

Monthly Economic Update

June 2023

Table of Contents

1. Economic Performance	1
2. Inflation.....	1
3. Financial Sector.....	2
4. Various Sectors of the Economy.....	4
5. Regional Economies.....	6
6. International Economies.....	7
7. Commodities Markets	9

1. Economic Performance

a) Domestic Economy

Zimbabwe's economic growth is projected to grow by 3.8% in 2023 largely driven by Mining and quarrying, accommodation and manufacturing. However, positive performance in the tourism sector and the Second Round Crop and Livestock Assessment points to a higher growth. The country's growth comes with downside risks in the form of global economic slowdown which may trigger commodity price reversals, domestic inflation and exchange rate volatility. In fact, economic growth in Zimbabwe will remain vulnerable to fluctuations in weather conditions, energy supply constraints, global commodity prices and muted investor sentiment over the coming decade. Longstanding macroeconomic distortions, especially in the foreign currency market and, as a consequence, on domestic price growth, are expected to persist, undermining confidence and capping growth. The table below shows the growth projections for Zimbabwe.

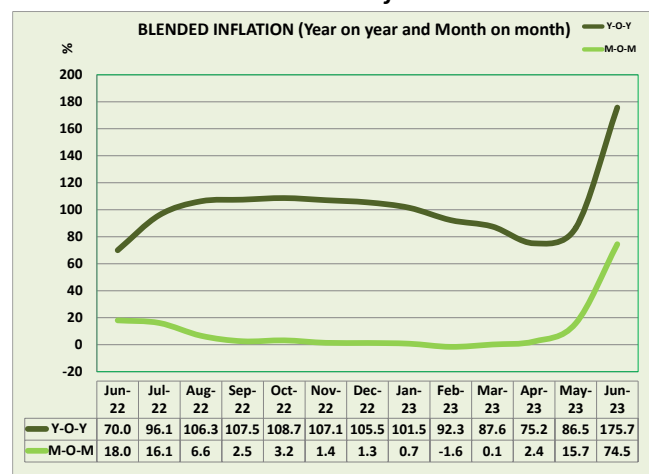
Zimbabwe Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	3.4	3.6	3.6
IMF	3.0	2.8	3.0
BMI	3.4	3.8	3.2
MOF	4	3.8	4.8

2. Inflation

Using the blended calculation system, both annual and monthly inflation rose for the second month in a row in June 2023. Zimbabwe's annual consumer price inflation skyrocketed to 175.8% in June 2023, up from 86.5% in the prior month, marking a continued deviation from the downward trend observed since the beginning of the year. It was the highest reading since January 2021, stoked by a

sharp depreciation in the Zimbabwean dollar, which crashed 50% since the start of June in the official market. On a monthly basis, consumer prices jumped by a record 74.5% in June, after a 15.7% rise in the previous month. The following graph shows an annual blended inflation trend to date.

Zimbabwe Blended Inflation Trend



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. 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
Jul-23	66.8	-29.8
Aug-23	64.6	5.3
Sep-23	69.8	5.7

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3. Financial Sector

a) Money supply

Broad money (M3) stock amounted to ZW\$3,598.60 billion in April 2023, compared to ZW\$3,195.33 billion recorded in March 2023. The money stock was comprised of foreign currency deposits, 59.71%; local currency deposits, 40.09% and currency in circulation, 0.20%. On an annual basis, M3 registered an increase of 436.01%. The foreign currency component of M3, which explains the bulk of the increase, rose by 611.14%, while the local currency component increased by 292.69%. Annual increase in M3 largely reflected changes in net claims on Government and credit to the private sector of ZW\$707.34 billion (692.51%) and ZW\$1,541.53 billion (419.83%), respectively. Credit to the private sector was mainly channelled to agriculture and households, which received 24.31% and 21.58% of the total credit, respectively. The manufacturing and distribution sectors received 13.88% and 10.92% of the credit, respectively.

Meanwhile, the country's reserve money stock increased from ZW\$ 232.90 billion as at 31 March 2023 to ZW\$535.31 billion as at 2 June 2023, according to the RBZ. The growth in reserve money was attributed to increases in both foreign currency and local currency statutory reserves. Partially offsetting the growth in reserve money was a decline in currency issued.

