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# Monthly Economic Update

## November 2023

## 1. Economic Performance

### a) Domestic Economy

According to the Government of Zimbabwe (GoZ), the domestic economy is now projected to grow by 5.5% in 2023, a slight upward revision from the August 2023 projection of 5.3%, on account of better-than-expected output in agriculture, in particular, tobacco, wheat and cotton. Conversely, the 2024 economic growth is expected to slow down to 3.5%, a 1.3 percentage points reduction from the previous 4.8% estimate. This aligns with the IMF's and World Bank's 2024 projection. The downward revision of the 2024 growth is premised on the anticipated impact of the El-Nino phenomenon being forecasted for the 2023/24 summer cropping season on agricultural output, as well as declining mineral commodity prices attributable to the global economic slowdown. The table below depicts economic growth forecasts for Zimbabwe.

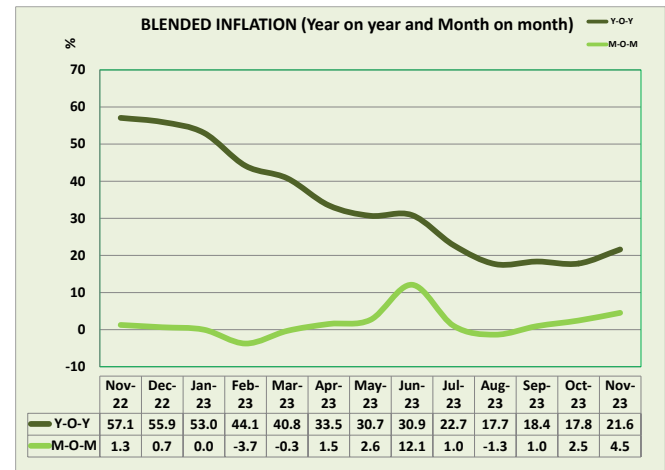
Zimbabwe Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Dec 23)	3.4	2.9	3.5
IMF (Oct 23)	6.2	4.8	3.5
BMI	3.4	3.8	3.2
AfDB	3.0	3.2	3.2
GOZ (Nov 23)	6.5	5.5	3.5

## 2. Inflation

In November 2023, the annual inflation rose by a significant 3.8 percentage points from 17.8% recorded in October 2023 to 21.6%. The month-on-month inflation for November 2023 rose by 2 percentage points from October 2023, reaching 4.5%, primarily influenced by food and non-alcoholic beverages items. Specifically, the month-on-month inflation rate for food and non-alcoholic beverages was 4.9% in

November 2023, up by 2.5 percentage points from 2.4% recorded in October 2023. The following graph depicts the year-to-date trajectory of annual blended inflation rates.

### Zimbabwe Blended Inflation Trend



It is notable that monthly inflation accelerated to 4.5%, surpassing the RBZ's 3% target. Consequently, it's expected that the Government will persist in implementing tight fiscal and monetary measures to mitigate potential risks associated with inflation and currency depreciation. Various measures will be adopted to achieve this goal including maintaining high minimum lending rates and reserve ratios, and employing diverse tools to reduce the overall money supply. Meanwhile, barring significant alterations, our 3-month econometric forecasts for cumulative inflation are outlined below:

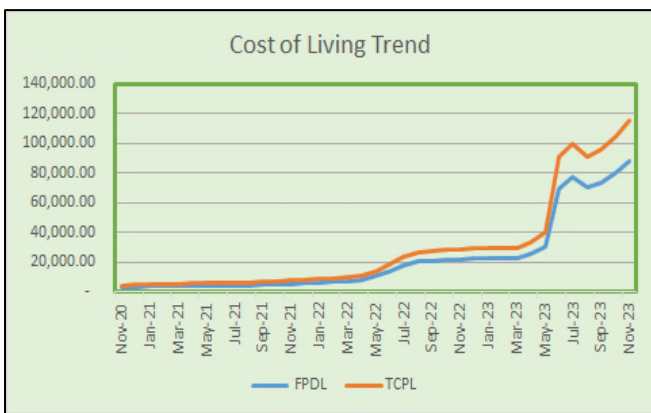
3 Month Inflation Forecasts (%)		
Month	Y-O-Y	M-O-M
Dec-23	20.5	-0.3
Jan-24	23.9	2.8

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Feb-24	32.4	2.9
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### 3. Poverty Datum Lines

The Total Consumption Poverty Line (TCPL), representing the essential monthly living expenses, surged notably by 9.5% from ZWL\$105,071.98 in October 2023 to ZWL\$115,090.15 in November 2023. Similarly, the Food Poverty Datum Line (FPDL), indicating the minimum expenditure solely on food, also experienced a significant increase of 9.0%, climbing from ZWL\$80,512.17 in October 2023 to ZWL\$87,756.38 in November 2023. The graph below illustrates the trends of these two variables up to the present date.



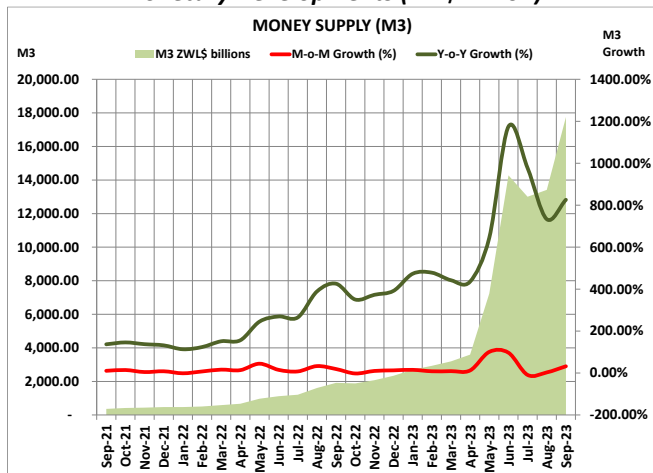
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## 4. Financial Sector

### a) Money supply

Broad money (M3) stock stood at ZW\$15,714.07 billion in September 2023, compared to ZW\$13,411.78 billion recorded the previous month. The money stock was composed of foreign currency deposits, 82.89%; local currency deposits, 17.04%; and currency in circulation, 0.07%. On a month-on-month basis, broad money increased by 17.17% in September 2023 compared to 3.14% in August 2023. The increase in money supply largely reflected an expansion of 21.00% in the foreign currency component, indicating the impact of valuation changes owing to exchange rate depreciation. In addition, the US dollar equivalent value of foreign currency deposits recorded a month-on-month growth of 2.05%. On an annual basis, broad money registered an increase of 719.66%, compared to 733.59% in August 2023. The expansion in foreign currency deposits accounted for 612.98 percentage points of the 719.66% annual growth in broad money. The local currency component of money supply accounted for 106.68%. The annual increase in broad money largely reflected a nominal change in credit to the private sector of ZW\$8 320.59 billion (877.85%). The graph below shows monetary developments for the period September 2021 to September 2023.

