



# Economic Outlook

## Southern Africa Insurance Indaba

18-21 Nov 2025, Victoria Falls

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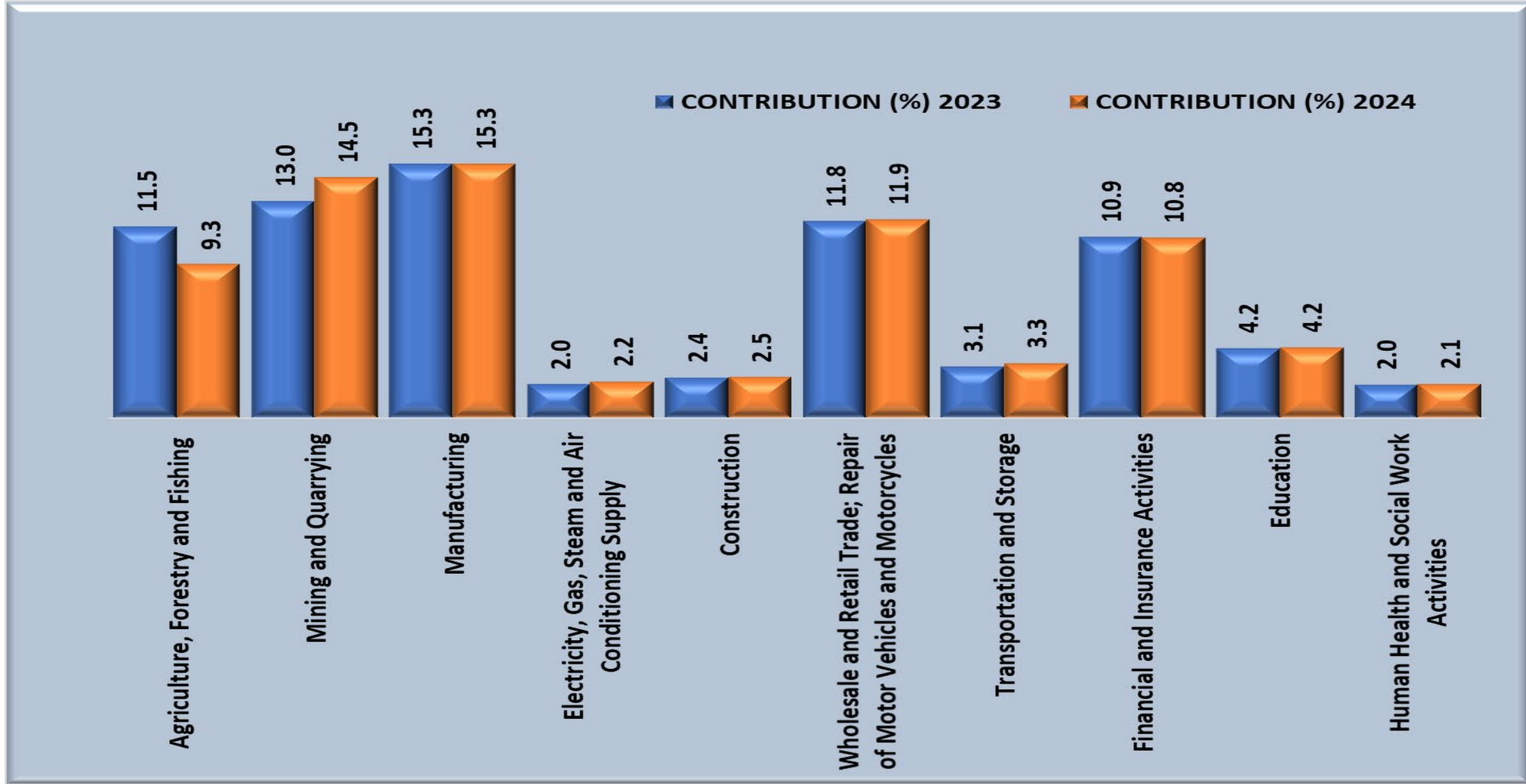
# Outline

- Economic sectors –understanding the structure of the Zim economy
- Current state of the Zimbabwe economy
- Zimbabwe's macroeconomic trends
- Currency and inflation issues in Zimbabwe
- Major risks and mitigation strategies
- Regional, continental, and global economic perspectives
- Performance and outlook of listed firms
- Opportunities within financial markets for insurance companies
- Conclusion

