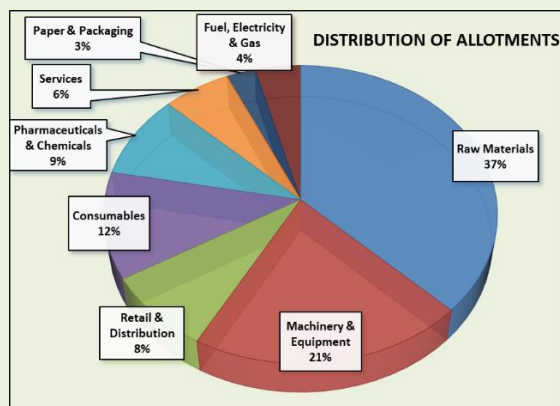
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to 1USD/ZW\$85.4234 as at 30 June 2021 with an average rate of 1USD/ZW\$85.1746. On a quarterly basis (Q2 2021), the Zimbabwean Dollar depreciated by 1.21% from 1USD/ZW\$84.001 as at 1 April 2021 to 1USD/ZW\$85.4234 as at 30 June 2021, with an average rate of 1USD/ZW\$84.7612. The table below shows the trend of USD/ZWL during Q2 2021:



During the month of June 2021, the Foreign Exchange Auction market allocated US\$207 million cumulatively to various sectors of the economy. Of that US\$200 million, 37% was allocated towards raw materials, 21% was allocated to Machinery and Equipment, 8% towards Retail and Distribution, 12% towards consumables, 9% towards pharmaceuticals, 6% towards services, 4% towards fuel, electricity & gas and 3% towards paper and packaging. The following diagram shows the distribution of the US\$200 million which was allocated during the period under review.



e) Equities Market & Corporate Briefs

The Zimbabwe Stock Exchange Limited (ZSE) has been granted a licence to operate a Central Securities Depository (CSD) by the capital markets regulator, Securities and Exchange Commission of Zimbabwe.

Meanwhile, the Government has promulgated Statutory Instrument (SI) 184 of 2021 that will operationalise the much-awaited agriculture commodities exchange, the Zimbabwe Mercantile Exchange (ZMX).

In addition, Seed Co Limited the local associate of regional seed manufacturer Seed Co International resumed trading on the Zimbabwe Stock Exchange (ZSE). The shift back to the ZSE comes after the group shelved plans to merge Seed Co Limited with Seed Co International, which currently trades on the United States dollar denominated Victoria Falls Stock Exchange (VFEX). Seed Co cancelled the merger plans after the Reserve Bank of Zimbabwe (RBZ) did not approve the transaction. The development means that SCIL and SCL will continue to operate as two separate companies, listed on the VFEX and ZSE, respectively.

Zimbabwe Stock Exchange Performance Indicators

DATE	TURNOVER VALUE	TURNOVER VOLUME	INDUSTRIAL INDEX	MINING INDEX	MARKET CAP (RTGS) (Mln)
Jun-20	379,930,000.00	519,901,300.00	5,870.36	3,995.48	228,577.10
Aug-20	78,066,496.09	7,807,216.00	4,442.22	3,240.12	171,495.08
Sep-20	239,931,583.95	13,364,733.00	5,385.73	4,128.52	206,502.49
Oct-20	33,976,470.53	8,050,142.00	4,852.49	3,792.35	179,689.96
Nov-20	2,456,467,845.80	111,245,705.00	5,278.38	3,322.22	193,270.75
Jan-21	483,877,611.10	29,895,500.00	12,054.64	4,356.70	434,856.23
Feb-21	191,497,720.00	19,620,142.00	13,830.51	6,683.44	478,152.21
Mar-21	125,521,777.75	7,374,561.00	14,740.05	5,315.39	503,573.85
Apr-21	392,685,859.85	19,716,022.00	15,260.59	5,061.28	515,359.38
May-21	118,534,255.00	5,320,938.00	17,805.83	6,820.54	603,857.57
Jun-21	206,779,818.27	13,358,488.00	20,391.51	6,211.49	712,343.99

On a year-on-year basis, the mining index rose by 55.46% to reach 6,211.49 points on 30 June 2021 as compared to 3,995.48 points on 30 June 2020. The industrial index also rose by 247.36% from 5,870.36 points in June 2020 to close at 20,391.51 as at the last trading day of June 2021. Turnover value for the period under review closed at ZW\$206.78 million on 30 June 2021 compared to ZW\$379.93 million on 30 June 2020, representing a 45.57% decrease. Market capitalisation added 211.64% from ZW\$228.58

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billion as at 30 June 2020 to ZW\$712.34 billion as at 30 June 2021.

