Vol. 16 No. 11

# Weekly Economic Highlights

Week Ending 14 March 2014

# 1. INTEREST RATES

## Deposit Rates

During the week ending 14th March 2014, interest rates remained unchanged for all classes of deposits.

**Table 1: Average Deposit Rates**

| 2014 | Savings Deposits (%) | 1-Month Deposits (%) | 3-Months Deposits (%) |
|---|---|---|---|
| **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 |
| **14-March** | 3.49 | 10.10 | 11.78 |

*Source: Banking Institutions, 2014*

## Lending Rates

The weighted lending rate on loans to individuals at commercial banks remained unchanged, while rates on loans to corporate clients softened marginally, during the week under review. At merchant banks, weighted lending rates remained unchanged for the 4th consecutive week, as banks' loan books remained largely unchanged during the period under review.

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

| 2014 | Weighted Lending Rates (%) | | | |
|---|---|---|---|---|
| | Commercial Banks | | Merchant Banks | |
| | Individuals | Corporate Clients | Individuals | Corporate Clients |
| **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 |
| **14-March** | 14.10 | 9.30 | 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 14th March 2014 transactions processed through the Real Time Gross Settlement (RTGS) system increased to US$767 million in value terms, from US$680 million recorded in the previous week. The RTGS volumes recorded a decrease of 5% from the previous week.

**Table 3: National Payment Systems Activity**

| PAYMENT STREAM | WEEK ENDING 07 MARCH 2014 | WEEK ENDING 14 MARCH 2014 | CHANGE FROM PREVIOUS WEEK | PROPORTION |
|---|---|---|---|---|
| **VALUES IN US$** | | | | |
| **RTGS** | 679,610,809.28 | 766,711,120.46 | 13% | 84.91% |
| **CHEQUE**[2] | 2,603,830.16 | 2,708,608.14 | 4.02% | 0.30% |
| **POS** | 51,441,675.68 | 27,961,788.60 | -46% | 3.10% |
| **ATMS** | 71,134,007.00 | 50,919,625.00 | -28% | 5.64% |
| **MOBILE** | 71,352,471.41 | 54,711,354.48 | -23.3% | 6.06% |
| **TOTAL** | **876,142,793.53** | **903,012,496.68** | | **100%** |
| **VOLUMES** | | | | |
| **RTGS** | 48,000 | 45,396 | -5% | 1.38% |
| **CHEQUE**[2] | 8,118 | 8,257 | 1.7% | 0.25% |
| **POS** | 426,387 | 264,131 | -38% | 8.03% |
| **ATMs** | 279,986 | 204,459 | -27% | 6.21% |
| **MOBILE** | 3,072,714 | 2,768,516 | -10% | 84.13% |
| **TOTAL** | **3,835,205** | **3,290,759** | | **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 14th March 2014, day 18 of the 2014 tobacco selling season, a cumulative total of 17 837 468 kilograms of tobacco was sold, while during the same period in 2013 a total of 15 604 922 kilograms were sold, translating to 14.3% improvement on the 2013 selling season's. The golden leaf, however, sold lower, at an average price of US300 cents, compared to US356 cents during the same period in 2013.

During the week under review, cumulative tobacco sales yielded US$53.55 million, 3.7% lower than the US$55.60 million realised during the corresponding period in 2013.

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

| | 2013 | 2014 | Variance (%) |
|---|---|---|---|
| **Quantity Sold (kgs)** | 15,604,922 | 17,837,468 | 14.3 |
| **Average Price(US$/kg)** | 3.56 | 3.00 | -15.7 |
| **Value (US$ million)** | 55,598,837.87 | 53,545,329.94 | -3.7 |

*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 14th 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 (07 Mar)** | 1,340.15 | 1,466.40 | 7,030.80 | 15,082.00 | 109.04 |
| 10-March | 1,339.13 | 1,472.00 | 6,716.00 | 15,135.00 | 108.02 |
| 11-March | 1,347.13 | 1,482.00 | 6,710.00 | 15,640.00 | 108.45 |
| 12-March | 1,360.88 | 1,465.75 | 6,496.00 | 15,680.00 | 108.31 |
| 13-March | 1,369.88 | 1,475.50 | 6,495.00 | 15,730.00 | 107.72 |
| 14-March | 1,377.50 | 1,476.00 | 6,490.00 | 15,800.00 | 108.50 |
| **Weekly Average (14 Mar)** | 1,358.90 | 1,474.25 | 6,581.40 | 15,597.00 | 108.20 |
| ***Weekly Change (%)*** | **1.4** | **0.5** | **-6.4** | **3.4** | **-0.8** |

*Source: BBC, KITCO and Bloomberg*

**Gold**

Gold prices marginally firmed by 1.4%, from a weekly average of US$1 340.15/oz in the previous week to a weekly average of US$1 358.90/oz, as investors turned to the bullion as a safe-haven asset amid possible escalation of geo-political tensions over political developments in Ukraine.

