

Monthly Economic Update

December 2024

Table of Contents

1. Economic Performance.....	1
2. Inflation	1
3. Poverty Datum Line.....	2
4. Financial Sector	3
5. Various Sectors of the Economy.....	6
6. Regional Economies	10
7. International Economies.....	12
8. Commodities Markets	14

1. Economic Performance

a) Domestic Economy

Zimbabwe's economic growth is projected to reach about 6% in 2025, as the impact of the 2024 El Niño-induced drought begins to fade. The drought, believed to be the worst in over 40 years, caused widespread crop failures and water depletion in water bodies. Macroeconomic vulnerabilities caused by a challenging business environment and inadequate electricity supply also limited investment and economic growth in 2024. However, recovery is expected in 2025 with a boost in mining, especially lithium, and a rebound in gold production. The current account is expected to remain positive and improve in the medium term, fuelled by increased mining activities and a recovery in key sectors like agriculture and manufacturing. The table below outlines Zimbabwe's economic growth forecasts:

Zimbabwe Economic Growth Forecasts (%)			
Year	2023	2024	2025
GOZ (Nov 2024)	5.5	2.0	6.0
IMF (Oct 2024)	5.3	2.0	6.0
World Bank (Jun 2024)	4.5	3.3	3.5

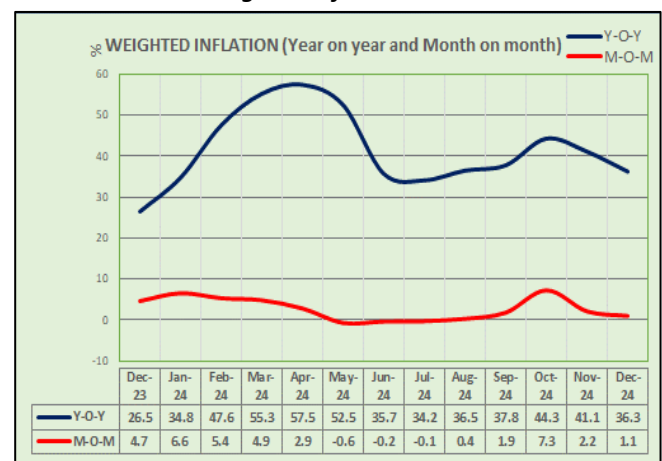
2. Inflation

The inflation profile for December 2024 indicates a significant overall decrease, primarily driven by a decline in ZiG inflation, while USD inflation remained relatively moderate. Below is a brief outline of the inflation metrics, including the weighted inflation rate, USD inflation rate and ZiG inflation rate, as published during the month under review.

a. Weighted Inflation

Weighted inflation, which aggregates prices denominated in both foreign and local currencies, decreased year-on-year from 41.1% in November 2024 to 36.3% in December 2024, marking the second consecutive monthly decline. The month-on-month weighted inflation rate also dropped for the second straight month, falling to 1.1% in December 2024, a notable decrease of 1.1 percentage points from 2.2% in November 2024. This decline was primarily driven by the Food and Non-Alcoholic Beverages category, which recorded a 2.8% decrease. The following graph illustrates the trend in Zimbabwe's weighted inflation.

Weighted Inflation Trend



Source: ZIMSTATS & RBZ –December 2024

Meanwhile, barring significant alterations, our 3-month econometric forecasts for cumulative weighted inflation are outlined below:

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.

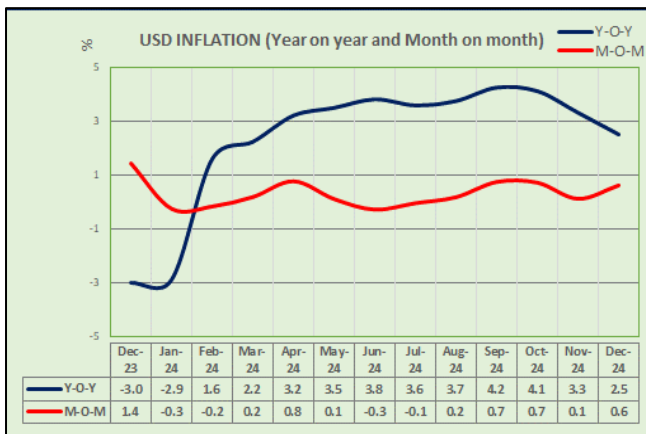
3 Month Inflation Forecasts (%)		
Month	Y-O-Y	M-O-M
Jan-25	32.3	3.5
Feb-25	29.8	3.4
Mar-25	27.1	2.7

Source: ZB Financial Holdings –December 2024

b. USD Inflation

The year-on-year USD inflation rate for December 2024, as measured by the all-items USD Consumer Price Index (CPI), was 2.5%, marking a significant decrease of 0.8 percentage points from 3.3% in November 2024. On a month-on-month basis, however, the USD inflation rate rose by 0.5 percentage points to 0.6% in December 2024. Notably, within the USD CPI, the Food and Non-Alcoholic Beverages category recorded a 1.9% increase during this period, reflecting rising costs for essential goods. The following graph illustrates the current trend of USD inflation in Zimbabwe.

Zimbabwe USD Inflation Trend

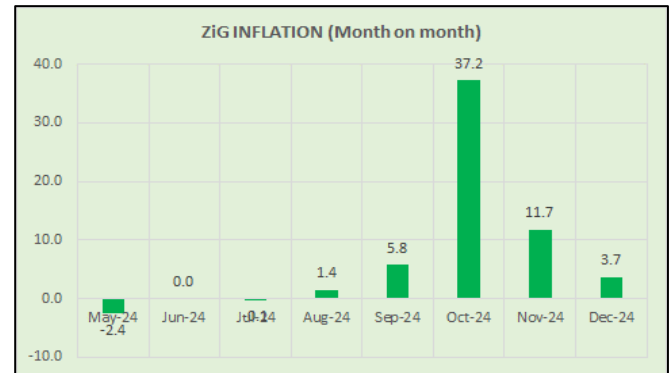


Source: ZIMSTATS & RBZ –December 2024

c. ZiG Inflation Rate

The month-on-month ZiG inflation rate for December 2024 dropped sharply to 3.7%, representing a significant decrease of 8.0 percentage points from 11.7% in November 2024. This marks the second consecutive month of decline. The following graph illustrates the current trend of ZiG inflation in Zimbabwe.

ZiG Inflation Trend



Source: ZIMSTATS & RBZ –December 2024

3. Poverty Datum Line

The Total Consumption Poverty Line (TCPL), which indicates the minimum income required to cover essential living expenses, increased by 4.1% in December 2024, rising from ZiG1,110.72 in November 2024 to ZiG1,156.67. This increase reflects a rising cost of living with significant implications for poverty levels. For a family of six, the TCPL for December 2024 amounts to ZiG6,940.02.

Similarly, the Food Poverty Datum Line (FPDL), which measures the minimum expenditure required to meet the daily caloric needs of 2,100 calories, rose by 4.6%, from ZiG770.84 in November 2024 to ZiG805.95 in December 2024. For a family of six, the FPDL translates to ZiG4,835.70, highlighting that a substantial portion of household income is now being allocated to basic food needs. The table below presents the monthly changes in TCPL and FPDL over the past five months.

