



CZI

Enterprise Leadership Service

SEPTEMBER 2026

INFLATION AND CURRENCY DEVELOPMENTS UPDATE

(MACRO-ECONOMIC)
BRIEFING NOTE TO CZI MEMBERS

12 OCTOBER 2026

“ A steady rate of monetary growth at a moderate level can provide a framework under which a country can have little inflation and much growth”

Milton Friedman

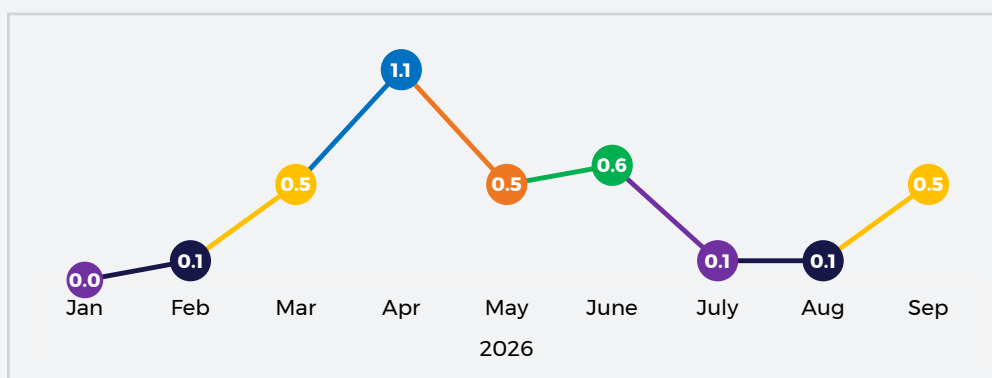
1

ZiG MONTH-ON-MONTH INFLATION TICKS UP FOR THE FIRST TIME SINCE JULY 2026

Month-on-month ZiG inflation increased to 0.5% in September 2026, from 0.1% in July and August 2026 (Figure 1). The uptick occurred against a backdrop of renewed geopolitical tensions in the Middle East, which contributed to a rise in international crude oil prices to above US\$100 per barrel on 9 September 2026. Despite the external fuel-price shock and its potential pass-through to domestic transport, production and distribution costs, domestic inflation remained relatively contained, with monthly inflation still below 1%. This suggests that, so far, the increase in international energy prices has not translated into significant broad-based price pressures in the domestic economy, pointing to a degree of resilience in the current inflation environment.

Figure 1: ZiG month-on-month inflation rises for the first time since July 2026(%)

Source: Authors' computation using ZIMSTAT data



While overall price pressures remain contained, the economy continues to experience pockets of inflationary pressure across selected goods and services. An analysis of the consumer price index (CPI) basket shows that domestic services and household services recorded the largest month-on-month increase at 2.4% in September 2026, followed by beer at 2.2% and actual rentals for housing at 1.7%, among other categories (Figure 2).

The concentration of price increases in services, alcoholic beverages and housing-related costs suggests that, although headline inflation remains relatively subdued, cost pressures are not evenly distributed across the economy. These increases could place additional pressure on household disposable incomes and business operating costs, particularly if they extend to other CPI categories.

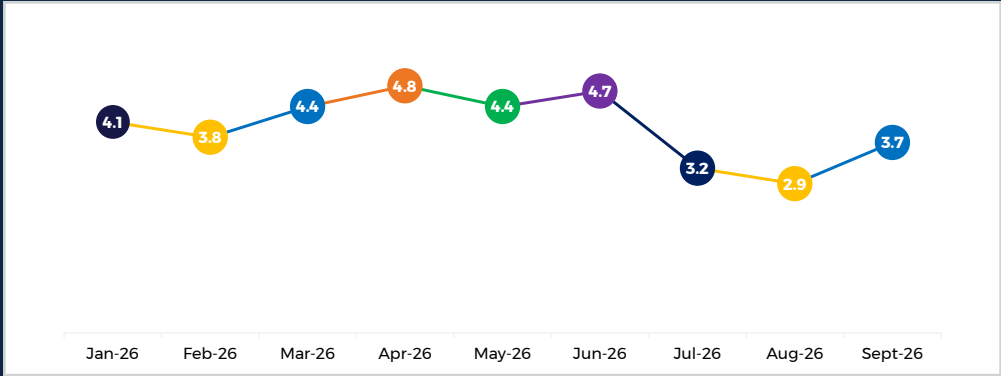
Figure 2: Some products with high month-on-month inflation rates in September 2026 (%)

Source: Authors' computation using ZIMSTAT data



Year-on-year ZiG inflation increased to 3.7% in September 2026, from 2.9% in August 2026 (Figure 3), signalling a modest acceleration in annual price pressures. The increase occurred amid renewed geopolitical tensions in the Middle East, which have contributed to higher international energy prices and heightened the risk of external cost pressures feeding into domestic prices. However, despite the upward movement, annual ZiG inflation remains comfortably below the 5% threshold, indicating that overall price pressures remain well contained.