# Economic sectors and their contribution

| Sector   | 2024         |             |             |             | 2025       |             |
|--|--------------|-------------|-------------|-------------|------------|-------------|
|  | Q1           | Q2          | Q3          | Q4          | Q1         | Q2          |
| Agriculture, Fishing and forestry                    | -21.6        | -24.1       | -34.0       | 15.1        | 12.8       | 42.5        |
| Mining and Quarrying                                 | 6.0          | 8.1         | 12.2        | 24.8        | 0.1        | 16.5        |
| Manufacturing  | 19.5         | 9.1         | 0.1         | -15.6       | 1.1        | 4.6         |
| Electricity, Gas, Steam and Air Conditioning Supply  | 55.0         | -3.7        | 4.6         | 2.6         | 7.5        | 31.2        |
| Water Supply; Sewerage, Waste Management             | 18.4         | 11.3        | -15.2       | -1.0        | -22.1      | -21.9       |
| Construction   | 10.6         | -3.5        | 24.0        | -9.5        | -6.3       | -0.3        |
| Wholesale and retail trade; repair of motor vehicles | -5.8         | 4.6         | 9.1         | 3.2         | 3.7        | 1.4         |
| Transportation and Storage                           | 13.5         | 13.2        | 10.2        | 0.6         | 33.6       | 21.7        |
| Accommodation and Food Service Activities            | -0.9         | -11.6       | -2.7        | -8.9        | -0.6       | 3.8         |
| Information and Communication                        | 2.9          | 2.9         | 0.9         | 3.3         | 7.2        | 10.9        |
| <b>Financial and Insurance Activities</b>            | <b>-13.1</b> | <b>-4.7</b> | <b>13.7</b> | <b>13.0</b> | <b>8.8</b> | <b>9.6</b>  |
| Real Estate Activities                               | -0.9         | 1.2         | 4.4         | 3.7         | 8.6        | 8.5         |
| Professional, Scientific and Technical Activities    | -20.5        | 0.2         | 16.8        | 9.7         | 24.5       | 1.2         |
| Administrative and support service activities        | -11.0        | -15.2       | 8.8         | 31.2        | 8.1        | 8.2         |
| Public Administration and Defense                    | 12.6         | 14.9        | 3.1         | 3.3         | 4.7        | 4.9         |
| Education  | 0.2          | 2.5         | 3.0         | 5.5         | 4.7        | 6.5         |
| Human Health and Social Work Activities              | 3.8          | 2.9         | 4.6         | 5.5         | 4.7        | 7.0         |
| Arts, Entertainment and Recreation                   | 3.3          | 3.2         | 4.6         | -6.1        | -2.8       | -1.6        |
| Other Services                                       | -1.9         | 6.5         | 0.7         | 2.1         | 2.8        | 0.5         |
| Domestic services                                    | -15.1        | 7.1         | 1.4         | 13.8        | 3.1        | -1.5        |
| <b>Overall Growth Rate</b>                           | <b>-0.6</b>  | <b>0.0</b>  | <b>2.2</b>  | <b>4.7</b>  | <b>5.4</b> | <b>11.5</b> |

# Finance and insurance contribution in 2023 -24



# Current state of the economy

- The economy is currently performing well, driven by macroeconomic stability, a good agricultural season and booming gold prices
  - Positive growth rate (projected to be 6% in 2025)
  - Stable ZiG (USD1=ZiG 25.6, which was 26.9 on 31 May)
  - Month-on-month weighted inflation very low (0.2% in October) and year-on-year at 16.8%
  - Month-on-month ZiG inflation was -0.4% in October, and USD at 0.3%
  - Increased inflow of foreign currency (total foreign currency receipts reaching US\$9.2 billion by October)
- The economy is expected to maintain strong momentum in 2026 (MoF, IMF, WB, AfDB)

# Current macroeconomic challenges

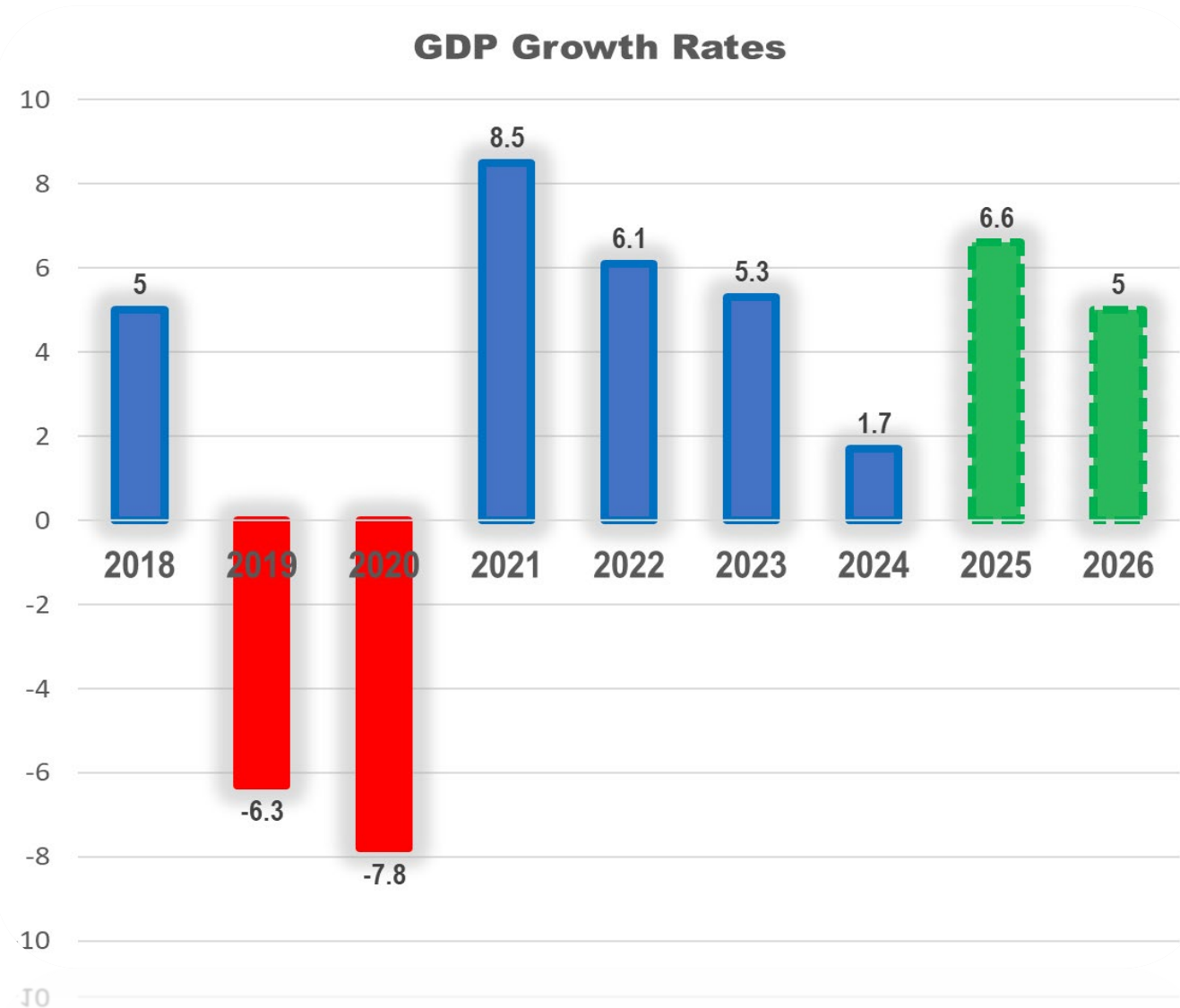
- Elevated fiscal risks, particularly high public debt (over \$23 billion in 2024), continue to be a major concern (fear of crowding-out effect)
- High informality (76%) is a major challenge (considered an independent economy with billions of dollars)
- Treasury arrears, causing markets to be concerned about the sustainability of the current stability.

