

## ECONOMIC AND MARKET REVIEW

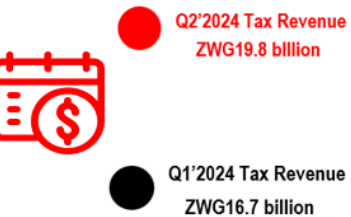
### Economic Highlights



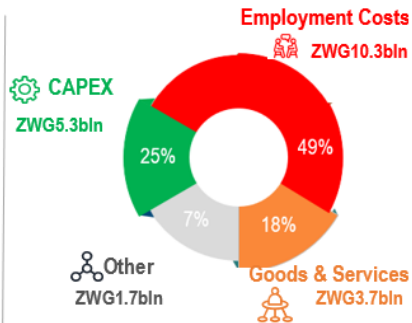
### Analyst's Column

#### Public Finance Update – Q2'2024

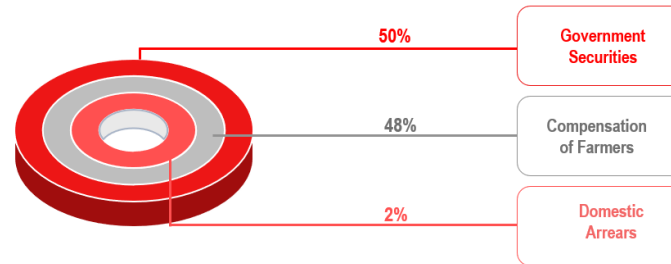
##### Govt. Revenue (Q2'2024 vs Q1'2024)



##### Govt. Expenditure Q2'2024 – ZWG21.1bn



#### Domestic Debt as at 30 June 2024: ZWG118.7bln



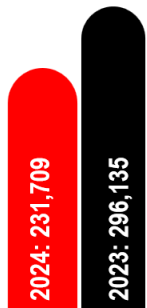
#### Public Finance Update

- Total Revenue Collections during the second quarter amounted to ZWG19.8bln (versus ZWG16.7bln registered during the first quarter of 2024) translating to half year revenue of ZWG36.5bln as at 30 June 2024. The main contributors to revenue collections were Value Added Tax (VAT) at 23.4%, Personal Income Tax (PIT) at 21.6%, Excise Duty at 12.2%, and Corporate Tax at 10.7%.

- Government Expenditure during the second quarter of 2024 stood at ZWG21.1bln, up from ZWG17.8bln recorded during the first quarter of 2024. Total Government Expenditure as 30 June 2024 stood at ZWG38.9bln, translating to a Budget Deficit of ZWG2.4bln. Capital expenditure was on infrastructure and procurement of machinery and equipment during the 1<sup>st</sup> half of 2024.

#### 2024 Tobacco Season Consolidated Statistics

##### Mass Sold Kg (000)



**Total Value: -11.5%**  
Contract Farming represented 96% of the total value.



**Mass Sold: -21.8%**  
231m kgs below 2024 target of 265m kgs



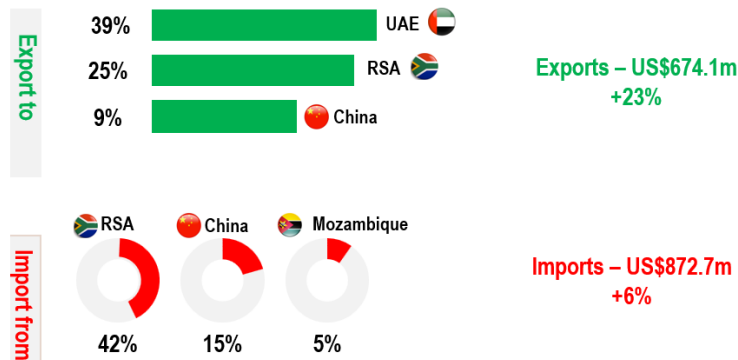
**Average Price: +13.1%**  
Average Price increased to US\$3.43/kg from US\$3.03/kg in 2023

##### Value (US\$000)



#### August 2024 Monthly International Trade

##### Trade Deficit -28%



#### Exchange Rate

Officially, the ZiG weakened against the USD during the month with the Interbank rate closing the month at ZiG13.85:US\$1, compared to ZiG13.79: USD1 (as at 31 July 2024). The parallel market rate was reported to have weakened to circa ZiG20:USD1.

#### Inflation

- **ZiG Inflation:** The M-o-M inflation rate for August 2024 was 1.4%, gaining 1.5 percentage points on the July rate of -0.1% weighed on by exchange rate movements on the alternative market. Food and Non-Alcoholic Beverages surged to 2.2% in August, an increase of 2.9 percentage points from July's rate of -0.7%.

- **Local USD Inflation:** The M-o-M inflation rate for August 2024 was 0.2% gaining 0.3 percentage points on the July 2024 rate of -0.1%. The Y-o-Y inflation rate closed the month at 3.7%.

