

Monthly Economic Update

December 2025

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1. Zimbabwe Economic Performance

a) Zimbabwe Economic Outlook

In 2026, Zimbabwe's economy is projected to grow by 5.0%, according to both the Zimbabwean Government and the World Bank, reflecting strong performance across key sectors. Agriculture is expected to expand by 5.4%, supported by favourable weather conditions that anticipate a bumper harvest. Mining and quarrying are projected to grow by 6.3%, driven by rising gold output, while manufacturing is set to increase by 3.7%, bolstered by higher investment and improved industrial capacity.

The economic outlook is further strengthened by Government reforms that include streamlining of regulatory fees for businesses to improve investment confidence. Zimbabwe's trade relations have received a boost with China pledging zero tariffs on all Zimbabwean goods, expected to enhance exports. Trade with China has grown from US\$766 million in 2015 to US\$2.44 billion in 2024, maintaining a US\$1 billion annual trade surplus.

Foreign direct investment is projected at US\$847 million in 2026, supported by efforts to improve the business environment. Following a strong Q3:2025 rebound, with GDP rising 9.64% year-on-year, Zimbabwe's growth trajectory is broad-based, underpinned by agriculture, mining, construction, manufacturing, and electricity sectors, signalling a resilient and positive economic outlook for 2026.

The following table shows Zimbabwe's economic growth forecast as projected by different authorities:

Zimbabwe Economic Growth Projections			
Year	2024	2025	2026
IMF (Nov 2025)	1.7	6.0	4.6
World Bank (Jan 2026)	1.7	6.6	5.0
MoFEDIP (Nov 2025)	1.7	6.6	5.0

Strategic insights and takeaways:

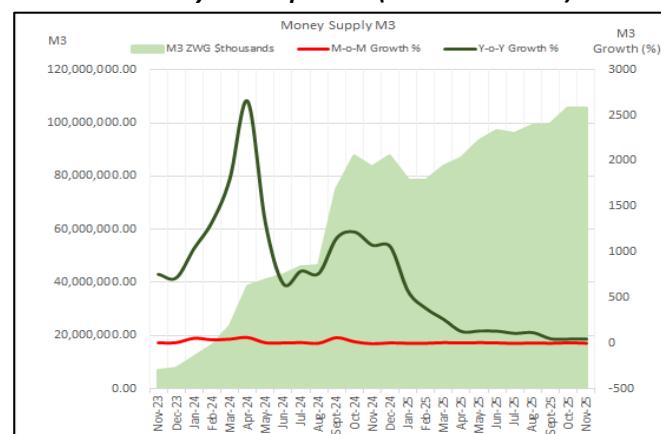
- The outlook reflects broad-based recovery across key sectors, signalling economic stability and improved business confidence.
- China's zero-tariff pledge, combined with a growing trade surplus, enhances Zimbabwe's export potential and strengthens its position in regional and international markets.
- While growth is strong, certain sectors remain fragile, emphasizing the importance of economic diversification and strategic risk mitigation.

2. Zimbabwe Financial Sector

2.1. Money Supply

Broad Money (M3), according to the latest RBZ data, increased by 0.10% month-on-month in November 2025, rising to ZiG 105.56 billion from ZiG 105.45 billion in October 2025. On a year-on-year basis, M3 growth accelerated sharply to 45.03% in November 2025, up from 38.55% in October 2025, highlighting the impact of prevailing monetary conditions. The graph below illustrates these monetary trends from November 2023 to November 2025.

Monetary Developments (ZWG Thousands)



Source: RBZ – December 2025

Strategic insights and takeaways:

- The significant slowdown in month-on-month M3 expansion reflects the effectiveness of restrictive monetary measures in curbing excess liquidity.
- Going forward, the RBZ announced plans to transition its monetary policy from a “tight” to a “prudent” stance, aiming to balance inflation control with support for economic growth.

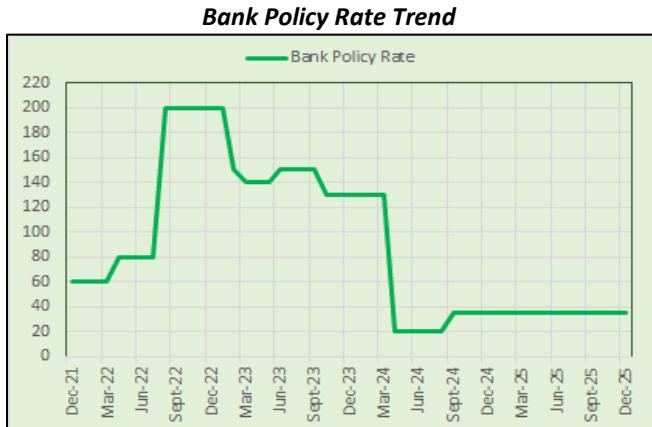
2.2. Interest Rates

The RBZ's Monetary Policy Committee, on 1 December 2025, reaffirmed the continuation of some policy measures regarding interest rates as follows:

- To maintain the bank policy rate at 35%.
- To maintain the statutory reserve requirements for demand and call deposits for both local and foreign currency at 30%.
- To maintain the statutory reserve requirements for savings and time deposits for both local and foreign currency at 15%.

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The graph below shows the interest rate trend for the period December 2021 to December 2025.



Source: RBZ – December 2025

As of 26 December 2025, the weekly average minimum lending rates in ZiG were recorded at 43.39% for individuals and 40.41% for corporates. On the other hand, average minimum deposit rates for savings, 1-month, and 3-month deposits were recorded at 3.75%, 6.63%, and 6.90%, respectively. The table below illustrates the trend in average minimum lending rates and average deposit rates denominated in ZWG.

LOCAL CURRENCY (ZiG)					
Lending Rates (%)		Deposit Rates (%)			
Week Ending	Commercial Banks (minimums)				
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
5-Dec-25	43.64	40.55	3.75	6.63	6.90
12-Dec-25	43.54	40.39	3.75	6.63	6.90
19-Dec-25	42.88	40.28	3.75	6.63	6.90
26-Dec-25	43.50	40.40	3.75	6.63	6.90
Average	43.39	40.41	3.75	6.63	6.90

Source: RBZ – December 2025

In US Dollar terms, the most recent weekly average minimum lending rates stood at 13.28% for individuals and 10.28% for corporates, whilst the latest average minimum deposit rates for savings, 1-month, and 3-month deposits were recorded at 1.61%, 3.92%, and 4.46%, respectively. The table below illustrates the trend in average minimum lending rates and average deposit rates denominated in US\$.

