

**Vol. 16 No. 24**



# **Weekly Economic Highlights**

**Week Ending 13 June 2014**

## 1. INTEREST RATES

### Deposit Rates

During the week ending 13<sup>th</sup> June 2014, savings deposit rates remained unchanged at 3.42% while 1 month and 3 months average deposit rates softened marginally to 9.89% and 11.62%, respectively.

**Table 1: Average Deposit Rates**

2014	Savings Deposits (%)	1-Month Deposits (%)	3-Months Deposits (%)
09-May	3.42	10.01	11.69
16-May	3.42	10.01	11.69
23-May	3.42	10.01	11.59
30-May	3.42	10.01	11.59
06-Jun	3.42	9.91	11.67
13-Jun	3.42	9.89	11.62

Source: Banking Institutions, 2014

### Lending Rates

During the week under review, commercial banks' weighted lending rate for individuals firmed marginally, from 14.37% to 14.42%. The weighted lending rate for corporate clients, however, declined by 0.03 percentage points to 9.22%. At merchant banks, the nominal lending rates quoted for individual and corporate clients were 19.00% and 18.00%, respectively.

**Table 2: Lending Rates<sup>1</sup>**

2014	Weighted Lending Rates (%)			
	Commercial Banks (		Merchant Banks	
	Individuals	Corporate Clients	Individuals	Corporate Clients
09-May	14.38	9.26	18.88	17.74
16-May	14.38	9.33	18.88	17.74
23-May	14.38	9.28	18.88	17.74
30-May	14.39	9.25	18.87	17.74
06-Jun	14.37	9.24	19.00	18.00
13-Jun	14.42	9.22	19.00	18.00

Source: Banking Institutions, 2014

<sup>1</sup> The weighted lending rate is the sum of nominal rates weighted by each bank's loan book size.

## 2. CLEARING AND SETTLEMENT ACTIVITY

During the week ending 13<sup>th</sup> June 2014, transactions processed through the Real Time Gross Settlement (RTGS) system increased to US\$915 million in value terms, from US\$714 million recorded in the previous week. The RTGS volumes, however, recorded a decrease of 8%, from 49 451 the previous week to 45 625.

**Table 3: National Payment Systems Activity**

<b>PAYMENT STREAM</b>	<b>WEEK ENDING 06 JUNE 2014</b>	<b>WEEK ENDING 13 JUNE 2014</b>	<b>CHANGE FROM PREVIOUS WEEK</b>	<b>PROPORTION</b>
<b>VALUES IN US\$</b>				
<b>RTGS</b>	713,854,332.67	915,090,310.81	28%	85.15%
<b>CHEQUE<sup>2</sup></b>	2,955,648.52	2,667,431.00	-10%	0.25%
<b>POS</b>	54,967,627.17	34,665,833.07	-37%	3.23%
<b>ATMs</b>	83,077,513.86	57,580,953.87	-31%	5.36%
<b>MOBILE</b>	85,715,787.23	64,660,097.88	-25%	6.02%
<b>TOTAL</b>	<b>940,570,909.45</b>	<b>1,074,664,626.63</b>		<b>100%</b>
<b>VOLUMES</b>				
<b>RTGS</b>	49,451	45,625	-8%	1.20%
<b>CHEQUE<sup>2</sup></b>	7,308	8,631	18%	0.23%
<b>POS</b>	419,663	288,751	-31%	7.61%
<b>ATMs</b>	323,350	246,765	-24%	6.50%
<b>MOBILE</b>	3,558,500	3,205,932	-10%	84.46%
<b>TOTAL</b>	<b>4,358,272</b>	<b>3,795,704</b>		<b>100%</b>

*Source: Reserve Bank of Zimbabwe, 2014*

## 3. TOBACCO SALES

As at 13<sup>th</sup> June 2014 (Day 79 of the 2014 tobacco selling season), a cumulative total of 191.96 million kilograms of tobacco had been sold, compared to 145.22 million kilograms sold during the same period in 2013. The average selling price for the golden leaf, at US\$3.18, was 14.05% lower than the average price of US\$3.70 realised during the same period in 2013.