**Platinum**

Platinum prices increased by 0.5%, from a weekly average of US$1 466.40/oz in the previous week to an average of US$1 474.25/oz during the week under review. Platinum prices firmed on supply side concerns, amid labor unrest in the South African platinum sector.

**Copper**

Copper prices retreated by 6.4%, from an average of US$7 030.80/tonne, in the previous week to US$6 581.40/tonne, during the week under review. The decrease in prices is as a response to weaker than expected economic data on China, hence intensified worries that growth in China could be on a slowdown.

**Nickel**

Nickel prices firmed 3.4% from an average of US$15 082.00/tonne registered in the previous week to a weekly average of US$15 597.00/tonne, supported by a ban on ore exports from Indonesia.

**Crude Oil**

Crude oil prices registered a marginal decline of 0.8%, from an average of US$109.04/barrel in the previous week to an average of US$108.20/barrel, during the week under review.  Oil prices retreated on concerns about subdued growth of oil demand after reports indicated that there is potential for Chinese bond defaults and rising crude stocks in the United States.

## 5. EQUITY MARKETS

During the week ending 14$^{th}$ March 2014, the industrial index marginally firmed by 0.03%, from 188.94 points in the previous week to 188.99 points. The mining index declined by 2.18% to 33.61 points.

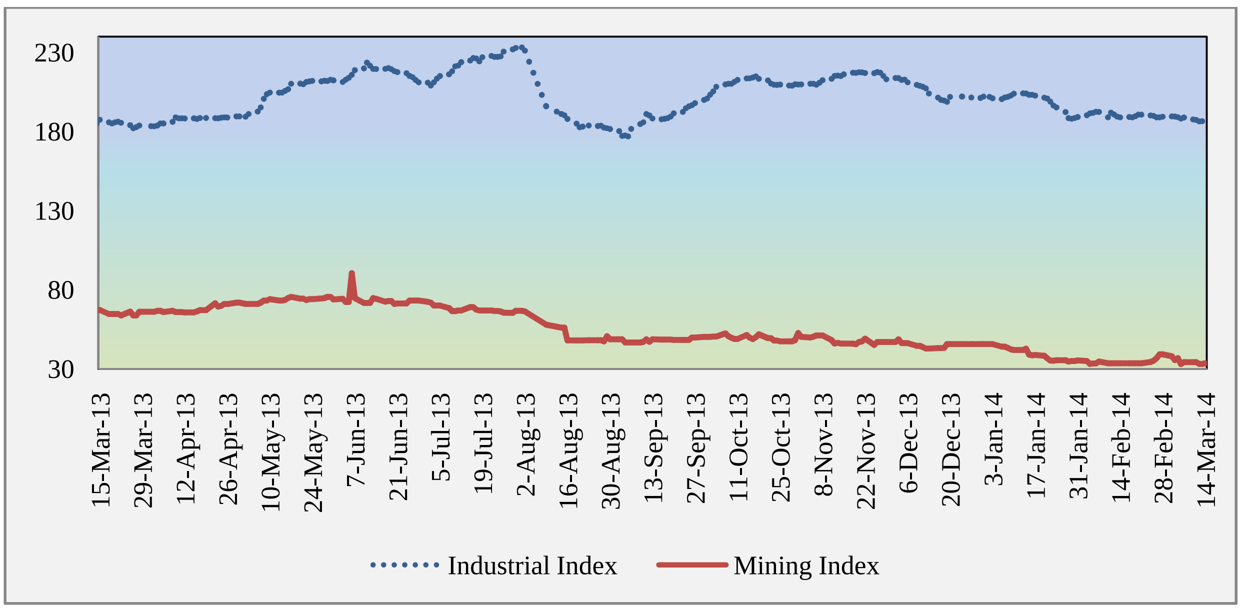
Gains were recorded in middle capitalized counters such as Star Africa, Nicoz Diamond and Dawn Properties. The gains were, however, partially offset by losses recorded in heavily capitalized counters, Econet, Innscor, Hwange and NMB, among others.

