



Monthly Economic Update
May 2021

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1. Economic Performance

a) Domestic Economy

The World Bank, in its June 2021 Zimbabwe Economic Update, projected that the country’s GDP will grow by 3.9% in 2021. The significant improvement, compared to 2020, is expected to be led by a recovery in agriculture, as well as improved electricity generation from replenished hydroelectric reservoirs, and slower than expected inflation. Nevertheless, the impact of the second wave of the COVID-19 pandemic in the period January to March, 2021 and uncertainty about a possible third wave could weigh heavily on the recovery of domestic and external demand.

Domestic demand is also projected to remain low as income remains subdued and limited flows of Foreign Direct Investment (FDI), influenced by export retention policies and other factors, are expected to keep productivity and competitiveness low in some sectors of the economy. It is expected that economic recovery will, however, strengthen in 2022 with GDP growing at 5.1% as the deployment of vaccines intensifies, global economic conditions improve, and implementation of the National Development Strategy (2021-2025) bears fruits.

Meanwhile, the Government of Zimbabwe remains optimistic that the economy is primed to grow by 7.4% in 2021, driven by strong growth in agriculture, mining, electricity, construction, transport and communication as well as finance

and insurance sectors. This growth expectation is underpinned by a good agricultural season – the country is projected to harvest 2.7 million tonnes of maize, following good rains, coupled with success of the Pfumvudza/Intwasa programme. Furthermore, by the end of 2021, the manufacturing sector’s capacity utilisation is expected to rise to 61%, driven by the relative stability projected for the greater part of the year. The table below shows Zimbabwe economic growth expectations from 2020 to 2022:

Zimbabwe Economic Growth Forecasts (%)			
Year	2020	2021	2022
World Bank	-10.0	3.9	5.1
IMF	-8.0	3.1	4.0
MOF	-4.1	7.4	5.4
AFDB	-10.0	4.2	-

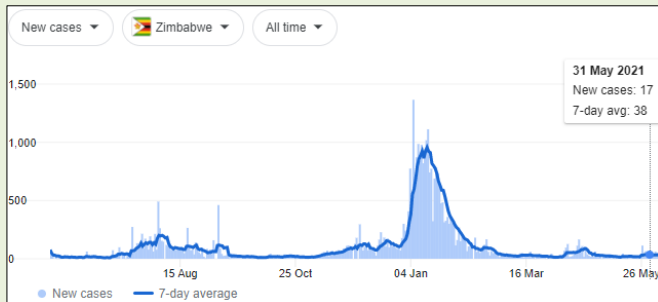
Meanwhile, despite the COVID-19 pandemic related expenses faced by the Government of Zimbabwe, the Ministry of Finance and Economic Development recorded a budget surplus amounting to ZW\$9.8 billion in the first quarter of 2021, on the back of continued fiscal consolidation measures and sustained macro-economic stability. The reforms, coupled with adoption of digitisation, have enhanced domestic revenue collection with the Zimbabwe Revenue Authority (ZIMRA)’s Q1 2021 collections reaching ZW\$90.62 billion, which was 4,73% ahead of the targeted ZW\$86.52 billion.

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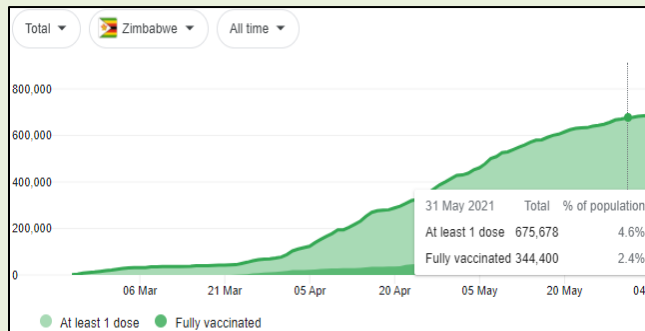


b) Health Issues

According to the Ministry of Health and Child Care, Zimbabwe cumulatively recorded 38,961 official infections, 36,594 recoveries and 1,596 deaths as at 31 May 2021. The diagram below shows the daily trend of recorded COVID-19 cases from 27 May 2020 to 31 May 2021.



As part of measures to mitigate the spread of Corona Virus, the Zimbabwean Government started a vaccination program on 24 February 2021 and as at 31 May 2021, about 675,678 people had taken the first COVID-19 dose while at least 344,400 had been fully vaccinated. The table below shows the daily vaccination trend from the first day of the program to 31 May 2021:

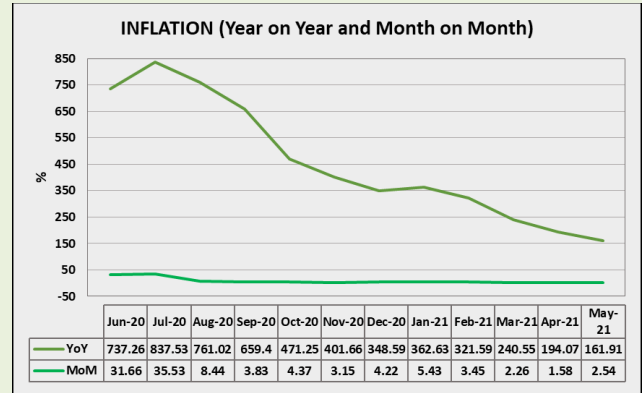


2. Inflation

The country's annual inflation profile continued to improve. During the period under review, year on year inflation improved by 32.16 percentage points to 161.91% in May 2021. The month on month inflation rate in May 2021 was 2.54%, gaining 0.96 percentage points on the April 2021 rate of 1.58%. The following diagram shows Zimbabwe's inflation

trend from April 2020 to May 2021:

Inflation Rates -April 2021



In the outlook, the Central Bank has projected that annual inflation will end the year below 10%, on the back of sustained economic stability coupled with strict management policies. Meanwhile, we forecast inflation to be 105.38% in June 2021 and to close the year in the region of 30% to 40%, ceteris paribus.

3. Financial Sector

The Reserve Bank of Zimbabwe through its Financial Intelligence Unit (FIU) has instructed banks, bureaux de change and Money Transfer Agencies (MTAs) to revise their daily foreign currency withdrawals by 50% on domestic remittance services, as it moves to control money laundering and terrorism financing. The instruction comes as a number of institutions such as Mukuru and BancABC's City Hopper among other players in the field are providing domestic money remittance services in foreign currency, mainly USD. The daily limit is now US\$500, down from US\$1,000, for those with a bank account with the sending institution. The monthly limit has been pegged at to a maximum of US\$2,000. For walk-in customers with no account with the institution, the daily limit is now US\$250, from the previous US\$500.

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 28 May 2021, reserve money stood at ZW\$23.38 billion, having risen by 3.55%, from ZW\$23.14 billion as at 21 May 2021, and 25.08% from ZW\$18.76 billion as at end of December 2020. Reserve money, which had averaged below ZW\$20.5 billion for the greater part of 2021, has been averaging ZW\$22.5 billion since 23 April 2021. Significant movements were also recorded in terms of banks' RTGS liquidity where balances increased from ZW\$12.47 billion at the end of March 2021 to ZW\$13.37 billion by 14 May 2021. The increase in reserve money has, however, concurred with the depreciation of the Zimbabwe Dollar on the alternative market.

c) Interest Rates

Minimum weighted lending rates charged by commercial banks to individual clients increased by 0.57 percentage points from 35.34%, as at 16 April 2021, to 35.91% as at 14 May 2021. Minimum weighted lending rates for corporate clients also increased from 22.32% as at 16 April 2021 to 22.46% as at 14 May 2021.

Weighted lending Rates and Deposit Rates

Week Ending	Weighted Lending Rates (%)		Deposit Rates (%)		
	Individual Clients	Corporate Clients	Savings	1-Month	3-Months
16-Apr-21	35.34	22.32	4.04	11.09	11.87
23-Apr-21	35.22	22.59	4.04	10.71	11.87
30-Apr-21	35.22	22.59	4.04	10.71	11.78
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
Average	35.52	22.48	4.04	10.83	11.77

Savings deposit rates remained stagnant at 4.04%.

Considering that year-on-year inflation remained high that is above the lending rates, real interest rates will continued to be in the negative region.

In terms of the bank policy rates, there were no new developments as the Reserve Bank of Zimbabwe maintained the bank policy rate at 40% and the interest rate on the medium term accommodation facility at 30% per annum since 30 April 2021 so as to curb speculative borrowing.

d) Foreign Currency Market

During the month of May 2021, the USD gained only against 3 out of 18 currencies in our basket, as shown in the following table.

Exchange Rate Analysis

Exchange Rate Analysis			
Currency/US\$	4-May-21	31-May-21	Change (%)
Argentine Peso	93.7171	94.6789	1.03%
Austrian Dollar	1.3010	1.2921	-0.68%
Botswana Pula	10.9001	10.6493	-2.30%
Brazilian Real	5.4487	5.2462	-3.72%
British Pound	0.7210	0.7036	-2.41%
Canadian Dollar	1.2320	1.2072	-2.01%
Chinese Yuan Renminbi	6.4734	6.3681	-1.63%
Euro	0.8324	0.8177	-1.77%
HongKong Dollar	7.7679	7.7611	-0.09%
Indian Rupee	73.7998	72.5385	-1.71%
Japanese Yen	109.3582	109.4845	0.12%
Norwegian Krone	8.3597	8.3168	-0.51%
Russian Ruble	75.0204	73.4296	-2.12%
South African Rand	14.4875	13.7461	-5.12%
Swedish Krona	8.4847	8.2918	-2.27%
Swiss Franc	0.9136	0.8985	-1.65%
South Korean Won	1127.1419	1108.5039	-1.65%
Zimbabwean Dollar	84.5032	84.7259	0.26%