Reserve Money Developments (ZW\$ Billions)

								PRELIMINARY ESTIMATES		
	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Week Ending 19-May-23	Week Ending 26-May-23	Week Ending 2-Jun-23
Currency Issued by RBZ	7.11	7.36	7.57	7.64	8.03	8.51	8.99	9.24	9.16	9.04
Banking Sector Deposits at RBZ	88.16	91.50	96.47	115.46	196.01	224.38	267.50	325.98	414.83	526.27
Statutory (Required) Reserves	53.06	91.40	96.37	115.36	193.91	224.23	267.40	325.87	414.72	526.17
of which stat reserves - ZWL	39.25	45.03	51.08	56.11	63.03	72.74	86.91	98.90	103.46	105.76
of which stat reserves - FCA	45.80	46.37	45.30	59.24	132.88	151.53	180.49	226.97	311.26	420.41
Banks' RTGS Liquidity	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.12	0.10	0.10
Other Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserve Money	92.17	98.86	104.04	123.00	204.04	232.90	276.50	335.22	423.98	535.31

The increase in reserve money highlighted above points to the tight monetary policy being pursued by the Central Bank.

b) Interest Rates

The Reserve bank of Zimbabwe introduced new policy measures on 6 June 23 to address the macroeconomic instability in the economy. On the interest rate front, the RBZ proposed the following:

- Increasing Statutory Reserve Requirement on local demand and call deposit from 10% to 15%/annum (p.a.)
- Increasing Bank Policy rate from 140% to 150% p.a.
- Increasing Medium-term Bank Accommodation (MBA) interest rate from 70% to 175% p.a.

Average lending Rates and Deposit Rates (ZWL)

Local Currency (ZWL)					
Lending Rates (%)			Deposit Rates (%)		
Week Ending	Commercial Banks (minimums)				
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
19-May-23	71.91	102.96	162.5	35.33	35.88
26-May-23	70.02	85.4	168.68	35.33	35.88
2-Jun-23	70.87	86.45	168.78	35.33	35.88
9-Jun-23	72.49	88.01	167.75	35.33	35.88
16-Jun-23	94.55	93.43	167.36	35.33	36.27
Average	75.968	91.25	167.014	35.33	35.958

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
19-May-23	11.35	7.64	1.27	3.12	3.45
26-May-23	11.34	7.95	1.27	3.12	3.45
2-Jun-23	11.37	8.02	1.27	3.12	3.45
9-Jun-23	11.39	8.48	1.27	3.12	3.45
16-Jun-23	11.51	8.03	1.27	3.12	3.45
Average	11.392	8.024	1.27	3.12	3.45

c) Foreign Currency Market

During the period under review, the USD appreciated against 10 of the 18 currencies in our basket and depreciated against 8 currencies, when using the monthly average exchange rate analysis. The USD gained the most against the Zimbabwean Dollar (252.4%) as shown in the table below.

Exchange Rate Analysis (monthly average)

Exchange Rate Analysis (Monthly Average)			
Currency/US\$	May-23	Jun-23	Change (%)
Zimbabwean Dollar	1,630.5668	5,746.7500	252.4%
Argentine Peso	230.3577	247.4395	7.4%
Russian Ruble	78.9626	83.0424	5.2%
South Korean Won	1,328.4131	1,295.6898	-2.5%
Hong Kong Dollar	7.8385	7.8326	-0.1%
Australian Dollar	1.5051	1.4897	-1.0%
Chinese Yuan Renminbi	6.9803	7.1492	2.4%
Japanese Yen	137.1532	141.1550	2.9%
Norwegian Krone	10.7973	10.7984	0.0%
Indian Rupee	82.2856	82.1960	-0.1%
South African Rand	19.0496	18.7672	-1.5%
Botswana Pula	13.4612	13.4687	0.1%
Swedish Krona	10.4613	10.7603	2.9%
Canadian Dollar	1.3515	1.3297	-1.6%
Euro	0.9188	0.9227	0.4%
British Pound	0.8013	0.7919	-1.2%
Swiss Franc	0.8975	0.9007	0.4%
Brazilian Real	4.9740	4.8610	-2.3%

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

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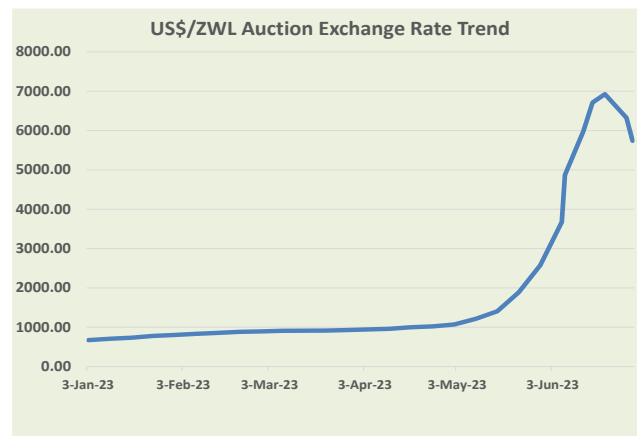
When analysing the exchange rates based on the opening period and closing period exchange rates, the USD appreciated against 6 of the 18 currencies in our basket as shown in the following table:

Exchange Rate Analysis (end period)

Exchange Rate Analysis			
Currency/US\$	31-May-23	30-Jun-23	Change (%)
Argentine Peso	239.3698	256.6433	7.216%
Australian Dollar	1.5451	1.5012	-2.843%
Botswana Pula	13.7768	13.4195	-2.594%
Brazilian Real	5.1068	4.8121	-5.770%
British Pound	0.8069	0.7869	-2.483%
Canadian Dollar	1.3589	1.3237	-2.595%
Chinese Yuan Renminbi	7.1111	7.2537	2.006%
Euro	0.9387	0.9159	-2.423%
Hong Kong Dollar	7.8307	7.8366	0.076%
Indian Rupee	82.7012	82.0615	-0.773%
Japanese Yen	139.7667	144.5008	3.387%
Norwegian Krone	11.1697	10.7105	-4.111%
Russian Ruble	81.4856	89.4758	9.806%
South African Rand	19.7780	18.8390	-4.748%
South Korean Won	1326.4849	1317.2776	-0.694%
Swedish Krona	10.8938	10.7844	-1.005%
Swiss Franc	0.9133	0.8948	-2.029%
Zimbabwean Dollar	2577.0564	5739.7961	122.727%

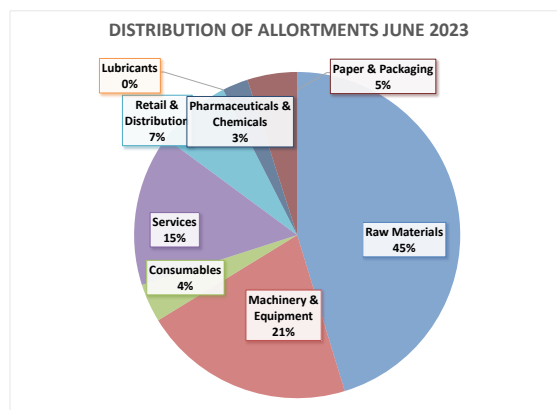
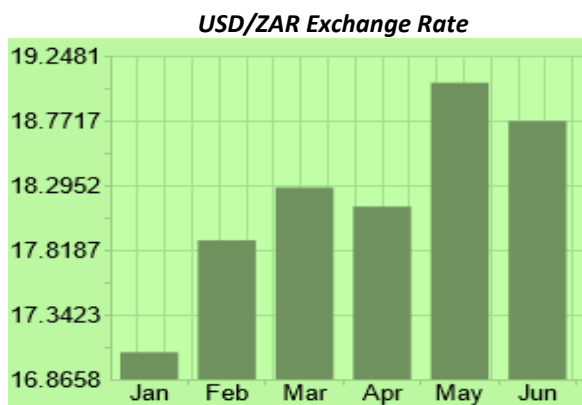
Source :x-rates.com; RBZ © ZB Financial Holdings

the month at ZWL\$5,739.80 per USD on the official market. This comes as local currency liquidity continues to tighten across the economy following a raft of economic stabilisation measures rolled out by the Government. The Zimbabwe dollar is expected to post further gains going forward largely due to the prevailing tight liquidity situation in the market, as authorities enforce measures to anchor its stability. The following graph shows the trend of the USD/ZWL exchange rate in 2023:



Meanwhile, of the June 2023 foreign currency allocations, 45% was allocated to raw materials and 21% to machinery & equipment as shown in the pie chart that follows:

Meanwhile, on average the South African Rand improved from 19.0496 per USD in May 2023 to 18.7672 per USD in June 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 last days of the month under review, the Zimbabwe Dollar turned tables against the USD, as economic stabilisation measures started bearing fruit. The Zimbabwe dollar exchange rate improved from a weakest point of ZWL\$6926.58 per USD registered on 20 June 2023 to close

In addition to the measures aimed at stabilising exchange rate and also inflation, the responsible authorities further encouraged the use of Zimbabwe Dollar by announcing that taxpayers will be required to settle 50% of their foreign tax obligations in Zimbabwe Dollars at the prevailing Wholesale Action Exchange Rate. Where the law requires the tax liabilities to be paid in local currency, then taxpayers are obliged to settle such tax obligations exclusively in local currency.

