

Table of Contents

1. Economic Performance	1
2. Inflation.....	1
3. Financial Sector.....	2
4. Various Sectors of the Economy.....	6
5. Regional Economies.....	9
6. International Economies.....	11
7. Commodities Markets	13

Monthly Economic Update September 2023

1. Economic Performance

a) Domestic Economy

The IMF has recently revised Zimbabwe’s growth projections upward from the initial forecasts of 2.5% for 2023 and 2.6% for 2024 to 4.1% and 3.6%, respectively. This may be attributed to the growth and new developments in the energy sector following the establishment of Hwange Power Station Unit 8 and 7 which saw an increase in electricity production by 600MW in the second third quarter of 2023. The domestic economic prospects remain robust with the Ministry of Finance and Investment Promotion (MOFIP) projecting 5.3% growth in 2023, up from the initial forecast of 3.8%. This growth is on account of better performance in agriculture, mining, ICT and tourism, supported by expected improvements in electricity generation in the second half of the year. Meanwhile, the following table shows the projections as proposed by different authorities.

Zimbabwe Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Jun 23)	3.4	2.9	3.4
IMF (Oct 23)	6.2	4.1	3.6
BMI	3.4	3.8	3.2
AfDB	3.0	3.2	3.2
MOFIP	6.5	5.3	4.8

2. Inflation

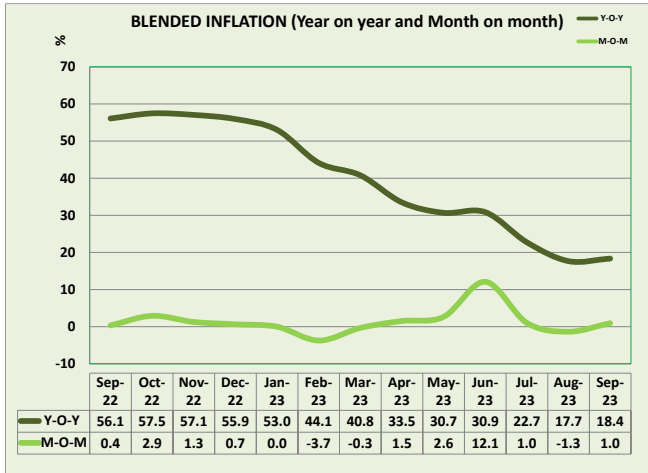
With effect from September 2023 ZIMSTAT changed its inflation calculation methodology from **arithmetic** aggregation to **geometric** aggregation of blended Consumer Price Indices (CPIs). Moreover, the Agency has also rebased the CPI indices from the previous July 2020 base to August 2023. For a base month the CPI is set to be 100. These changes have led to a significant shift in the inflation profile for the Zimbabwean economy. A myopic view at the August 2023 (old methodology) and September 2023 (new methodology) CPI figures would be mistaken or construed as an improvement in inflation, yet it is not. In fact, there is need to compare like for like.

To give a better perspective, using the old methodology, year on year and month on month inflation figures were last reported at 77.2% and -6.2% in August 2023, respectively. However, with the new methodology, blended y-o-y and m-o-m inflation for the same month (August 2023) were recast to 17.7% and -1.3%, respectively.

In fact, this therefore means that using the new methodology, y-o-y inflation rose by 0.7 percentage points from 17.7% in August 2023 to 18.4% in September 2023. On that same note, the m-o-m inflation also rose by 2.3 percentage points from minus 1.3% in August 2023 to 1% in September 2023. The following graph shows a 12 months blended inflation trend to date, using the new methodology.

Disclaimer: This document may be legally privileged and/or confidential and has been prepared for informative purposes only. No liability whatsoever for any loss howsoever arising from the use of this review or its contents or otherwise arising in connection therewith shall be accepted by ZB Financial Holdings, any of its directors, employees, or associates. Any person who makes use of this document shall be solely responsible for making his or her own independent investigation of the issues discussed in this report. ZB Financial Holdings accepts no responsibility whatsoever for the accuracy or completeness of the information contained in this document.

Zimbabwe Blended Inflation Trend



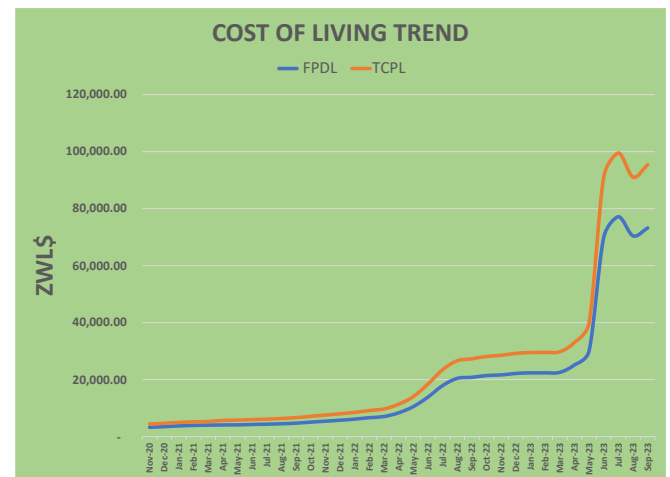
Going forward, the Government is expected to maintain strict fiscal and monetary policies in order to reduce the risks associated with inflation and exchange rates deterioration. Some of these measures include: encouraging the use of Zimbabwe Dollar, maintaining high minimum lending rates and reserve ratio while generally reducing money supply through a number of instruments. Meanwhile, all things being equal, our 3-month econometric forecasts for blended inflation are as indicated below:

3 Month Inflation Forecasts (%)		
Month	Y-O-Y	M-O-M
Oct-23	15.3	0.2
Nov-23	16.1	2.0
Dec-23	18.0	2.3

a) Poverty Datum Lines

The Total Consumption Poverty Line (TCPL) per person per month rose by 4.8% from ZWL\$91,063.30 in August 2023 to ZWL\$95,462.53 in September 2023. On that same note, the Food Poverty Datum Lines (FPDL) per person per month also rose by 3.9% from ZWL\$70,460.81 in August 2023 to ZWL\$73,235.85 in September 2023.