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

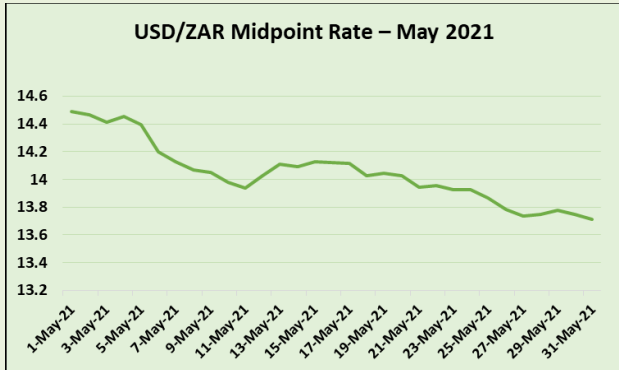
The USD gained against the Argentine Peso (+1.03%), followed by Zimbabwean Dollar (+0.26%) and Japanese Yen (+0.12%). However, the USD was outperformed by 15 currencies in our basket, losing the most against the South African Rand (-5.12%), Brazilian Real (-3.72%), British Pound (-2.41%), Botswana Pula (-2.30%) and Swedish Krona (-2.27%).

The following graph shows the trend of the USD/ZAR exchange rate from 1 April 2021 to 30



April 2021.

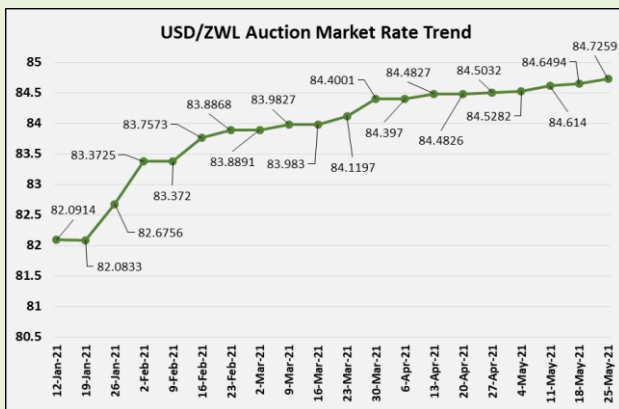
USD/ ZAR Midpoint Exchange Rate- May 2021



The South African Rand appreciated by 5.36% between 1 May 2021 and 31 May 2021 with an average rate of 14.0448. This was driven by high inflation pressure in the US economy which led to the depreciation of the USD against many currencies.

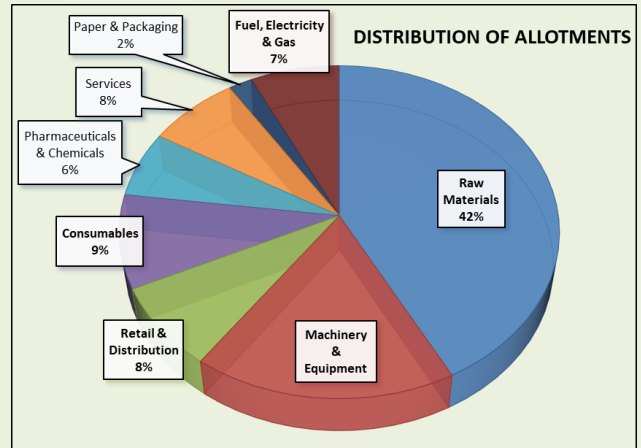
RBZ Forex Auction Market

From the first trading day of 2021, on 12 January 2021, the USD has gained 5.65% against the Zimbabwean Dollar, from 82.0914 on 12 January 2021 to 84.7259 as at 25 May 2021.



Between 12 January 2021 and 31 May 2021, the Foreign Exchange Auction market has allocated US\$712.26million, cumulatively, to various sectors of the economy. Of that US\$712.56 million, 42% was allocated towards raw materials, 18% was allocated to Machinery and Equipment, 8% towards Retail and Distribution, 9% towards consumables,

6% towards pharmaceuticals, 8% towards services, 7% towards fuel, electricity & gas and 2% towards paper and packaging. The following diagram shows the distribution of the US\$712.26 million.



During the review period, the Government of Zimbabwe implemented S.I. 127 of 2021, which was meant to empower the Central Bank to penalise abusers of the foreign currency obtained from the auction market, with the respective penalties depending on the nature and severity of the infringements.

