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# Monthly Economic Update

## February 2024

## 1. Economic Performance

### a) Domestic Economy

Zimbabwe's 2024 economic growth has largely been tainted by the impact of El Nino weather. The phenomenon has largely affected the agriculture production with most crops that relied solely on natural rain reported to be a total write-off, save for a few on irrigation. Those industries that depend on agriculture inputs are likely going to be affected. Moreover, the impact of the El Nino phenomenon has now spread to electricity generation as the country received low rainfall. Challenges on electricity generation usually have negative ripple effects, mainly stifling production, on most of the sectors of the economy that rely heavily on electricity.

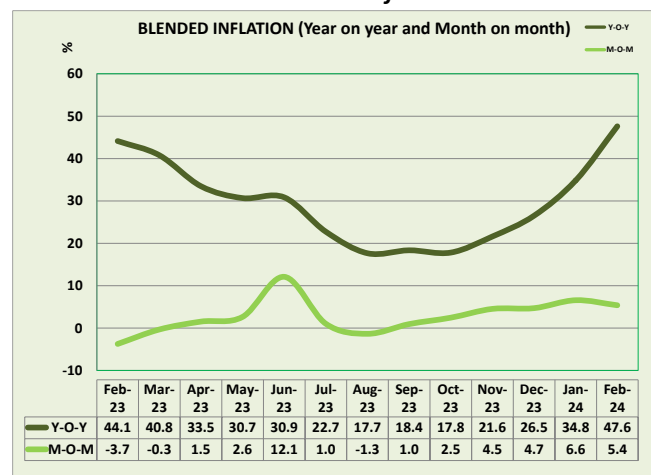
Meanwhile, the IMF anticipates that Zimbabwe economic growth will decelerate to about 3.25% in 2024, a downward revision of 0.25 percentage points from their previous estimate. This revision partly reflects the impact of a drought on agricultural production and lower commodity prices. These factors are also expected to reduce foreign currency inflows, but remittances are projected to remain strong, and the current account is projected to have a small surplus. The table below depicts economic growth forecasts for Zimbabwe.

| Zimbabwe Economic Growth Forecasts (%) |      |      |      |
|--|------|------|------|
| Year                                   | 2023 | 2024 | 2025 |
| <b>World Bank (Jan 2024)</b>           | 4.5  | 3.5  | 3.5  |
| <b>IMF (Feb 2024)</b>                  | 5.3  | 3.25 | -    |
| <b>AfDB (Feb 2024)</b>                 | 4.5  | 3.6  | 3.6  |
| <b>GOZ (Nov 23)</b>                    | 5.5  | 3.5  | -    |

## 2. Blended Inflation

The blended year-on-year (y-o-y) inflation rate in Zimbabwe accelerated for the fourth consecutive month in February 2024, reaching 47.6%, up from 34.6% recorded in January 2024. On a monthly basis, the blended month-on-month (m-o-m) inflation rate decreased by 1.2 percentage points to 5.4%, down from 6.6% recorded in the previous month. This downturn was primarily driven by a deceleration in the prices of food and non-alcoholic beverages. The graph below illustrates the year-to-date trajectory of annual blended inflation rates.

### Zimbabwe Blended Inflation Trend



Source: ZIMSTAT – February 2024

The 5.4% monthly inflation rate exceeded the RBZ's 3% target for the fourth consecutive month. This calls for contractionary monetary policy going forward. More guidance is expected in the much awaited 2024 Monetary Policy Statement. Meanwhile, barring significant alterations,

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our 3-month econometric forecasts for cumulative inflation are outlined below:

| 3 Month Inflation Forecasts (%) |       |       |
|---------------------------------|-------|-------|
| Month                           | Y-O-Y | M-O-M |
| Feb-24                          | 52.6  | 3.1   |
| Mar-24                          | 57.8  | 5.0   |
| Apr-24                          | 60.8  | 4.5   |

Source: ZB Financial Holdings – February 2024

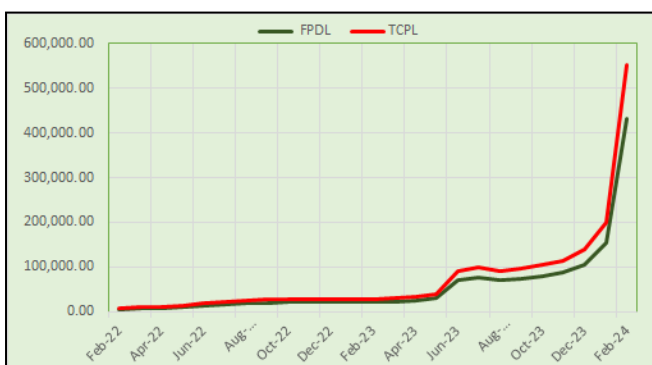
Meanwhile, some economic agents have since adopted the changes in Total Consumption Poverty Line (TCPL) as a method of estimating ZWL inflation. It should be noted that the TCPL does not include food items purchased solely in USD, hence it provides a good estimation of ZWL inflation.

### 3. Total Consumption Poverty Line (TCPL)

According to ZIMSTAT, the Total Consumption Poverty Line (TCPL), representing the essential monthly living expenses for one person, surged by 177.8% from ZWL\$198,981.37 in January 2024 to ZWL\$552,745.80 in February 2024. The TCPL represents the minimum total income needed for an individual not to be deemed poor, according to ZIMSTAT. For a family of six the TCPL for February 2024 would translate to ZWL\$3,316,474.80.

Similarly, the Food Poverty Datum Line (FPDL), indicating the minimum expenditure solely on food for one person, also experienced a surge of 178.4%, climbing from ZWL\$155,360.39 in January 2024 to ZWL\$432,454.90 in February 2024. Food Poverty Line represents the amount of money that an individual requires to afford daily minimum energy intake of 2,100 calories, according to ZIMSTAT. For a family of six the FPDL for February 2024 would translate to ZWL\$2,594,729.40.

The graph below illustrates a two-year trend of the 2 variables up to the month under review.



The above significant surge in the TCPL and FPDL is attributed to the ongoing weakening of the ZWL against the USD, observed in both the official and parallel markets. Therefore, there is a need for the RBZ to intervene with monetary reforms to stabilize the exchange rate.

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## 4. Financial Sector

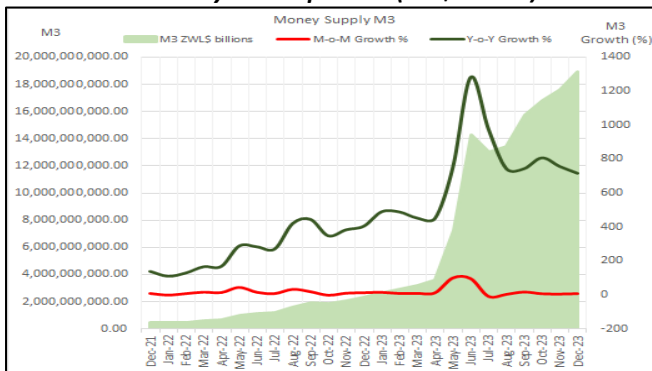
### a) Money supply

Broad money (M3) stock amounted to ZW\$18,914.59 billion in December 2023, compared to ZW\$17,628.18 billion recorded the previous month. The money stock was composed of foreign currency deposits (75.48%); local currency deposits (24.23%) and local currency in circulation (0.07%).

On a monthly basis, the broad money increased by 7.30% in December 2023, compared to 4.99% in the previous month. The monthly increase in money supply largely reflected an expansion of 14.60% in the local currency component and 5.12% in foreign currency accounts.

