



# COMMODITY OUTLOOK 2024

'A look ahead into the volume and price trends of key minerals'

Special focus Zimbabwe,

January 2024

## Executive Summary

### Middle East conflict adds uncertainty to already-shocked commodity markets

Persistent geopolitical tensions coupled with tight financial conditions are expected to weaken world economic recovery in 2024. The unfolding conflict in the Middle East has exacerbated the situation with the IMF now projecting economic growth to 2.6% in 2024 from 3.8% in 2023. The geopolitical tensions and attendant slowdown in economic recovery is set to disturb commodity markets.

### Gold price expected to surge on safe heaven demand

Gold price is expected to be bullish in 2024 driven by safe-haven demand on the back of geopolitical tensions. The persistent war in Ukraine and merging crisis in the middle east have heightened global uncertainties. We expect gold prices to hit all time high of US\$ 2,200 per ounce in 2024 compared to US\$1,950 per ounce in 2023.

### Energy prices to increase by 9% as geopolitical tensions escalates

Oil and gas prices are projected to increase as the Middle East conflict is expected to persist throughout 2024. Brent oil prices are expected to surpass \$115 per barrel. Meanwhile, coal prices are expected to tumble on global transition to renewable energy.

### Base metal prices to remain subdued

The outlook for base metal prices suggests a steady decline in 2024, primarily due to subdued economic recovery prospects in China and other major economies, with projections indicating a 5% decline in 2024. Outside of China, high borrowing costs may reduce demand for metals like lead and tin, especially in industrial and consumer durable sectors. A potential slowdown in new construction, particularly in Europe, driven by high interest rates, could further dampen base metal demand. Other key risks to base metals prices include escalating conflicts in the Middle East, trade restrictions, uncertain energy transition pace, and weaker-than-expected growth in China and sluggish global demand.

### Critical minerals to weaken

Critical minerals prices, including lithium and cobalt, are expected to further weaken by 20% in 2024 due to global economic slowdown, oversupply and reduced demand, particularly from electric vehicle (EV) manufacturers in China. This trend is part of a broader decline in metals driven by economic deceleration. We expect the current demand slowdown in critical minerals to be temporary, with long-term growth projected as clean energy investments, especially in battery storage EVs, and renewable power, are set to rise.

### Prices forecast for selected commodities

	3 year average*	2023	2024f
Gold/toz	1,845	1,950	2,200
Platinum/toz	1,006	966	1,050
Palladium/toz	1,948	1,395	1,300
Nickel/mt	21,940	21,521	20,000
Lithium/mt	23,300	20,500	17,180

Notes: \*2021-23; f- Chamber forecast

### Mineral earnings expected to fall despite output growth

Mineral earnings for 2024 are projected to decline by approximately 5% weighed down by softening commodity prices. This is despite output increases across key minerals as mining companies ramp up production to compensate for revenue losses. The output increases will be more than offset by slow down in prices.

### Zimbabwe Mining Production forecast

	2023	2024f
Gold (kg)	33,000	39,000
Platinum(kg)	17,000	17,800
Diamonds (crt)	5,000,000	6,500,000
Palladium(kg)	13,700	14,500
Nickel (t)	19,000	20,000
Coal(t)	5,480,000	7,000,000
Lithium(mt)	280,000	450,000

Notes: f- Chamber forecast

Downside risks to the mining sector outlook include fragile power supply, foreign exchange shortfalls, high-cost structure (high electricity tariff, high royalty and other fiscal charges), capital shortages (funding gap of around US\$2 billion in 2024),

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# Commodity Price Outlook

## Global economy outlook

The global economy, which was initially projected to grow by 3.4% in 2024, has been revised downwards to 2.4%, due to persistent geopolitical tensions and tight financial conditions. This anticipated slowdown is more pronounced in advanced economies, with the Euro area facing challenges stemming from financial constraints and supply chain disruptions. Developing economies are also grappling with slowing growth, sluggish trade, and elevated borrowing costs, raising concerns about progress particularly for low-income nations.

