Vol. 16 No. 9

RESERVE BANK OF ZIMBABWE

Weekly Economic Highlights

Week Ending 28 February 2014

1. INTEREST RATES

Deposit Rates

Interest rates remained largely unchanged at most banking institutions, with the average savings deposit rate, 1 month and 3 months deposit rates closing the week ending 28 February 2014 at 3.49%, 10.09% and 11.78%, respectively.

Table 1: Average Deposit Rates

2014	Savings Deposits (%)	1-Month Deposits (%)	3-Months Deposits (%)
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
28-February	3.49	10.09	11.78

Source: Banking Institutions, 2014

Lending Rates

The weighted lending rate on loans to individuals at commercial banks firmed marginally, while rates on loans to corporate clients remained unchanged, during the week under review. At merchant banks, weighted lending rates remained unchanged.

Table 2: Lending Rates[1]

2014	Weighted Lending Rates (%)			
	Commercial Banks		Merchant Banks	
	Individuals	Corporate Clients	Individuals	Corporate Clients
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-February	14.05	9.32	18.88	17.73
28- February	14.08	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 28 February 2014, transactions processed through the Real Time Gross Settlement (RTGS) system increased to US$828 million in value terms, from US$674 million recorded in the previous week. The RTGS volumes also recorded an increase of 14% from the previous week.

Table 3: National Payment Systems Activity

PAYMENT STREAM	WEEK ENDING 21 FEBRUARY 2014	WEEK ENDING 28 FEBRUARY 2014	CHANGE FROM PREVIOUS WEEK	PROPORTION
VALUES IN US$				
RTGS	674,257,414.11	828,316,205.37	23%	81.16%
CHEQUE[2]	2,575,478.22	2,599,895.25	1%	0.25%
POS	24,367,326.55	33,207,459.88	36%	3.25%
ATMS	36,458,584.00	94,320,548.00	159%	9.24%
MOBILE	49,755,651.84	62,105,777.77	24.8%	6.09%
TOTAL	**787,414,454.72**	**1,020,549,886.27**		**100%**
VOLUMES				
RTGS	41,198	47,146	14%	1.51%
CHEQUE[2]	7,718	7,815	1.3%	0.25%
POS	263,941	285,889	8%	9.13%
ATMs	165,545	200,045	21%	6.39%
MOBILE	2,555,524	2,591,586	1%	82.73%
TOTAL	**3,033,926**	**3,132,481**		**100%**

Source: Reserve Bank of Zimbabwe, 2014

3. TOBACCO SALES

As at day 8 of the selling season (28 February 2014), a cumulative total of 4.82 million kilograms of tobacco, valued at around US$13.34 million had been sold at an average price of US$2.27/kg. Over the same period in 2013, a total of 4.64 million kilograms of tobacco, valued at US$15.29 million were sold at an average price of US$3.30/kg.

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

Cumulative Tobacco Sales: Day 8 (19/02/14 –28/02/14)

	2013	2014	Variance (%)
Quantity Sold (kgs)	4,635,516	4,815,406	-3.9%
Average Price(US$/kg)	3.30	2.77	-16.0%
Value (US$ million)	15,285,574.10	13,341,694.36	-12.7%

Source: Tobacco Industry and Marketing Board (TIMB), 2013

4. INTERNATIONAL COMMODITY PRICES

The weekly average international commodity prices for gold and platinum firmed, while nickel, copper and crude oil retreated, during the week ending 28 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 (21 Feb)	1,290.60	1,398.50	7,162.80	14,224.00	108.88
24-February	1,320.10	1,420.95	7,197.80	14,374.00	109.92
25- February	1,335.88	1,434.00	7,114.00	14,220.00	109.94
26- February	1,335.88	1,435.50	7,148.50	14,285.00	109.40
27- February	1,331.63	1,437.00	7,095.00	14,180.00	108.72
28- February	1,327.13	1,449.50	7,097.00	14,180.00	108.90
Weekly Average (28 Feb)	1,332.88	1,437.10	7,116.10	14,205.00	109.40
Weekly Change (%)	**1.0**	**1.1**	**-1.1**	**-1.2**	**-0.5**

Source: BBC, KITCO and Bloomberg

Gold

Gold prices continued on an upward trend, registering a 1.0% weekly gain from an average of US$1 320.10/oz in the previous week, to an average of US$1,332.88/oz. Gold prices firmed on the backdrop of political turmoil in Ukraine, which fueled demand for gold as a safe haven asset during the week under review.

