Vol. 21 No. 31

Weekly Economic Highlights

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Week Ending
26th JULY 2019

1. INTEREST RATES

Deposit Rates

Average deposits rates for deposits of 1 month and 3 month tenors increased by 0.02 and 0.03 percentage points, to close the week ending 26th July 2019 at 3.99% and 4.46%, respectively. Savings deposit rates, however, remained unchanged at the previous week average of 4.16%.

Table 1: Average Deposit Rates (% per annum)

Date	Savings Deposits	1-Month Deposit	3-Month Deposit
28-Jun-19	4.16	4.06	4.27
5-Jul-19	4.16	4.16	4.27
12-Jul-19	4.16	4.37	4.43
19-Jul-19	4.16	3.97	4.43
26-Jul-19	4.16	**3.99**	**4.46**

Source: Banking Institutions, 2019

Lending Rates

During the week under review, commercial bank weighted lending rates for corporate clients increased marginally by 0.01 percentage points to 8.4%. Weighted lending rates for individual clients, however, decreased by 0.02 percentage points to 9.54%.

Table 2: Average Weighted Lending Rates (%) by Commercial Banks

	Lending Rates (%)	
Date	**Individuals**	**Corporate Clients**
28-Jun-19	9.15	7.67
5-Jul-19	9.08	7.37
12-Jul-19	9.51	8.49
19-Jul-19	9.56	8.39
26-Jul-19	9.54	8.4

