



# Weekly Economic Highlights

## TABLE OF CONTENTS

1. OVERVIEW .....	1
2. INTEREST RATES .....	1
3. CLEARING AND SETTLEMENT ACTIVITY .....	3
4. TOBACCO SALES.....	5
5. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS .....	5
6. EQUITY MARKETS.....	7
7. TRENDS IN ZIMBABWE IMPORTS .....	11

Week Ending  
7<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 7 July 2023. The report also covers developments in the tobacco, mineral commodities, gold coins and stock markets during the week. The last section of the report presents an analysis of import trends in Zimbabwe.

The value of transactions processed through the National Payment System (NPS) significantly decreased during the week under review, reflecting the effects of the current tight monetary conditions on domestic demand. The Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VEFX) traded on a negative trajectory during the period, due to exchange rate uncertainties among other factors. This was on the back of tight liquidity conditions in the market.

Demand for the local currency continues to remain strong amid continued appreciation of the official exchange rate of the local unit against major foreign currencies. The deposit rates on both the domestic currency and foreign currency deposits remained generally unchanged, while the lending rates on the ZWL loans marginally tightened during the week under review.

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 under analysis.

## 2. INTEREST RATES

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

The deposit rates remained generally unchanged during the week under review across all the savings and deposit tenors, except for marginal declines on the minimum savings deposit rate and the 1-month maximum deposit rates. Commercial banks continued to offer higher deposit rates for long term deposits as banks seek to encourage more long-term deposits amid the tight market liquidity conditions.

**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 (%)
16-Jun-23	35.33	36.27	57.78	66.72	56.72	67.28	58.00	66.00	58.71	65.40
23-Jun-23	36.00	34.27	57.72	63.39	55.11	65.11	58.07	65.36	58.79	64.47
30-Jun-23	34.67	33.86	59.00	69.17	59.00	68.00	59.17	68.64	61.64	66.00
7-July-23	35.00	33.86	59.00	68.06	59.00	68.00	59.17	68.64	61.64	66.00

Source: Reserve Bank of Zimbabwe, 2023

### Local Currency (ZWL) Lending Rates

The minimum ZWL lending rates for individual clients reduced while those for corporate clients were raised during the week under review. Maximum ZWL lending rates for individuals were marginally increased while the ZWL maximum lending rates for corporate clients softened during the week. The downward review of the corporate lending rates is necessary to support industry activity. The ZWL lending rates are shown in Table 2.

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

Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
9-Jun-23	72.49	102.12	88.01	167.75
16-Jun-23	94.55	115.97	93.43	167.36
23-Jun-23	76.22	103.85	92.19	167.80
30-Jun-23	76.33	103.82	92.64	168.45
7-July-23	75.87	104.03	93.19	167.52

Source: Reserve Bank of Zimbabwe, 2023

### Foreign Currency (USD) Deposit Rates

The minimum and maximum deposits rates on foreign currency deposits of all tenors remained largely unchanged during the week under review, except for the minimum FCA deposit rates on 1-month tenor deposits, which were lower during the same period.

**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>16-Jun-23</b>	1.27	1.69	3.12	4.44	3.45	4.93	3.43	5.19	3.50	5.42
<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

Source: Reserve Bank of Zimbabwe, 2023

### Foreign Currency (USD) Lending Rates

The minimum FCA lending rates for commercial banks for individuals increased marginally during the period under review while those for corporate clients softened during the same period. The maximum lending rates for individuals and corporates declined during the week under analysis. The reduction in FCA lending rates for corporates should complement the reduction in corporate lending rates on ZWL loans in supporting industry and production.

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

Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
<b>2-Jun-23</b>	11.37	13.04	8.02	14.60
<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

