



# Weekly Economic Highlights

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Week Ending  
14<sup>th</sup> July 2023

## 1. OVERVIEW

This report provides an analysis of the developments in the money and capital markets for the week ending 14 July 2023. The report also covers developments in the tobacco, mineral commodities, and stock markets during the week. The last section of the report presents a review of the foreign currency auction system allocations and imports.

The value of transactions processed through the National Payment System (NPS) was higher during the week under review, largely reflecting increases in RTGS and mobile payments. The Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VEFX) were characterized by bearish sentiments as prevailing liquidity conditions remain tight.

Demand for the local currency continues to remain strong amid continued appreciation of the official exchange rate and falling domestic inflation. The deposit rates for the local currency deposits remained firm, while the ZWL lending rates for loans to individuals and corporates saw mixed developments during the week under analysis.

The volume and value of tobacco sales as at the end of the week under review were higher compared to the corresponding period in 2022. Prices of the golden leaf prices were, however, lower during the same period.

## 2. INTEREST RATES

### **Local Currency (ZWL) Deposit Rates**

Deposit rates were largely unchanged across different classes of deposits during the week under review. The minimum and maximum ZWL deposit rates for savings deposits were lower while maximum deposit rates for deposits of 1-month and 3-month tenor increased during the same period. Commercial banks continued to offer higher rates for long term deposits in line with the high policy interest rates.

**Table 1: Average Deposit Rates (per annum)**

Date	Savings deposits (%)		1- Month deposit rates (%)		3- Month deposit rates (%)		6- Month deposit rates (%)		12- Month deposit rates (%)	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
<b>23-Jun-23</b>	36.00	34.27	57.72	63.39	55.11	65.11	58.07	65.36	58.79	64.47
<b>30-Jun-23</b>	34.67	33.86	59.00	69.17	59.00	68.00	59.17	68.64	61.64	66.00
<b>7-Jul-23</b>	35.00	33.86	59.00	68.06	59.00	68.00	59.17	68.64	61.64	66.00
<b>14-Jul-23</b>	34.29	33.14	59.00	69.33	59.53	67.89	59.17	68.64	61.64	66.00

Source: Reserve Bank of Zimbabwe, 2023

### Local Currency Lending Rates

The minimum ZWL lending rates for corporate clients increased while those for individual clients declined during the period of analysis. Maximum ZWL lending rates for individuals registered a marginal increase while those for commercial clients softened during the same week. The development on lending rates should benefit the corporate sector. The adjustments in maximum lending rates for corporates should encourage borrowing by the firms amid the current liquidity shortages in the market. The ZWL lending rates are shown in Table 2.

**Table 2: Lending Rates (per annum)**

Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
<b>16-Jun-23</b>	94.55	115.97	93.43	167.36
<b>23-Jun-23</b>	76.22	103.85	92.19	167.80
<b>30-Jun-23</b>	76.33	103.82	92.64	168.45
<b>7-July-23</b>	75.87	104.03	93.19	167.52
<b>14-July-23</b>	76.65	104.13	93.30	167.36

Source: Reserve Bank of Zimbabwe, 2023

### Foreign Currency (USD) Deposit Rates

During the week under review, minimum and maximum savings and deposits rates on foreign currency deposits of all tenors remained largely unchanged during the week under review. The average foreign currency deposits rates for all tenors are shown in Table 3:

**Table 3: Average Foreign Currency Deposit Rates (per annum)**

Date	Savings deposits (%)		1- Month deposit rates (%)		3- Month deposit rates (%)		6-Month deposit rates (%)		12- Month deposit rates (%)	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
<b>23-Jun-23</b>	1.27	1.69	3.12	4.44	3.45	4.93	3.32	4.77	3.39	4.85
<b>30-June-23</b>	1.27	1.81	3.19	4.50	3.36	5.00	3.35	5.27	3.43	5.50
<b>7-July-23</b>	1.27	1.81	3.15	4.50	3.36	5.00	3.35	5.27	3.43	5.50
<b>14-July-23</b>	1.27	1.81	3.15	4.50	3.36	5.00	3.35	5.27	3.43	5.50

Source: Reserve Bank of Zimbabwe, 2023

### Foreign Currency (USD) Lending Rates

Minimum foreign currency (FCA) lending rates for commercial banks and for individuals decreased marginally during the period under review. The maximum lending rates for individuals and corporates, however, increased during the same week. The reduction in FCA minimum lending rates for individual and corporate clients, in part, reflects commercial bank measures aimed at reducing borrowing costs for clients with favourable credit profiles.