Platinum

Platinum prices rose by 1.1%, from a weekly average of US$1 420.95/oz to US$1 437.10/oz during the week under review, on the back of positive outlook news on the Chinese and US automobile markets.

Copper

Copper prices retreated further during the week under review as base metals prices declined following reports indicating a slowdown in china's manufacturing sector, the world's biggest consumer of the metal. Copper prices declined by 1.1%, from an average of US$7 197.80/ton in the previous week, to US$7 116.10/ton.

Nickel

Similarly, nickel prices slowed down by 1.2%, from an average of US$14 374.00/ton recorded in the previous week, to US$14 205.00/ton.

Crude Oil

Crude oil prices declined marginally, from a weekly average of US$109.92/barrel in the previous week, to US$109.40/barrel during the week under review.

5. EQUITY MARKETS

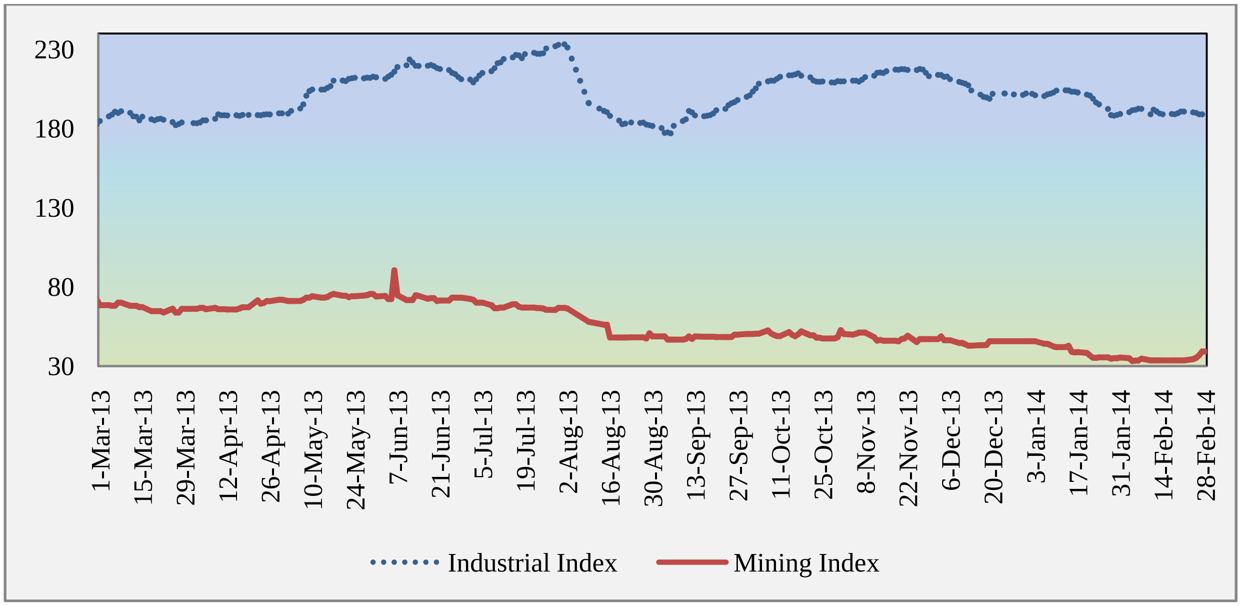
During the week ending 28 February 2014, trading on the ZSE was mixed, with the industrial index declining by 0.66%, from 190.70 points in the previous week to 189.45 points. The mining index, however, gained by 16.75% from 33.61 points to 39.24 points, owing to gains in Falgold, Hwange and Rio Zim.

