



# Weekly Economic Highlights

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Week Ending  
11<sup>th</sup> August 2023

## 1. OVERVIEW

This report provides an analysis of the developments in the money and capital markets for the week ending 11<sup>th</sup> August 2023. The report also covers developments in the tobacco, mineral commodities, and stock markets during the week. The last section of the report presents an overview of the 2023 Mid-Term Monetary Policy Statement.

The Zimbabwe Stock Exchange (ZSE) exhibited bearish sentiments while the Victoria Falls Stock Exchange (VEFX) recovered from the previous week's loss during the week under review. The value of transactions processed through the National Payment System (NPS) was higher during the week under analysis compared to the previous week, largely reflecting increases in the value of RTGS transactions.

Deposit rates for ZWL deposits remained largely unchanged except a decline in the maximum savings deposit rates. The developments on the ZWL lending rates for individuals and corporates continued to be mixed during the week ending 11<sup>th</sup> August 2023.

The volume and value of tobacco sales as at the end of the week under review were higher compared to the corresponding period in 2022. Prices of the golden leaf were, however, lower compared to the corresponding period in the previous year.

## 2. INTEREST RATES

### **Local Currency (ZWL) Deposit Rates**

During the week under review, minimum and maximum ZWL deposit rates for all classes of deposits largely remained unchanged except for maximum savings deposit rates which registered a marginal decline during the same period. Commercial banks continued to offer high deposit rates for long term deposits in order to attract long term deposits for onward lending to clients on the back of high demand for credit in local currency.

**Table 1: Average Deposit Rates (per annum)**

Date	Savings deposits (%)		1- Month deposit rates (%)		3- Month deposit rates (%)		6- Month deposit rates (%)		12- Month deposit rates (%)	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
21-Jul-23	34.29	33.14	59.00	69.33	59.22	67.89	59.17	68.64	61.64	66.00
<b>28-Jul-23</b>	34.29	33.29	59.00	69.33	59.22	67.89	59.17	68.64	57.53	68.79
04-Aug-23	34.29	36.00	59.00	69.33	57.67	69.44	59.17	68.64	59.53	68.79
<b>11-Aug-23</b>	34.29	35.60	59.00	69.33	57.67	69.44	59.17	68.64	59.33	68.79

Source: Reserve Bank of Zimbabwe, 2023

### Local Currency Lending Rates

The minimum and maximum ZWL lending rates for individual and corporate clients increased marginally during the week ending 11<sup>th</sup> August 2023. Minimum deposit rates for corporates, however, registered a decline during the period. The ZWL lending rates are shown in Table 2.

**Table 2: Lending Rates (per annum)**

Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
<b>14-July-23</b>	76.65	104.13	93.30	167.36
<b>21-July-23</b>	77.80	104.12	94.60	167.29
<b>28-Jul-23</b>	77.82	103.56	94.80	166.24
<b>04-Aug-23</b>	77.59	102.81	94.41	166.02
<b>11-Aug-23</b>	77.70	102.85	94.39	166.34

Source: Reserve Bank of Zimbabwe, 2023

### Foreign Currency (USD) Deposit Rates

During the week ending 11<sup>th</sup> August 2023, minimum and maximum deposits rates for deposit rates for all tenors remained unchanged. The average foreign currency deposits rates are shown in Table 3.

**Table 3: Average Foreign Currency Deposit Rates (per annum)**

Date	Savings deposits (%)		1- Month deposit rates (%)		3- Month deposit rates (%)		6-Month deposit rates (%)		12- Month deposit rates (%)	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
<b>21-July-23</b>	1.27	1.81	3.15	4.50	3.36	5.00	3.35	5.27	3.43	5.50
<b>28-July-23</b>	1.27	1.86	3.15	4.50	3.36	5.00	3.35	5.27	3.43	5.50
<b>04-Aug-23</b>	1.27	1.81	3.15	4.50	3.33	5.00	3.35	5.27	3.86	5.04
<b>11-Aug-23</b>	1.27	1.81	3.15	4.50	3.33	5.00	3.35	5.27	3.86	5.04

Source: Reserve Bank of Zimbabwe, 2023

### Foreign Currency (USD) Lending Rates

Minimum foreign currency lending rates (FCA) for individuals fell by 0.02 percentage points while those for corporate clients increased by 0.04 percentage points during the week under review. Maximum lending rates for individuals were lower while those for commercial clients registered a decline in the week under analysis. The continued reduction in FCA lending rates for corporate clients is a positive development as this is likely to encourage borrowing to boost economic activities. Table 4 below shows FCA lending rates.

