Vol. 16 No. 10

Weekly Economic Highlights

Week Ending 07 March 2014

1. INTEREST RATES

Deposit Rates

Low activity on the money market has kept interest rates largely unchanged over the past two weeks. During the week ending 7th March 2014, 1-month deposit rates increased by one percentage point while savings and 3 months deposit rates remained unchanged at 3.49% 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
07-March	3.49	10.10	11.78

Source: Banking Institutions, 2014

Lending Rates

The weighted lending rate on loans to individuals at commercial banks continued on an upward trend, while rates on loans to corporate clients softened marginally, during the week under review. At merchant banks, however, 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
07- March	14.10	9.31	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 7th March 2014 transactions processed through the Real Time Gross Settlement (RTGS) system decreased to US$679 million in value terms, from US$828 million recorded in the previous week. The RTGS volumes recorded an increase of 2% from the previous week.

Table 3: National Payment Systems Activity

PAYMENT STREAM	WEEK ENDING 28 FEBRUARY 2014	WEEK ENDING 07 MARCH 2014	CHANGE FROM PREVIOUS WEEK	PROPORTION
VALUES IN US$				
RTGS	828,316,205.37	679,610,809.28	-18%	77.57%
CHEQUE[2]	2,599,895.25	2,603,830.16	0.15%	0.30%
POS	33,207,459.88	51,441,675.68	55%	5.87%
ATMS	94,320,548.00	71,134,007.00	-25%	8.12%
MOBILE	62,105,777.77	71,352,471.41	14.9%	8.14%
TOTAL	**1,020,549,886.27**	**876,142,793.53**		**100%**
VOLUMES				
RTGS	47,146	48,000	2%	1.25%
CHEQUE[2]	7,815	8,118	3.9%	0.21%
POS	285,889	426,387	49%	11.12%
ATMs	200,045	279,986	40%	7.30%
MOBILE	2,591,586	3,072,714	19%	80.12%
TOTAL	**3,132,481**	**3,835,205**		**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 7th March 2014, day 13 of the 2014 tobacco selling season, a cumulative total of 10 143 040 kilograms of tobacco was sold, representing a 3.7% improvement on the 2013 selling season's total of 9 777 121 kilograms.

The golden leaf, however, sold lower, at an average price of US287 cents, compared to US342 cents during the same period in 2013. Tobacco sales yielded US$29.06 million, 13.2% lower than the US$33.49 million realised during the corresponding period in 2013.

Table 4: Cumulative Tobacco Sales: Day 8 (28/02/14 –07/03/14)

	2013	2014	Variance (%)
Quantity Sold (kgs)	9,777,121	10,143,040	3.7%
Average Price(US$/kg)	3.42	2.87	-16.1%
Value (US$ million)	33,485,656.22	29,060,068.84	-13.2%

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

4. INTERNATIONAL COMMODITY PRICES

The weekly average international commodity prices for gold, platinum and nickel firmed, while those for copper and crude oil retreated during the week ending 7th March 2014.

Table 5: Metals and Crude Oil Prices

2014	Gold US$/oz	Platinum US$/oz	Copper US$/ton	Nickel US$/ton	Crude Oil US$/barrel
Weekly Average (28 Feb)	1,332.88	1,437.10	7,116.10	14,205.00	109.40
3-March	1,346.88	1,453.00	7,033.00	14,505.00	111.51
4-March	1,337.13	1,449.50	7,035.00	14,825.00	109.29
5-March	1,335.25	1,472.50	7,102.00	15,305.00	108.24
6-March	1,339.75	1,479.50	7,054.00	15,450.00	107.73
7-March	1,341.75	1,477.50	6,930.00	15,325.00	108.43
Weekly Average (07 Mar)	1,340.15	1,466.40	7,030.80	15,082.00	109.04
Weekly Change (%)	**0.5**	**2.0**	**-1.2**	**6.2**	**-0.3**

Source: BBC, KITCO and Bloomberg

Gold

Gold prices marginally firmed by 0.5%, from a weekly average of US$1 332.88/oz in the previous week to a weekly average of US$1 340.15/oz. The metal's prices were supported by a weaker US dollar.

Platinum

Platinum prices increased by 2.0%, from a weekly average of US$1 437.10/oz in the previous week to an average of US$1 466.40/oz, during the week under review. This followed collapse of wage negotiations between the South African platinum mines and labour unions, a development that diminished hopes for an end to the strike that has been going on for the past six weeks.

