

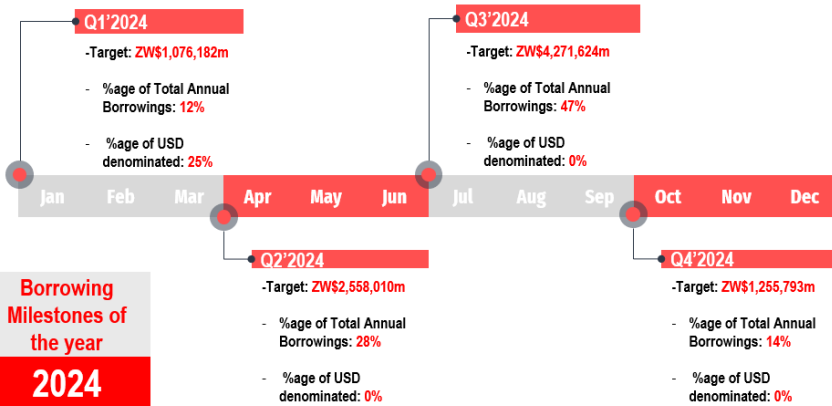
ECONOMIC AND MARKET REVIEW

Economic Highlights



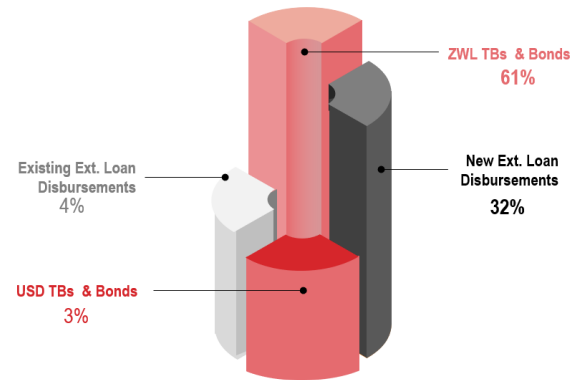
Analyst's Column

Zimbabwe Govt 2024 Annual Borrowing Plan – ZW\$9.3trln



Borrowing Milestones of the year 2024

2024 Annual Borrowing Plan by Asset Type



Zimbabwe Govt 2024 Annual Borrowing Plan

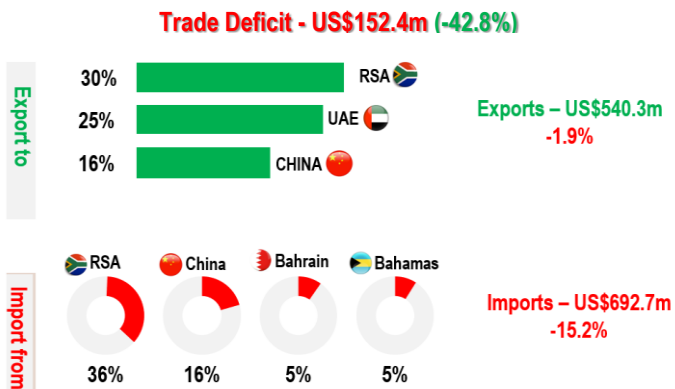
-Most of the Government borrowings to cover the financial gap of ZW\$9.3 trln (comprising a budget deficit of ZW\$4.3trln & Amortisation of loans amounting to ZW\$4.9trln) are going to be done during Q3'2024 where atleast 47% of the amount is targeted. Only 3% is going to be in USD while the remainder will be in ZWL.

-The borrowing plan gives insight to investors on the interest rate term structure and yield curve of the year, allowing for planning and strategizing. Given that 97% of the borrowings are in ZWL, there is need to roll out inflation and exchange rate hedging instruments to ensure uptake.

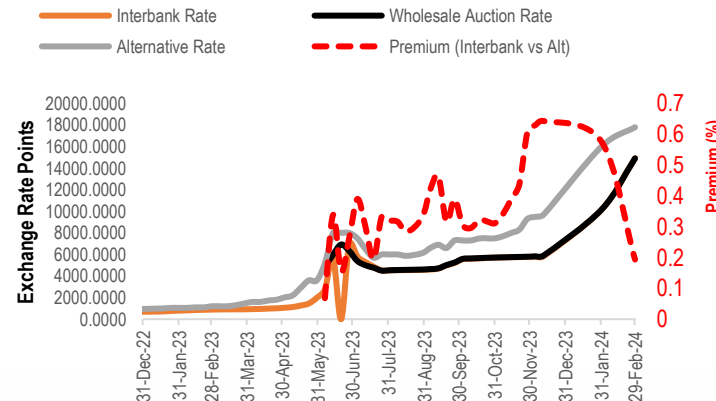
Exchange Rate

The ZWL continued to weaken against the USD during the month with the Interbank rate increasing to ZW\$14,912.83: USD1 (as at 29 February 2024) from ZW\$10,152.39: USD1 (as at 31 January 2024) against the USD. The parallel market rate is reported to have increased by 11% to ZW\$17,800 from ZW\$16,000: USD1, resulting in a reduction of the premium to 19%.

Monthly External Trade Statistics Update – January 2024



Exchange Rate



Inflation

- The blended month-on-month inflation rate for February 2024, was 5.4%, shedding 1.2 percentage points on the January 2024 rate of 6.6%. The year-on-year inflation rate for the month of February 2024, was 47.6% for the month of February 2024, the CPI for Food and Non-Alcoholic Beverages had the highest contribution to the month-on-month change in index (inflation rate) of 3.5%.

