Vol. 16 No. 2

RESERVE BANK OF ZIMBABWE

Weekly Economic Highlights

Week Ending 10 January 2014

1. INTEREST RATES

Deposit Rates

During the week ending 10 January 2014, average interest rates for savings, 1 month and 3 months deposits remained unchanged at 3.22%, 10.79% and 12.60%, respectively.

Table 1: Average Deposit Rates

2013	Savings Deposits (%)	1-Month Deposits (%)	3-Months Deposits (%)
13-December	3.15	10.84	12.62
20-December	3.15	10.84	12.67
27-December	3.15	10.84	12.67
2014			
03-January[1]	3.22	10.79	12.60
10-January	3.22	10.79	12.60

Source: Banking Institutions, 2014

Lending Rates

At commercial banks, weighted lending rates for individuals and corporate clients marginally increased to 14.11% and 9.36%, respectively. At merchant banks, the weighted lending rate for individuals remained unchanged at 18.89%, while the weighted lending rate for corporate clients increased to 17.76%.

Table 2: Lending Rates

2013	Weighted Lending Rates (%)			
	Commercial Banks		Merchant Banks	
	Individuals	Corporate Clients	Individuals	Corporate Clients
13-December	14.20	9.43	18.84	17.75
20-December	14.14	9.40	18.84	17.75
27-December	14.13	9.35	18.84	17.76
2014				
03-January	14.10	9.35	18.89	17.75
10-January	14.11	9.36	18.89	17.76

Source: Banking Institutions, 2014

[1] Changes in the interests rates is due to exclusion of Trust Bank which was closed on the 6th of December 2013

2. CLEARING AND SETTLEMENT ACTIVITY

During the week ending 10 January 2014, transactions processed through the Real Time Gross Settlement (RTGS) system increased to US$719 million in value terms, from US$631 million recorded in the previous week. The RTGS volumes recorded an increase of 71% from the previous week.

Table 3: National Payment Systems Activity

PAYMENT STREAM	WEEK ENDING 03 JANUARY 2014	WEEK ENDING 10 JANUARY 2014	CHANGE FROM PREVIOUS WEEK	PROPORTION
VALUES IN US$				
RTGS	630,760,272.13	718,854,934.86	14%	85.70%
CHEQUE[2]	1,342,685.92	1,813,650.64	35%	0.22%
POS	5,385,193.29	22,052,145.19	309%	2.63%
ATMS	53,561,345.00	46,316,369.20	-14%	5.52%
MOBILE	29,859,990.52	49,748,450.04	66.6%	5.93%
TOTAL	**720,909,486.86**	**838,785,549.93**		**100%**
VOLUMES				
RTGS	23,931	40,917	71%	1.41%
CHEQUE[2]	3,694	5,574	50.9%	0.19%
POS	125,289	226,035	80%	7.80%
ATMs	256,732	191,507	-25%	6.61%
MOBILE	1,397,004	2,433,526	74%	83.99%
TOTAL	**1,806,650**	**2,897,559**		**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. INTERNATIONAL COMMODITY PRICES

International commodity prices for gold and platinum firmed, whilst those for copper, nickel and crude oil retreated during the week ending 10 January 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 (3 Jan)[3]	**1,208.25**	**1,369.00**	**7,390.13**	**13,981.25**	**110.88**
6-Jan	1,233.38	1,405.50	7,335.00	13,860.00	107.81
7-Jan	1,232.50	1,411.50	7,353.00	13,475.00	107.16
8-Jan	1,223.75	1,405.50	7,369.00	13,440.00	107.53
9-Jan	1,226.00	1,414.50	7,367.00	13,450.00	107.03
10-Jan	1,238.25	1,423.00	7,281.00	13,675.00	106.61
Weekly Average (10 Jan)[4]	**1,230.78**	**1,412.00**	**7,341.00**	**13,580.00**	**107.23**
Weekly Change (%)	*1.9*	*3.1*	*-0.7*	*-2.9*	*-3.3*

Source: BBC, KITCO and Bloomberg

Gold

Gold prices posted a weekly average gain of 1.9%, from to US$1 208.25/oz in the previous week, to US$1 230.78/oz during the week under analysis. The prices were driven by a weaker dollar which spurred demand for gold as an investment safe-haven. The dollar fell following a weaker December 2013 jobs report in the U.S. This development raised speculation that the Federal Reserve may delay winding down its monetary stimulus program.

Platinum

Platinum prices firmed by 3.1%, from US$1 369.00/oz to US$1 412.00/oz during the week under review. The increase was partially due to increased demand for the precious metal, following the weakening of the U.S. dollar.

[3] Average prices for the week ending 3 January 2014.
[4] Average prices for the week ending 10 January 2014.

