



TREASURY QUARTERLY BULLETIN

January – March , 2021

Ministry of Finance and Economic Development

May 2021

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INTRODUCTION

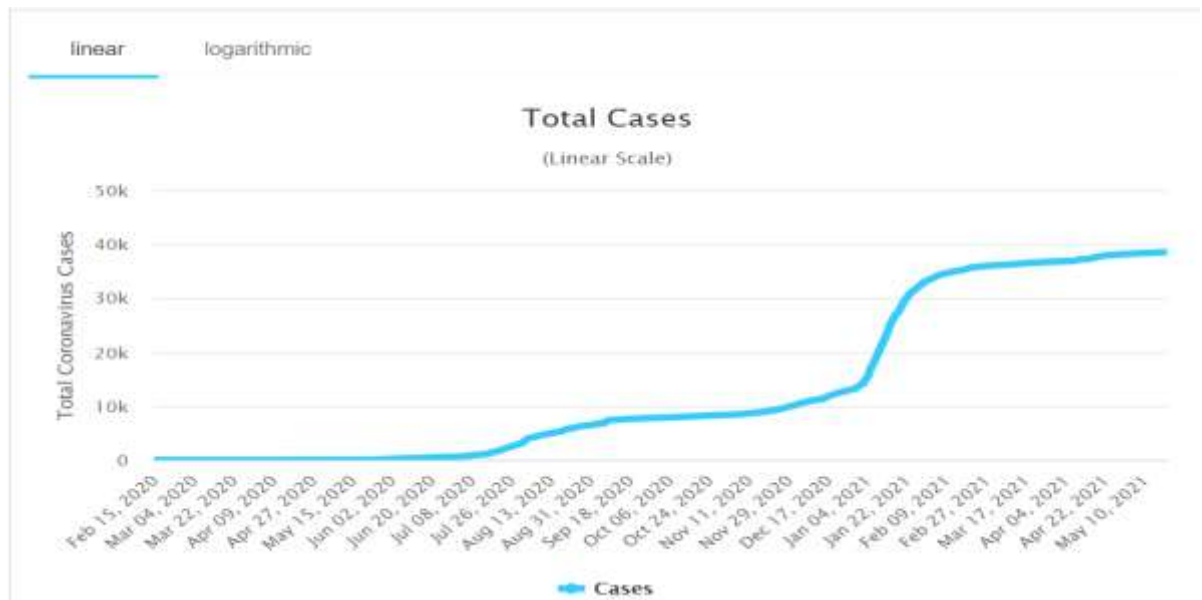
1. The first quarter Bulletin of 2021 gives macroeconomic and fiscal developments for the period January to March 2021. It also marks the beginning of implementing the National Development Strategy 1 (Jan 2021 - Dec 2025), through the 2021 National Budget, which focuses on strategic priorities for economic recovery and growth, stressing on the importance of building resilience against various risks and shocks.
2. The good rains received during the 2020/21 season heralds better economic prospects for the year and the Crop and Livestock Assessment Reports are indicating a 23% increase in area planted under summer crops with expectations for higher output in 2021.
3. On the fiscal front, a budget surplus of ZWL\$17.1 billion was recorded as Government continued fiscal consolidation for ensuring stability and restore market confidence.
4. Success of stabilisation reforms is also being evidenced through significant drop in the annual inflation rate to 240.6% by March 2021 from 837.5% in July 2020. Similarly, the exchange rate has stabilized at around US\$1:ZWL\$84 throughout the quarter.

COVID-19 Update

5. The Covid-19 pandemic remains a risk factor to the recovery of the economy. With the onset of the second wave from end 2020, lockdowns were introduced during the first two months of the year.
6. However, Government made some strides in flattening the second wave of the COVID-19 pandemic curve, with the ongoing inoculation exercise expected to further improve the situation. As at 31 March 2021, Zimbabwe had 36 882 confirmed cases, including 34 686 recoveries and 1 523 deaths. To that end, a total of 76 995 people had been vaccinated against COVID-19 by 31 March 2021.

- The vaccination exercise is ongoing smoothly, as awareness improves. Cumulatively, a total of 605 556 people were vaccinated with their first injection against COVID-19 by 19 May 2021.

Zimbabwe COVID-19 Cases

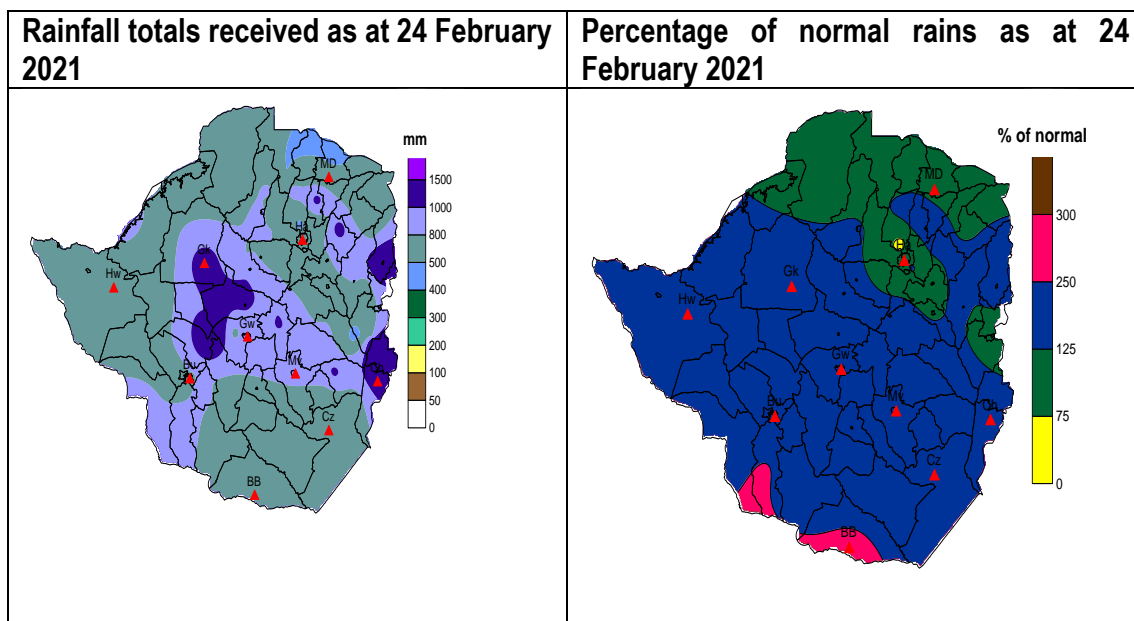


Source: Worldometer

SECTOR PERFORMANCE

Agriculture

- The first quarter experienced significant amount of rainfall across all provinces, with no reports of false start as was the case with the 2019/2020 agricultural season.



9. The good rains supported significant increase in area planted under summer crops, which according to the 2020/21 First Round Crop and Livestock Assessment, show a 23% increase, with maize accounting for 55% of the total increase.

Area Planted (Hectares)

Crop	2020/2021	2019/2020	Change (%)
Maize	1 920 541	1 549 324	24
Sorghum	350 468	305 865	15
Pearl millet	209 754	166 429	26
Finger millet	24 962	34 353	-27
Rice	1 302	1 588	-18
Tobacco	125 177	117 049	7
Soyabean	46 159	34 698	33
Cotton	239 619	170 622	40
Groundnut	249 190	208 229	20
Sesame	21 210	15 044	41
Sunflower	26 965	24 595	10
Bambara nut	97 144	87 938	10
Africa peas	83 149	60 799	13
Sugar bean	38 350	22 997	67
Sweet potatoes	41 436	20 537	102
Cassava	269	718	-63
Paprika	743	1 227	-39
Total	3 476 438	2 822 012	23

Source: Ministry of Lands, Agriculture, Water, Fisheries and Rural Resettlement

10. However, there was a drop in area planted for finger millet and rice as farmers shifted focus towards the production of high yielding crops such as maize and sorghum, in view of an anticipated good rainfall season.

11. Overall, cereal output for the 2020/21 agriculture season is expected to be higher compared to the previous farming season, and this is expected to reduce pressure on grain imports.

Tobacco

12. Area planted for tobacco increased by 7% to 125 177 hectares compared to 117 049 hectares planted in the 2019/20 season, reflecting positive expectations in tobacco prices and good rains. Average prices are projected around US\$2.70 against US\$2.50 of the previous season.
13. With regards to tobacco marketing, auction floors which usually open in March were delayed to 7 April due to the coronavirus crisis.

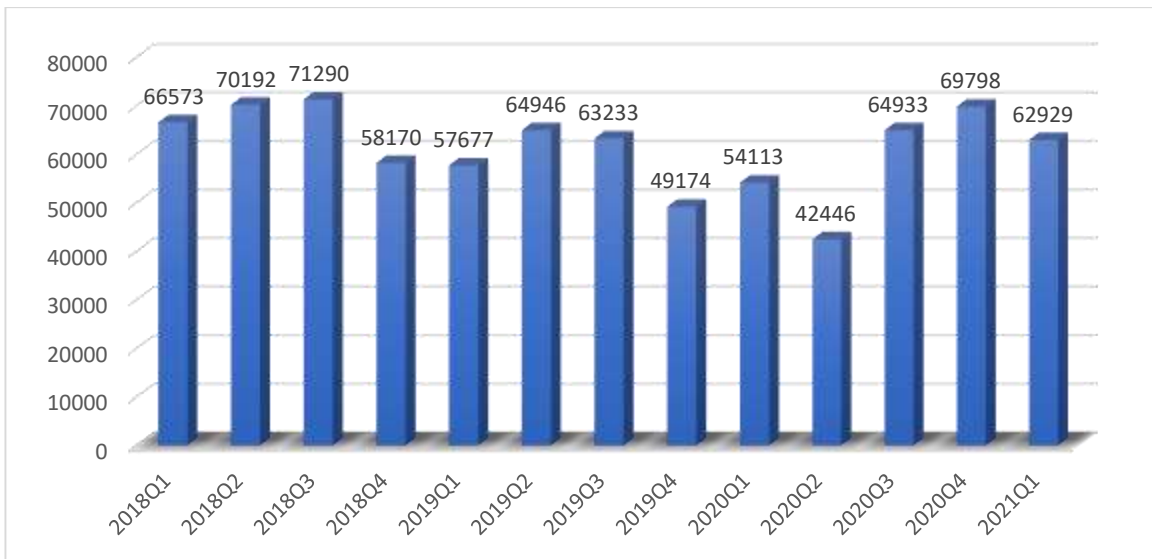
Livestock Production

14. The national cattle numbers increased from 5.4 million in 2020 to the current levels of 5.5 million. Similarly, sheep numbers are expected to increase from 547 696 in 2020 to 697 910 in 2021, with goats increasing from 3.9 million to 4 million in 2020 and 2021, respectively.

Beef

15. The good 2020/21 rainfall season improved grazing and water conditions throughout the country. Dipping also improved during the period under review as Government intervened through availing tick grease to farmers for free.
16. Meanwhile, first quarter slaughters at 62 929 constitute a 16% increase from the 2020 first quarter levels of 54 113 slaughters. However, in comparison to the fourth quarter of 2020, formal slaughters decreased by 10% from 69 798.

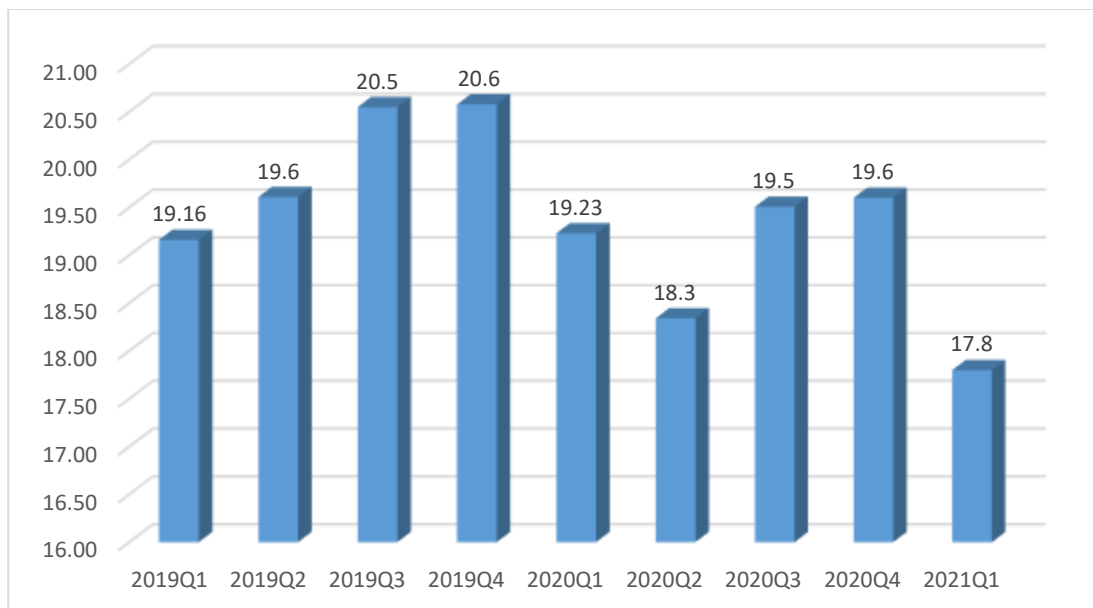
Cattle Slaughters



Dairy

17. Milk production for the first quarter of 2021 dropped from both the previous year's first quarter and fourth quarter production of 19.2 million litres and 19.6 million litres, respectively, to 17.8 million litres.