Figure 3: ZiG year-on-year inflation well contained below the 5% mark

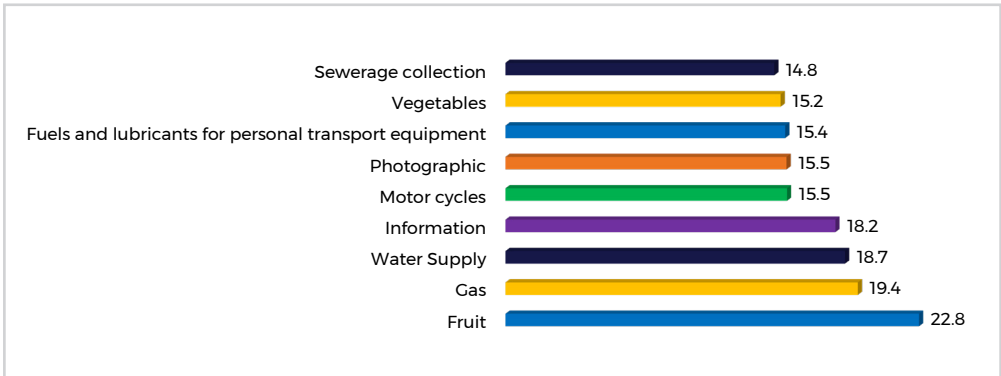


Source: ZIMSTAT



However, notable price pressures persist within specific sub-sectors. The sharpest increases were recorded in fruits (22.8%), gas (19.4%), water supply (18.7%), and information services (18.2%) (Figure 4). While gas can be directly linked to the geopolitical tensions, the other three categories can only be indirectly linked.

Figure 4: Major drivers of ZiG annual inflation (%)



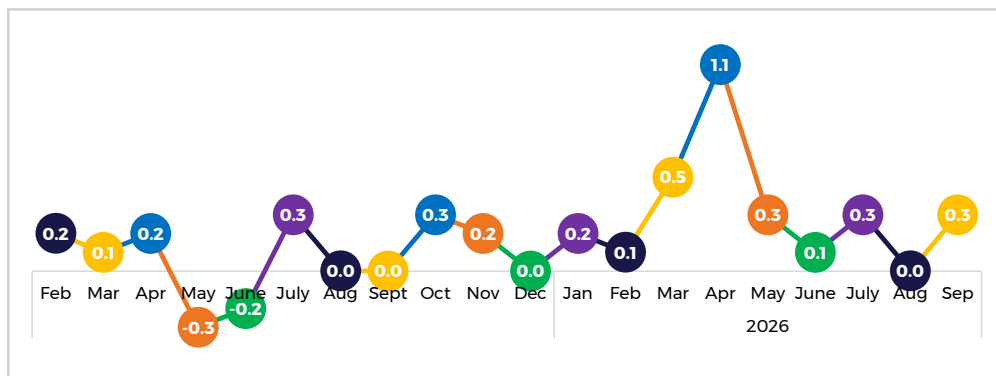
Source: Authors' computation using ZIMSTAT data

2

USD MONTH-ON-MONTH INFLATION TREND FLUCTUATING SINCE MAY 2026

Month-on-month USD inflation has remained firmly anchored below 1% since the second quarter of 2026, with the rate not exceeding 0.3% since May 2026 (Figure 5). In September 2026, USD month-on-month inflation increased to 0.3%, from 0.0% in August. Despite this uptick, the inflation rate remains low and well below the 1% mark, indicating that price pressures in the US-dollar segment of the economy also remain contained. The sustained moderation in USD-denominated inflation also suggests that the recent fuel in increase has not yet translated into broad-based or significant price pressures.