- Based on the TCPL, M-o-M inflation was 177.8%, increasing from 41.9% recorded during January 2024. YTD inflation resultantly increased to 294.31% from 42% in during January 2024.

ECONOMIC AND MARKET REVIEW

Equities Market Update

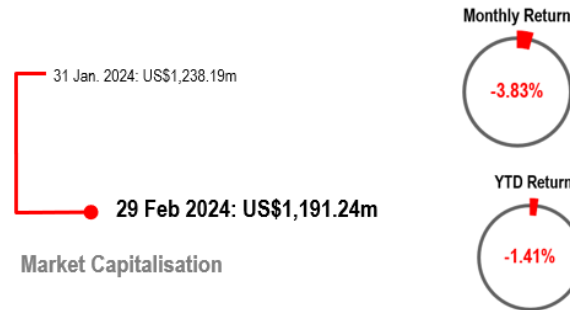


Analyst's Column

Regional Stock Performance Summary



Local Market – VFEX All Share



Regional Stock Performance

- Regional indices started the year on a positive note recording YTD growths with the exception of the JSE which recorded a loss of 5.41%. During the month under review the Botswana DCI (+0.82%) & Mauritius Stock Exchange (+0.94%) recorded positive returns, whilst the JSE (-2.45%) & Malawi (-2.27%) exchanges recorded losses.

- During the month under review, The South African Reserve Bank (SARB) governor stated that the likelihood of cutting interest rates over the short term is very low until inflation is brought under control (to the Bank's inflation target of 4.5%). The bearish trend on the JSE will likely persist amid this development, whilst an interest rate cut would have spurred a rally on the JSE and likely increased positive returns.

Victoria Fall Stock Exchange (VFEX)

- VFEX All Share Index recorded a negative return during the month under review of 3.83%, translating to a negative YTD return of 1.41%.

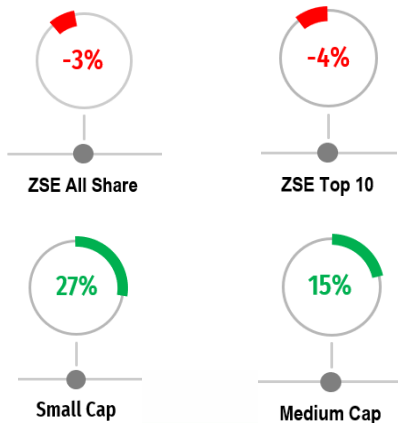
- Market breadth generally remained thin and new listings are still expected on the VFEX. Improving liquidity may improve the upside potential of this bourse.

Zimbabwe Stock Exchange (ZSE)

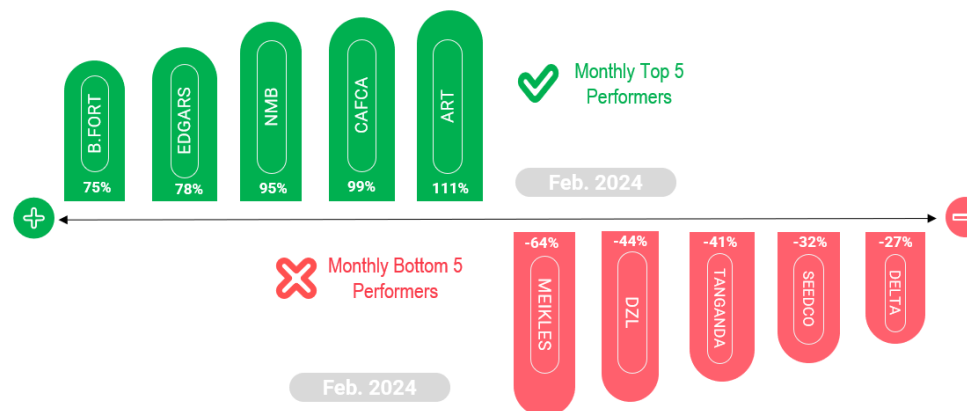
- The ZSE All Share and ZSE Top 10 indices recorded losses of 3% and 4% respectively during the month under review. Blue Chip counters underperformed during the month. However, the Small Cap and Medium Cap counters contributed positively to the ZSE All Share performance recording returns of 27% and 15% respectively.

- The ZSE is expected to record more aggressive returns in sympathy with the prevailing liquidity.

Local Market – ZSE indices Monthly Returns



ZSE Top and Bottom 5 Performers



ECONOMIC AND MARKET REVIEW

Investment Outlook & Recommendation



Recommendation



PROPERTY



EQUITIES



ZWL MONEY MARKET



ALT. INVESTMENTS



Outlook

- FMW expect innovations in the form of Real Estate Investment Trusts to continue, and also listing on local public bourses to enhance the pricing and liquidity of property developments.

- Property developments are likely to be skewed in favour of storage, warehouse, retail, port or transport hubs, Tourism and Residential developments.

-FMW expects a more stable recovery on the VFEX when compared to the ZSE as companies on the VFEX are similarly trading at discounts to their intrinsic values on the VFEX but with the USD as the trading currency, less volatility is expected.

-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.

-FMW expect the depth of assets in the alternative investment asset class to continue which should attract long term capital and improve the liquidity and benefits of this asset class in the outlook.

ECONOMIC AND MARKET REVIEW

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