

# Monthly Economic Update August 2025

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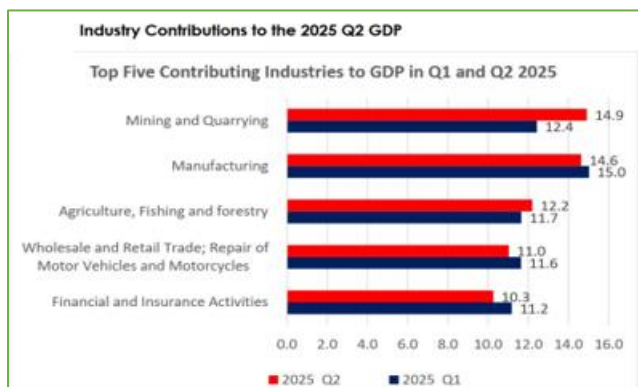
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## 1. Economic Performance

### a) Domestic Economy

Zimbabwe's informal sector dominates the economy, with ZIMSTATS reporting that 76% of businesses operate informally. The informal sector now generates an estimated 64% of nominal GDP (approximately ZWG242.5 billion as of Q2:2025) and employs over 80% of the workforce. The sector continues to thrive despite efforts by the Government to promote formalisation through several ways that include mandatory point-of-sale systems, simplified registration, and infrastructure investment to enhance tax compliance and financial inclusion. Businesses can no longer afford to ignore this previously neglected sector when it comes to business decisions.

Meanwhile, quarterly growth statistics for Zimbabwe indicate that nominal GDP rose from ZWG334.7 billion in Q1:2025 to ZWG378.9 billion in Q2:2025, marking a 13.2% quarter-on-quarter increase. Regarding sectoral contributions, Mining, Quarrying and Manufacturing contributed the most as indicated in the graph that follows.



Looking ahead, Zimbabwe aims to grow its GDP by 5% annually to 2029, as set out in the 2026 Budget Strategy Paper. Weather forecasts indicate neutral rainfall in the first half of the 2025/2026 season, improving to above-normal levels in the second half, which could support agricultural output. The following table outlines Zimbabwe's economic growth forecasts:

### GDP Growth Rates

Zimbabwe Economic Growth Forecasts (%)			
Year	2023	2024	2025
IMF (Apr 2025)	5.3	2.0	6.6
World Bank (Jun 2025)	5.3	2.0	6.6
GOZ (July 2025)	5.3	1.7	6.0

### Strategic insights and takeaways:

- Zimbabwe economy is heavily dominated by informal players, making it crucial for the government to implement policies that encourage formalisation.
- Businesses need to consider the informal sector in their decision making.
- The economy remains highly dependent on mining and agriculture for its performance. Efforts to diversify the economic base are essential to sustain long-term growth.

## 2. Inflation

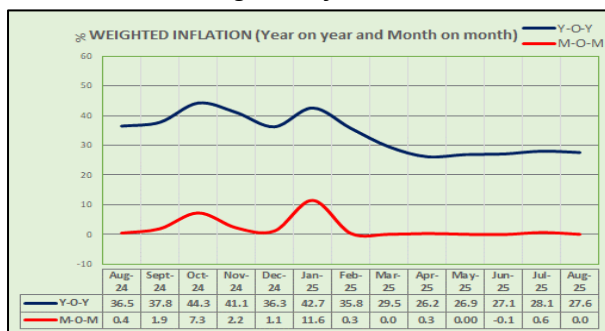
### a. Weighted Inflation

Weighted inflation, which tracks price movements in both local and foreign currencies, eased slightly to 27.6% year-on-year in August 2025, down from 28.1% in July 2025. Similarly, month-on-month inflation slowed to 0.0%, compared to 0.6% in July 2025, signalling a continued cooling of short-term price pressures. The Housing, Water, Electricity, Gas & Other Fuels and Food and Non-Alcoholic Beverages

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categories remained flat relative to the previous month. The following graph illustrates the current trend of weighted inflation in Zimbabwe.

**Weighted Inflation Trend**



Source: ZIMSTATS – August 2025

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

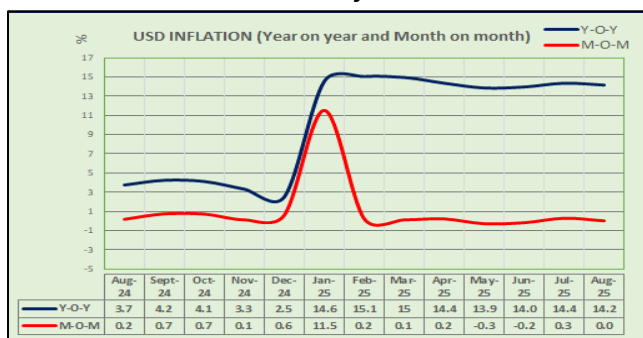
3 Month Inflation Forecasts (%)		
Month	Y-O-Y	M-O-M
Sept-25	30.9	4.6
Oct-25	22.7	0.6
Nov-25	20.3	0.2

Source: ZB Financial Holdings –August 2025

### b. USD Inflation

Year-on-year USD inflation declined by 0.2 percentage points, easing to 14.2% in August 2025 from 14.4% in July 2025. On a month-on-month basis, inflation also edged down to 0.0%, compared to 0.3% in July 2025, reflecting a modest easing of deflationary pressures. Key CPI components, particularly Food and Non-Alcoholic Beverages, remained flat relative to the previous month. The graph below illustrates the USD inflation trend in Zimbabwe.

**Zimbabwe USD Inflation Trend**

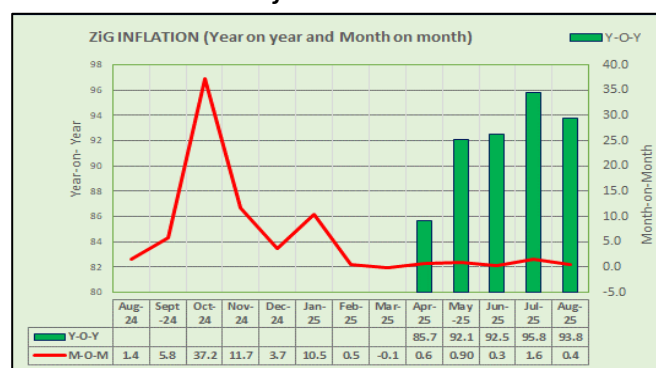


Source: ZIMSTATS - August 2025

### c. ZiG Inflation

Local currency-denominated prices remain elevated, though signs of stabilization are beginning to emerge. On a year-on-year basis, ZWG inflation eased slightly to 93.8% in August 2025, down from 95.8% in July 2025. Month-on-month inflation also fell to 0.4%, compared to 1.6% in the previous month. According to the Reserve Bank of Zimbabwe (RBZ), annual ZiG inflation, which has been elevated since April 2025 due to base effects is expected to moderate significantly in the final quarter of the year and is projected to close around 30% by year-end. The graph that follows illustrates recent trends in ZWG inflation.

**ZWG Inflation Rate Trend**



Source: ZIMSTATS – August 2025

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

3 Month Inflation Forecasts (%)		
Month	Y-O-Y	M-O-M
Sept-25	101.64	10.07
Oct-25	45.77	-0.78
Nov-25	31.26	0.59

### Strategic insights and takeaways:

- The August 2025 moderation in inflation brings some relief to households and businesses, showing early signs of stabilization.
- Hitting the RBZ's sub-30% year-end target hinges on exchange rate stability, policy discipline, and softer external costs in energy and food.

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### 3. Poverty Datum Lines

The Total Consumption Poverty Line (TCPL), which reflects the minimum monthly income required to meet both basic food and non-food needs, rose marginally by 0.2% in August 2025, increasing to ZWG1,292.96. For a household of six, this translates to ZWG7,757.76 per month.