**Table 4: Lending Rates (per annum)**

Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
<b>9-Jun-23</b>	11.39	12.96	8.48	14.79
<b>16-Jun-23</b>	11.51	13.06	8.03	14.19
<b>23-Jun-23</b>	11.35	13.06	8.02	14.31
<b>30-Jun-23</b>	11.33	13.09	8.05	14.39
<b>7-July-23</b>	11.38	13.06	8.01	14.35
<b>14-July-23</b>	11.35	13.07	7.99	14.36

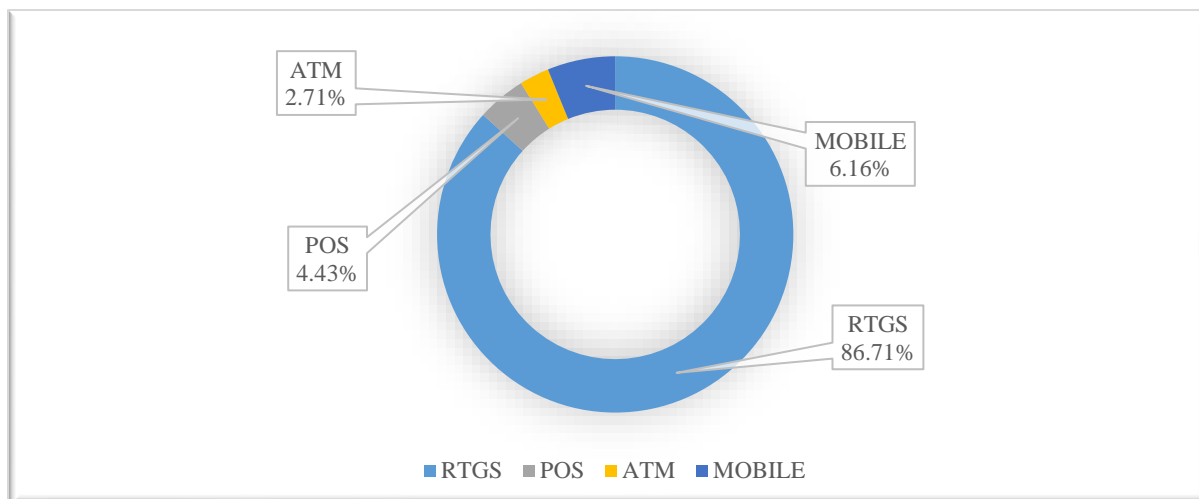
Source: Reserve Bank of Zimbabwe, 2023

### 3. CLEARING AND SETTLEMENT ACTIVITY

The value of transactions processed through the National Payment System (NPS) increased during the week under review from ZW\$4.60 trillion in the previous week to ZW\$5.01 trillion

during the week under analysis. The Real Time Gross Settlement RTGS transaction values were 16% higher to close at ZW\$4.34 trillion during the week under review. The market was characterised by tight conditions as government measures continue to take effect. The value of NPS transactions during the week were distributed as shown in Figure 1.

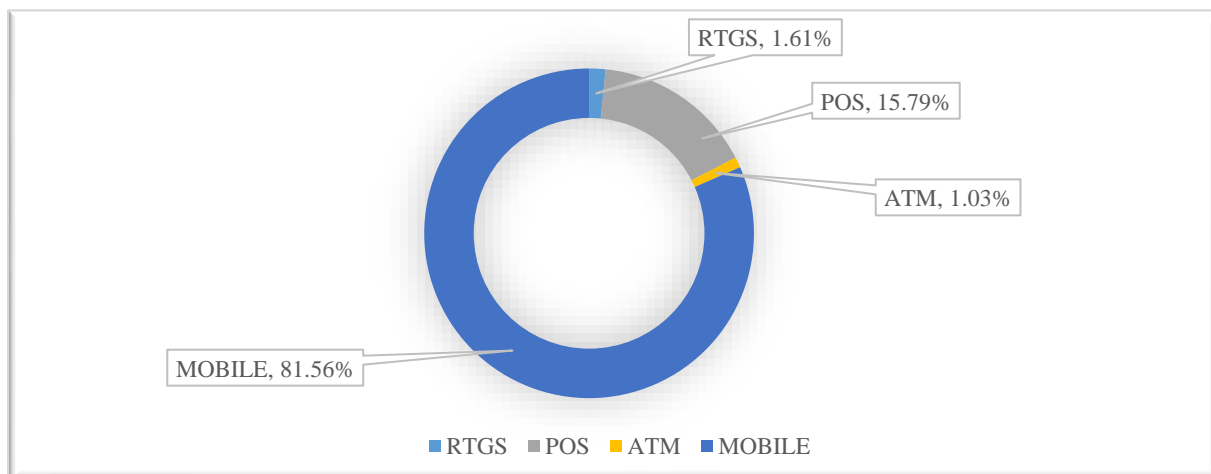
**Figure 1: Composition of NPS Transactions in Value Terms**



Source: Reserve Bank of Zimbabwe, 2023

The volume of transactions processed through the NPS during the week under review decreased by 3.12% to 10.17 million. In volume terms, the NPS transactions were distributed as follows: Mobile, 81.56%; POS, 15.79%; RTGS, 1.61%; and ATM, 1.03%, shown in Figure 2.