## Commodity markets and price outlook

The ongoing conflict in the Middle East has introduced considerable uncertainty into commodity markets, resulting in an estimated 9% increase in energy prices thus far. Further downside risks to the global outlook include global trade restrictions in warring zones, heightened inflation, natural calamities including droughts and the prospects of weaker-than-expected global economic growth.

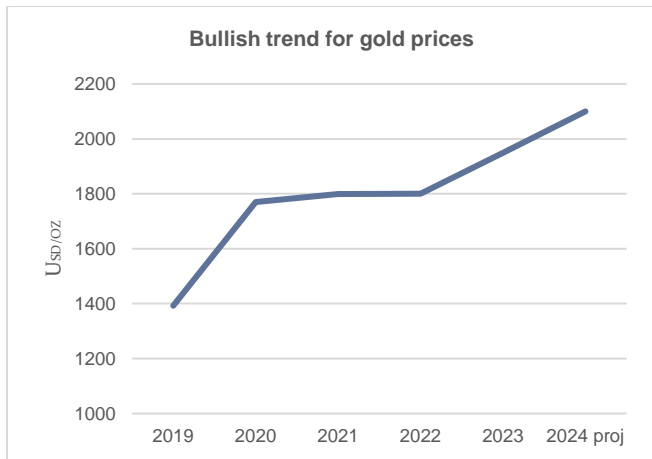
Meanwhile, commodity prices are expected to further ease in 2024 following a slowdown in 2023. The softening of commodity prices is attributed to weak global economic growth, subdued trade, and challenges in China's industrial sector. However, a potential rebound in global growth and increased investments in renewable energy infrastructure might pave way for a commodity price recovery in the medium term.

## Gold price bullish on safe-haven demand

Gold Forecast Snapshot		USD/oz
2023	Annual Average	1,950
2024	Annual Average*	2,200

\*CoMZ forecasts

In 2024, gold price is expected to trend above \$2,000/oz throughout the year as geopolitical conflicts and global economic uncertainties drive safe-haven demand, pushing gold prices to record highs. We anticipate gold price to range between \$2,000 to \$2,500 during the year under review.

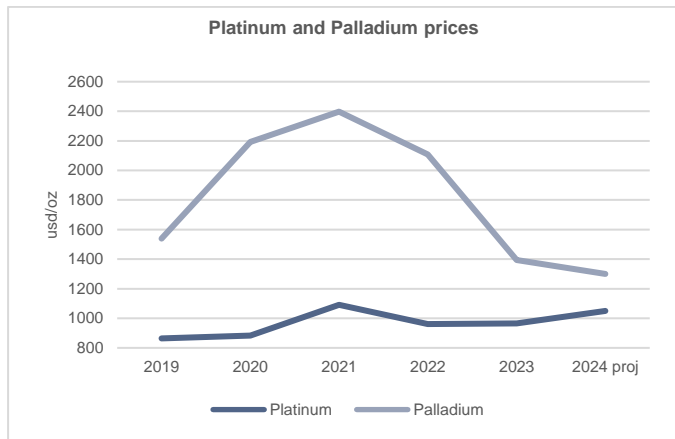


Source: World bank, Boomerang, CoMZ forecasts

## Mixed outlook for PGMs prices

Forecast Snapshot		Platinum USD/oz	Palladium USD/oz
2023	Annual Average	966	1,395
2024	Annual Average*	1,050	1,300

