SELECTED ECONOMIC INDICATORS

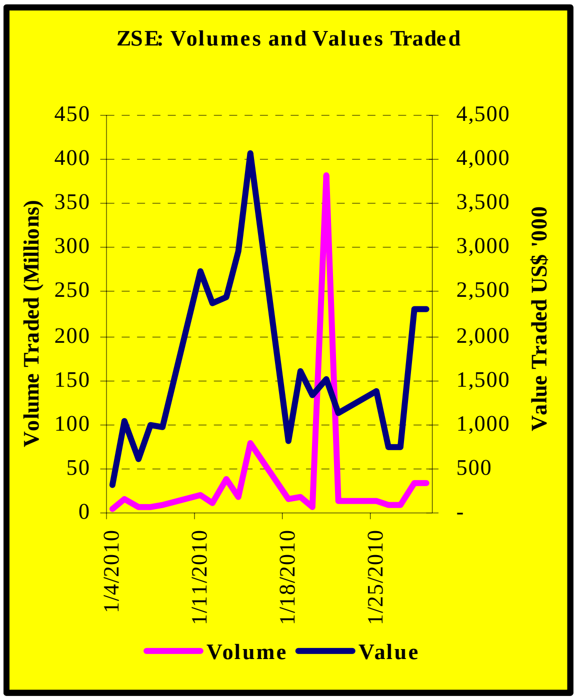
	January 2010 (End Period)
Z.S.E Mining Index	185.50
Z.S.E Industrial Index	151.99
Money Supply (M3) Growth*	29%
Yearly Inflation	-7.7%
Interest Rates (Per Annum)	
Average Lending Rates**	30.62%
Average Demand Deposit Rates	1.15%

Z.S.E: Zimbabwe Stock Exchange

* Provisional November 2009
** Lending Rate— Libor + margin

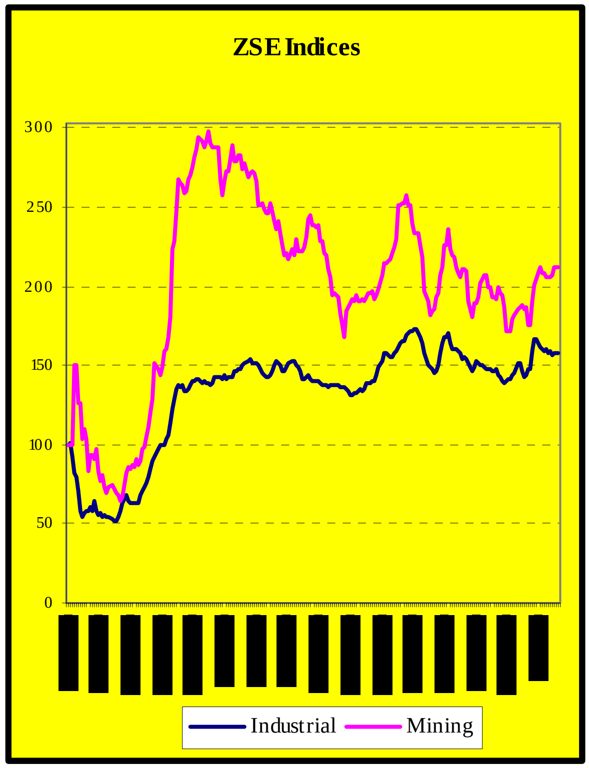
Stock Market Developments

During the first week of the year, the local bourse was characterised by thin trading as most investors awaited the implementation of the new transaction cost structures. However, activity gradually recovered as the month progressed due to an increase in investors and the effect of lower total transaction costs.



Volumes and values traded rose to from 5 million and US$323 thousand at the beginning of the month to 34 million and US$2.3 million as at end of the month.

The mining index registered a 14.4% whilst the industrial index rose by 3.5%. Contributing to the rise in the industrial index were ASTRA (50%), DZLH (67%), MEDTECH (50%), and TURNALL (50%). Major losses were, however, recorded for TEDCO (63%), AFRICAN SUN (42%), ART ZDR (29%) and CFX (25%).



Gains in the mining index were driven by FALGOLD (28.6%), RIOZIM (24.2%), and BINDURA (18.2%). HWANGE remained unchanged at US$0.3 per share.

In the short to medium term, the local bourse will continue to be affected by limited liquidity which is constraining the overall eco-

1. All banking statistics are provisional.

nomic activity. Implementation of both sound and credible macroeconomic policies will increase foreign investment which would improve the liquidity situation in the country.

Further, the implementation of the lower transaction charges will make trading on the stock market more profitable and this is expected to attract more funds to the ZSE. The lack of alternative investment options will also impact positively to the local bourse.

Banking Sector Developments[1]