# Implications for the insurance market

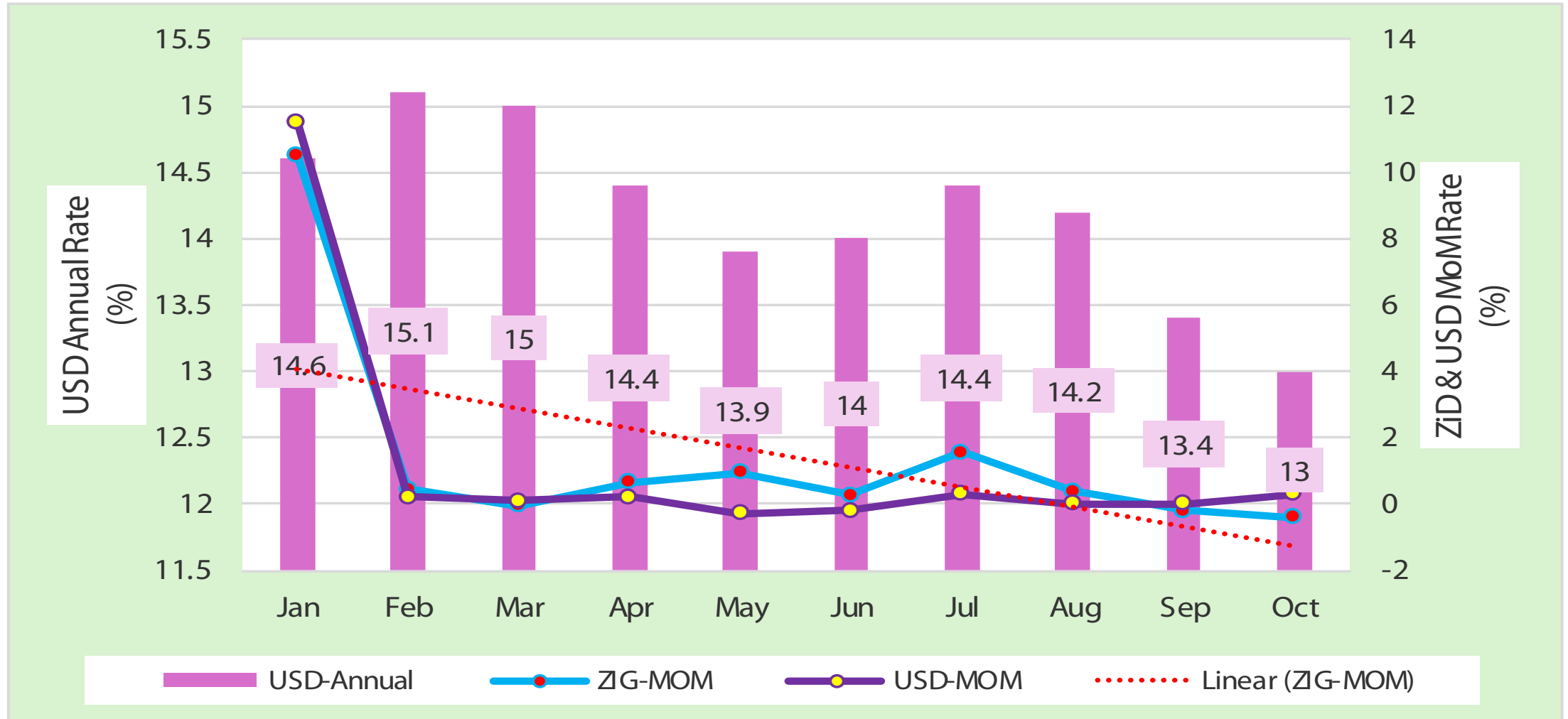
- Income growth is a key determinant of the demand for insurance (positive for the insurance market)
- Macroeconomic stability is key to building consumers' and suppliers' confidence – very crucial in Zimbabwe, given what happened in the late 2000s
- A high level of informality challenges insurance suppliers to think outside the box and find strategies to penetrate the informal market