**Table 4: Lending Rates (per annum)**

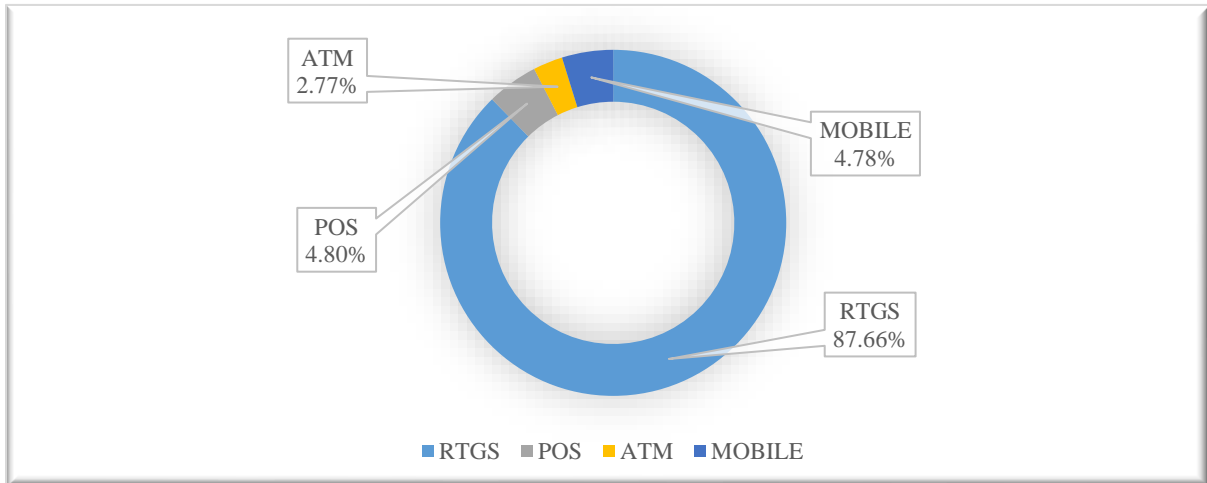
Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
<b>07-July-23</b>	11.38	13.06	8.01	14.35
<b>14-July-23</b>	11.35	13.07	7.99	14.36
<b>21-July-23</b>	11.33	13.06	7.97	14.35
<b>28-Jul-23</b>	11.32	13.09	7.97	14.19
<b>04-Aug-23</b>	11.32	13.09	7.98	14.61
<b>11-Aug-23</b>	11.30	13.14	8.02	14.33

Source: Reserve Bank of Zimbabwe, 2023

### 3. CLEARING AND SETTLEMENT ACTIVITY

During the week ending 11<sup>th</sup> August 2023, the aggregate value of transactions processed through the National Payment Systems platforms stood at ZW\$4.91 trillion, representing an increase of 10.21% compared to the previous week's value of ZW\$4.4 trillion. This was on account of an increase of 18.66% in the value of Real Time Gross Settlement (RTGS) system transactions. In values, NPS transactions were distributed as shown in Figure 1.

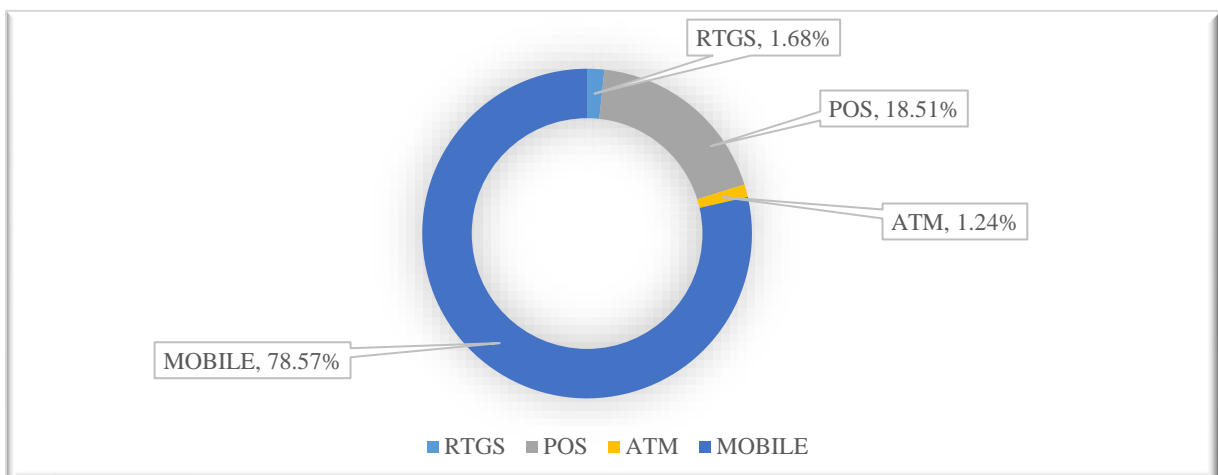
**Figure 1: Composition of NPS Transactions in Value Terms**



Source: Reserve Bank of Zimbabwe, 2023

The volume of transactions processed through the NPS declined by 2.74% to close at 10.90 million from 11.20 million in the previous week. NPS transaction volumes were distributed as follows: Mobile, 78.57%; POS, 18.51%; ATM, 1.24%; and RTGS, 1.68%, shown in Figure 2.