**Monetary Developments (ZW\$ Billion)**



Meanwhile, all things being equal, our 3-month econometric forecasts for Money Supply are as indicated below:

3 Month M3 Forecasts		
Month	M3 (ZW\$ billions)	M-O-M (growth)
Oct-23	20,349.34	14.62%
Nov-23	21,978.38	8.01%
Dec-23	23,284.82	5.94%

### b) Interest Rates

In consideration of the prevailing macroeconomic environment, the RBZ's Monetary Policy Committee meeting on December 1, 2023, resulted in the following resolutions regarding interest rates:

- The RBZ policy rate was maintained at 130%.
- The medium-term accommodation lending rate for productive sectors including individuals and MSMEs was maintained at 75%.
- The RBZ policy rate serves as the minimum lending rate applicable to all banks.

The most recent minimum ZWL\$ lending rates were recorded at 70.15% and 93.15% for individuals and corporates, respectively. As of November 24, 2023, the latest minimum deposit rates for savings, 1-month, and 3-month deposits were last recorded at 35.00%, 57.72%, and 60.81%, respectively. The table below illustrates the trend in minimum ZW\$ lending rates and deposits.

**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>minimums</i> )				
27-Oct-23	71.72	92.43	34.29	59	61.67
3-Nov-23	71.54	92.27	34.29	59	61.67
10-Nov-23	70.58	93.43	34.29	59	61.67
17-Nov-23	71.09	92.36	35.33	57.33	57.67
24-Nov-23	70.15	93.15	35.00	57.72	60.81
<b>Average</b>	<b>71.02</b>	<b>92.73</b>	<b>34.64</b>	<b>58.41</b>	<b>60.70</b>

The most recent minimum US\$ lending rates stood at 11.47% for individuals and 7.53% for corporates. As of November 24, 2023, the latest minimum deposit rates for savings, 1-month, and 3-month deposits were 1.36%, 2.97%, and 3.43%, respectively. The table below illustrates the trend in minimum US\$ lending rates and deposits.

**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>minimums</i> )				
27-Oct-23	11.12	8.72	1.27	3.15	3.33
3-Nov-23	11.10	8.26	1.27	3.15	3.33
10-Nov-23	11.10	8.28	1.27	3.15	3.33
17-Nov-23	11.07	8.30	1.36	2.97	3.43
24-Nov-23	11.47	7.53	1.36	2.97	3.43
<b>Average</b>	<b>11.17</b>	<b>8.22</b>	<b>1.31</b>	<b>3.08</b>	<b>3.37</b>

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### c) Foreign Currency Market

Using monthly average exchange rates, the USD lost value against 13 of the 18 currencies in our basket and gained value against 5 currencies, one of which was the ZWL. The table below shows a detailed breakdown of the monthly average exchange rates analysis.

**Exchange Rate Analysis (monthly average)**

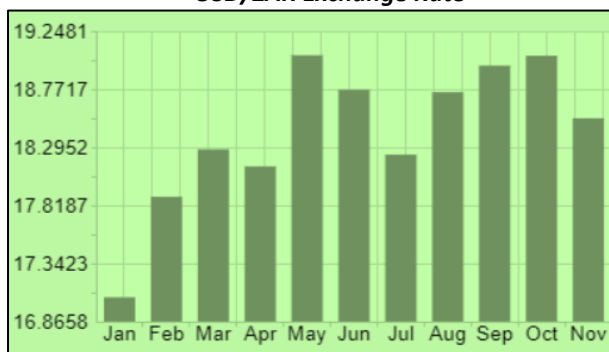
Exchange Rate Analysis (Monthly Averages)			
Currency/US\$	Oct-23	Nov-23	Change (%)
Zimbabwean Dollar	5661.24	5764.6900	1.83
Argentine Peso	349.914395	352.806283	0.83
Australian Dollar	1.574835	1.54075	-2.16
Botswana Pula	13.748854	13.512105	-1.72
Brazilian Real	5.062284	4.904108	-3.12
British Pound	0.821555	0.805806	-1.92
Canadian Dollar	1.37014	1.371673	0.11
Chinese Yuan Renminbi	7.275518	7.216928	-0.81
Euro	0.946433	0.925158	-2.25
Hong Kong Dollar	7.825711	7.806836	-0.24
Indian Rupee	83.232251	83.267997	0.04
Japanese Yen	149.496619	149.914343	0.28
Norwegian Krone	10.984357	10.919225	-0.59
Russian Ruble	97.217909	90.592804	-6.81
South African Rand	19.046308	18.532529	-2.70
Swedish Krona	11.017184	10.698929	-2.89
Swiss Franc	0.903738	0.892247	-1.27
South Korean Won	1350.0656	1307.77192	-3.13

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

The depreciation of the USD against all major currencies resulted in the ZWL losing against the USD by a small margin of 1.79% on average in November 2023, a notable decrease from the 13.32% recorded in October 2023.

On that same note, the South African rand reversed its trend, appreciating by 2.7% on average against the USD, for the first time since July 2023. The Rand appreciated from 19.0463/USD in October 2023 to 18.5325/USD in November 2023. The graph below illustrates the year-to-date trend of the South African Rand against the USD.

