

THE ACORN REPORT

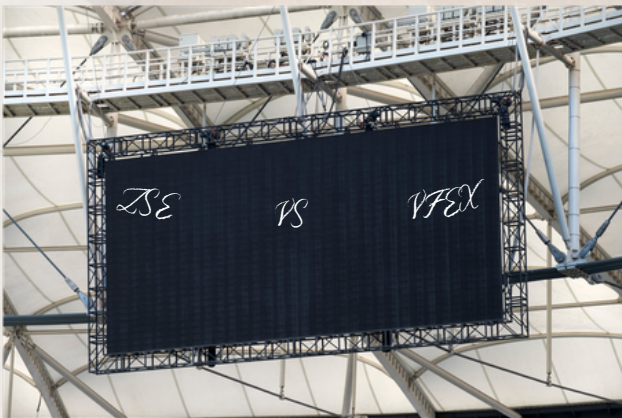
STOCKS & REITS & ETFS



CORPORATE NEWS

RAINS, LITHIUM AND THE YEAR-END RUSH: READING THE SEASON ON VFEX AND ZSE

THE SCOREBOARD TELLS A SEASONAL STORY



Look at the VFEX leaderboard as at 16 October 2026 and one thing jumps out. Zimplow is up 179% year-to-date and Padenga is up 146%. Axia (+83%), Seed Co (+80%) and First Capital (+77%) follow. At the bottom sit Caledonia (-11%), Nedbank ZDR (-15%), TSL (-19%), Invictus (-23%) and InfraCo (-24%).

Is that luck? Not entirely. Markets run on calendars as much as headlines. Farmers plant, shoppers splurge in December, importers stock up before the festive rush, mines ship, banks lend and collect, and companies report. Each season moves cash from one pocket to another, and share prices follow the cash.

Right now the calendar is unusually crowded. The rains have not properly arrived and an El Niño warning still hangs over the planting season. Budget consultations are under way. Trading statements are due before year-end. Lithium is writing a brand-new export story. So this piece walks through retail, logistics, banking, mining and agribusiness on VFEX and the ZSE, and asks one practical question: who gets paid first, and who has to wait?

AGRIBUSINESS: WAITING FOR THE RAIN

The season's biggest swing factor is the one nobody can invoice: rain. Only scattered showers have fallen so far, and the regional climate forum expects below normal rainfall from October to December and again from January to March. The Meteorological Services Department earlier put the odds of an El Niño at 88–94%, and the agriculture minister says below average rain is a given; the question is how severe. Farmers are being told to plant only after more than 20mm falls over three days.

For listed counters, October is input season. Seed, implements, fertiliser and chemicals sell before the rains, not after. That helps explain why Zimplow and Seed Co sit near the top of the scoreboard. The risk comes later. Farmers who buy on credit now repay after harvest, and a poor harvest delays that cash. So watch debtor days, not just revenue.

There is a cushion. National dam levels averaged about 90% earlier this year, well above the seasonal norm, though catchments such as Mzingwane and Mazowe lag. Government is also planning a US\$500 million cash and grain reserve. Even so, financing remains the real constraint: many farmers depend on contractor finance rather than bank credit.



RETAIL: THE FESTIVE SPRINT RUNS ON REMITTANCES AND IMPORTS



Retail is the cleanest seasonal trade in the market. Axia's half-year to December 2025 showed it: revenue rose 22% to US\$122 million on Black Friday and Christmas promotions, and cash more than doubled to US\$7 million. Simbisa's March-quarter update tells the same story, crediting resilient demand to currency stability, good weather and firm commodity prices.

Who funds the spending? Diaspora remittances reached about US\$1.86 billion in the first eight months of 2026, up 22%. South Africa supplies nearly a third of formal inflows, and some 108,000 migrants have returned home, so that line deserves watching. Higher-value flows from the UK, US and other markets may hold the total up for now.

Imports set the shelf prices. Imports ran 29% higher in the first five months of the year, and a steady ZWG, trading around 27 to the US dollar, keeps margins predictable. The December sprint looks safe. The hangover is the risk: if the harvest fails, rural spending weakens from February.

BANKING: DEPOSITS ARE GROWING, AND SO IS CAUTION

Banks live on the same calendar as their clients: they lend into planting and festive stocking, then collect after harvest and sales. This year the collection leg looks slower. At its analyst briefing, CBZ signalled that some clients were not paying on time, and its half-year numbers agree. Expected credit losses jumped to ZWG166 million from ZWG27 million, Stage 2 loans rose 145%, and profit after tax fell 20% to ZWG692 million.

The growth story is intact. CBZ's deposits grew 16% to ZWG32.2 billion and its loans grew 16.5%. Sector-wide, non-performing loans stood at 3.64% in March, inside the 5% benchmark. The squeeze is on fees: Reserve Bank caps now limit withdrawal charges to 2% and point-of-sale fees to 1.5%, and balance checks are free.

For investors, credit quality becomes the swing factor. Agricultural lenders will feel any rain failure first, and trading statements will show it in the impairment line before they show it in revenue. The scoreboard already shows dispersion, with First Capital up 77% and Nedbank ZDR down 15%. Across the economy, financing, not demand, remains the binding constraint.



LOGISTICS AND DEALS: THE PLUMBING AND THE CHESSBOARD

October to December is when importers stock up. June brought record exports of US\$1.44 billion, but imports hit a record too, and South Africa remains the biggest supplier. Festive stock, farm inputs, diesel and lithium concentrate all compete for the same trucks, trains and border slots. The National Railways of Zimbabwe has dispatched its first 1,000-tonne lithium trainload to Maputo, and analysts expect fourth-quarter shipments to be shaped by quotas and logistics. Once the rains arrive, wet roads add another delay.