**Figure 2: Composition of NPS Transactions in Volume Terms**



Source: Reserve Bank of Zimbabwe, 2023

**Table 5: National Payment Systems Activity**

PAYMENT STREAM	WEEK ENDING 4 August 2023	WEEK ENDING 11 August 2023	% CHANGE FROM LAST WEEK	PROPORTION %
	<b>Values in ZW\$ Millions</b>			
RTGS	3,625,554.17	4,302,197.55	18.66%	87.66%
POS	298,228.88	235,696.24	-20.97%	4.80%
ATM	246,616.47	135,750.06	-44.95%	2.77%
MOBILE	282,796.87	234,397.26	-17.11%	4.78%
<b>TOTAL</b>	<b>4,453,196.43</b>	<b>4,908,041.11</b>	<b>10.21%</b>	<b>100%</b>
	<b>Volumes</b>			
RTGS	193,185	183,061	-5.24%	1.68%
POS	2,328,840	2,017,432	-13.37%	18.51%
ATM	211,534	134,862	-36.25%	1.24%
MOBILE	8,471,587	8,562,838	1.08%	78.57%
<b>TOTAL</b>	<b>11,205,146</b>	<b>10,898,193</b>	<b>-2.74%</b>	<b>100%</b>

Source: Reserve Bank of Zimbabwe, 2023

#### 4. TOBACCO SALES

During the week ending 11<sup>th</sup> of August 2023, or the 107<sup>th</sup> day of the tobacco selling season, a cumulative total of 295.38 million kilograms of tobacco had been sold, compared to a cumulative total of 205.90 million kilograms sold during the same period in 2022. The turnover realized from the sales amounted to US\$894.80 million, a 41.97% increase, compared to US\$630.26 million realized during the same period in 2022.

**Table 6: Weekly Cumulative Tobacco Sales: Day 107<sup>th</sup> (11<sup>th</sup> August 2023)**

	2022	2023	Variance (%)
<b>Cumulative Quantity Sold (million kgs)</b>	205,900,064	295,375,891	43.46
<b>Average Price (US\$/kg)</b>	3.06	3.03	-1.03
<b>Cumulative value (US\$ million)</b>	630,259,898	894,797,508	41.97

Source: Tobacco Industry and Marketing Board (TIMB), 2023

The golden leaf continued to be sold at a lower average price of US\$3.03/kg, during the week under analysis, down from US\$3.06/kg realized during the same period in 2022.

#### 5. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS

During the week under analysis, commodity prices for gold, platinum, palladium, copper, and nickel retreated, whilst crude oil prices increased. Table 7 shows developments in prices for selected commodities, during the week under review.

**Table 7: Metals and Crude Oil Prices: Week ending 11<sup>th</sup> August 2023**

	Gold	Platinum	Palladium	Copper	Nickel	Crude Oil
2023	US\$/ounce	US\$/ounce	US\$/ounce	US\$/tonne	US\$/tonne	US\$/barrel
<b>Weekly Average (31 July- 04 August)</b>	<b>1,947.31</b>	<b>928.80</b>	<b>1,252.10</b>	<b>8,620.50</b>	<b>21,766.00</b>	<b>85.05</b>
7-Aug	1,934.30	929.00	1,266.00	8,485.00	21,102.00	85.21
8-Aug	1,930.60	911.00	1,220.50	8,452.00	21,010.00	86.00
9-Aug	1,925.58	898.50	1,218.00	8,432.00	20,540.00	87.58
10-Aug	1,920.50	901.50	1,263.50	8,363.00	20,685.00	86.26
11-Aug	1,916.93	914.00	1,254.00	8,326.67	20,420.00	86.87
<b>Weekly Average (07- 11 August)</b>	<b>1,925.58</b>	<b>910.80</b>	<b>1,244.40</b>	<b>8,411.73</b>	<b>20,751.40</b>	<b>86.38</b>
<b>Weekly Change (%)</b>	<b>-1.12</b>	<b>-1.94</b>	<b>-0.61</b>	<b>-2.42</b>	<b>-4.66</b>	<b>1.57</b>

Source: BBC, KITCO and Bloomberg 2023

### Gold

Gold prices averaged US\$1,925.58 per ounce during the week ending 11<sup>th</sup> August 2023, a 1.12% decline from US\$1,947.31 per ounce reported in the previous week. Prices weakened on the back of a strengthening U.S. dollar and bond yields, before the publication of the U.S. Federal Reserve's July meeting minutes that could guide expectations on future interest rates.

