August 2025
Economic Snapshot

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Contents

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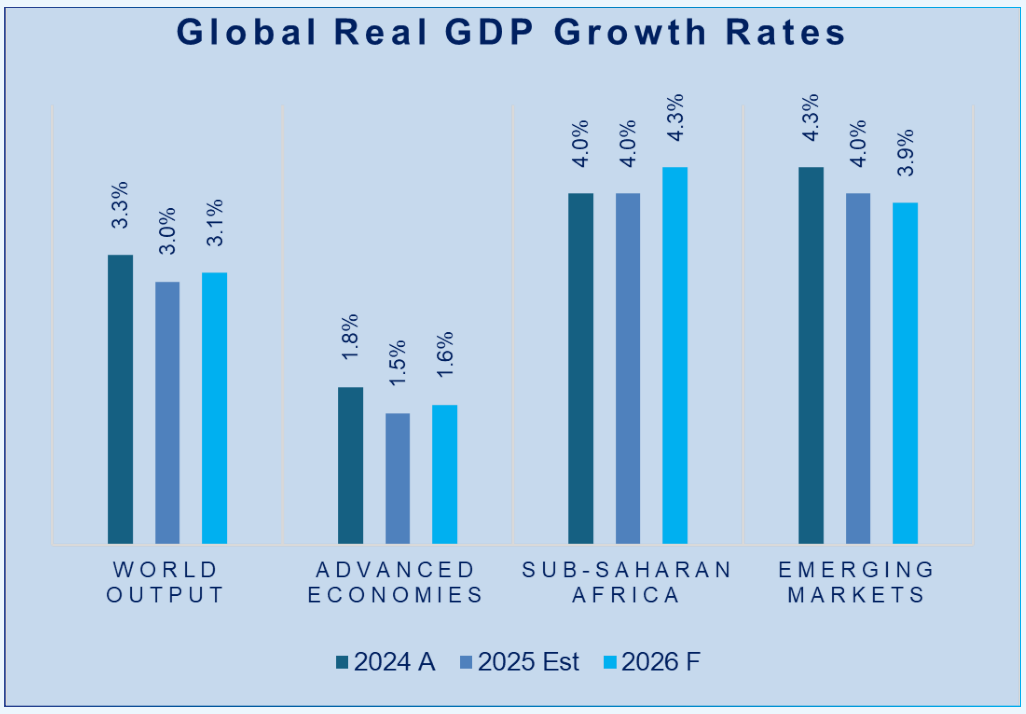
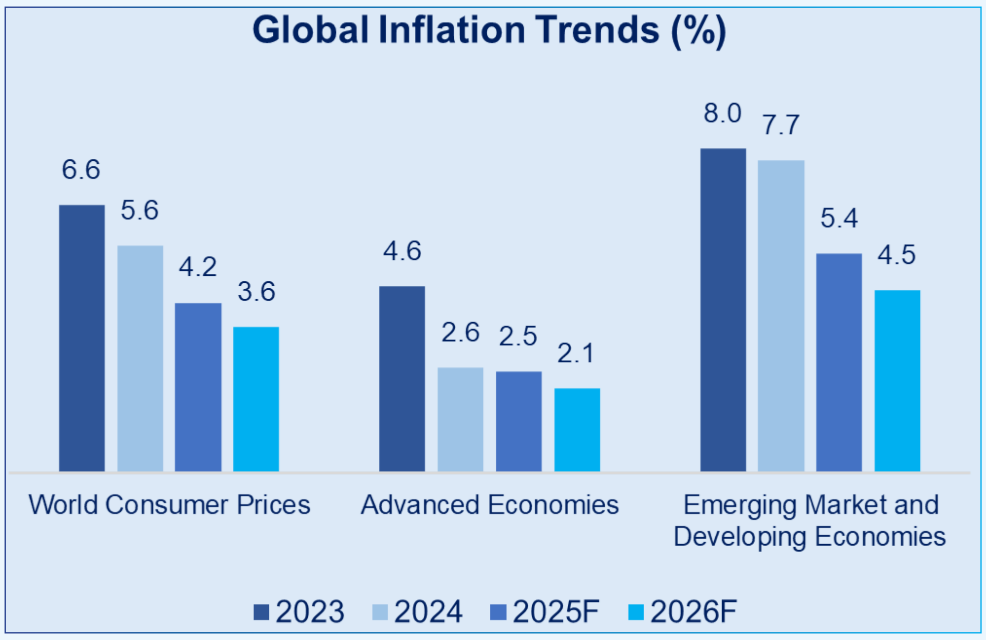
The Global Economy and Inflation Outlook

The global economy entered the third quarter of 2025 with a mixed but guardedly resilient profile. The International Monetary Fund's ("IMF") in its July update, projected global growth at around 3.0% in 2025, which is lower than the pre-pandemic average of 3.7%. The revised forecast downwards, relative to April's forecasts, was primarily attributed to prolonged tariff disputes between major economies and an environment of elevated policy uncertainty. Both factors are weighing on global trade flows and curtailing capital investment.



Source: IMF WEO July 2025

Global inflation moderating....