News Highlights in the Financial Sector

- National Building Society (NBS), launched a local remittances product called NBS Instant Cash, which allows banked and non-banked customers to send forex locally.
- GetBucks Micro-finance Bank loan book continued to improve after loans more than doubled between January 2021 and May 2021. Figures from GetBucks show that total loans grew 111% to ZW\$198 million by end of the period to May 2021 from ZW\$93.6 million recorded as at January 2021. Of the total loans, the consumer sector accounted for the bulk of the bank’s loan book at 68%.
- FBC Holdings Limited, is considering merging its two banking units into a single entity to meet the US\$30 million minimum capital threshold set by the central bank ahead of the December 31 deadline.

4. Various Sectors of the Economy

a) Manufacturing sector

According to the Confederation of Zimbabwe Industries (CZI), capacity utilisation could rise to 56% in Q2 2021 from 47% in Q1 2021 which is in line with the projection that industrial capacity may hit a post dollarisation high of 61% by end of 2021. CZI projected capacity utilisation for non-metallic mineral products to rise to 95% from 85%, paper, printing and packaging 74% to 75% and wood and furniture 48% to 52%. CZI also forecast growth in chemical and chemical products to reach 43% from 38%, metal and metal products to rise from 48% to 56%, drinks, tobacco and beverages 49% to 55% and foodstuffs 54% to 60%. The growth in the country’s capacity utilisation is expected to be spearheaded by an increase in the demand of locally produced goods which is backed by the closure of national borders.

News Highlights in the Manufacturing Sector

- The Leather Institute of Zimbabwe (LIZ) begun a preparatory process for the establishment of the first satellite design studio for the country in Bulawayo, which is expected to boost production of high-quality leather products and impact positively on the entire region.
- Bulawayo-based tannery Boustead Leather (formerly Wet Blue Industries) is back on its feet with operations now anchored towards tapping into opportunities in the wider leather value chain.
- Schweppes Zimbabwe Limited has undertaken to invest US\$35 million in the next 10 years into a 2,700 hectare citrus plantation as it seeks to increase production and valued addition at its Beitbridge Juice Processing Plant. Currently they are processing around 20,000 tonnes of fruit annually against a target of at least 40,000 tonnes.
- Prospect Resources has been moving forward with its mining venture that will see high grade lithium ore from Zimbabwe competing on world markets. This comes at a time whereby the demand for lithium is growing fast and as the world switches to electric cars, lithium consumption will grow exceptionally fast as the metal is the principal raw material for modern batteries.
- Chinese owned Dinson Colliery is gearing for a massive fertiliser production plant in the resort area of Hwange to augment the country’s supply of the critical farming input.

b) Mining

The Government of Zimbabwe has designated the mining sector as anchor for the country’s economic growth in the short to medium term, driven largely by production ramp up, new projects and

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anticipated global commodity price boom. Gold output plunged to 7 tonnes in the first 5 months of 2021 from 9.2 tonnes during the same period in 2020, according to Fidelity Printers and Refiners (FPR). Of the 7 tonnes produced, large-scale producers of gold produced 4 tonnes, with the small-scale miners contributing 3 tonnes. In May 2021 alone, deliveries of gold were 1.66 tonnes down from 2 tonnes registered in the same period the prior year. Gold deliveries in January 2021 were 997.62kg, went up in February 2021 to 1.17 tonnes and rose to 1.8 tonnes in March 2021 before decreasing to 1.3 tonnes in April 2021.