### Platinum

Platinum prices decreased by 1.94%, from US\$928.80 per ounce in the prior week to US\$910.80 per ounce during the reporting week. Prices were weighed down by a stronger US dollar and weak industrial demand from critical sectors, particularly the automotive industry, where platinum is extensively utilised in catalytic converters.

### Palladium

Palladium prices continued in the negative territory, underpinned by receding demand in catalytic converters. Prices declined by 0.61%, from a weekly average of US\$1,252.10 per ounce in the previous week to US\$1,244.40 per ounce during the reporting week.

### Copper

Copper prices fell by 2.42%, from an average of US\$8,620.50 per tonne in the prior week to US\$8,411.73 per tonne, during the week under analysis. Prices declined mainly due to rising concerns over slowing economic growth in China, the largest consumer of red metals.

## Nickel

During the reporting week, nickel prices fell by 4.66%, from US\$21,766.00 per tonne in the prior week ending 11<sup>th</sup> August to US\$20,751.40 per tonne. This was primarily underpinned by weak demand in China.

## Brent Crude Oil

Brent crude oil prices increased by 1.57%, from US\$85.05 per barrel in the previous week to US\$86.38 per barrel, during the week ending 11<sup>th</sup> August 2023. The International Energy Agency recorded high global demand, pushing prices to the sixth straight week of gains, the longest streak since 2022. Additionally, prices increased due to declining global inventories and reduced production from OPEC+ members.

## Exchange Rate Developments

### Interbank Market

The Zimbabwe dollar (ZW\$) depreciated by 0.5% on the interbank market, from an average of ZW\$4,532.38 per US\$1 in the previous week to ZW\$4,554.55 per US\$1, during the week under review, as shown in Table 8.

**Table 8: Selected Exchange Rates (ZW\$ per unit of foreign currency)**

2023	USD	ZAR	GBP	BWP	EURO
<b>Weekly Average (31 July-04 August 2023)</b>	<b>4,532.3756</b>	<b>251.9468</b>	<b>5,791.7229</b>	<b>342.1495</b>	<b>5,417.5492</b>
07-Aug	4,552.6181	246.9136	5,795.2643	341.2824	5,004.0192
08-Aug	4,547.6035	246.9136	5,803.4616	338.3866	4,999.6502
09-Aug	4,559.7414	243.9024	5,819.3777	337.4678	5,003.8915
10-Aug	4,557.0227	243.9024	5,797.2704	336.1128	5,005.4553
11-Aug	4,555.7500	246.9136	5,778.2937	338.9972	5,006.3466
<b>Weekly Average (07-11 August)</b>	<b>4,554.5471</b>	<b>245.7091</b>	<b>5,798.7335</b>	<b>338.4493</b>	<b>5,003.8725</b>
<i>Appr (-)/Depr (+) (%) of the ZWL</i>	<i>0.5</i>	<i>-2.5</i>	<i>0.1</i>	<i>-1.1</i>	<i>-7.6</i>

