SELECTED ECONOMIC INDICATORS

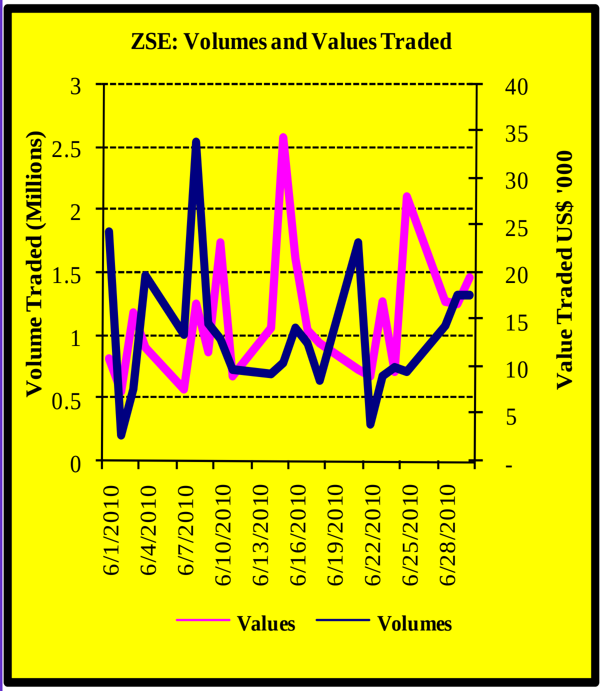
	July 2010 (End Period)
Z.S.E Mining Index	134.87
Z.S.E Industrial Index	130.92
Money Supply (M3) Growth*	160.2%
Yearly Inflation	4.1%
Interest Rates (Per Annum)	
Average Lending Rates**	29.3%
Average Demand Deposit Rates	1.15%

Z.S.E: Zimbabwe Stock Exchange

* Provisional June 2010
** Lending Rate— Libor + margin

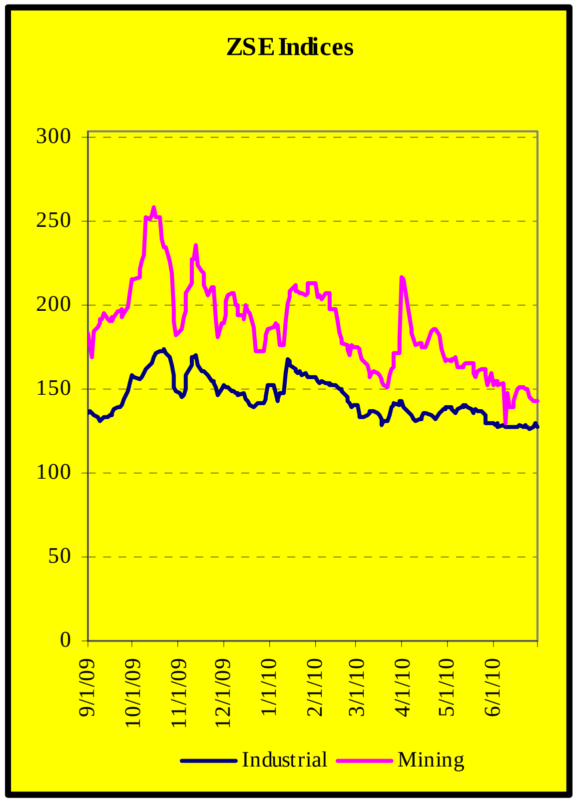
Stock Market Developments

During the month of July 2010, Zimbabwe Stock Exchange (ZSE) had no clear direction as a result of low investor confidence and liquidity constraints. The volume of shares traded on the declined by 6.4% to 281 mil-



lion shares from 300.1 million shares in June 2010. The total value of shares traded, however, rose by 53.9% to US$39.2 million in June.

The industrial index registered a 2.7% gain to 130.92 points in July 2010. the mining index, however, recorded a 5.7% loss between June and July 2010, to 134.87points.



On a year-to-date basis, the mining and industrial indices have registered decreases of 27.7% and 13.8%, respectively.

Banking Sector Developments[1]

Total deposits at banks increased by 1% to US$1.9 billion in June 2010 from US$1.8 billion in May 2010. This represents an annual growth of 160.2% from a level US$0.7 billion from June 2010.

1. All banking statistics are provisional.

Short term deposits in broad money constituted slightly above 90% of total deposits. The high proportion of short term deposits partly reflect low income levels, punitive service and administrative charges which discourages savings and the inclination towards a cash economy.

The bulk of bank deposits are emanating from the service sector (40%) which comprises local authorities, ZESA, education and tourism facilities.