Average Lending and Deposit Rates (USD)

FOREIGN CURRENCY (USD)					
Week Ending	Lending Rates (%)		Deposit Rates (%)		
	Individuals Clients	Corporate Clients	Savings	1-Month	3-Months
5-Dec-25	13.61	10.24	1.61	3.92	4.46
12-Dec-25	13.70	10.4	1.61	3.92	4.46
19-Dec-25	12.37	10.06	1.61	3.92	4.46
26-Dec-25	13.45	10.41	1.61	3.92	4.46
Average	13.28	10.28	1.61	3.92	4.46

Source: RBZ – December 2025

2.3. Foreign Currency Market

On a monthly average exchange rate basis, the U.S. dollar largely depreciated in December 2025, reversing the appreciation recorded in the previous month. The U.S. dollar depreciated against 12 of the 18 currencies in our basket. It posted its weakest performance against the South African rand (-2.32%), while recording its strongest appreciation against the Brazilian real (+2.20%). The following table outlines these monthly changes, highlighting the continued evolution of global foreign exchange trends.

Exchange rate analysis (Monthly Averages)

Exchange Rate Analysis (Monthly Averages)			
Currency/US\$	Nov-25	Dec-25	Change (%)
Argentine Peso	1427.59254	1446.033182	1.29
Australian Dollar	1.536547	1.505074	-2.05
Botswana Pula	13.795685	13.491432	-2.21
Brazilian Real	5.343518	5.461215	2.20
British Pound	0.760837	0.746989	-1.82
Canadian Dollar	1.404678	1.379309	-1.81
Chinese Yuan Renminbi	7.104524	7.046671	-0.81
Euro	0.864721	0.853826	-1.26
Hong Kong Dollar	7.777406	7.780641	0.04
Indian Rupee	88.881145	89.997411	1.26
Japanese Yen	155.053259	156.002481	0.61
Norwegian Krone	10.152162	10.099886	-0.51
Russian Ruble	80.187855	78.619493	-1.96
South African Rand	17.237873	16.838544	-2.32
Swedish Krona	9.502859	9.290472	-2.23
Swiss Franc	0.803806	0.796611	-0.90
South Korean Won	1456.7083	1466.118856	0.65
Zimbabwean Gold	26.3254	26.09360968	-0.88

Source : x-rates.com ; RBZ © ZB Financial holdings

Alternatively, when comparing beginning- and end-of-month exchange rates, the U.S. dollar's weakness was more apparent. It depreciated against 13 of the tracked currencies. The table below details these movements, providing key insights into closing market dynamics.

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Exchange Rate Analysis (End Period)

Exchange Rate Analysis (end period)			
Currency/US\$	1-Dec-25	31-Dec-25	Change (%)
Argentine Peso	1446.57082	1451.57057	+0.35
Australian Dollar	1.52637	1.493336	-2.16
Botswana Pula	14.275376	13.377163	-6.29
Brazilian Real	5.33559	5.478916	+2.69
British Pound	0.755326	0.742583	-1.69
Canadian Dollar	1.396974	1.369494	-1.97
Chinese Yuan Renmin	7.072998	7.016948	-0.79
Euro	0.86198	0.851309	-1.24
Hong Kong Dollar	7.785547	7.781049	-0.06
Indian Rupee	89.331286	89.776928	+0.50
Japanese Yen	155.918547	156.41661	+0.32
Norwegian Krone	10.121036	10.05404	-0.66
Russian Ruble	77.635177	79.449418	+2.34
South African Rand	17.12115	16.599465	-3.05
South Korean Won	1468.8693	1441.5527	-1.86
Swedish Krona	9.449075	9.198833	-2.65
Swiss Franc	0.803397	0.79189	-1.43
Zimbabwean Gold	26.1501	25.9807	-0.65

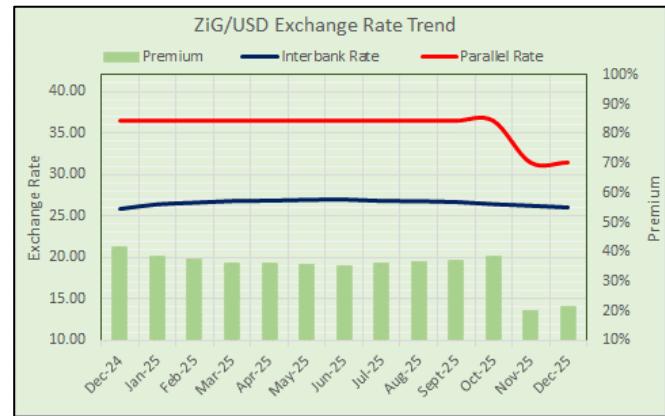
Source: x-rates; RBZ © ZB Financial Holdings

Strategic insights and takeaways:

- The US Dollar Index fell about 1.1% in December 2025 alone, despite occasional rebounds from data like labour, reflecting persistent economic policy uncertainty.

2.4. Zimbabwe Gold (ZiG) Exchange Rate

The Zimbabwe Gold (ZWG) remained broadly stable in December 2025, appreciating slightly by 0.81% against the USD on the official market to ZWG 25.98. In contrast, the parallel market rate held steady at an average of ZWG 31.50. As a result, the modest appreciation of the official rate marginally widened the exchange rate premium from 20% to 21% over the month. The chart below illustrates the movement of both interbank and parallel exchange rates from December 2024 to December 2025.



Source: RBZ & ZB Financial Holdings – December 2025

Strategic insights and takeaways:

- The slight increase in the exchange rate premium signals lingering market segmentation and confidence gaps between formal and informal FX channels.

ZWG/USD Exchange Rate

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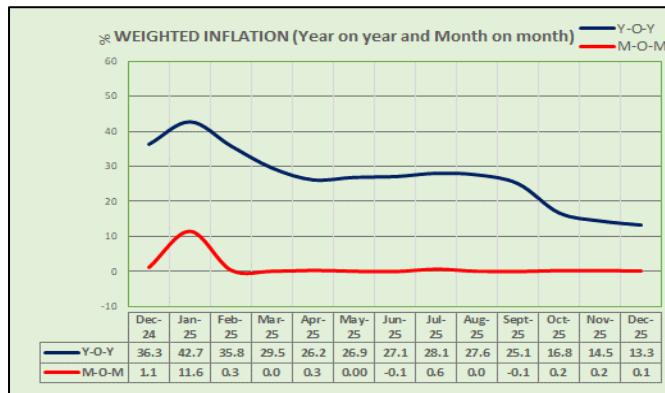
3. Prices and Cost of Living

3.1. Inflation

a. Weighted Inflation

The weighted year-on-year inflation rate for December 2025, as measured by the all-items Weighted Consumer Price Index (CPI), was 13.3%, shedding 1.2 percentage points from the November 2025 rate of 14.5%. The weighted month-on-month inflation rate was 0.1% in December 2025, shedding 0.1 percentage points from the November 2025 rate of 0.2%. During December 2025, increases in the index were mainly observed in the Food and Non-Alcoholic Beverages category, which recorded a 0.2% increase from the previous month. The following graph illustrates the current trend of weighted inflation in Zimbabwe.