Source: Reserve Bank of Zimbabwe, 2023



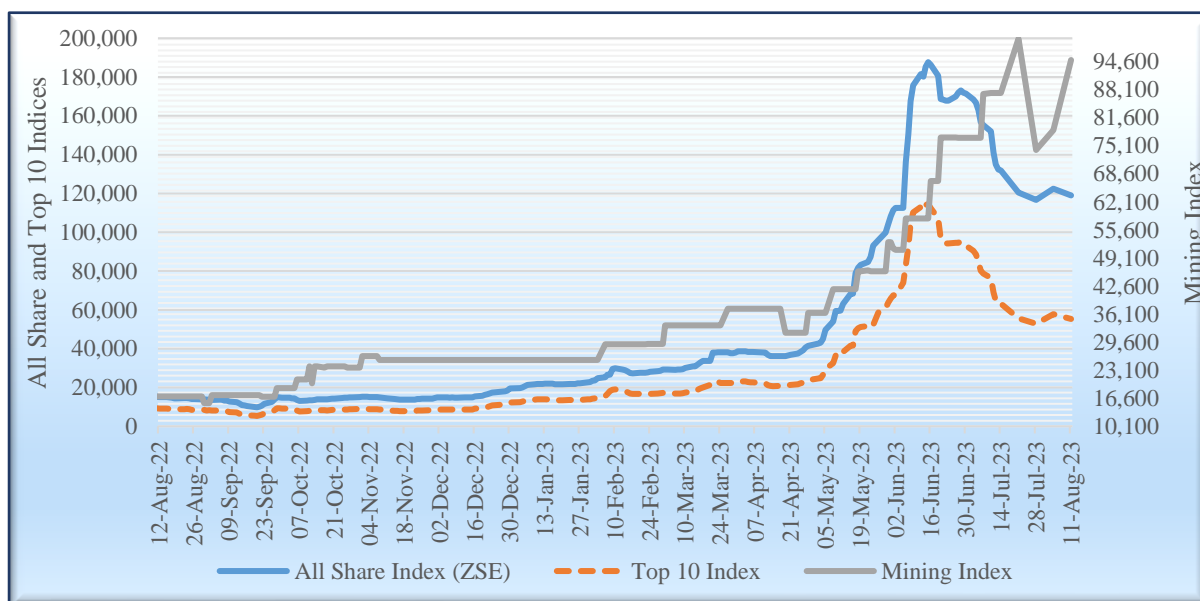
## 6. EQUITY MARKETS

During the week ending 11<sup>th</sup> August 2023, the Zimbabwe Stock Exchange (ZSE) exhibited bearish sentiments while the Victoria Falls Stock Exchange (VFEX) recovered from previous week's loss. As such, the ZSE All Share Index lost 2.93% while the VFEX All Share index added 3.38% to close at 118 909.17 points and 70.60 points, respectively.

### Zimbabwe Stock Exchange (ZSE) Developments

The Top 10 and Top 15 indices lost 4.26% and 3.52% to close at 55 314.05 points and 75 951.92 points, compared to previous week's positions of 57 773.36 points and 78 721.18 points, respectively. The resource index, however added 6.07% to close the week at 94 942.74 points compared to 89 512.59 points recorded in the prior week. Figure 3 shows developments on the ZSE's All Share, Top 10 and Mining indices from 12<sup>th</sup> August 2022 to 11<sup>th</sup> August 2023.

**Figure 3: ZSE All Share, Top 10 and Mining Indices**



Source: Zimbabwe Stock Exchange, 2023

The decline in the mainstream index was attributed to share price losses in SeedCo Limited (17.94%), ZB Financial Holdings Limited (14.99%), Turnall Holdings Limited (10.45%), Zimre Holdings Limited (9.45%) and FBC Holdings Limited (8.89%).

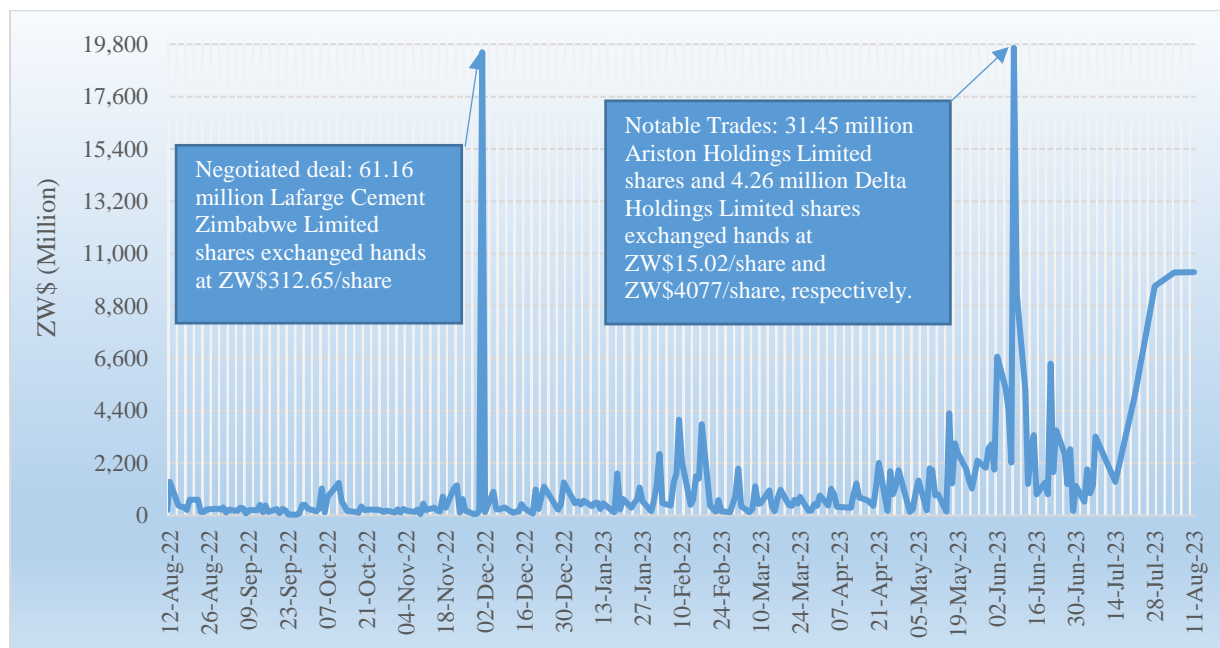
Partially offsetting the aforementioned declines were gains in the share prices of Fidelity Life Assurance Limited (14.88%), Bridgefort Capital Limited Class B (14.85%), Ecocash Holdings Zimbabwe Limited (14.36%), Dairibord Holdings Limited (12.45%) and Nampak Zimbabwe Limited (10.41%). The rise in the resource index emanated from a 6.07% gain in RioZim Limited share price during the week under analysis.

