Monthly Economic Update May 2026

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1. Zimbabwe Economic Performance

1.1. Zimbabwe Economic Outlook

The Zimbabwean economy continues to demonstrate remarkable resilience against a backdrop of global oil price shocks and persistent supply chain disruptions. This resilience is underpinned by policy consistency and efficient execution, which have together delivered a stable macroeconomic environment, characterised by a shrinking exchange rate premium and inflation at historic lows. In a bid to sustain this momentum without choking off growth, the Central Bank has slightly eased interest rates to 30% (down from 35%), highlighting confidence in inflation containment.

In the productive sectors, winter wheat cultivation has surpassed area targets, and manufacturing capacity utilisation has improved to 57%, driven by the government's value-addition, industrialisation, and foreign currency retention agendas. Nevertheless, the balance of risks remains skewed to the downside, with an 80% probability of El Niño conditions during the 2026/27 summer season posing a significant threat to agricultural output. Against this backdrop, the following table shows Zimbabwe's economic growth forecasts as projected by the IMF and World Bank:

Zimbabwe Economic Growth Projections			
Year	**2025**	**2026**	**2027**
IMF ***(Apr 2026)***	7.5	5.0	4.2
World Bank ***(Jan 2026)***	6.6	5.0	5.0

Strategic insights and takeaways:

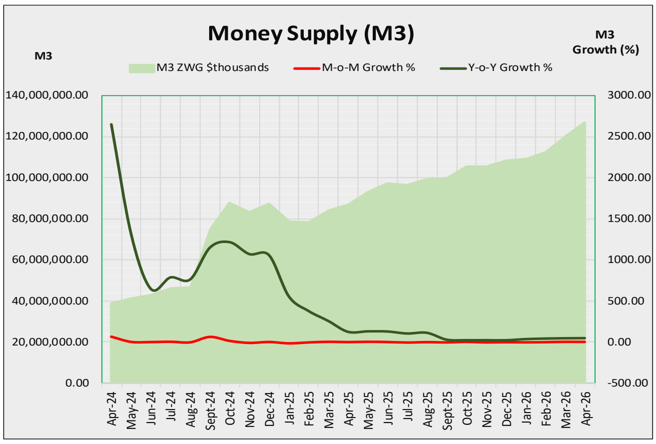
- *The 5% rate cut is a significant signal, telling the market that the Central Bank believes inflation is durably contained. While this is a sign of confidence, anchoring inflation expectations, it is also a calculated gamble. If easing has been done prematurely currency and inflationary pressures may reignite.*

2. Zimbabwe Financial Sector

2.1. Money Supply

According to the latest RBZ data, Broad Money (M3) increased by 5.74% month-on-month in April 2026, rising to ZWG126.71 billion from ZWG119.84 billion in March 2026, reflecting controlled expansion in money supply as compared to other periods in history. On a year-on-year basis, M3 growth rose marginally to 45.64% in April 2026, up from 42.99% in March 2026. The following graph illustrates these monetary trends from April 2024 to April 2026.

Monetary Developments (ZWG Thousands)



Source: RBZ – May 2026

Strategic insights and takeaways:

- *Even though current annual M3 growth is lower than that recorded in past periods, policymakers and investors must not mistake 'better than before' for 'genuinely stable.' Money supply expansion continues to far outpace economic activity, implying that too much money is chasing too few goods and services, suggesting that the current stability is fragile and unsustainable, calling for further corrective action.*

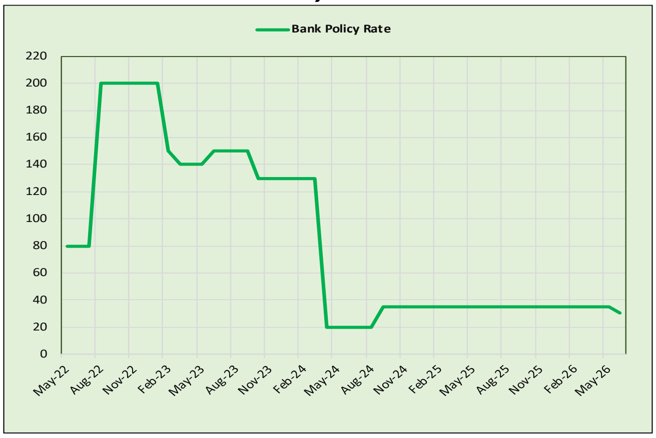
2.2. Interest Rates

The Monetary Policy Committee (MPC) unveiled new resolutions on interest rates and key monetary tools during its recent meeting (June 15, 2026) as summarized below.

1. Reduction of the bank policy rate from 35% to 30%.
2. Interest rate on the Targeted Finance Facility (TFF), was reduced from 20% to 15%, proportional to the proposed reduction in the Bank policy rate, albeit with a cap on Banks on lending to the productive sectors at an all-inclusive interest rate of 25%
3. Statutory Reserve Requirements maintained at 30% for demand deposits and 15% for savings and time deposits for both local and foreign currency deposits.

The graph below shows the interest rate trend for the period May 2022 to June 2026.

Bank Policy Rate Trend



Source: RBZ – May 2026

Strategic insights and takeaways:

- *Credit Availability: Lower rates improve affordability of loans for productive sectors.*
- *Treasury Impact: Banks must recalibrate asset-liability management (ALM) with new rate caps.*
- *Investor Confidence: Signals policy discipline and structural stability, potentially attracting ESG and diaspora capital.*
- *Risk Management: Banks must remain vigilant against parallel market FX pressures despite lower inflation.*

As of 29 May 2026, the weekly average minimum lending rates in local currency were recorded at 44.19% for individuals and 40.35% for corporates. On the other hand, average minimum deposit rates for savings, 1-month, and 3-month deposits were recorded at 4.25%, 6.96%, and 7.96%, 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
1-May-26	43.9	40.36	3.83	6.69	6.87
8-May-26	43.93	40.35	4.35	7.03	7.73
15-May-26	44.1	40.3	4.35	7.03	7.73
22-May-26	44.52	40.36	4.35	7.03	7.73
29-May-26	44.52	40.4	4.35	7.03	7.73
Average	44.19	40.35	4.25	6.96	7.56

Source: RBZ – May 2026

In US Dollar terms, the most recent weekly average minimum lending rates stood at 13.80% for individuals and 10.22% for corporates, whilst the latest average minimum deposit rates for savings, 1-month, and 3-month deposits were recorded at 2.10%, 4.31%, and 4.84%, 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) (Minimums)					
Week Ending	**Lending Rates (%)**		**Deposit Rates (%)**		
	Individual Clients	Corporate Clients	Savings	1-Month	3-Months
1-May-26	13.72	10.23	1.89	3.92	4.4
8-May-26	13.73	10.24	2.15	4.41	4.95
15-May-26	13.82	10.35	2.15	4.41	4.95
22-May-26	13.87	10.13	2.15	4.41	4.95
29-May-26	13.87	10.14	2.15	4.41	4.95
Average	13.80	10.22	2.10	4.31	4.84

Source: RBZ – May 2026

2.3. Foreign Currency Market

On a monthly average basis, the U.S. dollar broadly depreciated in May 2026, extending the trend from the previous month. It weakened against 11 of the 18 currencies in our basket, with its most significant depreciation occurring against the Russian Rubble (-5.2). Conversely, it registered its strongest appreciation against the ZWG (+3.00%). The following table outlines these average monthly changes.