Cumulative tobacco sales amounting to US\$610.55 million, have so far been realized, which is 13.59% more than the US\$537.52 million realized during the corresponding period in 2013.

**Table 4: Cumulative Tobacco Sales As at Day 79 (13/06/14)**

	2013	2014	Variance (%)
<b>Quantity Sold (kgs)</b>	145 222 257	191 955 097	32.18
<b>Average Price (US\$/kg)</b>	3.70	3.18	-14.05
<b>Value (US\$ )</b>	537 516 848	610 547 680	13.56

Source: Tobacco Industry and Marketing Board (TIMB), 2014

#### 4. INTERNATIONAL COMMODITY PRICES

The weekly average international commodity prices for gold, platinum and crude oil firmed, whilst those for copper and nickel retreated during the week ending 13<sup>th</sup> June 2014.

**Table 5: Metals and Crude Oil Prices**

	Gold	Platinum	Copper	Nickel	Crude Oil
2014	US\$/oz	US\$/oz	US\$/ton	US\$/ton	US\$/barrel
<b>Weekly Average (06 June)</b>	<b>1,246.95</b>	<b>1,436.20</b>	<b>6,845.55</b>	<b>18,968.50</b>	<b>108.52</b>
9-Jun	1,254.25	1,450.50	6,667.00	18,760.00	109.84
10-Jun	1,256.50	1,470.00	6,667.00	18,450.00	109.75
11-Jun	1,262.25	1,479.50	6,689.50	18,250.00	109.85
12-Jun	1,263.75	1,453.00	6,725.00	18,025.00	111.57
13-Jun	1,273.00	1,442.00	6,670.00	17,950.00	113.12
<b>Weekly Average</b>	<b>1,261.95</b>	<b>1,459.00</b>	<b>6,683.70</b>	<b>18,287.00</b>	<b>110.83</b>
<i>Weekly Change (%)</i>	<i>1.2</i>	<i>1.6</i>	<i>-2.4</i>	<i>-3.6</i>	<i>2.1</i>

Source: BBC, KITCO and Bloomberg, 2014

#### Gold

Gold prices increased, from an average of US\$1 246.95/oz in the previous week to US\$1 261.95/oz during the week under review, amid a softer US dollar. Emerging geopolitical tensions in Iraq also boosted the metal's appeal as a safe haven asset.

#### Platinum

Platinum prices were 1.5% firmer, from a weekly average of US\$1 436.20/oz in the previous week to an average of US\$1 459.00/oz; on supply worries as labour tensions in the South African platinum sector remain unresolved, despite the appointment of a new Minister of mines.

## Copper

Copper prices dropped, from an average of US\$6 845.55/tonne in the previous week to US\$6 683.70/tonne. Prices declined on concerns about weak demand from top consumer, China, following a probe into metals financing in China.

## Nickel

Nickel prices retreated, from US\$18 968.50/tonne in the previous week to US\$18 287.00/tonne, as persistent profit-taking and presence of large inventories around the world weigh down prices after months of rallying due to the Indonesian ban on ore exports in January 2014.

## Crude Oil

Crude oil price firmed by 2.1%, from US\$108.52/barrel in the previous week to US\$110.83/barrel, due to concerns of a potential disruption to oil exports from Iraq amid heightening geopolitical tensions.

