

SMARTVEST May 2026 Newsletter

Enthusiasm over AI drives equity gains

Table 1: Global Equities Performance

Index	April	May	Change
DJIA	49,652.14	51,032.46	2.78%
S&P 500	7,209.01	7,580.06	5.15%
Nasdaq	24,892.31	26,972.62	8.36%
Nikkei	59,284.92	66,329.50	11.88%
FTSE 100	10,208.89	10,409.28	1.96%

Source: Yahoo Finance

Table 2: Commodities

Commodity	April	May	Change
Gold	4,560.79	4,495.57	-1.43%
Oil	114.66	94.44	-17.63%
Silver	71.82	75.71	5.42%
Platinum	1,995.00	1,929.50	-3.28%
Nickel	19,284	18,875	-2.12%

Source: Online

Table 3: Currencies

Currency	April	May	Change
USD/GBP	0.74004	0.74525	-0.70%
USD/EUR	0.85415	0.85993	-0.67%
USD/JPY	159.486	159.384	0.06%
USD/ZAR	16.5576	16.3336	1.37%

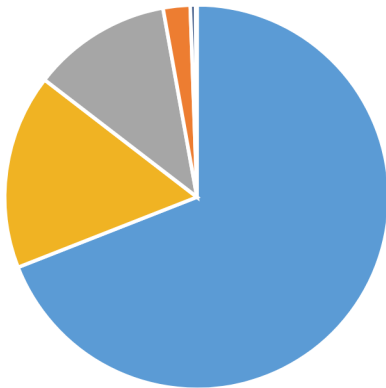
Source: Oanda

Equities gained momentum in May on the back of strong corporate earnings and sustained enthusiasm for AI and semi-conductor stocks. The conflict in Iran has remained a dominant macro variable for risk asset pricing during the period. Despite the positive performance on the equities front, growth concerns have remained persistent especially in China and the Eurozone.

Gold lost 1.43% for the month. The precious metal had a technical correction after reaching a high of \$5,500 on 28 January. Price weakness was also a result of the better-than-expected nonfarm payroll numbers and the robust wage growth in the US which reduced optimism of a further rate cut by the Fed. Oil prices declined by 17.63% as markets remained optimistic of a peace deal between US and Iran. The price was also affected by a slowdown in demand from China.

The US dollar strengthened against major currencies on the back of higher bond yields as investors sought a safe haven as well as renewed energy market risks and the geopolitical tensions in the Middle East. The Euro was affected by the region's PMI which stood at 47.5 compared to 48.8 in April highlighting a potential deterioration in business activity.

Composition of Money Supply



■ FX Transferable Deposits	69.05%
■ Local Currency Transferable	16.39%
■ FX Time Deposits	11.72%
■ Local Currency Time Deposits	2.28%
■ NCDs	0.44%
■ Currency in Circulation	0.13%

Source: Reserve Bank of Zimbabwe

Statistics from the Reserve Bank of Zimbabwe (RBZ) show that broad money supply rose by 42.99% from ZIG 83,811.71 million in March 2025 to 119,838.71. The increase reflected annual expansion of 40.38% and 55.08% in foreign and local currency components respectively.

Over the years, evidence on the ground has proved a positive correlation between growth in money supply and exchange rate depreciation. The increase in money supply could possibly explain why the depreciation on the exchange rate on the parallel market has moved to around 34 from between 30 to 32. However, formally the local unit has remained stable being range bound between 25 and 27.

In response, RBZ floated, issuing ZIG denominated term deposit facility with a tenure between 30 to 90 days. A total of ZwG 477.2 million was subscribed to by financial institutions. The first ZwG 110 was for 30days at 8% per annum whilst the balance going for 90 days at 11% per annum. The mopping up of local currency is expected to bring stability to the exchange rate and keep inflation under check.

USD monthly Inflation in May declined to 0.3% from to 1.1% in April. Annual USD inflation stood at 2.2%. Increases in prices were mainly observed for food and non-alcoholic beverages. ZwG monthly inflation rate was 0.5% compared to 1.1% in April, with increases being driven by the non-alcoholic division. Annual Inflation stood at 4.4% after easing 0.4%. Weighted month-on-month inflation rate was 0.4% in May 2026. Efforts from authorities remain on ensuring the country has low inflation as this is key for a transition to mono currency. A correction in fuel prices in line with trends on the international market will also impact positively on the inflation dynamics locally.

