EFE Securities Research Zimbabwe

2024 STOCK MARKET REVIEW
&
2025 OUTLOOK

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Zimbabwe's 2025 Crossroads:

Steering Through Drought, Inflation and FX Volatility

EXECUTIVE SUMMARY

Zimbabwe's 2025 Crossroad

2024 was marked by significant political turbulence, particularly within the opposition Citizens Coalition for Change (CCC), leading to internal divisions and by-elections that strengthened the ruling ZANU-PF's parliamentary majority. The resignation of Nelson Chamisa from CCC leadership added to the political discourse.

An El Niño-induced drought led to severe food insecurity, impacting nearly half of Zimbabwe's 15.1 million population, with maize production dropping by 72%. However, a successful wheat harvest provided some relief. The informal sector expanded as a survival mechanism amidst high unemployment and economic instability.

Macroeconomic Performance: Zimbabwe's GDP growth was estimated at 2.0% in 2024, with projections for 6.0% in 2025, largely driven by agricultural recovery and contributions from sectors like mining and IT. Despite this, the economy faces challenges from currency volatility, high inflation, and a persistent liquidity squeeze.

Monetary Policy: The introduction of the Zimbabwe Gold (ZIG) currency aimed to stabilize the exchange rate and inflation, which saw fluctuations throughout the year. Inflation ended 2024 at 3.7% for ZIG, with expectations of further declines in 2025.

Fiscal Position: Revenue collections reached ZiG$62.4 billion against expenditures of ZiG$66.5 billion by September 2024, resulting in a deficit. The fiscal framework for 2025 anticipates continued challenges in managing public debt and fiscal deficits.

Trade and Investment: The trade deficit persisted, with imports outstripping exports. Foreign currency receipts increased by 17.9% from 2023, driven by export proceeds and remittances.

Sectoral Insights:

Agriculture: Favourable rainfall patterns in 2025 are expected to boost agricultural output, enhancing food security and rural incomes.

Mining: Despite global commodity price volatility, gold production increased, with significant contributions from small-scale miners.

Stock Market: The ZSE saw a 117.58% return in 2024, though liquidity issues persisted. The VFEX managed to attract new listings, albeit with some delistings, reflecting mixed investor sentiment.

Outlook for 2025:

Growth Prospects: With a projected GDP growth of 6%, the actual growth might be around 3.1% due to ongoing economic challenges like inflation and currency instability. Agriculture and construction sectors are seen as growth drivers, while banking and mining face uncertainties due to global and local economic conditions.

The ZSE market is expected to remain a hedge against currency depreciation, with selected blue-chip and mid-tier stocks likely to perform well. The VFEX's future performance hinges on maintaining foreign currency stability and adapting to new regulatory environments.

Demographics	
Population	16,634,373
Economic Stats	
Real GDP growth rate	2% (2024 est.)
Nominal GDP	USD$38.18bn (2024 est,)
Public Debt	USD$21.1bn (2024 est.)
Current Account Balance	ZWG$227m (2024 est.)
Debt - External	USD$12.3bn (30 SEPT 2024 est.)
Total Revenue	ZWG$62.4bn (2024 est)
Total expenditure	ZWG$66.5bn (2024 est)

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2024 Year of Turmoil and survival in Zimbabwe…

Political Review

In 2024, Zimbabwe's political landscape has been marked by significant turbulence, particularly within the opposition Citizens Coalition for Change (CCC) and the broader political environment. The CCC experienced a significant internal rift when Sengezo Tshabangu, who claimed the position of interim secretary general, initiated recalls of several CCC parliamentarians and councilors. Tshabangu's actions led to a division within the party, with accusations of him being an imposter and not having legitimate authority to make such decisions. This led to legal battles and a notable suspension of Tshabangu by the CCC, aiming to restore order within the party. However, the recalls necessitated by-elections where ZANU-PF, the ruling party, managed to claim most of the contested seats, thereby strengthening their parliamentary majority. This maneuver was seen by some as a strategic move to ensure ZANU-PF's control over legislative processes, potentially facilitating constitutional amendments if they achieved the two-thirds majority needed. Nelson Chamisa's resignation from active participation in politics, particularly from his role as the leader of the Citizens Coalition for Change (CCC), has stirred significant discourse within Zimbabwe's political sphere and beyond.

Social review

In 2024, Zimbabwe faced significant social challenges, primarily exacerbated by an El Niño-induced drought that marked one of the most severe in decades. This environmental crisis led to acute food insecurity, with over 7.6 million people, nearly half of the population, reported to be in need, prompting the government to declare a state of disaster. The drought drastically reduced crop yields, with maize production plummeting by 72% from the previous year, causing food prices to soar and increasing the cost of living. Water scarcity became critical, impacting both agricultural activities and domestic use, leading to health concerns and competition for dwindling resources. However, a silver lining was the good wheat harvest, which provided some relief to the population by ensuring a better supply of this staple, thus offering a reprieve amidst the maize shortfall. This success was complemented by the growth in small-scale mining, which became a significant source of income for many, offering employment and economic activity in regions where traditional farming was no longer viable due to the drought. This sector's expansion helped mitigate some of the economic pressures felt across the nation. Despite these positive developments, the informal sector continued to grow as a primary means of survival, with more Zimbabweans engaging in informal trading, street vending, and small-scale enterprises due to the scarcity of formal job opportunities.

This shift, while reflective of economic resilience, poses governance challenges related to tax collection, regulation and labour rights, highlighting systemic issues like unemployment and a significant portion of GDP remaining unaccounted for in official statistics. Concurrently, 2024 was marked by a notable decrease in disposable income across all sectors due to increased company closures and retrenchments, particularly in manufacturing and mining, driven by macro-economic instability including high inflation and currency volatility. This economic downturn squeezed household budgets, leading to more frugal living, with many families cutting back on meals or food quality. The resultant increase in poverty levels has had profound social impacts, including higher rates of malnutrition among children, increased urban migration in search of aid or opportunities and a rise in crime as economic survival became more challenging. Social cohesion was tested under these pressures, with community support networks becoming vital yet strained. Overall, the year painted a picture of a society adapting to severe economic and environmental challenges, with small-scale mining and a successful wheat harvest providing some relief but underscoring the urgent need for both immediate humanitarian aid and long-term economic policy reforms.

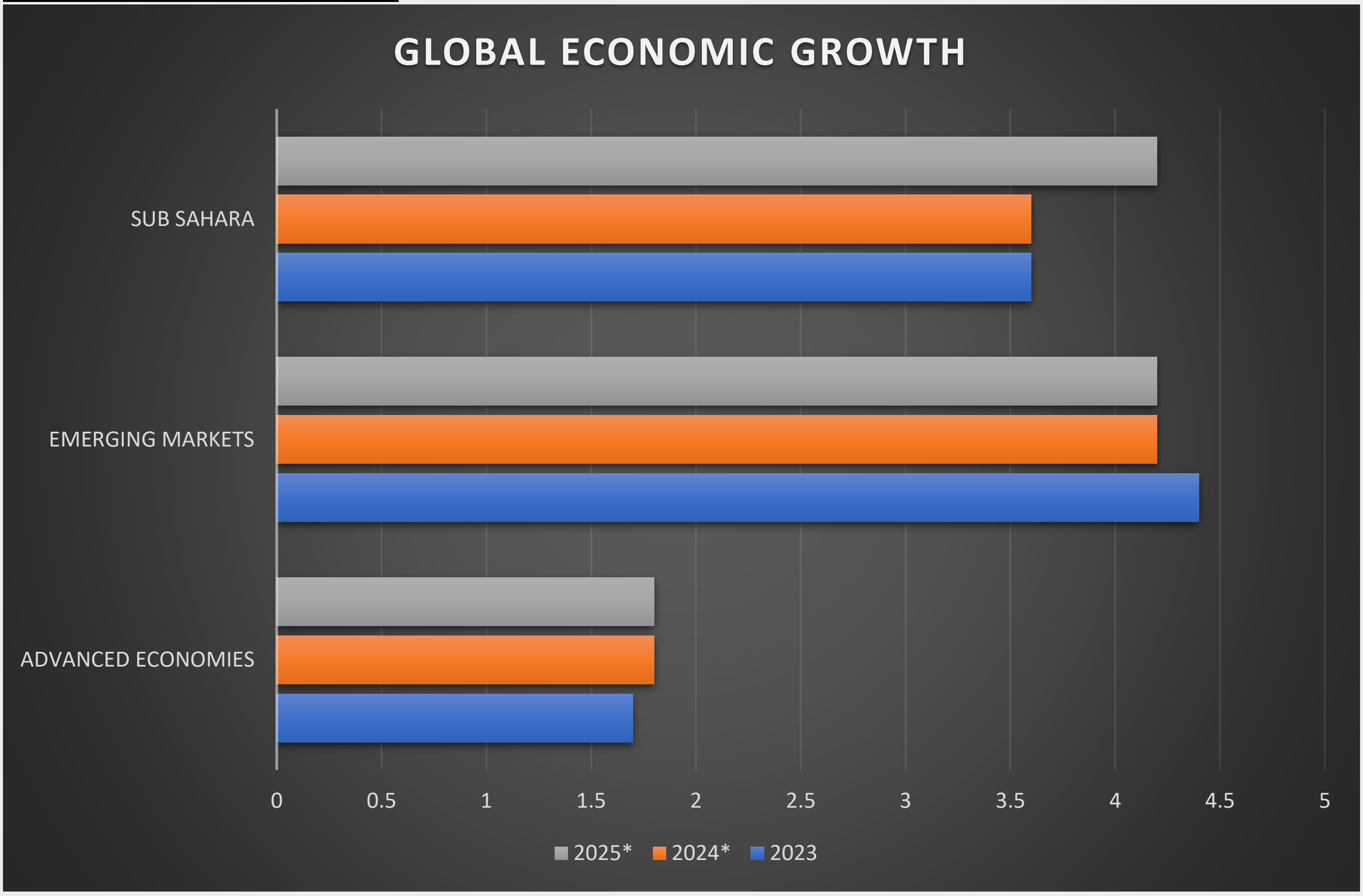
2024 ECONOMIC REVIEW…

The 2024 economic year was plagued with severe economic challenges: volatile inflation, stagnant capacity utilization, unstable exchange rates, low agricultural output due to El Niño droughts, and a liquidity squeeze. A significant shift occurred when the nation transitioned from the ZWL to the ZIG currency, with monetary authorities aiming to stabilize exchange rates and inflation.

The introduction of the ZIG brought temporary economic calm, stabilizing inflation and making the exchange rate gap more manageable for most of the year. However, the economy remained heavily dollarized, with 67% of all transactions conducted in US dollars. This continued dollarization meant a shift towards fiscal development while, monetary policy control weakened as evidenced by ongoing economic challenges.

Symptoms of these economic difficulties included delayed remittances, difficulties meeting international payments and challenges in paying contractors.

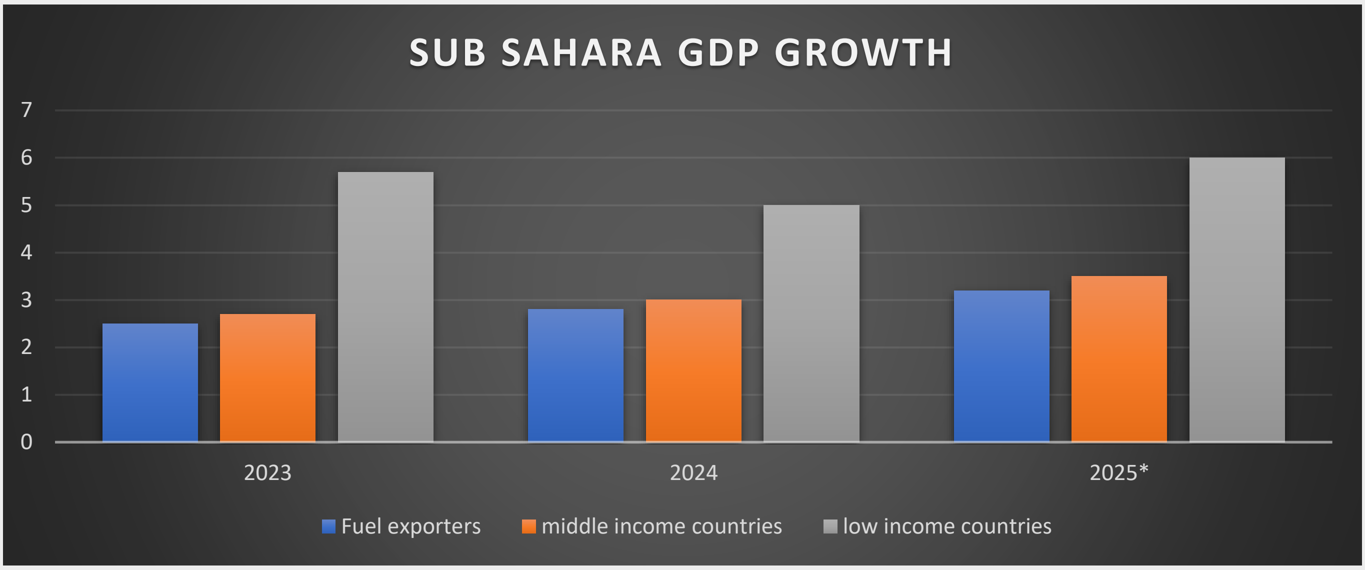
Global Economic Performance



Source: MOF 2024

Global economic growth is expected to be steady at 3.2% for 2024 and 2025 due to economic slowdown in advanced and emerging economies. Climate change, global financial markets and escalating wars necessitates the decrease. Advanced economies growth projection is 1.8% for 2024 and 2025 due to stagnation in the European Union whose growth is expected to rise to 0.8% 2024 and accelerate by 1.2% in 2025. Growth for emerging markets is projected to remain at 4.2% for 2024 and 2025 while, China and India are expected to grow by 4.8% and 7% in 2024 and slowdown in 2025 to 4.5% and 6.5% apiece.