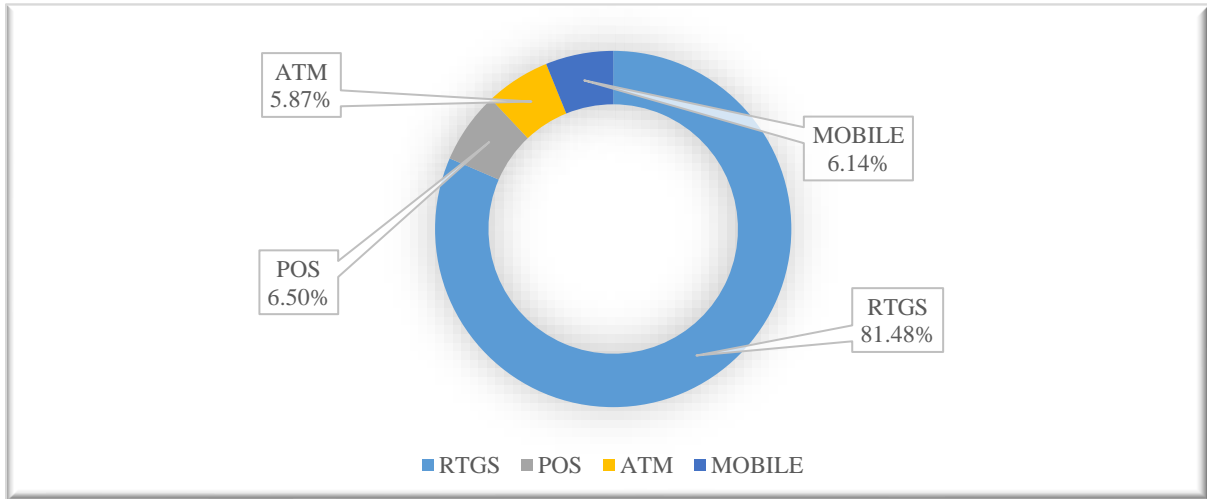
Source: Reserve Bank of Zimbabwe, 2023

### 3. CLEARING AND SETTLEMENT ACTIVITY

The value of transactions processed through the National Payment System (NPS) declined during the week under review from ZW\$4.99 trillion in the previous week to ZW\$4.60 trillion during the week under analysis. The Real Time Gross Settlement RTGS transaction values were 12% lower to close at ZW\$3.75 trillion during the week under review amid prevailing tight liquidity

conditions in the market as stabilisation measures put in place by the Bank and government continue to take effect. The value of NPS transactions during the week were distributed as shown in Figure 1.

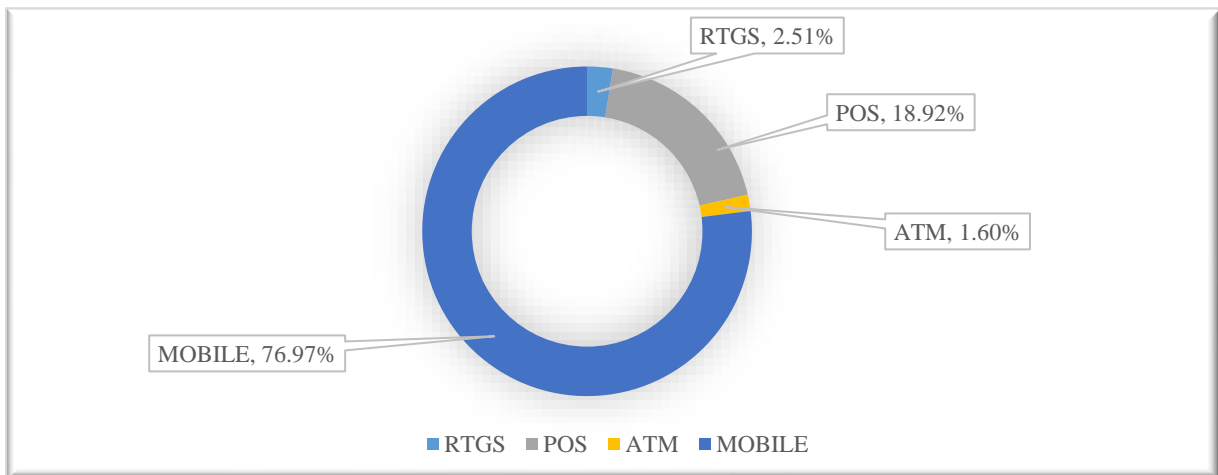
**Figure 1: Composition of NPS Transactions in Value Terms**



