Vol. 16 No. 8

# Weekly Economic Highlights

**Week Ending 21 February 2014**

# 1. INTEREST RATES

## Deposit Rates

During the week ending 21 February 2014, the average savings deposit rate remained unchanged at 3.28%, whilst 1 month and 3 months average deposit rates softened to 10.1% and 11.78%, from 10.52% and 12.15%, respectively.

**Table 1: Average Deposit Rates**

| 2014 | Savings Deposits (%) | 1-Month Deposits (%) | 3-Months Deposits (%) |
|---|---|---|---|
| **24-January** | 3.22 | 10.81 | 12.58 |
| **31-January** | 3.22 | 10.81 | 12.58 |
| **07-February** | 3.28 | 10.76 | 12.53 |
| **14-February** | 3.28 | 10.52 | 12.15 |
| **21-February** | 3.28 | 10.10 | 11.78 |

*Source: Banking Institutions, 2014*

## Lending Rates

During the week under review, the weighted lending rate on loans to individuals at commercial banks softened marginally, whilst the weighted lending rates on loans to corporate clients remained unchanged. At merchant banks, weighted lending rates on loans to individuals and corporate clients remained unchanged.

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

| 2014 | Weighted Lending Rates (%) | | | |
|---|---|---|---|---|
| | Commercial Banks | | Merchant Banks | |
| | Individuals | Corporate Clients | Individuals | Corporate Clients |
| **24-January** | 14.10 | 9.32 | 18.88 | 17.74 |
| **31-January** | 14.09 | 9.32 | 18.88 | 17.74 |
| **07-February** | 14.11 | 9.32 | 18.88 | 17.74 |
| **14-February** | 14.12 | 9.32 | 18.88 | 17.73 |
| **21-Februay** | 14.05 | 9.32 | 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 21 February 2014, transactions processed through the Real Time Gross Settlement (RTGS) system decreased to US$674 million in value terms, from US$784 million recorded in the previous week. The RTGS volumes recorded a decrease of 1% from the previous week.

**Table 3: National Payment Systems Activity**

| PAYMENT STREAM | WEEK ENDING 14 FEBRUARY 2014 | WEEK ENDING 21 FEBRUARY 2014 | CHANGE FROM PREVIOUS WEEK | PROPORTION |
|---|---|---|---|---|
| **VALUES IN US$** | | | | |
| **RTGS** | 784,181,715.45 | 674,257,414.11 | -14% | 85.63% |
| **CHEQUE**[2] | 2,912,855.02 | 2,575,478.22 | -12% | 0.33% |
| **POS** | 24,553,795.14 | 24,367,326.55 | -1% | 3.09% |
| **ATMS** | 41,545,269.00 | 36,458,584.00 | -12% | 4.63% |
| **MOBILE** | 48,775,695.27 | 49,755,651.84 | 2.0% | 6.32% |
| **TOTAL** | **901,969,329.88** | **787,414,454.72** | | **100%** |
| **VOLUMES** | | | | |
| **RTGS** | 41,724 | 41,198 | -1% | 1.36% |
| **CHEQUE**[2] | 9,404 | 7,718 | -17.9% | 0.25% |
| **POS** | 241,173 | 263,941 | 9% | 8.70% |
| **ATMs** | 230,339 | 165,545 | -28% | 5.46% |
| **MOBILE** | 2,459,207 | 2,555,524 | 4% | 84.23% |
| **TOTAL** | **2,981,847** | **3,033,926** | | **100%** |

*Source: Reserve Bank of Zimbabwe, 2014*

## 3. TOBACCO SALES

The tobacco marketing season opened on 19 February 2014, with Boka, Tobacco Sales Floors and Premier being the only licensed auctioneers. On the first day, a total of 309 103 kgs were sold at an average price of $2.57/kg, compared to about 264 589 kgs sold at an average price of US$2.96/kg during the same period in 2013.

