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# Monthly Economic Update

## October 2023

## 1. Economic Performance

### a) Domestic Economy

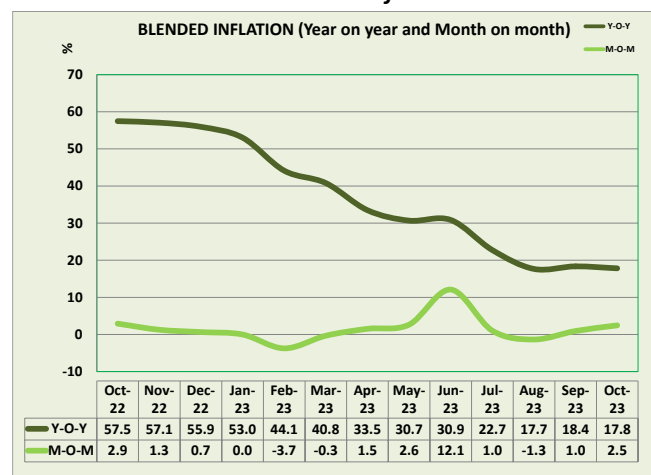
The IMF, for the second time this year, has upwardly reviewed Zimbabwe's growth projection from 4.1% to 4.8% for 2023. The expected improvement is owed to strong activities in the mining sector as well as structural reforms in the agricultural and energy sector. However, growth is expected to slide down by 0.2 percentage points to 3.4% in 2024 from the previously projected statistic owing to declining global demand for minerals as well as unfriendly weather conditions for agricultural sustenance. Growth projections by other notable authorities and institutions however remains unchanged and the table below highlights on that.

Zimbabwe Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Jun 23)	3.4	2.9	3.4
IMF (Oct 23)	6.2	4.8	3.4
BMI	3.4	3.8	3.2
AfDB	3.0	3.2	3.2
MOFIP	6.5	5.3	4.8

## 2. Inflation

October 2023 annual inflation has declined from 18.4% recorded in September 2023 to 17.8%. However, month-on-month inflation has gained by 1.5 percentage points from 1% in September 2023 to 2.5% in October 2023. This has been occasioned by mainly the rise in non-food item prices notably water, electricity, and housing costs followed by food and non-alcoholic beverages. Below is a diagrammatic exposition of the blended inflation trends for the past year.

### Zimbabwe Blended Inflation Trend



In the future, it is anticipated that the Government will continue to implement stringent fiscal and monetary strategies with the aim of mitigating the potential dangers linked to inflation and the depreciation of exchange rates. Various actions will be taken to achieve this objective, such as promoting the utilization of the Zimbabwe Dollar, upholding elevated minimum lending rates and reserve ratios, and employing multiple instruments to generally decrease the money supply. In the meantime, assuming no major changes, our 3-month econometric predictions for combined inflation are provided below:

3 Month Inflation Forecasts (%)		
Month	Y-O-Y	M-O-M
Nov-23	16.9	0.5
Dec-23	19.0	2.4
Jan-24	22.0	2.6

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### 3. Poverty Datum Lines

The Total Consumption Poverty Line (TCPL), which represents the minimum funds needed monthly for basic living costs, witnessed a sizable uptick of 10.1% from ZWL\$95,462.53 in September 2023 to ZWL\$105,071.98 in October 2023. Concurrently, the Food Poverty Datum Line (FPDL), a metric of the minimum costs for food alone, also grew substantially by 9.9% from ZWL\$73,235.85 recorded in September 2023 to ZWL\$80,512.17 in October 2023. The Graph below shows the trends for the two variables to date.



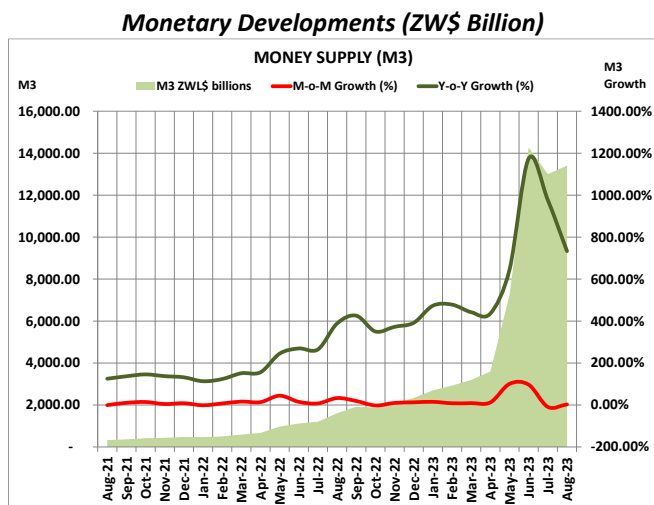
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## 4. Financial Sector

### a) Money supply

Broad money (M3) stock stood at ZW\$13,411.78 billion in August 2023, compared to ZW\$13,003.45 billion recorded in the previous month. The money stock was largely composed of foreign currency deposits, 80.22%; local currency deposits, 19.70% and currency in circulation, 0.07%. On a month-on-month basis, the broad money aggregate increased by 3.14% in August 2023, compared to a decline of 8.91% recorded in July 2023. The increase in money supply largely reflected an expansion of 15.93% in the local currency component, indicating the impact of credit creation by banks. Foreign currency accounts recorded an increase of 0.41%. On an annual basis, broad money registered an increase of 733.59% compared to 977.06%, in July 2023. The annual growth in money supply largely reflected exchange rate depreciation, from ZW\$546.83/US\$ in August 2022 to ZW\$4,608/US\$ by end-August 2023. Foreign currency deposits grew by 602.24% whilst the local currency component of money supply also increased by 390.25%.

The graph below shows monetary developments for the period August 2021 to August 2023.



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)
Sep-23	17,753.93	32.38%
Oct-23	20,349.34	14.62%
Nov-23	21,978.38	8.01%

### b) Interest Rates

Considering the emerging global risks and the crucial need to subdue exchange rates and inflation whilst promoting stable growth, the RBZ Monetary Policy committee made the following resolution relative to interest rates:

- Bank RBZ policy rate now pegged at 130%
- The medium-term accommodation lending rate for productive sectors including individuals and MSMEs maintained at 75%;
- The RBZ policy rate remains the minimum lending rate for all banks; and
- The deposit interest rates on savings and time deposits also maintained at 30% and 50% per annum, respectively.

