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June 2026
Economic Snapshot

17 July 2026

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Financial Services (Pvt) Limited
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Economic Dashboard

	Dec-24	Mar-25	Jun-25	Sept-25	Dec-25	Mar-26	Jun-26
ZWG Month on Month Inflation (%)	3.67	-0.06	0.28	-0.25	0.28	0.52	0.6
ZWG Annual Inflation (%)			92.5	82.7	15	4.4	4.7
Total ZWG Deposits (Millions)	11958	14593	16387	16763	18318	21541	26872
Non-Performing Loans (%)	3.37	3.34	2.9	3.07	3.47	3.64	-
Reserve Money (ZWG)	3516	3785	4658	4732	5387	5732	6607
Reserve Money Cover (ZWG Mns)	12164	16871	19697	23175	31408	34821	38482
Cash and Nostro (USD)	192	296	309	359	574	690	944
Gold Holdings (Kgs)	2626	2779	3439	3577	4030	4382	4525
Gold Holdings Value (USD Mns)	220	275	361	440	566	638	586
WBWS Exchange Rate	25.7985	26.7654	26.9457	26.6439	25.9807	25.3209	26.7698

Source: Reserve Bank of Zimbabwe

1. Global Economy

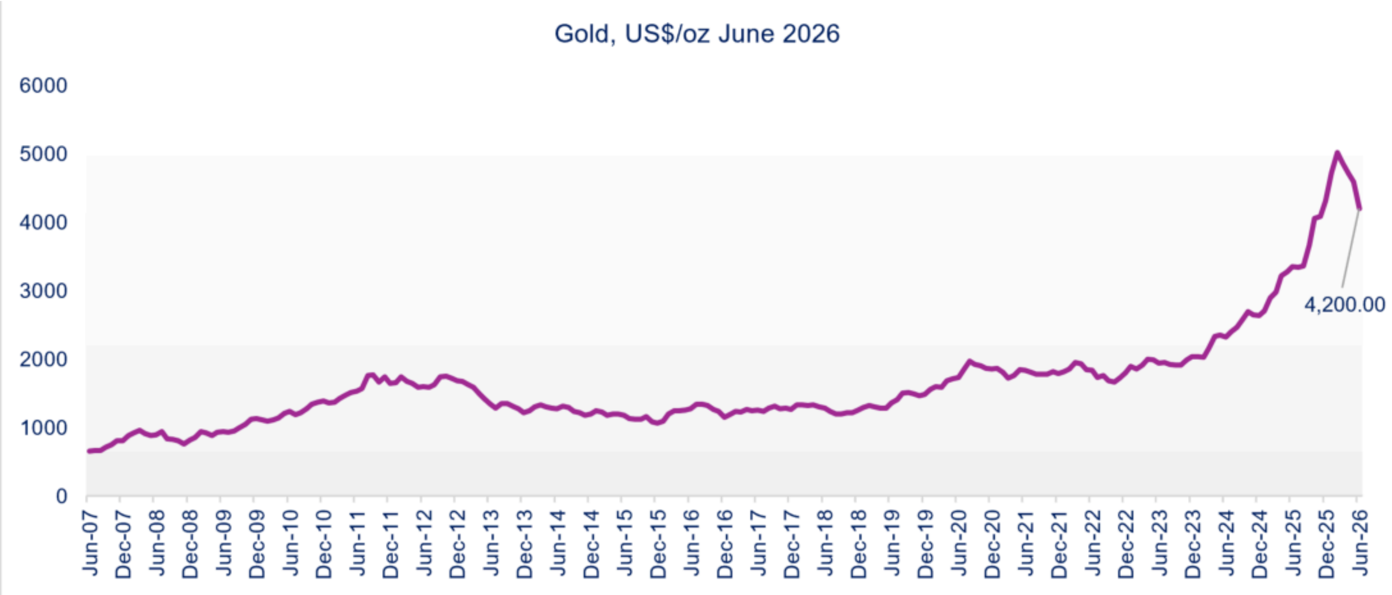
1.1 USA, Israel Iran War

As at Mid July 2026, the conflict involving the United States, Israel and Iran has escalated significantly following the collapse of the earlier ceasefire, with military operations intensifying across the Middle East. The United States has launched renewed airstrikes targeting Iranian military installations, missile facilities and strategic infrastructure, citing the need to weaken Iran's military capabilities and safeguard international shipping through the Strait of Hormuz. Iran has responded with missile and drone attacks against U.S. military bases and regional allies, while Israel continues operations against Iranian-linked targets and remains on high military alert. The Strait of Hormuz has become the principal flashpoint, raising concerns over potential disruptions to global oil supplies and maritime trade.