[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

As at day 3 of the selling season (21 February 2014), a cumulative total of 1.47 million kilograms of tobacco, valued at around US$3.49 million had been sold at an average price of US$2.38/kg. Over the same period in 2013, a total of 1.18 million kilograms of tobacco, valued at US$3.93 million were sold at an average price of US$3.33/kg. The projected output of the golden leaf for the 2014 season is 205 million kilograms, an increase of 23% from 166.6 million kilograms realised in 2013.

## 4. INTERNATIONAL COMMODITY PRICES

The weekly average international commodity prices for gold, platinum, nickel, copper and crude oil firmed during the week ending 21 February 2014.

**Table 4: Metals and Crude Oil Prices**

| 2014 | Gold | Platinum | Copper | Nickel | Crude Oil |
|---|---|---|---|---|---|
| | US$/oz | US$/oz | US$/ton | US$/ton | US$/barrel |
| **Weekly Average (14 Feb)** | **1,290.60** | **1,398.50** | **7,162.80** | **14,224.00** | **108.88** |
| **17-Feb** | 1,326.50 | 1,427.00 | 7,210.00 | 14,230.00 | 109.04 |
| **18-Feb** | 1,317.38 | 1,423.00 | 7,205.00 | 14,230.00 | 109.66 |
| **19-Feb** | 1,319.63 | 1,421.00 | 7,205.00 | 14,470.00 | 110.42 |
| **20-Feb** | 1,315.00 | 1,413.00 | 7,184.50 | 14,470.00 | 110.18 |
| **21-Feb** | 1,322.00 | 1,420.75 | 7,184.50 | 14,470.00 | 110.31 |
| **Weekly Average (21 Feb)** | **1,320.10** | **1,420.95** | **7,197.80** | **14,374.00** | **109.92** |
| ***Weekly Change (%)*** | *2.3* | *1.6* | *0.5* | *1.1* | *1.0* |

*Source: BBC, KITCO and Bloomberg*

### Gold

Gold prices increased by 2.3%, from an average of US$1 290.60/oz in the previous week to US$1 320.10/oz, as the weaker US economic data and political turmoil in Ukraine fueled demand for gold during the week under review.

### Platinum

Platinum prices firmed by 1.6%, from an average of US$1 398.50/oz to US$1,420.95/oz during the week under review, buoyed by supply disruptions as labour unrest persists in the South African platinum industry.

### Copper

During the week under review, copper prices averaged US$7 197.80/tone, compared to US$7 162.80/tonne in the previous week.

**Nickel**

Nickel prices maintained their upwards trend, firming by 1.1%, from an average of US$14 224.00/tonne registered in the previous week to US$14 374.00/tonne. The metal's price increased following reports that China's nickel imports surged in January 2014 as demand increased amid Indonesia's mineral export ban.

**Crude Oil**

Crude oil prices registered a weekly gain of 1.0%, from an average of US$108.88/barrel in the previous week to US$109.92/barrel during the week under review. Crude oil prices were spurred by global supply concerns, after Libya, Nigeria, Venezuela and South Sudan reported supply reductions.