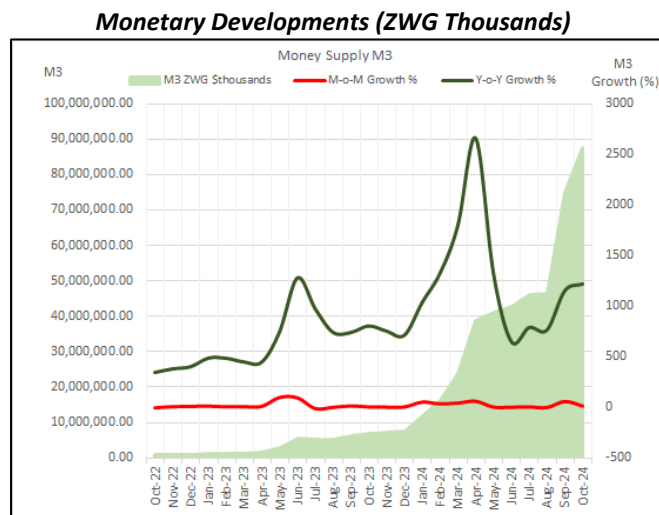
Month	TCPL	% Change	PDL	% Change
Aug-24	631.86	1.8	405.43	2.2
Sep-24	681.79	7.9	446.56	10.1
Oct-24	976.40	43.2	666.49	49.2
Nov-24	1,110.72	13.8	770.84	15.7
Dec-24	1,156.67	4.1	805.95	4.6

Source: ZIMSTATS – December 2024

4. Financial Sector

a) Money Supply

The broad money (M3) stock increased by 16.8%, from ZiG75.01 billion in September 2024 to ZiG87.82 billion by the end of October 2024. This indicates a slowdown in the rise of the money supply compared to the 61.04% recorded in September 2024. On a year-on-year basis, M3 increased by 1,203% in October 2024, compared to 1,093% in September 2024. The graph below illustrates these monetary trends from October 2022 to October 2024, highlighting the significant expansion in the money supply.



Source: RBZ – December 2024

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

3 Month M3 Forecasts			
Month	M-O-M (growth)	Y-O-Y (growth)	M3 (ZWG\$ Billions)
Nov-24	2.16%	1168.31%	89.48
Dec-24	15.39%	1264.01%	103.25
Jan-25	13.73%	903.19%	117.43

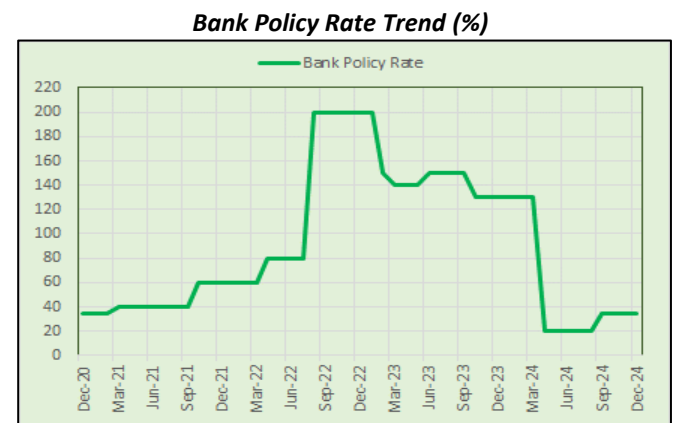
b) Interest Rates

The RBZ's Monetary Policy Committee meeting held on December 3, 2024, included the following measures regarding interest rates;

- To maintain the bank policy rate at 35%.
- To maintain the statutory reserve requirements for demand and call deposits for both local and foreign currency at 30%; and

- To maintain the statutory reserve requirements for savings and time deposits for both local and foreign currency at 15%.

The graph below shows the interest rate trend for the period December 2020 to December 2024.



Source: RBZ – December 2024

As of 13 December 2024, the weekly average minimum lending rates in ZiG were recorded at 40.63% for individuals and 38.08% for corporates. On the other hand, average minimum deposit rates for savings, 1-month and 3-month deposits were recorded at 3.75%, 5.07% and 5.30% respectively. The table below illustrates the trend in average minimum lending rates and average deposits rates denominated in ZiG.

Average lending and Deposit Rates (ZiG)

LOCAL CURRENCY (ZiG)					
Lending Rates (%)			Deposit Rates (%)		
Week Ending	Commercial Banks (minimums)		Savings	1-Month	3-Months
	Individuals Clients	Corporate Clients			
29-Nov-24	39.25	34.29	3.75	4.63	4.82
6-Dec-24	41.21	39.98	3.75	5.21	5.41
13-Dec-24	41.43	39.98	3.75	5.38	5.67
Average	40.63	38.08	3.75	5.07	5.30

Source: RBZ – December 2024

In US Dollar terms, the most recent weekly average minimum lending rates stood at 13.01% for individuals and 10.62% for corporates whilst latest average minimum deposit rates for savings, 1-month and 3-month deposits were recorded at 1.31%, 3.10% and 3.72%, respectively. The table below illustrates the trend in average minimum lending rates and average deposits rate denominated in US\$.

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 lending and Deposit Rates (USD)

FOREIGN CURRENCY (USD)						
Lending Rates (%)			Deposit Rates (%)			
Week Ending	Commercial Banks (<i>minimums</i>)					
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months	
29-Nov-24	12.99	10.53	1.24	2.81		3.38
6-Dec-24	13.02	10.67	1.35	3.17		3.79
13-Dec-24	13.03	10.67	1.35	3.31		3.99
Average	13.01	10.62	1.31	3.10		3.72

Source: RBZ – December 2024

c) Foreign Currency Market

Based on monthly average exchange rates, the US dollar appreciated against 16 of the 18 currencies in our analysis basket. The most significant appreciation was observed against the Brazilian Real, at 5.71%. Conversely, the US dollar depreciated against the remaining two currencies, the Zimbabwean Gold (0.69%) and the Hong Kong Dollar (0.08%). The table below provides a detailed breakdown of the monthly average exchange rates for all 18 currencies.

Exchange rate analysis (Monthly Averages)

Exchange Rate Analysis (Monthly Averages)			
Currency/US\$	Nov-24	Dec-24	Change (%)
Zimbabwean Gold	25.8735	25.69556452	-0.69
Argentine Peso	998.675258	1019.22495	2.06
Australian Dollar	1.530639	1.578714	3.14
Botswana Pula	13.477022	13.657392	1.34
Brazilian Real	5.802393	6.133676	5.71
British Pound	0.784065	0.791099	0.90
Canadian Dollar	1.397365	1.424702	1.96
Chinese Yuan Renminbi	7.201604	7.279298	1.08
Euro	0.940202	0.954297	1.50
Hong Kong Dollar	7.780075	7.774088	-0.08
Indian Rupee	84.384681	84.971016	0.69
Japanese Yen	153.500457	153.79864	0.19
Norwegian Krone	11.045541	11.221093	1.59
Russian Ruble	100.693182	103.721674	3.01
South African Rand	17.913708	18.215236	1.68
Swedish Krona	10.88534	10.987596	0.94
Swiss Franc	0.88028	0.891175	1.24
South Korean Won	1393.89064	1437.692994	3.14

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

However, the opening and month-end period analysis reveals that the USD appreciated against all 17 currencies in our basket and depreciated against the Hong Kong Dollar in December 2024. The table below provides a detailed breakdown of the month-end exchange rate analysis for all 18 currencies.