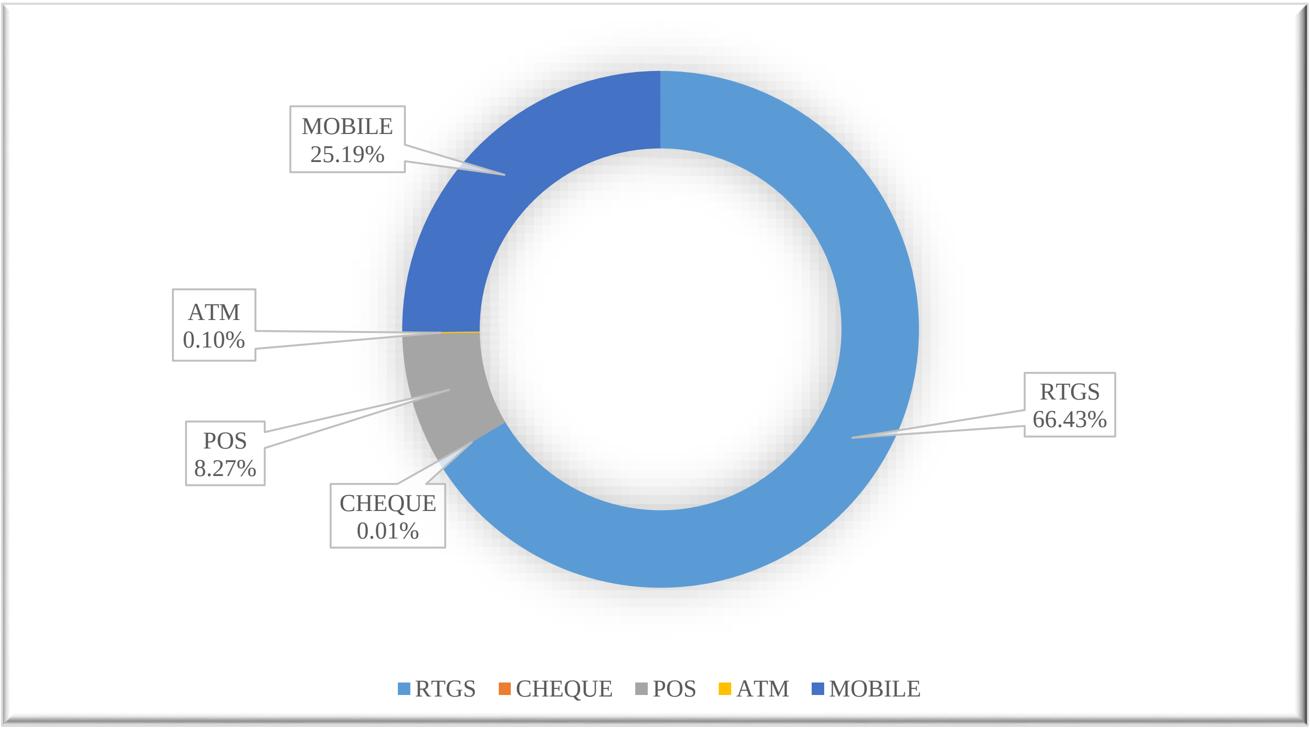
Source: Banking Institutions, 2019

2. CLEARING AND SETTLEMENT ACTIVITY

The total value of transactions processed through the National Payment System (NPS) increased by 3.43%, from $7 billion recorded in the previous week to $7.24 billion, during the week ending 26th July 2019. Real Time Gross Settlement (RTGS) system transaction values decreased by 4.33%, from $5.03 billion in the previous week to $4.81 billion, during the week under review.

The NPS transaction values were distributed as follows: RTGS, 66.43%; Mobile, 25.19%; Point of Sale (POS), 8.27%; Automated Teller Machine, 0.10%; and cheque, 0.01%, as shown in Figure 1.

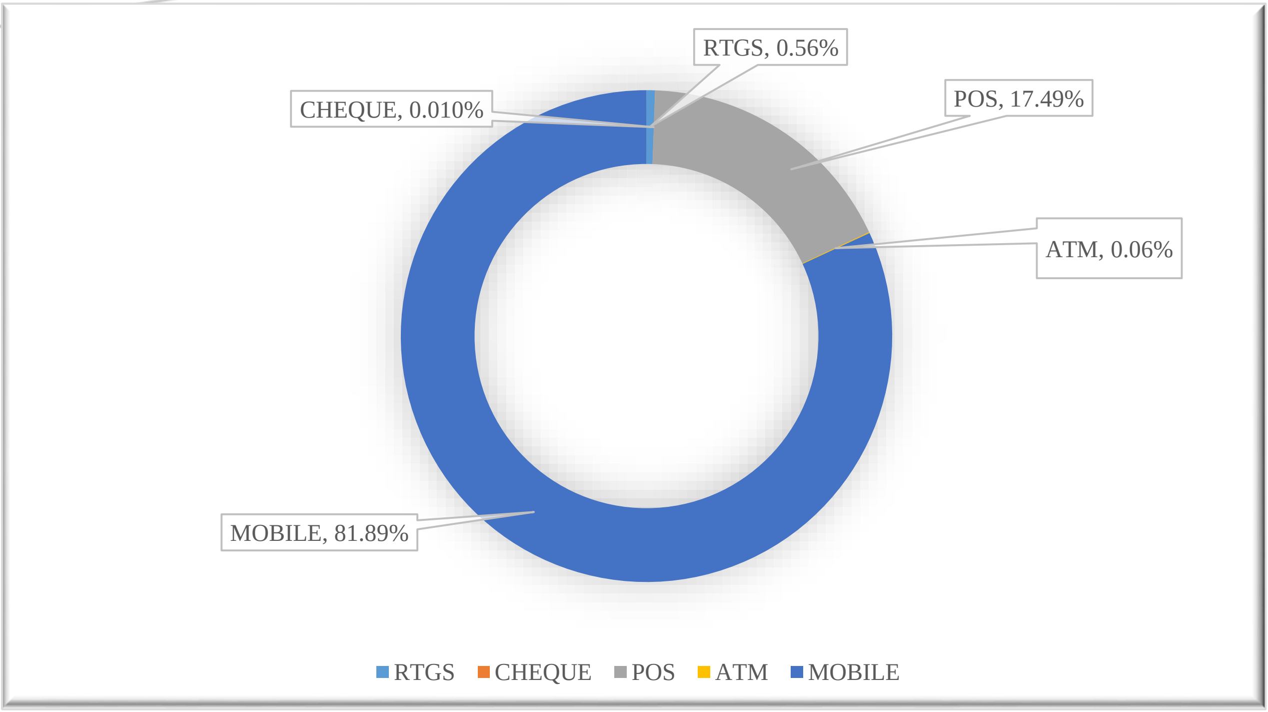
Figure 1: Composition of NPS Transactions in Value Terms