On an annual basis, broad money rose by 708.93%, compared to 751.06% in November 2023. The annual growth in money supply largely reflected exchange rate depreciation, from ZW\$684.33 per US\$1 in December 2022 to ZW\$6,104.72 per US\$1 by the end of December 2023. Expansion in foreign currency deposits accounted for 548.57 percentage points of the 708.93% annual growth in broad money. The local currency component of money supply contributed 158.78 percentage points. The graph below shows monetary developments for the period December 2021 to December 2023.

**Monetary Developments (ZW\$ Billion)**



Source: RBZ – February 2024

Meanwhile, all things being equal, econometric forecasts for Money Supply are as indicated below:

| 3 Month M3 Forecasts |                |                |                     |
|----------------------|----------------|----------------|---------------------|
| Month                | M-O-M (growth) | Y-O-Y (growth) | M3 (ZWL\$ billions) |
| Jan-24               | 7.00%          | 650.31%        | 20,238.50           |
| Feb-24               | 6.60%          | 636.74%        | 21,573.54           |
| Mar-24               | 4.62%          | 606.32%        | 22,569.37           |

Source: ZB Financial Holdings – February 2024

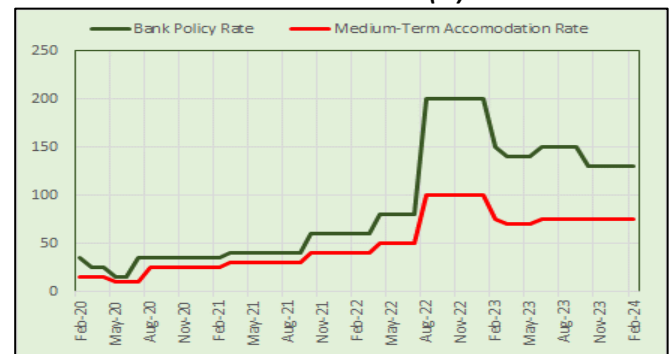
### b) Interest Rates

The RBZ's interest rate stance remains the same since December 2023. The RBZ's Monetary Policy Committee resolutions from 1 December 2023 regarding interest rates are summarized below;

- The RBZ policy rate was maintained at 130%;
- The medium-term accommodation lending rate for productive sectors including individuals and MSMEs was maintained at 75%;
- The RBZ policy rate serves as the minimum lending rate applicable to all banks.

The graph below shows policy rates trend for the period January 2020 to February 2024.

**Interest Rate Trend (%)**



Source: RBZ – February 2024

Meanwhile, as of 23 February 2024, average minimum lending rates in ZWL\$ were recorded at 72.04% for individuals and 94.01% for corporates. On the other hand, average minimum deposit rates for savings and 3-month remained unchanged at 33.75% and 56.06% respectively while 1-month deposits were last recorded at 54.28%. The table below illustrates the trend in average minimum lending rates and average deposits denominated in ZWL\$.

**Average lending Rates and Deposit Rates (ZWL)**

| LOCAL CURRENCY (ZWL) |                     |                   |                   |              |              |
|----------------------|---------------------|-------------------|-------------------|--------------|--------------|
| Week Ending          | Lending Rates (%)   |                   | Deposit Rates (%) |              |              |
|                      | Individuals Clients | Corporate Clients | Savings           | 1-Month      | 3-Months     |
| 26-Jan-24            | 70.18               | 95.24             | 33.75             | 54.28        | 56.06        |
| 2-Feb-24             | 69.23               | 93.67             | 33.75             | 54.56        | 56.06        |
| 9-Feb-24             | 74.37               | 93.51             | 33.75             | 54.28        | 56.06        |
| 16-Feb-24            | 70.34               | 93.88             | 33.75             | 54.28        | 56.06        |
| 23-Feb-24            | 76.06               | 93.76             | 33.75             | 54.28        | 56.06        |
| <b>Average</b>       | <b>72.04</b>        | <b>94.01</b>      | <b>33.75</b>      | <b>54.34</b> | <b>56.06</b> |

Source: RBZ – February 2024

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In US Dollar term the most recent average minimum lending rates stood at 10.67% for individuals and 8.30% for corporates whilst latest average minimum deposit rates for savings were constant at 1.32%, while 1-month and 3-month deposits were last recorded at 3.18% and 3.53% respectively. The table below illustrates the trend in minimum US\$ lending rates and deposits.

#### Average lending Rates and Deposit Rates (USD)

| FOREIGN CURRENCY (USD) |                                      |                   |                   |             |             |
|------------------------|--------------------------------------|-------------------|-------------------|-------------|-------------|
| Lending Rates (%)      |                                      |                   | Deposit Rates (%) |             |             |
| Week Ending            | Commercial Banks ( <i>minimums</i> ) |                   |                   |             |             |
|                        | Individuals Clients                  | Corporate Clients | Savings           | 1-Month     | 3-Months    |
| 26-Jan-24              | 10.75                                | 8.29              | 1.32              | 3.09        | 3.34        |
| 2-Feb-24               | 10.74                                | 8.33              | 1.32              | 3.09        | 3.34        |
| 9-Feb-24               | 10.77                                | 8.34              | 1.32              | 3.18        | 3.47        |
| 16-Feb-24              | 10.77                                | 8.29              | 1.32              | 3.18        | 3.53        |
| 23-Feb-24              | 10.32                                | 8.27              | 1.32              | 3.18        | 3.53        |
| <b>Average</b>         | <b>10.67</b>                         | <b>8.30</b>       | <b>1.32</b>       | <b>3.14</b> | <b>3.44</b> |

Source: RBZ – February 2024

#### c) Foreign Currency Market

Using monthly average exchange rates, the USD appreciated against 17 of the 18 currencies in our basket, with the most significant appreciation observed against the ZWL by 48.67%. The USD only depreciated against the Indian Rupee by 0.16%. The table below provides a detailed breakdown of the monthly average exchange rates analysis for all 18 currencies

#### Exchange rate analysis (Monthly Averages)

| Exchange Rate Analysis (Monthly Averages) |            |             |            |
|---|------------|-------------|------------|
| Currency/US\$                             | Jan-24     | Feb-24      | Change (%) |
| Zimbabwean Dollar                         | 8342.85    | 12403.7271  | 48.67      |
| Argentine Peso                            | 817.131274 | 833.521388  | 2.01       |
| Australian Dollar                         | 1.503326   | 1.53166     | 1.88       |
| Botswana Pula                             | 13.557966  | 13.700155   | 1.05       |
| Brazilian Real                            | 4.905649   | 4.963663    | 1.18       |
| British Pound                             | 0.786811   | 0.791618    | 0.61       |
| Canadian Dollar                           | 1.340878   | 1.348915    | 0.60       |
| Chinese Yuan Renminbi                     | 7.132747   | 7.186021    | 0.75       |
| Euro                                      | 0.916002   | 0.926416    | 1.14       |
| Hong Kong Dollar                          | 7.816438   | 7.821472    | 0.06       |
| Indian Rupee                              | 83.110317  | 82.973544   | -0.16      |
| Japanese Yen                              | 145.973726 | 149.513924  | 2.43       |
| Norwegian Krone                           | 10.384972  | 10.551509   | 1.60       |
| Russian Ruble                             | 90.177339  | 91.414529   | 1.37       |
| South African Rand                        | 18.767473  | 19.002325   | 1.25       |
| Swedish Krona                             | 10.33844   | 10.429089   | 0.88       |
| Swiss Franc                               | 0.857532   | 0.87621     | 2.18       |
| South Korean Won                          | 1323.98258 | 1332.293874 | 0.63       |

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

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The opening and month-ending period analysis, however, reveals that the USD appreciated against 16 of the 18 currencies in our basket and depreciated in value against the remaining 2 currencies in February 2024. The table below provides a detailed breakdown of the monthly end-period exchange rates analysis for all 18 currencies.

