

Monthly Economic Update May 2023

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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. 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
MOF	4	3.8	4.8

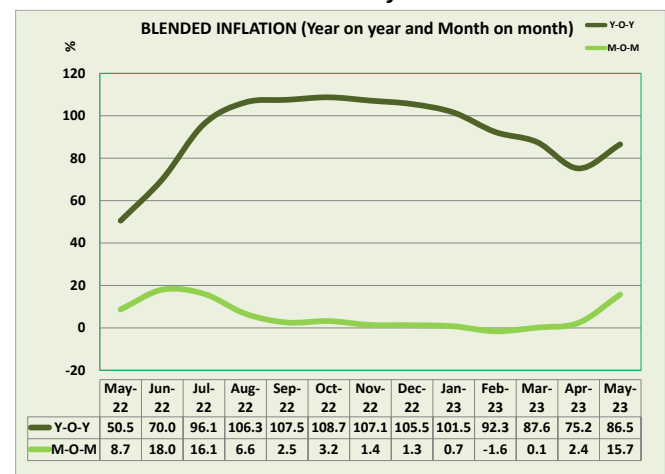
Meanwhile, the Zimbabwe Investment and Development Agency (ZIDA) is targeting US\$4 billion worth of investments from both domestic and foreign sources in 2023. This was revealed during the official launch of setting up Zimbabwe's participation in the Expo 2025 Osaka in Japan. The country intends to grow its Foreign Direct Investment (FDI) and volume of trade by 10% annually after its participation in the forthcoming Osaka 2025 World Expo in Japan. The envisioned participation at the Expo also endeavours to grow the country's tourist arrivals by 15% annually. One of the biggest investment deals Zimbabwe sealed at Expo 2020 Dubai was the US\$250 million Joint Venture agreement signed between the Agricultural and Rural Development Authority (ARDA) and the NV Group of India to establish a brewery in Masvingo. Similarly, the Zimbabwe Tourism Authority (ZTA) managed to strike a partnership with Dubai

National Air Travel Agency (DNATA) Travel for marketing local tourism offerings.

2. Inflation

Using the blended calculation system, both annual and monthly inflation turned northwards in May 2023 largely owing to monthly increases in Food and Non-Alcoholic Beverages (26%); Health (15%) and Alcoholic beverages and tobacco (13%). Annual inflation rose by 11.3 percentage points from 75.2% in April 2023 to 86.5% in May 2023. On that same note, monthly inflation gained 13.3 percentage points from 2.4% in April 2023 to 15.7% in May 2023. The depreciation of the local currency, especially on the parallel market, has lately driven renewed price increases that have resulted in an uptick in inflation. The following graph shows an annual blended inflation trend to date.

Zimbabwe Blended Inflation Trend



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Going forward, the Government is expected to maintain strict fiscal and monetary policies in order to reduce the risks associated with inflation and exchange rates deterioration. Meanwhile, all things being equal, our econometric forecasts for blended year on year inflation (Y-O-Y) in the next 3 months are as indicated below:

3 Month Inflation Forecasts (%)		
Month	Y-O-Y	M-O-M
Jun-23	79.6	13.6
Jul-23	73.2	12.0
Aug-23	79.8	10.7

3. Financial Sector

a) Money supply

Broad money (M3) stock amounted to ZW\$3,195.33 billion in March 2023, compared to ZW\$2,928.24 billion recorded in February 2023. The money stock was composed of foreign currency deposits, 58.49%; local currency deposits, 41.31%; and currency in circulation, 0.20%. On a month-on-month basis, broad money increased by 9.12% in March 2023, compared to 8.56% recorded in February 2023. The growth largely reflected increases of ZW\$114.56 billion and ZW\$152.19 billion in foreign currency accounts (FCAs) and local currency deposits, respectively.

Meanwhile, reserve money increased by ZW\$32.39 billion to ZW\$276.53 billion during the week ending 28th April 2023, compared to the previous week's position of ZW\$244.13 billion.