Source: Reserve Bank of Zimbabwe, 2019

The level of activity, measured by NPS transaction volumes, increased by 15.54% from 36.38 million transactions in the previous week to 42.01 million transactions, during the week under analysis. The NPS transaction volumes were distributed as follows; Mobile, 81.89%, POS, 17.49%; RTGS, 0.56%; ATM, 0.06%; and cheque, 0.01%, 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 19th JULY 2019	WEEK ENDING 26th JULY 2019	% CHANGE FROM LAST WEEK	PERCENTAGE OF TOTAL
	VALUES IN $ (millions)			
RTGS	5,030.79	4,813.13	-4.33%	66.43%
CHEQUE	0.87879	0.71646	-18.47%	0.01%
POS	521.283	599.124	14.93%	8.27%
ATM	7.50816	7.16717	-4.54%	0.10%
MOBILE	1,442.57	1,824.81	26.50%	25.19%
TOTAL	**7,003.03**	**7,244.95**	3.45%	**100%**
	VOLUMES			
RTGS	178,652	234,760	31.41%	0.56%
CHEQUE	3,289	2,634	-19.91%	0.01%
POS	4,982,032	7,346,531	47.46%	17.49%
ATM	37,336	24,626	-34.04%	0.06%
MOBILE	31,176,446	34,403,845	10.35%	81.89%
TOTAL	**36,377,755**	**42,012,396**	15.49%	**100%**

Source: Reserve Bank of Zimbabwe, 2019.

3. TOBACCO SALES

As at 26th July 2019 or day 89 of the tobacco selling season, 239.53 million kilograms had been sold, representing a 2% decline from the 243.53 million kilograms sold during the same period in 2018. Turnover realized from the sales amounted to US$476.06 million, and was 33% lower than the US$711.60 million recorded during the corresponding period in 2018.

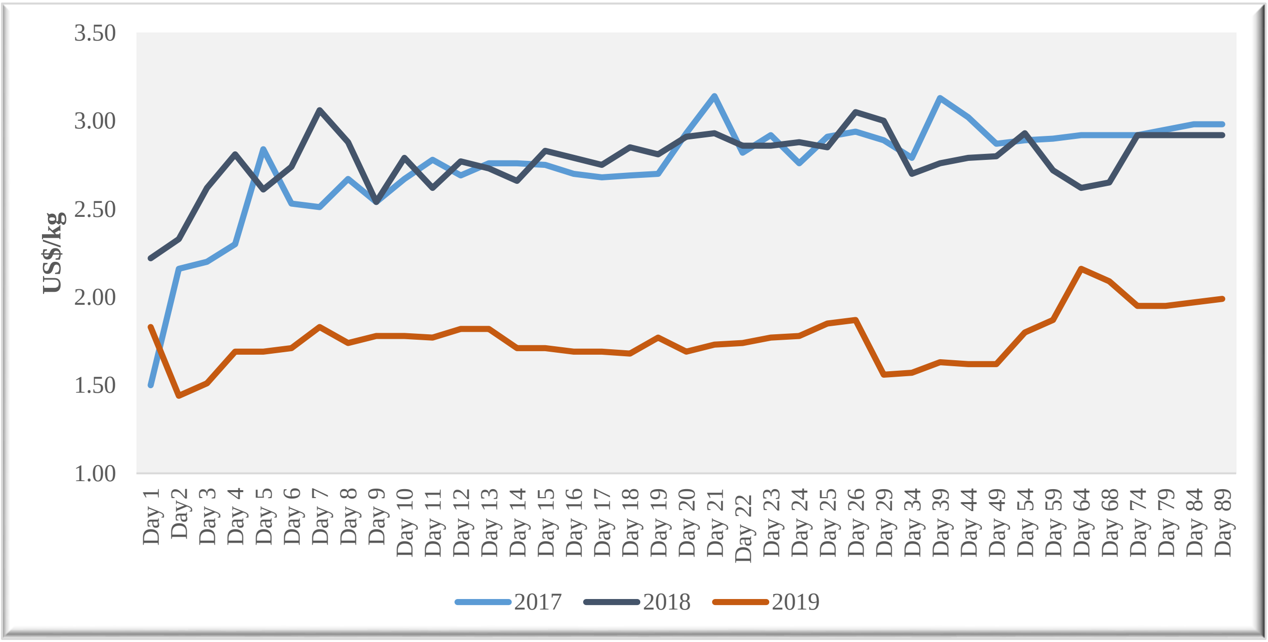
Table 4: Weekly Cumulative Tobacco Sales: Day 89 (26th July 2019)

	2018	2019	Variance (%)
Cumulative Quantity Sold (million kgs)	243.49	239.53	(2)
Cumulative Average Price(US$/kg)	2.92	1.99	(32)
Cumulative value (US$ million)	711.60	476.06	(33)

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

During the week under review, the weekly average price of tobacco stood at US$1.99/kg. This was 32% lower, compared to the average selling price of US$2,92/kg realised during same period in 2018.