Exchange rate analysis (Monthly Averages)

Exchange Rate Analysis (Averages)			
Currency/US$	**30-Apr-26**	**31-May-26**	**Change (%)**
Argentine Peso	1382.0706	1397.9104	1.15
Australian Dollar	1.4135	1.3918	-1.53
Botswana Pula	13.5192	13.5743	0.41
Brazilian Real	5.0452	4.9922	-1.05
British Pound	0.7445	0.7412	-0.44
Canadian Dollar	1.3777	1.3718	-0.42
Chinese Yuan Renminbi	6.8410	6.8020	-0.57
Euro	0.8557	0.8561	0.05
Hong Kong Dollar	7.8342	7.8332	-0.01
Indian Rupee	93.3970	95.4405	2.19
Japanese Yen	159.2405	158.1563	-0.68
Norwegian Krone	9.4783	9.2581	-2.32
Russian Ruble	77.0566	73.0521	-5.20
South African Rand	16.5734	16.4906	-0.50
South Korean Won	9.2844	9.3030	0.20
Swedish Krona	0.7888	0.7829	-0.74
Swiss Franc	1485.7594	1489.6396	0.26
Zimbabwean dollar	25.2525	26.0095	3.00
Source: X-Rates; © ZB Financial holdings			

Similarly, when comparing month-ending exchange rates, the US exhibited the same performance, losing against 10 of the tracked currencies, highlighting the impact of slowing U.S. economic momentum, shifting Federal Reserve policy expectations, and adverse geopolitical developments. The table below details these movements.

Exchange Rate Analysis (End Period)

Exchange Rate Analysis(Month ending)			
Currency/US$	**Apr-26**	**May-26**	**Change (%)**
Argentine Peso	1390.9000	1409.2257	1.32
Australian Dollar	1.4029	1.3919	-0.78
Botswana Pula	13.5604	13.4360	-0.92
Brazilian Real	5.0113	5.0398	0.57
British Pound	0.7414	0.7431	0.23
Canadian Dollar	1.3671	1.3796	0.91
Chinese Yuan Renminbi	6.8388	6.7667	-1.05
Euro	0.8558	0.8577	0.22
Hong Kong Dollar	7.8367	7.8364	0.00
Indian Rupee	94.9164	94.9721	0.06
Japanese Yen	160.1981	159.2855	-0.57
Norwegian Krone	9.3247	9.2437	-0.87
Russian Ruble	75.0413	71.0165	-5.36
South African Rand	16.8112	16.2354	-3.42
Swedish Krona	1488.1526	1507.8437	1.32
Swiss Franc	9.3071	9.2431	-0.69
SouthKoreanWon	0.7906	0.7810	-1.21
Zimbabwean dollar	25.3419	26.9181	6.22

Source: X-Rates; © ZB Financial holdings

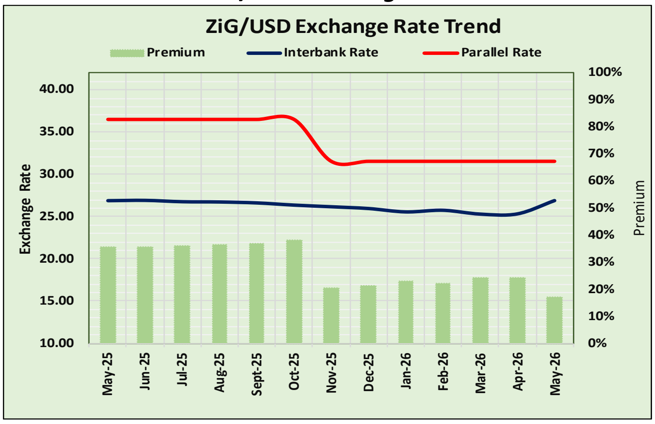
Strategic insights and takeaways:

- *Ongoing currency market volatility is causing swings in asset values, complicating valuations and forecasts. Short to medium-term hedging strategies are therefore essential to protect asset value against these fluctuations.*

2.4. Zimbabwe Gold (ZiG) Exchange Rate

In May 2026, the Zimbabwe Gold (ZWG) remained relatively stable. On the official market, it depreciated by 5.9% against the USD to ZWG26.92 per dollar from ZWG25.34 per dollar recorded at the end of April 2026. Meanwhile, the parallel market rate held steady at an average of ZWG31.50. Consequently, the depreciation of the official rate narrowed the exchange rate premium from 24% to 17%. The chart below illustrates the movement of both interbank and parallel exchange rates from May 2025 to May 2026.

ZWG/USD Exchange Rate



Source: RBZ & ZB Financial Holdings – May 2026

Strategic insights and takeaways:

- *Despite month-on-month ZiG depreciation, the currency remains relatively stable by past standards. However, elevated oil prices are increasing USD demand for imports, threatening local currency market stability. Policymakers must therefore monitor currency markets diligently and intervene to protect the newly found fragile stability.*

2.5. Equity Markets

The Zimbabwe Stock Exchange (ZSE) performance improved in May 2026, with local-currency market capitalization rising by 7.3% month-on-month, from ZWG83.46 billion to ZWG89.56 billion. In USD terms, market capitalization also increased from US$3.29 billion to US$3.33 billion. The all-share index gained by 6.6%, from 365.17 points to 389.26 points, reflecting improved activity and investor sentiments on the bourse.

Meanwhile, the Victoria Falls Stock Exchange (VFEX) rebounded from the previous month's losses. Market capitalization rose by 7.13%, increasing from US$3.5 billion in April 2026 to US$3.7 billion, while the all-share index climbed 7.1% to 245.12 points, up from 228.92 points in April 2026. This upward trend is expected to continue, driven by the VFEX's relocation to the Victoria Falls International Financial Services Centre (IFSC). The move creates a robust legal firewall for US dollar assets, establishing an independent offshore framework designed to shield capital markets from local economic volatility.

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$ '000
May-26	389.26	89,564.56	3,327.28	245.12	3,736,840.76
Apr-26	365.17	83,459.57	3,293.34	228.92	3,488,041.27
Mar-26	358.55	112,345.38	4,436.86	249.86	3,880,674.73
Feb-26	359.11	111,894.24	4,341.48	224.06	2,541,968.92

Source: ZSE & VFEX – May 2026

Strategic insights and takeaways:

- *The structural shift the equity market remains evident, with the VFEX overtaking the ZSE as the dominant exchange, reflecting strong investor appetite for secure, USD-denominated equities. The VFEX's transition to an IFSC is expected to deepen this trend by insulating equity values from local volatility and attracting offshore capital, a dynamic expected to further entrench the VFEX as the preferred bourse.*

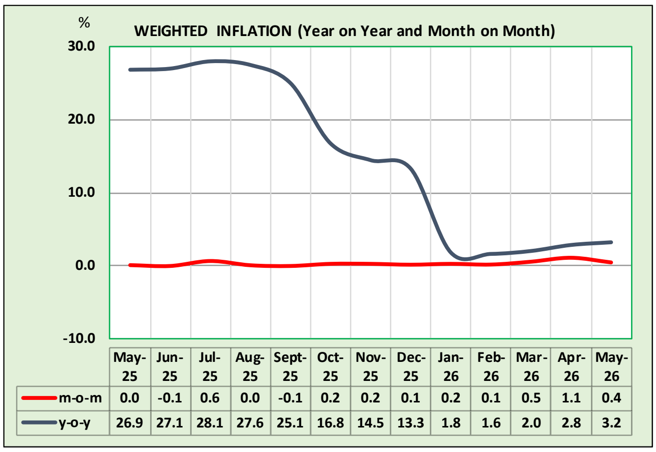
3. Prices and Cost of Living

3.1. Inflation

a. Weighted Inflation

In May 2026, the weighted year-on-year inflation rate—based on the all-items Weighted Consumer Price Index (CPI)—rose to 3.2%, up 0.4 percentage points from 2.8% in April 2026. On a month-on-month basis, the weighted inflation rate dropped to 0.4% from 1.1% in April 2026. The monthly increase in the weighted index was primarily driven by upward pressure from three main categories, namely Transport, Food and Non-Alcoholic Beverages, and Furniture, household equipment, and maintenance, all indicating the pass-through effects of high fuel prices. The following graph illustrates the current trend of weighted inflation in Zimbabwe.