An economic agent will be penalised for:

- Using the foreign currency obtained from the foreign exchange auction market for a different purpose other than that highlighted in the application for foreign currency, without Exchange Control authority;
- Selling goods or services exclusively in foreign currency without exchange control authority, and refusing to allow any buyer to tender payment in Zimbabwe Dollars at the ruling exchange rate;
- Submitting to the RBZ an application for foreign currency or exchange control authority, or a return or any other document in connection therewith, without exercising reasonable due diligence to verify the correctness of the information in or accompanying the application, return or document;

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- Selling, displaying or offering goods or services for sale at an exchange rate above the ruling exchange rate, or imposing (for the predominant purpose of encouraging payment in a foreign currency) a premium on Zimbabwe Dollar payments or allowing a discount on foreign currency payments;
- Issuing of receipts denominated in Zimbabwe Dollars for payment received in foreign currency, or recording sales other than in the currency in which the sale was conducted.
- *An analysis of the S.I. 127 was done separately, and should be read in conjunction with this report.*

e) Equities Market & Corporate Briefs

The month of May 2021 saw the continuation of the bull run on the Zimbabwe Stock Exchange (ZSE). The biggest gainer of the month was Getbucks Microfinance Zimbabwe which registered a 516.88% rise from 40 cents to 263 cents per share during the month. The other outlier in May 2021 was First Mutual Properties which registered a 145.66% gain in price. The market as a whole performed very well with only 4 counters registering declines in value during the period under review: Turnall (-0.31%), Lafarge (-8.33%), CBZ (-10.21%) and Nampak (-16.51%).

Overall, the Zimbabwe Stock Exchange's (ZSE) industrial and mining indices closed the month of May 2021 at 17,805.83 points and 6,820.54 points, gaining 16.7% and 34.8%, respectively since the beginning of the month under review. On a year-on-year basis, the mining and industrial indices rose by 330.90% and 354.29% respectively. Turnover value for the period under review closed at ZW\$118.53 million on 31 May 2021 compared to ZW\$568.96 million on 31 May 2020, representing a 79.17% decrease. Market capitalisation added 295.40% from ZW\$152.72 billion as at 31 May 2020 to ZW\$603.86 billion as at 31 May 2021. The following table shows ZSE indicators.

Zimbabwe Stock Exchange Performance Indicators

DATE	TURN OVER VALUE	TURN OVER VOLUME	INDUSTRIAL INDEX	MINING INDEX	MARKET CAP (RTGS) (Mln)
May 20	568,960,000.00	218,832,930.00	3,919.50	1,582.86	152,719.70
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	392,683,859.85	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

Going forward, the bourse is expected to continue on an upward trend as investors increasingly turn to equities to hedge against inflation.

News Highlights in the Financial Sector

- BancABC Zimbabwe signed a US\$11 million agreement with Pan African financial institution ShelterAfrique to fund the construction 2,000 houses for low to middle income earners.
- BancABC is working on establishing agents across the country for its new product City Hopper in order to ensure accessibility of the product to a wide range of customers.
- First Capital Bank has invested ZW\$384 million into agriculture activities as part of efforts to help the sector to improve production and productivity. The institution's loan book grew by 42% to ZW\$3.2 billion in the first quarter of 2021 with agriculture leading the bank's sectoral lending.
- Government, through markets regulator Securities and Exchange Commission of Zimbabwe (SECZ), allowed market intermediaries to start valuing the Old Mutual and PPC stocks, both suspended on the ZSE, based on the closing prices on the Johannesburg Stock Exchange (JSE) at the prevailing official auction exchange rates strictly for valuation purposes.
- CBZ Holdings is planning to list on the United States dollar-denominated Victoria



Falls Stock Exchange (VFEX), as part of efforts to ignite foreign interest in the lender. Meanwhile, the VFEX has entered its eighth straight month with only one counter.

4. Various Sectors of the Economy

a) Manufacturing sector

Capacity utilisation in the Zimbabwean manufacturing sector is expected to rise to 61% in 2021, the highest capacity utilisation level in 10 years, on the back of anticipated stability in the foreign exchange market and low inflation. According to the Confederation of Zimbabwe Industries (CZI) capacity utilisation rose by 10.6 percentage points to 47% in 2020 from 36.4% in 2019 after the Government established a forex auction market that gave companies easy access to foreign currency. During the lockdown, most local industries benefited from increased domestic demand which was backed by the closure of international borders.

News Highlights in the Manufacturing Sector

- Proplastic's volumes were robust during the first quarter of 2021, with sales tonnages recovering by 93% as demand rebounded on the export front. In the first quarter of 2021, exports also grew by 71%, contributing 7% to total revenues compared to 2% recorded in the same quarter in 2020.
- Agilitee Africa, a South African electric vehicles manufacturer wants to launch its business unit in Zimbabwe in June 2021 and aims to create over 1,000 jobs in the country.
- PPC Zimbabwe has invested almost US\$120 million across its Zimbabwean operations to ramp up production.
- The Manize Project by Tsingshan (Afrochine's parent company) on carbon steel project in Chivhu is expected to start following the launch of an inter-ministerial committee to oversee the smooth flow of

the mega project.

b) Mining

The Zimbabwe's mining sector registered a 4.7% fall in production in 2020, which emanated largely from the negative consequences of the COVID-19 pandemic and other challenges across key minerals. The trend also continued during the first quarter of 2021 as mineral output plunged due to unstable power supply, heavy rains which flooded mining shafts, working capital challenges and subdued demand for minerals.

