Weekly Economic Highlights

Vol. 21 No. 36

Week Ending 30th August 2019

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1. INTEREST RATES

Deposit Rates

Average deposit rates for savings deposits and deposits of 3-month tenor increased to 4.90% and 4.87%, respectively, during the week ending 30th August 2019. Deposit rates for deposits of 1-month tenor, however, declined by 0.76 percentage points to 4.02%, during the same week.

Table 1: Average Deposit Rates (per annum)

Date	Savings Deposits (%)	1-Month Deposit (%)	3-Month Deposit (%)
2-Aug-19	4.16	3.99	4.43
9-Aug-19	4.16	3.99	4.43
16-Aug-19	4.16	3.99	4.51
23-Aug-19	4.27	4.78	4.79
30-Aug-19	**4.90**	**4.02**	**4.87**

Source: Banking Institutions, 2019

Lending Rates

Commercial bank weighted lending rates for individual clients increased by 0.13 percentage points to 14.37%, during the week under review. Similarly, weighted lending rates for corporate clients increased from 16.77% in the previous week, to 18.43% during the week under analysis.

Table 2: Lending Rates

Date	Lending Rates[1] (%) Commercial Banks (weighted)	
	Individuals	**Corporate Clients**
2-Aug-19	9.55	8.39
9-Aug-19	9.56	8.60
16-Aug-19	14.33	16.55
23-Aug-19	14.24	16.77
30-Aug-19	**14.37**	**18.43**

Source: Banking Institutions, 2019

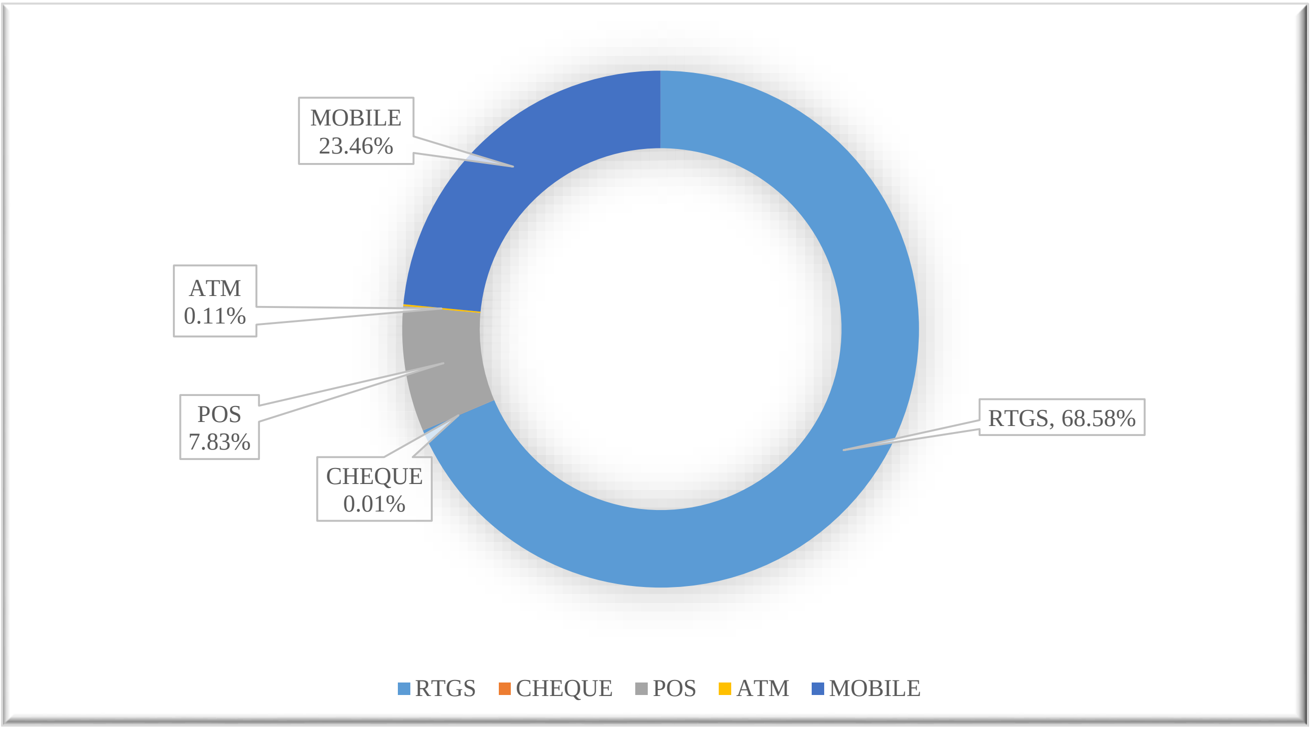
[1] Minimum weighted lending rates offered by commercial banks.