Figure 3: Average Tobacco Daily Price (US$)



Source:TIMB and ZTA, 2019

4. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS

The week ending 26th July 2019 saw the international commodity prices of gold and platinum firming, while copper, nickel and crude oil prices retreated, 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 (15-19 July)	**1,418.09**	**844.50**	**5,976.95**	**14,252.60**	**64.22**
22-Jul	1,426.10	849.00	5,997.00	14,186.00	63.59
23-Jul	1,421.55	848.50	5,960.00	14,176.00	64.12
24-Jul	1,426.25	865.50	5,976.75	14,478.00	63.50
25-Jul	1,421.05	877.00	5,963.00	13,977.00	63.46
26-Jul	1,419.33	864.00	5,941.00	14,088.00	63.12
weekly average (22-26 July)	**1,422.86**	**860.80**	**5,967.55**	**14,181.00**	**63.56**
Weekly Change (%)	*0.3*	*1.9*	*(0.2)*	*(0.5)*	*(1.0)*

Source: BBC, KITCO and Bloomberg, 2019

Gold

The yellow metal price increased from a weekly average of US$1,418.09/oz in the previous week to US$1,422.86/oz, during the week under review. Prices rose on account of an expected interest rate cut by the US Federal Reserve.

Platinum

Platinum prices closed the week under analysis at US$860.80/oz, up from $844.50/oz in the previous week. This was mainly due to the rise in demand for platinum as an investment asset.

Copper

The weekly average price of copper decreased by 0.2%, from US$5,976.95/tonne in the previous week to US$5,967.55/tonne, during the week under review. This followed a weaker global economic outlook, mirrored in subdued European and US manufacturing data as well as slackening demand in China, the largest consumer of the base metal.

Nickel

Nickel prices fell by 0.5%, from a weekly average of US$14,252.60 /tonne in the week ending 19th July 2019 to US$14,181.00/tonne, during the week under review. This was underpinned by subdued demand for the base metal in China.

Crude Oil

Crude oil prices stood at $63.56/barrel during the week ending 26th July 2019, from a weekly average of US$64.22/barrel recorded in the previous week. The decision to increase output, by the Organization of Petroleum Exprting Countries (OPEC) and its allies, exerted downward pressure on prices.

EXCHANGE RATES

The Zimbabwe dollar weakened marginally against the US dollar, pula, rand, pound Sterling and euro, during the week ending 26th July 2019, as shown in Table 6.

Table 6: International Exchange Rates[1]

	USD	ZAR	GBP	BWP	EURO
2019					
Weekly Average (15-19 July)	**8.8295**	**0.6336**	**11.0315**	**0.8342**	**9.9322**
22-Jul	8.8805	0.6373	11.1028	0.8419	9.9621
23-Jul	8.8961	0.6390	11.0814	0.8407	9.9556
24-Jul	8.9081	0.6402	11.0839	0.8418	9.9303
25-Jul	8.8963	0.6409	11.1038	0.8416	9.9068
26-Jul	8.9003	0.6313	11.0791	0.8348	9.9180
Weekly Average (22-26 July)	**8.8963**	**0.6377**	**11.0902**	**0.8401**	**9.9346**
Appr(-)/Depr(+) (%) of the ZWL	*0.76*	*0.66*	*0.53*	*0.72*	*0.02*

Source: Reserve Bank of Zimbabwe,2019

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

5. EQUITY MARKETS

The Zimbabwe Stock Exchange (ZSE) was characterized by bearish sentiment, during the week under review. Resultantly, the All Share Index registered a decline of 0.51%, to close the week ending 26th July 2019 at 190.50 points. The industrial index also declined by 0.45%, to close the week under analysis at 635.93 points. Share price losses were recorded at Riozim Ltd, (13.04%); OK Zimbabwe ltd, (6.22%); Cassava Smartech Zimbabwe Ltd, (4.70%); Simbisa Brands Ltd, (3.37%), and Seed Co Ltd, (3.05%). Partially offsetting the losses were share price gains at TSL Ltd, (40.00%); Bindura nickel Corporation, (22.02%), Meikles Ltd, (18.18%) First Mutual Holdings Ltd, (14.30%), and Zimplow holdings Ltd, (12.50).