\*CoMZ forecasts



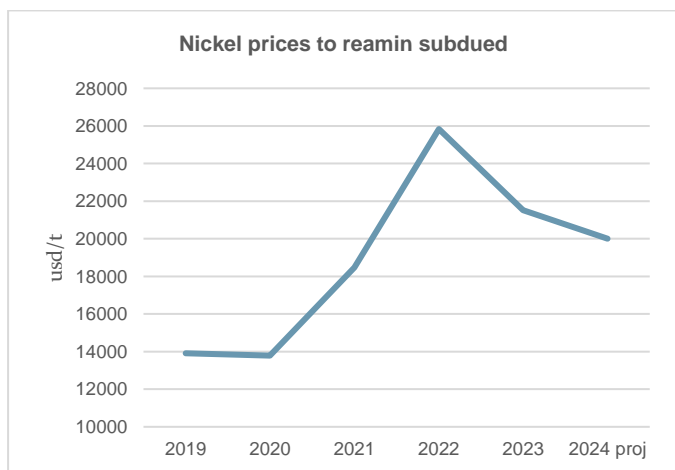
Platinum is projected at an average price of \$1,050 per troy ounce in 2024, a recovery from the 2023 annual average of US\$966 per troy ounce. Meanwhile, palladium, which has seen a 38% decline in 2023, is expected to further ease in 2024. The average palladium price is projected at US \$1,300 per ounce in 2024 on concerns about weak auto production and increased platinum usage in gasoline autocatalysis as well as potential global economic slowdown.

## Nickel prices to remain subdued on excess supply and slowdown in demand from China

Forecast Snapshot		USD/t
2023	Annual Average	21,521
2024	Annual Average*	20,000

\*CoMZ forecasts

Nickel price for 2024 is projected at around US\$20,000 down from US\$21,521 in 2023 on the back of subdued demand and substantial nickel supply growth from Indonesia, a major global supplier. The surplus of Class 2 nickel, mainly used in stainless steel, has contributed to the weakness, driven by increased capacity in China and Indonesia. Technological shifts in China's nickel usage, favouring batteries like lithium iron phosphate (LFP) packs that don't require Class 1 nickel, further impacted prices. The trend is expected to persist throughout 2024.



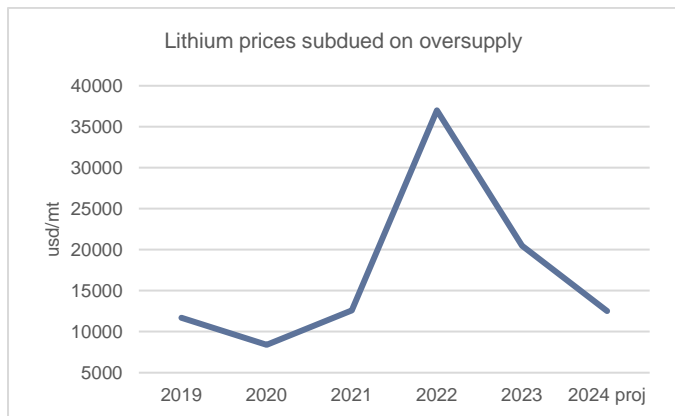
Source: World bank

## Lithium market faces surplus in 2024

Forecast Snapshot		USD/MT
2023	Average	20,500
2024	Average*	12,500

Lithium carbonate prices \*CoMZ forecasts

Projections indicate declining prices for lithium carbonate (\$12,500/tonne), lithium hydroxide (\$14,263/tonne), and spodumene (\$2,250/tonne) in 2024. The decline is attributed to rising supplies of the battery metal, subdued Chinese demand, and a dull American electric vehicle (EV) market. Despite these short-term challenges, the current demand slowdown is expected to be temporary, with long-term structural growth driven by the global shift toward sustainable energy. Clean energy investments, particularly in battery storage, EVs, and renewable power, are anticipated to boost demand for critical minerals like lithium and nickel.



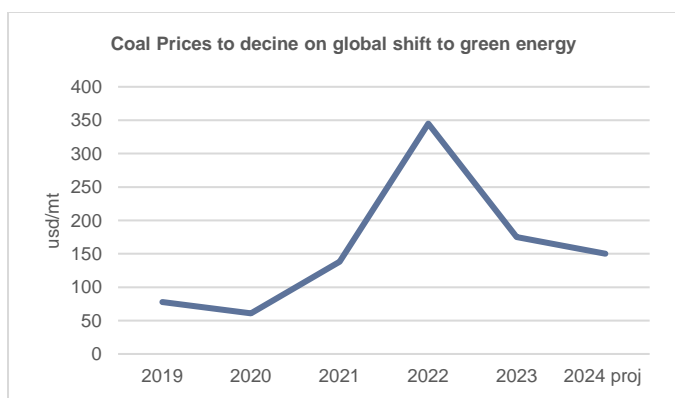
Source: Trading economics, CoMZ forecasts