Weighted Inflation Trend



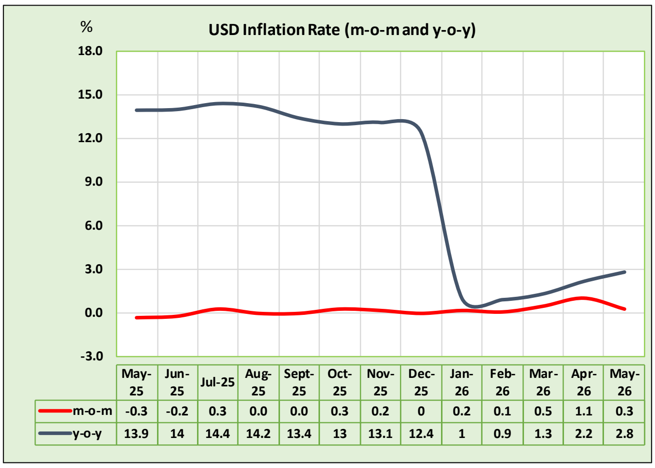
	May-25	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
m-o-m	0.0	-0.1	0.6	0.0	-0.1	0.2	0.2	0.1	0.2	0.1	0.5	1.1	0.4
y-o-y	26.9	27.1	28.1	27.6	25.1	16.8	14.5	13.3	1.8	1.6	2.0	2.8	3.2

Source: ZIMSTATS – May 2026

b. USD Inflation

The USD year-on-year inflation rate for May 2026, as measured by the all-items USD CPI, was 2.8%, up by 0.6 percentage points from the April rate of 2.2%. On a month-on-month basis, the USD inflation rate for April 2026 was 0.3%, indicating a 0.8 percentage point decrease from the previous month's rate of 1.1%. The increase in the USD price index was mainly driven by the increase in prices for transport and food. The graph below illustrates the recent trend in USD inflation in Zimbabwe.

Zimbabwe USD Inflation Trend



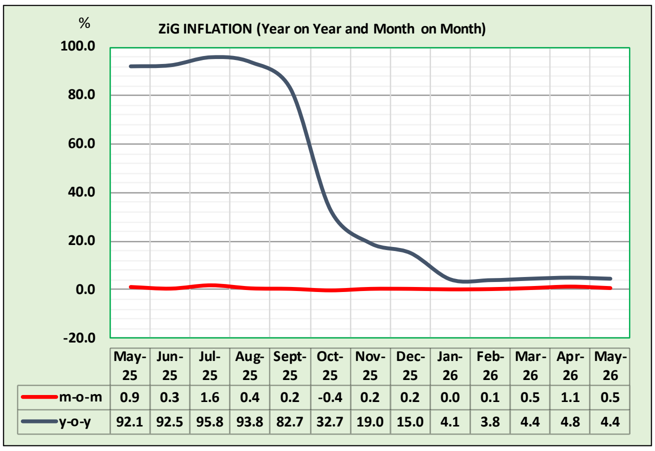
	May-25	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
m-o-m	-0.3	-0.2	0.3	0.0	0.0	0.3	0.2	0	0.2	0.1	0.5	1.1	0.3
y-o-y	13.9	14	14.4	14.2	13.4	13	13.1	12.4	1	0.9	1.3	2.2	2.8

Source: ZIMSTATS – May 2026

c. ZiG Inflation

The ZWG year-on-year inflation rate for May 2026, as measured by the all-items ZWG CPI, was 4.4%, reflecting a 0.4 percentage point decrease from the April 2026 rate of 4.8%. Month-on-month, the inflation rate was 0.5%, down by 0.6 percentage points from the April 2026 rate of 1.1%. During the period under review, price increases were primarily driven by the transport, food, and clothes and footwear categories. The graph that follows illustrates recent trends in ZWG inflation.

ZWG Inflation Rate Trend



	May-25	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
m-o-m	0.9	0.3	1.6	0.4	0.2	-0.4	0.2	0.2	0.0	0.1	0.5	1.1	0.5
y-o-y	92.1	92.5	95.8	93.8	82.7	32.7	19.0	15.0	4.1	3.8	4.4	4.8	4.4

Source: ZIMSTATS – May 2026

Strategic insights and takeaways:

- *In response to present inflationary pressures, economic agents should maintain robust inventory buffers to absorb short-term cost shocks in fuel and essential commodities.*

3.2. Poverty Datum Lines

The Total Consumption Poverty Line (TCPL), which reflects the minimum monthly income needed to cover both basic food and non-food needs, increased by 0.6% to ZWG1,337.37 in May 2026, up from ZWG1,329.0.7 in April 2026.

Meanwhile, the Food Poverty Datum Line (FPDL), measuring the cost to meet a basic daily-nutritional requirement of 2,100 calories per person, also increased by 0.8% to ZWG916.59 from ZWG909.72 in April 2026. For a six-member household, this amounts to ZWG5,499.55, 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	FPDL	% Change
Jan-26	1,307.01	0.4	895.15	0.1
Feb-26	1,307.02	0.0	894.01	-0.1
Mar-26	1,312.17	0.4	896.49	0.3
Apr-26	1,329.07	1.3	909.72	1.5
May-26	1,337.37	0.6	916.59	0.8

Source: ZIMSTATS – May 2026

Strategic insights and takeaways:

- *Rising poverty lines imply a widening gap between living costs and fixed nominal incomes. The resulting degradation of living standards poses a structural risk to the realization of the country's vision to transition into an upper-middle-income economy.*

4. Zimbabwe Economic Sectors

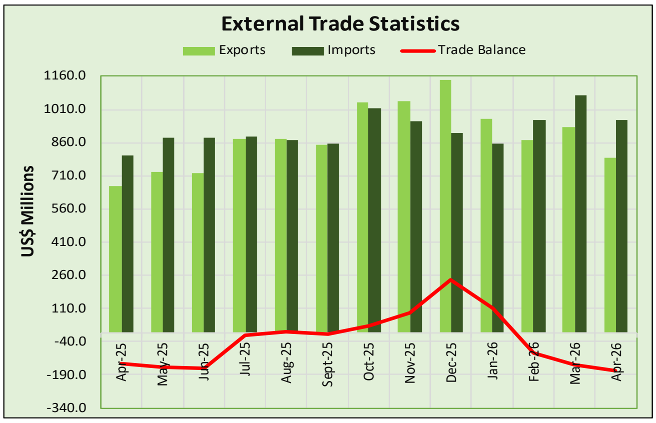
4.1. External Sector

Latest data from ZIMSTAT indicate that Zimbabwe's merchandise exports decreased by 15% to US$792.3 million in April 2026, from US$932 million in March 2026. Among the top ten products exported in March 2026 were semi-manufactured gold, nickel mattes, and tobacco, accounting for 49.7%, 24.3%, and 3.9% of the total export value, respectively.

On the procurement side, merchandise imports decreased to US$962 million, down by 10.8% from US$1.08 billion in the previous month. Mineral fuels (20.0% of total imports), machinery and mechanical appliances (17.1%), vehicles (7.0%), and cereals (6.1%) were among the top ten imported products in April 2026.

As a result, Zimbabwe recorded a 15.9% increase in trade deficit, which stood at US$169.7 million in April 2026, compared to US$146.4 million recorded in March 2026. The graph below illustrates trends in external trade statistics since April 2025.