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



Source: Reserve Bank of Zimbabwe, 2023

**Table 5: National Payment Systems Activity**

PAYMENT STREAM	WEEK ENDING 07 July 2023	WEEK ENDING 14 July 2023	% CHANGE FROM LAST WEEK	PROPORTION %
	<b>Values in ZW\$ Millions</b>			
RTGS	3,749,967.63	4,343,237.90	15.82%	86.71%
POS	299,255.46	221,747.77	-25.90%	4.43%
ATM	270,315.46	135,540.67	-49.86%	2.71%
MOBILE	282,738.10	308,482.03	9.11%	6.16%
<b>TOTAL</b>	<b>4,602,276.65</b>	<b>5,009,008.38</b>	<b>8.84%</b>	<b>100%</b>
	<b>Volumes</b>			
RTGS	263,982	163,962	-37.89%	1.61%
POS	1,985,573	1,606,023	-19.12%	15.79%
ATM	167,871	105,122	-37.38%	1.03%
MOBILE	8,079,337	8,294,486	2.66%	81.56%
<b>TOTAL</b>	<b>10,496,763</b>	<b>10,169,593</b>	<b>-3.12%</b>	<b>100%</b>

Source: Reserve Bank of Zimbabwe, 2023

#### 4. TOBACCO SALES

As of the 14<sup>th</sup> of July 2023, or the 88<sup>th</sup> day of the tobacco selling season, a cumulative total of 289.68 million kilograms of tobacco had been sold compared to a cumulative total of 197.27 million kilograms sold during the same period in 2022. The turnover realized from the sales amounted to US\$877.77 million compared to US\$601.72 million realized during the same period in 2022, which is 45.9% increase between the years.

**Table 6: Weekly Cumulative Tobacco Sales: Day 88 (14<sup>th</sup> July 2023)**

	2022	2023	Variance (%)
<b>Cumulative Quantity Sold (million kgs)</b>	197,271,518	289,682,243	46.84
<b>Average Price (US\$/kg)</b>	3.05	3.03	-0.66
<b>Cumulative value (US\$ million)</b>	601,715,652	877,768,825	45.88

Source: Tobacco Industry and Marketing Board (TIMB), 2023

The golden leaf was sold at an average price of US\$3.03/kg, during the week under review, down from US\$3.05/kg realized during the same period in 2022.

#### 5. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS

During the week ending 14<sup>th</sup> July 2023, weekly average international prices for all selected commodities increased. Precious metal prices, notably gold and platinum, were largely

influenced by a weaker US dollar. Table 7 shows developments in prices for selected commodities, during the week under review.

**Table 7: Metals and Crude Oil Prices: Week ending 14<sup>th</sup> July 2023**

	<b>Gold</b>	<b>Platinum</b>	<b>Palladium</b>	<b>Copper</b>	<b>Nickel</b>	<b>Crude Oil</b>
<b>2023</b>	<i>US\$/ounce</i>	<i>US\$/ounce</i>	<i>US\$/ounce</i>	<i>US\$/tonne</i>	<i>US\$/tonne</i>	<i>US\$/barrel</i>
<b>Weekly Average (03- 07 July)</b>	<b>1,921.89</b>	<b>912.40</b>	<b>1,241.00</b>	<b>8,319.60</b>	<b>20,754.40</b>	<b>76.51</b>
<b>10-July</b>	1,923.93	912.00	1,220.00	8,425.50	21,015.00	78.17
<b>11-July</b>	1,935.08	931.50	1,236.50	8,404.50	21,070.00	79.48
<b>12-July</b>	1,944.53	940.50	1,272.00	8,502.00	21,555.00	80.32
<b>13-July</b>	1,958.83	965.00	1,291.50	8,705.50	21,275.00	81.36
<b>14-July</b>	1,955.10	972.00	1,273.50	8,611.50	21,275.00	79.14
<b>Weekly Average (10- 14 July)</b>	<b>1,943.49</b>	<b>944.20</b>	<b>1,258.70</b>	<b>8,529.80</b>	<b>21,238.00</b>	<b>79.69</b>
<b>Weekly Change (%)</b>	<i>1.12</i>	<i>3.49</i>	<i>1.43</i>	<i>2.53</i>	<i>2.33</i>	<i>4.16</i>

Source: BBC, KITCO and Bloomberg 2023

### **Gold**

Gold prices increased by 1.12% to US\$1,943.49 per ounce during the week ending 14<sup>th</sup> July 2023, from a weekly average of US\$1,921.89 per ounce in the previous week. The prices rose as the US dollar and Treasury bond yields fell ahead of the release of the US inflation data that could offer more signals on the Federal Reserve's rate hike path.

