



SMARTVEST Q3 2026 Newsletter

Global Economic Review

Geopolitical tensions remained elevated during the third quarter of 2026. The conflict in the Middle East contributed to heightened volatility in global energy prices thereby inducing inflationary pressures. In the US, year on year headline CPI inflation stood at 3.4% in August against 2.4% for the core inflation highlighting the impact of energy prices on Inflation. The difference between the two is that the former takes into consideration food and energy prices which tend to be more volatile. These two aspects are excluded when measuring the core inflation figure.

Similarly, in the Eurozone, annual inflation is estimated to have increased to 3.8% in September 2026, up from 3.2% in August according to a flash estimate from Eurostat. Energy is expected to have the highest annual rate in September (18.8%, compared with 14.3% in August).

Market gains were mainly concentrated for tech companies and AI stocks and this mainly benefitted the S&P 500 and the NASDAQ. In contrast, Japan's Nikkei 225 declined by 4.72%, weighed down by a broad sell-off in semiconductor stocks and escalating tensions in the Middle East, which

fuelled a surge in energy prices and heightened market uncertainty.

Commodity markets recorded strong gains amid heightened geopolitical tensions, particularly in the Middle East. Oil prices remained highly volatile, reacting to developments surrounding military operations, announcements of potential peace agreements and strikes on critical energy infrastructure across the region.

Nickel prices declined as expanding supply exerted downward pressure on the market. Increased output and the resumption of nickel exports from the Democratic Republic of Congo (DRC) contributed to the softer price performance.

The USD performance was rather mixed during the quarter. At the beginning of the quarter, the unit gained momentum by economic resilience and with much of the gains being erased by broader concerns over currency pressures. The Yen appreciated on the bank of interventions and the Bank of Japan hikes. The Rand appreciated as the country's trade and export revenues increased due to favourable commodity prices.

Table 1: Global Equities Performance

Index	Q1 2026	Q2 2026	Q3 2026	YTD
DJIA	-3.58%	12.90%	-2.70%	5.91%
S&P 500	-4.63%	14.87%	2.03%	11.77%
Nasdaq	-7.11%	21.41%	2.47%	15.57%
Nikkei	2.49%	35.80%	-4.72%	32.61%
FTSE	8.36%	-2.05%	1.04%	7.25%

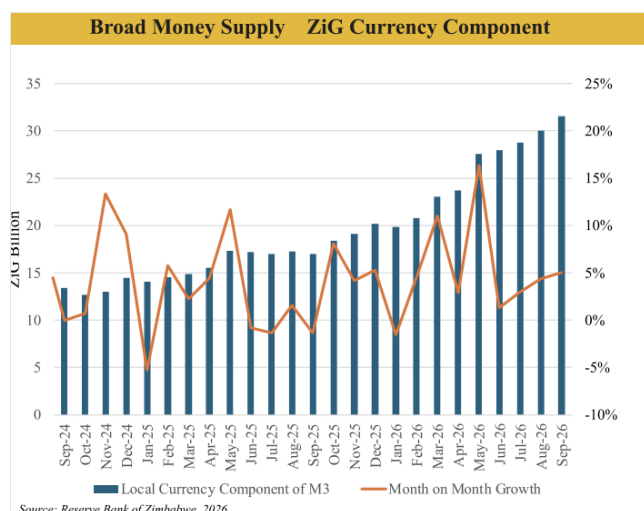
Table 2: Quarterly Commodity Performance

Commodity	Q1 2026	Q2 2026	Q3 2026	YTD
Gold	3.94%	-10.98%	4.24%	-3.54%
Silver	-3.08%	-16.42%	5.34%	-14.67%
Oil	81.91%	-34.12%	40.65%	68.55%
Platinum	-3.70%	-18.64%	9.46%	-14.24%
Nickel	2.27%	-3.47%	-2.55%	-3.79%

Table 3: Currencies

Currency	Q1 2026	Q2 2026	Q3 2026	YTD
USD/EUR	2.44%	0.66%	0.53%	3.67%
USD/GBP	2.04%	-0.07%	-0.01%	1.97%
USD/JPY	2.23%	1.38%	-2.77%	0.76%
USD/ZAR	3.14%	-4.19%	-0.10%	-1.27%

Fig 1: Broad Money Supply – ZiG Currency Component



Source: RBZ

On external trade, the current account ended the fiscal year 2025, with a surplus of US\$2.1 billion or 3.6% of the country's GDP. The position was supported by high gold exports and diaspora remittances. The 2026 position might be higher. High energy prices because of geopolitical wars will increase the cost of imports. However, these could be high gold prices which will increase the value of imports. According to the central bank, the country recorded consecutive trade surpluses during Q3 2026, with the surplus increasing from US\$320.0 million in July 2026 to US\$526.5 million in August 2026. Currency inflows are estimated at US\$15.9 billion over the first nine months of 2026, compared to US\$11.9 billion in the same period in 2025.

On the currency front, the exchange rate has remained stable owing tight monetary measures. The month-on-month growth in the local currency component of broad money (M3) has averaged 5.2% from January to September 2026. Money supply will remain closely monitored to maintain macroeconomic stability. The central bank went into the

The local economy has remained resilient despite the external shocks from the Middle East conflict. Economic resilience remain supported by the strong mining activity and the record high gold prices as well as the positive performance from the agriculture sector. According to the IMF, growth is projected at 5% in 2026 and is expected at 4.2% in the medium terms. Key risks to the growth projection are emanating from the energy price shocks and trade disruptions from the Middle East war, the gold price volatility and domestic policy slippages. Inflation is expected to remain a single digit as the authorities continue to implement tight macroeconomic pressures to ensure stability as well as achieve the conditions set for the transition to mono currency.

market with its third ZiGDTDF offer to raise ZiG500 million for 30 days at an interest rate of 8% per annum and the subscription rate was 98%. According to the RBZ, since inception on 4 June 2026, the three ZiGDTDF issuances have attracted a total of ZiG957.7 million, promoting a domestic savings culture and supporting monetary and price stability.