2. CLEARING AND SETTLEMENT ACTIVITY

The total value of transactions processed through the National Payment System (NPS) increased by 3.07% to $9.43 billion, during the week ending 30th August 2019, from $9.15 billion recorded in the previous week. RTGS transactions, however, declined by 2% to close the week under analysis at $6.46 billion.

In terms of value, NPS transactions were distributed as follows: RTGS 68.58%; Mobile, 23.46%; Point of Sale (POS), 7.83%; Automated Teller Machine (ATM), 0.11% and cheque, 0.01%, as shown in Figure 1.

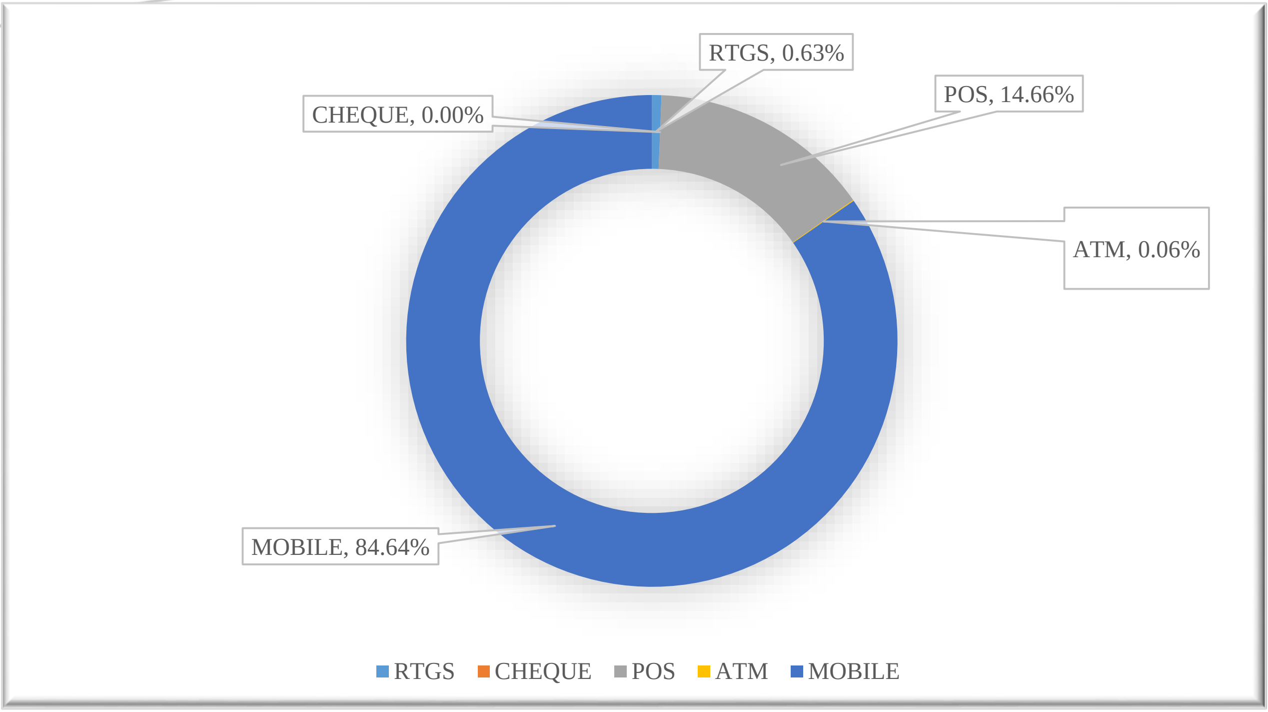
Figure 1: Composition of NPS Transactions in Value Terms



Source: Reserve Bank of Zimbabwe, 2019

The week under review saw NPS transaction volumes increase by 9.12% to 40,896,462 transactions. Small value mobile transactions dominated the transaction volumes, accounting for 84.64% of the total. High value RTGS transactions, which accounted for the lion's share of NPS values, accounted for 0.63% of the transaction volumes. The proportions of volumes for the other payment platforms were as follows; POS, 14.66%; ATM, 0.06%, and cheque, 0%, as shown in Figure 2.