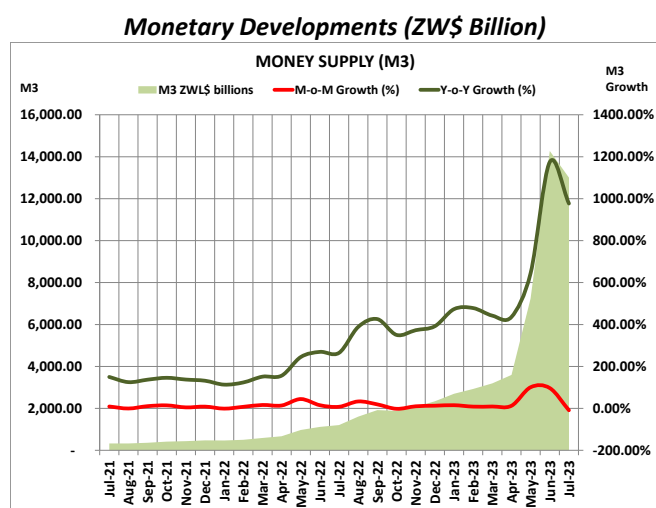
The Graph below shows the trends for the two variables to date.



3. Financial Sector

a) Money supply

Broad money (M3) stock amounted to ZW\$13,003.45 billion in July 2023, compared to ZW\$14,275.48 billion in June 2023. The money stock was comprised of foreign currency deposits, 82.41%; local currency deposits, 17.52% and currency in circulation, 0.02%. On a monthly basis, the broad money supply declined by 8.91% in July 2023, compared to a 7.20% increase recorded in June 2023. The decline in money supply largely reflected a decrease of ZW\$10,099.33 billion in foreign currency accounts (FCAs) deposits, resulting from the appreciation of the exchange rate from ZW\$5,740/USD in June to ZW\$4,516/USD in July 2023. The local currency component of deposits however increased by ZW\$506.73 billion, reflecting the cumulative impact of credit creation by banks. The graph below shows monetary developments for the period July 2021 to July 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)
Aug-23	17,270.45	32.81%
Sep-23	17,844.77	3.33%
Oct-23	20,880.87	17.01%

b) Interest Rates

The Reserve Bank of Zimbabwe (RBZ) has maintained the current policy rates which will continue to be reviewed in line with inflation developments. The policy rates are as follows:

- Bank RBZ policy rate is currently at 150%;

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

The latest minimum ZWL\$ lending rates were recorded at 78.84% and 92.32% for individuals and corporates, respectively. Latest minimum deposit rates as at 22 September 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)

Local Currency (ZWL)					
Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Commercial Banks (minimums)				
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
25-Aug-23	77.63	93.18	34.29	59	57.67
1-Sep-23	76.78	92.4	34.29	59	57.67
8-Sep-23	76.51	91.76	34.29	59	61.67
15-Sep-23	76.71	91.58	34.29	59	61.67
22-Sep-23	76.59	92.67	38.14	59	65.59
Average	76.84	92.32	35.06	59	60.854

The latest minimum US\$ lending rates were recorded at 11.24% and 7.95% for individuals and corporates, respectively. Latest minimum deposit rates as at 22 September 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)

Foreign Currency (USD)					
Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Commercial Banks (minimums)				
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
25-Aug-23	11.28	8.03	1.27	3.15	3.33
1-Sep-23	11.22	7.12	1.27	3.15	3.33
8-Sep-23	11.29	8.25	1.27	3.15	3.33
15-Sep-23	11.21	8.18	1.27	3.15	3.33
22-Sep-23	11.19	8.19	1.27	3.15	3.33
Average	11.24	7.95	1.27	3.15	3.33

c) Foreign Currency Market

During the period under review, the USD appreciated against all the 18 currencies in our basket, when using the monthly

Disclaimer: This document may be legally privileged and/or confidential and has been prepared for informative purposes only. No liability whatsoever for any loss howsoever arising from the use of this review or its contents or otherwise arising in connection therewith shall be accepted by ZB Financial Holdings, any of its directors, employees, or associates. Any person who makes use of this document shall be solely responsible for making his or her own independent investigation of the issues discussed in this report. ZB Financial Holdings accepts no responsibility whatsoever for the accuracy or completeness of the information contained in this document.

average exchange rate analysis. More is shown in the table below.

Exchange Rate Analysis (monthly average)

Exchange Rate Analysis (Monthly Average)			
Currency/US\$	Aug-23	Sep-23	Change (%)
Zimbabwean Dollar	4,568.0799	4,907.0548	7.4%
Argentine Peso	319.1272	349.8836	9.6%
Russian Ruble	95.5975	96.4386	0.9%
South Korean Won	1,321.9974	1,332.9234	0.8%
Hong Kong Dollar	7.8253	7.8308	0.1%
Australian Dollar	1.5417	1.5567	1.0%
Chinese Yuan Renminbi	7.2328	7.2800	0.7%
Japanese Yen	144.6968	147.6775	2.1%
Norwegian Krone	10.4587	10.7256	2.6%
Indian Rupee	82.8333	83.0117	0.2%
South African Rand	18.7464	18.9650	1.2%
Botswana Pula	13.4522	13.6395	1.4%
Swedish Krona	10.8208	11.0942	2.5%
Canadian Dollar	1.3473	1.3547	0.6%
Euro	0.9162	0.9358	2.1%
British Pound	0.7870	0.8063	2.5%
Swiss Franc	0.8782	0.8979	2.2%
Brazilian Real	4.8999	4.9441	0.9%

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

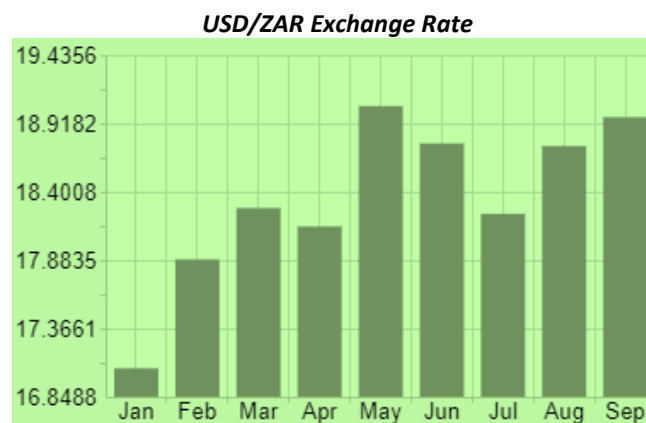
When analysing the exchange rates based on the opening period and closing period exchange rates, the USD appreciated against 13 currencies out of the 18 currencies in our basket as shown in the following table:

Exchange Rate Analysis (end period)

Exchange Rate Analysis			
Currency/US\$	01-Sep-23	29-Sep-23	Change (%)
Argentine Peso	349.9859	350.0357	0.0%
Australian Dollar	1.5508	1.5505	0.0%
Botswana Pula	13.4973	13.6816	1.4%
Brazilian Real	4.9416	5.0017	1.2%
British Pound	0.7940	0.8188	3.1%
Canadian Dollar	1.3582	1.3537	-0.3%
Chinese Yuan Renminbi	7.2559	7.2948	0.5%
Euro	0.9270	0.9448	1.9%
Hong Kong Dollar	7.8458	7.8309	-0.2%
Indian Rupee	82.6991	83.0956	0.5%
Japanese Yen	146.1931	149.4350	2.2%
Norwegian Krone	10.6767	10.6604	-0.2%
Russian Ruble	96.3991	97.6077	1.3%
South African Rand	18.8150	18.8864	0.4%
South Korean Won	1321.5881	1347.7039	2.0%
Swedish Krona	11.0475	10.8964	-1.4%
Swiss Franc	0.8857	0.9140	3.2%
Zimbabwean Dollar	4604.6233	5252.6558	14.1%

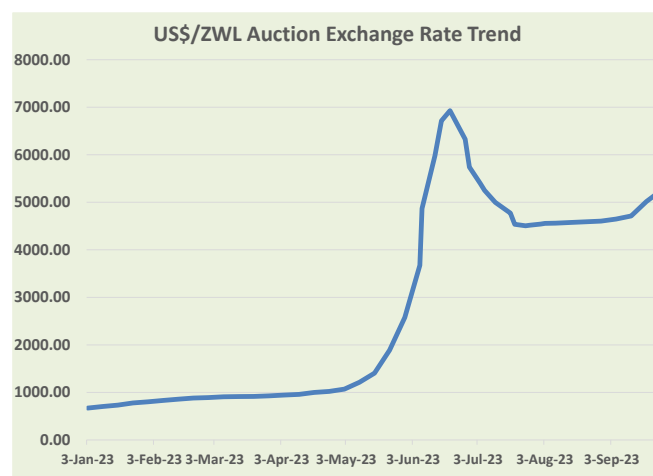
Source :x-rates.com; RBZ © ZB Financial Holdings

Meanwhile, the South African rand has continued its tepid depreciation against the USD and has lost 1.2% on average from 18.7464 per USD in August 2023 to 18.9650 per USD in September 2023. The graph below shows the year to date trend of the South African Rand against the USD:



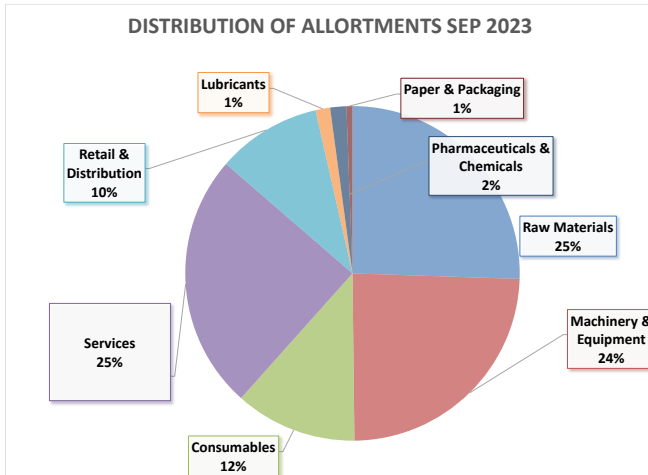
d) Zimbabwe Official Forex Market

During the month under review, the Zimbabwe Dollar weakened by 12.3% from ZWL\$4,604.62/ US\$ at the end of August 2023 to ZWL\$5,252.66 /US\$, registered at the end of September 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, 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, 25% was allocated to raw materials and another 25% to Services while 24% was allocated to Machinery and Equipment as shown in the pie chart that follows:

Disclaimer: This document may be legally privileged and/or confidential and has been prepared for informative purposes only. No liability whatsoever for any loss howsoever arising from the use of this review or its contents or otherwise arising in connection therewith shall be accepted by ZB Financial Holdings, any of its directors, employees, or associates. Any person who makes use of this document shall be solely responsible for making his or her own independent investigation of the issues discussed in this report. ZB Financial Holdings accepts no responsibility whatsoever for the accuracy or completeness of the information contained in this document.



e) Equities Markets & Corporate Briefs

In September 2023, the ZSE performance improved, albeit slightly, registering a 1.2% increase in the All share index to 126,642.42 points. The market capitalisation however shed 0.4% from ZW\$9.9 trillion in August 2023 to ZW\$9.856 trillion in September 2023. The ZSE market capitalisation also diminished by 12.7% in US Dollar terms during the month under review. On the Victoria Falls Stock Exchange (VFEX) both the All Share Index and the Market Capitalisation registered increases of 3.7% and 4.4%, 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\$ml	Mkt Cap US\$ml	All Share	Mkt Cap US\$ml
Sep-23	126,642.42	9,856,416.54	1,876.46	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
Jun-23	171,408.90	13,088,125.39	2,068.75	76.17	1,022.19
Sep-22	14,771.65	1,819,157.07	346.33	143.16	-

News Highlights in the Financial Sector

- Retail giant OK Zimbabwe reported a 7.7% decline in sales volumes for the year ending March 31, 2023, attributed to high operating costs and weak consumer demand. Despite this, the company's Chief Finance Officer noted a partial recovery in the second half of the year, indicating management's efforts to protect the balance sheet. To combat these challenges, the company focused on efficient repricing and maintaining stock costs to ensure they could replace inventory when necessary in a challenging economic environment.