Then there is the chessboard. Varun Beverages, the PepsiCo bottler, is reported to be the leading buyer for control of Dairibord, with one report putting the bid near US\$80 million. No formal offer has been confirmed. Press reports name Mega Market as Dairibord's largest shareholder, and Varun's Zimbabwe unit set up a 70/30 holding company with a Mega Market entity on 3 August. Varun has also secured a PepsiCo snacks licence and a Carlsberg beer distribution deal. Rivals such as Delta, the Coca-Cola bottler and brewer, face a deeper-pocketed competitor, and Dairibord's minorities may see a control premium. Treat it as a balance-sheet and market-share story, not just a headline.



VS



MINING: LITHIUM HAS CHANGED THE ARITHMETIC

The headline is a doubling. Zimbabwe's mineral exports, excluding gold, reached US\$4.74 billion in the first nine months of 2026, up 102%. Lithium supplied US\$2.16 billion of that, nearly four times last year's level, and now outranks platinum group metals at US\$1.73 billion.

Price did the heavy lifting, not volume. Spodumene concentrate prices jumped about 283%, while 2026 output is forecast to dip slightly to 2.14 million tonnes. In 2025, volumes rose 11% yet receipts stayed near US\$514 million because prices were weak.

Now follow the dollars. Treasury expects 5% growth this year (the African Development Bank says 4.3%), the Reserve Bank projects a current account surplus of US\$3.5 billion, reserves passed US\$2 billion in September, and the ZWG has held near 27 to the dollar. Royalties, wages, local purchases and taxes feed spending, and spending feeds deposits. But not every export dollar stays home; much of the profit sits with the Chinese groups that dominate the sector.

The risks are visible. Concentrate exports face quotas this quarter and a full ban from January 2027, and Chinese carbonate futures have roughly halved from their May peak. Gold offers little relief, slipping from highs above US\$5,000 to about US\$4,100–4,400, while Caledonia sits 11% lower.



WHAT IF LITHIUM WERE LISTED AT HOME?

Today, local investors cannot buy this boom directly. The big producers sit inside Chinese groups such as Huayou, Sinomine, Chengxin, Sichuan Yahua and Tsingshan, and the Australian-listed developer that once owned Arcadia sold it to Huayou. Zimbabwean portfolios own the lithium story only indirectly, through banks, transporters and retailers.

A VFEX listing would change that. Pension funds and retail investors could share in US-dollar earnings, dividends could be paid and spent locally, and price discovery would improve. Banks would gain a large, visible borrower with disclosure obligations. It could also deepen a market where the ZSE's total capitalisation is about ZWG110 billion.

The catch is volatility. VFEX already shows how commodity cycles become share prices: Kavango is up 33% and Caledonia is down 11%. A lithium counter would swing harder, since concentrate prices jumped 283% while carbonate futures have roughly halved since May. Investors would need governance, minority protections and a clear plan for the January concentrate ban. The upside is real; so is the ride.



THE CALENDAR: STATEMENTS, STRATEGY AND THE BUDGET



The next eight weeks are crowded. Companies will issue trading statements before year-end, some annual reports are still landing, and boardrooms are deep in strategy season as 2027 plans take shape. Under ZSE Practice Note 9, trading updates stand in for quarterly reports, so the September-quarter updates should give the first read on credit losses, debtor days and festive stocking.

Policy comes next. Parliament began public consultations on the 2027 Budget this week, and the Pre-Budget Seminar runs at the ZITF grounds in Bulawayo from 27 October to 1 November. The Budget itself usually lands in late November. Expect pressure for more social spending and calls for agricultural relief, and watch for any change in how mining revenue is taxed. Treasury has room to manoeuvre: the mid-term review ruled out a supplementary budget and reported a ZWG14.2 billion first-half surplus.

Geopolitics has not gone away. Middle East tensions and shipping risks around the Strait of Hormuz pushed Brent above US\$100 in September, and the Reserve Bank blamed oil for inflation edging up to 3.7%.

BEYOND OUR BORDERS: PRICES, INFLATION AND AI

Inflation is the quiet hero of 2026. ZWG annual inflation hit 2.9% in August, the lowest since 1980, before rising to 3.7% in September, and the Reserve Bank expects it to end the year below 7%. It has cut its policy rate by a cumulative 7.5 percentage points since June. Cheaper money helps valuations. But the anchor holds only while export earnings stay strong, which is why commodity prices matter. If lithium and gold slip together, foreign currency inflows soften and the stability rally faces a test. If oil stays above US\$100, freight and import costs push the other way.

AI adds a longer story. Data centres need copper, lithium, rare earths and reliable power, and researchers at the Colorado School of Mines argue the real bottlenecks are power equipment and processing capacity, not just chips. The International Energy Agency expects Africa's own data-centre electricity use to stay small this decade. So for Zimbabwe, AI is first a minerals-and-supply-chain story. The winners will be those who process and ship reliably, not just those who dig.



WHAT TO WATCH



Seasons do not predict returns. They tell you where cash will be, and when. October's scary reputation is mostly lore; this year's calendar is the better guide.

- Rain onset: the first 20mm over three days, and whether dry spells follow.
- Credit lines: impairments and debtor days in trading statements.
- Lithium: fourth-quarter quotas, the January ban and carbonate prices.
- Deals: any formal move on Dairibord.
- Policy: the Pre-Budget Seminar from 27 October and the Budget in late November.
- Remittances: December inflows from South Africa and the UK.

The scoreboard will keep moving. The investors who read the calendar first will not be surprised by it.

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VFEX year-to-date returns: chart supplied (VFEX, African Financials; Money & Moves analysis, 16 October 2026).

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