FBC Holdings Limited

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March 2026

Economic Snapshot

17 April 2026

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1. Global Economic Dynamics

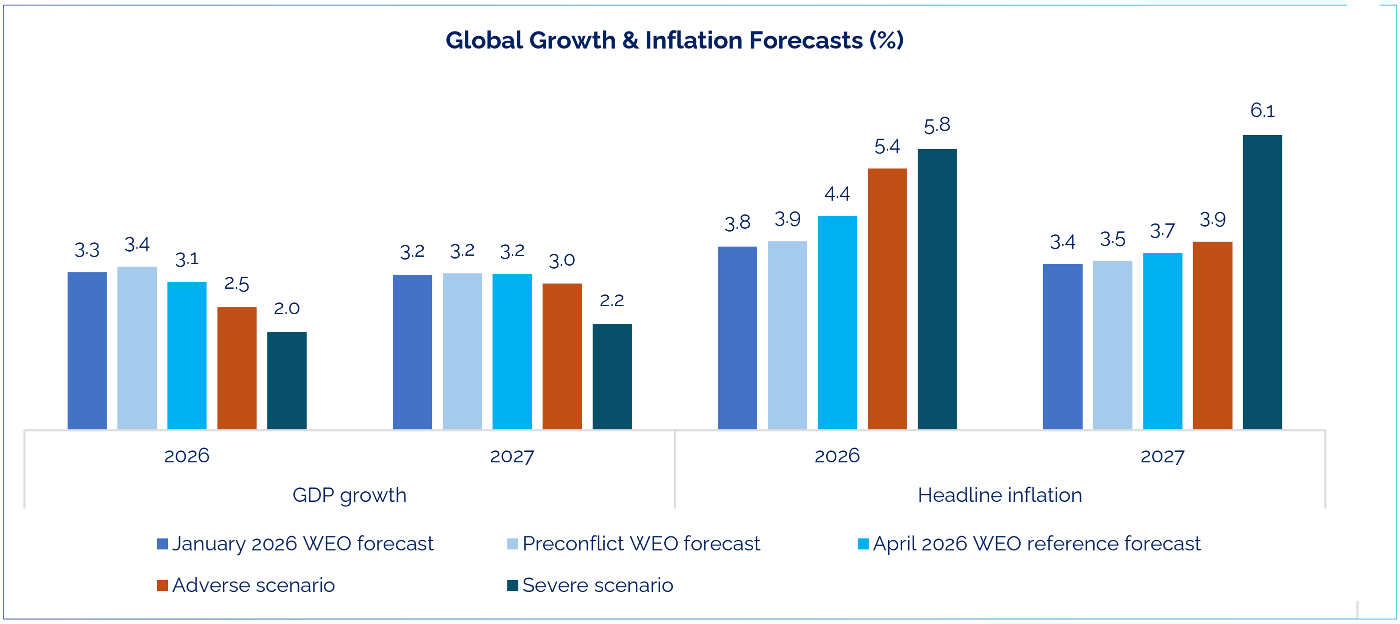
1.1 Real GDP Growth

The April 2026 IMF World Economic Outlook projects global growth at 3.1% in 2026, down from 3.3% in January 2026. The moderation reflects persistent trade tensions, geopolitical fragmentation, tighter financial conditions, and the lagged effects of monetary tightening. Under an adverse scenario (escalation of the Middle East conflict), global growth could fall to 2.5%. A more severe scenario predicts 2.0%.

Advanced economies are expected to grow 1.6% in 2026, while emerging and developing economies (EMDEs) expand to 4.1%. The slowdown in China (projected at 4.6% in 2026, down from 5.0% in 2025) is a particular concern for commodity exporting countries in Africa, including Zimbabwe.

1.2 Headline Inflation

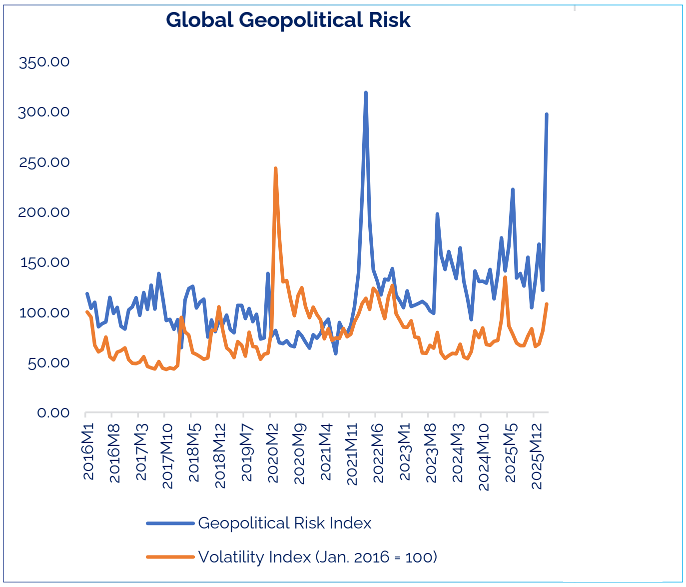
Global inflation is projected at 4.4% in 2026 (reference forecast), up from 3.9% in the October 2025 forecast. The upward revision is largely driven by energy and food price pressures from geopolitical shocks – notably the Middle East conflict. Core inflation remains sticky, with services inflation above pre pandemic averages in many economies.