Meanwhile, the Food Poverty Datum Line (FPDL) which represents the cost necessary to meet a basic nutritional requirement of 2,100 calories per person per day declined slightly by 0.1% to ZWG875.18 in August 2025. For a six-member household, this equates to ZWG5,251.08, accounting for approximately 67.7% of the total household consumption poverty line. Below is a tabulated summary of the poverty datum lines for the past five months:

Month	TCPL	% Change	PDL	% Change
Apr-25	1,263.41	0.2	862.06	-0.2
May-25	1,279.60	1.3	876.03	1.6
Jun-25	1,280.05	0.04	874.23	-0.2
Jul-25	1,290.92	0.8	875.80	0.2
Aug-25	1,292.96	0.2	875.18	-0.1

Source: ZIMSTATS - August 2025

**Strategic insights and takeaways:**

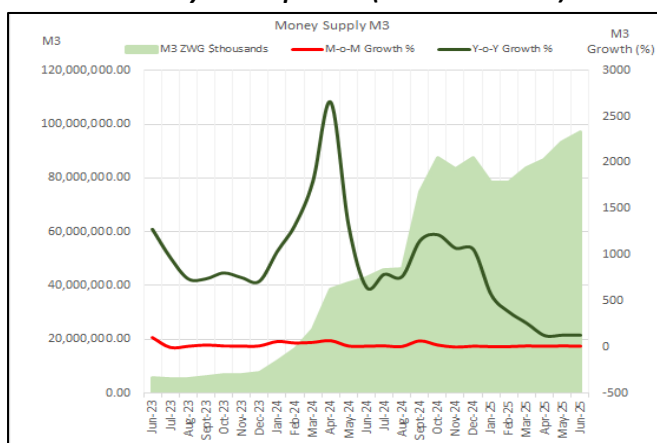
- The August 2025 PDL data shows slight stability in Zimbabwe's cost structure, with a minor drop in food prices and a small rise in non-food expenses.

## 4. Financial Sector

### a) Money Supply

Broad Money (M3), according to the latest RBZ data, rose 4.5% month-on-month in June 2025, reaching ZiG97.3 billion from ZiG93.2 billion in May 2025. This follows a sharper contraction of 7.1% in the previous month. On a year-on-year basis, M3 growth edged up slightly to 127.81% in July 2025, from 127.10% in May 2025, reflecting ongoing tightening in monetary conditions. The graph below illustrates these monetary trends from June 2023 to June 2025.

**Monetary Developments (ZWG Thousands)**



Source: RBZ – August 2025

#### Strategic insights and takeaways:

- The Reserve Bank remains committed to its tight monetary policy stance, as reflected in the recent M3 dynamics.
- Broad money growth is expected to remain moderate, depending on local currency demand stability, ongoing de-dollarization efforts and alignment with inflation & exchange rate targets.

### b) Interest Rates

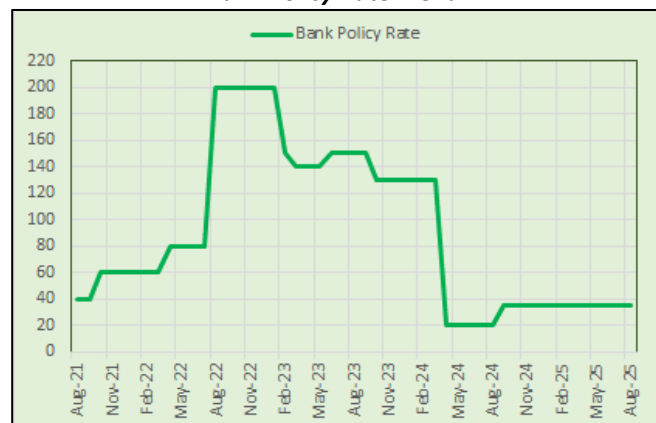
The RBZ's 2025 Mid-term Monetary Policy Statement, on 7 August 2025, reaffirmed the continuation of some policy measures regarding interest rates as follows:

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

3. 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 August 2021 to August 2025.

**Bank Policy Rate Trend**



Source: RBZ – August 2025

As of 22 August 2025, the weekly average minimum lending rates in ZiG were recorded at 42.96% for individuals and 40.39% for corporates. On the other hand, average minimum deposit rates for savings, 1-month and 3-month deposits were recorded at 3.84%, 6.63%, and 6.90%, respectively. The table below illustrates the trend in average minimum lending rates and average deposit rates denominated in ZWG.

**Average Lending and Deposit Rates (ZWG)**

LOCAL CURRENCY (ZiG)					
Lending Rates (%)			Deposit Rates (%)		
Week Ending	Commercial Banks ( <i>minimums</i> )				
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
1-Aug-25	42.50	40.46	3.94	5.79	6.07
8-Aug-25	43.05	40.36	3.75	6.63	6.90
15-Aug-25	43.05	40.36	3.75	6.63	6.90
22-Aug-25	43.22	40.36	3.91	7.46	7.73
Average	42.96	40.39	3.84	6.63	6.90

Source: RBZ – August 2025

In US Dollar terms, the most recent weekly average minimum lending rates stood at 13.49% for individuals and 10.34% for corporates, whilst the latest average minimum deposit rates for savings, 1-month and 3-month deposits were recorded at 1.66%, 3.93%, and 4.44%, respectively. The table below illustrates the trend in average minimum lending rates and average deposit rates denominated in US\$.

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### 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
1-Aug-25	13.45	10.27	1.67	3.78	4.32
8-Aug-25	13.49	10.36	1.61	3.92	4.46
15-Aug-25	13.49	10.36	1.61	3.92	4.46
22-Aug-25	13.52	10.36	1.75	4.08	4.52
Average	13.49	10.34	1.66	3.93	4.44

Source: RBZ – August 2025

### Strategic insights and takeaways:

- Since 27 September 2024, the RBZ has maintained a tight monetary policy with consistent measures aimed at stabilizing the ZiG and curbing inflation.
- Such consistency strengthens trust in the monetary system, enabling stability.
- Barring unforeseen changes, this stability is expected to continue in the near term.

### c) Foreign Currency Market

Based on monthly average exchange rates, the U.S. dollar rebounded in August 2025, appreciating against 13 of the 18 currencies in our analysis basket, up from gains against 9 currencies in July 2025. The largest gain was 5.15% versus the Argentine Peso, while the dollar depreciated against the remaining currencies, with the largest loss of 1.37% against the Brazilian Real. The table below details these exchange rate movements, highlighting the evolving landscape of global currency markets.

### Exchange rate analysis (Monthly Averages)

Exchange Rate Analysis (Monthly Averages)			
Currency/US\$	Jul-25	Aug-25	Change (%)
Argentine Peso	1261.93893	1326.912331	5.15
Australian Dollar	1.527592	1.539535	0.78
Botswana Pula	13.533939	13.996652	3.42
Brazilian Real	5.526771	5.450966	-1.37
British Pound	0.740031	0.743611	0.48
Canadian Dollar	1.36764	1.379746	0.89
Chinese Yuan Renminbi	7.171807	7.176082	0.06
Euro	0.854842	0.858602	0.44
Hong Kong Dollar	7.849321	7.828287	-0.27
Indian Rupee	86.067811	87.51633	1.68
Japanese Yen	146.814992	147.506787	0.47
Norwegian Krone	10.14033	10.188212	0.47
Russian Ruble	78.762143	80.127488	1.73
South African Rand	17.749219	17.71968	-0.17
Swedish Krona	9.578087	9.576794	-0.01
Swiss Franc	0.79743	0.805713	1.04
South Korean Won	1377.34582	1388.904398	0.84
Zimbabwean Gold	26.8345	26.76643871	-0.25

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

However, when comparing beginning- and end-of-month exchange rates, the U.S. dollar showed weaker performance, depreciating against 17 of the 18 tracked currencies. This indicates that much of the rebound seen on a monthly average basis was offset by a significant late-month decline. The table below provides a detailed breakdown of these movements, offering valuable insights into end-of-month currency market dynamics.