**USD/ZAR Exchange Rate**



The opening and month ending period analysis, however, reveals that the USD lost value against 14 of the 18 currencies in our basket and gained value against the remaining 4 currencies in November 2023. The table below shows a detailed breakdown of the monthly end period exchange rates analysis.

**Exchange Rate Analysis (end period)**

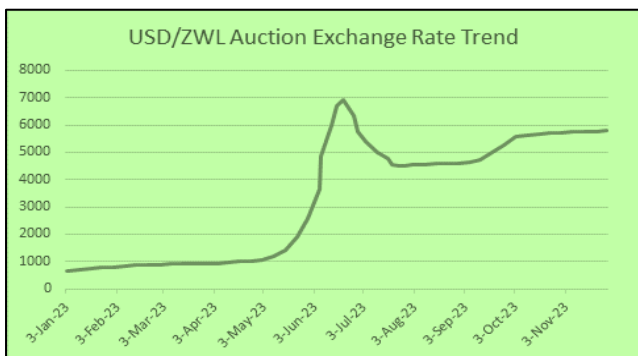
Exchange Rate Analysis(end period)			
Currency/US\$	1-Nov-23	30-Nov-23	Change (%)
Argentine Peso	349.975526	360.552949	3.02
Australian Dollar	1.571453	1.512025	-3.78
Botswana Pula	13.652897	13.568354	-0.62
Brazilian Real	5.01576	4.930289	-1.70
British Pound	0.824698	0.791357	-4.04
Canadian Dollar	1.388137	1.358636	-2.13
Chinese Yuan Renminbi	7.305871	7.11567	-2.60
Euro	0.949018	0.91688	-3.39
Hong Kong Dollar	7.823544	7.80975	-0.18
Indian Rupee	83.268912	83.383621	0.14
Japanese Yen	150.987458	147.872699	-2.06
Norwegian Krone	11.226575	10.772905	-4.04
Russian Ruble	92.638862	89.637447	-3.24
South African Rand	18.648954	18.879206	1.23
South Korean Won	1353.59715	1299.74171	-3.98
Swedish Krona	11.222697	10.439825	-6.98
Swiss Franc	0.910329	0.872568	-4.15
Zimbabwean dollar	5718.409	5790.0545	1.25

Source: x-rates; RBZ © ZB Financial holdings

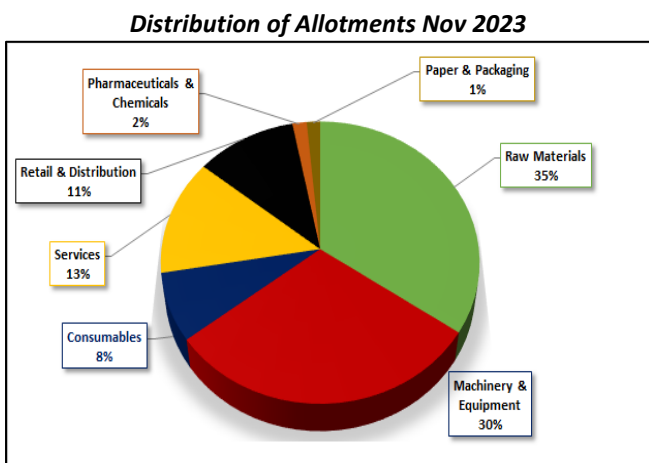
### d) Zimbabwe Official Forex Market

During the month under review, the Zimbabwe Dollar depreciated by 1.2% against the US Dollar, moving from ZWL\$5,718.409/US\$ recorded at the end of October 2023 to ZWL\$5,790.0545/US\$ recorded at the end of November 2023 on the official Auction Market. This depreciation coincided with a significant surge in money supply. Expectations suggest a continued gradual weakening of the Zimbabwe dollar in the short to medium term, barring unexpected policy changes. The following graph depicts the trend of the USD/ZWL auction exchange rate from January 2023.

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In November 2023, the largest share of foreign currency allocations went to the raw materials sector, receiving 35%, followed by machinery and equipment, which received 30% of the allocation. The chart below provides a detailed breakdown of the forex allocations.



### e) Equities Markets & Corporate Briefs

Based on Market Capitalization and the All Share Index, the ZSE showed impressive performance in November 2023 compared to its performance in October 2023. The market capitalization in local currency increased by 21.8% from ZWL\$12,026 trillion in October 2023 to ZWL\$14,644 trillion in November 2023. In US dollar terms, the ZSE Market Capitalization rose by 19.8% from USD\$2,110.29 million to USD\$2,528.79 million during the same period. Additionally, the All Share Index surged by 21.8%, climbing from 157,083.06 points to 191,271.68 points.

Similarly, the VFEX market also displayed notable positive performance in both Market Capitalization and the All Share Index, registering 3.1% and 1.9% increases, respectively. The table below illustrates the performance of both the ZSE and VFEX during the reviewed period.

### ZSE and VFEX Market Performance Indicators

Date	ZSE Market Summary			VFEX Market Summary	
	All Share	Mkt Cap ZWL\$ mil	Mkt Cap US\$ mil	All Share	Mkt Cap US\$ mil
Nov-23	191,271.68	14,644,444.80	2,528.79	68.90	912,880
Oct-23	157,083.06	12,026,448.18	2,110.29	67.65	885,780
Sep-23	126,642.42	9,856,416.54	1,802.98	74.48	1,006,120
Aug-23	125,134.79	9,900,190.01	2,150.05	71.84	963,940

### News Highlights in the Financial Sector

- Stanbic Bank Zimbabwe introduced US dollar cash deposit machines across the nation during the month of November 2023, advancing its digital transformation. Accessible 24/7, these machines enable hassle-free deposits into Stanbic accounts, offering real-time balance updates and customer service support.
- CABS secured a US\$40 million credit facility from Afreximbank to bolster local industry. The trade finance facility, with a 3-year tenure, aims to aid 573 small to medium enterprises, with 75% being women and youth-led, fostering economic growth.
- BancABC Zimbabwe achieved PCI DSS V3.2.1 compliance, ensuring secure credit, debit, and cash card transactions and shielding customers from personal data misuse. Amid rising bank fraud, the bank emphasized its commitment to protecting clients' information. This stringent certification, recognized by major card brands globally, encompasses confidentiality, data handling, and defence against cyber intrusions.