- Padenga Holdings reported a 31% rise in revenue, reaching US\$74.4 million in the first half of 2023, compared to the same period last year. This growth was primarily attributed to substantial contributions from Eureka Gold Mine and the carry forward of crocodile skin sales from 2022. Dallaglio Investments' contribution to revenue decreased from 91% to 84%. The group also reduced net interest expenses by 15% to US\$3.7 million through borrowing restructuring. Profit before tax for the first six months of 2023 was US\$7.5 million, down from the previous year's US\$15.7 million.
- First Mutual Holdings Limited rebounded from a loss to report a ZWL386.37 billion profit in the first half of 2023. This turnaround was driven by a substantial 262% gain from re-evaluating their investment property, largely due to the depreciation of the ZWL. The company's net gain from fair value adjustments to investment properties reached ZWL510.34 billion. FMHL's profit represented a remarkable 19,409% increase compared to the previous year, as a result of higher rental income, net fair value gains in investments, and listed equities, according to FMHL Chairperson.
- SeedCo International reported a 70% increase in sales volumes for the five months ended August 2023, driven by early relief orders from Mozambique and increased East African activity. Despite the off-season in most South and East African markets, the company experienced growth in sales volumes. Profit margins were pressured due to weakening regional currencies. The company continued research and development, introducing new pest-resistant, early maturity, and high-yield crop varieties to combat climate change. They anticipate a 14% increase in group-wide maize seed production yield and are expanding their market reach with new soybean varieties.

Disclaimer: This document may be legally privileged and/or confidential and has been prepared for informative purposes only. No liability whatsoever for any loss howsoever arising from the use of this review or its contents or otherwise arising in connection therewith shall be accepted by ZB Financial Holdings, any of its directors, employees, or associates. Any person who makes use of this document shall be solely responsible for making his or her own independent investigation of the issues discussed in this report. ZB Financial Holdings accepts no responsibility whatsoever for the accuracy or completeness of the information contained in this document.

4. Various Sectors of the Economy

a) Energy Sector

Zimbabwe's power stations generated 1.797GWh of electricity in the second quarter of 2023, with Kariba Power and Hwange Thermal Power Stations contributing 60.9% and 31.2%, respectively. This led to a 56.5% decrease in imports. As of September 2023, the country produced 1,556MW, with Hwange providing 985MW, Kariba 550MW, and independent power producers contributing 21MW. The nation aims to boost power generation for self-sufficiency and export. Load shedding had increased, but improved generation is reducing energy imports. There was a 27.5% increase in electricity generation from Q1 to Q2, with a total of 1.797GWh generated.

News Highlights in the Energy Sector

- A 130MW solar power plant is planned for Matobo District, as SunOne (Pvt) Limited seeks approval from the Zimbabwe Energy Regulatory Authority. This project aims to bolster Zimbabwe's energy production and support its transition to green energy in alignment with global climate change goals. The government has set a target to add 2,000 megawatts to the national grid by 2030 through Independent Power Producers (IPPs), marking a significant step toward sustainable energy solutions.
- Invictus Energy, an Australian company, plans to establish a gas-powered electricity plant in Zimbabwe and has discovered promising hydrocarbon indications, including light oil, helium, and gas, in the Muzarabani and Mbire districts. Following earlier regulatory setbacks due to technical issues, they are now commencing drilling at Mukuyu-2 after positive results at the Mukuyu-1 well.
- Lanforce Energy has received nearly US\$1.1 million in funding from Open Capital's Modern Cooking Facility for Africa. The investment aims to expand access to clean cooking solutions in Zimbabwe and sub-Saharan Africa, with a strong emphasis on youth and women. Lanforce Energy intends to promote biogas digesters to enhance health, combat deforestation, and empower women while offering affordable modern cooking solutions.

b) Mining Sector

The mining sector is set for a robust expansion in 2023, with a projected growth rate of 4.8%. This growth is set to be

driven by significant growth in the extraction and production of key minerals such as lithium, chrome, diamonds, and platinum group metals (PGMs).

News and highlights in the Mining Sector

- Max Mind Sabi Star Lithium Flotation Plant started operations in Buhera. The project aims to establish a 1 million-tonne capacity spodumene mine and a processing plant that produces 3,000 tonnes of 5.5% Spodumene concentrate daily. This requires a USD\$45 million investment. With 6 million tonnes of reserves, exploration started in 2018, costing USD\$6 million.
- Kuvimba Mining House (KMH) is investing over USD\$150 million to rejuvenate mines in Zimbabwe, aiming to support the country's development agenda. KMH holds stakes in various mining entities involved in gold, nickel, lithium, chrome, and platinum. KMH has already spent USD\$150 million on capital expenditure and allocated USD\$20-30 million for exploration in mines like Shamva, Freda Rebecca, Sandawana, and the Darwendale platinum project. A notable project is reviving Sandawana as a lithium and tantalite operation with potential substantial reserves.
- Bikita Minerals, Zimbabwe's largest lithium producer, is set to export its first consignment of spodumene concentrate during the fourth quarter of 2023. This development marks a significant expansion in their mining operations. The company, which has been exporting petalite for many years, now aims to ship 7,000 metric tons of lithium spodumene concentrates with a target of reaching 70,000 metric tons by year-end. The exported spodumene concentrate has an average product grade ranging from 5% to 5.5% Li₂O. This expansion was made possible through a USD\$200 million investment by China's Sinomine Resource Group, the owners of Bikita Minerals.
- Zephyr Minerals Ltd intends to conduct ground magnetic and induced polarization geophysical surveys on three gold properties: MC, MC-2, and Nyanga North, followed by a diamond drill program. To fund these exploration activities, Zephyr intends to issue up to 4,000,000 units at USD\$0.09 per unit, generating up to USD\$360,000. Each unit comprises one common share and one common share purchase warrant. These warrants can be exercised at USD\$0.13 per share for twelve months from the closing date or accelerated if certain stock price conditions are met. The net

proceeds will fund mineral exploration in Zimbabwe and general working capital.