The latest minimum ZWL\$ lending rates were recorded at 71.66% and 92.69% for individuals and corporates, respectively. Latest minimum deposit rates as at 20 October 2023 show that Savings, 1 Month and 3 Month remained the same. The table below shows the ZWL\$ lending rates and deposit trend.

#### Average lending Rates and Deposit Rates (ZWL)

Week Ending	Local currency (ZWL)				
	Lending Rates (%)		Deposit Rates (%)		
	Commercial Banks (minimums)				
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
29-Sep-23	76.49	92.69	34.29	59	61.67
6-Oct-23	75.58	94.51	34.29	59	61.17
13-Oct-23	74.11	93.91	34.29	59	61.67
20-Oct-23	71.66	93.37	34.29	59	61.67
Average	74.46	93.62	34.29	59	61.55

The latest minimum US\$ lending rates were recorded at 10.94% and 7.84% for individuals and corporates, respectively. Latest minimum deposit rates as at 20 October 2023 show that Savings, 1 Month and 3 Month remained the same at 1.27%; 3.15%; and 3.33%, respectively. The table below shows the US\$ lending rates and deposit trend.

#### Average lending Rates and Deposit Rates (USD)

Week Ending	Foreign Currency (USD)				
	Lending Rates (%)		Deposit Rates(%)		
	Commercial Banks (minimums)				
	Individual Clients	Corporate Clients	Savings	1-Month	3-Months
29-Sep-23	11.26	7.84	1.27	3.15	3.33
6-Oct-23	10.94	8.29	1.27	3.15	3.33
13-Oct-23	11.15	8.27	1.27	3.15	3.33
20-Oct-23	11.16	8.24	1.27	3.15	3.33
Average	11.13	8.16	1.27	3.15	3.33

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### c) Foreign Currency Market

Based on monthly average exchange rate analysis, the USD appreciated against 15 of the 18 currencies within our basket and lost to 3 currencies that is Chinese Yuan Renminbi, Hong Kong Dollar and the Swedish krona. Below is a table to illustrate more in this.

#### Exchange Rate Analysis (monthly average)

Exchange Rate Analysis (Monthly Averages)			
Currency/US\$	Sep-23	Oct-23	Change (%)
Zimbabwean Dollar	4907.054825	5661.24132	15.37
Argentine Peso	349.883568	349.914395	0.01
Australian Dollar	1.556669	1.574835	1.17
Botswana Pula	13.639541	13.748854	0.80
Brazilian Real	4.944135	5.062284	2.39
British Pound	0.806334	0.821555	1.89
Canadian Dollar	1.354723	1.37014	1.14
Chinese Yuan Renminbi	7.279994	7.275518	-0.06
Euro	0.935779	0.946433	1.14
Hong Kong Dollar	7.830825	7.825711	-0.07
Indian Rupee	83.011657	83.232251	0.27
Japanese Yen	147.677525	149.496619	1.23
Norwegian Krone	10.725559	10.984357	2.41
Russian Ruble	96.438557	97.217909	0.81
South African Rand	18.965022	19.046308	0.43
Swedish Krona	11.094182	11.017184	-0.69
Swiss Franc	0.897946	0.903738	0.65
South Korean Won	1332.923354	1350.0656	1.29

Source : X-rates ; RBZ © ZB Financial holdings

The appreciation of the USD meant that the ZWL lost against the USD by 13.3% on average in October 2023, a significantly larger depreciation margin in comparison to the 6.9% recorded in September 2023.

The opening and month ending period analysis on the other hand depict that the USD gained against 13 of the 18 currencies within our basket and lost to the remaining 5 currencies October 2023. The following table tells more on this.

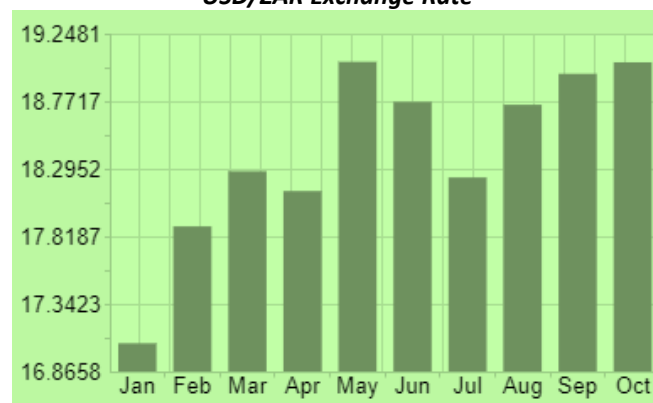
#### Exchange Rate Analysis (end period)

Exchange Rate Analysis(end period)			
Currency/US\$	01-Oct 23	31-Oct 23	Change (%)
Argentine Peso	350.016031	350.015465	0.00
Australian Dollar	1.552528	1.579496	1.74
Botswana Pula	13.693822	13.658977	-0.25
Brazilian Real	5.032914	5.042111	0.18
British Pound	0.819723	0.82419	0.54
Canadian Dollar	1.357792	1.388235	2.24
Chinese Yuan Renminbi	7.260698	7.288173	0.38
Euro	0.945048	0.946081	0.11
Hong Kong Dollar	7.830616	7.824733	-0.08
Indian Rupee	83.035412	83.280581	0.30
Japanese Yen	149.415271	151.468453	1.37
Norwegian Krone	10.685299	11.171165	4.55
Russian Ruble	96.498776	92.714542	-3.92
South African Rand	18.904553	18.742349	-0.86
South Korean Won	1352.78399	1354.973315	0.16
Swedish Krona	10.919673	11.173302	2.32
Swiss Franc	0.915546	0.90983	-0.62
Zimbabwean dollar	5252.6558	5718.409	8.87

Source: X-Rates; © ZB Financial holdings

Meanwhile, the South African rand has continued its tepid depreciation against the USD and has lost about 0.43% on average from 18.9650 per USD in September 2023 to 19.0463 per USD in October 2023. The graph below shows the year to date trend of the South African Rand against the USD:

#### USD/ZAR Exchange Rate

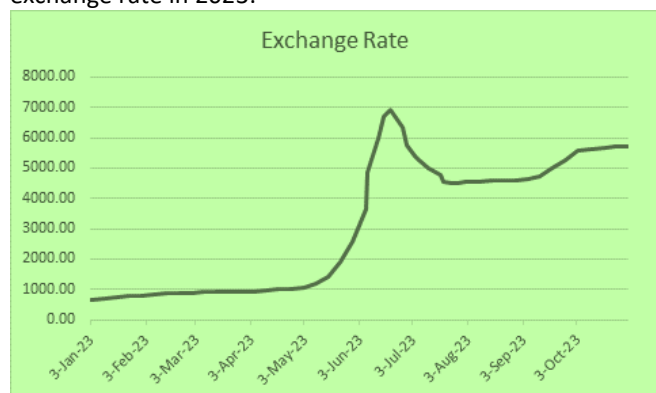


### d) Zimbabwe Official Forex Market

In October 2023 the Zimbabwe Dollar weakened by 8.1% from ZWL\$5,252.66/US\$ recorded at the end of September 2023 to ZWL\$5,718.409 /US\$, registered at the end of October 2023 on the official market. This comes as money supply skyrockets. The Zimbabwe dollar is anticipated to weaken gradually in the near to medium term,

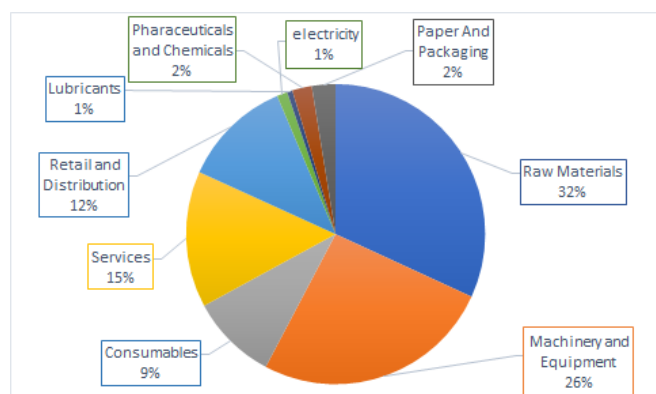
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notwithstanding any unforeseen policy shifts. The following graph shows the year to date trend of the USD/ZWL exchange rate in 2023:



Meanwhile, of the September 2023 foreign currency allocations the raw materials sector got allocated the largest chunk of 32% followed by machinery and equipment to which 26% of the allocation was channelled. Below is a chart to highlight more on the forex allocations.

#### Foreign Currency Auction Allotments by Sector.



#### e) Equities Markets & Corporate Briefs

Basing on market capitalisation and the All Share index the ZSE performed remarkably well in October 2023 relative to its performance in September 2023. Market capitalisation in local currency terms improved by 22% from ZWL\$9,856 trillion recorded in September 2023 to ZWL\$12,026 trillion recorded in October 2023. In US\$ terms the ZSE Market Capitalisation improved by 17% from USD\$1,802.98 million to USD\$2,110.29 million, during the same period. On the other hand, the All Share index also drifted upwards by a significant 24% from 126,642.42 points to 157,083.06 points.

However, in contrast, the VFEX market registered a depreciation of both Market Capitalisation and the All Share index by 11.96% and 9.17%, respectively. The table below

shows the ZSE and VFEX performance during the period under review.

#### ZSE and VFEX Market Performance Indicators

Date	ZSE Market Summary			VFEX	
	All Share	Mkt Cap ZWL\$	Mkt Cap USD\$m	All Share	Mkt Cap USD\$m
Oct-23	157,083.06	12,026,448.18	2,110.29	67.65	885.78
Sep-23	126,642.42	9,856,416.54	1,802.98	74.48	1,006.12
Aug-23	125,134.79	9,900,190.01	2,150.05	71.84	963.94
Jul-23	114,746.13	9,138,655.60	2,023.11	68.31	902.66

#### News Highlights in the Financial Sector

- First Capital Bank has recently struck a deal and secured USD\$20 million from Afreximbank in addition to the EUR12.5 million in foreign lines of credit acquired from the European Investment Bank. The goal is to fund and sustain the country's productive sectors as well as fund the construction of its new headquarters in Borrowdale, Harare, indicating the organisation's long-term commitment to Zimbabwe.
- Nedbank has put aside and secured USD\$3.9 billion for climate financing. This is motivated by the need to become the leading renewable energy financier in the countries it operates in, including Zimbabwe and has therefore made sustainable development and energy financing one of its primary strategies.
- ZSE turnover for the third quarter witnessed huge upward shift by 418% to ZWL\$171 billion compared to ZWL\$33 billion recorded during the same period in 2022 following the excess liquidity which descended upon the market. Moreover, amid the still tight liquidity stance by the Government to tame inflation, the exchange realised a quarter on quarter growth of 27%. Nevertheless, market capitalisation dropped by 29% during the third quarter which is about ZWL\$9.87 Trillion in depressed activity in comparison to the previous quarter. This however represents a 443% increase from the same comparative period last year, although, in real US dollar terms, the market is still below the US\$4 billion mark.

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## 5. Various Sectors of the Economy

### a) External Sector

According to the latest statistics released by ZIMSTAT, in September 2023, the value of exports reached US\$678.0 million, marking a 4.3% increase from the US\$649.8 million recorded in August 2023. On the other hand, imports for September 2023 amounted to US\$772.2 million, indicating a 5.8% decrease from the US\$820.1 million recorded in August 2023. This shift in trade resulted in a trade deficit of US\$94.2 million for September 2023, representing a significant 44.7% improvement compared to the deficit of US\$170.3 million recorded in August 2023.

The main products imported during the month of September 2023 were mineral fuels and mineral oil products (21.0%), machinery and mechanical appliances (13.4%). The main products exported were semi-manufactured gold (29.6%) and other mineral substances (17.4%). This is highlighted by the tables below.

#### Major Imports in September 2023 (%)

Mineral fuels and mineral oil products	21.0
Machinery & mechanical appliance	13.4
Vehicles	8.2
Iron and steel articles of iron and steel	7.3
Electrical machinery & equipment	5.7
Fertilizers	5.1
Cereals	3.8
Plastics	3.5
Animal/Vegetable fats and oils	2.9
Miscellaneous chemical products	2.4

#### Major Exports in September 2023 (%)

Semi-manufactured gold	29.6
Other mineral substances	17.4
Tobacco	15.9
Nickel mattes	13.4
Nickel ores & concentrates	5.9
Ferro-chromium	4.8
Chromium ores and concentrates	1.6
Platinum unwrought	1.1
Industrial Diamonds	0.9
Sugars	0.9

### b) Mining Sector

The mining growth projection remains unchanged at 4.8% for the year 2023. In 2023, mining is projected to contribute 13.2% to the total GDP.