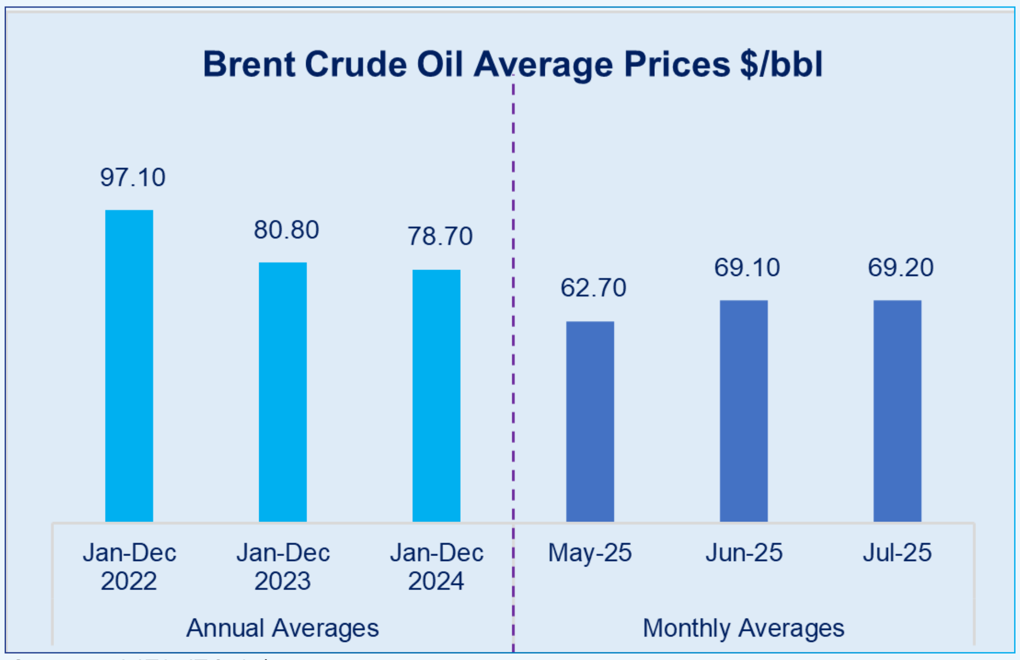


Source: IMF WEO July 2025

Inflation dynamics remain a key concern. While headline inflation has moderated from peaks endured around 2022–2023, progress on disinflation has slowed in several economies. The IMF notes that the balance of risks has shifted from fears of over-tightening, to the challenges of sticky goods inflation and tariff-related cost pass-throughs. As a result, most advanced economies are expected to keep policy rates higher for longer, even as select emerging markets cautiously begin to unwind tightening cycles.

Softening crude oil prices anchor inflation dynamics....

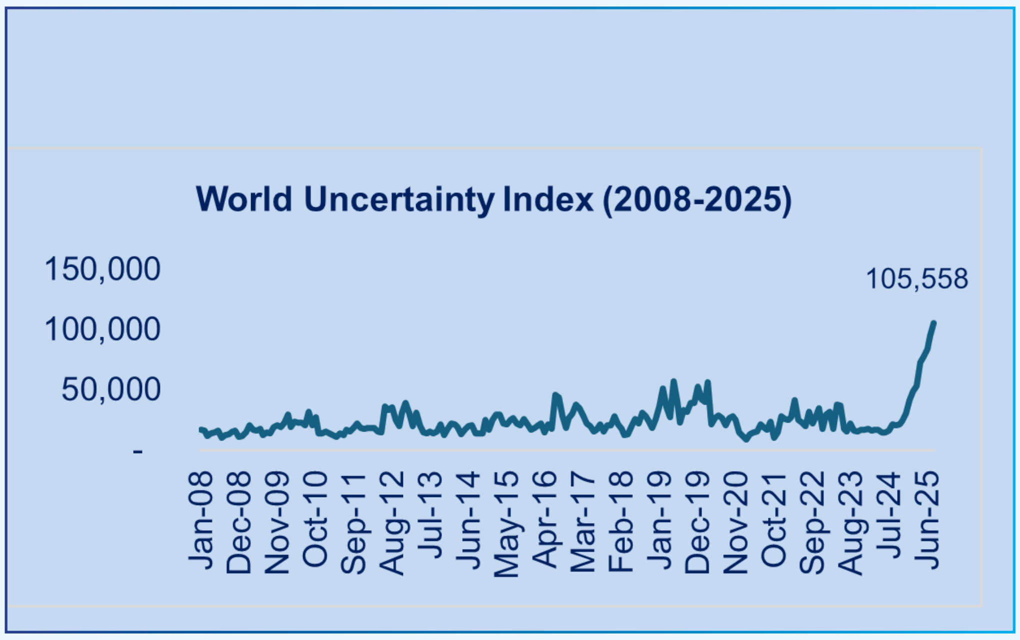
Energy prices provide an important backdrop to the inflation dynamics. Brent crude oil traded in a relatively narrow band through the summer, averaging US$62.7 per barrel in May, US$69.1 in June, and US$69.2 in July, according to the World Bank's Pink Sheet. The U.S. Energy Information Administration projects that prices could ease further into the fourth quarter, potentially dipping below US$60 per barrel, as inventories accumulate and OPEC+ supply normalises. The base case outlook is therefore for oil to remain range-bound in the mid-60s to low-70s over the remainder of the year.