Weighted Inflation Trend

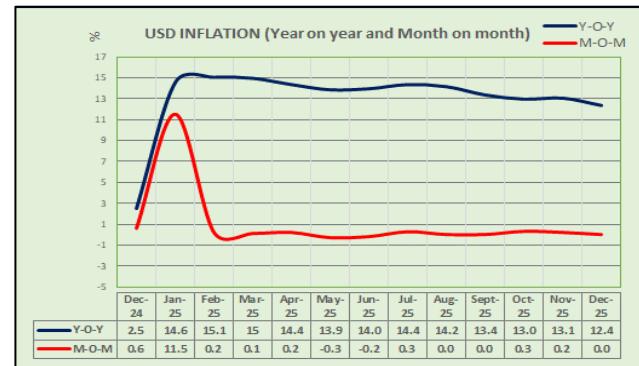


Source: ZIMSTATS – December 2025

b. USD Inflation

The USD year-on-year inflation rate for December 2025, as measured by the all-items USD CPI, was 12.4%, shedding 0.7 percentage points from the December 2024 rate of 13.1%. The USD month-on-month inflation rate for December 2025 was 0.0%, shedding 0.2 percentage points from the previous month's rate of 0.2%. Overall, USD-denominated prices remained unchanged on average during December 2025. The graph below illustrates the recent trend in USD inflation in Zimbabwe.

Zimbabwe USD Inflation Trend

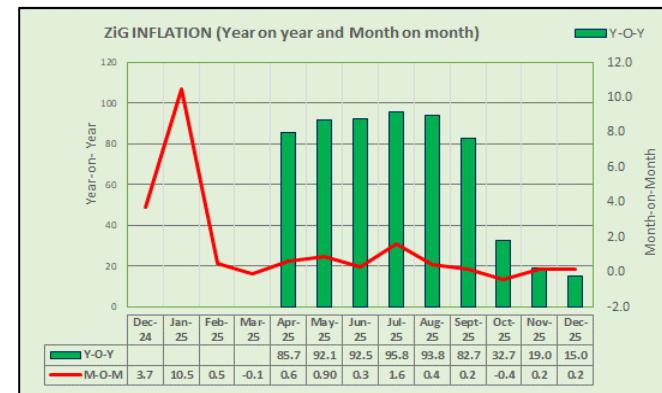


Source: ZIMSTATS – December 2025

c. ZiG Inflation

The ZWG year-on-year inflation rate for December 2025, as measured by the all-items ZWG CPI, was 15.0%, shedding 4 percentage points from the November 2025 rate of 19.0%. The weighted month-on-month inflation rate was 0.2% in December 2025, remaining constant on the November 2025 rate of 0.2%. During December 2025, increases in the index were mainly observed in the Food and Non-Alcoholic Beverages category, which recorded a 0.6% increase. The graph that follows illustrates recent trends in ZWG inflation.

ZWG Inflation Rate Trend



Source: ZIMSTATS – December 2025

Strategic insights and takeaways:

- December 2025 inflation data signal a meaningful improvement in price stability, with inflation decelerating, monthly pressures subdued, and USD prices stable.
- However, food price dynamics remain a key risk factor, requiring continued structural and policy attention to sustain the disinflation trend into 2026.

3.2. Poverty Datum Lines

The Total Consumption Poverty Line (TCPL), which reflects the minimum monthly income needed to cover basic food and non-food needs, rose slightly by 0.4% to ZWG 1,306.23

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in December 2025, up from ZWG 1,300.95 in November 2025. For a household of six, this equates to ZWG 7,837.38 per month.

Meanwhile, the Food Poverty Datum Line (FPDL), measuring the cost to meet a basic nutritional requirement of 2,100 calories per person per day, increased by 0.6% to ZWG 894.16 from ZWG 889.10 in November 2025. For a six-member household, this amounts to ZWG 5,364.96, representing roughly 68% of the total household consumption poverty line. Below is a tabulated summary of the poverty datum lines for the past five months:

Month	TCPL	% Change	PDL	% Change
Aug-25	1,292.96	0.2	875.18	-0.1
Sept-25	1,292.80	0.0	877.03	0.2
Oct-25	1,295.30	0.2	883.28	0.7
Nov-25	1,300.95	0.4	889.10	0.7
Dec-25	1,306.23	0.4	894.16	0.6

Source: ZIMSTATS – December 2025

Strategic insights and takeaways:

- *The marginal increase in the Total Consumption Poverty Line (TCPL) indicates that overall cost-of-living pressures remained contained in December 2025, consistent with the observed moderation in inflation.*
- *Despite low overall inflation, food costs increased at a slightly faster pace than non-food items, as reflected by the higher growth in the Food Poverty Datum Line (FPDL) relative to the TCPL.*

4. Zimbabwe Economic Sectors

4.1. External Sector

Latest data from ZIMSTAT indicate that Zimbabwe's merchandise exports increased slightly to US\$1.05 billion in November 2025, representing a 0.4% rise from US\$1.04 billion in October 2025. The export basket was dominated by semi-manufactured gold (42.4% of total exports), tobacco (23.7%), and nickel mattes (17.0%).

On the import side, merchandise imports decreased to US\$955.8 million, down 5.7% from US\$1.01 billion in the previous month. The import basket remained led by mineral fuels, oils, and related products (20.4%), followed by machinery and mechanical appliances (10.5%) and cereals (7.0%).

As a result, Zimbabwe recorded a 215.2% increase in its trade surplus, which stood at US\$90.5 million in November 2025, compared with a surplus of US\$28.7 million in October 2025. The graph below illustrates trends in external trade statistics since November 2024.