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e) Equities Market & Corporate Briefs

During the month under review, the ZSE performance was bullish with both the industrial and the resources indices gaining. The industrial and mining indices rose by 58% and 48% to close at 551,341.08 points and 76,960.49 points respectively in June 2023. The market capitalisation ultimately grew by 47% from Z\$8.924 trillion in May 2023 to Z\$13.088 trillion in June 2023. However, the market capitalisation fell in US Dollar terms from US\$3,462.70 in May 2023 to US\$2,068.75 in June 2023. The table below shows the ZSE performance during the period under review.

Zimbabwe Stock Exchange Performance Indicators

Date	Industrial Index	Mining Index	All Share Index	Market Cap ZW\$ (Trillion)
May-23	349,745.94	52,765.85	108,195.29	8.924
Jun-23	551,341.08	76,960.49	171,408.90	13.088
Growth	58%	46%	58%	47%

News Highlights in the Financial Sector

- Old Mutual Zimbabwe has fully acquired Marsh Zimbabwe (Marsh), an insurance and reinsurance broker business, as the firm expands horizontally. Marsh has an insurance and reinsurance broker business in Zimbabwe and also offers pension administration services. It exited the Zimbabwe market in 2021 after selling its shareholding to its shareholders, but continued to serve the market through special arrangements.
- The agricultural sector had the largest value of non-performing loans (NPLs) in the first quarter of 2023, at 67.68%, followed by individuals at 9.32%, mining sector (8.18%), commercial sector (1.89%), construction (1.76%), manufacturing (1.02%) and distribution (0.84%). However, the banking sector's asset quality remained satisfactory and the NPL ratios were within acceptable international threshold of 5%.
- African Export-Import Bank (Afreximbank) has launched a new entity, AFREXInsure, an insurance management services company that offers specialty insurance solutions for trade and trade-related investments across Africa. AFREXInsure is seen as a single-entry point for specialty insurance needs in the continent and provides insurance management services on behalf of underwriters.

4. Various Sectors of the Economy

a) External Sector

Zimbabwe's export earnings grew by 17.8% to US\$654.2 million in May 2023 from US\$555.5 million recorded in April 2023. According to the Zimbabwe National Statistics Agency, (ZimStat) latest report, the jump in foreign receipts was largely attributed to gold which continued to dominate as Zimbabwe's single biggest export accounting for 24% of the total value of goods exported. In second place are mineral mattes (nickel mattes), an intermediate product accounting for 18.3% of the total value of goods exported in May 2023. With at least 270 million kg of tobacco worth US\$817 million having been sold at the auction and contract floors since the beginning of the marketing season in March, tobacco was trailing, accounting for 12.4% of the total export earnings. While tobacco easily remains the largest agricultural export and exports are growing, minerals have been expanding much faster.

b) Mining Sector

Data from Chamber of Mines of Zimbabwe (CoMZ) indicate that Zimbabwe's mining sector has continued to be a significant economic pillar, contributing 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. According to the Ministry of Mines and Mining Development, Zimbabwe is on track to achieve the targeted US\$12 billion mining sector by the end of 2023 on the back of increased investments and expansion projects.

News and highlights in the Mining Sector

- The demand for hard rock lithium is expected to increase 40-fold between 2022 and 2040, driven by sales of electric cars and batteries.
- United Kingdom resources firm, Contango Holdings Plc commenced production of coking coal at its Lubu Project in Matabeleland North at the back of heightened demand for the product on the local market. Contango, a London Stock Exchange-listed entity, has a 70% interest in the Lubu coal project based in the highly prospective Karroo mid Zambezi coal basin in Hwange, while the remaining 30% is held by local partners. The mining project is expected to be the biggest supplier of coke batteries for steel manufacturing projects in Zimbabwe as well as chrome smelting operations dotted around the country.

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- Shamva Gold Mine in Mashonaland Central province has increased annual production to nearly 700 kilogrammes since its takeover in 2020 by Kuvimba Mining House that injected US\$15 million into reviving the mine's underground operations. Before the acquisition, Shamva was owned by Metallon Gold that placed it under care and maintenance.
- Platinum mining giant, Zimplats' ongoing US\$1.8 billion expansion drive is expected to create 6,000 new jobs as it tries to increase the mine's production, a move that has excited communities located around the mine. Presently, about 7,000 people are employed either permanently or under contract by the Zimplats.
- Bikita Minerals is expected to raise US\$800 million by 2025. Currently the mining firm is producing 10,000 tonnes per month which is expected to rise to 30,000 per month in the DMS [dense media separation] plants and the spodumene plant would be doing 20,000 tons thus contributing to US\$500 million in revenue.
- Production at Blanket Mine during the second quarter of 2023 was 17,436 ounces, representing an 8.7% increase on the 16,036 ounces produced in the first quarter of 2023. Gold produced at Blanket in the first six months of 2023 was 33,472 ounces, compared to 38,606 ounces produced in the first half year of 2022.

c) Agriculture Sector

The agriculture sector is now poised to register high growth in 2023, largely owing to better than expected performance in some sub sectors. A number of developments have been noted in the sector during the period under review, some of which highlighted below.

