



Weekly Economic Highlights

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Week Ending
4th August 2023

1. OVERVIEW

This report provides an analysis of the developments in the money and capital markets for the week ending 4th 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 a review on recent developments in international and domestic oil prices

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

The deposit rates for the domestic currency deposits remained largely unchanged except for changes in minimum deposit rates for deposits of 3 months and 12 month tenor as well as maximum deposit rates for savings deposits and deposits of 3 month tenor. Minimum foreign currency deposits (FCA) for savings deposits were lower while maximum deposit rates for deposits of 12-month tenor registered a marginal increase during the week under analysis. Local currency lending rates declined, while foreign currency lending rates for both individuals and commercial clients increased marginally during the week ending 4th 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, however, continued to be lower compared to the same period in the previous year.

2. INTEREST RATES

Local Currency (ZWL) Deposit Rates

During the week under analysis, minimum ZWL deposit rates for savings deposits, deposits of 1-month and 6-month tenor remained largely unchanged. Minimum deposit rates for deposits of 3 month tenor registered a decline, while those for 12 month tenor increased. Maximum deposit rates for savings deposits and deposits of 3 month tenor were higher during the week of analysis, as banks continued to encourage deposits for credit creation. Maximum deposit rates for deposits of 1 month, 6 month and 12 month tenor remained at previous week's levels during the same

period. Commercial banks continued to offer high deposit rates for short and long term deposits as part of measures aimed at attracting deposits for onward lending to individuals and corporates amid prevailing tight liquidity conditions in the market.

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 (%)
14-Jul-23	34.29	33.14	59.00	69.33	59.53	67.89	59.17	68.64	61.64	66.00
21-Jul-23	34.29	33.14	59.00	69.33	59.22	67.89	59.17	68.64	61.64	66.00
28-Jul-23	34.29	35.29	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	59.33	68.79

Source: Reserve Bank of Zimbabwe, 2023

Local Currency Lending Rates

The minimum and maximum ZWL lending rates for both corporate and individual clients decreased marginally during the period of analysis. The downward adjustments in maximum lending rates for corporates witnessed during the last 1 month is expected to boost borrowing by individuals and firms. The ZWL lending rates are shown in Table 2.

Table 2: Lending Rates (per annum)

Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
7-July-23	75.87	104.03	93.19	167.52
14-July-23	76.65	104.13	93.30	167.36
21-Jul-23	77.80	104.12	94.60	167.29
28-Jul-23	77.82	103.56	94.80	166.24
04-Aug-23	77.59	102.81	94.41	166.02

Source: Reserve Bank of Zimbabwe, 2023

Foreign Currency (USD) Deposit Rates

Minimum deposits rates for deposits of 1-month and 6-month and savings deposit rates remained unchanged during the week ending 4th August 2023. The week under analysis saw minimum deposit rates of 3 month tenor register a decline while deposit rates for 12 month tenor increased. The maximum deposits rates for all classes declined save for savings deposits and deposits of 12

month tenor that registered declines during the week under review. Average foreign currency deposits rates for all tenors 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 (%)
14-July-23	1.27	1.81	3.15	4.50	3.36	5.00	3.35	5.27	3.43	5.50
21-July-23	1.27	1.81	3.15	4.50	3.36	5.00	3.35	5.27	3.43	5.50
28-July-23	1.27	1.86	3.15	4.50	3.36	5.00	3.35	5.27	3.43	5.50
04-Aug-23	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 and maximum foreign currency lending rates for individual clients remained unchanged while minimum and maximum foreign currency lending rates for corporate clients increased marginally during the week under analysis. The continued reduction in foreign currency lending rates for corporate clients is a positive development as it encourages borrowing to boost production in the economy.

Table 4: Foreign Currency Lending Rates (per annum)

Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
30-Jun-23	11.33	13.09	8.05	14.39
7-July-23	11.38	13.06	8.01	14.35
14-July-23	11.35	13.07	7.99	14.36
21-Jul-23	11.33	13.06	7.97	14.35
28-Jul-23	11.32	13.09	7.97	14.19
04-Aug-23	11.32	13.09	7.98	14.61

