SELECTED ECONOMIC INDICATORS

	November 2010 (End Period)
Z.S.E Mining Index	230.6
Z.S.E Industrial Index	154.6
Money Supply (M3) Growth*	108.8%
Yearly Inflation	4.2%
Interest Rates (Per Annum)	
Average Lending Rates**	29.6%
Average Demand Deposit Rates	1.15%

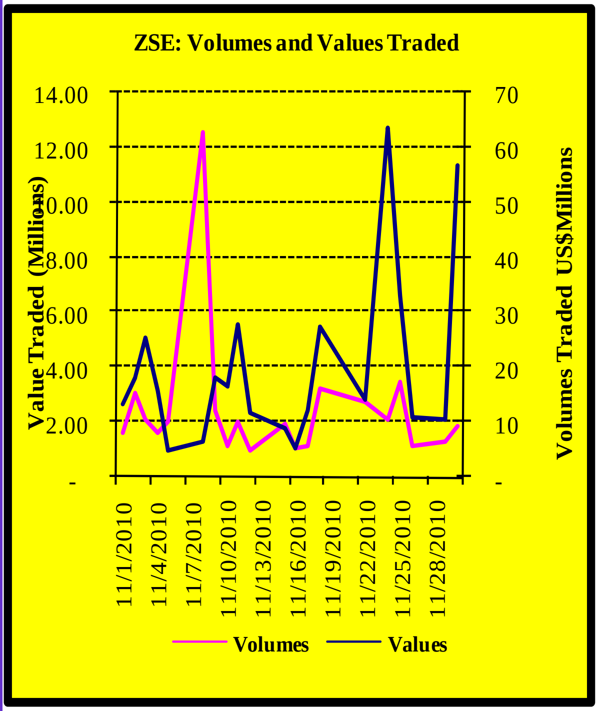
Z.S.E: Zimbabwe Stock Exchange

* October 2010

** Lending Rate— Libor + margin

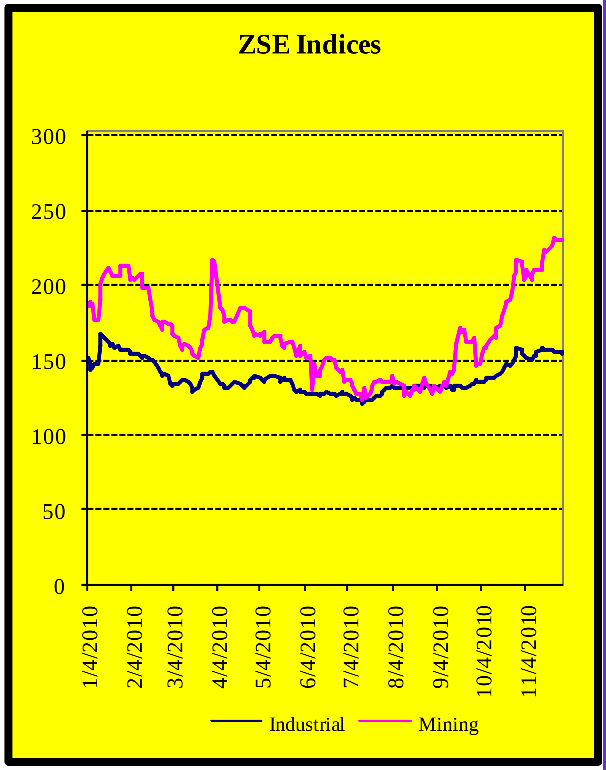
Stock Market Developments

During the first half of November 2010, the local bourse was on an upward trend largely on the back of better than expected half year results posted by most blue chip counters.



The half year results attracted foreign investors, who dominated trades conducted in the month under review. External investor confidence was further raised by economic growth prospects.

Currently, long-term credit is limited and unaffordable. This is curtailing most recapitalization projects of listed companies. Despite



this challenge, coupled with low capacity utilization, the half year earnings were above average implying that the market has potential to surpass the current earnings level when the economic environment improves.

The slowdown in the last days of the month was largely due to profit taking.. Further, investors' shifted their focus from the blue chip counters to lowly priced shares such as Pearl (US1.8c) and Dawn (US2.6c).

