

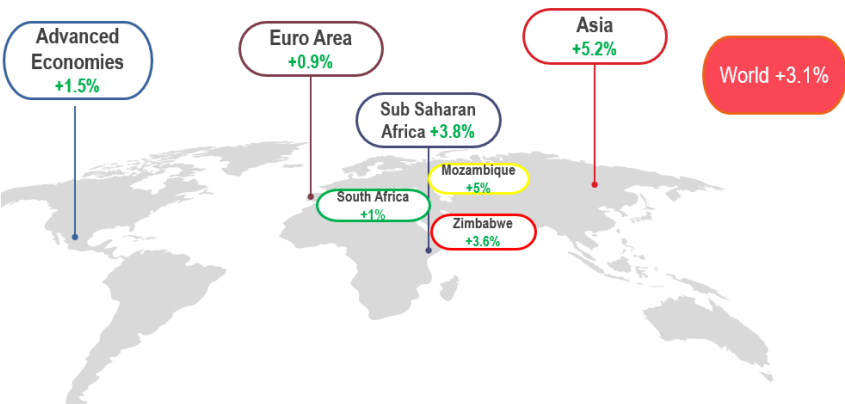
# ECONOMIC AND MARKET REVIEW

## Economic Highlights

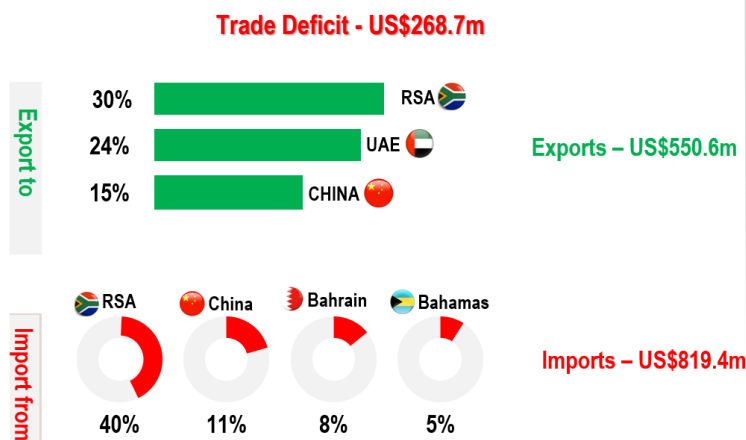


## Analyst's Column

### IMF 2024 GDP Growth Projections – January 2024 Update



### Monthly External Trade Statistics Update – December 2023



### IMF GDP Projections – January 2024 Update

-Global growth is projected at 3.1% in 2024 and 3.2% in 2025, with the 2024 forecast being 0.2 percentage points higher than that in the October 2023 World Economic Outlook on account of greater-than expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China.

Zimbabwe's GDP projection was maintained at 3.6%, 0.1 percentage points higher than that of Government of Zimbabwe's 3.5% projection.

### External Trade

- December 2023 Exports decreased by 19.2% to US\$550.6m from US\$681.3m during November 2023. Zimbabwe's Top 3 Export destinations accounted for almost 70% of the total export value of US\$550.6m.

- Imports during the month of December decreased by 1% to US\$819.4m from US\$828.4m during November 2023. Top 4 major sources accounted for 65% of the total import value of US\$819.4m.

### Exchange Rate

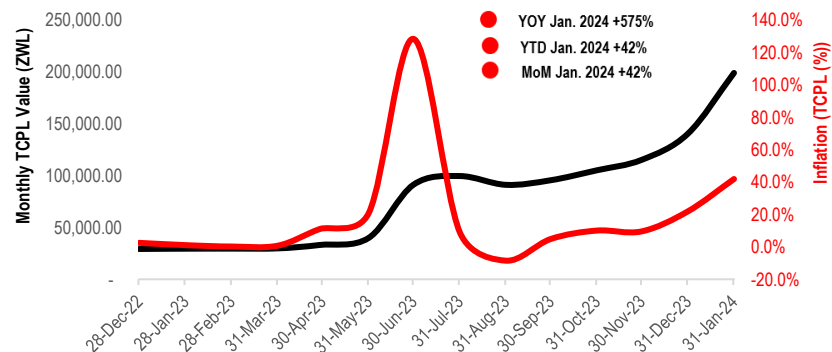
The ZWL continued to weaken against the USD during the first month of the year on the back of increased ZWL liquidity, with the Interbank rate increasing to ZW\$10,152.39: USD1 (as at 31 January 2024) from ZW\$5,985.83: USD1 (as at 31 December 2023) against the USD. The parallel market rate is reported to have increased by 36% to ZW\$15,000 from ZW\$11,000: USD1, resulting in a reduction of the premium to 48% from 84% in December 2023.