Source: Reserve Bank of Zimbabwe, 2023

The volume of transactions processed through the NPS during the week under review increased 6.53% to 10.50 million. In volume terms, the NPS transactions were distributed as follows: Mobile, 76.97%; POS, 18.92%; RTGS, 2.51%; and ATM, 1.60%, 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 30 June 2023	WEEK ENDING 07 July 2023	% CHANGE FROM LAST WEEK	PROPORTION %
<b>Values in ZW\$ Millions</b>				
RTGS	4,278,265.58	3,749,967.63	-12.35%	81.48%
POS	237,307.50	299,255.46	26.10%	6.50%
ATM	225,568.01	270,315.46	19.84%	5.87%
MOBILE	244,724.09	282,738.10	15.53%	6.14%
<b>TOTAL</b>	<b>4,985,864.53</b>	<b>4,602,276.65</b>	<b>-7.69%</b>	<b>100%</b>
<b>Volumes</b>				
RTGS	279,884	263,982	-5.68%	2.51%
POS	1,857,150	1,985,573	7.40%	18.92%
ATM	161,218	167,871	8.04%	1.60%
MOBILE	7,569,437	8,079,337	6.74%	76.97%
<b>TOTAL</b>	<b>9,867,689</b>	<b>10,496,763</b>	<b>6.53%</b>	<b>100%</b>

Source: Reserve Bank of Zimbabwe, 2023

#### 4. TOBACCO SALES

A cumulative total of 286.09 million kilograms of tobacco had been sold as at 7<sup>th</sup> July 2023, the 83<sup>rd</sup> day of the tobacco selling season. The volume of tobacco sales stood at 286 million during the week under analysis, compared to the 193.09 million kilograms sold during the same period in 2022. The turnover realized from the sales amounted to US\$868.86 million compared to US\$587.99 million realized during the same period in 2022, as shown in Table 6.

**Table 6: Weekly Cumulative Tobacco Sales: Day 83 (7<sup>th</sup> July 2023)**

	2022	2023	Variance (%)
<b>Cumulative Quantity Sold (million kgs)</b>	193,094,428	286,872,954	48.57
<b>Average Price (US\$/kg)</b>	3.05	3.03	-0.70
<b>Cumulative value (US\$ million)</b>	587,985,329	868,864,119	47.77

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 7<sup>th</sup> July 2023, commodity prices for gold, nickel, and crude oil rose, whilst platinum, palladium, and copper prices retreated, as shown in Table 7.

**Table 7: Metals and Crude Oil Prices: Week ending 7<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 (26 - 30 June)</b>	<b>1,913.40</b>	<b>914.40</b>	<b>1,268.20</b>	<b>8,331.80</b>	<b>20,538.00</b>	<b>74.22</b>
3-July	1,921.25	904.50	1,230.00	8,384.00	20,630.00	75.53
4-July	1,928.75	920.00	1,246.00	8,306.00	20,460.00	75.89
5-July	1,926.48	917.50	1,241.00	8,319.00	21,207.00	76.42
6-July	1,913.98	912.50	1,254.50	8,273.00	20,855.00	76.76
7-July	1918.98	907.50	1,233.50	8,316.00	20,620.00	77.93
<b>Weekly Average (3 - 7 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>Weekly Change (%)</b>	<i>0.44</i>	<i>-0.22</i>	<i>-2.14</i>	<i>-0.15</i>	<i>1.05</i>	<i>3.08</i>

Source: BBC, KITCO and Bloomberg 2023

### Gold

Gold prices increased by 0.44% to close the week ending 7<sup>th</sup> July at US\$1,921.89 per ounce, from US\$1,913.40 per ounce recorded in the previous week. Prices were supported by investor speculation that the Federal Reserve would be ending its tight monetary policy stance.

### Platinum

Platinum prices declined by 0.22%, from a weekly average of US\$914.40 per ounce in the previous week to US\$912.40 per ounce, during the week under review. The anticipated slowdown in China's economic growth largely weighed down platinum prices.

### Palladium

Palladium prices declined by 2.14%, from US\$1,268.20 per ounce in the prior week to US\$1,241.00 per ounce, during the week under review. The decline was mainly attributed to weak global industrial demand, particularly in the automotive industry.

### Copper

The price of copper declined by 0.15%, from an average of US\$8,331.80 per tonne in the previous week to US\$8,319.60 per tonne, during the week under review. This followed weak demand from China, the world's largest consumer of metals.

### Nickel

Nickel prices rose by 1.05%, from US\$20,538.00 per tonne recorded in the previous week to US\$20,754.40 per tonne, during the week under analysis. Nickel inventories fell to historically low levels, against the background of stable demand, boosting prices.

## Brent Crude Oil

The average price of crude oil rose by 3.08% to US\$76.51 per barrel, compared to the previous week average of US\$74.22 per barrel, on account of supply constraints following output cuts in key producing countries, such as Russia and Saudi Arabia, as well as the anticipated rebound in demand in the US, the world's largest oil consumer.