Table 5: Zimbabwe Stock Exchange (ZSE) Statistics

2014	Industrial Index (points)	Mining Index (points)	Grand Market Capitalization (US$)	Market Turnover (US$)	Volume of Shares
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
28-February	189.45	39.24	4,906,935,052	5,296,465	39,229,906

Source: Zimbabwe Stock Exchange (ZSE), 2014

Figure 1: Zimbabwe Stock Exchange Indices

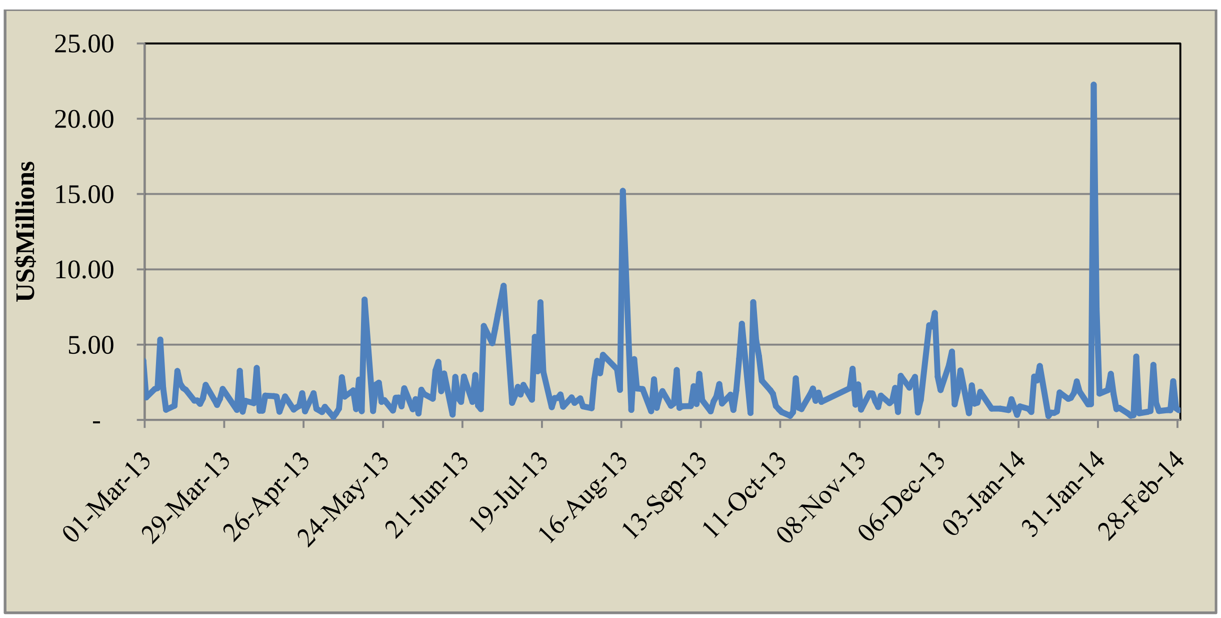


Source: Zimbabwe Stock Exchange, 2014

Volume and Market Turnover

During the week under review, market turnover decreased by 22.64%, from US$6.52 million in the previous week to US$5.30 million, owing to trades in low value stocks.

