Vol. 17 No. 27

# Weekly Economic Highlights

## Table of Contents



Week Ending
3rd July 2015

## 1. INTEREST RATES

### Deposit Rates

Average deposit rates for savings deposits and fixed deposits of 1 month tenor remained unchanged at 3.43% and 8.31%, respectively, during the week ending 3rd July 2015. Fixed deposits of 3 months tenor, however, declined marginally to 10.01%, from 10.03% in the previous week.

**Table 1: Average Deposit Rates**

| 2015 | Savings Deposits (%) | 1-Month Deposits (%) | 3-Months Deposits (%) |
|---|---|---|---|
| **05-June** | 3.43 | 8.31 | 10.03 |
| **12-June** | 3.43 | 8.31 | 10.03 |
| **19-June** | 3.43 | 8.31 | 10.03 |
| **26-June** | 3.43 | 8.31 | 10.03 |
| **03-July** | 3.43 | 8.31 | 10.01 |

*Source: Banking Institutions, 2015*

### Lending Rates

Commercial bank weighted lending rates for individuals and corporate clients closed the week under review at 11.95 % and 8.66%, respectively.

**Table 2: Lending Rates**

| 2015 | Lending Rates (%) Commercial Banks (weighted) | |
|---|---|---|
| | **Individuals** | **Corporate clients** |
| **05-June** | 12.07 | 8.74 |
| **12-June** | 12.07 | 8.73 |
| **19-June** | 12.04 | 8.73 |
| **26-June** | 11.94 | 8.42 |
| **03-July** | 11.95 | 8.66 |

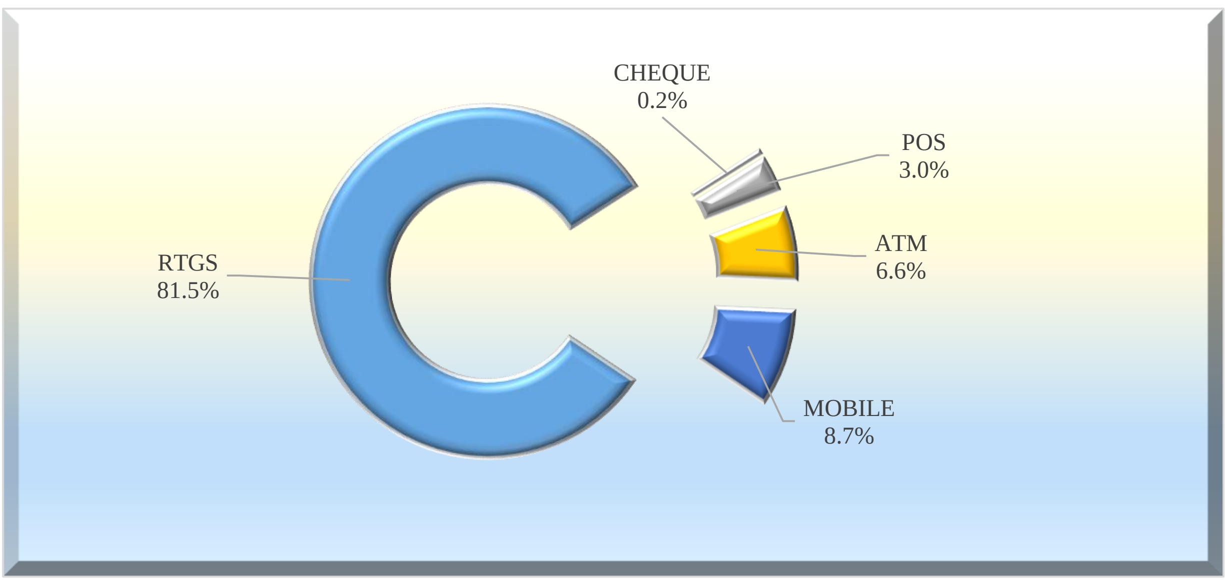
*Source: Banking Institutions, 2015*

## 2. CLEARING AND SETTLEMENT ACTIVITY

During the week ending 3rd July 2015, transactions processed through the National Payment System (NPS) decreased to US$1 212.71 million, from US$1 231.44 million in the previous week. Transactions processed through the Real Time Gross Settlement (RTGS) stood at US$987.81 million, down from US$1 079.30 million in the previous week.