### Exchange Rate Analysis (End Period)

Exchange Rate Analysis(end period)			
Currency/US\$	1-Aug-25	29-Aug-25	Change (%)
Argentine Peso	1371.57325	1333.89571	-2.75
Australian Dollar	1.555696	1.531056	-1.58
Botswana Pula	13.684061	13.647711	-0.27
Brazilian Real	5.600108	5.414284	-3.32
British Pound	0.757096	0.740211	-2.23
Canadian Dollar	1.385817	1.37517	-0.77
Chinese Yuan Renminbi	7.200353	7.130518	-0.97
Euro	0.875477	0.856159	-2.21
Hong Kong Dollar	7.849604	7.794316	-0.70
Indian Rupee	87.50394	87.586074	0.09
Japanese Yen	150.802477	146.836609	-2.63
Norwegian Krone	10.327631	10.068133	-2.51
Russian Ruble	80.885996	80.474735	-0.51
South African Rand	18.217236	17.686867	-2.91
South Korean Won	1392.40745	1385.57096	-0.49
Swedish Krona	9.789473	9.480885	-3.15
Swiss Franc	0.814024	0.801735	-1.51
Zimbabwean Gold	26.7906	26.7548	-0.13

Source: x-rates; RBZ © ZB Financial holdings

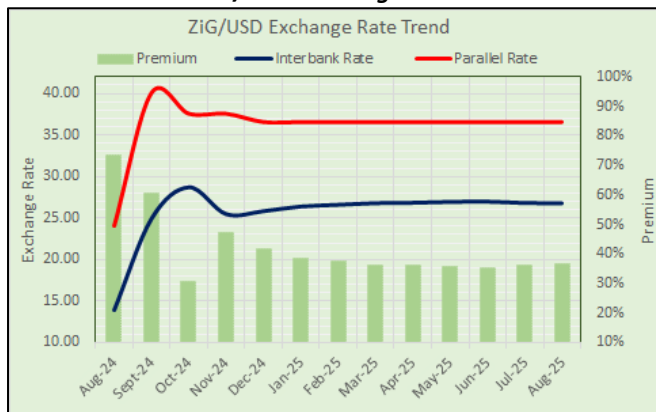
### Strategic insights and takeaways:

- The U.S. dollar is weakening due to a mix of trade policy uncertainty and mounting fiscal risks. Tariffs imposed under President Trump have disrupted supply chains, hurt consumer confidence, and dampened investment, eroding U.S. credibility as a trade partner while slowing growth.

### d) Zimbabwe Gold Exchange Rate

For the second consecutive month, the ZWG appreciated against the USD on the official market, strengthening by 0.12%, from ZWG26.79 on 31 July 2025 to ZWG26.75 on 31 August 2025. Meanwhile, the parallel market rate remained steady, averaging ZWG36.50 per 1USD throughout August 2025. This divergence kept the exchange rate premium stable at 36%, unchanged from July 2025. The chart below illustrates the movement of both interbank and parallel exchange rates from July 2024 to July 2025

### ZiG/USD Exchange Rate



Source: RBZ & ZB Financial Holdings – August 2025

### Strategic insights and takeaways:

- Gains on both the ZSE and VFEX point to renewed investor optimism, supported by relatively stable inflation and exchange rate dynamics.
- Stronger performance on the VFEX highlights continued preference for USD-denominated securities, reflecting lingering concerns over local currency exposure.
- Going forward, sustained momentum will depend on macroeconomic stability, policy consistency, and foreign investor participation.

### Strategic insights and takeaways:

- The consecutive monthly appreciation of the ZWG on the official market, coupled with a steady parallel rate, indicates short-term currency stability.
- These exchange rate dynamics reflect the RBZ's tight monetary policy and proactive liquidity management.
- Sustaining this stability will depend on the RBZ's currency management, market confidence, and the pace of de-dollarization efforts.

### e) Equities Markets & Corporate Briefs

The Zimbabwe Stock Exchange (ZSE) maintained positive momentum in August 2025, with local-currency market capitalization rising 1.8% month-on-month, from ZWG64.92 billion to ZWG66.06 billion. In USD terms, market capitalization also grew by 1.9%, from US\$2.42 billion to US\$2.47 billion. The All-Share Index advanced by 1.5%, closing at 208.74 points, up from 205.74 in July 2025, reflecting broad-based bullish sentiment among investors.

Similarly, the Victoria Falls Stock Exchange (VFEX) recorded solid gains over the same period. Market capitalization increased by 3.11%, from US\$1.45 billion to US\$1.50 billion, while the All-Share Index climbed 4.43% to 128.93 points, compared with 123.46 in July 2025. The table below summarizes 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\$ thous
Aug-25	208.74	66,055.94	2,468.94	128.93	1,497,040
Jul-25	205.71	64,917.50	2,422.77	123.46	1,451,910
Jun-25	197.23	60,681.15	2,251.98	107.21	1,234,900
May-25	196.85	59,641.08	2,216.30	107.24	1,235,200

Source: ZSE & VFEX – August 2025

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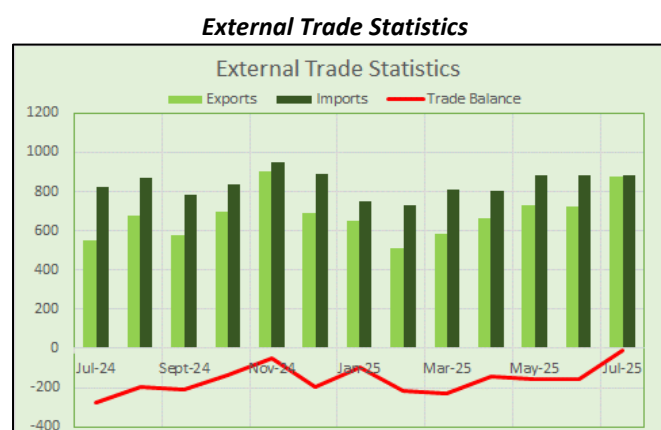
## 5. Various Sectors of the Economy

### a) External Sector

Latest data from ZIMSTAT indicate that Zimbabwe's merchandise exports rose sharply to US\$877.5 million in July 2025, a 21.3% increase from US\$723.5 million recorded in June 2025. This growth was largely driven by higher export volumes of semi manufactured gold (51.6% of total exports), nickel mattes (15.9%) and tobacco (8.1%).

On the import side, merchandise imports increased to US\$886.2 million, up by 0.5% from US\$882.1 million in the previous month. The import basket remained dominated by mineral fuels, oils, and related products (21.5%), followed by machinery & mechanical appliances (15.4%) and vehicles (7.8%).

As a result, the trade deficit narrowed sharply to US\$8.7 million in July 2025, a decrease of 94.5% from US\$158.6 million in June 2025. The graph below illustrates trends in external trade statistics since July 2024.



Source: ZIMSTATS – August 2025

#### Strategic insights and takeaways:

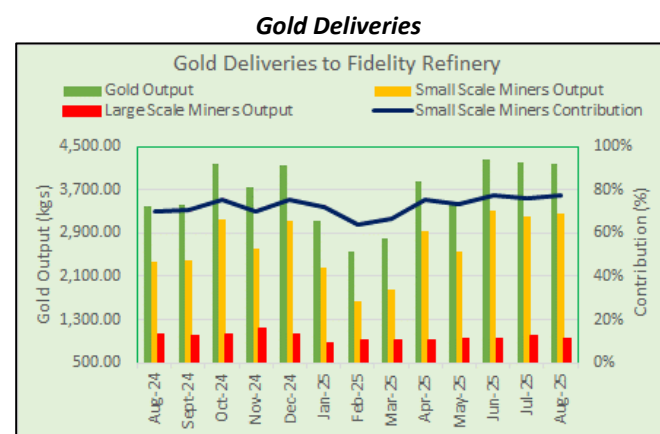
- The narrowing of the trade deficit is commendable, given that it is driven by export growth while imports remain relatively flat.
- Sustaining this momentum hinges on commodity price trends, mining output, and diversified export growth to reduce vulnerability to global price swings.

### b) Mining Sector

Zimbabwe's mining sector, a cornerstone of the economy, contributed nearly 12% of GDP and over 70% of export revenue in 2024, earning US\$5.34 billion. The industry is forecasted to grow 5.9% in 2026, driven by strong gold prices and rising output of iron, coal and chrome. Mining export

earnings rose 38.6% in H1:2025, led by gold, platinum and diamonds. While government policies emphasize value addition and local beneficiation, regulatory uncertainty persists. High electricity tariffs remain a challenge, prompting partnerships with IPPs and self-generation projects like Zimplats' 185 MW solar plant. Sector growth will heavily depend on tariff reforms and continued investment in renewable energy to maintain competitiveness and stabilize production.