## 5. EQUITY MARKETS

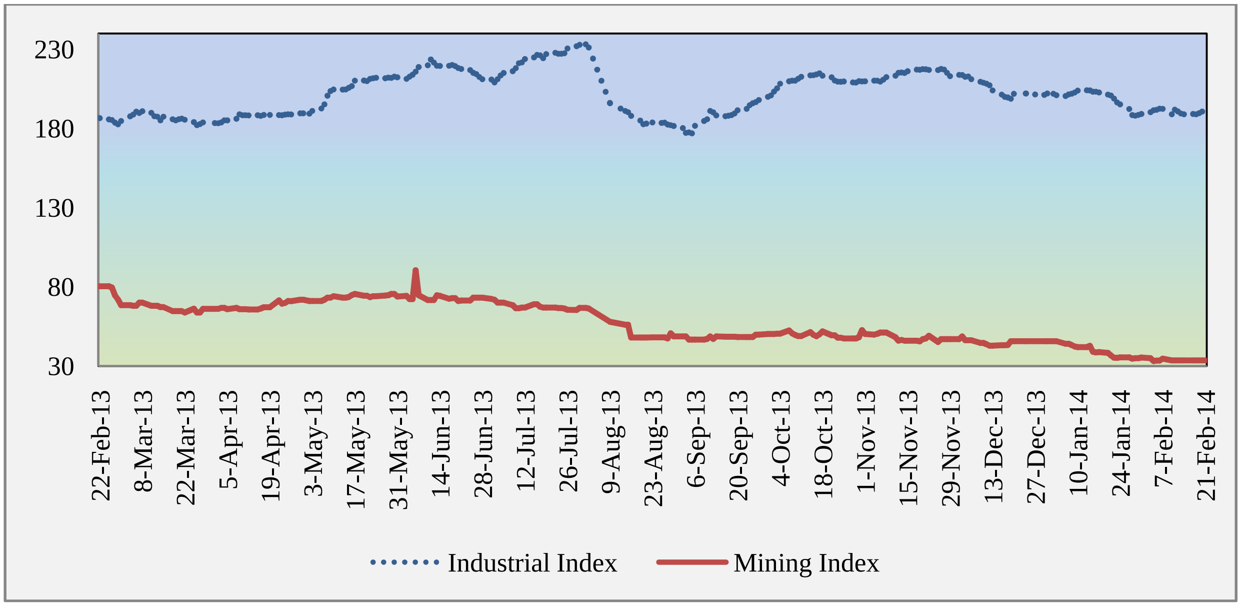
During the week ending 21 February 2014, the ZSE was characterized by mixed trading. The industrial index gained by 0.91%, from 188.99 points in the previous week to 190.70 points, largely due to increased trading in heavily capitalized counters. The mining index, however, remained unchanged at 33.61 points in the absence of any trade among the mining counters.

**Table 5: Zimbabwe Stock Exchange (ZSE) Statistics**

| 2014 | Industrial Index (points) | Mining Index (points) | Grand Market Capitalization (US$) | Market Turnover (US$) | Volume of Shares |
|---|---|---|---|---|---|
| **24-January** | 195.27 | 35.49 | 5,031,823,892 | 9,095,498 | 22,794,512 |
| **31-January** | 189.25 | 35.40 | 4,882,113,487 | 33,498,415 | 55,070,459 |
| **07-February** | 192.50 | 34.77 | 4,964,418,585 | 8,302,023 | 38,407,735 |
| **14-February** | 188.99 | 33.61 | 4,884,332,096 | 5,697,750 | 32,300,783 |
| **21-February** | 190.70 | 33.61 | 4,928,325,890 | 6,519,482 | 26,217,692 |

