Vol. 16 No. 23

Weekly Economic Highlights

Week Ending 06 June 2014

1. INTEREST RATES

Deposit Rates

During the week ending 6th June 2014[1], the savings deposit rates remained unchanged at 3.42% while the 1 month average deposit rates marginally declined by 0.1 percentage points to close the week at 9.91% and the 3 months average deposit rates firmed by 0.08 percentage points to 11.67%.

Table 1: Average Deposit Rates

2014	Savings Deposits (%)	1-Month Deposits (%)	3-Months Deposits (%)
02-May	3.36	10.07	11.75
09-May	3.42	10.01	11.69
16-May	3.42	10.01	11.69
23-May	3.42	10.01	11.59
30-May	3.42	10.01	11.59
06-Jun	3.42	9.91	11.67

Source: Banking Institutions, 2014

Lending Rates

Commercial banks' weighted lending rates for individuals and corporate clients closed the reporting week at 14.37% and 9.24%, respectively. At Merchant banks, the nominal lending rates quoted for individual and corporate clients were 19.00% and 18.00%, respectively during the week under review.

Table 2: Lending Rates[2]

2014	Weighted Lending Rates (%)			
	Commercial Banks (		Merchant Banks	
	Individuals	Corporate Clients	Individuals	Corporate Clients
02-May	14.36	9.21	18.88	17.73
09-May	14.38	9.26	18.88	17.74
16-May	14.38	9.33	18.88	17.74
23-May	14.38	9.28	18.88	17.74
30-May	14.39	9.25	18.87	17.74
06-Jun	14.37	9.24	19.00	18.00

Source: Banking Institutions, 2014

[1] The removal of Capital Bank from the computation of the weighted average rates after its closure on the 4th of June 2014 partially contributed to the changes in the average deposit and merchant banks' lending rates.
[2] 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 6th June 2014, transactions processed through the Real Time Gross Settlement (RTGS) system decreased to US$714 million in value terms, from US$812 million recorded in the previous week. The RTGS volumes recorded an increase of 22% from the previous week.

Table 3: National Payment Systems Activity

PAYMENT STREAM	WEEK ENDING 30 MAY 2014	WEEK ENDING 06 JUNE 2014	CHANGE FROM PREVIOUS WEEK	PROPORTION
VALUES IN US$				
RTGS	811,897,734.40	713,854,332.67	-12%	75.90%
CHEQUE[2]	2,232,546.67	2,955,648.52	32%	0.31%
POS	34,622,645.90	54,967,627.17	59%	5.84%
ATMs	58,827,595.28	83,077,513.86	41%	8.83%
MOBILE	66,962,959.51	85,715,787.23	28%	9.11%
TOTAL	**974,543,481.76**	**940,570,909.45**		**100%**
VOLUMES				
RTGS	40,642	49,451	22%	1.13%
CHEQUE[2]	5,875	7,308	24%	0.17%
POS	281,256	419,663	49%	9.63%
ATMs	244,087	323,350	32%	7.42%
MOBILE	3,115,852	3,558,500	14%	81.65%
TOTAL	**3,687,712**	**4,358,272**		**100%**

Source: Reserve Bank of Zimbabwe, 2014

3. TOBACCO SALES

As at 6th June 2014 (Day 74 of the 2014 tobacco selling season), a cumulative total of 185.01 million kilograms of tobacco had been sold, compared to 140.30 million kilograms sold during the same period in 2013. The average selling price for the golden leaf, at US$3.18, was 14.1% lower than the average price of US$3.70 realised during the same period in 2013.

Cumulative tobacco sales amounted to US$588.61 million, 13.3% more than the US$519.68 million realized during the corresponding period in 2013.

Table 4: Cumulative Tobacco Sales As at Day 74 (06/06/14)

	2013	2014	Variance (%)
Quantity Sold (kgs)	140 295 882	185 005 008	31.9
Average Price (US$/kg)	3.70	3.18	-14.1
Value (US$)	519 684 405	588 610 099	13.3

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

4. INTERNATIONAL COMMODITY PRICES

The weekly average international commodity prices for crude oil, nickel, copper and gold retreated, whilst those for platinum firmed during the week ending 6th June 2014.

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 (30 May)	**1,262.59**	**1,435.63**	**7,007.00**	**19,301.25**	**109.80**
2-Jun	1,245.75	1,438.50	7,002.75	19,402.50	109.06
3-Jun	1,243.50	1,433.50	6,930.00	19,010.00	108.52
4-Jun	1,246.13	1,421.50	6,835.00	18,945.00	108.35
5-Jun	1,248.63	1,434.50	6,800.00	19,025.00	107.90
6-Jun	1,250.75	1,453.00	6,660.00	18,460.00	108.75
Weekly Average	**1,246.95**	**1,436.20**	**6,845.55**	**18,968.50**	**108.52**
Weekly Change (%)	*-1.24*	*0.04*	*-2.3*	*-1.72*	*-1.17*

Source: BBC, KITCO and Bloomberg, 2014

Gold

Gold prices retreated, from an average of US$1 262.59/oz in the previous week to US$1 246.95/oz during the week under review, partially attributable to a stronger US dollar amid improving labour data in the United States. Expectations that the Federal Reserve will continue to unwind its stimulus measures further weighed down the price for yellow metal.