Reserve Money Developments (ZW\$ Billions)

								PRELIMINARY ESTIMATES		
	Sep-22	Oct-22	Nov-22	Dec-22 ¹	Jan-23	Feb-23	Mar-23	Week Ending 14-Apr-23	Week Ending 21-Apr-23	Week Ending 28-Apr-23
Currency Issued by RBZ	6.84	7.11	7.36	7.57	7.54	8.03	8.51	8.90	9.01	8.99
Banking Sector Deposits at RBZ	80.26	85.16	91.50	96.47	115.46	196.01	224.38	225.38	235.09	267.50
Statutory (Required) Reserves	80.16	85.06	91.40	96.37	115.36	195.91	224.28	225.28	234.99	267.40
of which stat reserves - ZWL	36.21	39.25	45.03	51.08	56.11	63.03	72.74	73.34	75.60	86.91
of which stat reserves - FCA	43.95	45.80	46.37	45.29	59.24	132.88	151.55	151.94	159.39	180.49
Banks' RTGS Liquidity	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	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	87.10	92.27	98.86	104.04	123.00	204.04	232.91	234.31	244.13	276.53

The increase in reserve money largely reflected increases of ZW\$21.10 billion and ZW\$11.31 billion in foreign and local currency statutory reserves, respectively. This increase was partially offset by a decline of ZW\$13.32 million in currency

issued. The increase in reserve money highlighted above points to the tight monetary policy being pursued by the Central Bank. An increase in reserve money (or reserve requirements) reduces the money supply. The RBZ maintained the statutory reserves requirements at 10% for demand and call deposits and 5% for time and savings deposits for both domestic and foreign currency deposits during the month under review.

b) Interest Rates

With regards to interest rates, the latest Monetary Policy Committee (MPC) resolved to reduce the Bank policy rate from 150% to 140% per annum; reduce the Medium-term Bank Accommodation (MBA) Facility for the productive sectors, including individuals and MSMEs, from 75% to 70% per annum; maintain the prevailing Bank policy rate as the minimum lending rate for all banks and also to maintain the minimum deposit rates on savings and time deposits at 30% and 50% per annum, respectively. The following table shows the latest average lending rates and deposit rates.

Average lending Rates and Deposit Rates (ZWL)

Local Currency (ZWL)					
Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
Commercial Banks (<i>maximums</i>)					
6-Apr-23	110.27	166.9	34.94	74.28	73.61
14-Apr-23	110.6	167.9	35.26	74.28	73.61
21-Apr-23	105.67	167.82	34.01	73.17	71.94
28-Apr-23	105.75	167.31	36.5	73.17	71.72
5-May-23	107.78	173.38	36.5	73.17	71.72
Average	108.014	168.662	35.442	73.614	72.52

Average lending Rates and Deposit Rates (USD)

Foreign Currency (USD)					
Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
Commercial Banks (<i>maximums</i>)					
6-Apr-23	13.31	14.72	1.69	4.28	4.78
14-Apr-23	13.28	14.76	1.69	4.32	4.77
21-Apr-23	13.25	14.76	1.69	4.32	4.77
28-Apr-23	13.24	14.5	1.69	4.32	4.77
5-May-23	12.95	14.44	1.69	4.44	4.93
Average	13.206	14.636	1.69	4.336	4.804

c) Foreign Currency Market

During the period under review, the USD appreciated against 13 of the 18 currencies in our basket and depreciated against 5 currencies, when using the monthly average exchange rate analysis. The USD gained the most against the Zimbabwean Dollar (66.2%) as shown in the table below.

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Exchange Rate Analysis (monthly average)

Exchange Rate Analysis (Monthly Average)			
Currency/US\$	Apr-23	May-23	Change (%)
Zimbabwean Dollar	981.3136	1,630.5668	66.2%
Argentine Peso	214.9648	230.3577	7.2%
Russian Ruble	80.8887	78.9626	-2.4%
South Korean Won	1,320.2430	1,328.4131	0.6%
Hong Kong Dollar	7.8514	7.8385	-0.2%
Australian Dollar	1.4950	1.5051	0.7%
Chinese Yuan Renminbi	6.8833	6.9803	1.4%
Japanese Yen	133.4201	137.1532	2.8%
Norwegian Krone	10.4944	10.7973	2.9%
Indian Rupee	81.9538	82.2856	0.4%
South African Rand	18.1377	19.0496	5.0%
Botswana Pula	13.1176	13.4612	2.6%
Swedish Krona	10.3492	10.4613	1.1%
Canadian Dollar	1.3489	1.3515	0.2%
Euro	0.9110	0.9188	0.9%
British Pound	0.8040	0.8013	-0.3%
Swiss Franc	0.8996	0.8975	-0.2%
Brazilian Real	5.0179	4.9740	-0.9%

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

When analysing the exchange rates based on the opening period and closing period exchange rates, the USD appreciated against 16 currencies in our basket as shown in the following table:

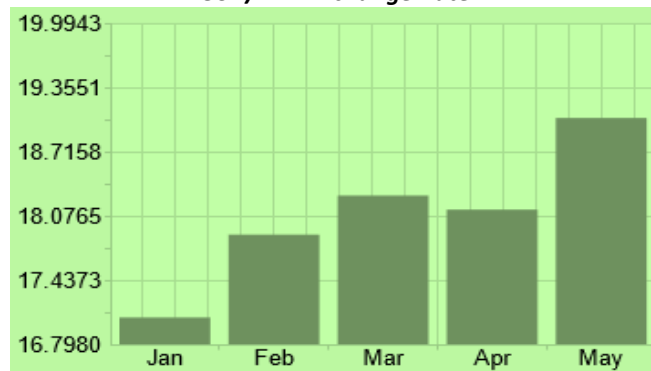
Exchange Rate Analysis (end period)

Exchange Rate Analysis			
Currency/US\$	01-May-23	31-May-23	Change (%)
Argentine Peso	222.3166	239.3698	7.671%
Australian Dollar	1.5073	1.5451	2.510%
Botswana Pula	13.2164	13.7768	4.240%
Brazilian Real	4.9894	5.1068	2.354%
British Pound	0.8004	0.8069	0.815%
Canadian Dollar	1.3544	1.3589	0.338%
Chinese Yuan Renminbi	6.9220	7.1111	2.731%
Euro	0.9116	0.9387	2.969%
Hong Kong Dollar	7.8501	7.8307	-0.247%
Indian Rupee	81.7598	82.7012	1.151%
Japanese Yen	137.3669	139.7667	1.747%
Norwegian Krone	10.7436	11.1697	3.966%
Russian Ruble	79.5326	81.4856	2.456%
South African Rand	18.3771	19.7780	7.623%
South Korean Won	1341.4162	1326.4849	-1.113%
Swedish Krona	10.3311	10.8938	5.447%
Swiss Franc	0.8963	0.9133	1.902%
Zimbabwean Dollar	1021.2072	2577.0564	152.354%

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

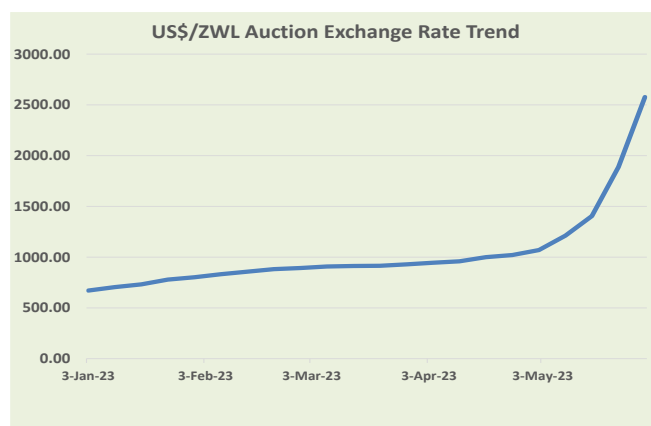
Meanwhile, on average the South African Rand depreciated by 5% in May 2023 against the USD. The graph below shows the year to date trend of the South African Rand against the USD:

USD/ZAR Exchange Rate

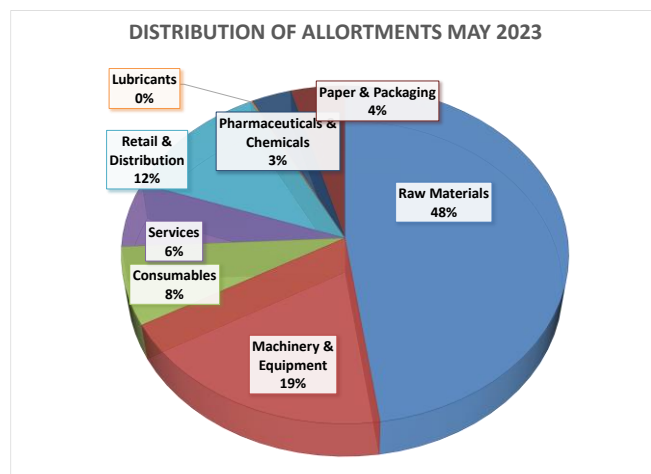


d) RBZ Forex Auction Market

The local currency continued to depreciate against the USD on the official foreign exchange market, as shown in the previous analysis. The following graph shows the trend of the USD/ZWL exchange rate in 2023:



Meanwhile, of the May 2023 foreign currency allocations, 48% was allocated to raw materials and 19% to machinery & equipment as shown in the following pie chart:



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In order to ensure continued anchoring of exchange rate and inflation expectations in the economy, the Ministry of Finance, on 29 May 2023, proposed some additional measures. The measures included those aimed at encouraging banking of foreign currency and promoting the use of Zimbabwe Dollar. Moreover, the assumption of RBZ foreign currency debts by the Ministry of Finance and also modalities to expunge such debts, were also proposed among other measures.

e) Equities Market & Corporate Briefs

The ZSE Market capitalisation grew by 179% from Z\$3.197 trillion in April 2023 to Z\$8.924 trillion during the month of May 2023. The ZSE All Share Index gained 161% from 41,391.62 points to 108,195.29 points, during the same period. Moreover, the Industrial and the mining indices also grew during the same period.