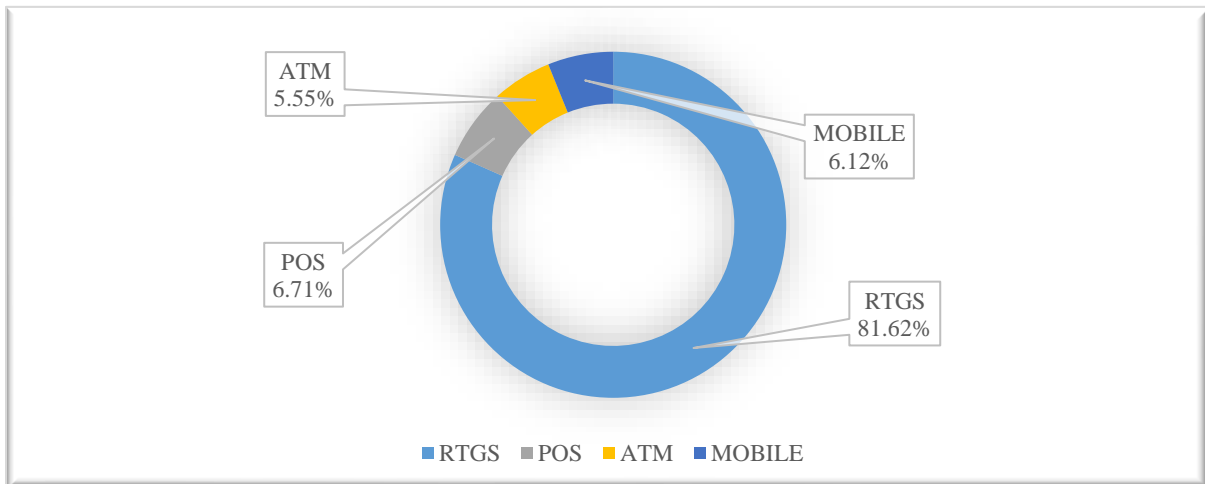
Source: Reserve Bank of Zimbabwe, 2023

3. CLEARING AND SETTLEMENT ACTIVITY

During the week ending 4th August 2023, aggregate transactions processed in value terms through the National Payment Systems platforms was ZW\$4.44 trillion, representing a decrease of 1.74% from the previous week. This was partly attributed to a decline in lower Real Time

Gross Settlement System (RTGS) transactions amid a high demand for the local currency in the economy in the back of tight liquidity conditions. The RTGS system constituted 81.62% of the total value of National Payment System Transactions during the period under review. The value of NPS transactions during the week were distributed as shown in Figure 1.

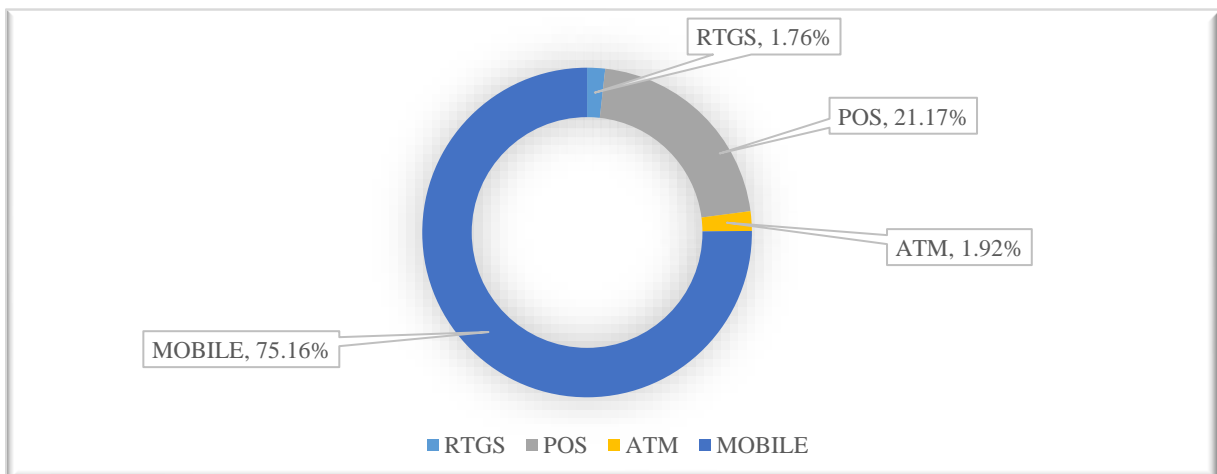
Figure 1: Composition of NPS Transactions in Value Terms



