

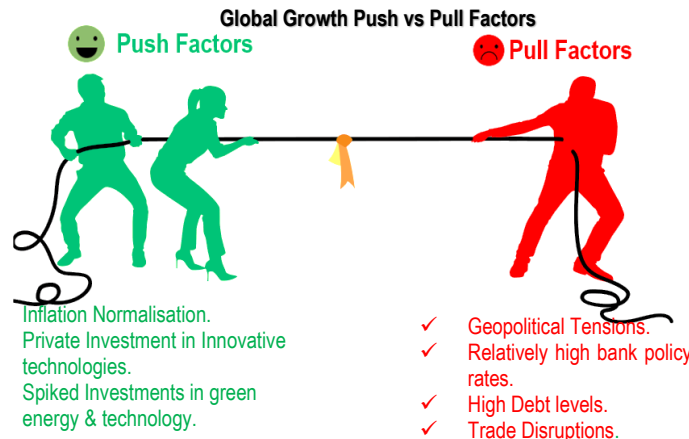
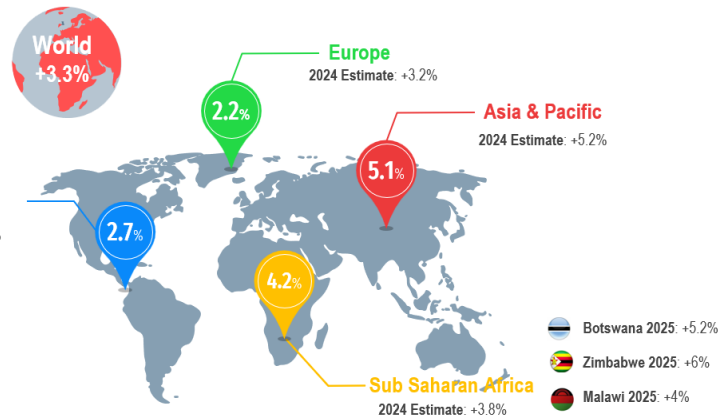
ECONOMIC AND MARKET REVIEW

Economic Highlights



Analyst's Column

FY2025 Global Economy & Sub-Saharan Africa Gross Domestic Product (GDP) Trends



Measures to Address the Informalisation of the Economy

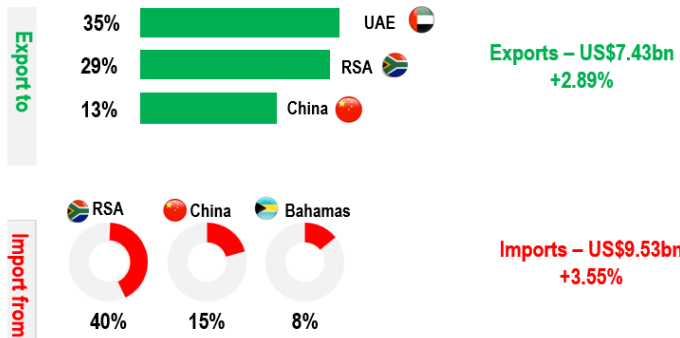
The Government of Zimbabwe Introduced the following measures during the month under review:

- ✓ Mandatory use of point POS machines by informal traders.
- ✓ Adoption of international best practise on tax payment.
- ✓ Discouraging manufacturers from supplying directly to end users.
- ✓ Establishment of a Domestic Interagency Enforcement Team to enforce compliance in the informal sector.
- ✓ To enforce collaboration between Local Authorities & Central Government in the licensing and enforcement processes.

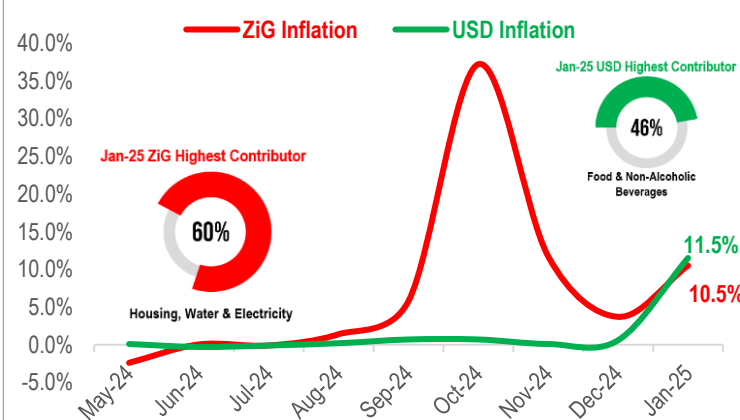
Given the desired result of promoting formalisation and tax compliance, the impact of the above measures will likely take time to filter through and or address the current formalisation issues. The measures are more centred on enforcement compared to incentivisation and given the sophistication of the targeted market (Informal sector); enforcement will likely be impactful to a limited degree. An increase in incentives could level up formalisation and tax compliance in the outlook.

Zimbabwe FY2024 External Trade

Trade Deficit: **+4.9%**



Month on Month Inflation Update



Exchange Rate

Officially, the ZiG weakened against the USD during the month with the Interbank rate closing the month at ZiG26.37:US\$1, compared to ZiG25.80: USD1 (as of 31 December 2024). The ZiG however strengthened on the parallel market rate to ZiG34:USD1, compared to prior month (ZiG38:USD1).

Inflation

- **ZiG Inflation:** The M-o-M inflation rate for January 2025 was 10.5%, adding 6.8 percentage points on the December 2024 rate of 3.7%. The ZiG CPI for Housing, Water & Electricity contributed significantly to the monthly change in the Index.