# Macroeconomic trends – economic growth

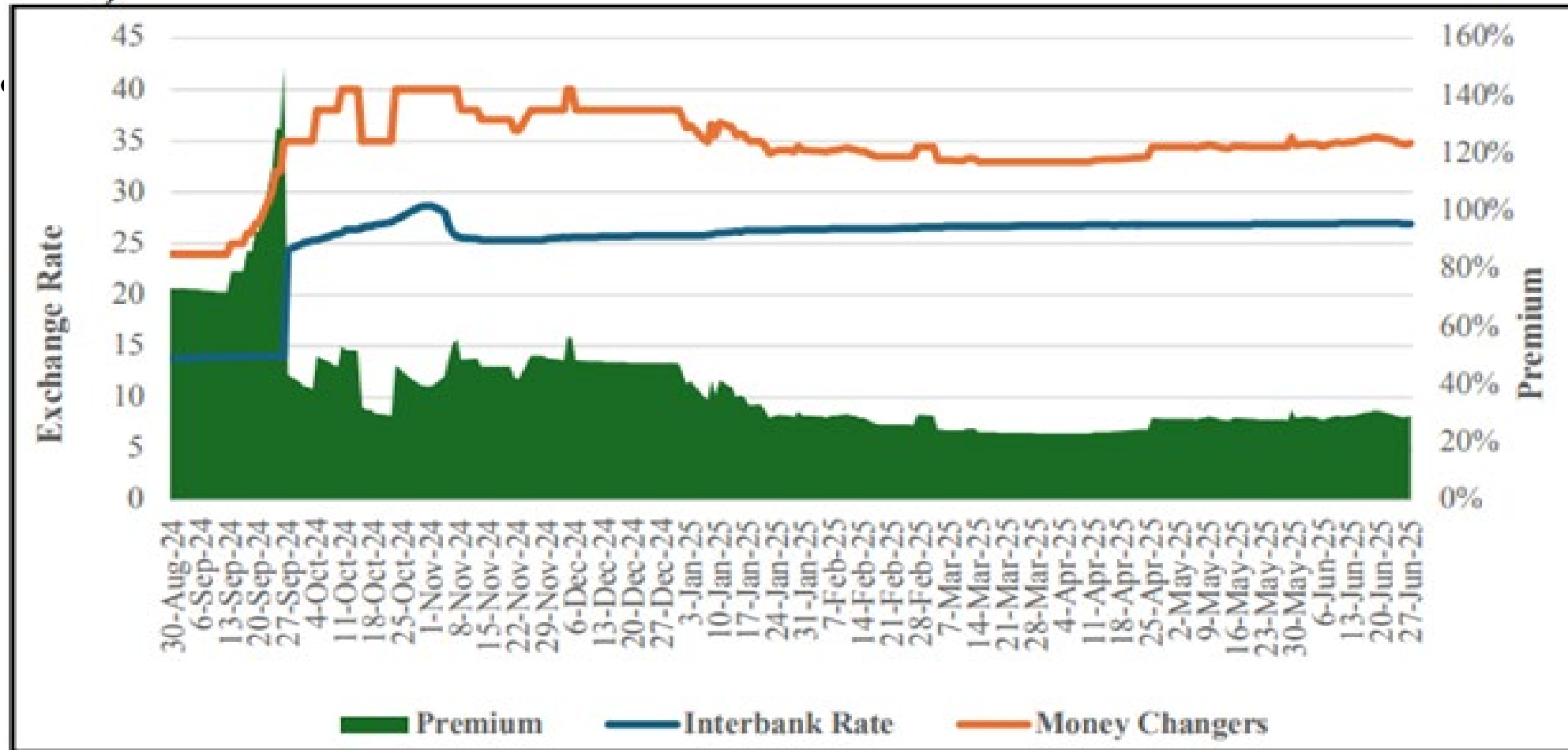
- GDP growth was 1.7% in 2024
- GDP grew by 7.01% during the second quarter of 2025, mainly driven by growth in mining and quarrying (28.56%), accommodation and food services (23.01%), electricity supply (18.17%) and agriculture (12.06%).
- Expected to grow by 6.6% in the year of 2025 and by 5% in 2026 (RBZ Quarterly Economic Review)
- Share of financial and insurance output in national output is expected to grow in 2025, largely due to macroeconomic stability
- If the current stability is sustained, then demand for insurance products is likely to grow this year and in 2026