#### Exchange Rate Analysis (End Period)

| Exchange Rate Analysis(end period) |            |            |            |
|------------------------------------|------------|------------|------------|
| Currency/US\$                      | 1-Feb-24   | 29-Feb-24  | Change (%) |
| Argentine Peso                     | 826.936698 | 842.314212 | 1.86       |
| Australian Dollar                  | 1.522934   | 1.537791   | 0.98       |
| Botswana Pula                      | 13.605892  | 13.788405  | 1.34       |
| Brazilian Real                     | 4.919647   | 4.971582   | 1.06       |
| British Pound                      | 0.785825   | 0.791605   | 0.74       |
| Canadian Dollar                    | 1.33819    | 1.356878   | 1.40       |
| Chinese Yuan Renminbi              | 7.156337   | 7.187253   | 0.43       |
| Euro                               | 0.920376   | 0.925347   | 0.54       |
| Hong Kong Dollar                   | 7.819398   | 7.82862    | 0.12       |
| Indian Rupee                       | 82.963015  | 82.891447  | -0.09      |
| Japanese Yen                       | 146.152438 | 149.894456 | 2.56       |
| Norwegian Krone                    | 10.421664  | 10.608139  | 1.79       |
| Russian Ruble                      | 90.633039  | 91.238303  | 0.67       |
| South African Rand                 | 18.573203  | 19.193571  | 3.34       |
| South Korean Won                   | 1330.75397 | 1336.42447 | 0.43       |
| Swedish Krona                      | 10.391307  | 10.365671  | -0.25      |
| Swiss Franc                        | 0.857789   | 0.883482   | 3.00       |
| Zimbabwean dollar                  | 10315.0938 | 14912.829  | 44.57      |

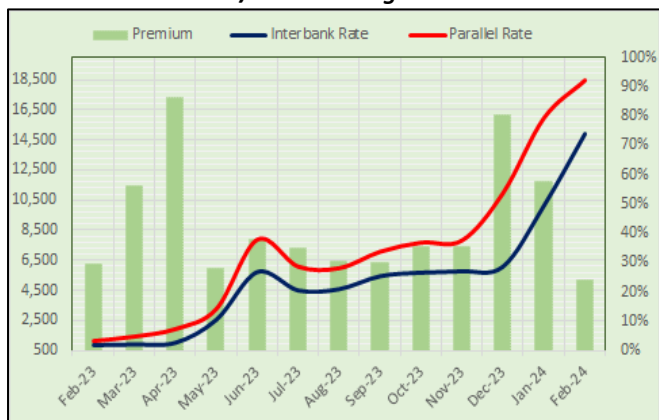
Source: x-rates; RBZ © ZB Financial holdings

#### d) Zimbabwe Official Forex Market

The ZWL continued to weaken against the USD in February 2024, both on the interbank and parallel markets. On the interbank market, the ZWL depreciated by 31.9% from ZWL10,152.39 recorded on 31 January 2024 to ZWL14,912.83 recorded on 29 February 2024. Simultaneously, on the parallel market, the ZWL depreciated by 13.5% from around ZWL16,000 reported on 31 January 2024 to around ZWL18,500 reported on 29 February 2024. The greater depreciation of the ZWL on the interbank market as compared to the parallel market resulted in reduction of the premium to 24% from 58% recorded in the previous month.

The depreciation of ZWL was mainly driven by an increase in the ZWL money supply and an increase in demand for the greenback for import financing. All else being equal, the Zimbabwe dollar is anticipated to continue weakening persistently in the near to medium term. The following graph illustrates the abovementioned trends.

### ZWL/USD Exchange Rate

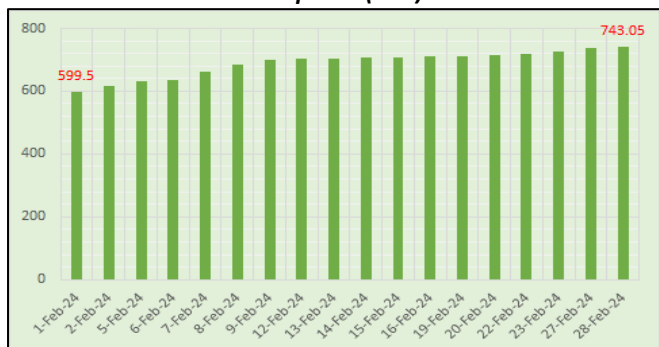


Source: RBZ & ZB Financial Holdings – February 2024

### e) Zimbabwean Gold (ZIG) Uptake

The uptake of ZIG in February 2024 was very positive, with 165.97kgs having been purchased during the month. This means that since the first issuance on 12 May 2023, a cumulative total of 743.05 kg of ZIG has been purchased as at 28 February 2024. The following graph displays the cumulative ZIG purchases for the month under review.

### ZIG Uptake (KGs)



Source: RBZ – February 2024

### f) Equities Markets & Corporate Briefs

Based on market capitalization and the All Share Index, the ZSE experienced a slowdown in February 2024 compared to its performance in January 2024. The market capitalization in local currency decreased by 5.7%, from ZWL\$41,618,274.53 million in January 2024 to ZWL\$39,246,298.07 million in February 2024. In US dollar terms, the market capitalization also decreased by 35.8%, from US\$4,099.36 million to US\$2,631.71 million during the same period. Correspondingly, the All Share Index decreased by 2.0%, from 536,194.12 points to 525,570.76 points.

Likewise, the VFEX market exhibited negative performance in both market capitalization and the All Share Index, recording decreases of 5.0% and 3.8%, respectively. The table below illustrates the performance of both the ZSE and VFEX during the reviewed period.

### ZSE and VFEX Market Performance Indicators

| Date   | ZSE Market Summary |                   |                  | VFEX Market Summary |                  |
|--------|--------------------|-------------------|------------------|---------------------|------------------|
|        | All Share          | Mkt Cap ZWL\$ mil | Mkt Cap US\$ mil | All Share           | Mkt Cap US\$ mil |
| Feb-24 | 525,570.76         | 39,246,298.07     | 2,631.71         | 98.59               | 928,600          |
| Jan-24 | 536,194.12         | 41,618,274.53     | 4,099.36         | 102.52              | 977,700          |
| Dec-23 | 206,113.65         | 16,007,565.68     | 2,622.16         | 70.48               | 947,430          |
| Nov-23 | 191,271.68         | 14,644,444.80     | 2,528.79         | 68.90               | 912,880          |

Source: ZSE & VFEX – February 2024

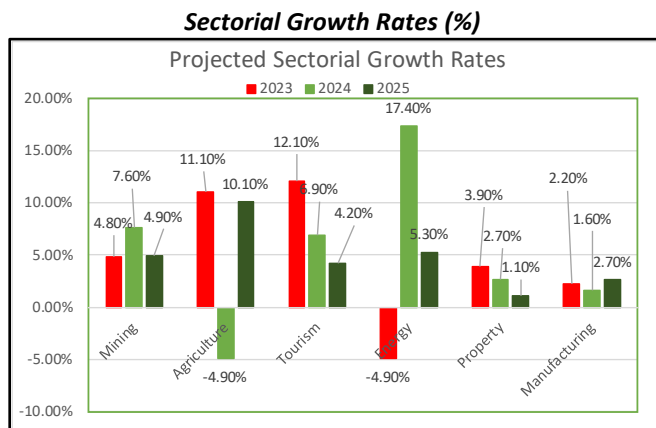
Poor performance in the equity markets largely reflects the prevailing atmosphere of uncertainty in the Zimbabwean economy, unfavourable currency dynamics and inflationary environment. Moreover, delays in the release of the 2024 Monetary Policy Statement has left investors anticipating and making assumptions regarding forthcoming currency reforms which are being reported in the news.