- Uranium prices have surged by 20%, outperforming other metals in 2023. This surge is driven by the global shift towards clean energy, with nuclear energy gaining prominence. Zimbabwe has an opportunity to tap into its uranium resources as prices rise. The demand for uranium is expected to grow significantly due to nuclear energy's role in the green energy transition.
- The Association of Mine Managers of Zimbabwe will hold its AGM and Conference from November 16th to 19th, 2023, in Victoria Falls.
- Dinson Iron and Steel Company is taking steps to reduce its carbon footprint in steelmaking by constructing three greenfield power plants generating 300 megawatts. This initiative aims to produce "green steel" without fossil fuels, utilizing wind, solar, and heat energy. The USD\$300 million project includes a new technology that converts heat from steel production into electricity, contributing to sustainability and environmental goals. Disco is also building a wind power plant on Manhize Mountain as part of its commitment to producing green steel and promoting a cleaner environment.
- Russian conglomerate and top diamond producer, Alrosa Mining, has contracted Titan Drilling International to explore for gold and diamonds in Tsholotsho District. The preliminary exploration is underway in the Mbalibali area, and samples will be tested to assess business viability. The Government is awaiting Alrosa's quarterly report on the progress.

c) Agriculture Sector

The agriculture sector, initially projected to grow by 4% in 2023, is now expected to achieve a growth rate of 9.7% due to significant positive developments in several subsectors, including Tobacco, Maize, and Wheat.

News Highlights in the Agriculture Sector

- Zimbabwe's cotton production for the 2022/23 season saw a remarkable 67% increase, reaching 89.6 million kilograms. This surge in production translated into a total value of USD\$29.7 million and ZWL\$24.1 billion. The Cotton Company of Zimbabwe played a significant role, absorbing 76.84% of the cotton output, followed by Alliance Ginneries and Southern Cotton at 11.49% and

8.08%, respectively, with ZCC contributing 3.58%.

This growth in cotton production can be attributed to increased government support, particularly through subsidies and free inputs provided to smallholder farmers under the Presidential Cotton Input Scheme.

- ZimTrade highlights the growing global demand for sesame seeds, also known as "benniseed." These seeds are sought after due to their versatility and nutritional value, rich in nutrients like protein, fiber, and antioxidants. Zimbabwe, with its favourable climate and fertile soil, is well-positioned to cultivate high-quality sesame seeds. The international demand for sesame seeds has steadily risen, with global exports reaching USD\$3.6 billion in 2022, marking a 16% increase from 2018. This presents a significant opportunity for Zimbabwean exporters to enter the global sesame market.
- Zimbabwean firms participating in the Malaysia International Halal Showcase (MIHAS 2023) are optimistic about entering the Southeast Asian halal market. The global halal market is valued at around USD\$3 trillion, with Malaysia's market reaching USD\$68.4 billion in 2018 and expected to grow to USD\$113.2 billion by 2030. This presents a significant opportunity for Zimbabwe to diversify its exports, with local companies seeking to partner with Malaysian distributors to tap into this niche market.

d) Manufacturing Sector

The existing policy, Zimbabwe National Industrial Development Policy (ZNIDP), expires in December 2023, prompting the Government to draft a comprehensive replacement. Challenges like power outages and forex shortages have hindered manufacturing, resulting in a 31% decrease in investments. The Government also plans to promote value addition, invest in infrastructure, and embrace digital technologies while fostering collaboration between the public and private sectors for skills development and job creation. Overall, 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.

News Highlights in the Manufacturing Sector

- Varun Beverages Zimbabwe, plans to introduce new beverage lines in early 2024 to enhance production and expand exports. The company has grown significantly since its 2018 inception, offering affordable, high-quality products to Zimbabwean consumers. It aims to add fruity juices, dairy blends, sports drinks, and more to its product line-up. Varun Beverages Zimbabwe is currently testing these products to ensure they align with customer preferences before making further investments in a state-of-the-art plant.
- Star Africa Corporation, a sugar producer, reported a 30% increase in turnover for the fiscal year ending March 31, 2023, reaching ZWL\$50.1 billion compared to the prior year's ZWL\$38.5 billion, driven by strong product demand. However, the group's operating profit decreased by 93% to ZWL\$400 million due to rising raw sugar prices and operating costs caused by global inflationary pressures. Sales volumes remained stable at Goldstar Sugars, but production suffered due to raw sugar shortages and power cuts. The company aims to improve plant availability and expand supply routes, while also looking forward to reinstated import duties on sugar.

5. Regional Economies

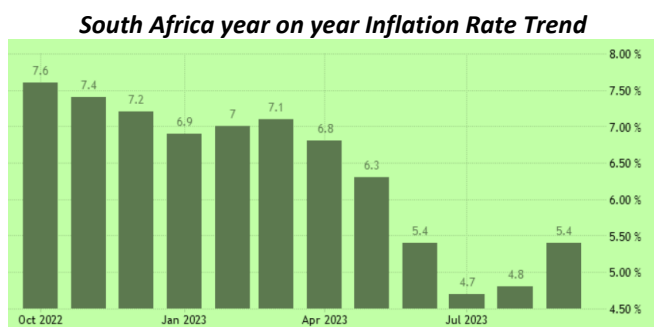
The IMF projects a decline in economic growth for Sub-Saharan Africa, expecting it to decrease to 3.3% in 2023 and then recover to 4.0% in 2024. This represents a downward revision of 0.2 percentage points for 2023 and 0.1 percentage points for 2024. However, this growth rate remains below the historical average of 4.8%. The expected decline in growth is attributed to factors such as adverse weather conditions, a global economic slowdown, and domestic supply issues, particularly in the electricity sector.

a) South Africa

In the second quarter of 2023, South Africa's economy began to recover, largely attributed to a decrease in electricity load-shedding. The real GDP growth increased from 0.4% in the first quarter of 2023 to 0.6% in the second quarter of 2023. This growth was broad-based, with the primary sector moving from contraction to expansion, the secondary sector growing at a faster rate, and the tertiary sector expanding but at a slower pace. The following table shows economic growth forecasts for South Africa.