## 5. EQUITY MARKETS

**Table 6: Zimbabwe Stock Exchange (ZSE) Statistics**

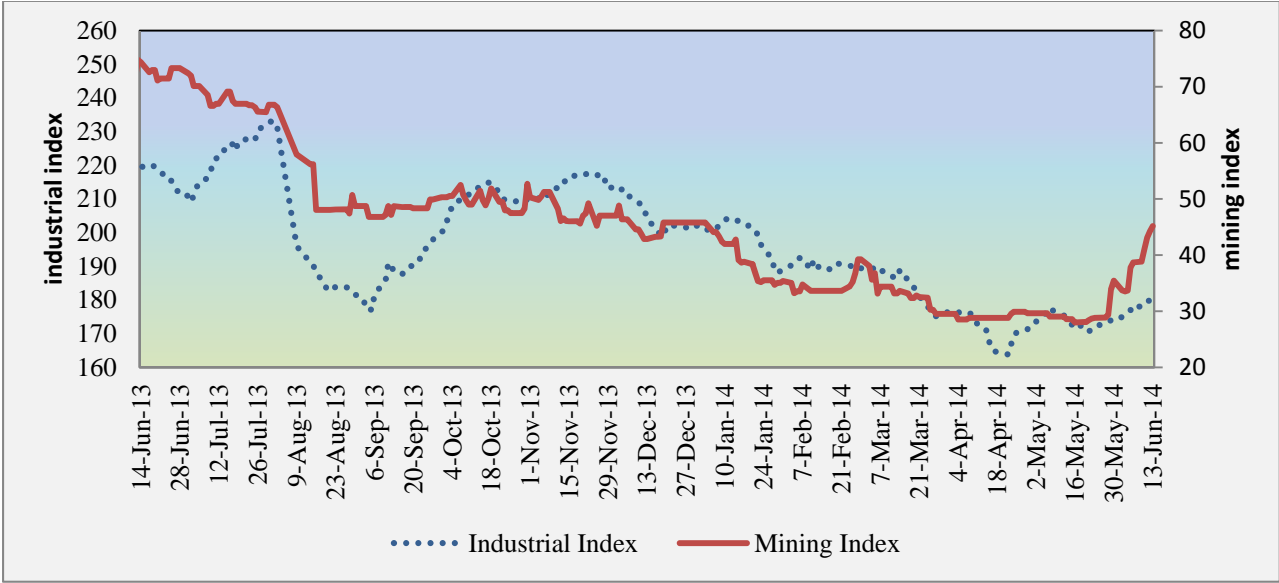
2014	Industrial Index (points)	Mining Index (points)	Grand Market Capitalization (US\$)	Market Turnover (US\$)	Volume of Shares
09-May	176.56	29.03	4,565,842,322	10,971,928	27,458,555
16-May	173.59	27.97	4,489,397,813	7,098,631	31,611,922
23-May	172.40	28.81	4,460,892,327	10,584,534	72,201,692
30-May	174.89	35.45	4,485,108,012	6,353,501	73,708,677
06-Jun	178.57	38.69	4,632,762,780	3,616,120	27,466,635
13-Jun	180.74	45.17	4,700,124,294	14,305,979	87,116,246

Source: Zimbabwe Stock Exchange (ZSE), 2014

During the week ending 13<sup>th</sup> June 2014, the industrial index continued on an upward trend for the third week in succession; going up by 1.22% to 180.74 points, from 178.57 points recorded in the previous week. The improvements were on the back of improved prices that re-emerged to spur activity in the market. In addition, foreign investor interest was buttressed by indications that the indigenization law is going to be reviewed in a bid to attract more foreign investments into Zimbabwe.

The mining index surged by 16.75% to 45.17 points, from 38.69 points in the previous week. The mining cluster’s sustained growth is largely attributed to Bindura’s upsurge, which rose by 26.92% from US2.6c to close the week at US3.3c.