Meanwhile, gold deliveries to Fidelity Gold Refinery decreased by 0.4% in August 2025, from 4,205.02 kgs in July 2025 to 4,189.77 kgs. Small-scale miners accounted for approximately 78% of total deliveries in August 2025, up from 76% recorded in the previous month, while large-scale miners accounted for the remainder. The graph below summarizes the activity in gold production.



Source: FGR – August 2025

#### News and Highlights in the Mining Sector.

- Caledonia Mining Corporation achieved a record gold production of 21,070 ounces at its Blanket Mine in Gwanda during Q2:2025, marking a 1.4% increase from the previous year. This performance was driven by higher ore grades and improved plant recovery rates, which reached a record 94.4%. The company has revised its 2025 annual production guidance to between 75,500 and 79,500 ounces.
- Shamva Mine, owned by Kuvimba Mining House, has launched a US\$7 million expansion programme for the 2025/26 financial year, aiming to raise gold production to 24,000 ounces annually. The mine produced approximately 6,000 ounces in Q1:2025. Of the budget, US\$1.8 million is earmarked for exploration, including both surface and underground drilling.

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- Dinson Iron and Steel Company (DISCO) is investing US\$800 million to double its steel production capacity from 600,000 to 1.2 million tonnes annually. The expansion includes adding a second blast furnace, rolling mills, and advanced processing infrastructure. This development is expected to reduce Zimbabwe's steel import bill, create jobs, and expand downstream value addition.
- Zimbabwe's steel exports surged to 140,242 tonnes valued at US\$40.6 million in the first half of 2025, a significant increase from just 413 tonnes recorded in 2024. This growth follows the commissioning of the Manhize Steel Plant, a US\$1.5 billion project by DISCO.
- Premier raised US\$1.38 million to advance optimisation of its Zulu Lithium Project. The funds will support refining plant operations to produce higher-grade spodumene concentrate, address remaining technical bottlenecks and scale up output toward commercial targets.

### c) Agriculture Sector

Zimbabwe's agriculture sector is experiencing robust growth, with the government banning all maize imports to support local farmers following a bumper 2024/25 summer harvest driven by favourable rainfall. Food crop production surged from 843,761 metric tonnes in 2023/24 to 3.29 million metric tonnes in 2024/25, a 290% increase, led by sweet potatoes (+1,870%), groundnuts (+1,601%), pearl millet (+703%) and sorghum (+432%), underscoring improved food security and sector resilience.

Government initiatives emphasize value addition, beneficiation, and mechanisation to boost productivity, employment, and export earnings. For the 2025/26 cropping season, plans include developing 15,000 hectares of new irrigation, targeting 500,000 tonnes of summer cereals and 300,000 tonnes of winter cereals, with crop tailoring and input support. With neutral rainfall expected in the first half of the season and above-normal rainfall in the second half, the sector's growth forecast has been revised upward to 21.1%, reflecting strong performance in crop and livestock production.

As of 29 August 2025, cumulative tobacco sales increased by 53.1%, reaching 355 million kilograms compared to the same period last year, reflecting a significant rise in volumes sold. However, the average price declined by US\$0.11 per kilogram. Despite the price drop, the cumulative revenue

rose by 48.2%, totalling US\$1.18 billion compared to the previous period as shown by the table below.

#### ***Tobacco Sales: Day 122 (29th August 2025)***

	2024	2025	Change
Cumulative Quantity Sold (million kgs)	231,709,685	354,802,138	53.1%
Average Price (US\$/kg)	3.43	3.32	-0.11
Cumulative value (US\$)	794,764,220	1,177,943,098	48.2%

**Source: TIMB – August 2025**

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

- The Grain Marketing Board (GMB) is constructing an AI-powered silo in Mvurwi, with 52% of the main facility and 42% of ancillary structures completed. The project includes a 100-tonne-per-hour dryer and advanced cleaning equipment. The self-ventilated silos aim to store grain for up to five years, reducing post-harvest losses and enhancing national food security. The facility is expected to be operational by October 2025.
- Zimbabwe's dairy sector achieved a record 10 million litres of milk in July 2025, the highest monthly output in recent years, up from a four-year average of 6 million litres. With Government support, private sector investment and development partnerships, annual production is expected to exceed 120 million litres.
- Zimbabwe's cotton output has doubled this year to 28,000 tonnes, up from 13,000 tonnes in 2024, though still below the 62,000-tonne annual target. COTTCO remains the dominant buyer, purchasing approximately 16,900 tonnes, but delays in payments and structural challenges continue to constrain full sector recovery.
- Zimbabwe aims to boost blueberry production by 50% in 2025, from 8,000 tonnes to 12,000 tonnes, working toward a 2030 target of 30,000 tonnes. Growth is expected from improved yields rather than expanded acreage, with cultivation projected to rise from 650 hectares to 1,500 hectares by 2030. Key challenges include high utility and logistics costs, exchange rate policy and limited cold-chain infrastructure.
- The Government has set a tobacco production target of 360 million kilograms for 2026, following a record 350 million kg in 2025. This aligns with National Development Strategy 2 (NDS2), aiming for 400 million kg annually by 2028. Efforts to increase tobacco value addition from 10% to 30% by 2025 aim to retain more revenue domestically.

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#### d) Energy Sector

National energy generation projects are underway, highlighted by a US\$1.8 billion natural gas and fertilizer venture in Matabeleland South. Additional initiatives include Solgas Energy's 60 MW solar plant and RADCO's US\$360 million Smart City and Renewable Energy Hub. Supporting the green transition, the Zimbabwe Energy Regulatory Authority (ZERA) introduced a duty rebate under Statutory Instrument 35 of 2025, exempting taxes on imports of solar panels, electric vehicle chargers and battery systems.

In the reviewed month, Zimbabwe recorded a 5.2% increase in electricity generation, driven by a 9.2% rise at Hwange Power Station, which achieved a monthly average of 1,132 MW in August 2025 its highest since operations began in 2023. Kariba Power Station averaged around 408 MW, bringing total generation to 1,595 MW, below the national peak demand of 1,900 MW, highlighting risks to energy-intensive sectors like mining and manufacturing.

**Daily Electricity Supply**

Average Maximum Supply (MW)	Jul-25	Aug-25	Change
Hwange	1,036	1,132	9.2%
Kariba	426	408	-4.2%
IPPS	53	55	3.5%
Total	1,516	1,595	5.2%

Source: ZPC – August 2025

Looking ahead, Hwange Unit 3 will undergo statutory maintenance from 10 September to 24 October 2025, a 44-day planned outage. This is expected to reduce its output and, consequently, contribute to power supply shortages.

#### News Highlights in the Energy Sector

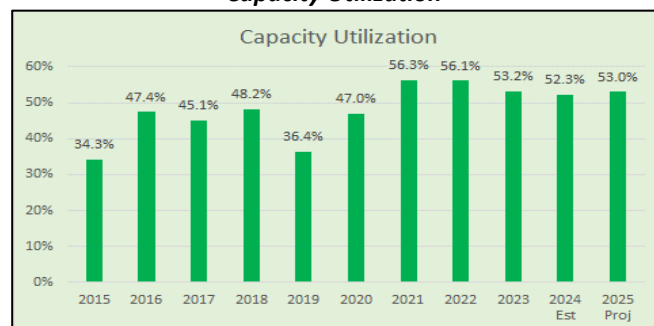
- The Zimbabwe Electricity Transmission and Distribution Company (ZETDC) secured a US\$210 million Afreximbank facility to modernize the national power network. The funds will be used to upgrade the transmission grid, deploy smart meters, and combat vandalism. Of the total, US\$50 million is allocated for power imports and US\$5 million for system upgrades, enhancing monitoring, control, and operational efficiency.
- Zimbabwe plans to roll out a new, competitive Independent Power Producer (IPP) procurement framework in 2026 to address the growing electricity shortfall.
- In Q2 2025, Zimbabwe's energy sector attracted over US\$1.8 billion in new investments, accounting for more than 73% of the country's total licensed investment value, according to the Zimbabwe Investment and Development Agency (ZIDA).