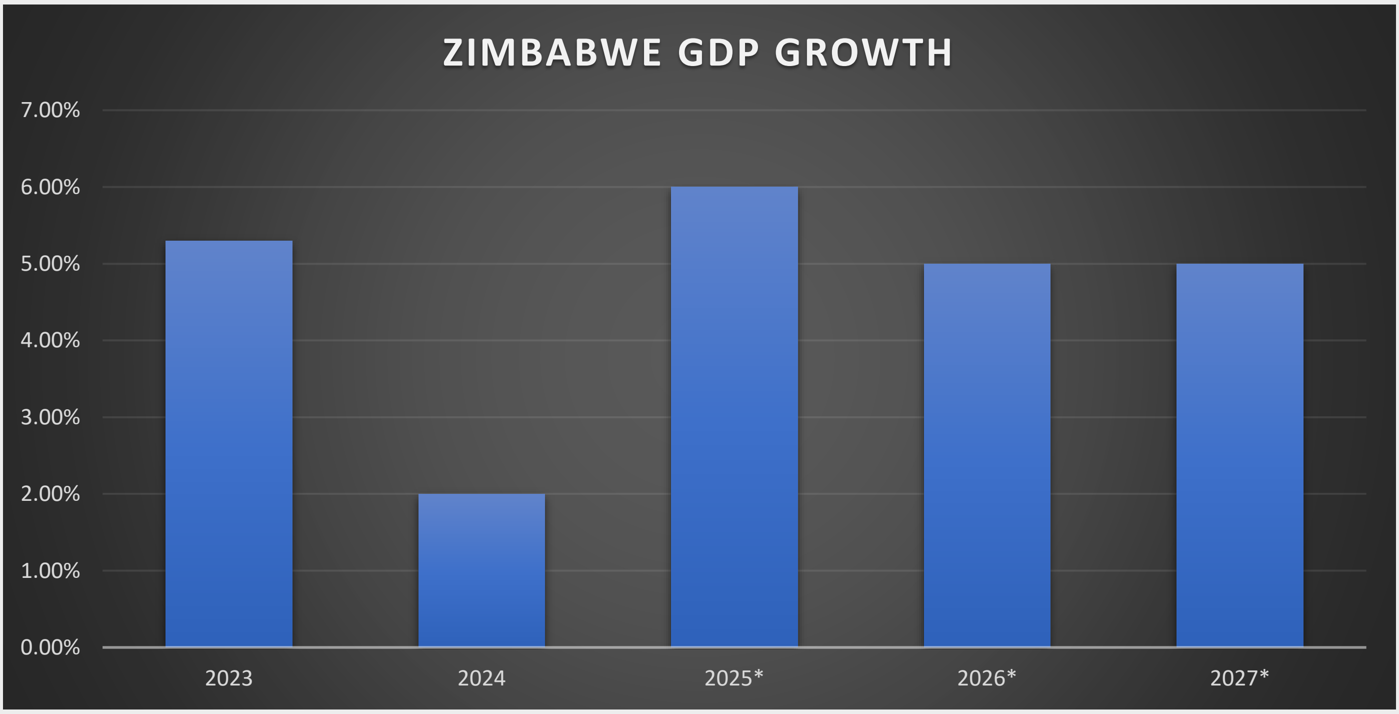
Sub-Sahara GDP Growth



Source: MOF 2024

The sub-Saharan economy is expected to grow by 3.6% in 2024 and 4.2% in 2025 on account of improvements in the supply chain and recovery from negative effects of weather shocks. Global external shocks continue to impact the Sub-Saharan region, with climate shocks also affecting the region. Fuel exporting economies that is Nigeria and Angola are expected to see a slight increase from 2.8% in 2024 to 3.2% in 2025 as higher oil prices are expected. Middle income nations are expected to grow to 3.0% in 2024 and 3.5% in 2025. Mauritius continued to focus on diversifying its economy, with significant investments in the financial services sector and efforts to boost tourism and construction while, South Africa continued to face structural challenges, energy supply issues and high unemployment rates.

ZIMBABWE ECONOMIC PERFORMANCE

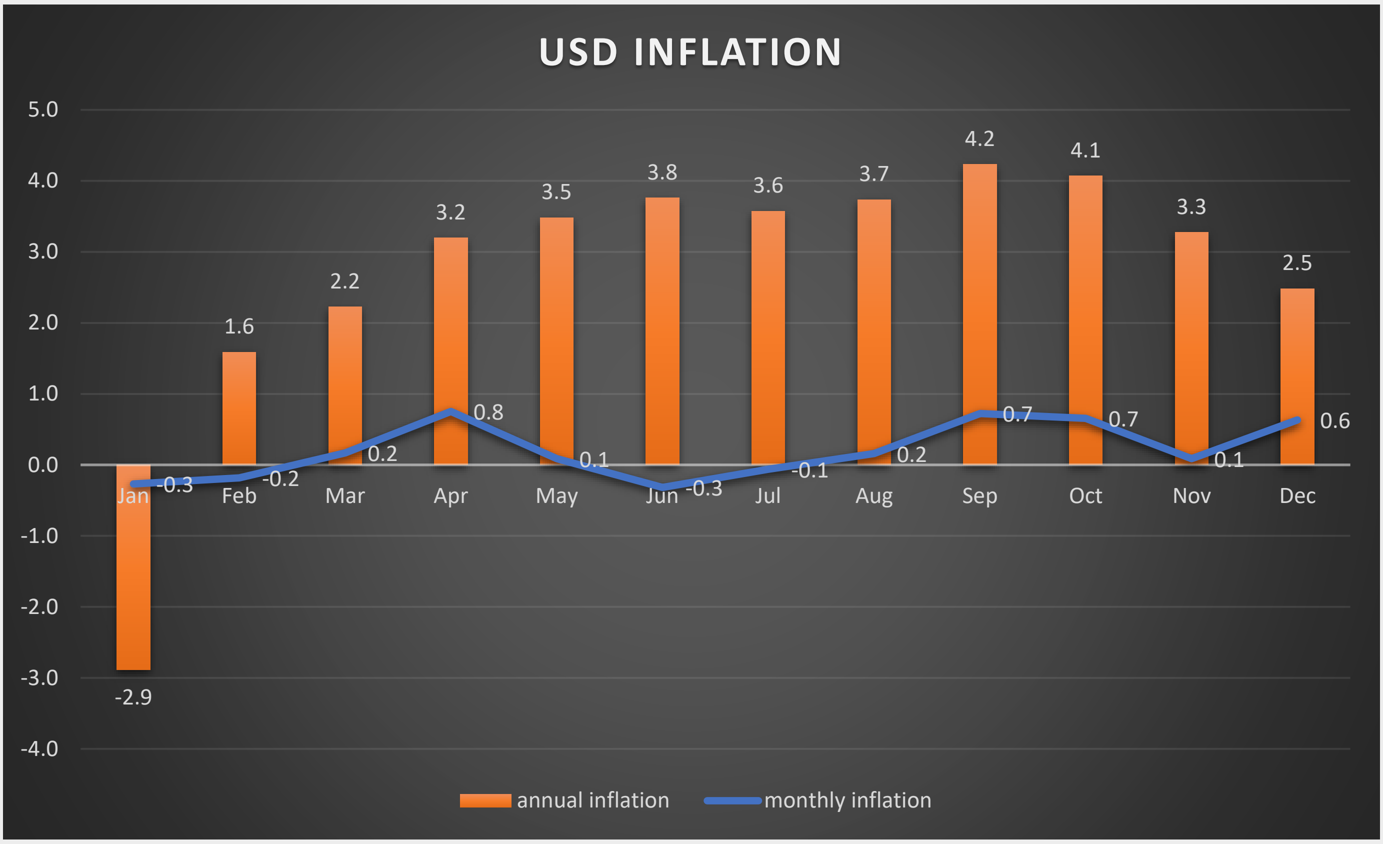


Source: MOF 2024

Zimbabwe's economic landscape in 2024 was significantly shaped by multifaceted challenges, including El Niño-induced drought, escalating unemployment, and mounting public debt. The nation's GDP growth was estimated at 2.0%, with optimistic projections of expanding to 6.0% in 2025, driven by anticipated sectoral improvements.

Agricultural recovery, supported by favourable rainfall, stands as the primary growth catalyst, with the sector expected to expand by 12.8%. Complementary sectors like electricity generation (10.6% growth), information technology (9.9%), and mining (5.6%) are projected to contribute to economic revitalization. Macroeconomic stabilization through a steady exchange rate and controlled inflation is expected to enhance corporate performance. The projected sector-wise GDP contributions with agriculture leading at 1.3%, followed by wholesale and retail trade at 1.1%, and mining and information sectors at 0.7% underscore the potential for economic recovery and diversification.

Inflation

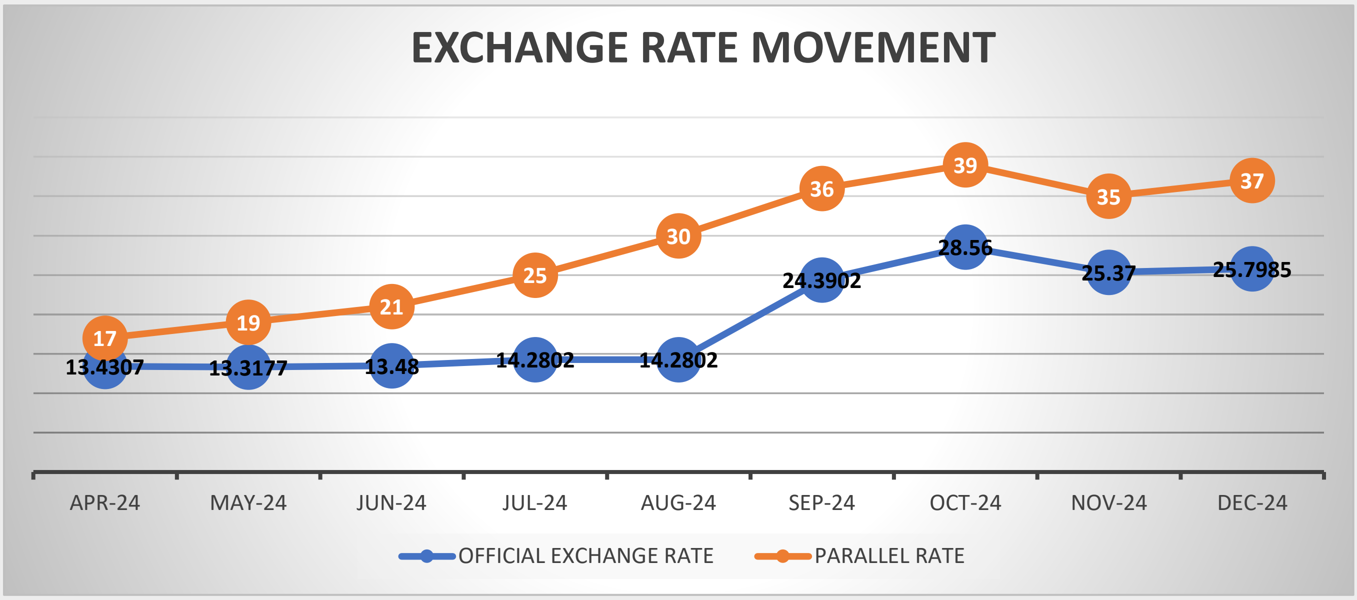


Source: RBZ/ EFE Estimates

Inflation was highly volatile during the beginning of 2024, with the annual inflation rate reaching 34.8% in January, jumping 8.3% since December 2023. The devaluation of the local currency led to rising costs of basic commodities. The introduction of the Zimbabwe Gold (ZIG) currency in April 2024 initially softened inflationary pressures, with month-on-month inflation declining to its lowest point by May, ending the year with a 0.6% month-on-month rate and 2.5% annual rate in USD terms.

However, inflation saw increases in September and October, due to increased expenditure on capital projects around the SADC summit. The ZIG inflation rate for December stood at 3.7%, with a slight uptick prompting authorities to intervene. Despite these fluctuations, monetary tightening helped bring down inflation towards the end of the year. The ZIG inflation rate is expected to continue declining in 2025, with a projected average month-on-month rate of 3%.

Exchange rate developments



Source: MOF 2024

Zimbabwe's currency dynamics in 2024 reflected a turbulent economic landscape, characterized by aggressive depreciation and strategic monetary interventions. From January to March, the Zimbabwe dollar (ZWL) experienced an average monthly depreciation of approximately 10%, signalling escalating economic instability.

In April 2024, monetary authorities introduced the Zimbabwe Gold (ZIG) currency, aiming to mitigate currency volatility. Initially, the official exchange rate was set at 1 USD:13.56 ZIG, offering temporary stability for about five months. However, by September, significant exchange rate pressures re-emerged, with the official rate rapidly depreciating to 1 USD:24.39 ZIG nearly doubling the initial rate while, the parallel market rate reached around 1 USD:36 ZIG.

In response to the widening gap between official and parallel rates approximately 80% monetary authorities implemented a comprehensive set of measures on September 27th. These interventions resulted in the official exchange rate adjusting to 1 USD:24.88 ZIG while, the parallel rate depreciated to approximately 1 USD:40 ZIG.

By year-end, the official exchange rate stabilized at 1 USD:25.7985 ZIG, with the unofficial rate settling at 1 USD:37 ZIG. The ZIG introduction represented a strategic attempt to manage currency volatility and reduce market disparities, though challenges persisted throughout the year.

This divergence typically stems from excessive money supply growth and limited foreign currency availability in the formal market. Quasi-fiscal activities by the government, such as subsidies and unbudgeted expenditures contribute to money supply growth and currency depreciation. There is need to eliminate these activities to restore monetary stability and market confidence. Additionally, the parallel market premium incentivises arbitrage and informal trading, further weakening the currency. To address these challenges, Zimbabwe must boost export earnings through value addition to commodities, diversifying the export base and improving productivity across sectors.

Total Foreign Currency Receipts (US$ Billions)

Type of Receipt		2024		2023		
		Jan – Sept	% Contri	Jan - Sept	% Contri	% ∆
Export Proceeds		5,911	59	4,772	56	23.80
International Remittances	Diaspora	1,566	16	1,323	16	18
	NGOs	873	9	874	10	0
Loan Proceeds (Private)		1,262	13	1,236	15	2.10
Income receipts		91	0.90	92	1	-1
Foreign Investment		333	3.30	216	2.50	54

Source: MOF 2024

The country's external sector during January-September 2024 saw foreign currency receipts reaching US$10 billion, marking a 17.9% increase from US$8.5 billion in the comparable period of 2023. The robust performance was primarily attributed to export receipts and diaspora remittances, which constituted 59% and 25% of total receipts, respectively, highlighting the significant contribution of international trade and overseas remittances to the country's foreign currency earnings. Diaspora remittances grew by 16.5%, from US$1.6 billion recorded in the first nine months of 2023 to US$1.9 billion in the corresponding period in 2024. Remittances will continue to drive the current account surplus and are projected to close 2024 at US$2.49 billion and improving to US$2.51 billion in 2025.

Government Revenue Collections and Expenditure

In the year under review revenue collections up to September reached ZiG$62.4 billion, primarily from VAT, personal income tax, and excise duties while, expenditures totalled ZiG$66.5 billion, resulting in a deficit of ZiG4.1 billion. The wage bill remained substantial, consuming 45% of expenditures while, capital spending reached ZiG$17 billion. Looking ahead, the government projects year-end revenues of ZiG$110.7 billion (17% of GDP) and expenditures of ZiG$120 billion (18.4% of GDP), with an anticipated deficit of ZiG$9.3 billion. This fiscal position reflects ongoing challenges including debt servicing costs, drought mitigation and civil service salary reviews. The deficit has been primarily financed through securities issuance and drawdown of previous year's bank balances, with Treasury prioritizing social protection programs while carefully managing liquidity through the final quarter of 2024.