Positive earning drive market performance

Table 4: ZSE Performance

ZSE Index	April	May	Change
All Share	365.17	389.26	6.60%
Top 10	363.18	384.31	5.82%
Top 15	377.99	397.90	5.27%
Medium Cap	399.47	437.76	9.59%
Small Cap	100.00	100.00	0.00%

Source: ZSE

Table 5: Top Movers

Name	April	May	Change
Tanganda	237.5625	597.6279	151.57%
TNCI	10.0533	14.50	44.23%
Ariston	4.5846	6.00	30.87%
ZSEH	101.9724	119.25	16.94%
CBZ	1,516.43	1,750.00	15.40%

Source: ZSE

Table 6: Laggards

Name	April	May	Change
FML	289.00	165.5667	-42.71%
DZLH	297.9729	236.30	-20.70%
Proplastics	148.0952	123.25	-16.78%
Unifreight	180.00	150.00	-16.67%
ZHL	80.0417	69.00	-13.79%

Source: ZSE

The ZSE continued on a bullish streak buoyed by positive corporate earnings and optimism of sustained stability on the exchange front. Quarterly updates highlighted strong performance and DZLH's update highlighted strong growth in volumes. The All-Share Index surged 6.60% and the blue-chip Top 10 Index eked out 5.82%. The Top 15 Index rose 5.27% and the Medium Cap Index added 9.59%. ZSE recorded an outturn of 81.4 million shares worth ZIG 531.1 million. Market capitalisation stood at US\$3.3 billion.

Tanganda surged 151.57% to close at ZIG 5.98. Ariston added 30.87% to ZIG 0.06 despite the company reporting in its first quarter trading update that its tea production volume stood at 111 tonnes, 77% lower compared to the prior comparable period. FML lost 42.71% to close at ZIG 1.66 despite the company an increase of 6% in its first quarter revenues to US\$50.9 million. Dairibord backtracked 20.70% to close at ZIG2.36 despite reporting a growth of 26% in volumes in the first quarter.

Table 7: VFEX Top Movers

Name	April	May	Change
Zimplow	5.07	11.50	126.82%
FCB	10.75	14.84	38.05%
Padenga	90.20	107.54	19.22%
Axia	13.01	14.02	7.76%
Innscor	128.91	130.00	0.85%

Source: VFEX

Table 8: VFEX Shakers

Name	April	May	Change
Edgars	20.00	4.52	-77.40%
Caledonia	5,900.00	4,666.35	-20.91%
Nedbank ZDRs	1,950.00	1,800.00	-7.69%
SeedCo Intl	31.77	30.50	-4.00%
Simbisa	68.01	66.95	-1.56%

Source: VFEX

On the VFEX, equities remained buoyant although demand was concentrated on the heavily capitalized counters. The momentum on the stock exchange is driven by positive corporate earnings as well as limited investment option that are US\$ denominated. The All-Share Index eked out 7% and the market capitalisation of the bourse stood at US\$3.7 billion. A turnover of 42 million shares worth \$16.8 million was recorded over the month. Zimplow surged 126.82% closing at \$0.115 as the company returned to profitability recording a bottom line of \$114,921 as a result of measures implemented in the past year. FCB jumped 38.85% to \$0.1484 as investors exploited the undervaluation of the stock on the exchange. Edgars tumbled 77.4% to \$0.0452 as the counter experienced a technical correction in its pricing. Caledonia eased 20.91% to close at \$46.66 as the miner reported in its first quarter report that production during the quarter was adversely affected primarily by constrained access to higher-grade areas. This meant that although tonnes milled were slightly higher than the comparative quarter, the head grade reduced from 3.1g/t to 2.5g/t, resulting in a lower recovery.

Globally, there are many developments that are competing for investors' attention. The conflict in the Middle East to concerns around energy supply and overall impact on global logistics. Energy markets are dependent on the timing of a peace deal between the US and Iran and the opening of the Strait of Hormuz. On the US\$ front, the dollar is expected to depreciate against major currency due to budget deficits as well as upcoming policy shifts.

Locally, the economy is expected to grow by 5%. However, key downside risks include the tension in the Middle East, adverse weather shocks and correction in the prices of commodities such as gold. The contribution from the agriculture sector is likely to decline going forward owing to the outlook of a possible drought in 2026 as the country is expected to experience El Nino in the 2026/27 rain season.

Going forward, focus is on the mid term policy review as the attention is attuned on the much need fiscal and monetary easing. However, we anticipate that the government will continue to implement its tight fiscal policy as they seek to maintain the stability that has been experienced since the past year. We further expect more funding to be allocated towards funding ongoing infrastructure works. This might possibly come with new tax measures broaden government revenues.

On the equities front, demand is likely to remain focused on the leading stocks as positive fundamentals continue to support equity markets. Timing remains of essence for investors seeking to exploit under-pricing opportunities. We continue to focus on companies that are dominant in their respective sectors. Cannibalisation is expected to continue on the ZSE as companies move to the VFEX, with TSL being the latest to announce its intention to move the foreign currency denominated bourse. FMP is expected to delist from the exchange.

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