

Monthly Economic Update

January 2026

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1. Zimbabwe Economic Performance

a) Zimbabwe Economic Outlook

Zimbabwe's economy is experiencing a strong, export-led recovery, driven largely by minerals. Following 6.6% growth in 2025, the Treasury projects an ambitious 8.5% GDP expansion in 2026—the highest since 2012—fuelled by a resurgence in mining (gold, lithium, platinum) and improved agricultural output. Broader economic sectors are also expected to benefit from positive spillovers stemming from this robust mining and agriculture performance.

The positive outlook is further underpinned by a 10-month IMF staff-monitored program aimed at debt restructuring and macroeconomic stability. Current monetary and fiscal policies have also helped stabilize the gold-backed Zimbabwe Gold (ZiG) currency, bringing annual inflation down to single digits (4.1% in January 2026) for the first time since 1997, a milestone that will potentially infuse confidence in the local currency and overall policy formulation and implementation.

However, international lenders and some analysts remain more cautious, projecting 4.6%–5% growth, citing potential external shocks, climate vulnerabilities affecting agriculture, and the need for sustained fiscal discipline to avoid a return to past currency volatility. The following table shows Zimbabwe's economic growth forecast as projected by different authorities:

Zimbabwe Economic Growth Projections			
Year	2024	2025	2026
IMF (Feb 2026)	1.7	6.6	5.0
World Bank (Jan 2026)	1.7	6.6	5.0
MoFEDIP (Jan 2026)	1.7	6.6	8.5

Strategic insights and takeaways:

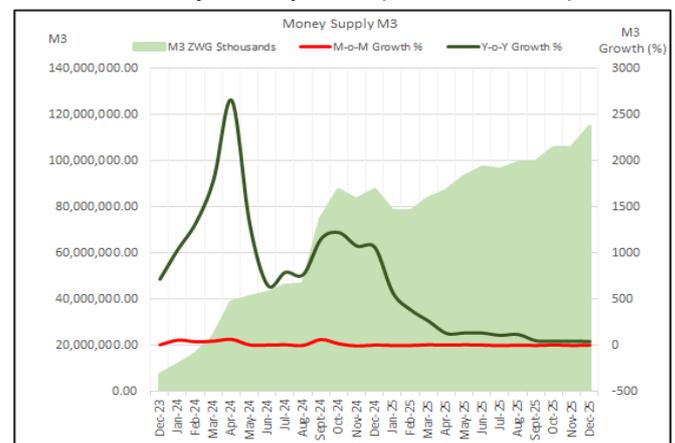
- The outlook is heavily dependent on commodity prices—particularly gold—which authorities expect to remain elevated. However, a reversal in this trend could leave current projections significantly overshooting actual outturns by year-end.
- The IMF program signals the state's re-engagement efforts with international partners and marks progress in policy guidance and implementation.

2. Zimbabwe Financial Sector

2.1. Money Supply

According to the latest RBZ data, Broad Money (M3) increased by 2.39% month-on-month in December 2025, rising to ZiG115.17 billion from ZiG105.56 billion in November 2025, reflecting controlled expansion in money supply under tight monetary conditions. On a year-on-year basis, M3 growth decelerated to 35.21% in December 2025, down from 44.5% in November 2025, highlighting the impact of prevailing monetary conditions. The graph below illustrates these monetary trends from November 2023 to November 2025.

Monetary Developments (ZWG Thousands)



Source: RBZ – January 2026

Strategic insights and takeaways:

- The continued slowdown in M3 growth shows the results of tight monetary policy. However, as the RBZ plans to shift to a prudent policy by adding new notes in circulation and potentially adjusting interest rates, caution is encouraged to avoid overshooting money supply and the accompanying macroeconomic destabilisation.

2.2. Interest Rates

The resolutions adopted by the Reserve Bank of Zimbabwe's (RBZ) Monetary Policy Committee on 1 December 2025 concerning interest rates and other monetary policy measures remain in effect as follows:

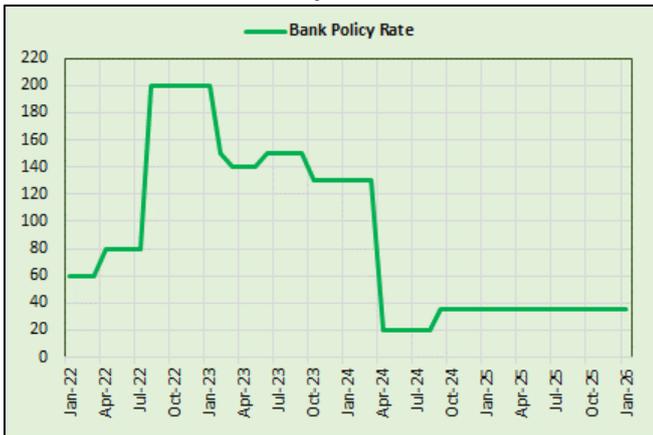
- Maintain the bank policy rate at 35%.
- Maintain the statutory reserve requirements for demand and call deposits for both local and foreign currency at 30%.

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- 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 January 2022 to January 2026.

Bank Policy Rate Trend



Source: RBZ – January 2026

As of 23 January 2026, the weekly average minimum lending rates in local currency were recorded at 43.52% for individuals and 40.41% for corporates. On the other hand, average minimum deposit rates for savings, 1-month, and 3-month deposits were recorded at 3.84%, 6.25%, and 6.38%, 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) Interest Rates (Minimums)					
Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Individual Clients	Corporate Clients	Savings	1-Month	3-Months
2-Jan-26	43.52	40.42	3.75	6.35	6.48
9-Jan-26	43.45	40.40	4.00	5.66	5.79
16-Jan-26	43.55	40.42	3.81	6.49	6.62
23-Jan-26	43.56	40.38	3.81	6.49	6.62
Average	43.52	40.41	3.84	6.25	6.38

Source: RBZ – January 2026

In US Dollar terms, the most recent weekly average minimum lending rates stood at 13.61% for individuals and 10.29% for corporates, whilst the latest average minimum deposit rates for savings, 1-month, and 3-month deposits were recorded at 1.63%, 3.65% and 4.13%, respectively. The table below illustrates the trend in average minimum lending rates and average deposit rates denominated in US\$.

Average Lending and Deposit Rates (USD)

Foreign Currency (USD) Interest Rates (Minimums)					
Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Individual Clients	Corporate Clients	Savings	1-Month	3-Months
2-Jan-26	13.64	10.25	1.61	3.64	4.12
9-Jan-26	13.63	10.26	1.67	3.56	4.04
16-Jan-26	13.60	10.35	1.61	3.69	4.18
23-Jan-26	13.58	10.30	1.61	3.69	4.18
Average	13.61	10.29	1.63	3.65	4.13

Source: RBZ – January 2026

2.3. Foreign Currency Market

On a monthly average basis, the U.S. dollar broadly depreciated in January 2026, extending the trend from the previous month. It weakened against 14 of the 18 currencies in our basket, with its most significant depreciation against the South African rand (-3.13%). Conversely, it registered its strongest appreciation against the Indian Rupee (+0.82%). The following table outlines these monthly changes, highlighting the continued evolution of global foreign exchange trends.