Figure 2: Composition of NPS Transactions in Volume Terms



Source: Reserve Bank of Zimbabwe, 2019

Table 3: National Payment Systems Activity

PAYMENT STREAM	WEEK ENDING 23rd AUGUST 2019	WEEK ENDING 30th AUGUST 2019	% CHANGE FROM LAST WEEK	PERCENTAGE OF TOTAL
	VALUES IN $ (millions)			
RTGS	6,596.42	6,464.22	-2.00	68.58
CHEQUE	0.58	0.57	-1.72	0.01
POS	596.14	738.44	23.87	7.83
ATM	6.21	10.83	74.26	0.11
MOBILE	1,945.93	2,211.63	13.65	23.46
TOTAL	**9,145.28**	**9,425.69**	3.07	**100**
	VOLUMES			
RTGS	200,345	258,418	28.99	0.63
CHEQUE	2,187	2,039	-6.77	0.00
POS	5,126,862	5,996,942	16.97	14.66
ATM	16,003	23,540	47.10	0.06
MOBILE	32,131,432	34,615,523	7.73	84.64
TOTAL	**37,476,829**	**40,896,462**	9.12	**100**

Source: Reserve Bank of Zimbabwe, 2019.

3. TOBACCO SALES

Weekly cumulative tobacco sales stood at 257.55 kilograms as at 30th August 2019 or day 112 of the 2019 tobacco selling season. This was 2.18% higher than the quantity sold during the same period in 2018. The value of tobacco sold, however, declined by 29.00% to US$522.68 million, compared to the same period in 2018.

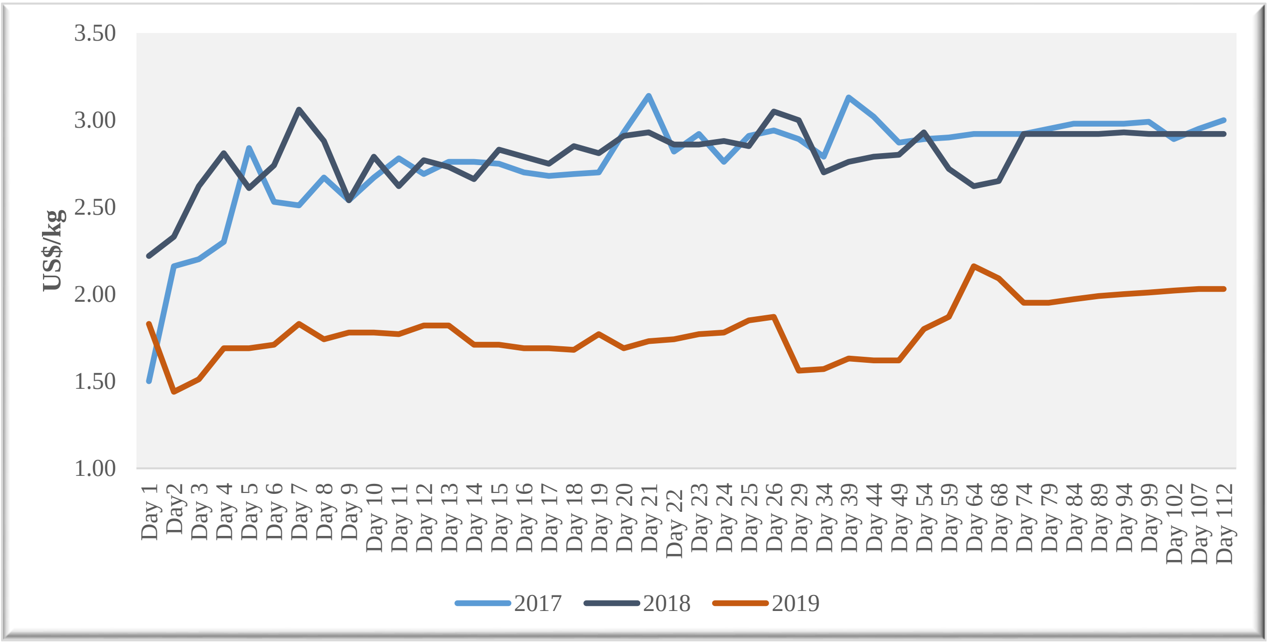
Table 4: Weekly Cumulative Tobacco Sales: Day 112 (30th of August 2019)