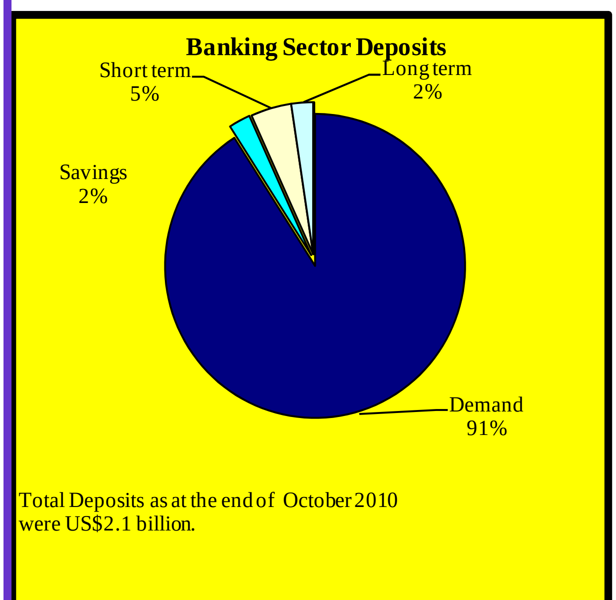
As a result, daily average volumes traded rose to 19.9 million in November from 14.2 million in October. Daily average turnover also increased to US$2.4 million from US$2 million during the period under review.

The industrial index, however, declined by 2% from 157.7 points in October to 154.6 points in November 2010. The mining index continued on an upward trend, registering a 6.2% gain from 217.1 points to 230.6 points under the same period.

Banking Sector Developments

Total deposits, net of Government deposits, held in the banking system, as at the end of October 2010 amounted to US$2 025.2 million compared to total deposits of US$1 407.8 million recorded in January 2010. During the month of October 2010, Government deposits amounted US$126.7 million.

Short term deposits continue to dominate broad money. These constituted over 90% of total deposits for the period January to October 2010.

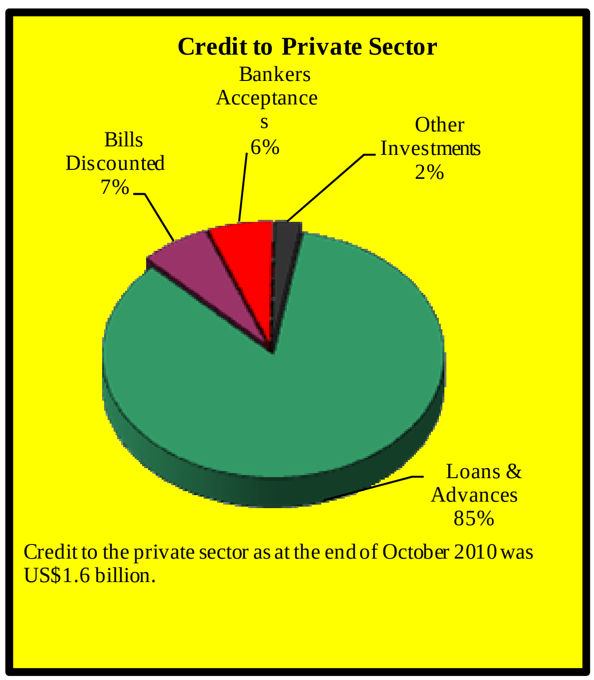


Credit to the private sector grew from US$738.7 million in January 2010 to US$1 543.8 million in October 2010.

The loans to deposit ratio increased, from 52.4% in January 2010 to 71.8% in October 2010. The growth in the ratio shows growing confidence in the economy and the subsiding risk averseness.

The loans to deposit ratio less offshore financing, which reflects loans advanced using locally mobilised funds, increased from 50.8% in January 2010 to 67% in October 2010.

The proportion of offshore finance in total loans to the private sector increased from 3.1% in January 2010 to 6.7% in October. The small proportion indicates that financing of the economy by banks is largely done using locally mobilised resources.



Furthermore, utilisation of offshore lines of credit by economic agents has been low, partly owing to stringent disbursement preconditions set by creditors. The preconditions are largely in the form of administration fees, down payments and collateral.

The high liquidity risk owing to a non-functioning inter-bank market has hampered financial intermediation. Lending continued to be largely of short term tenure and at punitive nominal interest rates of around 35%.

Lending by banks has been skewed towards low risk customers and the weighted effective commercial banks' lending rates ranged from 6.2% to 11.7%.

Following the introduction of the cash budgeting system, Government has been in a surplus position from April 2009 to October 2010. As at end of October 2010, Central Government deposits by held banks amounted to US$126.6 million.