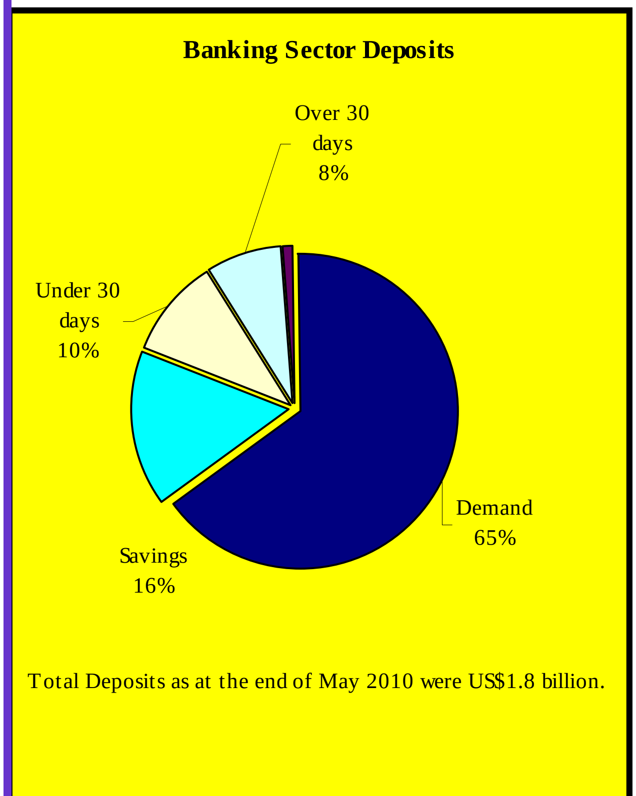
In line with increase in deposits, credit to the private sector grew by 8.3% from US$1 billion in May to US$1.1 billion in June 2010.

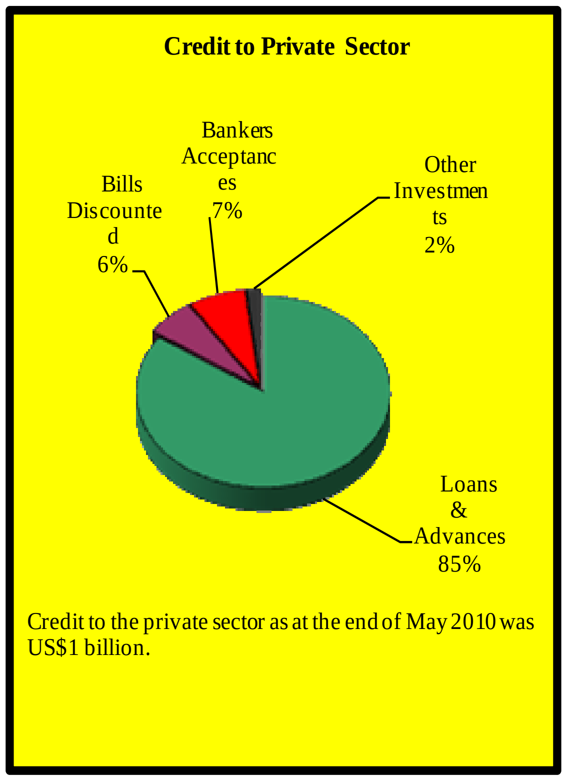
Credit to the private sector as a component of total deposits at banks, rose from 55.2% in May to 59.2% in June 2010.

Inflation

Annual headline inflation receded further from 5.3% in June, to 4.1% in July 2010, reflecting the continued dampening of inflationary pressures.

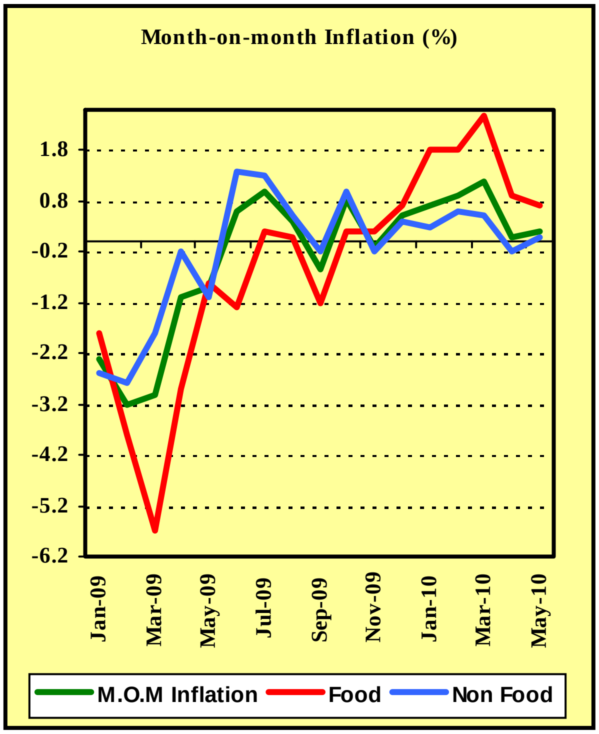
The month-on-month inflation for July 2010 was -0.1%. The softening in prices was a result of declines in both food inflation, from -0.61% in June, to -0.03%; and non-food inflation, from 0.12% in June, to -0.17%.