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## 5. Various Sectors of the Economy

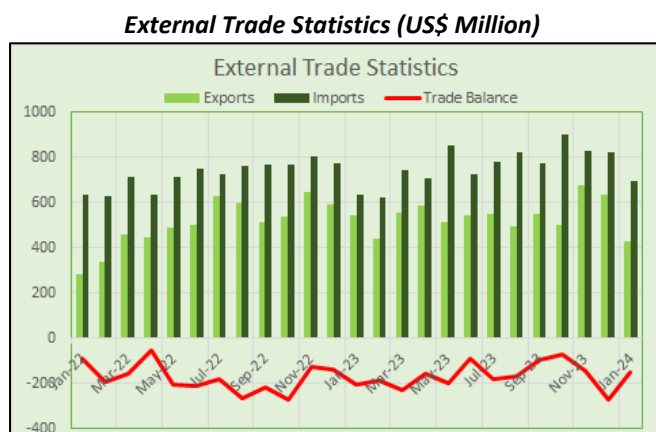
In 2024, the Government of Zimbabwe anticipates positive sectoral growths in mining (7.6%), energy (17.4%), tourism (6.9%), property (2.7%), and manufacturing (1.6%), among other sectors. However, the agriculture sector is expected to register negative growth (-4.9%), mainly due to the El-Nino Phenomenon. The following graph indicate growth rate trends for the various sectors of the economy.



Source: MOFEDIP – November 2023

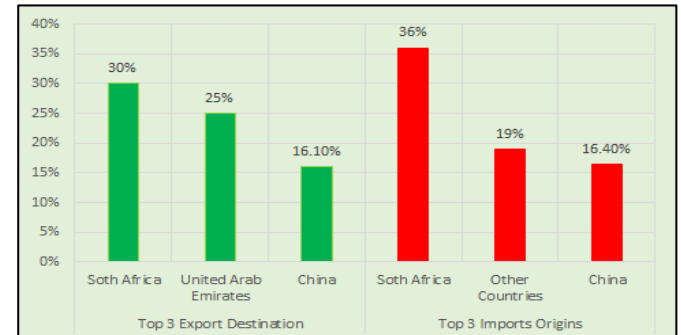
### a) External Sector

According to ZIMSTAT, the value of exports reached US\$540.3 million in January 2024, marking a 1.9% decrease from the US\$550.6 million recorded in December 2023. On the other hand, imports for January 2024 amounted to US\$692.7 million, indicating 15.5% decrease from the US\$819.4 million recorded in December 2023. This shift in trade resulted in a trade deficit of US\$152.4 million for January 2024, representing 43.3% decrease from a deficit of US\$268.7 million recorded in December 2023. The following graph illustrates external trade statistics trends since January 2022.



Source: ZIMSTATS – February 2024

Top 3 export destinations and top 3 import sources for the month of January 2024 are shown by the graph below:



Source: ZIMSTATS – February 2024

### b) Mining Sector

Zimbabwe's mining sector is highly diversified, with close to 40 different minerals. The predominant minerals include platinum group metals (PGM), chrome, gold, coal, lithium, and diamonds. Of these minerals, the gold sub-sector which is projected to grow by 54%, PGMs (21%), and Lithium (6.70%) are among the top three minerals with high projected output growth in 2024. These growth forecasts come at a time when gold prices are expected to firm while the other two are expected to soften. Overall, the mining sector is expected to grow by 7.6%.

#### News and highlights in the Mining Sector

- In February 2024, Zimbabwe experienced a 22% drop in gold deliveries to Fidelity Gold Refinery, with only 1.85 tonnes delivered, as compared to 2.38 tonnes in January 2024. This decline was primarily attributed to decreased output from artisanal and small-scale miners, who typically contribute around 60% of the country's total gold production. In contrast, large-scale producers performed relatively better, delivering 53% of the total gold during February 2024. Artisanal and small-scale miners delivered the remaining 47%, marking a notable 31.76% decline from January's figure.
- Kamativi Mining Company has committed a US\$200 million investment across two phases to establish local processing facilities, which will include the construction of a lithium salt plant and a solar power plant. The objective of this investment is to produce 130,000 tonnes of ore and to construct and operate a processing plant for value addition and beneficiation.
- Prospect Lithium Zimbabwe's (PLZ) new plant in Goromonzi is nearing completion as the company

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ramps up exploration efforts to broaden its access to exploitable resources at the site.

- In its projections for 2024, Eureka Mine anticipates producing 1,660kgs of gold. Notably, Eureka's Carbon-in-Leach Plant stands as one of the technologically advanced facilities globally.

**c) Agriculture Sector**

The World Food Programme (WFP) predicts normal to below normal rainfall for the period February to April 2024, owing to the El Nino-induced drought weather conditions. This comes after the 2023/24 agriculture season kicked off with most parts of the country receiving below normal rainfall characterised by a late start and prolonged mid-season dry spells. The situation threatens to lower 2024 agricultural output with Government predicting a contraction for the sector. In fact, the sector is projected to contract by about 16 percentage points from last year to minus 4.9% growth in 2024.

**News Highlights in the Agriculture Sector**

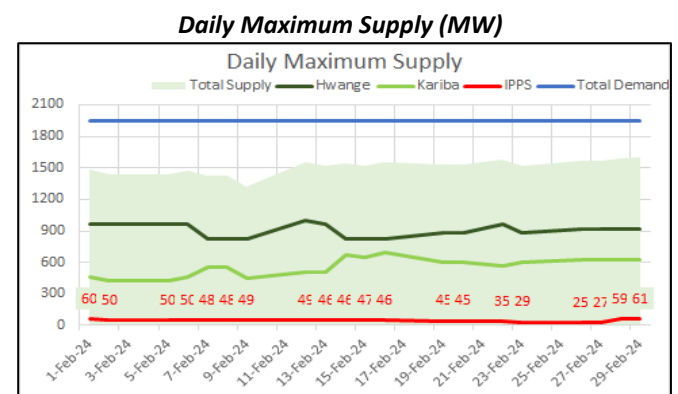
- The Grain Millers Association of Zimbabwe (GMAZ) anticipate importation of one million tonnes of grain in the country between now and March 2025 to prevent drought-induced hunger. GMB officials indicated, during the month under review, that the country was left with four months grain supply highlighting the dire food situation during the El Nino-induced drought.
- Furthermore, food monitoring agencies have warned that at least 4.4 million Zimbabweans are food insecure with crops also wilting due to the prolonged dry spell.
- The Tobacco Industry and Marketing Board (TIMB) has announced that the 2024 auction tobacco marketing season will open on Wednesday, 13 March 2024 with officials and farmers projecting a sharp decline in harvests and quality because of a drought blamed on climate change and worsened by the El Niño weather phenomenon.
- TIMB also revealed that at least 113,101 hectares had been planted as at January 24, 2024 compared to 117,645 hectares last season.
- From a record harvest of 296 million kilograms (326,000 tons) in 2023, the country is estimating that production will fall to about 235 million kilograms (259,000 tons) this season.
- Zimbabwe experienced a remarkable surge in tobacco exports, with a 231% increase in the week ended 16 February 2024, resulting in earnings of US\$351.1 million. According to TIMB, the country

exported 52.1 million kg of tobacco during this period, compared to 21.6 million kg in the same period last year.

- Zimbabwe's dairy industry is on a growth trajectory, with milk production expected to increase by 12% to over 110 million litres in 2024 from around 99 million litres in 2023. Since 2018, milk production has been steadily increasing rising from around 70 million litres.
- Zimbabwe is set to receive an additional 3,000 tractors and 80 combine harvesters in the third phase of the Belarus equipment deal. This initiative is aimed at bridging the mechanization gap, particularly targeting winter wheat and other crops.
- The fisheries and aquaculture sector in Zimbabwe received funding amounting to US\$500,000 aimed at boosting fingerling production. The program aims to increase fingerling production from 100,000 to 3.9 million annually.
- A number of tobacco farming companies have been forced to shed jobs due to a drop in yields as a result of the climate change-induced drought affecting southern Africa. According to sources, contract workers are the worst affected, with some companies in Karoi, one of the top producers of the golden leaf, already cutting jobs. Recently, one company in Karoi recruited only 54 contract workers compared to the 120 they used to take as seasonal workers annually.