Source: IMF WEO July 2025

Downside risk to the outlook at all-time high...

The World Uncertainty Index (WUI) surged to a record 105,558 in August 2025, more than double the COVID-19 peak. This underscores deterioration in global stability, driven by geopolitical tensions, climate shocks and divergent monetary policies. The spike materially heightens downside risks to the global growth outlook, prompting investors to rotate toward safe havens, while emerging markets face elevated risk premium and potential capital outflows.



Source: Home - World Uncertainty Index

2. Regional Economic: Sub-Saharan Africa

Sub-Saharan Africa (SSA) continues to navigate a complex macroeconomic environment, characterised by tightening external financing conditions and lingering fiscal pressures. The World Bank's 2025 Global Economic Prospects report forecasts that regional GDP will expand by about 3.7% in 2025, before rising modestly to 4.2% in 2026–2027. While this represents a recovery compared with the trough years of 2020–2022, the pace remains insufficient to deliver broad-based gains in per-capita income, which is expected to stagnate or contract in several economies.

Real GDP Growth (Annual % Change)	FY22	FY23	FY24	FY25	FY26
Botswana	5.5%	3.2%	-3.0%	-0.4%	2.3%
Ethiopia	6.4%	7.2%	8.1%	6.6%	7.1%
Mozambique	4.4%	5.4%	1.9%	2.5%	3.5%
Nigeria	3.3%	2.9%	3.4%	3.0%	2.7%
South Africa	1.9%	0.7%	0.6%	1.0%	1.3%
Zambia	5.2%	5.4%	4.0%	6.2%	6.8%
Zimbabwe	6.1%	5.3%	1.7%	6.0%	4.6%
COMESA (SSA members)	6.0%	6.1%	5.8%	5.5%	5.9%
SADC	3.8%	2.7%	2.7%	2.8%	3.0%
Sub-Saharan Africa	4.1%	3.6%	4.0%	3.8%	4.2%

Source: IMF

Commodity exporters leveraging on firm prices....

Commodity exporters in the region, particularly in the energy and metals segments, are benefitting from relatively firm prices, although the outlook is uneven. Oil producers stand to gain less than in prior cycles given the subdued price trajectory, while mineral exporters are seeing varied fortunes. Platinum and gold are relatively robust, while lithium remains volatile. Climate shocks and conflict in parts of East and Central Africa further complicate the growth picture.

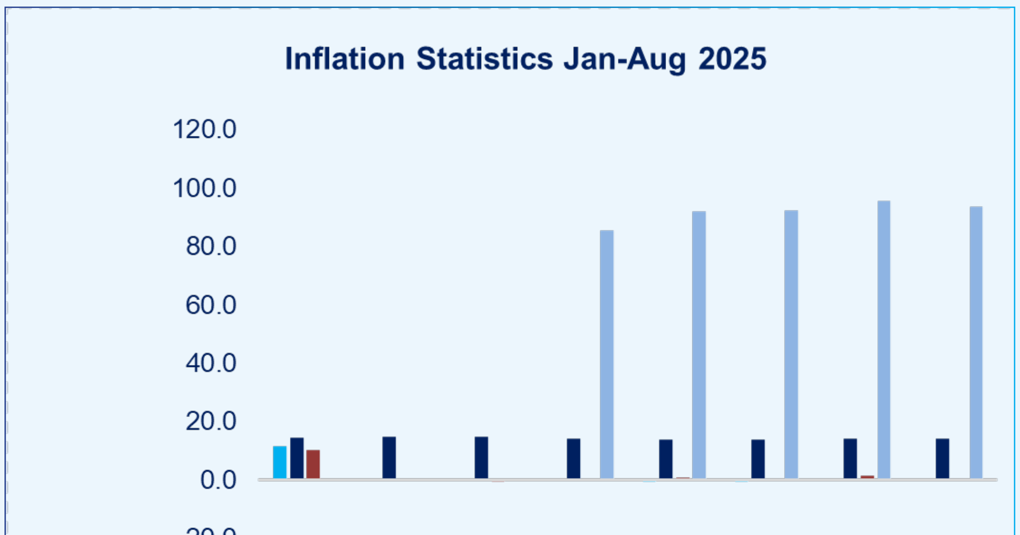
The outlook however, remains uneven....

The broader implication is that SSA's recovery remains fragile, uneven and heavily dependent on external conditions. Structural reforms aimed at fiscal consolidation, domestic revenue mobilisation and energy sector efficiency are critical to putting the region on a higher and more sustainable growth path.

3. Domestic Economic Review and Outlook

Tight demand-management policies yielding results...

Zimbabwe's economy has undergone significant adjustment since the launch of the ZiG currency in 2024, with August 2025 data suggesting that the authorities' tight monetary stance is promoting price stability. According to ZIMSTAT, monthly inflation slowed sharply to 0.4% in August, down from 1.6% in July, while annual inflation measured in U.S. dollar terms eased to around 14.2%. This disinflationary momentum is supported by strict reserve-money control and tighter liquidity management by the Reserve Bank of Zimbabwe (RBZ).