Copper

Copper prices reversed the previous week's gains, retreating by 0.7% from US$7 390.13/tonne in the previous week, to US$7 341.00/tonne during the week under review. Prices declined on account of signs of limited restocking demand from China as its economy cools.

Nickel

Nickel prices declined from US$13 981.25/tonne in the previous week, to US$13 580.00/tonne during the week under review. The decline partially reflected widespread skepticism in the market that Indonesia would not go ahead with its proposed ban on unprocessed ore exports.

Crude Oil

Crude oil prices declined by 3.3% from an average of US$110.88/barrel in the previous week, to US$107.23/barrel during the week under review. Prices declined on account of expectations of improved global supply, following reports that production has restarted at the North Sea oilfield in the UK.

4. EQUITY MARKETS

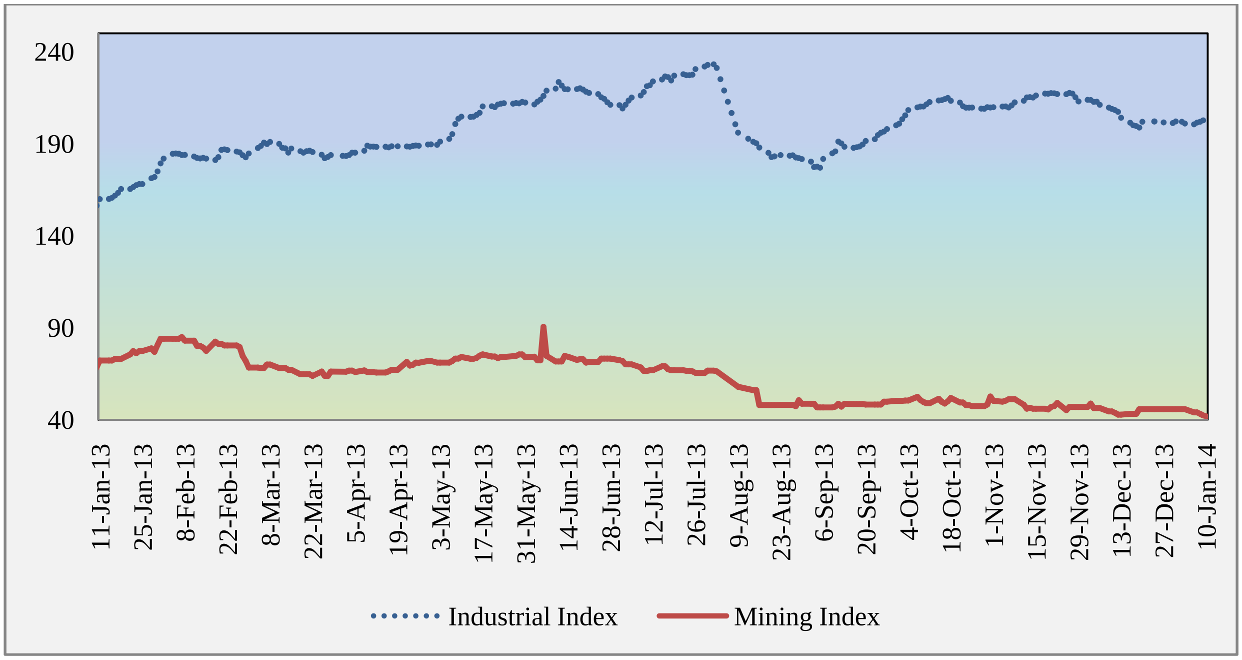
During the week ending 10 January 2014, activity on the Zimbabwe Stock Exchange was characterized by mixed sentiments. The industrial index increased by 1.47%, from 201.04 points in the previous week to 204 points during the week under review. The increase was largely driven by gains in heavily capitalized counters such as CBZ, Delta and Econet. Conversely, the mining index declined by 8.34% to close the week at 41.97, compared to 45.79 points recorded the previous week. This decrease emanated from losses in Bindura, Falgold and Rio Zim counters.