External Trade Statistics



Source: ZIMSTATS- May 2026

Strategic insights and takeaways:

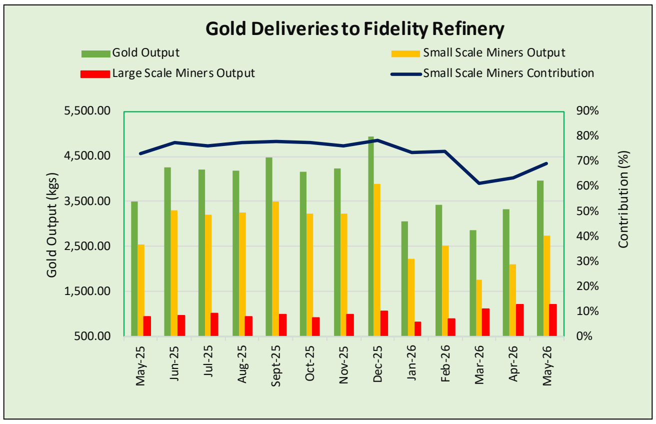
- *Zimbabwe's vulnerability to external shocks remains evident, with monthly trade deficits returning on the back of higher oil prices and softening gold prices. It remains fundamental for the country to prioritise value addition and renewable energy alternatives to improve trade balances.*

4.2. Mining Sector

Zimbabwe's mining sector is undergoing a major regulatory transformation alongside a significant production boom. Small-scale mining has been strictly reserved for local citizens and companies, while new mineral classifications, i.e. critical and strategic, have been introduced. The critical minerals category includes lithium, nickel, copper, rare earth elements, chrome, platinum, and several others. The strategic minerals category is defined more broadly, encompassing resources central to domestic industry and food security, such as gold, diamonds, oil, gas, coal, and others.

Meanwhile, gold deliveries to Fidelity Gold Refinery rose significantly in May 2026, rising by 18.8% to 3,951.01kg from 3,324.59kg in April 2026. Artisanal small-scale miners, who contributed the majority (69%) of total output, recorded the largest increase in production (29.9%) to 2,740.76kg, from 2,110.66kg recorded the previous month. In contrast, large-scale miners recorded an output decrease of 0.3% from 1,213.94kg to 1,210.26kg. The graph below summarizes trends in gold production activity.

Gold Deliveries



Source: FGR – May 2026

News and Highlights in the Mining Sector.

- Mutapa Gold Resources the state-owned gold miner, secured US$75 million from local banks to fund a massive expansion of its Shamva Hill open-pit project, with work slated to begin in August 2026.
- The Ministry of Mines, in collaboration with WWF Zimbabwe, launched a 2026–2030 strategic plan to align the mining sector with strict environmental impact assessments (EIAs), mine rehabilitation mandates, and community-cantered development.

4.3. Agriculture Sector

Zimbabwe's agricultural sector remains resilient, promising a 2.35 million metric tonne maize harvest and a robust winter wheat season backed by 93% dam levels, though localized dry spells have still left some areas facing food insecurity. While grain prices have dipped in surplus regions, the government has mandated agro-processors to source 40% of raw materials locally to curb imports, reinforcing a long-term strategy to build a $15.8 billion climate-resilient agricultural economy by 2030.

News and Highlights in the Agriculture Sector.

- The Famine Early Warning Systems Network (FEWS NET) warned of potential fertilizer shortages and price increases heading into the 2026/2027 season, driven by global supply disruptions in the Middle East.
- The government demerged the Ministry of Lands, Agriculture, Water, Fisheries, and Rural Development, creating standalone Ministries of Lands and Rural Development, and Agriculture, Mechanisation and Water Resources Development.

4.4. Energy Sector

Zimbabwe's energy sector is undergoing a major structural shift, pivoting from traditional hydro and legacy thermal power towards aggressive private, renewable energy investments. Backed by this transition, recent figures from the Ministry of Energy and Power Development show that the country's electricity import bill fell sharply by 44% from US$208.7 million in 2024 to US$117 million in 2025 marking one of the steepest declines in import expenditure in recent years. However, despite these improvements' electricity shortages remain elevated owing to lack of forex to finance investments in power infrastructure.

News and Highlights in the Energy Sector

- The initial phase of the Glovers Solar Power Plant in Munyati, Kwekwe, with a production capacity of 10 MW, has been commissioned.
- The government signed a petroleum production sharing agreement with Invictus Energy to provide a consistent fiscal and regulatory structure for petroleum exploration, development, and production in Zimbabwe

4.5. Manufacturing Sector

The Zimbabwean manufacturing sector remains resilient anchored by a stable macroeconomic environment and single-digit inflation, supporting capacity utilization rate of around 57%. Value-added exports are improving, led by strong performance in agro-processing, basic metals, and tobacco, with the food production sub-sector specifically driving a 16% increase in net employment and a nearly 20% boost in revenue. However, manufacturers continue to grapple with supply-chain vulnerabilities, as domestic dependence on imported raw materials remains strong.

News and Highlights in the Manufacturing Sector.

- The Cabinet approved the Integrated Provincial Special Economic Zones framework, which mandates in-country beneficiation for critical minerals (including lithium and PGMs) to boost local industrial capacity.

4.6. Property Sector

Zimbabwe's property sector is experiencing a strategic transition from asset preservation to wealth accumulation, heavily driven by strong diaspora investments. This dynamic is fuelling a rapid suburbanization wave, causing businesses and institutional investors to abandon congested Central Business Districts—where commercial vacancy rates have spiked up to 60%—in favour of suburban office parks and emerging commercial corridors. While a domestic housing backlog exceeding 1.5 million units persists due to high interest rates and a lack of local mortgage affordability, developers are shifting focus toward incremental peri-urban housing projects, while investors increasingly pivot to short-term rental properties in tourist nodes.

5. Regional Economies

5.1. Sub-Saharan Africa Economic Outlook

Sub-Saharan Africa's economic recovery is losing momentum, with regional growth projections revised downward to 4.1% as tight financial conditions and rising commodity, fuel, and fertilizer costs push median inflation up to 4.8%. This slowdown is worsened by declining external financing, rising debt-servicing burdens, and geopolitical shocks disrupting key trade routes, leaving resource-poor and fragile states in deep fiscal distress. To counter these headwinds, policymakers are urged to pivot toward private sector-led growth, implement targeted social protections for vulnerable households, and realign industrial policies to capture intra-regional demand while stabilizing public balance sheets.

Sub-Saharan Africa Economic Growth Forecasts (%)			
Year	**2025**	**2026**	**2027**
IMF ***(Apr 2026)***	4.4	4.3	4.5
World Bank ***(April 2026)***	4.1	4.1	4.5

Strategic insights and takeaways:

- *The shift toward private sector-led growth and intra-regional trade (AfCFTA) signals a structural realignment. Investors should monitor countries implementing suiting reforms because these will likely be the first to recover as global conditions ease.*

5.2. Botswana

5.2.1. Botswana Economic Outlook

Botswana continues to struggle through a phase of severe fiscal pressure and urgent structural transformation, highlighted by annual inflation spikes and a projected budget deficit of BWP 26.35 billion for the 2026/2027 fiscal year. While GDP growth is forecast to recover to 3.1%, a prolonged global downturn in the natural diamond sector and rising competition from lab-grown alternatives continue to strain foreign reserves and mineral revenues. In response to these headwinds, the Bank of Botswana has tightened monetary policy to contain inflation, while the government has raised corporate tax rates to 25% and top personal income taxes to 27.5% as public debt approaches its 40% statutory limit. To break this diamond dependency, the government is spearheading structural reforms to boost manufacturing, eco-tourism, and agriculture, while simultaneously engaging Gulf investors to reshape the nation's strategic stake in De Beers amid Anglo American's divestments. The following table shows Botswana`s economic growth forecast:

Botswana Economic Growth Forecasts (%)			
Year	**2025**	**2026**	**2027**
MoF ***(Feb 2026)***	-0.4	3.1	-
IMF ***(Apr 2026)***	-0.9	4.7	2.2
World Bank ***(Jan 2026)***	-3.0	2.7	3.3

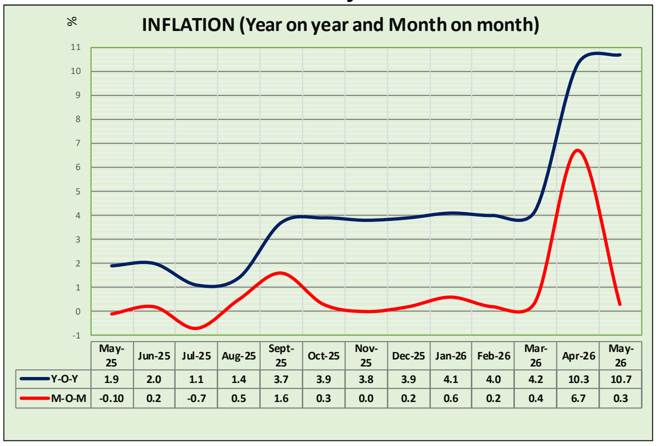
Strategic insights and takeaways:

- *By raising taxes amid economic turmoil, the state is evidently prioritizing debt sustainability overgrowth. While higher taxes improve fiscal revenue, they crowd out the private sector, endangering profits, investment and overall growth.*

5.2.2. Inflation Rate

In May 2026, Botswana's annual inflation rate edged up to 10.7% from 10.3% recorded the in the previous month. Price increases were recorded in several categories, including alcoholic beverages and tobacco, food, clothing and footwear, furnishings and household equipment, health, transportation, restaurants and hotels, as well as miscellaneous goods and services. Meanwhile, price growth held steady in recreation and culture, and education. At the same time, deflation slowed in housing and utilities, and communication. On a month-over-month basis, consumer prices rose 0.3% in May, a sharp deceleration from the 6.7% surge seen in the previous period.

Botswana YoY inflation Trend



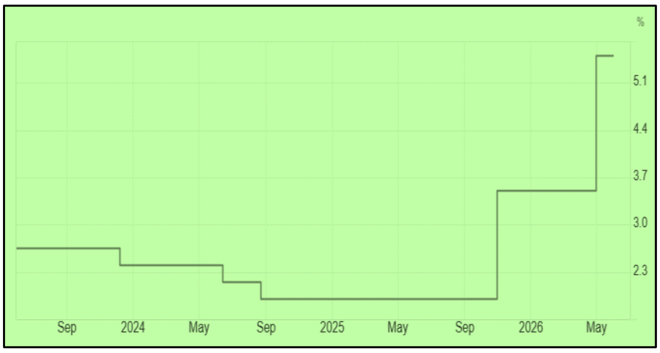
	May-25	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Y-O-Y	1.9	2.0	1.1	1.4	3.7	3.9	3.8	3.9	4.1	4.0	4.2	10.3	10.7
M-O-M	-0.10	0.2	-0.7	0.5	1.6	0.3	0.0	0.2	0.6	0.2	0.4	6.7	0.3

Source: Central Statistics Office, Botswana – May 2026

5.2.3. Botswana Interest Rates

The Central Bank of Botswana kept the benchmark interest rate steady at 5.5% in pursuit of contained inflationary pressures

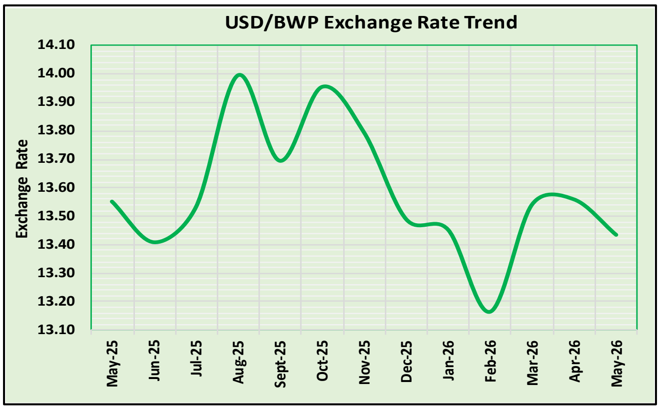
Botswana Benchmark Interest Rate Trend



Source: Central Statistics Office, Botswana – May 2026

5.2.4. Botswana Exchange Rates

The Botswana Pula continues to be steady, trading between 13.00 and 14.00 per U.S. dollar for more than a year. During the month under review, the Pula gained slightly against the dollar, appreciating by 0.9% to BWP13.44 after a 0.13% drop the previous month. The chart below provides a clear illustration of the USD/BWP exchange rate trend over the past twelve months.



Source: Bank of Botswana – May 2026

Strategic insights and takeaways:

- *The Pula remains relatively firm, despite the ongoing economic turmoil in the country. This underscores the currency's resilience against shocks, making it a dependable investment choice.*

5.2.5. Botswana Economic Sectors

i. Mining Sector

Botswana's mining sector continues to be defined by an aggressive push to diversify away from its traditional reliance on diamonds toward critical minerals like copper, which now commands over 32% of export value. Amid a persistent global rough diamond glut and rising domestic stockpiles that have strained state revenues, the country has joined the World Federation of Diamond Bourses to transform itself from a rough supplier into a premier international diamond trading and marketing hub. Moreover, to buffer the economy against diamond market volatility, Botswana is aggressively inviting global capital, forming new trade ties with regions like the Gulf and Europe, and establishing a state-owned exploration company to accelerate the mapping of its untapped copper, uranium, and energy metal reserves.

News and Highlights in the Mining Sector

- Copper has surged to account for a massive share of Botswana's export value. Explorers and majors are accelerating Kalahari Copperbelt projects, with operators like Sandfire Resources scaling up operations and advancing a 21 MW solar plant at the Motheo mine to achieve decarbonization.

Strategic insights and takeaways:

- *Joining the World Federation of Diamond Bourses is a bold move to capture downstream value. This will elevate Botswana up the value chain from being a price-taking miner to a price-setting trading hub increasing higher revenue prospects*

ii. Agriculture Sector

Botswana's agricultural sector continues to shift from subsistence farming to an export-driven, value-added agro-industry to reduce diamond dependence, with the Ministry of Lands and Agriculture targeting an increase in GDP contribution to between 6% and 10%. Driven by a new National Fodder Strategy to expand the national cattle herd to five million, the country is actively confronting cross-border Foot and Mouth Disease (FMD) risks through stricter regional border controls. Meanwhile, an €8 million (P130 million) EU-funded Green Jobs initiative is integrating smallholder farmers into local ecotourism supply chains, while the Botswana Investment and Trade Centre boosts export compliance to unlock international markets.

iii. Reinsurance

Botswana's reinsurance sector is experiencing strategic growth driven by strict localization mandates and its transformation into a premier pan-African financial hub. Regulatory stability is robust, reinforced by NBFIRA's targeted capital guidelines and the designation of Continental Reinsurance as a Domestic Systemically Important Insurer following the relocation of its group holding operations from Mauritius. While emerging players like Saha Re increase local capacity, the sector faces unique macroeconomic pressures stemming from the country's sovereign transition away from diamonds, pushing reinsurers to pivot toward long-tail, specialty, and infrastructure-linked risks. According to the Bank of Botswana May 2026 Financial Stability Report, capital adequacy ratios remain well above prescribed minimums despite a tighter liquidity environment, positioning the sector to aggressively prioritize the domestic retention of premiums over historical reliance on South African markets.