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## 5. Various Sectors of the Economy

### a) External Sector

The latest statistics depict that total exports for October 2023 amounted to USD\$381.9 million signifying a 22.7% increase from USD\$678.1 million recorded in September 2023. On the other hand, imports increased by 16.7% from USD\$772.2 million recorded in September 2023 to USD\$901.5 million realised in October 2023. All this combined translated to a trade deficit of US\$69.6 million in October, a decline by 26.4% from US\$94.6 million which prevailed in September 2023. Below is a tabulated summary that highlights the major sources of imports and leading destination countries for Zimbabwe's exports for October 2023.

#### Major Import Source Countries in October 2023 (%)

Country	% of Total Imports
South Africa	34.7
Russian Federation	15.2
Other Countries	13.7
China	11.9
Bahrain	6.9
Bahamas	4.2
Mauritius	3.2
India	3.1
Mozambique	2.8
United Arab Emirates g	2.2
Zambia	2.0

#### Major Exports Destinations in October 2023 (%)

Country	% of Total Exports
China	38.4
United Arab Emirates	22.8
South Africa	16.3
Other Countries	7.3
Mozambique	4.9
Belgium	3.8
Hong Kong	2.3
Viet Nam	1.5
Zambia	1.0
Italy	1.0
India	0.8

### b) Mining Sector

Mining growth projection has remained stagnant at 4.8% for 2023 but is expected to improve to 7.6% in 2024 driven by the ongoing investments in PGMs, gold, coal and lithium, among others.

#### News and highlights in the Mining Sector

- The Government of Zimbabwe, in the recently released 2024 National budget, availed USD\$2.7 billion to facilitate a complete formalisation of Artisanal and Small-Scale mining (ASM) industry. The Government intends to capacitate the ASM by offering affordable loan schemes for them to mechanise their operations and improve working capital.
- Zimplats, the country's largest platinum group metals producer, committed a staggering US\$362.1 million on major projects it plans to undertake in the fourth quarter of 2023 which include mine developments and upgrade projects at Mupani and Bimha, base metal refinery refurbishment project among others.
- ZIMASCO, the country's largest producer of Ferrochrome, has temporarily shut down operations owing to excessive electricity bills and dwindling commodity prices. However, in the meantime the company is running only two upgraded furnaces that came up earlier this year which are more power efficient and environmentally friendly. Moreover, the organisation intends to progress with the construction of two modern fully closed 19.8MVA furnaces with one expected to be completed at the end of January 2024.

### c) Agriculture Sector

The agricultural sector's growth has been revised upwards to 11.1% from the previously reported 9.7%. The expected improvement is owed to better than expected agricultural output mainly from tobacco, wheat and cotton. However, following the expected effects of the El Nino phenomenon, growth of the sector is expected to dilapidate vehemently and contract by 4.9% in 2024.

#### News Highlights in the Agriculture Sector

- Revenue from the sale of tobacco products has already surpassed a milestone of US\$1 billion in 2023 and the value is expected to extend given that there is still a month to spare before the end of the year. This has been occasioned by the rise in the average prices of tobacco from US\$4.51 recorded in 2019 to US\$5.26 in 2023 as a result of value addition. Moreover, real tobacco output was also recorded at 296,000 tons, the highest volume since 2019. Moreover, exports earnings from value added tobacco also witnessed a huge boost following the recent USD\$20 million investment in

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processing plant in Beatrice by a local tobacco company, Voedsel Group.

- There have been major developments of the sustainable water conservation scheme “the Intwasa/Pfumvudza” scheme following the preparation of over 11 million plots a record high since the adoption of the initiative in 2020, an excess from the targeted 9.5 million plots.
- There has been an addition to the number of players in the cotton markets following the entrance of Agri Value Chain, Cangrow, Galaxy Cotton and Innovative Cotton (Pvt) Ltd taking the total number of merchants from 5 to 9. This was cheered by farmers who had major issues regarding payment dates for their produce and the improved demand levels are expected to push cotton prices up in favour of the farmers
- Stakeholders in the agricultural sector have recently launched a program, named Takunda which is meant see the implementation of a climate-smart resilient design to assist farmers in responding to climate change. The program will be implemented through the farmer field business school with the aid from USAID and Care International.

#### **d) Manufacturing Sector**

Growth projections for the manufacturing sector have been maintained at 2.2% for 2023 and is expected to tepidly slow down to 1.6% in 2024 due to poor agricultural production, the major input source for the manufacturing sector. The sector is also expected to contribute towards GDP by 10.8% and 10.6% in 2023 and 2024 respectively. To complement and drive 2024 growth of this cornerstone sector, a total of ZWL\$130.5 billion has been allotted toward the Ministry of Industry and Commerce within the 2024 National Budget.

#### **News Highlights in the Manufacturing Sector**

- It has been reported that capacity utilisation for the manufacturing sector for 2023 third quarter remained at 47.4%. Capacity utilisation for large manufacturing companies rose from 54.7% recorded in the second quarter of 2023 to 56.8% in the third quarter. In contrast, small and medium manufacturing companies witnessed a decline in capacity utilisation from 44.7% to 44.4% recorded in the second and third quarter of 2023 respectively.
- United Capital Fertiliser (UCF) Limited, a prominent regional fertilizer manufacturer from China, has announced its intention to invest a substantial sum of US\$700 million in Zimbabwe. The investment will

be utilized for the development and establishment of Compound D and Urea fertilizer manufacturing facilities. This strategic move aligns with UCF's broader objectives of expanding its regional presence and operations. The construction the fertilizer manufacturing plants, starting with the Compound D facility, is scheduled to begin in the early months of 2024. This development is expected to play a significant role in Zimbabwe's goal of achieving self-reliance in fertilizer supply.

#### **e) Tourism Sector**

By the year 2025, it is projected that the tourism sector will contribute of US\$600 million to the overall capital investments. Additionally, during the same period, the tourism industry has set a goal of reaching a total economic value of US\$5 billion.