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
USD-M-o-M	11.5	0.2	0.1	0.2	-0.3	-0.2	0.3	0.0
USD Y-o-Y	14.6	15.1	15.0	14.4	13.9	14.0	14.4	14.2
ZiG M-o-M	10.5	0.5	-0.1	0.6	0.9	0.3	1.6	0.4
ZiG Y-o-Y				85.7	92.1	92.5	95.8	93.8

Source: RBZ, ZIMSTAT,

The real sector economy remains encouraging....

On the real sector economy, tobacco exports continue to grow. The 2025 marketing season set new records, with deliveries of approximately 352.7 million kilograms, generating close to US$1.2 billion in receipts. Chinese demand remained strong, supporting both foreign-exchange inflows and rural household incomes.

The mining sector continues to be a major growth driver, with platinum group metals and gold sustaining revenues. The global platinum market is in structural deficit in 2025, a dynamic that has kept prices firm despite global headwinds, while gold prices remain historically elevated relative to pre-pandemic levels as the World Uncertainty Index continues to rise. By contrast, lithium, once heralded as Zimbabwe's future growth engine, has seen prices collapse from the highs of 2022. Spot prices slipped below US$10,000 per tonne in early 2025, though modest recoveries have been recorded in recent months as supply rationalisation met revived Chinese demand.

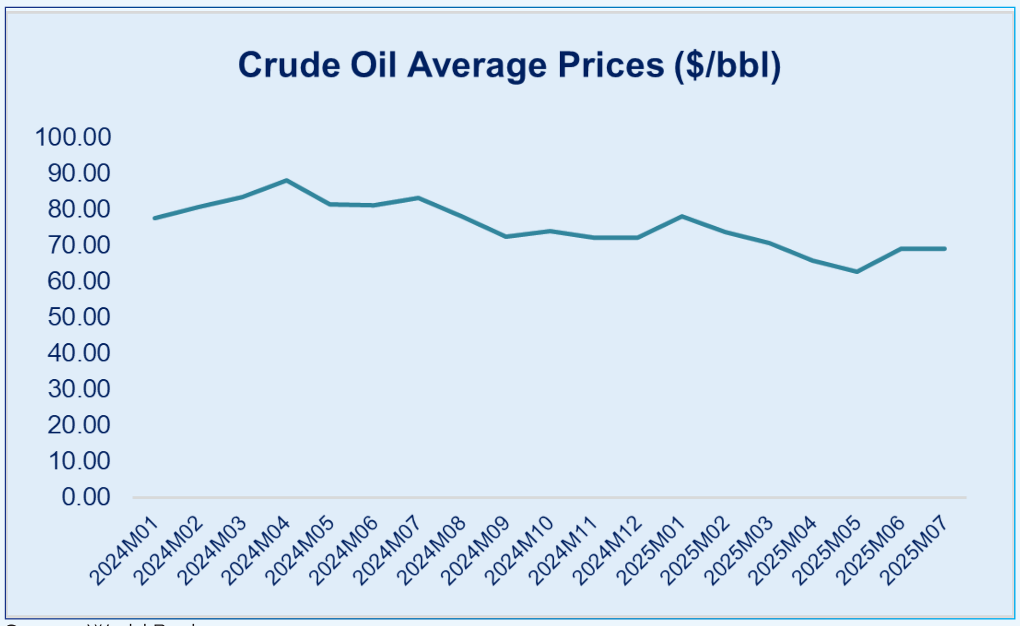
Monetary stability to anchor a positive outlook....

Looking ahead, Zimbabwe's base case is for gradual disinflation to continue provided monetary discipline is sustained. Growth will likely remain modest but positive, supported by agriculture, mining and steady services activity. Upside exists if foreign direct investment into mining and energy infrastructure materialises. Risks remain skewed to the downside, however, including potential policy shifts, weak consumer activity, adverse commodity price shocks, and climate-related disruptions.

4. Commodities Markets Implications On Zimbabwe

Zimbabwe's economic outlook is closely tied to the trajectory of key commodities.

Crude Oil: Brent crude has oscillated between US$62 and US$70 per barrel over the past three months. Forecasts from the EIA and IEA suggest potential softening below US$60 by late 2025, as inventories rebuild and OPEC+ output stabilises. For Zimbabwe, a lower oil price path reduces the import bill and eases pressures on both the balance of payments and inflation.



