P. O. Box 712
20 Mt Pleasant Drive
Mt Pleasant
Harare
Telephone: (263 242) 336318, 334517, 334507
E-mail: info@chamines.co.zw

Please address all correspondence to the Chief Executive Officer

THE CHAMBER OF MINES OF ZIMBABWE

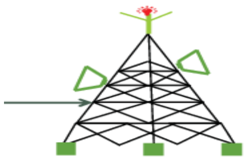
ECONOMIC REVIEW

February 2025

Us tariffs shift global trade dynamics

Commodity prices retreat

Power supply situation improves



Economic Growth Proj: 2025	**6.0%**
Inflation: January	
M-o-m (ZiG)	**0.5%**
M-o-m ***(Weighted)***	**0.3%**
M-o-m (USD)	**0.3%**
Y-o-y (USD)	**15%**
Exchange rate January 24(ZiG/USD)	
Interbank	**26.5**
Parallel	**40**

U.S tariff policy shift global trade dynamics

The "Trump factor" is reshaping global dynamics, with the United States introducing new tariffs and trade restrictions that threaten to disrupt global commodity markets, while simultaneously scaling back support for developing nations. Notably, the U.S. has withdrawn from a US$45 billion climate finance coalition, reducing funding for green energy transitions in emerging economies. In contrast, China continues to expand its environmental commitments, though coal remains a central pillar of its energy strategy**.** China has also responded with targeted tariffs ranging from 10% to 15% on a range of U.S. products, including liquefied natural gas, crude oil, coal, agricultural machinery, and selected automobiles. These policy shifts have already triggered significant volatility in global financial markets and are expected to heighten uncertainty in global trade, energy markets, and investment flows.

... as commodity prices retreat

During the review period, commodity prices for most key minerals declined compared to January 2025, weighed down by rising U.S. inflation, heightened uncertainty over U.S. tariff actions, and persistent geopolitical tensions. Gold, however, remained resilient, benefiting from safe-haven demand with prices increasing by 7% in February 2025, reaching a record high of US$2,895 per ounce. Palladium prices rebounded by 2%, to US$978 per ounce in February, from US$961 in January supported by growing demand in the automotive sector amid a tightening outlook for platinum supply Lithium prices, however, continued to decline due to oversupply despite robust demand linked to the global energy transition. Overall, the commodity market outlook remains bearish, with supply growth across most metals expected to outpace demand, compounded by escalating geopolitical risks.

Global prices for selected commodities

	Jan-25	Feb-25	% change
Nickel($/mt)	15,394	▼15,288	-1%
Gold ($/troy oz)	2,710	▲ 2,895	9%
Platinum ($/troy oz)	949	▼ 945	-0.4%
Palladium ($/troy oz)	961	▲ 978	2%
Rhodium ($/oz)	4,663	▼ 4,658	-0.1%
Crude oil($/bbl)	78	▼ 73	-6 %
Lithium($/mt)	10,970	▼10,785	-2%
Coal($/mt)	119	▼ 107	-10%

Source: Kitco, World Bank, Trading Economics

Zimbabwe sees surge in gold deliveries on bullish prices

During the period under review, gold deliveries to Fidelity Gold Refinery increased by 39% compared to the same period last year, as producers capitalized on strong international prices. However, on a month-on-month basis, deliveries to FGR declined by 18% to 2,568 kg in February from 3,134 kg recorded in January 2025. The downturn was primarily driven by a 28% decline in output from small-scale miners, while primary producers recorded a modest 7% increase, reaching 928 kg. The overall decline is largely attributed to the "February effect," where the shorter length of the month typically results in a production drop of at least 15%.