Zimbabwe Stock Exchange Performance Indicators

Date	Industrial Index	Mining Index	All Share Index	Market Cap ZW\$ (Trillion)
Apr-23	136,413.04	36,393.55	41,391.62	3.197
May-23	349,745.94	52,765.85	108,195.29	8,923,575.70
Growth	156%	45%	161%	179%

News Highlights in the Financial Sector

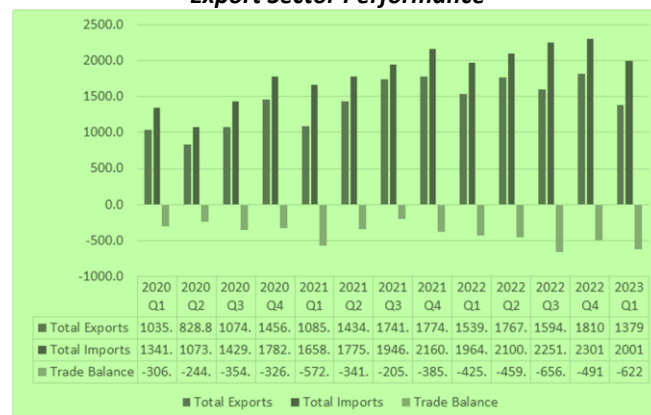
- First Capital Bank (FCB) became the first listed banking firm to de-list its shares from the ZSE and subsequently list on the VFEX.
- The Zimbabwe Mercantile Exchange (ZMX) expects to start trading livestock and horticulture products on the commodities platform, as the exchange continues to gain traction. This will effectively bring the number of commodities to 49 from 12 commodities.
- WestProp Holdings, on 5 May 2023 listed its shares on the VFEX, becoming the first real estate firm to trade on the US dollar-denominated bourse. WestProp Holdings became the 12th company to list on the VFEX, but the first to do so by way of an Initial Public Offering (IPO). The company's shares started trading on the bourse on the 8th of May 2023, with 30 million shares offered at US\$10 each under the IPO.

4. Various Sectors of the Economy

a) External Sector

During the first quarter of 2023, merchandise exports stood at ZWL\$1.4 billion while total imports stood at ZWL\$2 billion, resulting in trade deficit of ZWL\$622 million. The country exported goods worth US\$1.4 billion during the first quarter of 2023, a decrease of 13.5% from US\$1.5 billion recorded during first quarter of 2022. On the other hand, merchandise imports increased by 7% to US\$2 billion from US\$1.9 billion realised during the same period in 2022. The graph below shows the export sector performance trend.

Export Sector Performance



b) Mining

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, according to Chamber of Mines of Zimbabwe (CoMZ). Additionally, the industry supports approximately 500,000 artisanal and small-scale miners and generates more than 20% of Government revenue.

News and highlights in the Mining Sector

- Caledonia Mining Corporation remains confident that its Zimbabwean unit, Blanket Mine, will meet the production target of 75,000 to 80,000 ounces for 2023, despite recording a 13% output dip to 16,141oz in the quarter to March 31, 2023, compared to the same period last year. Overall, Zimbabwe is targeting about 40 tonnes of bullion in 2023, from 35 tonnes achieved in 2022.
- A representative of the Bergo Group, a United Kingdom-based metal and energy commodities trade facilitator, was in the country on a due diligence mission ahead of investments which are expected soon, as British companies join in the

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response to Zimbabwe’s investment drive. The company operates worldwide and has an extensive network of buyers and sellers of gold, coltan, lithium, petroleum (and derivatives), diamonds and other metals through collaborations with national governments, cooperatives, businesses and investors.

