



# Weekly Economic Highlights

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Week Ending  
15<sup>th</sup> September 2023

## 1. OVERVIEW

This report provides an analysis of the developments in the money and capital markets for the week ending 15<sup>th</sup> September 2023. The report also covers developments in the tobacco sales, mineral commodities, and stock markets during the week. The last section of the report presents a look at US dollar interest rate margins.

During the week under review, both the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX) exhibited bullish sentiments. Consecutively, the value of transactions processed through the National Payment System (NPS) were lower during the week under review compared to the previous week.

The minimum deposit rates for both the domestic currency deposits and foreign currency deposits remained largely unchanged 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, however, continued to be lower compared to the same period in the previous year.

## 2. INTEREST RATES

### Local Currency (ZWL) Deposit Rates

During the week ending 15<sup>th</sup> September 2023, minimum and maximum ZWL deposit rates for all classes of deposits remained largely unchanged. Maximum deposit rates for deposits of 3-month, 6-month and 12-month tenor, however, registered increases during the same week.

**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 (%)
18-Aug-23	34.29	35.60	59.00	70.11	57.67	70.35	59.17	68.64	59.33	68.79
25-Aug-23	34.29	34.29	59.00	70.11	57.67	70.35	59.17	68.64	59.33	68.79
01-Sep-23	34.29	35.60	59.00	70.11	57.67	70.35	59.17	68.64	59.33	68.79
08-Sep-23	34.29	35.60	59.00	70.11	61.67	69.22	59.17	67.40	59.33	67.53
15-Sep-23	34.29	35.60	59.00	70.11	61.67	70.89	59.17	68.64	59.33	68.79

Source: Reserve Bank of Zimbabwe, 2023

## Local Currency Lending Rate

The minimum and maximum ZWL lending rates for individual clients registered an increase while those for corporate clients were marginally lower during the week under analysis. The ZWL lending rates are shown in Table 2.

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

Date	Minimum (%)		Maximum (%)	
	Individual Clients		Corporate Clients	
<b>11-Aug-23</b>	77.70	102.85	94.39	166.34
<b>18-Aug-23</b>	77.83	102.86	93.46	165.81
<b>25-Aug-23</b>	77.63	102.79	93.18	166.18
<b>01-Sep-23</b>	76.78	100.11	92.40	166.33
<b>08-Sep-23</b>	76.51	99.92	91.76	166.02
<b>15-Sep-23</b>	76.71	99.96	91.58	165.85

Source: Reserve Bank of Zimbabwe, 2023

## Foreign Currency (USD) Deposit Rates

During the week under review, minimum and maximum FCA deposit rates for all classes of deposits remained largely unchanged. Banks continue to actively take measures to attract long term foreign currency deposits amid firm demand for foreign currency loans by individual and corporate clients. Average foreign currency deposits rates 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>18-Aug-23</b>	1.27	1.81	3.15	4.62	3.33	5.00	3.35	5.27	3.43	5.50
<b>25-Aug-23</b>	1.27	1.81	3.15	4.62	3.33	5.00	3.35	5.27	3.43	5.50
<b>01-Sep-23</b>	1.27	1.81	3.15	4.62	3.33	5.00	3.35	5.27	3.43	5.50
<b>08-Sep-23</b>	1.27	1.81	3.15	4.62	3.33	5.00	3.35	5.27	3.43	5.50
<b>15-Sep-23</b>	1.27	1.81	3.15	4.62	3.33	5.00	3.35	5.27	3.43	5.50

Source: Reserve Bank of Zimbabwe, 2023

## Foreign Currency (USD) Lending Rates

During the week ending 15<sup>th</sup> September 2023, minimum foreign currency lending rates (FCA) for individuals increased by 0.08 percentage points while those for corporate lending rates registered a decline of 0.07 percentage points during the same week. Maximum lending rates for both individual and corporate clients registered an increase amid high demand for foreign currency credit in the economy.