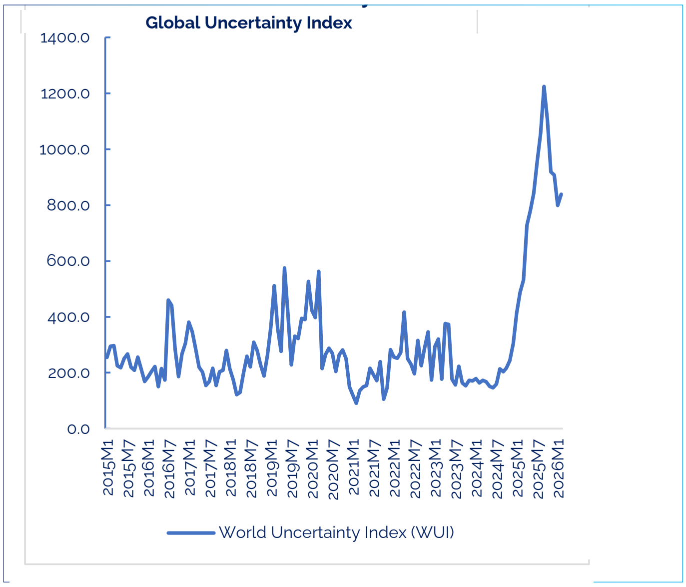


Source: IMF WEO, FBC Holdings Research

1.3 Geopolitical Risk and Uncertainty Indices

The IMF's regional geopolitical risk index shows sharp increases in the 2020s compared to the 2010s. The escalation of conflicts in the Middle East; including direct attacks on energy production infrastructure and severe disruption to shipping through the Strait of Hormuz, has heightened volatility in global energy and commodity markets.
The World Uncertainty Index (WUI) surged from 254 in 2015 to over 1,200 in late 2025, peaking at 1,224 in September 2025 before easing to 799 in January 2026. The Trade Policy Uncertainty Index rose dramatically from 260 in early 2015 to 1,151 in April 2025, driven by US China tariff escalations and Brexit aftershocks. Elevated uncertainty dampens investment and trade worldwide, with spillovers to African economies.





Source: IMF WEO, FBC Holdings Research

2. Sub Saharan Africa Outlook

2.1 GDP Growth Outlook

Sub Saharan Africa's recovery is losing momentum. According to the World Bank's Africa Economic Update (April 2026), regional growth is projected at 4.1% in 2026, unchanged from 2025 but revised down by 0.3 percentage point from the October 2025 forecast. Domestic demand (private consumption and investment) continues to underpin growth, supported by accommodative monetary policy, a weaker U.S. dollar, and higher commodity prices (precious metals, beverages). However, rising geopolitical spillovers from the Middle East conflict, heavy debt service burdens, and structural weaknesses are eroding prospects.

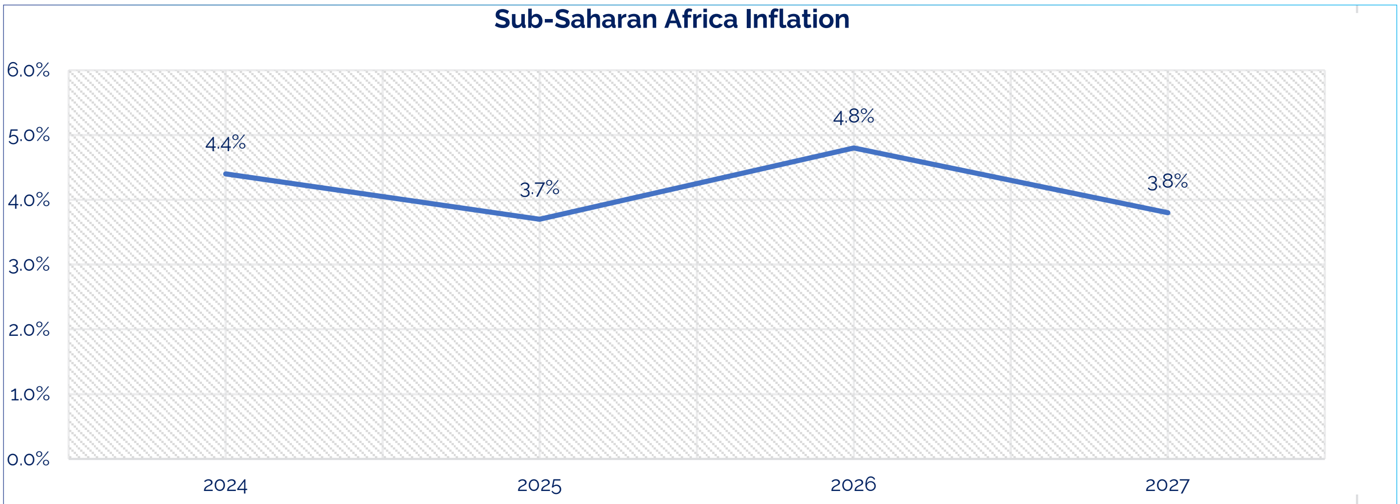
Growth varies markedly across subregions. The East African Community remains the fastest growing bloc (6.1% in 2026), while Southern Africa is weighed down by subdued performance in Angola and South Africa. Zimbabwe's growth is projected to decelerate sharply (from 6.9% in 2025 to 4.1% in 2026) – one of the steepest declines in the region.

