

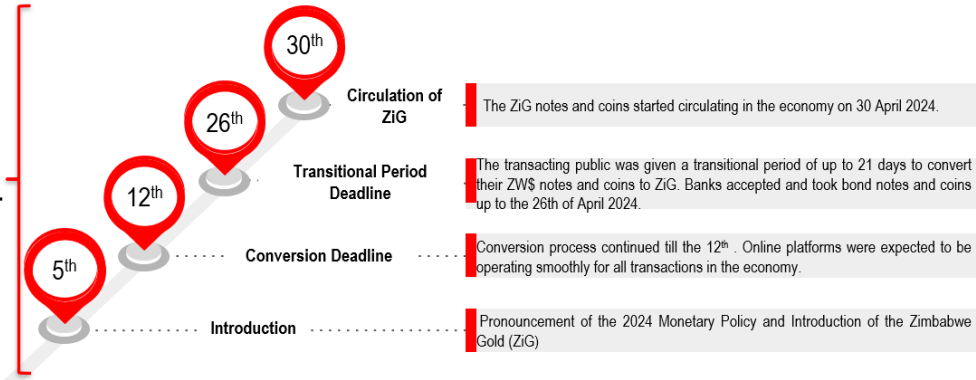
ECONOMIC AND MARKET REVIEW

Economic Highlights



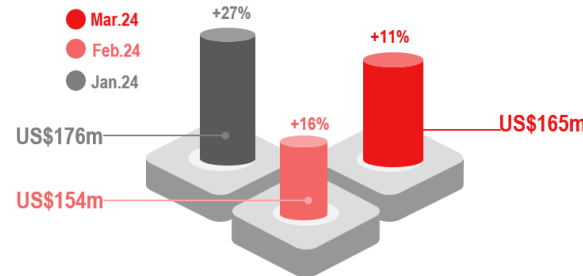
Analyst's Column

Introduction of ZiG Timelines & Milestones



Source: 2024 Monetary Policy Statement, RBZ

Q1'2024 Diaspora Remittances: +18%



Source: Reserve Bank of Zimbabwe (RBZ)

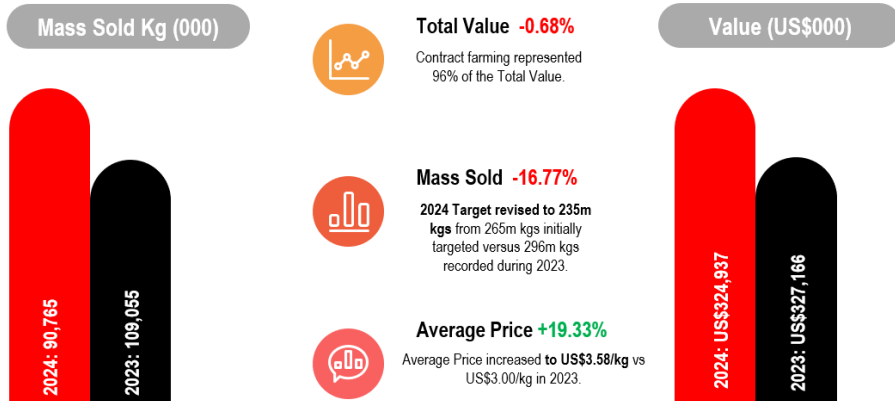
2024 Tobacco Auction Sales Update – (as at 29 April 2024)

-Total Value of Tobacco Sales decreased by 0.68% to US\$ 324.9m when compared to same period last year. Total value was weighed down by a 17% decrease in mass sold to 90.8m kgs, despite an increase of 19% in price to US\$3.58/kg from US\$3/kg. Drop in volumes was attributed to the El Nino drought.

-Due to the El Nino drought the area of tobacco cultivated declined by 3% to 113,000 ha from 117,000 ha last year. It is estimated that circa 75% of Zimbabwe's tobacco is produced by smallholder farmers who do not have good irrigation systems, thereby, worsening the effects of drought on targeted output.

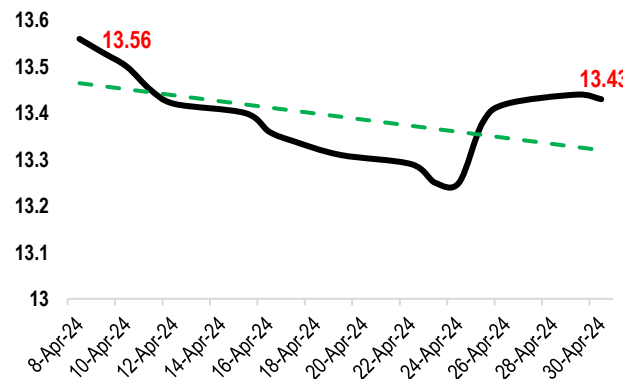
-As a result, this season's output was revised to 235m kgs from 265m kgs initially targeted, which is also lower than last year's record output of 296m kgs.

2024 Tobacco Auction Sales Update – as at 29 April 2024



Source: Zimbabwe Tobacco Association

Exchange Rate: Interbank Rate (ZiG/USD)



Source: RBZ, FMW Research Database

Exchange Rate

On inception of the ZiG, the exchange rate was stipulated at ZiG13.56:US\$1. Officially, the ZiG firmed against the USD during the month with the Interbank rate closing the month at ZiG13.43: USD1 (as at 30 April 2024). The parallel market rate is reported to have weakened to circa ZiG19:USD1.

Inflation

- ZWL Inflation: The M-o-M Inflation rate for April 2024 was 2.9% shedding 0.5 percentage points on the March 2024 rate of 4.9%. The Y-o-Y inflation rate closed the month at 57.5%.