Exchange rate analysis (Monthly Averages)

Exchange Rate Analysis (Monthly Averages)			
Currency/US\$	Dec-25	Jan-26	Change (%)
Argentine Peso	1446.0332	1449.1388	0.21
Australian Dollar	1.5051	1.4775	-1.83
Botswana Pula	13.4914	13.4541	-0.28
Brazilian Real	5.4612	5.3524	-1.99
British Pound	0.7470	0.7402	-0.92
Canadian Dollar	1.3793	1.3787	-0.05
Chinese Yuan Renminbi	7.0467	6.9743	-1.03
Euro	0.8538	0.8524	-0.16
Hong Kong Dollar	7.7806	7.7955	0.19
Indian Rupee	89.9974	90.7321	0.82
Japanese Yen	156.0025	156.8054	0.51
Norwegian Krone	10.0999	9.9611	-1.37
Russian Ruble	78.6195	78.1751	-0.57
South African Rand	16.8385	16.3107	-3.13
Swedish Krona	9.2905	9.1132	-1.91
Swiss Franc	0.7966	0.7907	-0.74
South Korean Won	1466.1189	1454.9022	-0.77
Zimbabwean Gold	26.0936	25.6910	-1.54

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

Alternatively, comparing end-of-month exchange rates with those at the beginning reveals a more pronounced U.S. dollar weakness. The currency depreciated against 15 of the tracked pairs. The table below details these movements, providing key insights into closing market dynamics.

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Exchange Rate Analysis (End Period)

Exchange Rate Analysis(end period)			
Currency/US\$	31-Dec-25	30-Jan-26	Change (%)
Argentine Peso	1451.57057	1444.04588	-0.52
Australian Dollar	1.493336	1.418959	-4.98
Botswana Pula	13.377163	13.04818	-2.46
Brazilian Real	5.478916	5.190661	-5.26
British Pound	0.742583	0.724278	-2.47
Canadian Dollar	1.369494	1.349266	-1.48
Chinese Yuan Renminbi	7.016948	6.948792	-0.97
Euro	0.851309	0.83568	-1.84
Hong Kong Dollar	7.781049	7.805917	0.32
Indian Rupee	89.776928	91.793042	2.25
Japanese Yen	156.41661	153.166168	-2.08
Norwegian Krone	10.05404	9.539362	-5.12
Russian Ruble	79.449418	75.915422	-4.45
South African Rand	16.599465	15.731086	-5.23
South Korean Won	1441.5527	1431.0654	-0.73
Swedish Krona	9.198833	8.807368	-4.26
Swiss Franc	0.79189	0.764495	-3.46
Zimbabwean Gold	25.9807	25.987	0.02

Source: x-rates; RBZ © ZB Financial holdings

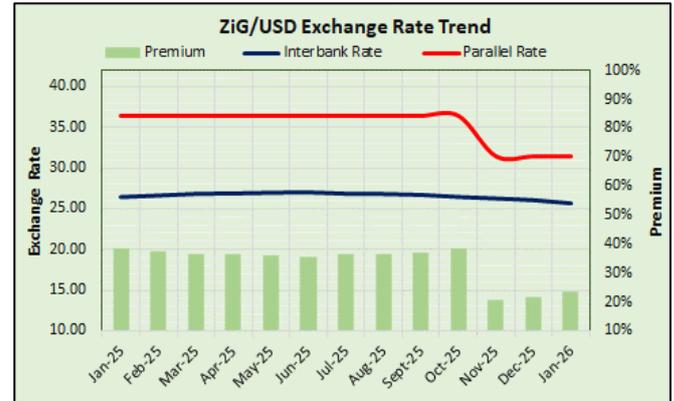
Strategic insights and takeaways:

- Driven primarily by Fed rate cuts and global political tensions, the sustained USD depreciation has significant consequences, particularly for dollarized economies like Zimbabwe. This potentially translates into reduced export revenue.

2.4. Zimbabwe Gold (ZiG) Exchange Rate

In January 2026, the Zimbabwe Gold (ZiG) remained broadly stable. On the official market, it appreciated slightly by 1.6% against the USD to ZWG25.58 from ZWG 25.98 in December 2025. Meanwhile, the parallel market rate held steady at an average of ZWG31.50. Consequently, the modest appreciation of the official rate widened the exchange rate premium marginally from 21% to 23%. The chart below illustrates the movement of both interbank and parallel exchange rates from January 2025 to January 2026.

ZWG/USD Exchange Rate



Source: RBZ & ZB Financial Holdings – January 2026

Strategic insights and takeaways:

- The exchange rate has been notably stable in the past three months and if the trend is sustained, it might prompt the RBZ to bring in mono-currency sooner than anticipated. This is in line with the central bank’s new policy to base the transition not on a specific date (2030), but on the attainment of certain monetary conditions, particularly exchange rate and inflation stability.

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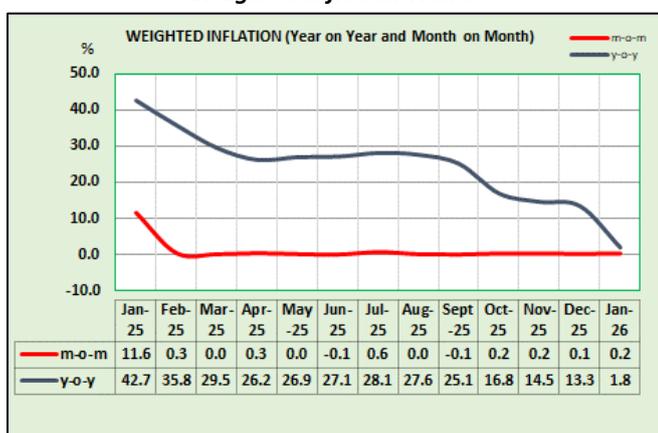
3. Prices and Cost of Living

3.1. Inflation

a. Weighted Inflation

The weighted year-on-year inflation rate for January 2026, as measured by the all-items Weighted Consumer Price Index (CPI), was 1.8% indicating a 11.6 percentage points drop from the December 2025 rate of 13.3%. Meanwhile, the weighted month-on-month inflation rate was 0.2%, up by 0.1 percentage points from the December 2025 rate of 0.1%. The increases in the weighted index were mainly observed in the Alcoholic Beverages and Tobacco category, which recorded a 1.1% increase from the previous month. The following graph illustrates the current trend of weighted inflation in Zimbabwe.

Weighted Inflation Trend

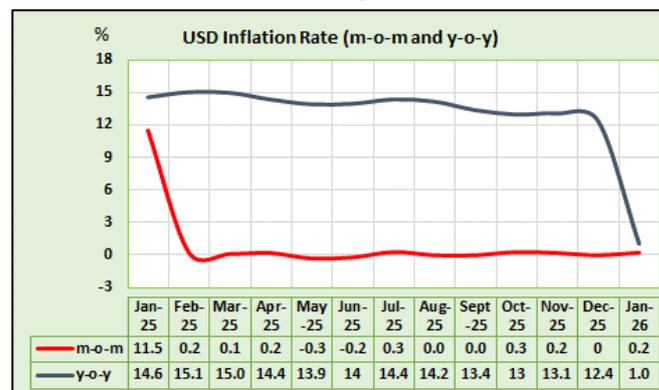


Source: ZIMSTATS – January 2025

b. USD Inflation

The USD year-on-year inflation rate for January 2026, as measured by the all-items USD CPI, was 1.0%, down by 11.4 percentage points from the December 2025 rate of 12.4%. On a month-on-month basis, the USD inflation rate for January 2026 was 0.2%, up by 0.2 percentage points from the previous month's rate of 0.0%. The tepid month-on-month inflation increase was driven mainly by the rise in USD prices for the alcohol & tobacco category (+0.9%) and the clothing & footwear category (+0.7%). The graph below illustrates the recent trend in USD inflation in Zimbabwe.