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.

Exchange Rate Analysis (End Period)

Exchange Rate Analysis(end period)			
Currency/US\$	2-Dec-24	31-Dec-24	Change (%)
Argentine Peso	1011.20772	1031.05111	1.96
Australian Dollar	1.548669	1.617243	4.43
Botswana Pula	13.620442	13.972654	2.59
Brazilian Real	6.073766	6.185128	1.83
British Pound	0.79137	0.798667	0.92
Canadian Dollar	1.407156	1.440347	2.36
Chinese Yuan Renminbi	7.269589	7.299433	0.41
Euro	0.953779	0.966137	1.30
Hong Kong Dollar	7.781469	7.768134	-0.17
Indian Rupee	84.737806	85.580436	0.99
Japanese Yen	149.261166	157.392343	5.45
Norwegian Krone	11.129677	11.371277	2.17
Russian Ruble	106.177312	113.247469	6.66
South African Rand	18.209312	18.884179	3.71
South Korean Won	1406.11762	1478.77471	5.17
Swedish Krona	11.010792	11.070118	0.54
Swiss Franc	0.886654	0.906893	2.28
Zimbabwean Gold	25.5672	25.7985	0.90

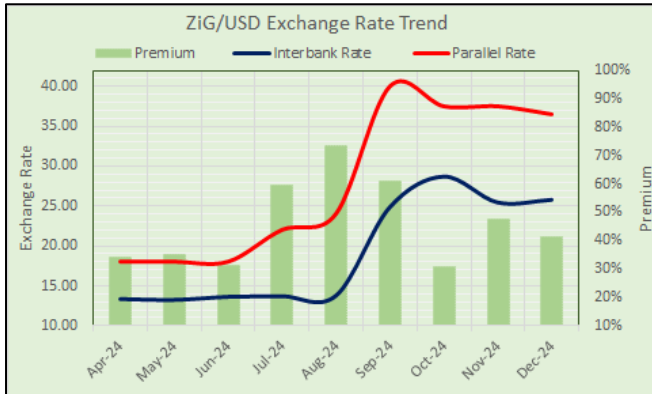
Source: x-rates; RBZ © ZB Financial holdings

The US dollar is experiencing its strongest performance due to a resilient domestic economy, elevated interest rates and global uncertainty. An aggressive Federal Reserve, in contrast to anticipated rate cuts in the eurozone and Japan, is driving the dollar's appeal alongside rising U.S. Treasury yields. Incoming Trump administration policies, including potential tariffs and fiscal measures, are also expected to boost demand for the US dollar.

d) Zimbabwe Gold Exchange Rate

In December 2024, the ZiG depreciated by 1.35% against the USD on the interbank market, weakening from ZiG25.45 per 1 USD on 30 November 2024 to ZiG25.80 per 1 USD by 31 December 2024. However, on the parallel market, the ZiG appreciated by 2.7%, strengthening from an average of ZiG37.50 per 1 USD to ZiG36.50 per 1 USD over the same period. This divergence between the two markets led to a significant reduction in the exchange rate premium, narrowing from 47% in November 2024 to 41% in December 2024. The following graph illustrates the above-mentioned trends from April 2024 to December 2024.

ZiG/USD Exchange Rate



Source: RBZ & ZB Financial Holdings – December 2024

Ceteris paribus, the exchange rate is expected to remain stable due to the Central Bank’s implementation of control measures. The RBZ is anticipated to inject additional foreign currency into the market to sustain the balance between demand and supply.

e) Equities Markets & Corporate Briefs

In December 2024, the Zimbabwe Stock Exchange (ZSE) exhibited a significant downturn compared to November 2024, as reflected in both market capitalization and the All-Share Index. The ZSE's market capitalization in local currency (ZiG) dropped by 18.5%, from ZiG79,841.29 million in November 2024 to ZiG65,105.25 million in December 2024. In USD terms, market capitalization fell by 19.5%, declining from US\$3,137.02 million to US\$2,524.74 million over the same period. Similarly, the All-Share Index also showed bearish performance, decreasing by 17.9%, from 265.10 points in November 2024 to 217.58 points in December 2024.

In contrast, the Victoria Falls Stock Exchange (VFEX) demonstrated resilience. VFEX market capitalization grew by 3.4%, while its All-Share Index rose by 1.9%, reflecting stronger performance relative to the ZSE. The following table provides a comparative overview of the monthly performance of both markets over the past four months.

ZSE and VFEX Market Performance Indicators

Date	ZSE Market Summary			VFEX Market Summary	
	All Share	Mkt Cap ZWG mil	Mkt Cap US\$ mil	All Share	Mkt Cap US\$ mil
Dec-24	217.58	65,105.25	2,524.74	104.09	989,270
Nov-24	265.10	79,841.29	3,137.02	102.19	956,730
Oct-24	289.14	87,336.43	3,045.18	102.68	966,240
Sep-24	243.41	72,750.63	2,923.70	107.35	1,002,390

Source: ZSE & VFEX – December 2024

The monthly performance of the ZSE and VFEX in December 2024 can be attributed to several key factors. The ZSE’s 18.5% drop in market capitalization and 17.9% decline in the

All-Share Index were driven by significant losses in key counters such as EcoCash, CBZ and Delta, along with a steep 87.29% plunge in market turnover.

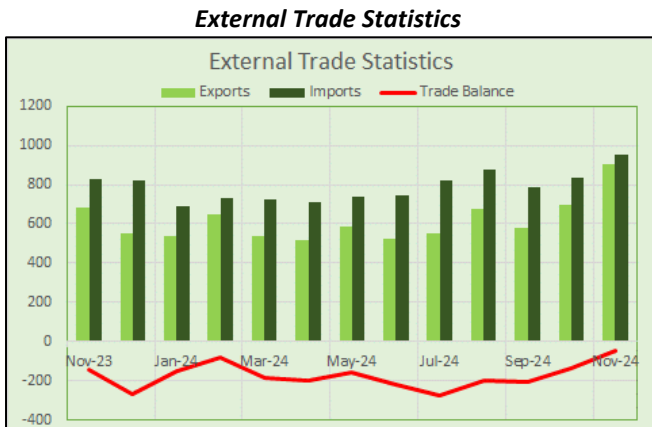
Broader factors, such as subdued foreign investor participation, competition from USD-denominated assets, and cautious trading toward year-end, compounded market challenges across both exchanges. Additionally, the 2025 National Budget’s fiscal measures further impacted investor sentiment.