### Coal prices set to decline amid global shift to renewable energy and COP26 Pledges

Forecast Snapshot		USD/mt
2023	Annual Average	175
2024	Annual Average*	150

\*CoMZ forecasts

Forecasts project coal to trade at an annual average of US\$ 150 per metric tonne in 2024. The anticipated drop in coal prices is attributed to expected significant expansion of renewable and clean energy capacity globally from 2024 to 2026, with China accounting for over half of this growth. Recent commitments, including those made during COP26, such as the Global Coal to Clean Power Transition Statement, are expected to exert strong implications on investment decisions in the coal sector. Meanwhile, current coal production forecasts, a major contributor to global carbon emissions, do not align with the net-zero emission pledges made by several countries. Countries like China, United States and the European Union expect a substantial decrease in coal demand, attributing it to an anticipated recovery in hydropower production and notable advancements in solar and wind energy generation.



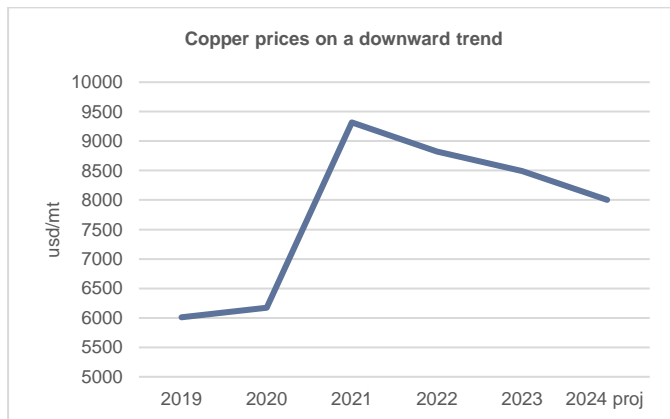
Source: World bank, CoMZ forecasts

### Copper prices to weaken indicating strong supply growth

Forecast Snapshot		USD/mt
2023	Annual Average	8,500
2024	Annual Average*	8,000

\*CoMZ forecasts

Copper prices are forecasted to average \$8,000 per metric ton in 2024. The decline in prices is mainly driven by softening global demand and robust supply growth and increased stocks. Output is anticipated to significantly increase throughout 2024 due to start-ups and expansions in various countries. However, prices are expected to rebound by 9% in 2025 as global demand recovers, particularly driven by the intensification of the green transition. Key demand drivers in the coming years include electric vehicles, renewable power, and associated electric grid infrastructure, necessitating additional investments in copper mines and refining capacity.



Source: World Bank

### Iron Ore price to soften on weak demand

Forecast Snapshot		Iron, USD/t
2023	Annual Average	120
2024	Annual Average*	105

\*CoMZ forecasts



Source: World bank, Boomerang, CoMZ forecasts

Iron ore price is expected to soften to US\$ 105 per dry metric tonne. The ongoing dynamics of oversupply, weakening demand, and the transition to less steel-intensive activities in China are expected to impact iron ore prices throughout 2024.

### Diamond prices to recover as demand increases

Forecast Snapshot		USD/carat
2023	Average	115
2024	Average*	125

Kimberlite Diamond, \*CoMZ forecasts

Diamond price is expected at an annual average of US\$ 125 per carat in 2024. The diamond market faces challenges as many significant, older mines approach the end of their operational life, and insufficient new mines are coming online to meet the growing demand. This supply-demand imbalance is contributing to the upward trajectory in diamond prices.