### Market Turnover

During the week under review, the cumulative volume and value of shares traded increased by 106.40% and 0.02% to 31.19 million shares and ZW\$10 219.66 million, compared to 15.11 million shares and ZW\$10 217.33 million recorded in the prior week, respectively.

Figure 4 shows the trend in daily market turnover for the period 12<sup>th</sup> August 2022 to 11<sup>th</sup> August 2023.

**Figure 4: Market Turnover**



Source: Zimbabwe Stock Exchange, 2023

## Market Capitalisation

Owing to bearish sentiments exhibited on the ZSE during the week under review, the market lost 1.15%, or ZW\$110.33 billion worth of capitalization to close at ZW\$9 478.66 billion, compared to ZW\$9 588.99 billion registered in the previous week. Figure 5 shows the evolution of market capitalization for the period 12<sup>th</sup> August 2022 to 11<sup>th</sup> August 2023.

**Figure 5: Market Capitalization**



Source: Zimbabwe Stock Exchange, 2023

## Victoria Falls Stock Exchange (VFEX) Developments

The rise in the VFEX mainstream index was a result of share price increases in SeedCo International (12.22%), Innscor African Limited (7.16%), Simbisa Limited (6.51%), National Foods Holdings Limited (3.80%) and Padenga Holdings Limited (2.86%). Partially offsetting the abovementioned increases were declines in the share prices of Bindura Nickel Corporation (BNC) (13.08%), African Sun Limited (5.00%) and Zimplot Holdings Limited (0.25%).

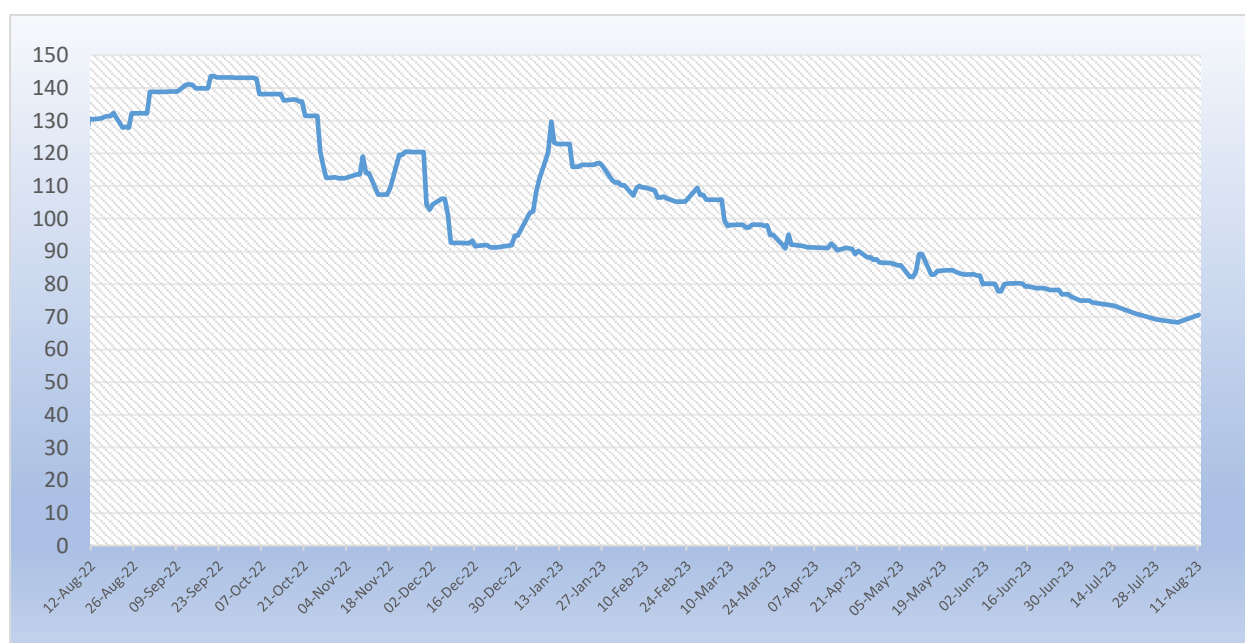
## VFEX Market Turnover

The VFEX cumulative volume and value of shares traded declined by 35.86% and 27.16% to 1.75 million shares and US\$0.46 million, from 2.73 million shares and US\$0.63 million, recorded in the previous week, respectively.