Copper

Copper prices retreated by 1.2%, from an average of US$7 116.10/tonne in the previous week to US$7 030.80/tone, during the week under review, on account of oversupply.

Nickel

Nickel prices firmed by 6.2%, from an average of US$14 205.00/tonne registered in the previous week to a weekly average of US$15 082.00/tone. This is attributed to persistent worries about an Indonesian ban on ore exports coupled with reports that China is projecting a high growth target in 2014.

Crude Oil

Crude oil prices registered a marginal decline of 0.3%, from an average of US$109.40/barrel in the previous week to an average of US$109.04/barrel, during the week under review. Oil prices retreated largely due to weaker demand as Europe and the United States head into the spring season.

5. EQUITY MARKETS

During the week ending 7th March 2014, the ZSE continued on a downward trend. The industrial index softened by 0.27%, from 189.45 points in the previous week to 188.9 points. The mining index significantly dropped by 12.44% to 34.36 points.

The mining index succumbed to selling pressure, resulting in a reversal in previous week's gains. The index has not been performing well since the beginning of the year largely due to subdued commodity prices that dampened interest in the mining counters compounded by capitalization challenges.

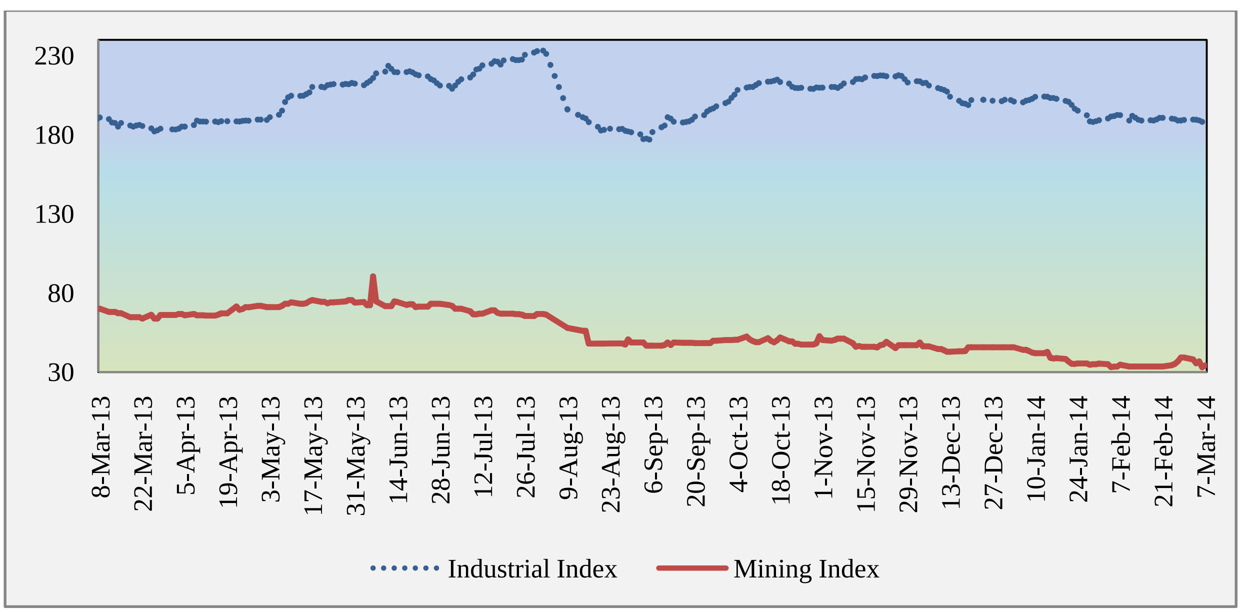
The poor performance on the stock market was in spite of most companies posting impressive financial results during the year ended December 2013. Some of the companies whose financial results were published during the week under review were Innscor, Natfoods, Colcom, Truworths, Lafarge and Nicoz Diamond.