- **Local USD Inflation:** The M-o-M inflation rate for January 2025 was 11.5%, 10.9 percentage points higher than the December 2024 rate of 0.6%. Food & Non-Alcoholic Beverages was the highest contributor at 46% during the month.

Source: Zimstat, December 2024 Data

Source: Zimstat & RBZ, January 2025 Data

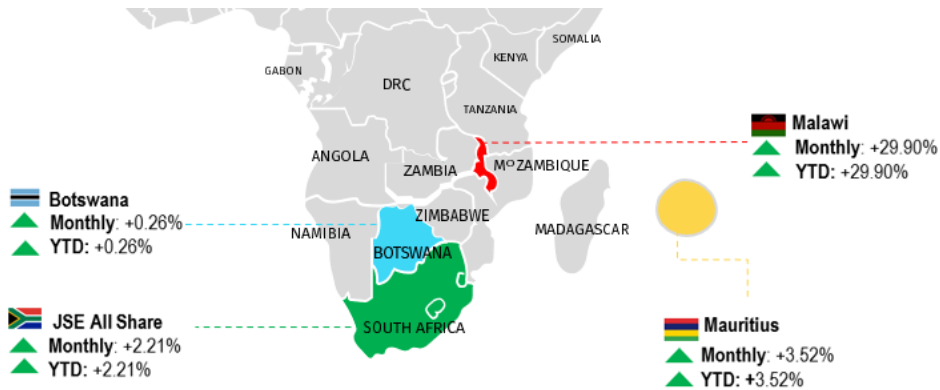
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Equities Market Update



Analyst's Column

Regional Stock Performance Summary



Local Market – VFEX All Share



Monthly Return



YTD Return



Regional Stock Performance

-Regional indices started the year 2025 on a positive note recording monthly growth across the four countries: Botswana (+0.26%), South Africa (+2.21%), Malawi (+29.9%) and Mauritius (+3.52%).

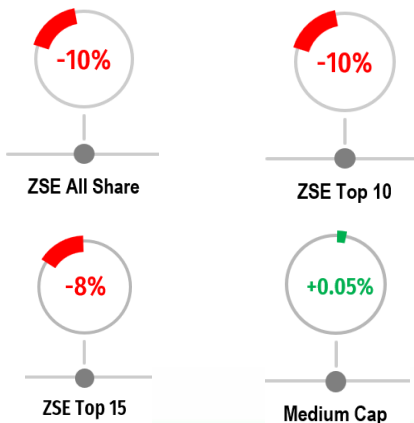
- SA equity market benefitted from the South Africa Reserve bank interest rate cut of 25 basis points. The All-Share Index (ALSI) gained 2.21% in rand terms during the month under review.

Victoria Falls Stock Exchange (VFEX)

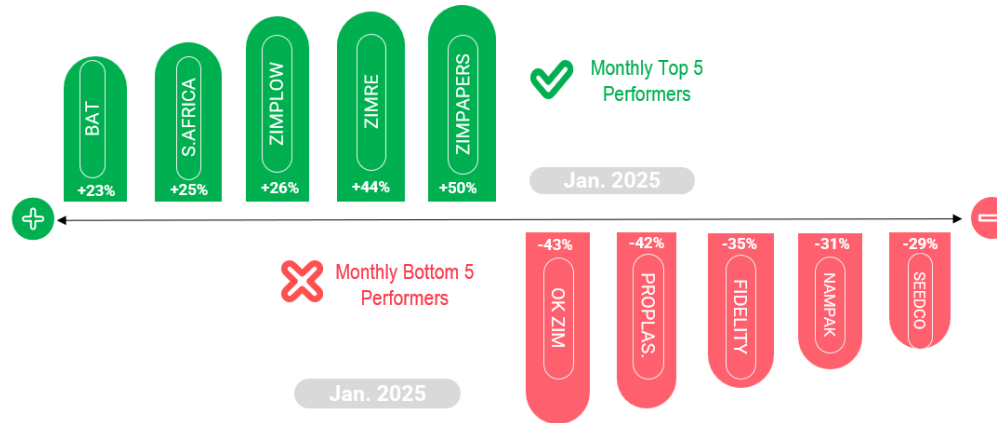
- VFEX All Share Index recorded a negative return during the month under review of 1.02%.

- Market Liquidity and breadth generally remained thin during the 1st month of 2025. New listings are still expected on the VFEX including REITs. Price discovery for listed equities remained a challenge (very slow) and could benefit from improved liquidity in the outlook.

Local Market – ZSE indices Monthly Returns



ZSE Top and Bottom 5 Performers



Zimbabwe Stock Exchange (ZSE)

- Most ZSE Indices recorded negative returns during the month under review, except for the Medium Cap. The ZSE All Share, ZSE Top 10 & ZSE Top 15 indices recorded losses of 10.12%, 10.46% and 8.35% respectively during the month under review. Medium Cap counters outperformed other indices by recording an almost flat performance of 0.05% during the month.

-The Correlation between liquidity and ZSE performance remains high. Resultantly, liquidity constrains during the month under review weighed down performance. Bullish trends in the outlook are highly dependent on improved liquidity.

ECONOMIC AND MARKET REVIEW

Investment Outlook & Recommendation



Recommendation



PROPERTY



EQUITIES



ZiG MONEY MARKET



ALT. INVESTMENTS



Outlook

REIT and REIC type investments expected to increase.

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

Increased dollarisation of the economy is expected to result in an increase in USD investment funds looking for USD investment vehicles like the VFEX.

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.

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.

Highly illiquid and risky asset class. May not be suitable for investors with a short-term investment horizon and low risk appetite.


ECONOMIC AND MARKET REVIEW

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