News Highlights in the Mining sector

- Caledonia Mining Corporation local unit, Blanket Mine, gold production jumped by 7.8% to 29,907 ounces during Q2 2021, compared to 27,732 ounces produced in Q2 2020.
- Bindura Nickel Corporation, is pursuing its goal of producing 10,000 tonnes of nickel per annum backed by a huge resource base at its Trojan Nickel Mine and other mines across the country.
- The Government of Zimbabwe is working on a system which will require all artisanal miners to be registered as part of efforts by Government to formalise their operations to curb illegal gold dealing and protect the environment according to the Reserve Bank of Zimbabwe.
- Better Brands Jewellery (BBJ), a local gold-buying agent, has delivered 1.39 tonnes of gold to Fidelity Printers and Refiners (FPR) as compared to 850kgs delivered during the same period in 2021.
- Chandiwana Mining Corporation, is constructing a processing plant at the Zvishavane-based Sabi Gold Mine as it moves to ramp up output.

c) Agriculture

Meanwhile, according to the Tobacco Industry and Marketing Board (TIMB) as at 25 June 2021, Zimbabwe has gathered US\$451 million from the sale of 165 million kg of tobacco. This signified a 36.35% improvement from 2020 sales revenue of US\$331 million from 137 million kgs. During the period under review, Buyers offered a highest price of US\$6.70 per kg at the contract floors, while the highest price at the auction floors remained at US\$4.99 per kg. TIMB has alluded that 25 June 2020, 2,239,223 bales have been laid and 2,162,428 sold as compared with 1,767,953 laid during the corresponding period in 2020 with 1,706,171 bales sold during the same period in 2020. In addition, 76,795 bales of tobacco have been rejected, with 23,640 rejected at the auction floors, while 53,155 bales were rejected at the contract floors. This implies that rejection rates were lower at auction floors than contract floors.

During the period under review, farmers were working on winter wheat crop. In 2021, almost 62,000 hectares of land has been utilised for winter wheat crop. This is 53% more than the hectareage of 2020. The bulk of the planting has been done under the government guaranteed CBZ Agro-Yield programme, but almost 15,400 hectares was funded by private contractors that is 3% over the target, and almost 4,500 hectares through the Presidential Winter Wheat Scheme. According to the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement, the Government of Zimbabwe has set a target of putting up to 92,000 hectares under winter cropping comprising 85,000 hectares for wheat and 7,000 hectares for barley.

Going forward, Zimbabwe will continue experiencing a serious shortage of soybeans unless issues of lack of funding, price controls, lack of bankable tenure and unfair contract systems are adequately addressed. According to the Second Round of Crop and Livestock Assessment Report, soya bean production in Zimbabwe is estimated at 71,290 metric tonnes in 2021, against a national

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requirement of 240,000 tonnes per year. In 2020, the production stood at 47,088 metric tonnes.

News Highlights in the Agriculture Sector

- The power outages severely affected irrigated winter wheat crop, denting prospects for better yields.
- Horticultural farmers across the country are counting losses running into thousands of dollars after frosty conditions affected crops following a cold spell during the period under review.
- The GMB as of June 30, 2021 had received 319,617 tonnes of maize, 31,797 tonnes of traditional grains and 10,373 tonnes of soyabean, giving us a total of 362,403 tonnes of grains. Compared to the same period last year, the GMB had received 75,710 tonnes of maize, 2,378 tonnes of traditional grains and 1,059 tonnes of soyabean giving us a total of 79,229 tonnes of grains.
- Sahwira Agriculture is in the market to raise US\$20 million amid plans to expand its commercial agriculture operations.
- Toppick Investments has ploughed US\$5.5 million into irrigation infrastructure for the highly integrated Zhovhe Farm 83km west of Beitbridge town.

4.9%, Kenya at 5.1%, Nigeria at 2.0%, South Africa at 3.7% and Zambia at 2.0%. Growth in the region is expected to be fired by improvements in exports and commodity prices in the international market, along with a recovery in both private consumption and investment.

a) South Africa

During the period under review, the SARB reviewed its growth outlook at the end of May 2021. The Central Bank expects a 4.2% GDP growth in 2021, up from the 3.8% it had previously estimated. The stronger growth forecast for 2021 reflects better sectoral growth performances and more robust terms of trade in Q1 2021.

The World Bank in its June 2021 Report forecast that South Africa will grow by 3.5% in 2021 and 2.1% in 2022, following a sharp recession in 2020 with the recovery benefiting from a gradual relaxation of COVID-19 restrictions and stronger metal prices. The global bank has noted that, even though the expansionary monetary and fiscal policies have buoyed activity in South Africa, the country's GDP will remain well below its 2019 level through to 2022.