**Table 6: Zimbabwe Stock Exchange (ZSE) Statistics**

| 2014 | Industrial Index (points) | Mining Index (points) | Grand Market Capitalization (US$) | Market Turnover (US$) | Volume of Shares |
|---|---|---|---|---|---|
| **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 |
| **14-March** | 188.99 | 33.61 | 4,884,332,096 | 7,624,635 | 43,838,050 |

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

**Figure 1: Zimbabwe Stock Exchange Indices**

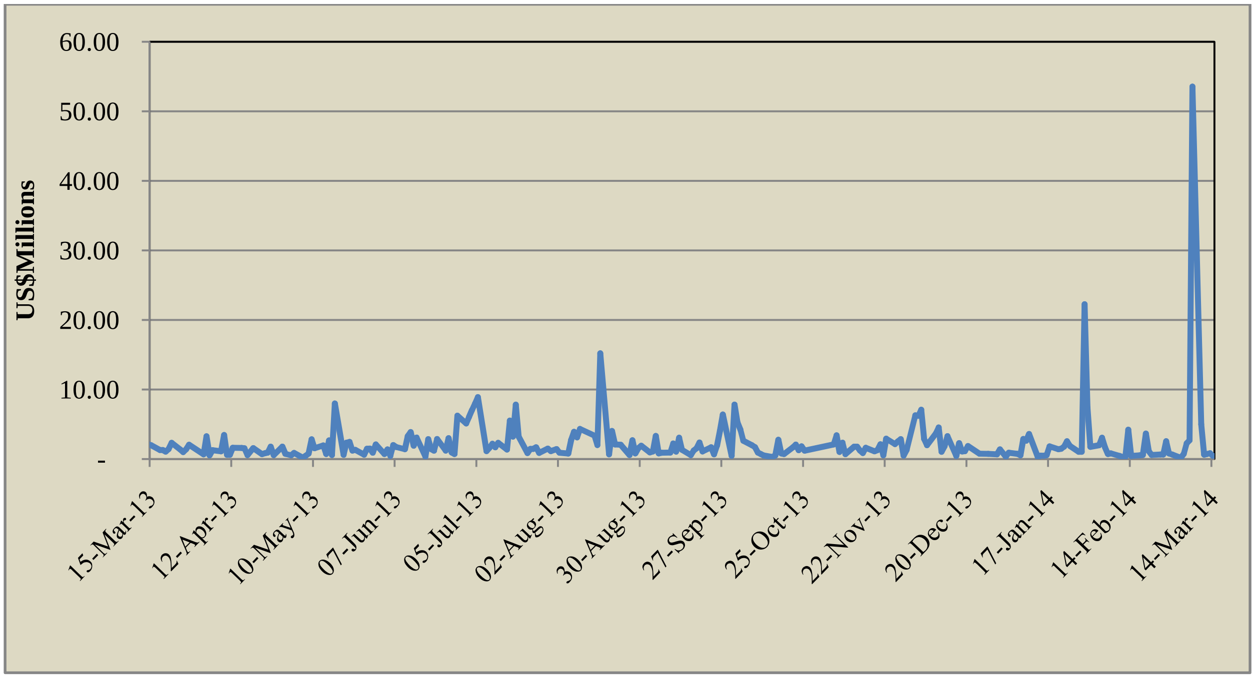



*Source: Zimbabwe Stock Exchange, 2014*

## Volume and Market Turnover

Market turnover contracted by 87.17%, from US$ 59.4 million in the previous week to US$7.62 million during the week under review. Foreign contribution rebounded to 66.37% of total revenue, up from 4.85% in the previous week.