Source: Reserve Bank of Zimbabwe, 2023

During the week under analysis, the volume of transactions processed through the NPS increased by 10.43% to close at 11.00 million supported by increases in POS and Mobile transaction volumes. This reflected increases in ATM transaction volumes. NPS transaction volumes were distributed as follows: Mobile, 75.16%; POS, 21.17%; ATM, 1.92%; and RTGS, 1.76%, 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 28 July 2023	WEEK ENDING 04 August 2023	% CHANGE FROM LAST WEEK	PROPORTION %
	Values in ZW\$ Millions			
RTGS	3,819,128.55	3,625,554.17	-5.07%	81.62%
POS	295,339.06	298,228.88	0.98%	6.71%
ATM	218,773.78	246,616.47	12.73%	5.55%
MOBILE	187,451.77	271,697.92	44.94%	6.12%
TOTAL	4,520,693.159	4,442,097.43	-1.74%	100%
	Volumes			
RTGS	298,960	193,185	-35.38%	1.76%
POS	2,211,935	2,328,840	5.29%	21.17%
ATM	182,922	211,534	15.64%	1.92%
MOBILE	7,269,808	8,269,137	13.75%	75.16%
TOTAL	9,963,625	11,002,696	10.43%	100%

Source: Reserve Bank of Zimbabwe, 2023

4. TOBACCO SALES

During the week ending 04th of August 2023, or the 102nd day of the tobacco selling season, a cumulative total of 294.74 million kilograms of tobacco had been sold, compared to a cumulative total of 204.72 million kilograms sold during the same period in 2022. The turnover realized from the sales amounted to US\$892.95 million, a 42.53% increase, compared to US\$626.51 million realized during the same period in 2022.

Table 6: Weekly Cumulative Tobacco Sales: Day 102nd (04th August 2023)

	2022	2023	Variance (%)
Cumulative Quantity Sold (million kgs)	204,715,987	294,743,679	43,98
Average Price (US\$/kg)	3.06	3.03	-1.01
Cumulative value (US\$ million)	626,506,638	892,954,154	42.53

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

The golden leaf was 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 ending 4 August 2023, average prices for gold, platinum, palladium and nickel declined, whilst copper and 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 04th August 2023

	Gold	Platinum	Palladium	Copper	Nickel	Crude Oil
2023	<i>US\$/ounce</i>	<i>US\$/ounce</i>	<i>US\$/ounce</i>	<i>US\$/tonne</i>	<i>US\$/tonne</i>	<i>US\$/barrel</i>
Weekly Average (24- 28 July)	1,960.98	959.80	1,268.10	8,619.30	21,836.00	83.51
31-July	1,963.10	939.50	1,258.50	8,793.50	22,045.00	85.13
1-Aug	1,951.98	936.50	1,253.50	8,609.00	22,280.00	85.73
2-Aug	1,946.95	929.50	1,238.00	8,526.50	21,500.00	83.14
3-Aug	1,936.28	921.00	1,240.00	8,600.50	21,695.00	85.21
4-Aug	1,938.23	917.50	1,254.50	8,573.00	21,310.00	86.02
Weekly Average (31 July- 04 August)	1,947.31	928.80	1,252.10	8,620.50	21,766.00	85.05
Weekly Change (%)	<i>-0.70</i>	<i>-3.23</i>	<i>-1.26</i>	<i>0.01</i>	<i>-0.32</i>	<i>1.84</i>

Source: BBC, KITCO and Bloomberg 2023

Gold

Gold prices continued a negative trajectory, decreasing by 0.70%, from a weekly average of US\$1,960.98 per ounce in the previous week to close the week under review at US\$1,947.31. Prices declined after strong U.S. private payroll data fuelled bets of more monetary policy tightening and boosted the U.S. dollar and Treasury yields.

Platinum

Platinum prices retreated by 3.23%, from a weekly average of US\$959.80 per ounce in the previous week to US\$928.80 per ounce, during the week under analysis. Prices declined as the U.S. dollar strengthened, following weak demand in the automotive industry.

Palladium

During the week ending 4th August, palladium prices decreased by 1.26% to US\$1,252.10 per ounce, from US\$1,268.10 per ounce reported in the previous week. The fall was due to a strengthening US dollar against major currencies.

Copper

Copper prices slightly rose by 0.01%, from an average of US\$8,619.30 per tonne in the previous week to US\$8,620.50 per tonne, during the week ending 4th August 2023. Red metal prices rose amid continued supply constraints and labour disputes in major copper-producing regions.

Nickel

Nickel prices slipped by 0.32%, from US\$21,836.00 per tonne in the prior week to US\$21,766.00 per tonne, during the week under review. Prices declined amid expectations of an increased supply of nickel plates from Chinese stainless steel.