Zimbabwe USD Inflation Trend

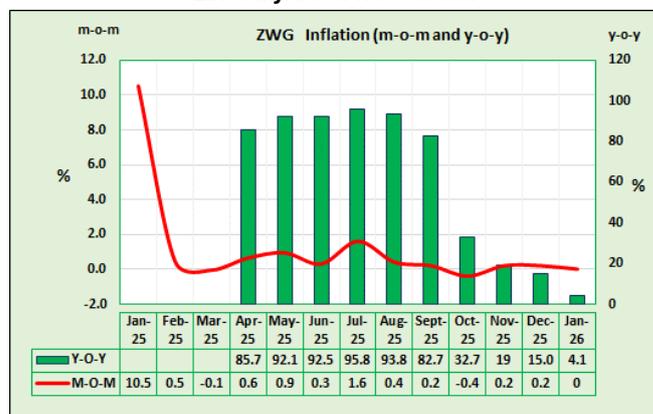


Source: ZIMSTATS – January 2026

c. ZiG Inflation

The ZWG year-on-year inflation rate for January 2026, as measured by the all-items ZWG CPI, was 4.1%, reflecting a 10.9 percentage points drop from the December 2025 rate of 15.0%. The weighted month-on-month inflation rate was 0.0% in January 2026, down by 0.2 percentage points from the December 2025 rate of 0.2%. During the reviewed period, increases in the index were mainly observed in the Alcoholic beverages and tobacco category, which recorded a 2.5% increase. The graph that follows illustrates recent trends in ZWG inflation.

ZWG Inflation Rate Trend



Source: ZIMSTATS – January 2026

Strategic insights and takeaways:

- While the strengthening of the local currency continues to improve the inflation profile, USD depreciation and its resultant positive inflation continue to pose a challenge. This underscores the economy's vulnerability to external factors beyond the control of domestic monetary authorities.

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3.2. Poverty Datum Lines

The Total Consumption Poverty Line (TCPL), which reflects the minimum monthly income needed to cover basic food and non-food needs, rose marginally by 0.06% to ZWG1,307.01 in January 2026, up from ZWG1,306.23 in December 2025. For a standard household of six, this equates to ZWG7,842.06 per month.

Meanwhile, the Food Poverty Datum Line (FPDL), measuring the cost to meet a basic daily-nutritional requirement of 2,100 calories per person, increased by 0.11% to ZWG895.15 from ZWG894.16 in December 2025. For a six-member household, this amounts to ZWG5,370.90, representing roughly 68.5% 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
Sept-25	1,292.80	0.0	877.03	0.2
Oct-25	1,295.30	0.2	883.28	0.7
Nov-25	1,300.95	0.4	889.10	0.7
Dec-25	1,306.23	0.4	894.16	0.6
Jan-26	1,307.01	0.06	895.15	0.11

Source: ZIMSTATS – January 2026

Strategic insights and takeaways:

- While the overall cost of living is contained, reflecting dissipating inflationary pressures, food prices remain elevated relative to other commodity groups. This signals a need for targeted policy actions to address food provisions and achieve sustained cost containment.

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4. Zimbabwe Economic Sectors

4.1. Agriculture Sector

Zimbabwe’s agricultural sector continues to experience a strong recovery and growth phase, anchored by record-breaking tobacco, wheat, and horticulture production, alongside new initiatives for climate resilience and sustainable development. The private sector also continues to play a significant role in promoting and diversifying the sector. Notably, FAO is driving initiatives focused on creating environmental and biosecurity guidelines for small-scale tilapia farming to boost the aquaculture value chain.

Meanwhile, the 2025–2026 season has seen a 42% increase in planted area for tobacco, with farmers cultivating over 162 000 hectares, up from about 114 000 hectares last season, according to the Tobacco Industry and Marketing Board (TIMB). On the maize front, planted area has surpassed 1.9 million hectares, exceeding the government’s initial 1.8-million-hectare target. Sorghum also outperformed targets by 11%, with over 553,000 hectares planted.

News Highlights in the Agriculture Sector.

- Despite the overall success in tobacco farming, Kutsaga Research reports higher aphid populations and potential aphid-borne virus outbreaks for the 2025-2026 tobacco season.
- A US\$9.4 million Resilient Agriculture Cluster Project (RACP) was launched in late January 2026, aimed at strengthening food security through irrigation rehabilitation and climate-smart farming.
- As of January 26, 2026, the Zimbabwe National Water Authority (ZINWA) reported that national average dam levels reached 90% full, reflecting a significant 17% increase since late November 2025. This rise follows widespread rainfall, which replenished water sources, with 104 dams reported as 100% full, raising concerns for potential flooding in downstream areas.
- As part of Zimbabwe-China Cooperation, Chinese agricultural experts demonstrated a series of high-tech farming techniques in the Shamva District, featuring advanced precision irrigation systems designed to minimize water waste while maximizing crop yields during erratic rainfall seasons. Alongside these systems, the experts introduced multipurpose agricultural drones capable of automated crop monitoring and targeted pesticide application, significantly reducing manual labour.

4.2. Energy Sector

Zimbabwe’s energy sector is currently defined by a strong push toward renewable energy, the finalization of major Independent Power Producer (IPP) agreements, and efforts to liberalize the market to curb electricity shortages. The government is moving away from a single-buyer model, allowing independent power producers to sell electricity directly to customers (e.g., mines and factories) to reduce reliance on the national grid, a milestone intended to be in place by 2030 according to ZERA.

Meanwhile, January 2026 saw a drop in daily average electricity generation by 21.5% to 1,096MW from 1,396MW in the previous month, largely due to declines at both Hwange and Kariba Power Stations by 0.8% and 54.5% respectively. Average total daily supply remains significantly below the national daily peak demand of circa 2,200 MW, implying persistent deficits resulting in rampant load shedding. Below is a tabulated summary average daily electricity supply for the reviewed month.

Average Daily Electricity Supply

Average Maximum Supply (MW)	Dec-25	Jan-26	Change
Hwange	782	776	▼0.8%
Kariba	550	250	▼54.5%
IPPS	64	70	▲9.0%
Total	1,396	1,096	▼21.5%

Source: ZPC – January 2026

News Highlights in the Energy Sector

- Vungu Solar (Pvt) Ltd signed a 25-year Power Purchase Agreement (PPA) with the Zimbabwe Electricity Transmission and Distribution Company (ZETDC).
- The Zimbabwe Energy Regulatory Authority (ZERA) has launched a national program to deploy portable, containerized fuel stations. This initiative aims to provide reliable, low-cost fuel to rural, remote, and underserved communities, such as farming and mining areas, following a successful pilot in Gokwe Nembudziya
- In a bid to encourage rapid deployment of distributed energy, the regulator (ZERA) has waived licensing fees entirely for projects below ten megawatts, signalling the state’s prioritisation of new electrons over administrative revenue.
- The Zimbabwean Government, through the Ministry of Energy and Power Development, has partnered with Zonful Energy to implement a

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nationwide rooftop solar programme aiming to install solar systems in 1 million households by December 2030

- The Ministry of Energy and Power Development, in collaboration with SADC, will host a sustainable energy week in Victoria Falls from February 23–27, 2026, focusing on "Driving Regional Economic Growth through Clean Energy".

diversification remains essential to ensure sustained surpluses even if gold prices decline in the future.