## Exchange Rate Developments

### Interbank Market

The Zimbabwe dollar (ZW\$) appreciated by 14.1% on the interbank market, from an average of ZW\$6,435.24 per US\$1 in the previous week to ZW\$5,528.17 per US\$1, during the week under review, as shown in Table 2.

**Table 2: Selected Exchange Rates (ZW\$ per unit of foreign currency)**

2023	USD	ZAR	GBP	BWP	EURO
<b>Weekly Average (26-30 June)</b>	<b>6,435.4244</b>	<b>350.2055</b>	<b>8,169.9405</b>	<b>478.9766</b>	<b>7,021.6609</b>
3-July	5,769.1253	312.5000	7,328.5382	426.3934	6,298.7677
4-July	5,812.1353	312.5000	7,372.9936	430.4170	6,332.3592
5-July	5,395.9619	294.1176	6,859.0845	402.0445	5,868.6784
6-July	5,412.5484	294.1176	6,878.5450	401.6582	5,869.1204
7-July	5,251.064	281.6901	6,691.1787	388.1160	5,719.5005
<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>
<i>Appr (-)/Depr (+) (%) of the ZWL</i>	<i>-14,1</i>	<i>-14,6</i>	<i>-14,0</i>	<i>-14,5</i>	<i>-14,3</i>

Source: Reserve Bank of Zimbabwe, 2023

## 6. EQUITY MARKETS

During the week ending 7<sup>th</sup> July 2023, the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX) traded on a negative trajectory. As such, the ZSE All Share and VFEX All Share indices lost 9.39% and 2.29% to close the week at 155 307.10 points and 74.43 points, respectively.

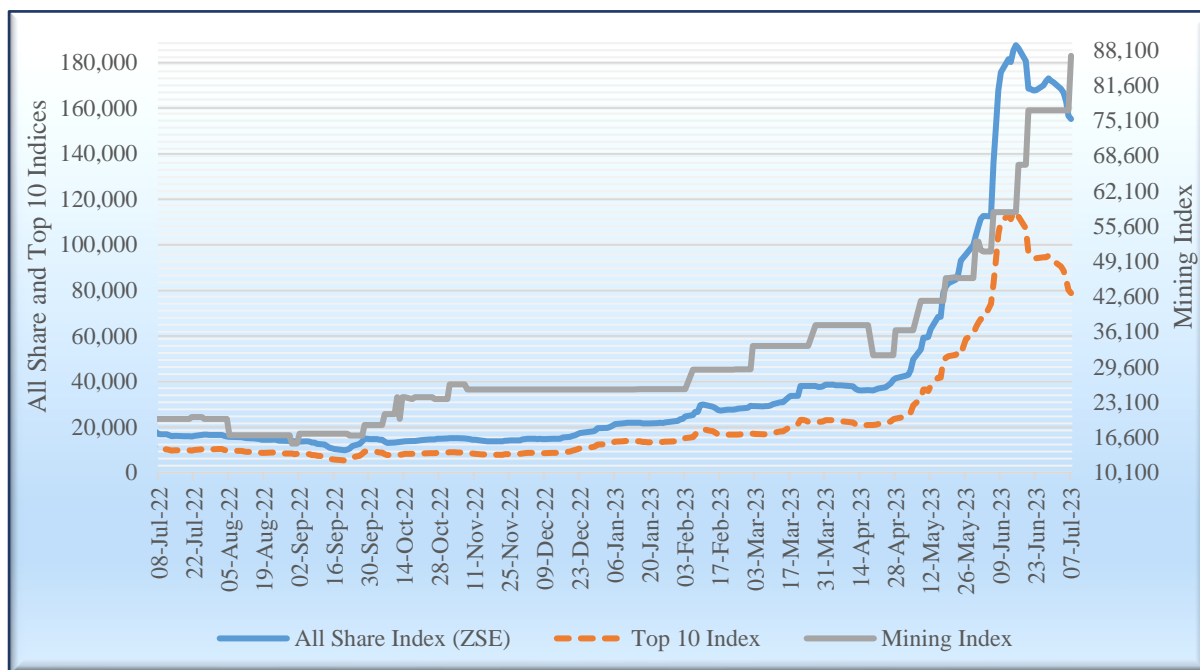
### Zimbabwe Stock Exchange (ZSE) Developments

The Top 10 and Top 15 indices lost 15.32% and 12.42% to close at 78 782.22 and 104 068.57 points compared to 93 034.57 points and 118 830.20 points in the previous week, respectively. The Small Cap and the medium Cap indices, however, gained by 13.32% and 8.71% to close the week at 2 165 867.69 points and 474 390.67 points, respectively.