The mining index declined from 251.30 points in the previous week to 242.61 points, during the week under review. This was occasioned by a 13.14% decrease in the share price of Riozim. The gain was, however, partially offset by a 22.02% decline in the Bindura Nickel Corporation counter.

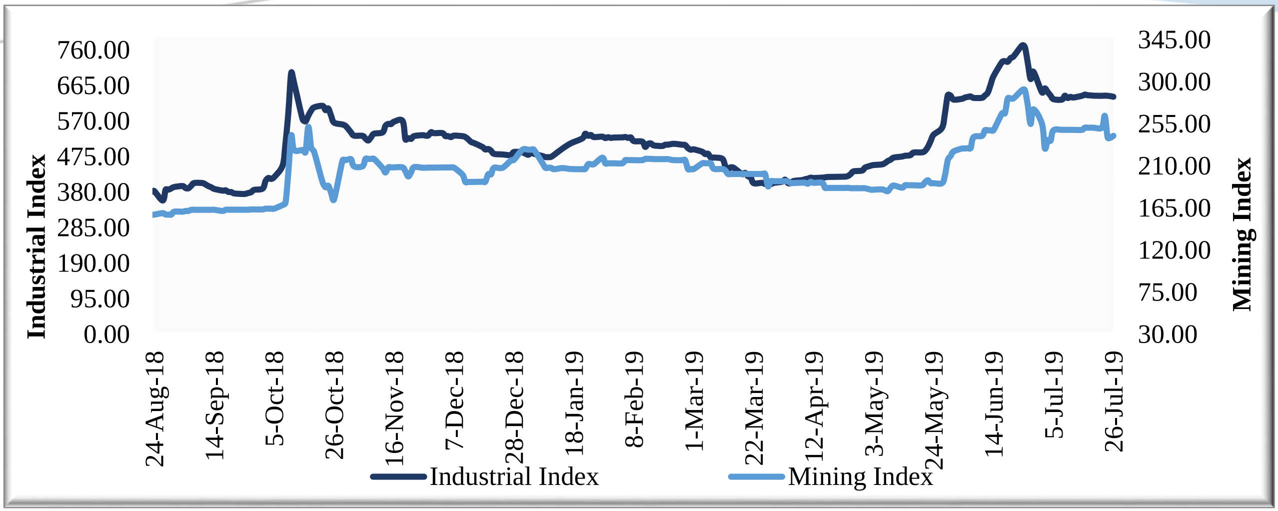
Table 7: Zimbabwe Stock Exchange Statistics

	All Share Index[2] (points)	Top 10 index[3] (points)	Industrial Index (points)	Mining Index (points)	Grand Market Capitalization (US$ million)	Market Turnover (US$ million)	Volume of Shares (million)
28-June-19	204.75	197.21	683.51	255.26	27,017	63.05	93.67
5-July-19	188.70	178.57	629.60	248.50	24,773	48.38	47.54
12-July-19	189.98	180.94	633.92	248.97	25,062	39.99	30.49
19-July-19	191.47	183.22	638.82	251.30	25,309	38.17	30.15
26-July-19	190.50	180.46	635.93	242.61	24,665	42.79	33.00
WeeklyChange (%)	**-0.51**	**-1.51**	**-0.45**	**-3.46**	**-2.54**	**12.10**	**9.45**