Platinum

Platinum prices firmed slightly by 0.04%, from a weekly average of US$1 435.63/oz to an average of US$1 436.20/oz during the week under review. Platinum prices remain suppressed due to supply worries as labour unrest in the South African platinum sector remains unresolved.

Copper

Copper prices dropped, from an average of US$7 007.00/ton in the previous week to US$6 845.55/ton. Prices dipped due to uncertainty about the impact of an investigation into metal financing at China's third-largest port, which has disrupted some shipments. Signs of a global surplus as well as doubts about the demand outlook from top metals consumer China also weighed down the prices.

Nickel

Nickel prices retreated, from US$19 301.25/ton in the previous week to US$18 968.50/ton, as the impact of the Indonesian ban on unprocessed ore exports has been counterbalanced by the presence of large inventories around the world.

Crude Oil

Crude oil price retreated by 1.17%, from US$109.8/barrel in the previous week to US$108.52/barrel, on account of ample supply in the United States and easing of geopolitical tensions over Ukraine.

5. EQUITY MARKETS

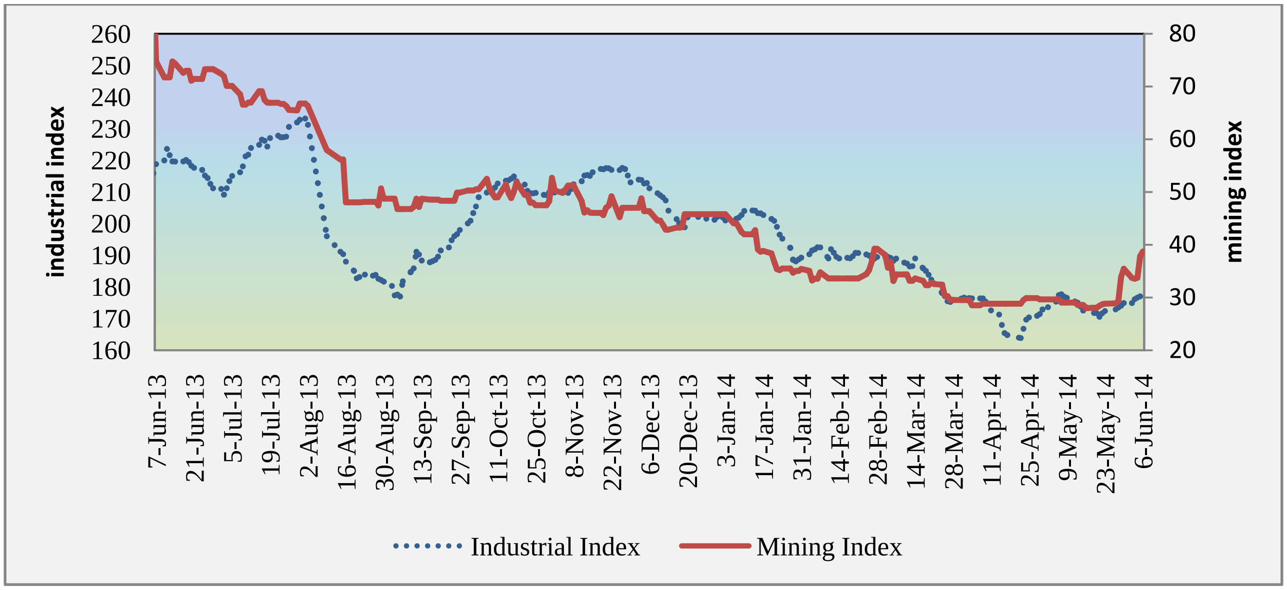
Table 6: Zimbabwe Stock Exchange (ZSE) Statistics

2014	Industrial Index (points)	Mining Index (points)	Grand Market Capitalization (US$)	Market Turnover (US$)	Volume of Shares
02-May	173.58	29.64	4,490,758,571	4,823,714	61,921,406
09-May	176.56	29.03	4,565,842,322	10,971,928	27,458,555
16-May	173.59	27.97	4,489,397,813	7,098,631	31,611,922
23-May	172.40	28.81	4,460,892,327	10,584,534	72,201,692
30-May	174.89	35.45	4,485,108,012	6,353,501	73,708,677
06-Jun	178.57	38.69	4,632,762,780	3,616,120	27,466,635

Source: Zimbabwe Stock Exchange (ZSE), 2014

During the week ending 6th June 2014, the benchmark industrial index continued on an upward trajectory for the second week in succession. The industrial index increased by 2.10%, from 174.89 points in the previous week to 178.57 points, following significant gains in some blue chip counters. The mining index also increased to 38.69 points, from 35.45 points in the previous week, representing a 9.14% increase.