#### **News Highlights in the Tourism Sector**

- The Government of Zimbabwe has allotted an aggregate of ZWL\$71.1 billion towards the Ministry of Tourism and Hospitality Industry within the 2024 National Budget to support the operations of the tourism sector as well as marketing of the nation's tourism destination places.
- Fastjet is further contributing to the growth and expansion of the tourism sector and has recently added a new stream of flights in the nation. In addition to the Harare-Hwange-Kariba recently launched routes, a new morning flight between Bulawayo and Johannesburg has been introduced and is expected to ferry a significant number of tourists across the Zimbabwe-South Africa border significantly adding to the Second Republic's tourism revenue.

#### **f) Energy Sector**

The sector's performance is expected to contract by 4.9% in 2023 following decreasing water levels in the Kariba dam as well as underperformance of the worn-out and obsolete existing electricity generation plants. However, the sector is expected to improve in growth to 17.4% and is expected to contribute 3.5 to total GDP in 2024.

- Hwange Unit 7 has completed the one-month class C mandatory maintenance and has been brought back on the national grid. However, unit 8 is to go through the same routine which is expected extend the period of load shedding in the nation. In addition to that unit 1 and 6 are required to go through a

rehabilitation process which requires US\$2.8 billion in total.

- ZERA has downwardly reviewed domestic petroleum product prices with diesel and petrol now selling at US\$1.74 and US\$1.56 per litre respectively. This has been influenced by receding international prices for Brent crude oil which has mainly been occasioned by increasing Brent oil exports from OPEC (Organisation for Petroleum Exporting Countries). This has eased fears about tight markets and likewise oil prices.
- Invictus Energy announced gas discovery in the Mukuyu-2 well at its Cabora Bassa project in Zimbabwe. The discovery marks the first Triassic-aged hydrocarbon discovery in Sub-Saharan Africa and it holds immense potential to transform Zimbabwe's economic growth, enhance energy security, and open up new investment opportunities in hydrocarbon exploration, among other potential advantages.



## 6. Regional Economies

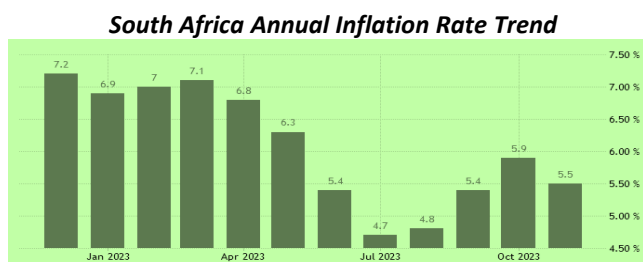
Sub-Saharan region is currently characterised by easing inflationary pressures and modest economic growth. Monetary policies are still centralised on achieving inflation targets and financing options are expected to remain tough and rigid. Moreover, long-term outlook remains uncertain owing to weaker climate change and geopolitical tensions threatening supply chains and output. Dwindling household consumption and falling property as well as commodity prices are also expected to weigh on growth for a sustained period. Amid the aforementioned conditions, Sub-Sahara growth projections by the IMF are pegged at 3.3% in 2023 and 4.0% in 2024.

### a) South Africa

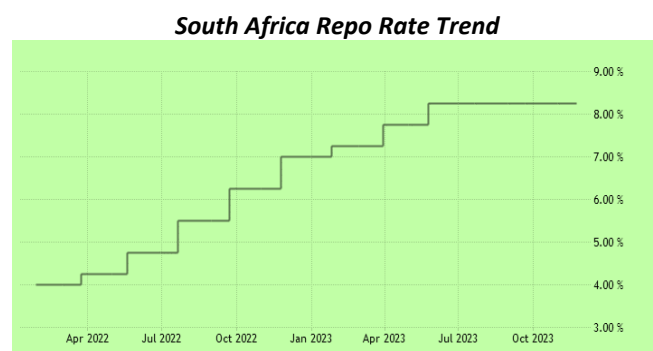
Post the blows of the Covid-19 pandemic and the on-going geopolitical upheavals, the South African economy is showing some resilience and the World bank has reviewed the nation's 2023 growth prospects upwards from the previously reported 0.3% to 0.7%. Growth is also expected to improve to 1.5% on average for the period 2024-26 owing to gradually subsiding electricity and power constrains. However, the economy can still be labelled weak because the prevailing growth is failing to mitigate and cope with the high levels of unemployment and poverty. Below is a table to highlight on South Africa's growth forecasts.

South Africa Economic Growth Forecasts (%)			
Year	2022	2023	2024
<b>World Bank (Nov 23)</b>	1.9	0.7	1.5
<b>IMF (Oct 23)</b>	2.1	0.9	1.8
<b>SARB (Nov 23)</b>	2.0	0.8	1.3
<b>SANT (Oct 23)</b>	2.5	0.8	1.6

In November 2023, South Africa experienced a decrease in its yearly inflation rate, which dropped to 5.5% from 5.9% recorded in October 2023. This is attributable to a decline in transportation costs following the decline in fuel prices. however, on a month on month basis, inflation ticked up by 10 bps from 4.4% in October 2023 to 4.5% in November 2023. Below is a graph depicting the annual inflation trend for South Africa to date.



In line with expectations, the South African Reserve Bank (SARB) has maintained the repo rate at 8.25%. The rationale behind the move is to anchor inflation expectations and keep the inflation target in sight as well as promote public confidence in the SARB's will to attain the inflation goal. Below is a graph to highlight on the Repo rate trend to date.



On the external front, the economy has shown some improvement. As a result, the expected current account deficit as a percentage of GDP decreased from 2.0% to 1.3% in 2023 owing to better than expected trading outcomes in the third quarter. However, given the moderating commodity export prices, the deficit is expected to creep upwards to 2.6% of GDP and 3.5% of GDP in 2024 and 2025 respectively.

### b) Botswana

In sync with the IMF, the Central Bank of Botswana has projected its GDP at 3.8% in 2023. For 2024, economic performance is expected to further improve to 4.4% growth. This growth expectation is hinged on supportive monetary and fiscal policies, improvement in water and electricity supply, implementation of the Economic Recovery and Transformation Plan and the two-year Transitional National Development Plan, as well as reforms to further improve the business environment. Below is a table indicating the nation's growth forecast as reported by different authorities.