News Highlights in the Agriculture Sector

- A record wheat harvest is expected this year after the country put 86,000 hectares under the crop, the highest hectareage since wheat growing started in 1966. This year's winter wheat target was 90,000 hectares compared to 80,000 hectares for 2022 giving the nation hope of attaining a higher yield than last year's record harvest. This is expected to produce 420,000 tonnes of the cereal well above the 375,000 tonnes achieved last year and the minimum of 360,000 tonnes needed for self-sufficiency.

- The Government has issued a 99-year lease on five blocks of 3,804 hectares to Hippo Valley Estates Limited while the land title for the remaining three lease blocks with a combined 20,175ha will be granted in due course. This comes after Hippo Valley, which is based in the Lowveld, was earlier assured that a 99-year lease would be granted for land covering 23,979ha. Hippo Valley in partnership with Triangle Limited, a unit of Tongaat Hulett Group, continues to work with the Government and various financial institutions to progress the implementation of Project Kilimanjaro, a 4,000ha sugarcane development.
- Zimbabwe's farmers have harvested 2.3 million tonnes of maize, guaranteeing a surplus, although harvesting continues as the full crop is gathered in. Zimbabwe needs around 2.2 million tonnes of maize a year for consumption.
- A US\$4 million project is being implemented in 13 districts of the country by three local partners (Women and Land in Zimbabwe, Zimbabwe Association of Dairy Farmers and Zimbabwe Dairy Industry Trust) aimed at increasing the country's dairy herd including boosting the horticulture value chains. The project, which is known as Inclusive Market Oriented Value Chains for Economic Development (Imoved) is a four-year programme being funded by We Effect, a Swedish entity. The programme has three thematic areas of concentration namely dairy hub, green hub and soya processing hub.
- Cotton deliveries have spiked this season despite side marketing concerns, with farmers describing the season as the best where they are paid with a high component in foreign currency (85%), just like their fellows in tobacco. Statistics from Agricultural Marketing Authority indicate that farmers have delivered over 11,646,791kg of cotton as at mid-June 2023 valued at over US\$3.9 million and \$3.5 billion.

d) Manufacturing Sector

According to Zimbabwe National Statistics Agency survey (ZimStat), the country's manufacturing sector growth trajectory experienced in the last few years has hit a snag, with volumes of output declining by 14.8% during the first quarter of 2023. Despite industry confirming relative improvements of other important resources like foreign currency and raw materials, incessant power cuts which choked the entire nation since last year negatively choked productivity, in part contributing to dwindled volumes outcomes. The Volume of Manufacturing Index (VMI) for the first quarter of 2023 was 289.5, reflecting a year on year percentage decrease of 14.8% when compared to 339.6 recorded in 1st quarter 2022. The quarter-on-quarter comparison also shows a 42.5% decrease in the index from 503.7 recorded in the fourth quarter 2022. Overall, the sector is expected to grow by 2.7% in 2023.

e) Tourism Sector

According to Zimbabwe Tourism Authority (ZTA), Zimbabwe recorded a 108% increase in tourist arrivals to 271,188 in the first quarter of 2023, compared to the corresponding period in 2022, indicating the sector's recovery from the negative impact of the Covid-19 pandemic. The country, like the rest of the world, was affected by the pandemic that killed millions of people across the globe. Tourism receipts improved by 36% compared to the same period last year.

News Highlights in the Tourism Sector

- African Sun Limited, is planning to invest around US\$12 million in hotel upgrades and the development of new projects in the next two years as the company moves to meet world class standards. This is in anticipation of an increase in tourist arrivals.

f) Energy Sector

The electricity situation in the country has been declining over the years because of ageing power plants, transmission losses and sub-economic tariffs. From a total installed capacity of 2,045 megawatts (MW), only 1,501MW is currently operational versus recorded peak demand of 2,200MW, resulting in increased reliance on electricity imports to plug the deficit. Mining and manufacturing industries remain the major consumers of electricity and demand is set to rise from the drive to resuscitate idle mines, which may push up demand to 3,500MW by 2025. Meanwhile, Masvingo province is set to launch hydropower projects on its two main dams Tugwi-Mukosi and Mutirikwi.

