

Vol. 16 No. 21



Weekly Economic Highlights

Week Ending 23 May 2014

1. INTEREST RATES

Deposit Rates

During the week ending 23rd May 2014, savings and 1 month average deposit rates remained unchanged at 3.42% and 10.01% respectively. The 3 months average deposit rates, however, softened to close the week at 11.59% on the back of improved liquidity positions reported by some banking institutions.

Table 1: Average Deposit Rates

| 2014 | Savings Deposits (%) | 1-Month Deposits (%) | 3-Months Deposits (%) |
|----------|----------------------|----------------------|-----------------------|
| 17-April | 3.36 | 10.10 | 11.78 |
| 25-April | 3.36 | 10.10 | 11.78 |
| 02-May | 3.36 | 10.07 | 11.75 |
| 09-May | 3.42 | 10.01 | 11.69 |
| 16-May | 3.42 | 10.01 | 11.69 |
| 23-May | 3.42 | 10.01 | 11.59 |

Source: Banking Institutions, 2014

Lending Rates

At commercial banks, the weighted lending rates for individuals remained unchanged at 14.38%, while the weighted lending rates for corporate clients marginally declined to 9.28%. Merchant banks' weighted lending rates for individuals and corporate clients remained unchanged at 18.88% and 17.74%, respectively.

Table 2: Lending Rates¹

| 2014 | Weighted Lending Rates (%) | | | |
|----------|----------------------------|-------------------|----------------|-------------------|
| | Commercial Banks | | Merchant Banks | |
| | Individuals | Corporate Clients | Individuals | Corporate Clients |
| 17-April | 14.26 | 9.25 | 18.88 | 17.73 |
| 25-April | 14.22 | 9.12 | 18.88 | 17.73 |
| 02-May | 14.36 | 9.21 | 18.88 | 17.73 |
| 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 |

Source: Banking Institutions, 2014

¹ 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 23rd May 2014 transactions processed through the Real Time Gross Settlement (RTGS) system increased to US\$853 million in value terms, from US\$833 million recorded in the previous week. The RTGS volumes recorded an increase of 3%, from 47.7 thousand transactions in the previous week to 49.1 thousand transactions during the week under review.

Table 3: National Payment Systems Activity

| PAYMENT STREAM | WEEK ENDING 16 MAY 2014 | WEEK ENDING 23 MAY 2014 | CHANGE FROM PREVIOUS WEEK | PROPORTION |
|---------------------------|----------------------------|----------------------------|---------------------------------|------------|
| VALUES IN US\$ | | | | |
| RTGS | 833,237,970.14 | 852,879,018.69 | 2% | 83.38% |
| CHEQUE² | 2,794,042.18 | 3,090,249.77 | 11% | 0.30% |
| POS | 35,533,662.02 | 45,280,591.97 | 27% | 4.43% |
| ATMs | 56,151,928.83 | 61,075,500.33 | 9% | 5.97% |
| MOBILE | 72,459,763.60 | 60,551,078.95 | -16% | 75.92% |
| TOTAL | 1,000,177,366.77 | 1,022,876,439.71 | | |
| VOLUMES | | | | |
| RTGS | 47,738 | 49,109 | -9% | 1.37% |
| CHEQUE² | 7,156 | 7,553 | 7% | 0.21% |
| POS | 275,147 | 311,053 | -11% | 8.86% |
| ATMs | 228,892 | 238,325 | -31% | 6.63% |
| MOBILE | 3,987,993 | 2,986,012 | 25% | 83.13% |
| TOTAL | 4,546,926 | 3,592,052 | | |

Source: Reserve Bank of Zimbabwe, 2014

3. TOBACCO SALES

As at 23rd May 2014 (Day 65 of the 2014 tobacco selling season), a cumulative total of 165.5 million kilograms of tobacco had been sold. This compares favorably to the 127.2 million kilograms sold during the same period in 2013. The average selling price for the golden leaf at US\$318 cents was, however, 14.2% lower than the average price of US\$371 cents during the same period in 2013.

Cumulative tobacco sales amounted to US\$526.41 million, 11.7% more than the US\$471.35 million realized during the corresponding period in 2013.