4.3. External Sector

Latest data from ZIMSTAT indicate that Zimbabwe’s merchandise exports increased slightly to US\$1.14 billion in December 2025, representing a 9.1% rise from US\$1.05 billion in November 2025. The export basket was dominated by semi-manufactured gold (47% of total exports), tobacco (18%), and nickel mattes (16%).

On the import side, merchandise imports decreased to US\$901.5 million, down 5.6% from US\$955.2 million in the previous month. The import basket remained led by mineral fuels, oils, and related products (23%), followed by machinery and mechanical appliances (13%) and cereals (7.0%).

As a result, Zimbabwe recorded a 163.7% increase in its trade surplus, which stood at US\$240.2 million in December 2025, compared with a surplus of US\$91.1 million in November 2025. The graph below illustrates trends in external trade statistics since December 2024.

4.4. Manufacturing Sector

Zimbabwe’s manufacturing sector holds significant promise, presenting an opportunity for firms to boost output by leveraging currently idle capacity. According to recent reports from the Confederation of Zimbabwe Industries (CZI), capacity utilisation has averaged around 55% since 2020, a trend expected to continue into 2025. This indicates that nearly half of the sector’s productive capacity remains unutilised, meaning firms can substantially increase production with existing plant and machinery—avoiding the full cost of new capital investment. This growth is further supported by government interventions, such as tax incentives for 24-hour production, which encourage continuous operations, enhance asset utilisation, and lower average costs, all of which are critical for driving higher capacity utilisation across the sector. However, industry stakeholders emphasize that sustained growth depends on consistent power supply and lower cost of capital, major challenges currently weighing on the sector.

News Highlights in the Manufacturing Sector

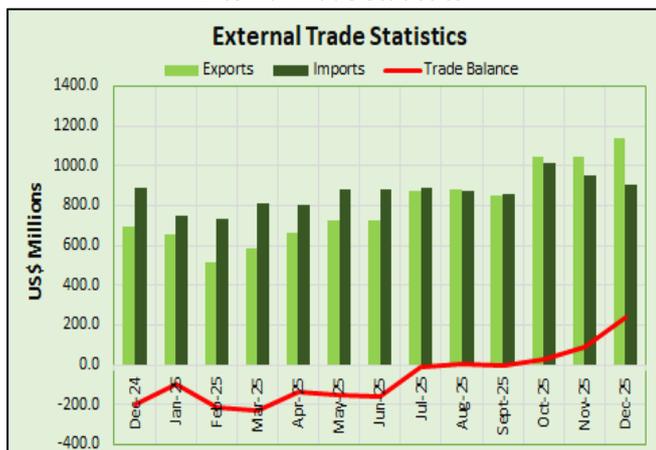
- Varun Beverages is continuing with its US\$285 million investment plan, with a snack plant planned for completion in February 2026 and a juice plant scheduled for July 2026.

4.5. Mining Sector

Zimbabwe’s mining sector is undergoing a period of consolidation following a record-breaking 2025, with a strong focus on increasing local value addition, particularly in lithium and gold. This is expected to drive the mining sector towards the attainment of 5.9% projected growth in 2026, with total mineral revenue expected to reach US\$7.5 billion. Nevertheless, key challenges remain, particularly power supply shortages, which are estimated to cause a 4% loss in potential output.

Meanwhile, gold deliveries to Fidelity Gold Refinery saw a sharp decline in January 2026, dropping by 38% to 3,044.97kg from 4,941.72 kg in December 2025. Artisanal small-scale miners, who contributed the majority (73%) of total output, recorded the steepest decline of 42% to 2,236.56 kg, from 3,881.69 kg recorded the previous month. Large-scale miners also experienced a drop, with output decreasing by 24% to 808.41kg from 1,060.03 kg. This overall downturn was primarily attributed to seasonal factors and adjustments to new fiscal measures introduced in the 2026 National Budget. Nevertheless, output is expected to

External Trade Statistics



Source: ZIMSTATS- January 2026

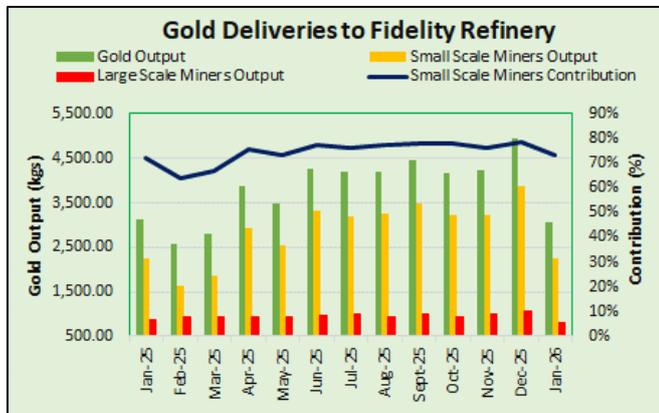
Strategic insights and takeaways:

- External trade continues to record surpluses, primarily driven by high gold prices. However, export

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recover, supported by robust gold prices. The graph below summarizes trends in gold production activity.

Gold Deliveries



Source: FGR – January 2026

Strategic insights and takeaways:

- The predominance of artisanal small-scale miners in the gold sector reinforces the imperative for formalisation. Bringing this sector into the regulatory framework is critical to curbing revenue leakages and ensuring its maximum contribution to government income through taxes and royalties.

News and Highlights in the Mining Sector.

- Fidelity Gold Refinery (FGR) has transitioned to using a live morning benchmark for setting daily gold prices, replacing the previous method that relied on the prior day's closing price. This shift aims to provide a more transparent and responsive pricing model for both large-scale and artisanal producers.
- Prospect Lithium Zimbabwe (PLZ), a subsidiary of Huayou Cobalt, is poised to commission the continent's first lithium sulphate plant in the first quarter of 2026. This US\$400 million plant will significantly increase export earnings compared to raw concentrates.
- Mutapa Energy Minerals is starting construction of a US\$250 million lithium concentrate processing plant at Sandawana, expected to be completed in 2027.
- Mutapa Gold Resources is planning a US\$150 million expansion at its Shamva mine to more than double group output.

- Caledonia Mining raised US\$150 million to develop its Bilboes gold project, aiming to turn it into one of the country's largest gold mines.

4.6. Property Sector

The property sector is undergoing significant regulatory changes, with a strong focus on tax compliance, USD-denominated investments, and sector revitalisation in secondary cities such as Bulawayo. The market is shifting toward stabilization, with modest growth expected in 2026. There is also a notable shift from individual agents to scaled, team-based models with comprehensive technology solutions. Meanwhile, High demand is now tied to "lifestyle packages" including solar-backed power, boreholes, and internet, which are now viewed as essential infrastructure rather than luxury additions.