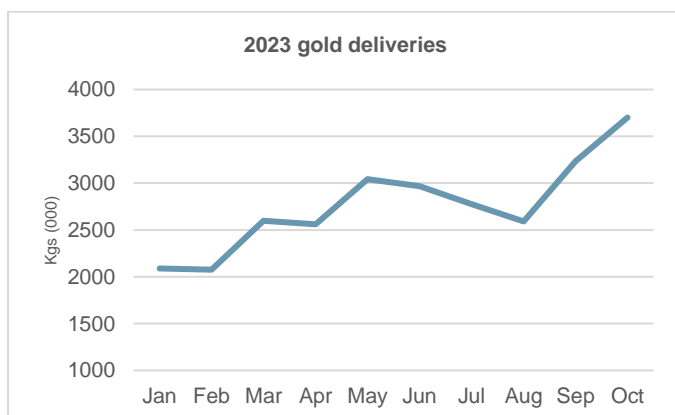
## Zimbabwe mineral volumes set to increase in 2024 albeit depressed commodity prices

### Mineral volumes set to surge on production ramp up

Despite a gloomy commodity market outlook, mineral output growth is expected to average around 12% in 2024 as mining companies ramp up production to compensate for revenue losses arising from softening prices. Production increases are expected across all key mineral categories including lithium (60%), gold (18%), diamond (30%), coal (28%), PGMs (6%) and other sectors. Risks to the mining sector outlook are on the downside, with mining companies expected to continue facing fragile power supply, foreign currency shortfalls, high-cost structure and capital constraints.

### Gold output set to reach 39 tons in 2024

Gold output is projected at 39 tons in 2024 up from around 33 tons in 2023, largely on the back of ongoing expansion projects and favorable prices. Gold revenues are expected to surpass US\$ 3 billion in 2024. Average capacity utilization for the gold sector is expected to reach 95% in 2024 up from 84% in 2023. Deliveries to Fidelity from small scale producers are however expected to be weighed down by the requirement for small scale and artisanal miners to surrender 25% of their export earnings as is the case for large scale producers. With the parallel market premiums expected to persist in the outlook, the country may experience side marketing and leakages particularly in the small scale sector.



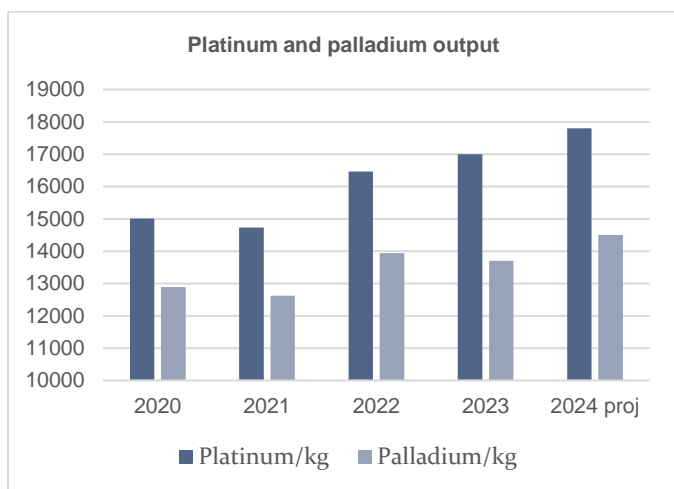
Source: Ministry of Mines

### Projects Expected to boost gold output in the outlook

- Caledonia (Blanket Mine)**  
 Blanket Mine are planning on spending **US\$12.7 million** on their tails storage facilities which they plan to complete by 2025. The project is expected to add into their production.
- Freda Rebecca** In the past 24 months, Freda Rebecca has spent around US\$29 million on exploration, mine development and tailings storage projects to sustain their operations.
- Dallaglio**  
 Dallaglio is planning on spending around US\$25 million on their Pixton Peerless transition to underground mining targeting completion timelines of mid-2024. Once fully commissioned, the project is expected to add another 7% into their production.
- Shamva Gold**  
 Shamva Gold Mine are expecting to spend more than **US\$7 million** in exploration activities around their mine to ensure the availability of mineable resources to achieve 200,000 tons of ore per month.
- Pan African**  
 Pan African Mining are planning on injecting around **US\$13 million** on exploration and shaft deepening to sustain their operations.
- How Mine**  
 How Mine are planning on spending more than **US\$7 million** on exploration, shaft sinking and deepening as well as tonnage ramp up to sustain their operations.
- Golden Reef**  
 In the next 12 months, Golden Reef Mining are planning to spend more than **US\$700,000** on their heap leaching and CIP/CIL to increase production capacity by more than 10%.
- Falcon gold**  
 Falcon gold are planning to spend more than **US\$400,000** on exploration and development at their mine to sustain and ramp up production.