Table 6: 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
07-March	188.94	34.36	4,887,071,618	59,414,096	241,596,115

Source: Zimbabwe Stock Exchange (ZSE), 2014

Figure 1: Zimbabwe Stock Exchange Indices

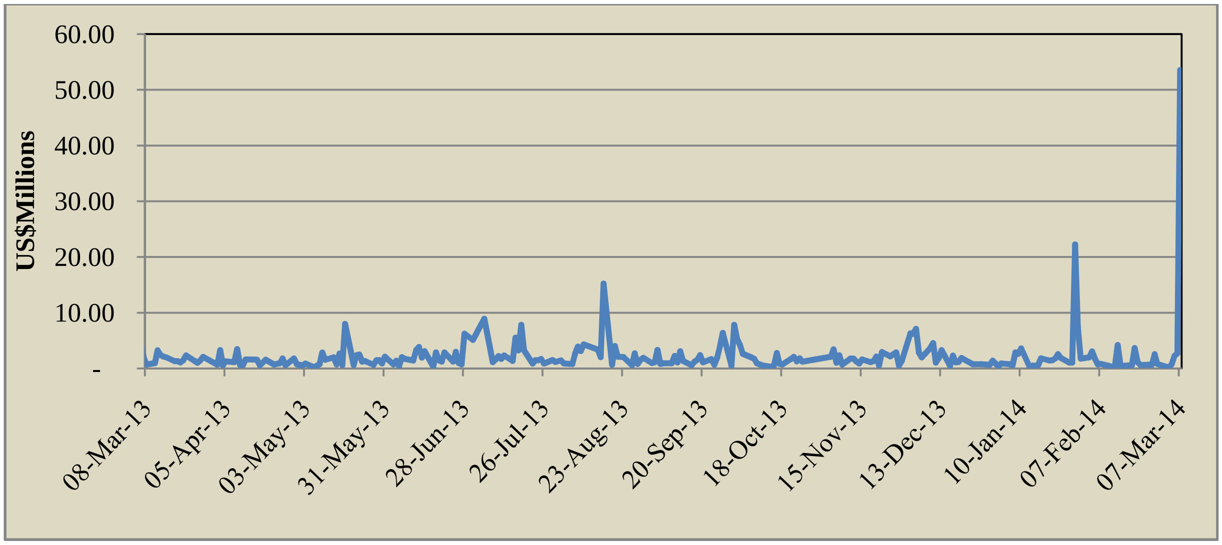


Source: Zimbabwe Stock Exchange, 2014

Volume and Market Turnover

During the week under review, market turnover surged by 1021.8%, from US$ 5.3 million in the previous week to US$59.4 million. Turnover was boosted by a block of trades of 29 521 517 Cottco shares at US1.1 cents each and 86 403 839 Zimplow shares at US2.5 cent each. Foreign contribution slowed to 4.85% of total revenue, down from 56.34% in the previous week.