- One of Africa’s premier wildlife areas, Mana Pools, has been targeted for oil exploration. Shalom Mining has applied to explore for oil and gas in Mana Pools, which has been designated as a World Heritage Site by the United Nations Educational, Scientific and Cultural Organisation (UNESCO), according to a notice in the Zimbabwean Government Gazette.

c) Agriculture

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

- Farmers have put more than 35,000 hectares under wheat and experts have urged them to intensify planting to beat the May 31 deadline. Planting after the deadline is not recommended as yields will be compromised by early rains.
- Zimbabwe is set to receive commercial credit guarantees worth over US\$4 million from the African Development Bank (AfDB) through its African Fertiliser Financing Mechanism (AFFM) to support the local industry. This was after the AfDB approved the US\$11.7 million budgetary allocation to the AFFM for 2023 to strengthen the fertilizer sector through access to finance, supporting the development of sustainable policy reforms to improve fertilizer production.
- Preparations for the 2024 tobacco season have started, with farmers procuring seed ahead of sowing seedbeds under irrigation in June or July and August for those reliant on rain for the main crop.
- With planting of the 2023 winter wheat already underway in some parts of the country, the Zimbabwe Electricity Supply Authority (ZESA) has pledged to provide uninterrupted electricity to farmers to allow the country to achieve its target of

85,000 hectares and the projected yield of 408,000 tonnes. Accordingly, the utility has put in place the requisite modalities to ring fence 120MW towards this national initiative.

- A new orange plantation has seen more than 200,000 orange trees planted on 800ha at the integrated Zhovhe Farm some 70km west of Beitbridge town with the first harvest expected in 2024. Toppick Investments, a local company which owns the farm, is targeting to have 277,000 orange trees by the end of 2023. The varieties of oranges are those that do well under Beitbridge’s climatic conditions and these can be harvested over a period of 60 years

d) Manufacturing

The Zimbabwe National Industrial Development Policy (ZNIDP) has achieved significant milestones in promoting the growth and development of the manufacturing industry evidenced by improved availability of domestic products on the market. ZNIDP, which expires at the end of 2023, is a five-year industrial development policy launched in 2019 and was approved at the same time as the Local Content Policy with a focus on growing Zimbabwe’s manufacturing sector following years of meltdown. Official data from the Government and industry sources indicates that locally-produced products now constitute 70% of shelf space in the retail sector while the Confederation of Zimbabwe Industries (CZI) predicts that capacity utilisation in the manufacturing sector will reach 70% in 2023, up from 56.1% in 2022.

News Highlights in the Manufacturing Sector

- The Zimbabwe Institute of Foundries (ZIF) estimates that the country might earn roughly US\$7.5 million if there is value-addition to the 5 000 tonnes of scrap metal that are being smuggled out of the country annually.
- The Government is engaging the manufacturing and retail sectors with a view of establishing their operational challenges and arresting business malpractices causing unprecedented consumer price hikes.

5. Regional Economies

According to the IMF April 2023 Regional Economic Outlook for Sub-Saharan Africa, persistent global inflation and tighter monetary policies have led to higher borrowing costs for sub-Saharan African countries and have placed greater pressure on exchange rates. Indeed, no country has been able to issue a Eurobond since spring 2022. The interest burden on public debt is rising, owing to a greater reliance on expensive market-based funding combined with a long-term decline in aid budgets. The lack of financing affects a region that is already struggling with elevated macroeconomic imbalances. Public debt and inflation are at levels not seen in decades, with double-digit inflation present in about half of the countries—eroding household purchasing power and striking at the most vulnerable. In this context, the economic recovery has been interrupted. Amid a global slowdown, activity is expected to decelerate for a second year in a row. Growth in sub-Saharan Africa will decline to 3.6% in 2023. Still, this headline figure masks significant variation across the region. The funding squeeze will also impact the region’s longer-term outlook. A shortage of funding may force countries to reduce resources for critical development sectors like health, education, and infrastructure, weakening the region’s growth potential.

a) South Africa

As per Statistics South Africa (StatsSA), the South African economy expanded by merely 0.3% since the outbreak of the pandemic (that is, between 2019 and 2022)—which is a fraction of its population growth over that period. Six industries—most notably construction, mining, and manufacturing—are still lagging behind pre-pandemic levels of output. 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

During the month under review, South Africa’s central bank raised its benchmark interest rate to a 14-year high and revised up its inflation forecast for 2023. The bank on 25 May 2023 lifted the benchmark interest rate by half a percentage point to 8.25% in what it said was a unanimous decision by its monetary policy committee. It was the 10th consecutive hike by the South African Reserve Bank. South Africa’s monetary policymakers started raising rates in November 2021 and decided on their steepest hike in a decade – 0.75 percentage points – in July. Inflation dropped to its lowest level in almost a year in April 2023, slowing to 6.8% from 7.1% in March. Yet, food prices remain stubbornly high,

having experienced record increases over the past 12 months. The following graph shows South Africa’s year on year inflation trend.