Real GDP (% p.a)	**Average 2008-17**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026F**	**2027F**	**2031F**
Sub-Saharan Africa	**4.4**	**3.2**	**3.0**	**-3.1**	**3.9**	**4.4**	**3.8**	**4.2**	**4.5**	**4.3**	**4.4**	**4.7**
Angola	3.8	-0.6	-0.2	-4.0	2.1	4.2	1.3	5.0	3.1	2.3	2.6	3.1
Botsw ana	2.6	4.2	3.0	-8.7	11.9	5.5	3.2	-3.0	-0.9	4.7	2.2	4.0
Ethiopia	10.1	7.7	9.0	6.1	6.3	6.4	7.2	8.1	9.2	9.2	7.9	7.7
Ghana	6.8	6.2	6.5	0.5	5.1	3.8	3.1	5.8	6.0	4.8	4.9	5.0
Keny a	4.3	5.7	5.1	-0.3	7.6	4.9	5.7	4.7	4.9	4.5	4.7	5.0
Malaw i	4.9	4.4	5.4	1.0	4.6	0.9	1.9	1.7	2.1	2.2	2.4	3.0
Mauritius	3.9	4.0	2.9	-14.5	3.4	8.7	5.0	4.9	3.1	3.4	3.4	3.4
Mozambique	6.4	3.5	2.3	-1.2	2.4	4.4	5.5	2.1	-0.5	0.5	2.7	13.0
Namibia	3.4	1.1	-0.8	-8.1	3.6	5.4	4.4	3.7	2.4	2.4	2.7	3.0
Nigeria	4.9	1.9	2.2	-6.4	1.1	4.3	3.3	4.1	4.0	4.1	4.3	4.2
Rwanda	7.1	8.1	9.3	-2.8	8.4	9.8	8.6	7.2	7.0	7.2	7.6	6.8
South Africa	1.7	1.6	0.3	-6.2	4.9	2.1	0.8	0.5	1.1	1.0	1.3	1.8
Tanzania	6.4	7.0	6.9	4.5	4.8	4.7	5.1	5.5	5.9	5.9	6.1	6.3
Zambia	6.0	4.0	1.4	-2.8	6.2	5.2	5.4	3.8	3.8	4.3	4.7	5.3

Source: IMF WEO, FBC Holdings Research

2.2 Inflation

Prior to the Middle East conflict, inflation was declining across an increasing number of Sub- Sahara countries. The median rate of inflation dropped from 4.4% in 2024 to 3.7% in 2025. However, the conflict has pushed the 2026 regional inflation forecast up to 4.8%, before easing to about 3.8% in 2027–28. Higher fuel, fertiliser, and food prices – together with a stronger U.S. dollar – are reigniting inflationary pressures, especially in oil importing countries.



Source: World Bank Africa Economic Update, April 2026

2.3 Fiscal and Debt Vulnerabilities

Primary fiscal deficits in Sub-Sahara Africa are projected to be near balance by 2026–28 (0.7% of GDP in 2025, balanced in 2026). However, overall deficits remain elevated due to persistently high net interest payments on public debt; which exceed public spending on health or education in four out of five African countries.

Public debt ratios are stabilising after a decade of rapid accumulation, but external debt service pressures are rising sharply. The region's external public debt service to revenue ratio is projected to increase from 15.4% in 2024 to about 18.2% in 2025. By the end of 2025, 25 of 48 SSA countries were classified as being at high risk of debt distress or already in distress; 22 of them low income or lower middle income countries. This underscores the limited resilience of the region's poor economies.

2.4 The Middle East Conflict: Transmission Channels

The conflict affects SSA through four main channels:

Trade: Higher energy, fertiliser, and food prices; supply chain disruptions; weaker demand for exports due to heightened geopolitical and policy uncertainty.

Investment: Gulf countries had committed over US$100 billion in greenfield FDI to SSA in 2022-2023 alone. The conflict may delay or reverse these investments, particularly in energy (hydrogen, solar, wind), infrastructure (ports, data centres), logistics, mining, and agriculture.

Finance: Heightened global risk aversion induces capital outflows, tightens external and domestic financial conditions, and exerts depreciation pressures on domestic currencies.

