



Weekly Economic Highlights

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Week Ending
22nd September 2023

1. OVERVIEW

This report provides an analysis of the developments in the money and capital markets for the week ending 22nd September 2023. The report also covers developments in mineral commodities and stock markets during the week. The last section of the report presents a brief on monetary policy and climate change risks.

Subsequently, the Zimbabwe Stock Exchange (ZSE) traded negatively while the Victoria Falls Stock Exchange (VFEX) exhibited bullish sentiments. The value of transactions processed through the National Payment System (NPS) registered a decline during the week under analysis compared to the previous week.

The minimum and maximum deposit rates for both the domestic currency deposits and foreign currency deposits remained largely unchanged during the week under review. Conclusively, on the international front, commodity prices for gold, platinum, palladium, crude oil increased while prices for copper, nickel and lithium retreated.

2. INTEREST RATES

Local Currency (ZWL) Deposit Rates

During the week ending 22nd September 2023, minimum and maximum ZWL deposit rates for of 1-month, 6-month and 12-month tenors remained largely unchanged. Minimum deposit rates for savings deposits and deposits of 3-month tenor registered an increase. Maximum deposit rates for savings deposits were higher while those for deposits of 3-month tenor were lower during the week under analysis.

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 (%)
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
22-Sep-23	38.14	38.80	59.00	70.11	65.59	61.67	59.17	68.64	59.33	68.79

Source: Reserve Bank of Zimbabwe, 2023

Local Currency Lending Rates

The minimum ZWL lending rates for individual clients decreased while maximum ZWL lending rates for individual clients increased during the week under analysis. Minimum and maximum ZWL lending rates for corporate clients registered increases during week under review. The ZWL lending rates are shown in Table 2.

Table 2: Lending Rates (per annum)

Date	Minimum (%)		Maximum (%)	
	Individual Clients		Corporate Clients	
18-Aug-23	77.83	102.86	93.46	165.81
25-Aug-23	77.63	102.79	93.18	166.18
01-Sep-23	76.78	100.11	92.40	166.33
08-Sep-23	76.51	99.92	91.76	166.02
15-Sep-23	76.71	99.96	91.58	165.85
22-Sep-23	76.59	100.04	92.67	167.36

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. Average foreign currency deposits rates are shown in Table 3. Banks continue to offer higher deposit rates for deposits of longer tenor in order to attract deposits of onward lending to the productive sectors.

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 (%)
25-Aug-23	1.27	1.81	3.15	4.62	3.33	5.00	3.35	5.27	3.43	5.50
01-Sep-23	1.27	1.81	3.15	4.62	3.33	5.00	3.35	5.27	3.43	5.50
08-Sep-23	1.27	1.81	3.15	4.62	3.33	5.00	3.35	5.27	3.43	5.50
15-Sep-23	1.27	1.81	3.15	4.62	3.33	5.00	3.35	5.27	3.43	5.50
22-Sep-23	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

Minimum foreign currency lending rates for individuals decreased while the maximum lending rates increased during the week under analysis ending. Minimum and maximum foreign currency lending rates for corporate clients were higher during the week under analysis.

Table 4: Lending Rates (per annum)

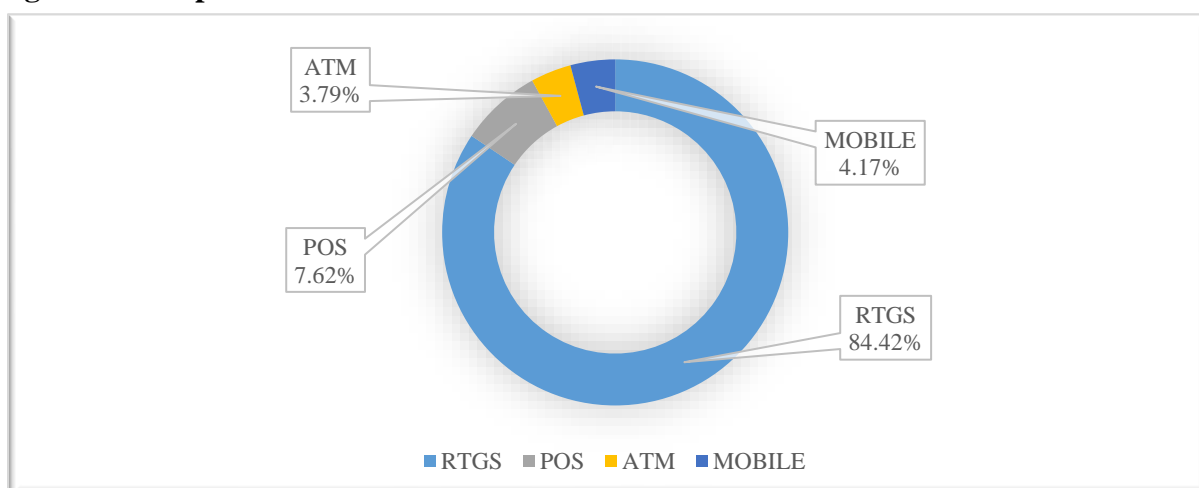
Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
25-Aug-23	11.28	13.19	8.03	14.36
01-Sep-23	11.22	13.23	7.12	14.92
08-Sep-23	11.29	13.16	8.25	14.20
15-Sep-23	11.21	13.29	8.18	14.26
22-Sep-23	11.19	13.32	8.19	14.28