Going forward, the South African Central Bank expects inflation to average 6.2% in 2023; 0.2 percentage points higher than earlier forecasts.

b) Botswana

Worries are mounting as Botswana’s agricultural sector continues to be buffeted by year in and year out crop and livestock failure rates, limiting its contribution to the economy. Between its prime years, as the country’s central economic activity, the contribution of agriculture to GDP has dropped from 40% in 1966 to just three percent in 2022. While government has mounted sterling efforts to resuscitate the sector, these have been met with growing climate challenges.

Meanwhile, the economy of Botswana is projected to expand by 4% in 2023, a decrease from 6.7% in 2022. 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

The latest annual inflation rate in Botswana eased to 7.9% in April 2023 from 9.9% rise in the previous month. This was the lowest reading since May 2021, as food inflation eased to 16.6% from a 14-year high of 17.8% in March. On a monthly basis, consumer prices surged by 1.1% in April 2023, after a 1% increase in March 2023. The following table shows Botswana’s inflation trend:

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Botswana year on year Inflation Rate Trend

c) Zambia

Zambia’s Ministry of Finance forecast GDP to grow by 4.2% in 2023 with growth dipping compared to last year as the southern African country battles to wrap up a long-delayed debt restructuring. Preliminary data indicated that the economy grew by 4.7% in 2022, a slight uptick from the 4.6% expansion in 2021. 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, annual inflation rate in Zambia eased to 9.9% in May 2023, down from a near one-year high of 10.2% in the prior month. On a monthly basis, consumer prices increased by 0.6% in May, the least in seven months, after a 0.9% rise in the preceding month. 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. Inflation pressures persist, and tight monetary policy is expected to weigh substantially on activity. The global economy remains in a precarious state amid the protracted effects of the overlapping negative shocks of the pandemic, the Russian Federation’s invasion of Ukraine, and the sharp tightening of monetary policy to contain high inflation. The possibility of more widespread bank turmoil and tighter monetary policy could also result in even weaker global growth. Moreover, rising borrowing costs in advanced economies could lead to financial dislocations in the more vulnerable Emerging Market and Developing Economies (EMDEs). Meanwhile, the global economy is now expected to grow by 2.1% in 2023 and 2.4% in 2024.

The International Monetary Fund (IMF), in its latest World Economic Outlook, also trimmed its 2023 global growth outlook slightly, as higher interest rates cool economic activity. It now forecasts global real GDP growth at 2.8% for 2023 and 3.0% for 2024, marking a slowdown from 3.4% growth in 2022. 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

U.S. manufacturing output contracted for a seventh straight month in May 2023, as new orders continued to plummet amid higher interest rates, but factories boosted employment to a nine-month high. Manufacturing, which accounts for 11.3% of the economy, has been depressed by rate hikes worth 500 basis points from the Federal Reserve since March 2022, when the U.S. central bank embarked on its fastest monetary policy tightening campaign since the 1980s to tame inflation. Banks have also tightened lending following the recent financial market turmoil, while spending is shifting to services and away from goods, which are typically bought on credit.

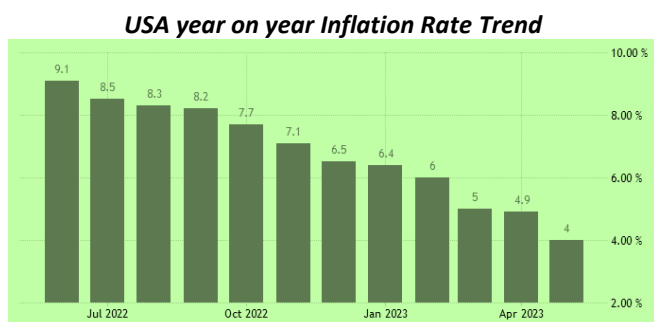
The US Institute for Supply Management (ISM) indicated that its manufacturing PMI fell to 46.9 in May 2023 from 47.1 in April 2023. It was the seventh straight month that the PMI stayed below the 50-point threshold, which indicates contraction in manufacturing, the longest such stretch since the Great Recession. The persistent weak readings in the

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PMI support analysts' expectations that the economy will slip into recession in 2023. However, there have been several periods, including the mid-1990s as well as mid- and late-1980s when prolonged readings of the PMI below 50 were not accompanied by a recession. 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 consumer price inflation in the United States declined to 4.0% in May 2023, the lowest since March 2021, driven by a decline in energy prices. In addition, the core rate, which excludes volatile items such as food and energy, has slowed to 5.3%, the lowest since November 2021, supporting the argument for the Federal Reserve to consider pausing its current cycle of monetary tightening. On a monthly basis, consumer prices edged up 0.1% in May 2023 after increasing 0.4% in April 2023. The graph below shows inflation trend for the USA economy.