The resources index gained by 13.12% to close the week at 87 058.77 points compared to 76 960.49 points recorded in the previous week. Figure 3 shows developments on the ZSE's All Share, Top 10 and mining indices from 8<sup>th</sup> July 2022 to 7<sup>th</sup> June 2023.

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



Source: Zimbabwe Stock Exchange, 2023

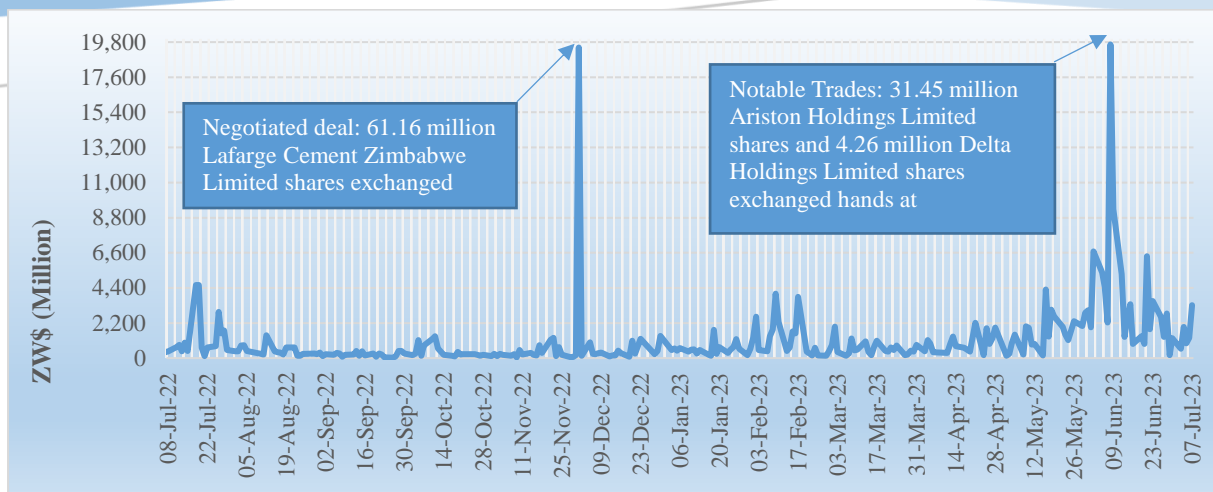
The decline in the mainstream index emanated from losses in share prices of CBZ Holdings Limited (55.62%), Meikles Limited (33.08%), Dairibord Holdings Limited (15.89%), Econet Wireless Zimbabwe Limited (14.88%) and FBC Holdings Limited (14.31%).

Partially offsetting the abovementioned losses were share price increases in First Mutual Holdings Limited (91.15%), Nampak Zimbabwe Limited (72.47%), CAFCA Limited (63.52%), Rainbow Tourism Group Limited (39.84%) and Masimba Holdings Limited (33.62 %). The increase in the resource index emanated from a 13.12% gain in RioZim Limited counter.

### Market Turnover

During the week under analysis, trading activity was largely concentrated in low-tier counters. Therefore, cumulative value of shares traded declined by 1.04%, despite a 689.25% increase in volume of shares traded, amounting to 96.95 million shares. Figure 4 shows the trend in daily market turnover for the period 8<sup>th</sup> July 2022 to 7<sup>th</sup> July 2023.

**Figure 4: Market Turnover**



Source: Zimbabwe Stock Exchange, 2023

### Market Capitalisation

Reflecting the developments on the local bourse during the week under review, the market lost 9.73%, or ZW\$1 361.24 billion worth of capitalization to close at ZW\$12 626.24 billion, compared to the previous week’s position of ZW\$13 987.48 billion. Figure 5 shows the evolution of market capitalization for the period 8<sup>th</sup> July 2022 to 7<sup>th</sup> July 2023

**Figure 5: Market Capitalization**



Source: Zimbabwe Stock Exchange, 2023

### Victoria Falls Stock Exchange (VFEX) Developments

The decline in the VFEX mainstream index stemmed from share price decreases in Axia Corporation Limited (22.48%), Bindura Nickel Corporation (BNC) (20.00%), African Sun Limited (11.81%), Padenga Holdings Limited (7.17%) and Seed Co International Vx (1.67). Partially offsetting the abovementioned losses was a gain in share price of First Capital Bank Limited (11.11%).