#### News and highlights in the Mining Sector

- Gold deliveries in Zimbabwe to Fidelity Gold Refinery during the Q3 of 2023 displayed mixed trends. Large-scale producers saw a 1.1% increase in deliveries, while Artisanal and Small-Scale Miners (ASM) saw a significant 19.2% decrease. ASM still contributed about 61.6% of total deliveries. In September 2023, large-scale producers' deliveries dropped by 2.8%, and small-scale miners' deliveries decreased by 9.1%, resulting in a 7.3% decline in total deliveries. Fluctuations in deliveries and external factors like weather continue to impact production.
- A 9% drop in export receipts occurred in Zimbabwe during the first nine months of 2023 compared to the same period in 2022 due to declining global mineral commodity prices, particularly in platinum, lithium, and nickel. The RBZ reported this decline, indicating that it has negatively affected the country's foreign currency generation. Export receipts, crucial for economic activities, decreased from US\$4.5 billion in the first nine months of 2022 to US\$3.6 billion in 2023 due to adverse global economic conditions.
- Caledonia Mining Corporation, a Victoria Falls Stock Exchange-listed gold miner, achieved a record quarterly gold production of 21,772 ounces at its Blanket mine in Gwanda, marking significant growth compared to the same quarter in 2022. The mine produced 55,244 ounces during the nine months ending on September 30, 2023. Blanket Mine's robust performance aligns with its annual gold production target of 75,000 to 80,000 ounces in 2023. The company is investing in a new tailings storage facility to support future production and is conducting exploration activities to extend the mine's life.
- During Q3 2023, Unki Mine, platinum group metals (PGM) producer, saw a 3% increase in PGM production compared to Q2 2023, with 60,500 ounces produced. In the first half of 2023, the company achieved a 2% production increase compared to the same period in 2022, totalling 121,500 ounces. However, Q2 2023 production decreased by 11% compared to Q2 2022. The decrease was attributed to lower production from

specific mines, including Mogalakwena and Amandelbult.

- Padenga Holdings plans to invest \$25 million in its mining business to boost operations by the end of the current financial year. The company owns a gold mining subsidiary, Dallaglio, which operates Pickstone Peerless near Chegutu and acquired Eureka Mine in 2018. A significant portion of the investment will be directed towards expanding the Pickstone Peerless underground gold mine to access high-grade gold reserves. The first phase of the expansion was completed in August 2023, with expected long-term contributions to revenue and profit. Padenga reported a 31% increase in revenue during the half-year period, largely attributable to contributions from the Eureka gold mine.
- Steel giant Zisco, once the largest steel plant north of the Limpopo River until financial difficulties caused it to cease operations in 2008, is preparing to resume operations. The company has procured the required equipment for limestone and iron ore mining in Redcliff ahead of starting operations next year. Mining preparations are nearly complete, with dewatering starting, and operations are scheduled to begin in the first quarter of 2024.
- Cypriot firm Tharisa, major stakeholders in Zimbabwe's Karo Platinum Project, has postponed the project's commissioning by a year because of low international mineral prices. Karo is an open-pit platinum group metals (PGM) site under construction costing \$391 million, with an expected annual yield of 194,000 oz. Tharisa's decision follows warnings by the Chamber of Mines of Zimbabwe about weakening international mineral prices linked to geopolitical tensions and sluggish Chinese economic growth. Despite this, Tharisa is optimistic about the medium-term outlook for PGMs.

### **c) Agriculture Sector**

The agriculture sector, is projected to grow by a growth rate of 9.7% in 2023 due to significant positive developments in several subsectors, including Tobacco, Maize, and Wheat. In 2023, agriculture is projected to contribute 12.6% to the total GDP.

#### **News Highlights in the Agriculture Sector**

- New wheat price was announced at US\$520.25 per metric tonne. The pricing policy is based on a standardized maize production model, cost plus pricing, an average yield of 4.8 metric tonnes/Ha,

and a 15% margin above the breakeven price. Payment for winter wheat will be at a 75:25 (USD: ZWL) ratio.

- Zimbabwe anticipates a record wheat harvest despite recent storms damaging over 5,000 hectares, with minimal significant damage. The nation aims to harvest 430,000 tonnes of wheat, surpassing its annual requirement for bread and confectionery. The disruptions in the global value chain caused by the Russia-Ukraine conflict have prompted government efforts to expand production by involving private companies in contracting farmers to ensure agricultural sustainability and food security.
- Zimbabwe has achieved significant growth in tobacco exports, with over 138 million kg of tobacco worth more than US\$696 million exported so far in October 2023, compared to 118 million kg valued at US\$539.7 million at the same time last year. These figures indicate a potential final export earnings of around US\$1.5 billion when all purchased tobacco is sold. This season, Zimbabwe produced 297 million kg, a milestone in history. The main export markets include China, South Africa, Belgium, and others.
- The Government of Zimbabwe aims to boost cotton production by targeting 260,000 hectares, with 80,000 dedicated to conventional tillage. To support small-scale farmers, the Pfumvudza/Intwasa program will be employed to promote sustainable and modern farming practices.
- Zimbabwe is on track to surpass its annual milk production target, aiming to meet the national demand of 120 million litres, with last year's production reaching 91.6 million litres, a 14.3% increase from the previous year. The country's agriculture ministry stated that demand is growing by about 15% annually, and this year's production is projected to exceed 100 million litres. Manicaland province is playing a significant role in boosting national milk production.
- The Zimbabwean Government is striving to create a US\$1 billion fish industry by 2030. To meet this goal, 8 breeding sites and 460 fish ponds have been

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established across the country to ensure a steady supply of fingerlings. Zimbabwe's dams have the potential to yield 1.5 tonnes of fish annually.

#### d) Manufacturing Sector

The manufacturing sector is expected to grow by 2.2% in 2023, on account of a better agricultural season and measures being implemented by Government to tame inflation and exchange volatility. In 2023, manufacturing is projected to contribute 10.8% to the total GDP.

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

- A CZI survey revealed that in the next three months, 74% of manufacturers expect higher capital expenditure, while 42.11% anticipate unchanged operating expenses. This leads to 57.89% of businesses projecting steady profitability, with 26.32% expecting an increase. Moreover, 73.68% of manufacturers foresee increased sales, while 15.79% anticipate a decrease.
- The Zimbabwean Government is planning to establish a new sugar mill in the Lowveld region after failing to acquire Tongaat Hulett, a major sugar estate. The Government now seeks to provide an alternative milling option for local cane farmers by inviting local and international investors to bid for the development of the new sugar mill.