Milk Production (million litres)



18. This drop in milk production is partly attributed to the challenges of high costs of vaccines and other costs of production. This was compounded by shortage of good quality breeding cows and heifers on the market.

Mining

19. Performance of the mining sector was mixed. While on one hand, firm international prices and resuscitation of closed mines improved the performance of the mining sector, there were major draw backs from a number of factors such as unstable power supply, heavy rains which culminated in the flooding of shafts, working capital challenges and subdued demand for some minerals.
20. Overall, platinum, diamonds and coal performed better than the previous quarter while gold, chrome and nickel suffered some declines.

Quarterly Mineral Production: 2020-2021

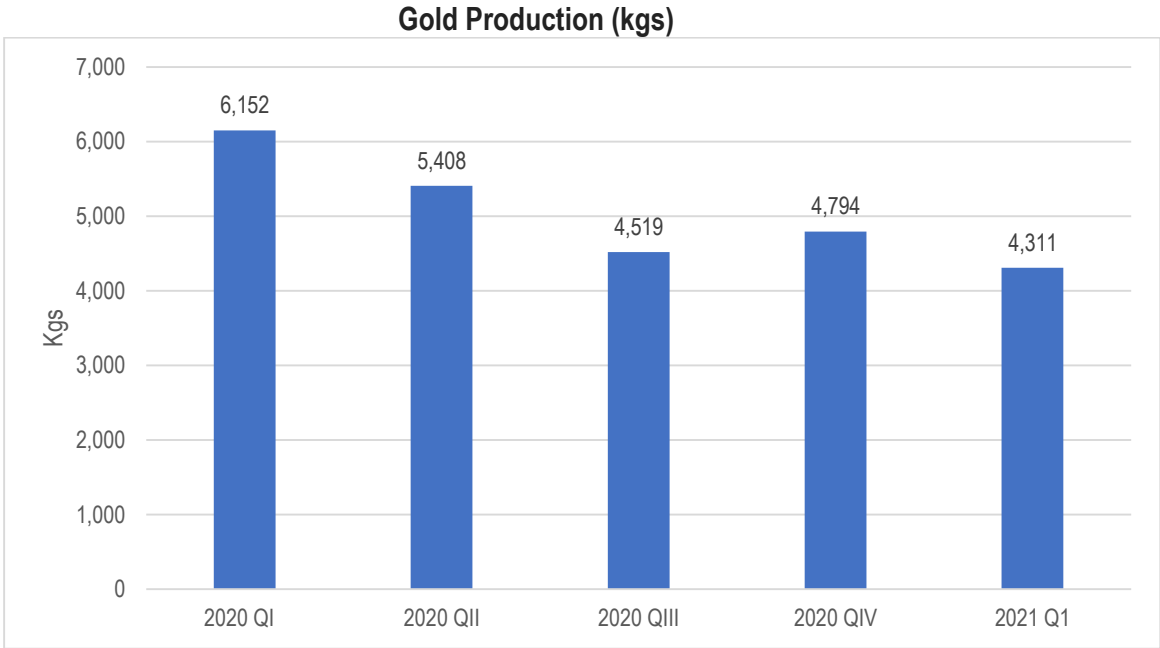
	2020 QI	2020 QII	2020 QIII	2020 QIV	2021 Q1
Gold (kgs)	6,152	5,408	4,519	4,794	4,311
Platinum (kgs)	3,544	4,461	3,675	3,325	3,369
Palladium (kgs)	2,957	3,780	3,138	3,015	2,849
Diamonds (cts)	611,333	933,507	541,390	584,228	702,639
Chrome (MT)	353,668	350,784	256,192	311,494	300,926
Nickel (MT)	3,936	3,818	4,369	4,213	3,284
Coal (MT)	462,140	970,967	830,105	487,672	596,753
Lithium (MT)	10,063	3,293	2,583	4,920	5,911
Granite (MT)	19,639	551,400	38,518	35,159	35,032

Source: Ministry of Mines and Mining Development

Gold

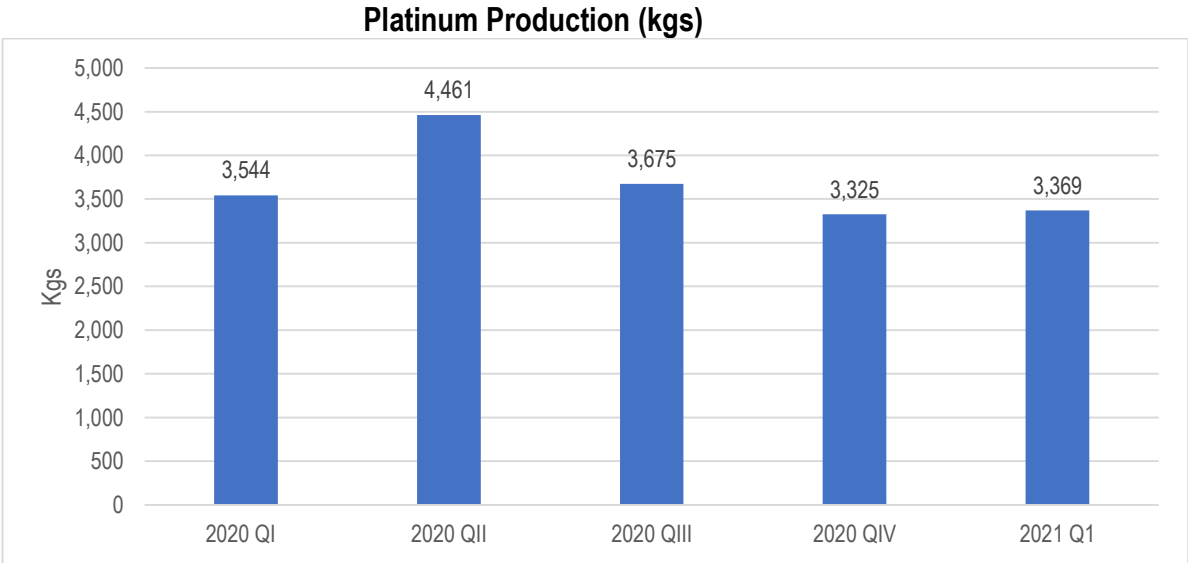
21. Gold output during the first quarter stood at 4,311 kg compared to 6,152 kg produced in the same period in 2020, and 4,794 kg in the last quarter. The decline was mainly on account of a fall in production from artisanal and small-scale gold sector.
22. Large scale producers delivered about 2,291 kg during the first quarter of 2021, 11.2% higher than what was produced during the same period in 2020, while artisanal and small-

scale gold sector delivered 1,586 kg, about 55.6% below the production of the same period in 2020, reflecting leakages through smuggling.



Platinum

23. During the first quarter, platinum output stood at 3,369 kgs, a 5% decline compared to 3,544 kgs produced during the same period in 2020. However, this level of output slightly surpassed production for the previous quarter by 1.3%.

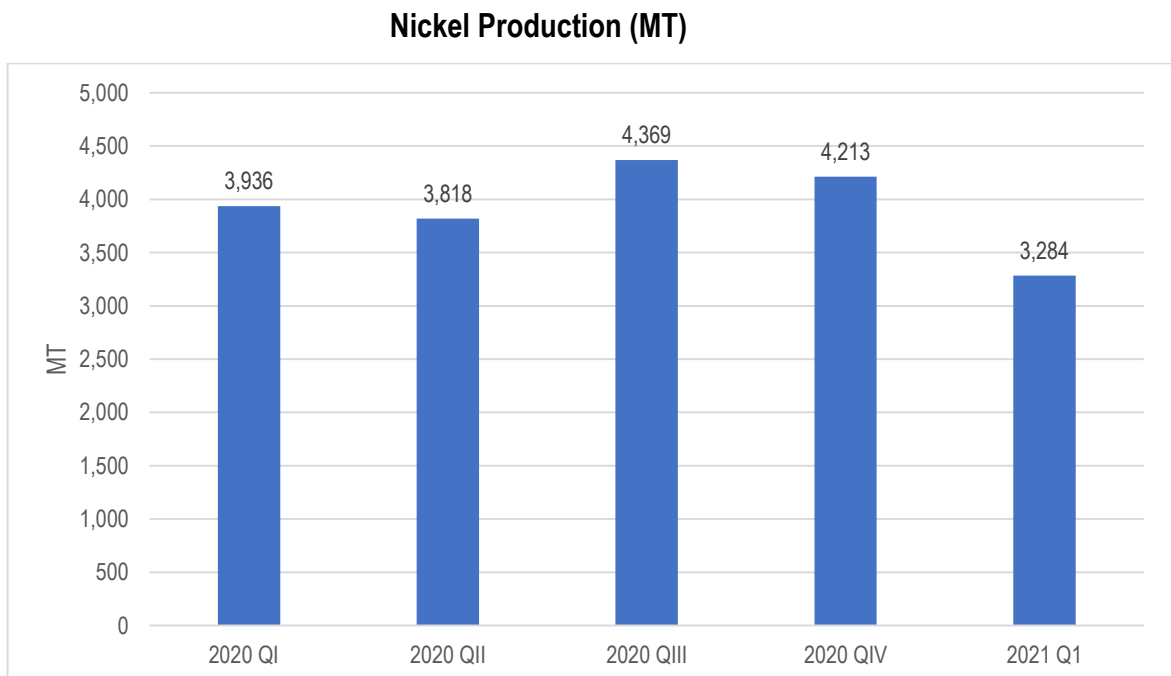


Source: Ministry of Mines and Mining Development, 2021

24. Going forward, platinum output is projected to improve, as one of the major producer resumes production at the closed mine while other mines are also undertaking efficient enhancing measures.

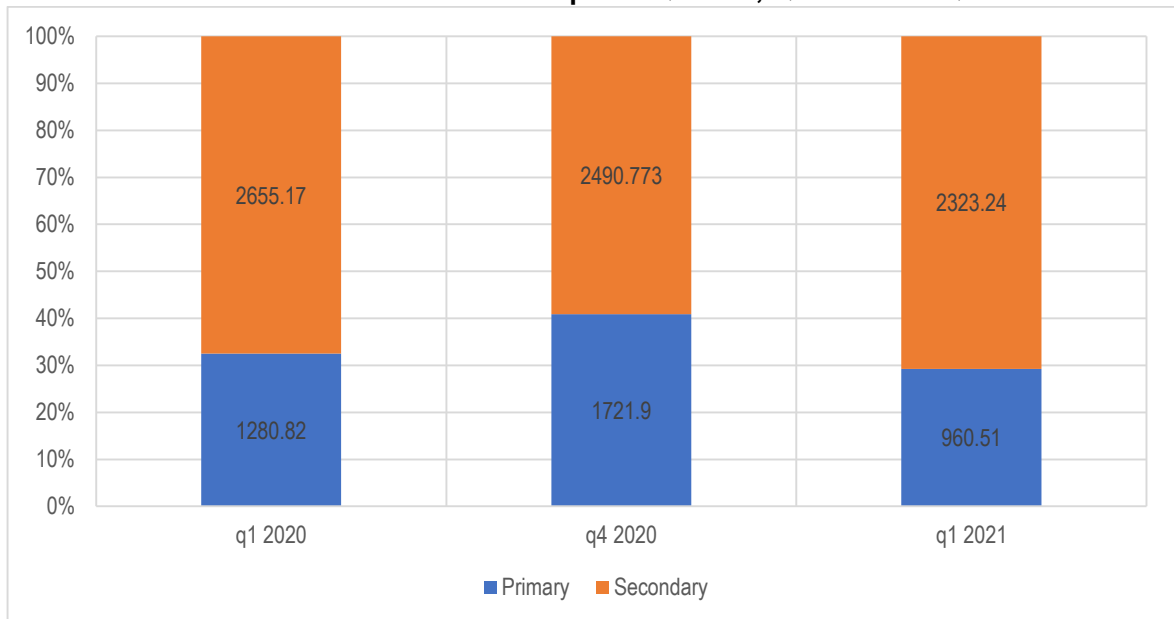
Nickel

25. Nickel output at 3,284 tonnes in the first quarter of 2021, was 16.6% and 22.1% below output produced in the comparable period in 2020 and in the previous quarter (Q4 2020), respectively. Reduced nickel output reflects low throughput from both primary and secondary producers. Output from the primary producers was 25% lower than the first quarter production in 2020. Similarly, this level of output was 44% lower than what was realised in the preceding quarter.
26. The decrease in nickel output was against a surge in prices by about 39% in the first quarter compared to the same period in 2020 and 10.4% above the last quarter of 2020.