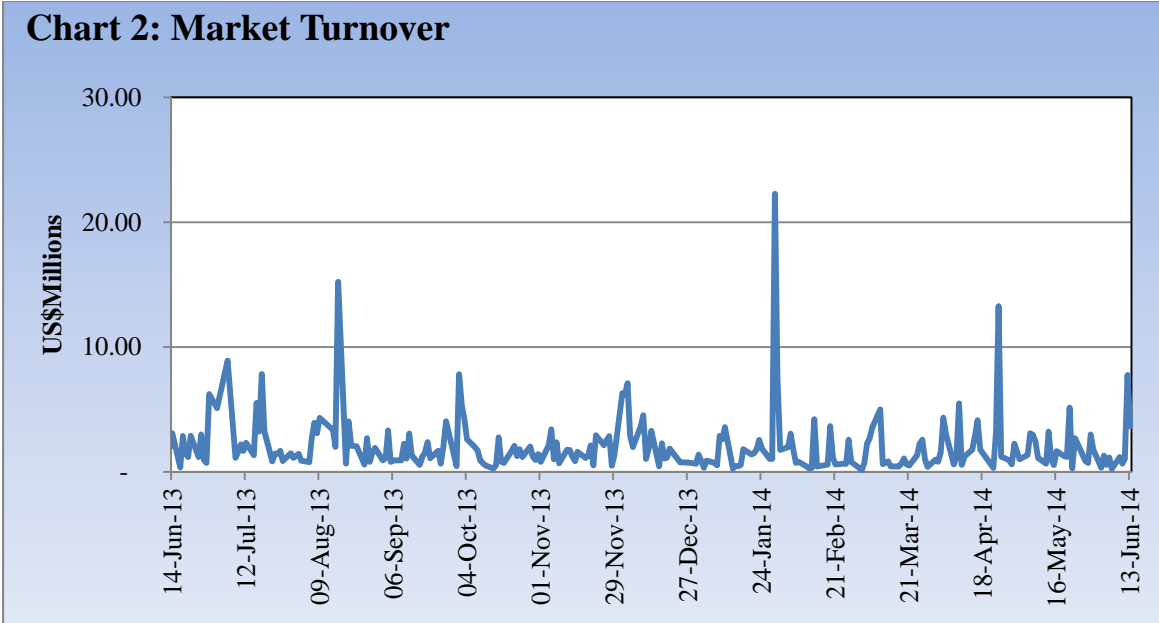
**Figure 1: Zimbabwe Stock Exchange Indices**



Source: Zimbabwe Stock Exchange, 2014

**Volume and Market Turnover**

During the period under review, market turnover increased by 295.30% to US\$14.31 million, from US\$3.62 million, owing largely to weekly trades in Natfoods, Old Mutual and special bargain block trades in CBZ and Econet.

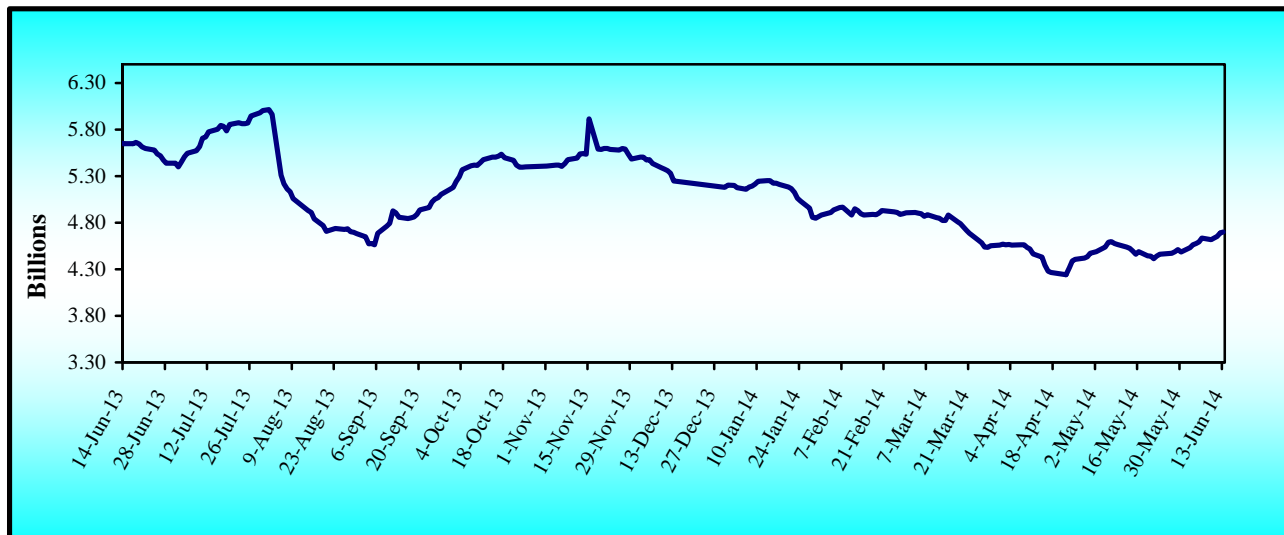


Source: Zimbabwe Stock Exchange, 2014

### Market Capitalization

Market capitalization increased by 1.45%, from US\$4.63 billion in the previous week to US\$4.70 billion, in response to resurgence of investor interest in the blue chip counters that characterized the period under review.