Source: Reserve Bank of Zimbabwe, 2023

3. CLEARING AND SETTLEMENT ACTIVITY

The total value of transactions processed through NPS platforms amounted to ZW\$5.01 trillion, representing a decrease of 1.94% from ZW\$5.11 trillion in the previous week. Real Time Gross Settlement (RTGS) system transactions constituted 84.42% of the total value of transactions processed through the NPS. In value terms, NPS transactions were distributed as shown in Figure 1.

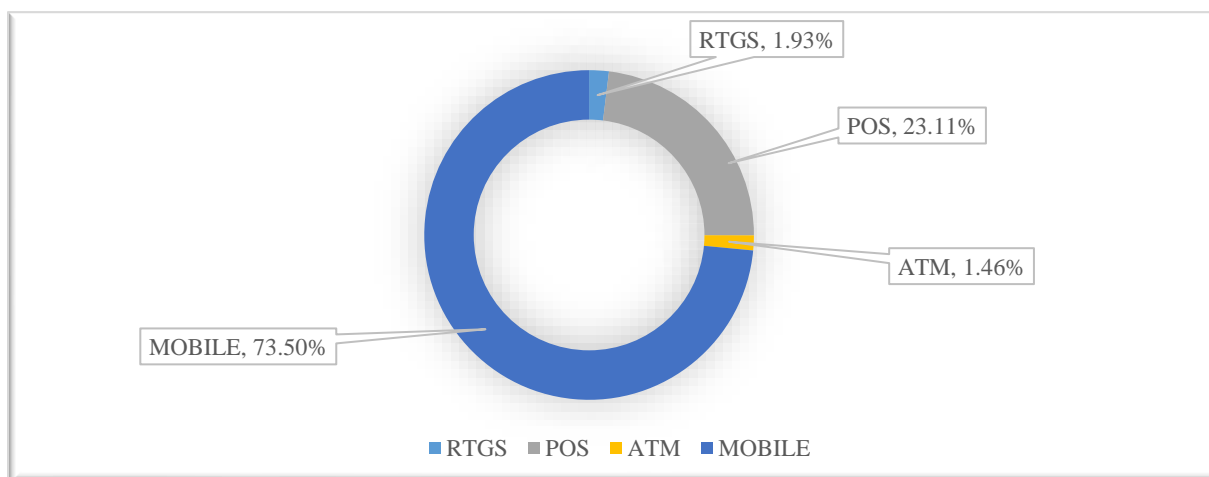
Figure 1: Composition of NPS Transactions in Value Terms



Source: Reserve Bank of Zimbabwe, 2023

The volume of transactions processed through the NPS increased by 5.13% to close at 10.55 million driven by increases in RTGS and POS transactions volumes. NPS transaction volumes were distributed as follows: Mobile, 73.50%; POS, 23.11%; ATM, 1.46%; and RTGS, 1.93%, 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 15 September 2023	WEEK ENDING 22 September 2023	% CHANGE FROM LAST WEEK	PROPORTION %
Values in ZW\$ Millions				
RTGS	4,484,949.05	4,227,255.76	-5.75%	84.42%
POS	223,612.37	381,504.39	70.61%	7.62%
ATM	162,870.54	189,755.49	16.51%	3.79%
MOBILE	234,699.36	208,743.47	-11.06%	4.17%
TOTAL	5,106,131.33	5,007,259.11	-1.94%	100%
Volumes				
RTGS	187,357	203,787	8.77%	1.93%
POS	1,713,368	2,438,936	42.35%	23.11%
ATM	163,104	153,600	-5.83%	1.46%
MOBILE	7,975,639	7,757,701	-2.73%	73.50%
TOTAL	10,039,468	10,554,024	5.13%	100%