Source: Ministry of Mines and Mining Development, 2021

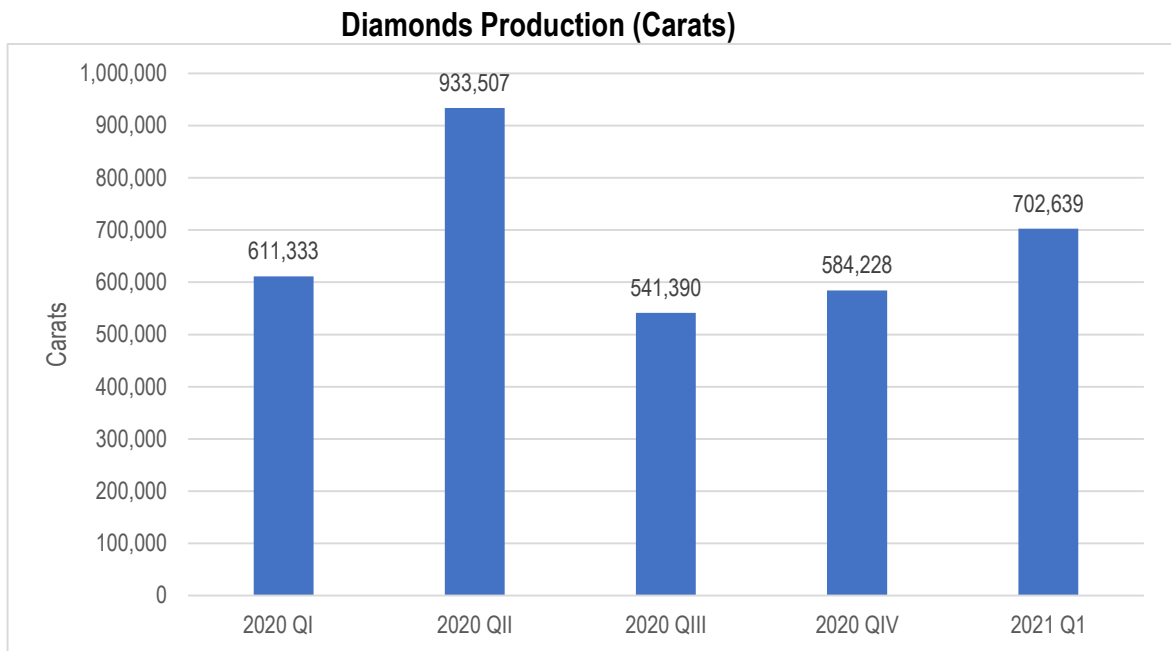
Sectorial contribution to total Nickel Output in Q1 2021, Q1 2020 and Q4 2020



Source: Ministry of Mines and Mining Development, FPR, 2021

Diamond

27. Diamond production increased by 15% to 702,639 carats in the first quarter of 2021 from 611,331 carats produced in the same period in 2020. This increase in production was registered from only two producers that were operational during the first quarter of 2021 and could have been higher if all players were producing.
28. Furthermore, production was also driven by opening of the world economy and strong demand particularly from China.



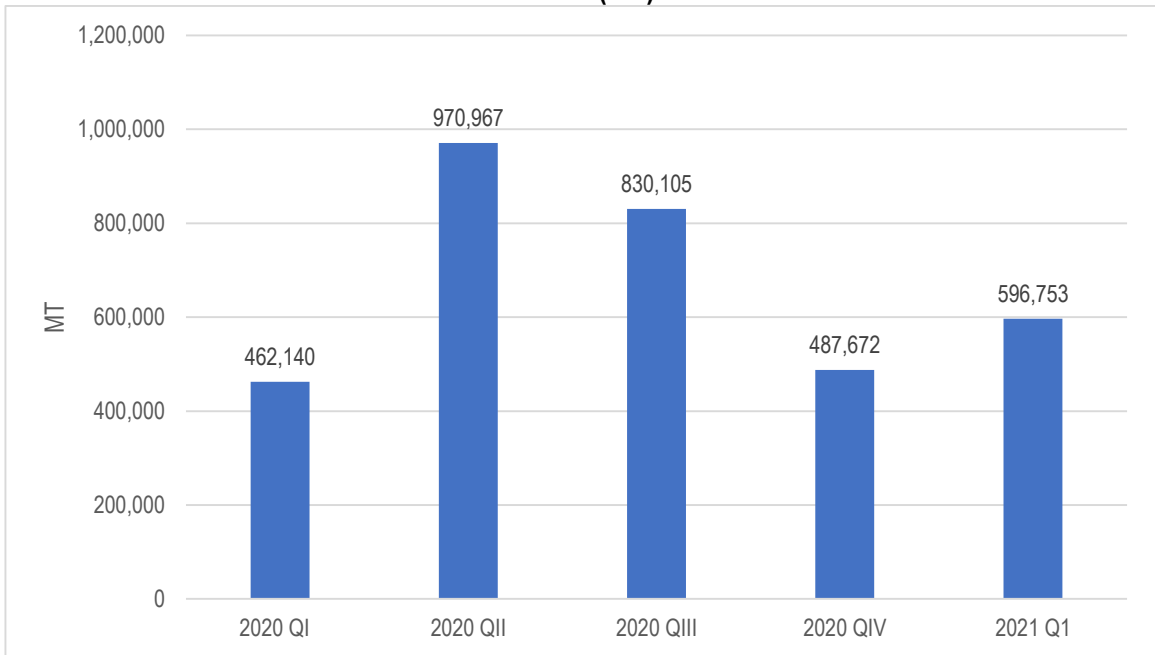
Source: Ministry of Mines and Mining Development, 2021

Coal

29. Coal production stood at 596,753 tons during the period under review compared to 462,140 tons produced during the same period in 2020. Producers were mainly constrained by delays in payments for coal deliveries which adversely impacted on coal mining activities.

30. Furthermore, production was also affected by limited absorption capacity during the first quarter due to non-operation of most of the units which saw three producers also cutting back output as there was no off taker for thermal power.

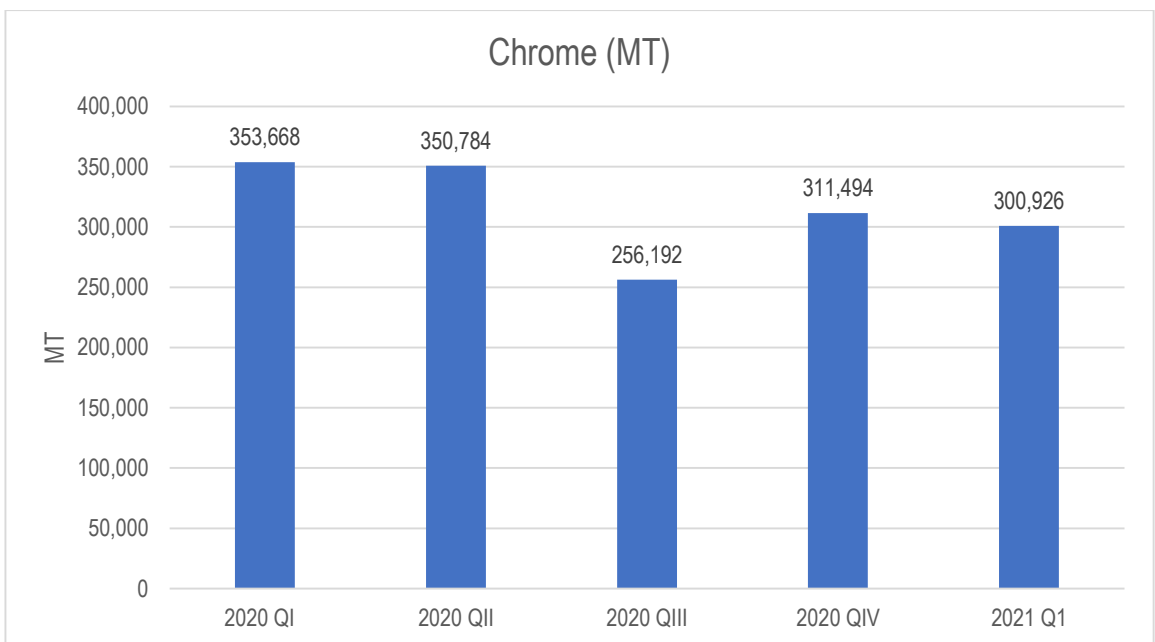
Coal Production (MT)



Source: Ministry of Mines and Mining Development, 2021

Chrome

31. Following onset of the second wave Covid-19 pandemic during the first quarter of 2021, chrome production receded to 300,926 tonnes from 353,669 tonnes for the same period in 2020 and 311,495 tonnes in the fourth quarter of 2020.



32. Of the chrome ore produced, about 74% was beneficiated and value added and disposed as high carbon ferrochrome (HCF), while only 26% was sold as raw chrome. This is due to the favourable prices of HCF that prevailed during the quarter, as compared to those of raw chrome.
33. Meanwhile, chrome producers have started modernising equipment and refurbishing their furnaces in order to boost production in response to picking up of chrome demand in markets such as China and firming up of prices.

Manufacturing

34. The manufacturing sector continues on a recovery trajectory benefitting from the obtaining macroeconomic stability, foreign exchange auction system, a good agricultural season and the reopening of the economy following the lockdown in January.
35. According to the CZI Manufacturing Sector Report, capacity utilisation improved from 36.4% to 47% in 2020, and it is expected to further improve to 61% in 2021. This positive development has been buttressed by the good results posted by major players, particularly in the food industry which also indicate that the sector is poised for strong recovery in 2021.
36. The food industry subsector benefited from improved performance in meat processing and preserving, milling, baking and oil processing for major players in the industry. The printing and packaging subsector also recorded improved performance following the reopening of schools after the lockdown imposed at the beginning of the year.
37. In addition, one of the major cement manufacturers recently commissioned a US\$2.2 million dry mortar mix (DMX) plant, which is expected to improve the industries manufacturing capacity. This development is expected to boost the growth of the non-metallic mineral products sub-sector.
38. Meanwhile, the Leather Industry Strategy was launched, while the Pharmaceutical Industry Strategy was approved by Cabinet during the period under review. Implementation of the

two strategies is expected to improve performance and capacity utilisation of the two sub-sectors in line with the NDS1 priority of moving the economy up the value chain and structural transformation.

39. In the outlook, the performance of the sector is expected to improve largely on account of the prevailing relative macroeconomic stability, favourable 2020/2021 agriculture season and localisation of value chains envisaged under the National Development Strategy 1 (NDS1).