-USD Inflation: The M-o-M inflation rate for April 2024 was 0.8% gaining 0.6 percentage points on the March 2024 rate of 0.2%. The Y-o-Y inflation rate closed the month at 3.2%.

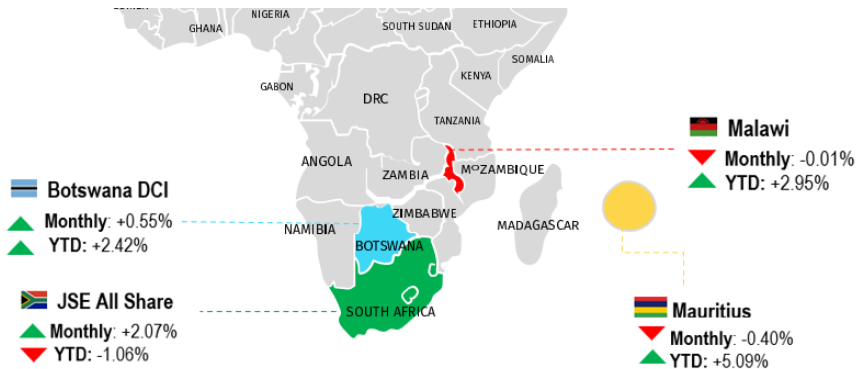
ECONOMIC AND MARKET REVIEW

Equities Market Update

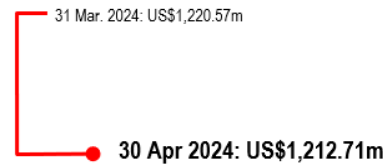


Analyst's Column

Regional Stock Performance Summary



Local Market – VFEX All Share



Market Capitalisation

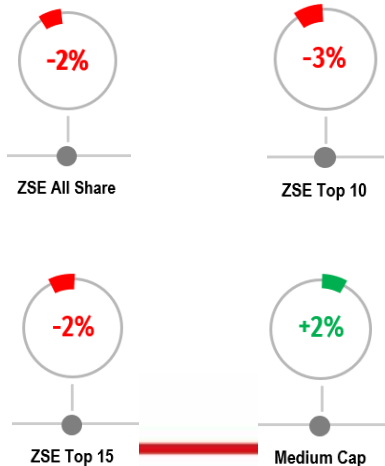


Regional Stock Performance

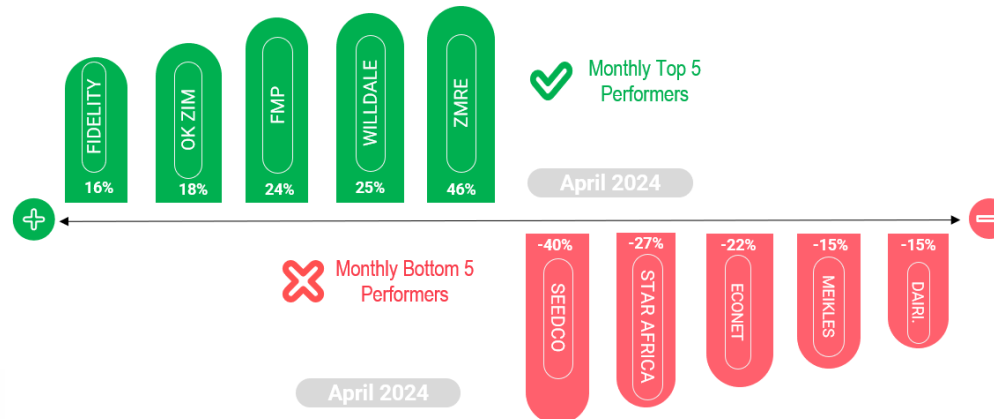
-Regional indices progressed the year so far on a positive note recording YTD growths with the exception of the JSE which recorded a loss of 1.06%. During the month under review the Botswana DCI (+0.55%) & JSE (+2.07%) recorded positive returns, whilst the Mauritius Stock Exchange (-0.40%) & Malawi (-0.01%) exchanges recorded losses.

- In South Africa (SA), the JSE continued its March momentum in April as the FTSE JSE All Share Index rose by 2.1%. The FTSE JSE Capped SWIX, also gained 2.9% during the month, translating to a positive YTD return of 0.6%. Resources counters were again the best performers on the local bourse, especially gold and platinum shares, which recorded solid gains for a second consecutive month, as share prices benefited from their perceived safe-haven status in an uncertain global environment.

Local Market – ZSE indices Monthly Returns



ZSE Top and Bottom 5 Performers



Victoria Fall Stock Exchange (VFEX)

- VFEX All Share Index recorded a negative return during the month under review of 1.44%, reversing gains recorded earlier in the year, translating to a YTD return of -0.39%.

- 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, ZSE Top 10 & ZSE Top 15 indices recorded losses of 2%, 3% and 2% respectively during the month under review. Blue Chip counters underperformed during the month.

-The Medium Cap counters contributed positively to the ZSE All Share performance recording a return of 2%

ECONOMIC AND MARKET REVIEW

Investment Outlook & Recommendation



Recommendation



PROPERTY



EQUITIES



ZiG MONEY MARKET



ALT. INVESTMENTS



Outlook

-Developments to be skewed towards storage, warehouse, retail, port or transport hubs, Tourism and Residential developments

- Innovations in the form of Real Estate Investment Trusts listing on local public bourses.

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

- The VFEX is unlikely to experience the same type of volatility because a more stable currency is being used on the VFEX.

-The high risk of exchange rate losses and inflation eroding the local currency's value makes the local currency money market investments unattractive. .

- It will take time for the new local currency to gain enough confidence for medium to long term (1 year to 3 years) activity to pick up.

-First Mutual Wealth expects 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.

ECONOMIC AND MARKET REVIEW

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