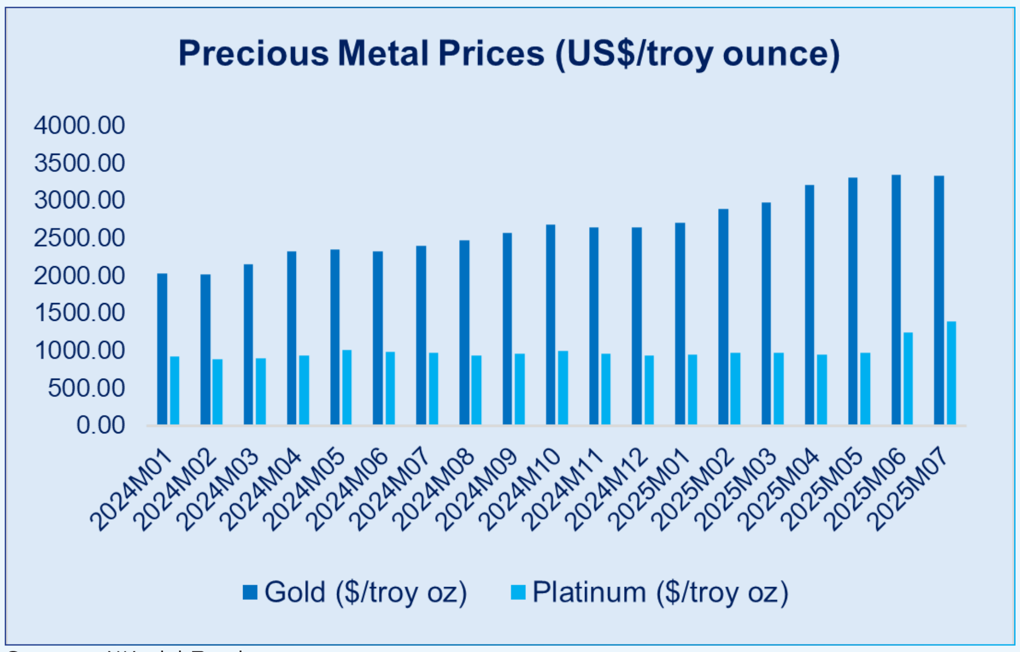
Source: World Bank

Platinum Group Metals (PGMs) & Gold:

Market research from Johnson Matthey indicates that the platinum market remains in deficit in 2025, reflecting supply constraints in South Africa and steady industrial demand. Zimbabwean producers stand to benefit from firmer pricing, although volatility remains high. Palladium by contrast, is moving closer to balance, but overall export earnings from PGMs should remain supportive.

Gold prices continue to rise at levels significantly above their 2019–2021 average, underpinned by investor demand for safe assets, amid global macro uncertainty. Zimbabwe's artisanal and industrial producers alike are beneficiaries of this trend and the country's BOP stands to benefit significantly since gold is a major export revenue earner.

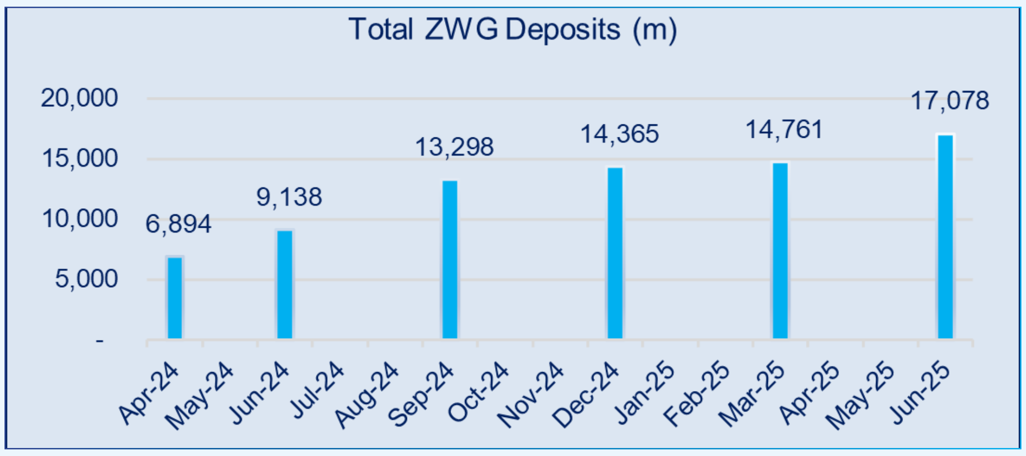
Tobacco: Zimbabwe's 2025 season was a record setter, with volumes and receipts exceeding prior highs. While average unit prices dipped slightly, the sheer scale of deliveries ensured strong export earnings. This performance reinforces tobacco's role as one of Zimbabwe's major foreign-currency earners and a critical contributor to the balance of payments position.



