

**Vol. 16 No. 25**



# **Weekly Economic Highlights**

**Week Ending 20 June 2014**

## 1. INTEREST RATES

### Deposit Rates

During the week ending 20<sup>th</sup> June 2014, average savings deposit rates remained unchanged at 3.42%, while the 3 months deposit rates decreased slightly to 11.57%. The average 1 month deposit rates, however, increased marginally to 9.91%.

**Table 1: Average Deposit Rates**

2014	Savings Deposits (%)	1-Month Deposits (%)	3-Months Deposits (%)
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
20-Jun	3.42	9.91	11.57

Source: Banking Institutions, 2014

### Lending Rates

During the week under review, commercial banks' weighted lending rates for individuals and corporates increased from 14.42% and 9.22% to 14.45% and 9.28%, respectively. At merchant banks, the nominal lending rates quoted for individual and corporate clients remained unchanged at 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
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
20-Jun	14.45	9.28	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 20<sup>th</sup> June 2014, the value of transactions processed through the Real Time Gross Settlement (RTGS) system decreased by 9% from US\$915 million recorded in the previous week to US\$836 million.

**Table 3: National Payment Systems Activity**

<b>PAYMENT STREAM</b>	<b>WEEK ENDING 13 JUNE 2014</b>	<b>WEEK ENDING 20 JUNE 2014</b>	<b>CHANGE FROM PREVIOUS WEEK</b>	<b>PROPORTION</b>
<b>VALUES IN US\$</b>				
<b>RTGS</b>	915,090,310.81	835,902,329.50	-9%	85.86%
<b>CHEQUE<sup>2</sup></b>	2,667,431.00	2,901,856.70	9%	0.30%
<b>POS</b>	34,665,833.07	29,484,162.98	-15%	3.03%
<b>ATMs</b>	57,580,953.87	46,227,767.91	-20%	4.75%
<b>MOBILE</b>	64,660,097.88	59,078,850.63	-9%	6.07%
<b>TOTAL</b>	<b>1,074,664,626.63</b>	<b>973,594,967.72</b>		<b>100%</b>
<b>VOLUMES</b>				
<b>RTGS</b>	45,625	41,487	-9%	1.13%
<b>CHEQUE<sup>2</sup></b>	8,631	8,049	-7%	0.22%
<b>POS</b>	288,751	278,636	-4%	7.58%
<b>ATMs</b>	246,765	216,925	-12%	5.90%
<b>MOBILE</b>	3,205,932	3,132,355	-2%	85.18%
<b>TOTAL</b>	<b>3,795,704</b>	<b>3,677,452</b>		<b>100%</b>

*Source: Reserve Bank of Zimbabwe, 2014*

## 3. TOBACCO SALES

As at 20<sup>th</sup> June 2014 (Day 84 of the 2014 tobacco selling season), a cumulative total of 198.14 million kilograms of tobacco had been sold, compared to 149.50 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 realized during the same period in 2013.

Cumulative tobacco sales amounting to US\$629.82 million, have so far been realized, 14.01% more than the US\$552.45 million realized during the corresponding period in 2013.

**Table 4: Cumulative Tobacco Sales As at Day 84 (20/06/14)**

	2013	2014	Variance (%)
Quantity Sold (kgs)	149 495 823	198 144 910	32.54
Average Price (US\$/kg)	3.70	3.18	-14.05
Value (US\$ )	552 446 076	629 823 760	14.01

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

#### 4. INTERNATIONAL COMMODITY PRICES

The weekly average international commodity prices for gold, copper, nickel and crude oil firmed, whilst those for platinum retreated during the week ending 20<sup>th</sup> June 2014.

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

2014	Gold	Platinum	Copper	Nickel	Crude Oil
	US\$/oz	US\$/oz	US\$/ton	US\$/ton	US\$/barrel
<b>Weekly Average (13 June)</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>
16-Jun	1,279.00	1,438.50	6,735.00	18,300.00	112.58
17-Jun	1,266.00	1,429.00	6,711.00	18,930.00	113.11
18-Jun	1,269.38	1,449.00	6,740.00	18,655.00	113.63
19-Jun	1,287.50	1,457.00	6,730.00	18,460.00	114.92
20-Jun	1,311.25	1,459.00	6,777.00	18,460.00	114.70
<b>Weekly Average</b>	<b>1,282.63</b>	<b>1,446.50</b>	<b>6,738.60</b>	<b>18,561.00</b>	<b>113.79</b>
<i>Weekly Change (%)</i>	<i>1.6</i>	<i>-0.9</i>	<i>0.8</i>	<i>1.5</i>	<i>2.7</i>

Source: BBC, KITCO and Bloomberg, 2014

#### Gold

Gold prices rose, from an average of US\$1 261.95/oz in the previous week to US\$1 282.63/oz during the week under review. The 1.6% gold price increase was due to safe-haven demand buying triggered by geopolitical tensions in Iraq as well as a weaker US dollar. The US dollar weakened after the Federal Reserve indicated that it will maintain low interest rates in the short to medium term.