The table below shows economic growth forecasts, inflation forecasts and unemployment rate forecasts for the South African economy:

	2020	2021	2022
GDP	-8	3.5	2.2
Inflation	3.3	3.9	4.3
Unemployment rate	29.2	32.8	32.6

5. Regional Economies

According to the World Bank June 2021 Report, Sub-Saharan Africa output is expected to expand by 2.8% in 2021, and 3.3% 2022. However, the recovery is projected to remain fragile, given the legacies of the pandemic and the slow pace of vaccinations in the region. Contrary to the forecast of the World Bank, the IMF forecasts growth for the region at 3.4% in 2021, from an estimated contraction of 1.9% in 2020. Growth is expected from all the key economies with Angola growth expected at 1.6%, Ghana at

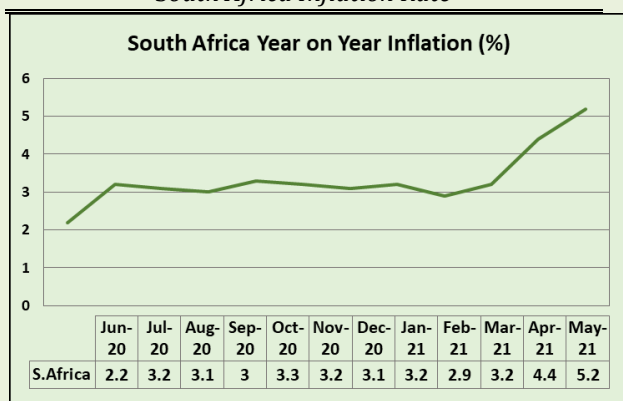
Meanwhile, annual inflation rate in South Africa climbed to 5.2% in May 2021 from 4.4% in April 2021, in line with market expectations and above the 4.5% midpoint of the South African Reserve Bank's monetary policy target range of 3% to 6%. On a monthly basis, consumer prices went up 0.1%, easing from a 0.7% increase in May 2021 and matching market estimates. The graph (overleaf) shows South Africa inflation trend from June 2020 to May 2021:

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South Africa Inflation Rate

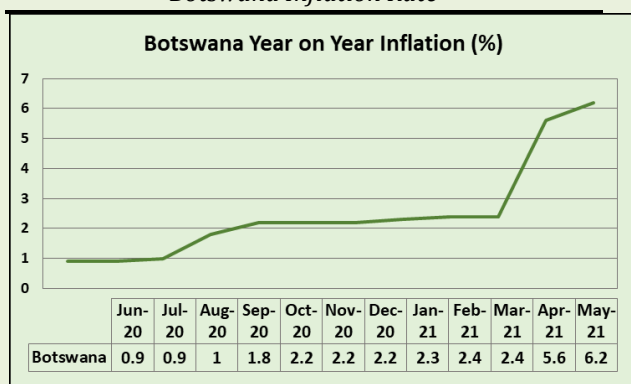


b) Botswana

Botswana economic growth is projected to rebound to 5.6% in 2021 according to the World Bank June 2021 Report. The growth is expected to be fuelled by stronger metals and minerals prices in the world market, particularly for diamonds and nickel which rekindle activities after a precipitous collapse in the country’s mining sector in 2020 due to a plethora of challenges, with COVID-19 being the chief factor.

In terms of inflation, Botswana’s annual inflation rate rose to 6.2% in May 2021 from 5.6% in April 2021, reaching its highest level since April 2013. Below is a graph which shows Botswana inflation trend from June 2020 to May 2021:

Botswana Inflation Rate

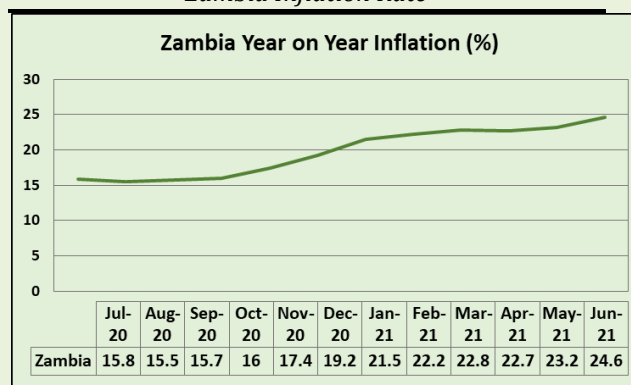


c) Zambia

Zambia is targeting to reduce its fiscal deficit to 9.3% of gross domestic product (GDP) in 2021 from the 11.7% projected in 2020. Latest statistics indicate that total expenditure in Q1 2021 stood at K22 billion and this was 23% below the projected K28.6 billion according to the country’s Ministry of Finance. The statistics indicate that the country is in line with its projected year-end fiscal deficit.