### Inflation

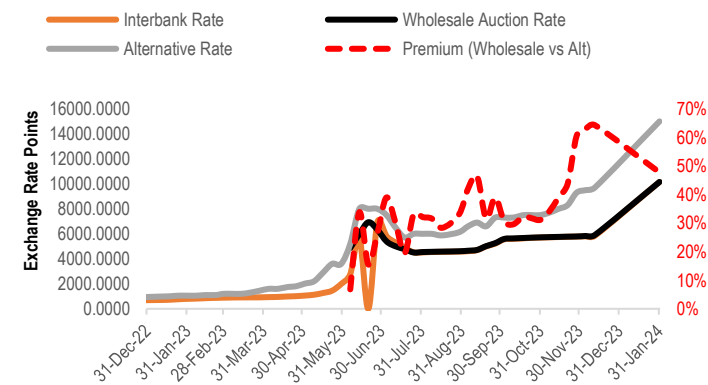
- The blended month on month (M-o-M) inflation rate for January 2024, was 6.6%, gaining 1.9 percentage points on the December 2023 rate of 4.7%. Year on year inflation was 34.8% as at 31 January 2024.

- The CPI for Food and Non-Alcoholic Beverages had the highest contribution to the month on month change in the index (Inflation rate). Amid rising price hike concerns, the Government of Zimbabwe revised taxes on basic goods, which were introduced in the 2024 National Budget, through exempting a basket of basic commodities.

### Total Consumption Poverty Line - Inflation



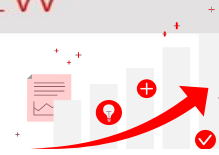
### Exchange Rate



Source: RBZ and FMW (First Mutual Wealth Database)

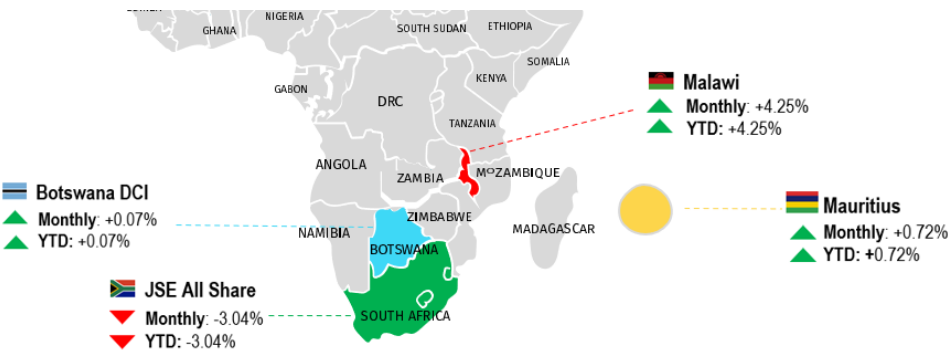
# ECONOMIC AND MARKET REVIEW

## Equities Market Update



## Analyst's Column

### Regional Stock Performance Summary



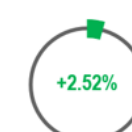
### Local Market – VFEX All Share



### Monthly Return



### YTD Return



### Regional Stock Performance

- Regional indices started the year on a positive note recording Monthly & or YTD growths with the exception of the JSE which recorded a loss of 3.04%. The JSE recorded significant losses during 2023 and only managed to bounce back at the tail end of the year, to record a YTD return of 5.3%.

- For the past few years, a number of companies have terminated their listings on the Johannesburg Stock Exchange (JSE) and there has been a limited number of new listings. This has resulted in a gradual reduction of its trading volumes and market capitalisation over the year.