Source: World Bank

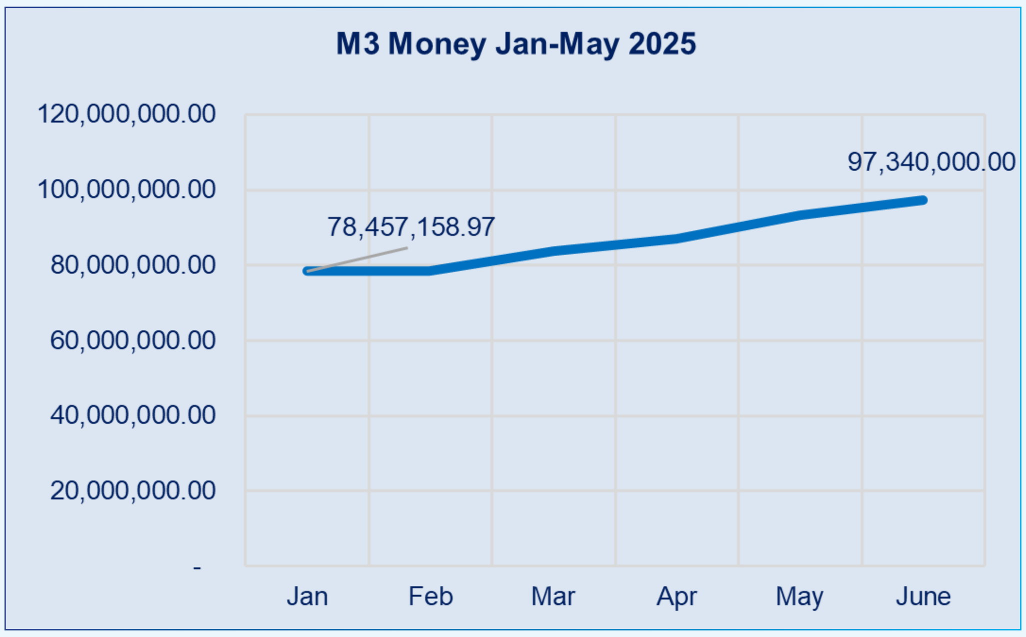
5. Money Supply Dynamics

As of June 2025, total broad money stood at ZiG97.34 billion, marking a 16.14% increase from December 2024. The growth is primarily driven by foreign currency deposits, which surged by 18.85% to ZiG70.47 billion (approx. US$2.6b) and now constitute over 72% of the total money supply, compared to 14.45% local currency deposits. While the Reserve Bank has managed to restrain reserve money growth, recording a decline of -1.3% in June 2025 due to tightened liquidity via open market operations, the monetary system remains skewed towards USD. This trend, although reflecting confidence in stable foreign currency-backed deposits, has assured the market that it will ensure business continuity and certainty in the transition towards the mono-currency. The de-dollarisation framework is set to be crystallised in the National Development Strategy 2 (NDS2).



Source: MPS

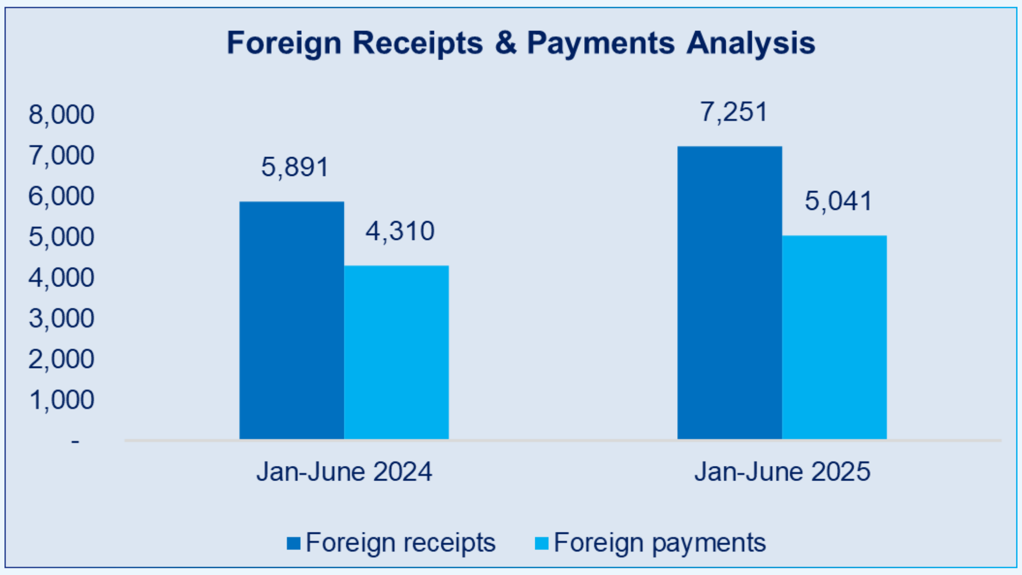
The RBZ reported increased usage of ZiG in digital and cash transactions, rising from 26% in April 2024 to over 40% in June 2025. This is positive and should be re-inforced by broader complementary confidence-building reforms, macroeconomic stability and policy consistency, which will be critical in shifting both business and consumer preference towards domestic currency in the medium to long-term.