In fact, gold output plunged by 29% to 4,311kg in the review period from 6,152kg reported in the corresponding prior period last year. The decline was mainly on account of a fall in production from the artisanal and small-scale gold sector. Large scale producers delivered about 2,291 kg during the first quarter of 2021, being 11.2% higher than what was produced during the same period in 2020, while artisanal and small-scale gold sector delivered 1,586kg, about 55.6% below the production of the same period in 2020, reflecting leakages through smuggling. Platinum output also declined by 5% to 3,369kg, from 3,544kg produced during the same period in 2020.

Nickel output declined by 17% to 3,284 tonnes during the reviewed period from 3,936 tonnes in the prior comparative period. The reduced output reflected the low throughput from both the primary and secondary producers. Output from primary producers declined 25% compared to the same period in 2020. This was also 44% lower than the preceding 4th quarter of 2020. Fall in nickel output was also as a result of production stoppage at Bindura Nickel Corporation as the company had to facilitate the Trojan Mine shaft re-deepening project. Lastly, chrome also declined to 300,926 tonnes from 353,669 tonnes reported in 2020.

Going forward, the country aims to attain a US\$12 billion mining industry by 2023. The mining sector still has much to do towards the attainment of the 2023 goal. The progress made so far has been made through green field and brown field investments with gold alone expected to contribute at least US\$4 billion by 2023. In a bid to attain the goal, during the period under review, Government of Zimbabwe proposed some incentives for export



and investment growth. One of the incentives is that gold producers who deliver gold quantities above their average monthly deliveries shall be entitled to a retention level of 80% on the incremental portion of the gold deliveries to Fidelity Printers & Refineries. In addition, large-scale gold producers that qualify for the 80% retention threshold shall also be entitled to directly export the incremental portion of the gold to enable them to secure funding and gold loans to enhance their gold production.

News Highlights in the Mining sector

- The Zimbabwe Mining Development Corporation expects to increase production at its Sabi and Jena Mine to 1.68 tonnes of gold.
- Zimbabwe's gold export receipts plunged by 35% to US\$78.4 million in May 2021 from US\$120 million achieved in May 2020 as the yellow metal deliveries to Fidelity Printers and Refiners dropped.
- During the period under review, RioZim, took delivery of equipment for the proposed US\$17 million Biological Oxidation (BIOX) plant at the firm's Cam and Motor gold mining operation in Kadoma.
- Nevada Gold Mine has invested US\$2 million into a gold processing plant in Maphisa under Matobo District in Matabeleland South province. The new business will reclaim the yellow metal from the mine's disused dump sites, which are estimated to have 300,000 tonnes from which between 20 kgor 30kg of gold will be recovered monthly
- The Government of Zimbabwe is working on launching Kamativi Tin Mine as a Lithium multi-element ore body operation by 2023.
- Zimbabwe Consolidated Diamond Company is targeting to increase its production of rough gems by about 30% to 3 million carats in 2021 on the back of

improved mining methods.

- Chinese investors have completed the first phase in the construction of a US\$70 million chrome smelting plant in the Mhandamabwe area of Mashava in Masvingo with a target to produce more than 50,000 tonnes of chrome per annum.

c) Agriculture

During the period under review, most farmers delivered their 2020/21 summer crop farming season's bumper harvest. Tobacco growers have realised nearly ZW\$30 billion in earnings over the first 2 months of the 2021 marketing season. As at 31 May 2021, more than 71,518 tonnes of maize had been delivered to the GMB, up from the 21,894 tonnes that had been delivered over the same period in 2021. In addition, farmers also delivered 4,295 tonnes of traditional grains, up from 231 tonnes in 2020, while 5,844 tonnes of soya bean were also sold, an increase from the 689 tonnes that was sold at the same time in 2020.

Meanwhile, the 2021/22 preparations for the summer cropping season have started, with Government working towards mechanising the Pfumvudza/Intwasa Programme following the success of the formula during the 2020/21 farming season, which saw the country attaining food self-sufficiency. In the 2020/21 farming season, Zimbabwe is expecting more than 3 million kilogrammes of grains, with the increase in production also attributed to the good rains according to the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement.

News Highlights in the Agriculture Sector

- Small-scale farmers in Mazowe are embracing solar-powered irrigation technology to boost production and productivity.
- Zimbabwe's seed producers operations have been affected by high bank interest rates and lack of access to funding