Brent Crude Oil

The weekly average price of Brent Crude oil increased by 1.84%, from US\$83.51 per barrel in the week ending 28th July 2023 to US\$85.05 per barrel, during the week under analysis. Prices increased following expectations of a supply reduction by top producers Saudi Arabia and Russia. The supply deficiency is forecasted to continue throughout the month of September 2023.

Exchange Rate Developments

Interbank Market

The Zimbabwe dollar (ZW\$) depreciated by 0.4% on the interbank market, from an average of ZW\$4,514.33 per US\$1 in the previous week to ZW\$4,532.38 per US\$, 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
Weekly Average (24-28 July)		4,514.3300	257.7423	5,807.2742	345.4411	5,207.3767
	31-July	4,516.8025	256.4103	5,801.8825	346.5132	4,971.8827
	1-Aug	4,511.9275	256.4103	5,787.9463	343.6176	4,959.3194
	2-Aug	4,542.3710	250.0000	5,805.6539	342.1149	4,995.2950
	3-Aug	4,534.6155	250.0000	5,762.1811	338.5430	4,957.2869
	4-Aug	4,556,1616	246.9136	5,800.9509	339.9587	6,08.9454
Weekly Average (31 July-04th August)		4,532.3756	251.9468	5,791.7229	342.1495	5,417.5492
<i>Appr (-)/Depr (+) (%) of the ZWL</i>		0.4	-2.2	-0.3	-1.0	-4.5

Source: Reserve Bank of Zimbabwe, 2023

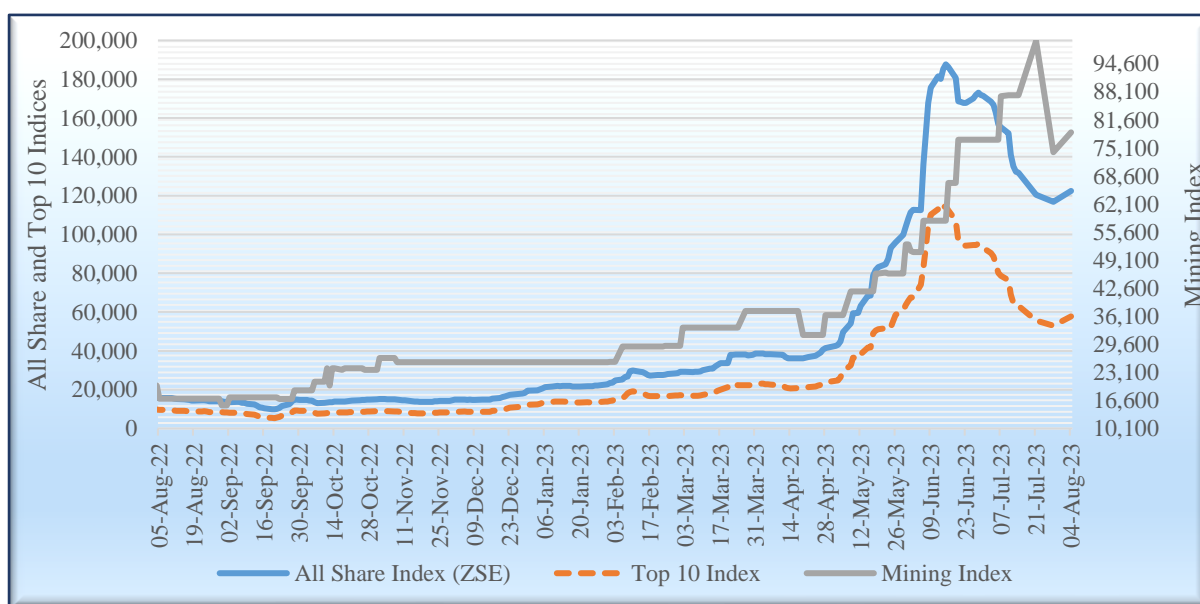
6. EQUITY MARKETS

During the week ending 04th August 2023, the Zimbabwe Stock Exchange (ZSE) rebounded from previous week's loss while the Victoria Falls Stock Exchange (VFEX) exhibited bearish sentiments for the 12th consecutive week. As such, the ZSE All Share Index added 4.92% while the VFEX All Share index lost 1.27% to close at 122 498.00 points and 68.29 points, respectively.