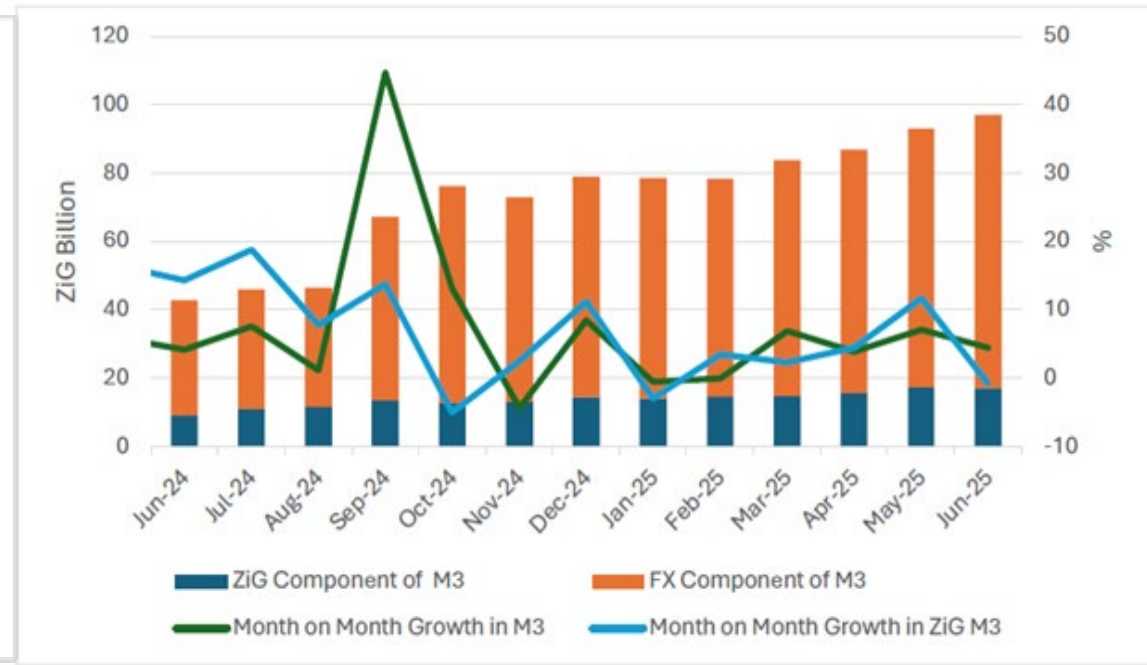
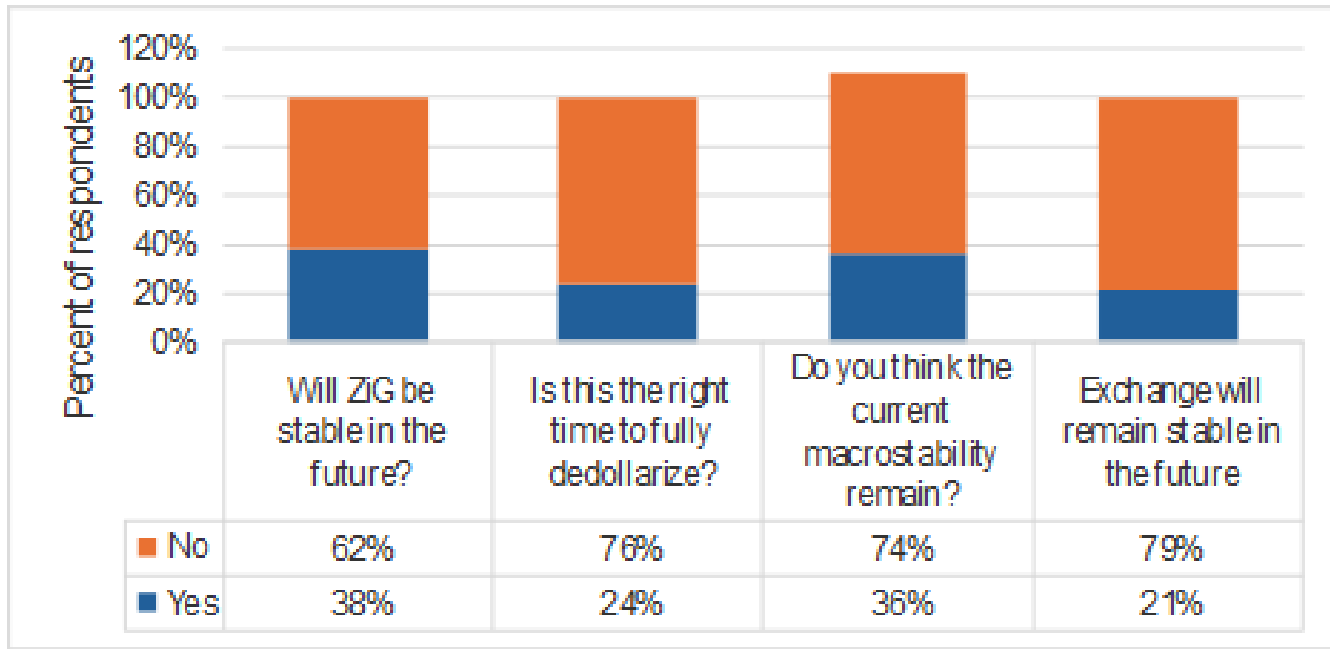
# Inflation trends