### **Platinum**

Platinum prices rose by 3.49%, from a weekly average of US\$912.40 per ounce in the prior week to US\$944.20 per ounce, during the reporting week. Prices rose amid a weaker US dollar and the indications that the Federal Reserve would end the interest rate-hiking phase. Concerns about demand continued to constrain the extent of the gains, with China reporting significant declines in both platinum exports and imports.

### **Palladium**

Palladium prices rebounded by 1.43%, from a weekly average of US\$1,241.00 per ounce in the previous week to US\$1,258.00 per ounce, during the week under analysis. Prices increased owing to improved demand for the metal in China, the world's largest consumer of metals.

### **Copper**

Copper prices surged by 2.53%, from an average of US\$8,319.60 per tonne in the preceding week to US\$8,529.80 per tonne, during the week ending 14<sup>th</sup> July 2023. The prices gained as the

US dollar tumbled, following the release of the June inflation data for the US. Investor reservations about a significant pick-up in demand, however, weighed on sentiment.

### Nickel

Nickel prices rose by 2.33%, from a weekly average of US\$20,754.40 per tonne in the week ending 7<sup>th</sup> July 2023 to US\$21,238.00 per tonne, during the reporting week. Prices were supported by a weaker US dollar and prospects of demand recovery in China.

### Brent Crude Oil

During the week ending 14<sup>th</sup> July 2023, average prices of crude oil increased by 4.16% to US\$79.69 per barrel, from US\$76.51 per barrel recorded in the previous week. The increase was principally driven by tight supplies, following the decision by Saudi Arabia to cut back production.

## Exchange Rate Developments

### Interbank Market

The Zimbabwe dollar (ZW\$) appreciated by 7.6% on the interbank market, from an average of ZW\$5,528.17 per US\$1 in the previous week to ZW\$5,111.28 per US\$1, during the week under review. The local unit has continued to appreciate against major foreign currencies, and this has been occasioned by the decline foreign currency premiums. Table 8. Shows selected foreign currency exchange rates.

**Table 8: Selected Exchange Rates (ZW\$ per unit of foreign currency)**

2023	USD	ZAR	GBP	BWP	EURO
<b>Weekly Average (3- 7 July)</b>	<b>5,528.1670</b>	<b>298.9851</b>	<b>7,026.0680</b>	<b>409.7258</b>	<b>6,017.6852</b>
<b>10-July</b>	5,286.7296	281.6901	6,770.4590	389.1567	5,790.3172
<b>11-July</b>	5,297.5033	285.7143	6,825.0471	394.9554	5,837.5925
<b>12-July</b>	4,998.8352	273.9726	6,476.0027	375.4184	5,513.7211
<b>13-July</b>	4,988.2610	277.7778	6,488.7488	377.6397	5,558.4382
<b>14-July</b>	5,739.7961	312.5000	7,251.9539	425.6313	6,241.4712
<b>Weekly Average (10 -14 July)</b>	<b>5,111.2782</b>	<b>280.1690</b>	<b>6,620.3339</b>	<b>383.5115</b>	<b>5,659.6600</b>
<b>Appr (-)/Depr (+) (%) of the ZWL</b>	-7.6	-6.3	-5.8	-6.4	-5.9

