

Please address all correspondence  
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# ECONOMIC REVIEW

## January 2024

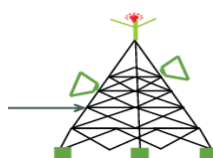
Global growth  
projections revised  
upwards



Inflation surges as new  
taxes trigger price hikes



Stable power supply



Economic Growth Proj: 2024	3.5%
Inflation January	
M-o-m	6.6%
Y-o-y	34.8%
Exchange rate Jan 24(ZWL/USD)	
Interbank	10,152
Parallel	15,000

### Global growth projections revised upwards

The International Monetary Fund (IMF) has revised global growth projections upwards to 3.1% in 2024 from an initial projection of 2.9% on the back of anticipated economic recovery in major economies such as China and Russia. Global inflation is expected to fall to 4.3% in 2024 from 6.6% in 2023 due to tight monetary conditions coupled with a decrease in the demand for wages as most economic activities are affected by the ongoing geopolitical tensions. Meanwhile, global markets are reeling from increases in oil prices and destabilized trade flows as the Middle East conflict has introduced considerable uncertainty into commodity markets. Further downside risks to the global outlook include global trade restrictions in warring zones, supply disruptions and natural calamities including droughts.

### Monthly mineral commodity prices persist on a downward trend

During the month under review, the average prices of commodities continued to decline. Nickel prices further eased by 2% to reach \$16,104 per metric tonne in January 2024, primarily due to excess supply and reduced demand from China. This figure marks a significant drop of nearly 50% compared to the same period last year. Platinum group metals (PGMs) also continued to weaken due to sluggish auto manufacturing and decreased demand for industrial metals, resulting in an oversupply of platinum and palladium in the market. Meanwhile, gold prices have remained bullish, surpassing the \$2,000 per ounce mark, on safe haven demand amid geopolitical tensions and tight monetary conditions.

Global prices for selected commodities			
	Dec-23	Jan-24	% change
Nickel(\$/mt)	16,461	16,104	-2%
Gold (\$/troy oz)	2,026	2,034	0.4%
Platinum (\$/troy oz)	935	926	-1%
Palladium (\$/troy oz)	1,101	982	-11%
Crude oil(\$/bbl)	76	78	3%
Lithium(\$/mt)	13,650	13,200	-3.5%
Coal(\$/mt)	142	125	-12%
Soybeans(\$/mt)	547	547	0%
Natural gas	95.17	93.76	-1%

Source: Kitco, World Bank, Trading Economics

### Gold production surges

Gold deliveries to Fidelity Printers and Refiners were up by 25% to 2,375 kgs in January 2024 compared to 1,896kgs recorded during the same period last year on the back of favourable prices and ongoing expansion projects. However, on a month-on-month basis deliveries for January 2024 were 3% lower than deliveries for December 2023. The drop was notable among small-scale producers, who delivered 1,267 kgs in January 2024 compared to 1,630 kgs in December 2023. This reduction follows a decision by

Government in the last quarter of 2023 to pay all miners, including small-scale miners, 75% of their deliveries in US dollars.

	Jan-23	Dec-23	Jan-24	m-o-m % Change
Large Scale Producers (Kg)	934.9	820.5	1,108.8	35 %
Small Scale Producers (Kg)	961.1	1,630.1	1,266.5	-22%
Total (Kg)	1,895.9	2,450.6	2,375.3	-3.07

Source: Ministry of Mines

### Agricultural output to contract on Elnino induced drought.

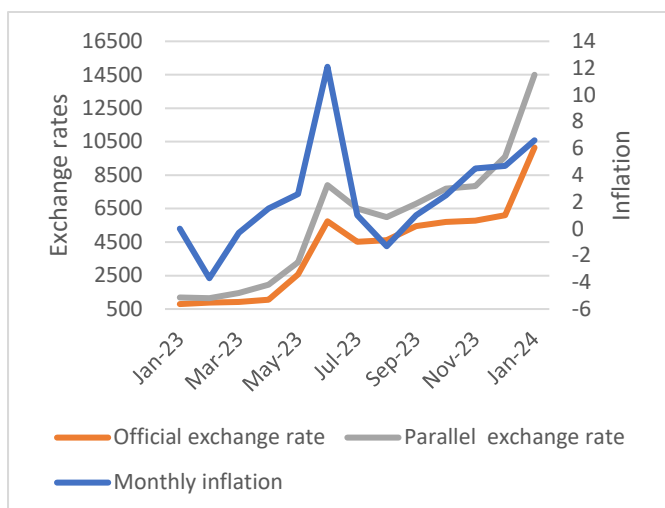
Government is projecting a decline in agriculture output of -4.9% due to El Nino induced drought. Maize is estimated to be the most affected with maize output anticipated to drop by approximately 50% to 1.1 million tons in 2024. In a report released by the Ministry of Lands and Agriculture, 2.5million hectares of land had been planted in January 2024 against a target of 3.1 million hectares.

### Power supply average 1400 MW

The nation's power generation averaged around 1,400 megawatts in January, an improvement from the 1,200 recorded in December 2023. The peak demand is estimated at around 1,700 megawatts with the gap largely covered by load shedding. In the outlook, we expect power supply to remain fragile at a time new and expansion projects in the mining sector are set to demand more power.

### Inflation pressures and currency depreciation persist

The domestic month-on- month inflation increased to 6.6% in January 2024 from 4.7% in December 2023. This comes against the background of local currency depreciation and soaring prices of basic commodities as Government new taxes came into effect at the start of the year. The local currency continued to lose value, depreciating by 40% both on the official market and parallel market. In the outlook, we expect inflation to persist due to exchange rate disparities. Meanwhile, the government is planning to introduce a structured currency system to stabilise the local unit.



Source: RBZ

### Sluggish economic growth prospects weighing down on equity markets.

The Victoria Falls Stock Exchange (VFEX) has experienced a nearly five-month decline, with a 4% decrease since the beginning of the year. This decline in VFEX is primarily due to the expected subdued economic growth and high inflation. Market repricing has occurred due to lower anticipated revenues and global economic conditions which have dampened investor confidence. Notwithstanding, analysts view this as an opportunity for long-term investors, expecting a rebound in stock prices once economic conditions stabilize and global uncertainties subside. The anticipated increase in VFEX listings by year-end could inject much-needed liquidity and demand into the market, potentially reversing the current downward trend.

### Summing up

Zimbabwe's 2024 economic outlook faces significant risks associated with subdued agricultural output and the persistent challenges of high inflation and volatile exchange rates. We anticipate rising inflationary pressures emanating from exchange rate pass-through effect. Additionally, the situation is worsened by the subdued commodity prices, with expectations for continued depression in commodity market conditions throughout 2024. There is need for Government intervention to implement supportive measures aimed at controlling inflation and exchange rate disparities.

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