#### e) Tourism Sector

The tourism sector is expected to contribute US\$600 million to total capital investments by 2025, while in the same year, the tourism industry is targeting to become a US\$5 billion economy.

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

- In the first half of 2023, Rainbow Tourism Group (RTG) invested ZWL\$2.6 billion in expanding its hotel portfolio. The primary focus of this capital expenditure was enhancing essential areas in its hotels, including suite upgrades. While the occupancy rate dipped to 46%, RTG maintained business volumes driven by accommodation, catering, tours, and tech businesses. Inflation-adjusted revenues increased by 41% to ZWL\$49.6 billion, but gross profit margins decreased due to inflation. Earnings before interest, tax, depreciation, and amortization decreased by 63%. RTG is optimistic about industry resurgence and aims to expand its hotel portfolio.

- Fastjet Zimbabwe has added more flight frequencies from Bulawayo's Joshua Mqabuko Nkomo International Airport to Johannesburg OR Tambo International Airport, enhancing business and leisure travel options. The additional weekday flights bring the total weekly flights to 12, offering greater flexibility for travellers. Fastjet is an award-winning African airline connecting major cities in Zimbabwe and offering international routes to South Africa.

#### f) Energy Sector

The energy sector is expected to grow by 0.9% in 2023 and it is projected to contribute 3.1% to the total GDP.

##### **News Highlights in the Energy Sector**

- Zimbabwe is grappling with a severe electricity generation crisis due to multiple factors. During the month under review, Unit 7 (300MW) was offline for class C maintenance, while some of the older units were also non-operational. The situation at Kariba, which boasts an installed capacity of 1,050MW, was dire as it was only managing to generate 400MW, primarily because of water scarcity, which severely hampered power generation at this vital hydroelectric facility. These combined challenges have left the country with a significant shortfall in electricity supply, adversely affecting industries and households.
- Invictus Energy is progressing well with the drilling of the Mukuyu-2 exploration well in northern Zimbabwe, targeting oil and gas resources. The campaign, which began in October, is expected to be completed in 50 to 60 days. This marks the second attempt after technical issues during the first drill. Data from the initial drill confirmed the presence of a hydrocarbon system. A successful discovery could enhance Zimbabwe's energy security, spur economic growth, and foster downstream industries.
- The Zimbabwean Government is pleased with the progress made by five investors holding licenses to explore coal-bed methane (CBM) gas in Matabeleland North Province. Alabara Resources, Zambezi Gas, Sakunda Energy, Tumagole, and Shangani Energy Exploration have received special grants for CBM exploration and development. Alabara Resources has completed phase 1 and is now in phase 2 of the project.



## 6. Regional Economies

The IMF forecasts a drop in economic growth across Sub-Saharan Africa, now estimated at 3.3% in 2023 followed by a rebound to 4.0% in 2024. This marks a downward adjustment of 0.2 percentage points for 2023 and 0.1 percentage points for 2024. Despite this, the growth rate remains under the historical average of 4.8%. The anticipated decrease in growth is linked to factors like unfavourable weather, a worldwide economic deceleration, and local challenges in the electricity industry affecting supply.

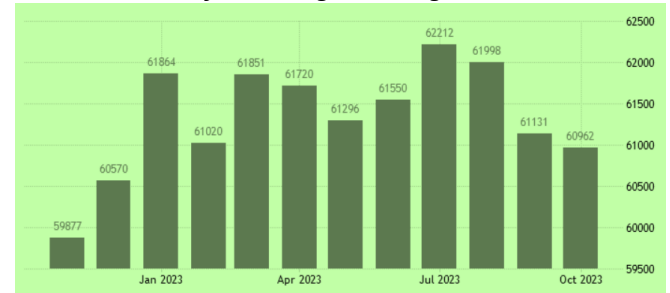
### a) South Africa

South Africa's National Treasury (SANT) expects a slowdown in real GDP growth to 0.8% in 2023 due to weakened household consumption, a high cost of living, power crises, deteriorating infrastructure, and rising debt driven by borrowing costs. This is a slight revision from the initial 0.9% forecast. However, the Treasury anticipates gradual improvement with GDP growth reaching 1.6% by 2024. Fiscal challenges include a budget deficit, higher-than-forecasted debt levels, and debt-servicing costs crowding out social spending. The following table shows economic growth forecasts for South Africa.

South Africa Economic Growth Forecasts (%)			
Year	2022	2023	2024
<b>World Bank (Jun 23)</b>	1.9	0.3	1.5
<b>IMF (Oct 23)</b>	2.1	0.9	1.8
<b>AfDB</b>	2.0	0.2	1.5
<b>SANT (Oct 23)</b>	2.5	0.8	1.6

In October 2023, South Africa's gross foreign exchange reserves decreased to US\$60.962 billion, marking a decline from the previous month when they stood at US\$61.131 billion. This represents the lowest amount since December 2022 and can be attributed to reductions in foreign currency reserves, which dropped from US\$47.377 billion in September 2023 to US\$46.741 billion in October 2023, as well as a decrease in Special Drawing Rights (SDR) holdings, which fell from US\$6.216 billion to US\$6.163 billion. Additionally, the central bank's forward position, which represents unsettled or swap transactions, saw a slight decrease from US\$0.511 billion in September 2023 to US\$0.508 billion. On a positive note, gold reserves increased from US\$7.538 billion to US\$8.058 billion during the same period.

**South Africa Foreign Exchange Reserves**



In other developments, in Q3 2023, South Africa's unemployment rate decreased to 31.9%, marking a year-low from 32.6% in the prior period. The number of unemployed individuals dropped by 72,000 to 7.8 million, while employment rose by 399,000 to 16.7 million. The labour force increased by 326,000 to 24.6 million. Notably, discouraged work-seekers declined by 26,000 to 3.2 million. Job gains were observed in finance and social services, but losses occurred in manufacturing, mining, and transport. Youth unemployment hit a year-low of 58%.