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

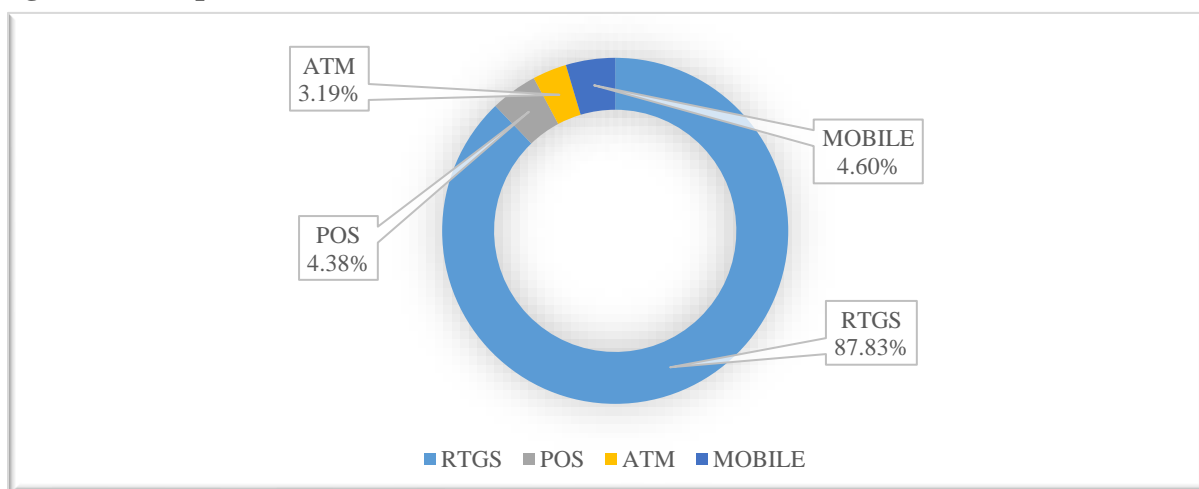
Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
18-Aug-23	11.29	13.15	8.03	14.38
25-Aug-23	11.28	13.19	8.03	14.36
01-Sep-23	11.22	13.23	7.12	14.92
08-Sep-23	11.29	13.16	8.25	14.20
15-Sep-23	11.21	13.29	8.18	14.26

Source: Reserve Bank of Zimbabwe, 2023

### 3. CLEARING AND SETTLEMENT ACTIVITY

During the week under analysis, aggregate transactions processed in value terms through NPS platforms stood at ZW\$5.10 trillion, representing a decrease of 0.11% from ZW\$5.11 trillion in the previous week. The Real Time Gross Settlement (RTGS) system constituted 87.83% of the total value of transactions processed through the NPS. In value terms, NPS transactions were distributed as shown in Figure 1.

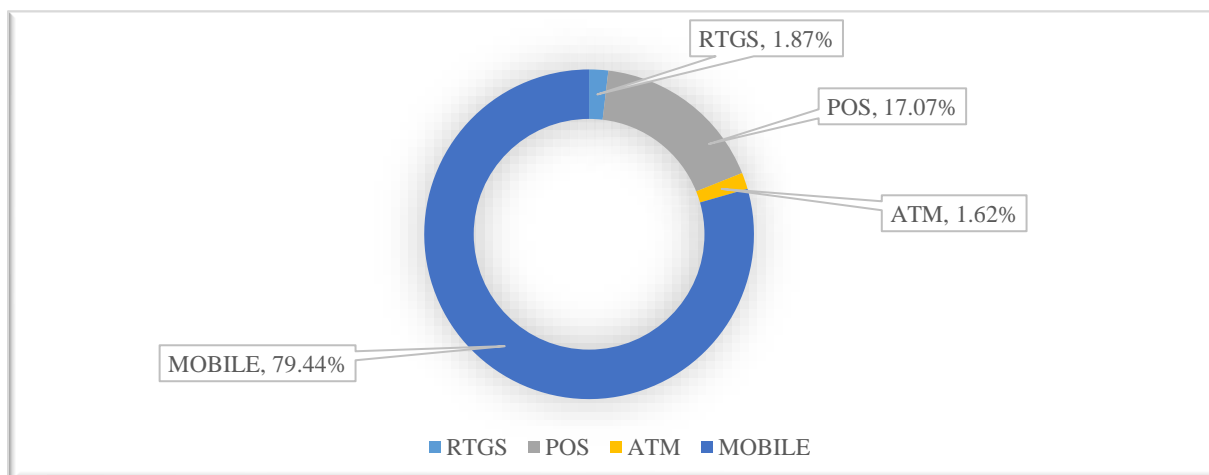
**Figure 1: Composition of NPS Transactions in Value Terms**