	2018	2019	Variance (%)
Cumulative Quantity Sold (million kgs)	252.04	257.55	2.18
Cumulative Average Price(US$/kg)	2.92	2.03	(30.52)
Cumulative value (US$ million)	736.21	522.68	(29.00)

Source: Tobacco Industry and Marketing Board (TIMB), 2019

The average price of the golden leaf, at $2.03/kg, was 30.52% lower compared to $2.92/kg realized during the same period in 2018. Tobacco prices have remained subdued since the beginning of the 2019 tobacco-selling season.

Figure 3: Average Tobacco Daily Price (US$)



Source: TIMB and ZTA, 2019

4. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS

The international weekly average prices of gold, platinum, and nickel increased, during the week ending 30th August 2019. Copper and crude oil prices, however, retreated in the same week, as shown in Table 5.

Table 5: International Commodity Prices

	Gold	Platinum	Copper	Nickel	Crude Oil
2019	*US$/ounce*	*US$/ounce*	*US$/tonne*	*US$/tonne*	*US$/barrel*
weekly average (19-23 August)	**1,499.85**	**849.40**	**5,703.33**	**15,829.80**	**59.72**
19-Aug	1,497.98	844.50	5,738.50	15,963.00	59.85
27-Aug	1,499.78	846.00	5,726.00	15,981.00	59.76
28-Aug	1,501.45	848.50	5,706.75	15,812.00	60.02
29-Aug	1,500.38	852.50	5,670.50	15,670.00	60.23
30-Aug	1,499.65	855.50	5,674.90	15,723.00	58.73
weekly average (27-30August)	**1,534.44**	**896.75**	**5,664.44**	**16,651.00**	**59.67**
Weekly Change (%)	*2.3*	*5.6*	*(0.7)*	*5.2*	*(0.1)*

Source: BBC, KITCO and Bloomberg, 2019

Gold

The weekly average price of gold increased by 2.3%, to close the week under review at US$1,534.44/ounce. Prices of the yellow metal were boosted by strong safe have demand, as investors shifted to non-interest bearing assets, amid concerns about a global recession, as well as growing expectations of interest rate cuts by most central banks worldwide.

Platinum

Platinum prices rose by 5.6% to US$896.75/ounce during the week under review, compared to an average of US$849.40/ounce in the previous week. Similar to gold, the increase was partly attributable to prospects of higher global demand for the precious metal.

Copper

Copper prices decreased by 0.7% to an average of US$5,664.40/tonne, during the week under review. This followed the increase in stockpiles, coupled with the slowdown in the demand for the base metal, particularly in China.

Nickel

Nickel prices surged by 5.2%, from US$15,829.80/tonne in the previous week to US$16,651.00/tonne, during the week under review. This was on the back of new stimulus measures in China, one of the top consumers of the base metal, as well as the anticipation for a positive outcome from the U.S-China trade deal talks.

Crude Oil

Crude oil prices retreated marginally, by 0.1% to US$59.67/barrel, from a previous week average of US$59.72/barrel. The decline was, in large part, underpinned by slowing global demand, due to the US-China trade dispute.

EXCHANGE RATES

The ZWL depreciated against the sterling pound, US dollar, euro, pula, and rand, during the week under review, as shown in Table 6.