Monthly USD inflation in September was at 0.3% compared to 0% in August whilst year on year rose from 3.1% to 3.5%. ZiG monthly inflation stood at 0.5% compared to 0.1% in the prior month. On a yearly basis, ZiG inflation was 3.7%, adding 0.8%. Weighted inflation stood at 3.6% compared to 3.2% in August. Across all measures of inflation, increases were mainly observed on Housing, Water, Electricity, Gas and other fuel divisions. Going forward, we anticipated that inflation will be maintained below 6% in order to maintain stability. A low inflation remains one of the key requisites for the transition to monocurrency.

Table 4: ZSE and VFEX Indices

Index	Jun-26	Sept-26	Change	YTD
ALL SHARE	417.81	472.15	13.01%	69.92%
ZSE Top 10	423.32	462.71	9.31%	64.21%
ZSE Top 15	434.22	473.75	9.10%	65.77%
Medium Cap	421.44	544.54	29.21%	95.77%
Small Cap	100.11	100.11	0.00%	0.00%
VFEX Indices				
VFEX All Share Index	254.12	269.35	5.99%	52.07%

Source: ZSE and VFEX

Listed equities managed to extend some gains despite a mixed trading quarter. Both exchanges experienced periods of profit taking. Demand on the exchanges has remained focussed on the bell weather counters such as Delta, CBZ, Innscor, Simbisa and Padenga. Results published during the quarter highlighted both strong volume and revenue growth. Investors have remained optimistic of the macroeconomic stability in the economy as well as achievement of the growth projection of 5% in the current year. The reduction of the banking policy rate from 30% to 27.5% also bolstered the sentiment on the stock market.

The ZSE All Share Index surged 13.01% and the blue-chip Top 10 Index gained 9.31%. The Medium Cap Index was 29.21% firmer. However, the Small Cap Index remained unchanged. Market capitalisation stood at ZWG 105.6 billion equating to US\$4.08 billion when assessed using the official exchange rate. During the quarter, Old Mutual and TSL migrated from the ZSE to the VFEX. Going forward, cannibalisation between the two bourses is set to continue as DZLH, Tanganda and Ariston have highlighted their intention to delist and relist on the VFEX.

VFEX

On the VFEX, the All-Share Index surged 5.99% and the market capitalisation closed the period at \$8.24 billion, with almost 50% being concentrated in Old Mutual. Whilst the exchange welcomed new listings from the ZSE, Edgars delisted from the bourse citing high listing costs and a thin trading market. This was a second delisting following the delisting of African Sun earlier in the year. Edgars opted to be a private company, and minority shareholders were offered a cash buyout of \$0.0248 per share by the controlling shareholder. All listings since the year began have been migrations from ZSE. No new company has listed on both bourses so far this year.

Demand for equities remains high in selected counters in which investors are optimistic about the earnings potential of the respective businesses. The migration of counters from the ZSE to the VFEX continues, leaving ZSE demand concentrated on a handful of highly liquid counters. On the VFEX, demand remains focused on the leading names.

Since the beginning of the year, the US dollar-denominated exchange has seen Edgars and African Sun opting to delist.

Investable options in the economy continue to shrink, driving increased investment in private equity and private debt. The risks associated with this asset class are considerably high, and liquidity is low. Valuation risk is elevated as mispricing could lead to distorted NAVs and false sense of performance until a realization event. Additionally, there could be lock in period in which the investor can only exit the investment after a certain period of time. Early investors are likely to enjoy high returns through a first-mover advantage, but returns on the asset class are expected to decline over the medium to long term as capital flows increase into the asset class.

Property remains attractive for value preservation. Listed ETFs continue to be an appealing option, offering liquidity and quarterly returns. Demand for land in peri-urban areas for residential developments and that suitable for clusters remains strong.

The country's economic performance is expected to remain resilient, supported by the mining sector. High commodity prices have boosted export receipts this year, cushioning the surge in energy imports. The IMF projects medium-term growth of 4.2%, although downside risks remain elevated. The El Niño forecast is likely to derail the upcoming raining season, and below-average rainfall could result in a poor harvest. Past seasons which had below average rainfall, saw tobacco output dropping by roughly 29% in 2019/20 and 22% in 2023/24. The need for food aid will likely be high, and with foreign aid declining, the government will bear most of the cost. Commodity price risk also remains elevated given the country's dependence on the mining sector.

On the currency front, all efforts are directed at meeting the conditions precedent to the transition to a mono-currency. However, it would seem use of the local unit in transactions remains low, and confidence in it as a store of value remains subdued. We continue to monitor monetary developments closely. Inflation has remained in single digits; however, the continued surge in fuel prices threatens its stability. The exchange rate has remained stable on both the parallel market and officially as the authorities continue to control money supply growth. Open market operations continue to record significant success; i.e. the ZiGDTDF issuances had a success rate of 98%. We continue to monitor interest rate developments as the recent rate cut (from 30% to 27.5%) came at a time when developed countries were increasing their interest in the wake of an increase in inflation due to high energy costs.

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