#### e) Manufacturing Sector

Zimbabwe's manufacturing sector output is projected to grow by 2.4% in 2025, slightly below earlier projections of 3.1%, primarily due to anticipated production challenges in the cement sector. The industry continues to face constraints including limited access to affordable long-term capital, multiple regulatory requirements and high fees, liquidity challenges, and competitive pressure from imports, which collectively impact sector competitiveness.

Despite these challenges, the sector is expected to benefit from ongoing "doing business" reforms, aimed at streamlining regulations, fees, and charges. As a result, capacity utilisation is projected to recover to 53% in 2025, up from 52.3% in 2024, reflecting gradual improvements in operational efficiency. Historical trends indicate a steady, albeit slow, recovery in manufacturing capacity utilisation since 2015.

**Capacity Utilization**



Source: CZI – August 2025

#### News Highlights in the Manufacturing Sector

- Profeeds invested an additional US\$1 million into its Bulawayo plant, bringing total investment to US\$12 million. The facility, which employs 150 workers, operates at 90% capacity, producing 6,500 to 6,700 metric tonnes of stock feed monthly. This expansion has reduced production and distribution costs by 40% in the Matabeleland region.
- Hippo Valley Estates Limited reported an 8% increase in first-quarter 2025 sugar production, reaching 65,918 tonnes, compared with the same period in 2024. The company attributed improved performance to higher milling crushing rates and enhanced cane quality, with the recoverable crystal percentage rising from 11.30% to 11.46%. Despite some mill start-up challenges, the plant achieved a cane-to-sugar ratio of 8.49, close to the target of 8.75.

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## f) Property Sector

Zimbabwe's property sector is resilient and expanding, driven by strong urban housing demand and diaspora remittances. The market, valued at US\$124.75 billion in 2025, is largely dollarized, with residential real estate dominating at US\$104.05 billion by 2029. High-density units, gated communities, and premium suburbs address diverse buyer needs, while commercial and industrial spaces grow in suburban and strategic locations. Challenges being faced by this sector include economic instability and limited financing.

### News Highlights in the Property Sector

- In August 2025, the City of Harare conducted inspections of 599 businesses in the Central Business District under Operation CBD Order Restoration. As a result, 228 buildings were closed for non-compliance, including 214 lacking business licenses and 51 without certificates of occupation. Additionally, 290 buildings had paid-up bills, and 190 had approved building plans.
- Renovations at Parirenyatwa Group of Hospitals' Adlam House and the nurses' residence reached 70% completion in August 2025, significantly improving accommodation for healthcare staff. The upgrades aim to enhance living conditions, support staff retention, and improve overall hospital service delivery.

## g) Tourism Sector

Despite a slowdown in Q1:2025, Zimbabwe's tourism industry is projected to grow by 2.9% for the year, down from an earlier forecast of 4.3%. This revision reflects weaker-than-expected early-year performance and a 2.4% decline in 2024, driven by weather shocks and tighter financial conditions. Nevertheless, tourism remains a key contributor to the national economy, with ongoing efforts to enhance infrastructure and attract international visitors.

To support sector growth, the Government approved a review of tourism licences, permits, levies, and fees, streamlining regulatory costs across accommodation, hospitality, tour operations, boating, and vehicle rental services. The reforms aim to eliminate unnecessary permits, reduce overlapping requirements, and lower high fees, promoting ease of doing business, boosting competitiveness, and stimulating growth in Zimbabwe's tourism sector and broader economy.

### News Highlights in the Tourism Sector

- Rainbow Tourism Group (RTG) invested US\$500,000 to refurbish Harare's 72-room New Ambassador Hotel, upgrading furniture, bathrooms, WiFi, and energy-efficient lighting, while adding an accessible room. This upgrade aims to boost occupancy, attract business and NGO travellers, and aligns with RTG's broader US\$26 million modernization drive across its properties, enhancing comfort and sustainability in Harare's hospitality market.
- Kariba's hotel bed capacity has increased from 600 to 1,600, though demand still exceeds 2,000 beds. Tourism infrastructure is expanding, including a 750-seat conference centre at Tamarind, reflecting growing investment in the town's hospitality sector to support rising visitor numbers, events, and business tourism.
- Victoria Falls International Airport (VFIA) has rebounded, surpassing pre-pandemic travel levels and recording strong passenger growth. In the first seven months of 2025, the airport handled 287,597 passengers, up 17.5% from the same period last year. The surge is attributed to new airline routes, increased frequency by carriers like Airlink and Fastjet, and major international events such as the COP15 Ramsar Convention, which boosted July traffic by nearly 40%.
- Air Zimbabwe launched daily return flights between Harare and Mutare from September 8–14, 2025, ahead of the Sanganai/Hlanganani World Travel Expo (September 10–12). The pilot aims to boost domestic connectivity, support tourism, and showcase the Eastern Highlands.

## 6. Regional Economies

The IMF's World Economic Outlook for July 2025 raised Sub-Saharan Africa's 2025 growth forecast to 4.0%, a 0.2-point upgrade from April 2025. The revision reflects a weaker U.S. dollar, which helps ease African debt-service costs and Nigeria's GDP rebasing, which lifted its 2025 growth projection to 3.4% from 3.0%. Key risks include looming 25% U.S. tariffs on South Africa and other countries and broader geopolitical uncertainties from Middle East with potential to disrupt supply-chains and quickly eroding the gains. The Sub-Saharan's economic growth forecasts are tabulated below:

Sub-Saharan Africa Economic Growth Forecasts (%)			
Year	2024	2025	2026
<b>World Bank (Jun 2025)</b>	3.5	3.7	4.1
<b>IMF (Jul 2025)</b>	4.0	4.0	4.3

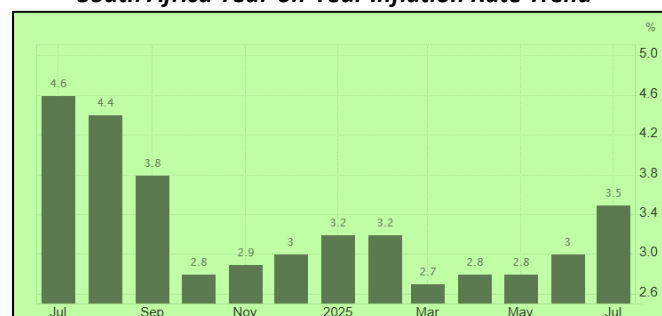
### a) South Africa

South Africa's economy grew by 0.8% in Q2:2025, up from 0.1% in Q1:2025, as a broad-based recovery lifted key sectors. Manufacturing expanded by 1.8%, contributing 0.2 percentage points to GDP, with strong gains in petroleum, chemicals, rubber & plastics and motor-vehicle production. Despite global headwinds, the economy is demonstrating resilience and benefiting from policies aimed at boosting growth, supporting local industries and creating jobs. The following table shows South Africa's economic growth forecast:

South Africa Economic Growth Forecasts (%)			
Year	2024	2025	2026
<b>World Bank (Jun 2025)</b>	0.5	0.7	1.1
<b>IMF (Apr 2025)</b>	0.5	1.0	1.3

Annual inflation rate for South Africa rose to 3.5% in July 2025, a second consecutive monthly increase. The main driver was food and non-alcoholic beverages, which climbed 5.7% year-on-year. On a monthly basis, consumer prices advanced 0.9%, up from a 0.3% rise in June 2025. The graph that follows illustrates the country's inflation trend.