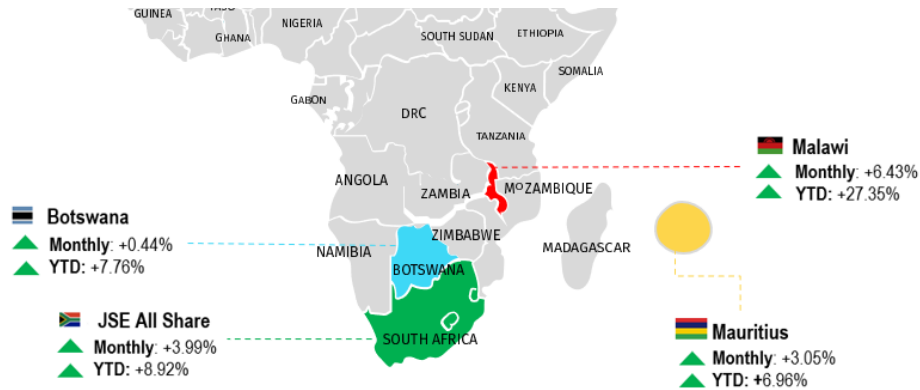
## ECONOMIC AND MARKET REVIEW

### Equities Market Update



### Analyst's Column

#### Regional Stock Performance Summary



#### Local Market – VFEX All Share



#### Monthly Return



#### YTD Return



#### Regional Stock Performance

-Regional indices progressed the year so far on a positive note recording YTD growths across the four countries: Botswana (+7.76%), South Africa (8.92%), Malawi (+27.35%) and Mauritius (+6.96%).

- In South Africa (SA), the JSE All Share Index recorded a positive monthly return of 3.99% in August, with Financials returning 5.3% and Industrials 4.0%. Resource stocks dragged on performance (-9.7%), influenced by disappointing results from major mining companies. Listed Property outperformed other sectors, with the JSE All Property Index gaining 8.4%.

#### Victoria Fall Stock Exchange (VFEX)

- VFEX All Share Index recorded a negative return during the month under review of -1.14%, reducing gains recorded earlier in the year, to a YTD return of 3.80%.

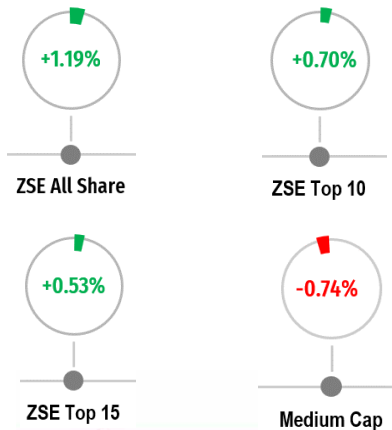
- Market breadth generally remained thin and new listings are still expected on the VFEX. Improving liquidity may improve the upside potential of this bourse.

#### Zimbabwe Stock Exchange (ZSE)

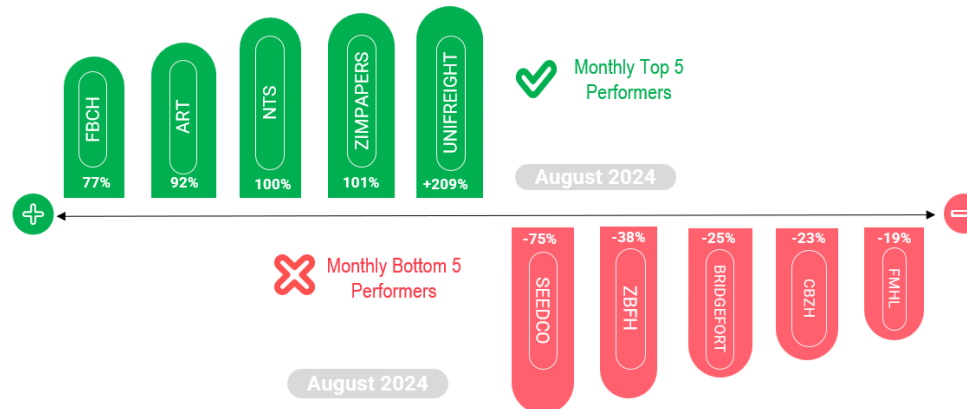
- The ZSE All Share, ZSE Top 10 & ZSE Top 15 indices recorded gains of 1.19%, 0.70% and 0.53% respectively during the month under review. Medium Cap counters underperformed during the month recording a loss of 0.74%.

-The ZSE All Share Index was bearish at inception of the ZiG however it has continued to firm up since the tail end of May 2024 reversing losses that were recorded earlier in the year. The sustainability of a recovery and or a bullish trend will rely heavily on the availability of liquidity.

#### Local Market – ZSE indices Monthly Returns



#### ZSE Top and Bottom 5 Performers



Monthly Bottom 5 Performers

August 2024

ECONOMIC AND MARKET REVIEW

Investment Outlook & Recommendation



Recommendation



PROPERTY



EQUITIES



ZiG MONEY MARKET



ALT. INVESTMENTS



Outlook

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

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

We expect a stable recovery on the VFEX when compared to the ZSE to sustain as companies on the VFEX are similarly trading at discounts to their intrinsic values.

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

This asset class has been able to avoid value distortions arising from short term policy changes and offer sustained real asset value preservation and growth. The asset class however remains illiquid and long term in nature.

## ECONOMIC AND MARKET REVIEW

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