Source: ZIMSTATS- December 2025

Strategic insights and takeaways:

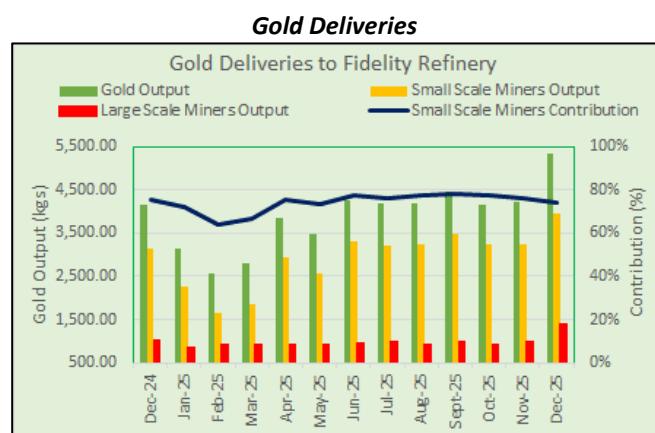
- Zimbabwe's trade surplus expanded sharply, reflecting both import compression and modest export growth, strengthening external sector stability.
- If the current trends continue, Zimbabwe could see gradual improvement in foreign exchange liquidity, though dependence on a narrow export base remains a key risk.

4.2. Mining Sector

The mining sector is a key driver of economic growth and is expected to expand by 6.3% in 2026. While most mineral prices remain depressed, strong performance is being supported by gold and coal production. Gold output is

buoyed by record-high international prices, while coal benefits from rising domestic demand from thermal power stations and other uses. Capacity utilization in local mines is projected to increase to 95% in 2026, up from 88% in 2025, as the sector ramps up production, according to a survey by the Chamber of Mines of Zimbabwe.

Meanwhile, gold deliveries to Fidelity Gold Refinery increased by 25.9% in December 2025, rising from 4,234.30 kg in November 2025 to 5,330.74 kg. This brought total gold deliveries for 2025 to 46.70 tonnes, largely driven by artisanal and small-scale miners, who contributed 34.9 tonnes (75% of total output). With an average monthly output of 3.9 tonnes, the country exceeded its 40-tonne annual target. Zimbabwe's small-scale gold miners are targeting 60 tonnes in 2026. The graph below summarizes trends in gold production activity.



Source: FGR – December 2025

Strategic insights and takeaways:

- The sector is poised for robust performance in 2026, likely exceeding production targets for gold and contributing to broader trade surplus improvements.
- Artisanal miners are critical contributors, accounting for three-quarters of gold output.

News and Highlights in the Mining Sector.

- Zimbabwe's mineral export volumes rose 10% to 4.4 million tonnes by November 2025, earning US\$3,04 billion. Growth was driven by stronger PGM prices, with matte exports surging to US\$1.3 billion. Spodumene and ferrochrome also recorded solid gains, reinforcing mining's export performance.
- Zimbabwe's PGM sector is set for a 2026 rebound, supported by higher global platinum, palladium, and rhodium prices. Production recovery is

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expected despite challenges like foreign currency constraints, regulatory hurdles, and market volatility.

- Ariana Resources secured a US\$5.3 million strategic investment from Hongkong Xinhai Mining Services Ltd to accelerate the Dokwe Gold Project in Zimbabwe. The funding is expected to support metallurgical work and the Definitive Feasibility Study as the company advances development of one of the country's largest undeveloped gold resources.

4.3. Agriculture Sector

After an 18.1% contraction in 2024 due to El Niño, Zimbabwe's agricultural sector rebounded strongly in 2025, growing by 24%, supported by record outputs in tobacco, wheat, cereals, horticulture, livestock, and fisheries. In 2026, agricultural growth is projected to slow to 5.4%, following the robust 24% expansion in 2025.

Meanwhile, Zimbabwe's 2025/26 summer cropping has reached 2.45 million hectares. Maize leads with 1.5 million hectares planted, representing 84% of the target. Sorghum, pearl millet, and Pfumvudza have shown strong uptake, while cotton lags at 36% of the target. Tobacco plantings increased to 113,536 hectares, driven mainly by dryland production.

News Highlights in the Agriculture Sector.

- Zimbabwe aims to produce 1.5 million tonnes of wheat by 2028 under NDS2, positioning the country as a net exporter. Production has risen from 175,000 tonnes in 2020 to over 630,000 tonnes, supported by irrigation and improved agricultural systems.
- Zimbabwe's blueberry sector is rapidly growing, with export earnings rising 23% to US\$14 million in 2025. Production is expanding from 8,000 tonnes to 12,000 tonnes, driven by markets in the UK, EU, Asia, and China. The sector's area of 750 hectares is set to increase, targeting 19,000 tonnes by 2030.
- Government plans to invest US\$500 million between 2026 and 2030 to build 14 AI-powered grain silos, increasing storage capacity to 1.75 million tonnes. The initiative aims to cut post-harvest losses, improve food security and modernise GMB warehousing.
- Zimbabwe's tobacco exports earned US\$1.1 billion between January and November 2025 from 201.4

million kilogrammes sold at an average price of US\$5.66 per kg, up from US\$1 billion in 2024.

- Government has allocated ZiG400 million in 2026 to complete Gwayi-Shangani and Kunzvi dams, now 72% and 65% complete. The projects aim to end water shortages in Bulawayo and Harare, support irrigation and power.

4.4. Energy Sector

Zimbabwe is accelerating its renewable energy transition by expanding rural electrification, promoting private investment, and strengthening policy reforms to grow its solar sector. Government targets include electrifying 1.2 million households by 2030 through solar mini-grids, independent power producers (IPPS), and storage projects, supported by investor-friendly reforms and the US\$9 billion National Energy Compact.

In the reviewed month, however, electricity generation fell on average by 0.5%, largely due to a 6.4% decline at Hwange Power Station. Hwange Unit 8 went offline for annual maintenance, returning in mid-December, which reduced the country's overall electricity supply. Kariba Power Station produced an average of 550 MW, bringing total generation to 1,396 MW, well below the national peak demand of approximately 2,200 MW highlighting persistent supply risks for energy-intensive sectors such as mining and manufacturing.

Average Daily Electricity Supply

Average Maximum Supply (MW)	Nov-25	Dec-25	Change
Hwange	835	782	▼ -6.4%
Kariba	505	550	▲ 8.9%
IPPS	49	64	▲ 30.1%
Total	1,390	1,396	▼ 0.5%

Source: ZPC – December 2025

Looking ahead, Zimbabwe is expected to begin a US\$450 million refurbishment of Hwange Power Station Units 1–6 in 2026 under a 15-year ROT concession. The upgrade is expected to restore 920 MW, reduce load-shedding, close power deficit and stabilize the national grid.

News Highlights in the Energy Sector

- Zimbabwe's Government approved the Kariba Floating Solar Power project, a private-sector-led initiative designed to generate 600MW on Lake Kariba, complementing existing hydropower from Kariba Power Station and boosting national electricity supply.