Table 5: Zimbabwe Stock Exchange (ZSE) Statistics

2013	Industrial Index (points)	Mining Index (points)	Grand Market Capitalization (US$)	Market Turnover (US$)	Volume of Shares
13-December	204.13	42.87	5,249,941,240	14,377,632	80,686,223
20-December	201.98	45.79	5,199,541,679	6,832,103	33,779,916
27-December	201.57	45.79	5,189,158,192	1,510,257	5,814,620
2014					
03-January	201.04	45.79	5,174,519,451	3,280,287	11,038,512
10-January	204.00	41.97	5,246,334,437	10,351,257	35,252,856

Source: Zimbabwe Stock Exchange (ZSE), 2014

Figure 1: Zimbabwe Stock Exchange Indices

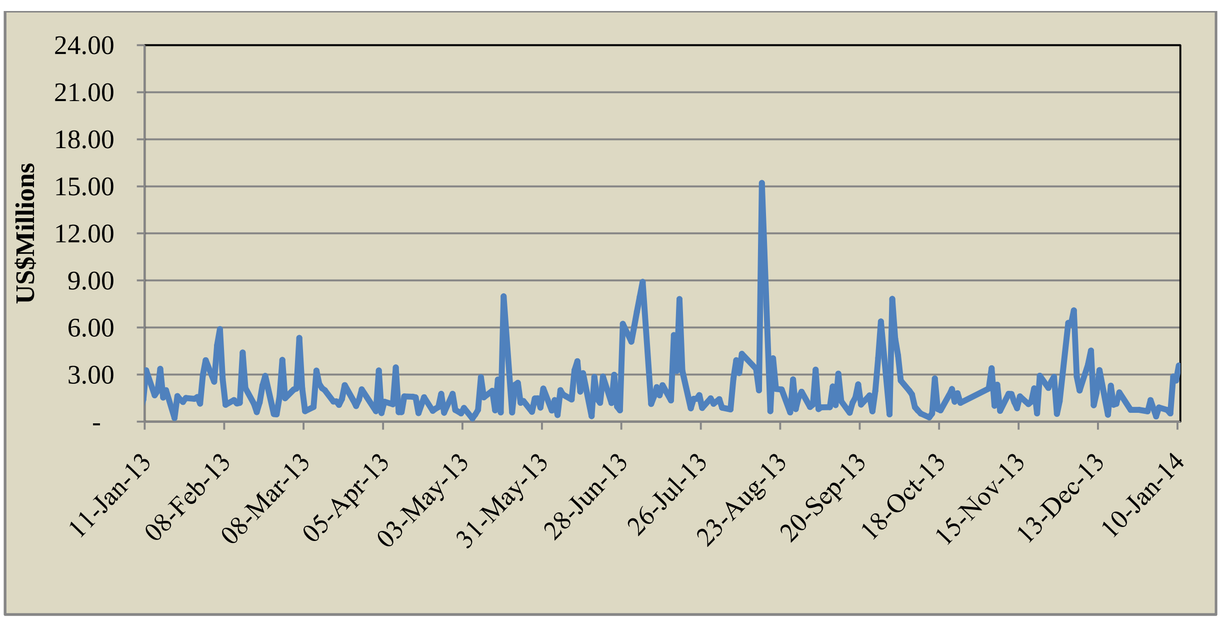


Source: Zimbabwe Stock Exchange, 2014

Volume and Market Turnover

During the week under review, the volume of shares traded increased by 219.36% to 35.26 million shares, compared to 11.04 million shares in the previous week. Similarly, market turnover increased by 215.55%, from $3.28 million recorded in the previous week to $10.35 million during the period under review. The increase in the volume of shares traded and market turnover is a reflection of increased trading after the holidays.