Figure 5: USD month-on-month inflation has held steady within 0.3% since May 2026

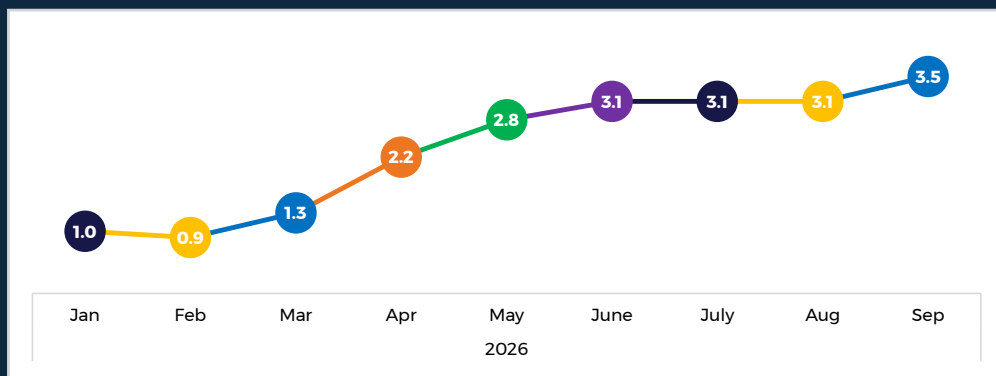


Source: ZIMSTAT



Annual USD inflation ticked upward for the first time since July 2026, reaching 3.5% in September (Figure 6). The increase may be attributed to rising imported non-food input costs, global fuel price adjustments, and domestic utility tariff realignments. However, while the increase in the inflation level is not yet a cause of concern, monitoring external developments remains a key priority for the monetary authorities.

Figure 6: USD Annual inflation trend (%)



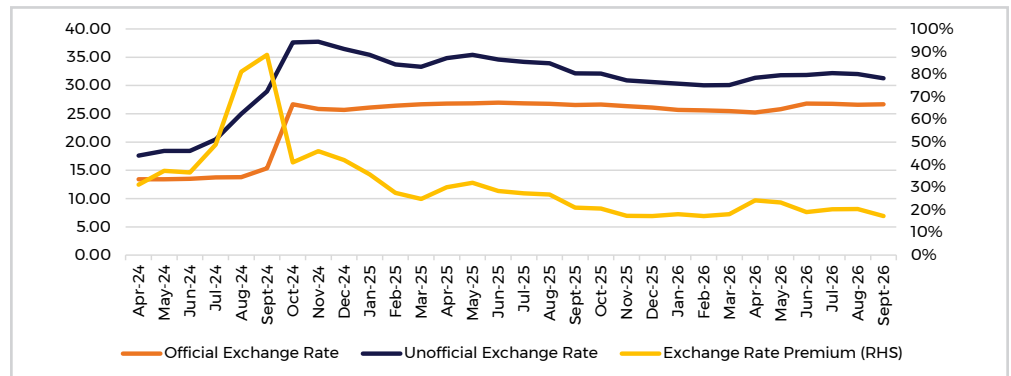
Source: ZIMSTAT

3

THE EXCHANGE RATE PREMIUM STILL STABLE AND BELOW 20%

The ZiG parallel-market exchange-rate premium remained below 20%, indicating reduced distortions between the official and parallel foreign-exchange markets (Figure 7). Although the premium came under temporary pressure in August, this subsequently eased. The moderation reflects improved foreign currency availability through the formal interbank market, alongside tighter monetary and liquidity conditions. Consequently, speculative demand and exchange-rate volatility remain relatively contained, supporting greater stability in the foreign-exchange market.

Figure 7: The parallel market premium trend since April 2024



4

INFLATION OUTLOOK

Month-on-month ZiG inflation has averaged 0.4% since January 2026. If this trend persists, annual inflation is projected to end the year at around 5%. However, festive-season sales promotions and efforts by businesses to drive volumes could result in lower month-on-month inflation than the average recorded to date. Conversely, increased consumer demand during the festive period and year-end price adjustments may place upward pressure on monthly inflation.

Taking these factors into account, annual inflation is expected to close the year within a range of 4.5% to 7%. While inflation is unlikely to return to the historic low of 2.9% recorded in August 2026, annual ZiG inflation is expected to remain within single-digit territory by December 2026.



This is a publication of the CZI Industrial and Economic Research for its members.

For any further information, clarifications or insights kindly contact the following: membership@czi.co.zw or 0789 092 977

Dr Cornelius Dube
CZI Chief Economist
0774 151 912 or cdube@czi.co.zw

Whisper Nyandoro
Economist
0774 548 686 or wnyandoro@czi.co.zw