South Africa Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Jun 23)	1.9	0.3	1.5
IMF (Oct 23)	2.1	0.9	1.8
AfDB	2.0	0.2	1.5

South Africa's annual inflation rate accelerated for the second successive month to 5.4% in September 2023, up from 4.8% in the prior month and slightly above market forecasts of 5.3%. Inflation remained comfortably within the South African Reserve Bank 3%-6% target band. Main upward pressure came from prices of food & non-alcoholic beverages and transportation. On a monthly basis, consumer prices rose by 0.6% in September, after a 0.3% increase in August, matching market estimates.

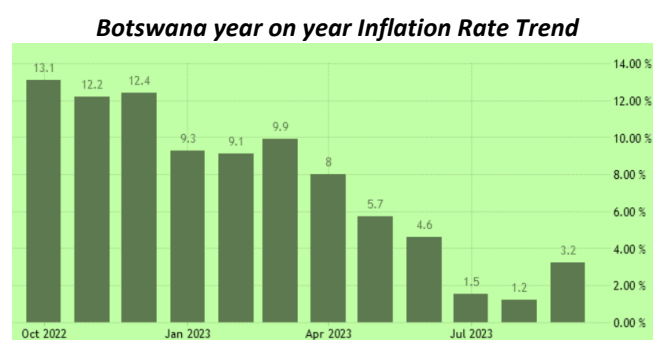


b) Botswana

During the second quarter of 2023, Botswana's economy experienced a modest growth of 3.4% compared to the same period the previous year, which was the slowest since Q1 2021. This followed a 5.5% expansion in the previous three months. The primary drivers of this growth were the finance, insurance, and pension funding sector, which saw a significant increase of 7.6% (up from 2.8% in Q1), and the mining and quarrying sector, mainly due to copper and diamond production, with a growth rate of 5.9% (down from 10.8% in Q1). The annual growth projections for Botswana are shown in the table below.

Botswana Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Jun 23)	4.1	4.0	4.0
IMF (Oct 23)	4.1	3.8	4.1
AfDB	5.8	4.0	3.9

In September 2023, Botswana's annual inflation rate increased to 3.2%, up from a three-year low of 1.2% in the previous month. The rise was primarily driven by higher prices in miscellaneous goods & services; food & non-alcoholic beverages; restaurants & hotels and alcoholic beverages & tobacco. Notably, transportation prices declined less significantly. On a monthly basis, consumer prices surged by 1.7% in September, marking the most significant increase in over a year, following a 0.1% rise in the prior month. The following graph shows Botswana's inflation trend:



In other developments, the Bank of Botswana and the Bankers Association of Botswana have jointly announced the discontinuation of cheques in Botswana, effective from January 1, 2024. The Botswana Automated Clearing House (BACH) will stop accepting cheques for clearing after this date. Banks in Botswana will also no longer accept cheques for deposit or encashment starting from December 31, 2023.

Disclaimer: This document may be legally privileged and/or confidential and has been prepared for informative purposes only. No liability whatsoever for any loss howsoever arising from the use of this review or its contents or otherwise arising in connection therewith shall be accepted by ZB Financial Holdings, any of its directors, employees, or associates. Any person who makes use of this document shall be solely responsible for making his or her own independent investigation of the issues discussed in this report. ZB Financial Holdings accepts no responsibility whatsoever for the accuracy or completeness of the information contained in this document.

This change applies to both issuing and accepting cheques. The public is encouraged to embrace alternative payment methods like debit/credit cards, electronic transfers, internet banking, mobile money, and digital payment platforms, as well as using cash.

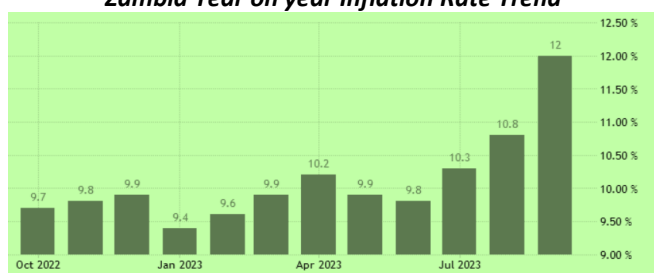
c) Zambia

In the second quarter of 2023, Zambia's economy saw a year-on-year expansion of 5%, marking an improvement from the 4.4% growth observed in the preceding quarter. The following table displays Zambia's economic growth projections in terms of performance:

Zambia Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank (Jun 23)	3.0	4.2	4.7
IMF (Oct 23)	2.9	3.6	4.3
AfDB	3.0	3.2	3.2

In September 2023, Zambia's annual inflation rate rose for the third consecutive month, reaching 12%, the highest level since March 2022, up from August's rate of 10.8%. This increase was primarily due to the ongoing depreciation of the kwacha. Food inflation accelerated to 13.4%, mainly driven by higher prices for cereals and meat, while non-food prices also increased at a faster rate of 10.1%, particularly in the transportation sector, which saw a significant rise in costs for vehicle purchases and fuels & lubricants. On a monthly basis, consumer prices in September rose by 0.7%, following a 0.8% increase in the previous month. The following graph shows Zambia's inflation trend.

Zambia Year on year Inflation Rate Trend



d) Malawi

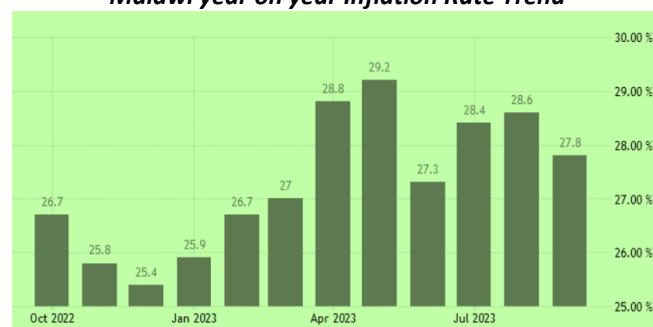
According to AfDB, Malawi's GDP growth is expected to recover, reaching 2.0% in 2023 and further accelerating to 3.5% in 2024. This resurgence is fuelled by the revival of agriculture, tourism, exports, and increased foreign direct investment. The following table displays Malawi economic growth projections:

Malawi Economic Growth Forecasts (%)

Year	2022	2023	2024
World Bank (Jun 23)	0.9	1.4	2.4
IMF (Oct 23)	0.8	1.7	3.3
AfDB	0.8	2.0	3.5

Meanwhile, annual inflation rate in Malawi eased to 27.8% in September 2023, down from August's figure of 28.6%. The following graph shows Malawi's inflation trend.