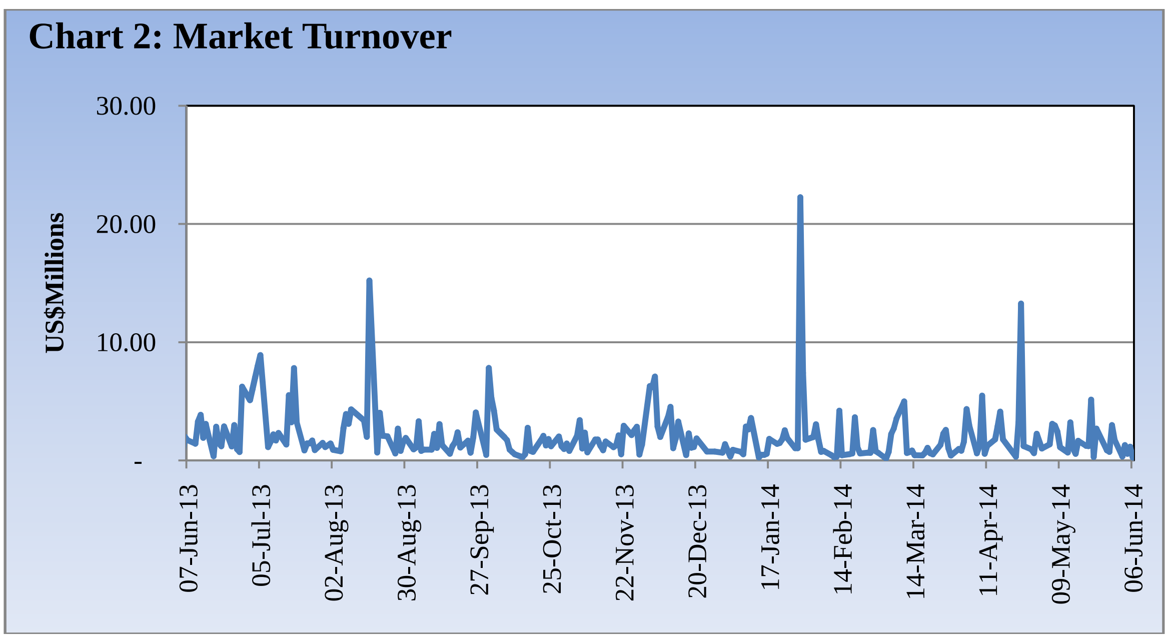
Figure 1: Zimbabwe Stock Exchange Indices



Source: Zimbabwe Stock Exchange, 2014

Volume and Market Turnover

During the week under review, market turnover declined by 42.99% to US$3.62 million, from US$6.35 million in the previous week. The slowdown was, in part, attributed to a decrease in foreign investor contribution, from US$2.42 million to US$1.45 million during the week under review.