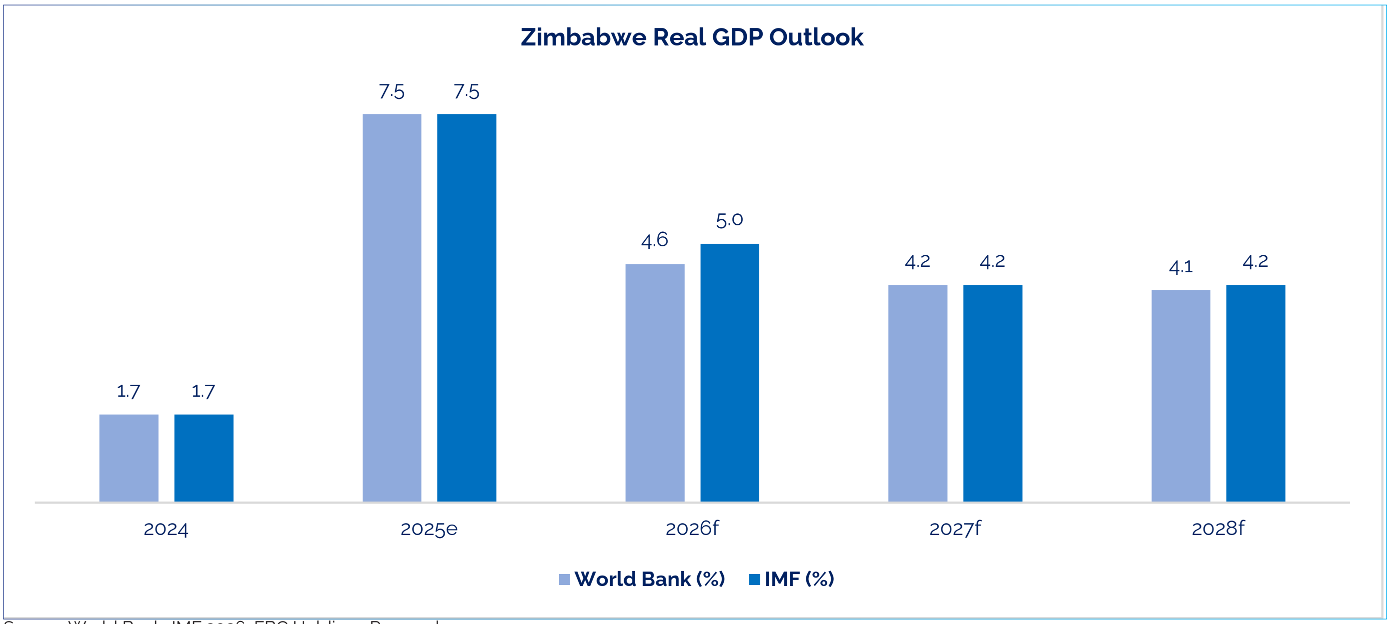
Labour: Remittances from African migrant workers in Gulf countries – a critical lifeline for many households – are at risk of decline.

Countries with limited fiscal space and low foreign exchange reserves (like Zimbabwe) are most vulnerable. Zimbabwe, in particular, has high exposure (net oil and gas imports of 5.0% of GDP), high external financing needs (14.5% of GDP), but low reserves (1.5 months of import cover). Fuel prices in Zimbabwe have already surged sharply, reflecting the government's limited capacity to intervene.

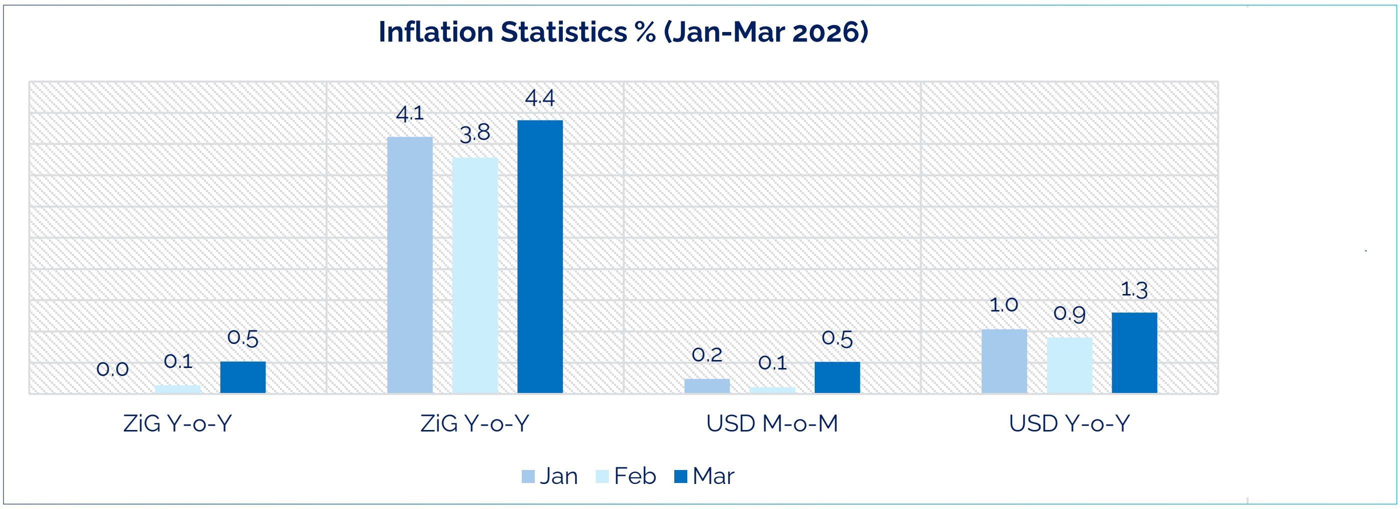
3. Zimbabwe Domestic Economic Review & Outlook