**d) Energy Sector**

In February 2024, Zimbabwe's total electricity supply reached approximately 30,196 MW, with Kariba supplying 60%, Hwange 37%, and IPPs 3%. It is important to note that with an estimated daily demand of 1,950 MW, approximately 77% was supplied locally, with the remaining 23% being a shortage of electricity. The following graph illustrates the aforementioned trends.



Source: ZPC – February 2024

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The electricity shortage is expected to widen in the month of March and beyond, as reports indicate that the Kariba dam will reduce its daily electricity supply by 64% to an average of 214 MW from 600 MW. Kariba is facing the effects of El Niño, which have led to decreased water levels and consequently strained its electricity generation capacity. However, Hwange's performance has shown improvement as it is experiencing fewer faults, and IPPs have ramped up their production. Nevertheless, periods of load shedding are expected in the foreseeable future.

#### **News Highlights in the Energy Sector**

- Bikita Minerals has completed the construction of a 12MW Photovoltaic plant and is currently building a 120km Tokwe-Bikita powerline, which is set to be commissioned in the first quarter of 2024.
- Dinson Iron and Steel Company has forged a cooperation agreement with Xian Engineering to construct a 400KV transmission power line from Sherwood to Manhize, bolstering Zimbabwe's steel plant project in Mvuma.
- The construction of the US\$14.5 million mini-hydro power plant at Lake Mutirikwi Dam in Masvingo by Great Zimbabwe Hydro Power Company is 75% complete, with the 5MW station scheduled for commissioning by the end of April 2024. The Government also plans to establish a second 5MW plant downstream, with feasibility studies completed for a larger hydropower plant at Tugwi-Mukosi, expected to generate 17MW.
- New Sahara Ventures, a local sustainable energy and infrastructure development company, plans to connect an additional 30MW to the national grid in 2024 from its Guruve Solar Park expansion project. Last year, the US\$4.75 million project began feeding 5MW into the grid. Funding for these projects has been secured from local and regional financial institutions focusing on impact and sustainable investments.

#### **e) Tourism Sector**

Zimbabwe's tourism industry is expected to surge by 6.9% in 2024, driven by rebounding interest from international tourists and improved accessibility made possible by infrastructure investments. The latest official tourism statistics for the country, covering January to September 2023, show a 52% increase in tourist arrivals compared with the same period in 2022, as numbers rebounded to over one million. As a result, tourism receipts increased by 18%, from US\$615 million to US\$724m. A total of ZWL71 billion (US\$196m) has been allocated to the Ministry of Tourism

and Hospitality to spearhead tourism development and destination marketing of the country in 2024. Moreover, through the National Tourism Recovery and Growth Strategy, the Government seeks to grow the tourism economy to US\$5 billion by 2025.

#### **News Highlights in the Tourism Sector**

- The ongoing rehabilitation of Robert Gabriel Mugabe International Airport targeting to increase its annual handling capacity from 2.5 million to 6 million passengers is expected to result in greater flight traffic and enhanced tourism prospects for Zimbabwe. This expansion is expected to boost tourism receipts and ultimately foreign currency inflows. The rehabilitation process is scheduled to be completed by July 2024.
- Air Zimbabwe has acquired a 50-seater Embraer ERJ145LR aircraft as part of its efforts to expand its route network in line with its business turnaround plan.
- CemAir, an independent South African airline, is launching flights between Johannesburg and Harare, with the first flight scheduled to operate on 21 March 2024.
- While January and February have been typically low business months for Victoria Falls tourism, a marked increase in conferences seem to be rewriting the script.

#### **f) Property Sector**

The Property/Real estate sector is expected to face mixed fortunes in 2024. Vacancy rates are expected to continue on the rise particularly in the CBD while prospects still remain high outside the CBD. The residential segment is expected to continue with a lacklustre sales performance largely owing to increasing demand for USD payments as ZWL continue to depreciate. Overall, booming infrastructure projects and a growing appetite for property investments are expected to propel growth in 2024, with investors opting for properties as an alternative investment to cushion against inflation risks.

#### **News Highlights in the Property Sector**

- Property developer West Properties Holdings (WestProp) has allocated US\$1 million for the development of a wetland walkway at Millennium Park in Borrowdale West.
- The Government has approved plans for the development of Manhize town in Midlands, alongside the establishment of a US\$1.5 billion steel plant by Dinson Iron and Steel Company (Disco). The new town is set to accommodate

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approximately 30,000 residents and will include modern amenities such as high-rise buildings, schools, a university, shops, and banks.

- According to a ZIMSTAT report, the majority of Bulawayo residents live in rented houses, with only 30% being homeowners. The city council is facing challenges in clearing a housing backlog of approximately 120,000 units.

### **g) Manufacturing Sector**

Zimbabwe's manufacturing sector is facing challenges emanating from smuggling which is now jeopardizing not only the survival of local industries but also the job opportunities they create. Particularly hard-hit are textile and blanket manufacturers which were once pillars of the nation's economy. The textile sector, renowned for its history of job creation and skills development, is now struggling to compete against the influx of illicitly imported goods. Additionally, as smuggling activities bypass formal import channels leading to revenue leakages, they also undercut local prices thus killing local producers and also circumvent tax obligations. Overall, the once-thriving industry, which used to provide employment to thousands of Zimbabweans, is now facing an uncertain future, with legitimate manufacturers finding it increasingly challenging to sustain operations. Notwithstanding the aforementioned challenges, the manufacturing sector is expected to grow by 1.6% in 2024.

#### **News Highlights in the Manufacturing Sector**

- The Government reported that a new Industrial Development Policy is being finalised as the country seeks to consolidate gains and further expand the manufacturing output.
- Varun Beverages is planning to expand its portfolio by entering the confectionery market. Varun Beverages is reported to have begun biscuit production with plans to introduce these new products to consumers during the first quarter of the year. Leveraging its expertise in manufacturing and distribution, the company aims to establish a significant presence in the confectionery sector.
- The confederation of Zimbabwe Industries (CZI) is expected to release the manufacturing sector survey in March 2024. In 2022, the industry capacity utilisation stood at 56.1% and has been registering gains in the past four years.

## 6. Regional Economies

According to the AfDB, real GDP growth for the Sub-Saharan continent is expected to average 3.8% and 4.2% in 2024 and 2025, respectively. This is higher than the projected Global averages of 2.9% and 3.2%. Despite the subdued performance in 2023 and the projected expansion in 2024, Africa remains the second-fastest-growing region after Asia, exceeding the Global average of 3% in 2023. The following table shows sub-Saharan Africa's economic growth forecasts.

| Sub-Saharan Africa Economic Growth Forecasts (%) |      |      |      |
|--|------|------|------|
| Year   | 2023 | 2024 | 2025 |
| <b>World Bank (Jan 2024)</b>                     | 2.9  | 3.8  | 4.1  |
| <b>IMF (Jan 2024)</b>                            | 3.3  | 3.8  | 4.1  |
| <b>AfDB (Feb 2024)</b>                           | 3.2  | 3.8  | 4.2  |

### a) South Africa

The South African National Treasury (SANT) projects that GDP will expand to 1.3% in 2024 and further increase to 1.6% in 2025. This growth outlook is supported by the expected easing of power cuts as new energy projects begin production, as well as low inflation, which supports household consumption and credit extension. The following table shows economic growth forecasts for South Africa.

| South Africa Economic Growth Forecasts (%) |      |      |      |
|--|------|------|------|
| Year                                       | 2023 | 2024 | 2025 |
| <b>World Bank (Jan 2024)</b>               | 0.7  | 1.3  | 1.5  |
| <b>IMF (Jan 2024)</b>                      | 0.6  | 1.0  | 1.3  |
| <b>AfDB (Feb 2024)</b>                     | 0.8  | 1.1  | 1.6  |
| <b>SANT (Feb 2024)</b>                     | 0.6  | 1.3  | 1.6  |

South Africa's annual inflation rate rose to 5.3% in January 2024, up from December's 5.1%, and slightly below market forecasts of 5.4%, remaining within the South African Reserve Bank's preferred target range of 3–6%. On a monthly basis, consumer prices edged up by 0.1% in January 2024, following a period of stagnation in the prior month.