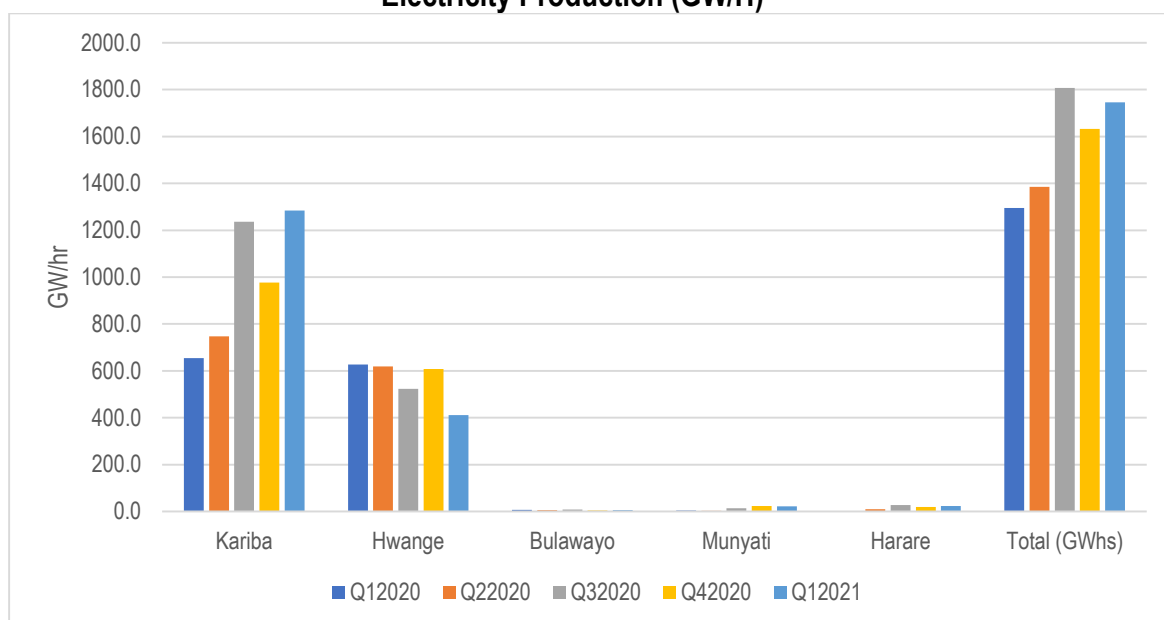
Electricity

40. During the first quarter, a total of 2,594.16 GWh was distributed against a target of 2,415.61GWh, giving a variance of 7%. Imports and exports were 684.09GWh and 101.29GWh, respectively. Local production from ZPC and IPPs missed targets by 3% and generated 1,808.8 GWh, with the gap being met by imports.
41. Local production was mainly from Kariba Power Station which surpassed the target by 59% to 1.283.59GWh, whilst Hwange Power Station (HPS), remained constrained as Unit 3 & 6 continued to be unavailable due to extended outages from funding challenges and delays caused by the Covid-19 pandemic. As a result, the HPS missed the target by 56% to 411.42GWh.
42. The IPPs surpassed target by 7% to produce 63.1GWh, against a target of 50.7GWh during the quarter under review.
43. Age related failures at the small thermals, resulted in the frequent shut down of the small thermal power stations due to coal stockouts, leading to missing of target by 34% to 50.70GWh.

Energy Supply in 2021 (Jan-March)

Energy Sent Out (GWh)	Jan		Feb		Mar	
	Actual	Target	Actual	Target	Actual	Target
Hwange	189.9	334.2	127.0	262.1	94.5	334.2
Kariba	363.7	268.5	404.9	268.5	515.0	268.5
Harare	5.3	14.2	8.1	6.4	9.4	7.1
Munyati	6.4	9.4	7.5	8.5	8.3	9.4
Bulawayo	2.8	7.6	0.6	6.9	2.3	7.6
IPPs	22.3	19.6	20.8	19.6	20.0	20.0
Imports	156.4	203.9	139.6	106.8	388.1	150.1
Exports	33.7	28.0	35.3	25.6	32.3	29.0
Net Total Supply	780.5	885.4	743.7	704.4	1,069.9	825.8

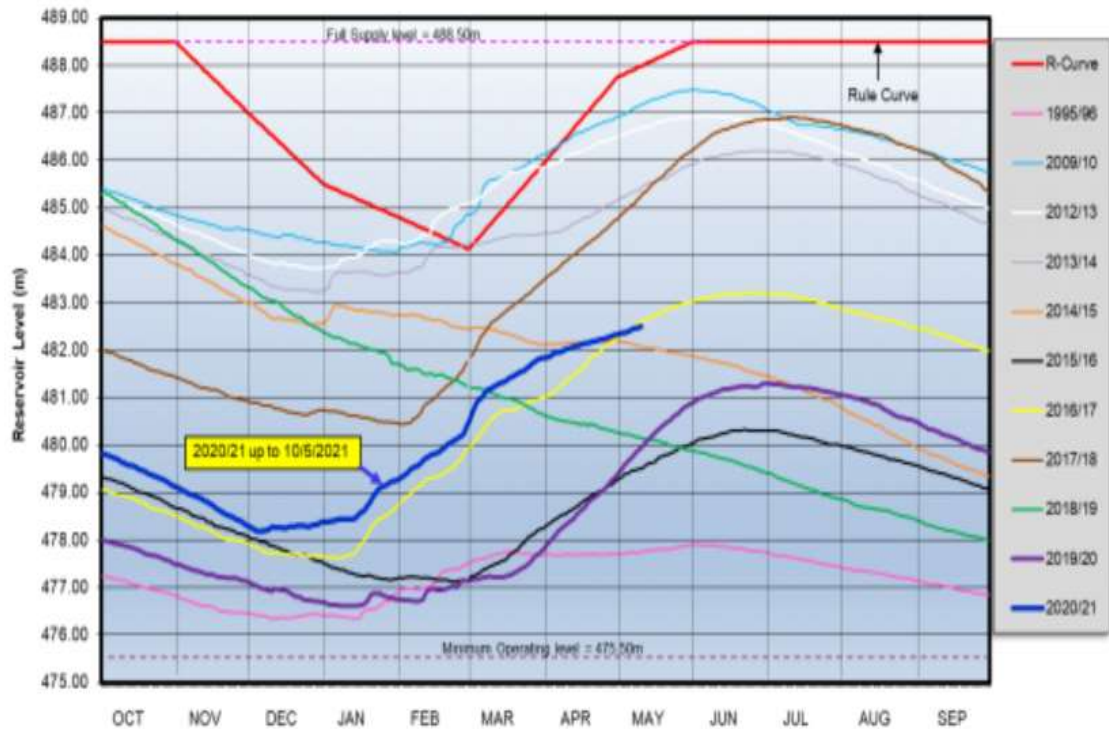
Electricity Production (GW/H)



Source: Ministry of Energy and Power Development

44. Meanwhile, water level at Lake Kariba continued to rise due to increased inflows from the Zambezi catchment. By end of March 2021, the lake was 45.7% full at 481.8 metres, compared to 16.2% recorded at the same time last year. This placed the lake level at 6.34 metres above the Minimum Operating Level (MOL) of 475.50 metres. Water allocation by ZRA is at 15 billion cubic metres annually with capacity to produce on average 400MW each. The allocations are subject to review during the second quarter.

KARIBA RESERVOIR
Comparison of Daily Reservoir Levels

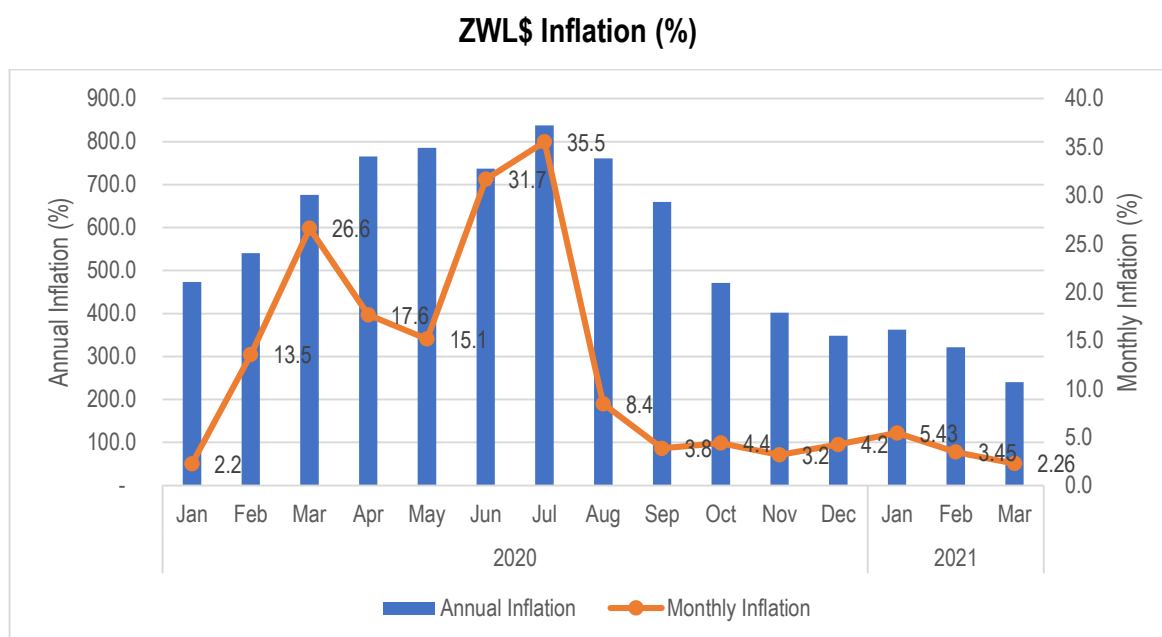


Source: ZRA

INFLATION DEVELOPMENTS

45. Tight control on money supply and financial sector regulation resulted in deceleration of inflation, especially during the last quarter of 2020. The deceleration was also reinforced by the success of the foreign currency auction market system introduced in June 2020.
46. The inflationary pressures witnessed during start of the first quarter of 2021 were from tariff adjustments implemented by some Government Agencies (toll gates fees, electricity and municipal charges, among others), leading to month-on-month inflation increasing to 5.4% from 3.2% recorded in November 2020. However, month on month inflation receded to end the quarter at 2.3%.
47. Quarter on quarter comparison indicate that inflation declined from an average of 14% recorded during the first quarter of 2020 to around 4% during the first quarter of 2021.

48. Correspondingly, year-on-year inflation receded to 308.3.6% during the first quarter compared to an average of 563.3% recorded during the same period in 2020.



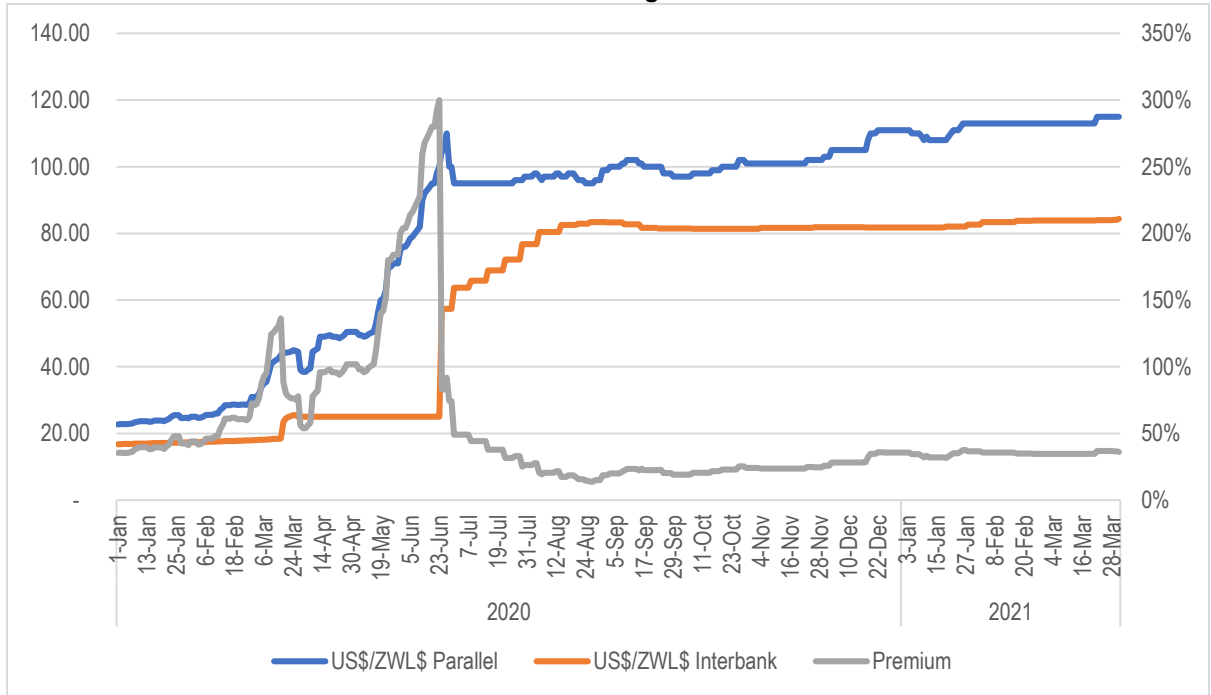
Source: ZIMSTAT

49. In the outlook, inflation is expected to continue declining on the back of prudent fiscal and monetary management, stabilisation of the exchange rate, as well as better agriculture season that stabilises food prices.

EXCHANGE RATE DEVELOPMENTS

50. The local currency remained relatively stable during the first quarter of 2021 on both the official and parallel market. Exchange rate stabilized at around US\$1:ZWL\$84 throughout the quarter, in support of relatively stable prices being experienced in the economy.