#### Platinum

Platinum prices retreated by 0.86%, from a weekly average of US\$1 459.00/oz to an average of 1 446.50/oz; on persistent profit taking by investors during the week under review. Supply worries due to unresolved labour unrest in the South African platinum sector, however, halted further platinum price losses.

## Copper

Copper price increased, from an average of US\$6 683.70/tonne in the previous week to US\$6 738.60/tonne during the week under review. Copper price edged up as China reassured investors on the 2014 economic growth targets and expectations of further stimulus measures. This is because a weaker US dollar makes commodities priced in US dollars cheaper for holders of other currencies.

## Nickel

Nickel prices firmed, from US\$18 287.00/tonne in the previous week to US\$18 561.00/tonne, as Indonesia shows no signs of relaxing the ban on exports of unprocessed minerals imposed in January 2014.

## Crude Oil

Crude oil price firmed by 2.67%, from US\$110.83/barrel in the previous week to US\$113.79/barrel on supply worries amid rising tensions in Iraq, a top producer of oil.

## 5. EQUITY MARKETS

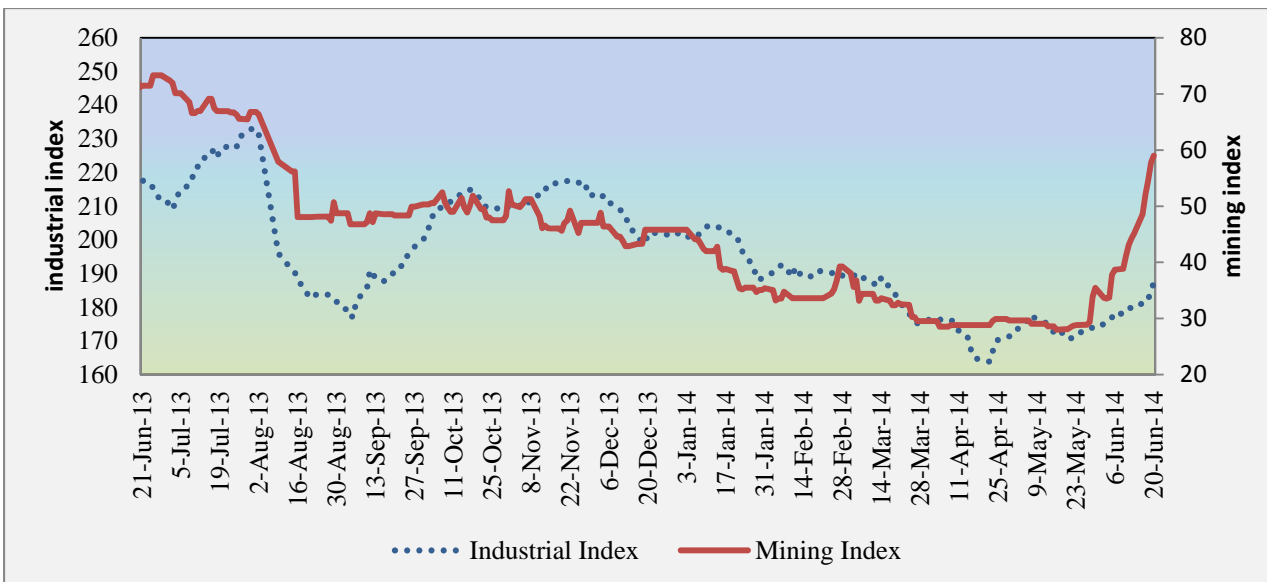
**Table 6: Zimbabwe Stock Exchange (ZSE) Statistics**

2014	Industrial Index (points)	Mining Index (points)	Grand Market Capitalization (US\$)	Market Turnover (US\$)	Volume of Shares
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
20-Jun	187.39	59.00	4,889,623,500	6,139,497	44,890,463

Source: Zimbabwe Stock Exchange (ZSE), 2014

During the week ending 20<sup>th</sup> June 2014, the industrial index firmed by 3.68%, from 180.74 points in the previous week to 187.39 points at the close of the week under review. The mining index also increased to 59 points, from 45.17 points, representing a 3.62% rise, driven by a rebound in Bindura Nickel Mine whose performance was largely underpinned by a potential increase in its second half profits compared to the first half of 2014.