Table 4: Cumulative Tobacco Sales As at Day 65 (23/05/14)

| | 2013 | 2014 | Variance (%) |
|--------------------------------|----------------|----------------|--------------|
| Quantity Sold (kgs) | 127 169 613 | 165 495 458 | 30.1 |
| Average Price (US\$/kg) | 3.71 | 3.18 | -14.2 |
| Value (US\$) | 471 348 560.28 | 526 413 549.92 | 11.7 |

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

4. INTERNATIONAL COMMODITY PRICES

The average international prices for crude oil, platinum, nickel and copper firmed, whilst prices for gold retreated during the week ending 23rd May 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 |
| Weekly Average (16 May) | 1295.05 | 1437.40 | 6701.20 | 18775.00 | 107.91 |
| 19-May | 1301.50 | 1481.00 | 7009.00 | 19780.00 | 110.05 |
| 20-May | 1293.50 | 1469.00 | 7009.00 | 19675.00 | 109.31 |
| 21-May | 1289.63 | 1476.50 | 6840.50 | 19420.00 | 110.20 |
| 22-May | 1296.50 | 1484.50 | 6840.50 | 19670.00 | 110.78 |
| 23-May | 1291.75 | 1483.50 | 6991.00 | 19625.00 | 110.28 |
| Weekly Average | 1294.58 | 1478.90 | 6938.00 | 19634.00 | 110.12 |
| <i>Weekly Change (%)</i> | <i>-0.04%</i> | <i>2.89%</i> | <i>3.53%</i> | <i>4.58%</i> | <i>2.06%</i> |

Source: BBC, KITCO and Bloomberg, 2014

Gold

Gold prices retreated from an average of \$1 295.05/oz in the previous week to \$1 294.58/oz during the week under review.

Platinum

Platinum prices rallied from a weekly average price of US\$1 437.40/oz in the previous week, to \$1478.90/oz during the week under review. Platinum price gains were due to supply worries emanating from continued labor unrest in South Africa, which has disrupted about 40 percent of global platinum supply to date.

Copper

The average copper prices increased, from US\$6 701.20/ton in the previous week to US\$6 938/ton during the period under review, on account of a positive demand outlook from China, the largest consumer of the metal.

Nickel

Nickel prices firmed by 4.6%, from an average of US\$18 775.00/ton in the previous week, to US\$19 634.00/ton during the week under review.

Crude Oil

Crude oil prices gained by 2.1%, from the previous week's average price of US\$107.91 per barrel to US\$110.12 per barrel, during the week under review. Crude oil price increases were spurred by an optimistic demand outlook owing to better-than-expected data on Chinese manufacturing industry.

5. EQUITY MARKETS

During the week ending 23rd May 2014, trading on the ZSE continued on a downward trend despite the expected modification of the Indigenization and Economic Empowerment Policy in line with ZimAsset vision of attracting Foreign Direct Investment (FDI).

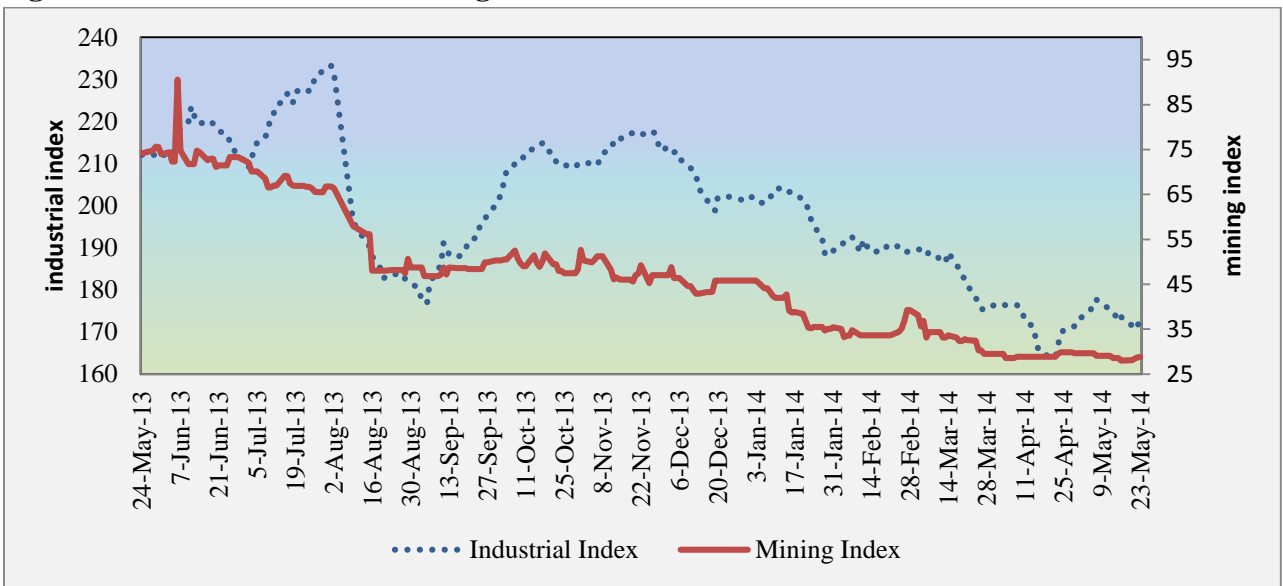
Table 6: Zimbabwe Stock Exchange (ZSE) Statistics

| 2014 | Industrial Index (points) | Mining Index (points) | Grand Market Capitalization (US\$) | Market Turnover (US\$) | Volume of Shares |
|----------|---------------------------|-----------------------|------------------------------------|------------------------|------------------|
| 17-April | 164.79 | 28.82 | 4,264,248,814 | 10,593,882 | 68,937,915 |
| 25-April | 170.34 | 29.88 | 4,407,773,064 | 18,032,907 | 56,694,356 |
| 02-May | 173.58 | 29.64 | 4,490,758,571 | 4,823,714 | 61,921,406 |
| 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 |