3.1 Real GDP Growth

Zimbabwe's economy grew by an estimated 7.5% in 2025 according to the IMF and World Bank, driven by a recovery in agriculture and mining (higher gold and lithium output).



Source: World Bank, IMF 2026, FBC Holdings Research



Source: RBZ 2026, FBC Holdings Research

3.2 Inflation

ZiG year on year inflation fell from a peak of 95.8% in July 2025 to 3.8% in February 2026; the first single digit rate since 1997 of 4.1% having been recorded in January 2026. In March 2026, ZiG inflation inched up to 4.38% (YoY) due to seasonal food price pressures and cost pressures related to the Middle East war. USD inflation has also remained low, averaging 1.06% in Q1 2026.

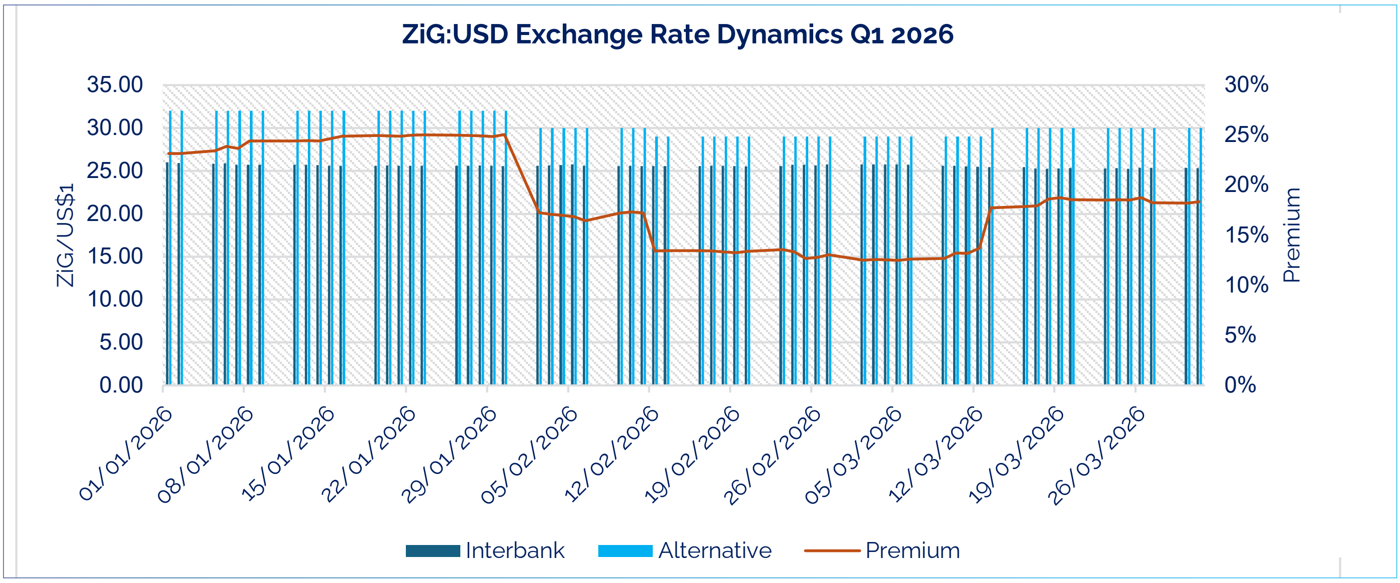
However, the Middle East conflict threatens to reverse disinflation. Brent crude oil prices rose from the low US$70s per barrel in late February to above US$110 by end March 2026. European natural gas prices; which influence global LNG markets; rose even faster. Higher oil prices feed directly into Zimbabwe's transport costs, electricity generation and agricultural input costs (fertiliser). The pass through effects to consumer prices is already visible in March 2026 data.

3.3 Exchange Rate Dynamics

The ZiG has remained stable since its devaluation to ZWG 24.5/US$ in September 2024. The interbank rate has traded within a narrow band of 24.5-26.7/US$ through to Q1 2026. The parallel market premium, which exceeded 50% during the ZWL era, has been contained to 5-15% since early 2025. As of March 2026, the premium stood at approximately 13%.