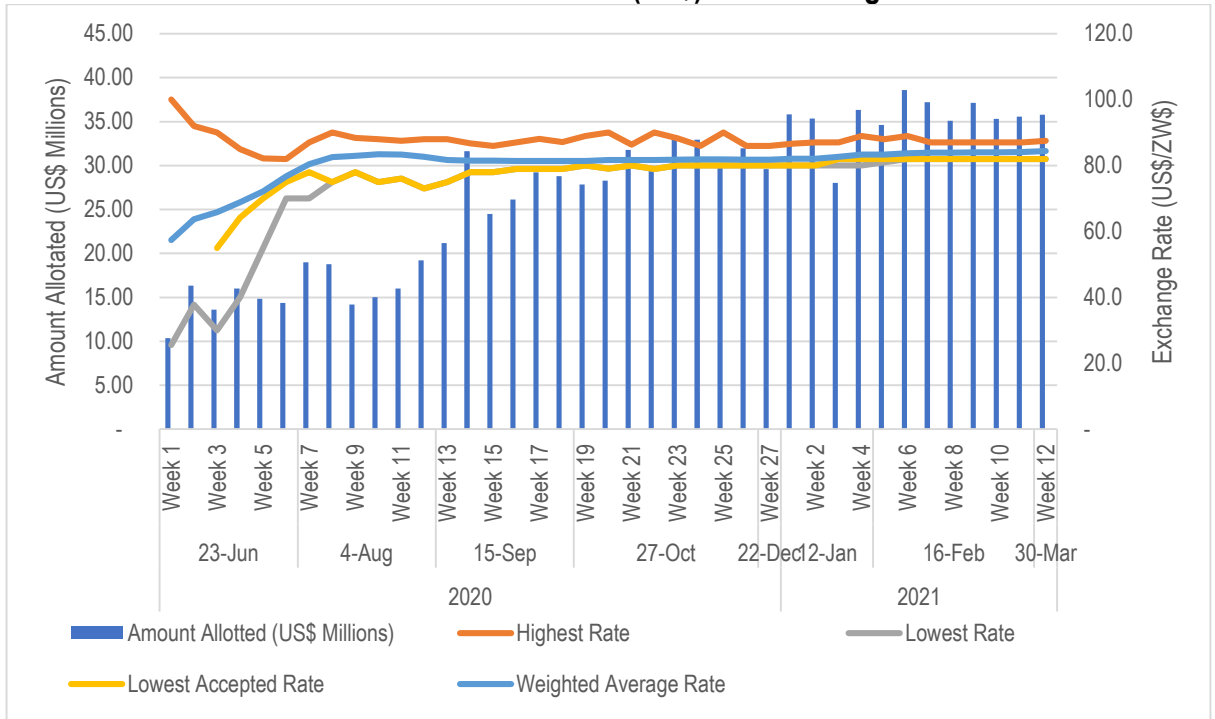
Official and Parallel Exchange Rate Movements



Performance of the Auction System

51. During the first quarter of 2021, a total of 12 auctions were conducted on both the main and SMEs, with a total US\$424.8 million being allotted, at an average exchange rate of 83.47%, compared to US\$359.6 million allotted in the previous quarter, at an average rate of 81.6%.

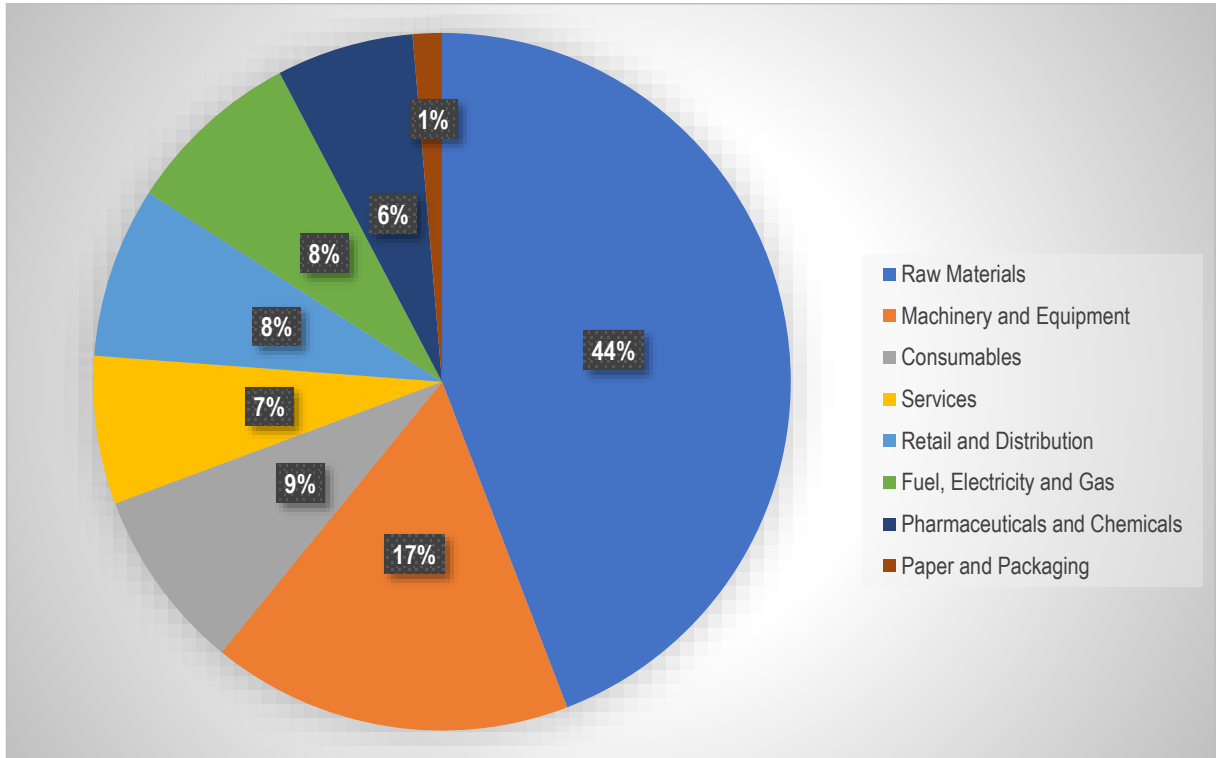
Auction Results: Amount Allotted (US\$) and Exchange Rate



Source: RBZ

52. Raw materials absorbed 44% of the total allotments, whilst machinery and equipment absorbed 17%, consumables 9%, retail and distribution and energy absorbed 8%, respectively and other priority lists absorbed 14%.

Allotments Distribution

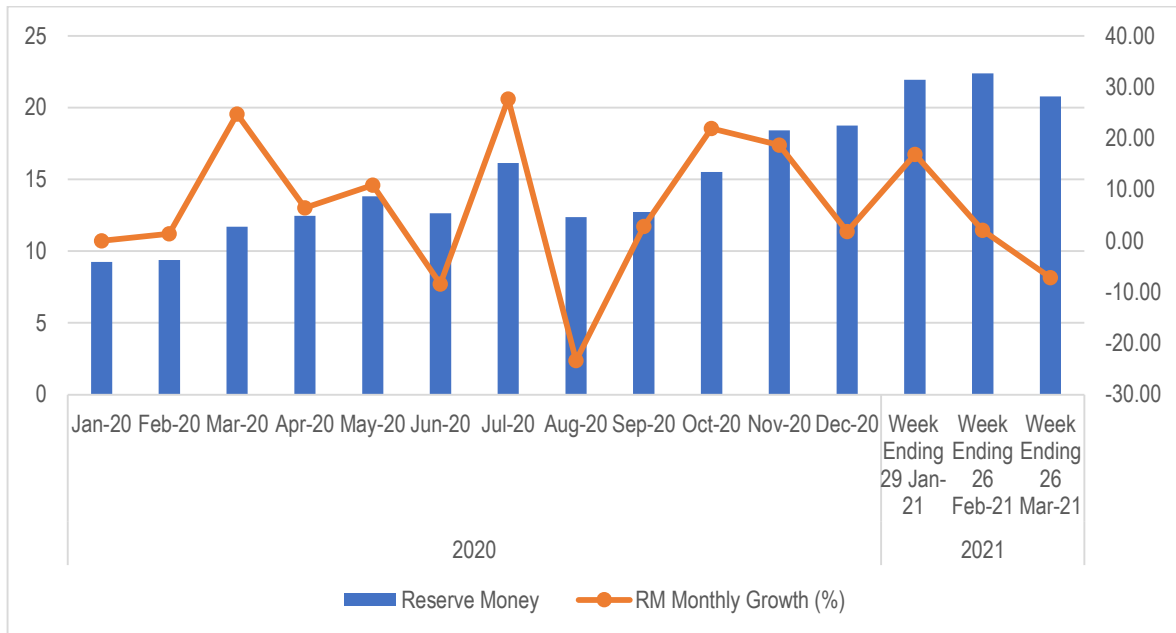


FINANCIAL SECTOR DEVELOPMENTS

Monetary Developments

53. On average, reserve money increased by 115% to ZWL\$21.69 billion, compared to the 2020 first quarter level of ZWL\$10.11 billion. The increase in reserve money was largely driven by the increase in banking sector's deposits at RBZ and banks' RTGS liquidity attributable to maturity of savings bonds held by banking institutions.

Reserve Money (ZWL\$ billion)

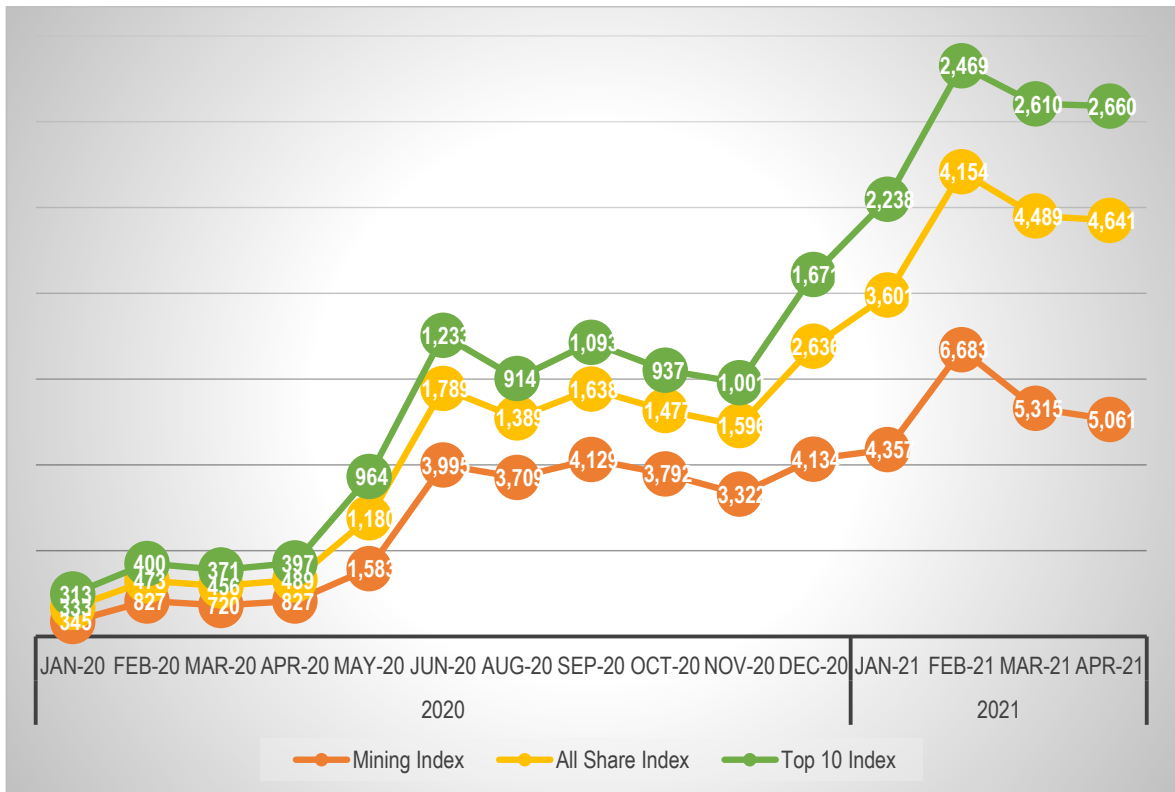


Source: RBZ

Zimbabwe Stock Exchange

54. The ZSE All Share Index closed the first quarter of 2021 on a higher note after gaining 29% to end at 4,641 points compared to 2,636.3 points, recorded during the last quarter of 2020. The rise in All share index was driven by blue chip counters (Top ten index), which registered 8% increase to end the quarter at 2,660 points.
55. The mining index opened the quarter on a high note at 6,683 points but however shed 24% to end the quarter at 5,061 points.

Equities Market



Source: ZSE

56. Accordingly, market capitalisation of the local bourse increased by 8% to end the quarter at ZW\$540.7 billion, compared to ZW\$58.6 billion recorded during the same period in 2020.

FISCAL PERFORMANCE

57. Revenue collections for the first quarter of 2021 stood at ZWL\$89 billion, exceeding the target by ZWL\$1.7 billion, while expenditures stood at ZWL\$71.9 billion, which was ZWL\$11.5 billion below the target. Resultantly, a budget surplus of ZWL\$17.1 billion was realised during the quarter.