Although diplomatic channels remain open, prospects for an immediate ceasefire appear limited as both sides maintain hardline positions. Financial markets have reacted cautiously, with oil prices rebounding, shipping insurance costs rising and investors increasing allocations to safe-haven assets such as gold. For Zimbabwe, sustained geopolitical tensions present mixed implications. Higher international oil prices could eventually reverse recent reductions in domestic fuel prices, increasing transport costs and inflationary pressures. Elevated gold prices are however, expected to strengthen Zimbabwe's export earnings, foreign currency receipts and external sector performance, partially cushioning the economy against the adverse effects of rising global energy prices.

1.2 Gold Prices

International gold prices have played a significant role in strengthening Zimbabwe's external sector over the past two years through boosting export earnings, increasing foreign currency inflows, supporting accumulation of international reserves and narrowing current account deficit. As one of the country's largest export commodities, gold has benefited from sustained global demand driven by central bank purchases, geopolitical uncertainty and investor demand for safe-haven assets. In the short to medium term, while gold prices may experience periods of volatility as global interest rates and geopolitical tensions evolve, prices are expected to remain relatively elevated compared to historical averages. This provides the economy with an opportunity to further strengthen macroeconomic stability by increasing gold production through formalisation of artisanal miners, improving mining investment, reducing gold leakages and smuggling. Structural issues such as frequent policy changes, exchange rate distortions, limited industrial diversification and infrastructure deficits require comprehensive reforms. Gold revenues can provide the fiscal and external resources needed to support these reforms, but sustainable economic growth will ultimately depend on prudent macroeconomic management, policy certainty, diversification of exports and continued improvements in the overall investment climate.



Source: RBZ FBC Holdings Research

2. Sub-Saharan Africa (Xenophobic Attacks & Regional Trade)

Xenophobic attacks in South Africa represent a major setback to regional integration and economic cooperation within the Southern African Development Community (SADC). South Africa is Zimbabwe's largest trading partner commanding around 40% both on the export and import side. Escalating violence against foreign nationals disrupts trade, tourism, labour mobility and cross-border investment, while discouraging businesses from expanding across the region. Reduced remittance inflows can weaken household consumption in Zimbabwe, place pressure on foreign currency availability and increase unemployment if returning migrants struggle to find jobs. Investor confidence may also decline as regional instability raises perceptions of political and social risk. To minimise these negative effects, authorities should accelerate economic reforms that create employment and reduce dependence on labour migration. Strengthening industrialisation, value addition in mining, agriculture and export diversification would enhance domestic economic resilience. Government should also expand trade with other African markets under the African Continental Free Trade Area and deepen economic cooperation within SADC to reduce overreliance on a single market.