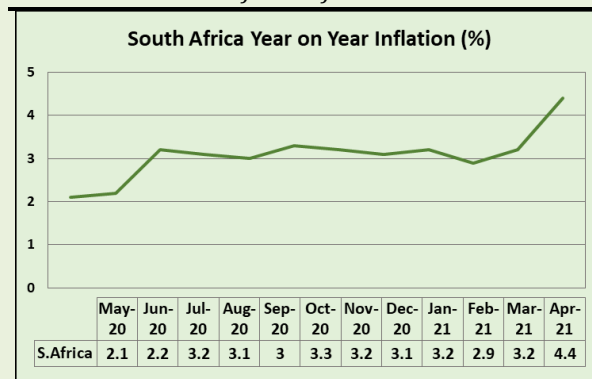
- according to Zimbabwe Seed Association.
- Zimbabwe is set to open a US\$1 million rabbit abattoir which will see the country processing rabbit meat for the export market for the first time.
 - Tobacco sales injected a total of US\$325 million into the economy from the start of the 2021 marketing season to 31 May 2021, according to Tobacco Industry and Marketing Board (TIMB). TIMB data showed that the US\$325 million came after farmers shipped 120.6 million kg of tobacco during the 2021 period, compared to 90.73 million kg during the comparable period in 2020.
 - Of the 85,000 ha target of the 2021 winter wheat crop hectareage, an estimate of 30,000 hectares of wheat have germinated across the country, according to the Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement.

the expenditure side. The South African Reserve Bank (SARB) estimates the economy to have contracted by 8% in 2020 and projects that the economy will rebound by 3.5% in 2021. 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

Meanwhile, the annual inflation rate in South Africa rose to 4.4% in April 2021 from 3.2% in March 2021, slightly above market expectations of 4.3% and moving closer to the 4.5% midpoint of the South African Reserve Bank's target range of 3-6%. It was the highest inflation rate since February 2020. On a monthly basis, consumer prices were up 0.7%, the same pace as in the prior month and slightly above market estimates of 0.6%. The graph below shows South Africa inflation trend from May 2020 to April 2021:

South Africa Inflation Rate



5. Regional Economies

Sub-Saharan Africa is expected to be the world's slowest growing amongst all the Emerging Market and Developing Economies in 2021 according to International Monetary Fund (IMF) forecasts. The IMF forecasts growth for the region at 3.4% in 2021, from an estimated contraction of 1.9%. The region's overall outturn is expected to be anchored by growth from all the major economies with Angola growth expected at 1.6%, Ghana at 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 fuelled by improved exports and commodity prices, along with a recovery in both private consumption and investment.

a) South Africa

South Africa' 2021 first quarter GDP grew by 4.6% on a quarter-on-quarter seasonally adjusted annualised basis, according to Stats SA. The finance sector, mining sector and trade industries were the main drivers of output on the production side of the South African economy, while household spending and changes in inventories helped spur growth on

a) Botswana

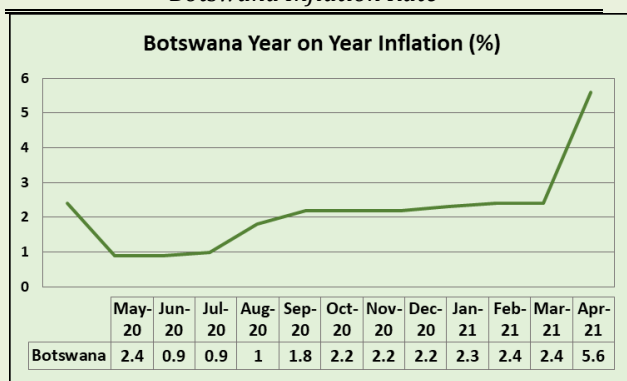
Economic activity in Botswana is expected to recover from the wounds of COVID-19 with growth projected at 8.8% on the back of improvements in the international demands for diamonds, the easing of constraints on movements and the expansionary fiscal stance. The recovery is expected to be even across sectors, depending in improvements in both the domestic and external environment, while its current account and fiscal deficits are projected to narrow, reflecting the expected improvement in the global demand for



diamonds, phasing out of the COVID-19 related spending and implementation of revenue enhancing and expenditure consolidation measures.

In terms of inflation, Botswana's annual inflation rose sharply to 5.6% in April 2021, reaching its highest level since September 2013. Main upward pressure came from prices of food and non-alcoholic beverages. On a monthly basis, consumer prices jumped 3.3%, the steepest rise since at least January 1997, after increasing 0.8% in the previous month. Below is a graph which shows Botswana inflation trend from May 2020 to April 2021:

Botswana Inflation Rate

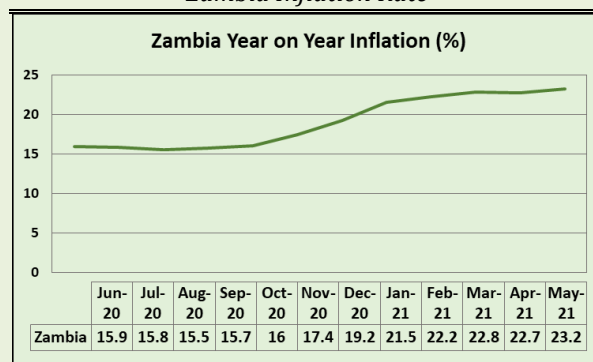


b) Zambia

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 the first quarter of 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 23.2% in May 2021 from 22.7% in April 2021. It was the highest inflation rate since at least March 2005, partly due to a weaker currency and rising food prices.