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.

5. Various Sectors of the Economy

a) External Sector

According to ZIMSTAT, Zimbabwe's export value in November 2024 reached US\$905.2 million, reflecting a 29.7% increase from the US\$698.1 million recorded in October 2024. Meanwhile, imports for the same period stood at US\$952.1 million, marking a 13.9% increase from US\$835.9 million in the previous month. Despite the rise in both exports and imports, the trade deficit narrowed to US\$46.9 million in November 2024, representing a 66.0% decrease compared to the US\$137.8 million deficit in October 2024. The reduced trade imbalance, driven by a sharper rise in exports relative to imports, highlights improved external trade dynamics during the month under review. The graph below illustrates trends in external trade statistics since November 2023.



Source: ZIMSTATS – December 2024

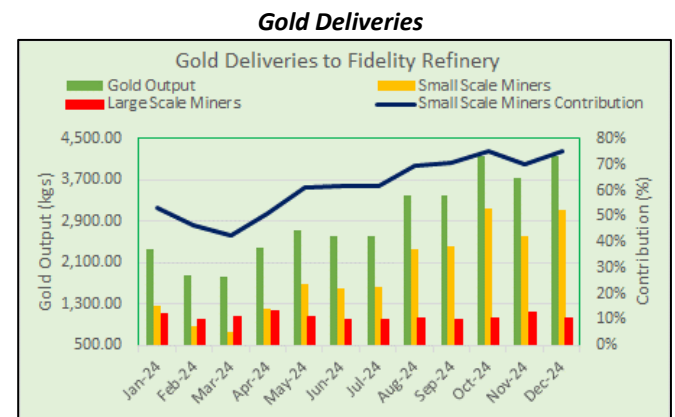
Zimbabwe's external trade dynamics in November 2024 highlight the country's continued reliance on exporting primarily semi-manufactured gold, tobacco and nickel mattes, which dominate the export basket. According to ZIMSTAT, semi-manufactured gold accounted for 39.7% of total exports, followed by tobacco at 30.5% and nickel mattes at 11.0%.

b) Mining Sector

Zimbabwe's mining sector is facing mixed performance, with challenges like policy inconsistencies, fluctuating commodity prices and power shortages. In Q3:2024, capacity utilization dropped to 52.7%, and the Mining Confidence Index fell from 12.9 points to 7.3 points due to electricity shortages and cash flow issues. Despite this, certain subsectors remained stable. The sector is projected to grow by 5.6% in 2025, driven by increased output in PGMs, gold, chrome and diamonds. It is expected to contribute 13.3% to GDP from 2024 to 2027,

providing long-term growth potential despite current challenges.

Meanwhile, gold deliveries to Fidelity Gold Refinery increased by 11% in December 2024, reaching 4,162.24 kg compared to November 2024. Small-scale miners accounted for approximately 75% of total deliveries in December 2024. The contribution of small-scale miners has been key to the increase in gold output, as shown in the graph below.



Source: FGR – December 2024

News and Highlights in the Mining Sector.

- Zimbabwe's gold deliveries to Fidelity Gold Refinery reached 36,486.75 kgs in 2024, a 21.22% increase from 2023. Small-scale miners delivered 23,745.64 kgs, up by 21.41%, while large-scale miners contributed 12,741.11 kgs. Key challenges faced in 2024 include rising operational costs, power shortages, lack of capital and unfavourable exchange rate policies.
- The Government aims to boost gold production to over 40 tonnes in 2025, building on the success of gold mobilisation initiatives. Current output has risen to 36 tonnes, with the 2024 target of 35 tonnes being met. Efforts focus on small and medium-scale miners, with gold mining providing stability amid falling prices in other commodities. Rising gold prices are anticipated to drive further growth.
- Zimbabwe's platinum output is expected to remain stable, with a forecast of 522,000 ounces in 2025 as compared to 504,000 ounces forecasted last year, data from the World Platinum Investment Council indicates.

- PGMs led Zimbabwe’s mineral exports in 2024, contributing 50% of the US\$2.6 billion total mineral shipments from January 2024 to November 2024, with US\$1.3 billion in earnings. Despite a global price decline, PGMs and lithium drove export performance. The Minerals Marketing Corporation of Zimbabwe highlighted strategies for 2024, including value addition, resource accounting and curbing mineral leakages.

c) Agriculture Sector

The agriculture sector has seen significant growth, with agricultural GDP rising from US\$5.6 billion in 2020 to US\$9.9 billion in 2022, surpassing the 2025 target of US\$8.2 billion. Maize and sorghum yields have improved under the Pfumvudza/Intwasa program, outperforming conventional farming methods. However, the sector is estimated to have contracted by 15% in 2024 and is now expected to rebound to 12.8% growth in 2025, fuelled by the La Niña weather phenomenon and an improved wheat harvest. Government initiatives which include expanding irrigation capacity are aiming to ensure sustained production and reduce reliance on rainfall. Maize production is expected to rise significantly, with a 347% increase in overall crop output anticipated in 2025.

News Highlights in the Agriculture Sector.

- Zimbabwe achieved a record wheat harvest of 563,961 tonnes in 2024, surpassing the 467,000 tonnes harvested in 2023 and ensuring self-sufficiency for the third consecutive year. Wheat was cultivated on 120,000 hectares, a significant increase from 91,000 hectares in 2023. The country is focusing on strengthening grain reserves and reducing reliance on wheat imports.
- More than 10 million plots have been prepared under the Pfumvudza/ Intwasa programme as the country scales up the implementation of conservation farming to ensure food security.
- Zimbabwe targets a 2024/2025 tobacco harvest of 300 million kgs, up from 235 million kgs in 2023, driven by favourable rainfall forecasts and increased participation from 120,963 registered growers. Contract farming covers 93% of production across 43,814 hectares.
- The Government waived duties on Ammonium Nitrate and Urea imports during the month under review, inviting private players, farmers, unions, and corporates with proven farming capacity to apply. Enacted under SI 178 of 2024, the initiative

aims to achieve a 347% increase in cereal production, from 744,271 tonnes to over 3.2 million tonnes.

- Zimbabwe’s sugarcane sector is enhancing climate resilience to boost production by 100,000 metric tonnes, aiming for 600,000 metric tonnes by 2030. Challenges such as El Niño-induced drought, input delays, and irrigation issues hindered 2024 output.
- The Kunzvi Dam project, which was 56% complete as of December 2024, is expected to significantly benefit agriculture by providing water for the irrigation of 500 hectares of land. This is expected to enhance agricultural productivity and help alleviate water shortages for farming in the region.

d) Energy Sector

In the month under review, Zimbabwe saw a significant decline in electricity generation, with overall production dropping on average by 13.8% compared to the previous month. This reduction was primarily driven by a 15.6% decrease in the average maximum generation capacity at Hwange Power Station, where daily maximum supply fell from 1,014 MW in mid-December 2024 to just 565 MW due to operational challenges. Additionally, Kariba Power Station, with an installed capacity of 1,050 MW, operated at around 12% capacity due to limited water availability. These energy shortages have placed a strain on the economy, disrupting industrial productivity and contributing to slower economic growth.