**Figure 3: Market Capitalization**



Source: Zimbabwe Stock Exchange, 2014

### Johannesburg Stock Exchange (JSE) Developments

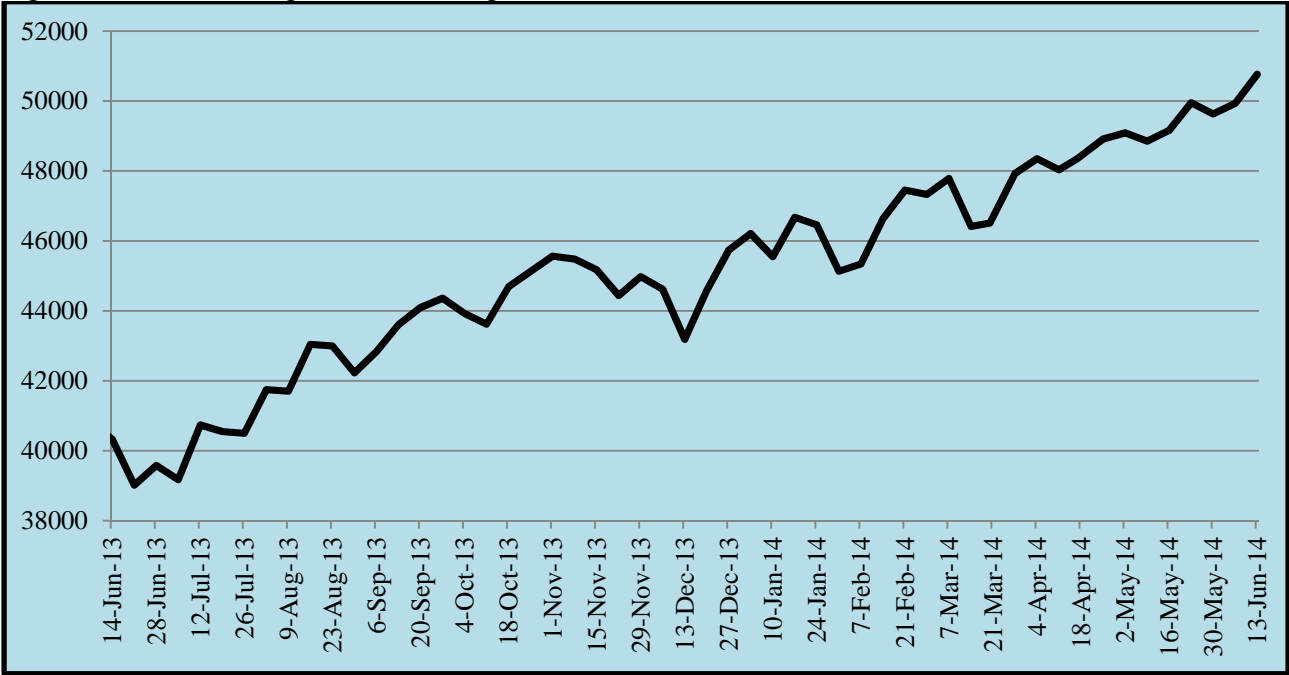
During the week under review, both the JSE All Share index and market capitalization gained by 1.66% and 1.79% to close the week at 50 763.71 points and R11 874.64 billion, respectively.

**Table 7: Johannesburg Stock Exchange (JSE) Statistics**

2014	All Share Index (points)	Market Capitalization (R bn)
09-May	48,852.45	11,434.67
16-May	49,159.77	11,472.19
23-May	49,952.69	11,628.88
30-May	49,632.70	11,619.23
06-Jun	49,933.99	11,666.43
13-Jun	50,763.71	11,874.64

Source: <http://www.jse.co.za/trade/derivative-market>

Figure 4: Johannesburg Stock Exchange (JSE) All Share Index



Source: <http://www.jse.co.za/trade/derivative-market>

**RESERVE BANK OF ZIMBABWE**

**20 JUNE 2014**