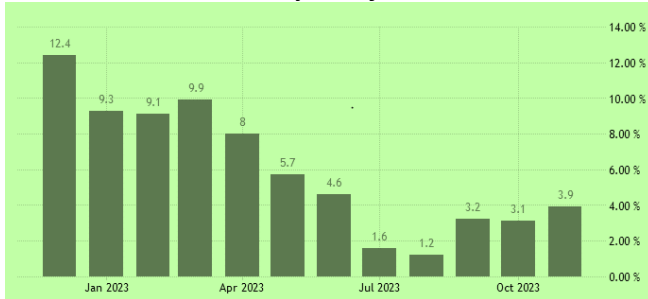
Botswana Economic Growth Forecasts (%)			
Year	2022	2023	2024
<b>World Bank (Jun 23)</b>	4.1	4.0	4.0
<b>IMF (Oct 23)</b>	4.1	3.8	4.1
<b>AfDB</b>	5.8	4.0	3.9
<b>CBB (Nov 23)</b>	5.8	3.8	4.4

Meanwhile, the annual inflation rate rose from 3.1% recorded in October 2023 to 3.9% in November 2023, the highest rate in the past six months. This may have been largely influenced by demand side shocks following the

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reduction of interest rates and increase of liquidity in the hands of spenders. Below is a graph depicting the year-on-year trend of Botswana inflation to date.

**Botswana Year on year Inflation Rate Trend**



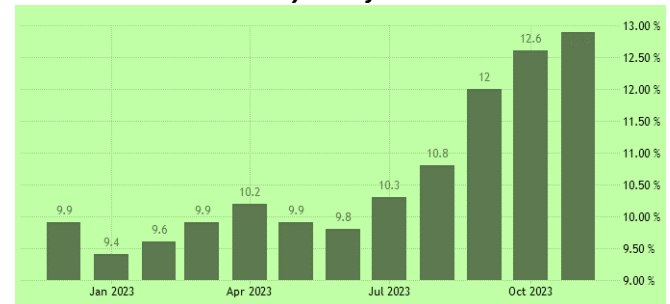
### c) Zambia

Despite the challenging and constraining prevailing conditions, Zambia is exerting some resilience. The nation's growth projections have been revised upwards by the IMF from the previously reported 3.6% to 4.3% in 2023. Favourable economic performance is also expected to spill over into 2024 and growth is expected to be 4.7%. The non-mining and non-agricultural sectors are expected to propel the nation in this direction following the expected effects of the El-Nino phenomenon and depreciating returns from mining. Below is a tabulated summary of Zambia's growth projections.

Zambia Economic Growth Forecasts (%)			
Year	2022	2023	2024
<b>World Bank (Jun 23)</b>	3.0	4.2	4.7
<b>IMF (Nov 23)</b>	2.9	4.3	4.7
<b>AfDB</b>	3.0	3.2	3.2

On the inflation front, the nation is bleeding and for the fifth straight month inflation has been accelerating. A year high inflation rate of 12.9% has been recorded in November 2023, up by 30 basis points from 12.6 recorded in October 2023. This has been occasioned mainly by the plummeting Kwacha's value amidst USD shortage emanating from plummeting copper production as well as weak metal prices. Both food and non-food items were more expensive during the month of November 2023 in comparison to prices in the previous month. Below is a graph showing the year on year inflation trend for Zambia.

**Zambia Year on year Inflation Rate Trend**



The rising inflation rate levels have prompted the Central bank to heighten interest rates by 100 basis points (bps) from 10% to 11%.

### d) Malawi

Malawi National Statistical Office in conjunction with the country's Ministry of Finance and Economic Affairs has reviewed growth expectation for 2023 downwards from 1.9% to 1.5%. This downgrade was necessitated by weaker than expected expansion in the sectors of agriculture, wholesale and retail trade, and manufacturing. The underperformance of these industries can be traced back to ongoing issues of lack of foreign currency reserves, sustained high inflation, and intermittent fuel shortages. Below is a table highlighting on the nation's growth expectations as reported by different institutions.

Malawi Economic Growth Forecasts (%)			
Year	2022	2023	2024
<b>World Bank (Oct 23)</b>	0.9	1.6	2.8
<b>IMF (Oct 23)</b>	0.8	1.7	3.3
<b>AfDB</b>	0.8	2.0	3.5
<b>Government (Dec 23)</b>	0.9	1.5	3.2

Meanwhile, following expected under performance of the economy and the will to attain inflation targets, the Monetary policy committee decided to maintain the benchmark interest rate at 24%.

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## 7. International Economies

The global economy is forecasted to recover unevenly from the adverse effects of the COVID-19 pandemic and the ongoing cost-of-living crisis. The significant tightening of global monetary conditions, triggered by record-high inflation levels, has notably decelerated the pace of this recovery. Consequently, there are concerns that global growth prospects might face risks in the medium term. The following table shows global economic growth forecasts.

Global Economic Growth Forecasts (%)			
Year	2022	2023	2024
<b>World Bank</b>	3.1	2.1	2.4
<b>IMF (Oct 2023)</b>	3.5	3.0	2.9

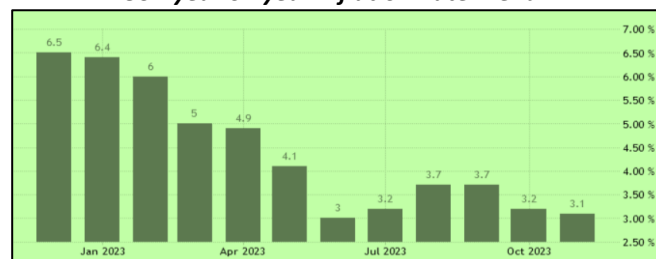
### a) United States of America

USA real GDP experienced a notable surge, growing at an annual rate of 5.2% during the Q3 of 2023, based on the second estimate shared by the Bureau of Economic Analysis. This growth is a significant leap from the 2.1% increase observed in the preceding quarter. The upswing in real GDP primarily stemmed from amplified consumer spending, private inventory investment, exports, state and local government expenditures, federal government outlays, residential fixed investment, and non-residential fixed investment. Additionally, there was an escalation in imports during this period. The following table shows economic growth projections for USA:

USA Economic Growth Forecasts (%)			
Year	2022	2023	2024
<b>World Bank</b>	2.1	1.1	0.8
<b>IMF (Oct 2023)</b>	2.1	2.1	1.5

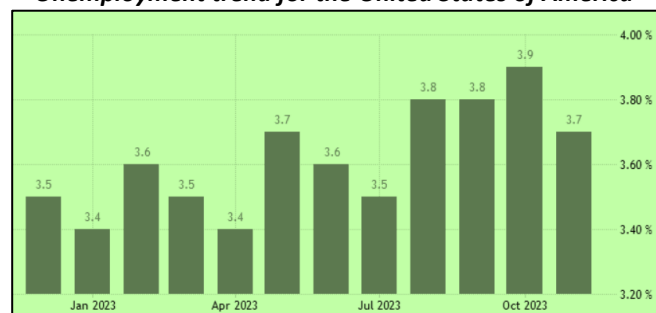
The annual inflation rate in the USA slowed to 3.1% in November 2023, the lowest reading in five months, from 3.2% in October 2023. Energy costs dropped by 5.4%, with gasoline declining by 8.9%, utility (piped) gas service falling by 10.4%, and fuel oil sinking by 24.8%. Compared to the previous month, consumer prices edged 0.1% higher, after remaining unchanged in October 2023, as higher shelter costs offset a decline in the gasoline index.

**USA year on year Inflation Rate Trend.**



In November 2023, the unemployment rate in the United States dropped to 3.7% in November 2023 from 3.9% recorded in October 2023, marking the lowest rate since July 2023. This outcome signals a slight reversal from the near two-year high recorded in October 2023, countering recent trends of a slowing labour market in the United States. The number of unemployed individuals decreased by 215 thousand to 6.291 million, while the count of employed individuals surged by 757 thousand to 161.969 million. The following graph shows USA's unemployment trend.

**Unemployment trend for the United States of America**



### b) China

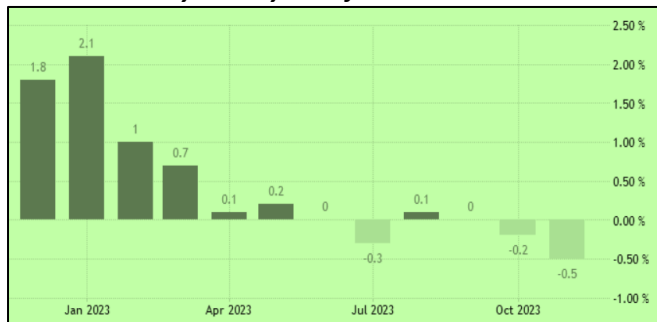
The Chinese economy is projected to grow by 5.4% in 2023, reflecting a strong post-COVID rebound. But growth is expected to slow in 2024 to 4.6% amid continuing weakness in the property market and subdued external demand. The following table shows economic growth forecasts for China.

China Economic Growth Forecasts (%)			
Year	2022	2023	2024
<b>World Bank</b>	2.7	4.3	5.0
<b>IMF (Nov 2023)</b>	3.0	5.4	4.6

During the month under review, China witnessed a significant decrease in consumer prices, dropping by 0.5%, marking the steepest decline since 2020. This drop was sharper than the 0.2% decrease recorded in October 2023. The primary factor behind this was a notable decrease in

food prices, notably a substantial drop in the cost of pork. The following graph shows China's inflation trend.

**China year on year Inflation Rate Trend**



The People's Bank of China kept lending rates unchanged at the November 2023 meeting, aligning with widespread expectations. The one-year loan prime rate (LPR), utilized for corporate and household loans, remained steady at a record low of 3.45%. Similarly, the five-year rate, a key reference for mortgages, was held at 4.2% for the fifth consecutive month.

**c) Germany**

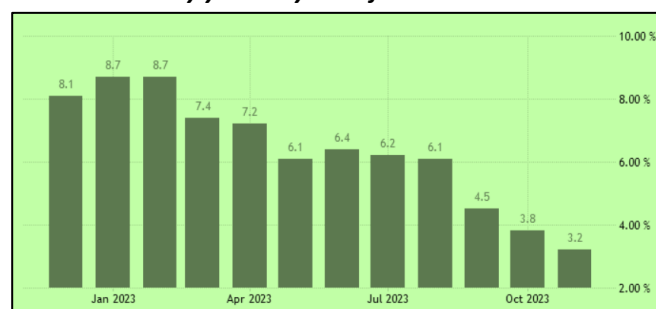
According to the OECD, Germany economy is projected to stagnate in 2023 and grow by 1.3% in 2024. High inflation is reducing real incomes and savings, which is dampening private consumption. Export growth is expected to recover throughout 2023 due to easing supply chain bottlenecks and a record-high order backlog. Investor and consumer confidence have improved due to strong support from energy prices, swift substitution of energy imports from Russia, and declining energy prices. The following table shows economic growth forecasts for Germany:

Germany Economic Growth Forecasts (%)			
Year	2022	2023	2024
IMF (Oct 2023)	1.8	-0.5	0.9
OECD (Nov 2023)	1.9	0.0	1.3

Meanwhile, Germany's year-on-year inflation rate was confirmed at 3.2% in November 2023, representing the lowest point since June 2021. This represents a 0.6 percentage points decline from the 3.8% recorded in October 2023. The primary downward pressures stemmed from a sharp deceleration in food inflation and a further decline in energy, attributed to a base effect from the previous year. Concurrently, services inflation moderated to 3.4% from 3.9% in the previous month. Additionally, core

inflation, excluding volatile items such as food and energy, cooled to 3.8%, marking its lowest reading since August 2022. On a monthly basis, consumer prices fell by 0.4%, following zero growth in October 2023. The following graph shows Germany's inflation trend.

