

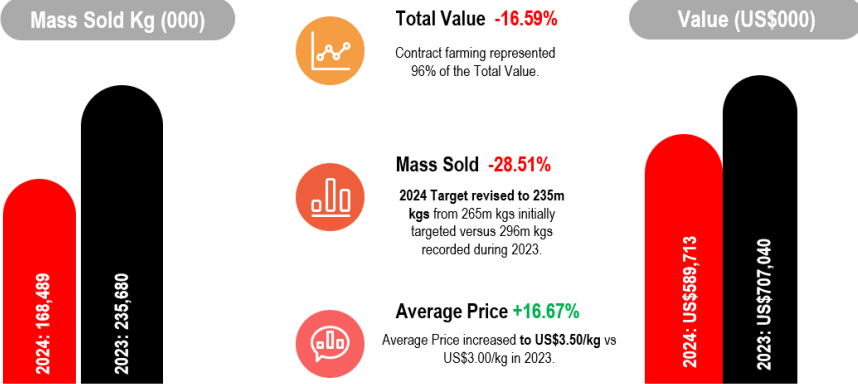
## ECONOMIC AND MARKET REVIEW

### Economic Highlights



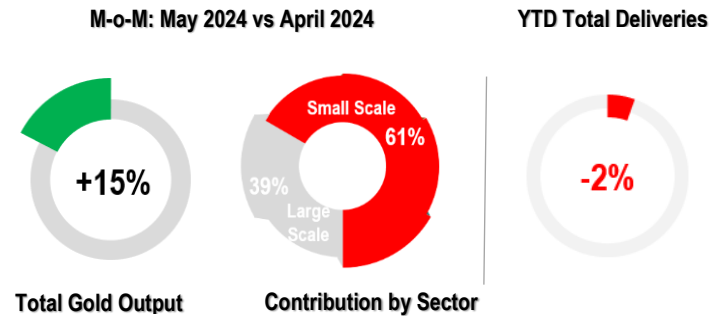
### Analyst's Column

#### 2024 Tobacco Auction Sales Update – as at 31 May 2024



Source: Zimbabwe Tobacco Association

#### May 2024 Gold Output Update



Source: Reserve Bank of Zimbabwe (RBZ)

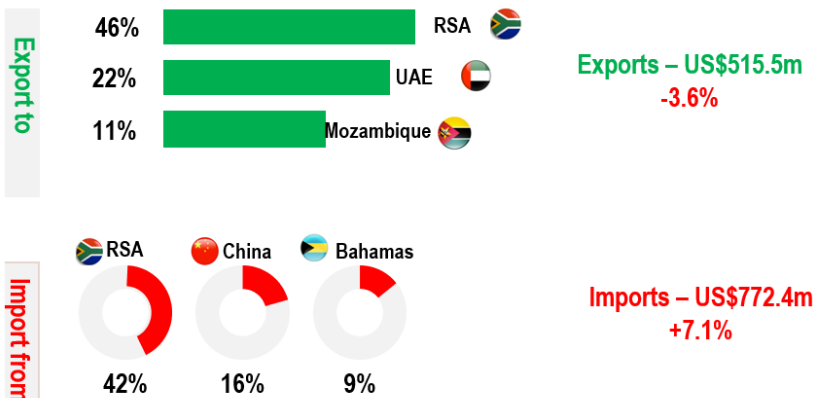
#### May 2024 Gold Output Update

-Total Gold deliveries in May were 15% higher than April deliveries. However, cumulative deliveries (January 2024 to May 2024) were 2% lower at 11,166kg (2023:11,446kg), when compared to same period last year.

-Small-scale miners' deliveries increased by 38% to 1,678kg, compared to April 2024, thereby contributing 61% to total May deliveries of 2,734kg. On the other hand, Large Scale miners May deliveries decreased by 9.67% to 1,056kg (2023:1,169kg), thereby contributing 39% to total May deliveries. The decrease is being attributed to the inability of large-scale miners to raise long term funding to fund operational requirements and expansion.

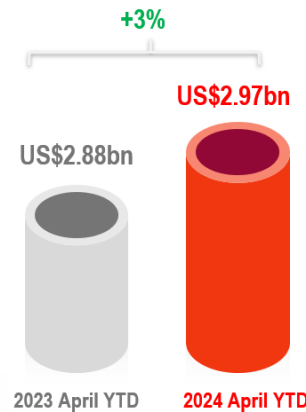
-Gold prices continued to firm during the month under review, posting a third consecutive monthly gain in May, rising by 2% m/m to US\$2,348/oz. The firming of the Gold price is expected to positively impact Zimbabwe's export receipts.

