

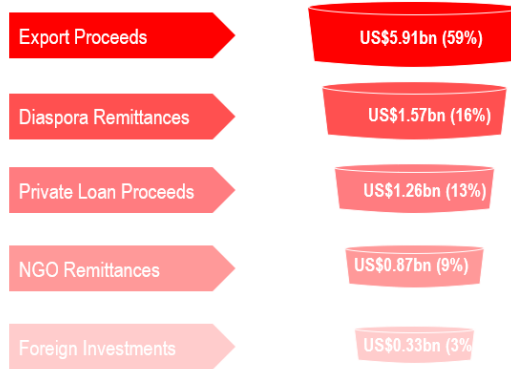
ECONOMIC AND MARKET REVIEW

Economic Highlights

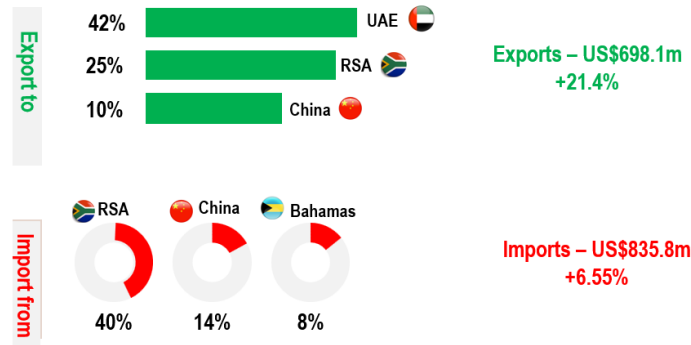


Analyst's Column

Foreign Currency Receipts Update (as at 30 September 2024) Total Receipts – 10.04bn



October 2024 Monthly International Trade Trade Deficit -34%



Foreign Currency Receipts

- Foreign currency receipts grew 17.9% to US\$10.04bn in the 9 months to September 2024, supported by exports and international remittances.

- Almost all categories recorded growth when compared to prior year as follows: Export Proceeds (+24%); Diaspora Remittances (+18%); Private Loan Proceeds (+2.1%); and Foreign Investments (+54%), with the exception of NGO Remittances which were flat compared to prior years.

- According to RBZ projections the current account is expected to remain in surplus in 2024 of US\$150.5 million from US\$133.9 million in 2023. It will improve to a surplus of US\$277.4 million in 2025. Improved foreign currency generation is expected to underpin the current account surplus projections above.

Exchange Rate

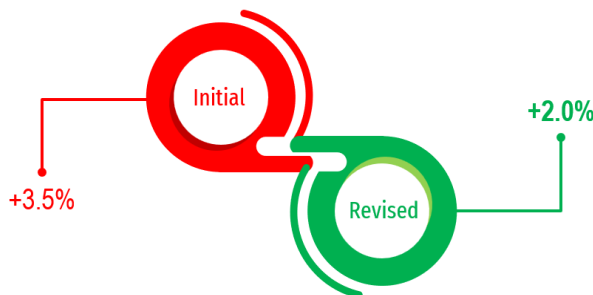
Officially, the ZiG weakened against the USD during the month with the Interbank rate closing the month at ZiG28.68:US\$1, compared to ZiG24.88: USD1 (as at 30 September 2024). The parallel market rate was reported to have weakened to circa ZiG40:USD1.

Inflation

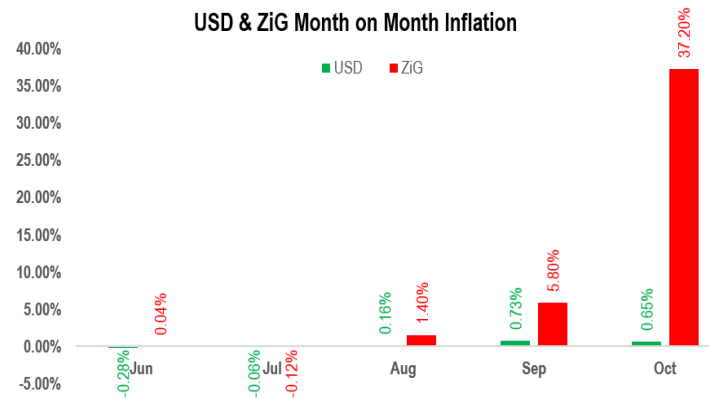
- ZiG Inflation: The M-o-M inflation rate for October 2024 was 37.2%, gaining 31.4 percentage points on the September rate of 5.8% weighed on by post devaluation developments including exchange rate movements on the alternative market.

- Local USD Inflation: The M-o-M inflation rate for October 2024 was 0.66%, 0.07 percentage points lower on the September 2024 rate of 0.73%. The Y-o-Y inflation rate closed the month at 4.07%.