Strategic insights and takeaways:

- *Reinsurers heavily exposed to diamond sector-related risks face concentration and redundancy risk. Those pivoting to infrastructure and other non-diamond sub-sector are better aligned with long-term growth but face execution risk.*
- *The shift away from South African cession creates a domestic capacity gap and well-capitalized local reinsurers stand to gain.*

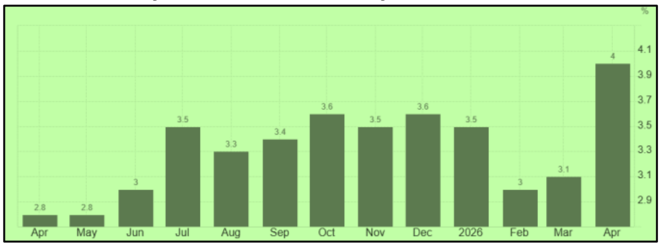
5.3. South Africa

South Africa's economy, like most countries across the globe, is navigating a mixed landscape, showing signs of stabilization with a modest 0.5% quarter-on-quarter GDP expansion alongside severe structural headwinds in Q1:2026. While reduced power cuts are boosting business confidence and sectors like finance, business services, and listed property demonstrated resilience, the broader recovery remains highly uneven. Manufacturing output contracted, and household consumption growth hit a two-year low of 0.1% as high interest rates and global oil price shocks squeezed disposable incomes. This elevated inflation is forcing the South African Reserve Bank (SARB) to maintain a cautious, restrictive monetary stance. All in all, growth remains too sluggish to materially improve job creation or lower poverty. The following table shows South Africa`s economic growth forecasts as projected by the IMF and World Bank.

South Africa Economic Growth Forecasts (%)			
Year	**2025**	**2026**	**2027**
IMF ***(Apr 2026)***	1.3	1.0	1.3
World Bank ***(Apr 2026)***	1.3	1.0	1.5

Meanwhile, the latest data show that South Africa's inflation surged to 4% in April 2026, up from 3.1% in March 2026, as electricity tariffs and petrol hikes fuelled by Iran-driven global oil costs pushed up housing and transport costs. In contrast, food price growth eased further thanks to strong agricultural production. Month-on-month, consumer prices rose 1.1%, accelerating from March's 0.6% advance. The graph that follows illustrates the country's inflation trend.

South Africa Year-on-Year Inflation Rate Trend



Source: Statistics South Africa – May 2026

5.4. Zambia

Zambia's economy is demonstrating strong resilience despite ongoing climate-driven energy shortages, with real GDP growth projected at an average of 4.7% (ZAMSTATS) due to expanding copper production and a recovering agricultural sector. Macroeconomic stability has significantly improved, as inflation has cooled, successfully returning to the central bank's target band, while international reserves have strengthened to $6.4 billion, providing over four months' import cover. While structural power deficits and high public debt continue to cap broader economic expansion, the post-IMF visit program focus has successfully pivoted toward adding 1,500 MW of solar capacity to the national grid, enhancing electricity supply. The following table shows Zambia`s annual economic growth forecast as projected by the IMF and World Bank.

Zambia Economic Growth Forecasts (%)			
Year	**2025**	**2026**	**2027**
IMF ***(May 2026)***	3.8	4.3	4.7
World Bank ***(Apr 2026)***	3.8	4.4	4.7

On the inflation front, Zambia's annual inflation rate edged down to 6.6% in May 2026 from 6.8% in April 2026. A stronger kwacha, supported by rising copper prices and a bumper corn harvest, helped cushion the economy against inflationary pressures emanating from the Middle East conflict. Food inflation moderated to 6.9% from 7.3%, while non-food inflation ticked up slightly to 6.1% from 6%. On a monthly basis, the CPI rose 0.2%, a sharp deceleration from April's 0.7% increase. The graph that follows illustrates the country's inflation trend.

Zambia Year-on-Year Inflation Rate Trend

Source: Central Statistics of Zambia – May 2026

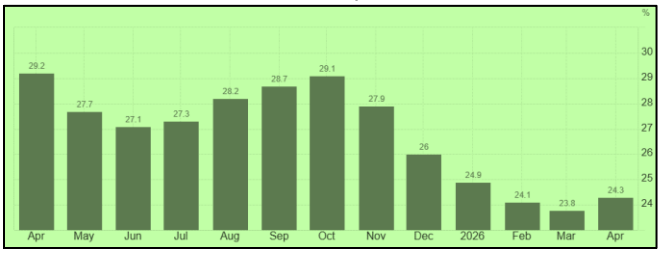
5.5. Malawi

Malawi continues to navigate acute macroeconomic distress, characterized by severe foreign exchange shortages, double-digit inflation, and crippling fuel disruptions that are grinding domestic supply chains to a halt. Real GDP growth is projected at a sluggish 2.2% in 2026, heavily weighed down by a severe fiscal imbalance where government spending outstrips revenue by 11.8% of GDP. In pursuit of macroeconomic stability, the Reserve Bank of Malawi is maintaining a tight monetary policy, though structural import bottlenecks continue to choke private sector investment and agricultural distribution. The table below shows the latest growth projections:

Malawi Economic Growth Forecasts (%)			
Year	**2025**	**2026**	**2027**
IMF ***(Apr 2026)***	2.1	2.2	2.4
World Bank ***(Jan 2026)***	1.9	2.3	2.7

Meanwhile, the latest available data indicate that Malawi's annual inflation rate rose to 24.3% in April 2026, up from 23.8% in March 2026, the highest level in three months. The acceleration was driven by non-food inflation surging to a record 33.2% from 30.7%, fuelled by higher petrol and diesel prices. On a monthly basis, consumer prices fell 2.5%, a sharp reversal from March's 0.6% increase.

Malawi Year-on-Year Inflation Rate Trend



Source: National Statistical Office of Malawi – May 2026

6. Global Economy

6.1. Global Economic Outlook

The Middle East conflict has become the dominant force shaping the global economic outlook, reigniting inflationary pressures and placing central banks in a precarious policy dilemma. Policymakers are now caught between the need for high interest rates to curb resurgent headline inflation and the mounting risk of economic stagnation or a global downturn. In response, the OECD has slashed its 2026 global growth forecast from 3.4% to 2.8%—a stark indicator of the conflict's widening economic toll. Although substantial corporate investment in AI and productivity-enhancing technologies offers a critical buffer, this resilience is increasingly threatened by the energy demands of data centres, fragility in semiconductor supply chains, and escalating international trade frictions. The following table displays global economic growth projections anticipated by different authorities:

Global Economic Growth Forecasts (%)			
Year	**2025**	**2026**	**2027**
OECD ***(Jun 2026)***	3.4	2.8	3.1
IMF ***(Apr 2026)***	3.4	3.1	3.2
World Bank ***(Jan 2026)***	2.7	2.6	2.7

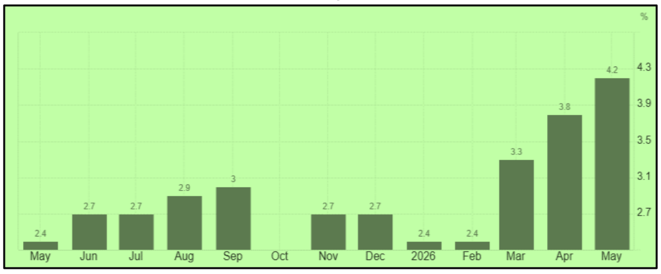
6.2. United States of America

The U.S. economy is portraying a mixed picture, featuring a massive artificial intelligence investment boom alongside severe household strain. While soaring AI infrastructure spending boosts corporate profits, GDP, and stock markets, persistent inflation in housing and food continues to squeeze middle- and lower-income budgets. This pressure has divided consumers, forcing lower-income demographics to deplete savings and rely heavily on credit cards. Meanwhile, labour markets are cooling with gradual cyclical unemployment, though generative AI is currently augmenting workforce skills rather than causing mass displacement. Compounding these dynamics are long-term fiscal strains, with the federal deficit near US$1.9 trillion and public debt exceeding 100% of GDP, further pressured by the immense energy grid demands of the digital transformation. Against this backdrop, below is a tabulated summary showing USA's growth projections as anticipated by the IMF and World Bank.