News Highlights in the Property Sector

- Effective 1 January 2026, the Finance Act 2025 introduces a 15% Presumptive Rental Income Tax, requiring landlords with commercial tenants lacking a valid Tax Clearance Certificate (ITF263) to withhold and remit 10% of gross rent to ZIMRA. Additionally, the tax rate for selling land, shares, or intellectual property has risen from 5% to 8% and
- Property owners and managers are now required to submit Quarterly Tenant Registers and occupancy lists to ZIMRA to map economic activity.
- Pfuma fund Real Estate Investment Trust (REIT) plans to list on the Victoria Falls Stock Exchange (VFEX), offering USD-denominated dividends with a target yield of 5%.

4.7. Tourism Sector

Zimbabwe's tourism sector is poised for a significant resurgence in 2026, driven by strong international interest and strategic marketing. The sector is projected to grow by 3.1% in 2026, driven by rising arrivals from both local and international tourists. The industry is shifting toward high-value, sustainable tourism, supported by government initiatives to reduce operating costs and improve infrastructure for events like the 2027 Cricket World Cup. Despite the upward trend, the industry still navigates challenges related to the rehabilitation of the road network and the need for more direct international flights.

News Highlights in the Tourism Sector

- The industry has requested a one-year delay for the new 15.5% VAT tax, which applies to tourism activities and transfers effective 1 January 2026,

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pleading that 75% of 2026 bookings were already contracted before the VAT change from 15%, threatening to negatively impact competitiveness.

- Zimbabwe is confirmed to host the 23rd Meeting of the UN Tourism Committee on Tourism and Sustainability (CTS) in Victoria Falls from April 27-28, 2026, followed by the 3rd UN Tourism Women in Tourism Congress, reinforcing its MICE (Meetings, Incentives, Conferences, and Exhibitions) status.
- The Zimbabwe Tourism Authority (ZTA) issued an ultimatum for all tourism-related businesses to register by February 28, 2026, under the new Tourism Amendment Bill 2025 to avoid closure as the state aims for the formalisation of the sector.

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5. Regional Economies

5.1. Sub-Saharan Africa Economic Outlook

According to the World Bank, growth in Sub-Saharan Africa is forecast to firm to 4.3% in 2026, driven by moderating inflation, increased agricultural production, and recovery in major economies like Nigeria and South Africa. Despite this, the recovery remains uneven and fragile, constrained by high debt-servicing costs, limited fiscal space, and vulnerability to climate-related shocks, forcing many nations to prioritize urgent fiscal consolidation over development spending. While non-resource-rich economies are expected to expand above their long-term trend rates, the region faces risks from tighter global financial conditions and potential trade disruptions. Ultimately, the projected growth is still insufficient to significantly reduce poverty, leaving per capita income gains weak and creating an urgent, unmet need for massive job creation for the rapidly growing labor force. The following table shows Sub-Saharan Africa's economic growth forecast.

Sub-Saharan Africa Economic Growth Forecasts (%)			
Year	2025	2026	2027
IMF (Jan 2026)	4.4	4.6	4.6
World Bank (Jan 2026)	4.0	4.3	4.5

Strategic insights and takeaways:

- Growth in the region remains fragmented, with strong performance in some countries contrasting sharply with sluggishness in others. This divergence underscores the persistent and binding nature of structural challenges across the region.

5.2. Botswana

5.2.1. Botswana Economic Outlook

Following a severe contraction in 2024 and continued weakness in 2025 due to a global diamond market slump, exacerbated by rising demand for lab-grown alternatives, Botswana's economy is navigating a fragile, structural transition, with GDP expected to contract by roughly 1.0% in 2025 before potentially rebounding by 2.3% in 2026 as non-mining sectors like tourism, agriculture, and finance are prioritized. The fiscal outlook is under pressure, with rising debt projected to reach nearly 45% of GDP by 2027, driven by a 9.4% budget deficit in 2024 and persistent, structural challenges, necessitating urgent diversification reforms. The country is also grappling with high unemployment and a need for improved infrastructure and investment to secure long-term, sustainable growth. The following table shows Botswana's economic growth forecast:

Botswana Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Dec 2025)	-3.0	-1.0	2.3
World Bank (Jan 2026)	-3.0	-3.0	2.3
AfDB (Nov 2025)	-3.0	-0.8	-

Strategic insights and takeaways:

- Ongoing weakness in the diamond industry, driven by global economic slowdown and growth in lab-grown diamonds, continues to severely constrain overall growth and export performance for Botswana.

5.2.2. Botswana Inflation

In January 2026, the annual inflation rate climbed to 4.1%, up from 3.9% in December 2025, marking the second consecutive monthly increase. This uptick was primarily driven by rising costs in alcoholic beverages, miscellaneous goods and services, food and non-alcoholic beverages, transportation, and household furnishings. Month-on-month, the Consumer Price Index (CPI) accelerated by 0.6%, a significant jump from the 0.2% rise recorded previously.

Botswana Year-on-Year Inflation Rate Trend



Source: Central Statistics Office, Botswana – January 2026

Strategic insights and takeaways:

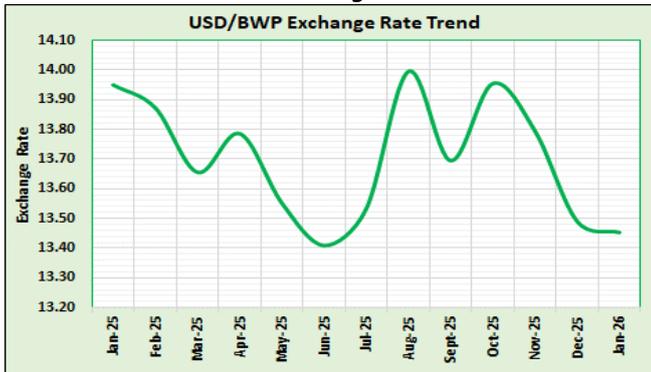
- While inflation remains relatively contained, two consecutive periods of increase signal a potential warning of rising inflationary pressures, warranting caution in policy decisions.

5.2.3. Botswana Exchange Rates

The Botswana Pula has remained stable, trading within a narrow range of BWP13.30 to BWP14.00 against the US dollar for over a year. In the reviewed month, the Pula appreciated marginally by 0.28% against the US dollar, following an appreciation of 2.26% in December 2025. The graph below clearly shows the USD: BWP exchange rate trend for the past year.

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Botswana Exchange Rate Trend



Source: Reserve Bank of Botswana – January 2026

Strategic insights and takeaways:

- While appreciation supports price stability, it may weigh on export competitiveness, particularly for non-diamond exports and tourism, requiring careful policy calibration.

5.2.4. Botswana Economic Sectors

i. External Sector

The most recent data indicate that Botswana’s merchandise exports declined to BWP3.86 billion in November 2025, representing a 10.8% decrease from BWP4.33 billion recorded in October 2025. The export basket was dominated by diamonds (59.3%), copper (20.8%), and machinery (6.3%).

On the import side, merchandise imports decreased to BWP7.32 billion in November 2025, representing a 6.5% decrease from BWP7.82 billion recorded in October 2025. Major import categories included fuel (20.0%), Food, Beverages & Tobacco (18.3%), and Electrical Equipment (12.0%).