Zambia Inflation Rate



6. International Economies

Global growth is expected to accelerate to 5.6% in 2021 according to the World Bank, largely on the strength in major economies such as the United States and China. During the period under review, growth for almost every region of the world has been revised upward for 2021 with many continuing to struggle with COVID-19 and what is likely to be its long shadow. Despite this year's pickup, global GDP growth in 2021 is expected to be 3.2% below pre-pandemic projections, and per capita GDP among many emerging market and developing economies is anticipated to remain below pre-COVID-19 peaks for an extended period.

a) United Kingdom

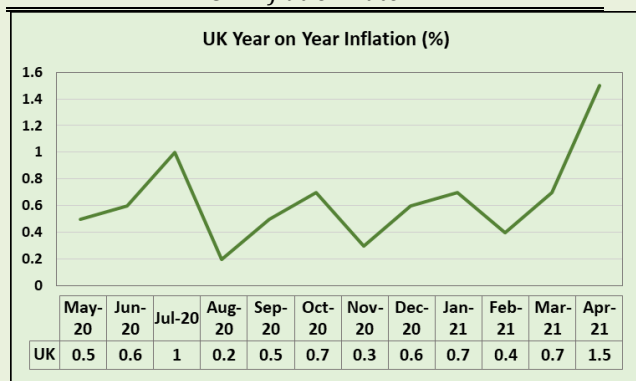
The UK economy's recovery from the pandemic is set to be stronger than anticipated. The Organisation for Economic Co-operation and Development (OECD) projected that the UK economy will grow by 7.2% in 2021, up from its March projection of 5.1%. At the same time, the International Monetary Fund expects UK GDP to grow by 5.3% in 2021, partially recovering from 2020 when the economy saw its largest annual contraction since the Great Frost of 1709. Meanwhile, the UK economy contracted by 1.5% in the first quarter of 2021 as nationwide lockdown measures continued to weigh on economic activity. 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 by 1.5% in April 2021 from 0.7% in March 2021 compared to market forecasts of 1.4%. It is the highest since March 2020, as the economy re-opened after a corona virus lockdown stipulated in the beginning of the year 2021.

UK Inflation Rate



b) United States of America

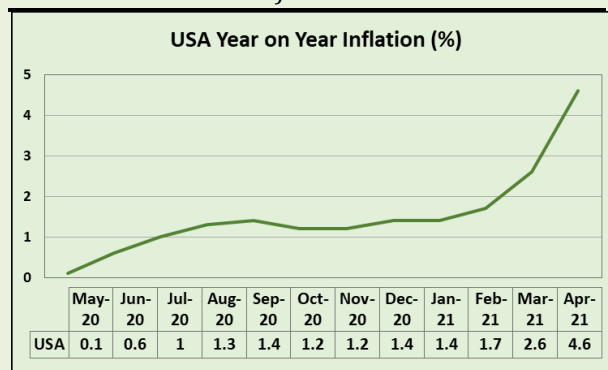
According to the World Bank, the US economy has been reinforced by substantial fiscal support, vaccination is expected to become widespread by mid-2021, and growth is expected to reach 6.8% in 2021.

The US economy grew at an annual rate of 6.4% in the first quarter of 2021, against an estimate of 6.5% according to the US Commerce Department. The increase in first quarter 2021 GDP reflected the continued economic recovery, re-opening of establishments, and continued Government response related to the COVID-19 pandemic. Gross domestic income grew at a robust rate of 6.8%, boosted in part by stimulus checks and supplemental unemployment benefits that were included with the fiscal relief packages. 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

The annual inflation rate in the US jumped to 4.6% in April 2021 from 2.6% in March 2021, slightly above market forecasts of 3.6%. It is the highest reading since September 2008.

USA Inflation Rate



c) China

China's economy recorded GDP growth of 18.30% for the first quarter of 2021, according to data from the National Bureau of Statistics. This is the highest rate of growth the country has witnessed since 1993. The growth numbers indicate that China has gone well past the pre-pandemic macro numbers. Chinese exports have also surged, with a growth rate of 38.7% in the first quarter of 2021.

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

During the period under review, China's imports and exports grew significantly, but both missed expectations. Imports grew by 51.1% in May 2021 from a year earlier to US\$218.4 billion, up from the 43.1% April 2021 according to data from the



National Bureau of Statistics.