Source: Reserve Bank of Zimbabwe, 2023

The volume of transactions processed through the NPS decreased by 9.58% to close at 10.04 million driven by decreases in RTGS, Mobile, POS and ATM transactions volumes. NPS transaction volumes were distributed as follows: Mobile, 79.44%; POS, 17.07%; ATM, 1.62%; and RTGS, 1.87%, as 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 08 September 2023	WEEK ENDING 15 September 2023	% CHANGE FROM LAST WEEK	PROPORTION %
<b>Values in ZW\$ Millions</b>				
RTGS	4,243,909.60	4,484,949.05	5.68%	87.83%
POS	324,132.97	223,612.37	-31.01%	4.38%
ATM	279,709.56	162,870.54	-41.77%	3.19%
MOBILE	264,014.42	234,699.36	-11.10%	4.60%
<b>TOTAL</b>	<b>5,111,766.55</b>	<b>5,106,131.33</b>	<b>-0.11%</b>	<b>100%</b>
<b>Volumes</b>				
RTGS	211,396	187,357	-11.37%	1.87%
POS	2,133,115	1,713,368	-19.68%	17.07%
ATM	309,747	163,104	-47.34%	1.62%
MOBILE	8,448,524	7,975,639	-5.60%	79.44%
<b>TOTAL</b>	<b>11,102,782</b>	<b>10,039,468</b>	<b>-9.58%</b>	<b>100%</b>

Source: Reserve Bank of Zimbabwe, 2023

#### 4. TOBACCO SALES

As at the 119<sup>th</sup> day of the tobacco selling season, a cumulative total of 296.14 million kilograms of tobacco had been sold, compared to a cumulative total of 207.73 million kilograms sold during

the same period in 2022. The turnover realized from the sales amounted to US\$896.98 million, a 41.17% increase, compared to US\$635.37 million realized during the same period in 2022.

**Table 6: Weekly Cumulative Tobacco Sales: Day 119<sup>th</sup> (15<sup>th</sup> September 2023)**

	2022	2023	Variance (%)
<b>Cumulative Quantity Sold (million kgs)</b>	207,725,586	296,135,214	42.56
<b>Average Price (US\$/kg)</b>	3.06	3.03	-0.97
<b>Cumulative value (US\$ million)</b>	635,374,749	896,982,582	41.17

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

The golden leaf continued to be sold at a lower average price of US\$3.03/kg, during the week under review, down from US\$3.06/kg realized during the same period in 2022.

## 5. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS

During the week under analysis, international commodity prices for gold, platinum and nickel fell, while prices for palladium, copper and crude oil increased. Table 7 shows commodity price developments during the week under review.

**Table 7: Metal and Crude Oil Prices for the week ending 15<sup>th</sup> September 2023**

	Gold	Platinum	Palladium	Copper	Nickel	Crude Oil
<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 (4 - 8 Sep)</b>	<b>1,927.42</b>	<b>926.00</b>	<b>1,213.50</b>	<b>8,362.20</b>	<b>20,576.60</b>	<b>90.03</b>
11-Sep	1,925.78	903.50	1,212.50	8,394.50	20,140.00	90.94
12-Sep	1,913.73	901.00	1,214.50	8,366.50	19,830.00	92.18
13-Sep	1,912.98	903.50	1,233.50	8,413.50	20,140.00	92.44
14-Sep	1,904.10	902.00	1,259.50	8,487.50	20,305.00	94.33
15-Sep	1,923.20	922.00	1,265.50	8,420.00	20,000.00	94.34
<b>Weekly Average (11 - 15 Sep)</b>	<b>1,915.96</b>	<b>906.40</b>	<b>1,237.10</b>	<b>8,416.40</b>	<b>20,083.00</b>	<b>92.85</b>
<i>Weekly Change (%)</i>	<i>-0.59</i>	<i>-2.12</i>	<i>1.94</i>	<i>0.65</i>	<i>-2.40</i>	<i>3.13</i>

Source: BBC, KITCO and Bloomberg 2023

### Gold

Gold prices eased by 0.59%, from an average of US\$1,927.42 per ounce recorded in the previous week to US\$1,915.96 per ounce during the week under review. The price of the yellow metal fell as investors expected the U.S. Federal Reserve to maintain the interest rates unchanged.

## **Platinum**

Platinum prices continued on a negative trajectory, underpinned by a perceived glut in the market for the precious metal relative to global demand. Prices decreased by 2.12%, from a weekly average of US\$926.00 per ounce reported in the previous week to US\$906.40 per ounce during the week under review.

## **Palladium**

Palladium prices increased by 1.94% to US\$1,237.10 per ounce during the week under review, from US\$1,213.50 per ounce recorded in the previous week. Stronger-than-expected economic reports from China supported the rise in prices.