## PGMs volumes set to rise

Platinum output is expected at 17.8 tons in 2024, up from 17 tons in 2023 while palladium output is expected at 14.5 tons in 2024, a 6% increase from 13.7 tons in 2023. Capacity utilisation in the PGMs sector is expected to remain at around 100% with all three operating mines (Zimplats, Mimosa and Unki) planning to operate at near full capacity as was the case in 2023.



Source: Ministry of Mines, CoMZ forecasts

### Projects Expected to boost PGMs output in the outlook

#### 1. Zimplats

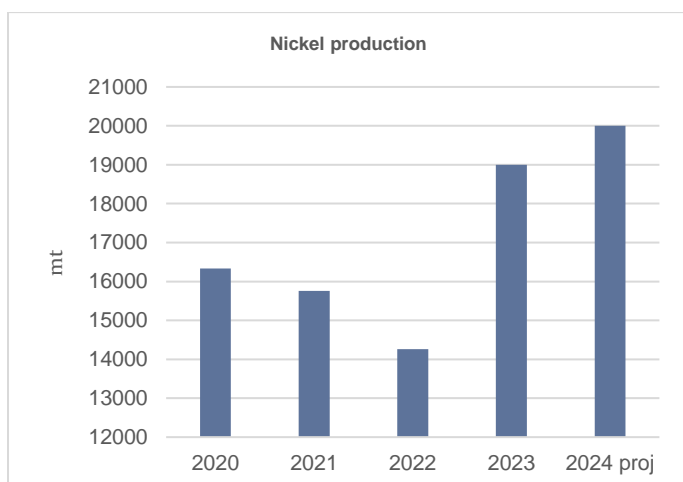
In the past 2 years, Zimplats have spent more than US\$570 million on capital projects related to stay-in-business, replacement mines and expansion projects. Of the total, US\$300 million has been spent in the current year. The projects include the replacement of depleting mines, establishment of a new concentrator plant, refurbishment of the mothballed BMR, construction of a 35MWAC solar plant at SMC, construction of a 38MW furnace, as well as an SO2 abatement plan. Zimplats is also planning to inject US\$190 million to refurbish its mothballed Base Metal Refinery. The projects are expected to be finalized by between 2024 and 2028.

#### 2. Mimosa Mining Company

Mimosa Mining Company are planning to spend more than US\$200 million on their North Hill Project and developing tailings storage facility for life-of-mine extension.

## Nickel set to benefit from activities in the PGMs sector

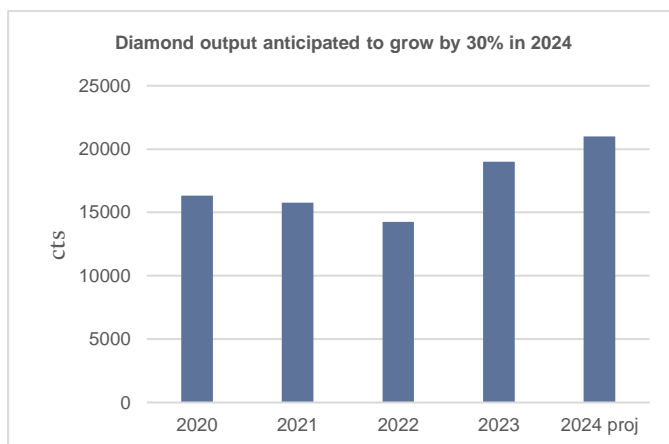
Nickel output is expected to increase to 20,000 metric tons in 2024, up from 19,000 metric tons in 2023 largely benefiting from anticipated improved activities in the PGMs sector. The primary producer is however still facing challenges that may weigh down on its potential output in 2024.