### b) Botswana

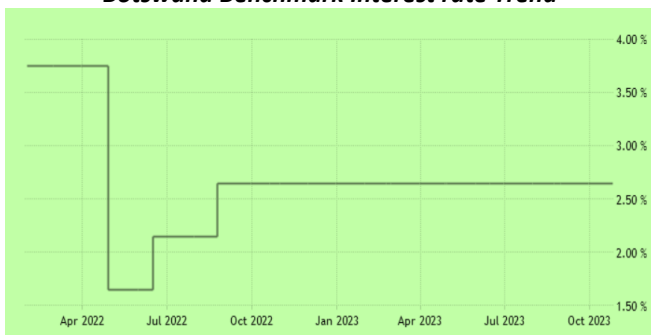
The IMF anticipates that Botswana's Real GDP will experience a growth of 3.8% in 2023, followed by a subsequent increase to 4.1% in 2024. These projections involve a minor upward adjustment of 0.1 percentage points for 2023 but a slight decrease of 0.2 percentage points for 2024. The projected growth is a result of both rising global demand for diamonds and Botswana's ongoing initiatives to broaden its economic base. The annual growth projections for Botswana are shown in the table below.

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

In October 2023, Botswana's annual inflation rate dipped to 3.1% from 3.2% recorded in September 2023 due to slower increases in food, health, and recreation prices. Transport costs continued to decrease. On a monthly basis, consumer prices rose by 0.1% in October 2023 down from 1.7% recorded in September 2023.

**Botswana Year on year Inflation Rate Trend**


On October 26<sup>th</sup>, 2023, the Central Bank of Botswana decided to maintain its benchmark interest rate at 2.65%, a rate that has remained unchanged since August 2022. The newly appointed Governor explained that this decision was made in anticipation of inflation staying within the targeted range of 3%-6% over the medium term.

**Botswana Benchmark Interest rate Trend**


In other developments, the Pula's value dropped by 0.2% against the South African rand, 0.1% against the IMF Special Drawing Rights (SDR), 0.4% against the euro, and 0.2% against the US dollar. However, it gained 0.6% against the Japanese yen, 0.5% against the British pound, and 0.3% against the Chinese renminbi.

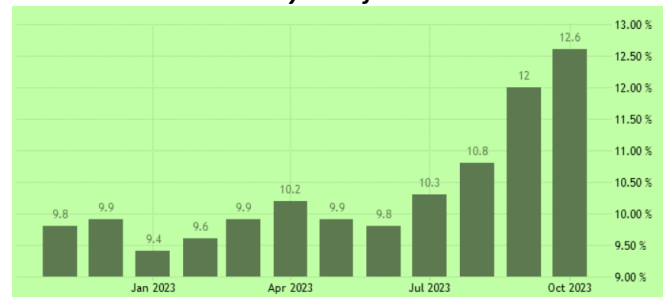
### c) Zambia

The IMF revised its growth projections for Zambia, anticipating a reduced economic expansion. Real GDP is now expected to reach 3.6% in 2023, with a subsequent uptick to 4.3% in 2024. These numbers indicate a decrease from previous forecasts by 0.4 and 0.2 percentage points for 2023 and 2024, respectively. Typically, Zambia's growth relies on higher copper demand from China and the commencement of fertilizer production at a new domestic facility, which expands the country's GDP foundation. The following table displays Zambia's economic growth projections in terms of performance:

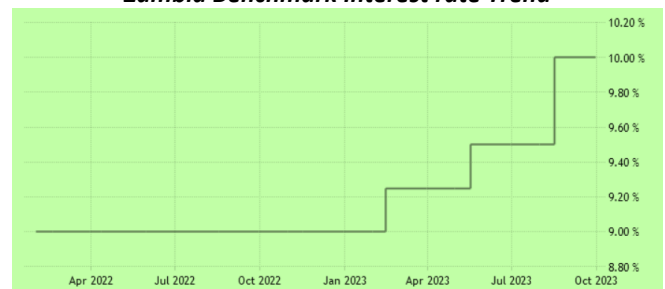
**Zambia Economic Growth Forecasts (%)**

Year	2022	2023	2024
<b>World Bank (Jun 23)</b>	3.0	4.2	4.7
<b>IMF (Oct 23)</b>	2.9	3.6	4.3
<b>AfDB</b>	3.0	3.2	3.2

Zambia's annual inflation rate in October 2023 climbed to 12.6% from the 12% recorded in September 2023, the highest since March 2022, marking the fourth consecutive monthly increase. The depreciation of the kwacha, driven by a scarcity of dollars, played a central role. Reduced mining production, falling metal prices, and rising fuel import costs contributed to the dollar shortage. This led to higher prices for both food and non-food items. On a monthly basis, consumer prices also increased by 0.8% in October 2023, following a 0.7% increase in the previous month. The following graph shows Zambia's inflation trend.

**Zambia Year on year Inflation Rate Trend**


In another update, the Central Bank of Zambia has opted to maintain its interest rate at 10% following a prior increase of 50 basis points (bps) during its meeting on August 23, 2023. It's worth noting that inflation continues to exceed the central bank's designated target of 6%.

**Zambia Benchmark Interest rate Trend**


### d) Malawi

According to the World Bank, Malawi's economy, affected by external shocks and fiscal imbalances, is projected to grow by 1.6% in 2023, thanks to improved electricity supply. Nevertheless, persistent foreign exchange shortages continue to impede growth. The country aims to secure an

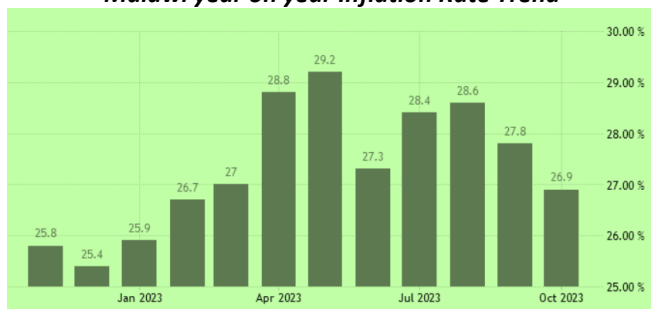
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IMF agreement and return to an Extended Credit Facility by the end of 2023. Economic growth is expected to reach 2.8% in 2024, supported by additional macroeconomic reforms. The following table displays Malawi economic growth projections:

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

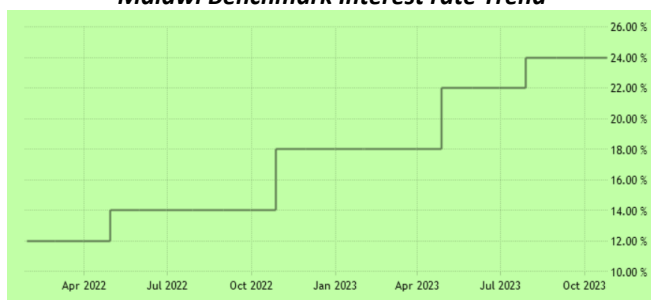
In Malawi, the yearly inflation rate dropped for the second consecutive month, hitting an eight-month low of 26.9% in October 2023, down from 27.8% recorded in September 2023. Over the period 2001 to 2023, the average inflation rate in Malawi stood at 14.76%, with the highest peak recorded at 37.90% in February 2013 and the lowest point at 6.30% in December 2010.