### South Africa Year on year Inflation Rate Trend



Source: Statistics South Africa – February 2024

On the interest rate front, the key repo rate remains unchanged at 8.25% since the last meeting held on 25 January 2024. The primary objective of this decision was to establish a strong foundation for inflation expectations centered around the target midpoint of 3% to 6%, and to foster confidence in achieving the inflation target.

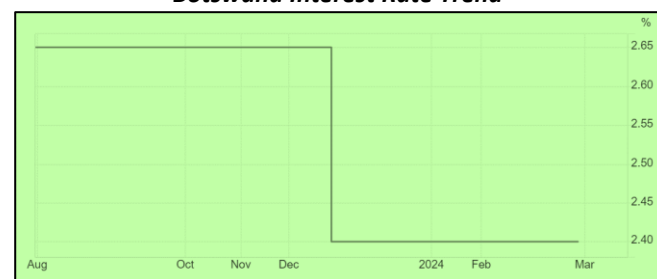
### b) Botswana

In 2024, Botswana's real GDP is projected to expand by 4.2%, up from an estimated 3.2% in 2023 (CBB). This growth is premised on improvements in the non-mining sectors, supported by enhancements in electricity and water supply. The annual growth projections for Botswana are shown in the table below.

| Botswana Economic Growth Forecasts (%) |      |      |      |
|--|------|------|------|
| Year                                   | 2023 | 2024 | 2025 |
| <b>World Bank (Jan 2024)</b>           | 3.8  | 4.1  | 4.3  |
| <b>IMF (Oct 2023)</b>                  | 3.8  | 4.1  | -    |
| <b>AfDB (Feb 2024)</b>                 | 3.8  | 4.1  | 4.4  |
| <b>CBB (Feb 2024)</b>                  | 3.2  | 4.2  | 5.4  |

The Central Bank of Botswana maintained its benchmark interest rate at 2.4% during its recent meeting held on 22 February 2024. This decision was driven by the anticipation that inflation will remain within the 3%-6% target range. Inflation for January was reported to be 3.5%, and the expectation is that it will continue to align with the central bank's target in the near to medium term.

### Botswana Interest Rate Trend



Source: Bank of Botswana – February 2024

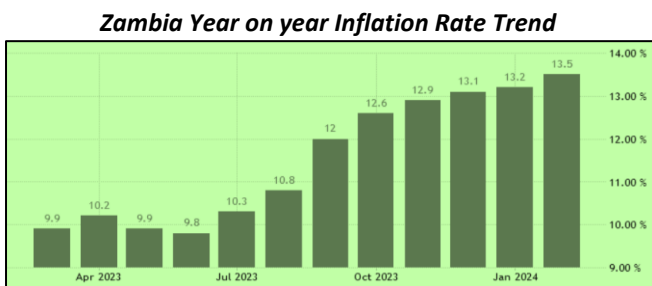
### c) Zambia

The AfDB projects that Zambia's GDP will increase by 4.7% in 2024 from 4.3% in 2023. This growth is attributed mainly to policies and reforms aimed at restoring fiscal & debt sustainability, enhancing social spending, maintaining financial stability, & implementing structural and governance reforms to unlock Zambia's growth potential. The following table displays Zambia's economic growth projections in terms of performance:

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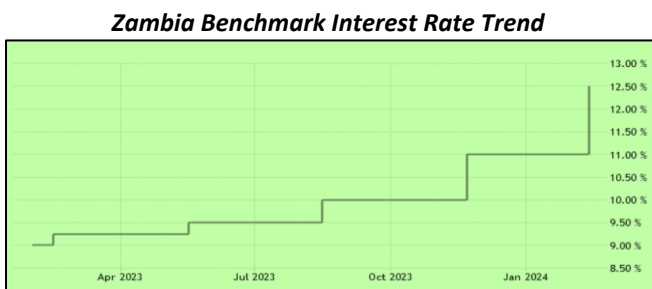
| Zambia Economic Growth Forecasts (%) |      |      |      |
|--------------------------------------|------|------|------|
| Year                                 | 2023 | 2024 | 2025 |
| <b>World Bank (Jan 2024)</b>         | 2.7  | 4.6  | 4.8  |
| <b>IMF (Dec 2023)</b>                | 4.3  | 4.7  | 4.8  |
| <b>AfDB (Feb 2024)</b>               | 4.4  | 4.7  | 4.7  |

On the inflation front, Zambia’s inflation rose for the eighth consecutive month, reaching 13.5% in February 2024, up from 13.2% in January 2024 and exceeding market forecasts of 12.9%. Prices accelerated for both food and non-food products, notably transportation driven by fuel costs. On a monthly basis, consumer prices rose by 2.2% in February 2024, following a 2.1% rise in the previous month.



Source: Central Statistics of Zambia – February 2024

In terms of interest rates, the Central Bank of Zambia raised its benchmark interest rate by 150 basis points to 12.5% during its meeting held on 14 February 2024. This marks the fifth consecutive interest rate hike and the largest in almost seven years. The move is aimed at curbing elevated inflation which is above the target range of 6-8% and bolstering the ailing currency.



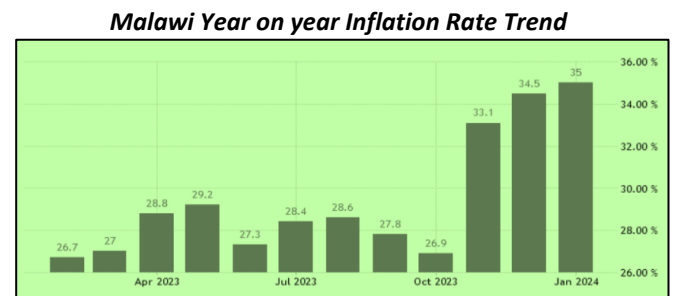
Source: Bank of Zambia – February 2024

**d) Malawi**

The Malawian Central Bank projects GDP to expand by 3.2% in 2024, up from 1.6% in the previous year. The Central bank is expecting its foreign exchange reserves to improve in 2024. This growth is also anchored on the anticipation of good performance from the large-scale farming, construction, and manufacturing sectors. The following table displays Malawi economic growth projections:

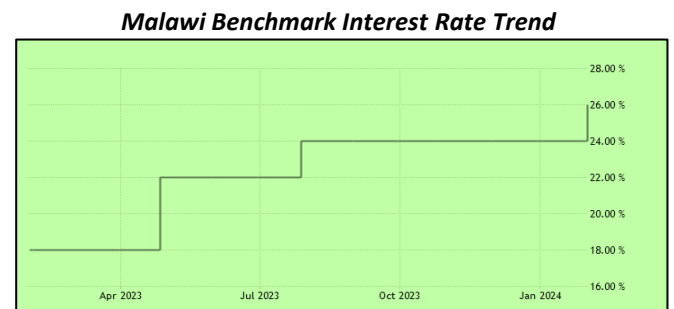
| Malawi Economic Growth Forecasts (%) |      |      |      |
|--------------------------------------|------|------|------|
| Year                                 | 2023 | 2024 | 2025 |
| <b>World Bank (Jan 2024)</b>         | 1.6  | 2.8  | 3.3  |
| <b>IMF (Jan 2024)</b>                | 1.6  | 3.3  | -    |
| <b>AfDB (Feb 2024)</b>               | 1.6  | 3.3  | 3.8  |
| <b>RBM (Feb 2024)</b>                | 1.5  | 3.2  | 4.8  |

Malawi's year-on-year inflation rate for January 2024 was 35.0%, up from the 34.5% recorded in December 2023. The inflation rates for food and non-food items were 44.9% and 22.0%, respectively. On a monthly basis, inflation rate for January 2024 stood at 4.4%.