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).

The easing in monthly non-food inflation was reflected by the 0.29 percentage points fall in non food inflation from 0.12% in June, to -0.17% in July 2010.



On an annual basis, the main contributors for non food inflation during the month of July were: alcoholic beverages; housing, water electricity, gas and other fuels; restaurants and hotels; and education.

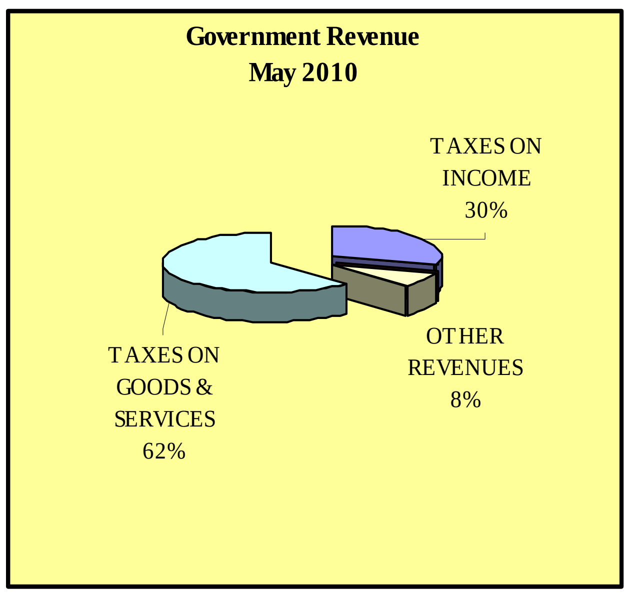
Public Finance

During the month of June 2010, total Government revenue rose on a monthly basis by 26.9%. Revenue had been budgeted to increase by 11.3%.

The growth in revenue was mainly driven by a 75.5% monthly increase in taxes on income and profits. Corporate taxes by 307.6% from US$8 million in May to US$32.7 million in June 2010. Taxes on individuals registered a 66.3% growth to US$42.5 million in June.

Taxes on goods and services registered a 7.7% monthly increase, buoyed by Customs duty collections which were up 52%. This reflects an increase in the demand for imports. Declines were recorded for Excise duty collections (7.4%); other indirect taxes (1.4%); and Value Added Tax (VAT) (0.7%).

In line with revenue developments, Government expenditure rose by 36.5% to US$165.2 million. Government expenditure has contin-



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.

ued to be dominated by employment costs, which rose to US$60.9 million in June compared to US$60.2 million in May 2010.

Capital expenditure registered a 235.4% month-on-month growth from US$3.4 million in May to US$11.5 million in June 2010. Capital expenditure accounted for 6.9% of total expenditure.

In line with its efforts of fighting HIV/AIDS, the Government allocated US$1 million under the AIDS grant.

The Government's maintenance of the cash budgeting system has resulted in budget surpluses, with the exception of February, being recorded for the fist six months of the year. For June 2010, the budget surplus was US$38 million.

Payments Activity through Cards, Zimbabwe Electronic Transfer and Settlement System (ZETSS) and Cheques for July 2010[4]

Cards

The total value of card based transactions during the month of July 2010 increased by 43 % from USD$22.6 million to US$ 32million. Out of this, 83% were processed through ATMs and 17 % through Point of Sale (POS) machines.

Zimbabwe Electronic Transfer Settlement System (ZETSS)[5]

The value of transactions processed through the RTGS system, known as Zimbabwe Electronic Transfer and Settlement System (ZETSS) increased by 2% to US$1.85 billion from US$1.81 billion. ZETSS volumes also increased by 5 % from 134 945 in June 2010 to 141 099 transactions in the month under review.

Mobile and Internet Based Transactions

The total value of mobile based transactions increased by 21% from US$88 075 recorded in June 2010 to US$105 732 in July 2010, while internet transactions increased by 15% from US$31 million to US$36 million during the same period.

Cheques

During the month under review the volume of cheque transactions increased by 24 % from 14,963 recorded in June 2010 to 18 523 transactions as shown in Fig 2 below. The total value of cheques increased by 10 % from USD$3.7 million to USD$4 million for the same period.

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