Table 6: International Exchange Rates[2]

	USD	ZAR	GBP	BWP	EURO
2019					
Weekly Average (19-23 August)	**10.1843**	**0.6662**	**12.3828**	**0.9190**	**11.2883**
26-Aug	10.0873	0.6619	12.2742	0.9104	11.1888
27-Aug	10.1292	0.6565	12.2776	0.9126	11.2272
28-Aug	10.1778	0.6645	12.3649	0.9175	11.2932
29-Aug	10.2447	0.6720	12.4238	0.9261	11.3532
30-Aug	10.2825	0.6760	12.5734	0.9285	11.3791
Weekly Average (26-30 August)	**10.5120**	**0.6833**	**12.8226**	**0.9458**	**11.6288**
Appr(-)/Depr(+) (%) of the ZWL	*3.22*	*2.57*	*3.55*	*2.92*	*3.02*

Source: Reserve Bank of Zimbabwe, 2019

[2] Direct quote – the amount of domestic currency needed to exchange for 1 unit of foreign currency.

5. EQUITY MARKETS

The Zimbabwe Stock Exchange (ZSE) market experienced losses, during the week ending 30th August 2019. Resultantly, both the All Share and Top 10 indices declined by 4.57% and 6.70% in the previous week, to close the week under review at 166.36 points and 148.06 points, respectively.

The industrial index declined from 580.60 points in the previous week, to close the week under analysis at 553.59 points. This was largely attributable to share price losses recorded at Simbisa Brands Limited, (22.58%); Ok Zimbabwe Limited, (17.83%); Axia Corporation Limited, (16.08%); Powerspeed Electrical Limited, (13.19%); and African Sun Limited, (12.50%). Partially offsetting the losses were share price gains at Willdale Limited, (45.35%); CAFCA limited, (14.50%); NMBZ Holdings Limited, (12.50%); TSL Limited, (7.50%) and Mashonaland Holdings Limited, (0.05%).

The mining index increased by 4.01%, from 259.15 points recorded in the previous week to 269.55 points, during the week under analysis. This was attributable to the share price gains for Riozim, (5.71%). The gains were, partially offset, by losses in Bindura Nickel Corporation Limited (7.57%).

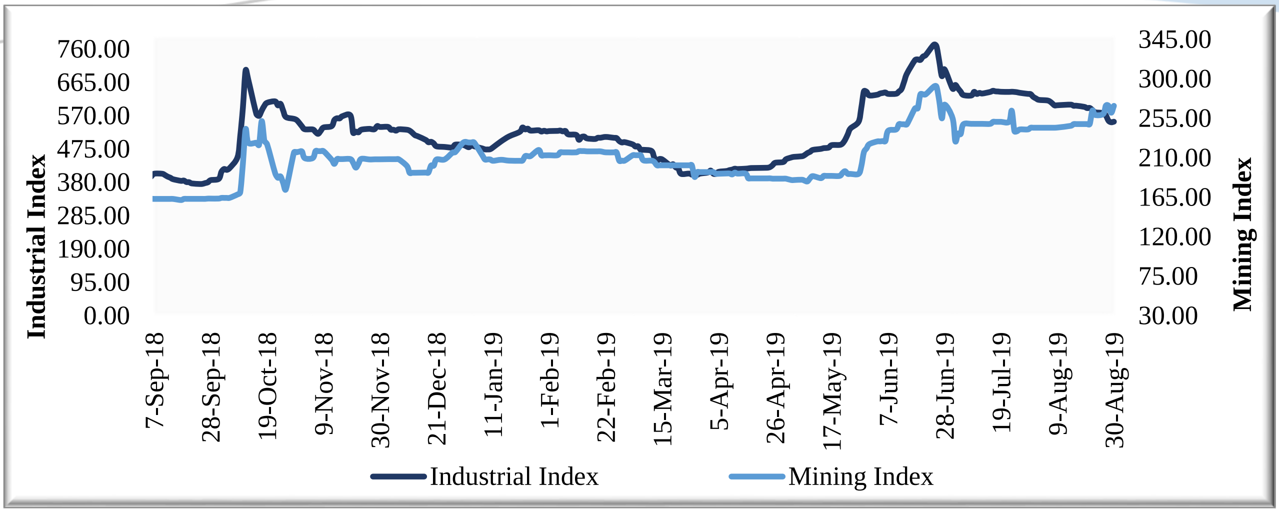
Table 7: Zimbabwe Stock Exchange Statistics