Public Debt

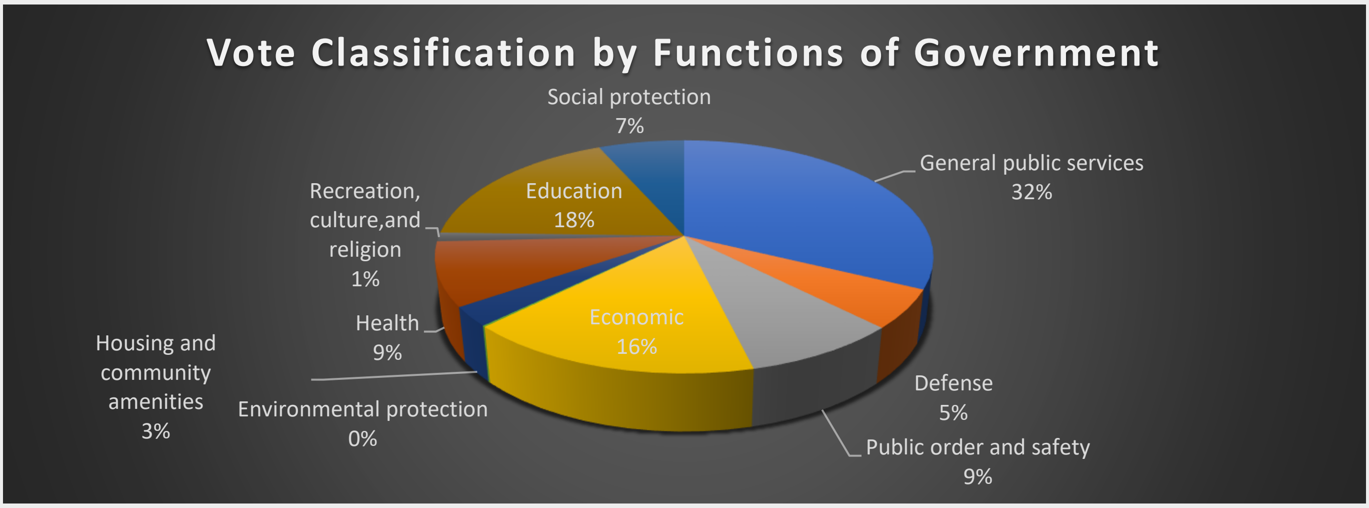
Zimbabwe's total public debt reached ZiG$524 billion (US$21.1 billion) by September 2024, with external debt accounting for ZiG$307 billion (US$12.3 billion) and domestic debt at ZiG$218 billion (US$8.7 billion). The external debt portfolio comprises multilateral debt (26%), bilateral debt (50.1%) and assumed RBZ liabilities (23.2%), with significant arrears and penalties amounting to ZiG$185.9 billion

2025 Projections

The 2025 Macroeconomic Fiscal Framework projects a GDP growth of 6%, with revenue collections estimated at ZiG$270.3 billion (19.6% of GDP), comprising ZiG$218.2 billion in tax revenues and ZiG$52.1 billion in non-tax revenues. This is supported by enhanced revenue administration measures and efforts to widen the tax base. Overall expenditures are projected at ZiG$276.4 billion (20.1% of GDP), with recurrent expenditures at ZiG$235.8 billion (17.1% of GDP) and capital expenditures at ZiG$40.6 billion (3% of GDP).

A significant portion of the recurrent budget, ZiG$236.8 billion (85.7% of total expenditures), is allocated to public service compensation, which is 55.2% of total expenditure. Non-wage expenditures, including goods and services, social benefits, interest on debt, and subsidies account for ZiG$49.4 billion (17.9% of total expenditures).

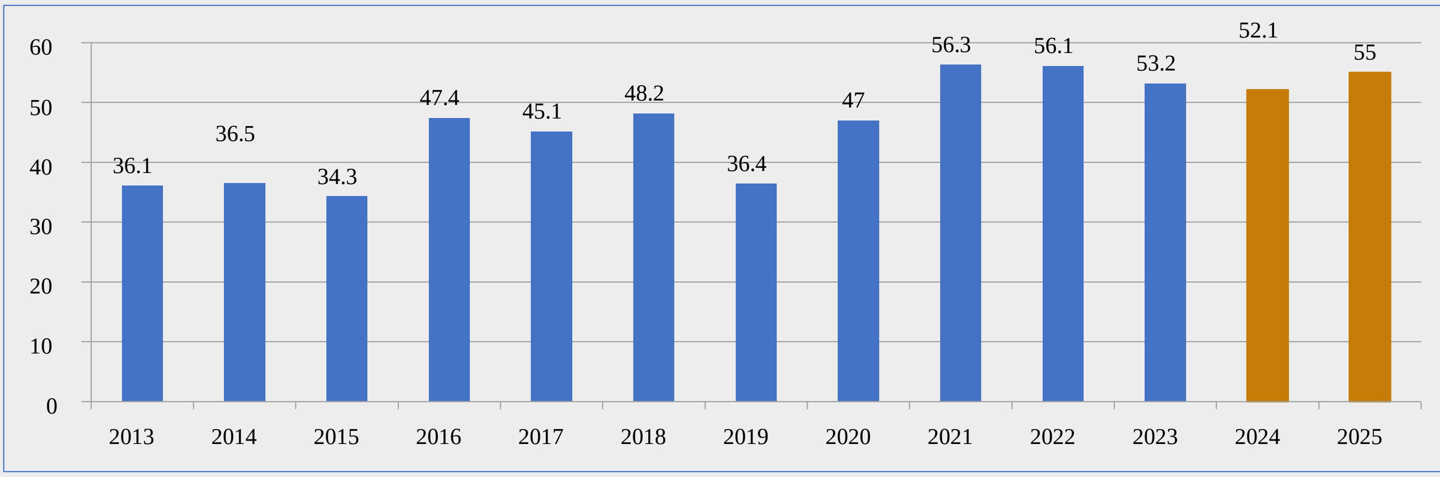
Budget Allocation



Source: MOF 2024

Primary and Secondary Education commands the highest budget allocation at ZiG$46.6 billion (US$1.29 billion), representing 16.5% of total expenditure. Health and Child Care follows with ZiG$28.3 billion (US$785.9 million), accounting for 10% of the budget. The Ministry of Lands, Agriculture, Fisheries, Water and Rural Development secured the third-largest share at ZiG$22.9 billion (US$636.4 million). These allocations underscore the government's emphasis on social services and agricultural development. The nation expects a budget deficit of ZiG$6.1 billion (0.4% of GDP), with debt servicing obligations of ZiG$19.2 billion representing 7% of total government expenditure. The gross budget financing requirement of ZiG$25.2 billion will be met through a combination of domestic (45.6%) and external (54.4%) financing sources. Domestic financing of ZiG$11.5 billion will be raised through Treasury bills with maturities ranging from 90-365 days at interest rates between 9-10% while, external financing of ZiG$13.7 billion will comprise US$30.4 million from existing loans and new external loans of US$350 million.

Capacity Utilisation



Source: MOF 2024

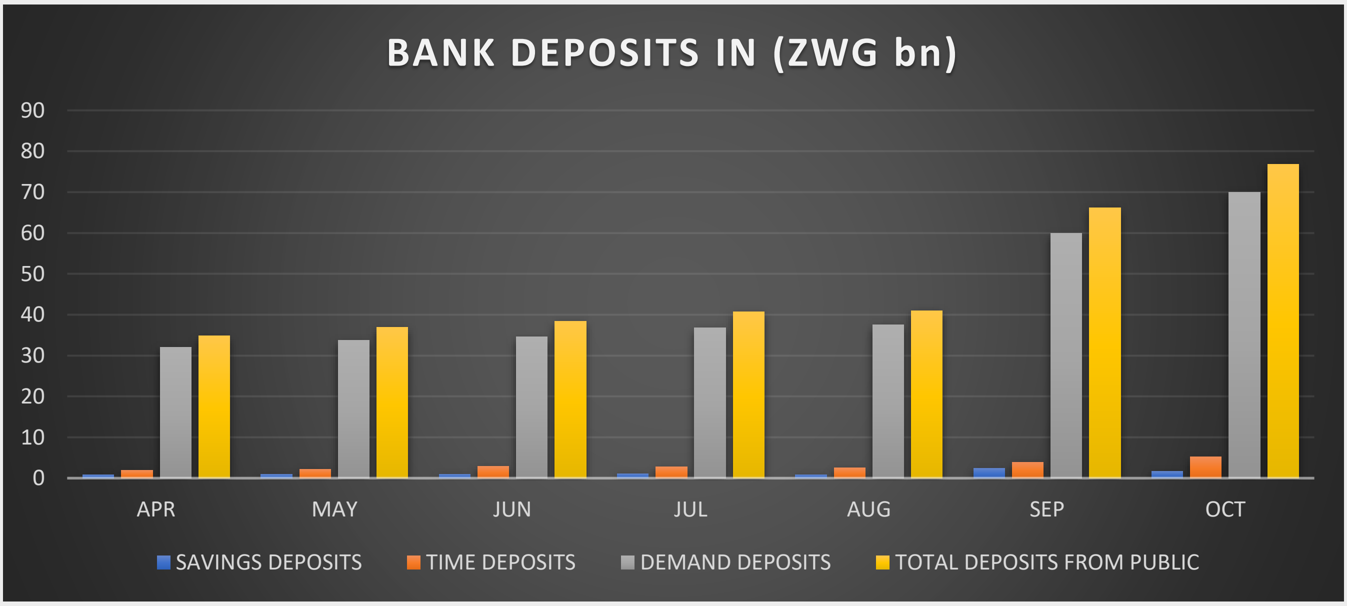
The manufacturing sector in Zimbabwe is projected to experience a gradual improvement in capacity utilisation, rising from 52.1% in 2024 to 55% in 2025. This incremental growth is underpinned by a stable macroeconomic environment, improved foreign currency exchange market and enhanced power supply. Key subsectors expected to drive this recovery include foodstuffs, drinks and beverages, metals and metal products and non-metallic mineral products. Substantial financial resources have been committed to this effort, with ZiG$100 million allocated for industrial development finance, ZiG$108 million to support start-ups and MSMEs, and a total of ZiG$550.9 million dedicated to the Ministry of Industry and Commerce.

Financial Sector Developments…

The banking sector in 2024 confronted severe liquidity challenges amid the economic downturn. Most banks implemented significant downsizing, starting with top management and extending to front-office staff. Tight liquidity constraints severely restricted banks' operational capacities, with financial institutions struggling to give out loans while, some continued to payout supported external lines of credit from offshore lines.

The year witnessed notable merger and acquisition activities, with FBC completing its acquisition of Stanchart, receiving $26.7 million as part of the settlement. Conversely, the proposed merger between ZB and CBZ Bank failed to materialize, due to stringent measures set by CTC.

The microfinance landscape experienced substantial expansion, with an increasing number of players entering the market. These institutions emerged as critical alternative financing sources, offering innovative lending solutions to underserved market segments amid the traditional banking sector's constrained liquidity environment. The proliferation of microfinance institutions reflected both the market's adaptability and the broader economic challenges, providing alternative financial intermediation when conventional banking channels remained rigid.

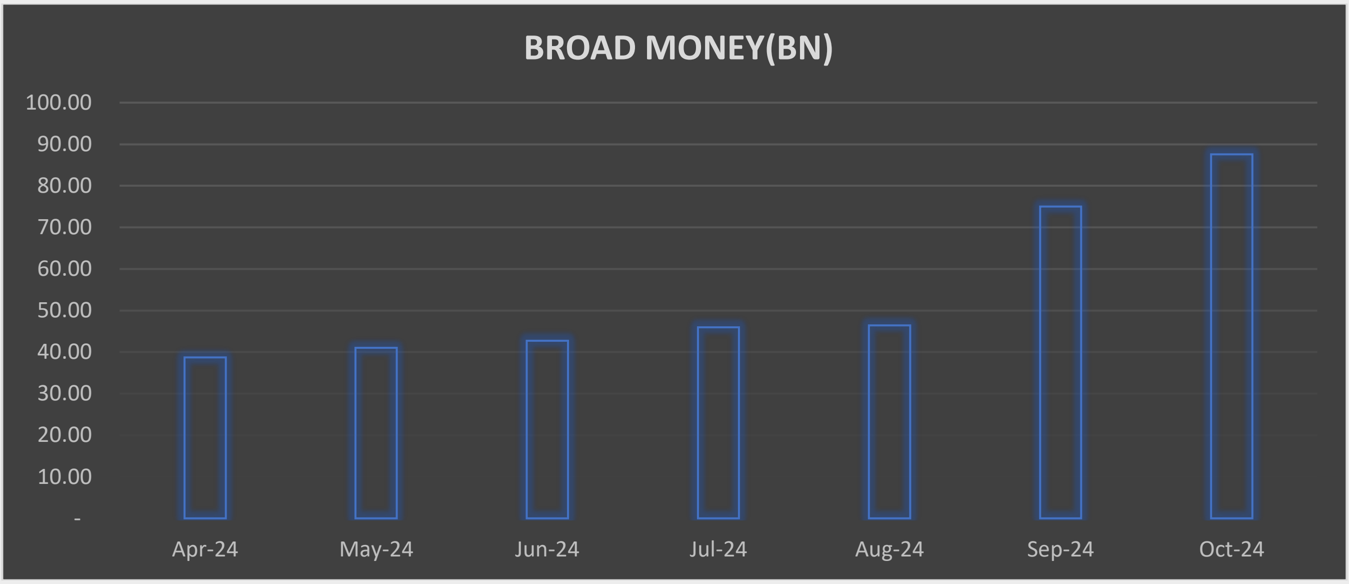


Source: RBZ

Deposits in the banking sector were predominantly skewed towards demand deposits, with time deposits and savings remaining negligible. This trend stemmed from low returns and significant economic uncertainties, particularly fears of potential policy changes such as exchange rate fluctuations. Notably, 86% of total deposits were denominated in foreign currency, highlighting the continued dollarization of the financial system.

From April to October 2024, total deposits reached $334.88 billion. The preference for demand deposits reflected depositors' reluctance to commit funds long-term, driven by high inflation, low interest rates, and overall economic instability. Investors and account holders showed a clear preference for liquid assets that could be quickly accessed and converted, mitigating potential erosion of value in a volatile economic environment.