Source: Reserve Bank of Zimbabwe, 2023



## 6. EQUITY MARKETS

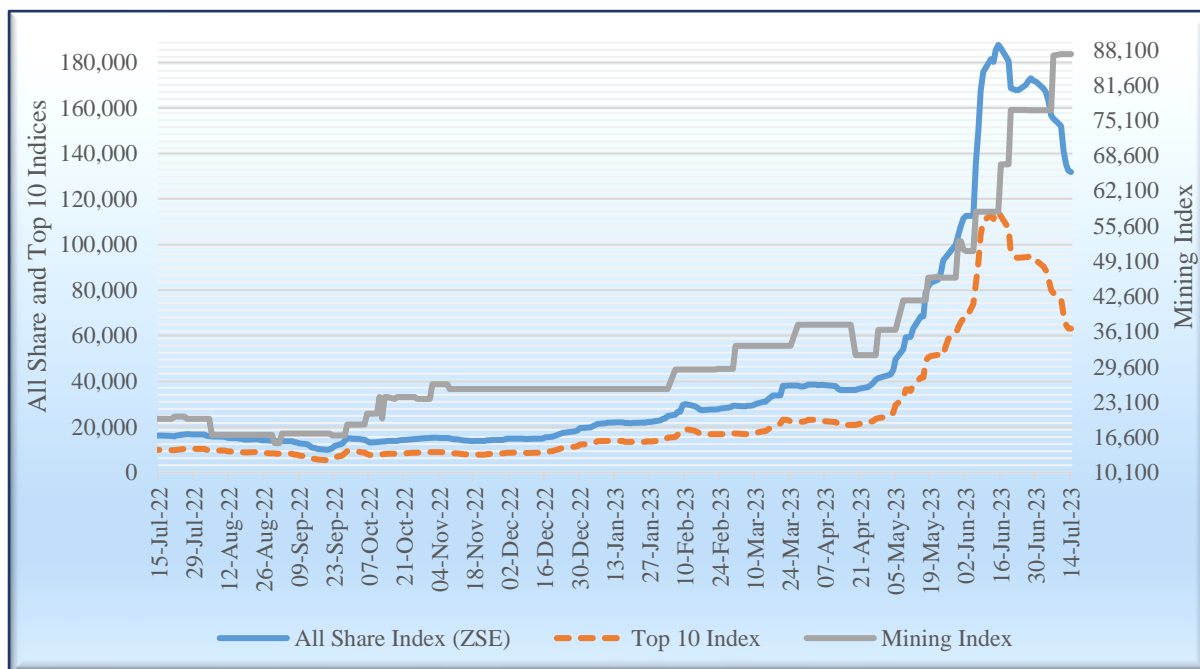
During the week ending 14<sup>th</sup> July 2023, both the Zimbabwe Stock Exchange (ZSE) and the Victoria Stock Exchange (VEFX) were characterized by some bearish sentiments. As such, the ZSE and VFEV All Share indices lost 15.12% and 1.36% to close the week at 131 829.50 points and 73.41 points, respectively

### Zimbabwe Stock Exchange (ZSE) Developments

The Top 10, Top 15, Medium and Small Cap indices decreased by 19.83%, 17.19%, 4.21% and 0.26% to 63 158.87 points, 86 179.88 points, 454 409.68 points and 2 160 142.99 points, respectively. This compares to 78 782.22 points, 104 068.57 points, 474 390.67 points and 2 165 867.69 points recorded in the prior week, respectively.

The resource index, however, added 0.29% to close the week at 87 315.32 points compared to 87 058.77 points recorded in the previous week.

**Figure 3: ZSE All Share, Top 10 and Mining Indices**



Source: Zimbabwe Stock Exchange, 2023

The decline in the mainstream index emanated from losses in share prices of Dairiboard Holdings Limited (35.56%), Delta Corporation Limited (27.63%), Zimbabwe Newspaper (1980) Limited

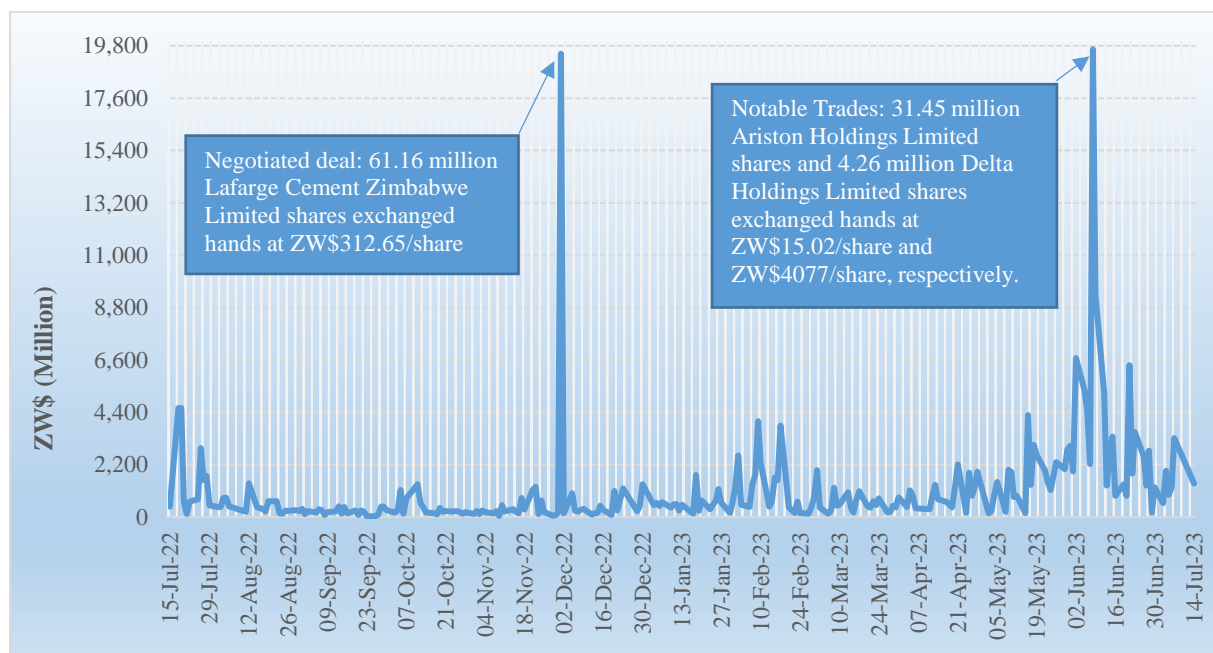
(22.53%), NMBZ Holdings Limited (22.15%) and Econet Wireless Zimbabwe Limited (22.00%).