Meanwhile, annual inflation rate in Zambia jumped to 24.6% in June 2021 from 23.2% in April 2021. It was the highest inflation rate since March 2005, partly due to a weaker currency and rising food prices. Below is a graph which shows Zambia inflation trend from June 2020 to May 2021:

Zambia Inflation Rate



6. International Economies

The global economy is set to expand 5.6% in 2021 its strongest post-recession pace in 80 years according to the World Bank June 2021 Report. This recovery is uneven and largely reflects sharp rebounds in some major economies most notably the United States and China. In many emerging markets and developing economies (EMDEs), elevated COVID-19 caseloads, obstacles to vaccination, and a partial withdrawal of macroeconomic support are offsetting some of the benefits of strengthening external demand and elevated commodity prices. By 2022, global output will remain about 2% below pre-pandemic

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projections, and per capita income losses incurred in 2020 will not be fully unwound in about two-thirds of EMDEs.

According to the IMF, the world economy is now expected to grow by 6% in 2021 and to advance by another 4.4% in 2022.

Meanwhile, global trade continued to rebound. However, the strength of global trade growth is set to be dampened by shifting activity from manufacturing to the low-trade-intensity domestic services sector in countries where COVID-19 caseloads have been declining.

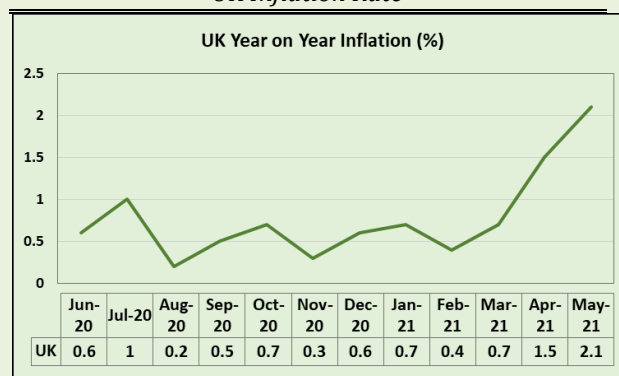
a) United Kingdom

According to the UK’s Office for National Statistics, UK GDP expanded by 0.8% during May 2021 which is much weaker than the 1.5% growth expected. This growth rate is lower than in April 2021 where growth was 2.0%. Although the service sector grew by 0.9%, manufacturing contracted slightly (-0.1%) with car factories suffering from the global shortage of semiconductors and construction output also fell (-0.8%). Meanwhile, the International Monetary Fund expects U.K. GDP to grow 5.3% in 2021. The following table shows a summary of the UK’s macroeconomic variables forecasts up to 2022.

	2020	2021	2022
GDP	-9.9	4.6	5.6
Inflation	0.9	1.6	1.9
Unemployment rate	4.5	5.6	5.8

In terms of inflation, UK’s annual inflation rate sharply increased to 2.1% in May 2021, from 1.5% in April 2021 and it was comfortably above market expectations of 1.8%. Main upward pressure came from clothing, motor fuel, recreational goods, meals and drinks consumed out. The graph below shows United Kingdom’s inflation trend from June 2020 to May 2021:

UK Inflation Rate



b) United States of America

The U.S. economy is recovering more quickly from the pandemic shock, supported by greater amounts of fiscal relief. Surging personal income boosted consumption, which is expected to firm as households reduce their savings rate from historically high levels. According to the World Bank, U.S. growth is projected to reach 6.8% in 2021 its fastest pace since 1984 reflecting additional large-scale fiscal relief and the ongoing easing of pandemic restrictions. It is then expected to soften to a still-strong 4.2% in 2022 as the fiscal impulse begins to fade. The following table shows economic growth forecasts, inflation rate forecasts and the unemployment rate forecasts for the US economy up to 2022.