Malawi year on year Inflation Rate Trend



Meanwhile, in response to inflationary pressures, the Reserve Bank of Malawi maintained its benchmark lending rate at 24.0%, the highest level since early 2017.

Disclaimer: This document may be legally privileged and/or confidential and has been prepared for informative purposes only. No liability whatsoever for any loss howsoever arising from the use of this review or its contents or otherwise arising in connection therewith shall be accepted by ZB Financial Holdings, any of its directors, employees, or associates. Any person who makes use of this document shall be solely responsible for making his or her own independent investigation of the issues discussed in this report. ZB Financial Holdings accepts no responsibility whatsoever for the accuracy or completeness of the information contained in this document.

6. International Economies

According to IMF, the global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. Economic activity still falls short of its pre-pandemic path, especially in emerging market and developing economies, and there are widening divergences among regions. Several forces are holding back the recovery. Some reflect the long-term consequences of the pandemic, the war in Ukraine, and increasing geo-economic fragmentation. Others are more cyclical in nature, including the effects of monetary policy tightening necessary to reduce inflation, withdrawal of fiscal support amid high debt, and extreme weather events. Global growth is forecast to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024. The projections remain below the historical (2000–19) average of 3.8%, and the forecast for 2024 is down by 0.1 percentage point from the July 2023 Update to the World Economic Outlook. 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 (Oct 2023)	3.5	3.0	2.9

a) United States of America

The table below indicate that the US economy growth forecast has been revised upwards by 0.3 and 0.5 percentage points for 2023 and 2024, respectively, compared to the projections made in July 2023, according to the IMF. The revisions were necessitated by the robust business investment experienced during the second quarter and steadfast growth in consumer spending. Furthermore, it is anticipated that the fiscal policy of the general government will adopt an expansionary stance in 2023. The following table shows the U.S annual growth forecasts.

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

Meanwhile, US unemployment rate is expected to rise from 3.6% in the second quarter of 2023 to 4.0% by the last quarter of 2023.

US Inflation on the other hand, according to the Bureau of Labour Statistics, remained stagnant at 3.7% recorded the previous month, largely due to a steady decline in energy prices (0.5% fall) driven by a rebound in fuel prices. Additionally, core inflation which excludes the food and energy sectors was steady at 0.4% m-o-m, easing from the

0.6% recorded in August 2023. The graph below shows inflation trend for the USA economy.

USA year on year Inflation Rate Trend



b) China

The latest economic growth forecasts for China in 2023 and 2024 have been revised downward by 0.2 and 0.3 percentage points, respectively, compared to the projections made in July 2023, according to IMF. The table below shows China's annual economic growth forecasts.

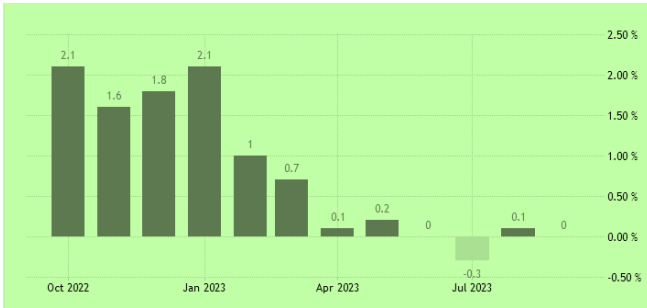
China Economic Growth Forecasts (%)			
Year	2022	2023	2024
World Bank	2.7	4.3	5.0
IMF (Oct 2023)	3.0	5.0	4.2

So as to stimulate spending and induce growth, the People's Bank of China cut the reserve requirement ratio (RRR) for financial institutions by 25 basis points leaving the weighted RRR for financial institutions standing at 7.4%.

On the inflation front, against a priori expectations, Chinese inflation missed the market projections of a 2% gain and dropped down to zero percent following a 1% rise in the previous month. The decline in food prices accelerated at a sharper rate in September 2023 (-3.2% vs -1.7% in August 2023), likely due to abundant supply in the market ahead of the Golden Week holiday period driving down costs. This was particularly evident in pork prices which fell even more steeply. While inflation is expected to rise gradually in the second half of the year, it will likely remain low as the dampening effect of lower commodity prices continues to diminish over time.

China year on year Inflation Rate Trend

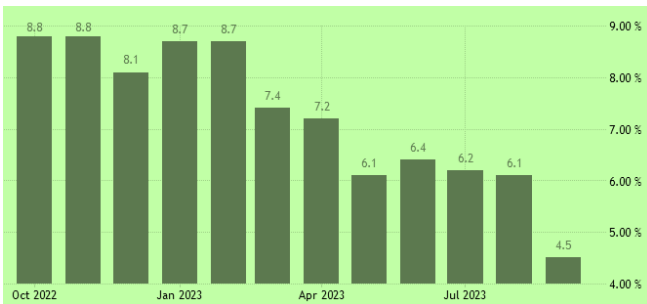
Disclaimer: This document may be legally privileged and/or confidential and has been prepared for informative purposes only. No liability whatsoever for any loss howsoever arising from the use of this review or its contents or otherwise arising in connection therewith shall be accepted by ZB Financial Holdings, any of its directors, employees, or associates. Any person who makes use of this document shall be solely responsible for making his or her own independent investigation of the issues discussed in this report. ZB Financial Holdings accepts no responsibility whatsoever for the accuracy or completeness of the information contained in this document.



c) Germany

The German consumer price inflation rate was confirmed at 4.5% year-on-year in September 2023, easing sharply from 6.1% in the previous month and marking the lowest level since the outbreak of the war in Ukraine in February 2022. Also, the core rate, which excludes volatile items like food and energy, slowed to a one-year low of 4.6%. However, both rates remained well above the European Central Banks’ target of 2.0%. On a monthly basis, consumer prices grew 0.3%, the same pace as in the prior three months. The following Graph depict Germany’s annual inflation trend.