Zimbabwe Stock Exchange (ZSE) Developments

Small cap, Top 10 and Top 15 indices increased by 5.55%, 9.20% and 6.21% to 2 293 825.24, 57 773.36 and 78 721.18 points respectively. The resource index remained unchanged to close the week at 89 512.59 points. Figure 3 shows developments on the ZSE's All Share, Top 10 and Mining indices from 05th August 2022 to 04th August 2023.

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



Source: Zimbabwe Stock Exchange, 2023

The increase in the mainstream index emanated from share price gains in Delta Corporation Limited (21.63%), Dairiboard Holdings Limited (19.07%), OK Zimbabwe Limited (15.93%), CBZ Holdings Limited (11.88%) and Truworths Limited (11.73%).

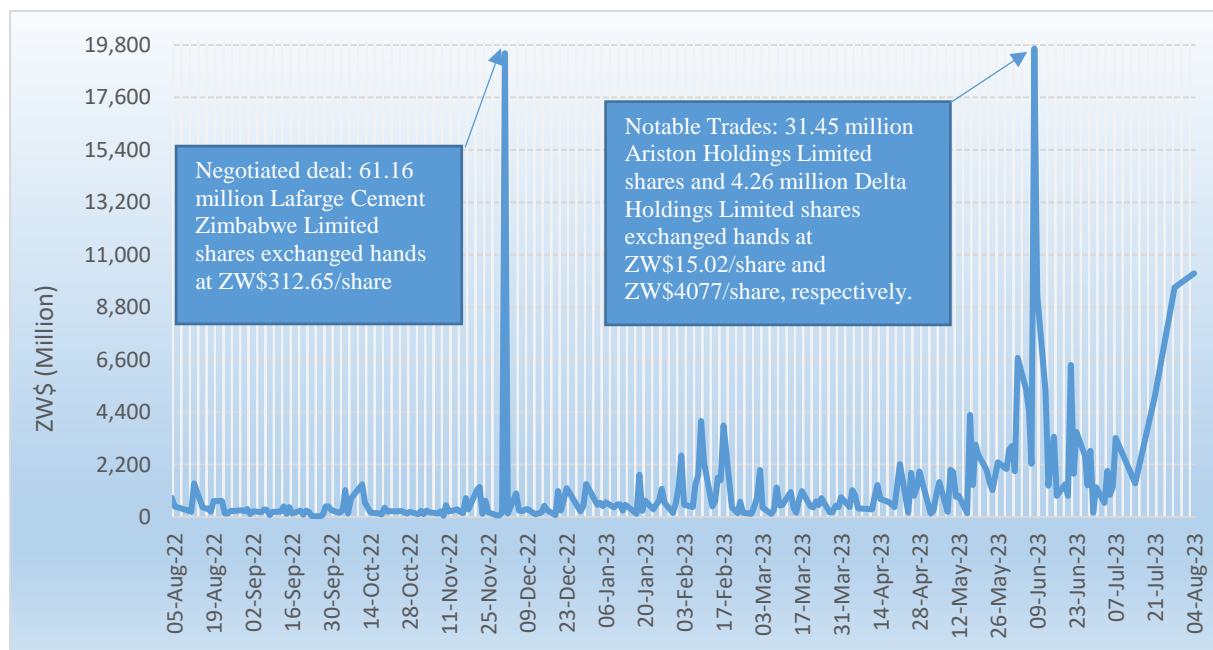
Partially offsetting the aforementioned gains were declines in the share prices of Ariston Holdings Limited (15.62%), Nampack Zimbabwe Limited (15.00%), TSL Limited (14.61%), Turnall Holdings Limited LAS (10.30%) and SeedCo Limited (9.59%).

Market Turnover

During the week under review, trading activity was concentrated in some selected wealth preserving blue-chip counters, albeit on low volumes. As such, the cumulative value of shares traded increased by 6.06% ZW\$10 217.33 million, despite a decline of 39.21% in volume of shares traded, amounting to 15.11 million shares.

Figure 4 shows the trend in daily market turnover for the period 05th August 2022 to 04th August 2023.

Figure 4: Market Turnover



Source: Zimbabwe Stock Exchange, 2023

Market Capitalisation

Owing to improved trading activity on the ZSE during the week under analysis, the market gained 2.79%, or ZW\$260.12 billion worth of capitalization to close at ZW\$9 588.99 billion, compared to ZW\$9 328.87 billion registered in the previous week. Figure 5 shows the evolution of market capitalization for the period 05th August 2022 to 04th August 2023.