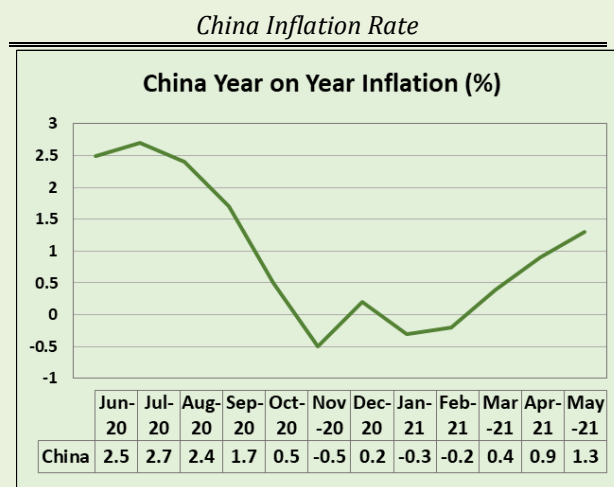
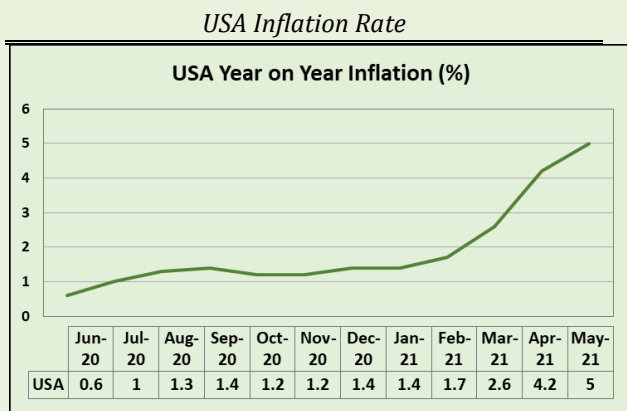
	2020	2021	2022
GDP	-3.5	5.9	4.3
Inflation	1.3	2.4	2.0
Unemployment rate	8.1	5.2	3.7

In the interim, annual inflation rate in the U.S. accelerated to 5% in May 2021 from 4.2% in April 2021 and above market forecasts of 4.7%. It is the highest reading since August 2008 amid low base effects from last year when the coronavirus pandemic hit the economy hard, rising consumer demand as the economy reopens, soaring

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commodity prices, supply constraints and higher wages as companies grapple with a labour shortage. The graph below shows U.S.A. inflation trend from June 2020 to May 2021:



c) China

After expanding 2.3% in 2020, output in China continued to recover, gradually broadening from public investment and exports to domestic consumption. Policy has been shifting away from buttressing activity and toward reducing financial stability risks. In 2021, China’s economic growth is forecast to rebound to 8.5% in 2021 and 5.4% in 2022 according to the World Bank, June 2021 Report. The table below shows Chinas’ economic growth forecasts, inflation rate forecasts and the unemployment rate forecasts up to 2022:

	2020	2021	2022
GDP	2.3	8.8	5.4
Inflation	2.5	1.3	2.0
Unemployment rate	4.2	3.8	3.6

China’s annual inflation rate increased to 1.3% in May 2021 from 0.9% in April 2021 compared with market consensus of 1.6%. This was the highest reading since September 2020. Month on month inflation fell to 0.2% in May 2021, compared with forecasts of a 0.1% decline and after a 0.3% drop in April 2021. The graph below shows Chinas’ inflation trend from June 2020 to May 2021:

7. Commodities Markets

Commodity	Opening Price (US\$)	Closing Price (US\$)	Percentage Change
Gold	1,899.40	1,763.20	-7.17%
Platinum	1,185.00	1,059.00	-10.63%
Silver	28.21	25.77	-8.65%
Oil	67.99	73.5	8.10%