Partially offsetting the abovementioned losses were share price increases in Masimba Holdings Limited (22.23%), Getbucks Microfinance Bank Limited (15.00%), CAFCA Limited (14.99%), Nampak Zimbabwe Limited (12.70%) and General Beltings Holdings Limited (10%). The increase in the resource index emanated from a 0.29% gain in RioZim Limited counter, during the week under analysis.

### Market Turnover

During the week under analysis, cumulative value of shares traded added 9.89% to ZW\$8 846.24 billion while cumulative volumes of shares traded amounted to 24.14 million shares, representing a decline of 75.10% compared to 96.95 million shares traded in the prior week. Figure 4 shows the trend in daily market turnover for the period 15<sup>th</sup> July 2022 to 14<sup>th</sup> July 2023.

**Figure 4: Market Turnover**



Source: Zimbabwe Stock Exchange, 2023

### Market Capitalisation

Reflecting the negative trading sentiments exhibited on the ZSE during the week under review, the market lost 15.74%, or ZW\$1 987.44 billion worth of capitalization to close at ZW\$10 638.80 billion, compared to ZW\$12 626.24 billion registered in the previous week.

**Figure 5: Market Capitalization**



Source: Zimbabwe Stock Exchange, 2023

### **Victoria Falls Stock Exchange (VFEX) Developments**

The decline in the VFEX mainstream index was a result of share price declines in African Sun Limited (20.08%), Bindura Nickel Corporation (BNC) (19.53%), Axia Corporation Limited (16.17%), Simbisa Brands Limited (0.55%) and Innscor African Limited (0.02%). Partially offsetting the abovementioned losses was an increase in the share price of Padenga Holdings Limited (7.72%) counter

### **VFEX Market Turnover**

The VFEX cumulative volume of shares traded declined by 4.54% to 3.93 million shares compared to 4.12 million shares recorded in the previous week. In the same vein, the VFEX cumulative value of shares traded lost 1.03% to US\$0.98 million compared to US\$0.99 million recorded in the previous week.

### **VFEX Market Capitalization**

Reflecting the negative trading on the VFEX during the week under analysis, the market lost 1.33% worth of capitalization to close at US\$1.24 billion, compared to US\$1.26 billion

registered in the prior week. Figure 6 shows the trend in the VFEX All Share Index (ASI) for the period 15<sup>th</sup> July 2022 to 14<sup>th</sup> July 2023.