#### South Africa Year-on-Year Inflation Rate Trend



Source: Statistics South Africa – August 2025

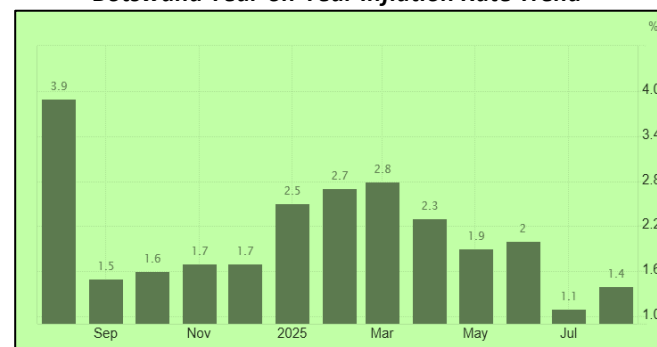
### b) Botswana

Botswana's economy is facing a severe crisis due to a collapse in diamond revenues, which account for 80% of exports and about a third of government income. Weakening global demand driven by cheaper lab-grown diamonds, slowing U.S. sales and soft luxury demand in China has led the IMF to forecast a 0.4% contraction in 2025. The fiscal deficit is projected at 11% of GDP in 2025, public debt is set to double to 43% and foreign reserves have fallen 27% over the past year. Efforts to diversify into tourism, copper, coal and agriculture have been slow, leaving youth unemployment above 40%. The following table shows Botswana's economic growth forecast:

Botswana Economic Growth Forecasts (%)			
Year	2024	2025	2026
<b>World Bank (Jun 2025)</b>	-3.0	0.6	4.2
<b>IMF (Apr 2025)</b>	-3.0	-0.4	2.3
<b>MoF (Feb 2025)</b>	-3.1	3.3	-

Botswana's annual inflation rate increased to 1.4% in August 2025, up from 1.1% in July 2025, driven primarily by miscellaneous goods and services and alcoholic beverages & tobacco. On a monthly basis, the CPI rose 0.5% in August 2025, following a 0.7% decline in the previous month. The graph that follows illustrates the country's inflation trend.

#### Botswana Year-on-Year Inflation Rate Trend



Source: Central Statistics Office, Botswana – August 2025

#### Strategic insights and takeaways:

- Botswana's economy is contracting due to a sharp decline in diamond revenues, rising unemployment and a widening fiscal deficit. This downturn poses risks for Zimbabwe, including reduced remittances, weaker trade flows and regional investment slowdowns.

### c) Zambia

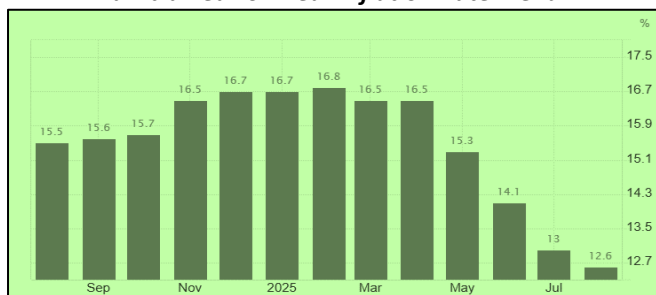
The IMF reviewed Zambia's 38-month Extended Credit Facility (ECF) arrangement and approved an immediate disbursement of US\$184 million in August 2025, bringing total ECF support to approximately US\$1.55 billion. The IMF reported that program performance has been broadly satisfactory, with most quantitative and structural targets met, although some such as non-mining tax revenues, arrears clearance, and reserve accumulation were missed and delayed.

Zambia's economy is rebounding from the historic 2024 drought, with real GDP growth estimated at 4% in 2024 and projected at 5.8% in 2025, driven by agriculture recovery and continued strength in mining and services. Public debt is considered sustainable but remains at high risk of overall and external debt distress, with agreements reached in principle with most external commercial creditors and ongoing discussions with bilateral lenders. The following table displays Zambia's economic growth projections:

<b>Zambia Economic Growth Forecasts (%)</b>			
<b>Year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>World Bank (Jun 2025)</b>	<b>4.0</b>	<b>5.8</b>	<b>6.4</b>
<b>IMF (Jun 2025)</b>	<b>4.0</b>	<b>5.8</b>	<b>-</b>

Zambia's annual inflation rate declined to 12.6% in August 2025, down from 13% in July 2025, marking the fourth consecutive month of decline. The relative stability of the kwacha has been a key factor supporting this trend. Food inflation eased to 14.9% in August 2025, compared with 15.3% in July 2025. On a monthly basis, the CPI increased 0.5% in August 2025, up from 0.1% in July 2025.

**Zambia Year-on-Year Inflation Rate Trend**



Source: Central Statistics of Zambia – August 2025

### d) Malawi

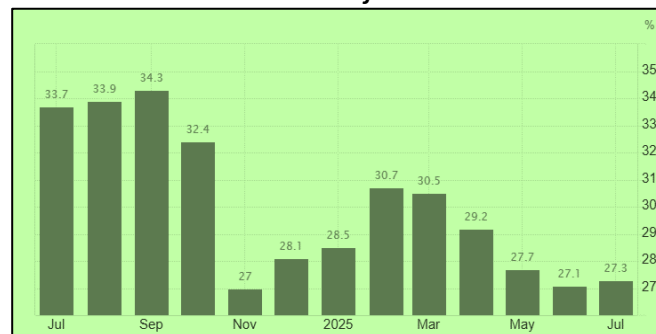
Malawi's economy is facing a deep and prolonged crisis, characterized by high inflation, declining living standards, and rising food insecurity. Since 2020, average growth has slowed to 2.2%, below the 2.6% population growth rate, resulting in falling per capita incomes. In 2024, growth fell

further to 1.8%, driven by an El Niño-related drought and persistent foreign exchange shortages. The IMF projects real GDP growth of 2.4% in 2025, gradually increasing to 3.4% over the medium term. The IMF-supported reform program launched in November 2023 was terminated in May 2025 after failing to stabilize the economy. Amid rising fiscal and external imbalances, global uncertainty, and upcoming elections, urgent stabilization measures and a coherent macroeconomic framework are critical. The following table displays Malawi's economic growth projections:

<b>Malawi Economic Growth Forecasts (%)</b>			
<b>Year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>World Bank (Jun 2025)</b>	<b>1.8</b>	<b>2.0</b>	<b>2.4</b>
<b>IMF (Jun 2025)</b>	<b>1.8</b>	<b>2.5</b>	<b>3.3</b>
<b>MoF (Feb 2025)</b>	<b>1.8</b>	<b>3.2</b>	<b>-</b>

Meanwhile, Malawi's inflation rate has remained significantly high, with a recent statistic indicating an increase to 27.3% in July 2025 from 27.1% the previous month. On a monthly basis, inflation rose by 0.2% in July 2025.

**Zambia Year-on-Year Inflation Rate Trend**



Source: Reserve bank of Malawi – August 2025



## 7. Global Economy

Global economic growth is projected at 3.0% in 2025 and 3.1% in 2026. The 2025 forecast is 0.2 percentage points higher than the April 2025 World Economic Outlook (WEO) reference forecast. This upward revision reflects several factors, including stronger-than-expected front-loading in anticipation of higher tariffs, lower average effective U.S. tariff rates than initially announced, improved financial conditions partly supported by a weaker U.S. dollar, and fiscal expansion in some major economies. The following table displays global economic growth projections:

Global Economic Growth Forecasts (%)			
Year	2024	2025	2026
OECD	3.3	2.9	2.9
World Bank (Jun 2025)	2.8	2.3	2.4
IMF (Jul 2025)	3.3	3.0	3.1

Global merchandise trade is projected to grow 0.9% in 2025, revised upward from a -0.2% contraction forecast in April 2025. This improvement largely reflects frontloading of U.S. imports ahead of anticipated tariff hikes, which temporarily boosted trade activity. Improved macroeconomic conditions, including a weaker U.S. dollar and falling oil prices, also support growth, though lower energy prices weigh on trade in energy-exporting regions.

Looking ahead, higher tariffs, particularly those introduced in August 2025 are expected to restrain trade in the second half of 2025 and into 2026, reducing projected growth to 1.8% next year. Regionally, Asia remains the largest positive contributor, North America shows a smaller negative impact due to frontloading, Europe shifts slightly negative, and energy-exporting economies see weaker contributions.

### Strategic insights and takeaways:

- Stronger global growth could support export demand, commodity prices and foreign inflows, providing a positive backdrop for Zimbabwe's economic stability.
- Higher tariffs in the second half of 2025 and into 2026 are expected to moderate trade expansion, particularly affecting energy exporters and European markets.