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- A 150 MW solar plant is set for Marondera through a US\$160 million partnership between De Green Rhino Energy and UK-based Green Power. Construction is expected to start in 2026, with completion expected in 2027. The project is expected to benefit over 250,000 households, supplying schools and hospitals.
- Eureka Gold Mine is expected to receive its first solar power by January 2026 after starting construction of a 5MW plant. The project is expected to reduce reliance on the national grid, enhance energy security and support uninterrupted gold production, with plans to meet its full 10MW demand through mixed energy sources.

4.5. Manufacturing Sector

In 2026, the manufacturing sector is projected to grow by 3.7%, supported by strong linkages with agriculture. Capacity utilization stood at 57% in 2025 and is expected to exceed 60% in 2026 due to increased sector activity. The government launched a ZiG100 million Industrial Development Fund to support local manufacturers with patient capital for retooling and expansion. Administered by the NVCCZ, the fund targets strategic value chains to promote industrialization, value addition, import substitution, and job creation, primarily through equity financing.

News Highlights in the Manufacturing Sector

- Bronzepels Investments begun commercial production of LPG cylinders at its US\$9.3 million Mt Hampden plant. The firm is expected to export up to 97% of output to the SADC region, generating foreign currency, reducing imports and supporting national industrialisation goals.
- Willdale plans to acquire a more efficient brick plant to lift production and restore profitability after working-capital constraints cut output and revenue. The company expects improved performance in the second half of 2026, supported by funding from land stand sales, strong market demand, and stabilised production levels.

4.6. Property Sector

Zimbabwe's property sector in 2026 exhibits cautious optimism, with the residential market valued at around US\$85 billion and modest price growth of 2-3% projected

amid stabilizing inflation and economic forecasts. Harare dominates pricing trends, while emerging suburbs offer stronger potential for buyers and investors.

News Highlights in the Property Sector

- Zimbabwean Government raised its Shelter Afrique shareholding from 1.25% to 5%, enabling access to cheaper, long-term housing finance. The move supports NDS2 targets to deliver 1 million housing units, lower construction costs, expand PPPs, and accelerate affordable housing development nationwide.
- South African developer McCormick, with WestProp Holdings, are expected to start developing the US\$100 million Mall of Zimbabwe in Borrowdale. The 90,000m² mall is expected to host over 150 brands, create more than 3 000 jobs, and become the country's largest retail development.

4.7. Tourism Sector

Zimbabwe's tourism sector is projected to grow by 3.1% in 2026, driven by rising arrivals from key source markets. To support this growth, the Government has implemented a range of fee reductions and regulatory reforms, including a 50% cut in local authority licence fees, lower hotel and guesthouse registration costs, and reduced licensing fees for tour operators, aircraft, and restaurants. These measures aim to stimulate investment, lower operating costs, boost job creation, and increase foreign currency earnings.

News Highlights in the Tourism Sector

- Air Tanzania launched a twice-weekly Dar es Salaam–Victoria Falls–Cape Town route, strengthening regional connectivity and tourism. Victoria Falls becomes a key hub, with Air Tanzania now the 12th airline servicing the city.
- Robert Gabriel Mugabe International Airport is set for major expansion, including a second runway, a new cargo terminal, and supporting aviation facilities within the airport's Red Zone. The upgrade aims to improve safety, increase aircraft capacity and modernise freight handling.
- The Airports Company of Zimbabwe plans a US\$1,6 billion 2025–2030 investment, upgrading Charles Prince and Mutare airports. The plan strengthens operations, sustainability, and regional connectivity, supporting tourism and economic growth.

5. Regional Economies

5.1. Sub-Saharan Africa Economic Outlook

According to the World Bank, growth in Sub-Saharan Africa (SSA) is forecast to firm to 4.3% in 2026, supported by ongoing reforms in several large economies, robust domestic investment growth, and continued easing of inflation. However, risks to the outlook remain tilted to the downside. Weaker-than-expected external demand, lower commodity prices, increased regional political instability, and escalating conflicts could undermine growth prospects. Additionally, further declines in donor support could heighten SSA economies' vulnerability to shocks, including public health crises and natural disasters. The following table shows Sub-Saharan Africa's economic growth forecast.

Sub-Saharan Africa Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Oct 2025)	4.1	4.1	4.4
World Bank (Jan 2026)	3.7	4.0	4.3

Strategic insights and takeaways:

- The regional growth environment affects trade, commodity prices, and investment inflows; strong domestic performance must be complemented by strategies to leverage regional recovery and buffer external risks.

5.2. Botswana

5.2.1. Botswana Economic Outlook

Botswana's economy is projected to grow by 2.3% in 2026, following a contraction of 3.0% in 2025. Growth is expected to be driven by labour-intensive sectors, including manufacturing, tourism, agriculture, and finance. However, challenges persist in the diamond sector, exacerbated by a global growth slowdown and trade protectionism, which continue to weigh on the economy. Meanwhile, Botswana is seeking stronger partnerships with Russia to support its industrialization agenda, with a focus on mining, infrastructure, renewable energy, and education. The following table shows Botswana's economic growth forecast:

Botswana Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Oct 2025)	-3.0	-0.9	2.3
World Bank (Jan 2026)	-3.0	-3.0	2.3
AfDB (Nov 2025)	-3.0	-0.8	-

Strategic insights and takeaways:

- Ongoing weakness in the diamond industry, driven by global economic slowdown and trade protectionism, continues to constrain overall growth and export performance for Botswana.

5.2.2. Botswana Inflation

Botswana's annual inflation rate edged up to 3.9% in December 2025, from 3.8% in the previous month. Price increases were particularly notable in transport, clothing, and footwear. On a monthly basis, consumer prices rose by 0.2%, following a flat reading in November 2025. For the full year 2025, the average inflation rate slightly declined to 2.7%, down from 2.8% in 2024. The graph that follows illustrates the country's inflation trend.

Botswana Year-on-Year Inflation Rate Trend



Source: Central Statistics Office, Botswana – December 2025

Strategic insights and takeaways:

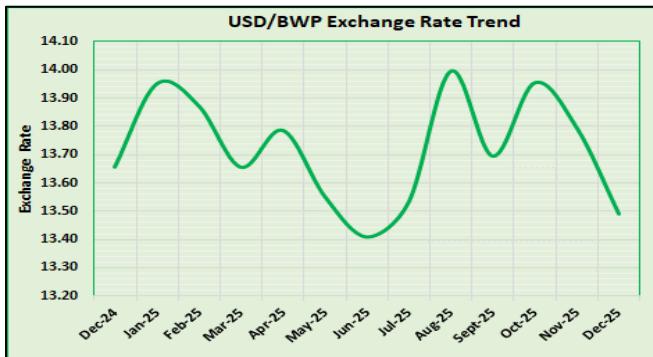
- Low and predictable inflation enhances macroeconomic stability, boosting investor confidence and reducing uncertainty for businesses.
- Botswana maintains a controlled inflationary environment, balancing price stability with growth-supporting conditions, while monitoring sector-specific pressures.