# Exchange rate trends



# Currency issues and confidence

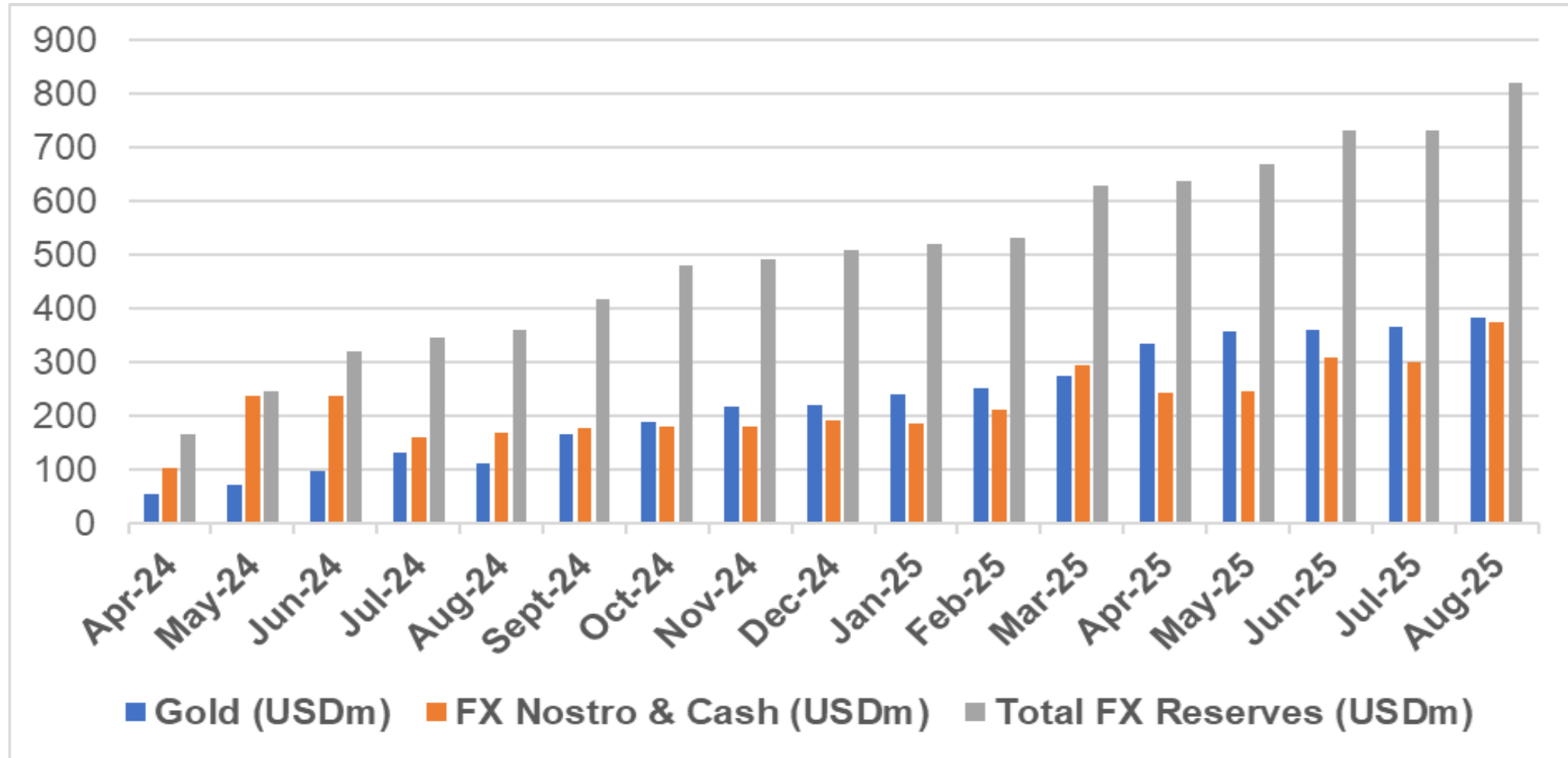


## Survey done by institution X

- Businesses are still sceptical about de-dollarisation
- Many still want to de-dollarization to wait
- They are not sure whether the current stability will be sustained

- The Central Bank talk is on the road to monocurrency
- Certain milestones have to be achieved (preference is on the creation of demand for ZIG rather than legislation)
- The share of USD in transactions is still too large

# Foreign currency reserves growth (Source: RBZ)



# Bank deposits in Zim

- Banking sector deposits have maintained an upward trajectory
- Sustained growth in both ZiG and Foreign Currency deposits, although the ZiG share is still small (less than 20%)
- Banking sector stability is underpinned by both adequate capital and adequate liquidity to support economic activity and growth (RBZ)

# Currency/inflation risk and mitigation strategies

## Risk

- Weak sustainability of the current macroeconomic stability (price and exchange stability) in the presence of arrears coming from the Treasury.
- Future currency instability and frequent changes in exchange rates between the Zimbabwean dollar and other currencies, eroding the value of insurance payouts and complicating policy pricing.

## Mitigation strategies

- Currency hedging: put portions of underwriting and investments into stable currencies
- Build inflation-sensitive product design: e.g., index-linked coverages, claims escalation built in.
- Matching assets to liabilities: Ensure investments and reserve holdings reflect the currency-and-inflation exposure of liabilities (claims)

# Informality risk and mitigation strategies

## Risk

- High informality leading to low uptake of insurance products.
- Economic hardships leading to reduced disposable incomes, resulting in low uptake of new insurance policies and increased policy lapses
- Shrinking formal industrial base, fewer employer-sponsored insurance plans, high unemployment, and retrenchment rates, reducing the pool of potential policyholders

## Mitigation

- Expand and develop new micro insurance products.
- Partnerships: Work with cooperatives, community organisations, and micro-finance institutions to reach the informal sector.
- Intensify digital/mobile-based products
- Awareness programmes
- Incentives like no claim bonuses

# Regional, continental, and global economic growth

- Global economic growth revised upwards to 3.0% in 2025 and 3.1% in 2026, driven by lower-than-expected US tariff rates, improved financial conditions, and fiscal expansions in key economies
- Economic growth in Sub-Saharan Africa is projected to remain steady at 4.0%, the same rate as in 2024, before rising modestly to 4.3% in 2026.
- Nigeria's growth outlook has been adjusted upward by 0.4 percentage points for 2025 and 0.5 percentage points for 2026, largely driven by higher oil prices
- Growth in advanced economies is expected to reach 1.5% in 2025 and rise slightly to 1.6% in 2026