Germany year on year Inflation Rate Trend



d) United Kingdom

The United Kingdom's economic growth is projected to significantly slow down from 4.1% in 2022 to only 0.5% in 2023, according to IMF latest Update. This deceleration reflects the tighter monetary policies implemented to curb high inflation and the lingering impacts of higher energy prices weakening trade terms. The following table shows the UK annual growth forecasts.

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

On an inflation front, UK inflation remained stable at 6.7% in September 2023, holding at August’s 18-month low. Moreover, the core inflation rate, which excludes volatile items such as energy and food, dropped to 6.1%, reaching its lowest point since January but slightly exceeding forecasts of 6%. Both of these figures have remained significantly above the Bank of England's 2% target, further emphasizing the mounting inflationary pressures in the country and complicating further the task for policymakers who are expected to keep interest rates unchanged at the upcoming meeting. On a monthly basis, the CPI rose by 0.5% in September, the most substantial increase since May. The following Graph depict the UK annual inflation trend.

UK Inflation Rate



Disclaimer: This document may be legally privileged and/or confidential and has been prepared for informative purposes only. No liability whatsoever for any loss howsoever arising from the use of this review or its contents or otherwise arising in connection therewith shall be accepted by ZB Financial Holdings, any of its directors, employees, or associates. Any person who makes use of this document shall be solely responsible for making his or her own independent investigation of the issues discussed in this report. ZB Financial Holdings accepts no responsibility whatsoever for the accuracy or completeness of the information contained in this document.

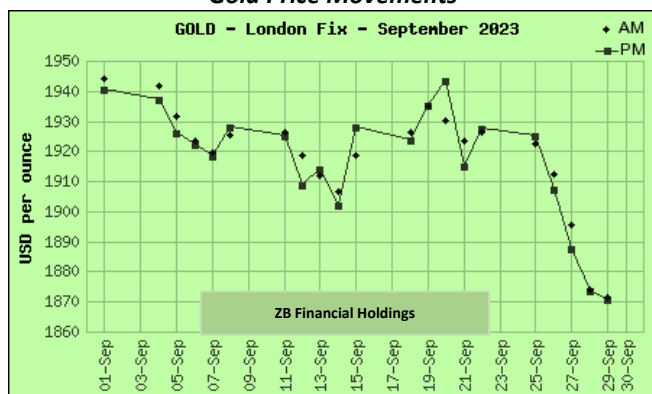
7. Commodities Markets

Commodity	Aug 2023	Sep 2023	Percentage Change (%)
	Price (US\$)	Price (US\$)	
Gold	1,920.03	1,916.96	-0.2%
Platinum	923.95	922.76	-0.1%
Silver	23.44	23.24	-0.9%
Oil	84.95	91.73	8.0%

a) Gold

On average, gold prices fell by 0.2% to US\$1,916.96/ounce in September 2023, from US\$1,920.03/ounce recorded in August 2023. The following graph shows the trend of daily gold prices during the month under review.

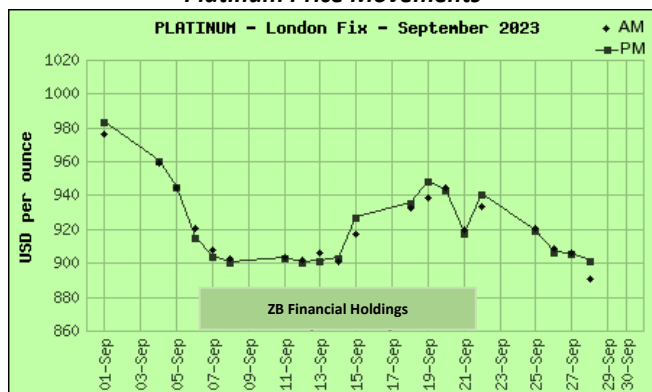
Gold Price Movements



b) Platinum

Platinum prices fell for the fourth consecutive month in September 2023, tumbling by 0.1% from a monthly average of US\$923.95/ounce in August 2023 to US\$922.76 per ounce in September 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 September 2023, the average price of silver dropped by 0.9% from US\$23.44/oz recorded in August 2023 to US\$23.24/oz recorded in September 2023. The graph below shows the daily trend of Silver price for the month under review.

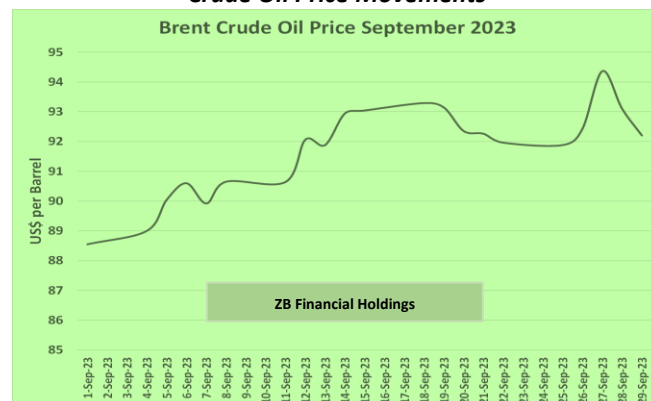
Silver Price Movements



d) Crude Oil

Crude oil monthly average prices for September 2023 conformed to the positive trend established in the previous month. In fact, average crude oil prices rose by 8.0% from US\$84.95/oz in August 2023 to US\$91.73/oz in September 2023. The graph below shows the trend of crude oil price during the month under review.

Crude Oil Price Movements



Going forward, in the near term, oil prices are expected to firm amid production cuts by major producers. OPEC said production targets would drop by a further 1.4 million bpd from 2024.

END

Disclaimer: This document may be legally privileged and/or confidential and has been prepared for informative purposes only. No liability whatsoever for any loss howsoever arising from the use of this review or its contents or otherwise arising in connection therewith shall be accepted by ZB Financial Holdings, any of its directors, employees, or associates. Any person who makes use of this document shall be solely responsible for making his or her own independent investigation of the issues discussed in this report. ZB Financial Holdings accepts no responsibility whatsoever for the accuracy or completeness of the information contained in this document.