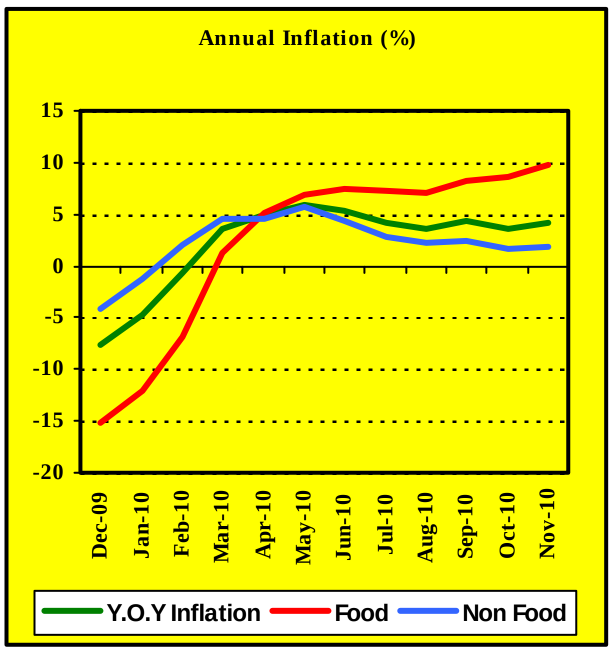
Credit to public enterprises amounted to US$24 million in October 2010, of which US$6.3 million was advanced to Air Zimbabwe, US$3.2 million to National Railways of Zimbabwe, US$3.2 million to Zimbabwe and Iron Steel Company, and US$8.3 million was utilised by other various parastatals.

Inflation

Annual headline inflation for November 2010 accelerated to 4.2%, up from 3.6% recorded in October 2010.

The increase in annual inflation was driven by both food and non-food inflation, which increased by 9.79% and 1.86%, respectively.

Annual food inflation was largely driven by fruits and vegetables whose supplies are generally subdued in the economy. In addition, there has been a general increase in demand for food products as incomes have relatively increased compared to 2009.

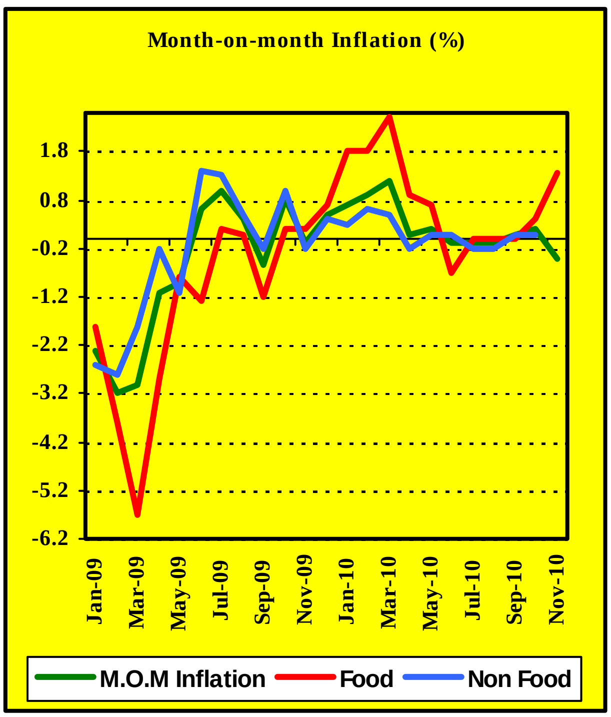


4.The Zimbabwean economy introduced settlement in USD with effect from 14 April 2009.
5.NB ZETSS still had Zimbabwe dollar transactions while some banks were already issuing foreign currency on ATMs and had POS machines that were operating in foreign currency.

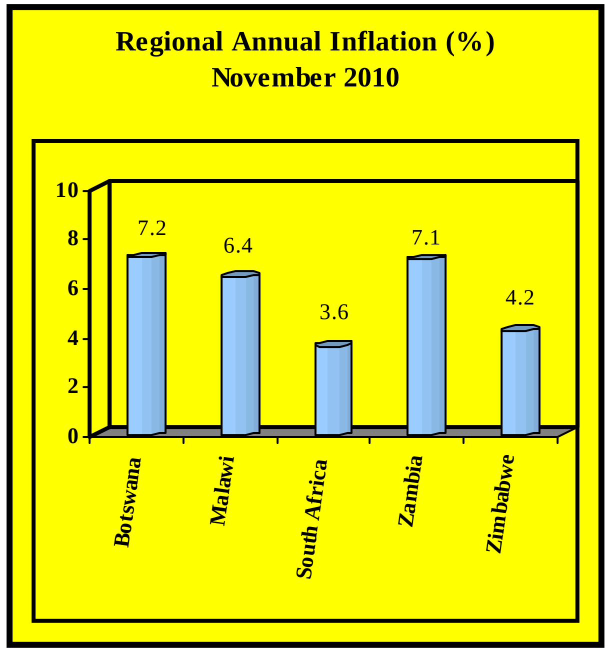
Annual non food inflation was largely driven by increases in prices of alcoholic beverages and tobacco, and restaurants and hotels, which surged by 12.2% and 9%, respectively.

Monthly inflation increased by 0.5% in November 2010, up from 0.2% recorded in October 2010. Month-on-month inflation continues to surge since September 2010, having been stable at a rate of -0.1% between June and August 2010.