In terms of proportion, RTGS continued to dominate the NPS, accounting for 81.46% of total value of transactions, followed by Mobile, 8.72%; ATMs, 6.56%; POS, 3.03% and cheque, 0.24%.

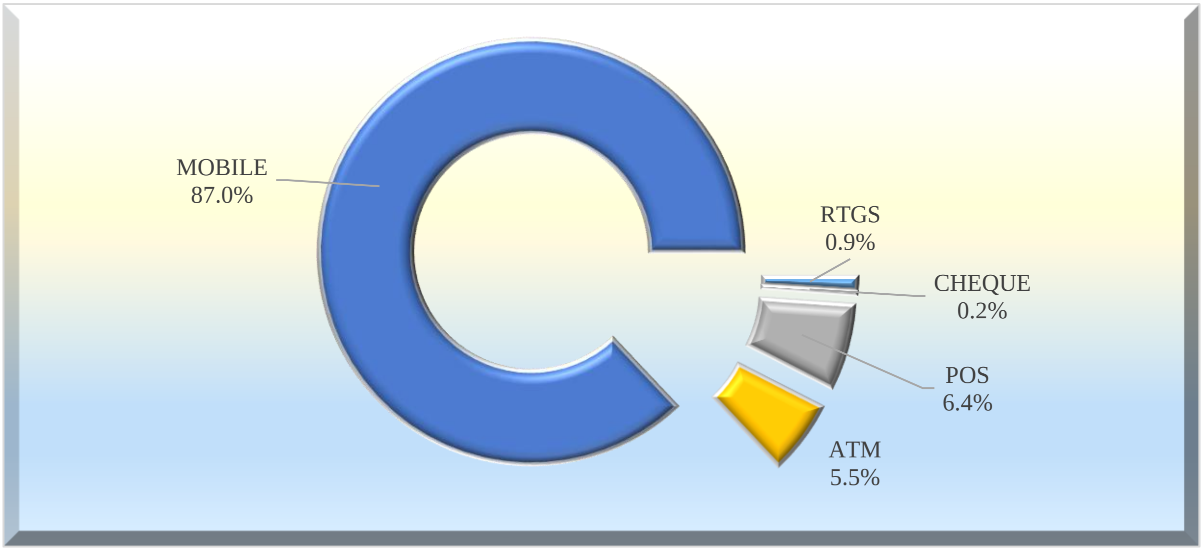
**Figure 1: Proportions of NPS Transactions in Value Terms**




*Source:Reserve Bank of Zimbabwe*

In volume terms, Mobile-based transactions accounted 87.03% of total NPS transactions; POS, 6.40%; ATM's, 5.47%; RTGS, 0.94%; and cheque transactions, 0.15%.

**Figure 2: Proportions of NPS Transactions in Volume Terms**




*Source: Reserve Bank of Zimbabwe.*

**Table 3: National Payment Systems Activity**

| PAYMENT STREAM | WEEK ENDING 26 JUNE 2015 | WEEK ENDING 3 JULY 2015 | CHANGE FROM LAST WEEK | PROPORTION |
|---|---|---|---|---|
| | **VALUES IN USD (millions)** | | | |
| **RTGS** | 1079.30 | 987.81 | -8% | 81.46% |
| **CHEQUE** | 2.45 | 2.87 | 17% | 0.24% |
| **POS** | 23.99 | 36.74 | 53% | 3.03% |
| **ATMS** | 54.67 | 79.54 | 45% | 6.56% |
| **MOBILE** | 71.03 | 105.75 | 49% | 8.72% |
| **TOTAL** | **1,231.44** | **1,212.71** | | **100%** |
| | **VOLUMES** | | | |
| **RTGS** | 45,709 | 46,827 | 2% | 0.94% |
| **CHEQUE** | 6,324 | 7,509 | 19% | 0.15% |
| **POS** | 247,498 | 319,256 | 29% | 6.40% |
| **ATMs** | 214,979 | 272,961 | 27% | 5.47% |
| **MOBILE** | 3,677,411 | 4,340,254 | 18% | 87.03% |
| **TOTAL** | **4,191,921** | **4,986,807** | | **100%** |

*Source: Reserve Bank of Zimbabwe*

## 3. TOBACCO SALES

As at 3rd July 2015 (day 84 of the 2015 tobacco selling season), a cumulative total of 180 113 269 kilograms of tobacco had been sold, reflecting a 9.10% decline, compared to the 198 145 071 kilograms sold during the same period in 2014.