USA Economic Growth Forecasts (%)			
Year	2025	2026	2027
OECD ***(Jun 2026)***	2.1	2.0	1.8
IMF ***(Apr 2026)***	2.2	2.3	2.1
World Bank ***(Jan 2026)***	2.1	2.2	1.9

The US inflation landscape intensified in May 2026, with the annual rate climbing to 4.2%, marking three consecutive months of accelerating prices. The primary catalyst was the geopolitical energy shock stemming from the conflict with Iran, which propelled energy costs up by 23.5% from a year earlier, compared to 17.9% in April 2026. Upward pressure also resumed in shelter and food categories all driven bypass through effects from elevated energy prices. However, month-over-month CPI moderated slightly to 0.5%, down from 0.6% in April and aligning with consensus forecasts, offering a modest counterpoint to the broader inflationary trend. The following graph illustrates the country's inflation trend.

USA Year-on-Year Inflation Rate Trend



Source: Federal Reserve – May 2026

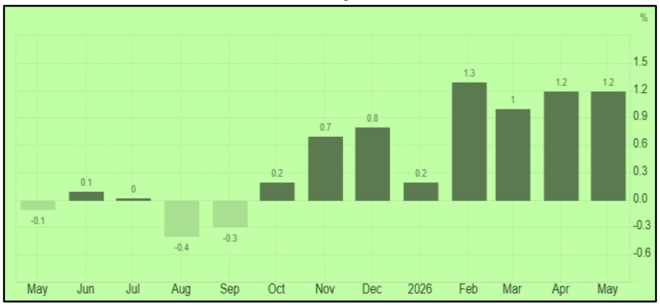
6.3. China

China continues to navigate through a "two-speed" recovery, where resilient high-tech manufacturing and robust exports in sectors like electric vehicles balance out a severe real estate contraction and fragile domestic consumer spending. While recent retail sales declines and dropping home, prices drag on household sentiment, Beijing's targeted fiscal measures and infrastructure investments are expected to stabilize overall growth, keeping the country on track to meet its 2026 GDP target of between 4.5% and 5%. The following table displays China`s economic growth projections as anticipated by the IMF and World Bank:

China Economic Growth Forecasts (%)			
Year	**2025**	**2026**	**2027**
OECD ***(Jun 2026)***	5.0	4.5	4.3
World Bank ***(Jan 2026)***	4.9	4.4	4.2
IMF ***(Apr 2026)***	5.0	4.4	4.0

Meanwhile, China's annual inflation remained flat at 1.2% in May 2026, matching April's reading. Non-food prices edged up, driven by higher transport costs amid rising energy prices and supply-chain strains from the Middle East conflict. Clothing, healthcare, and education also posted continued gains. Housing costs stayed soft, while food prices declined for a second consecutive month. Month-over-month, the CPI dipped 0.1%, reversing April's 0.3% increase. The graph that follows illustrates the country's inflation trend.

China Year-on-Year Inflation Rate Trend



Source: National Bureau of Statistics of China– May 2026

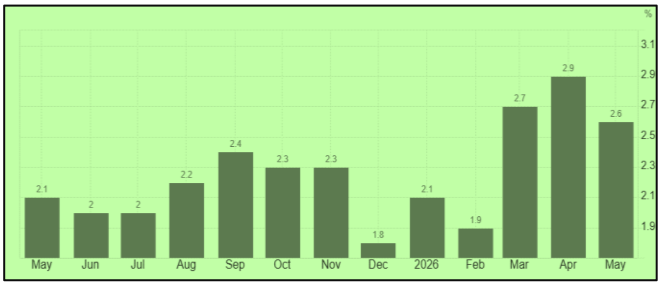
6.4. Germany

Germany's economy is navigating a period of stagflationary pressure as conflict in the Middle East and high energy costs restrict the tentative growth that emerged early in the year. While 2026 Q1 gross domestic product grew by 0.3%, the outlook remains sluggish, with the Deutsche Bundesbank cutting annual growth projections to 0.5% and the unemployment rate rising to 6.4% as registered joblessness surpassed the 3 million mark. Heavy government spending on defence and infrastructure remains the primary mechanism preventing a contraction, as growth in negotiated wages has helped soften the blow to households but has not been enough to significantly boost private consumption. Consequently, analysts expect GDP to stagnate in the second quarter before seeing marginal improvements later in the year, depending heavily on global oil supply chains normalizing. The following table shows Germany's economic growth projections:

Germany Economic Growth Forecasts (%)			
Year	**2025**	**2026**	**2027**
OECD ***(Jun 2026)***	0.3	0.7	1.1
IMF ***(Jan 2026)***	0.2	1.1	1.5
Gvt of Germany ***(Apr 2026)***	0.3	0.5	0.9

Germany's annual inflation rate stood at 2.6% in May 2026, down from 2.9% in the previous month. Price growth moderated across most categories, including food, beverages, tobacco, housing, utilities, and hospitality services. Energy prices, however, remained elevated at 6.6% amid the US-Iran war. Meanwhile, inflation accelerated in health and recreation & culture. On a monthly basis, consumer prices dipped 0.2%, reversing April's 0.6% advance. The graph that follows illustrates the country's inflation trend.

Germany Year-on-Year Inflation Rate Trend



Source: Federal Statistics Office – May 2026

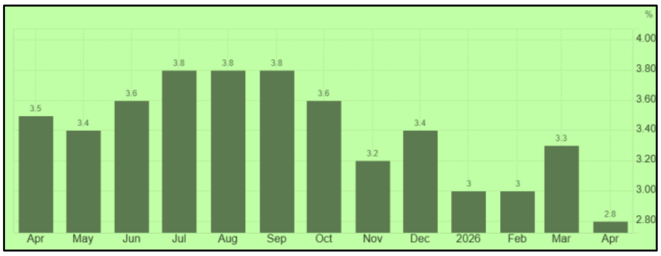
6.5. United Kingdom

The UK economy is navigating through stagflationary environment, where a stronger-than-expected Q1 GDP growth rate of 0.6% and an upgraded IMF 2026 growth forecast of 1.0% are heavily countered by renewed global energy shocks and domestic fiscal strains. Given a heated inflationary environment, the concurrent restrictive monetary policy has hit consumer pocketbooks, with monthly card spending rising just 0.8% as high fuel costs drain disposable income, and the housing market has buckled under the pressure, with drops in average house prices. Pressure to enforce fiscal discipline is also mounting as investor anxiety over public debt has pushed 10-year gilt yields above 5.17%, leaving the UK highly vulnerable to ongoing geopolitical and commodity shocks. 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 ***(May 2026)***	1.4	1.0	1.3
OECD ***(Jun 2026)***	1.4	0.9	1.1

The latest data from the Office of National Statistics indicate that the UK's annual inflation rate eased to 2.8% in April 2026, down from 3.3% in March. The deceleration was largely attributable to softer price growth in transport, housing, and household services, following the implementation of an energy price cap on April 1. Food, health, and recreation & culture also saw slower inflation. Partially offsetting these declines, prices rebounded for clothing and furniture & household goods. On a monthly basis, consumer prices rose 0.7%, matching March's increase. The graph that follows illustrates the country's inflation trend.