# Global inflation and commodity prices outlook

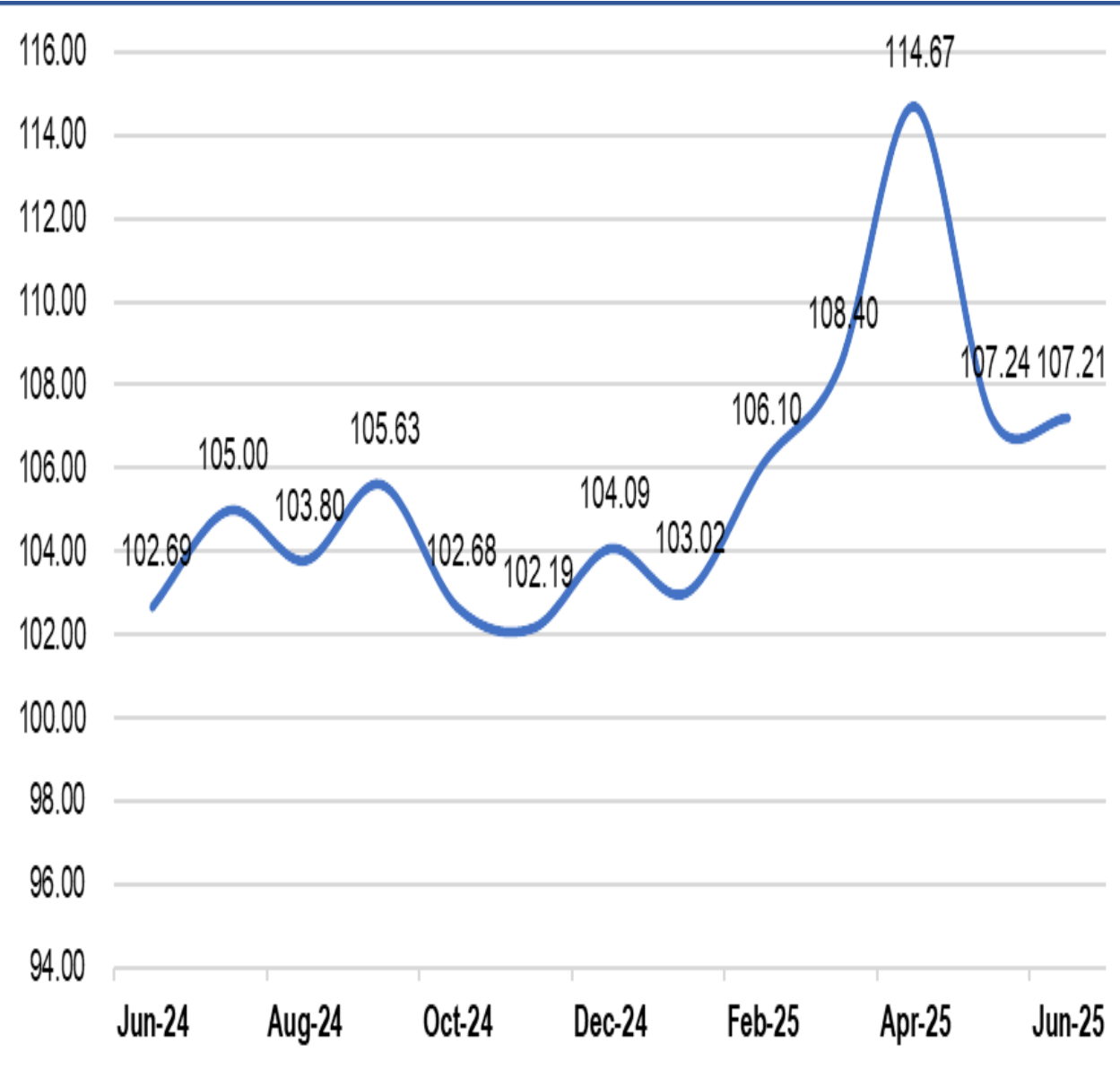
- Global inflation is forecast to decline steadily, from 6.8 per cent in 2023 to 5.9 per cent in 2024
- Global headline inflation is projected to decline to 4.2% in 2025 and further to 3.6% in 2026
- During the second quarter of 2025, international commodity prices for gold, platinum, palladium, and copper surged

# Global insurance demand outlook

- Global insurance demand is rising, driven by increasing risks from factors like climate change and geopolitical tensions
- Global insurance is expected to grow by 5.3% annually over the next decade, outpacing overall economic growth.

# The Victoria Falls Stock Exchange

- The Victoria Falls Stock Exchange (VFEX) experienced mixed trading sentiments during the second quarter of 2025.
- On an annual basis, the VFEX All Share Index gained 4.4% in Q2 of 2025, from 102.69 points recorded during Q2 of 2024.
- Market capitalisation increased by 8.1% to US\$1 367.37 million during Q2 of 2025, compared to US\$1 264.66 million recorded at the end of Q1 of 2025.
- Similarly, on an annual basis, market capitalisation gained by 9.6%, from the US\$1247.84 million recorded in the comparable period in 2024.



# Listed companies' performance - FMHL

- First Mutual Holdings Limited reported strong revenue growth for the first half of 2025.
- Shareholder revenue increased by 16% year-on-year, reaching USD 95.86 million.
- Insurance contract revenue, a key driver of growth, rose by 15%, primarily due to increased customer uptake.
- USD-denominated revenue accounted for 80% of the Group's total revenue.

# Listed companies' performance – Fidelity Life Assurance

- Financial highlights for the first half of 2025 (ended June 30)
- Insurance contract revenue: Increased by 5% to USD \$8,635,215.
- Profit for the period: Increased by 14% to USD \$6,003,816.
- Basic and diluted earnings per share: Grew from 4.84 cents to 5.07 cents.
- Net investment income: Saw a significant increase, contributing to the overall profit growth.
- Cash flow: The company saw a net increase in cash and cash equivalents of USD \$3,830,984.

# Listed companies' performance - Nicoz Diamond Insurance Limited

- NicozDiamond Insurance Limited's 2025 performance, particularly in the first half, showed revenue growth but a decrease in profit due to higher claims.
- Revenue increased by 26% for the life business, driven by a rise in USD-denominated policies.
- Operating profit was down 17% for the six months ending June 30, 2025, because of a higher claims ratio.