5.2.3. Botswana Exchange Rates

The Botswana Pula has remained stable, trading within a narrow range of BWP13.30 to BWP14.00 against the US dollar for over a year. In the reviewed month, the Pula appreciated marginally by 2.26% against the US dollar, following an appreciation of 1.16% in November 2025. The graph below clearly shows the USD: BWP exchange rate trend for the past year.

Botswana Exchange Rate Trend

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Source: Reserve Bank of Botswana – December 2025

Strategic insights and takeaways:

- While appreciation supports price stability, it may weigh on export competitiveness, particularly for non-diamond exports and tourism, requiring careful policy calibration.

5.2.4. Botswana Economic Sectors

i. External Sector

The most recent data indicate that Botswana's merchandise exports declined to BWP3.97 billion in October 2025, representing a 23.1% decrease from BWP5.16 billion recorded in September 2025. The export basket was dominated by diamonds (54.0%), copper (22.4%), and machinery (8.1%).

On the import side, merchandise imports increased to BWP7.63 billion from BWP7.10 billion in the previous month. Major import categories included machinery (19.3%), fuel (17.8%), and food and beverages (16.1%).

As a result, the external trade account recorded a deficit of BWP3.66 billion in October 2025, compared with a deficit of BWP1.90 billion in the preceding month. Below is a graph summarising all these trade dynamics.

External Trade Statistics



Source: Central Statistics Office, Botswana – December 2025

Strategic insights and takeaways:

- Diamonds accounted for 54.0% of total exports, underscoring Botswana's vulnerability to global luxury goods cycles and trade-related shocks.

ii. Mining Sector

The mining sector, dominated by diamonds, continues to face challenges from maturing mines and subdued market conditions. However, the sector anticipates a recovery in 2026, supported by diversification into copper, nickel, coal, and rare earth minerals. Mining remains a key contributor to GDP and exports, underpinning broader economic rebound projections.

News Highlights in the Mining Sector

- Kavango Resources is evaluating a joint venture partnership to advance its Botswana copper projects in the Kalahari Copper Belt, where early drilling at the Karakubis prospect has intersected copper mineralisation. A partner could provide technical expertise, capital and risk-sharing to accelerate exploration amid strong global copper prices. The review is at an early stage with no deal certainty.
- Verity Resources has secured 100% ownership of its 1,800 km² high-grade critical metals portfolio in northeastern Botswana after acquiring the remaining stake from BCL Investments. The move simplifies ownership, strengthens project control, and enhances prospects for exploration, partnerships, financing and value creation.
- Tsodilo Resources plans a 2026 drilling program at its Gcwihaba rare earth project in Botswana, targeting an initial resource estimate. The initiative aligns with Botswana's mining diversification strategy, aiming to reduce diamond dependency.

Strategic insights and takeaways:

- Efforts to expand into copper, nickel, coal, and rare earths are essential to mitigate diamond dependency and stabilize the sector's contribution to GDP and exports.

iii. Agriculture sector

Botswana's agricultural sector, while contributing less than 2% to GDP, plays a crucial role in livelihoods, with 46% of the country's 581,730 km² land area zoned for farming. In 2024/25, cereal production reached 117,228 t, meeting 39% of national demand. Cattle numbers declined from 2.2 million in 2011 to 1.7 million in 2025. Fish production is

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only 201 t against 4,000 t annual demand. Major crops include sorghum, maize, millet, and pulses, highlighting opportunities for expansion in crop production, livestock, and aquaculture to boost food security and commercial farming.

News Highlights in the Agriculture Sector

- Only about one-third of farmers registered under Botswana's new Lemang Dijo agricultural support programme had received inputs by late December 2025, even though December marks the midpoint of the cropping season when tillage and planting should be underway. The programme aims to boost agriculture's GDP share and exports by supplying seeds and tillage support to smallholders.
- In December 2025, the Botswana Agricultural Marketing Board (BAMB) released BWP206 million to grain farmers, fully settling debts under BWP1 million and paying 74% of larger outstanding balances from over BWP260 million owed. This intervention addressed significant liquidity strains ahead of the 2025/26 planting season, supporting farmers' operations and stabilizing the sector.

iv. Reinsurance

The Botswana reinsurance sector enters 2026 with a positive outlook, supported by recent relocations of major players and softening market conditions across Africa. Growth in the broader insurance market continues to drive reinsurance demand, underpinned by rising insurance penetration and increased digital adoption. Key developments indicate both stability and expansion opportunities, despite ongoing challenges such as regulatory hurdles.

In a notable development, Continental Reinsurance Holdings relocated its group holding company to Botswana in December 2025 from Mauritius, citing the country's stability, governance, and financial reforms as conducive to Pan-African growth. This move strengthens Gaborone's position as a regional hub and builds on the firm's existing 11-year subsidiary presence, which serves over 1,000 clients across the continent.

Strategic insights and takeaways:

- Botswana's reinsurance sector combines stability with growth potential, providing opportunities for investment, regional expansion, and diversification of risk coverage across Africa.*

5.3. South Africa

According to the World Bank, economic growth in South Africa is projected to increase to 1.4% in 2026 and further to

1.5% in 2027. Continued reform momentum, particularly in the energy and logistics sectors alongside rising public investment is expected to crowd in private investment and support medium-term growth prospects. Private consumption and investment are anticipated to remain the main drivers of growth, supported by efforts to improve public expenditure efficiency and ease supply-side constraints. The following table shows South Africa's annual economic growth forecast:

South Africa Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Oct 2025)	0.5	1.1	1.2
World Bank (Jan 2026)	0.6	1.3	1.4

Meanwhile, the latest data show that South Africa's annual inflation eased to 3.5% in November 2025 from 3.6% in October 2025. Price growth slowed in five of the 13 CPI product categories, most notably transport, fuels, and recreation, sport, and culture. On a month-on-month basis, the CPI declined by 0.1%, following a 0.1% increase in the previous month. The graph that follows illustrates the country's inflation trend.