Average Maximum Electricity (MW)

Average Maximum Supply (MW)	Nov-24	Dec-24	Change
Hwange	944	797	-15.6%
Kariba	133	125	-6.4%
IPPS	51	51	0.7%
Total	1,128	973	-13.8%

Source: ZPC– December 2024

Looking ahead, the Kariba Power Station's electricity generation is expected to increase by 70%, with a double water allocation of 27 billion cubic meters from the Zambezi River Authority, boosting generation from 200 MW to 350 MW. However, the country's peak demand is 1,900 MW, leading to reliance on imports. Private sector involvement in solar and coal projects is expected to continue growing, along with partnerships in transmission infrastructure.

News Highlights in the Energy Sector

- A ground-breaking ceremony was held during the month under review to commence a 720 MW energy power plant, part of a US\$1 billion project under the National Strategy on Energy Efficiency. It

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.

includes plans for a 200 MW solar plant. Set for completion in 2028, the project is expected to enhance power supply and support industrial growth. Titan New Energy and ZESA are spearheading the initiative.

- The consumption of liquefied petroleum gas in Zimbabwe increased by 9% in the first nine months of 2024, reaching 53.23 million kg, compared to 48.86 million kg during the same period in 2023.
- PPC Zimbabwe is set to begin construction of two solar power plants in Q1 2025: a 20 MW plant at Colleen Bawn and a 10 MW plant in Bulawayo, with completion expected in 18 months. The project aims to enhance power supply to PPC factories, reduce reliance on ZETDC and support uninterrupted production. The projects will operate under a Power Purchase Agreement.
- The Government is focusing on wind energy generation, with eight sites under assessment for potential wind power projects. The procurement of materials for these projects is planned for the first quarter of 2025. Efforts to boost power generation remain a priority, with an emphasis on independent power producers for energy self-sufficiency.

e) Manufacturing Sector

The manufacturing sector is growing, driven by Government support, investment in machinery and increased agricultural output. Capacity utilization is expected to rise from 52.1% in 2024 to 55% in 2025. Upgraded technology and retooling efforts have increased local product availability, reduced imports and saving foreign currency. However, challenges like counterfeiting, smuggling, power shortages and economic uncertainty continue to persist, affecting profitability and growth. In Q3 2024, manufacturing showed mixed results, with some sectors growing and others declining. The sector is projected to have grown by 2% in 2024 and is expected to rebound to 3.1% in 2025, with agro-processing boosting the drinks and beverages subsector.

News Highlights in the Manufacturing Sector

- Varun Beverages expanded its production during the month under review with the launch of Phase 6 and 7 projects, adding new carbonated drinks and water lines, thereby boosting its monthly capacity to 100 million bottles. The firm plans to produce snacks, dairy and juices in 2025, creating over 1,000 jobs. With 150 trucks serving 40,000 retailers, Varun underscores Zimbabwe's growing industrialization.

- PPC Zimbabwe, a leading cement producer in the country, reported significant financial losses exceeding US\$1 million per month, attributed to persistent power outages.
- West Properties Holdings is set to open its new brick manufacturing plant in the first quarter of 2025 in a bid to address the current brick shortage and reduce operational costs.

f) Property Sector

Zimbabwe's real estate sector has seen robust growth, attracting over US\$500 million in investments since January 2024, particularly in retail and residential projects. Diaspora investments are playing a key role, with Zimbabweans abroad investing in fixed assets for long-term returns. The property sector is projected to have grown by 3.8% in 2024 and is expected to grow by 4.3% in 2025. This growth will be driven by a strong focus on housing development, urban renewal and infrastructure improvements. These efforts aim to meet the growing demand for residential properties and enhance the overall urban landscape in Zimbabwe.

News Highlights in the Property Sector

- The Zimbabwe Cyber City Project in Mt Hampden, inspired by Dubai's architecture, is set to complete its first phase by March 2025, featuring 50 modern villas. Spanning 50,000 square meters, the city includes shopping malls and a 40-story commercial tower, creating local jobs and showcasing smart city innovations.
- Zimbabwe is on track to meet its target of constructing one million housing units by 2025, surpassing the initial goal of 220,000 houses under National Development Strategy 1. Achievements have been made through Government, private sector and individual efforts. Ongoing projects include Marondera flats (95% complete) and Beitbridge redevelopment (71% complete).

g) Tourism Sector

The tourism sector surpassed expectations in 2024, becoming the top contributor to GDP with a 12% share, outpacing agriculture and mining. Achievements include hosting major events like the UN Tourism Gastronomy and MICE gatherings and signing a Memorandum of Understanding to host the first UN Tourism School in Africa. Infrastructure investment, targeted marketing and new tourism products have driven growth, surpassing the US\$5 billion target. The sector is projected to have grown by 12% in 2024, with growth expected at 4.3% in 2025, supported by

improved visa facilitation, better air connectivity and additional tourism events.

News Highlights in the Tourism Sector

- Air Zimbabwe plans to expand and relaunch domestic and international routes in 2025, supported by the acquisition of additional aircraft. Despite challenges from covid-19 restrictions, Air Zimbabwe has shown resilience by restructuring operations and focusing on cargo services, with gradual recovery efforts restoring regional and domestic routes as restrictions eased.
- Zimbabwe's airports processed 1.8 million passengers in the first ten months of 2024, representing a 20% increase compared to the same period in 2023.

6. Regional Economies

In sub-Saharan Africa, GDP growth is projected to rebound to 4.2% in 2025 as the impacts of previous weather-related shocks diminish and supply constraints abate. The IMF upgraded the 2025 forecast by 0.1 percentage point compared to its forecast made in April 2024, indicating optimism for a stronger recovery. The following table shows Sub-Saharan Africa's economic growth forecast:

Sub-Saharan Africa Economic Growth Forecasts (%)			
Year	2023	2024	2025
World Bank (Jun 2024)	3.0	3.5	4.0
IMF (Oct 2024)	3.6	3.6	4.2

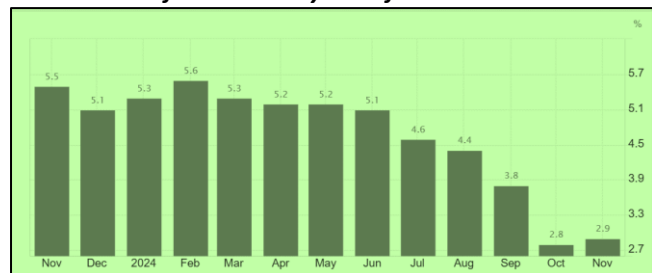
a) South Africa

The South African economy contracted by 0.3% in Q3:2024, following a revised 0.3% rise in Q2:2024. Four out of ten industries registered declines, primarily in agriculture due to lower field crops. Meanwhile, South Africa's real GDP is projected to grow by 1.5% in 2025, reflecting positive revision of 0.3%, according to the IMF. These upward adjustments are largely driven by increased infrastructure investments. The table below presents economic growth forecasts for South Africa:

South Africa Economic Growth Forecasts (%)			
Year	2023	2024	2025
SARB (Sept 2024)	0.6	1.1	1.6
World Bank (Jan 2024)	0.7	1.2	1.3
IMF (Oct 2024)	0.7	1.1	1.5
AFDB (May 2024)	0.8	1.3	1.6

The annual inflation rate in South Africa rose to 2.9% in November 2024, slightly up from 2.8% in October 2024. This marked the first increase in consumer inflation after five consecutive periods of decline, though it remains well below the South African Reserve Bank's preferred midpoint target of 4.5%. On a monthly basis, consumer prices were unchanged in November 2024, following a 0.1% decline in the previous period. The graph that follows illustrates the country's inflation trend.