	All Share Index[3] (points)	Top 10 index[4] (points)	Industrial Index (points)	Mining Index (points)	Grand Market Capitalization (US$ million)	Market Turnover (US$ million)	Volume of Shares (million)
02-Aug-19	184.63	172.77	616.00	244.57	24,288	29.29	33.28
09-Aug-19	180.05	166.67	600.56	244.79	23,518	27.03	20.67
16-Aug-19	179.70	165.66	599.18	248.74	23,425	20.25	14.47
23-Aug-19	174.33	158.69	580.60	259.15	23,008	22.72	32.75
30-Aug-19	166.36	148.06	553.59	269.55	21,742	31.45	39.10
Weekly Change (%)	**(4.57)**	**(6.70)**	**(4.65)**	**4.01**	**(5.50)**	**38.42**	**19.39**

Source: Zimbabwe Stock Exchange (ZSE), 2019

[3] The All Share index shows the changing average value of shares of all companies on the market.
[4] The Index is calculated using the market capitalisation method.

Figure 4: Zimbabwe Stock Exchange Indices

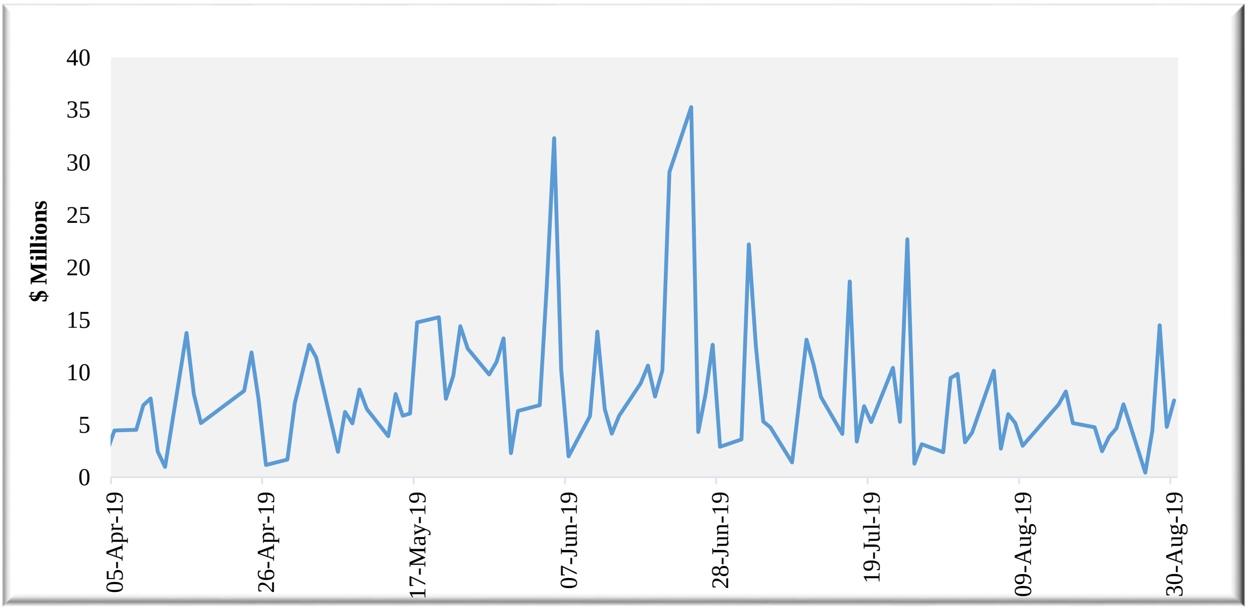


Source: Zimbabwe Stock Exchange, 2019

Market Turnover and Volume

During the week under review, trading activity on the ZSE was concentrated in blue-chip counters. This resulted in a 38.42% increase in the value of shares traded to $31.45 million, compared to $22.72 million realized in the previous week. Similarly, the volume of shares traded, also increased by 19.38%, to close at 39.10 million shares, from 32.75 million shares traded in the previous week.

Figure 5: Daily Market Turnover



Source: Zimbabwe Stock Exchange, 2019.