Source: Reserve Bank of Zimbabwe, 2023

4. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS

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

Table 7: Metal and Crude Oil Prices for the week ending 22nd September 2023

	Gold	Platinum	Palladium	Copper	Nickel	Crude Oil	Lithium
2023	US\$/ounce	US\$/ounce	US\$/ounce	US\$/tonne	US\$/tonne	US\$/barrel	US\$/tonne
Weekly Average (11 - 15 Sep)	1,915.96	906.40	1,237.10	8,416.40	20,083.00	92.85	28,680.00
18-Sep	1,924.95	934.00	1,250.00	8,327.00	19,775.00	94.95	28,100.00
19-Sep	1,934.95	943.50	1,262.00	8,332.00	19,900.00	92.84	28,100.00
20-Sep	1,936.75	944.00	1,284.50	8,280.50	19,460.00	92.84	27,900.00
21-Sep	1,919.20	918.50	1,247.50	8,194.00	19,123.00	93.85	27,700.00
22-Sep	1,926.78	937.00	1,272.50	8,184.50	19,325.00	93.79	27,500.00
Weekly Average (18 - 22 Sep)	1,928.53	935.40	1,263.30	8,263.60	19,516.60	93.65	27,860.00
<i>Weekly Change (%)</i>	<i>0.66</i>	<i>3.20</i>	<i>2.12</i>	<i>-1.82</i>	<i>-2.82</i>	<i>0.87</i>	<i>-2.86</i>

Source: BBC, KITCO and Bloomberg 2023

Gold

Gold prices increased by 0.66%, from an average of US\$1,915.96 per ounce reported in the previous week to US\$1,928.53 per ounce during the week under review. The metal price surged as markets continued experiencing uncertainty regarding the timing of the U.S. Federal Reserve's decision to hike rates.

Platinum

The week under review saw platinum prices increasing by 3.20%, from US\$906.40 per ounce reported in the previous week to US\$935.40 per ounce. The price rise was underpinned by increased demand for the precious metal supported by stronger-than-expected economic growth from China.

Palladium

During the week ending 22nd September 2023, palladium prices rose by 2.12% to US\$1,263.30 per ounce, from US\$1,237.10 per ounce recorded in the previous week. The price rise was supported by increased demand for the metal and the stronger-than-expected economic reports from China.

Copper

During the week ending 22nd September 2023, copper prices decreased by 1.82% to US\$8,263.60 per tonne from US\$8,416.40 per tonne recorded in the prior week. The price of the red metal fell amid the strong U.S. dollar, high inventories and reduced risk appetite after the U.S. Federal Reserve signalled that the monetary policy would remain restrictive for longer.

Nickel

Nickel prices continued the negative momentum, decreasing by 2.82% to close at US\$19,516.60 per tonne during the week under review, from US\$20,083.00 per tonne reported in the previous week. Weak demand prospects from China, the world's largest metal consumer, pulled prices back.

Lithium

Lithium prices reduced by 2.86%, from US\$28,680.00 per tonne reported in the previous week to US\$27,860.00 per tonne during the under-analysis week. Price declined amid weakened demand for battery electrolytes and battery cells.

Brent Crude Oil

Crude oil prices increased by 0.87%, from US\$92.85 per barrel recorded in the previous week to US\$93.65 per barrel during the week ending 22nd September 2023. Tight global supplies from OPEC+ members largely influenced the increase in oil prices.

Exchange Rate Developments

Interbank Market

The Zimbabwe dollar (ZW\$) depreciated by 6.82% on the interbank market, from an average of ZW\$4,723.22 per US\$1 in the prior week to ZW\$5,045.50 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
Weekly Average (11 - 15 Sep)	4,723.2212	253.2139	5,898.6931	345.9524	5,002.1677
18-Sep	4,924.6790	256.4103	6,106.1600	357.6832	5,254.8913
19-Sep	4,996.9694	263.1579	6,183.9995	363.0298	5,336.2636
20-Sep	5,015.4279	270.2703	6,215.8705	367.1293	5,358.2324
21-Sep	5,119.5946	277.7778	6,307.3405	376.8021	5,445.2007
22-Sep	5,170.8074	277.7778	6,350.2686	379.0202	5,507.9440
Weekly Average (18 - 22 Sep)	5,045.4957	269.0788	6,232.7278	368.7329	5,380.5064
<i>Appr (-)/Depr (+) (%) of the ZWL</i>	6.82	6.3	5.7	6.6	7.6