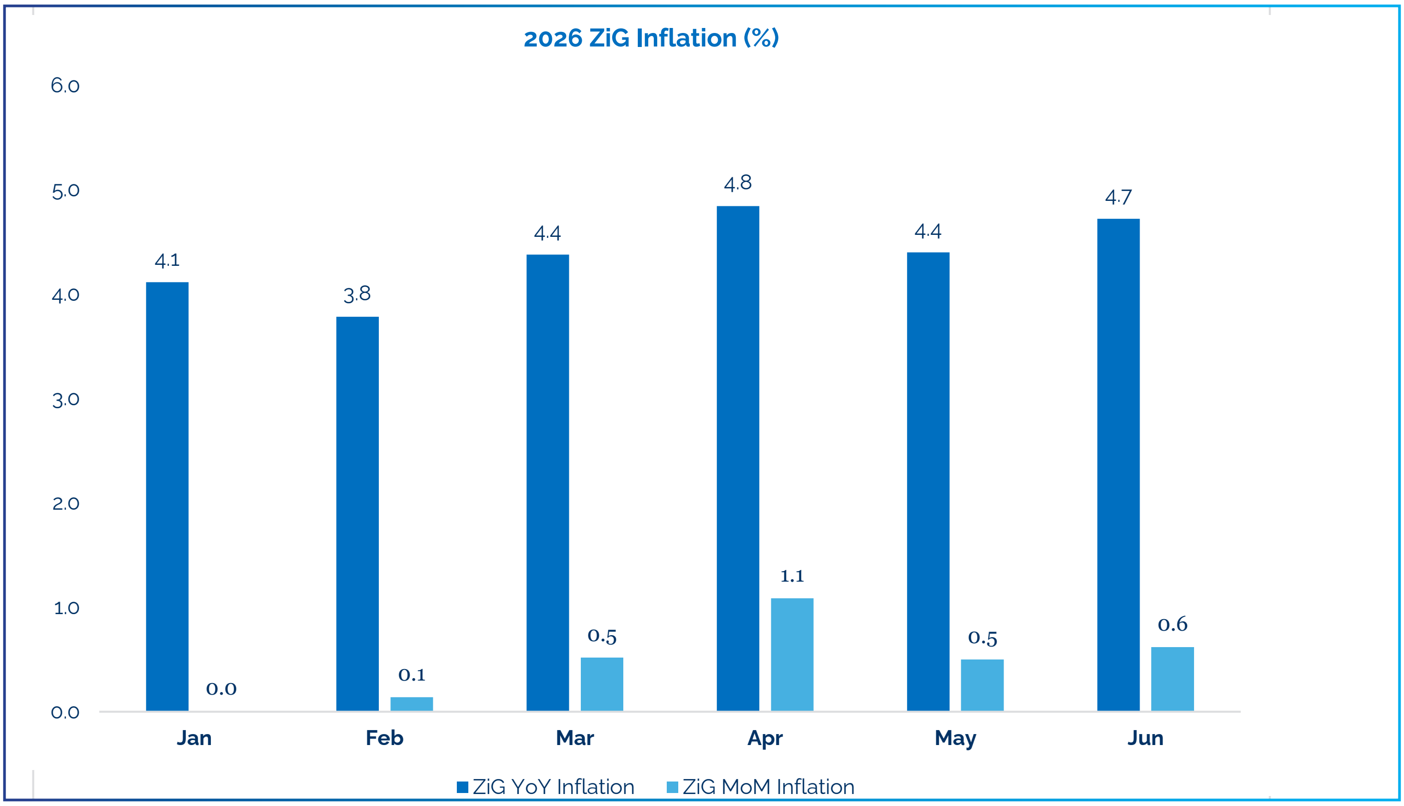
3. Zimbabwe Economic Outlook

3.1 Recent IMF Staff Monitored Program

The IMF Staff-Monitored Program (SMP) indicates that macroeconomic stability has continued to improve across all key macroeconomic aggregates. The economy remains resilient despite global headwinds, with real GDP projected to grow by 5.0% in 2026 following 8.3% growth in 2025, supported by a strong agricultural recovery, buoyant mining activity and favourable gold prices. Annual inflation is expected to average under 5% in 2026, underpinned by tight monetary policy and exchange rate stability. Downside risks include a possible El Niño, which could reduce 2027 growth to 2 or 3% and escalating Middle East tensions that may increase fuel, fertiliser and transport costs. Going forward, Government should continue to preserve fiscal discipline, strengthen expenditure controls, enhance governance and public financial management. On the monetary side, RBZ should maintain a tight monetary stance, deepen foreign exchange market reforms, strengthen market-based monetary instruments, and continue building confidence in the ZiG as part of Zimbabwe's broader arrears clearance, debt restructuring and international re-engagement agenda.