Cumulative tobacco sales at US$529.26 million, were 16% lower than the US$629.82 million realised during the corresponding period in 2014. The golden leaf was sold at a lower average price of US$2.94/kg, compared to US$3.18/kg during the same period in 2014.

**Table 4: Cumulative Tobacco Sales: Day 84 (03/07/15)**

| | **2014** | **2015** | **Variance (%)** |
|---|---|---|---|
| **Cumulative Quantity Sold (kgs)** | 198,145,071 | 180,113,269 | -9.10% |
| **Cumulative Average Price(US$/kg)** | 3.18 | 2.94 | -7.55% |
| **Cumulative Value (US$)** | 629,818,064 | 529,258,132 | -16% |

*Source: Tobacco Industry and Marketing Board (TIMB), 2015*

## 4. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS

During the week ending 3rd July 2015, international commodity prices for gold, nickel and crude oil retreated. Platinum and copper prices, however, firmed as depicted in Table 5 below.

**Table 5: Metals and Crude Oil Prices**

| **Period** | **Gold** | **Platinum** | **Copper** | **Nickel** | **Crude Oil** |
|---|---|---|---|---|---|
| **2015** | US$/ounce | US$/ounce | US$/tonne | US$/tonne | US$/barrel |
| **Weekly Average (26 June)** | **1,178.22** | **1,071.20** | **5,716.20** | **12,622.00** | **63.23** |
| **29-Jun** | 1,175.20 | 1,078.00 | 5,766.00 | 11,710.00 | 62.16 |
| **30-Jun** | 1,173.00 | 1,079.50 | 5,720.00 | 11,675.00 | 62.88 |
| **1-Jul** | 1,169.85 | 1,083.50 | 5,755.00 | 11,905.00 | 62.68 |
| **2-Jul** | 1,164.78 | 1,081.00 | 5,755.00 | 11,905.00 | 62.81 |
| **3-Jul** | 1,168.10 | 1,084.00 | 5,761.00 | 12,050.00 | 61.60 |
| **Weekly Average (3 July)** | **1,170.19** | **1,081.20** | **5,751.40** | **11,849.00** | **62.43** |
| ***Weekly Change (%)*** | *(0.7)* | *0.9* | *0.6* | *(6.1)* | *(1.3)* |

*Source: BBC, KITCO, Reuters and Bloomberg*

### Gold

Gold prices continued on a downward trend from an average of US$1 178.22/oz in the previous week, to close the week under review at an average of US$1 170.19/oz. The precious metal's appeal as a safer investment option continued to be eroded by the progressive appreciation of the US dollar. This exerted downward pressure on the price of the metal.

### Platinum

Platinum prices increased by 0.9%, to an average of US$1 081.20/oz, during the week under review. The increase in the platinum can be attributed to increases in global vehicle sales, with the US vehicle sales recording a 3.9% increase in June 2015, on a year-on-year basis.

## Copper

During the week under review, copper prices firmed by 0.6% to US$5 751.40/tonne, from US$5 716.20/tonne in the previous week. This followed improved demand for the metal in the USA after June 2015 statistics signaled growth in the manufacturing and construction spending. The USA is the world's second largest consumer of the base metal.

## Nickel

Nickel prices stood at US$11 849.00/tonne during the week ending 3rd July 2015, down from US$12 622.00/tonne registered in the previous week. The decline in the price was largely attributed to policy initiatives by China to stop the possible collapse of its domestic equities. This heightened speculation that the country's economic growth may falter, amid weakening demand.

## Crude Oil

Crude oil prices averaged US$62.43/barrel during the week under analysis, down from US$63.23/barrel in the previous week. The 1.3% decline in oil prices followed concerns about increased global supplies following a rebound in US fracking drilling, a development that added to an already oversupplied market and further depressed oil prices.

## 5. EQUITY MARKETS

Trading on the Zimbabwe Stock Exchange (ZSE) maintained a negative trend for the second consecutive week. Resultantly, the industrial index declined by 1.74% from 148.79 points in the previous week, to close the week under review at 146.20 points. The mining index also declined by 1.07% to 39.76 points.