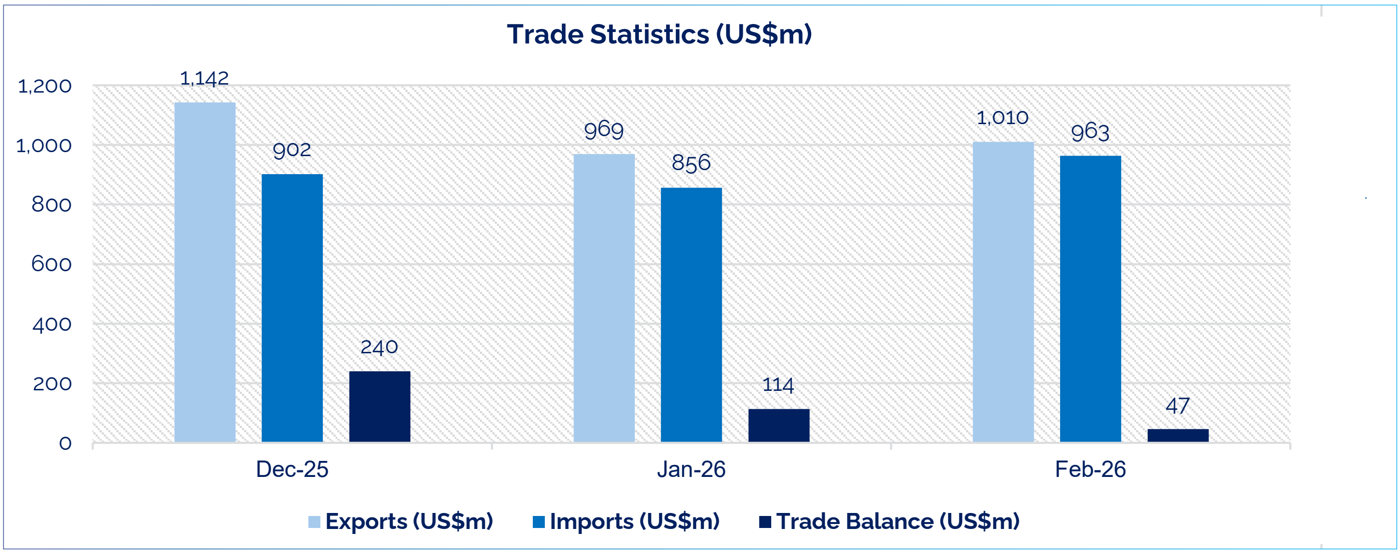
This stability is attributable to:

- Strict money supply controls (reserve money growth less than 5% in 2025)
- Mandatory surrender of 30% of export proceeds at the official rate, with the proceeds supporting the interbank market.
- Gold backed reserve accumulation
- Tight fiscal policy (no central bank financing of fiscal deficits)



3.4 External Trade

Zimbabwe's trade surplus narrowed in early 2026 as imports rebounded, driven by higher fuel and machinery imports (linked to ZiG stabilisation and infrastructure projects).



Gold exports remain strong and a major contributor (59%) of total merchandise exports. On the downside, the Middle East conflict has raised shipping costs and insurance premiums for exports via Durban and Beira, squeezing margins for horticulture and tobacco. In addition, disruptions to Red Sea shipping have lengthened transit times and increased freight rates for Zimbabwe's trade with Europe and Asia.

3.5 Impact of the Middle East Conflict on Zimbabwe

The conflict has transmitted through several channels:

Energy: Zimbabwe imports approximately 40% of its petroleum products (diesel, petrol, jet fuel). Brent crude's surge from low US$70s to over US$110 has raised transport costs, electricity generation costs (diesel for emergency power), and production costs for all sectors. The pass through effects to retail fuel prices has been immediate and sharp.

Fertiliser and agriculture: Zimbabwe relies heavily on fertiliser imports, including from the Middle East. Disruptions to shipping through the Strait of Hormuz have raised urea and DAP prices by an estimated 25 30%. This threatens the 2026/27 agricultural season, potentially reducing crop yields and exacerbating food insecurity. Maize, wheat, and tobacco are particularly vulnerable.

Scenario Forecast: Fertilizer Prices (US$/MT & Per Bag Equivalent)

Product	Baseline	Best Case (1-3 mo. disruption)	Moderate (6-12 mo. disruption)	Worst Case (>12 mo. severe)
Urea	$600 ($30/bag)	$690-$750 ($34.50-$37.50)	$780-$900 ($39-$45)	$1,020-$1,320 ($51-$66)
Compound D	$700 ($35/bag)	$805-$875 ($40.25-$43.75)	$910-$1,050 ($45.50-$52.50)	$1,190-$1,540 ($59.50-$77)
AN	$650 ($32.50/bag)	$745-$810 ($37.25-$40.50)	$845-$975 ($42.25-$48.75)	$1,105-$1,430 ($55.25-$71.50)
Impact	-	Maize Yield Loss: **5-12%**	Maize Yield Loss: **15-30%**	Maize Yield Loss: **35-80%**

Source: Ministry of Agriculture, FBC Holdings Research

Zimbabwe relies on imports of urea, ammonia, Sulphur and phosphates from Gulf countries, Russia and Morocco. Freight costs to Beira have risen by 88.9%, and the analysis above indicates that even under a moderate disruption scenario (6-12 months), fertilizer prices could rise 30-50%, driving maize yield losses of 15-30%.