South Africa Year on year Inflation Rate Trend



Source: Statistics South Africa – December 2024

During the month under review, South Africa's key interest rate stood at 7.75%, following a rate cut in November 2024. The decision to lower the interest rate reflects efforts by the South African Reserve Bank to support economic growth as inflation continues to ease.

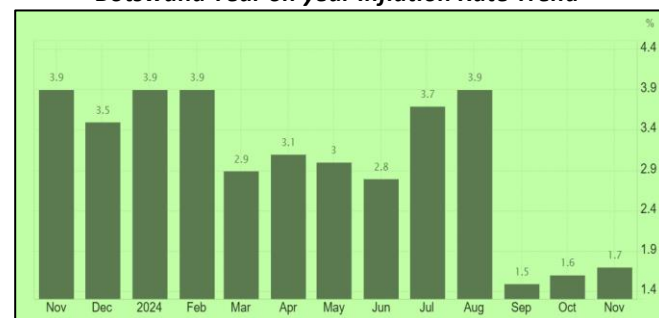
b) Botswana

The Botswana GDP shrank by 4.3% year-on-year in Q3:2024, a much steeper decline than the downwardly revised 0.4% drop in Q2. This marked the third consecutive quarter of economic contraction, with mining and quarrying activity deteriorating sharply. The IMF projects Botswana's real GDP to grow by 5.2% in 2025, a slight upward revision of 0.2 percentage points. This economic outlook is primarily influenced by a projected recovery in diamond exports in 2025, which is expected to drive stronger GDP growth. The annual growth projections for Botswana are shown in the table below:

Botswana Economic Growth Forecasts (%)			
Year	2023	2024	2025
World Bank (Jun 2024)	3.3	3.5	4.3
IMF (Oct 2024)	2.7	1.0	5.2
AfDB (April 2024)	2.7	4.0	4.3
CBB (April 2024)	2.7	4.2	5.4

Meanwhile, the annual inflation rate in Botswana edged up to 1.7% in November 2024, from 1.6% in the previous month. The uptick was mainly driven by rising costs for recreation. On a monthly basis, consumer prices rose by 0.1% in November 2024, following a 0.2% increase in October 2024. The graph that follows illustrates the country's inflation trend.

Botswana Year on year Inflation Rate Trend



Source: Central Statistics Office Botswana – December 2024

Meanwhile, the Central Bank of Botswana kept its benchmark interest rate steady for the second consecutive time at 1.90% during a meeting held on December 5, 2024.

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.

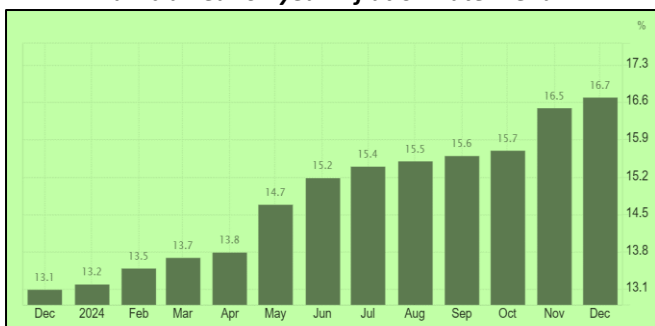
a) Zambia

Zambia has been ranked among the top 10 African countries whose GDP is expected to grow the fastest in 2025, according to the IMF. The IMF projects a 6.2% GDP growth for Zambia in 2025. This growth is expected to be fuelled by relief from the adverse effects of weather-related challenges and the easing of supply constraints. The following table displays Zambia's economic growth projections:

Zambia Economic Growth Forecasts (%)			
Year	2023	2024	2025
IMF (Nov 2024)	2.3	1.2	6.2
BoZ (May 2024)	4.8	2.3	-
World Bank (June 2024)	4.0	2.7	6.1

Meanwhile, Zambia's annual inflation rate accelerated to 16.7% in December 2024, up from 16.5% in the preceding month, continuing its upward trend. The inflation is driven by the ongoing weakness of the domestic currency as the country grapples with the adverse effects of a prolonged drought. On a monthly basis, consumer prices rose by 1.2% in December 2024, down from a 1.6% increase in the prior month. The graph that follows illustrates the Zambia's inflation trend.

Zambia Year on year Inflation Rate Trend



Source: Central Statistics of Zambia – December 2024

During the month under review, Zambia's key interest rate stood at 14%, following a 50 basis points increase in November 2024. This decision aims to counter persistent inflationary pressures and anchor expectations

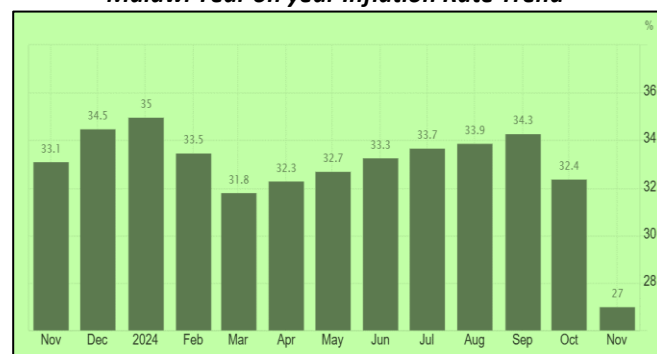
b) Malawi

The World Bank projects a 4.2% growth in Malawi's GDP in 2025. This growth is attributed to the recovery of the agricultural sector and spill over into the manufacturing and transportation subsectors. The following table displays Malawi economic growth projections:

Malawi Economic Growth Forecasts (%)			
Year	2023	2024	2025
World Bank (Oct 2024)	1.5	1.8	4.2
IMF (Oct 2024)	1.5	1.8	4.0
AfDB (Feb 2024)	1.6	3.3	3.8
RBM (Feb 2024)	1.5	3.2	4.8

In November 2024, Malawi's headline inflation dropped sharply to 27% from 32.4% in October 2024, marking a 5.4 percentage point decline. This decrease is the most significant in years, attributed to a slower rate of price increases compared to the previous year when inflation was at 33.1%, following a 44% devaluation of the Kwacha in November 2023. Inflationary pressures are expected to persist due to high government borrowing, elevated fuel prices and costly agricultural inputs. The graph that follows illustrates the country's inflation trend.

