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ECONOMIC REVIEW

January 2025

Global economic growth to remain flat



Commodity prices rebound



Domestic inflation pressures resurface



Economic Growth Proj: 2025	6.0%
Inflation: January	
M-o-m (ZiG)	10.5%
M-o-m (Weighted)	11.6%
M-o-m (USD)	11.5%
Y-o-y (USD)	14.6%
Exchange rate January 24(ZiG/USD)	
Interbank	26.3
Parallel	45

Global economy to remain flat

Global economic growth is projected to remain largely flat at 3.3% in 2025 from 3.2% in 2024 (lower than the historical average of 3.7% for (2000–2019). The weak recovery is on the back of anticipated heightened policy uncertainty, adverse trade policy shifts, geopolitical tensions, and climate-related phenomena. China's economic momentum is expected to slow down amid subdued consumer demand and weaker productivity. Meanwhile, global inflation is projected to decline to 4.2% in 2025 and further to 3.5% in 2026 due to restrictive monetary policies in major economies.

Commodity prices show signs of recovery

During the period under review, prices for most key minerals rebounded compared to the previous month. Precious metals such as platinum, palladium, and rhodium recovered by 1 %, 2 %, and 2 %, respectively, on the back of improved demand. Gold remained bullish, increasing by around 2 % to average US\$2,710 per ounce, up from US\$2 648 in December 2024. Similarly, Lithium prices increased by 3 % to an average of US\$10,970 per metric ton. In the outlook, the global commodity price index is expected to remain subdued in 2025, primarily due to a sluggish global economic outlook, weak demand, increased supply of several key commodities, and ongoing geopolitical instability.

Global prices for selected commodities

	Dec-24	Jan-25	% Change
Nickel(\$/mt)	15,445	▼ 15,394	-0.3 %
Gold (\$/ oz)	2,648	▲ 2,710	2%
Platinum (\$/oz)	938	▲ 949	1 %
Palladium (\$/oz)	946	▲ 961	2%
Rhodium (\$/oz)	4575	▲ 4663	2%
Crude oil(\$/bbl)	72.3	▲ 78.2	8%
Lithium(\$/mt)	10,582	▲ 10,854	3%
Coal(\$/mt)	130	▼ 119	-9

Source: Pinksheet, Kitco, trading economics

Anticipated recovery in the domestic economy

In 2025, Zimbabwe's domestic economic performance is projected to see significant growth of around 6%, a substantial increase from the estimated 2% growth in 2024. Notwithstanding the global shocks affecting several countries, a rebound in agriculture (13%), mining (6%), increased electricity generation and export receipts is expected to spur growth for Zimbabwe's economy.

.... as gold deliveries surge

During the month under review, gold deliveries to Fidelity Gold Refinery surged by 32% compared to the same period last year. Small-scale miners accounted for more than 70% of the total deliveries. On a month-on-month basis, gold deliveries to FGR, however, declined by 25% in January 2025 from the 4 tons recorded in December 2024, largely on the back of seasonal factors. We anticipate gold output to reach 42

tons in 2025 driven by new and expansion projects in the sector, on the back of bullish gold prices.

	Jan-2024	Jan-25	% Change
Large scale producers(kgs)	1,108	869	-22%
Small-scale producers(kgs)	1,267	2,266	79%
Total kgs	2,375	3,134	32%

Source: FGR, Ministry of Mines

Merchandise exports surge

During the period under review, merchandise exports surged by 20.5% in January 2025, reaching US\$652.0 million, compared to US\$540.9 million recorded in January 2024. This was largely attributed to higher export earnings from gold (which accounted for 45% of total export earnings) and tobacco. However, on a month-on-month basis, exports declined by 5.8% from US\$692.4 million in December 2024.

Power supply situation remains fragile

The power supply situation in the country remains fragile, driven by increased demand from key sectors including agriculture, mining, and manufacturing. During the review period, electricity generation averaged around 1,100 megawatts, compared to a peak demand of 1,900 megawatts. In the outlook, the power supply situation is expected to improve, on the back of higher water levels at the Kariba hydro station resulting from a favourable 2024/2025 rainfall season.

Money supply developments

During the period under review, broad money (M3) declined slightly by 0.38%, to ZiG87.12 billion in January 2025 from ZiG87.45 billion in December 2024. Notwithstanding, the overall decline, the foreign currency component of money supply increased by 0.62% (ZiG448 million), reaching ZiG73,255 million in January 2025 from ZiG72,806 million in December 2024. The money stock remained largely foreign currency-based, consisting of:

- 84.08% foreign currency deposits
- 15.80% local currency deposits
- 0.12% local currency in circulation

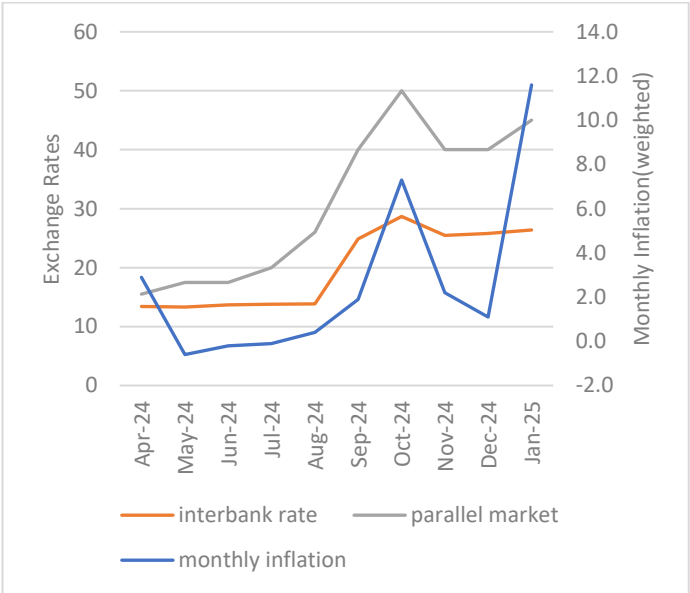
Exchange rate volatility persists

During the period under review, the exchange rate market was marked by significant volatility. The parallel market exchange rate continued to depreciate, showing a notable divergence between the official interbank rate (26) and the parallel market rate (40). This widening gap reflects persistent foreign currency shortages in the formal market and underlying pressures on the local currency. In the outlook, we expect the exchange rate

market to stabilize in 2025, supported by the Government’s monetary policy measures.

Inflation pressures resurface

Inflationary pressures intensified in January 2025, with the ZIG month-on-month inflation rate increasing sharply to 10.5%, up from 3.7% in December 2024. Similarly, US dollar inflation surged to 11.5%, compared to 0.6% in the previous month. As a result, weighted inflation surged to 11.6%, from 1.1% in December 2024. The sharp increase in inflation was driven by several factors, including local currency depreciation, rental adjustments, and persistent inflation expectations amid low confidence. Key risks to the inflation outlook include high money supply growth (emanating from wage pressures and infrastructure funding) as well as exchange rate depreciation due to anticipated foreign currency shortfalls.



Source: RBZ

Summing up

Zimbabwe's economic outlook for 2025 is optimistic, with growth projected at 6%, supported by a recovery in key sectors such as agriculture and mining. However, several downside risks remain. These include inflationary pressures, exchange rate disparities, and subdued commodity prices, with expectations of continued weakness in global commodity markets throughout the year. To sustain the recovery, there is a need for proactive Government intervention through policy measures aimed at stabilizing inflation and narrowing exchange rate disparities.