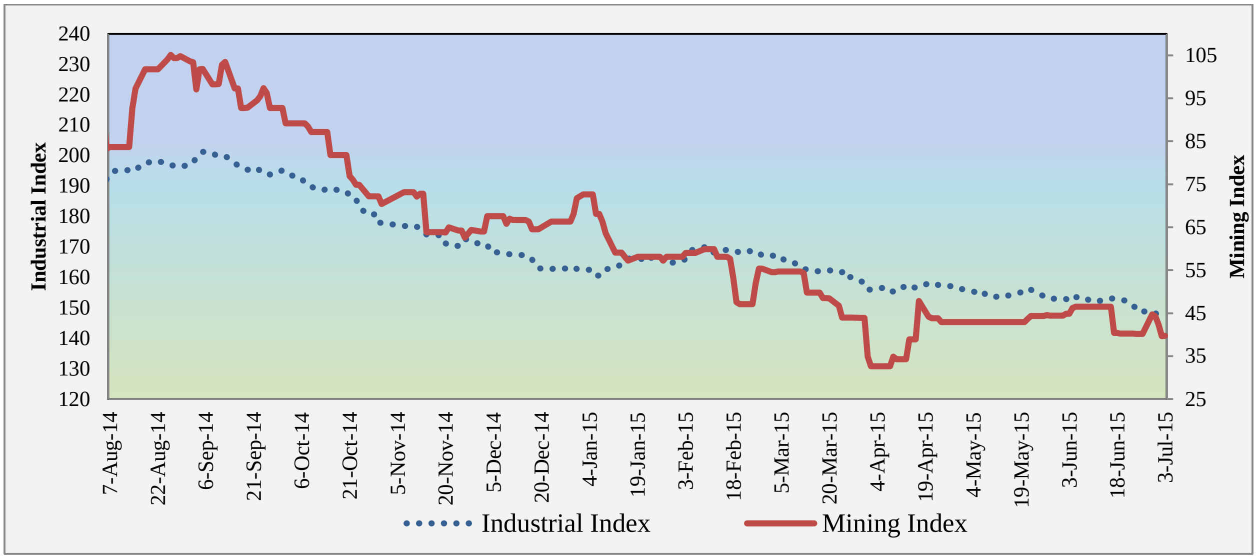
Weighing down the industrial index were losses in share prices in some mid-cap and heavyweight counters such as Zimplow (40%), Econet (12.50%), Turnall (12.50%), RTG (10%), Colcom (8.33%), Innscor (4.75%), PPC (4.17%), Delta (0.99%), B.A.T. (0.87%) and SeedCo (0.52%). Econet, B.A.T. and Delta Beverages counters were affected by the sell-off pressure that is characterising the local bourse. The mining index declined partly as a result of a 68% share price loss in Falgold, which traded on thin volumes.

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

| Period | Industrial Index (points) | Mining Index (points) | Grand Market Capitalization (US$) | Market Turnover (US$) | Volume of Shares |
|---|---|---|---|---|---|
| **05-June-15** | 153.49 | 46.54 | 3,994,531,531 | 3,380,325 | 8,907,374 |
| **12-June-15** | 152.20 | 46.54 | 3,968,883,265 | 3,492,167 | 28,242,831 |
| **19-June-15** | 152.90 | 40.28 | 3,978,036,078 | 5,202,854 | 24,644,727 |
| **26-June-15** | 148.79 | 40.19 | 3,869,035,933 | 1,906,697 | 12,368,517 |
| **03-July-15** | 146.20 | 39.76 | 3,802,325,041 | 4,129,654 | 61,921,904 |