**Figure 6: VFEX All Share Index**



Source: Victoria Falls Stock Exchange (VFEX), 2023

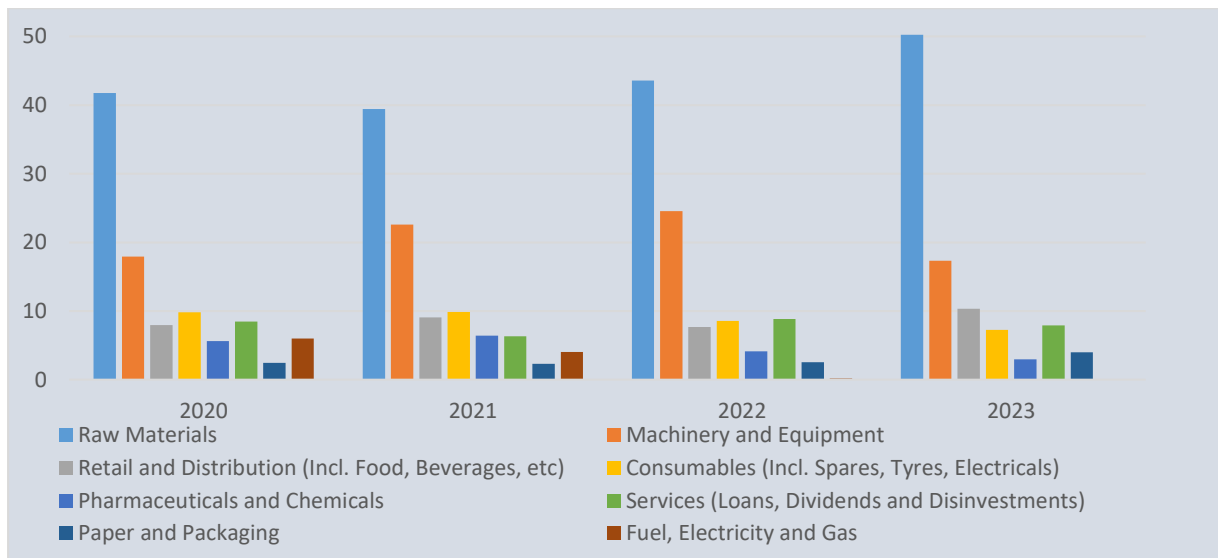
## 7. FOREIGN CURRENCY AUCTION SYSTEM ALLOTMENTS AND IMPORTS

The foreign currency auction introduced in June 2020 has been a key market for establishing the exchange rate for the domestic currency as well as for ensuring that the scarce foreign currency is utilized for the country's productive sectors. The system has, therefore, been an important market-based foreign currency redistribution mechanism for the country's imports. The system has managed to foster in some stability both on the exchange rate and prices, reducing the parallel exchange rate premium from over 100% at introduction, to less than 20% by the end of 2020. Inflation remained low since the introduction of the auction until the emergence of the speculative turbulences in the second quarter of 2022.

Since its establishment in June 2020, the auction has allocated US\$4.09 billion, with the largest allocation going towards imports of the productive sectors, including capital goods and raw materials. Figure 7, which shows the distribution of the total foreign currency allotments on the foreign currency auction between 2020 and July 2023, indicates that raw material imports received the largest allotment of at least 47% of the total foreign currency allotment in the

auction, including packaging materials, followed by allotments towards machinery and equipment, accounting for at least 21% of the total market allotments.

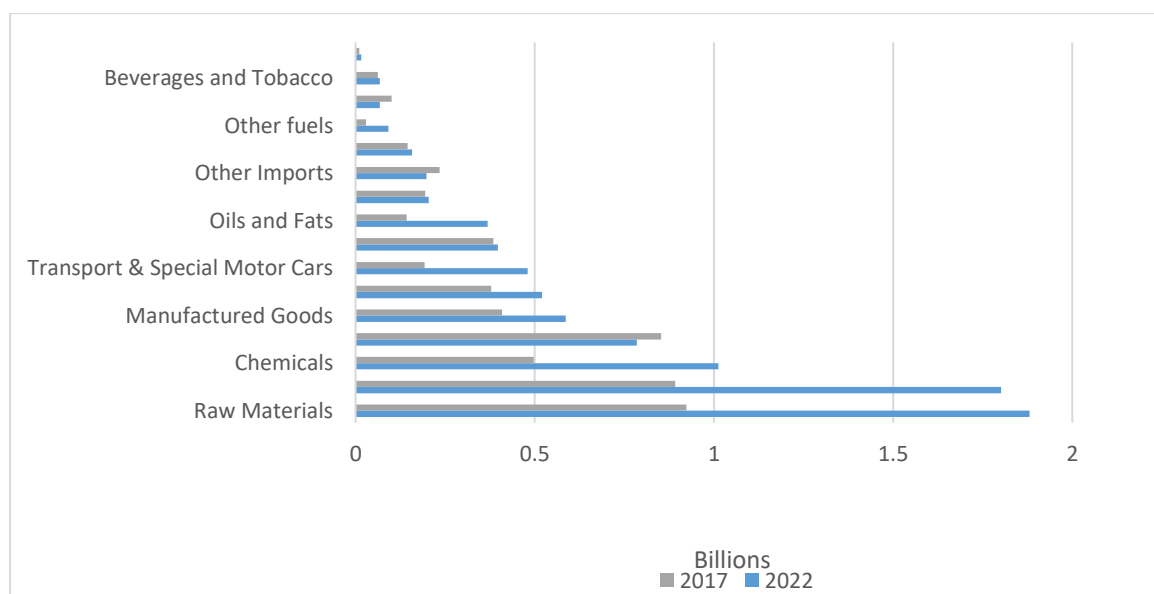
**Table 7: Average Annual Foreign Exchange Allotments by Import Categories (%)**



Source: Reserve Bank of Zimbabwe 2023

The allotments towards consumables have remained low at less than 20% compared to allotments for the productive sectors, which shows the deliberate efforts by the Bank and Government to ensure that the auction funds benefit the productive sectors most. The demand and redistribution effect of foreign currency allotments on the forex auction have been strongly mirrored in the pattern and composition of actual imports.