**Germany year on year Inflation Rate Trend**



**d) United Kingdom**

According to the latest report from the Bank of England, UK's GDP is expected to remain flat in Q3 of 2023, weaker than projected in the August 2023 Report. Business surveys indicate a potential slight contraction of output in Q4 of 2023, while others are less pessimistic. The GDP is expected to grow by 0.1% in Q4 of 2023, also weaker than previously projected. The following table shows economic growth forecasts for UK:

UK Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Jun 23)	3.5	0.4	1.3
IMF (Oct 2023)	4.1	0.5	0.6

The Bank of England maintained its benchmark interest rate at a 15-year high of 5.25% for the second consecutive time during its November 2023 meeting, as policymakers evaluate recent signs of an economic slowdown in the UK, while simultaneously grappling with the ongoing challenge of stubbornly high inflation. The Central Bank emphasized that monetary policy is likely to remain restrictive for an extended period in order to steer inflation back towards the 2% target.

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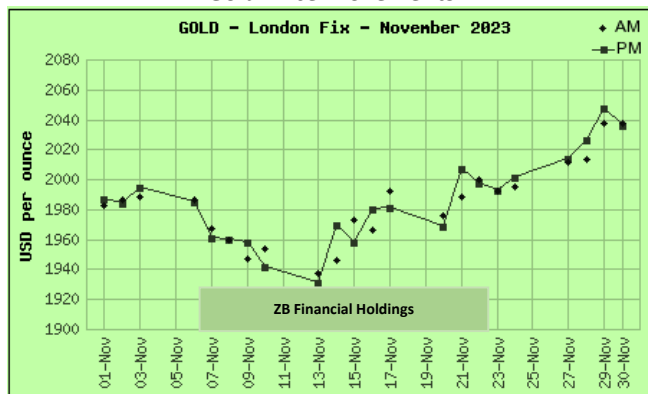
## 8. Commodities Markets

Commodity	Oct 2023	Nov 2023	Percentage Change (%)
	Price (US\$)/oz	Price (US\$)/oz	
Gold	1,913.04	1985.27	3.8
Platinum	891.36	906.91	1.7
Silver	22.32	23.40	4.8
Oil	88.25	81.9	-7.2

### a) Gold

In contrast to the previous month which saw a depreciation in gold prices, November 2023 witnessed an average price increase of 3.8% from US\$1,916.96/ounce recorded in October 2023 to US\$1,985.27/ounce in November 2023. The following graph shows the trend of daily gold prices during the month under review.

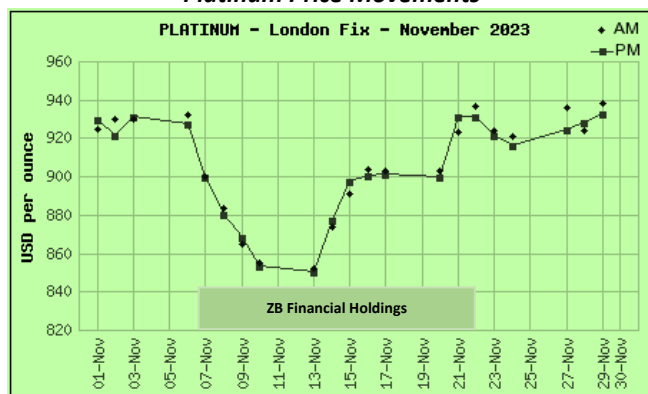
**Gold Price Movements**



### b) Platinum

For the first time in the last six months, platinum prices improved and on average they increased by 1.7% from US\$891.36/ounce recorded in October 2023 to US\$906.91/ounce in November 2023. The following graph shows the trend of daily platinum prices for the month under review.

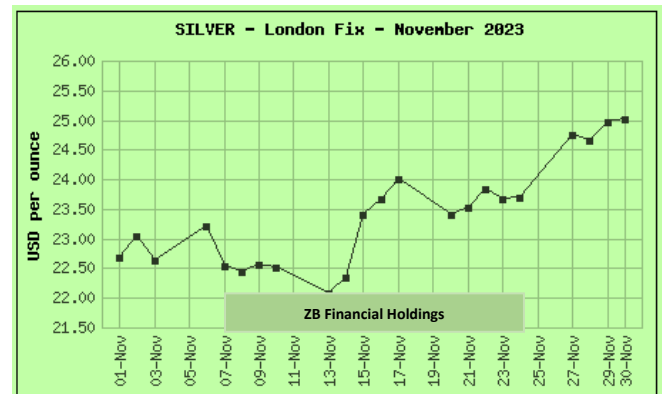
**Platinum Price Movements**



### c) Silver

During the month of November 2023, the average price of silver rose by 4.8% from US\$22.32/oz recorded in October 2023 to US\$23.40/oz recorded in November 2023. The graph below shows the daily trend of Silver price for the month under review.

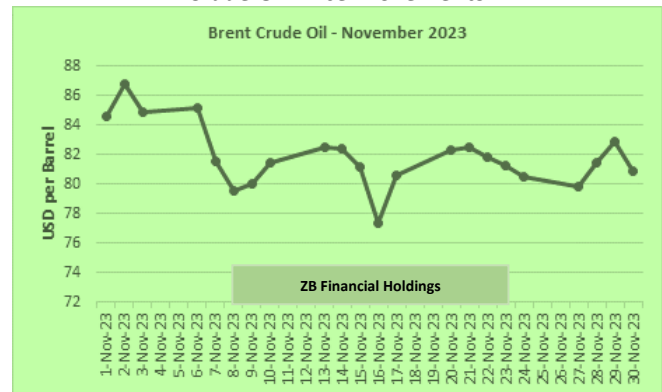
**Silver Price Movements**



### d) Crude Oil

Crude oil monthly average prices for November 2023 further declined by 7.2% from US\$88.25/oz in October 2023 to US\$81.9/oz in November 2023. The graph below shows the trend of crude oil price during the month under review.

**Crude Oil Price Movements**



The decline in oil prices is largely attributed the decrease in global demand as well as the increase in US oil output. This has also led to the loss in market share by OPEC+ which now controls only 51% of the world oil market according to the International Energy Agency (IEA).

**END**

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