	February-24	February-25	m-o-m % change
Large scale producers(kgs)	988	928	-6%
Small-scale producers(kgs)	864	1,640	89%
Total kgs	1,852	2,568	39%

Source: Ministry of Mines

Exports decline

During the period under review, Zimbabwe's exports declined by 21% to US$512.6 million, from US$652.0 million recorded in January 2025. The decline was mainly driven by reduced export receipts from gold, tobacco, and Platinum Group Metals (PGMs). On a year-on-year basis, exports were down by 21% from US$645.0 million recorded in February 2024.

Power Supply situation improves

During the review period, the country's power supply improved significantly, averaging 1,285 MW, up from 1,065 MW in January 2025. The increase was primarily driven by enhanced output from Hwange Power Station, which generated 1,355 MW compared to 823 MW in January. Kariba hydro station contributed a modest 185 MW, while Independent Power Producers (IPPs) supplied 72 MW, up from 59 MW in January 2025. Despite the improvement, national output remains below peak demand, highlighting ongoing supply constraints.

Money supply eases

During the period under review, broad money (M3) stock fell by around 2% to ZiG85.64 billion, down from ZiG87.12 billion in January. The decline was mainly due to a 3.12% drop in the foreign currency component, which decreased from ZiG73.26 billion to ZiG70.97 billion. However, the local currency component grew by 5.76%, rising from ZiG13.87 billion to ZiG14.66 billion.

Overall, the money stock remained largely foreign currency-based, consisting of:

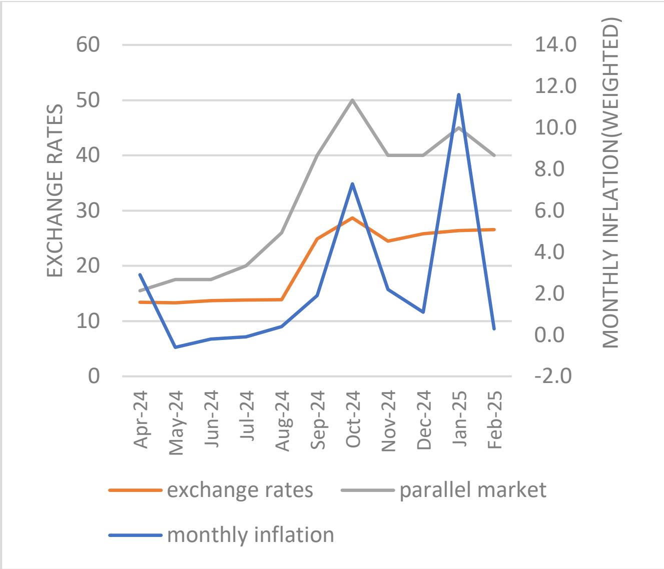
- 82.88% foreign currency deposits
- 17.00% local currency deposits
- 0.12% local currency in circulation
-

....as exchange rate market stabilizes

During the period under review, the exchange rate market was marked by relative stability. Following a decline in broad money supply growth, the official exchange rate stabilized in February. Meanwhile, the parallel market exchange rate slightly appreciated, moving from 45 to 40, with the parallel market premium narrowing to around 50%, down from a high of 73% in January 2025.In the outlook, exchange rate movements are expected to be influenced by Government liquidity management

Zimbabwe monthly inflation dips

During the period under review, ZiG month-on-month inflation rate declined sharply to 0.5 from 10.5% in January, marking the lowest level in six months. US dollar inflation also eased significantly to 0.3% in February 2025 from 11.5% in January 2025. The decline reflects prevailing stability in the monetary and financial conditions, brought about by the tight monetary policy measures announced by the Reserve Bank of Zimbabwe in February 2025. In the outlook, inflation is expected to remain stable for the remainder of the year, supported by the tight monetary policy stance adopted by RBZ.



Source: RBZ

Summing Up

In February 2025, the economy was relatively stable marked by relative inflation and exchange rate stability, reflecting the impact of the Reserve Bank's tight monetary policy stance. Sustaining this stability will require continued fiscal discipline, particularly in managing money supply and aligning with the prevailing monetary policy framework.