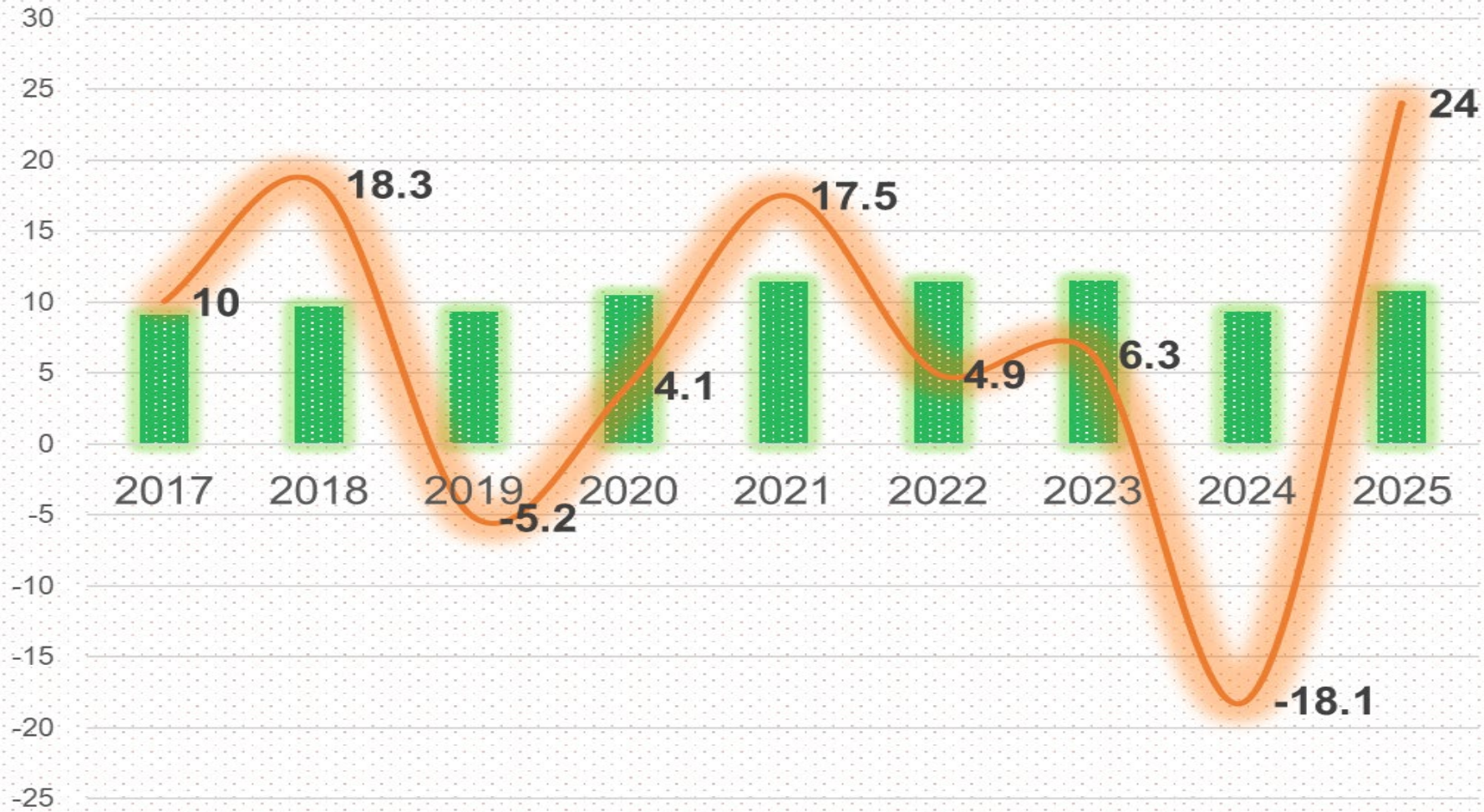
# Outlook of insurance and listed companies

- The insurance market in Zimbabwe is projected to reach a market size (gross written premium) of US\$2.54bn in 2025.
- Within the market, Non-Life Insurances dominate with a projected market volume of US\$1.48bn in 2025.
- The average spending per capita in the insurance market is estimated to be US\$146.43 in 2025.
- With the projected economic growth, income growth and stable prices, the listed companies are projected to record positive performance

# Opportunities for insurance companies

- Large underserved market (informal market)
  - Insurance penetration rate in Zimbabwe is only 3 %
  - Much of the informal economy (which is large) and smallholder agriculture remain uninsured.
  - For example, short-term insurers are targeting the informal sector and smallholder farmers.
  - There's a large greenfield opportunity to design and supply insurance (including microinsurance) for these segments.
- Agriculture & climate-risk products
  - Climate change and variable weather are significant risks; agricultural insurance (e.g., weather-index products) is emerging.
  - Companies can partner with agribusinesses & cooperatives to provide risk cover

# Drought risks



Contribution to GDP Growth

# More opportunities

- Digital & mobile innovation
  - Zimbabwe is experiencing digital transformation; insurance firms can exploit mobile tech, data analytics, and digital platforms to reach more people, reduce costs, and innovate product features.
- Microinsurance / inclusive insurance
  - With many low-income households and informal economy participants, there's scope for microinsurance: low-premium, scaled-down cover tailored to those segments.
- Products indexed to USD / inflation-hedge models
  - With Zimbabwe's currency and inflation challenges, there's an opportunity to design insurance policies that mitigate currency risk, such as USD-indexed policies
- Reinsurance, risk management, data services
  - As the industry grows, there's demand not just for front-line insurance but support services: actuarial work, data analytics, risk modelling, loss adjusting, etc.

# Conclusion

- Price and exchange rate instabilities are negatively related to the demand for insurance because:
  1. High inflation increases premium prices and reduces demand
  2. High inflation and a depreciating currency discourage people from buying insurance because of the expected claim values.
- The opposite of the above is correct
- Hence, if stability of the Zim currency and exchange is sustained, insurance demand is likely to rise in the future.

*Thank you!*