Figure 5: Market Capitalization



Source: Zimbabwe Stock Exchange, 2023

Victoria Falls Stock Exchange (VFEX) Developments

The decline in the VFEX mainstream index was a result of share price decline in Zimplot Holdings Limited (13.04%), Innscor African Limited (8.33%), Bindura Nickel Corporation Limited (BNC) (7.80%), Axia Corporation Limited (2.49%) and Africa Sun Limited (1.48%). Partially offsetting the abovementioned declines were increases in the share prices of Padenga Holdings Limited (6.71%) and Simbisa Brands Limited (2.07%).

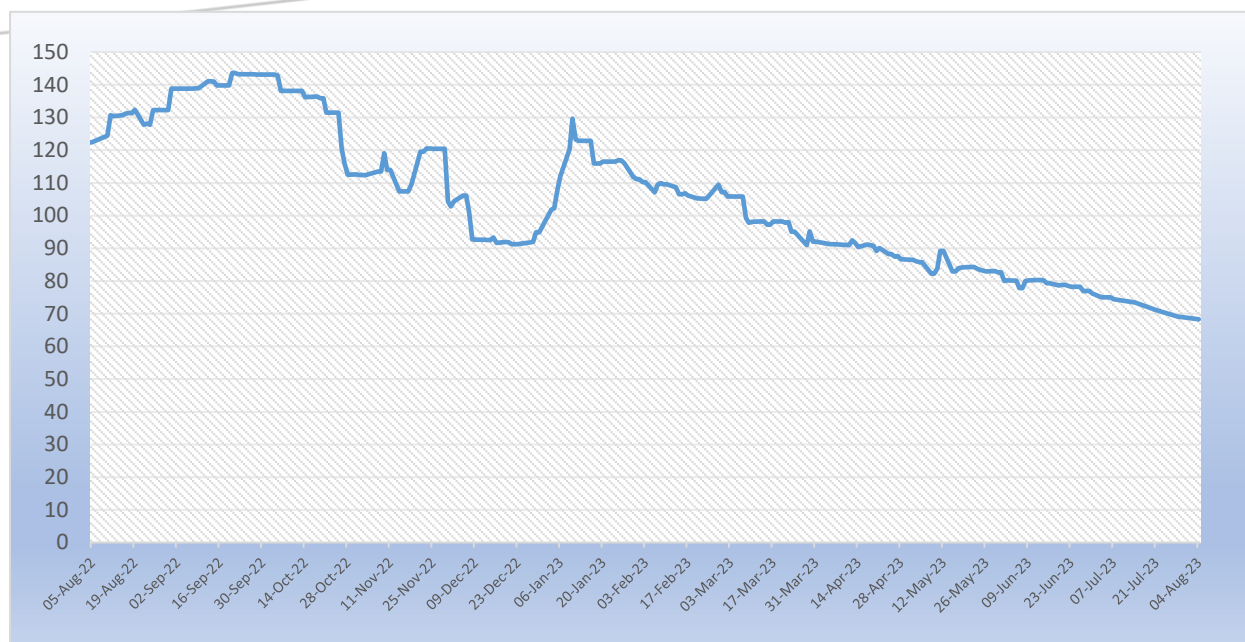
VFEX Market Turnover

The VFEX cumulative volume and value of shares traded added 95.79% and 67.84% to 2.73 million shares and US\$0.63 million, compared to 1.39 million shares and US\$0.37 million, recorded in the previous week, respectively.

VFEX Market Capitalization

Reflecting the bearish sentiments exhibited on the VFEX during the week under analysis, the market lost 1.26% worth of capitalization to close at US\$1.17 billion, compared to US\$1.18 billion registered in the previous week. Figure 6 shows the trend in the VFEX All Share Index for the period 05th August 2022 to 04th August 2023