South Africa Year-on-Year Inflation Rate Trend



Source: Statistics South Africa – December 2025

5.4. Zambia

Zambia's GDP growth in 2025 is projected to be robust, with the World Bank estimating growth at 5.8%. This expansion is expected to be driven by a rebound in mining, agriculture, and tourism, supported by base effects from drought recovery and increased investment in energy transition minerals.

Meanwhile, Zambia has approved a US\$1.1 billion investment by China Zambia Petrochemical Energy Corporation Limited to construct a crude oil refinery in Ndola, one of the country's largest industrial projects to date. The refinery is expected to have a processing capacity of 60,000 barrels per day, sufficient to meet Zambia's current fuel demand with crude oil to be sourced from the

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Middle East via Tanzania. The following table shows Zambia's annual economic growth forecast:

Zambia Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Oct 2025)	3.8	5.2	5.8
BMI (Nov 2025)	4.0	5.0	6.2
World Bank (Jan 2026)	3.8	5.2	5.8

Meanwhile, Zambia's annual inflation rate rose to 11.2% in December 2025 from 10.9% in the previous month. The increase was driven by a sharp acceleration in non-food inflation, reflecting higher prices for garments and air passenger transport. On a month-on-month basis, consumer prices increased by 1.5%, accelerating from a 0.7% rise in November 2025. The graph that follows illustrates the country's inflation trend.

Zambia Year-on-Year Inflation Rate Trend



Source: Central Statistics of Zambia – December 2025

5.5. Malawi

Malawi's GDP growth is projected to improve modestly to 3.9% in 2026 from 2.7% in 2025, but the outlook remains constrained by significant headwinds. These include persistent foreign exchange pressures stemming from limited import diversification, reduced donor funding, high debt obligations, and elevated inflation. Achieving the projected growth will depend on strengthened fiscal discipline, effective implementation of priorities in tourism, mining, and infrastructure, and the restoration of sound economic governance. The following table displays Malawi's economic growth projections:

Malawi Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Nov 2025)	1.8	2.4	2.7
World Bank (Jan 2026)	1.7	1.9	2.6

Meanwhile, Malawi's annual inflation rate eased to 26.0% in December 2025 from 27.9% in the previous month. On a month-on-month basis, consumer prices increased by 3.0%

in December 2025, following a 2.2% rise in each of the previous three months. For the full year 2025, average inflation stood at 28.4%, down from 32.2% recorded in 2024. The graph that follows illustrates the country's inflation trend.

Malawi Year-on-Year Inflation Rate Trend



Source: National Statistical Office of Malawi – December 2025

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6. Global Economy

6.1. Global Economic Outlook

The global economy has remained resilient despite elevated trade tensions and policy uncertainty, supported by stockpiling, strong risk appetite, investment in artificial intelligence, and increasingly adaptive supply chains. However, the World Bank projects global growth to slow to 2.6% as trade momentum weakens. Vulnerable emerging economies face heightened risks, underscoring the need for structural reforms, improved trade conditions, and stronger investment frameworks. The following table displays Global economic growth projections:

Global Economic Growth Forecasts (%)			
Year	2024	2025	2026
OECD (Sep 2025)	3.3	3.2	1.5
IMF (Oct 2025)	3.3	3.2	3.1
World Bank (Jan 2026)	2.8	2.7	2.6

Strategic insights and takeaways:

- Slower global growth may weigh on commodity prices, export demand, and investment inflows, reinforcing the need for domestic resilience and diversification.
- Elevated trade tensions and protectionist policies are constraining global trade flows, increasing costs and reducing efficiency.

6.2. United States of America

U.S. economic growth is projected to grow by 2.2% in 2026. On the one hand, the impact of elevated tariffs is expected to increasingly weigh on consumption and investment. On the other, the extension of tax breaks and other measures adopted in the U.S. budget in mid-2025 incorporated into the current projections along with the reopening of the federal government at the end of 2025, are anticipated to support growth in 2026. The following table displays the USA's economic growth projections:

USA Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Oct 2025)	2.8	2.0	2.1
World Bank (Jan 2026)	2.8	2.1	2.2

Meanwhile, the annual inflation rate in the U.S. remained at 2.7% in December 2025, unchanged from November 2025. Price pressures eased notably in the energy sector, with slower increases driven by a decline in gasoline prices. On a month-on-month basis, the Consumer Price Index (CPI) edged up 0.3% in December 2025. The graph that follows illustrates the country's inflation trend.

USA Year-on-Year Inflation Rate Trend



Source: Federal Reserve – December 2025

6.3. China

China's economy showed resilience in 2025, growing 4.9% due to strong exports and policy support, despite a weak property sector and low domestic consumption. Growth is expected to slow to 4.4% in 2026–2027, prompting more stimulus. Policymakers aim to boost household consumption, maintain loose monetary policy, and address structural imbalances. The following table displays China's economic growth projections:

China Economic Growth Forecasts (%)			
Year	2024	2025	2026
OECD (Sep 2025)	5.0	4.9	4.4
World Bank (Jan 2026)	5.0	4.9	4.4
IMF (Dec 2025)	5.0	5.0	4.5

Meanwhile, China's annual inflation rate edged up to 0.8% in December 2025 from 0.7% in the previous month. On a month-on-month basis, the Consumer Price Index (CPI) rose 0.2%, following a 0.1% decline in November 2025. For the full year, inflation remained flat, below the official target of around 2%. The graph that follows illustrates the country's inflation trend.

China Year-on-Year Inflation Rate Trend



Source: National Bureau of Statistics of China – December 2025

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6.4. Germany

Germany's economy remains in a prolonged slump, with only modest recovery expected in 2026. Growth forecasts range from 0.9% to 1.2%, reflecting structural challenges, weak exports, deindustrialization, and the costs of the energy transition. The Government's €1 trillion investment plan is expected to support demand, but fiscal sustainability and the pace of implementation pose significant risks. The following table shows Germany's economic growth projections:

Germany Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Nov 2025)	-0.2	0.2	0.9
OECD (May 2025)	0.2	0.4	1.2

Germany's annual inflation rate fell to 1.8% in December 2025, down from 2.3% in November 2025. This marked the first time since September 2024 that inflation dropped below the European Central Bank's 2% target midpoint. On a month-on-month basis, the Consumer Price Index (CPI) was unchanged at 0.0% in December 2025, following a -0.2% reading in the previous month. The graph that follows illustrates the country's inflation trend.