Source: Reserve Bank of Zimbabwe, 2023

5. EQUITY MARKETS

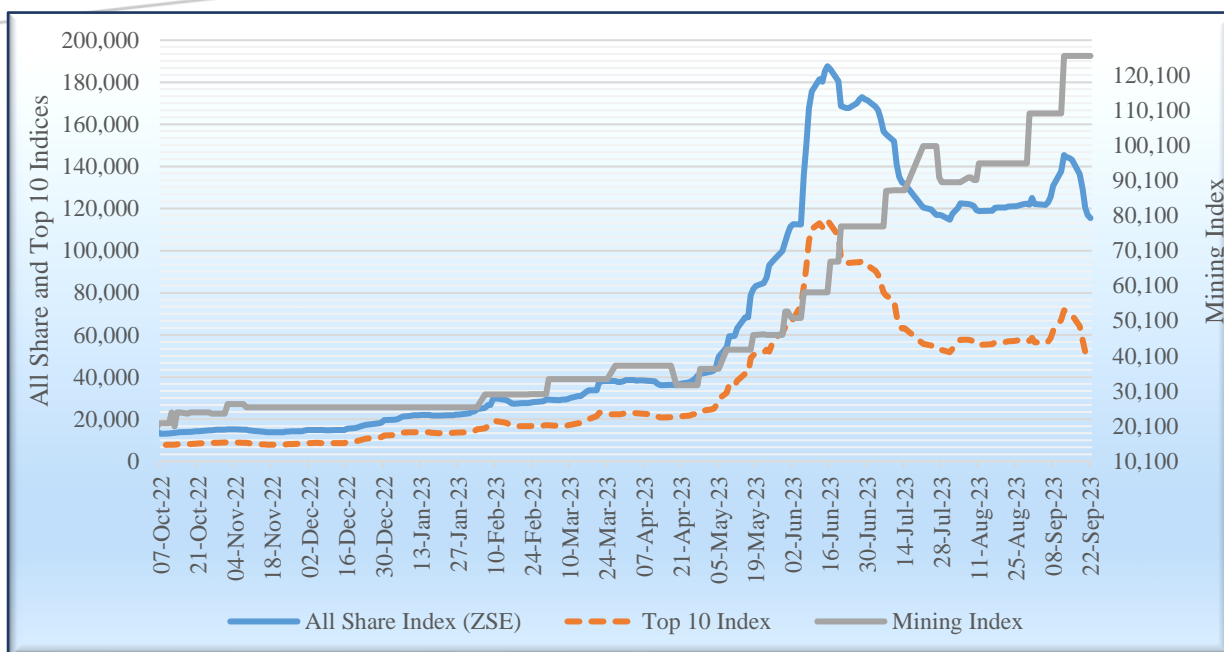
During the week ending 22nd September 2023, the Zimbabwe Stock Exchange (ZSE) traded negatively, and the Victoria Falls Stock Exchange (VFEX) exhibited bullish sentiments. Resultantly, the ZSE All Share index lost 19,37% while the VFEX All Share index gained by 2.31% to close at 115 490.04 points and 72.43 points, respectively.

Zimbabwe Stock Exchange (ZSE) Developments

The Top 10, Top 15 and Small Cap indices lost by 29.59%, 25.48% and 2.77% to close at 48 853.49 points, 69 366.31 points and 2 282 585.59 points, compared to previous week's positions of 69 387.77 points, 93 084.44 points and 2 347 578.77 points, respectively.

The resource index remained unchanged at 125 531.67 points during the week under review. Figure 3 shows developments on the ZSE's All Share, Top 10 and Mining indices from 7th October 2022 to 22nd September 2023.

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



Source: Zimbabwe Stock Exchange, 2023

The decline in the mainstream index was a result of share price losses in Ecocash Holdings LAS (82.68%), SeedCo Limited (44.33%), Delta Corporation Limited (41.98%), CBZ Holdings Limited (33.77%) and Tanganda Tea Limited (25.43%).