### VFEX Market Turnover

The VFEX cumulative volume of shares traded declined by 31.18% to 4.12 million shares from 5.98 million shares recorded in the previous week. The value of shares traded, however, increased by 3.82% to ZW\$0.99 million compared to ZW\$0.95 million recorded in the previous week.

### VFEX Market Capitalization

Reflecting the bearish trading activity on the VFEX during the week under analysis, the market lost 2.29%, or US\$29.39 million worth of capitalization to close at US\$1.26 billion, compared to US\$1.29 billion registered in the previous week. Figure 6 shows the trend in the VFEX All Share Index (ASI) for the period 8<sup>th</sup> July 2022 to 7<sup>th</sup> June 2023.

**Figure 6: VFEX All Share Index**



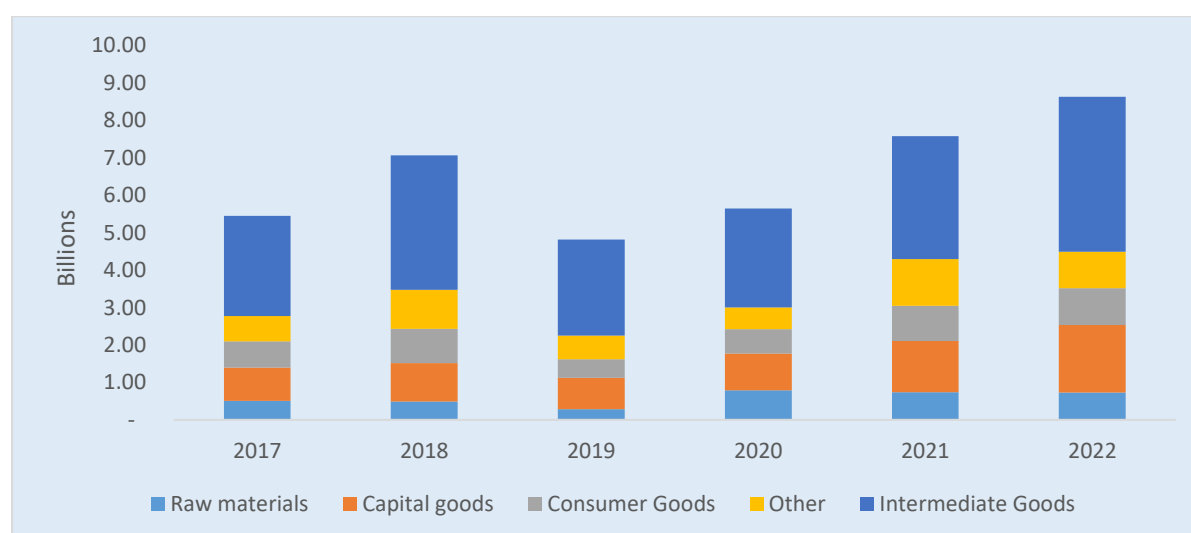
Source: Victoria Falls Stock Exchange (VFEX), 2023

## 7. TRENDS IN ZIMBABWE IMPORTS

Zimbabwe remains import intensive, with imports constituting at least 40% of domestic manufacturing sector production. The country imports machinery and capital components, energy, raw materials, finished products and services, which are all important for supporting domestic production or augmenting locally produced and supplied products. The current increase in production, reflected by growth in industry capacity utilization, which grew from 47% in 2021 to 63% in 2022<sup>1</sup> resulted in increased demand for imports. However, to the extent that the country becomes more inward-looking and embarking on higher import substitution to sustain the increase in industry capacity utilization, the increase in production and capacity utilization should lead to reduced demand for imports in the medium to long term, thus enabling the country to start building on its foreign currency reserves.

The country imported a total of US\$4.8 billion worth of goods in 2019, which increased by 78% to US\$8.63 billion in 2022, with the foreign currency auction system contributing significantly towards the increase. Intermediate goods imports such as capital components and semi-processed goods dominate the import mix, accounting for between 45% and 50% of total imports between 2019 and 2022, while the proportion of imports for raw materials, which had fallen to 6% in 2019 increased to a peak of 14% in 2020 before moderating to 9% in 2022. Figure 8 shows the trends of imports of goods by broad category.