5. Regional Economies

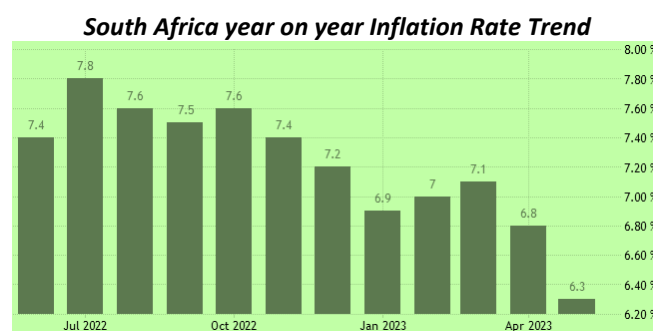
World Bank's latest projections indicate that growth in Sub-Saharan Africa is forecast to slow to 3.2% in 2023, as external headwinds, persistent inflation, higher borrowing costs, and increased insecurity weigh on activity. Recoveries from the pandemic remain incomplete in many countries, with elevated costs of living tempering the growth of consumption. Fiscal space has narrowed further, while surging import bills and higher debt burdens have heightened financing needs. Although the baseline projection for 2024-25 envisions a pickup in growth, per capita incomes are expected to expand much more slowly than needed to make progress in reducing extreme poverty. Risks to the baseline remain tilted to the downside.

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 13-month low of 6.3% in May 2023, down from 6.8% in April 2023, moving closer to the upper limit of the SARB's target range of 3%-6%. On a monthly basis, consumer prices increased by 0.2% in May, the least in four months. The following graph shows South Africa's year on year inflation trend.

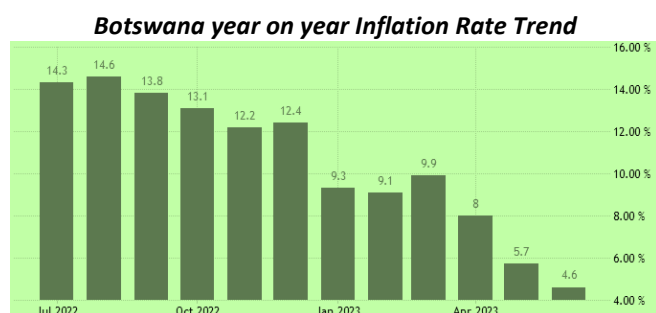


b) Botswana

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

Annual inflation rate in Botswana fell to 4.6% in June 2023, the lowest since March of 2021, from 5.7% in May. On a monthly basis, consumer prices edged 0.2% higher, the smallest increase in four months. The central bank of Botswana targets inflation at a 3-6% preferred band. The following table shows Botswana's inflation trend:



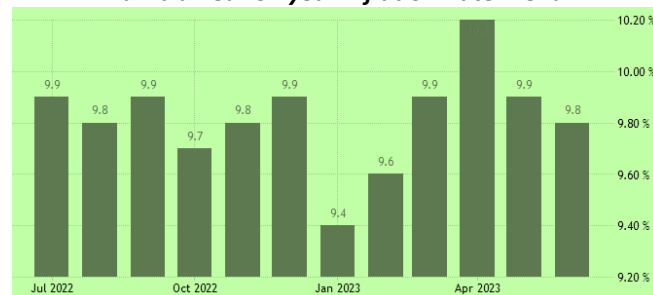
c) Zambia

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 eased marginally for a second month to a four-month low of 9.8% in June 2023, down from 9.9% in the prior month. The deceleration was chiefly driven by an appreciation of the kwacha. On a monthly basis, consumer prices inched up by 0.8% in June, after a 0.6% increase in the prior month, which was the smallest in seven months. The following graph shows Zambia's inflation trend.

Zambia Year on year Inflation Rate Trend



6. International Economies

According to World Bank's Global Economic Growth Prospects June 2023, global economic growth is projected to slow significantly in the second half of 2023, with weakness continuing in 2024. The global economy remains in a precarious state amid the protracted effects of the pandemic, the Russian Federation's invasion of Ukraine, and the sharp tightening of monetary policy to contain high inflation. Meanwhile, the global economy is now expected to grow by 2.1% in 2023 and 2.4% in 2024. 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	3.4	2.8	3.0

a) United States of America

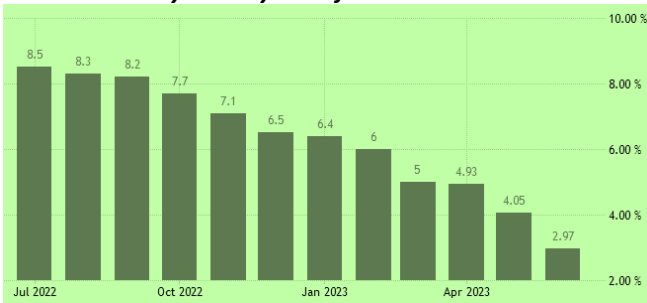
The US economy grew by an annualized 2% on quarter in Q1 2023. Consumer spending growth accelerated more than expected to 4.2%, the strongest in nearly two years despite stubbornly high inflation. Spending on durable goods surged 16.3% and services rose 3.2%. Exports were up 7.8% and imports rose slower at 2%, pushing the contribution from net trade higher to 0.58 percentage points. 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	1.6	1.0	1.9