## **Copper**

During the week ending 15<sup>th</sup> September 2023, copper prices rose by 0.65% to US\$8,416.50 per tonne from US\$8,362.20 per tonne recorded in the prior week. Prices rose after economic data from China, the top metals consumer, showed signs of a stabilising economy.

## **Nickel**

Nickel prices were further reduced by 2.40% to close at US\$20,083.00 per tonne during the week under review, from US\$20,576.60 per tonne reported in the previous week. The decline in prices was mainly on account of a stronger U.S. dollar which is expected to dampen demand.

## **Brent Crude Oil**

Crude oil prices improved by 3.13%, from US\$90.03 per barrel reported in the previous week to US\$92.85 per barrel during the week under analysis. The increase in oil prices was primarily driven by stronger-than-expected economic reports and increased demand from China, the world's second-largest consumer of crude oil.

## Exchange Rate Developments

### Interbank Market

The Zimbabwe dollar (ZW\$) depreciated by 1.95% on the interbank market, from an average of ZW\$4,633.01 per US\$1 in the previous week to ZW\$4,723.22 per US\$1, during the week under review as shown in Table 8.

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

2023	USD	ZAR	GBP	BWP	EURO
<b>Weekly Average (4 - 8 Sep)</b>	<b>4,633.0058</b>	<b>244.5192</b>	<b>5,819.3283</b>	<b>316.8141</b>	<b>4,979.8968</b>
11-Sep	4,664.2710	250.0000	5,838.9676	338.6261	5,006.6285
12-Sep	4,695.4502	250.0000	5,875.1820	344.1765	5,042.2092
13-Sep	4,712.1675	253.1646	5,885.0436	345.6507	5,063.2328
14-Sep	4,714.5341	253.1646	5,894.8223	347.2390	5,069.0852
15-Sep	4,829.6830	259.7403	5,999.4502	354.0698	4,829.6830
<b>Weekly Average (11 - 15 Sep)</b>	<b>4,723.2212</b>	<b>253.2139</b>	<b>5,898.6931</b>	<b>345.9524</b>	<b>5,002.1677</b>
<i>Appr (-)/Depr (+) (%) of the ZWL</i>	<i>1.95</i>	<i>3.6</i>	<i>1.4</i>	<i>9.2</i>	<i>0.4</i>

Source: Reserve Bank of Zimbabwe, 2023

## 6. EQUITY MARKETS

During the week ending 15<sup>th</sup> September 2023, the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX) were both on a bullish trend. Concomitantly, the ZSE All Share index and the VFEX All Share index gained by 9.49% and 4.01% to close at 143 231.12 points and 70.79 points, respectively.

### Zimbabwe Stock Exchange (ZSE) Developments

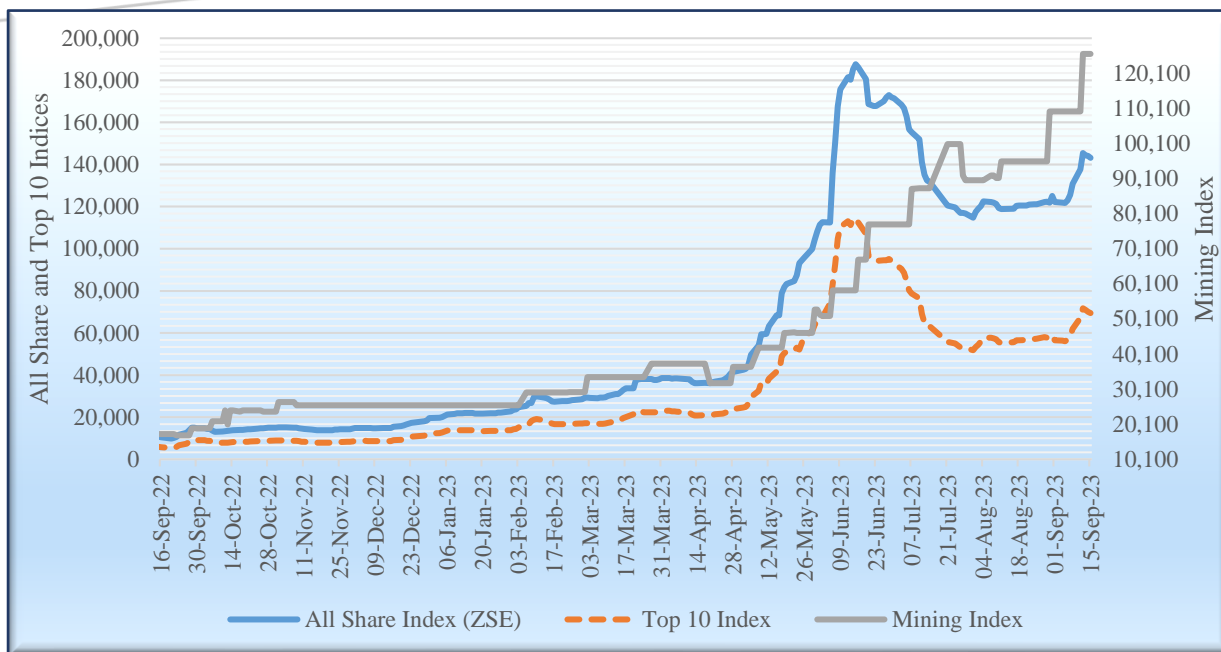
The Top 10, Top 15 and Medium Cap indices increased by 11.80%, 9.80% and 5.30% to close at 69 387.77 points, 93 084.44 points and 483 899.13 points, compared to previous week's positions of 62 062.50 points, 84 773.55 points and 459 558.89 points, respectively.