Zimbabwe 2024 GDP Projections: Initial vs Revised



Monthly Inflation Update



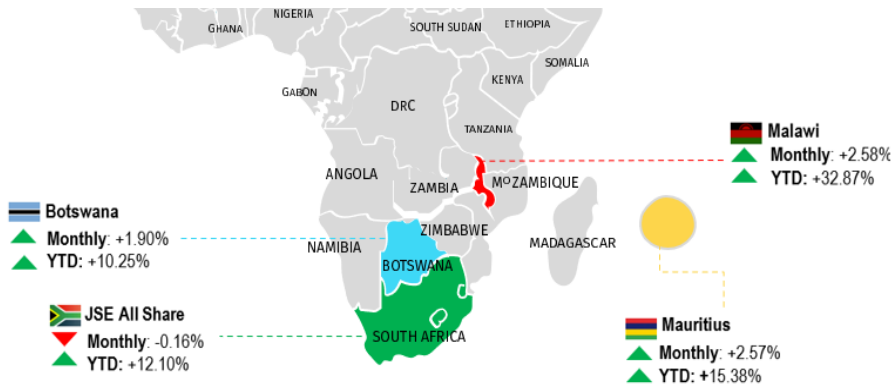
ECONOMIC AND MARKET REVIEW

Equities Market Update



Analyst's Column

Regional Stock Performance Summary



Local Market – VFEX All Share



Market Capitalisation

Monthly



YTD



Regional Stock Performance

-Regional indices progressed the year so far on a positive note recording YTD growths across the four countries: Botswana (+10.25%), South Africa (12.10%), Malawi (+32.87%) and Mauritius (+15.38%).

- In South Africa (SA), the JSE All Share Index recorded a negative monthly return of 0.16% in October. The Resources sector, however, performed strongly, gaining 2.5% due to stronger commodity prices, while Industrials and Property sectors posted significant losses with -2.8% and -2.7% respectively.

Victoria Falls Stock Exchange (VFEX)

- VFEX All Share Index recorded a negative return during the month under review of -2.79%, reducing gains recorded earlier in the year, to a YTD return of 2.68%.

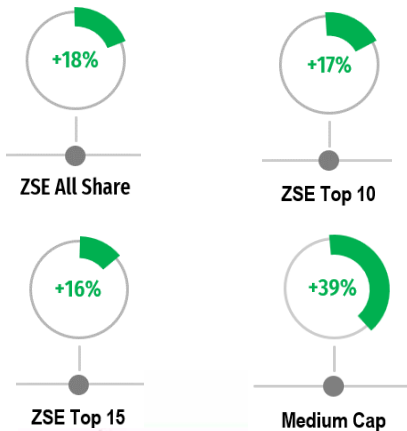
- Market breadth generally remained thin and new listings are still expected on the VFEX. Improving liquidity may improve the upside potential of this bourse.

Zimbabwe Stock Exchange (ZSE)

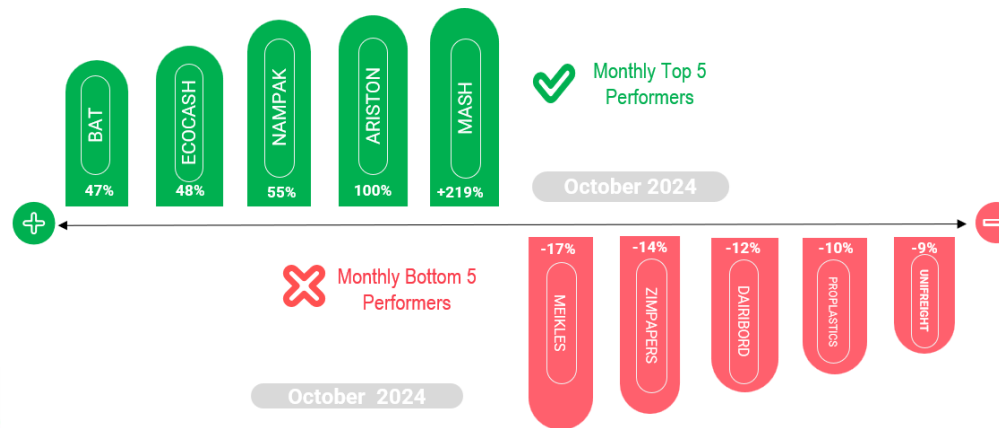
- All ZSE Indices recorded positive returns during the month under review. The ZSE All Share, ZSE Top 10 & ZSE Top 15 indices recorded gains of 18%, 17% and 16% respectively during the month under review. Medium Cap counters outperformed other indices during the month recording a positive return of 39%.

-Correlation between liquidity and ZSE performance remains high. Resultantly, the sustainability of a recovery and or a bullish trend in the outlook will rely heavily on the availability of 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



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

Author

Position

E-mail

Tendaishe Gwitima

Investments Analyst

tgwitima@firstmutual.co.zw

DISCLAIMER: Whilst we have exercised the utmost caution in coming up with the research data and information in this report, we do advise potential investors to exercise caution and constant referrals given the fluid nature of macro and micro-economic dynamics both locally and abroad. First Mutual Wealth cannot be held responsible for the outcome of the financial decisions taken on the basis of the above report. The report is intended to only provide general and preliminary information to investors and shall not be construed as the basis for any investment decision or strategy. The report has been prepared by First Mutual Wealth as general information for private use of the investor to whom the report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment. Before acting on any information in this publication or report, it is recommendable to consult one's financial advisor.