Source: MPS

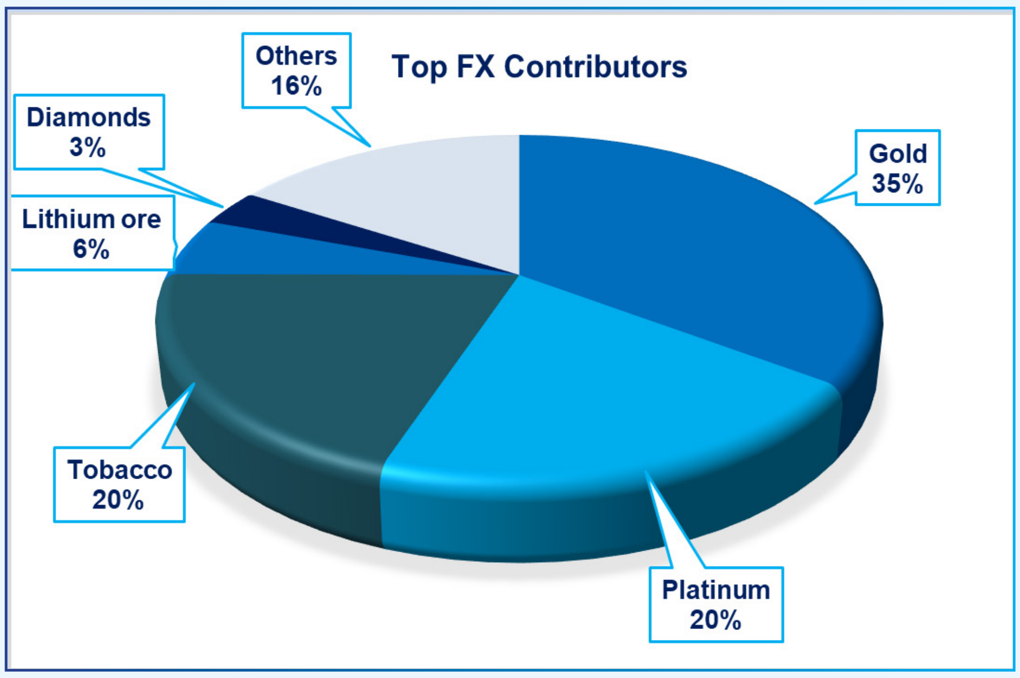
6. External Sector Developments

The external sector developments indicate a relatively strong performance that supports Zimbabwe's broader macro-economic stability. Foreign currency receipts from January to June 2025 reached US$7.3 billion, a 23.1% increase from US$5.9 billion in the same period in 2024. The biggest contributor was export proceeds, which accounted for 54.5% (US$3.95 billion), followed by private loan inflows (20.3%) and diaspora remittances (15.1%).



Source: MPS

Foreign investment inflows declined sharply by 55.7%. Still, the rise in export receipts and personal remittances has helped to sustain a current account surplus, although the surplus is narrowing due to rising income and services outflows. Additionally, foreign payments grew by 17% to US$5 billion, mainly for imports of raw materials, capital goods, and energy. A robust external sector supports foreign currency reserves accumulation, which stood at over US$730 million in June 2025, up from US$285 million in April 2024 and provides critical backing for the ZWG currency. Sustained surpluses and reserve accumulation enhance capacity and confidence in the central bank's ability to maintain exchange rate stability and support the local currency.



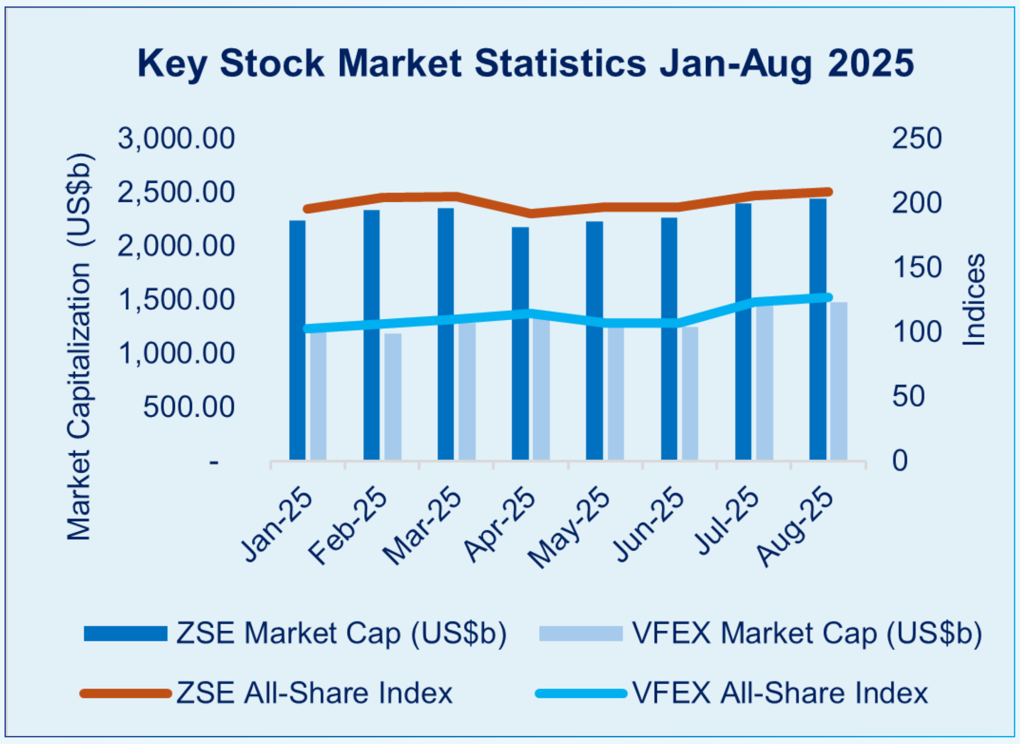
Source: MPS

The de-dollarization roadmap should be supported by a robust import substitution framework, reducing pressure on foreign currency reserves. For economic sustainability, external inflows must be channeled into strengthening domestic currency use, improving export competitiveness in non-traditional sectors, and establishing transparent local currency pricing mechanisms in both public and private sectors.