The resource index gained 15% to close at 125 531.67 points from 109 159.36 points during the week of analysis.

Figure 3 shows developments on the ZSE's All Share, Top 10 and Mining indices from 16<sup>th</sup> September 2022 to 15<sup>th</sup> September 2023.



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



Source: Zimbabwe Stock Exchange, 2023

The increase in the mainstream index emanated from share price gains in CBZ Holdings Limited (51.94%), Willdale Limited (46.36%), Zimre Holdings Limited (31.14%), Mashonaland Holdings Limited (23.99%) and Nmbz Holdings Limited (19.42%).

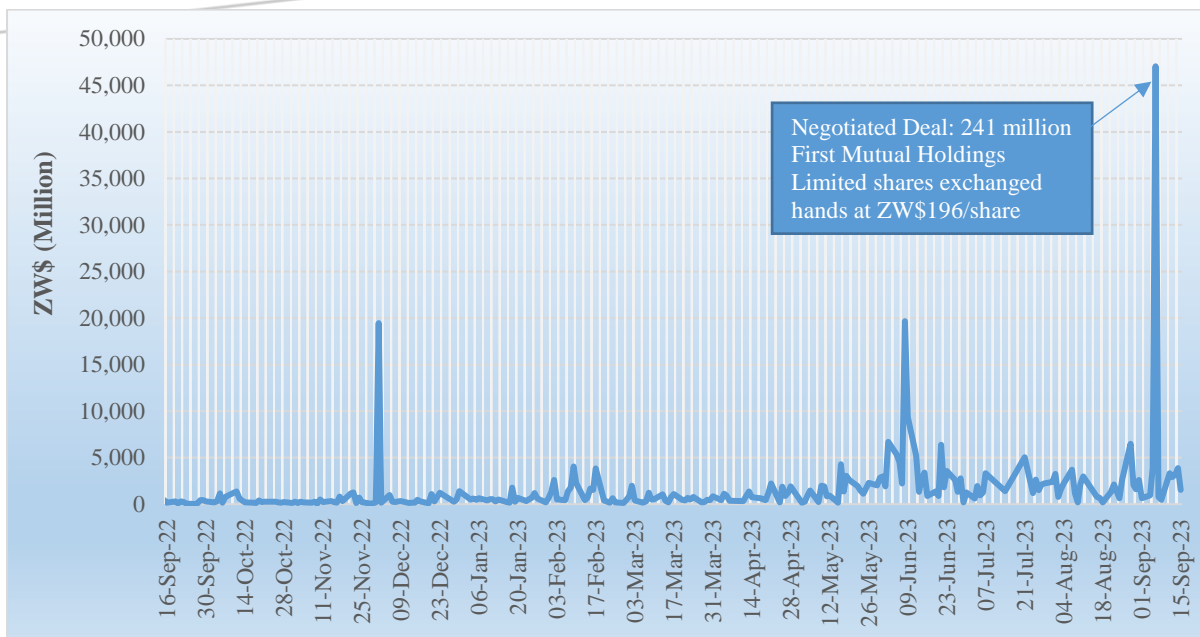
Losses were registered in the share prices of Dairibord Holdings Limited (22.15%), SeedCo Limited (15.00%), Tanganda Tea Company Limited (3.54%), British American Tobacco Zimbabwe Limited (2.38%) and Ok Zimbabwe Limited (0.04%).