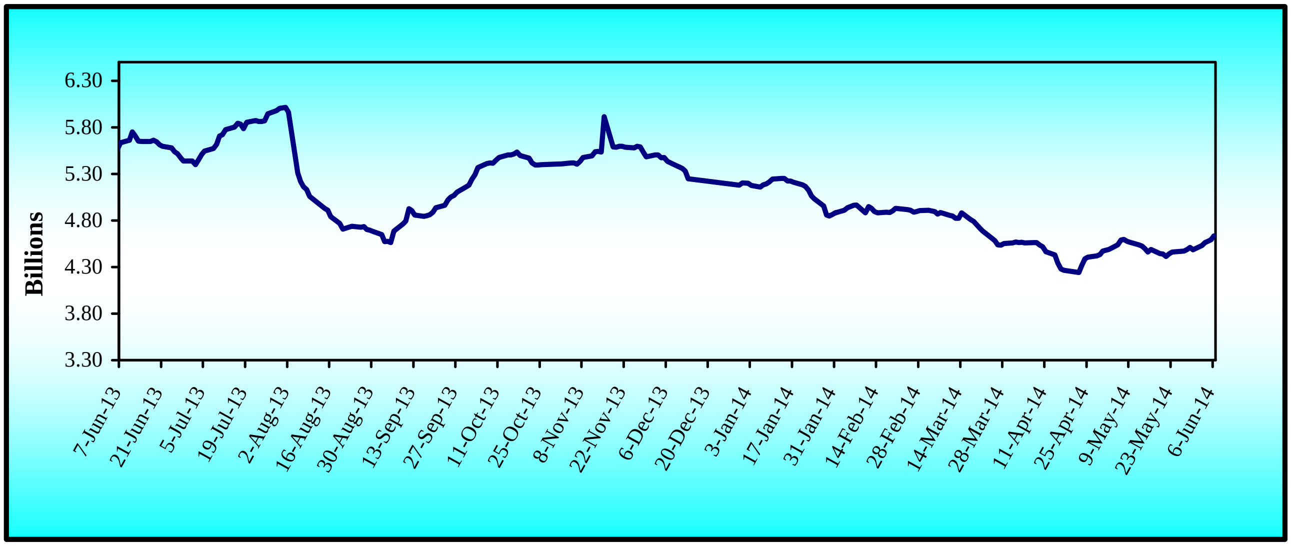


Source: Zimbabwe Stock Exchange, 2014

Market Capitalization

Market capitalization increased by 3.29%, from US$4.49 billion in the previous week to US$4.63 billion during the week ending 6th June 2014, in tandem with activity on the market.

Figure 3: Market Capitalization



Source: Zimbabwe Stock Exchange, 2014

Johannesburg Stock Exchange (JSE) Developments

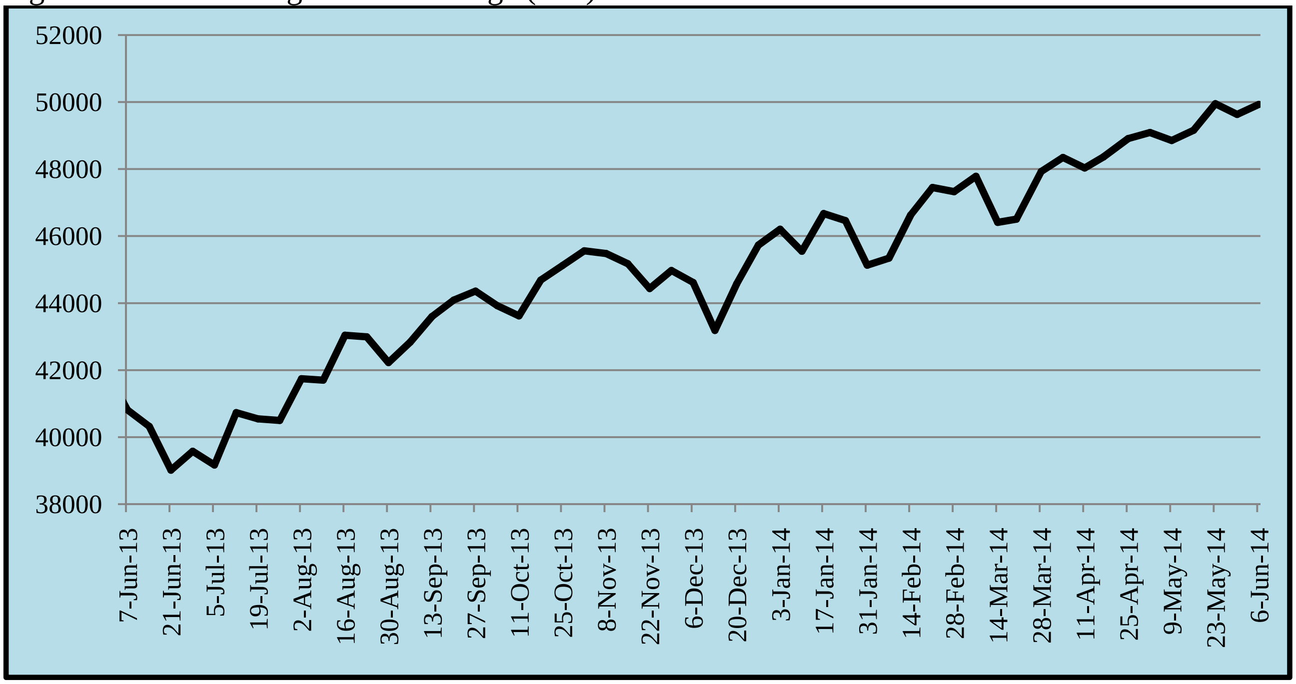
During the week under review, both the JSE All Share index and market capitalization gained by 0.64% and 0.41% to close the week at 49 933.99 points and R11 666.43 billion, respectively.

Table 7: Johannesburg Stock Exchange (JSE) Statistics

2014	All Share Index (points)	Market Capitalization (R bn)
02-May	49,091.16	11,477.63
09-May	48,852.45	11,434.67
16-May	49,159.77	11,472.19
23-May	49,952.69	11,628.88
30-May	49,632.70	11,619.23
06-Jun	49,933.99	11,666.43

Source: http://www.jse.co.za/trade/derivative-market

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



Source: http://www.jse.co.za/trade/derivative-market

RESERVE BANK OF ZIMBABWE

12 JUNE2014