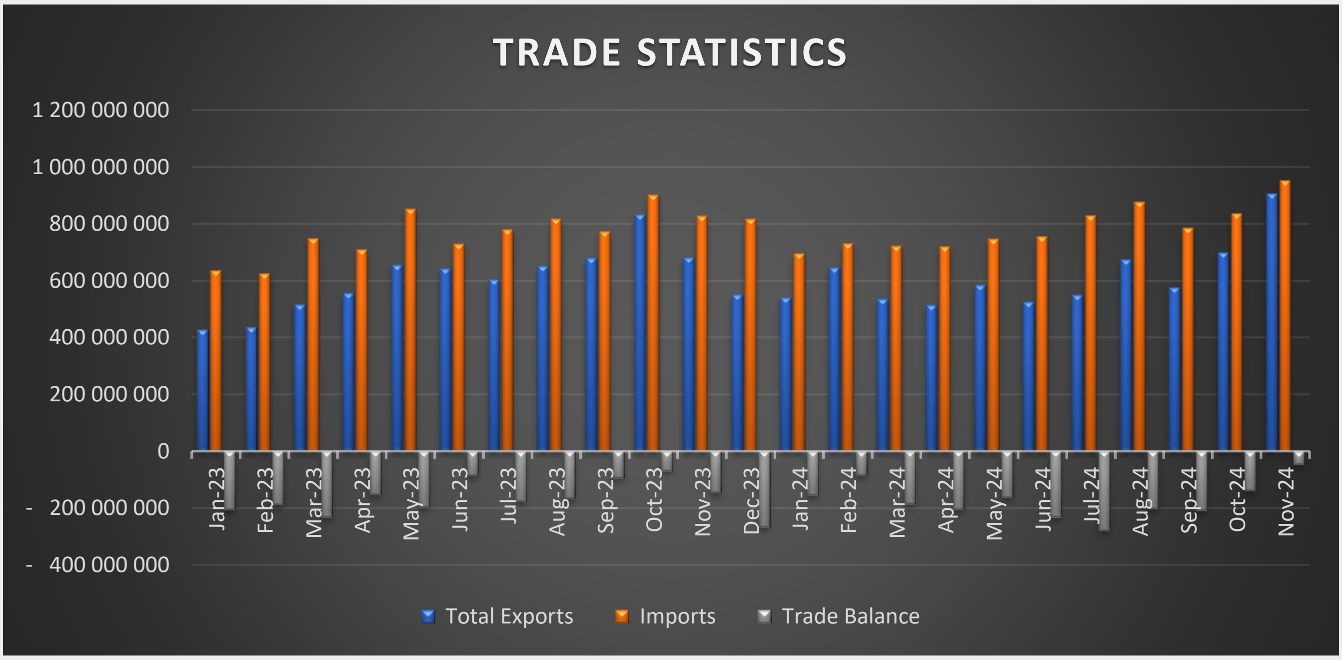
Money Supply



Source: RBZ

Broad money from April to October 2024 amounted to $377.42bn. Broad money continued to increase month on month since April 2024 to October 2024. Growth in the broad money is attributable to local money creation by banks and fiscal authorities through issuance of TBs and increase in foreign currency deposits.

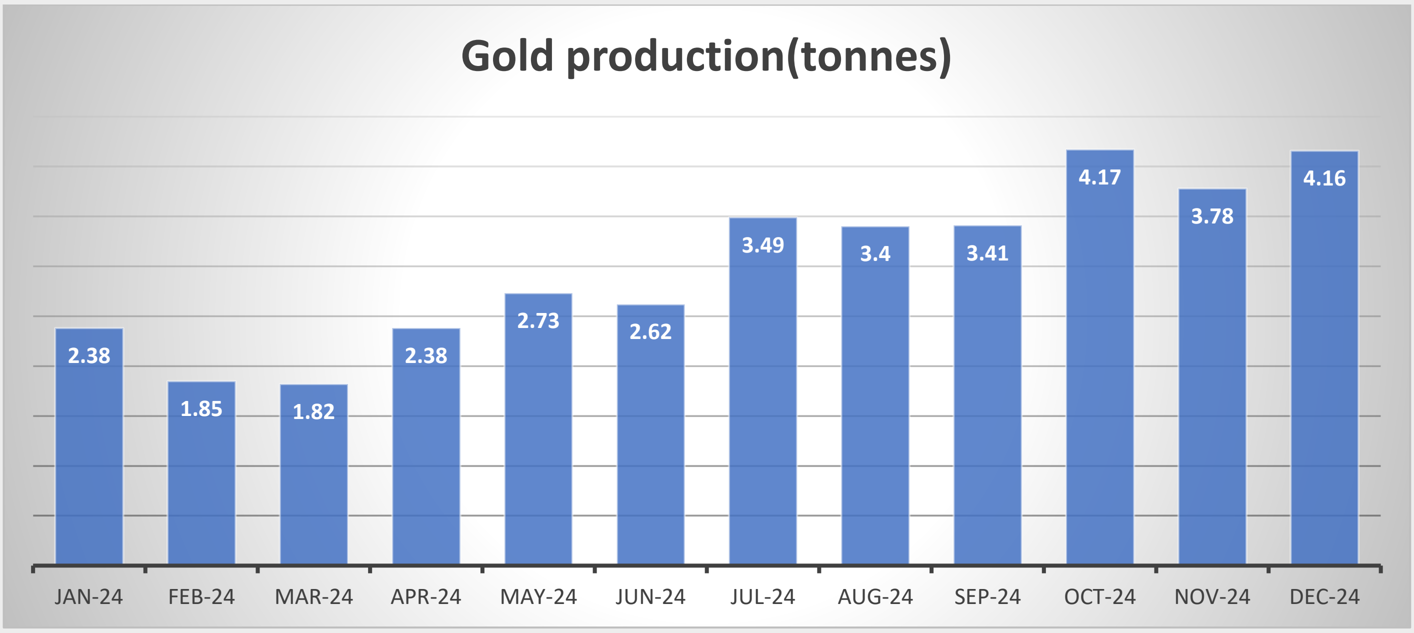
Trade Performance



Source: ZIMSTATS 2024

Zimbabwe continued to experience trade deficit in the year 2024 as imports continued to outstrip exports. Major export destinations in the year 2024 were UAE, China, South Africa, and Mozambique while, major import nations were South Africa, China, Bahamas and Singapore. Imports were mainly in Industrial supplies, fuels and lubricants, capital goods and food and beverages. Exports were mainly in semi manufactured gold, tobacco and nickel mattes. Total imports for 11 months to December stood at $8.64bn while, total exports amounted to $6.74bn to see the nation cap the year with a deficit of $1.90bn.

Gold production



Source: FGR 2024

Fidelity Gold has reported a remarkable increase in gold deliveries for 2024, surpassing the revised target of 35,000kg by achieving 36,486.75kg, a 21.15% increase from the previous year's total of 30,106.71kg. December alone saw a delivery of 4,162.24kg, up by 10.16% from November. This surge can be largely attributed to strategic shifts by the government, including the removal of a 15% VAT on gold deliveries, which aimed to curb mineral leakages and direct all gold through official channels.

Mines Minister Winston Chitando had forecasted gold deliveries to hit 37,000kg for 2024, with expectations to reach 39,000kg when contributions from secondary gold producers are included. Gold deliveries showed a progressive increase over the year, with the first quarter at 6,044.87kg, jumping to 7,739.42kg in the second, 10,421.54kg in the third, and culminating in 12,213.99kg in the fourth quarter. October was particularly notable, with deliveries amounting to 4,273.59 kg, an 80% increase from January.

Small-scale miners played a pivotal role, contributing 65% of the total gold production with 23,745.64kg while, large-scale miners made up the remaining 35% with 12,741.11 kg. The contributions from small-scale miners fluctuated with significant peaks in July, October, and December, whereas primary producers showed less dramatic but still notable peaks in April and November.

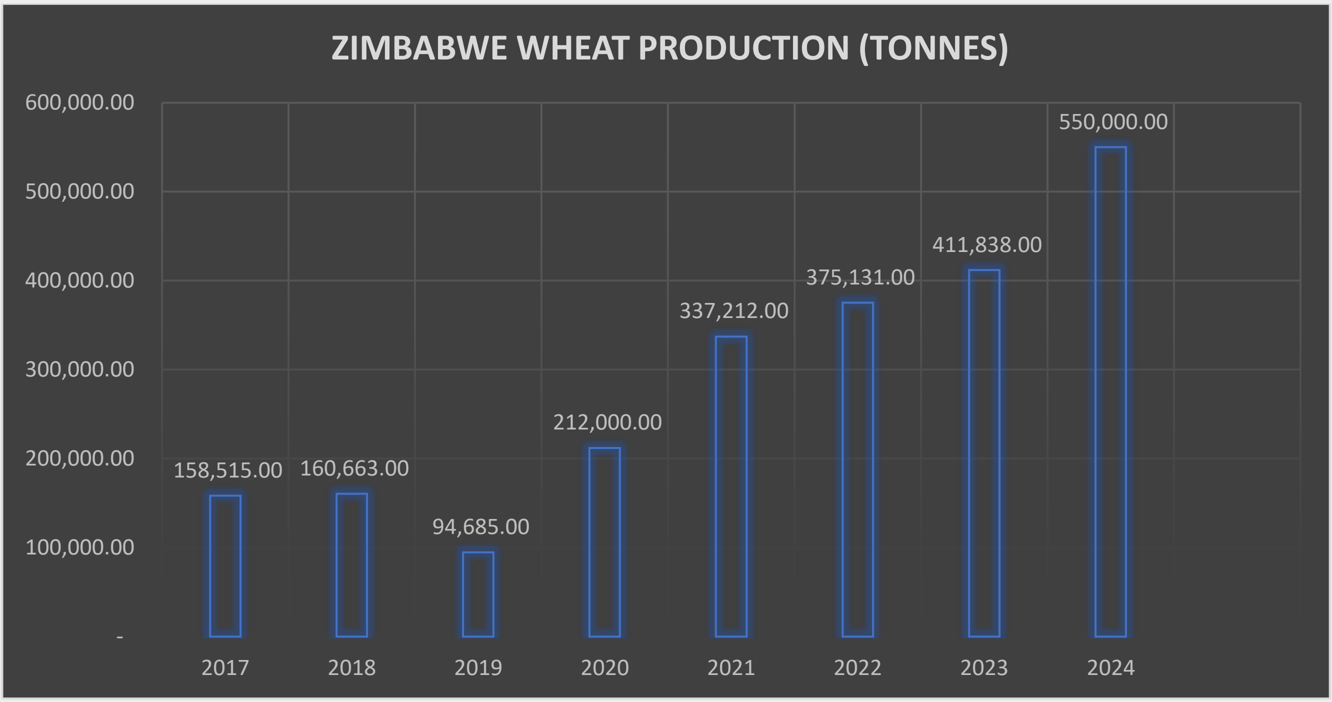
Gold prices for the year surged, reaching a high of $2,786.91 per ounce on 31 November 2024. The lowest price for gold was $1,991.83 which was recorded on the 13th of February 2024. Average gold price for the year was $2,389.18 per ounce. All in all, gold prices jumped 27.08% in the year under review.

Gold prices are projected at $3,000.00 in 2025. Gold export earnings in 2024 totalled US$1,447,339,179.80, up 18.35% from US$1,228,196,536.75 recorded in 2023.
July had the highest earnings of US$158,173,331 while, December had the lowest at US$44,522,327.06, a 45.65% decrease from the same period in 2023, when earnings were US$81,913,085, despite gold prices exceeding US$2,500 per ounce.

MONTH	GOLD EXPORTS 2023	GOLD EXPORTS 2024
JANUARY	101,193,187.58	111,938,379.72
FEBRUARY	71,254,969.26	108,984,276.10
MARCH	33,198,460.22	82,174,228.08
APRIL	69,020,959.72	102,613,501.74
MAY	83,144,087.67	193,572,217.09
JUNE	152,780,961.56	105,710,000.00
JULY	131,257,748.21	158,173,331.00
AUGUST	134,257,648.95	128,709,270.00
SEPTEMBER	154,820,629.77	135,404,465.00
OCTOBER	140,198,016.92	149,971,369.92
NOVEMBER	74,492,784.89	125,565,814.09
DECEMBER	81,913,085.00	44,522,327.06
TOTAL	1,227,532,539.75	1,447,339,179.80

Source: FGR 2024

Wheat production

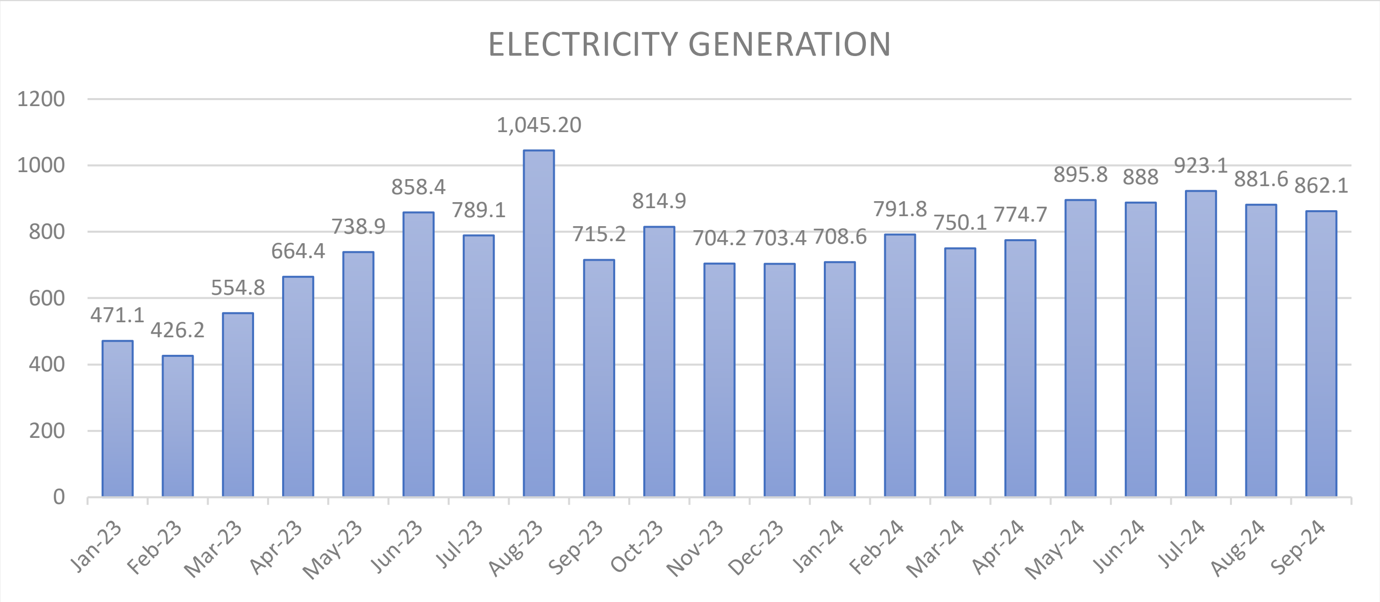


SOURCE: RBZ/ GMB

In 2024, Zimbabwe achieved a watershed moment in wheat production, harvesting 92% of its 600,000 metric ton target the highest level since wheat cultivation commenced in 1966. This represents a significant increase of 33.54% compared to the previous year's production of 411,838 metric tonnes.

This exceptional performance stemmed from strategic collaboration between the government, Technologies for African Agricultural Transformation (TAAT) and agricultural stakeholders. Comprehensive support included enhanced financial services, targeted input provisions, and advanced agronomic training for farmers. The collaborative approach involving government, private sector millers, contractors, and self-financed farmers facilitated unprecedented agricultural productivity. Looking forward, Zimbabwe aims to leverage this success by exploring summer wheat cultivation and targeting an ambitious production of 3.3 million tons in the 2024/25 agricultural season, signalling a transformative period in the nation's agricultural landscape.