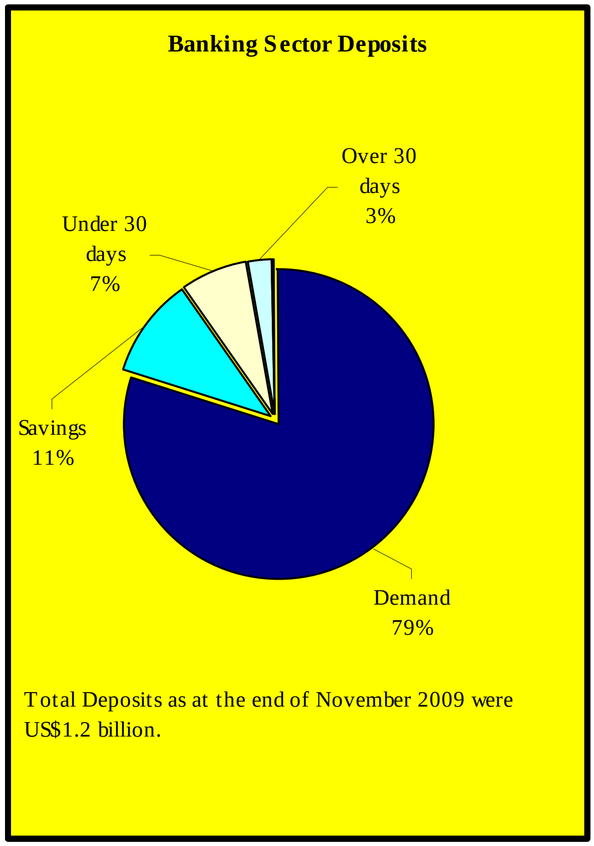
Broad money (M3) registered a 14.13% monthly growth to US$1.4 billion in December 2009. The growth was underpinned by a 7.1% monthly expansion in demand deposits. Demand deposits rose to US$1 billion and accounted for 75% of broad money.

Total short term deposits accounted for 84% of broad money. The current structure of deposits reflects low confidence in the banking system and low incomes in the economy.

The bulk of the deposits, 35.8%, came from the services sector which also includes local authorities and the Zimbabwe Electricity Supply Authority (ZESA). Households contributed 14.7% to total deposits.

Lending to the private sector by banks, increased from $88 million in January to $700 million in December 2009.

Credit to the private sector as a component of total deposits at banks, increased marginally from November's 50.1% to 50.7% in December 2009.



Credit to the private sector was mainly to cover liquidity needs of companies. Restocking accounted for 25.9% and procurement of raw materials was 19.6% of total private sector credit.

Companies that accessed credit were mainly in the manufacturing and distribution sectors.

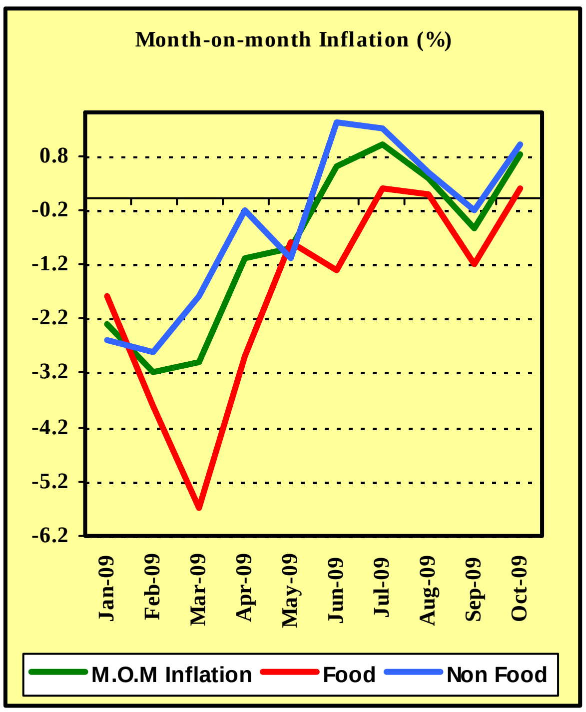
2.DMBs consists of commercial banks, merchant banks and discount houses.

3. OBIs consists of building societies, finance houses and the People's Own Savings Bank (POSB).

Inflation

The annual inflation rate, as measured by the change in the consumer price index, for the month of January 2010 stood at -4.8%. Month-on-month inflation for January 2010 was 0.7%, up by 0.2 percentage points, from the December 2009 rate of 0.5%.

Annual inflation rate for the month of January 2010 increased by 2.9 percentage points to -4.8%, from -7.7% recorded in December 2009.



The month-on-month food and non-alcoholic beverages inflation increased by 1.81% in January 2010, whilst the non-food inflation for the same period fell by 0.39%.

Inflation during the month of January 2010 was largely driven by the following: education, 3.17%; food and non alcoholic beverages 1.81%; recreation and culture, 1.74%; restaurants and hotels, 1.13%; health, 1%; alcoholic beverages and tobacco, 0.78%; and miscellaneous goods and services 0.59%.

Higher wage demands by the civil servants are likely to heighten inflation pressures in the short to medium term. Further, fluctuations in international oil prices will continue to influence inflation developments.

Payments Activity through Cards, Zimbabwe Electronic Transfer and Settlement System (ZETSS) and Cheques for December 2009[4]

Cards

The total value of card based transactions during the month of December 2009 was US$ 10.18 million**.** Out of this, 79% were processed through ATMs and 21 % through Point of Sale (POS) machines. .

4.The Zimbabwean economy introduced settlement in USD with effect from 14 April 2009.
5.NB ZETSS still had Zimbabwe dollar transactions while some banks were already issuing foreign currency on ATMs and had POS machines that were operating in foreign currency.

Zimbabwe Electronic Transfer Settlement System (ZETSS)[5]

In value terms, a total of US$1, 22 billion was processed through the RTGS system, known as Zimbabwe Electronic Transfer and Settlement System (ZETSS) during the month of December 2009.

Mobile and Internet Based Transactions

The total value of mobile based transactions increased by 8% from US$97 824.58 in November 2009 to US$105 950 in December 2009, while internet transactions moved up by 38% to US$8.98 million during the period under review.

Cheques

The inter-bank cheque system was re-introduced on the 17th of August 2009 to allow the processing of cheque payments in US Dollars. A total of 7 502 transactions valued at US$1.85 million were processed during the month under review.

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