**Global markets performance**

|  |  |  |  |
| --- | --- | --- | --- |
| Index | Dec-24 | Jan-25 | Monthly change |
| DJIA | 42,544.22 | 44,544.66 | 4.70% |
| S&P 500 | 5,881.63 | 6,040.53 | 2.70% |
| Nasdaq | 19,310.79 | 19,627.44 | 1.64% |
| Nikkei | 39,894.54 | 39,572.59 | -0.81% |
| FTSE 100 | 8,173.02 | 8,673.96 | 6.13% |

**Source: Yahoo Finance**

**Currencies**

|  |  |  |  |
| --- | --- | --- | --- |
| Currency | Dec-24 | Jan-24 | Monthly change |
| USD/EUR | 0.95995 | 0.96005 | -0.01% |
| USD/GBP | 0.79572 | 0.80349 | -0.97% |
| USD/JPY | 157.468 | 154.382 | 2.00% |
| USD/ZAR | 18.7365 | 18.5097 | 1.23% |

**Source: Oanda**

**Commodities**

|  |  |  |  |
| --- | --- | --- | --- |
| Commodity | Dec-24 | Jan-25 | Monthly change |
| Gold | 2,606.72 | 2,796.27 | 7.27% |
| Oil | 71.72 | 72.53 | 1.13% |
| Nickel | 15,300.00 | 15,435.00 | 0.88% |
| Silver | 28.94 | 31.67 | 9.43% |
| Platinum | 898.1 | 1033.2 | 15.04% |

**Source: Online Sources**

**Optimism driven by higher growth expectations**

Global equities rallied in the first month of the year on the back of higher growth expectations and optimism on US deregulation and tax cuts. Inflation data in the US highlighted easing inflation raising expectations that the Federal Reserve may cut interest rates for the second time. The Consumer Price Index rose in line with expectations at an annual rate of 2.9% in December while core inflation which excludes food inflation rose by 3.2%. This was below the expected figure of 3.3%.

A correction is expected for big tech stocks as the stocks are currently priced for perfection. A Chinese AI start up, DeepSeek adversely affected performance of tech stocks as it claimed that it is a rival of ChatGPT and was established at a fraction of ChatGPT’ s start-up cost. The Nikkei softened as tech stocks suffered the impact of the introduction of DeepSeek. Shares of Japan's Advantest, a chip testing equipment maker that supplies Nvidia backtracked as Nvidia suffered losses of $589 billion in its market cap from the impact of the Chinese technology.

On the currency front, the Japanese Yen appreciated as the bank of Japan raised its policy rate of 0.25% to 0.5%. This is the highest rate that the country has seen in 17 years. The bank also raised its inflation expectations, projecting an inflation rate of 2% or greater raising optimism that the rate hikes will continue. The Rand gained 1.23% as the US lowered its interest rate. The Reserve Bank of South Africa increased its rate from 7.25% to 7.5% as the month came to an end.

Elsewhere, platinum gained 15.04% in January on the back of strong demand from the automotive sector. According to the World Platinum Investment Council (WPIC), the precious metal is expected to remain flat in 2025, falling 1 percent to 7.86 million ounces. Silver surged 9.43% as the silver market is forecasted to record another significant deficit. Demand for the metal is industrial demand. Gold continued to surge on the back of geopolitical tensions and growing demand. The precious metal remains in an overbought territory and it likely to continue trading higher due to its hedging potential.

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**USD Inflation trend**

**Source: RBZ**

**Local Economy Review**

The wholesale and retailing sector were the largest contributor to GDP in the third quarter of 2024 according to ZIMSTATS with a share of 18.02%. However, three months down the line, the same is no longer the case.

The sector is becoming heavily informalised due to the low barriers to entry and heavy regulation on the formal business. OK Zimbabwe, is alleged to have closed five branches as a result. Another retailer, Choppies revealed that it had sold its local outfit whilst N Richards announced closure of four branches. Confederation of Zimbabwe Retailers highlighted that the closure of formal retailers is due to competition from the informal sector and exchange rate distortions in the economy.