China's annual inflation rate jumped to 0.9% in April 2021 from 0.4% a month earlier and compared with market consensus of 1%. This was the highest reading since September 2020. On a monthly basis, consumer prices fell by 0.3% in April 2021, compared with forecasts of a 0.2% decline and after a 0.5% drop in March 2021. The graph below shows China's inflation trend from April 2020 to March 2021:

China Inflation Rate



7. Commodities Markets

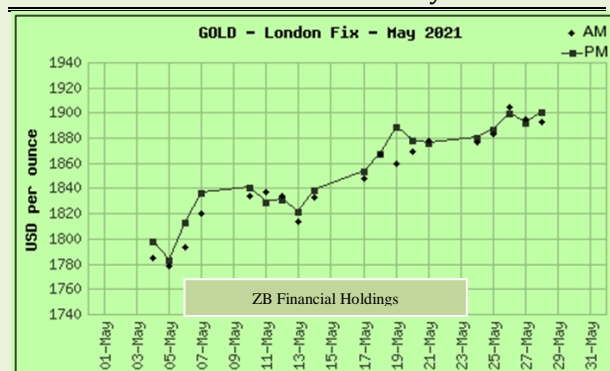
Commodity	Opening Price (US\$)	Closing Price (US\$)	% Change
Gold	1,797.80	1,900.00	5.68%
Platinum	1,248.00	1,170.00	-6.25%
Silver	26.83	27.63	2.98%
Oil	64.53	66.97	3.78%

a) Gold

The price of gold increased by 5.68% from US\$1,797.80/Oz as at 1 May 2021 to US\$1,900/Oz at 31 May 2021, with an average price of US\$1853.22/Oz.

Going forward, gold prices are anticipated to continue to rise, buoyed by a weaker U.S. dollar and mounting inflationary pressures in the US. These developments lifted the yellow metal's appeal as a safe haven asset and a hedge against inflation.

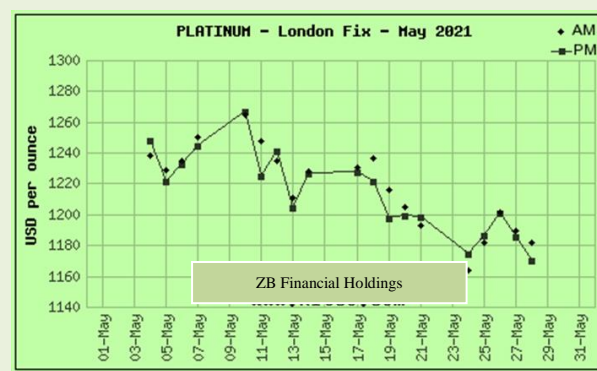
Gold Price Movements in May 2021



b) Platinum

Platinum prices showed a downward trend during the period under review. During May 2021, prices averaged US\$1,214.00/Oz and decreased by 6.25% from the first day of trade to close at US\$1,170.00/Oz. The graph below shows the platinum price trend for May 2021.

Platinum Price Movements in May 2021

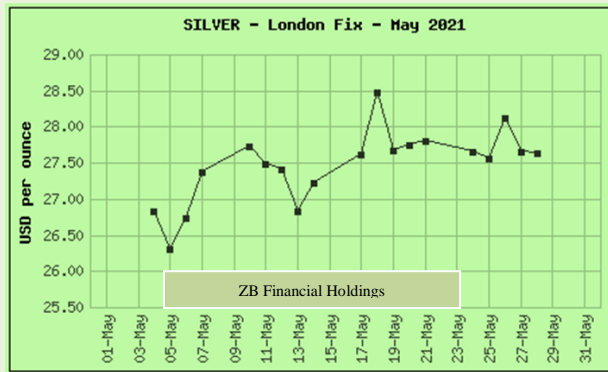


c) Silver

During the month under review, the price of Silver increased by 2.98% to US\$27.63/Oz as at 31 May 2021 with an average price of US\$27.46/Oz. The price increase was promoted by the duality nature of the commodity that is, being a precious metal and an industrial metal. Because of that, the current supply is lower than demand as the level of economic activity is now starting to grow from the adverse effect of COVID-19.



Silver Price Movements in May 2021



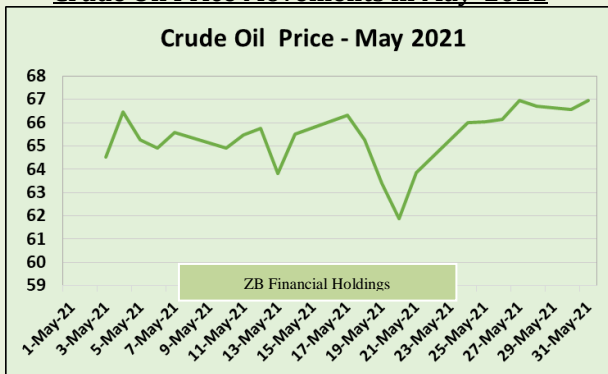
d) Crude Oil

International oil price increased by 3.78% from US\$64.53/ barrel on 1 May 2021 to US\$66.97/barrel on 31 May 2021. The price increase was attributed to supply shocks emanating from the agreement between the Organisation of Petroleum Exporting Countries (OPEC) and non-OPEC oil-producing countries to maintain last year’s production cuts to prevent the market from becoming oversupplied.

Going forward, the price of oil is expected to maintain an upward trend as effective demand is expected to pick up in line with anticipated increase in global economic activity.

Below is a graphical presentation of the crude oil price trend during the period under review.

Crude Oil Price Movements in May 2021



THE END

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