### Market Turnover

During the week under analysis, cumulative volume of shares traded, and value of shares traded declined by 89.07% and 72.14% to 27.10 million shares and ZW\$14,799.88 million. This compares to 248.02 million shares and ZW\$53,131.23 million recorded in the prior week, respectively.

Figure 4 shows the trend in daily market turnover for the period 16<sup>th</sup> September 2022 to 15<sup>th</sup> September 2023.

**Figure 4: Market Turnover**



Source: Zimbabwe Stock Exchange, 2023

### Market Capitalization

Due to the positive trading on the ZSE during the week under review, the market gained 9.33%, or ZW\$973.93 billion worth of capitalization to close at ZW\$11,409.03 billion, compared to ZW\$10,435.10 billion registered in the previous week. Figure 5 shows the evolution of market capitalization for the period 16<sup>th</sup> September 2022 to 15<sup>th</sup> September 2023.

**Figure 5: Market Capitalization**



Source: Zimbabwe Stock Exchange, 2023

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

The increase in the VFEX mainstream index was a result of share price gains in First Capital Bank Limited (48.67%), Inncor Africa Limited (10.72%), Padenga Holdings Limited (3.67%), Axia Corporation Limited (3.38%) and Simbisa Brands Limited (2.53%).

Partially offsetting the aforementioned gains were declines in the share prices of African Sun Limited (5.30%), Zimplow Holdings Limited (3.90%) and Seed Co International Vx (3.81%).

### **VFEX Market Turnover**

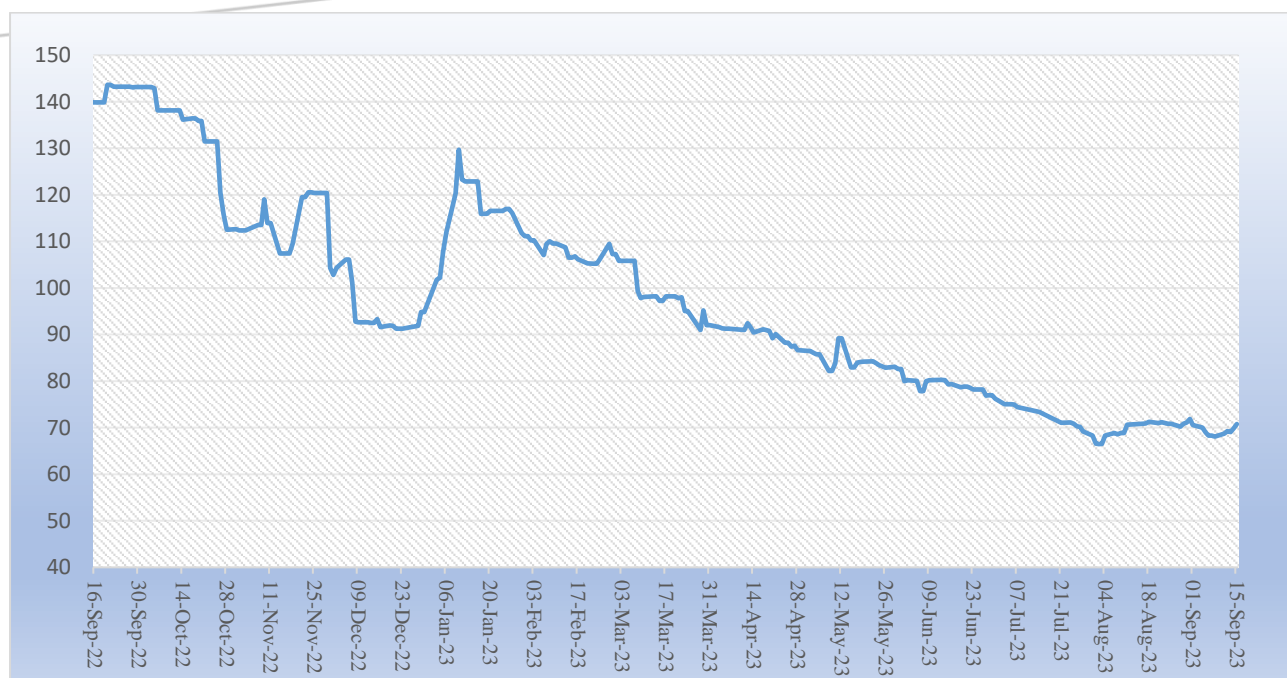
The VFEX cumulative volume of shares traded increased by 285.95% while the value of shares traded declined by 6.55% to 5.70 million shares and US\$0.42 million compared to 248.02 million shares and US\$ 0.45 million, recorded in the previous week, respectively.