## VFEX Market Capitalization

Reflecting the positive momentum on the VFEX during the week under analysis, the market gained 3.39% worth of capitalization to close at US\$1.21 billion, compared to US\$1.17 billion registered in the previous week. Figure 6 shows the trend in the VFEX All Share Index for the period 12<sup>th</sup> August 2022 to 11<sup>th</sup> August 2023

**Figure 6: VFEX All Share Index**



Source: Victoria Falls Stock Exchange (VFEX), 2023

## 7. AN OVERVIEW OF THE 2023 MID-TERM MONETARY POLICY STATEMENT

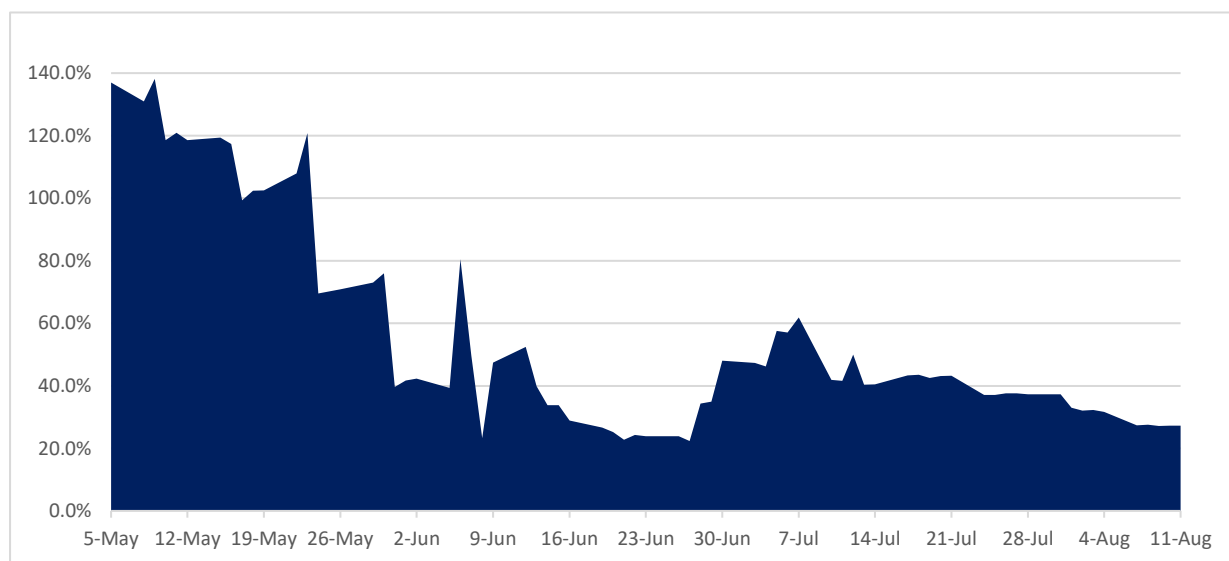
The recent policy measures put in place by the Bank and Government have re-oriented the country onto the right track to macroeconomic stability. The policy measures have ushered stability on the exchange rate and prices. The Bank has resolved to stay the course by maintaining the tight monetary policy stance for the next six months to December 2023 to sustain the current macroeconomic stability. To ensure attainment of the full benefits of monetary and fiscal

consolidation to sustainably anchor inflation and exchange rate expectations, policy fine tuning will be based on open market operations.

Precisely, the liberalisation of the foreign exchange (FX) market through the introduction of the wholesale interbank market has brought stability in the domestic foreign exchange markets. The measures have dampened the parallel market foreign exchange rate premium to current international acceptable levels of about 20%. The correction of the exchange rate to the equilibrium path saw month-on-month inflation falling sharply to -15.3% in July 2023, down from a high of 74.5% in June 2023. In the outlook period, annual inflation is expected to continue on a declining trend for the remainder of the year.

Figure 7 shows the developments on the parallel foreign exchange premium during the period 5 May 2022 to 11 August 2023.

**Figure 7 Foreign Exchange Parallel Market Rate Premiums - May 2023 to August 2023**



As a result of the positive exchange rate and inflation, the Bank has maintained the current policy rates which will continue to be reviewed in line with inflation developments. The Bank's policy rate has been kept at 150% per annum with the medium-term accommodation facility lending rate for the productive sectors of the economy at 75% per annum.