Source: Zimbabwe Stock Exchange (ZSE), 2019

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

Figure 4: Zimbabwe Stock Exchange Indices

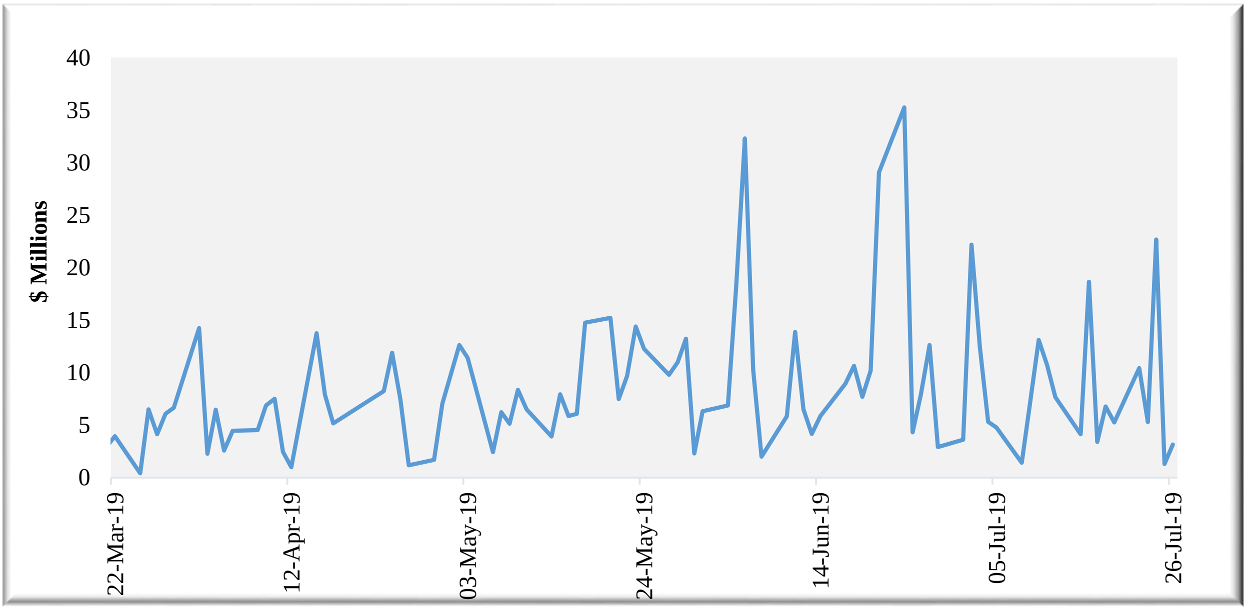


Source: Zimbabwe Stock Exchange, 2019

Market Turnover and Volume

Activity on the local bourse, measured by the volume of shares traded on the ZSE, increased by 9.37%, to close the week ending 26th July 2019 at 33 million shares. Likewise, ZSE market turnover value increased by 12.11% to US$42.79 million, during the same week.