### **VFEX Market Capitalization**

Due to the positive trading activity on the VFEX during the week under review, the market added 4.00% worth of capitalization to close at US\$1.21 billion.

Figure 6 shows the trend in the VFEX All Share Index (ASI) for the period 16<sup>th</sup> September 2022 to 15<sup>th</sup> September 2023.

**Figure 6: VFEX All Share Index**



Source: Victoria Falls Stock Exchange (VFEX), 2023

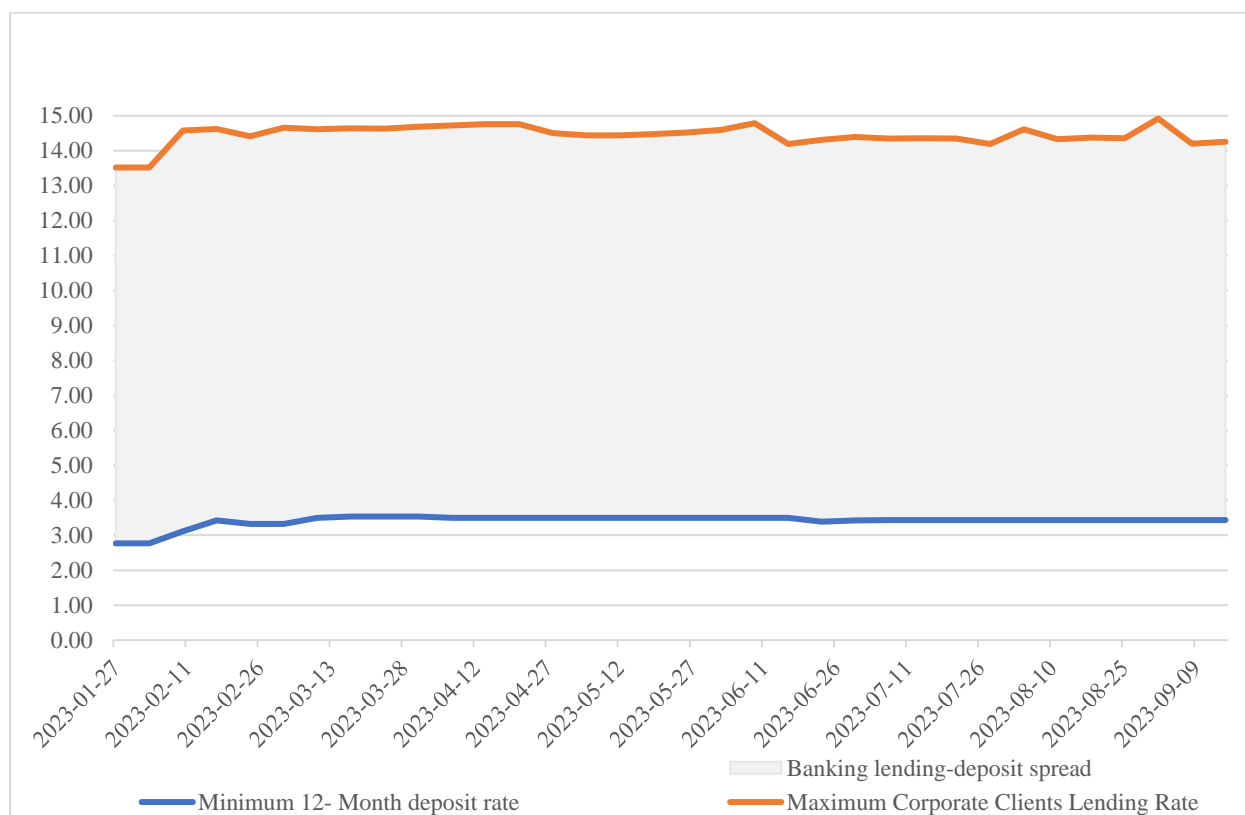
## 7. A LOOK AT US DOLLAR INTEREST RATE MARGINS

The banks play an important role in mobilising savings; both foreign and domestic currency denominated for purposes of investment. Precisely, banks play an important role in supporting economic activities through maturity transformation from savings of various terms and maturities to aggregated financial resources that can be invested in physical capital and funds with different tenors. The foreign currency savings are earned on exports of goods and services, deposits from free funds of individuals, corporates, and foreign organisations among others before they are channelled to deficit sectors, individuals and companies that need them for investment purposes. The efficiency and effectiveness of the banking system intermediation process is reflected by the banks' lending margins.

