

Bloomberg

Zimbabwean Economy's Size May Be Double IMF Estimate, Imara's Legat Says

By Brian Latham - Aug 16, 2010

[Zimbabwe](#)'s economy may be double the size estimated by the [International Monetary Fund](#), making the stock market's value of \$3 billion look "cheap," [Imara Asset Management Zimbabwe](#) Chief Executive Officer [John Legat](#) said.

The southern African nation's economy may be as big as \$10 billion, compared with the IMF estimate of about \$5 billion, Legat said in an e-mailed statement today from Harare, the Zimbabwean capital. In December, Zimbabwean Finance Minister [Tendai Biti](#) revised the size of the economy to \$5.1 billion from \$3.5 billion, he said.

"We find it hard to understand why both the IMF and government are being as cautious as they are," Legat said. "Their views give a sobering view of the country, rather than an upbeat and exciting outlook for a country barely in its second year of reform."

Zimbabwe is rebuilding its economy after experiencing a decade of recession that followed a drought and President [Robert Mugabe](#)'s seizure of white-owned commercial farms for redistribution to blacks deprived of land under colonial rule. The policy led to shortages of everything from food to fuel and resulted in an [inflation rate](#) estimated at [89.7 sextillion percent](#) by the Cato Institute.

Imara's estimate of the Zimbabwean economy's size is based on a comparison of spending power in neighboring [Zambia](#), Legat said. While Zambia's two biggest breweries reported sales of \$230 million last year, revenue at [Delta Corp.](#), Zimbabwe's biggest beer maker, totaled \$324 million, he said. This year, [Econet Wireless Holdings Ltd.](#), a Zimbabwean mobile-phone operator, expects revenue of \$500 million, while Zambians are expected to spend \$280 million with Zain Zambia, that country's biggest mobile-phone company, Legat said.

Bigger Economy

Some measures suggest that Zimbabwe's agriculture, tourism and manufacturing industries are also bigger than in Zambia, which has a \$14 billion economy, he said.

“According to the IMF and the government, Zimbabwe’s gross national product per capita is \$450, which compares with Zambia at \$1,200 per head,” Legat said. “Spending patterns in both countries suggest the opposite.”

Imara estimates that Zimbabwe’s market capitalization may double as investors take advantage of the opportunities offered by the domestic stock market.

Since the Zimbabwe Stock Exchange resumed trading in February 2009, following a three-month shutdown ordered by the central bank amid soaring inflation, a plunging Zimbabwean dollar and international sanctions against Mugabe’s government, the bourse’s market value has risen 40 percent, Legat said.

Imara Asset Management is a unit of Gaborone, Botswana- based Imara Holdings Ltd.

To contact the reporter on this story: [Brian Latham](mailto:blatham@bloomberg.net) in Durban at blatham@bloomberg.net.

©2010 BLOOMBERG L.P. ALL RIGHTS RESERVED.