Monthly food inflation increased to 1.35%, up from 0.4% recorded in October 2010, The



surge in the prices for fruits, oils and fats reflected increased demand for the products as the festive season approaches Zimbabwe's annual inflation for November 2010 which stood at 4.2% remains below inflation rates in other countries in the region.



In the short term, inflation developments will be influenced by the rand/US exchange rate and the behavior of international oil prices.

The weakening of the South African rand against the US dollar, as shown in figure 4, is likely to dampen inflationary pressures in the short term, whilst on the other hand, the increase in oil prices as shown in figure 5, will have a push on effect on inflation. The over-

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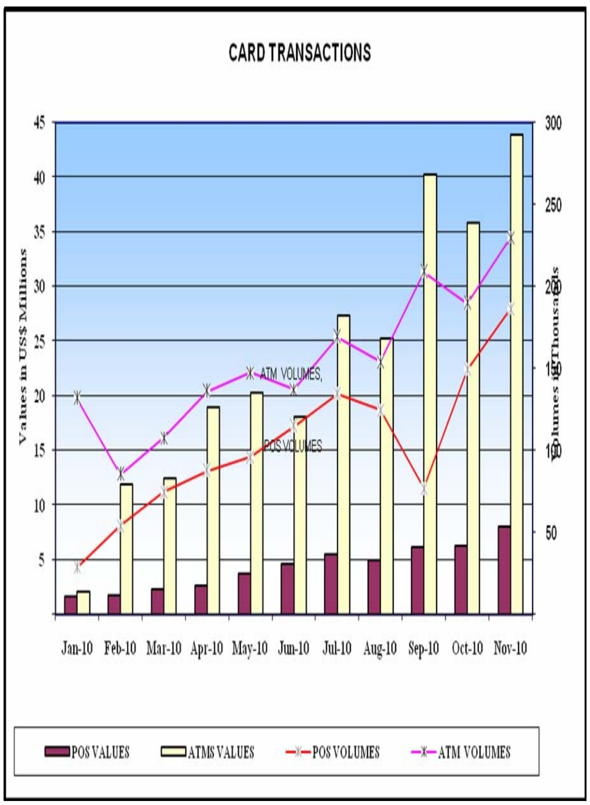
all direction of inflation will depend on the relative magnitude of the rand depreciation and the oil price inflation.

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

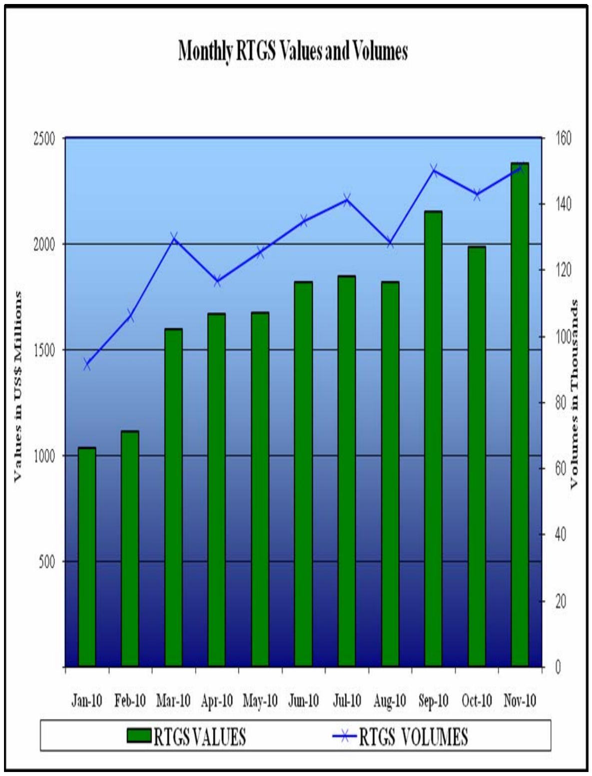
Cards

The total value of card based transactions during the month of November 2010 decreased by 24% from US$42 million to US$52 million. Out of this, 85% were processed through ATMs and 15% 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 20% to US$2.8 billion from US$2 billion. ZETSS volumes increased by 6% from 142 853 in October 2010 to 150 856 transactions in the month under review.



Mobile and Internet Based Transactions

The total value of mobile based transactions increased by 25 % from US$77 325.27 recorded in October 2010 to US$96 558.94 in November 2010, while internet transactions increased by 24 % from $19 million to US$24 million during the same period.

Cheques

During the month under review the volume of cheque transactions increased by 3% from 17 910 recorded in October 2010 to18 473 transactions. The total value of cheques increased from US$4.5 million to US$4.6 million for the same period.