As a result, the external trade account recorded a deficit of BWP3.46 billion in November 2025, 5.46% down from the BWP3.66 billion recorded in the preceding month. Below is a graph summarising all these trade dynamics.

External Trade Statistics



Source: Central Statistics Office, Botswana – January 2026

Strategic insights and takeaways:

- Diamonds accounted for approximately 60% of total exports, underscoring Botswana’s poor economic diversity and vulnerability to global luxury goods cycles and trade-related shocks.

ii. Mining Sector

Diamonds remain the backbone of the economy, accounting for most exports despite a current industry slump. However, in a bid to hedge against commodity price volatility, the country is actively diversifying, with notable strides being made towards other high-revenue minerals like copper, nickel, and rare earths. This shift is driven by a 2026 push to explore the 70% of the nation’s territory that is still under-explored.

News and Highlights in the Mining Sector

- Botswana intends to establish a new state-owned exploration company designed to partner with the private sector to speed up the discovery of new, high-value mineral deposits aside from diamonds.
- Botswana’s diamond stockpile reached 12 million carats by the end of December 2025, almost double the allowable inventory level of 6.5 million, forcing Debswana to pause production at times.
- MMG Limited (MMG) recently marked the ground-breaking of the Khoemaçau Copper Mine expansion in Botswana. The expansion will increase capacity to 130,000 tonnes of copper in copper concentrate per annum, with associated silver output exceeding four million ounces.
- The focus on base metals is intensifying in the country, with the Kalahari Copper Belt seeing new exploration to support the green energy transition.

Strategic insights and takeaways:

- 2026 is seeing plans becoming actions concerning the mining sector diversification efforts. This is poised to lift the state from the economic quagmire it’s currently sunk in and raise growth from a negative zone.

iii. Agriculture sector

Botswana’s agricultural sector, contributing roughly 1.6%–2% to GDP, is transforming from subsistence to commercialization under NDP 12, aiming to improve low productivity, enhance food security, and reduce high import dependency. However, the sector’s full potential is derailed by several challenges, which include climate-induced drought, poor soils, and recent Foot-and-Mouth Disease

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(FMD) risks. Major initiatives include developing commercial agricultural clusters, irrigation, and livestock sector upgrades.

News Highlights in the Agriculture Sector

- A "one-in-200-years" storm caused severe flooding in the Pandamatenga region, submerging over 8,000 hectares of crops (sorghum, sunflower, onions, potatoes, and maize). The Ministry of Agriculture has termed this a wake-up call for climate change adaptation and stressed the need to improve the Pandamatenga drainage system
- A serious foot and mouth disease threat loomed over the Molopo River bordering South Africa in late January 2026. The Botswana Vaccine Institute (BVI) confirmed the supply of 700,000 doses of vaccine by the end of February 2026 to combat the spread.
- As part of the Botswana Economic Transformation Plan (BETP), Botswana aims to make its first commercial export of Moringa to Germany in February 2026, marking a significant step in high-value crop diversification.

iv. Reinsurance

The Botswana reinsurance sector is currently experiencing a growth phase marked by increased localization, as regulatory requirements by the Non-Bank Financial Institutions Regulatory Authority incentivize primary insurers to cede business to domestic players, causing the market to expand. Additionally, the industry is benefiting from Botswana's reputation as a stable financial hub, with major players like Continental Reinsurance relocating their holding companies to Gaborone, signalling confidence in the regulatory landscape and a shift towards creating a regional centre for African insurance. While the sector has recently seen increased capacity and competition, it remains relatively small with high concentration, and future performance is closely linked to economic diversification efforts, digital transformation in underwriting, and building deeper local expertise to manage risks.

Strategic insights and takeaways:

- *Increased reinsurance sector investment by some major players points to strong reinsurance opportunities in Botswana. However, while this signals a favourable investment climate, the resulting rise in competition could deter the entry of new firms.*

5.3. South Africa

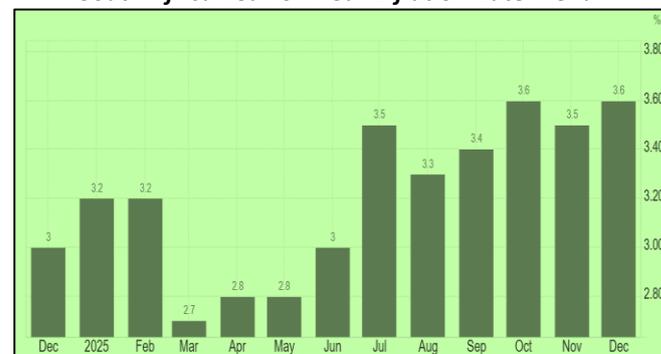
South Africa's economy is experiencing a cautious, albeit more optimistic, phase in early 2026, with growth estimated

to accelerate from roughly 1.3% in 2025 to 1.4%—1.8% in 2026, driven by structural reforms, resilient consumption, improving energy supply, and a coalition government stabilizing the political landscape. While the IMF notes resilience and reduced inflation pressures, persistent risks remain and include high public debt (77% of GDP) and logistical constraints. The following table shows South Africa's annual economic growth forecast as projected by notable institutions.

South Africa Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Feb 2026)	0.5	1.1	1.4
World Bank (Jan 2026)	0.6	1.3	1.4

Meanwhile, the latest data show that in December 2025, South Africa's annual inflation rate rose slightly to 3.6%, up from 3.5% in November 2025. The rise was primarily driven by higher prices in housing and utilities (4.9%), food and non-alcoholic beverages (4.4%), and insurance and financial services (7%). Excluding volatile items such as food, beverages, fuel, and energy, the core inflation rate increased to 3.3% from 3.2% the month before. Month-over-month, consumer prices grew by 0.2% after a 0.1% decline in November. The graph that follows illustrates the country's inflation trend.

South Africa Year-on-Year Inflation Rate Trend



Source: Statistics South Africa – January 2026

5.4. Zambia

Zambia's economic outlook is strongly optimistic, with the IMF projecting real GDP growth of 5.8% for 2026 following an estimated 5.2% in 2025, driven by a robust resurgence in the mining sector, specifically targeting over 1 million metric tons of copper production, alongside a recovery in agriculture and energy generation. Moreover, the country has been quite successful in renegotiating debt, leading to an upgraded credit risk profile and an oversubscribed first bond auction of 2026. However, sustaining this growth requires managing high debt levels— with public debt still at high risk of distress despite

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restructuring—and navigating potential election-year spending pressures. The following table shows Zambia’s annual economic growth forecast:

Zambia Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Jan 2026)	3.8	5.2	5.8
World Bank (Jan 2026)	3.8	5.2	5.8

Meanwhile, annual inflation fell to 9.4% in January 2026, down from 11.2% in December 2025. Monthly inflation also eased, recording 0.5% compared to 1.5% the previous month. Despite the decline in the overall rate, food prices rose by 0.9% setting-off the 0.3% decline in prices for non-food items. The graph that follows illustrates the country’s inflation trend.