Germany Year-on-Year Inflation Rate Trend



Source: Federal Statistics Office – December 2025

6.5. United Kingdom

UK's economy grew 0.3% in November 2025, driven by a 25% rebound in Jaguar Land Rover's car production and 0.3% growth in services. Despite cautious business sentiment, housing and household spending show improvement, the IMF projects 1.3% GDP growth for 2026, signalling a gradual post-pandemic recovery. The following table shows the UK's economic growth projections:

UK Economic Growth Forecasts (%)			
Year	2024	2025	2026
IMF (Oct 2025)	1.1	1.3	1.3
OBR (November 2025)	1.1	1.5	1.4

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The annual inflation rate in the UK slowed to 3.2% in November 2025, down from 3.6% in October 2025. The largest downward contribution came from prices for food and non-alcoholic beverages. On a month-on-month basis, the CPI fell by 0.2% compared to the previous month. The graph that follows illustrates the country's inflation trend.

UK Year-on-Year Inflation Rate Trend



Source: Office for National Statistics – December 2025

6.6. United Arab Emirates (UAE)

The World Bank projects the UAE economy to grow by 5% in 2026, rising to 5.1% in 2027, according to its latest *Global Economic Prospects*. Growth is expected to be supported by non-oil sectors such as construction, financial services, transport and storage, hospitality, and manufacturing which together account for approximately 35% of the UAE's real GDP. The following table shows economic growth forecasts for the UAE:

UAE Economic Growth Forecasts (%)			
Year	2024	2025	2026
CBUAE (Sep 2025)	3.8	4.9	5.3
IMF (Oct 2025)	3.8	4.8	5.0
World Bank (Jan 2026)	3.9	4.8	5.0

Strategic insights and takeaways:

- The reliance on non-oil sectors highlights the UAE's ongoing economic diversification strategy, reducing vulnerability to oil price volatility.
- Strong sectoral performance, particularly in infrastructure, finance, and logistics, signals investment and business opportunities for domestic and foreign investors.

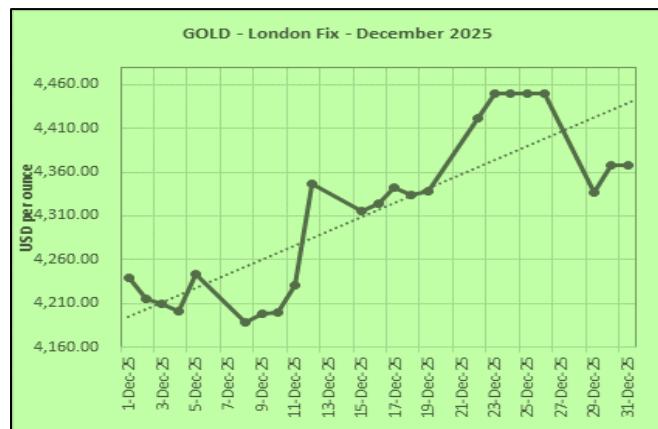
7. Commodities Markets

Commodity	Nov 2025	Dec 2025	Percentage Change
	Average Price (US\$)	Average Price (US\$)	
Gold (oz)	4,078.01	4,321.62	▲ 6.0%
Platinum (oz)	1,564.90	1,895.13	▲ 21.1%
Silver (oz)	50.65	65.05	▲ 28.4%
Oil (barrel)	63.42	61.41	▼ 3.2%

7.1. Gold

Gold extended its rally in 2025, reaching a new all-time high above US\$4,000/oz in December 2025. In December 2025, gold prices continued their strong upward trend, rising by an average of 6.0% from US\$4,078.01/oz in November 2025 to US\$4,321.62/oz. This trend was supported by rising tensions between the United States and Venezuela, as well as expectations of further U.S. interest rate cuts. The following graph illustrates the daily gold price trend for the month under review.

Gold Price Movements



Source: LBMA – December 2025

Strategic insights and takeaways:

- For gold-exporting economies like Zimbabwe, elevated prices provide a buffer against external shocks, supporting trade balances, foreign exchange reserves, and currency stability.

7.2. Platinum

Platinum prices showed a strong upward trend, with the monthly average rising by 21.1%, from US\$1,564.90/oz in November 2025 to US\$1,895.13/oz in December 2025. The rally was driven by persistent structural supply deficits. The market recorded its third consecutive annual deficit in 2025, projected at 692,000 ounces, or nearly 9% of annual demand. Above-ground stocks declined to approximately

five months of global consumption, the lowest level since 2020. Primary production remains highly concentrated in South Africa, which accounts for over 70% of global mine supply. Operational disruptions and underinvestment in new capacity constrained output throughout the year. The following graph depicts the trend of daily platinum prices during the month under review.

Platinum Price Movements



Source: LBMA – December 2025

7.3. Silver

Silver prices showed a strong upward trend, with the monthly average rising by 28.4%, from US\$50.65/oz in November 2025 to US\$65.05/oz in December 2025. The increase in December 2025 was driven by rising geopolitical tensions, expectations of U.S. interest rate cuts, and a structural deficit in the silver market. The following graph depicts the daily silver price trend for the month under review.

Silver Price Movements



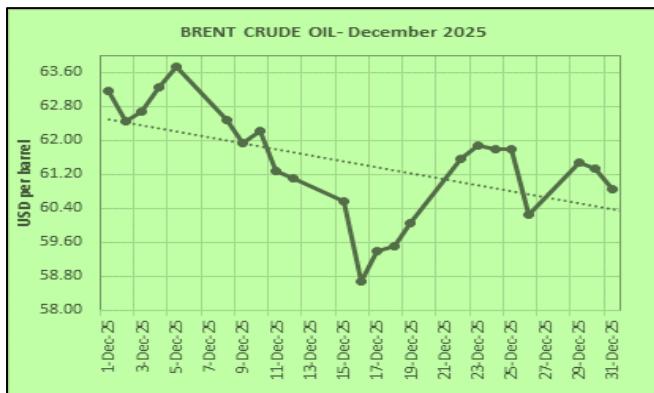
Source: LBMA – December 2025

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7.4. Crude Oil

Oil prices were volatile in December 2025 but generally followed a downward trend. On a monthly average basis, prices fell by 3.2%, from US\$63.42/barrel in November 2025 to US\$61.41/barrel in December 2025. The decline was driven primarily by a growing global oil surplus, as supply growth continued to outpace demand. Additional downward pressure came from rising inventories, particularly crude held on water, soft market fundamentals, and weakening prices for sanctioned barrels, despite relatively resilient demand growth. The following graph depicts the daily crude oil price trend for the month under review.

Crude Oil Price Movements



Source: Oilprice – December 2025

Strategic insights and takeaways:

- Lower oil prices ease import costs, inflation pressures, and balance-of-payments constraints for oil-importing economies such as Zimbabwe
- The primary driver of the price decline was a growing global oil surplus, as supply growth continued to outpace demand expansion.

END

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