The banking sector currently holds about US\$1.2 billion worth of US dollar deposits. The cost of the US dollar savings in Zimbabwe is represented by the deposit rates paid to the different classes of US dollar deposit and savings accounts. The interest rate margin between the USD lending and deposit rates is wider for the domestic market when compared to other offshore markets, especially in the more developed markets. Figures 7 shows the USD lending – deposit rate spread for Zimbabwe, which is at least 10 percent and higher than the benchmark US lending-deposit rate spread of up to 4 percent. The wider spread for Zimbabwe reflects low

deposit rates on foreign currency deposits and higher lending rates on the US dollar loans in the country.

**Fig 7: Zimbabwe Foreign Currency Lending-Deposit Rate Spread**



Source: US Fed and Reserve Bank of Zimbabwe, 2023

The US dollar interest rate spread for Zimbabwe remains wide notwithstanding the increase in the country’s FCA deposits over time. The FCA deposits accounted for close to 88% of the banking sector total deposits, while FCA loans accounted for 94% of the total banking sector loans, as of June 2023. The wider US interest rate margin for Zimbabwe is driven by the FED rate as the benchmark rate on which country specific factors are loaded, including the relatively low domestic deposit interest rates due to limited sector competition compared to the situations in the more advanced markets, including the US. In addition, Zimbabwe faces higher bank operating, administration and intermediation costs, whose premia further raises the domestic US dollar lending rates over and above the effect of the exchange rate risk posed by the dual currency system of the county.

Notwithstanding, the notable country challenges that drive the wide US dollar interest margins for the country, the low foreign currency deposit interest rates present banks with some scope and leverage to raise the interest rates, especially on the longer-term US deposits and enhance

intermediation and mobilization of foreign currency savings. Such measures are critical in ensuring that the banks mobilize enough savings for on-lending to the productive sectors.

The Reserve Bank of Zimbabwe has taken proactive measures to enable the financial sector players to have additional information that assist in enhancing their lending efficiency, which in the medium to long term should reduce the interest rate margin on the US dollar loans. Specifically, the Bank has set up the credit registry data to enhance banks' client risk assessment. The operationalisation of the collateral registry will go a long way in assisting borrowers to register various forms of collateral, including alternative collaterals and substitutes that can be used by lenders to make decisions on lending to individuals and corporates over and above the conventional collateral assets that are usually used by the banks.

## **RESERVE BANK OF ZIMBABWE**

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

	08-August-23	WHOLESALFX 16- Aug-23	29-Aug-23	12-Sep-23
<b>Total Bids (US\$ dollars)</b>	17,518,500.00	18,854,776.00	19,610,040.40	18,726,643.25
<b>Amount Allotted (US\$ dollars)</b>	17,518,500.00	18,854,776.00	19,610,040.40	19,610,040.40
<b>Highest Rate</b>	4,584.45	4,600.00	4,650.00	4,800.00
<b>Lowest Bid Rate</b>	4,550.00	4,559.00	4,570.00	4,650.00
<b>Lowest Bid Rate Allotted</b>	4,550.00	4,559.00	4,570.00	4,650.00
<b>Weighted Average Rate</b>	4,559.74	4,577.50	4,604.62	4,712.17
<b>Number of Bids Received</b>	16	13	18	19
<b>Number of Bids Rejected</b>	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

	08-Aug-23	16-Aug-23	29-Aug-23	12-Sep-23
<b>Raw Materials</b>	308,170.98	113,729.24	144,400.98	266,877.75
<b>Machinery and Equipment</b>	287,094.68	345,440.82	123,873.61	303,210.76
<b>Consumables (Incl. Spares, Tyres, Packaging)</b>	2,120.64	-	47,224.00	136,003.85
<b>Pharmaceuticals and Chemicals</b>	-	-	-	-
<b>Services (Loans, Dividends and Disinvestments)</b>	232,795.36	58,000.00	220,379.23	303,084.29
<b>Retail and Distribution</b>	54,648.06	30,000.00	10,000.00	152,687.33
<b>Fuel, Electricity and Gas</b>	-	-	-	-
<b>Paper and Packaging</b>	-	22,269.22	-	-
<b>TOTAL</b>	<b>884,829.72</b>	<b>569,439.28</b>	<b>545,877.82</b>	<b>1,161,863.98</b>

Source: Reserve Bank of Zimbabwe, 2023