Zambia Year-on-Year Inflation Rate Trend



Source: Central Statistics of Zambia – January 2026

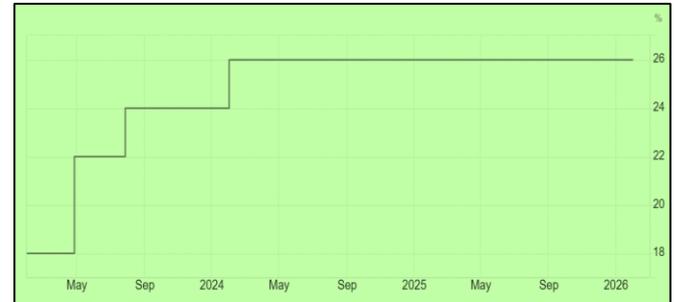
5.5. Malawi

Despite a projected growth uptick to 2.6% in 2026 (from circa. 1.6% in 2025), Malawi's economy remains fragile amid the lingering effects of the 2024 El Niño crisis, high inflation (albeit recent easing), and severe forex shortages. While anticipated gains in agriculture, mega-farms, and mining offer some optimism, the outlook is highly vulnerable. High public debt (>80% of GDP), food insecurity, and intense fiscal pressure severely constrain public investment. The government is pursuing reforms to diversify beyond rain-fed tobacco amid a challenging 2025/26 budget cycle. Long-term growth ultimately hinges on successful external debt restructuring and durable macroeconomic stability. The following table displays Malawi's economic growth projections:

Malawi Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Nov 2025)	1.8	2.4	2.7
World Bank (Jan 2026)	1.7	1.9	2.6

Meanwhile, due to persistently high inflation rates, the Central Bank has been maintaining interest rates elevated at 26% since February 2024, and the graph below shows this trend.

Malawi Benchmark Interest Rate



Source: Reserve Bank of Malawi – January 2026

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6. Global Economy

6.1. Global Economic Outlook

The global economy is exhibiting resilience and stabilizing growth, with projections holding steady around 3.3% for 2026 according to the IMF. However, the outlook remains uneven and vulnerable to downside risks, including escalating trade tensions, high debt levels, and geopolitical conflicts. While easing inflation and potential monetary policy shifts are supporting economic activity, growth is expected to remain steady but slow, falling below pre-pandemic averages, with significant divergences between robust performances in some areas and sluggish, debt-constrained recovery in developing economies. The landscape is characterized by a re-globalization trend restructuring supply chains for security over cost and a significant, AI-driven surge in technology investment that is helping to offset structural weaknesses and trade headwinds. Ultimately, the global economy is in a transition phase, moving toward a multipolar, results-based order where policy uncertainty and fiscal pressures limit long-term growth prospects, necessitating increased international cooperation to avoid further fragmentation. The following table displays Global economic growth projections:

Global Economic Growth Forecasts (%)			
Year	2025	2026	2027
IMF (Jan 2026)	3.3	3.3	3.2
World Bank (Jan 2026)	2.7	2.6	2.7

Strategic insights and takeaways:

- *The global economy is undergoing a fundamental shift, marked by the rise of AI, a pivot toward re-globalization, and supply chains prioritized for security over cost. These trends demand tailored policy responses, requiring policymakers to adapt national frameworks to remain aligned with this rapidly evolving landscape.*

6.2. United States of America

The U.S. economy remains resilient, underpinned by robust AI-related capital investment and sustained consumer demand, even as it contends with some headwinds, including high borrowing costs and tighter immigration policies. Although the labor market has cooled, growth is expected to be 2.4% in 2026, supported by personal income tax cuts and a more proactive trade policy. However, uncertainty persists, driven largely by the nation's evolving trade policy and broader foreign policy, particularly concerning bilateral and multilateral relations. The following table displays the USA's economic growth projections:

USA Economic Growth Forecasts (%)			
Year	2025	2026	2027
IMF (Jan 2026)	2.1	2.2	2.0
World Bank (Jan 2026)	2.1	2.2	1.9

Meanwhile, US annual inflation eased to 2.4% in January 2026, down from 2.7% in the preceding two months. This decline is partly attributable to base effects, as the high readings from early 2025 have fallen out of the year-on-year calculation. The slowdown was driven by notable disinflation in the energy sector and lower prices for used cars and trucks. Meanwhile, inflation moderated for both food and shelter, the latter slowing to 3% from 3.2%. On a monthly basis, the Consumer Price Index (CPI) rose 0.2%, slightly below both December's 0.3% increase and market expectations. The graph that follows illustrates the country's inflation trend.



Source: Federal Reserve – January 2026

6.3. China

China's economy is navigating a two-speed landscape, where robust, technology-driven export growth is offsetting persistent domestic weaknesses, most notably a prolonged property sector downturn and low consumer confidence. While the Government has pledged more proactive fiscal support measures to boost quality development, structural headwinds depict an uneven recovery. Consequently, economic projections for 2026 suggest a moderate slowdown in GDP growth to 4.5% according to the IMF. However, the drag in the property market is expected to gradually lessen, allowing for a stabilized but lower growth trajectory as policymakers shift focus from rapid expansion to long-term industrial modernization, AI infrastructure, and green energy. The following table displays China's economic growth projections:

China Economic Growth Forecasts (%)			
Year	2025	2026	2027
World Bank (Jan 2026)	4.9	4.4	4.2
IMF (Jan 2026)	5.0	4.5	4.0

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Meanwhile, China's annual inflation rate eased sharply to 0.2% in January 2026, down from 0.8% in December. The moderation was driven by a high base effect and steeper declines in energy prices. Food prices fell for the first time in three months, while non-food inflation also softened. On a monthly basis, the CPI rose 0.2%, matching December's increase but falling short of the 0.3% forecast. The graph that follows illustrates the country's inflation trend.

China Year-on-Year Inflation Rate Trend



Source: National Bureau of Statistics of China – January 2026

6.4. Germany

Germany's economy is navigating a fragile transition from stagnation to modest recovery, with the IMF projecting a growth of 1.1% in 2026 and 1.5% in 2027. Expansionary fiscal policy—including a €500 billion infrastructure fund and increased defence spending—is expected to contribute nearly two-thirds of a percentage point to 2026 growth, though rollout has been slower than anticipated. Significant headwinds persist, including trade uncertainty from US tariffs, structural labour shortages from an aging population, and a prolonged slump in manufacturing competitiveness. The following table shows Germany's economic growth projections:

Germany Economic Growth Forecasts (%)

Year	2025	2026	2027
IMF (Jan 2026)	0.2	1.1	1.5
OECD (Dec 2025)	0.3	1.0	1.5

Germany's annual inflation rate rose to 2.1% in January 2026, climbing from December's 15-month low rate of 1.8%. The increase was driven by a sharp acceleration in food prices, which pushed goods inflation up to 1.0% from 0.4%. In contrast, there was a deeper decline in energy costs and a moderation in services inflation, providing some relief on underlying price pressures. Core inflation, which excludes food and energy, edged up slightly to 2.5% from 2.4% the previous month. The graph that follows illustrates the country's inflation trend.