**Figure 2: Daily Market Turnover**

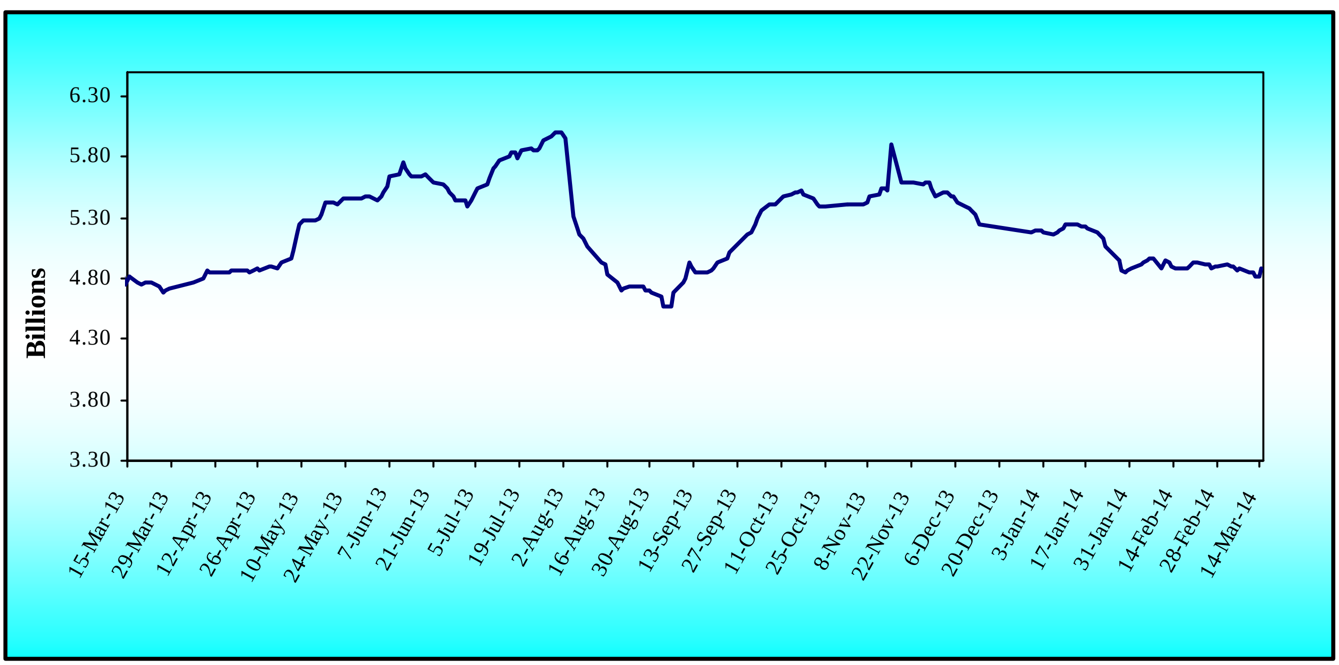



*Source: Zimbabwe Stock Exchange, 2014*

**Market Capitalization**

Market capitalization receded by 0.06%, from US$4.89 billion in the previous week to US$4.88 billion during the week under review.

**Figure 3: Market Capitalization**




*Source: Zimbabwe Stock Exchange, 2014*

**Johannesburg Stock Exchange (JSE) Developments**

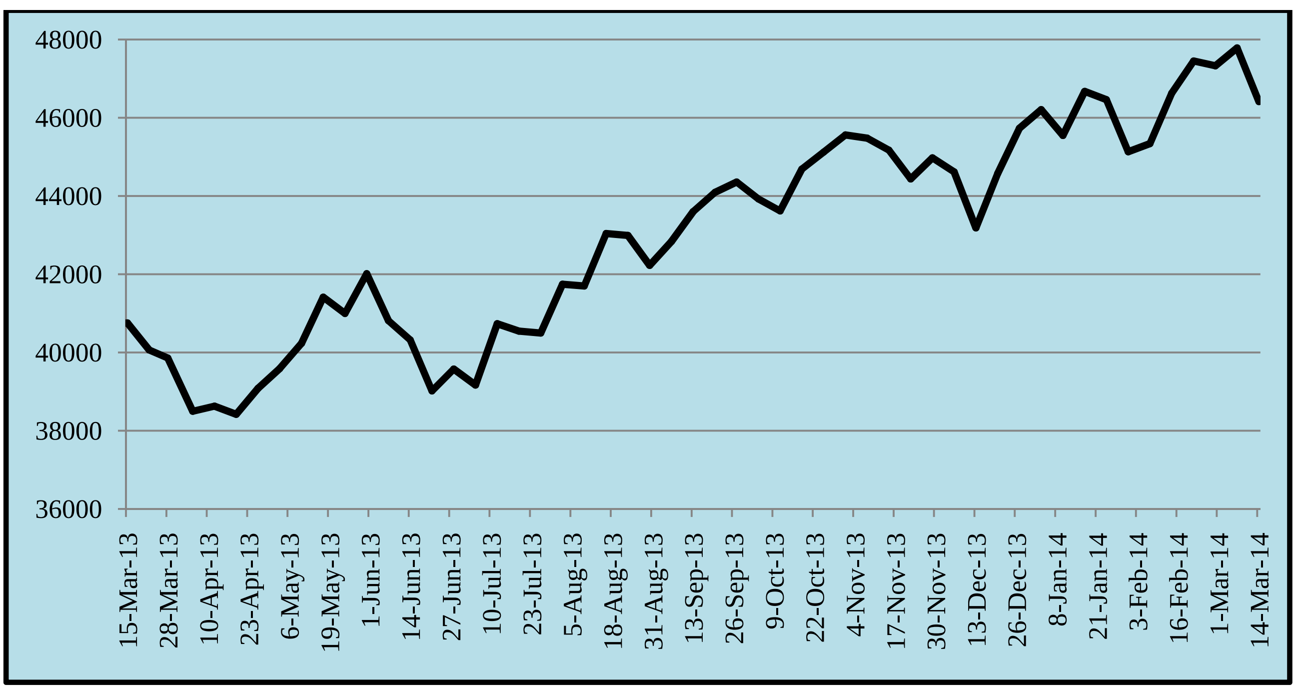
The JSE All Share index slipped by 4.97% to 46 412.40 points, whilst market capitalization decreased by 3.63% to R10 752.33 billion during the week ending 14th March 2014.

**Table 7: Johannesburg Stock Exchange (JSE) All Share Index**

| 2014 | All Share Index (points) | Market Capitalization (R bn) |
|---|---|---|
| **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 |
| **14-March** | 46,412.40 | 10,752.33 |

*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**

**19 MARCH 2014**