3.2 Inflation Dynamics

Inflation environment has remained relatively stable throughout 2026 compared to the volatility experienced before the introduction of the ZiG currency. Tight monetary policy by the Reserve Bank of Zimbabwe (RBZ), disciplined growth in reserve money and improved foreign currency inflows from gold exports have helped contain inflationary pressures. Monthly inflation has generally remained subdued despite isolated increases in food prices, electricity tariffs and administered prices. Inflation expectations have therefore moderated, although they remain sensitive to fiscal slippages, agricultural performance and global commodity prices. Looking ahead, inflation is expected to remain manageable in the short to medium term provided monetary authorities continue sterilising excess liquidity, government maintains fiscal discipline and the foreign exchange market remains adequately supplied. The greatest risk remains around money supply growth that is not matched with productivity gains. Continued growth in mining, agriculture and manufacturing output will therefore be critical in ensuring that price stability becomes entrenched and supports household purchasing power and long-term investment planning.

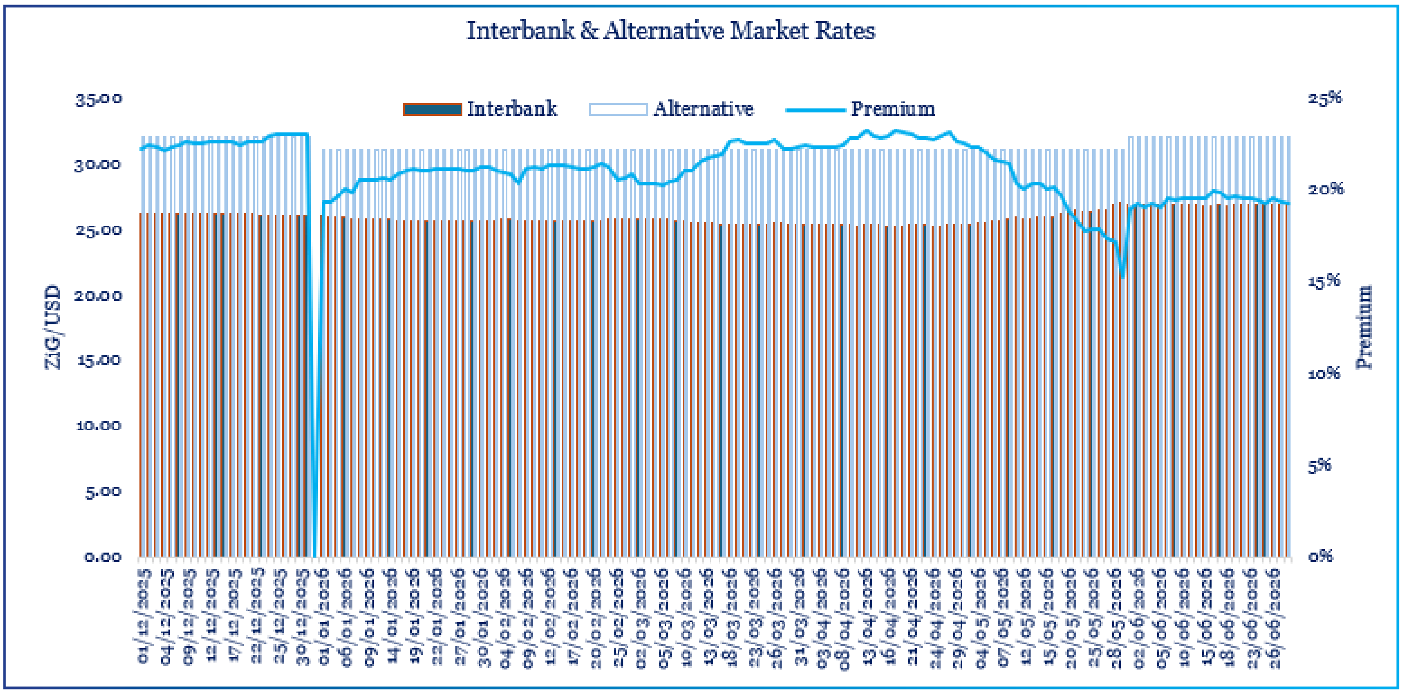


Source: Zimstats FBC Holdings Research

3.2 Exchange Rate So far

Exchange rate developments have been characterised by significantly reduced volatility compared to previous years. The official exchange rate has remained relatively stable, supported by tight liquidity management, increased export receipts and improved confidence in the formal foreign exchange market. Meanwhile, the alternative market premium has narrowed considerably, reflecting reduced speculative demand and improved availability of foreign currency through formal channels. The alternative market, however, continues to exist because the economy remains highly dollarised, with strong demand for United States dollars as a store of value. Businesses still benchmark some prices against alternative market expectations, although this practice has become less pronounced than before.