The annual inflation rate in the US slowed to 3% in June 2023, the lowest since March of 2021 and compared to 4% in May. The slowdown was partly due to a high base effect from last year when a surge in energy and food prices pushed the headline inflation rate to 1981-highs of 9.1%. The graph below shows inflation trend for the USA economy.

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USA year on year Inflation Rate Trend



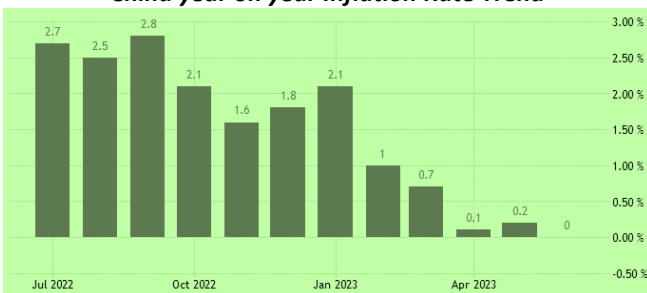
b) China

The Chinese economy grew by a seasonally adjusted 0.8% in the second quarter of 2023, surpassing market expectations but slowing sharply from the 2.2% expansion observed in the previous quarter. While this marks the fourth consecutive quarter of economic expansion, it also highlights that the recovery in the world's second-largest economy is losing momentum and remains uneven due to the ongoing property downturn, the possibility of disinflation, record high unemployment rates among young adults, and declining exports. The table below shows China's economic growth forecasts.

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

China's consumer prices unexpectedly flattened in June 2023, missing market expectations and May's figure of a 0.2% rise. This was the lowest reading since a deflation in February 2021, mainly due to a decline in non-food prices with cost of transport falling further while that of education slowed. On a monthly basis, consumer prices unexpectedly dropped by 0.2%, the fifth straight month of falls. The graph below shows China's inflation trend.

China year on year Inflation Rate Trend

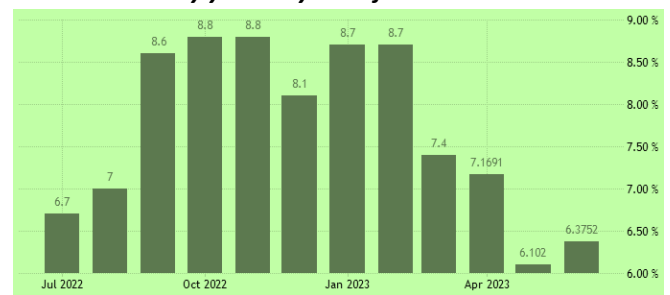


c) Germany

Germany's central bank says the country's economy appears to have returned to slight growth in the April-June 2023 period after shrinking for two consecutive quarters. The central bank did, however, point to declining demand from foreign customers, higher costs for financing investments at home and a decline in business confidence.

Germany inflation increased to 6.38% in June 2023 from 6.10% in May 2023. The following Graph depict Germany's annual inflation trend.

Germany year on year Inflation Rate Trend



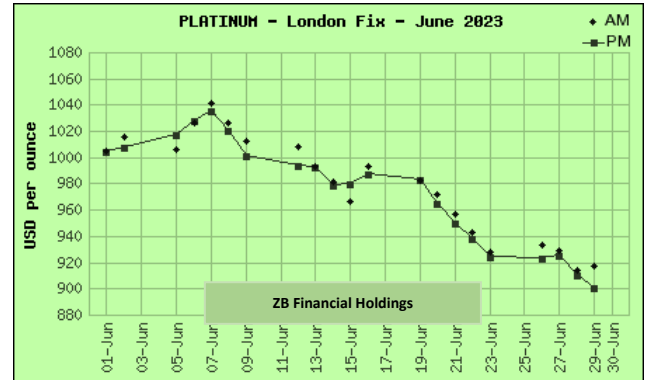
d) United Kingdom

The UK's monthly gross domestic product (GDP) is estimated to have fallen by 0.1% in May 2023, after a 0.2% growth in the previous month, the Office for National Statistics (ONS) has reported. The economy has shown no growth in the three months to May. The main contributor to the decrease in monthly GDP in May was production output, which fell by 0.6%, following a 0.2% fall in the previous month. The construction sector also fell by 0.2%, following a larger fall of 0.9% in April. Meanwhile, IMF expects the UK economy to grow by 0.4% in 2023, being a review from a minus 0.3% previous forecast.