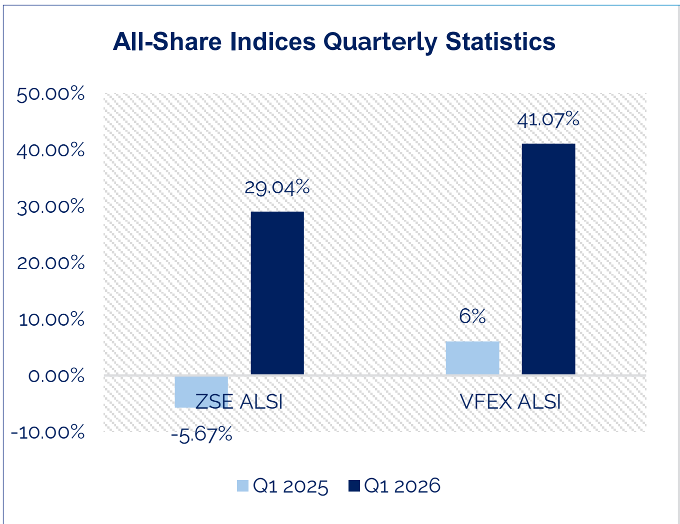
Remittances: Remittances from Zimbabweans working in Gulf countries (especially Dubai and Saudi Arabia) are a critical source of household income. A protracted conflict could reduce these flows, increase poverty and reduce household consumption.

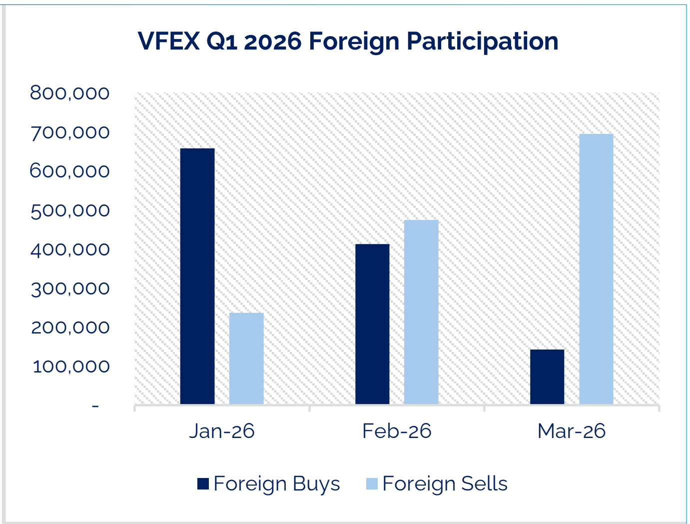
Investment: Gulf sovereign wealth funds had shown interest in Zimbabwe's mining sector (lithium, gold, platinum) and renewable energy. The conflict may delay or cancel planned investments.

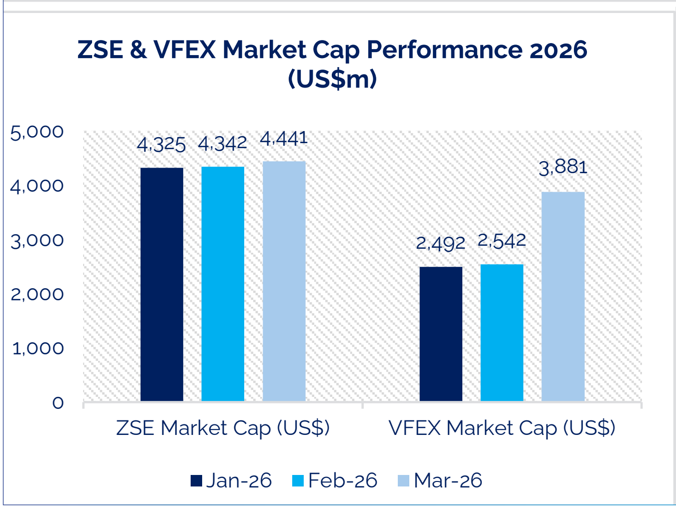
Trade finance: Letters of credit and trade credit lines have become more expensive and less available, as international banks reassess country risk. This affects importers of fuel, machinery, and raw material