The stability witnessed so far has largely been policy-driven rather than market-driven, implying that maintaining confidence remains essential. Sustaining exchange rate stability will require continued fiscal discipline, predictable monetary policy and further deepening of the interbank foreign exchange market. Authorities also need to expand foreign exchange earning sectors such as mining, tourism and agriculture, while promoting greater formalisation of economic activity. If confidence continues to improve and foreign exchange supply remains adequate, exchange rate stability could become increasingly self-reinforcing, thereby reducing inflationary pressures and encouraging investment across productive sectors of the economy.



Source: RBZ FBC Holdings Research

3.4 Mono-Currency Transition-Conditions precedents sor far

The Reserve Bank of Zimbabwe (RBZ) has shifted from earlier target of achieving full de-dollarisation by 2030 to a conditions-based approach, recognising that the transition to a mono-currency should occur only when key macroeconomic fundamentals have been sustainably achieved rather than on a fixed timeline. The conditions precedent includes sustained low and predictable inflation, exchange rate stability supported by market confidence, adequate foreign exchange reserves capable of covering several months of imports, positive real interest rates, fiscal discipline that eliminates monetisation of budget deficits and a well-functioning formal foreign exchange market that satisfies legitimate demand. On several of these indicators, Zimbabwe has made encouraging progress during the year 2026. Inflation has moderated significantly, exchange rate volatility has eased, fiscal discipline has generally improved and gold export receipts have strengthened reserve accumulation and external balances. Nevertheless, some conditions remain only partially satisfied.

The economy remains highly dollarised, with the United States dollar still dominating trade and other transactions. The alternative foreign exchange market, although much smaller than before, continues to influence pricing behaviour and inflation expectations. Consequently, while Zimbabwe is moving closer to meeting the conditions precedent, a complete transition to a mono-currency would still be premature at least for now. Authorities should maintain the current multi-currency framework until confidence in the ZiG becomes self-sustaining, allowing economic agents to adopt the domestic currency voluntarily. Such a gradual, credibility-based transition offers the greatest prospect of preserving macroeconomic stability while supporting investment, production and long-term economic growth.

3.5 2026/27 Agricultural Season & the El Nino Effect

The 2026/27 agricultural outlook remains cautiously optimistic, although increasing climate risks warrant close monitoring. The strong 2025/26 season has been a great achievement, improving household food security and strengthening farmer confidence. Meteorological forecasts pointing to the possible emergence of El Niño conditions during the 2026/27 season raise the likelihood of below-normal rainfall, prolonged dry spells and higher temperatures, particularly in southern and western parts of the country. These conditions could reduce yields for rain-fed crops such as maize while increasing pressure on livestock, water resources and hydroelectric power generation. Nevertheless, prospects can be improved through early distribution of drought-tolerant seed varieties, expansion of irrigation infrastructure, climate-smart farming practices, conservation agriculture and timely availability of agricultural finance and inputs. Continued investment in water harvesting, crop diversification and weather-indexed insurance will also enhance resilience. Overall, agricultural output is expected to moderate from the exceptional 2025/26 harvest, but proactive policy interventions and favourable intra-seasonal rainfall could still support a satisfactory production season.

3.6 Value Addition & Beneficiation Drive

The government has embarked on an ambitious policy pivot aimed at capturing greater value from Zimbabwe's mineral endowments, with the central thrust being a deliberate shift away from raw exports toward mandatory local processing. In lithium, authorities have banned unprocessed ore and concentrate exports and classified lithium as a "critical mineral," while for gold, a sliding-scale royalty regime has been introduced alongside the reservation of small-scale mining exclusively for Zimbabwean citizens, with foreign participants given until 2027 to scale up or exit. The international market reaction has been most pronounced in lithium, where Zimbabwe's approximate 10% share of global supply has tightened availability and driven battery-grade lithium carbonate prices from around US$13,400 per tonne in late 2025 to US$22,000-26,000 per tonne by mid-2026. Investor responses have been pragmatic, with Chinese companies committing close to US$1 billion in local processing facilities. On balance, international markets have interpreted Zimbabwe's policies as a strategically calculated, but inherently risky bet on mineral value retention, with the ultimate success hinging on the timely delivery of processing infrastructure and the government's ability to sustain a stable investment climate alongside its resource nationalism agenda.