Revenue

58. Cumulative tax and non-tax revenue collections for the first quarter of the year outperformed targets by 2% to record ZWL\$89 billion, against a target of ZWL\$87.4 billion.

Revenue (ZWL\$ Million)

	Actual	Target	Variance (%)
Total revenue	89,016,497,568	87,351,452,514	2
Total tax revenue	86,456,391,768	86,521,852,238	(0)
Non-Tax Revenue	2,560,105,800	829,600,276	209

Source: MoFED

59. Tax revenue collections performed slightly below the set target mainly on account of poor collections on excise duties and value added tax (VAT). VAT on domestic goods was lower than the set target due to the negative effect of COVID-19 lockdowns, and consumption was biased towards buying basic commodities, which are either exempt or zero rated.
60. On excise duties, revenue collected from petroleum products declined as most companies had to close shop or maintain minimal operations due to COVID-19 induced lockdowns.
61. Proportionally, tax revenue continues to account for the greater percentage of total revenues at 97% of total revenues, while non-tax revenue accounted for the remaining 3%.

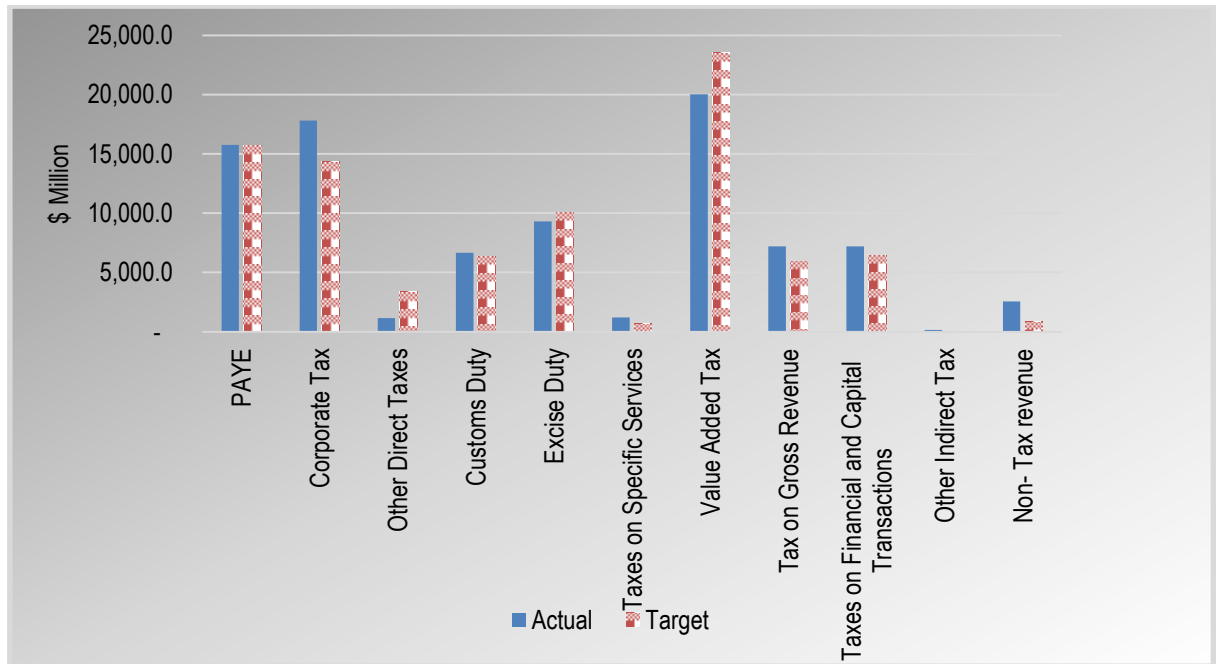
Revenue Performance: Jan - Mar 2021 (ZWL\$)

	ACTUAL	TARGET	VARIANCE	VARIANCE(%)
TOTAL REVENUE	89,016,497,568	87,351,452,514	1,665,045,054	2
TOTAL TAX REVENUE	86,456,391,768	86,521,852,238	(65,460,470)	(0)
Taxes on Income and Profits	34,745,826,980	33,432,172,000	1,313,654,980	4
Tax on Goods and Services	51,710,564,788	53,089,680,238	(1,379,115,450)	(3)
Customs duty	6,627,439,904	6,350,480,298	276,959,606	4
Excise duty	9,296,246,839	10,070,730,000	(774,483,161)	(8)
Value added tax	20,012,215,394	23,527,600,000	(3,515,384,606)	(15)
Tax on specific services	1,199,595,028	683,000,000	516,595,028	76
Tax on gross revenue	7,202,201,892	5,951,886,000	1,250,315,892	21
Taxes on financial and capital transactions	7,208,385,660	6,449,183,940	759,201,720	12
Other indirect taxes	164,480,071	56,800,000	107,680,071	190
NON-TAX REVENUE	2,560,105,800	829,600,276	1,730,505,524	209

Source: Ministry of Finance and Economic Development

62. During the period under review, most revenue heads performed above the targets, save for direct taxes, excise duty and VAT as indicated on the graph below.

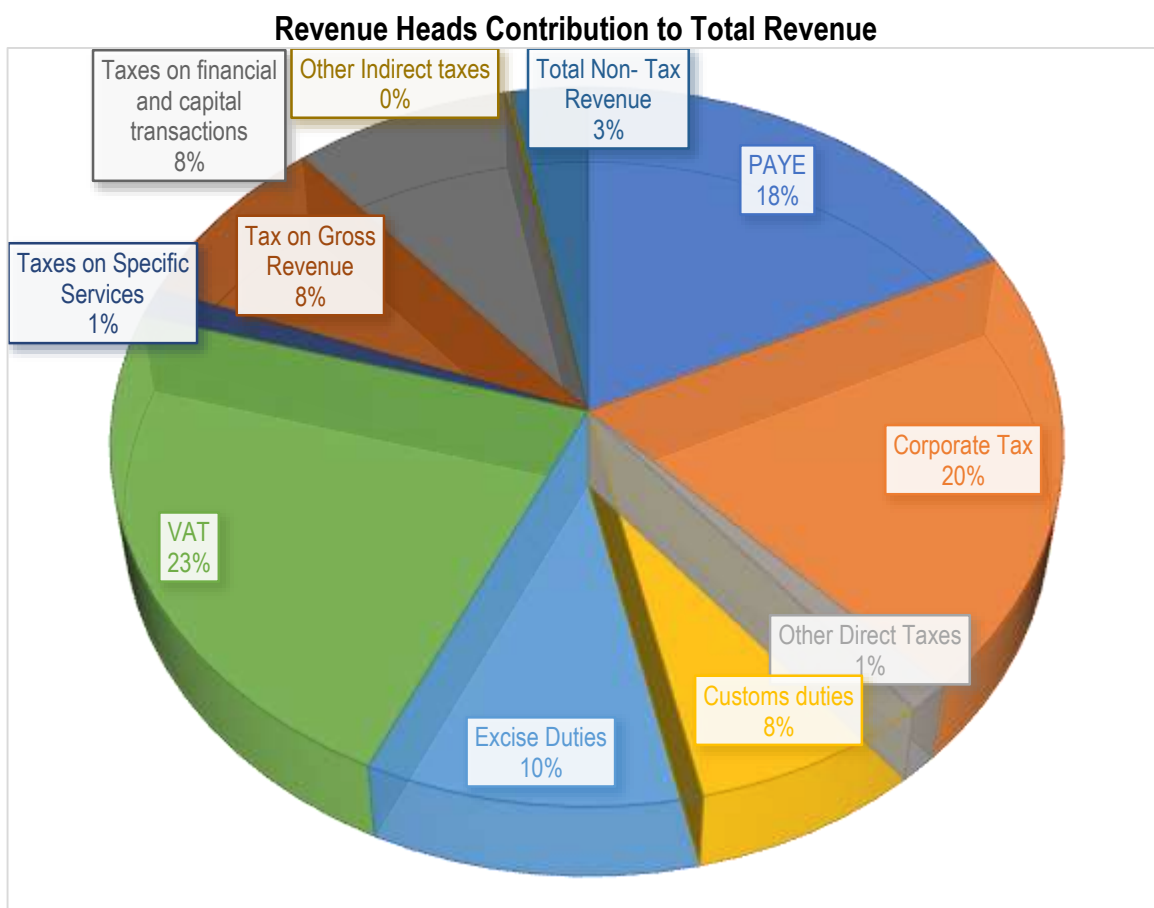
Performance of Revenue Heads



Source: Ministry of Finance & Economic Development

63. Despite missing the quarterly target, VAT was the major contributor to revenue collections at 23%, followed by companies' tax at 20% and PAYE at 18%. Excise duty at 10% was fourth in terms of its contribution to total revenues.

64. The chart below summarises the contribution of individual revenue heads to total revenue during the first quarter of 2021.



Source: MoFED

Expenditure

65. Between January and March, expenditures at ZWL\$71.9 billion were below the set target of ZWL\$83.4 billion by 14%. The use of goods and services and transfers to provincial and local authorities missed targets significantly during the period under review.

Expenditure (ZWL\$)

	Q1 Actual (ZWL\$)	Q1 Target (ZWL\$)	Variance (ZWL\$)	Variance (%)
TOTAL EXPENDITURE	71,879,591,024	83,383,053,000	-11,503,461,976	-14%
Recurrent Expenses	64,028,472,708	68,783,053,000	-4,754,580,292	-7%
Compensation of Employees	31,273,768,671	27,936,985,000	3,336,783,671	12%
Use of Goods and Services	6,399,827,572	17,720,891,000	-11,321,063,428	-64%
Interest on Debt	530,229,278	382,253,000	147,976,278	39%
Subsidies	1,070,000,000	650,523,000	419,477,000	64%
Grants	15,568,311,465	14,555,905,000	1,012,406,465	7%
Social Benefits	8,074,907,188	2,778,167,000	5,296,740,188	191%

Other Expenses	1,111,428,534	4,758,329,000	-3,646,900,466	-77%
Transactions in Non-Financial Assets	7,211,861,166	8,950,000,000	-1,738,138,834	-19%
Transactions in Financial Assets	535,105,619	1,200,000,000	- 664,894,381	-55%

66. Major expenditures were on Compensation of Employees at ZWL\$31.3 billion, grants at ZWL\$15.6 billion and social benefits at ZWL\$8.1 billion.

Compensation of Employees

67. Compensation of employees at 44% of total expenditures constituted the largest share. Over-expenditures of ZWL\$3.3 billion is largely on account of hiring of additional personnel for critical posts in the education and health sectors.

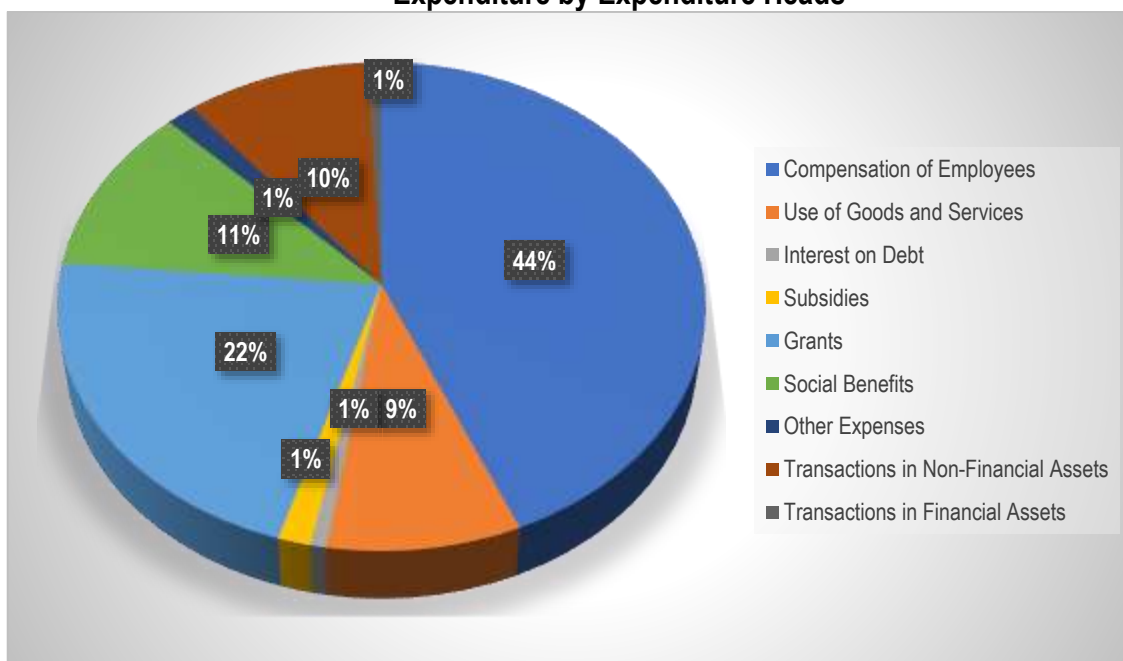
Other Recurrent Expenditures

68. Goods and Services at ZWL\$6.4 billion constituted 9% of the first quarter expenditures. Of this amount, 25% went towards maintenance. Grants to extra budgetary units at ZWL\$15.6 billion constituted 22% of the total expenditures. These grants included salaries and operational expenses.