Germany Year-on-Year Inflation Rate Trend



Source: Federal Statistics Office – January 2026

6.5. United Kingdom

The UK economy entered 2026 on a subdued note, with GDP growth of just 0.1% in the final quarter of 2025 and a modest annual rate of 1.3%, largely due to a slowdown in the powerhouse services sector. The labour market has continued to soften, with unemployment reaching a post-pandemic high of 5.1% by late 2025 and projected to rise further in the first half of 2026. Growth is expected to remain modest at 1.3% in 2026 as the economy contends with global uncertainty, fiscal drag, and a forecast contraction in business investment. The following table shows a tabulated summary of the UK's economic growth projections as proposed by different authorities.

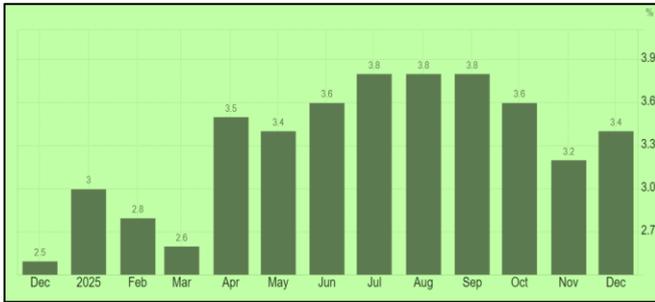
UK Economic Growth Forecasts (%)

Year	2025	2026	2027
IMF (Jan 2026)	1.4	1.3	1.5
OECD (Dec 2025)	1.5	1.2	1.3

The latest data from the Office of National Statistics indicate that UK consumer price inflation rose to 3.4% in December 2025, up from 3.2% in November 2025. The increase was largely driven by higher prices for alcohol, tobacco, and transport, with additional upward pressure from food, non-alcoholic beverages, and services. On a monthly basis, the CPI rose 0.4% in December 2025, rebounding from a 0.2% decline in November 2025, matching market expectations. The graph that follows illustrates the country's inflation trend.

UK Year-on-Year Inflation Rate Trend

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Source: Office for National Statistics – January 2026

6.6. United Arab Emirates (UAE)

The UAE’s economy is experiencing a robust expansion driven by a strong non-oil sector, with real GDP projected to grow around 5% in 2026, building upon the 4.8%–4.9% expansion estimated for 2025. The non-oil economy, which accounts for over 75% of total GDP, continues to be fuelled by high-performing sectors including tourism, financial services, construction, and real estate, alongside accelerating digital transformation. Concurrently, the oil sector is witnessing a rebound, supported by increased production quotas from OPEC+. While high-profile investment projects and significant population growth drive domestic demand, key risks for 2026 include global trade fragmentation, geopolitical tensions, and potential volatility in oil prices. Despite these, the UAE’s fiscal position remains strong, and the economy is positioned as a leading, resilient hub within the Gulf. The following table shows economic growth forecasts for the UAE:

UAE Economic Growth Forecasts (%)			
Year	2025	2026	2027
IMF (Oct 2025)	4.8	5.0	4.7
World Bank (Jan 2026)	4.8	5.0	5.1

Strategic insights and takeaways:

- The state remains an economic powerhouse dominating almost every sector, implying high-quality investment opportunities in the country. This is poised to lure in more investors, which will further grow the economy.

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7. Commodities Markets

Commodity	Dec 2025 Average Price (US\$)	Jan 2026 Average Price (US\$)	Percentage Change
Gold (oz)	4,321.62	4,714.07	▲ 9.1%
Platinum (oz)	1,895.13	2,401.77	▲ 26.7%
Silver (oz)	65.05	90.14	▲ 38.6%
Oil (barrel)	61.41	64.12	▲ 4.4%

7.1. Gold

Gold continued its rally in January 2026. Opening at US\$4,367.80/oz, the price climbed steadily to an all-time high of US\$5,405.00/oz late in the month before retreating to close at US\$4,981.85/oz. On a monthly average basis, prices increased by 9.1%, rising from US\$4,321.62/oz in December 2025 to US\$4,714.07/oz. This significant appreciation was driven by intense safe-haven demand fuelled by escalating geopolitical tensions, concerns over U.S. economic policy, and sustained central bank purchasing. The following graph illustrates the daily gold price trend for the month under review.

Gold Price Movements



Source: LBMA – January 2026

Strategic insights and takeaways:

- The current gold market boom offers significant potential for gold-rich economies like Zimbabwe, and to fully capitalize, the government must prioritize creating a stable, incentivizing regulatory and fiscal environment that maximizes formal production and integrates artisanal mining.

7.2. Platinum

Platinum prices exhibited a strong upward trend in January 2026, opening at US\$2,226/oz and climbing gradually to a peak of US\$2,811.00/oz. Following a sharp correction, the

metal closed the period at US\$2,300.00/oz. On a monthly average basis, prices surged by 26.7% to US\$2,401.77/oz, up from US\$1,895.13/oz in December 2025. This significant volatility was driven by severe supply constraints—notably production shortfalls in South Africa—combined with intense investment speculation and robust global industrial demand. The following graph depicts the trend of daily platinum prices during the month under review.

Platinum Price Movements



Source: LBMA– January 2026

7.3. Silver

Silver prices demonstrated a strong upward trend during the reviewed period, opening at a low of US\$71.99/oz and rising steadily to close at US\$103.19/oz. On a monthly average basis, prices surged 38.6% from US\$65.05/oz in December 2025 to US\$90.14/oz. This rally was primarily driven by unprecedented industrial demand from the green energy sector, constrained mine supply, and widespread macroeconomic anxiety. The following graph depicts the daily silver price trend for the month under review.

Silver Price Movements



Source: LBMA– January 2026

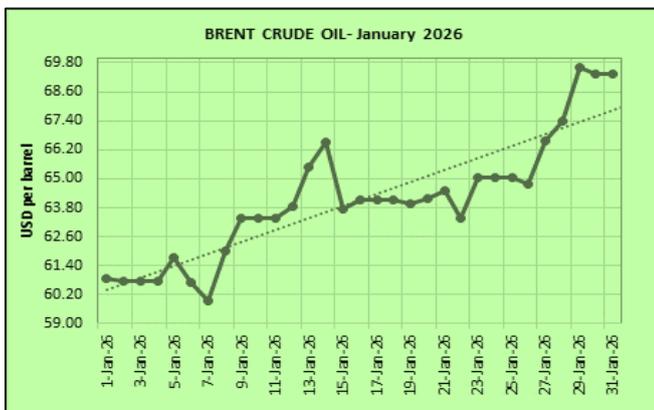
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green energy, to reduce the country's long-term economic vulnerability.

7.4. Crude Oil

In January 2025, oil prices trended upward, opening the month at US\$60.85/barrel. After a volatile ascent, they peaked at US\$69.59/barrel before moderating to close at US\$69.32/barrel. On a monthly average basis, prices increased by 4.4% from US\$61.41/barrel to US\$64.12/barrel. This market volatility was largely attributed to rising geopolitical tensions around Iran and Venezuela, which created new uncertainty regarding their future oil exports. The following graph depicts the daily crude oil price trend for the month under review.

Crude Oil Price Movements



Source: Oilprice – January 2026

Strategic insights and takeaways:

- As a net oil importer, Zimbabwe faces the risk that rising oil prices could significantly increase its import bill, potentially eroding the trade gains generated by surging gold exports. This situation underscores the state's vulnerability to global commodity price volatility, implying a critical need to mitigate this exposure by accelerating the transition to oil substitutes, such as

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