**Figure 1: Zimbabwe Stock Exchange Indices**

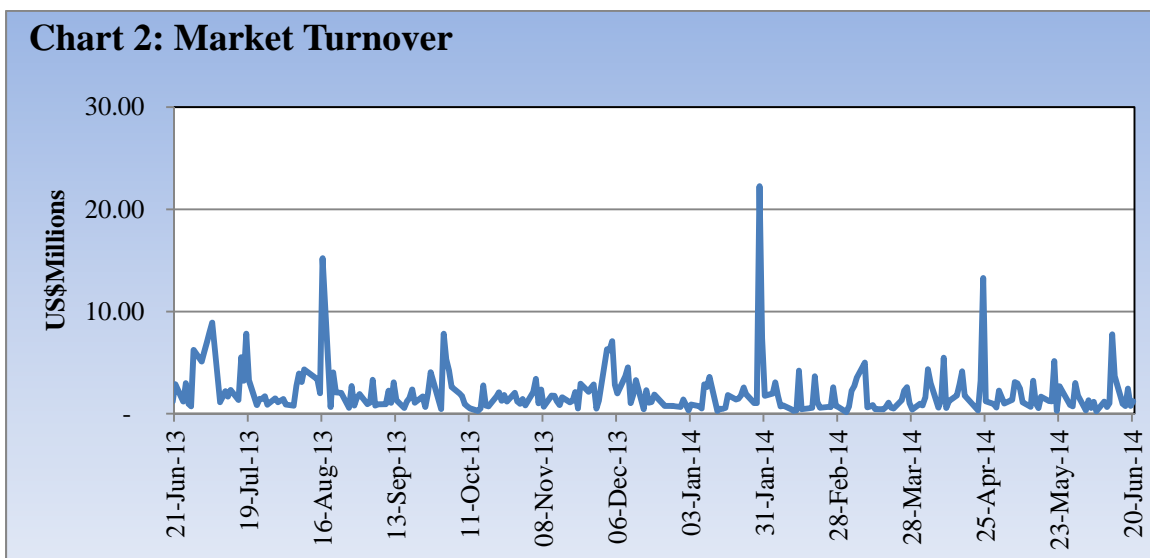


Source: Zimbabwe Stock Exchange, 2014

**Volume and Market Turnover**

During the period under review, market turnover fell by 57.09%, from US\$14.31 million to US\$6.14 million. Market turnover was lower despite the special bargain of Bindura Nickel Mine shares, which was surpassed by CBZ and Econet special bargains that were transacted the previous week. Foreign contributions decelerated to 50.19% of total revenue, down from 54.54% realized in the previous week.