Malawi Year on year Inflation Rate Trend



Source: Reserve Bank of Malawi – December 2024

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. International Economies

Global economic growth is projected to remain at 3.2% in 2025, unchanged from 2024, according to the IMF. While the global economy has shown resilience in withstanding a series of mutually reinforcing shocks, growth remains below the pre-pandemic average of 3.5%, constrained by weak investment, sluggish productivity growth and high debt levels. Lower inflation and ongoing monetary easing in many economies could provide a modest boost to global economic activity in 2025. However, uncertainty persists, with risks arising from geopolitical conflicts, escalating trade tensions and elevated borrowing costs in many regions. The following table shows global economic growth forecasts:

Global Economic Growth Forecasts (%)			
Year	2023	2024	2025
OECD (Feb 2024)	2.9	2.7	3.0
World Bank (Jun 2024)	2.6	2.6	2.7
IMF (Oct 2024)	3.3	3.2	3.2

a) United States of America

The US economy expanded at an annualized rate of 3.1% in the third quarter of 2024, higher than the second estimate of 2.8% and above the 3% growth recorded in Q2. Growth in the United States is projected to moderate from 2.8% in 2024 to 2.2% in 2025 as the labour market softens and consumer spending slows. The following table shows economic growth projections for the USA:

USA Economic Growth Forecasts (%)			
Year	2023	2024	2025
World Bank (Jun 2024)	2.5	2.5	1.8
IMF (Oct 2024)	2.9	2.8	2.2
OECD (Feb 2024)	2.5	2.1	1.7

The annual inflation rate in the U.S. rose to 2.7% in November 2024, up from 2.6% in October. On a monthly basis, the CPI increased by 0.3%, slightly higher than October's 0.2%

USA year on year Inflation Rate Trend



Source: U.S. Bureau of Labor Statistics – December 2024

In December 2024, the unemployment rate in the United States declined to 4.1% from 4.2% in the previous month. The number of unemployed individuals fell by 235,000 to 6.886 million, while employment levels rose by 478,000 to 161.661 million. Meanwhile, the labour force participation rate remained unchanged at 62.5%, and the employment-population ratio increased to 60% from 59.8%.

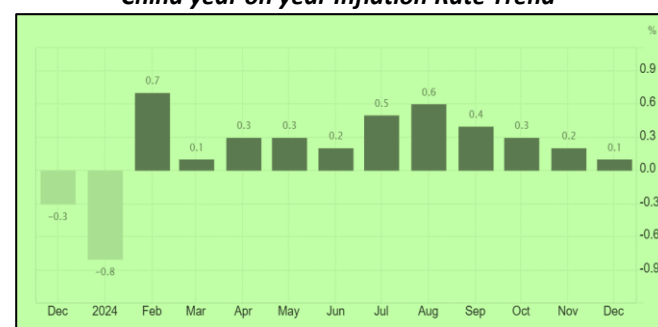
b) China

China's economic growth is forecasted to slow to 4.5% in 2025, following a 4.9% expansion in 2024, which nearly met the government's 5% target. This deceleration is attributed to heightened trade tensions, including potential U.S. tariff hikes, a prolonged property crisis, weak demand and high local government debt. The following table shows economic growth projections for China:

China Economic Growth Forecasts (%)			
Year	2023	2024	2025
World Bank (Jun 2024)	5.2	4.8	4.3
IMF (Oct 2024)	5.2	4.8	4.5

China's annual inflation rate eased to 0.1% in December 2024, down from 0.2% in November 2024. On a monthly basis, the CPI remained unchanged, aligning with market expectations. This followed a 0.6% decline in November 2024, the steepest drop in eight months. For the full year, consumer prices increased by 0.2%, maintaining the same pace as in 2023. The graph that follows illustrates the China's inflation trend.

China year on year Inflation Rate Trend



Source: National Bureau of Statistics of China – December 2024

Meanwhile, the People's Bank of China kept its key lending rates steady for the second consecutive month at the December 2024 fixing. The one-year loan prime rate (LPR), which serves as the benchmark for most corporate and household loans, remained unchanged at 3.1%. The graph that follows illustrates the country's benchmark interest 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.

China Benchmark Interest Rate Trend



Source: Bank of China – December 2024

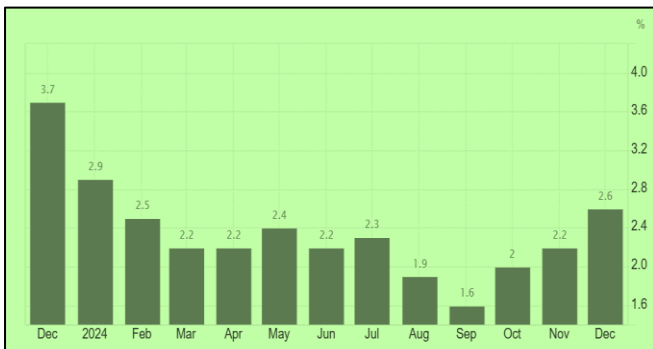
c) Germany

Economic activity in Germany is expected to recover to 0.8% in 2025 and 1.3% in 2026, primarily driven by a rebound in domestic demand fuelled by rising real wages. Additionally, the government deficit is projected to decline, while the government debt ratio is expected to stabilize at approximately 63% of GDP. The following table shows economic growth forecasts for Germany:

Germany Economic Growth Forecasts (%)			
Year	2023	2024	2025
BMI (April 2024)	-0.3	0.1	1.4
EU (May 2024)	-0.3	0.1	1.0
IMF (Oct 2024)	-0.3	0.0	0.8
World Bank (Jan 2024)	-0.3	0.5	1.6

The annual inflation rate in Germany accelerated for the third consecutive month to 2.6% in December 2024, up from 2.2% in November. On a monthly basis, the CPI rose 0.4%, rebounding from a 0.2% decline in November 2024 and exceeding forecasts of 0.3%. The annual average inflation rate for 2024 is expected to be 2.2%. The graph that follows illustrates Germany’s inflation trend.

Germany year on year Inflation Rate Trend



Source: Federal Statistics Office – December 2024

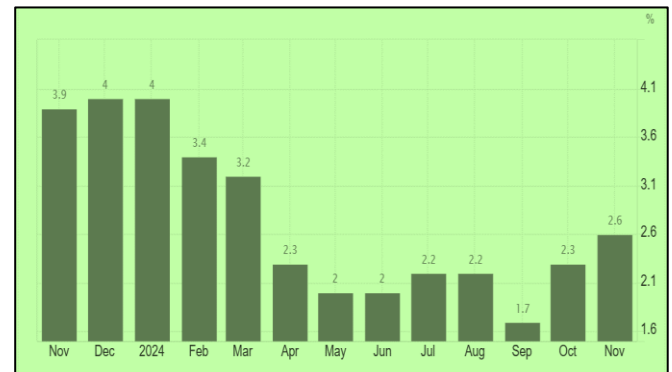
d) United Kingdom

The UK economy showed weak growth in 2024, with the Office for National Statistics (ONS) revising its GDP estimate for Q3 to 0.0%, down from a previous 0.1% growth. Business expectations for 2025 point to reduced output and hiring, along with rising price growth. The government faces challenges due to weak demand, exacerbated by tax hikes. Meanwhile, the IMF kept its growth forecast unchanged at 1.5%. The following table shows economic growth forecasts for UK:

UK Economic Growth Forecasts (%)			
Year	2023	2024	2025
BOE (Aug 2024)	0.0	1.25	1.0
IMF (Jul 2024)	0.3	1.1	1.5

The annual inflation rate in the UK increased for the second consecutive month to 2.6% in November 2024, up from 2.3% in October 2024. On a monthly basis, the CPI rose by 0.1%, down from the 0.6% increase recorded in October 2024. The graph that follows illustrates the country’s inflation trend.

