Vol. 16 No. 14

# Weekly Economic Highlights

Week Ending 04 April 2014

## 1. INTEREST RATES

### Deposit Rates

During the week ending 4th April 2014, interest rates for all classes of deposits remained unchanged as liquidity crunch continues to prevail in the money market.

**Table 1: Average Deposit Rates**

| 2014 | Savings Deposits (%) | 1-Month Deposits (%) | 3-Months Deposits (%) |
|---|---|---|---|
| **28-February** | 3.49 | 10.09 | 11.78 |
| **07-March** | 3.49 | 10.10 | 11.78 |
| **14-March** | 3.49 | 10.10 | 11.78 |
| **21-March** | 3.36 | 10.10 | 11.78 |
| **28-March** | 3.36 | 10.10 | 11.78 |
| **04-April** | 3.36 | 10.10 | 11.78 |

*Source: Banking Institutions, 2014*

### Lending Rates

At commercial banks, the weighted lending rates for individuals have been on an increase since 14 February 2014, going up from 14.05% to 14.25% as at 4th April 2014. The weighted lending rates for corporate clients also increased to 9.29%, during the week under review. The increase in the rates could partly be attributed to the cautious approach to lending by banks as the rate of non-performing loans continues to soar in the money market.

At merchant banks, however, weighted lending rates remained unchanged at 18.88% and 17.73% for individual and corporate clients, respectively.

**Table 2: Lending Rates[1]**

| 2014 | Weighted Lending Rates (%) | | | |
|---|---|---|---|---|
| | Commercial Banks | | Merchant Banks | |
| | Individuals | Corporate Clients | Individuals | Corporate Clients |
| **28- February** | 14.08 | 9.32 | 18.88 | 17.73 |
| **07- March** | 14.10 | 9.31 | 18.88 | 17.73 |
| **14-March** | 14.10 | 9.30 | 18.88 | 17.73 |
| **21-March** | 14.11 | 9.31 | 18.88 | 17.73 |
| **28-March** | 14.24 | 9.27 | 18.88 | 17.73 |
| **04-April** | 14.25 | 9.29 | 18.88 | 17.73 |

*Source: Banking Institutions, 2014*

1 The weighted lending rate is the sum of nominal rates weighted by each bank's loan book size.

## 2. CLEARING AND SETTLEMENT ACTIVITY

During the week ending 4th April 2014, transactions processed through the Real Time Gross Settlement (RTGS) system decreased from US$912 million recorded in the previous week, to US$677 million in value terms. RTGS volumes recorded an increase of 0.3% from the previous week.

**Table 3: National Payment Systems Activity**

| PAYMENT STREAM | WEEK ENDING 28 MARCH 2014 | WEEK ENDING 04 APRIL 2014 | CHANGE FROM PREVIOUS WEEK | PROPORTION |
|---|---|---|---|---|
| **VALUES IN US$** | | | | |
| **RTGS** | 911,699,810.91 | 676,706,439.26 | -26% | 76.26% |
| **CHEQUE[2]** | 2,195,554.20 | 1,921,883.05 | -12% | 0.22% |
| **POS** | 31,888,207.63 | 46,959,250.25 | 47% | 5.29% |
| **ATMS** | 50,791,023.00 | 73,918,394.44 | 46% | 8.33% |
| **MOBILE** | 56,036,715.73 | 87,905,481.26 | 55.6% | 9.91% |
| **TOTAL** | **1,052,611,311.47** | **887,411,448.26** | | **100%** |
| **VOLUMES** | | | | |
| **RTGS** | 47,015 | 47,178 | 0.3% | 1.16% |
| **CHEQUE[2]** | 6,873 | 5,579 | -19% | 0.14% |
| **POS** | 262,761 | 403,354 | 54% | 9.94% |
| **ATMs** | 205,871 | 289,731 | 41% | 7.14% |
| **MOBILE** | 2,875,738 | 3,311,541 | 15% | 81.62% |
| **TOTAL** | **3,398,258** | **4,057,383** | | **100%** |

*Source: Reserve Bank of Zimbabwe, 2014*

[2] The figures represent cheques processed through the clearing house and 'On Us' cheques. The 'On Us' refers to cheques drawn against the institution's own infrastructure by its own customers without going through another bank's infrastructure

## 3. TOBACCO SALES

As at 4th April 2014 (Day 33 of the 2014 tobacco selling season), a cumulative total of 53 851 217 kilograms of tobacco had been sold, reflecting a 19.4% increase compared to the 45 084 472 kilograms sold during the same period in 2013.