UK Year-on-Year Inflation Rate Trend



Source: Office for National Statistics – May 2026

6.6. United Arab Emirates

The UAE economy remains resilient, balancing regional geopolitical pressures at the Strait of Hormuz against robust non-oil growth driven by the D33 economic agenda and aggressive AI integration. While trade and tourism face localized disruptions, the UAE utilizes strategic infrastructure like the Habshan-Fujairah pipeline to sustain oil revenues, supported by elevated crude prices. Strong sovereign wealth assets anchor the nation's Aa2 credit rating (Moody's rating), providing massive liquidity buffers that insulate the domestic market from regional shocks. Financial equity markets remain highly selective, favouring dividend-stable stocks in logistics and consumer sectors. Despite minor near-term global growth revisions, most international institutions project the UAE to outpace the Middle East Region, with economic expansion poised to accelerate into 2027 as trade flows gradually normalize. Below is a tabulated summary of the UAE's expected growth projections according to the IMF and World Bank.

UAE Growth Forecasts (%)			
Year	**2025**	**2026**	**2027**
IMF ***(April 2026)***	5.8	3.1	5.3
World Bank ***(Jan 2026)***	5.8	5.0	5.1

Strategic insights and takeaways:

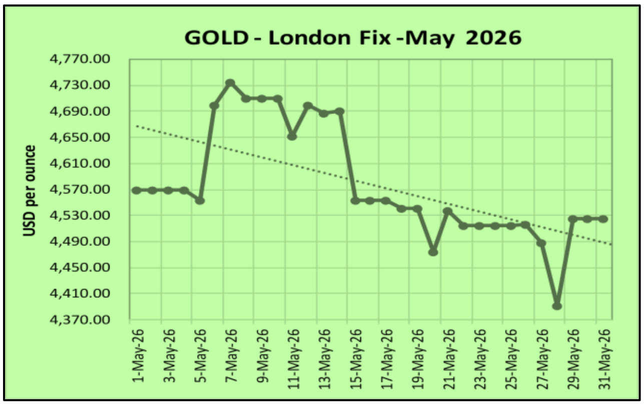
- *The UAE's macroeconomic landscape currently presents one of the most compelling risk-reward profiles across EMEA, underpinned by extensive government support, pro-growth policies, and technological leadership. This diversified, investor-friendly environment has cemented the nation's position as the region's preeminent investment hub.*

7. Commodities Markets

Commodity	Apr 2026 Average Price (US$)	May 2026 Average Price (US$)	Percentage Change
Gold (oz)	4,715.34	4,577.63	▼2.9%
Platinum (oz)	2,015.43	1,984.10	▼1.6%
Silver (oz)	75.28	77.30	▲2.7%
Oil (barrel)	100.13	103.35	▲3.2%

7.1. Gold

After opening the reviewed month at US$4,568.3/oz, gold price rose to a monthly high of US$4,734.15/oz early in the period, before retreating gradually to close at US$4,525.75/oz. On a monthly average basis, prices decreased by 2.9%, falling from US$4,715.34/oz in April 2026 to US$4,577.63/oz. This trend was largely due to a rebounding U.S. dollar, rising real treasury yields, and an unwinding of short-term positioning as rate-cut expectations were scaled back in the face of stubborn inflation.



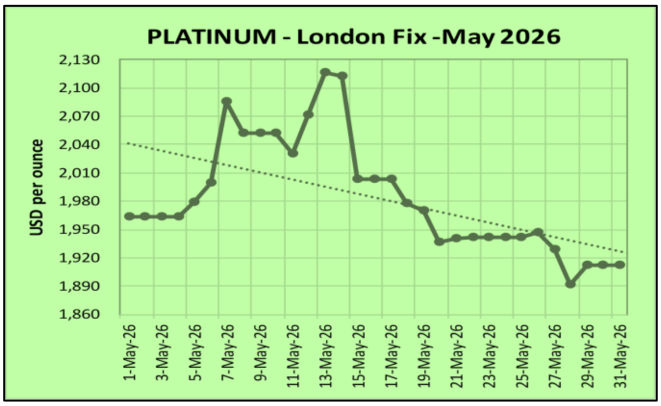
Source: LBMA – May 2026

Strategic insights and takeaways:

- *Gold prices continue to reverse, suppressing export revenues for gold-export dependent economies such as Zimbabwe, which has triggered the return of monthly trade deficits. Consequential reductions in foreign exchange inflows are exacerbating existing forex shortages, putting pressure on the local currency.*

7.2. Platinum

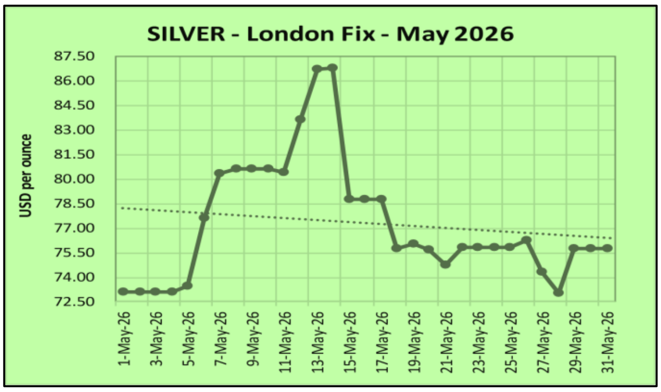
Platinum prices further moderated in May 2026, dropping by 1.6% on a monthly average basis from US$2,015.43/oz in April 2026 to US$1,984.10/oz. The combination of profit-taking, macroeconomic headwinds, and uncertainty in the automotive industry remain the main reasons behind softening platinum prices. However, the future is promising owing to current global deficits in the metal's supply. The following graph depicts the trend of daily platinum prices during the month under review.



Source: LBMA– May 2026

1.1. Silver

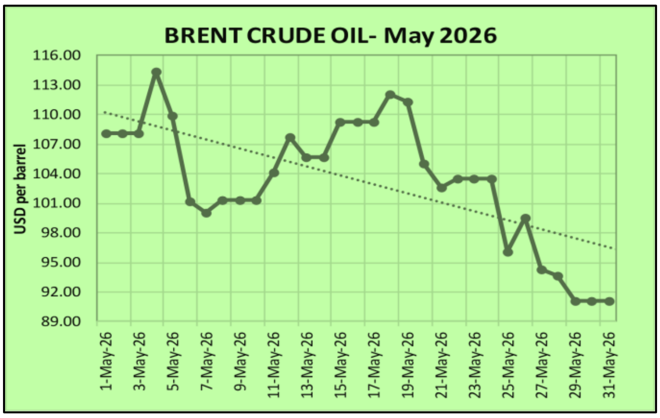
After opening the reviewed month at US$73.14/oz, silver trended upwards to reach a high of US$86.79/oz by mid-month, before retreating to close the month at US$75.79/oz. On a monthly average basis, silver gained by 2.7% to US$77.30/oz from US$75.28/oz in April 2026. The following graph depicts the daily silver price trend for the month under review.



Source: LBMA– May 2026

7.3. Crude Oil

In May 2026, oil prices opened the month at US$108.17/barrel, rose to a peak of US$114.44/barrel early in the month before reversing gradually to close the period at US$91.12/barrel. On a monthly average basis, prices increased by 3.2% from US$100.13/barrel to US$103.35/barrel. The market continues to be highly volatile amid the unabating tensions in the Middle East despite some peace-making efforts between US/Israel and Iran. The following graph depicts the daily crude oil price trend for the month under review.



Source: Oilprice – May 2026

Strategic insights and takeaways:

- *The sustained escalation of global oil prices presents a critical vulnerability for Zimbabwe, given its status as a net oil importer. Consequently, the imperative to restructure petroleum taxes and establish strategic reserves to mitigate the impact on citizens remains critical.*

END