SELECTED ECONOMIC INDICATORS

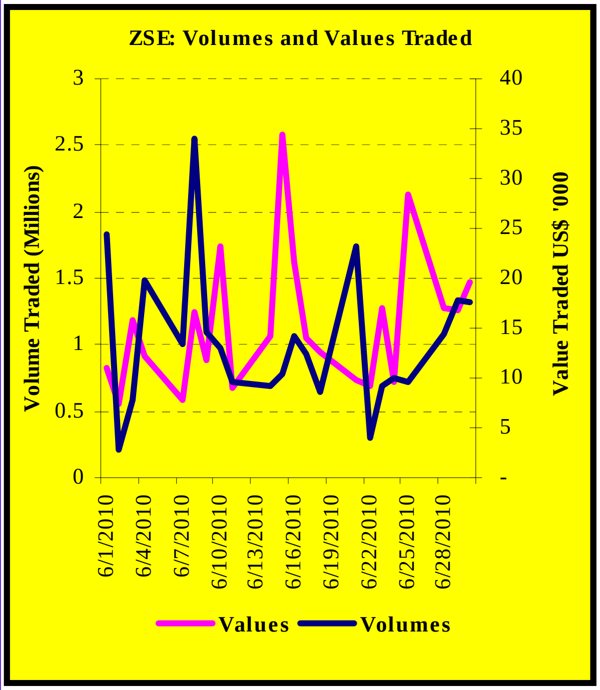
	June 2010 (End Period)
Z.S.E Mining Index	143.08
Z.S.E Industrial Index	127.46
Money Supply (M3) Growth*	236.3%
Yearly Inflation	5.3%
Interest Rates (Per Annum)	
Average Lending Rates**	29.3%
Average Demand Deposit Rates	1.15%

Z.S.E: Zimbabwe Stock Exchange

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

Stock Market Developments

In June 2010, the volume of shares traded on the Zimbabwe Stock Exchange (ZSE) improved by 39.7% to 300.1 million shares from 214.6 million shares in May 2010. the total value of shares traded, however, fell by 16.9% to US$25.5 million in June. This was partly due to liquidity constraints that have prevailed since February 2010.



The mining index recorded a 10.2% loss between May and June 2010, whilst the industrial index also declined by 1.5%. On a year-to-date basis, the mining and industrial indices have registered decreases of 23.2% and 16.1%, respectively.

Banking Sector Developments[1]

On a month-on-month basis, total banking sector deposits grew by 4.6% between April and May 2010, to US$1.8 billion. The growth was driven by a 5.3% monthly expansion in demand deposits. Demand deposits increased to US$1.2 billion and accounted for 64.6% of total deposits.

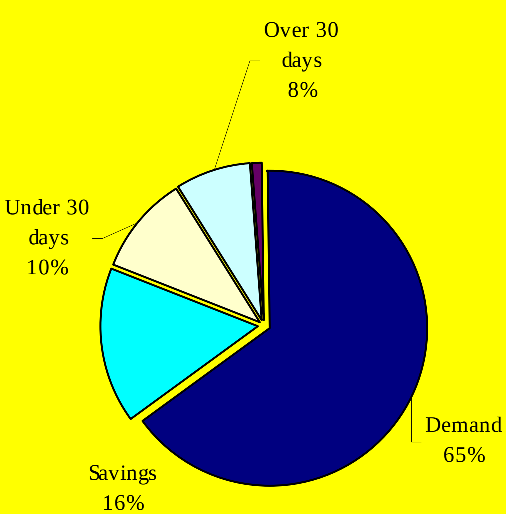
1. All banking statistics are provisional.

Total short term deposits accounted for 91.1% of total deposits. The current structure of deposits reflects low confidence in the banking system. As a result, long term deposits were 8.9% of total deposits.

The services sector provided 35.9% of total deposits. The services sector includes local authorities and the Zimbabwe Electricity Supply Authority (ZESA). Households contributed 17.3% to total deposits.

Deposits are set to remain on an upward trend despite the low deposit interest rates. The deposit rates ranged from below 1% on demand deposits to 30% for three months deposits.

Banking Sector Deposits



Total Deposits as at the end of May 2010 were US$1.8 billion.

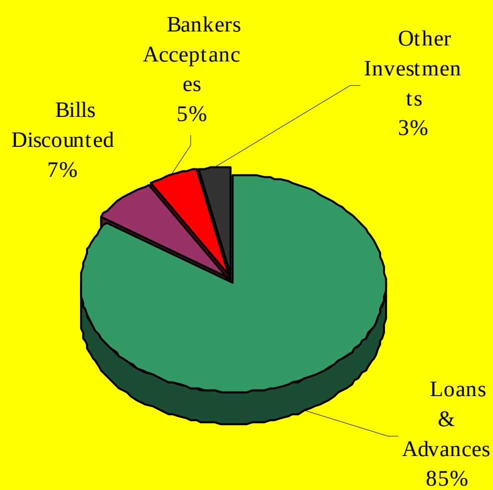
Credit to the private sector by banks, registered a 537.5% monthly expansion in May 2010. this expansion reflected an 8% monthly growth to US$1 billion.

Credit to the private sector was mainly utilised for the procurement of restocking (28.1%), raw materials (22.7%) and other cash advances (21%).

Sectors that accessed credit were mainly distribution (25.9%); agriculture (19.8%); and manufacturing (19.3%).

Credit to the private sector as a component of total deposits at banks, rose marginally from 54.6% in April to 55.2% in May 2010.