3.7 Capital Markets

3.7.1 The Victoria Falls International Finance Service Centre

The operationalisation of the Victoria Falls International Financial Services Centre (VFIFSC) during 2026 represents one of Zimbabwe's most ambitious financial sector reforms in decades. The Centre is designed to position Victoria Falls as a regional financial hub by attracting offshore banking, asset management, insurance, fintech, digital asset businesses and international investment through a modern regulatory framework and investment-friendly incentives.

For Micro, Small and Medium Enterprises (MSMEs), the opportunities extend beyond traditional bank financing. Innovative fintech solutions, venture capital, private equity, crowdfunding, invoice financing, digital payment systems and export finance can become more accessible as international financial institutions establish operations within the Centre. To maximise these opportunities, Government must ensure policy consistency, currency stability and regulatory certainty while strengthening investor protection.

3.7.2 Zimbabwe Entrepreneurial Exchange (ZEEX)

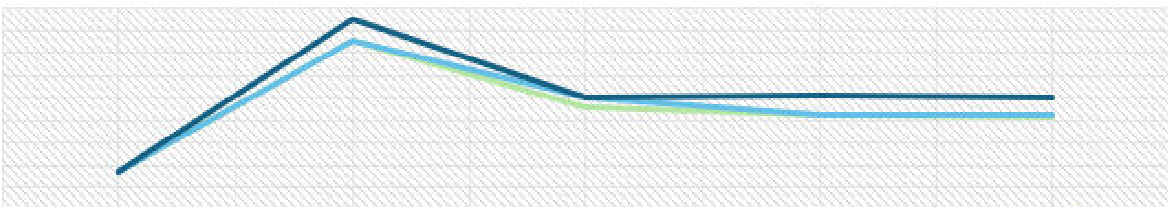
The Zimbabwe Enterprise Exchange (ZEE) represents an important evolution of Zimbabwe's capital markets by providing an alternative financing platform specifically designed for Micro, Small and Medium Enterprises (MSMEs) and high-growth start-ups that may not yet satisfy the stringent listing requirements of the Zimbabwe Stock Exchange or the Victoria Falls Stock Exchange. By lowering entry barriers to capital markets, ZEEX enables promising businesses to raise equity capital, improve corporate governance and establish transparent business practices while retaining significant growth potential.

The exchange creates opportunities for entrepreneurs to diversify funding sources beyond commercial bank loans, which often require substantial collateral and attract relatively high borrowing costs. Equity financing allows MSMEs to fund expansion, technology adoption, product development and export initiatives without increasing debt obligations. Investors also benefit by gaining access to emerging companies with significant growth prospects that were previously inaccessible through formal capital markets.

3.8 Outlook Projections

Zimbabwe's macroeconomic outlook remains cautiously positive, provided fiscal and monetary discipline are maintained. Inflation is expected to remain relatively contained in the short term as the authorities continue implementing tight liquidity management measures and maintaining restrained money supply growth. Exchange rate stability should also persist, supported by improved foreign currency inflows from strong mineral exports, diaspora remittances, tourism receipts and prudent Reserve Bank interventions. Nevertheless, risks remain from weather-related agricultural shocks, global commodity price volatility and fiscal pressures that could increase domestic liquidity. The current account is expected to remain broadly in surplus, underpinned by favourable gold prices, resilient mineral exports, tobacco earnings and recovering tourism activity, although higher import demand for capital equipment and consumer goods could narrow the surplus over time. Sustaining these gains will require continued policy consistency, export diversification beyond mining, improved productivity in agriculture and manufacturing as well as ongoing efforts to strengthen investor confidence and private sector participation in economic growth.

Zimbabwe Real GDP Trends (%)



	2024	2025e	2026f	2027f	2028f
World Bank	1.7	7.5	4.6	4.2	4.1
IMF	1.7	7.5	5	4.2	4.2
MoFEDIP	1.7	8.5	5	5.1	5

Source: RBZ FBC Holdings Research

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