69. Interest payments on debt amounted to ZWL\$530.2 million, constituting 1% of the total expenditures. The bulk of the interest payments was towards domestic debt at 72% while the remaining 28% went towards foreign debt.

70. Social benefits outlay during the period under review amounted to ZWL\$8.1 billion against a target of ZWL\$2.8 billion, resulting in a 191% over-expenditure. The resources went towards cushioning the general public especially from the effects of the deadly COVID-19.

Expenditure by Expenditure Heads



Source: MoFED

Social Service Delivery

71. In support of social service delivery, a total ZWL\$12.4 billion was disbursed towards education, health, agriculture and social protection during the 1st Quarter of 2021.

Social Spending Disbursements: Jan-Mar 2021

	Jan	Feb	Mar	Q1 Total
Education	238.5	1.7	466.0	706.2
Health	-	1,267.0	1,087.1	2,354.1
Social Protection	-	116.4	1,355.3	1,471.6
Agriculture	3,162.0	801.8	3,933.1	7,896.9
Total Social Spending	3,400.5	2,186.9	6,841.5	12,428.8

Source: MoFED

72. Of the ZWL\$12.4 billion, ZWL\$2.3 billion went towards health, ZWL\$7.9 billion to agriculture while the remainder, ZWL\$2.2 billion went towards social protection and education.

73. Agriculture constituted the bulk of the social spending disbursement at 63.5% of the total disbursements. These disbursements went towards crop input support and irrigation rehabilitation and development.
74. Support to health was towards public health (communicable diseases and non-communicable diseases), curative services and Bio-Medical Science, Engineering and Pharmaceutical Production, to mention the major expenditure items.
75. On education, a total of ZWL\$706.2 million was disbursed towards support of teaching and learning materials, schools feeding programme, sanitary ware and upgrading of schools and other facilities including per capita grants.
76. Expenditures on social protection programmes were on BEAM, Harmonised Social Cash Transfer, drought mitigation and sustainable livelihoods, among others.

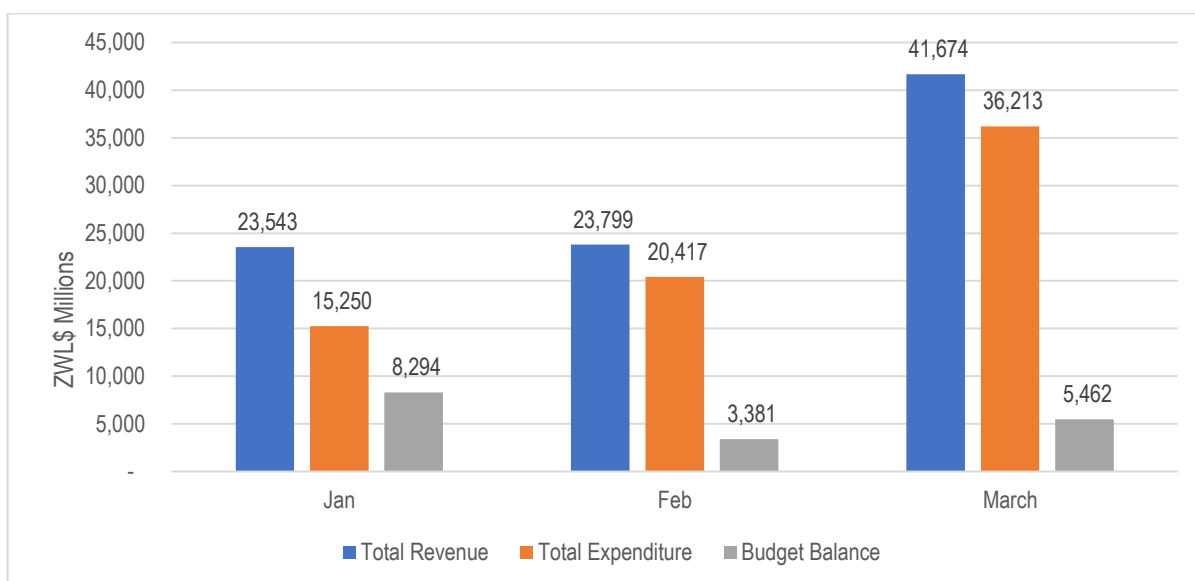
Non-Financial Assets

77. Non-Financial Assets at ZWL\$7.2 billion constituted the fourth largest share of the 2021 first quarter expenditures. Most of the expenditures went towards furniture and equipment, capital grants to other general Government units, as well as construction of buildings and other structures.

Budget Balance

78. The budget balance for the period January to March stood at ZWL\$17.1 billion, against a target of ZWL\$4 billion.

Budget Deficit: Jan – Mar 2021

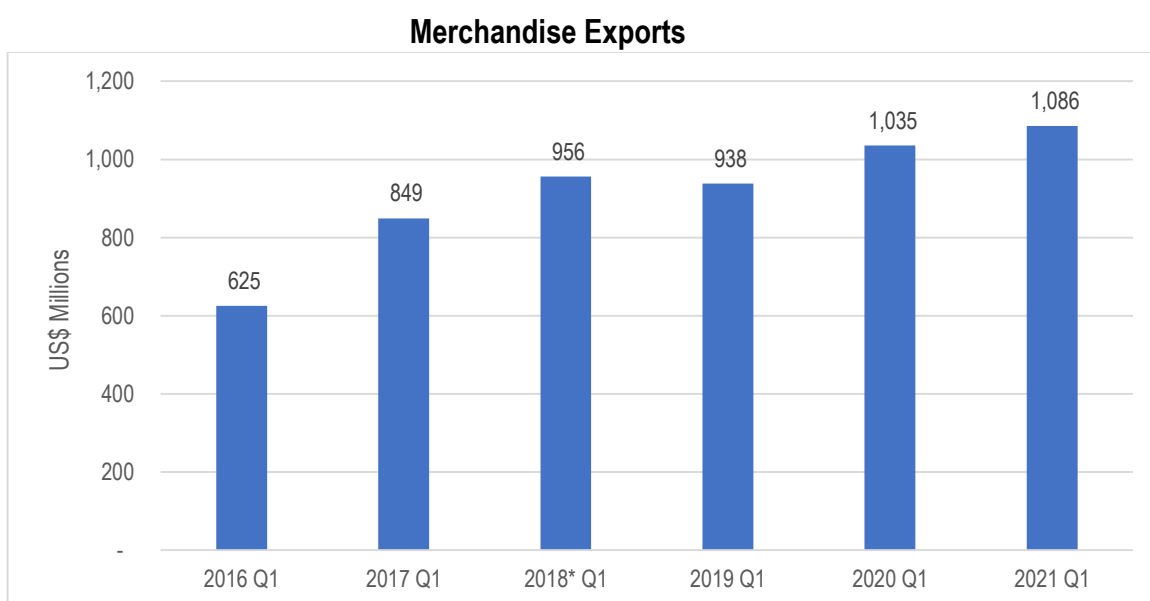


Source: MoFED

EXTERNAL SECTOR PERFORMANCE

Merchandise Exports

79. The country exported goods worth US\$1.1 billion during the first quarter, a 5% increase from US\$1 billion, recorded during same period last year. Compared to the last quarter of 2020, exports declined by 25% from US\$1.5 billion.



Source: ZIMSTAT *Estimate

80. Mineral exports dominated in the top 20 exports products at 84%, with nickel ores and mates, ferro-chromium, industrial diamonds, platinum, coal products registering growth. On the downside were gold, flue cured tobacco and other tobacco products.

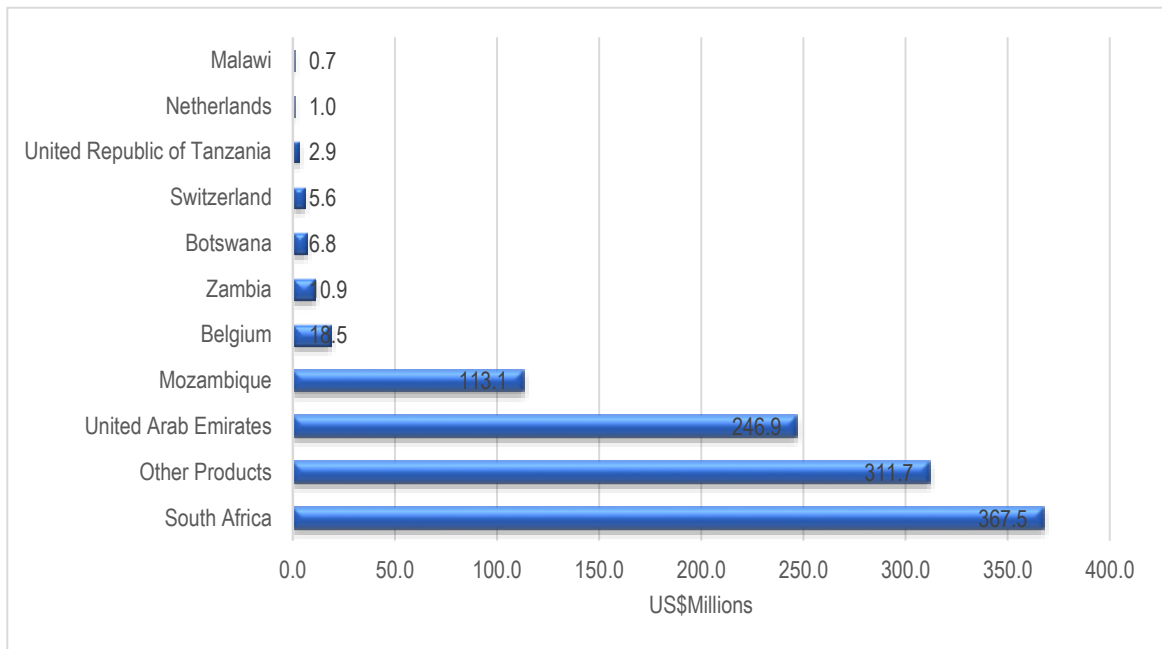
Export by Product

Products	Q1 2020	Q1 2021	Growth (%)
Nickel ores and concentrates	101.7	269.7	165%
Nickel mattes	188.7	227.7	21%
Semi-manufactured gold	227.3	210.1	-8%
Flue-cured tobacco of the virginia type,	214.1	81.4	-62%
Ferro-chromium, containing by weight	48.5	65.6	35%
Industrial diamonds unworked or simply sawn,	30.7	54.2	77%
Platinum unwrought or in powder form	17.8	48.1	170%
Coke and semi-coke of coal, of lignite or of peat;	10.2	13.1	28%
Chromium ores and concentrates	8.6	10.2	18%
Other ginned cotton in staple lengths	3.5	7.1	101%
Cigarettes containing tobacco weighing	3.0	5.7	90%
Black tea fermented/ partly fermented	5.2	5.4	3%
Other mineral substances	2.6	4.9	89%
Granite, crude or roughly trimmed	3.2	4.8	49%
Tobacco refuse in immediate packings of a content	3.5	4.2	22%
Other cigarette tobacco	5.5	3.5	-36%
Ferro-silicon, containing by weight	-	3.3	
Collections and collector's pieces of zoological	1.6	2.1	28%
Other Products	159.3	64.4	-60%
Total	1,035.3	1,085.5	5%

Source: ZIMSTAT

81. The country's exports were mainly destined to South Africa absorbing 34% followed by UAE and Mozambique, absorbing 23% and 10%, respectively, while the rest of the world importing 33% of our products.