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

**Figure 1: Zimbabwe Stock Exchange Indices**

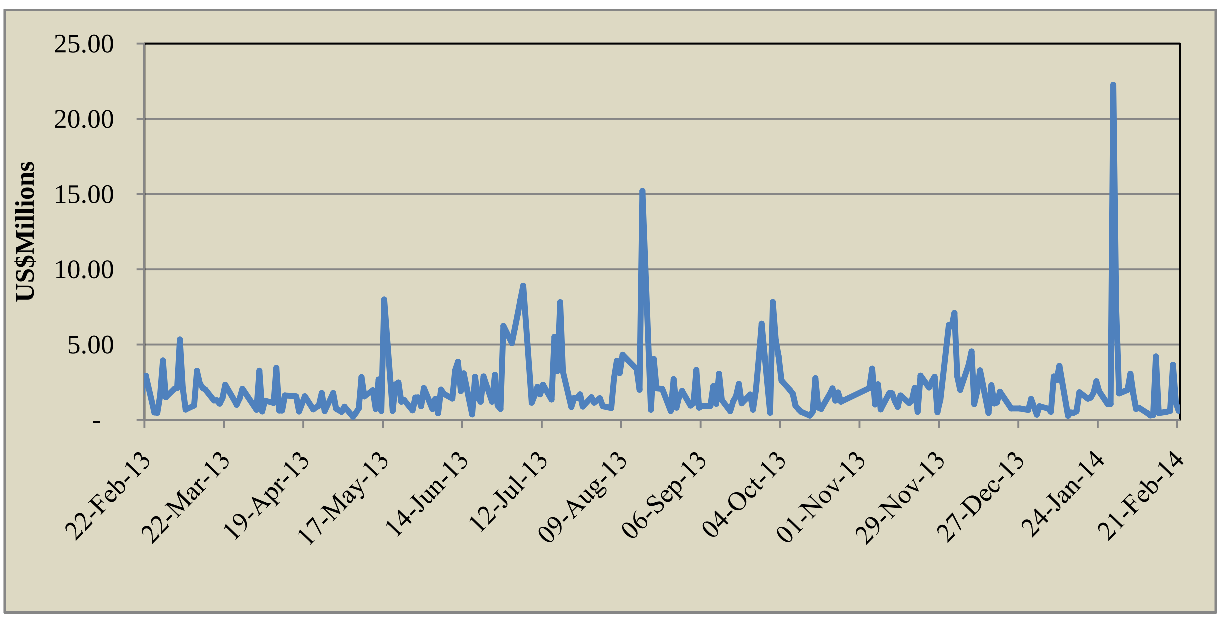



*Source: Zimbabwe Stock Exchange, 2014*

### Volume and Market Turnover

During the period under review, the volume of shares traded declined to 26.2 million shares, from 32.3 million shares in the previous week. However, market turnover grew by 14.39% to $6.5 million, from US$5.7 million recorded in the previous week, as trading activity was skewed towards heavily capitalized counters such as Delta, Econet, Larfarge and Innscor.

**Figure 2: Daily Market Turnover**

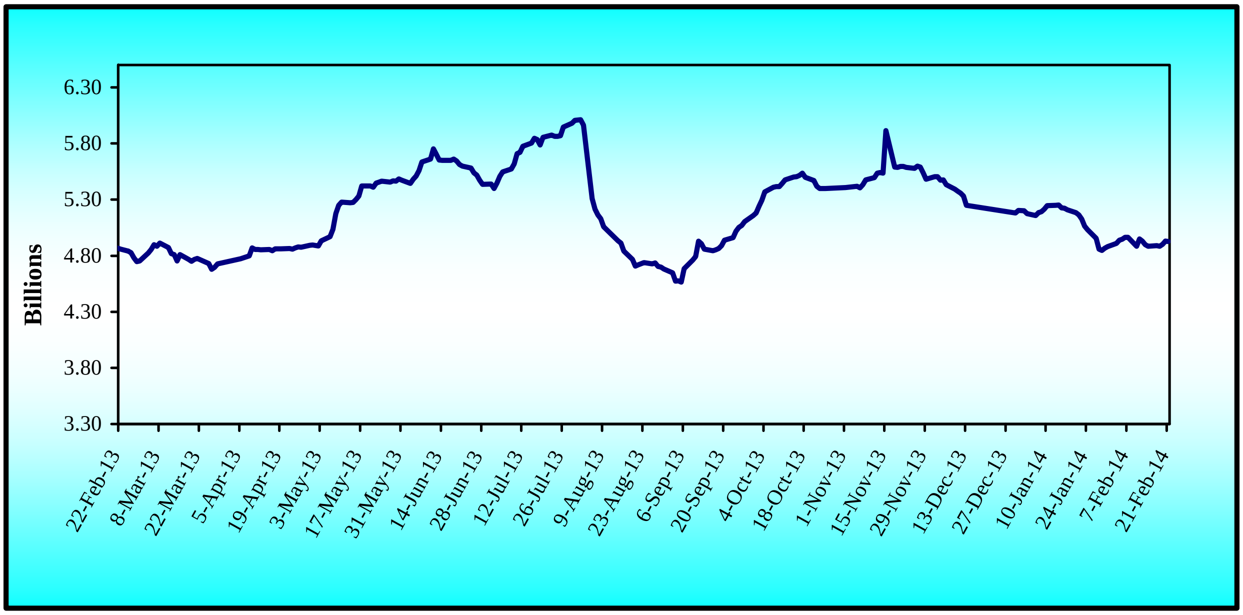



*Source: Zimbabwe Stock Exchange, 2014*

## Market Capitalization

Market capitalization increased by 1.02%, from US$4.88 billion in the previous week to US$4.93 billion.