Figure 6: VFEX All Share Index

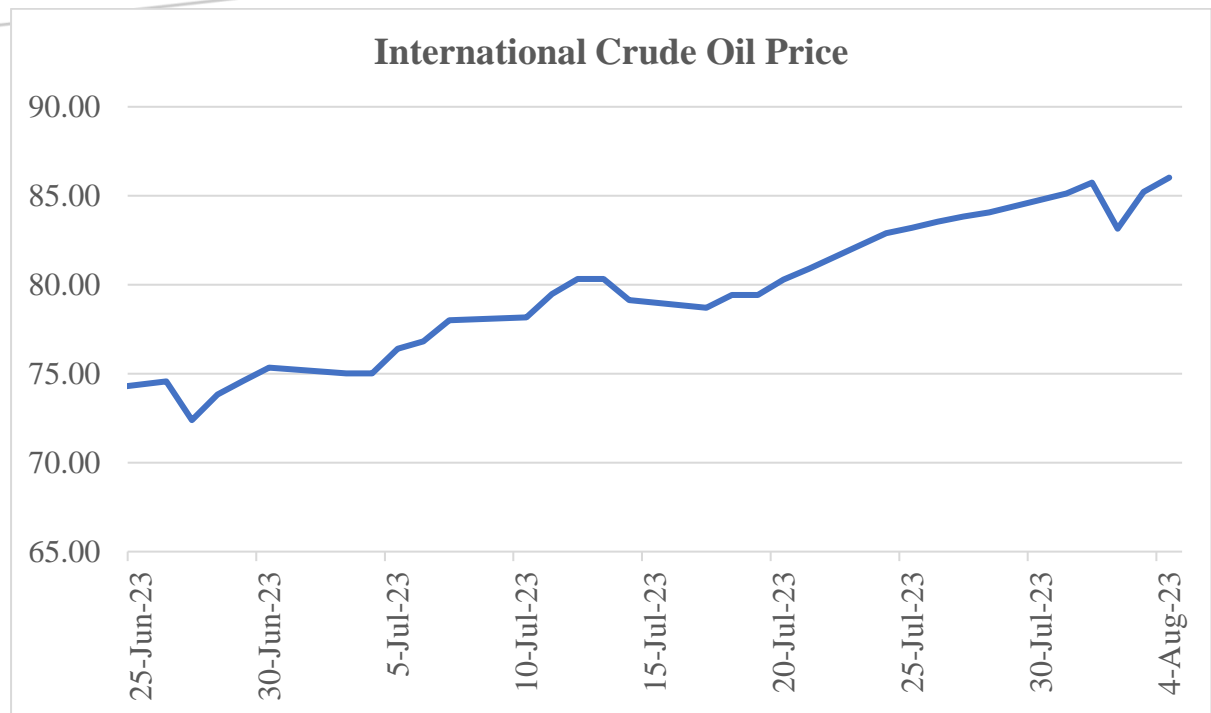


Source: Victoria Falls Stock Exchange (VFEX), 2023

7. RECENT DEVELOPMENTS IN INTERNATIONAL AND DOMESTIC OIL PRICES

International oil prices have been on a rising trend since the end of June 2023. The increase has been on account of firm demand particularly from China the world’s largest oil importer amid indications about an increase in economic activity in the Asian Giant and positive global economic outlook. Oil production cuts by the Organisation of Petroleum Exporting Countries and its allies (OPEC+) on the back of record oil demand continue to support the prices. Geopolitical tensions between Russia and Ukraine also continue to disrupt oil supplies. In addition, the decline in oil inventories since July 2023 also contributed to the increase in prices. Resultantly, international oil prices have been averaging US\$80.00 per barrel since mid-July 2023. The extension of global oil market tightening in the short term is expected to keep prices higher. Figure 7 below shows the developments in international oil prices from 25th June 2023 to 4th August 2023.