The retail sector is seemingly going through a shift in which formal retailers are failing to adapt. Compared to formal businesses, smaller businesses have lower operating costs which gives them a competitive advantage. Some of them operate from the boot of their vehicles implying no licensing or utility costs. Furthermore, it is believed that some of their products are smuggled and hence do not pay taxes. The government has tried to intervene to level the playing ground enforcing tax collection from the informal sector.

Meanwhile USD inflation rose sharply in January on the back of medical aid contributions and food and non-alcoholic beverages. Month on month inflation stood at 11.50% compared to 0.6% in December 2024. Year on year inflation stood at 14.6%. In local currency terms, month on month inflation stood at 10.5% whilst the blended inflation stood at 11.60%.

On the currency front, the ZWG appreciated by 21% on the parallel market from ZWG 40 to ZWG 33. On the formal front, the ZWG depreciated by 2.15% from ZWG 25.7985 to ZWG 26.3656. The appreciation on the parallel market was driven by the lack of liquidity in the economy. However, statistics from the Reserve Bank has highlighted that in December money supply as measured by M3 increased by 4.98% to ZWG 87.45 billion.

Trade deficit in the past year stood at US$2.1 billion compared to $1.98 billion in 2023. According to Zimstats, the December deficit stood at $196.9 million compared to $47.1 mln in November. Exports declined by 23.5% to $692.4 mln. Tobacco and gold remained the top exports during the month. Imports declined by 6.6% to $889.3 mln. Mineral fuels and mineral oils were the top imports during the month of December.

**Source : RBZ and Smartvest**

**Source: RBZ**

**Weighted Inflation trend**

**EQUITIES MARKET PERFORMANCE**

|  |  |  |  |
| --- | --- | --- | --- |
| Indices | **Dec-24** | **Jan-25** | **Change** |
| ZSE All Share | 217.58 | 195.57 | -10.12% |
| ZSE Top 10 | 215.24 | 192.72 | -10.46% |
| ZSE Top 15 | 212.54 | 194.81 | -8.34% |
| Medium Cap | 227.6 | 227.72 | 0.05% |
| Small Cap | 100.11 | 100.11 | 0.00% |

**Source: ZSE**

**MOVERS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Dec-24** | **Jan-25** | **Change** |
| Zimpapers | 10.00 | 15.00 | 50.00% |
| ZHL | 13.55 | 19.55 | 44.27% |
| Star Africa | 2.00 | 2.50 | 25.00% |
| BAT | 8,036.00 | 9,900.00 | 23.20% |
| CFI | 418.00 | 480.00 | 14.83% |

**Source: ZSE**

**SHAKERS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Dec-24** | **Jan-25** | **Change** |
| SeedCo | 259.81 | 184.99 | -28.80% |
| Nampak | 130.00 | 89.95 | -30.81% |
| Fidelity Life | 62.05 | 40.05 | -35.46% |
| Proplastics | 148.15 | 85.00 | -42.63% |
| OK Zim | 53.00 | 30.10 | -43.21% |

**Source: ZSE**

**VFEX COUNTERS PERFORMANCE**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **31-Dec-24** | **31-Jan-25** | **Change** |
| African Sun | 2.36 | 4.4 | 86.44% |
| Axia | 8.8 | 8.06 | -8.41% |
| Bindura | 1.25 | 1.25 | 0.00% |
| Caledonia | 1600 | 1600 | 0.00% |
| Edgars | 1.23 | 1.25 | 1.63% |
| FCB | 4.37 | 4.19 | -4.12% |
| Innscor | 46.5 | 45.97 | -1.14% |
| Invictus Energy ZDRs | 10 | 10 | 0.00% |
| Natfoods | 175 | 175 | 0.00% |
| Nedbank ZDRs | 1200 | 1200 | 0.00% |
| Padenga | 18.97 | 17.1 | -9.86% |
| SeedCo Intl | 24.16 | 19.2 | -20.53% |
| Simbisa | 35.9 | 34 | -5.29% |
| WestProp | 1000 | 1000 | 0.00% |
| Zimplow | 1.2 | 1.7 | 41.67% |

**Stock Market Review**

Equities were under pressure during the first month of 2025 owing to the liquidity crisis in the economy. Sellers dominated the market as investors were trying to raise funds to meet their obligations. The benchmark All Share Index eased 10.12% whilst the blue-chip Top 10 Index dropped 10.12%. The Medium Cap Index gained 0.05% whilst the Small Cap Index remained unchanged.