Despite the fact that current year prices for the golden leaf are lower than in 2013, cumulative tobacco sales totalled US$169.86 million, which is 0.7% higher than the US$168.63 million realized during the corresponding period in 2013. Notably, the golden leaf was sold at a lower average price of US315 cents, compared to US374 cents during the same period in 2013.

**Table 4: Cumulative Tobacco Sales As at Day 28 (28/03/14)**

| | 2013 | 2014 | Variance (%) |
|---|---|---|---|
| **Quantity Sold (kgs)** | 45,084,472 | 53,851,217 | 19.4 |
| **Average Price(US$/kg)** | 3.74 | 3.15 | -15.7 |
| **Value (US$ million)** | 168,632,861.66 | 169,856,530.53 | 0.7 |

*Source: Tobacco Industry and Marketing Board (TIMB), 2014*

## 4. INTERNATIONAL COMMODITY PRICES

During the week ending 4th April 2014, weekly average international commodity prices for gold, nickel and crude oil retreated, whilst those for platinum and copper firmed.

**Table 5: Metals and Crude Oil Prices**

| | Gold | Platinum | Copper | Nickel | Crude Oil |
|---|---|---|---|---|---|
| **2014** | **US$/oz** | **US$/oz** | **US$/ton** | **US$/ton** | **US$/barrel** |
| **Weekly Average (28 Mar)** | **1,306.10** | **1,417.80** | **6,574.00** | **16,013.00** | **107.27** |
| 31-Mar | 1,292.88 | 1,420.00 | 6,665.00 | 15,735.00 | 108.29 |
| 1-Apr | 1,285.13 | 1,426.50 | 6,632.00 | 15,780.00 | 107.20 |
| 2-Apr | 1,288.00 | 1,431.50 | 6,712.00 | 15,780.00 | 104.64 |
| 3-Apr | 1,285.63 | 1,437.50 | 6,605.00 | 16,145.00 | 105.22 |
| 4-Apr | 1,295.38 | 1,442.00 | 6,619.00 | 16,515.00 | 106.87 |
| **Weekly Average (04 Apr)** | **1,289.40** | **1,431.50** | **6,646.60** | **15,991.00** | **106.44** |
| ***Weekly Change (%)*** | ***-1.3*** | ***1.0*** | ***1.1*** | ***-0.1*** | ***-0.8*** |

*Source: BBC, KITCO and Bloomberg, 2014*

**Gold**

Gold prices retreated by 1.3% from a weekly average of US$1 306.10/oz in the previous week, to a weekly average of US$1 289.40/oz during the week under review, as global equities firmed and the US dollar strengthened.

**Platinum**

Platinum prices reversed the previous week's losses, increasing by 1.0%, from a weekly average of US$1 417.80/oz in the previous week, to an average of US$1 431.50/oz. Prices rose due to supply side concerns as labour unrest in the South African platinum industry persisted.

**Copper**

Copper prices firmed for the second consecutive week, gaining by 1.1% from an average of US$6 574.00 /tonne in the previous week, to US$6 646.60/tonne during the week under review. The increase in price of the metal was on the back of supply concerns, following reports of a major earthquake near the mineral-rich north of Chile.

**Nickel**

Nickel prices marginally declined by 0.1% from an average of US$16 013.00/tonne registered in the previous week, to a weekly average of US$15 991.00/tonne. The prices declined despite stronger demand and shrinking global supply on account of the export ban on nickel ore by Indonesia, the top nickel producer.

**Crude Oil**

Crude oil prices registered a decline of 0.8%, from an average of US$107.27/barrel in the previous week, to an average of US$106.44/barrel, during the week under review. Oil prices retreated on expectations of a rise in Libyan oil supply as major ports that had been blocked for the past eight months are set to reopen. This development followed a breakthrough in talks between the Libyan authorities and main rebel groups.