Source: Zimbabwe Stock Exchange (ZSE), 2014

The industrial index closed the week at 172.4 points, from 173.59 points in the previous week, representing a 0.69% decline. The index was largely weighed down by heavily capitalized counters. The mining index firmed by 3%, from 27.97 points in the previous week to 28.81 points.

Figure 1: Zimbabwe Stock Exchange Indices

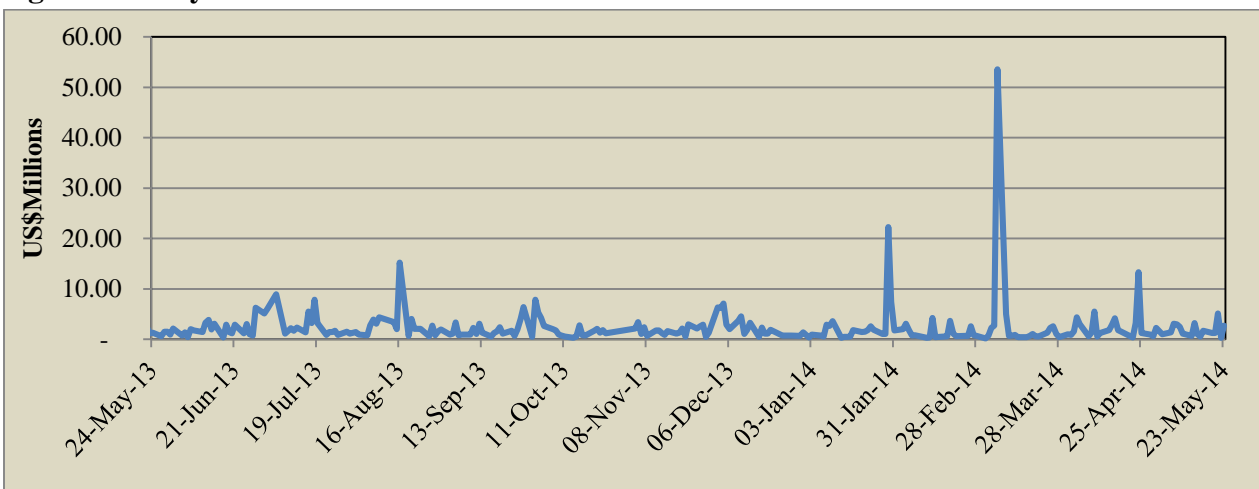


Source: Zimbabwe Stock Exchange, 2014

Volume and Market Turnover

Market turnover surged by 49.01%, from US\$7.10 million in the previous week to US\$10.58 million. The increase was underpinned by foreign purchases that rebound to 81.4% of total revenue, up from 35.97% registered in the previous week.