### Victoria Fall Stock Exchange (VFEX)

- VFEX All Share Index recorded a positive return during the month under review of 2.52%. The VFEX All Share closed the month at 102.52 points after being rebased to 100 points on 1 January 2024.

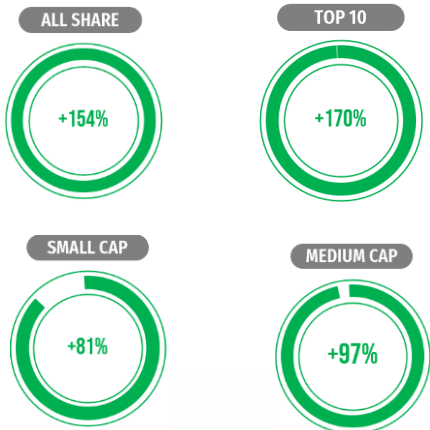
- Market breadth generally remained thin and First Mutual Wealth does not expect more ZSE to VFEX migrations given retention threshold exemptions for VFEX listings being removed. However, new listings are still expected on the VFEX. Improving liquidity may improve the upside potential of this bourse.

### Zimbabwe Stock Exchange (ZSE)

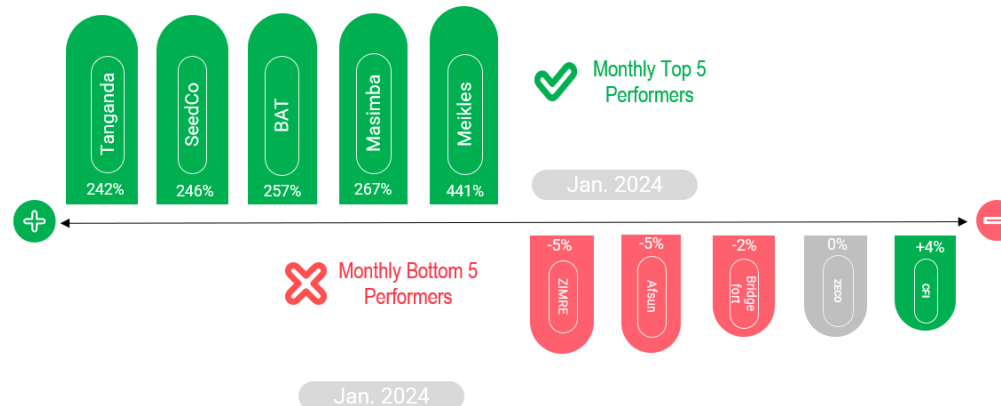
- All ZSE indices recorded gains during the month under review. The ZSE Top 10 recorded the highest return of 170%, outperforming the All-Share Index which recorded a return of 154%.

- The ZSE is expected to record more aggressive returns in sympathy with the prevailing liquidity. The positive momentum is expected to persist in the outlook if liquidity levels remain high.

### Local Market – ZSE indices



### ZSE Top and Bottom 5 Performers



Jan. 2024

## ECONOMIC AND MARKET REVIEW

### Investment Outlook & Recommendation



Recommendation



PROPERTY



EQUITIES



ZWL MONEY MARKET



ALT. INVESTMENTS



Outlook

-FMW expects an increased prominence of hard currency rentals and shorter lease agreement arrangements to persist for local currency denominated rentals as inflation uncertainty remains.

- CBD office space is likely to have lower relative activity in the immediate term

- An inflationary budget coupled with hardening costs and thinning margins arising from dollarisation is expected to largely dampen the performance of local listed companies

- No more ZSE to VFEX migrations expected given retention threshold exemptions for VFEX listings being removed. However, new listings are still expected on the VFEX.

-The high risk of exchange rate losses and inflation eroding the ZWL's value makes the ZWL money market unattractive. Abrupt policy rate adjustments make the incidence of NPLs more likely as well

- FMW expects shrinking up-takers of ZWL as the demand for USD placements crowds out opportunities for ZWL investments

-Caution in this asset class is necessary as the macro environment is increasingly becoming less stable in the short term but significant hedging opportunities are similarly prevalent in this asset class for medium to long term investors (3years to 10 years).

## ECONOMIC AND MARKET REVIEW

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