## 5. EQUITY MARKETS

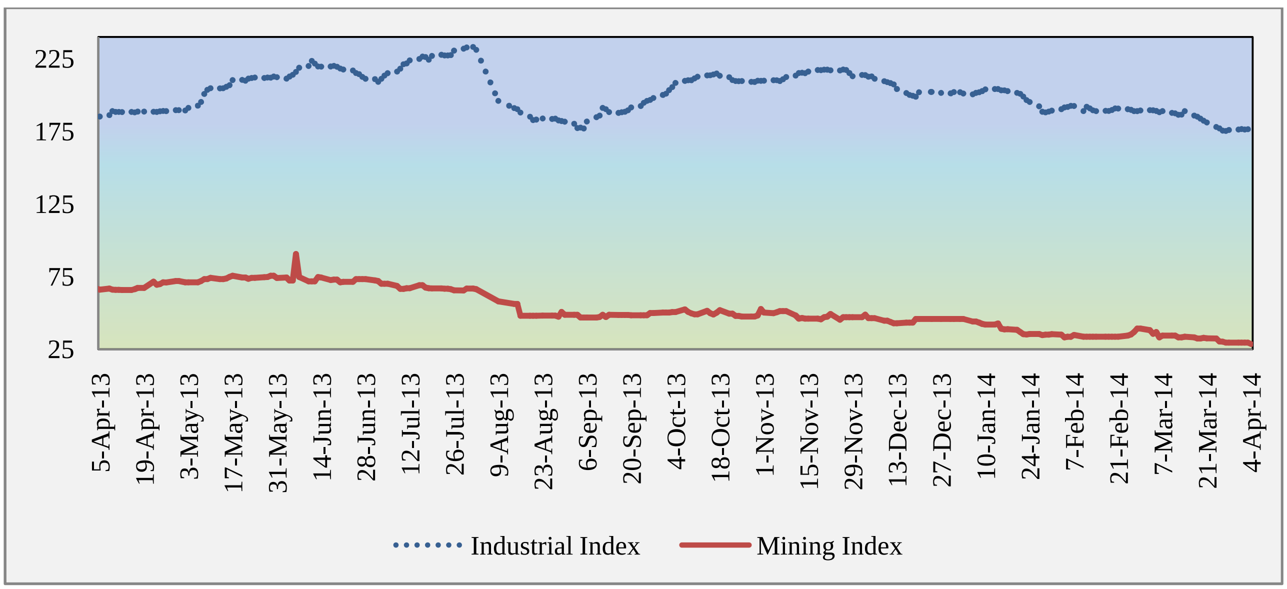
During the week ending 4$^{th}$ April 2014, the stock market recorded a rebound with the industrial index gaining by 0.24% from 175.93 points in the previous week to 176.36 points. The recovery was largely on the back of resurgence in demand for low priced stocks. Counters such as Zimpapers, Star Africa and OK Zimbabwe led the risers. The mining index softened by 3.32%, from 29.51 points in the previous week, to 28.53 points. A combination of suppressed financial performance and continued underfunding in the sector weighed down the mining index.

**Table 6: Zimbabwe Stock Exchange (ZSE) Statistics**

| 2014 | Industrial Index (points) | Mining Index (points) | Grand Market Capitalization (US$) | Market Turnover (US$) | Volume of Shares |
|---|---|---|---|---|---|
| **28-February** | 189.45 | 39.24 | 4,906,935,052 | 5,296,465 | 39,229,906 |
| **07-March** | 188.94 | 34.36 | 4,887,071,618 | 59,414,096 | 241,596,115 |
| **14-March** | 188.99 | 33.61 | 4,884,332,096 | 7,624,635 | 43,838,050 |
| **21-March** | 181.10 | 32.54 | 4,686,709,759 | 3,266,757 | 40,400,795 |
| **28-March** | 175.93 | 29.51 | 4,550,446,737 | 7,621,483 | 53,867,150 |
| **04-April** | 176.36 | 28.53 | 4,559,874,829 | 10,718,578 | 39,230,310 |

