

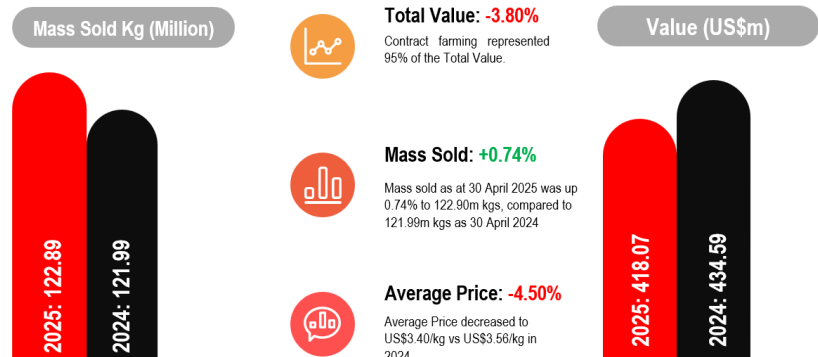
ECONOMIC AND MARKET REVIEW

Economic Highlights



Analyst's Column

2025 Tobacco Auction Sales Update – as at 30 April 2025



Zimbabwe Q1 2025 Foreign Currency Receipts US\$3.22bn: +14.7%

Contribution by Category



Source: Reserve Bank of Zimbabwe

Statutory Instrument (SI)

81A of 2024 Repealed & Promulgation of SI 34 of 2025

RBZ repealed Statutory Instrument (SI) 81A of 2024 and simultaneously promulgated SI 34 of 2025, eliminating penalties for businesses pricing goods and services above the official exchange rate, post Q1 2025. The introduction of SI 34 of 2025 allows businesses to price goods and services in line with market conditions.

These initiatives are expected to improve price discovery & price consistency in ZWG, promote transactions in the local currency and contribute to the stability of the ZWG: USD exchange rate during the remainder of 2025. Adverse impact of ZWG on formal retailers is expected to be curtailed, thereby improving performance rentals tied to revenue for commercial properties.

Exchange Rate

Officially, the ZWG slightly weakened against the USD during the month with the Interbank rate closing the month at ZWG26.82:US\$1, compared to ZWG26.76: USD1 (as of 31 March 2025). The ZWG also weakened on the parallel market to ZWG35.13: USD1, compared to prior month (ZWG35:USD1).

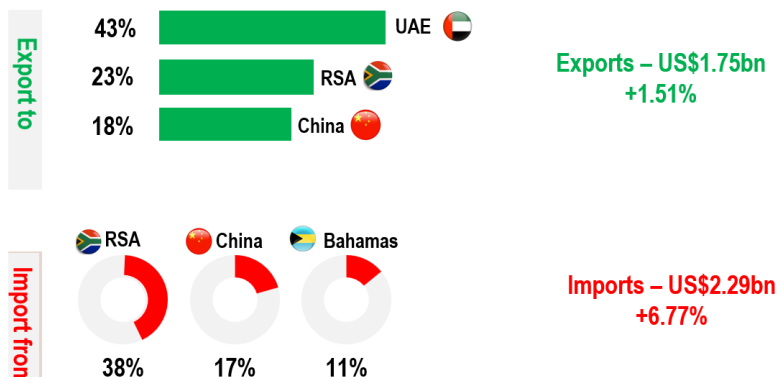
Inflation

- ZWG Inflation: The M-o-M inflation rate for April 2025 was 0.6%, adding 0.70 percentage points on the March 2025 rate of -0.1%. YoY inflation as at 30 April 2025 stood at 85.7% since the introduction of the ZWG. The ZWG CPI for Housing, Water & Electricity contributed significantly (64%) to the monthly change in the Index.

- Local USD Inflation: The M-o-M inflation rate for April 2025 was 0.2%, 0.1 percentage points higher than the March 2025 rate of 0.1%. The USD CPI for Housing, Water & Electricity contributed significantly (69%) to the monthly change in the Index. USD YoY inflation as at 30 April 2025 stood at 14.39%.

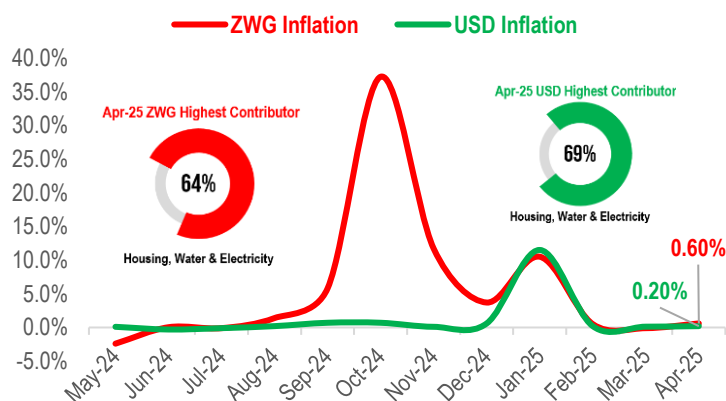
Zimbabwe Q1 2025 External Trade

Trade Deficit: +28%



Source: Zimstat

Month on Month Inflation Update



Source: Zimstat

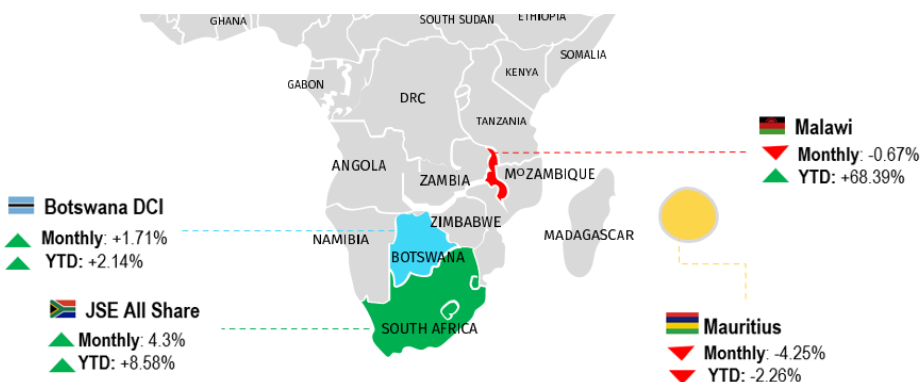
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Equities Market Update