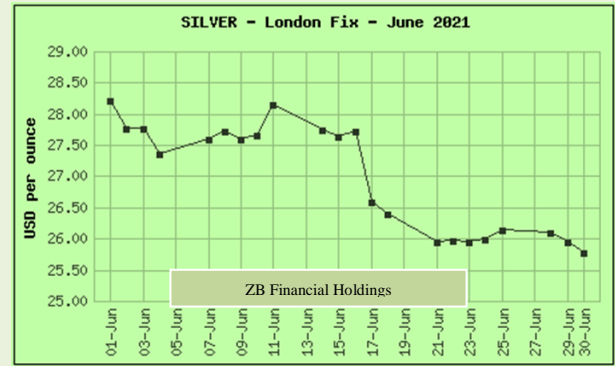
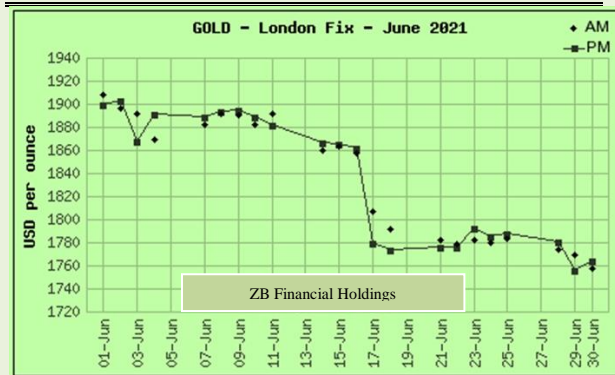
a) Gold

The price of gold decreased by 7.17% from US\$1,899.40/Oz as at 01 June 2021 to US\$1,763.20/Oz at 30 June 2021, with an average price of US\$1834.57/Oz. The decrease in the price of gold was spearheaded by the general appreciation of the USD during the period under review coupled by a rise in U.S treasury yields prompted investors to shift to riskier assets, as higher yields raised the opportunity cost of holding gold.

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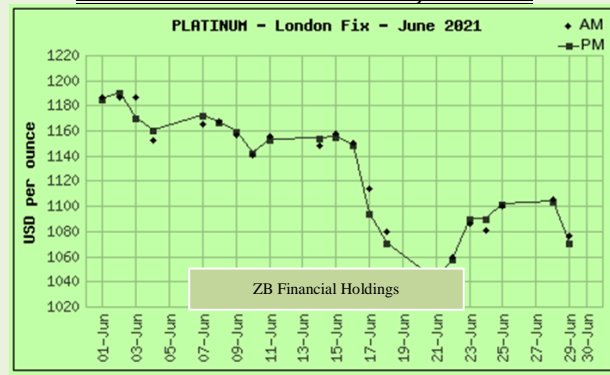
Gold Price Movements in June 2021



b) Platinum

Platinum prices showed a downward trend during the period under review. During June 2021, prices averaged US\$1124.00/Oz and decreased by 10.63% from the first day of trade to close at US\$1,059.00/Oz. The graph below shows the platinum price trend for June 2021.

Platinum Price Movements in June 2021



c) Silver

During the period under review, the price of Silver decreased by 8.65% to US\$25.77/Oz as at 30 June 2021 with an average price of US\$26.98/Oz as shown in the diagram below.

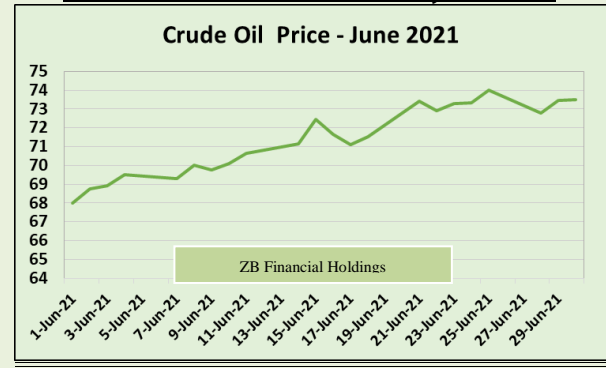
Silver Price Movements in June 2021

d) Crude Oil

The international oil price increased by 8.10% from US\$67.993/barrel on 01 June 2021 to US\$73.50/barrel on 30 June 2021. The increase in the price of crude oil was caused by due to tightened global supplies, amid production cuts by major producers. In addition, hopes of recovery in global demand due to vaccine roll-outs and a sharp drop in crude oil production in the US, bolstered prices, during the month under review.

Going forward, as the global economy is anticipated grow at a faster rate, the price of oil is expected to maintain an upward trend as effective demand is expected to outweigh supply. Below is a diagram that show the of crude oil price trend during the period under review.

Crude Oil Price Movements in June 2021



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