*Source: Zimbabwe Stock Exchange (ZSE), 2014*

**Figure 1: Zimbabwe Stock Exchange Indices**

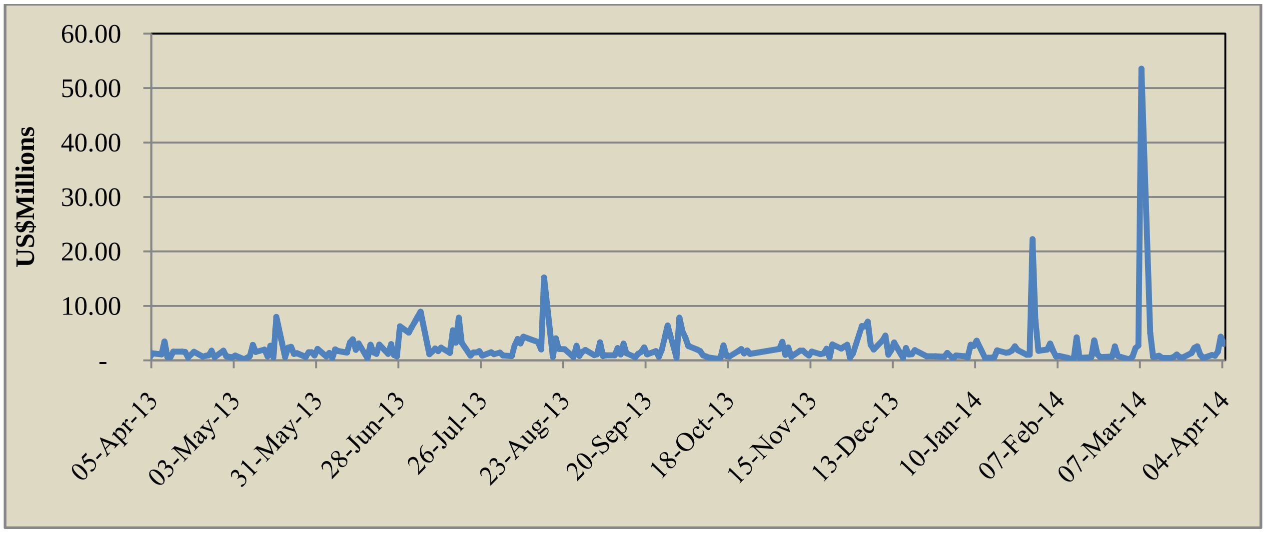



*Source: Zimbabwe Stock Exchange, 2014*

### Volume and Market Turnover

During the week under review, market turnover increased by 40.55%, from US$7.62 million in the previous week to US$10.71 million. There was a special bargain of 16.22 million Zimplow shares at US0.30 each. Foreign contribution was 44.95% of total revenue, down from 55.36% realised in the previous week.

**Figure 2: Daily Market Turnover**

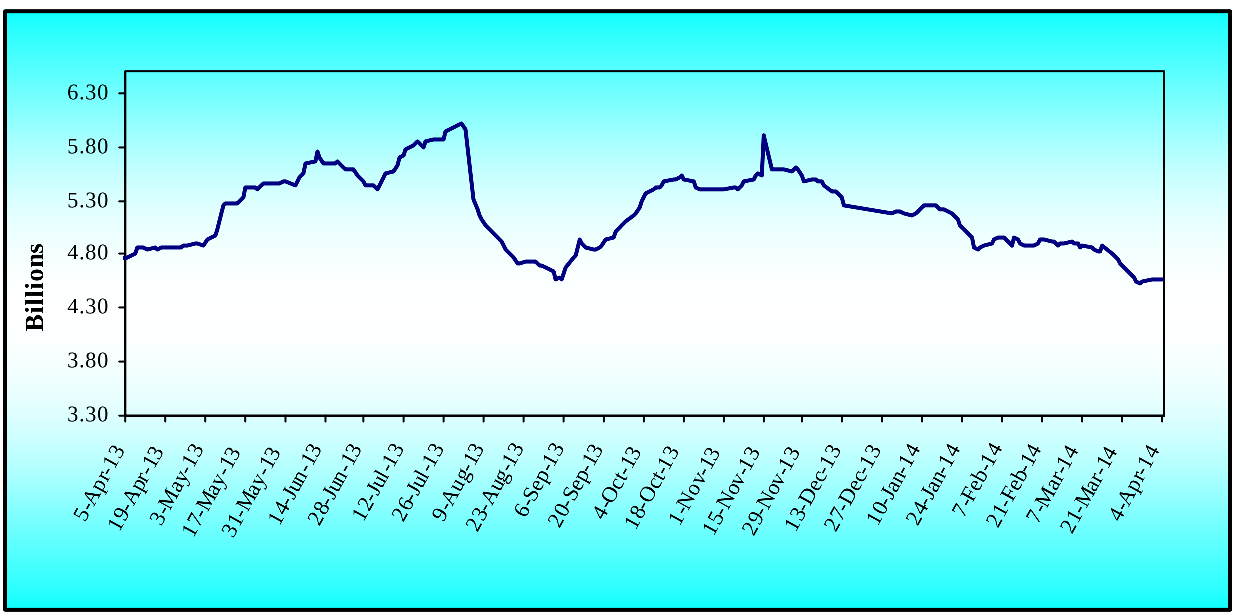



*Source: Zimbabwe Stock Exchange, 2014*

**Market Capitalization**

Market capitalization increased by 0.21%, from US$4.55 billion in the previous week, to US$4.56 billion during the week under review.