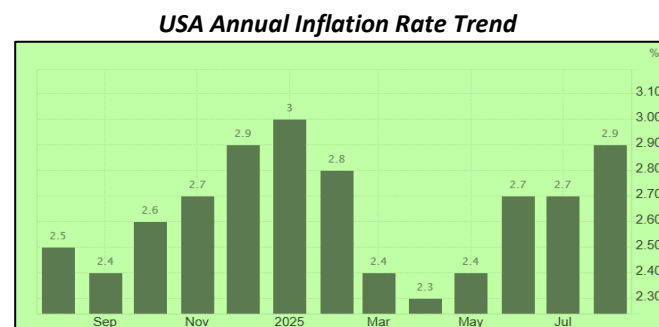
#### a) United States of America

Real GDP grew by 3.3% annualized in Q2:2025, rebounding from a 0.5% contraction in Q1:2025. The growth was primarily driven by a decline in imports and accelerated consumer spending, partially offset by falls in investment and exports. According to the IMF, GDP growth for 2025 is

now projected at 1.9%, representing a 0.1 percentage point upward revision from the April 2025 WEO forecast. The following table displays USA economic growth projections

USA Economic Growth Forecasts (%)			
Year	2024	2025	2026
OECD (Jun 2025)	2.8	1.6	1.5
World Bank (Jun 2025)	2.8	1.4	1.6
IMF (Jul 2025)	2.8	1.9	1.5

U.S. annual inflation accelerated to 2.9% in August 2025, up from 2.7% in both June and July 2025. On a monthly basis, the CPI rose 0.4%, marking the largest increase since January 2025. Meanwhile, core inflation remained steady at 3.1%, unchanged from July 2025. The graph that follows illustrates the country's inflation trend.



Source: U.S. Bureau of Labor Statistics – August 2025

#### b) China

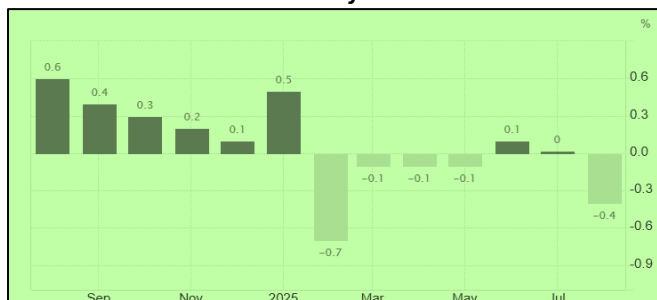
Despite global uncertainties, China's economy maintained strong momentum in the first half of 2025, expanding 5.3% year-on-year and positioning itself to meet its full-year growth target of 4.8%. GDP grew 5.4% in Q1:2025 and 5.2% in Q2:2025, with domestic demand especially consumption accounting for 68.8% of growth. Resilient exports and supportive policies also contributed to economic stability amid U.S. tariffs. The IMF raised China's 2025 growth forecast to 4.8%, a 0.8 percentage point increase from the April 2025 WEO forecast, citing stronger-than-expected first-half performance and reduced tariffs. The following table displays China's economic growth projections:

China Economic Growth Forecasts (%)			
Year	2024	2025	2026
OECD (Jun 2025)	5.0	4.7	4.3
World Bank (Jun 2025)	5.0	4.5	4.0
IMF (Jul 2025)	5.0	4.8	4.2

China's annual inflation rate declined 0.4% in August 2025, following a flat reading in July 2025, marking the fifth episode of consumer deflation this year. Core inflation,

which excludes food and energy, rose 0.9% year-on-year, up from 0.8% in July 2025. On a monthly basis, the CPI remained flat, after a 0.4% increase in July 2025. The graph that follows illustrates the country's inflation trend.

**China Year-on-Year Inflation Rate Trend**



Source: National Bureau of Statistics of China – August 2025

### c) Germany

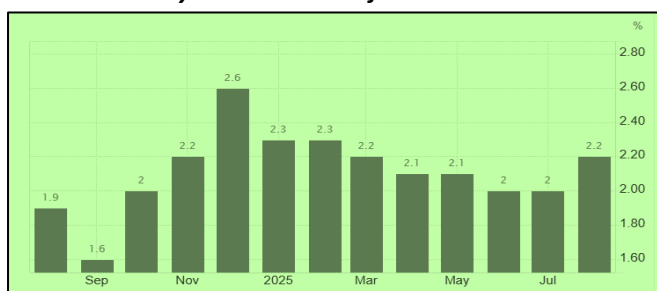
Germany's economy is showing tentative signs of recovery, with GDP projected to grow 0.1% in 2025, up from an earlier forecast of 0.0%, according to the IMF. The modest upturn is primarily driven by domestic factors, including public sector expansion through infrastructure and climate investment, higher defence spending, and corporate tax incentives. However, structural challenges such as low productivity, labour shortages, and high energy costs are expected to constrain long-term growth momentum. The following table shows Germany's economic growth projections:

**Germany Economic Growth Forecasts (%)**

Year	2024	2025	2026
IMF (Jul 2025)	-0.2	0.1	0.9
OECD (May 2025)	0.2	0.4	1.2

Germany's annual consumer price inflation rose to a five-month high of 2.2% in August 2025, up from 2.0% in July 2025, primarily driven by higher food prices. On a monthly basis, consumer prices increased 0.1% in August 2025, following a 0.3% rise in July 2025. The graph that follows illustrates the country's inflation trend.

**Germany Year-on-Year Inflation Rate Trend**



Source: Federal Statistics Office – August 2025

### d) United Kingdom

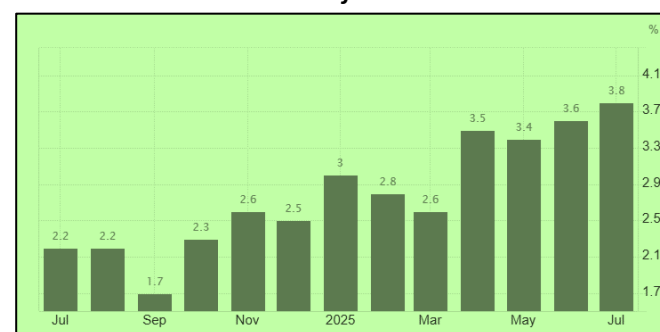
In Q2:2025, UK GDP grew 0.3% quarter-on-quarter, outperforming the Eurozone average of 0.1%. Compared with pre-pandemic levels (Q4:2019), the UK's GDP is up 4.5%. The IMF projects UK growth at 1.2% in 2025, the third highest in the G7 after the U.S. (1.9%) and Canada (1.6%), representing a 0.1 percentage point upward revision. The OECD takes a slightly more cautious view, forecasting 1.3% for 2025 and 1.0% for 2026, citing trade tensions and policy uncertainty as key risks. The following table shows economic growth forecasts for the UK:

**UK Economic Growth Forecasts (%)**

Year	2024	2025	2026
OECD (Jun 2025)	1.1	1.3	1.0%
IMF (Jul 2025)	1.1	1.2	1.4

The UK's annual inflation rate rose for the second consecutive month to 3.8% in July 2025, up from 3.6% in June 2025. The main upward pressure came from transport, where prices increased 3.2%, driven largely by a 30.2% surge in airfares. On a monthly basis, the CPI rose 0.1%, slowing from June's 0.3% gain. The graph that follows illustrates the country's inflation trend.

**UK Year-on-Year Inflation Rate Trend**



Source: Office for National Statistics – August 2025

### Strategic insights and takeaways:

- A relatively stronger UK economy may support trade and investment flows, particularly for commodities and exports linked to European markets, though global uncertainties remain a constraint.

### e) United Arab Emirates (UAE)

In Q1:2025, the UAE's real GDP grew 3.9% year-on-year to AED455 billion (about US\$123.9 billion), driven largely by the non-oil economy, which expanded 5.3% to AED352 billion and accounted for a record 77.3% of total output.