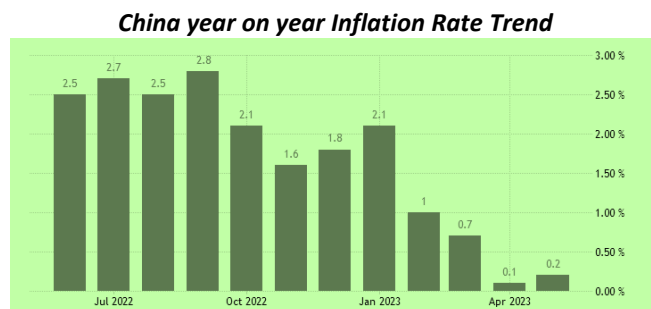


b) China

China's factory activity unexpectedly swung to growth in May 2023 from decline, according to a private sector survey, driven by improved production and demand, helping struggling firms that have been hit by slumping profits. The Caixin/S&P Global manufacturing purchasing managers' index (PMI) rose to 50.9 in May 2023 from 49.5 in April 2023, above the 50-point index mark that separates growth from contraction. China's recovery from its strict COVID curbs has been fragile and uneven, with economic indicators for April 2023 showing imports, factory gate prices and property investment all falling. 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 inflation remained close to zero in May 2023, giving the central bank scope to ease monetary policy as calls grow louder for more interest rate cuts to spur the economy's recovery. The consumer price index rose 0.2% from a year earlier, according to China's National Bureau of Statistics. This was slightly above the April's 26-month low figure of 0.1%. On a monthly basis, consumer prices dropped by 0.2%, the fourth straight month of fall, compared with estimates of a 0.1% decline. This comes as producer prices declined 4.6% on the back of lower commodity prices and weak domestic and foreign demand. The graph below shows China's inflation trend.



c) Germany

Persistent inflation has helped push Germany into recession in the first three months of 2023. Europe's largest economy was also badly affected when Russian gas supplies dried up after the invasion of Ukraine. The economy contracted by 0.3% between January and March, according to the country's statistics office. That followed a 0.5% contraction in the last three months of 2022. A country is deemed to be in recession when its economy shrinks for two consecutive three-month periods, or quarters.

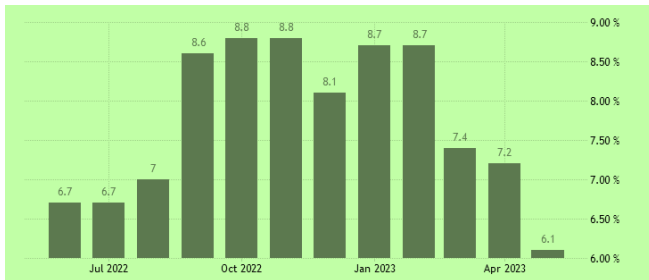
However, the German Central Bank, the Bundesbank, expects the economy to grow modestly in the April to June 2023 quarter, with a rebound in industry offsetting stagnating consumer spending. On that note, the IMF predicts that Germany will be the weakest of the world's advanced economies, shrinking 0.1% in 2023, after it upgraded its forecast for the UK.

On an inflation front, the annual inflation rate in Germany was confirmed at a 14-month low of 6.1% in May 2023, down

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from 7.2% in the previous month but remained well above the European Central Bank's target of about 2%. On a monthly basis, consumer prices edged down 0.1% in May, the first monthly decline in five months. The following Graph depict Germany's annual inflation trend.

Germany year on year Inflation Rate Trend



d) United Kingdom

The UK economy grew only weakly in the first three months of 2023 with the economy hit by strikes, cost of living pressures and wet weather. The economy is still 0.5% smaller than pre-pandemic levels. Moreover, while the UK outperformed Germany in the first three months of the year, many other major economies grew faster. 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, consumer price inflation in the UK fell to 8.7% year-on-year in April 2023, the lowest since March 2022, due to a sharp slowdown in electricity and gas prices. Inflation remained well above the Bank of England's target of 2.0%. The following Graph depict the UK annual inflation trend.