**Figure 3: Market Capitalization**




*Source: Zimbabwe Stock Exchange, 2014*

## Johannesburg Stock Exchange (JSE) Developments

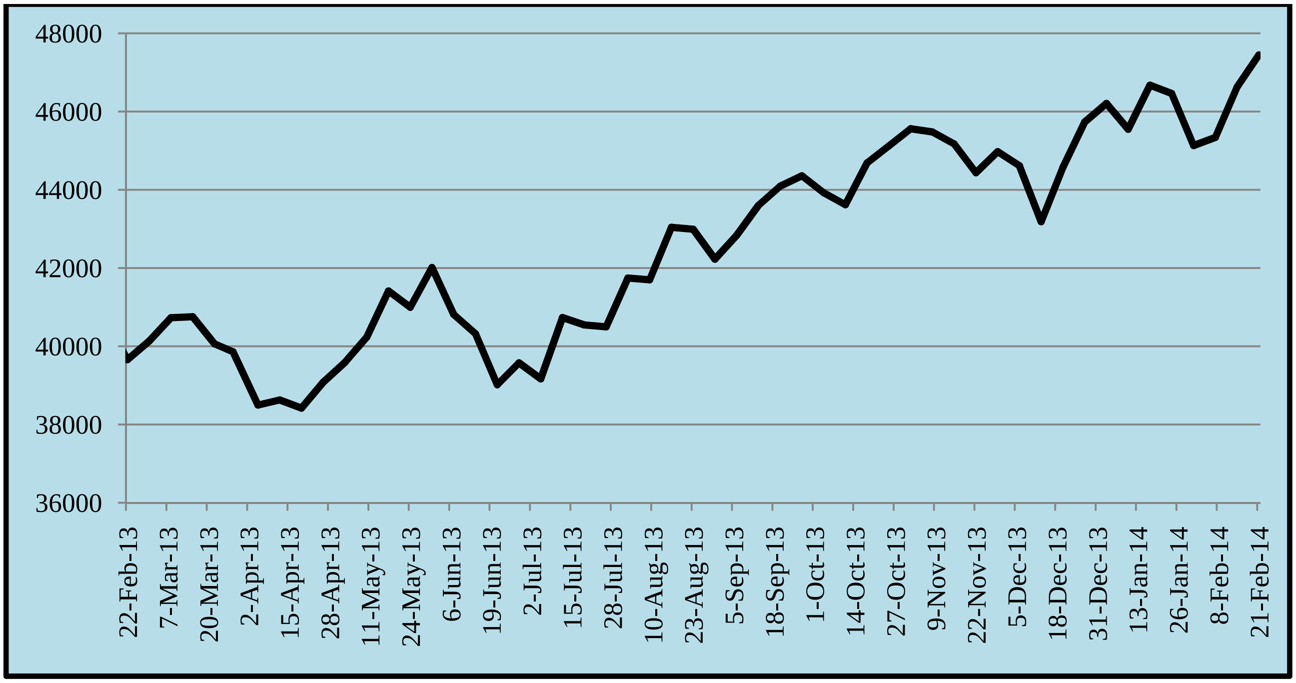
During the week under analysis, the JSE All Share index increased by 1.77% to close the week at 47 452.24 points, whilst the market capitalization gained 1.70% to R11 020.3 billion.

**Table 6: Johannesburg Stock Exchange (JSE) All Share Index**

| 2014 | All Share Index (points) | Market Capitalization (R bn) |
|---|---|---|
| **24-January** | 46,462.14 | 10,858.33 |
| **31-January** | 45,132.10 | 10,509.82 |
| **07-February** | 45,340.76 | 10,535.10 |
| **14-February** | 46,628.74 | 10,835.65 |
| **21-February** | 47,452.24 | 11,020.31 |

*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**

**26 FEBRUARY 2014**