**Malawi year on year Inflation Rate Trend**



On October 27<sup>th</sup>, 2023, the central bank of Malawi decided to maintain its benchmark lending rate at 24.0%. This decision was attributed to a recent easing of inflationary pressures and sluggish domestic economic growth. The committee acknowledged potential factors that could lead to increased inflation, such as fluctuations in exchange rates, rising crude oil prices, and adverse weather conditions.

**Malawi Benchmark Interest rate Trend**



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## 7. International Economies

The Global economy continue to grapple with falling global commodity prices, high global inflation rates, tight monetary policies, falling property and housing industries in major economies such as China. With that background, the global economic outlook has largely remained the same. Below is a table that shows the global 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

The United States is expected to grow by 0.3% in the fourth quarter of 2023 signifying an expected slowdown in economic performance in comparison to the 2.9% recorded in the third quarter owing to the dwindling commodity prices and contractionary monetary policies for inflation alleviation. However, the quarterly growth rate is expected to slowly rise to 1% in the first quarter of 2024 showing some economic resilience in the oncoming new year. The table below indicates annual economic growth forecasts according to IMF and World Bank for the respective years.

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

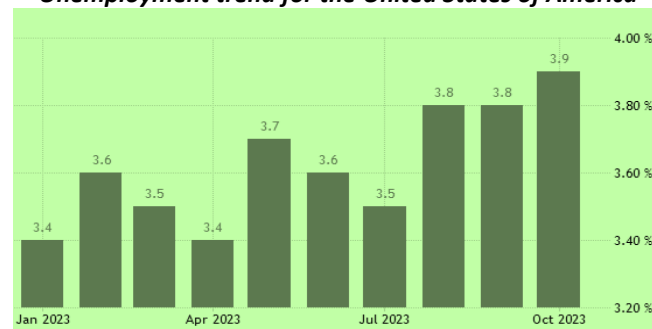
Meanwhile, the USA's CPI annual inflation rate dropped to 3.2% in October 2023 from 3.7% recorded in both September and August 2023. This was mainly due to a fall in energy costs by 4.5% in comparison to 0.5% recorded in September 2023. Moreover, food prices also rose at a softer pace of 3.3% in October 2023 relative to 3.7% witnessed in September 2023. Below is the USA year on year inflation rate trend.

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



On the unemployment front, the United States of America's unemployment rate upticked by 10 basis points against market expectations from 3.8% recorded in September 2023 to 3.9% in October 2023 the highest rate since January 2022. Moreover, the employment rate witnessed a decrease from 60.4% in September to 60.2% in October 2023, while the participation rate slightly declined from 62.8% recorded in September 2023 to 62.7% in October 2023. Below is a graph that shows the unemployment trend for the USA for the period January 2023 to October 2023.

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



### b) China

The 2023 economic growth forecast for China has been reviewed upwards from 5.0% to 5.4% owing to a stronger-than-expected outturn for the third quarter as well as the recent policy adjustments according to the IMF. However, growth is expected to slow down to 4.6% in 2024 amid continued weakness in the property sector and subdued external demand. Below is a table summarizing the Chinese growth projections as proposed by some influential authorities.

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

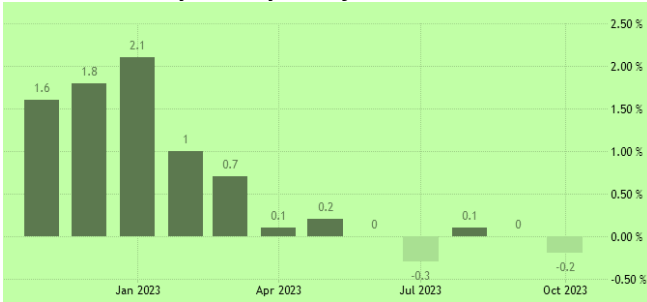
Elsewhere, the Chinese Central Government has approved the issuance of bonds worth one trillion Yuan (USD\$137 billion) in order to complement the cut on the reserve requirement ratio (RRR) in September of 2023 intended to boost the economy. According to the Peoples Bank of China, these bonds will be used for rebuilding disaster-hit areas and flood prevention projects.

Meanwhile, October 2023 CPI inflation receded by 2% from the flat 0% witnessed in September 2023 in contrast to a previously made projection of 1%. According to the Chinese

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statistical office, the downside in inflation was largely due to an ample increase in the supply of agriculture products because of favourable weather conditions as well as a fall in consumption expenditure. Below is a graph depicting the year on year inflation trend for China.

**China year on year Inflation Rate Trend**

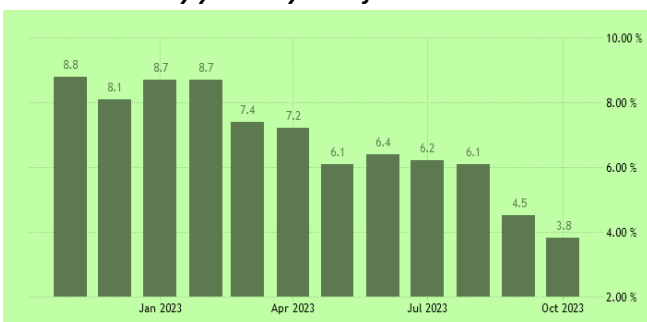


**c) Germany**

The Deutschland’s economy in general, started the second half of 2023 on a relatively weak footing. The latest statistics from the Germany Federal Statistical Office (Destatis) indicate that the economy receded by 1% during the third quarter of 2023. This has been a result of low final consumption expenditure, notwithstanding the positive contributions from fixed capital formation in machinery and equipment.

Meanwhile, Germany month on month CPI inflation has maintained its downward trend falling from 4.5% recorded in September 2023 to 3.8% in October 2023, a rate which is the lowest inflation rate since 2021. This has been occasioned by a fall in the fickle headline inflation where food inflation fell from 7.5% in September 2023 to 6.1% in October 2023 as well as energy inflation which decreased from 0.1% to -3.2%. Core inflation also declined to 4.3% from 4.6% recorded in September 2023. The following Graph depicts Germany’s annual inflation trend.