**Figure 2: Market Turnover**

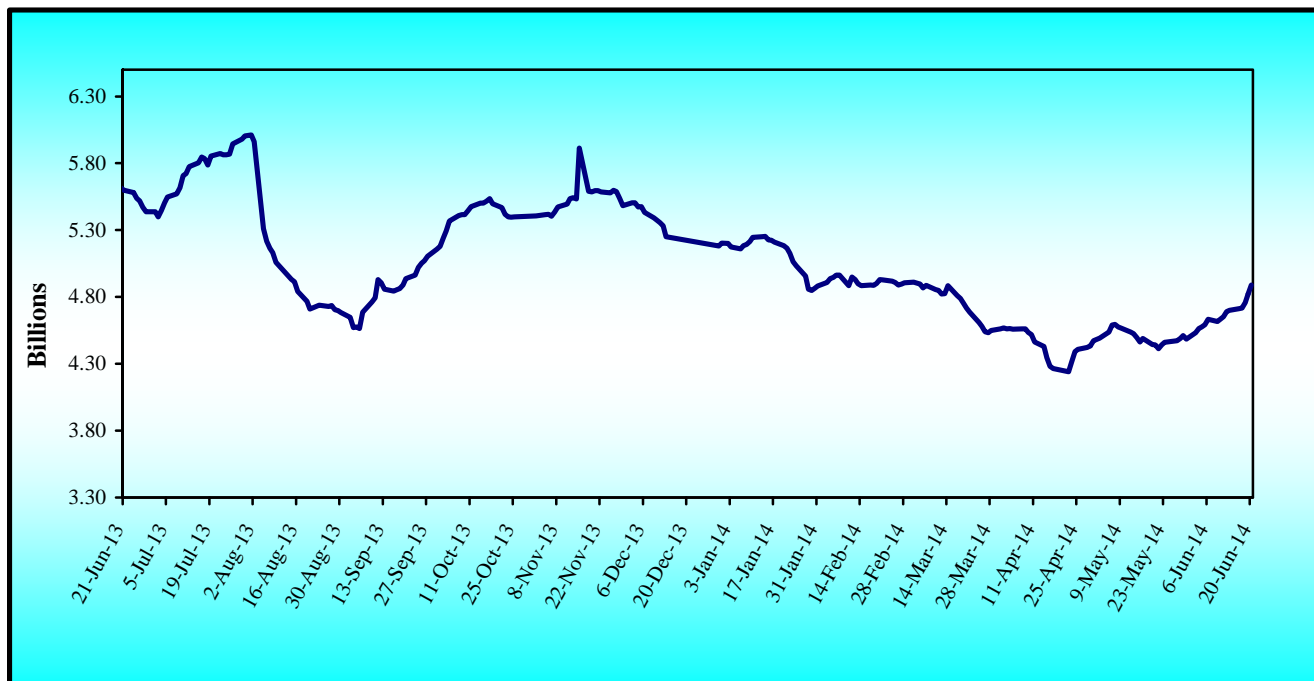


Source: Zimbabwe Stock Exchange, 2014

## Market Capitalization

In tandem with the increase in the indices, market capitalization increased by 4.03%, from US\$4.7 billion in the previous week to US\$4.89 billion, in response to resurgence in investor interest especially in the blue chip counters.

**Figure 3: Market Capitalization**



Source: Zimbabwe Stock Exchange, 2014

## Johannesburg Stock Exchange (JSE) Developments

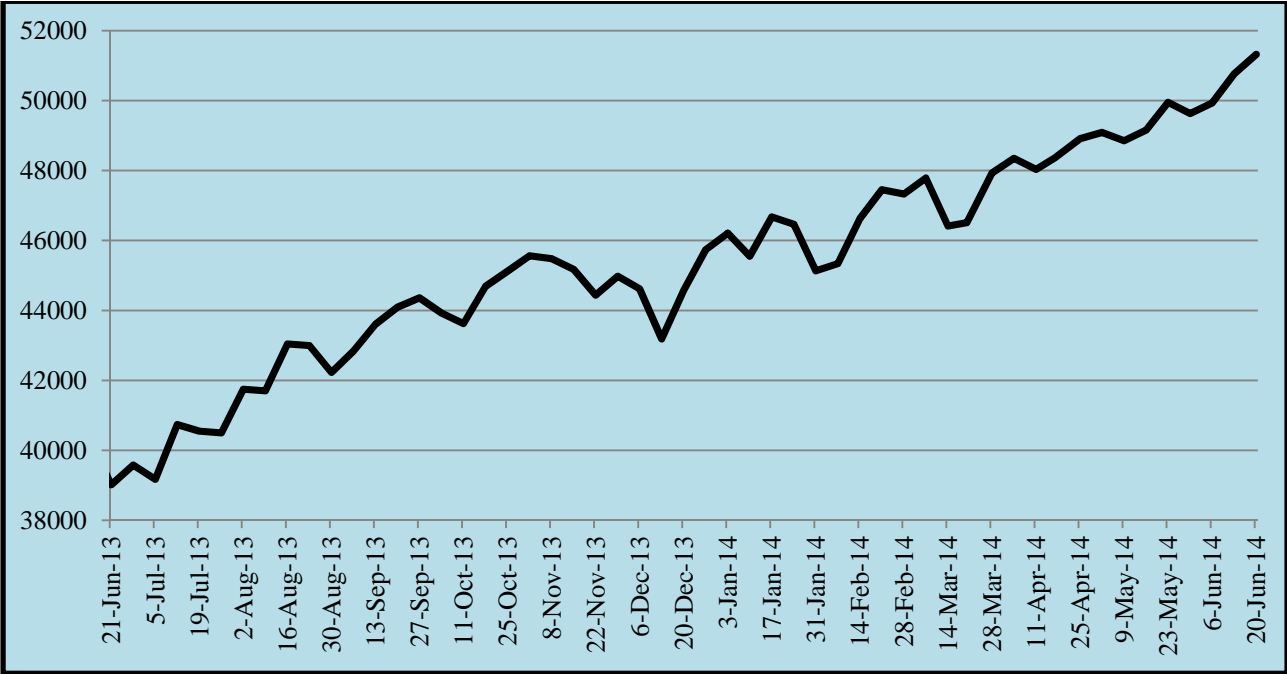
During the week under review, both the JSE All Share index and market capitalization gained by 1.10% and 1.51% to close the week at 51 322.67 points and R12 053.78 billion, respectively.

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

2014	All Share Index (points)	Market Capitalization (R bn)
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
20-Jun	51,322.67	12,053.78

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**

**26 JUNE 2014**