Source: Reserve Bank of Malawi – February 2024

Meanwhile, the Reserve Bank of Malawi lifted its benchmark lending rate by 200 basis points to 26% during its first meeting of 2024 on February 1, to curb inflationary pressures and restore price stability. The Committee noted an intensification of inflationary pressures during Q4 of 2023, anticipating an extended period of elevated inflation before it begins to decline.



Source: Reserve Bank of Malawi – February 2024

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## 7. International Economies

In 2024, global growth is projected at 3.1%, and is expected to rise to 3.2% in 2025. This forecast for 2024 is 0.2 percentage points higher than that in the October 2023 World Economic Outlook by IMF. This reflects the greater-than-expected resilience observed in the United States, alongside several large emerging market and developing economies, as well as fiscal support in China. The following table shows global economic growth forecasts.

| Global Economic Growth Forecasts (%) |      |      |      |
|--------------------------------------|------|------|------|
| Year                                 | 2023 | 2024 | 2025 |
| <b>World Bank (Jan 2024)</b>         | 2.6  | 2.4  | 2.7  |
| <b>IMF (Jan 2024)</b>                | 3.1  | 3.1  | 3.2  |
| <b>OECD (Nov 2023)</b>               | 2.9  | 2.7  | 3.0  |

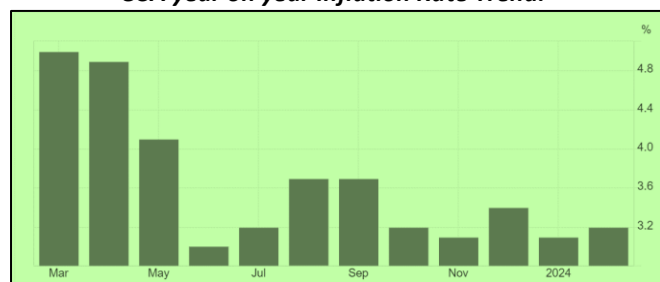
### a) United States of America

Real GDP slowed down at an annual rate of 3.3% in Q4 of 2023 according to the advance estimate released by the Bureau of Economic Analysis. The deceleration in real GDP in Q4 2023 primarily reflected slowdowns in private inventory investment, Federal Government spending, residential fixed investment, and consumer spending. Moreover, the IMF anticipates that real GDP will slow down to 2.1% in 2024. The following table shows economic growth projections for the USA:

| USA Economic Growth Forecasts (%) |      |      |      |
|-----------------------------------|------|------|------|
| Year                              | 2023 | 2024 | 2025 |
| <b>World Bank (Jan 2024)</b>      | 2.5  | 1.6  | 1.7  |
| <b>IMF (Jan 2024)</b>             | 2.5  | 2.1  | 1.7  |
| <b>OECD (Nov 2023)</b>            | 2.4  | 1.5  | 1.7  |

The annual inflation rate in the US unexpectedly edged up to 3.2% in February 2024, compared to 3.1% in January 2024. Energy costs dropped much less than expected while prices increased at a softer pace for food. Meanwhile, the monthly inflation rate rose to 0.4% from 0.3%, with prices for shelter and gasoline contributing over 60% of the increase. The graph that follows shows the USA inflation trend.

**USA year on year Inflation Rate Trend.**



Source: U.S. Bureau of Labor Statistics– February 2024

On another note, the unemployment rate in the United States rose by 0.2 percentage point to 3.9% in February 2024, touching the highest level since January 2022 and surpassing market expectations of 3.7%. The number of unemployed people increased by 334,000 to 6.5 million. The labour force participation rate was 62.5% for the third consecutive month while the employment-population ratio was little changed at 60.1%.

### b) China

The Chinese economy expanded by a seasonally adjusted 1.0% in Q4 of 2023, aligning with market expectations but showing a moderation from an upwardly revised 1.5% increase in the Q3 of 2023. This marked the sixth consecutive period of quarterly expansion, with weakness in the property sector persisting and exerting downward pressure on the broader economic recovery. The IMF anticipates that real GDP growth in China will decelerate to 4.6% in 2024. The following table shows economic growth forecasts for China.

| China Economic Growth Forecasts (%) |      |      |      |
|-------------------------------------|------|------|------|
| Year                                | 2023 | 2024 | 2025 |
| <b>World Bank (Jan 2024)</b>        | 5.2  | 4.5  | 4.3  |
| <b>IMF (Jan 2024)</b>               | 5.2  | 4.6  | 4.1  |
| <b>OECD (Nov 2023)</b>              | 5.2  | 4.7  | 4.2  |

Meanwhile, China's annual inflation rate rose by 0.7% in February 2024, above market forecasts of 0.3% and a turnaround from the sharpest drop in over 14 years of 0.8% in January 2024.

**China year on year Inflation Rate Trend**



Source: National Bureau of Statistics of China– February 2024

China's inflation rate was primarily driven by sharply accelerated non-food prices in February 2024. The core CPI, deducting food and energy prices, increased by 1.2% year over year in February 2024. Monthly, consumer prices increased by 1.0%, marking the third straight month of rise and hitting their highest level since January 2021.

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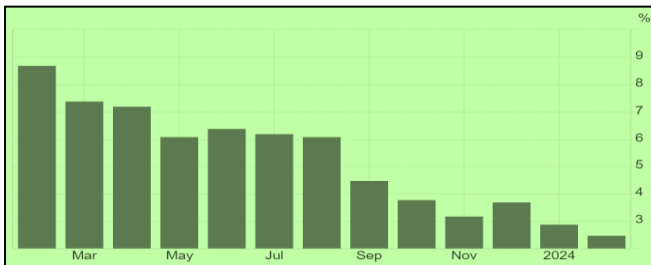
### c) Germany

According to the European Union (EU), real GDP growth in Germany is forecasted to increase by 0.3% in 2024 and 1.2% in 2025. This represents a downward revision from the 0.8% projected in the Autumn Forecast for 2024, while the forecast for 2025 remains unchanged. Market financing conditions are expected to ease moderately, with further easing anticipated through the bank lending channel. The following table shows economic growth forecasts for Germany:

| Germany Economic Growth Forecasts (%) |      |      |      |
|---------------------------------------|------|------|------|
| Year                                  | 2023 | 2024 | 2025 |
| IMF (Jan 2024)                        | -0.3 | 0.5  | 1.6  |
| OECD (Nov 2023)                       | -0.1 | 0.6  | 1.2  |
| World Bank (Jan 2024)                 | -0.3 | 0.5  | 1.6  |
| EU (Feb 2024)                         | -0.3 | 0.3  | 1.2  |

Meanwhile, Germany's inflation dropped to 2.5% in February 2024 from 2.9% in the previous month, falling below market expectations of 2.6%. It was the lowest inflation rate since June 2021, edging closer to the ECB's target of 2.0%, driven by a sharp slowdown in food inflation and energy prices. Meanwhile, services inflation remained unchanged at 3.4%. On a monthly basis, consumer prices rose by 0.4%, missing the market consensus of a 0.5% gain.