On an inflation front, the consumer price inflation in the United Kingdom held steady at 8.7% in May 2023, unchanged from the previous month's 13-month low. The rate remained significantly higher than the Bank of England's target of 2.0%, adding to concerns about its stickiness and placing additional pressure on policymakers to maintain the bank's ongoing tightening campaign. The following Graph depict the UK annual inflation trend.

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UK Inflation Rate



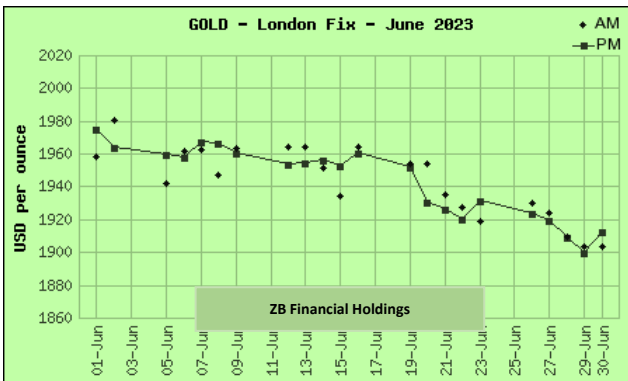
7. Commodities Markets

Commodity	May 2023	June 2023	Percentage Change (%)
	Price (US\$)	Price (US\$)	
Gold	1,888.66	1,942.90	2.9%
Platinum	1,060.90	970.64	-8.5%
Silver	24.19	23.41	-3.2%
Oil	74.87	75.02	0.2%

a) Gold

On average, gold prices firmed by 2.9% to US\$1,942.90/ounce in June 2023, from US\$1,888.66/ounce recorded in May 2023. The following graph shows the trend of daily gold prices during the month under review.

Gold Price Movements



b) Platinum

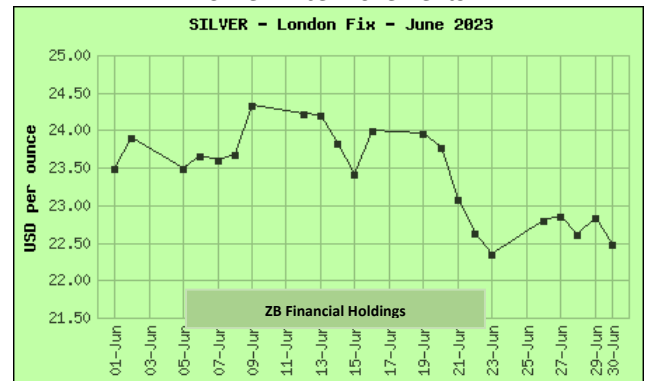
Platinum prices reversed gains accumulated in May 2023. Prices fell by 8.5% from a monthly average of US\$1,060.90 per ounce in May 2023 to US\$970.64 per ounce in June 2023. The following graph shows the trend of daily platinum prices for the month under review.

Platinum Price Movements

c) Silver

The average price of Silver fell by 3.2% from US\$24.19/oz in May 2023 to US\$23.41/oz in June 2023. The graph below shows the daily trend of Silver price for the month under review.

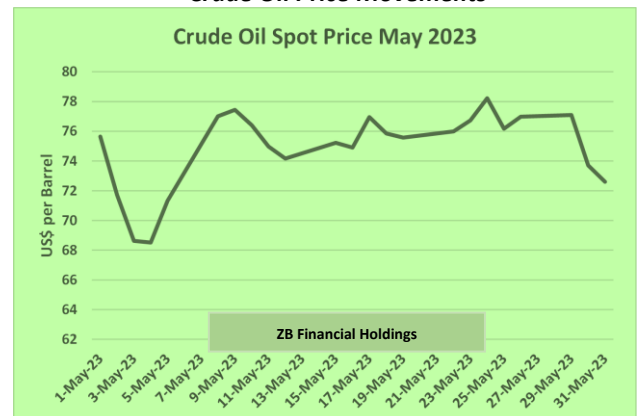
Silver Price Movements



d) Crude Oil

Monthly average Brent crude oil price rose slightly by 0.2%, from US\$74.87 per barrel in May 2023 to US\$75.02 per barrel, in June 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.

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