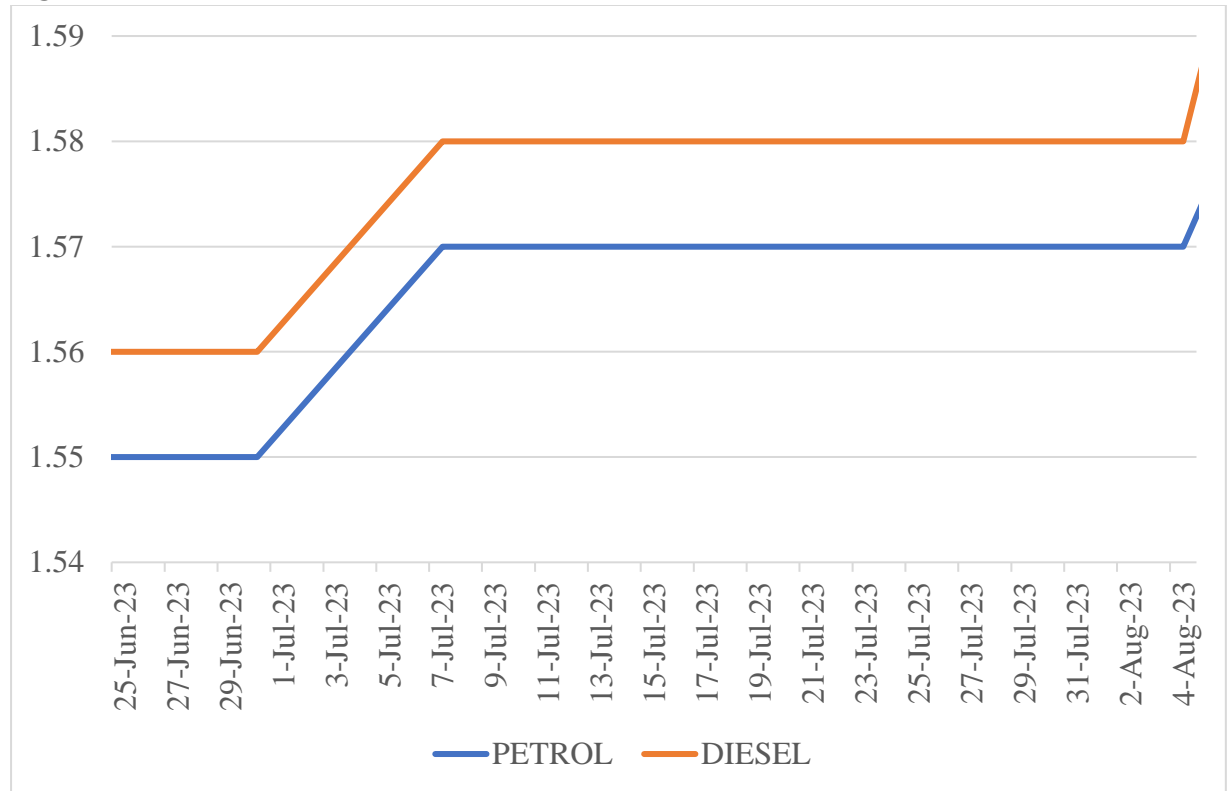
Figure 7: International Crude Oil Prices



Source: BBC

On the domestic front fuel, prices have also been increasing since the end of June 2023 attributable to increases in the international oil prices. Petrol prices increased from US\$1.55 dollars to US\$1.57 dollars by 4 August 2023. Similarly, diesel prices also increased from US\$1.56 dollars to US\$1.58 dollars during the same period. The firming of fuel prices is likely to continue piling pressure on domestic inflation since fuel constitute 4.1% of the domestic Consumer Price Index (CPI) basket. Figure 2 below presents the recent developments in petrol and diesel prices from 25th June 2023 to 4th August 2023.

Figure 8: Domestic Fuel Prices US\$ dollars



Source: ZERA

RESERVE BANK OF ZIMBABWE

APPENDIX 1: FOREIGN EXCHANGE AUCTION RESULTS FOR MAINFX¹ AND WHOLESALEFX²

	WHOLESALEFX			
	25-July-23	27- July-23	01-Aug-23	03-Aug-23
Total Bids (US\$ dollars)	14,471,600.00	14,226,060.00	17,076,095.00	13,823,820.00
Amount Allotted (US\$ dollars)	7,900,600.00	14,226,060.00	15,969,095.56	12,498,820.00
Highest Rate	4,580.00	4,580.00	4,570.00	4,473.00
Lowest Bid Rate	4,480.00	4,500.00	4,515.00	4,535.00
Lowest Bid Rate Allotted	4,480.00	4,500.00	4,515.00	4,535.00
Weighted Average Rate	4,505.42	4,517.14	4,542.37	4,556.16
Number of Bids Received	16	14	15	13
Number of Bids Rejected	0	0	0	0

Source: Reserve Bank of Zimbabwe, 2023

¹ Main Foreign Currency Auction. The Auction is normally conducted every Tuesday every week.

² 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			
	11-July-23	18-July-23	25-July-23	01-Aug-23
Raw Materials	180,699.78	88,053.07	179,672.32	128,132.37
Machinery and Equipment	60,672.58	222,278.65	96,841.77	232,872.55
Consumables (Incl. Spares, Tyres, Packaging)	21,558.24	33,459.80	18,497.02	-
Pharmaceuticals and Chemicals	3,000.00	-	-	-
Services (Loans, Dividends and Disinvestments)	150,000.00	198,688.63	210,545.60	69,961.27
Retail and Distribution	44,200.00	-	-	49,618.06
Fuel, Electricity and Gas	-	-	-	-
Paper and Packaging	-	-	-	17,308.81
TOTAL	580,921.57	460,130.60	601,650.01	497,893.08

Source: Reserve Bank of Zimbabwe, 2023