**Germany year on year Inflation Rate Trend**



**d) United Kingdom**

The latest report from the Bank of England indicate that the English economy is expected to grow by a mere 0.1% in the fourth quarter of 2023 owing to the consistent tight monetary policies being maintained by the Government to hedge the monarch against the still high global inflation. The United Kingdom’s yearly growth expectations are indicated in the table below.

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

Meanwhile, UK annual CPI inflation plunged by a significant magnitude of 2.1 percentage points from 6.7% recorded in both September and August 2023 to 4.6% in October 2023, the lowest rate since October 2021. This has been occasioned partly by a fall in energy prices, the cost of housing and utilities, with both gas and electricity declining by the most since January 1989. Additionally, food inflation eased to 10.1% and likewise core inflation which eased down to 5.7% the lowest since March 2022. Below is an illustration to highlight on the monarch’s annual inflation rate trend.

**UK annual inflation rate trend**



Moreover, the monetary policy committee in its quest to meet the 2% inflation rate has maintained the bank rate at 5.25%.

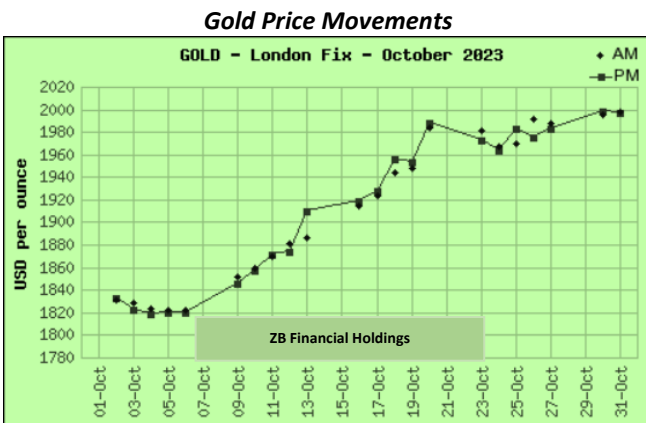
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## 8. Commodities Markets

Commodity	Sep 2023	Oct 2023	Percentage Change (%)
	Price (US\$)	Price (US\$)	
Gold	1,916.96	1,913.04	-0.2%
Platinum	922.76	891.36	-3.4%
Silver	23.24	22.32	-4.0%
Oil	91.73	88.25	-3.8%

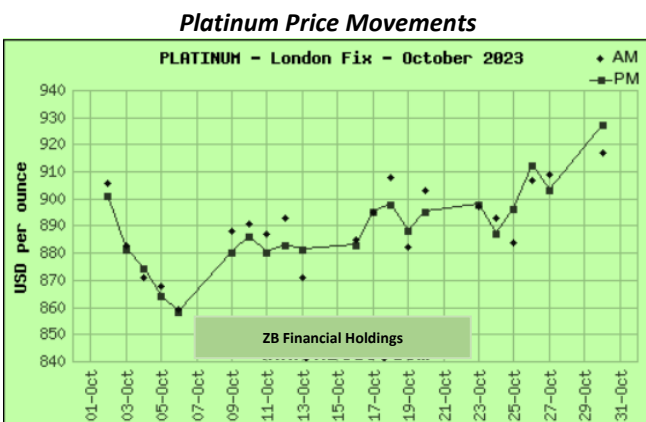
### a) Gold

On average, gold prices fell by 0.2% to US\$1,913.04/ounce in October 2023, from US\$1,916.96/ounce recorded in September 2023. The following graph shows the trend of daily gold prices during the month under review.



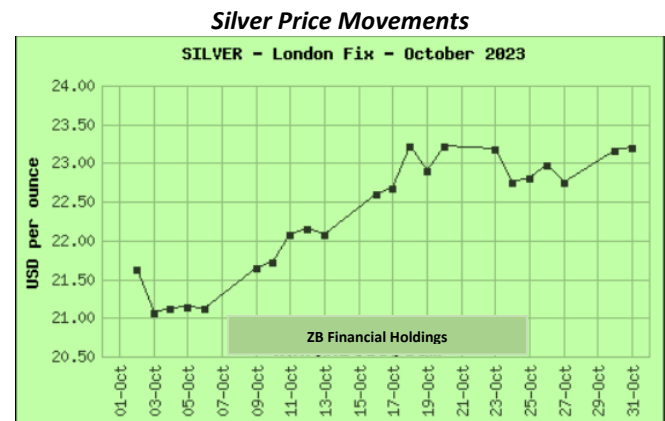
### b) Platinum

Platinum prices fell for the fifth consecutive month in October 2023, tumbling by 3.4% from a monthly average of US\$922.76/ounce in September 2023 to US\$891.36 per ounce in October 2023. The following graph shows the trend of daily platinum prices for the month under review.



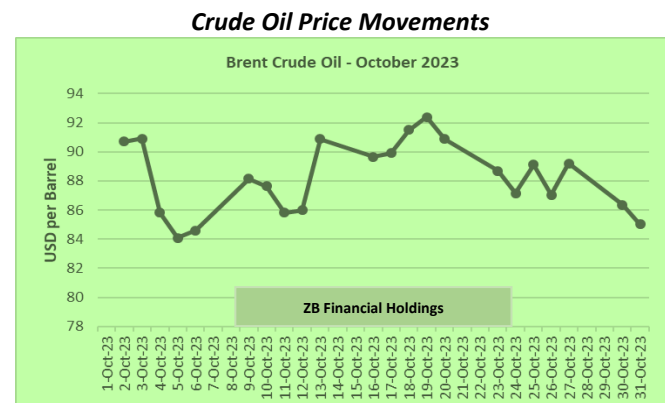
### c) Silver

During the month of October 2023, the average price of silver dropped by 4.0% from US\$23.24/oz recorded in September 2023 to US\$22.32/oz recorded in October 2023. The graph below shows the daily trend of Silver price for the month under review.



### d) Crude Oil

Crude oil monthly average prices for October 2023 declined by 3.8% from US\$91.73/oz in September 2023 to US\$88.25/oz in October 2023. The graph below shows the trend of crude oil price during the month under review.



Oil prices in the month under review were largely influenced by a drop in US gasoline consumption while strong demand in China, India, and Brazil could not spur price increases. Meanwhile, 2024 demand is projected to slow down due to efficiency gains and economic concerns. Non-OPEC+ producers drove the increase in oil supply in October 2023, while geopolitical tensions, notably the Israel-Hamas conflict, heighten market uncertainty.

**END**

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