Figure 2: Daily Market Turnover

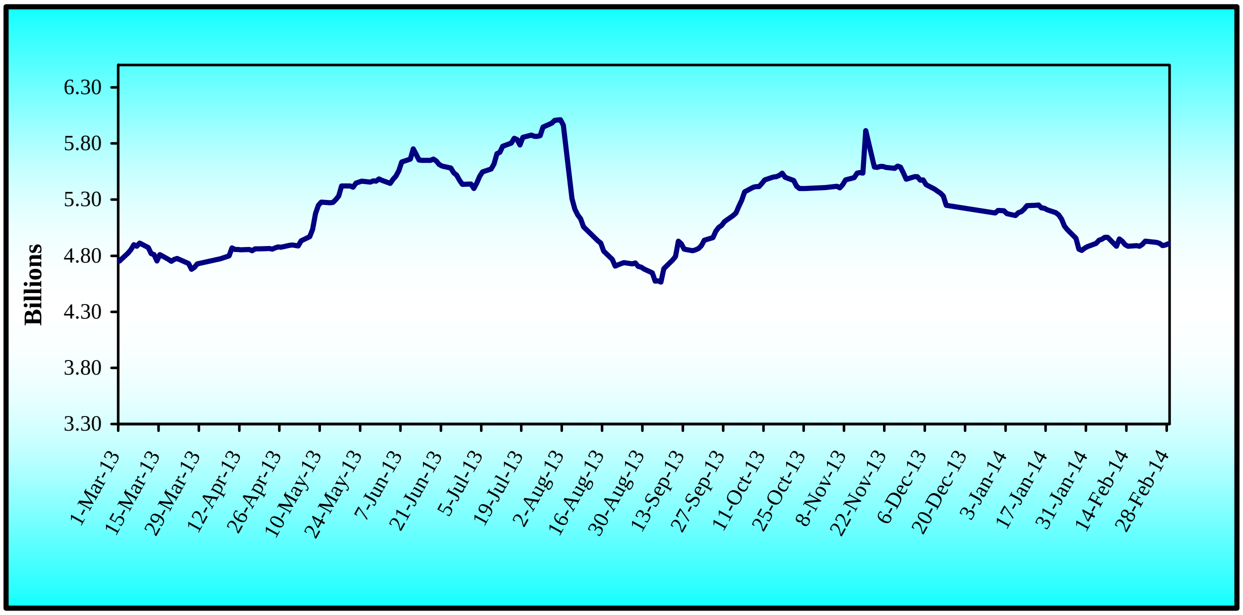


Source: Zimbabwe Stock Exchange, 2014

Market Capitalization

Market capitalization decreased by 0.43%, from US$4.93 billion in the previous week to US$4.91 billion.

Figure 3: Market Capitalization



Source: Zimbabwe Stock Exchange, 2014

Johannesburg Stock Exchange (JSE) Developments

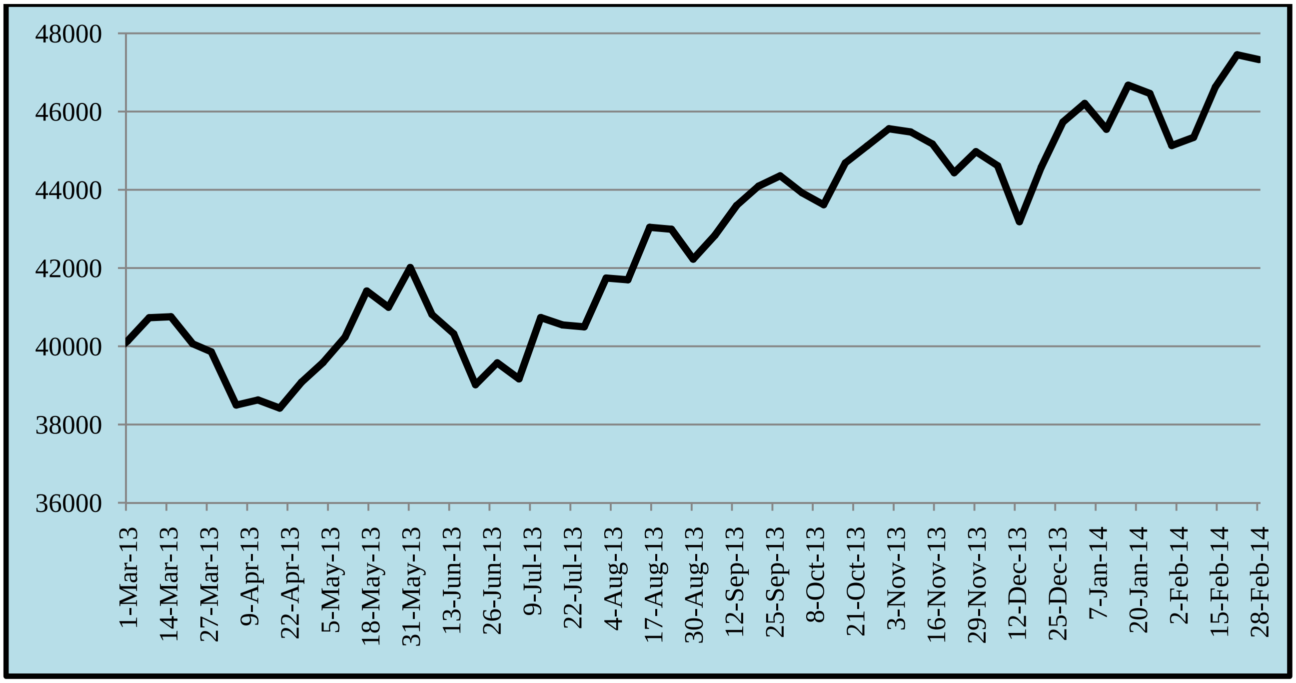
The JSE All Share index declined by 0.26%, to close at 47 328.92 points during the week under review. Market capitalization also declined by 0.33%, to close at R10 984.09 billion during the week under review.

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

2014	All Share Index (points)	Market Capitalization (R bn)
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
28-February	47,328.92	10,984.09

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

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06 MARCH 2014