Figure 5: Daily Market Turnover

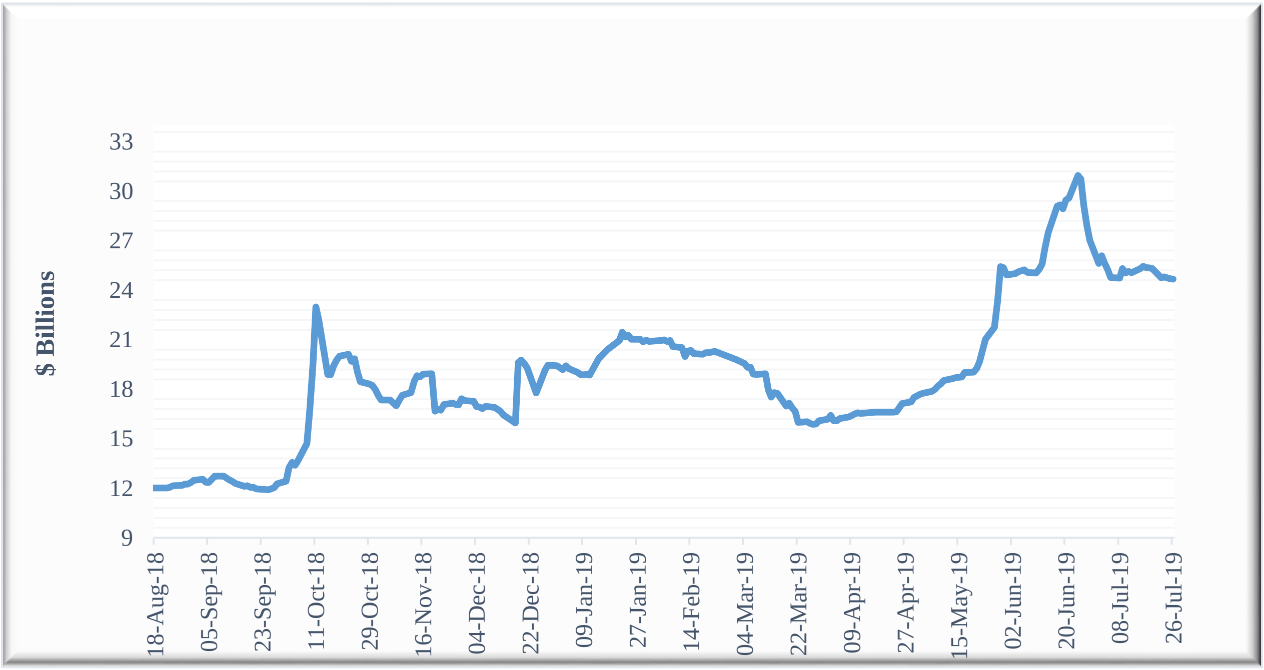


Source: Zimbabwe Stock Exchange, 2019

Market Capitalization

ZSE market capitalization declined by 2.55%, from US$25,309 in the previous week to US$24,66 billion during the week ending 26th July 2019. This was on account of decreases in both the mining and industrial indices.

Figure 6: Daily Market Capitalization



Source: Zimbabwe Stock Exchange, 2019

Johannesburg Stock Exchange (JSE) Developments

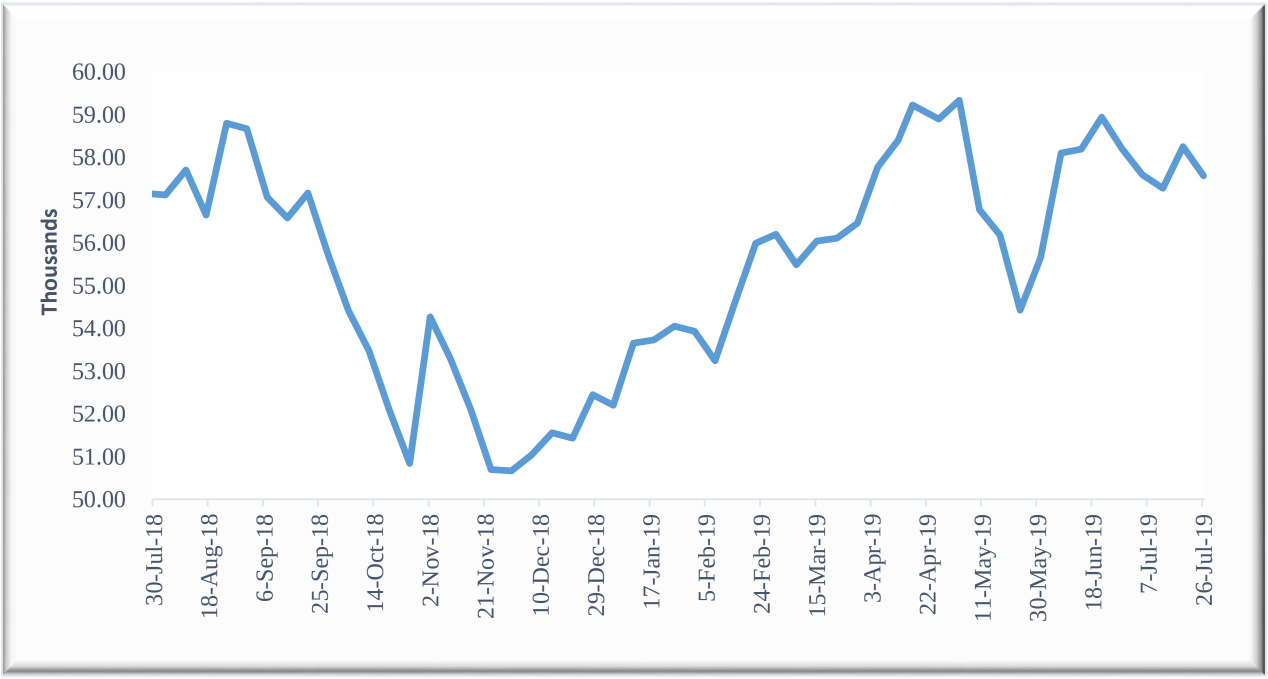
The JSE All Share Index closed the week under review at 57,570.54 points, down from 58,248.73 points recorded in the previous week. JSE market capitalization, however, registered a 0.37% increase, to close at R16.47 billion during the same week.

Table 7: Johannesburg Stock Exchange (JSE) Statistics

Period	All Share Index (points)	Market Capitalization (ZAR billion)
28-Jun-19	58,203.84	16.24
05-Jul-19	57,589.82	16.34
12-Jul-19	57,277.35	16.09
19-Jul-19	58,248.73	16.41
26-Jul-19	57,570.54	16.47
% Change	**-1.16**	**0.37**

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

26TH JULY 2019