Electricity generation



Source: MOF 2024

Zimbabwe's electricity generation increased 9.7% in 2024, reaching 411,838 GWh. Hwange Power Station was the dominant producer, generating 77.8% of the total. Electricity imports grew 18.6% to 611.1 GWh in Q3 2024, primarily sourced from South Africa, Mozambique, and SAPP. Exports surged 301.2% to 420.2 GWh. Electricity distribution increased 6.7% in Q3 2024 versus the prior quarter. The largest consumers were manufacturing, transport, and construction at 34.7%, mining and quarrying at 18.1%, and domestic customers at 21.1%.

ECONOMIC OUTLOOK

Zimbabwe's economic landscape reflects a complex interplay of opportunities and obstacles that continue to shape its development trajectory. At the heart of potential growth drivers lies the country's rich mineral sector, with substantial deposits of platinum, gold, and lithium presenting opportunities for export earnings and foreign investment attraction. The agricultural sector, despite facing challenges, shows promise through ongoing reforms aimed at reclaiming Zimbabwe's historical position as a regional agricultural powerhouse. Crucial support comes from the diaspora community, whose remittances provide a vital source of foreign currency while, regional integration initiatives through SADC and AfCFTA offer pathways to expanded market access and trade opportunities.

Currency performance review and outlook

Zimbabwe has been under a multicurrency system for over a decade and recently the authorities introduced a new currency known as the ZIG.

In the year under review, the auction system was dropped and the interbank forex market was adopted which to some extent helped remove opaqueness and inconsistences in the market. The authorities continuously refined the operational modalities of access of the currency space to give some direction for a market that had hitherto largely been over the counter and deemed parallel by authorities and gotten dominated by informality and in some cases illegalities. The ZWL before being phased out in April had depreciated by 62% on the auction market while, on the parallel market, it depreciated by 74%, as the ZiG was introduced and depreciation continued as it fell by 47.52% on the auction and on the parallel market it faltered by 34%. We foresee local demand for foreign currency continuing to rise on the back of slow US dollar inflows which according to RBZ is due to weak exports emanating from salving global commodity prices and huge import bill for raw materials in the economy. The trend of companies closing that the economy is facing is likely to create shortages of goods on the market which will drive more demand for imports. Aggressive monetary tightening measures are poised to intensify the liquidity crunch facing Zimbabwe's corporate sector, potentially pushing many firms to the brink as they grapple with constrained working capital and limited access to affordable financing in an already harsh operating environment.

Inflation: Despite recent declines, inflation remains a formidable foe. The International Monetary Fund projects a 2025 figure of 8.9%, up from 2024's low base of 1.1%, but still a far cry from stability especially on the local currency front. Tight monetary policy and fiscal restraint might offer some relief, but their effectiveness hinges on external factors like the global economic performance and availability of cheap raw materials. Policymakers face the delicate challenge of calibrating monetary tightening to tame inflationary pressures while, ensuring sufficient space for businesses to operate, as overly restrictive measures could suffocate economic activity and undermine the very stability they seek to achieve. Zimbabwe's inflation dynamics will certainly depend on exchange rate movements and ability of local industry to manage cost emanating from policy changes and economic risks that may arise from time to time. We are of the view that inflationary pressures are expected to moderate and exhibit greater stability throughout the year 2025, building from the base built in the year 2024.

Agricultural prospects brighten as rainfall pattern boosts: The nation expects above-normal rainfall patterns which has brightened Zimbabwe's agricultural outlook, promising to boost crop production significantly across the country's farming regions. This favorable weather pattern is set to enhance food security, strengthen export potential, and boost rural incomes, creating positive ripple effects throughout the economy. Rural communities are particularly poised to benefit as their agricultural-dependent livelihoods flourish under the well-distributed rainfall patterns. The increased agricultural output is expected to reduce pressure on food support programs and decrease the nation's reliance on imports, thereby preserving foreign currency reserves.

Mining in a Squeeze: Zimbabwe's mining sector, a vital engine of growth, faces headwinds. Declining international prices for key commodities like platinum, lithium and granite could dampen revenue and foreign currency earnings. Diversifying into other minerals and value-added processing might offer some protection but requires substantial capital and expertise. We anticipate seeing more partnerships coming up and gold production will increase as the nation capitalises on the high demand the mineral has. The government's thrust towards local beneficiation and value addition might slow the amount of output but it is a step in the right direction as this will increase the national earnings.

Construction Sector: The construction sector is experiencing remarkable momentum as institutional investors, particularly pension funds and investment managers, pivot towards real estate development, viewing it as a stable store of value amid market uncertainties. This strategy shifts away from traditional equity markets, which are yielding subdued returns and the complex money market environment has channelled substantial capital into construction projects. The sector's vibrancy is further amplified by both public and private sector initiatives, from major infrastructure developments like the Harare-Chirundu highway upgrade to widespread residential housing projects. This convergence of institutional investment and developmental projects has created a robust ecosystem for construction growth, with the sector emerging as a preferred investment haven that offers tangible returns and inflation-hedging properties. The sustained influx of institutional capital, coupled with ongoing infrastructure development programs, positions the construction sector as a bright spot in the economy.

Tourism Sector: Zimbabwe's tourism sector shows promising signs of recovery and growth potential, anchored by world-renowned attractions like Victoria Falls, diverse wildlife reserves and rich cultural heritage sites. Development opportunities exist in eco-tourism, digital transformation and enhanced regional cooperation, with professional services playing a crucial role in improving standards. The sector's growth trajectory will largely depend on addressing currency challenges, infrastructure development and effective marketing to compete with established regional destinations.

Exports and Imports: High taxes introduced by the fiscal authorities are likely to make locally produced goods expensive and imports are likely to increase given the porous nature of our national boarders as basic consumer goods are likely to be smuggled into Zimbabwe. While the government aims to boost domestic revenue, this approach might ultimately prove counterproductive, stifling economic activity and limiting demand of locally produced goods. Finding a balance between raising revenue and facilitating trade will be crucial. The import category is likely to be dominated by consumables while, exports are likely to be dominated by minerals and tobacco. Unless value addition and investment in capital good increases the nation is likely to continue experiencing a negative trade balance

Conclusion- Growth Outlook:

We view the government's GDP growth target of 6% as another pie in the sky, as there has been little done to address the three major issues that weighed on 2024 performance, thus currency instability, inflation, low-capacity utilisation and power shortages. Though early to call the season, the early days of 2024-2025 cropping season have been inspiring and they have offered an opportunity for growth. If the current trends for the rainy season continues, the fiscus will be less weighed on this year as expenditure for social activities is likely to drop.

Local manufacturing has long since been depressed, suffering from undercapitalisation as the unpalatable policy framework and environment continues to keep funders on the fence coupled with lack of competitiveness against cheaper imports. Mining however could emerge as the economy's anchor with the government earmarking it as one of the expected drivers of the economy despite volatility in terms of commodity prices. Meanwhile, high inflation and fluctuating exchange rates have reduced private and institutional savings, limiting capital for investment. In the face of these headwinds, we expect the best that the economy will do to be a 3.1% growth coupled with projected slowdown of the global economy in 2024.

STOCK MARKET REVIEW

ZSE in a 117.58% return for the nine months in 2024 …

The Zimbabwe Stock Exchange recorded a 117.58% return to 217.58pts for the nine months, post currency conversion from ZWL to ZiG in April. The bourse saw low trading activity and liquidity issues in the third and fourth quarters of 2024, weighing in on its performance. Despite being a lazy year, some investors managed to generate healthy returns all year long through careful stock selection, particularly in selected heavy and mid-cap counters. The ZSE saw some movements of some counters to the VFEX which include Edgars, (Bridgefort Class A and B which are yet to list). Meanwhile, Truworths, Khaya Cement and Meikles were suspended from trading due to various reasons cited by the regulators.

ZSE Indices improves…

	April 2024	December 2024	%Change	USD rebased %
All Share	100	217.58	117.58	0
Mid Cap	100	227.60	117.60	0
ZSE-Agriculture	100	182.08	82.08	0
Top 10	100	215.24	115.24	0

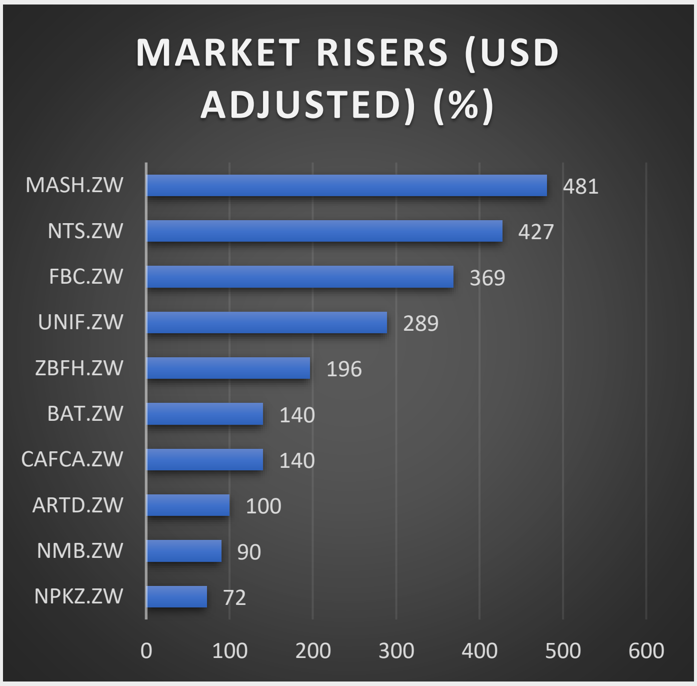
Source: ZSE/EFE Estimates

The ZSE experienced a rally in the first quarter of the year, despite being a year full of ups and downs. This was quickly reversed by fiscal and monetary authorities in the form of currency conversion from ZWL to ZiG, thus tightening liquidity and thereby reducing the flow of funds into the stock market. Gains were similarly seen in the other three clusters namely the ZSE Top Ten Index which added 115.24%, the Mid Cap Index which firmed 117.60% and the ZSE Agriculture Index which was up 182.08%. Inflationary pressures coupled with a depreciating local currency saw the stock market fail to trail and cope with the adjustment.

Risers and Shakers

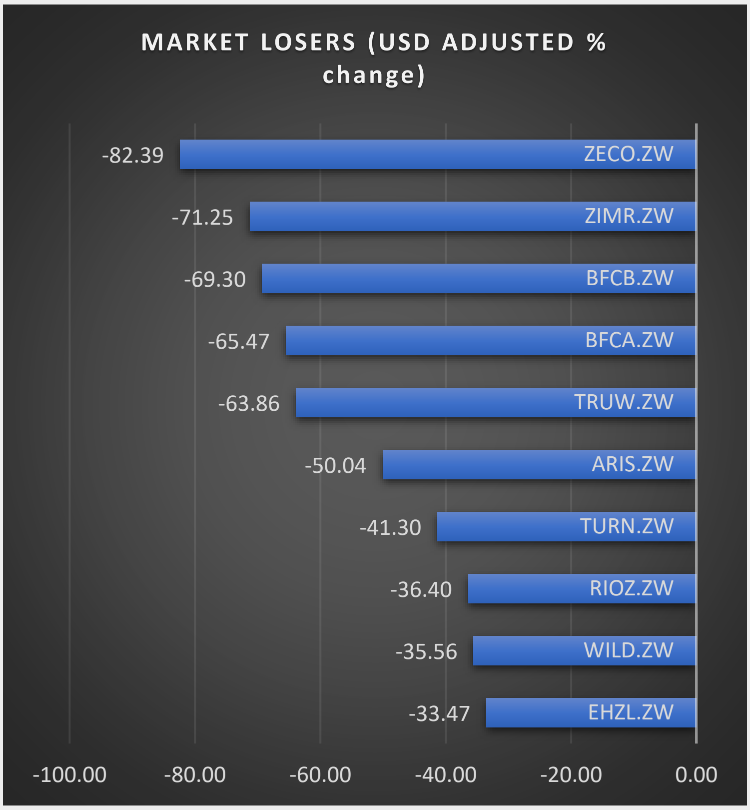
RISERS	(ZWL$)		
Symbol	PRICE (01.04.2024)	PRICE (30.12.2024)	%Change
MASH.ZW	0.1481	2.1000	1,318.21
UNIF.ZW	0.2598	2.4825	855.5795
FBC.ZW	1.9287	10.8500	462.5633
NTS.ZW	0.1281	0.6653	419.4746
FMP.ZW	0.2577	1.2310	377.5964
ARTD.ZW	0.0811	0.3265	302.4852
RTG.ZW	0.1801	0.6025	234.5549
CAFCA.ZW	6.2131	20.5000	229.9469
AFDS.ZW	2.1991	6.9100	214.2187
BAT.ZW	26.0131	80.3600	208.9219

Source: ZSE/EFE Estimates



Small and Mid-Cap counters were the best market performers in 2024 as fifteen counters closed the year in the positive. Property concern Mashonaland Holdings led the winners of the year on a 1,318.21%

jump to $2.1000, with logistics and transport company Unifreight following on a 855.58% (289% in USD adjusted term) rise that took it to $2.4825 albeit closing the year on weak demand. FBC was 462.56% (369% in USD adjusted term) firmer to close at $10.8500 while, National Tyre Services rose 419.47% (427% in USD adjusted term) to settle at $0.6653. FMP added 377.60% to $1.2310 as conglomerate ART Corporation ticked up 302.49% (100% in USD adjusted term) to $0.3265 while, hotelier RTG advanced 234.55% to end at $0.6025. Cable manufacturers CAFCA was 229.95% higher at $20.5000 where supply could be established. AFDIS went up 214.22% to $6.9100 while, British American Tobbacco completed the top ten risers of the year after ticking up 208.92% (140% in USD adjusted term) to settle at $80.3600.



Source: ZSE/EFE Estimates

Post adjustments in USD terms, a total of nineteen counters closed in the red with Zeco Holdings leading on a 82.39% loss for the second consecutive year. Zimre Holdings Limited followed on a 71.25% drop while, BridgeFort Capital Class B and A registered losses of 69.30% and 65.47% losses respectively as the duo announced intentions of migrating to the USD denominated bourse (VFEX). Apparel retailer Truworths was 63.86% down as agricultural concern Ariston dropped 50.04% year on year. Turnall Holdings was also seen in the fallers zone as it lost 41.30% while, miners RioZim was 36.40% down in real terms. Brick manufacturers Willdale lost 35.56% as Ecocash Holdings completed the top ten fallers of the year on a 33.47% drop.