Source: Ministry of Mines, CoMZ forecasts

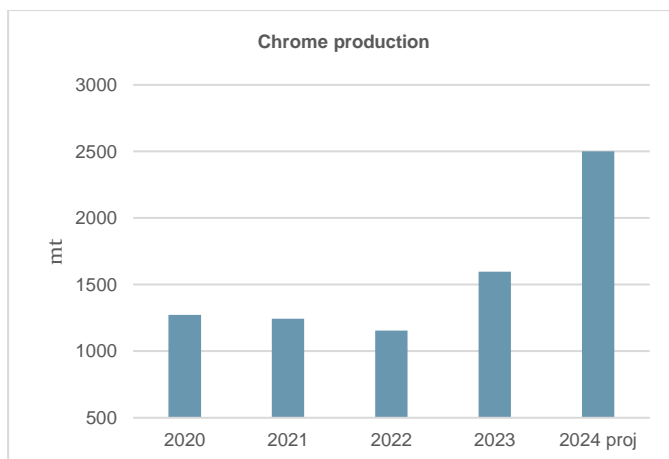
## Diamond output expected at around 6.5 million carats

Diamond output is expected at around 6.5 million carats in 2024 a 30% increase from 5 million carats in 2023 benefiting from ongoing expansion projects at Murowa Diamonds and ZCDC.



Source: Ministry of Mines, CoMZ forecasts

## Chrome output to increase to 2.5 million metric tonnes in 2024



Source: Ministry of Mines, CoMZ forecasts

Chrome output is expected at 2.5 million metric tonnes in 2024, from 1.6 million metric tons in 2023. Meanwhile, ferrochrome producers were granted a special electricity tariff which is expected to improve the power supply situation in the sector with positive impact on production.

### Projects expected to boost output Ferrochrome

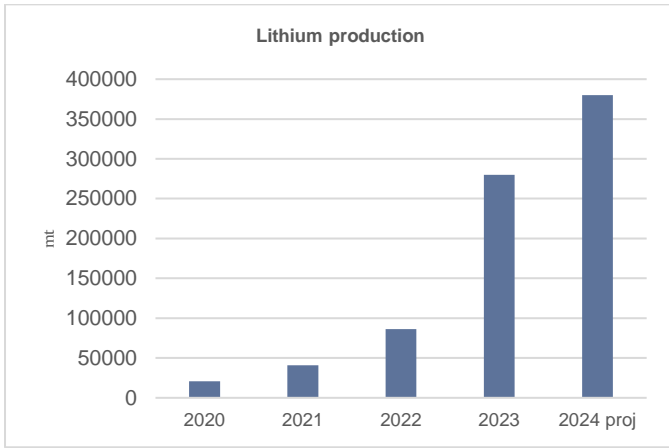
#### 1. Zimasco

Over the past two years, Zimasco have spent around US\$6,800,000 on upgrading and rebuilding their furnaces as well as developing their mines to sustain production. When the projects have been fully commissioned Zimasco production capacity is expected to increase by 120% by year 2025.

#### 2. Jinyi

Over the past two years Jinyi has spent US\$7,100,000 on power plant, transport, furnaces, and sintering plant to increase production capacity by more than 20% by the end of 2024.

## Lithium to benefit from new projects



Source: Ministry of Mines, CoMZ forecasts

Lithium carbonate output is expected to increase to 450,000 metric tons in 2024 from 280,000 metric tons in 2023, largely benefiting from production ramp up from new entrants that commenced operations in 2023.