Exports by Country

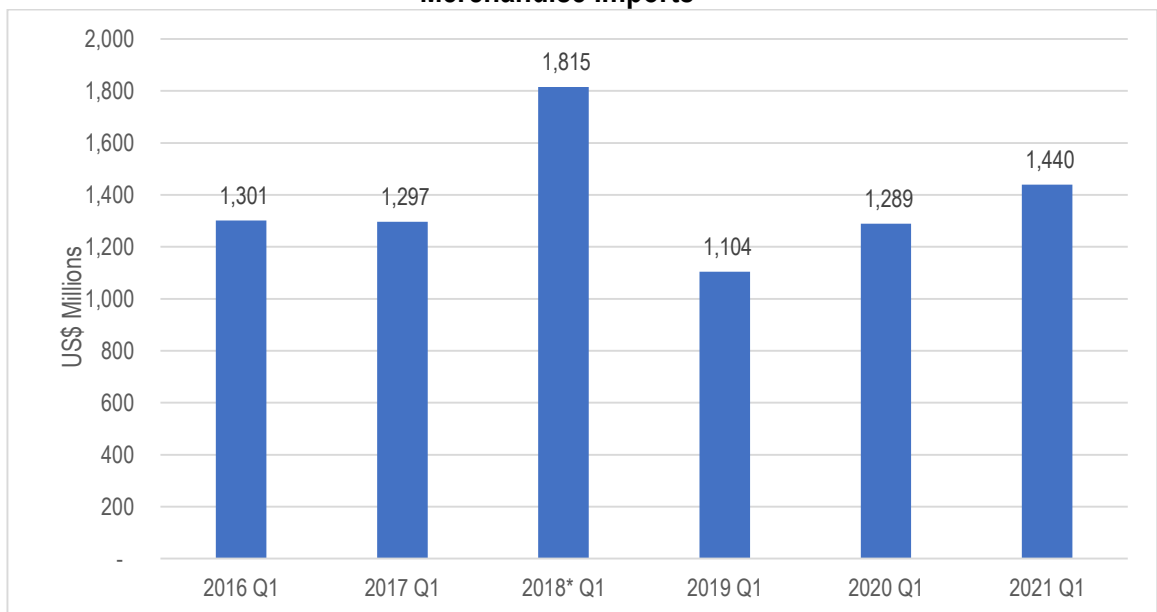


Source: ZIMSTAT and MOFED Calculations

Merchandise Imports

82. Similarly, merchandise imports increased by 12% to US\$1.4 billion from US\$1.3 billion realised during the same period last year. Compared to the fourth quarter of 2020, imports fell by 4% from US\$1.5 billion.

Merchandise Imports



Source: ZIMSTAT *Estimate

83. The country's import basket was dominated by crude soyabean oil, fertilisers, medicaments and wheat.
84. Favourable rainfall received during the 2020/21 season resulted in increased demand for top dressing fertilisers, with urea and ammonium nitrate registering a huge jump, while Covid-19 pandemic has resulted in increased demand for medicaments and PPEs.
85. Imports for maize which have been on the rise due the last two consecutive droughts are coming down as the country is expecting a bumper harvest. Similarly, fuel imports declined sharply during the period under review, mainly from lockdown measures and depressed economic activity.

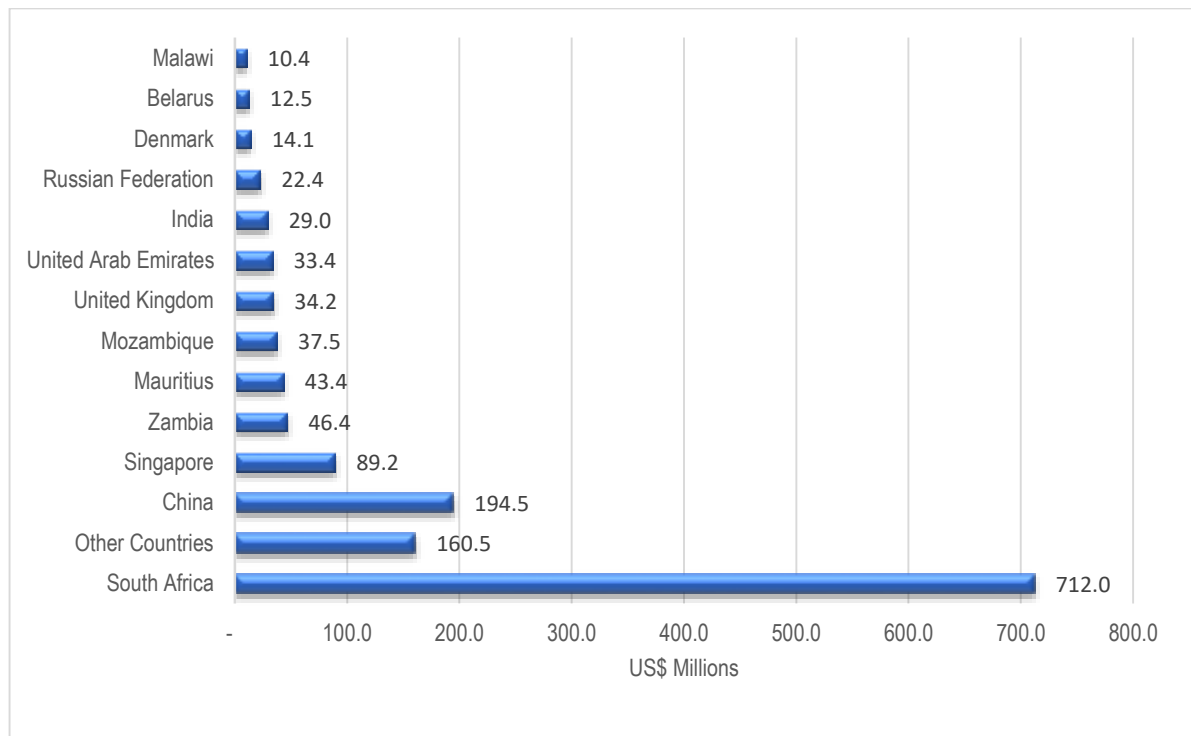
Imports by Products

Products	Q1 2020	Q1 2021	Growth (%)
Maize (Excluding Seed)	135.2	84.7	-37%
Diesel	186.4	60.5	-68%
Crude soya bean oil, whether or not degummed	17.7	42.5	141%
Urea	1.4	41.2	2836%
Electrical energy	39.1	31.0	-21%
Vaccines for human medicine	11.3	22.5	99%
Road tractors for semi-trailers	11.3	22.4	98%
Ammonium nitrate	6.0	21.5	256%
Medicaments of mixed or unmixed...in measured doses for retail sale	12.3	21.1	72%
Other durum wheat	8.7	20.3	132%
Medicaments used in the management of cronic illnesses app by Sec of Health	10.9	19.6	79%
Unleaded petrol	90.2	19.3	-79%
Broken rice in Bulk >= 25kg	19.8	17.5	-12%
Maize meal(corn)	0.0	17.4	
Ammonium dihydrogenorthophosphate (monoammonium phosphate)	8.4	16.5	96%
Safety fuses; detonating fuses; caps; igniters; electric detonators	2.9	14.2	395%
Goods vehicles, with diesel/semi-diesel engines, gvw 5-20t, nes	9.8	12.9	31%
Herbicides ,anti-sprouting products and plant growth regulators in containers <20Lor 5k	6.4	11.6	80%
Other insecticides nes	16.1	11.2	-30%
Other Products	694.9	931.7	34%
Total	1288.9	1439.5	12%

Source: ZIMSTAT

86. The country's imports were mainly sourced from South Africa, China and Singapore, contributing 44%, 21%, 8%, respectively, whilst the rest of the world absorbed 31%.

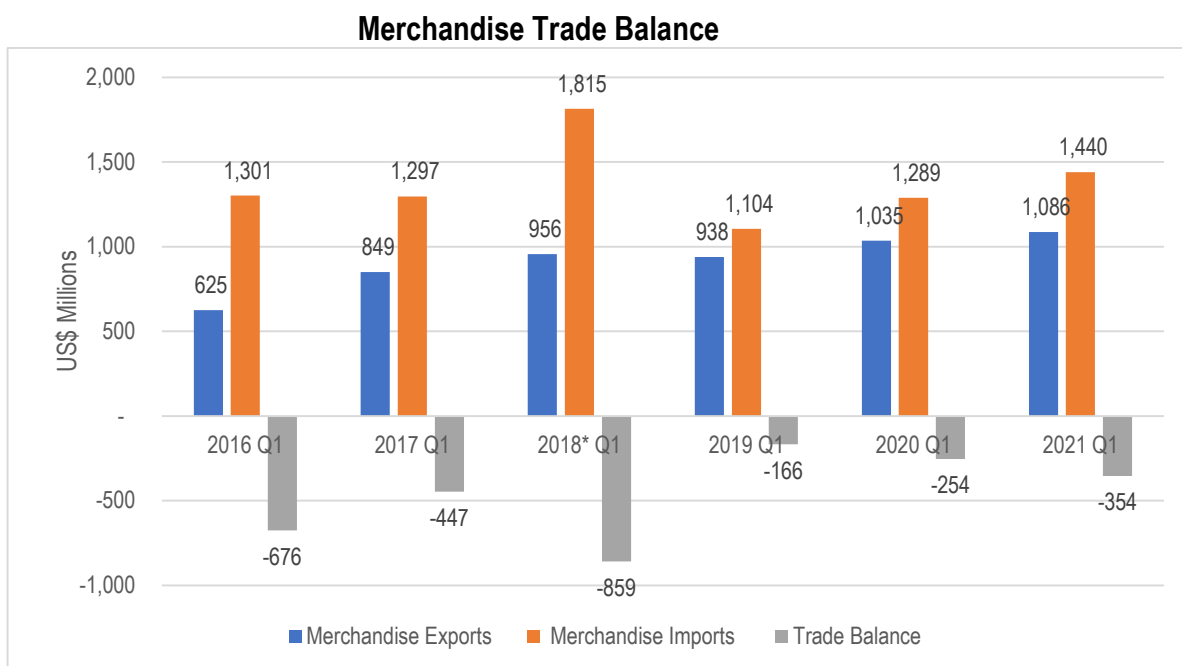
Imports by Country



Source: ZIMSTAT and MOFED Calculations

Trade Balance

87. Consequently, the merchandise trade deficit widened by 40% during the first quarter of 2021 to US\$354 million from US\$254million recorded during the same period last year.



Source: ZIMSTAT *Estimate

CONCLUSION

88. Despite the better performance experienced during the first quarter of the year, substantial economic risks remain elevated, as the Covid-19 pandemic still impacts the economy and livelihoods.
89. However, the vaccination exercise currently underway throughout the country is expected to contain the severity of the pandemic, which would also reduce pressure on the fiscus.

Ministry of Finance and Economic Development

May 2021

ANNEXURES

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE CONSOLIDATED REVENUE FUND

	ACTUAL	TARGET	VARIANCE	
	ZWL\$	ZWL\$	ZWL\$	%
TOTAL REVENUE	89,016,497,568	87,351,452,514	1,665,045,054	2
TOTAL TAX REVENUE	86,456,391,768	86,521,852,238	(65,460,470)	(0)
TAXES ON INCOME AND PROFITS	34,745,826,980	33,432,172,000	1,313,654,980	4
TAX ON GOODS AND SERVICES	51,710,564,788	53,089,680,238	(1,379,115,450)	(3)
Customs duty	6,627,439,904	6,350,480,298	276,959,606	4
Excise duty	9,296,246,839	10,070,730,000	(774,483,161)	(8)
Value added tax	20,012,215,394	23,527,600,000	(3,515,384,606)	(15)
tax on specific services	1,199,595,028	683,000,000	516,595,028	76
tax on gross revenue	7,202,201,892	5,951,886,000	1,250,315,892	21
taxes on financial and capital transactions	7,208,385,660	6,449,183,940	759,201,720	12
other indirect taxes	164,480,071	56,800,000	107,680,071	190
NON-TAX REVENUE	2,560,105,800	829,600,276	1,730,505,524	209
Property income	115,372,555	126,213,000	(10,840,445)	(9)
sales of goods and Services	2,444,733,246	703,387,276	1,741,345,970	248
TOTAL EXPENDITURE	71,879,591,024	83,383,053,000	(11,503,461,976)	(14)
Recurrent Expenses	64,028,472,708	68,783,053,000	4,754,580,292	7
compensation of Employees	31,273,768,671	27,936,985,000	(3,336,783,671)	(12)
use of Goods and services	6,399,827,572	17,720,891,000	11,321,063,428	64
Interest on Debt	530,229,278	382,253,000	(147,976,278)	(39)
Subsidies	1,070,000,000	650,523,000	(419,477,000)	(64)
Grants	15,568,311,465	14,555,905,000	(1,012,406,465)	(7)
Social benefits	8,074,907,188	2,778,167,000	(5,296,740,188)	(191)
Other Expenses	1,111,428,534	4,758,329,000	3,646,900,466	77
SURPLUS /(DEFICIT) BEFORE TRANSACTIONS IN Transactions in Non-Transactions in Financial Assets	24,988,024,859	18,568,399,514	6,419,625,345	35
Transactions in Non-Financial Assets	7,216,012,697	10,100,000,000	2,883,987,303	29

Transactions in Financial Assets	635,105,619	4,500,000,000	3,864,894,381	86
SURPLUS/(DEFICIT) FOR THE PERIOD	17,136,906,543	3,968,399,514	13,168,507,029	332