7. Stock Market Developments

In August 2025, the Zimbabwe Stock Exchange (ZSE) advanced modestly, with market capitalisation rising 1.6% month-on-month, to US$2.44bn, while the All-Share Index gained 1.5% to 208.74 points. This marks the third consecutive monthly gain, supported by renewed demand for defensive blue chips, although the bourse remains in negative territory year-to-date, with market cap down 1.3% and the index lower by 4.1%.

The Victoria Falls Stock Exchange (VFEX) on the other hand sustained its performance, with market capitalisation rising 2.7% month-on-month to US$1.48bn and the All-Share Index climbing 2.7% to 126.77 points. The VFEX has now delivered strong year-to-date gains of 15.7% in market capitalisation and 21.8% in the index, underpinned by encouraging export inflows and the appeal of USD-denominated dividend counters.



Source: RBZ, ZIMSTAT,

Looking ahead, the ZSE's near-term recovery will hinge on liquidity dynamics and corporate earnings delivery, while the VFEX remains positioned as the preferred growth platform into Q4 2025, supported by its improving depth and foreign investor participation.

8. Banking Sector Performance

The recent publication of financial results by banks reflects a significant shift in the banking sector which is undergoing a structural reset in 2025. The mid-term monetary policy statement showed a switch from the once-dominant revaluation gains – which accounted for over half of banks' income in HY2024, to almost zero in HY2025.Core banking income streams are now dominating revenues with fees and commissions surging from 17.7% to 45.4%, while interest income on loans and advances tripled from 10.4% to 31.9%.

Banks' Shift To Core Income in 2025	HY 2024	HY 2025
Revaluation gains on investment property	25.2%	0%
Revaluation gains on foreign currency assets	28%	0%
Fees & commissions	17.7%	45.4%
Foreign exchange trading	13.1%	9%
Interest income on loans & advances	10.4%	31.9%
Interest income on balances with other banks	0.5%	0.98%
Interest income on investments & securities	1.5%	3.3%
Other non-interest income	3.6%	9.5%
Total	**100%**	**100%**

This shift marks the sector's transition from reliance on volatile asset revaluations and foreign currency holdings towards core banking activities, underpinned by lending, transaction services and investment portfolios. For investors and regulators alike, the trend signals stronger earnings quality and resilience, as opposed to non-cash income.

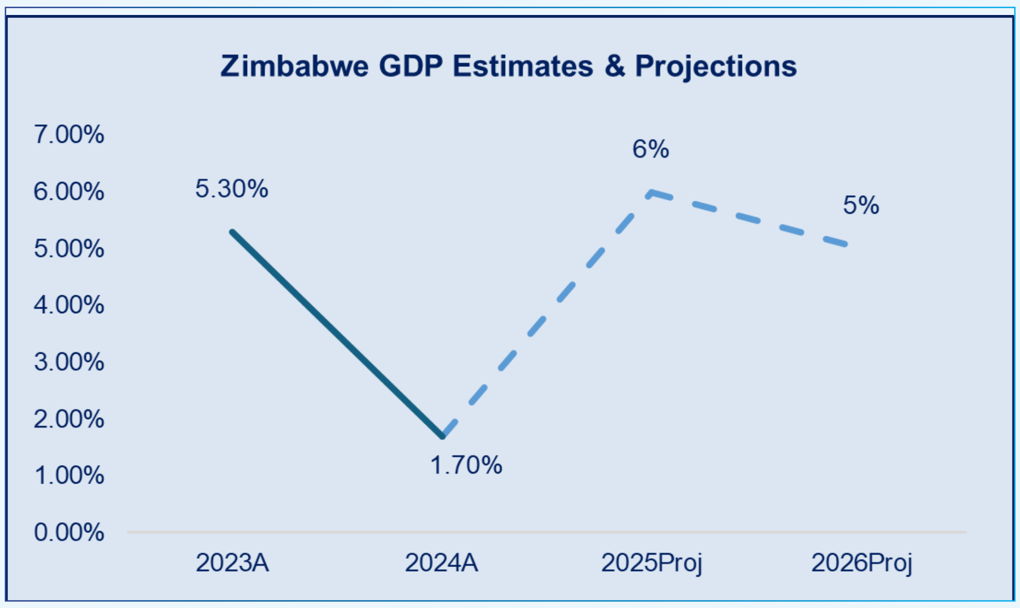
The pivot has not undermined stability....

The pivot to lending and transactions is mirrored in asset growth. Total assets rose to ZWG191.82bn (+18.8% from Dec 2024), with loans expanding 21% to ZWG67.51bn, driving the surge in interest income on loans. Deposits also grew strongly by 26.6% to ZWG112.8bn, providing a solid funding base for credit growth and reinforcing banks' role in intermediation.

Furthermore, even as profits dipped, asset quality improved with NPLs declining to 2.9% from 3.37%, while liquidity (56.8%) and capital adequacy (33.8%) remained comfortably above prudential thresholds, confirming the sector's stability and resilience.

9. Economic Outlook

Evidence paints, 2025 as a year of disinflation, moderate growth, and firm but volatile commodity markets.



For Zimbabwe specifically, the near-term macroeconomic story is one of anchoring credibility through disciplined liquidity management, leveraging strong agricultural and mineral export, and cautiously re-building confidence in the monetary system. External conditions, particularly oil and mineral price trajectories, will either ease or tighten the adjustment process.

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