UK Inflation Rate



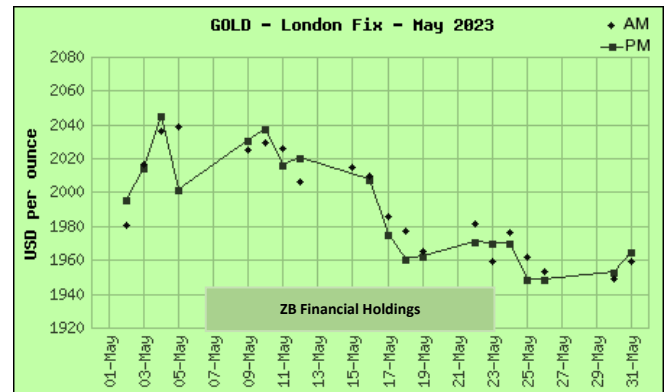
7. Commodities Markets

Commodity	April 2023	May 2023	Percentage Change (%)
	Price (US\$)	Price (US\$)	
Gold	2,000.42	1,888.66	-6%
Platinum	1,053.56	1060.90	1%
Silver	25.00	24.19	-3%
Oil	82.46	74.87	-9%

a) Gold

On average, gold prices fell by 6% to US\$1,888.66/ounce in May 2023, from US\$2,000.42/ounce recorded in April 2023. The following graph shows the trend of daily gold prices during the month under review.

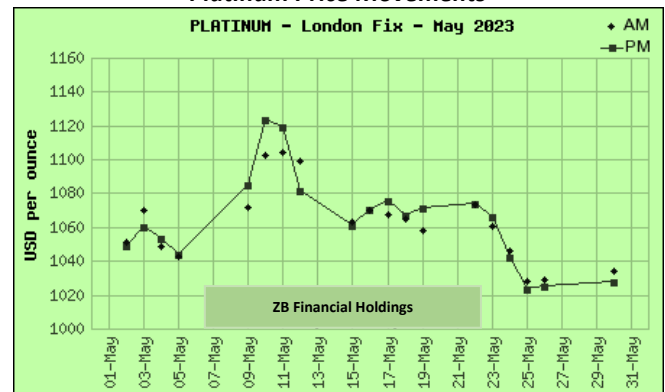
Gold Price Movements



b) Platinum

Platinum prices extended gains, though marginally, by 1%, from a monthly average of US\$1,053.56 per ounce in April 2023 to US\$1,060.90 per ounce in May 2023. The increase was largely on account of prospects of a rise in investment demand as well as the picking industrial demand in China. The following graph shows the trend of daily platinum prices for the month under review.

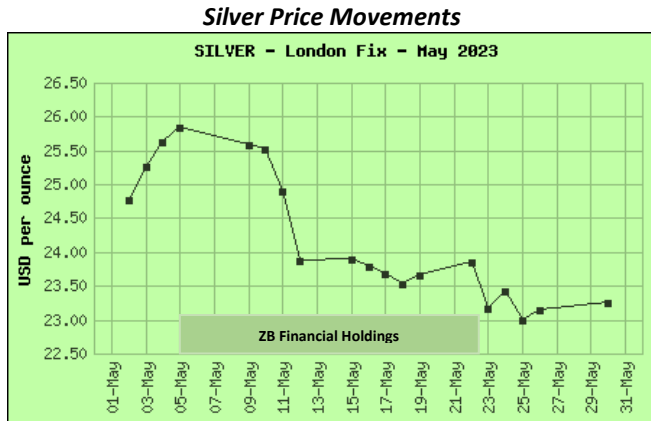
Platinum Price Movements



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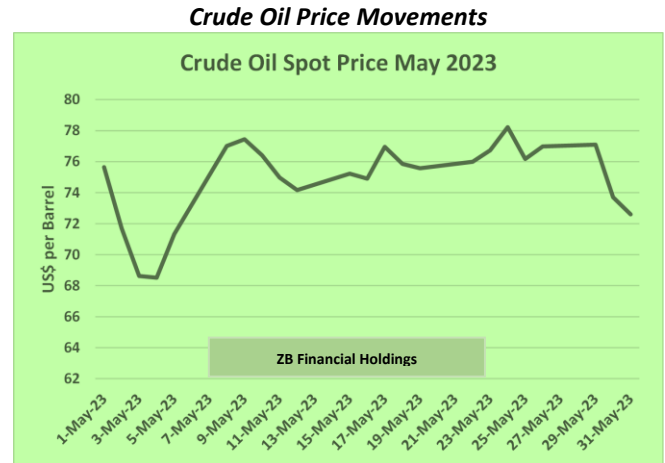
c) Silver

The average price of Silver fell by 3% from US\$25.00/oz in April 2023 to US\$24.19/oz in May 2023. The graph below shows the daily trend of Silver price for the month under review.



d) Crude Oil

Monthly average Brent crude oil price fell by 9%, from US\$82.46 per barrel in April 2023 to US\$74.87 per barrel, in May 2023. The graph below shows the trend of crude oil price during the month under review.



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.

END