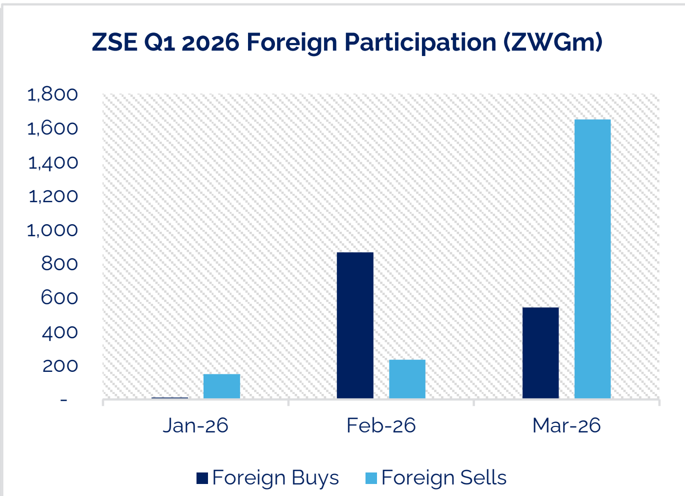
3.6 Stock Market Performance

The first quarter of 2026 was a period of contrasting fortunes for Zimbabwe's equity markets. While the All-Share Indices and market capitalisation showed clear improvement, foreign investor behaviour was inconsistent. The VFEX attracted strong net inflows in January 2026, but selling dominated thereafter, possibly reflecting profit-taking after the index's sharp rise. The ZSE saw a brief foreign inflow in February, but March outflows were substantial. Overall, domestic investor confidence appears to have driven the index gains, while foreign participation remains tentative and sensitive to global and local developments. The sharp increase in VFEX market capitalisation (up 56% over the quarter) is a positive signal, but sustaining this will require continued currency stability and policy predictability.









Source: ZSE, FBC Holdings Research

3.7 De dollarisation Adoption

Despite 18 months of ZiG stability, approximately over 80% of retail transactions remain in US dollars. The RBZ has removed the hard dates for mono-currency transition extended opting instead for conditions precedent for currency transition, acknowledging that forced de dollarisation would be counterproductive. Measures should

be put in place and some reinforced for the increased usage of the local currency as a medium of exchange and store of value which are some of the critical attributes of a currency.

3.8 2026 Tobacco Sales Status

By the close of Day 17 of the selling season (31 March 2026), Zimbabwean tobacco farmers had sold a cumulative 65.8 million kilograms at an average price of US$2.80 per kilogram, generating total revenue of US$184.5 million. Compared with the same stage of the 2025 season (Day 17), mass sold increased by 80.9% (from 36.4 million kg), while total value rose by 47.5% (from US$125.2 million). However, the average price declined by 18.6%, from US$3.44/kg in 2025 to US$2.80/kg in 2026. The higher volume reflects improved crop yields and earlier delivery, but the lower price; driven by weaker global demand, increased supply and quality issues, has significantly compressed per-kilogram farmer returns. However, despite the price erosion, the strong volume growth lifted total sales value by nearly US$60 million year-on-year.

3.9. Gold Production Status

Period/Segment	Small Scale Miners (ASM)	Large Scale Miners	Total Deliveries	Key Changes
Q1 2025	5,770.86 kg	2,828.24 kg	8,599.10 kg	
Q4 2025	10,345.95 kg	2,985.02 kg	13,330.97 kg	55%
Q1 2026	6,510.91 kg	2,801.01 kg	9,311.92 kg	-30%
Feb-26	2,525.65 kg	887.30 kg	3,412.95 kg	
Mar-26	1,748.70 kg	1,105.31 kg	2,854.00 kg	-16%
Annual Target	–	–	50,000 kg (50 tonnes)	Q12026 total 37.2 tonnes

Source: Fidelity Gold Refinery, FBC Holdings Research

Zimbabwe's gold deliveries totalled 9,311.92 kg in the first quarter of 2026, an 8.2% increase from 8,599.10 kg in Q1 2025, but a sharp 30.1% decline from the 13,330.97 kg recorded in Q4 2025. The month-of-March 2026 drop was even more pronounced: total deliveries fell 16.4% month-on-month to 2,854.00 kg, driven almost entirely by a 30.8% collapse in small-scale miner (ASM) output (from 2,525.65 kg in February to 1,748.70 kg in March). By contrast, large-scale miners increased deliveries by 24.6% in March, reaching 1,105.31 kg. The divergent performance possibly reflects the impact of the 10% foreign currency retention policy, which required all small-scale producers to convert a portion of export proceeds into local currency. The policy was suspended on 24 March 2026, and while it came too late to affect March deliveries, the review of this policy measure is expected to boost ASM deliveries in Q2. Nevertheless, the annualised Q1 delivery rate of 37.2 tonnes is a positive direction towards the official 50-tonne annual target, and sustained recovery will depend on addressing leakages, fuel costs, and power reliability.

4. Economic Outlook

imbabwe's economy is expected to continue its stabilisation trajectory in 2026, with growth moderating to a more sustainable pace following the strong rebound of 2025 despite some domestic structural issues and vulnerability to external shocks. The tight monetary policy that successfully anchored inflation and stabilised the ZiG is likely to remain in place for the first half of the year, with gradual easing possible as price pressures stay contained. The external sector will face headwinds from global geopolitical tensions, particularly higher fuel and fertiliser costs, but improved agricultural output and recovering gold deliveries (supported by the recent policy adjustment) should help buffer the impact. While liquidity conditions are expected to remain tight, the authorities are well positioned to calibrate policy to support productive sectors without compromising price stability. Overall, the economy is on a cautious but positive footing, with steady progress expected across key sectors provided that global shocks remain contained and domestic reforms continue.

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