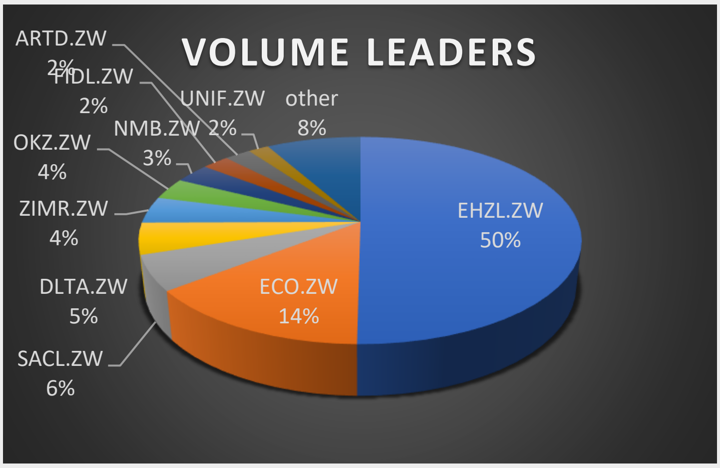
	Previous	Current	Change	(%) Change
Values	223,347,823.32	2,077,072,852.56	425,844,955,133.50	321.99
Volumes	2,000,377,161	1,309,798,490	295,635,800	12.88

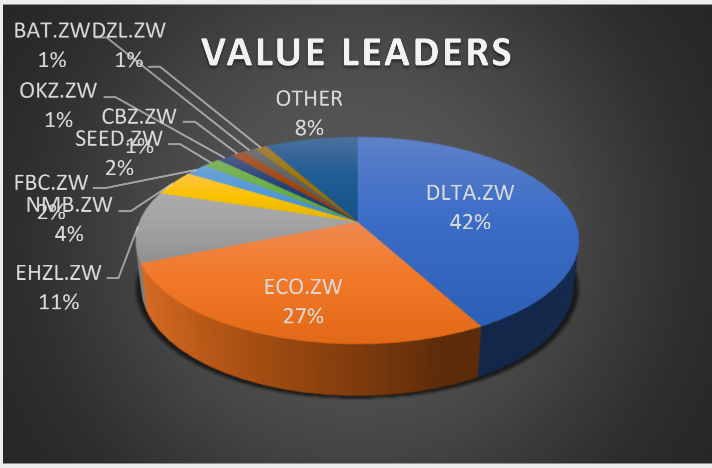
Activity wise, volumes exchanged hands during the year slightly went down 12.88% to 1.31bn, yielding a value outturn of ZWG2.08bn which was 321.99% up from prior year.

Delta and Ecocash propels aggregates…

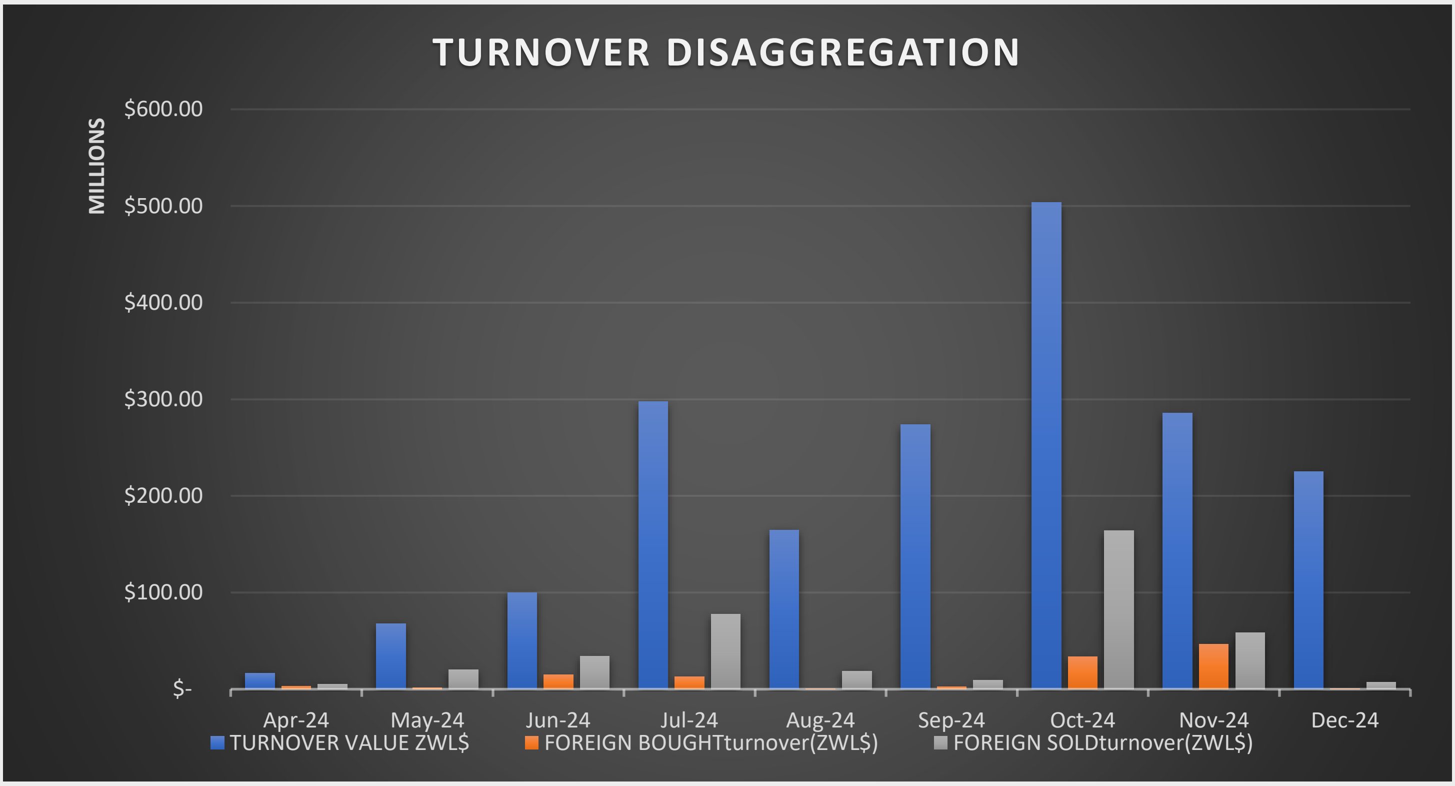
Beverages giant Delta was the most sought-after stock of the year, investors scrambled for the value preservation found in the heavy stock which claimed 42% of the value outturn. Econet claimed 27% of the total as transactions were mainly attributable to corporate actions that saw movement of Ecocash subsidiaries to Econet.

Ecocash emerged as the top volume driver as block trades sailed through in the banking group, claiming 50% of the total volumes traded during the year. Eonet trailed after claiming 14% while, Delta added 4% to the volume total.

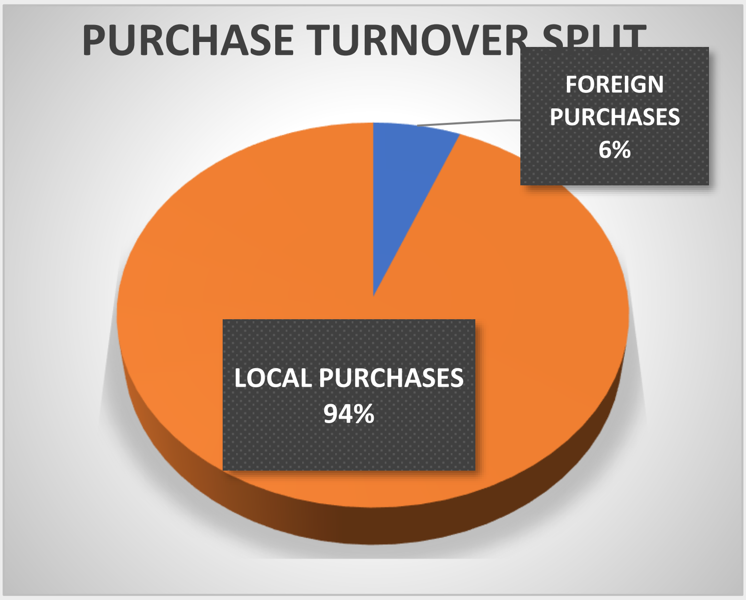




Local investors continue to sustain…



Source: ZSE/EFE Estimates

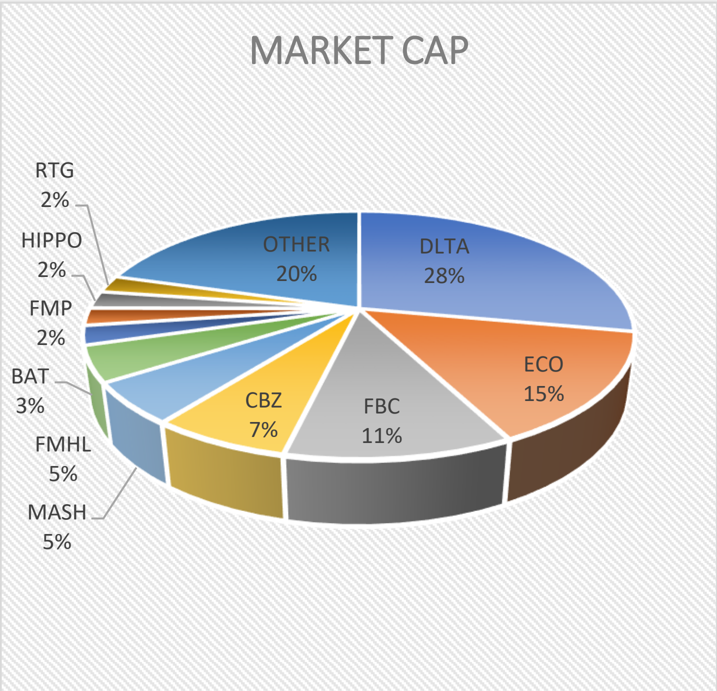


Local purchases accounted for 94% of the demand on the market while, equities selling by the same claimed 80% of the aggregate. Foreign participation remained depressed throughout the year with the highest sales and purchases being recorded in October and November respectively. Weighing on the market was a combination of a fast-depreciating currency coupled with weak demand that saw foreign investors largely in a selloff as they deserted the market in the falling economy's wake. Resultantly foreign purchases claimed a mere 6% of the turnover while, disposals added 20% of the same.

Source: ZSE/EFE Estimates

ZSE Market Capitalisation

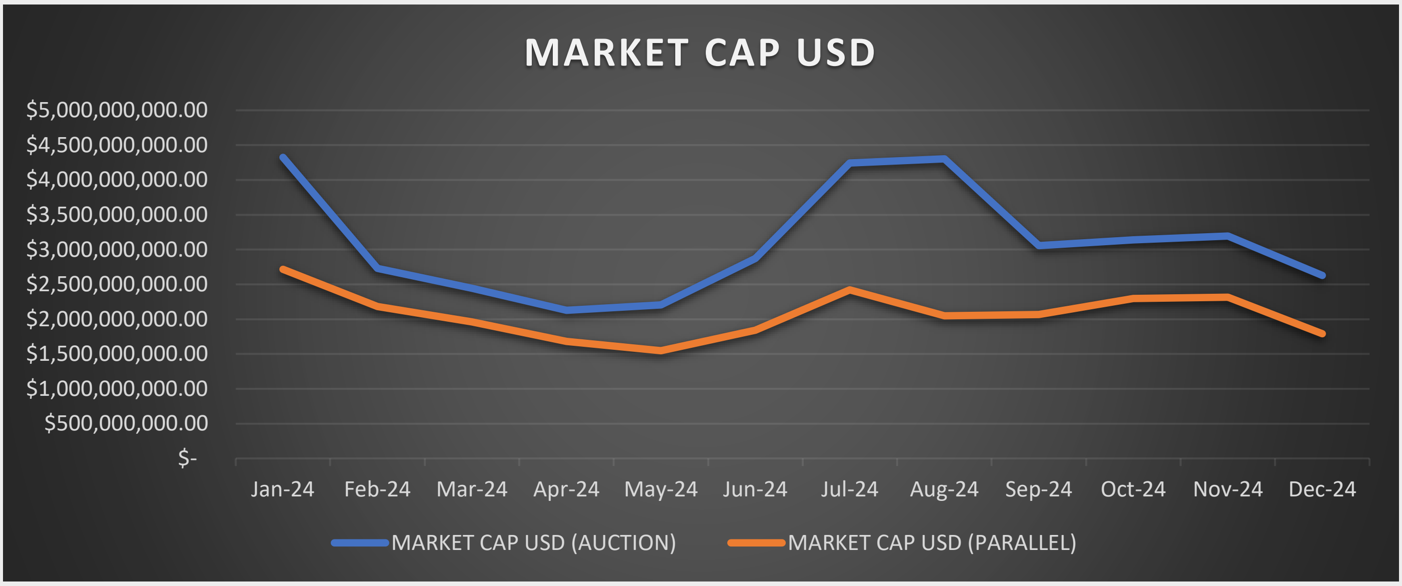
COMPANY	Market Capitalisation
Delta Corporation Limited	18,538,440,101
Econet Wireless Zimbabwe Limited	9,652,978,811
FBC Holdings Limited	7,290,656,708
CBZ Holdings Limited	4,463,620,900
Mashonaland Holdings Limited	3,543,926,419
First Mutual Holdings Limited	3,060,946,655
British American Tobacco Zimbabwe Limited	1,658,109,426
First Mutual Properties Limited	1,521,608,932
Hippo Valley Estates Limited	1,507,490,605
Rainbow Tourism Group Limited	1,503,536,065
OTHER	13,499,885,509
Total (As at 31.12.2024)	**66,241,200,130**



Source: ZSE/EFE Estimates

Market capitalisation closed at USD$2.57billion (ZWG$66.24bn) in 2024 from USD$2.85bn in 2023 at the FX auction rate of 25.7985. However, using the widely used market alternative rate of 35 as at 31 December 2023, the market capitalisation closed at USD$1.79bn as values continued to be eroded. Delta had the largest market cap of ZWG$18.54bn, followed by Econet which ended the year at ZWG$9.65bn.