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Manufacturing led sectoral gains with 7.7% growth, while finance, insurance, and construction each rose 7%. Real estate activities grew 6.6%, and trade increased 3% during the quarter. The following table shows economic growth forecasts for the UAE:

UAE Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Apr 2025)	3.8	4.0	5.0

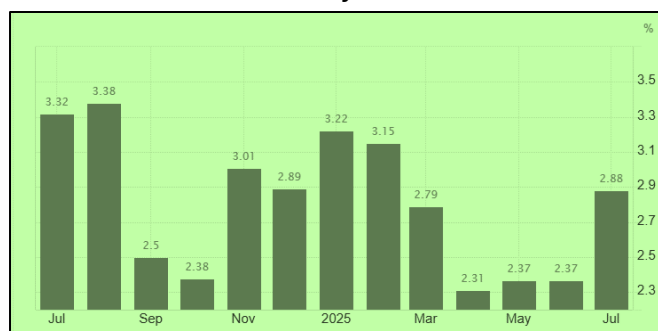
The UAE is pursuing accelerated economic growth with the goal of doubling GDP to over US\$800 billion by 2030, strengthening its position as a global hub for business and finance. To support this ambition, the country is actively securing bilateral trade agreements and strategic partnerships to diversify and expand economic opportunities.

#### **Strategic insights and takeaways:**

- *Strong performances in manufacturing, finance, insurance, construction, real estate, and trade highlight a resilient and diversified growth base.*
- *The UAE's push to double GDP to over US\$800 billion by 2030, supported by bilateral trade deals and investment partnerships, positions it as a key regional hub for business, finance, and logistics, creating opportunities for investors and trading partners alike.*

Inflation in Dubai rose to 2.9% in July 2025, up from 2.4% in June 2025, marking the highest rate since February 2025. The increase was largely driven by a smaller decline in transport costs. On a monthly basis, consumer prices climbed 0.42% in July 2025, accelerating from a 0.28% rise in June 2025.

**UAE Year-on-Year Inflation Rate Trend**



**Source: Government of Dubai – August 2025**

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## 8. Commodities Markets

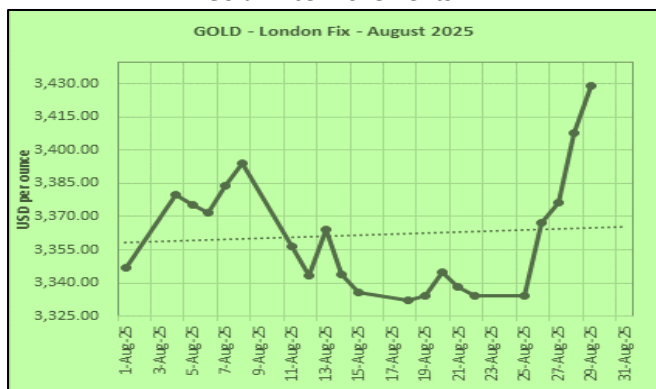
Commodity Average Prices	July 2025	Aug 2025	Percentage Change (%)
	Price (US\$)	Price (US\$)	
Gold (oz)	3,340.21	3,363.67	0.7%
Platinum (oz)	1,393.97	1,332.55	-4.4%
Silver (oz)	37.72	37.91	0.5%
Oil (barrel)	69.07	67.15	-2.8%

### a) Gold

Gold continued to attract safe-haven demand as investors sought protection amid rising global risks and expectations of easier monetary policy. In August 2025, global gold ETFs recorded US\$5.5 billion in net inflows, the third consecutive month of gains, pushing total assets to a record US\$407 billion. Geopolitical and economic pressures including a surprise 39% U.S. tariff on Switzerland, recession fears in Germany, and UK stagflation concerns further reinforced gold's role as a strategic hedge.

In August 2025, gold prices exhibited notable volatility but moved largely sideways. On a monthly average basis, price rose by 0.7%, increasing from US\$3,340.21/oz in July 2025 to US\$3,363.67/oz in August 2025. This increase reflects strong investor demand driven by safe haven buying, expectations of lower U.S. interest rates and persistent geopolitical uncertainties. The following graph depicts daily gold price trend for the month under review.

**Gold Price Movements**



Source: LBMA – August 2025

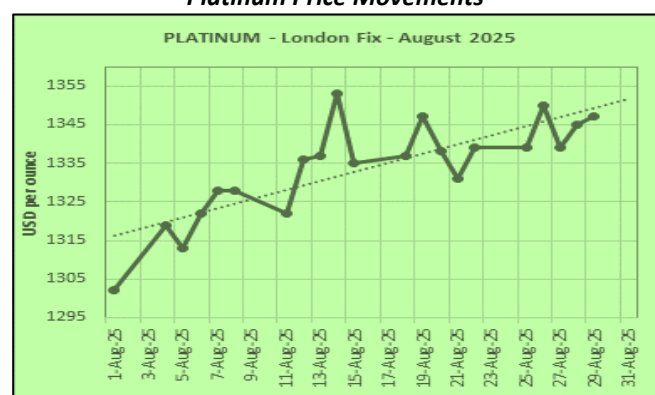
#### Strategic insights and takeaways:

- Consistent ETF inflows and record holdings underscore gold's role as a hedge against geopolitical risk and monetary policy uncertainty.
- For Zimbabwe, firm global prices and strong demand support gold export revenues.

### b) Platinum

Platinum prices showed an early-month rally in August 2025 but lost momentum as the month progressed. On a monthly average basis, prices fell 4.4%, from US\$1,393.97/oz in July 2025 to US\$1,332.55/oz in August 2025. The retreat reflected a stronger U.S. dollar, recovering supply from South Africa, and slower Chinese imports, which weighed on sentiment. Despite the short-term pullback, structural demand drivers particularly in clean energy and industrial applications continue to support longer-term interest in the metal. The following graph depicts the trend of daily platinum prices during the month under review.

**Platinum Price Movements**



Source: LBMA– August 2025

#### Strategic insights and takeaways:

- Clean energy and industrial applications continue to underpin structural demand, providing a positive longer-term outlook.
- For Zimbabwe, a key platinum producer, short-term revenue may dip, but sustained global interest in green technologies supports medium- to long-term export prospects.

### c) Silver

Silver prices trended upward with notable volatility in August 2025. On a month-on-month basis, the average price inched up 0.5%, from US\$37.72/oz in July to US\$37.91/oz in August 2025. HSBC raised its silver price forecasts, citing support from record-high gold prices and safe-haven demand amid geopolitical and economic uncertainty. HSBC noted that silver's rally is driven more by its close correlation with gold than by silver's own supply-demand fundamentals. The following graph depicts the daily silver price trend for the month under review.



### Silver Price Movements



Source: LBMA – August 2025

This forecast is driven by large oil inventory builds as OPEC+ members increase production.

### Strategic insights and takeaways:

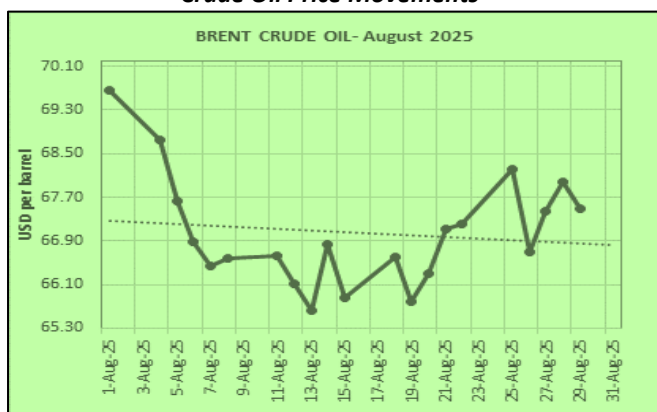
- Expectations of a potential global surplus could keep prices under pressure in the near term unless demand surprises on the upside.
- For Zimbabwe, lower crude prices may help ease fuel import costs and reduce inflationary pressures, supporting broader economic stability if sustained.

**END**

### d) Crude Oil

Oil prices declined in August 2025 as supply expectations outpaced demand. Early in the month, OPEC+ announced plans to fully unwind its 2.2 million barrel per day voluntary production cuts by September 2025, signalling more barrels coming to market. Meanwhile, global demand growth has been repeatedly downgraded and remains sluggish, while inventories are already high. This combination of rising supply, weaker demand growth, and ample stocks led markets to anticipate a surplus, pushing the average crude price down 2.8%, from US\$69.07/barrel in July 2025 to US\$67.15/barrel in August 2025. The following graph depicts daily crude oil price trend for the month under review.

### Crude Oil Price Movements



Source: LBMA – August 2025

The Energy Information Administration forecasts that Brent crude oil prices will decline significantly in the coming months, falling from US\$67 per barrel in August 2025 to an average of US\$59 per barrel in the fourth quarter of 2025.

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