Figure 2: Daily Market Turnover

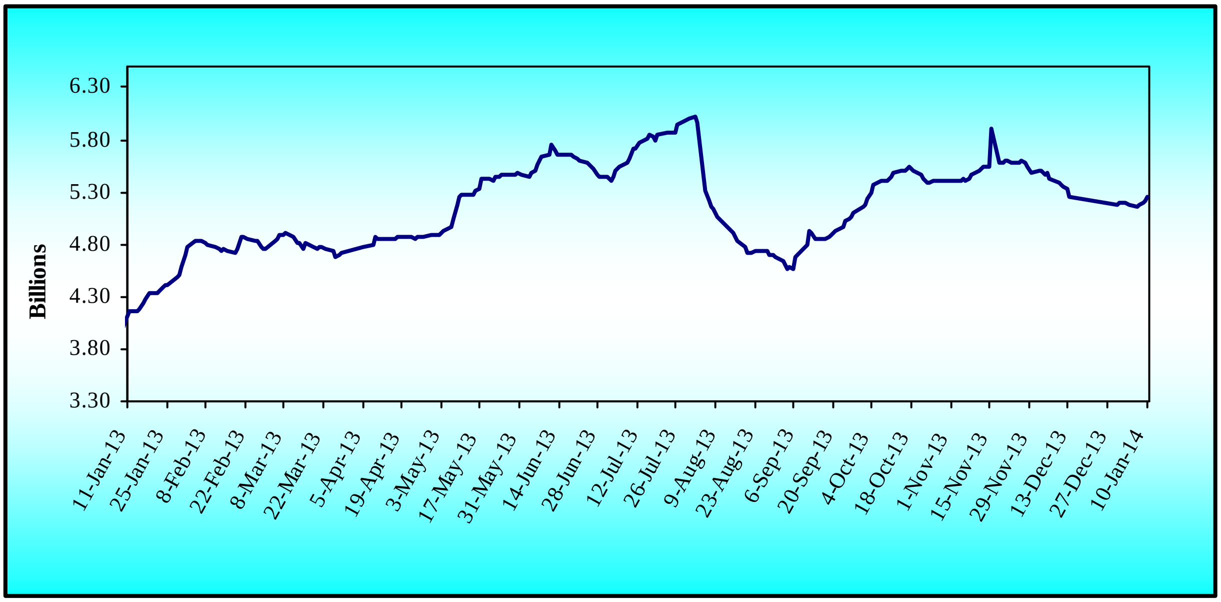


Source: Zimbabwe Stock Exchange, 2014

Market Capitalization

Market capitalization increased by 1.39%, from US$5.17 billion in the previous week to US$5.25 billion during the week under review. The increase in market capitalization reflected improvement in foreign investor interest.

Figure 3: Market Capitalization



Source: Zimbabwe Stock Exchange, 2014

Johannesburg Stock Exchange (JSE) Developments

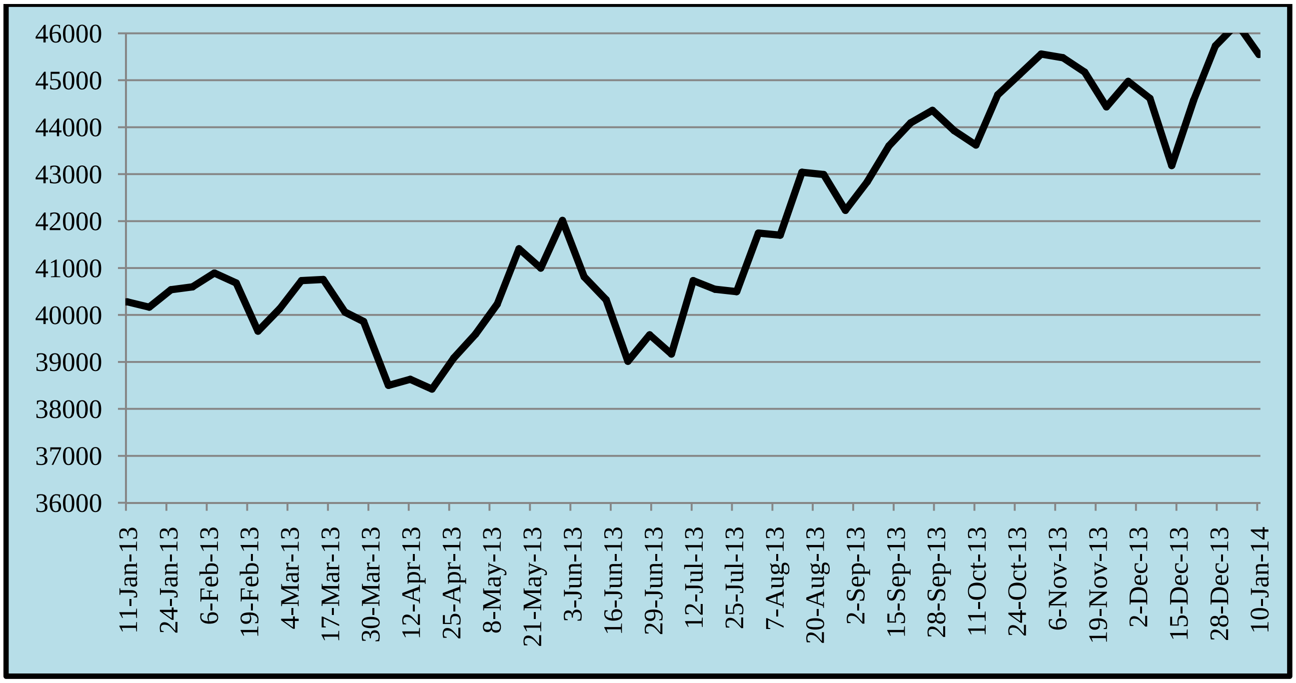
During the week under analysis, the JSE All Share index lost 1.42% to close the week at 45 548.15 points. Similarly, market capitalization shrank by 1.18% to R10 474.47 billion.

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

2013	All Share Index (points)	Market Capitalization (R bn)
13-December	43,185.73	9,903.61
20-December	44,574.25	10,234.20
27-December	45,735.26	10,518.72
2014		
03-January	46,206.09	10,599.74
10-January	45,548.15	10,474.47

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

16 JANUARY 2014