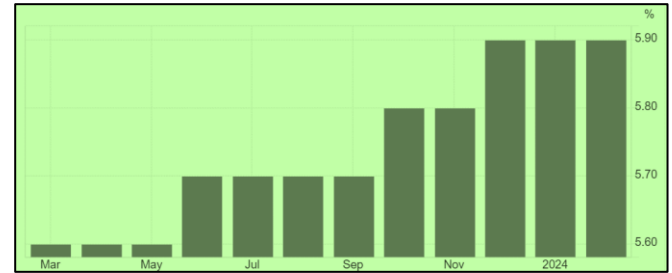
#### Germany year on year Inflation Rate Trend



Source: Federal Statistics Office – February 2024

On another note, Germany's seasonally adjusted jobless rate held steady at 5.9% in February 2024, unchanged from the previous month's figure and remaining at its highest level since May 2021. The number of unemployed individuals rose by 11 thousand to 2.713 million, marking a 14th consecutive period of increasing unemployment. Additionally, there was a notable year-on-year surge of 190 thousand in the number of unemployed individuals.

#### Germany Unemployment rate



Source: Federal Employment Agency – February 2024

### d) United Kingdom

The UK Government projected that the economy will grow by 0.8% in 2024 and 1.9% in 2025. The Government reported that it is taking a responsible fiscal approach by cutting taxes for hard-working people while reducing borrowing. Additionally, the Government reported that it is on track to meet its debt and borrowing fiscal rules, which will, in turn, drive real GDP growth. The following table shows economic growth forecasts for UK:

| UK Economic Growth Forecasts (%) |      |      |      |
|----------------------------------|------|------|------|
| Year                             | 2023 | 2024 | 2025 |
| IMF (Jan 2024)                   | 0.5  | 0.6  | 1.6  |
| OECD (Nov 2023)                  | 0.5  | 0.7  | 1.2  |
| GOV.UK (Feb 2024)                | 0.3  | 0.8  | 1.9  |

Meanwhile, the UK's interest rates remain pegged at 5.25% after the Bank of England decided to maintain the key Bank Rate at its first meeting of the year 2024. This decision aligns with market expectations, marking the fourth consecutive time the rate has remained unchanged. UK's annual inflation was reported at 4% in January 2024, and expectations are that it will remain around the 4% range in the near to medium future.

#### UK Benchmark Interest Rate Trend



Source: Bank of England – February 2024

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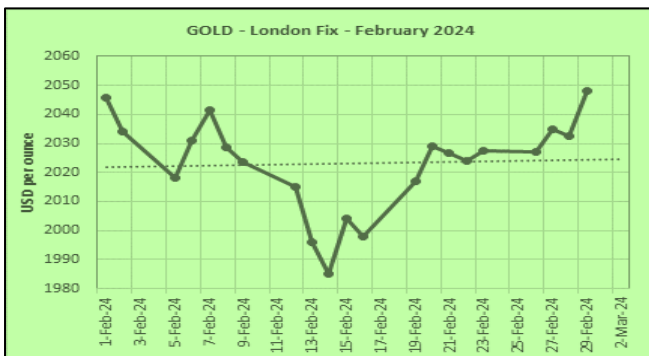
## 8. Commodities Markets

| Commodity | Jan 2024     | Feb 2024     | Percentage Change (%) |
|-----------|--------------|--------------|-----------------------|
|           | Price (US\$) | Price (US\$) |                       |
| Gold      | 2,034.04     | 2,023.24     | -0.5%                 |
| Platinum  | 925.45       | 894.29       | -3.4%                 |
| Silver    | 22.95        | 22.68        | -1.1%                 |
| Oil       | 78.88        | 81.32        | 3.0%                  |

### a) Gold

On average, gold prices declined after three consecutive months of increase, dropping by 0.5% from US\$2,034.04/oz in January 2024 to US\$2,023.24/oz in February 2024. The lowest price of the month was recorded on 14 February at US\$1,985.10/oz. The following graph depicts the trend of daily gold prices during the month under review.

**Gold Price Movements**

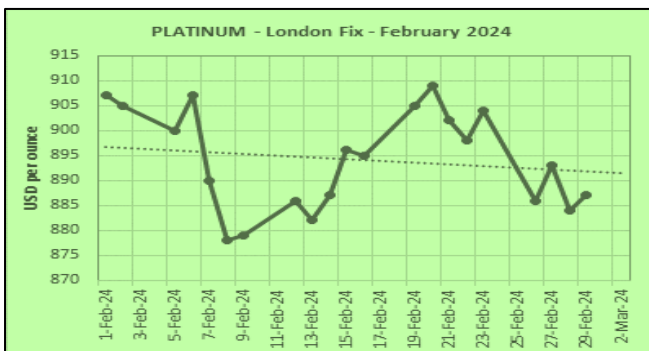


Source: KITCO – February 2024

### b) Platinum

On average, platinum dropped by 3.4%, for the second consecutive month, from US\$925.45/oz recorded in January 2024 to US\$894.29/oz in February 2024. The lowest price of the month was recorded on 8 February at US\$878/oz. The following graph depicts the trend of daily platinum prices during the month under review.

**Platinum Price Movements**

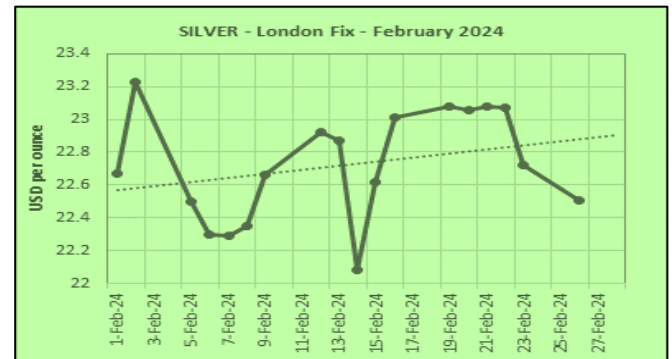


Source: KITCO – February 2024

### c) Silver

On average, the price of silver fell, for the second consecutive month, by 1.1% from USD\$22.95/oz recorded in January 2024 to USD\$22.68 per ounce recorded in February 2024. The lowest price of the month was recorded at US\$22.08. The graph below shows the daily trend of silver price during the month under review.

**Silver Price Movements**

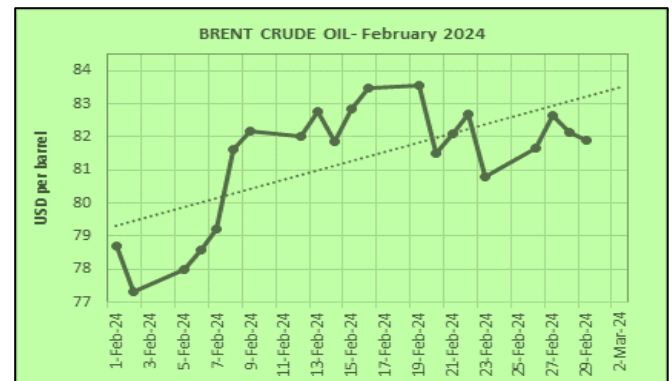


Source: KITCO – February 2024

### d) Crude Oil

On average, crude oil price rose by 3.0% from USD\$78.88/barrel in January 2024 to USD\$81.32/barrel in February 2024. The graph below shows the trend of crude oil price during the month under review.

**Crude Oil Price Movements**



Source: KITCO – February 2024

An extreme Arctic freeze swept through key oil-producing regions in the United States and Canada, prompting significant supply outages. These outages coincided with fresh voluntary output curbs by some OPEC+ countries. Additionally, escalating geopolitical tensions in the Middle East added further upward momentum, as oil tankers circumventing the Red Sea disrupted supply flows to global markets.

**END**

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