### Projects expected to boost output in the Lithium Sector

#### 1. Bikita Lithium Mine

Bikita Minerals have invested over 300 million over exploration work and expansion of their operations over the past two years. The mine has constructed and commissioned a dual lithium processing plant (including Spodumene Project), Flotation Separation Plant and a New Smelter Plant. Expected production is up to 300,000 tons of spodumene concentrate and 480,000 tons of petalite.

#### 2. Acadia Lithium Mine.

The company has spent in excess of US\$300 million in Capex over the past 3 years. It commissioned its plant and commenced production in the first quarter of 2023. At full capacity, the company will be producing 400,000 tons per annum of lithium concentrate.

#### 3. Sabi Star Lithium project.

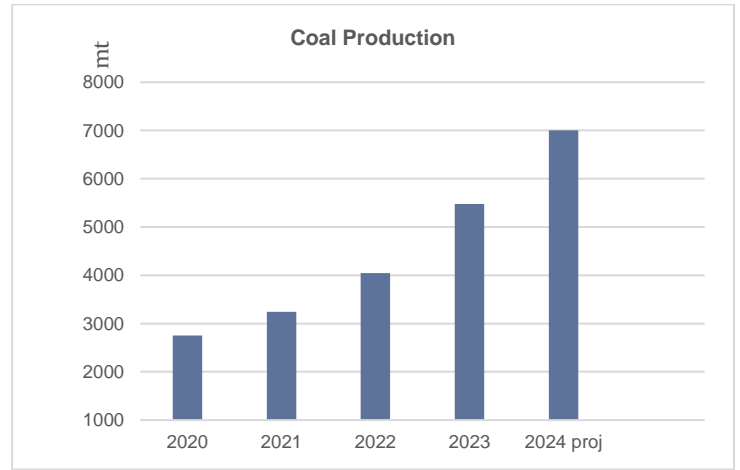
Sabi Star commissioned its concentrator in August 2023. The concentrator has an ore processing capacity 1,000,000 tons per annum with lithium concentrate output of 300,000 tons per annum.

#### 4. Zulu Lithium and Tantalite project.

Zulu lithium mine started production in the first quarter of 2023 and has since commissioned a 50,000 ton per year pilot plant valued at \$35 million.

### Coal output projected to increase to 7 million metric tonnes in 2024

Coal output is projected to increase to 7 million tons in 2024 from 5.5 million tons in 2023, benefiting from improved activities from the current producers including Zambezi Gas, Hwange Colliery and Makomo resources.



Source: Ministry of Mines, CoMZ forecasts

### Risks to the outlook

Key risks to the Zimbabwe mining sector outlook include foreign currency shortages, high-cost structure, fragile power and capital shortages.

#### Foreign currency shortages

Mining companies are facing foreign currency shortfalls. The available foreign currency has declined as the mandatory 75% foreign currency retention is now applied on falling mineral earnings due to softening mineral prices. This is happening at a time mining companies are undertaking expansion projects which require more foreign currency than before. Worsening the situation is that most suppliers and service providers are demanding payments exclusively in foreign currency putting pressure on the available forex.

#### Loss of value on the surrendered portion of export proceeds

Mining companies are losing more than 50% of the value of the surrendered portion of export proceeds that is liquidated at the official auction market rate at a time they are facing local input costs priced at premiums more than the parallel market rate. This is expected to impact viability of mining companies.

#### Fragile electricity supply

Mining companies are facing fragile power supply with reports of unscheduled power outages. The power outages are causing production stoppages and output losses with some mining companies revising their production targets to align with available power supply.

#### High-cost structure

The cost of production for mining companies has been increasing propped up by increases in electricity tariff and royalty for some minerals as well as high funding costs. The cost of production is increasing at a time mineral prices are softening thereby worsening the viability situation for mining companies with marginal mines now struggling to break even.

### Conclusion

Commodity market conditions for 2024 are expected to be depressed with most commodity prices projected to soften. We expect mining companies to ramp up production to compensate for revenue losses arising from softening prices. There is therefore need for Government to intervene and provide supportive measures to contain costs and ensure that mining companies survive during this depressed pricing environment.