**Figure 3: Market Capitalization**




*Source: Zimbabwe Stock Exchange, 2014*

**Johannesburg Stock Exchange (JSE) Developments**

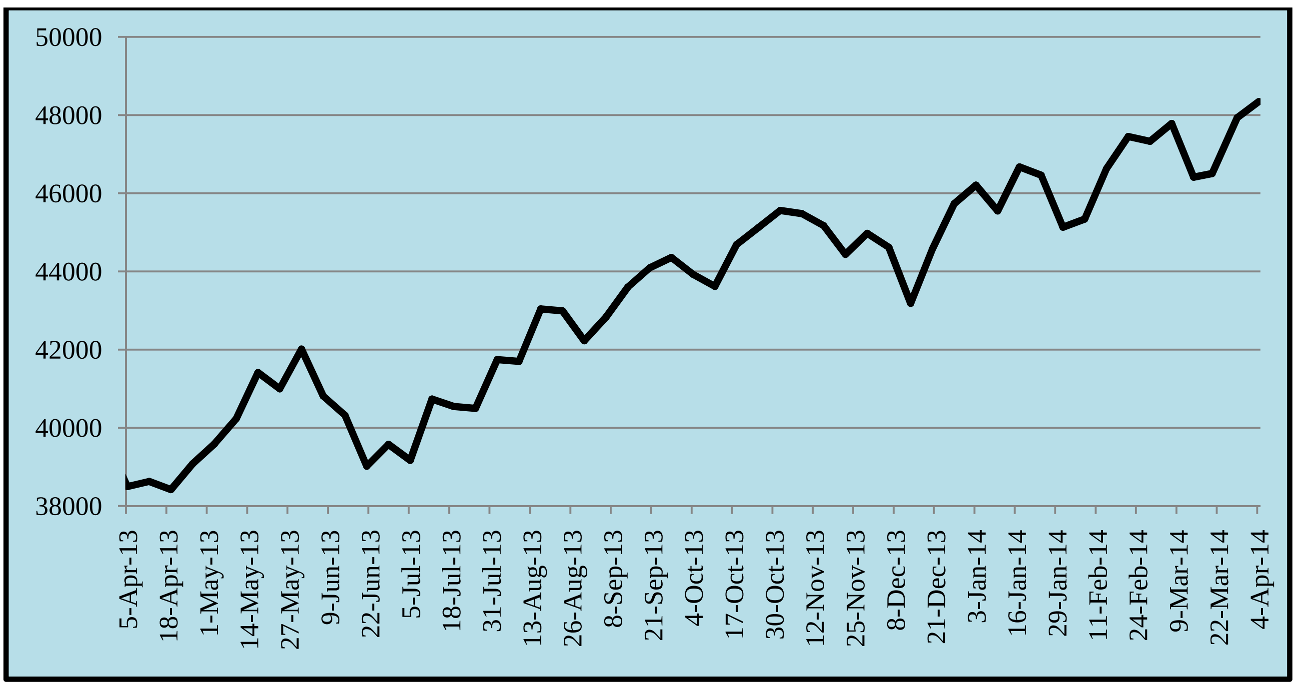
During the week under review, both the JSE All Share index and market capitalization continued on an upward trend for the fourth consecutive week, going up by 0.87% and 0.79% to 48 347.75 points and R11 247.27 billion, respectively. This could be attributed to the stable rand during the period under review.

**Table 7: Johannesburg Stock Exchange (JSE) Statistics**

| 2014 | All Share Index (points) | Market Capitalization (R bn) |
|---|---|---|
| **28-February** | 47,328.92 | 10,984.09 |
| **07-March** | 47,786.85 | 11,156.85 |
| **14-March** | 46,412.40 | 10,752.33 |
| **20-March** | 46,508.27 | 10,829.48 |
| **28-March** | 47,930.03 | 11,158.80 |
| **04-April** | 48,347.75 | 11,247.27 |

*Source: http://www.jse.co.za/Markets/Equity-Market/Equity-Market-Statistics.aspx*

**Figure 4: Johannesburg Stock Exchange (JSE) All Share Index**




*Source: http://www.jse.co.za/Markets/Equity-Market/Equity-Market-Statistics.aspx*

**RESERVE BANK OF ZIMBABWE**

**10 APRIL 2014**