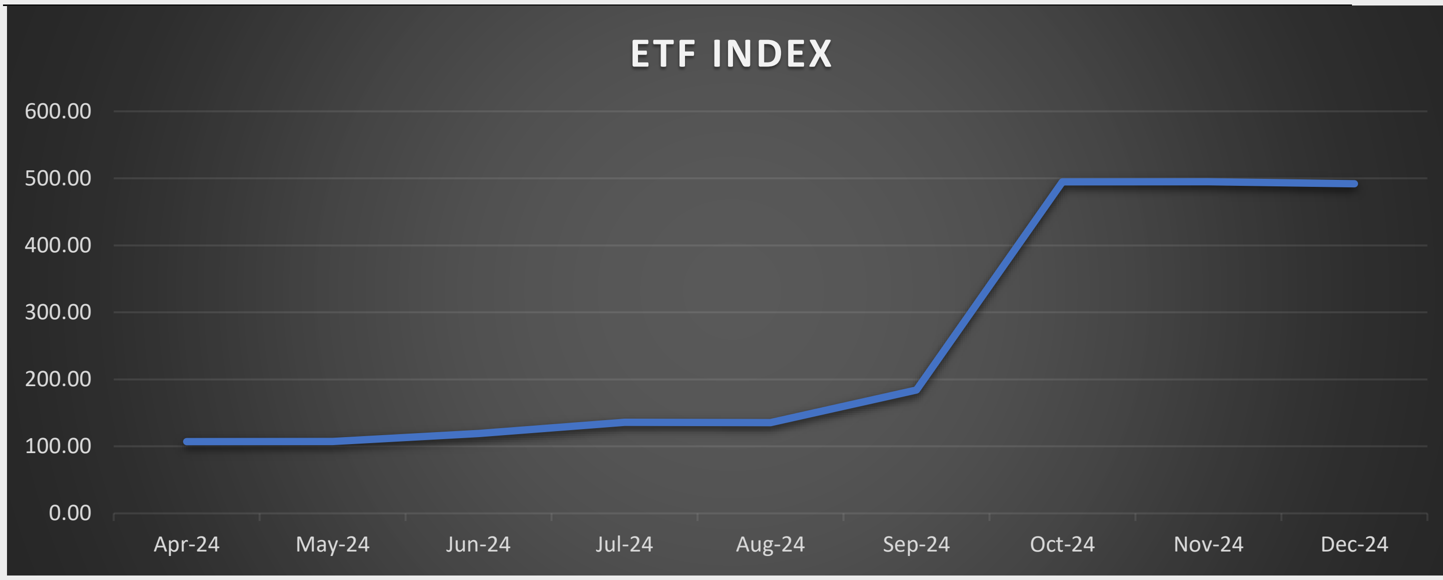
Source: ZSE/EFE Estimates



Source: ZSE/EFE Estimates

ETF Performance…

	April -2024(pts)	December -2024(pts)	%Change	YTD %
ETF INDEX	100	491.89	391.89	391.89



Source: ZSE/EFE Estimates

Symbol	Last Day Closing Price	Current	Change	%Change	% change (USD adjusted)
CSAG.ZW	0.0046	0.0500	0.0454	996.9724	475.1881
MIZ.ZW	0.0084	0.0500	0.0416	494.9548	211.9595
MCMS.ZW	0.3669	2.1100	1.7431	475.1654	201.5831
OMTT.ZW	0.0920	0.2200	0.1280	139.0655	25.35195
DMCS.ZW	0.0176	0.0300	0.0124	70.3674	10.6693

Source: ZSE/EFE Estimates

The ETF Index jumped 391.89% during the year 2024, to settle at 491.89pts with all the five listed funds registering gains in ZIG terms while, in USD terms only one fund recorded losses. The CSAG ETF led the risers' list on a 996.97% gain to close at $0.0500 while, the Morgan and Co Made In Zimbabwe ticked up 494.95% and settled at $0.0500. Morgan and Co Multi Sector ETF was 475.16% higher at $2.1100 while, the Old Mutual ETF advanced 139 .07% to end a the year at $0.2200, despite having secured shareholder approval to liquidate the fund. The Datvest ETF completed the list on a 70.37% gain to $0.0300, albeit it closing down 10.67% in USD terms. Activity aggregates enhanced as volume of units traded went up 92.63% to see 222m units worth $115m exchange hands.

	2023	2024	Change	% Change
VOLUME	115,246,615.00	222,000,795	-113,269,651.00	92.63
VALUE	-	10,317,634.35	-	-

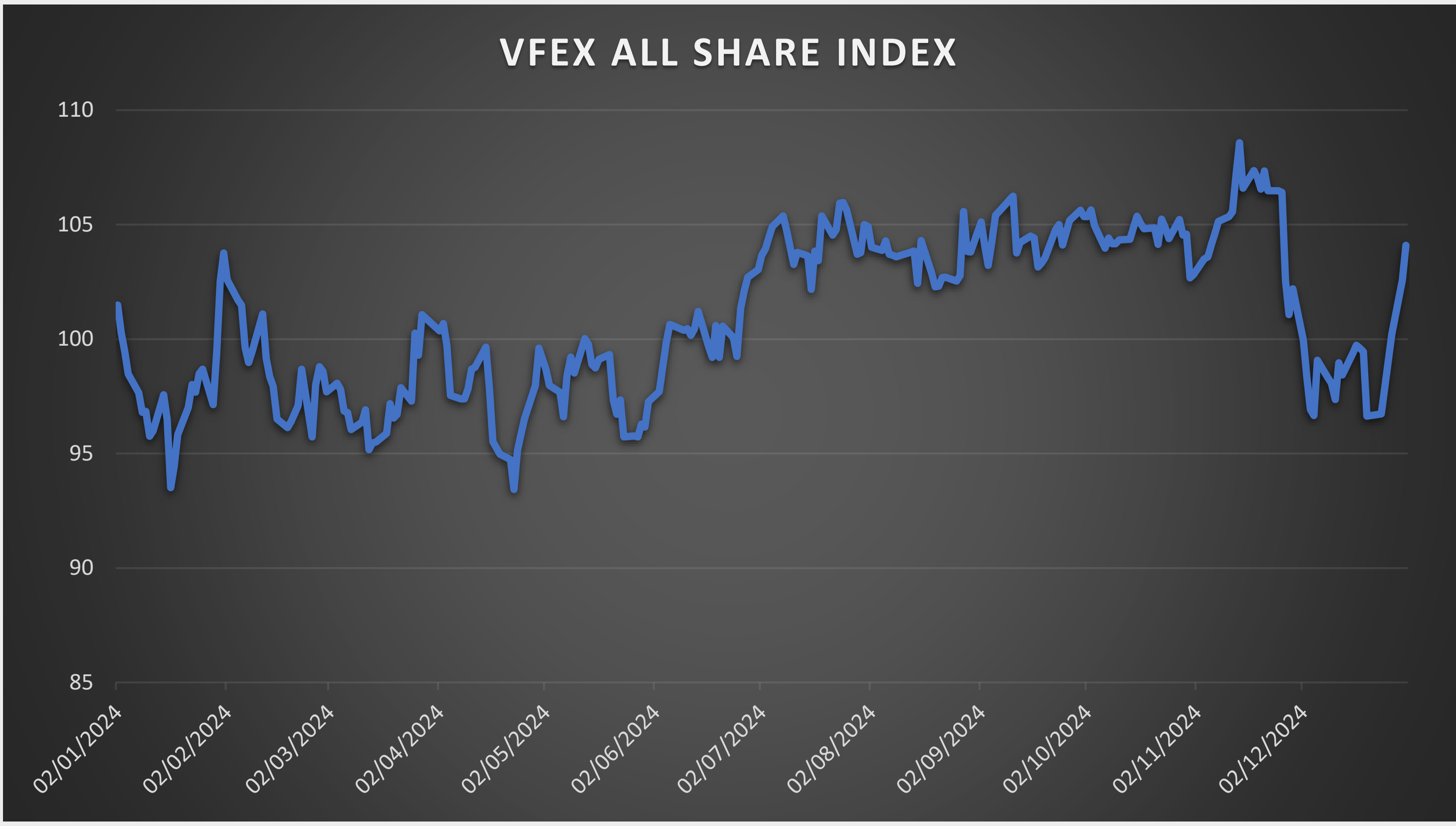
Source: ZSE/EFE Estimates

VFEX Market in slight gains…

The USD denominated bourse registered two additional listings during the year under review. The Exchange grew from having thirteen listings to close with a total of fifteen with the new additions being Edgars and Invictus Energy. On the downside, Bindura was suspended from trading on the bourse as its subsidiary trojan nickel mine was placed under reconstruction, while National Foods got a nod from regulators and shareholders to delist from the VFEX.

	2023	2024	%Change	YTD %
VFEX-ALL SHARE	100	104.09	4.09	4.09

Source: ZSE/EFE Estimates

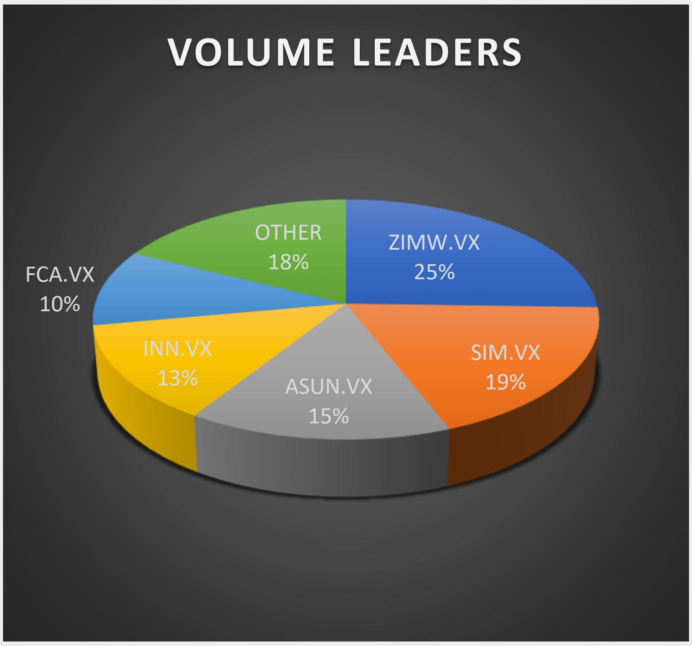


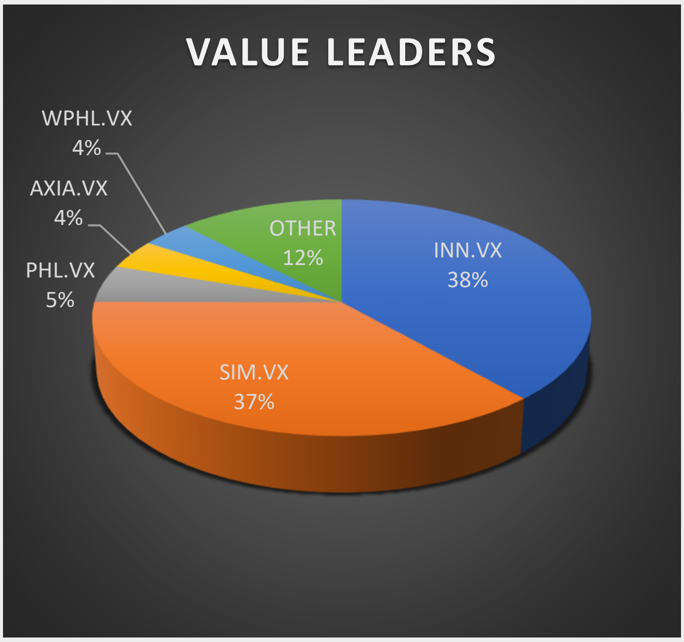
Symbol	Last Day Closing Price	Current	% Change	Symbol	Last Day Closing Price	Current	% Change
FCA.VX	0.02030	0.04370	115.27	ZIMW.VX	0.0396	0.0120	69.70
NTFD.VX	1.44500	1.75000	21.11	ASUN.VX	0.0502	0.0236	52.99
PHL.VX	0.17050	0.18970	11.26	SCIL.VX	0.3095	0.2416	21.94
BIND.VX	0.01130	0.01250	10.62	CMCL.VX	16.200	16.0000	1.23
SIM.VX	0.32500	0.35900	10.46	WPHL.VX	10.000	10.0000	0.00

Source: ZSE/EFE Estimates

Banking group First Capital led the market charge on a 115.27% to $0.0403 with National foods adding 21.11% uplift that took it to $1.7500, post announcement of its delisting by end of January 2024. Padenga Holdings Limited edged up 11.26% to settle at $0.1897 while, Bindura advanced 10.62% to settle at $0.0.0125. Fast foods group Simbisa ticked up 10.46% to settle at $0.3590 as it completed the top five risers of the year. On the losing side, was Zimplow which plunged 69.70% to close the year at $0.0120 with hotelier African Sun following declining 52.99% to settle at $0.0236. Dual listed SeedCo International lost 21.94% to $0.2416 while, Caledonia closed 1.23% lower at $16.0000.

	2023	2024	% Change
VOLUME	120,086,026	369,636,012	207
VALUE	26,361,504	56,957,160	116



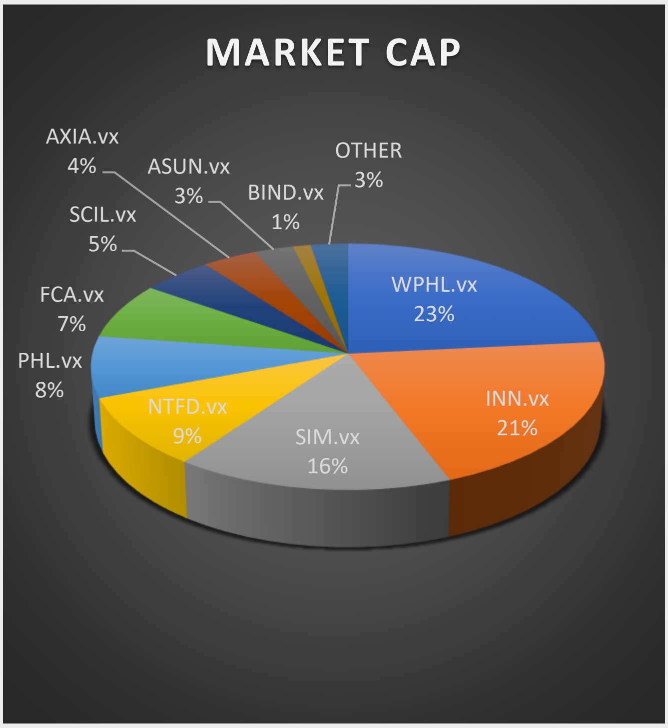


Source: ZSE/EFE Estimates

Activity aggregates on the USD denominated bourse enhanced during the year as volume traded ballooned 207% to 369m shares with the major contributors being Zimplow, Simbisa, African Sun and Innscor with respective contributions of 25%, 19%, 15% and 13%. In the value category, Innscor and Simbisa were the major value drivers claiming a combined 75% of the values exchanged.

VFEX **Market Capitalisation**

VFEX MARKET CAP as at 31.12.2024 (USD$)	
WPHL.vx	300,000,000
INN.vx	264,992,549
SIM.vx	201,824,339
NTFD.vx	119,700,189
PHL.vx	102,740,276
FCA.vx	94,429,841
SCIL.vx	62,955,183
AXIA.vx	48,832,987
ASUN.vx	34,878,475
BIND.vx	15,909,158
OTHER	33,358,299
Total Market Cap	**1,279,621,296**



Source: ZSE/EFE Estimates

Major Transactions During The Year

Econet acquired Ecocash

Econet Wireless Zimbabwe's acquired financial technology businesses from EcoCash Holdings. The deal involved a Scheme of Reconstruction where EcoCash Holdings shareholders were compensated with Econet shares on a pro-rata basis.
Assets acquired: Ecocash (Private) Limited, VAYA Technologies Zimbabwe (Private) Limited, Econet Insurance (Private) Limited, Econet Life (Private) Limited, MARS Zimbabwe (Private) Limited, Maisha Health Fund (Private) Limited. The total consideration for the assets was set at ZWL$509 billion, which was equivalent to 521,861,057 Econet shares. This transaction involved both shares and a cash component, where 50% of the share consideration was distributed as scrip, and the remaining was converted into a cash equivalent based on the Econet 30-day volume weighted average price (VWAP) before the transaction's announcement.