Market capitalisation increased by 8% from US$1.66 bln to US$1.79 billion when assessed using informal rates. Turnover amounted to 168.95 mln shares worth ZWG199.73 mln. Foreign purchases amounted to ZWG 3.59mln whilst foreign sales totalled ZWG 4.14 mln. Foreign sales were dominated by Econet amounting to ZWG 3.6mln and OK Zimbabwe totalling ZWG 0.21 mln.

Zimpapers surged 50% to ZWG 0.15% and ZHL jumped 44% to ZWG 0.1955. Star Africa gained 25% to ZWG0.025, BAT eked out 23% to ZWG 99 and CFI added 15% to end the month at ZWG4.80. Star Africa in its interim financial statements to September 2024 highlighted that Goldstar Sugars’s production volumes increased by 66% whilst its sales volumes increased by 55%. Additionally, the company highlighted that plant maintained its certification by The Coca Cola Company and its Food Safety Certification under the FSSC 22000 series.

Retailer OK Zim backtracked 43% to ZWG0.3010 as the company closed is alleged to have closed 5 of its branches during the month. Proplastics dropped 43% to ZWG 0.85 and Fidelity lost 35% to settle at ZWG 0.4005. Nampak eased 31% to ZWG 0.8995 and Tanganda dropped 28% to close at ZWG 1.7930.

Nampak continues to trade under cautionary as the major shareholder is seeking to dispose its shareholding in the company to TSL. Tanganda also issued cautionary statement highlighting that that they intend to create a new class of shares to be known as Class A ordinary shares, which will be subsequently listed on the Victoria Falls Stock Exchange (VFEX) as a secondary listing. The company will also seek to raise US$8 million through a rights issue.

On the VFEX, the All Share Index lost 1.02%. Natfoods delisted from the bourse at the end of the month. A total of 24.73 mln shares worth $11.63mln were traded on the exchange. African Sun surged 86.44% to close at $0.044 as the hotelier continues to trade under cautionary. Zimplow gained 41.67% to $0.017. Seedco Int lost 23.1% to $0.192. Padenga dropped 9.86% to $0.171.

**Source: ZSE**

**Outlook**

The economic environment has remained challenging characterised by liquidity challenges, exchange rate disparities and erratic power cuts. The recently presented Monetary Policy Statement maintained a tight monetary stance. Bank accommodation rate was kept high at 35%. RBZ maintained the statutory reserves at 30% and 15% respectively for USD and ZWG balances. These are the same policies that saw liquidity tightening in the last quarter of 2024.

We therefore anticipate the activity in the economy to remain slow. Already the year has started on the back foot with retailers with retailers feeling the heat of the distortions on the exchange rate front. One of the retailers, OK Zimbabwe, is alleged to have closed five branches as a result. Another retailer, Choppies revealed that it had sold its local outfit whilst N Richards announced closure of four branches. In other sectors, CBZ Holdings downsized its employee base by 347. Another listed entity, Hippo Valley has also issued statements of its intent to also scale down on employment numbers.

All this translates to loss of employment and rental income to owners of properties that were being used by these companies, amongst them pension funds. This will definitely impact on projected 6% growth rates for 2025 if no concrete solution comes from the powers that be.

On the agricultural front, the country has received above normal rainfalls and output is expected to increase resultantly. Grain imports are expected to decline and hopefully help reduce the country’s trade deficit. Inflation figures in the past month highlighted a sharp rise in food inflation, we anticipate that food inflation is likely to remain high until the end of the quarter when the harvesting season commences.

Meanwhile equities have remained under pressure, investors may shrug this as a cool off following the last year’s bull run. We expect equity markets to make further progress over the year largely driven by positive earnings especially in companies with strong volume demand. However, they are increasingly vulnerable to further losses driven by low liquidity in the market. It remains crucial for investors to diversify their portfolio to maintain value of their investments.

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