Market Capitalization

The ZSE shed \$1.26 billion or 5.50% worth of market capitalization to close at \$21 742 million, during the week ending 30th August 2019.

Figure 6: Daily Market Capitalization

Source: Zimbabwe Stock Exchange, 2019

Johannesburg Stock Exchange (JSE) Developments

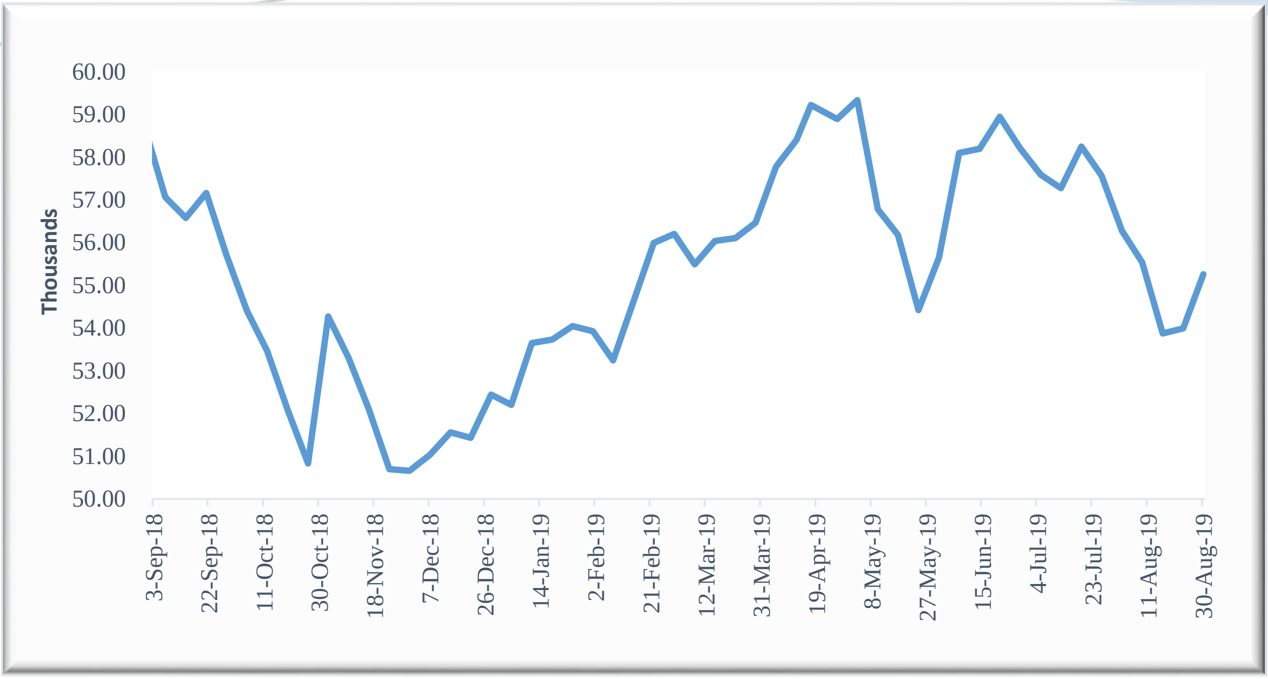
The JSE All Share Index registered a 2.34% increase to close at 55,259.57 points, during the week ending 30th August 2019. In tandem, JSE market capitalization also increased by 1.52%, to close at R16.04 during the same week.

Table 7: Johannesburg Stock Exchange (JSE) Statistics

Period	All Share Index (points)	Market Capitalization (ZAR billion)
02-Aug-19	56,273.92	16.26
09-Aug-19	55,535.24	16.13
16-Aug-19	53,874.52	15.79
23-Aug-19	53,995.82	15.80
30-Aug-19	55,259.57	16.04
% Change	**2.34**	**1.52**

Source:https://www.jse.co.za/services/market-data/market-statistics,2019

Figure 7: Johannesburg Stock Exchange (JSE) All Share Index



Source:https://www.jse.co.za/services/market-data/market-statistics,2019

RESERVE BANK OF ZIMBABWE

6TH SEPTEMBER 2019