*Source: Zimbabwe Stock Exchange (ZSE), 2015*

**Figure 3 : Zimbabwe Stock Exchange Indices**

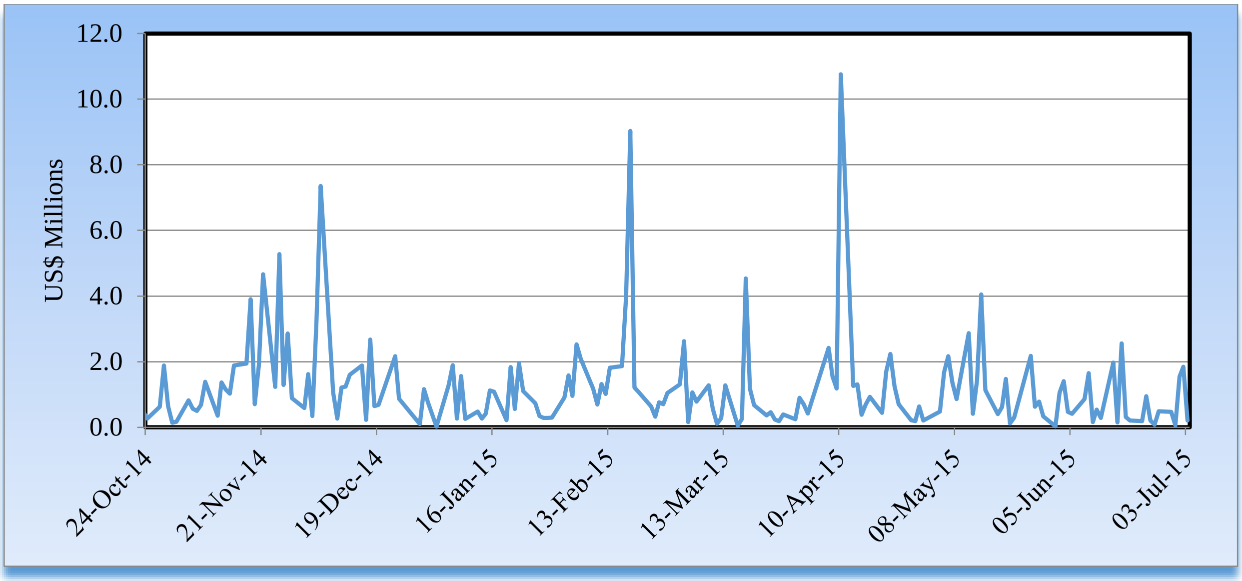



*Source: Zimbabwe Stock Exchange, 2015*

## Market Turnover and Volume

Market turnover rose by 116.59% to US$4.13 million during the week under review. The volume of shares traded increased to 61 921 904 shares, from 12 368 517 shares in the previous week. The significant increase in the volume of shares traded was partly due to two special bargains. A total of 5 018 144 DZHL shares were traded at 8 cents each, while 39 604 680 ART shares exchanged hands at 0.6 cents each.