**Table 8: Imports of Goods by Broad Economic Categories (BECs)**



Source: Reserve Bank of Zimbabwe 2023

<sup>1</sup> According to ZNCC report 2023

The moderation in the demand for raw materials amid growing economic activity, reflects increased efforts by industry to rely more on local raw material as a coping strategy during and after the supply disruptions associated with Covid-19. The demand for imported capital goods has been increasing steadily over the years. It increased from an average of 14% before 2018 to more than 20% by 2022, reflecting the growing demand for imports of machinery, equipment, and technology, which is critical for industry re-tooling and re-capitalization in support of the increasing economic activity in the economy.

The proportion of consumer goods imports in total imports has been gradually falling over the recent years, falling from an average of over 13% before 2018 to about 10% by 2022, reflecting greater substitute of locally produced goods for imports by the consumers. The increase in import substitution both at production and consumption levels is important not only in terms of supporting the domestic producers and employment, but also in easing pressure on the demand for foreign currency. The support for such industrialization strategy through appropriate policies is important for the sustenance of a health external position for the country.

The recent import trends suggest that the country is increasingly relying on locally manufactured materials and consumption goods. The increase in import substitution by the economy is both a result of the disruptions of the traditional supply-chain disruptions during Covid-19 as well as the effects of deliberate policy measures and interventions by Government, including industry support through the foreign currency auction, well-structured import taxes and appropriate forex market reforms.

**RESERVE BANK OF ZIMBABWE**

## APPENDIX 1: FOREIGN EXCHANGE AUCTION RESULTS FOR MAINFX<sup>2</sup> AND WHOLESALEFX<sup>3</sup>

	MAINFX				WHOLESALEFX		
	9-June-23	13-June-23	20-June-23	27-June-23	29-June-23	04-July-23	06-July-23
<b>Total Bids (US\$ dollars)</b>	22,581,743.16	7,779,994.45	1,850,618.23	797,323.53	2,940,000.00	4,327,000.00	4,460,100.00
<b>Amount Allotted (US\$ dollars)</b>	4,158,013.57	2,945,406.28	1,135,542.46	797,323.53	2,940,000.00	4,127,000.00	4,460,100.00
<b>Highest Rate</b>	4,100.00	7,000.00	7,300.00	7,261.58	6,000.00	5,550.00	5,400.00
<b>Lowest Bid Rate</b>	3,555.00	5,200.00	6,600.00	6,620.00	5,263.16	5,200.00	5,000.00
<b>Lowest Bid Rate Allotted</b>	3,555.00	5,200.00	6,600.00	6,620.00	5,263.16	5,200.00	5,000.00
<b>Weighted Average Rate</b>	3,673.77	5,978.68	6,926.58	6,326.59	5,739.80	5,395.96	5,251.06
<b>Number of Bids Received</b>	210	297	73	23	8	11	10
<b>Number of Bids Rejected</b>	5	3	0	0	0	0	0

*Source: Reserve Bank of Zimbabwe, 2023*

<sup>2</sup> Main Foreign Currency Auction. The Auction is normally conducted every Tuesday every week.

<sup>3</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			
	13-June-23	20-June-23	27-June-23	04-July-23
<b>Raw Materials</b>	1,353,246.86	251,242.51	263,556.10	205,209.91
<b>Machinery and Equipment</b>	850,335.53	576,203.62	126,774.66	64,869.77
<b>Consumables (Incl. Spares, Tyres, Packaging)</b>	121,735.54	69,339.17	5,000.00	-
<b>Pharmaceuticals and Chemicals</b>	63,406.00	-	-	-
<b>Services (Loans, Dividends and Disinvestments)</b>	355,375.24	28,486.66	205,064.31	183,004.64
<b>Retail and Distribution</b>	142,263.37	188,370.50	177,411.76	127,837.25
<b>Fuel, Electricity and Gas</b>	-	-	-	-
<b>Paper and Packaging</b>	59,043.74	21,900.00	19,516.90	-
<b>TOTAL</b>	<b>2,945,406.28</b>	<b>1,135,542.46</b>	<b>797,323.53</b>	<b>580,921.57</b>

*Source: Reserve Bank of Zimbabwe, 2023*