RTG acquires Montclair Hotel

Hotelier, Rainbow Tourism Group (RTG), acquired Montclair Hotel and Casino for a purchase consideration of US$5,000,000. RTG acquired 100% shareholding in Briolette Services, giving them a clean snap of the iconic Eastern Highlands hotel.

FBC Holdings acquires Standard Chartered Bank Zimbabwe

In a move that reshapes Zimbabwe's banking landscape, FBC Holdings has successfully acquired 100% of Standard Chartered Bank Zimbabwe.

Under the agreement, FBCH acquired 100% of the shareholding in Standard Chartered Bank (Zimbabwe) Limited and by extension, Standard Chartered Nominees Zimbabwe (Private) Limited (SCNZ), which was wholly owned by SCBZ. The final purchase price was US$23.896 million.

BridgeFort Capital acquires Diaspora Kapita Proprietary Limited

BridgeFort Capital acquired 100% of Diaspora Kapita, a South African-based investment holding company focusing on services for the African diaspora. This was part of BridgeFort's broader strategy to diversify into financial services, moving away from its traditional focus on manufacturing, retail, and distribution. BridgeFort issued 83,440,639 Class A preferred shares to DK shareholders, which would give BridgeFort complete ownership of DK after the transaction's completion.

Truworths Limited

Clothing retail giant Truworths and all its subsidiaries were placed under corporate rescue, a local form of bankruptcy protection.

Caledonia Mining Corporation Plc

Caledonia Mining Corporation Plc sold its 12.2 MW solar plant at Blanket Mine in Zimbabwe to Cross Boundary Energy Holdings (CBE) for US$22.35 million. The sale was intended to free up capital for the company's core mining business.

National Foods

National Foods is in the process of delisting from the VFEX to streamline its operations and concentrate on long-term strategic objectives. It plans to buy back 20% of its shares of 13,647,198, at a price of US$1,80 translated to US$24.56 million.

Old Mutual ETF Delisting

The Old Mutual Top Ten Exchange Traded Fund was voluntarily delisted from the Zimbabwe Stock Exchange (ZSE).

The primary reason for this voluntary delisting was the migration of several key counters from the ZSE to the Victoria Falls Stock Exchange, a US dollar-based exchange. This migration significantly impacted the ETF's ability to meet its investment objectives, which were to offer investors exposure to the top-performing stocks on the ZSE.

STOCK MARKET OUTLOOK

The ZSE…

The ZSE market has lost momentum and breadth as prospects for continued monetary tightening in 2025 have dimmed hope for local equities. Although we are in a bear market earnings are poised to potentially lift the market, we see a favorable market backdrop in 2025, but one that may require a more patient and disciplined investment approach. Firm economic conditions, near-normal inflation, broadening profit growth, strong secular themes across sectors and growth-focused fiscal policies could see stocks finish the year higher than current levels, albeit with periods of volatility throughout the year.

Equities being one of the main hedging frontiers for investors and economic agents in Zimbabwe given the challenges with the traditional banking systems that have failed to provide real positive returns on savings. Over the last couple of years, the ZSE has displayed a unique direction of performance which goes against the grain, where other markets would tumble on the first mention of economic challenges, the ZSE does the opposite as the uncertainty in the monetary settings have meant that the market remains one of the viable options for store of value.

This situation is further explained by the fact that most of the problems in the economy are premised primarily on the currency conundrum which has played out in the economic sphere on three major places being a thriving parallel currency market and constrained hard currency, general liquidity crunch, multiple pricings emerging from currency discrepancies as retailers seek to cushion themselves from the sliding value of the Zim dollar.

Commodity prices have been volatile, creating uncertainty for mining stocks. Foreign investor participation is likely to remain low due to currency instability and tight foreign exchange controls. Persistent drought conditions could negatively affect some agricultural companies.

The agricultural sector stands out as a primary beneficiary of the favorable weather conditions, positioning itself for potentially strong performance in the coming months. Agricultural stocks are likely to see improved operational metrics driven by enhanced crop yields, reduced irrigation costs, and better capacity utilization across farming operations. The sector's prospects are further strengthened by expectations of increased export earnings and improved food security, which could translate into stronger financial performance for listed agricultural companies.

The beverages sector emerges as the second key beneficiary of the good rainfall season, though through more indirect channels. The positive impact on this sector is expected to flow through multiple pathways. First, the agricultural sector's improved performance is likely to boost rural and farming community incomes, potentially increasing disposable income and consumer spending power.

The tourism sector outlook on the shows a mixed picture for 2025, with key players like African Sun Limited, Meikles Limited, and Rainbow Tourism Group facing various operational challenges. While, Victoria Falls remains a key performance driver for these companies, they continue to grapple with high operational costs, particularly in energy and maintenance, which pressure profit margins. The sector's performance is heavily influenced by currency dynamics affecting pricing strategies while, companies struggle with working capital management in the challenging economic environment. Properties in Victoria Falls may show better performance metrics compared to other regions due to international tourism, but properties in Harare and Bulawayo remain more dependent on local economic conditions. Despite these challenges, companies with stronger balance sheets, effective cost management strategies, and ability to attract international tourists while maintaining domestic market share are better positioned for growth.

The construction sector on the Zimbabwe Stock Exchange presents a robust outlook for 2025, underpinned by anticipated increased government infrastructure spending and steady private sector development. Government projects are expected to be a major driver of sector growth, with significant investments planned in road rehabilitation, dam construction, and public infrastructure development across the country. Private sector construction activity is also expected to maintain momentum, claiming a substantial share of the construction market. This will be driven by ongoing commercial property developments, residential construction projects and industrial infrastructure expansion. Listed construction companies with diversified project portfolios spanning both public and private sectors are particularly well-positioned to capitalize on these opportunities.

The telecom sector on the ZSE in 2025 is poised for growth, largely due to Zimbabwe's young demographics fuelling demand for advanced digital services. A stable currency could enhance consumer purchasing power, supporting subscription and data usage growth. Econet's strategy to reinvest in existing technologies like 4G enhancements and customer service improvements is crucial. This reinvestment not only maintains the company's market lead but also ensures better service quality for a tech-savvy younger audience. Together, these factors suggest a promising investment landscape within the telecom sector.

The banking sector's performance in 2025 is expected to be lukewarm at best. Monetary tightening by central banks will likely increase borrowing costs, dampening loan demand. Additionally, the risk landscape is complicated by the financial distress of companies, with some likely heading into corporate rescue or insolvency. This scenario could lead to a notable increase in Non-Performing Loans (NPLs), as businesses struggle to service their debts under higher interest rates. Banks will need to brace for higher provisions for bad debts, impacting profitability. Moreover, the sector might see a cautious approach to lending, further affecting growth.

The market’s usual top capitalised blue-chip stocks are set to remain favourites while, some selected mid-tier stocks that have made huge strides towards restructuring and reorganising their operations and those earning hard currency together with those that have operations outside Zimbabwe will offer a good hedge against the vagaries of the economy. However, the government has shown some fiscal discipline lately, which could support the stock market if maintained. While the market-friendly reforms under the current administration have been positive, challenges like inflation remain. Therefore, the ZSE is expected to remain stable in 2024, albeit with risks skewed to the downside. Further improving the foreign exchange regime and business climate would support more positive market performance.

Our general finding was that most of our counters are trading at a far much cheaper price to where they were in the comparative date, despite some positive changes the companies have made along the years, and below we give summaries of some of the picks for 2024.

The VFEX…

The Victoria Falls Stock Exchange (VFEX) in 2025 is cautiously optimistic, built on the foundation of stable foreign currency circulation which has been a significant draw for both issuers and investors. In 2024, the VFEX added two notable counters, Edgars Stores Limited and Invictus Energy, boosting the diversity and appeal of the bourse. However, challenges were evident with Bindura Nickel Corporation's suspension and National Foods completing its delisting process after receiving shareholder approval, signalling a potential revaluation of listing benefits.

Looking ahead, the VFEX's attractiveness might be tempered by the Ministry of Finance's decision to remove certain incentives, which could reduce the impetus for companies to list on the VFEX. Despite this, the bourse’s inherent benefits like dollar-denominated trading and tax advantages could still attract firms with export-oriented businesses or those looking to manage currency risk. The performance will largely depend on the macroeconomic environment in Zimbabwe, global investor sentiment towards emerging markets, and how the VFEX adapts to the new regulatory landscape. If foreign currency stability persists and new incentives or strategies are introduced, the VFEX might still see growth, but the removal of previous incentives introduces a layer of uncertainty.

TOP PICKS

COUNTER	COMMENT
DELTA CORPORATION	Delta Beverages presents a compelling investment opportunity driven by its robust financial performance and strategic market positioning. The company has demonstrated resilience in a challenging economic environment, achieving notable volume growth across key segments including Lager Beer (9%), Sparkling Beverages (10%), and Wines and Spirits (11%). Despite Zimbabwe's complex economic landscape characterized by currency instability and policy challenges, Delta has maintained strong revenue growth. The company's strategic strengths lie in its diverse brand portfolio, expanded production capacity and proactive market approach. Its market performance is further supported by resilient consumer spending driven by mining activities, infrastructure projects and steady diaspora remittances.
INNSCOR AFRICA	Innscor Africa Limited presents a compelling investment opportunity based on its revenue growth of 13.2% in FY2024, coupled with a 35% increase in Profit Before Tax, demonstrating its ability to drive both top-line and bottom-line growth in a challenging economic environment. This financial strength is further underscored by robust cash generation, with USD$106.103 million generated from operating activities, providing ample resources for future growth initiatives and shareholder returns. Innscor has demonstrated remarkable resilience and growth across its diverse portfolio of businesses. The company's ongoing investments in capacity expansion and new product development across various divisions position it well to capture market share and drive long-term growth.
SIMBISA BRANDS	Simbisa Brands Limited continues to present an attractive investment opportunity despite challenging economic conditions. The company demonstrated resilience by achieving a 5.9% increase in revenue, reaching USD$286.4 million while, maintaining strong cash generation with a 0.5% increase in cash from operating activities to USD$46.8 million. Simbisa's aggressive expansion strategy, which saw the opening of 73 new counters during the year, positions the company for future growth and increased market share across its diverse African markets. This aggressive expansion suggests strong potential for future revenue growth.
SEEDCO LIMITED	Seed Co Limited presents a compelling investment opportunity driven by robust agricultural dynamics and strategic positioning. The company's 73% revenue growth to US$18.9m, coupled with a 24% volume increase to 10,625mt, underscores its strong market performance. Anticipated elevated demand stems from food security concerns following the El Niño drought, with farmers and development partners showing increased interest in seed orders. Given the strong revenue growth, innovative product portfolio, adaptive strategies and increasing agricultural demand Seed Co Limited represents an attractive investment opportunity with significant potential for future growth.
ECONET	Econet is the biggest mobile network operator in Zimbabwe, controlling an estimated 64.9% of the market share of mobile subscribers. The group controls 65% of the mobile telecommunication market while, Netone and Telecel hold 31% and

	4% apiece. The company has managed to withstand the competition it faces through continuous digitalisation and new product portfolio. The company sell majority of its products in United States dollars (US$), therefore providing a hedge to its financials against currency depreciation and inflation on the local currency. The availability of USD$ airtime will enable the company to gain more revenue in foreign currency which is much stable than the ZWG and the customer base is likely to remain stable given its efficient product delivery compared to its peer. The group remains committed to maintaining its position as a market leader by continuous investment in network upgrades and increased 5G coverage. We believe Econet remains the most compelling stock on the ZSE driven by its strong market leadership status and its continuous digitalisation.
CALEDONIA	Caledonia Mining Corporation Plc offers a strong investment opportunity highlighted by several key advantages. The company benefits from the current gold price surge, standing at $2,660.65 per ounce with a 0.2% daily increase, which directly boosts revenue. Caledonia has managed to reduce its all-in sustaining costs through strategic operational efficiencies and by integrating renewable energy sources, enhancing profitability. Production is on an upward trajectory, evidenced by a 6% increase.
PADENGA	Padenga Holdings presents an attractive investment opportunity due to its diversity of gold mining operations which contributes 88% of the revenue. The company has demonstrated strong income generation, bolstering its financial position. Recent automation initiatives at its gold mine are expected to increase operational efficiency and reduce costs. Revenue increased significantly by 33% year-on-year while, Cash generation has been particularly impressive, with cash generated from operations up 63% to $21 million, demonstrating the company's ability to convert profits into cashflow. The company's diversified operations across gold mining and agribusiness provide some resilience against sector-specific risks. The combination of strong revenue growth, improved profitability, robust cash generation, advancing strategic projects and positive management outlook presents a compelling buy case for this company.
MASIMBA HOLDINGS LIMITED	Masimba has a strong order book of US$220 million and is well-positioned to benefit from the infrastructure boom in Zimbabwe over the next 5 years. The government has pledged to resuscitate ailing infrastructure which aligns directly with Masimba's construction services in areas of roads, housing, airports and power plants. Masimba has successfully executed many complex and high-profile projects across Zimbabwe which gives it a strong reputation and track record. The company is projected to deliver high earnings growth of 25-30% annually based on its current order pipeline and the favourable industry dynamics. Major national projects in roads, housing and airports anchor near-term growth. We believe the company's strong order book, growth trajectory, and discounted valuation make this an attractive investment.
AFRICAN SUN	African Sun Limited presents a strong investment case based on its operational and financial fundamentals. The company boasts of a diverse portfolio of hospitality assets across Zimbabwe, including iconic hotels and resorts like The Victoria Falls Hotel, which spreads risk and taps into various tourism segments. Operational improvements have been significant, with a US$11 million investment in capital expenditures aimed at enhancing facilities. The strategic disposal of non-core assets

	like the Monomotapa Hotel only provides liquidity but also focuses the company's resources on more profitable ventures, potentially boosting profitability. These fundamentals, combined with ongoing rebranding efforts to elevate brand value and attract a broader customer base
TIGERE REIT	Tigere Real Estate Investment Trust presents a compelling investment opportunity based on its strong financial performance and strategic positioning in the Zimbabwean property market. The trust has maintained 100% occupancy at its properties, with 91% of revenue collections in USD, indicating resilience in a challenging economic environment. Net property income for the period was robust at USD$769,885 while, the bottom line remained USD$528,862 despite adverse exchange movement. Tigere REIT has proven its ability to generate stable income. The property sector's insulation from currency fluctuations due to forex-based income generation provides an additional layer of security for investors. Moreover, the ongoing infrastructure developments in Zimbabwe are creating new opportunities in the property sector, which Tigere REIT is well-positioned to capitalize on.

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