Credit to Private Sector

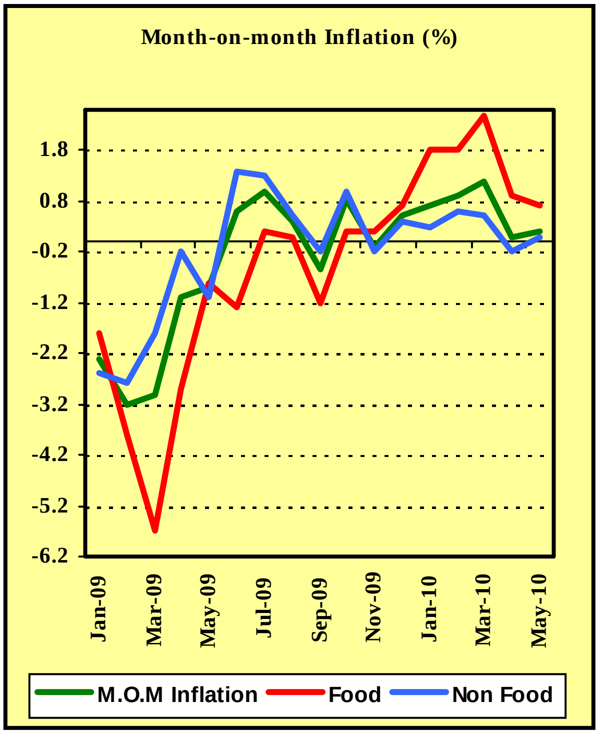


Credit to the private sector as at the end of May 2010 was US$1 billion.

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 year-on-year inflation rate was on an upward trend from January to May 2010.



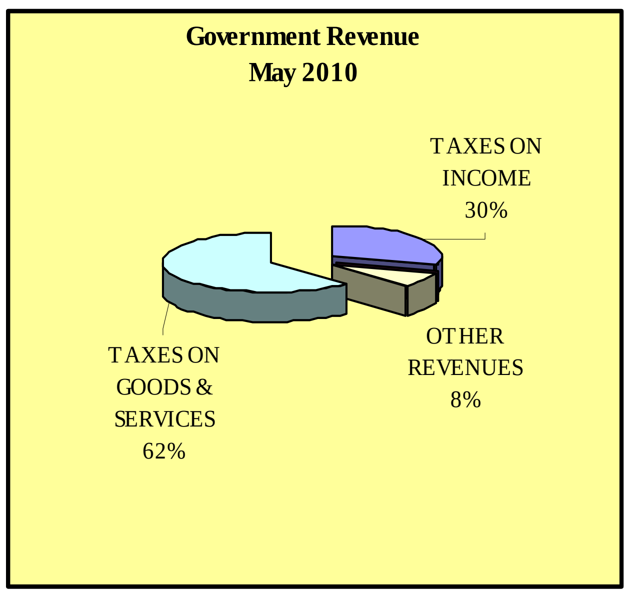
It , however, slowdown in June 2010 to 5.3% from 6% in May. The slowdown reflects a 0.6% decline in month-on-month inflation. This was a result of a 7.4% year-on-year rise in food and non-alcoholic beverages. Non-food inflation registered a 4.4% yearly rise and a 0.1% monthly increase.

Food and non-alcoholic beverages was largely driven by vegetables and meat which recorded yearly increases of 20.9% and 19.5%, respectively. However, on a monthly basis, vegetables and meat registered declines of 1.8% and 0.9%, respectively.

The rise in non food inflation was a result of a 9.9% yearly increase in housing, water, electricity, gas and other fuels. On a monthly basis, non food inflation was driven by rent (2.32%) and domestic power, electricity, gas and other fuels (1.03%)

Public Finance

Total Government revenue for May 2010 declined by 5% to US$163.9 million from April's US$172.5 million. This decrease was largely due to a 13.1% reduction in taxes on income and profits which were US$49.5 million. Further, non tax revenue fell by 31.7% to US$6 million in May from US$8.8 million in April 2010.



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.

Taxes on goods and services which accounted for 62% of total revenue, grew by 8.2% between April and May 2010 to US$101.7 million. However, this was 7.3% below the target of US$109.1 million. Increases were in excise duties (151.1%) and Value Added Tax (VAT) (12%).

Total Government expenditure declined by 20% from US$150.7 million in April to US$121 million. Recurrent expenditure, at 91% of total revenue, decreased by 3% to US$110.4 million.

Capital expenditure rose by 11% to US$3.4 million from US$3.1 million in April. The Zimra, Noczim, and Aids grants, further declined by 46.3% to US$7.2 million.

The above revenue and expenditure developments resulted in a budget surplus of US$37.7 million.

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

Cards

The total value of card based transactions during the month of February 2010 increased by 270% from USD$3.7million to US$13.7 million. Out of this, 87% were processed through ATMs and 13% 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 7.5% from US$ 1.034 billion to US$ 1.112 billion. ZETSS volumes also increased by 16% from 91 654 in January 2010 to 106,367 transactions in the current month under review.

Mobile and Internet Based Transactions

The total value of mobile based transactions decreased by 4% from US$87,885 recorded in January 2010 to US$84,457 in February 2010, while internet transactions increased by 124 % to US$10.6 million during the period under review.

Cheques

During the month under review the volume of cheque transactions increased by 25% from 7,864 in January to 9,838 transactions. The total value of cheques increased by 28% from USD$1.8 million in January 2010 to USD$2.3 million in February 2010.

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