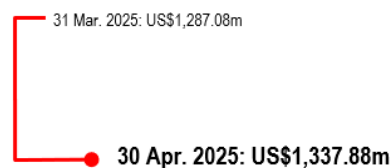


Analyst's Column

Regional Stock Performance Summary



Local Market – VFEX All Share



Market Capitalisation



Regional Stock Performance

- Botswana and South Africa recorded positive returns during the month under review whilst Malawi and Mauritius recorded negative returns of 0.67% and 4.25% respectively.

- SA's equity market benefitted from the reversal of a scheduled VAT increase during the month, with the VAT remaining unchanged at 15%. The VAT was initially set to rise by 0.5% on 1 May 2025 and by a further 0.5% in 2026. The decision provided immediate financial relief, and boosted consumer confidence, spending and economic stability.

Victoria Falls Stock Exchange (VFEX)

- VFEX All Share Index recorded a positive return during the month under review of 4%, adding to the positive YTD return of 10% as at 30 April 2025.

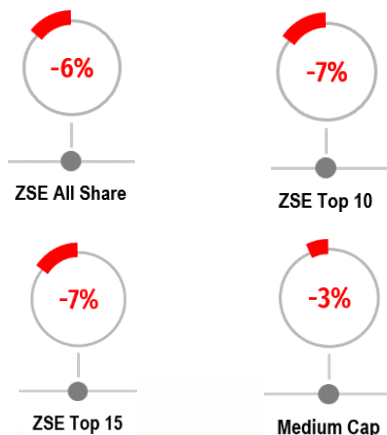
- Price discovery for listed equities remains a key determinant of positive returns going forward.

Zimbabwe Stock Exchange (ZSE)

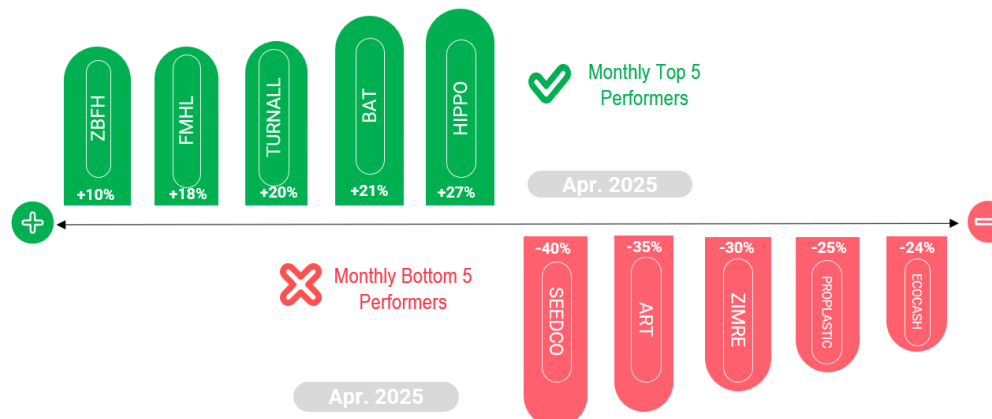
- All ZSE Indices recorded losses during the month under review. The ZSE All Share, ZSE Top 10, ZSE Top 15 & the Medium Cap indices recorded losses of 6%, 7%, 7% and 3% respectively during the month under review. Liquidity remained constrained (tight) during the month under review.

- The Correlation between liquidity and ZSE performance remains high. Bullish trends in the outlook are highly dependent on improved liquidity.

Local Market – ZSE indices Monthly Returns



ZSE Top and Bottom 5 Performers



ECONOMIC AND MARKET REVIEW

Investment Outlook & Recommendation



Recommendation					
	PROPERTY	EQUITIES	ZiG MONEY MARKET	USD MONEY MARKET	ALT. INVESTMENTS
Outlook					
	<p>REIT and REIC type investments expected to increase.</p> <p>Property developments are likely to be skewed in favour of storage, warehouse, retail, port or transport hubs, Tourism and Residential developments.</p>	<p>Increased domestic debt and sustained Government expenditure commitments will strain expectations on the stability of the local environment, however we expect a recovery of the market in 2025 given its value loss in Q42024.</p>	<p>In the absence of more pro-ZWG demand policies, we suspect that demand for ZWG borrowing for working capital commitments will continue to decline in the outlook and demand for USD loans to remain high.</p>	<p>Demand for USD loans remain high. Interest rates to remain stable and competitive in the outlook.</p>	<p>Hedge against volatile policy shocks in the short term. However, the asset remains illiquid and long term in nature. Caution therefore is necessary when investing in this asset class as illiquid conditions in the long term make it unsuitable for risk averse and short-term investors.</p> <p>Triggers on recovery can arise from local currency liquidity improvement and USD dividend payments.</p>

ECONOMIC AND MARKET REVIEW

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