#### April 2024 External Trade Update: Trade Deficit +37.9%



Source: ZIMSTAT

#### April 2024 YTD Foreign Currency Receipts



Source: RBZ, FMW Research Database

#### Exchange Rate

Officially, the ZiG firmed against the USD by 0.84% during the month of May 2024, with the Interbank rate closing the month at ZiG13.32:US\$1, compared to ZiG13.43: USD1 (as at 30 April 2024). The parallel market rate is reported to have weakened to circa ZiG18:USD1.

#### Inflation

- **ZiG Inflation:** The M-o-M inflation rate for May 2024 was -2.4%. ZiG CPI decreased by an average of 2.4% between April and May 2024. CPI for Food & Non-Alcoholic Beverage had the lowest inflation during the month, indicating a decrease in the prices of basic commodities during the month under review.

- **Local USD Inflation:** The M-o-M inflation rate for May 2024 was 0.1% shedding 0.7 percentage points on the April 2024 rate of 0.8%. The Y-o-Y inflation rate closed the month at 3.5%.

## ECONOMIC AND MARKET REVIEW

### Equities Market Update

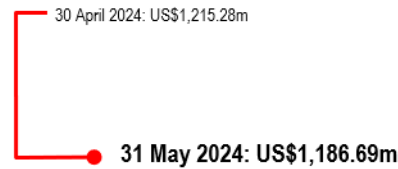


### Analyst's Column

#### Regional Stock Performance Summary



#### Local Market – VFEX All Share



#### Market Capitalisation

#### Monthly Return



#### YTD Return

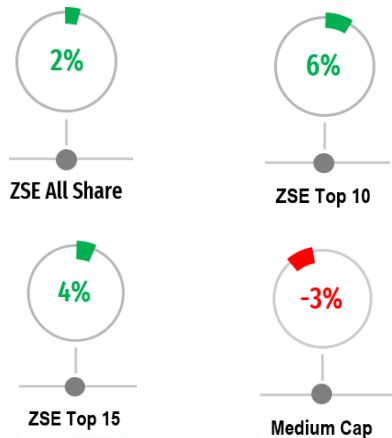


#### Regional Stock Performance

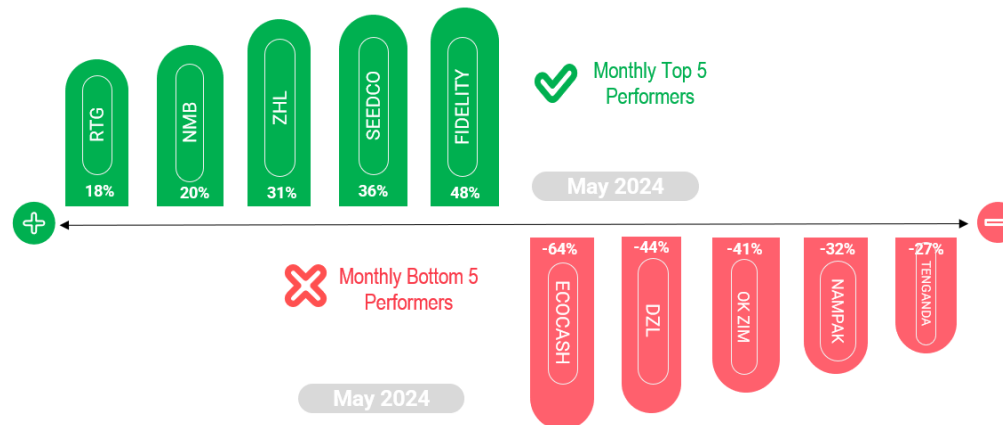
-Regional indices progressed the year so far on a positive note recording YTD growths across the four countries: Botswana (+2.60%), South Africa (0.30%), Malawi (+1.88%) and Mauritius (+5.05%). Malawi was the only country that recorded a negative m-o-m return of 2.27%.

- In South Africa (SA), the JSE experienced a third consecutive positive monthly gain in May despite a post-election effect that shed 2.4% off the index's monthly performance in the last few days of May 2024. SA's National and Provincial Elections saw the ruling ANC lose its majority, achieving circa 40% of the national vote, ushering in the necessity of a coalition government. Discovery (-7% MoM) eased on the announcement that President Cyril Ramaphosa had signed the National Health Insurance (NHI) Bill into law, while Woolworth saw its share price suffer (-9.5% MoM) after warning that its next results announcement would see earnings decline by more than 20% YoY.

#### 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 2.35%, reversing gains recorded earlier in the year, translating to a YTD return of -2.73%  
 - 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 gains of 2%, 6% and 4% respectively during the month under review. Medium Cap counters underperformed during the month recording a loss of 3%.  
 -The ZSE All Share Index has been mainly bearish since inception of the ZiG however it slightly firmed up at the tail end of May 2024. The sustainability of a recovery and a bullish trend will rely heavily on policy developments and the availability of liquidity.

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

**Author**

**Position**

**E-mail**

**Tendaishe Gwitima**

Investments Analyst

[tgwitima@firstmutual.co.zw](mailto:tgwitima@firstmutual.co.zw)

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