Figure 2: Daily Market Turnover

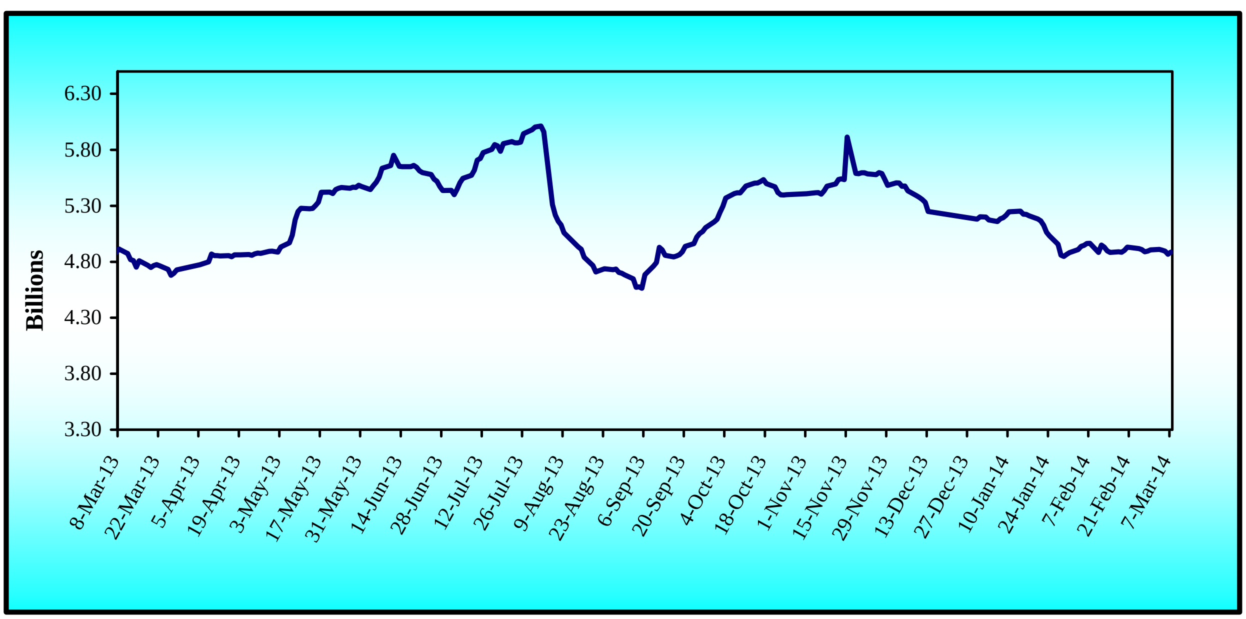


Source: Zimbabwe Stock Exchange, 2014

Market Capitalization

Market capitalization receded by 0.4%, from US$4.9 billion in the previous week to US$4.8 billion, during the week under review.

Figure 3: Market Capitalization



Source: Zimbabwe Stock Exchange, 2014

Johannesburg Stock Exchange (JSE) Developments

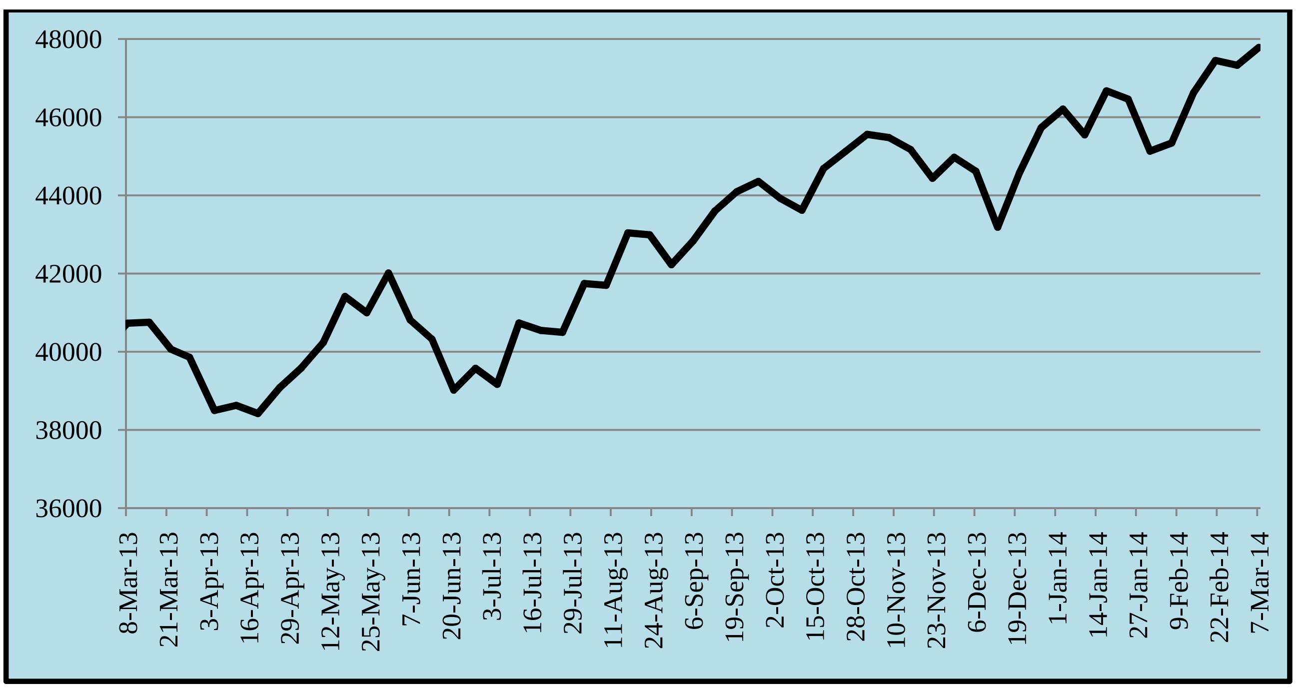
During the week under review, both the JSE All Share index and market capitalization increased by 0.97% and 1.57%, to close at 47 786.85 points and R11 156.85 billion, respectively.

Table 7: 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
07-March	47,786.85	11,156.85

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 MARCH 2014