**Figure 8: Imports of Goods by Category in US\$ billion**



Source: Reserve Bank of Zimbabwe

Total imports grew from US\$5.4 billion in 2017 to US\$8.6 billion in 2022, representing an increase of 58.46% over the period. The top three categories of imports in 2022 were raw materials, machinery, and chemicals, which together accounted for 54.4% of total imports, consistent with forex allotments on the auction. In addition, there has been a significant increase in the value of imports, particularly raw materials, and machinery imports, which is directly related to foreign exchange allotments on the auction system over the years 2020 to 2023.

The relatively subdued proportion of manufactured goods imports over the years is consistent with the import-substitution industrialisation strategy being pursued by Government and industry. The sustenance of the industrialization strategy is critical for alleviating pressure on the demand for foreign currency and promoting local industrialization with more local content, value chain participation and domestic income.

The further liberalization of the foreign currency market is important as a market-based system to determine and establish an appropriate and stable exchange rate for the economy and further sustenance of price stability. The system together with other supporting fiscal and monetary policy measures are expected to foster in greater efficiency in the redistribution of foreign currency and discovery of the right exchange rate for the country.

**RESERVE BANK OF ZIMBABWE**

## APPENDIX 1: FOREIGN EXCHANGE AUCTION RESULTS FOR MAINFX<sup>1</sup> AND WHOLESALEFX<sup>2</sup>

	MAINFX				WHOLESALEFX		
	9-June-23	13-June-23	20-June-23	27-June-23	06-July-23	11-July-23	14-July-23
<b>Total Bids (US\$ dollars)</b>	22,581,743.16	7,779,994.45	1,850,618.23	797,323.53	4,460,100.00	5,830,000.00	5,295,000.00
<b>Amount Allotted (US\$ dollars)</b>	4,158,013.57	2,945,406.28	1,135,542.46	797,323.53	4,460,100.00	5,640,000.00	4,845,000.00
<b>Highest Rate</b>	4,100.00	7,000.00	7,300.00	7,261.58	5,400.00	5,353.72	5,037.37
<b>Lowest Bid Rate</b>	3,555.00	5,200.00	6,600.00	6,620.00	5,000.00	4,900.00	4,700.00
<b>Lowest Bid Rate Allotted</b>	3,555.00	5,200.00	6,600.00	6,620.00	5,000.00	4,900.00	4,700.00
<b>Weighted Average Rate</b>	3,673.77	5,978.68	6,926.58	6,326.59	5,251.06	4,998.84	4,883.32
<b>Number of Bids Received</b>	210	297	73	23	10	10	10
<b>Number of Bids Rejected</b>	5	3	0	0	0	0	0

*Source: Reserve Bank of Zimbabwe, 2023*

<sup>1</sup> Main Foreign Currency Auction. The Auction is normally conducted every Tuesday every week.

<sup>2</sup> Wholesale Foreign Currency Auction (Wholesale FX). The RBZ MPC resolutions dated 6 June 2023 resolved that with effect from 7 June 2023, the Bank shall sell foreign currency at the market-determined exchange rate through banks to support and strengthen the foreign exchange interbank market, and banks shall in turn sell the foreign currency to their customers.

**APPENDIX 2: SUMMARY OF FOREIGN CURRENCY AUCTION ALLOTMENTS BY PURPOSE**

Purpose	MAINFX			
	20-June-23	27-June-23	04-July-23	11-July-23
<b>Raw Materials</b>	251,242.51	263,556.10	205,209.91	180,699.78
<b>Machinery and Equipment</b>	576,203.62	126,774.66	64,869.77	60,672.58
<b>Consumables (Incl. Spares, Tyres, Packaging)</b>	69,339.17	5,000.00	-	21,558.24
<b>Pharmaceuticals and Chemicals</b>	-	-	-	3,000.00
<b>Services (Loans, Dividends and Disinvestments)</b>	28,486.66	205,064.31	183,004.64	150,000.00
<b>Retail and Distribution</b>	188,370.50	177,411.76	127,837.25	44,200.00
<b>Fuel, Electricity and Gas</b>	-	-	-	-
<b>Paper and Packaging</b>	21,900.00	19,516.90	-	-
<b>TOTAL</b>	<b>1,135,542.46</b>	<b>797,323.53</b>	<b>580,921.57</b>	<b>460,130.60</b>

*Source: Reserve Bank of Zimbabwe, 2023*