The Bank also kept the deposit rates on savings and time deposits unchanged at 30% and 50% per annum, respectively. The statutory reserve requirements for call deposits in local and foreign

currency were unchanged at 15% and 10% while statutory reserve requirements for all savings and time deposits were also kept unchanged at 5%.

The Bank will continue to use the Non-Negotiable Certificates of Deposits (NNCDs) and gold coins in physical and digital forms to mop excess liquidity. The Bank fine-tuned its key liquidity management tool, NNCDs through the introduction of 7, 14, 21, 30-day maturities. This measure is envisaged to enhance the efficiency of the NNCDs, strengthen the interbank money market and smoothen liquidity fluctuations in the economy.

The Bank remains confident that the continued sale of gold coins and gold-backed digital tokens (GBDT) will sustainably take away steam from the store-of-value demand for foreign currency during the short to medium term, with positive spinoffs on the substance of the obtaining price and exchange rate stability. The gold coins mopped up over ZW\$35 billion from a total of 36,059 coins as of 14 July 2023. Similarly, the GBDT mopped up a total of ZW\$50.50 billion equivalent to 325.02 kg of gold tokens as at 21 July 2023.

To optimise the potential use of GBDT in the economy, the Bank is at an advanced stage in the preparations for the eventual rolling out of GBDT for transactional purposes in Phase II of the project under the code or name ZiG, which stands for Zimbabwe Gold. Appropriate awareness campaigns are being carried out across all national provinces and districts of the country to educate the public on the use and benefits of GBDT.

Overall, the goal of the Mid-Term Monetary Policy Statement points to the Bank's commitment to the current tight monetary policy stance in order to ensure macro-stability characterised by decline in annual inflation to the year 2023 between 60% and 70%, support the country's economic resilience and achievement of the projected economic growth of 5.3% in 2023.

**RESERVE BANK OF ZIMBABWE**

## APPENDIX 1: FOREIGN EXCHANGE AUCTION RESULTS FOR MAINFX<sup>1</sup> AND WHOLESALAFX<sup>2</sup>

	WHOLESALAFX			
	27-July-23	01- Aug-23	03-Aug-23	08-Aug-23
<b>Total Bids (US\$ dollars)</b>	14,226,060.00	17,076,095.00	13,823,820.00	18,854,776.00
<b>Amount Allotted (US\$ dollars)</b>	14,226,060.00	15,969,095.56	12,498,820.00	18,854,776.00
<b>Highest Rate</b>	4,580.00	4,570.00	4,473.00	4,584.45
<b>Lowest Bid Rate</b>	4,500.00	4,515.00	4,535.00	4,550.00
<b>Lowest Bid Rate Allotted</b>	4,500.00	4,515.00	4,535.00	4,550.00
<b>Weighted Average Rate</b>	4,517.14	4,542.37	4,556.16	4,559.74
<b>Number of Bids Received</b>	14	15	13	16
<b>Number of Bids Rejected</b>	0	0	0	0

*Source: Reserve Bank of Zimbabwe, 2023*

<sup>1</sup> Main Foreign Currency Auction. The Auction is normally conducted every Tuesday every week.

<sup>2</sup> Wholesale Foreign Currency Auction (Wholesale FX). The RBZ MPC resolutions dated 6 June 2023 resolved that with effect from 7 June 2023, the Bank shall sell foreign currency at the market-determined exchange rate through banks to support and strengthen the foreign exchange interbank market, and banks shall in turn sell the foreign currency to their customers.

## APPENDIX 2: SUMMARY OF FOREIGN CURRENCY AUCTION ALLOTMENTS BY PURPOSE

Purpose	MAINFX			
	18-July-23	25-July-23	01-Aug-23	08-Aug-23
<b>Raw Materials</b>	88,053.07	179,672.32	128,132.37	308,170.98
<b>Machinery and Equipment</b>	222,278.65	96,841.77	232,872.55	287,094.68
<b>Consumables (Incl. Spares, Tyres, Packaging)</b>	33,459.80	18,497.02	-	2,120.64
<b>Pharmaceuticals and Chemicals</b>	-	46,093.30	-	-
<b>Services (Loans, Dividends and Disinvestments)</b>	198,688.63	210,545.60	69,961.27	232,795.36
<b>Retail and Distribution</b>	-	50,000.00	49,618.06	54,648.06
<b>Fuel, Electricity and Gas</b>	-	-	-	-
<b>Paper and Packaging</b>	-	-	17,308.81	-
<b>TOTAL</b>	<b>542,480.15</b>	<b>601,650.01</b>	<b>497,893.08</b>	<b>884,829.72</b>

*Source: Reserve Bank of Zimbabwe, 2023*