**Figure 4: Daily Market Turnover**

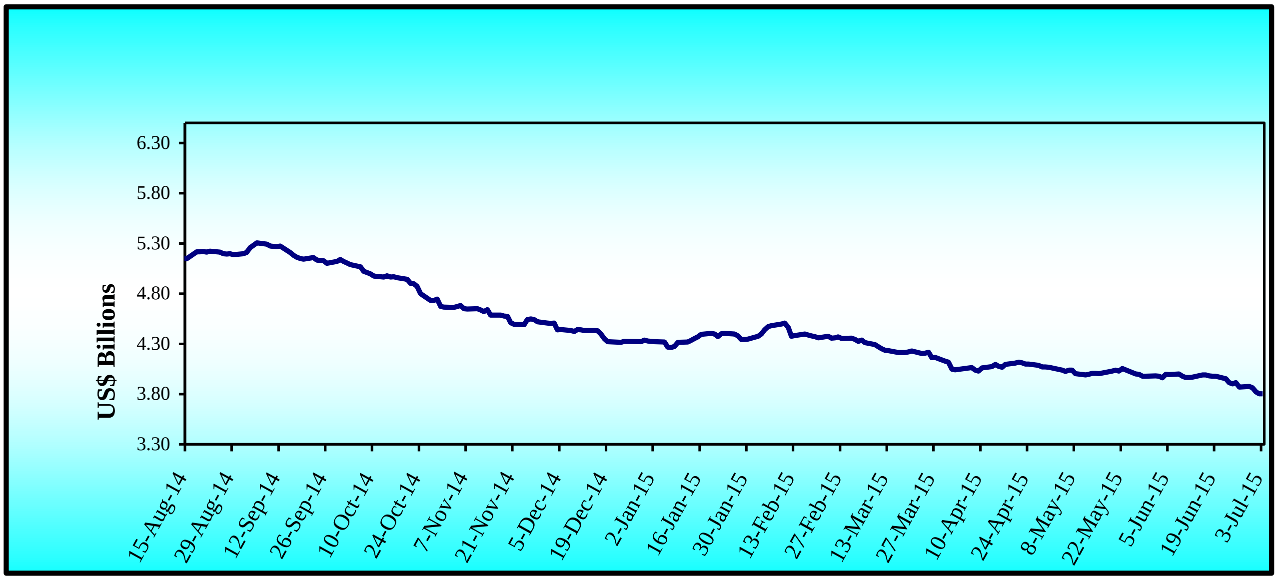



*Source: Zimbabwe Stock Exchange, 2015*

**Market Capitalisation**

As a consequence of negative trading on the local bourse during the week under review, market capitalization declined by 1.72% to US$3.80 billion. The decline is largely attributed to the challenging operating environment which adversely affected corporate performance.

**Figure 5 : Market Capitalization**




*Source: Zimbabwe Stock Exchange, 2015*

**Johannesburg Stock Exchange (JSE) Developments**

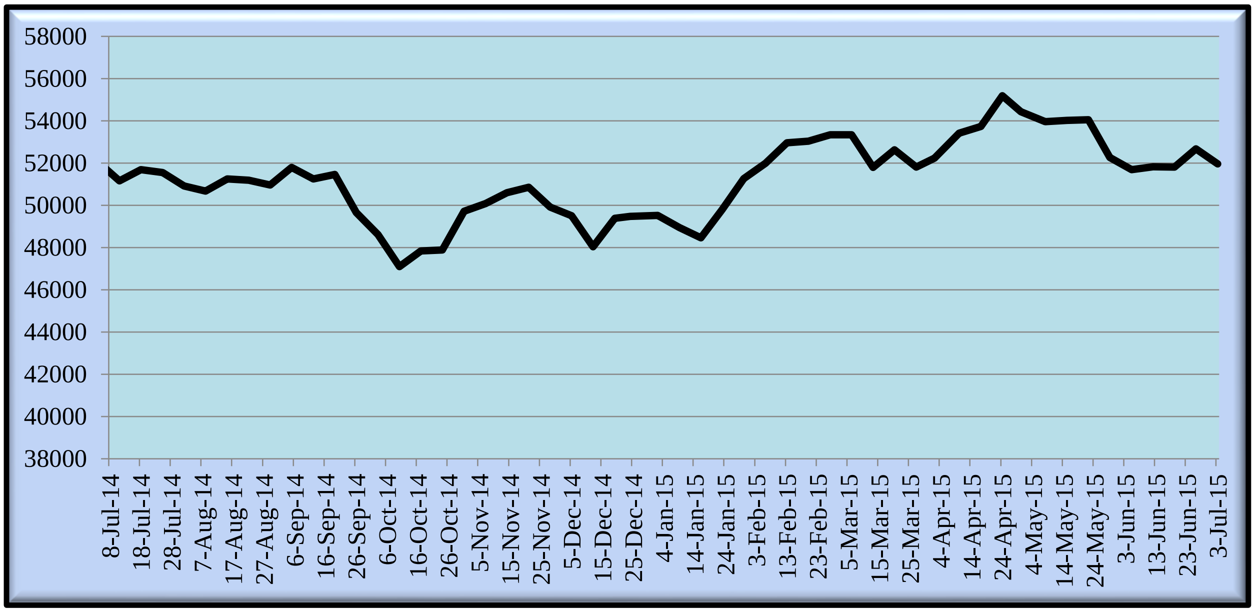
The JSE All Share index stood at 51 967.08 points during the week ending 3rd July 2015, a decline from 52 669.75 points in the previous week. Similarly, market capitalisation decreased to R11.96 trillion during the week under analysis.

**Table 7: Johannesburg Stock Exchange (JSE) Statistics**

| Period- 2015 | All Share Index (points) | Market Capitalization (R trillion) |
|---|---|---|
| **05-June** | 51,694.25 | 11,96 |
| **12-June** | 51,828.76 | 12,00 |
| **19-June** | 51,806.71 | 12,00 |
| **26-June** | 52,669.75 | 12,17 |
| **03-July** | 51,967.08 | 11,96 |

*Source:https://www.jse.co.za/services/market-data/market-statistics*

**Figure 6: Johannesburg Stock Exchange (JSE) All Share Index**




*Source:https://www.jse.co.za/services/market-data/market-statistics*

**RESERVE BANK OF ZIMBABWE**

**10TH JULY 2015**