Figure 2: Daily Market Turnover

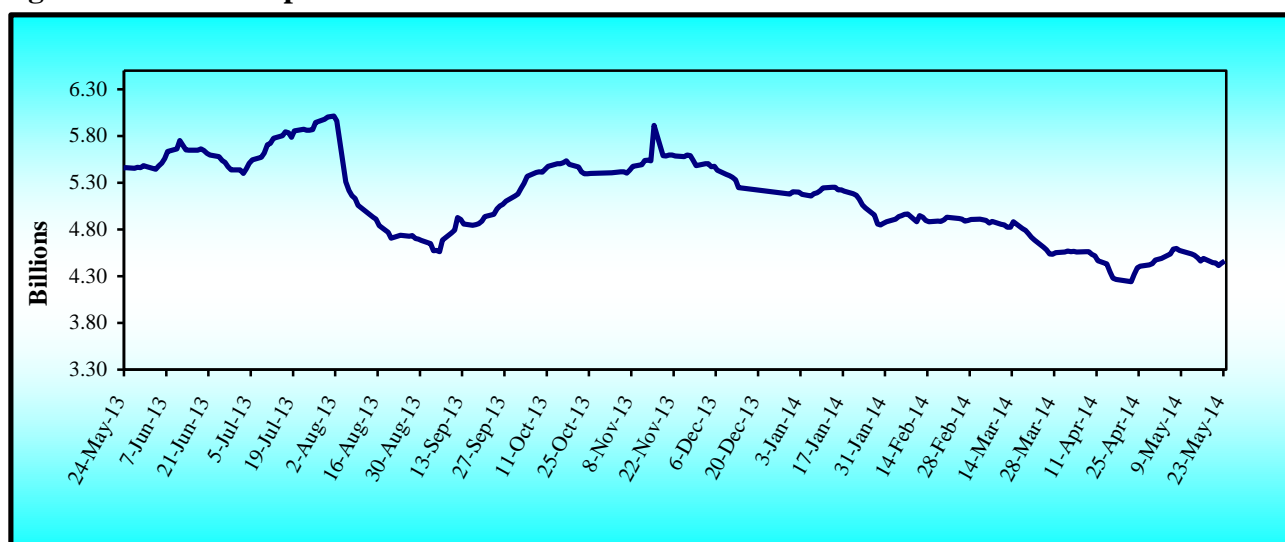


Source: Zimbabwe Stock Exchange, 2014

Market Capitalization

Market capitalization declined by 0.63%, from US\$4.49 billion in the previous week to US\$4.46 billion, reflecting waning investor confidence.

Figure 3: Market Capitalization



Source: Zimbabwe Stock Exchange, 2014

Johannesburg Stock Exchange (JSE) Developments

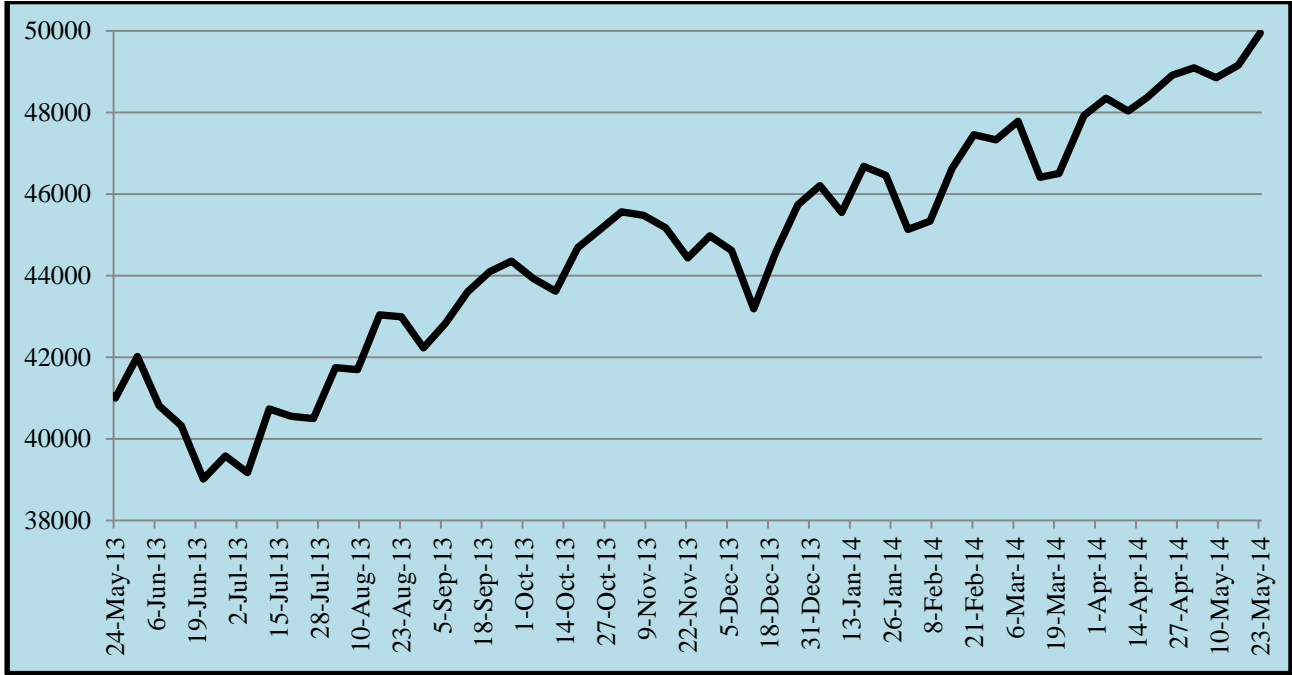
During the week under review, the JSE All Share index and market capitalization continued on an upward trend, increasing by 1.62% and 1.37% to 49 952.69 points and R11 628.88 billion, respectively.

Table 7: Johannesburg Stock Exchange (JSE) Statistics

| 2014 | All Share Index (points) | Market Capitalization (R bn) |
|----------|--------------------------|------------------------------|
| 17-April | 48,362.22 | 11,477.59 |
| 25-April | 48,910.90 | 11,426.85 |
| 02-May | 49,091.16 | 11,477.63 |
| 09-May | 48,852.45 | 11,434.67 |
| 16-May | 49,159.77 | 11,472.19 |
| 23-May | 49,952.69 | 11,628.88 |

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

2 JUNE 2014