UK year on year Inflation Rate Trend



Source: Office for National Statistics – December 2024

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.

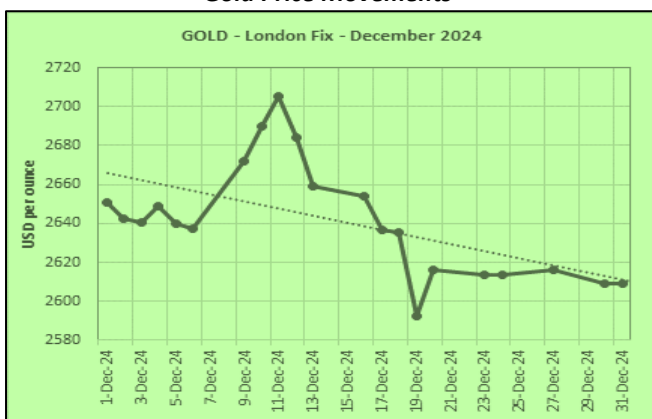
8. Commodities Markets

Commodity Average Prices	Nov 2024	Dec 2024	Percentage Change (%)
	Price (US\$)	Price (US\$)	
Gold (oz)	2,657.33	2,637.17	-0.8%
Platinum (oz)	965.27	933.77	-3.3%
Silver (oz)	31.24	30.57	-2.8%
Oil (barrel)	73.14	72.88	-0.3%

a) Gold

In December 2024, gold prices registered a high of US\$2,705.45/oz on 11 December 2024 and a low of US\$2,592.45/oz on 19 December 2024. Overall, the average price for the month was US\$2,637.17/oz which was 0.8% lower compared to the November 2024 average of US\$2,657.33/oz. Notably, December 2024 marked the second consecutive month of average price decrease. The following graph depicts daily gold price trend for the month under review.

Gold Price Movements

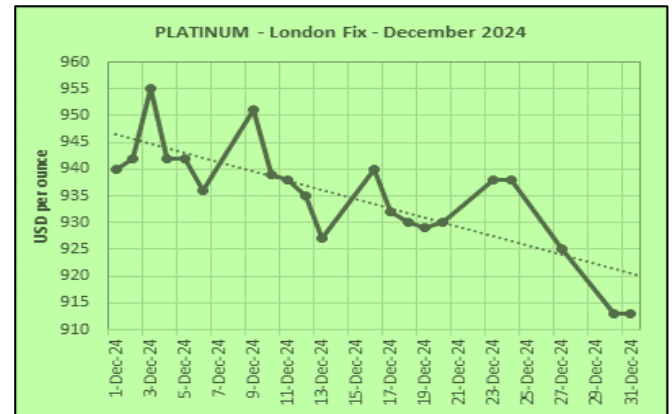


Source: KITCO – December 2024

b) Platinum

In December 2024, platinum prices experienced notable volatility throughout the month. However, the overall downward movement was strong enough to push the average price for December 2024 to US\$933.77/oz, reflecting a 3.3% decrease compared to the November 2024 average of US\$965.27/oz. This marked the second consecutive month of average price decrease for platinum. The following graph depicts the trend of daily platinum prices during the month under review.

Platinum Price Movements

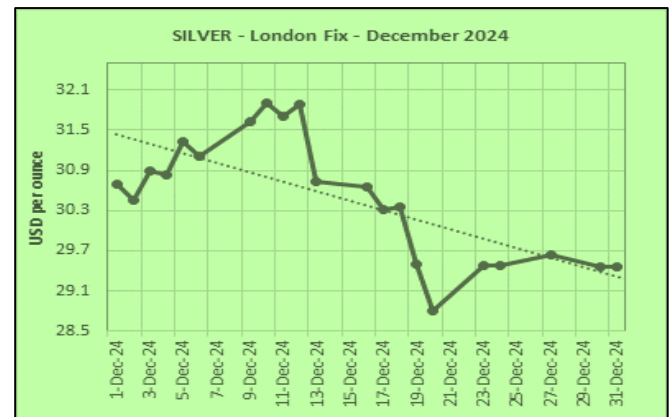


Source: KITCO – December 2024

c) Silver

In December 2024, silver prices followed a downward trend despite occasional fluctuations. On average, silver prices decreased by 2.8% compared to November 2024, declining from US\$31.24/oz to US\$30.57/oz in December 2024. This marked the second consecutive month of average price decrease for silver. The graph below shows the daily trend of silver price during the month under review.

Silver Price Movements

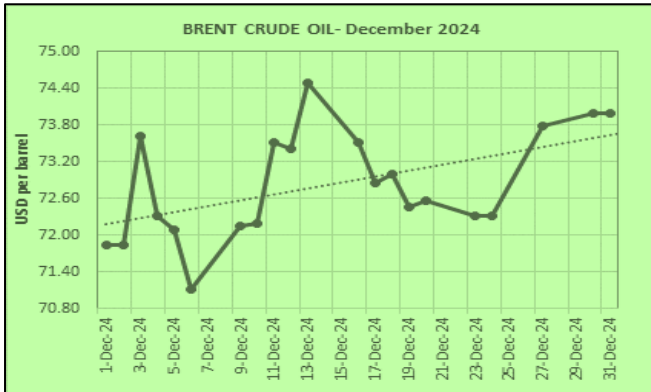


Source: KITCO – December 2024

d) Crude Oil

In December 2024, Brent crude oil prices generally trended upwards though depicting significant volatility. Despite the upward trend, the monthly average crude oil price decreased by 0.3%, for the second consecutive month from US\$73.14/barrel in November 2024 to US\$72.88/barrel in December 2024. The graph below shows the trend of crude oil price during the month under review

Crude Oil Price Movements



Source: Oil Price.com – December 2024

Global oil demand growth is expected to remain moderate in 2025, increasing from 840 thousand barrels per day in 2024 to 1.1 million barrels per day, with total consumption reaching 103.9 million barrels per day. Additional demand may arise from replenishing industry inventories and government strategic reserves. In December 2024, oil markets were stable, with crude trading at US\$70-75 per barrel, but there is potential for unexpected market shocks, according to the Oil Market Report.

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.