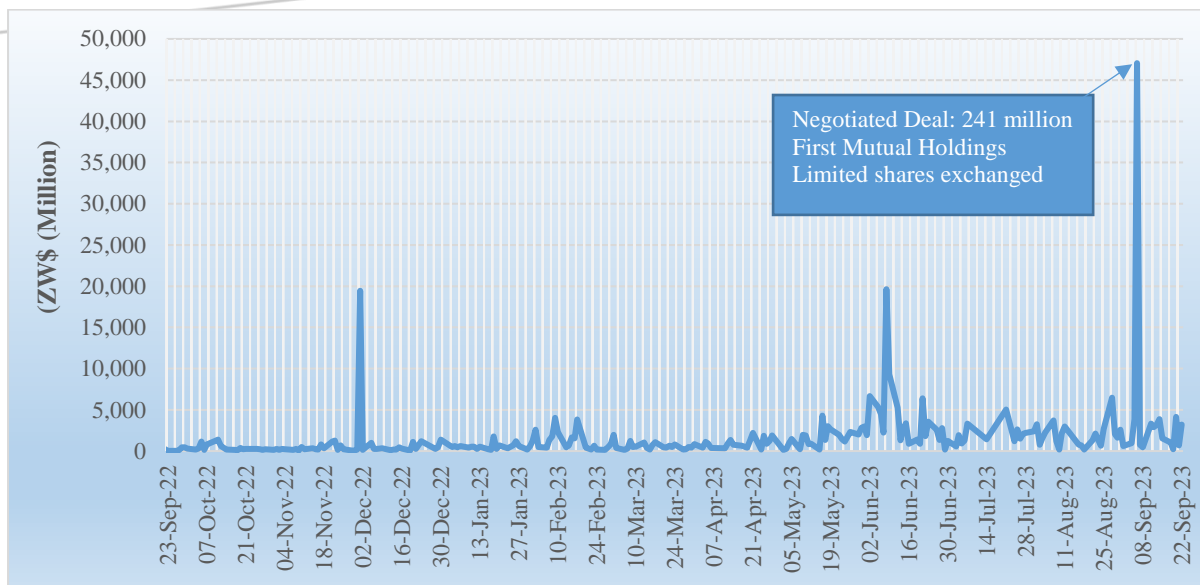
Increases were registered in share prices for Turnall Holdings Limited (17.65%), NMBZ Holdings Limited (15.43%), Unifreight Africa Limited (15.00%), National Trye Service Limited (14.88%) and First Mutual Properties Limited (11.20%).

Market Turnover

During the week under analysis, cumulative volume and value of shares traded declined by 23.99% and 37.09% to 20.60 million shares and ZW\$9,310.74 million, respectively. This compares to 27.10 million shares and ZW\$14,799.88 million recorded in the prior week, respectively.

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

Figure 4: Market Turnover



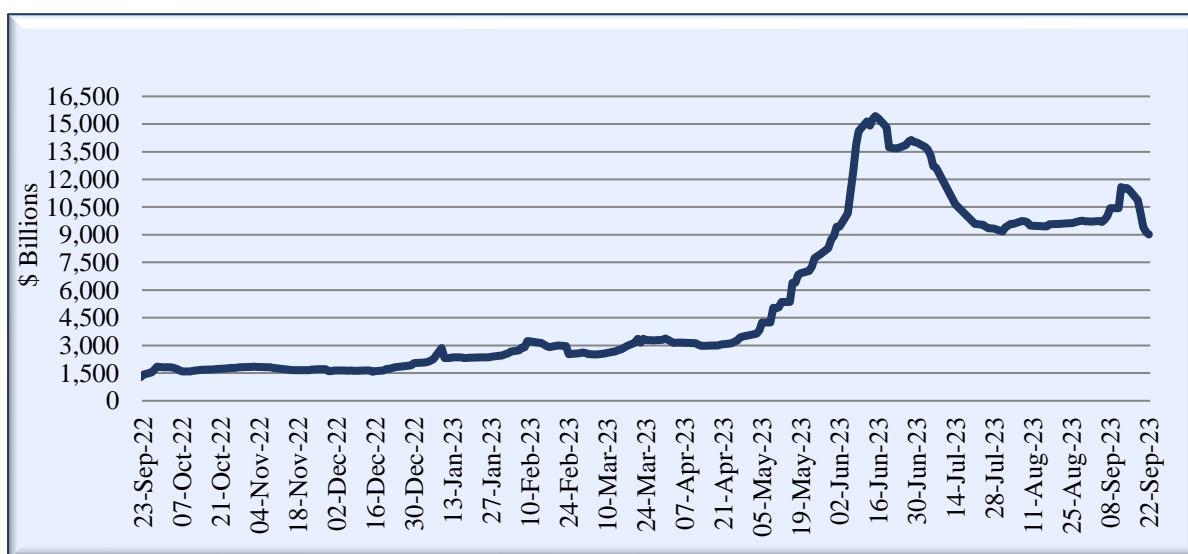
Source: Zimbabwe Stock Exchange, 2023

Market Capitalization

Due to the subdued trading activity on the ZSE during the week under review, the market lost 20.92%, or ZW\$2,387.01 billion worth of capitalization to close at ZW\$9,022.01 billion, compared to ZW\$11,409.03 billion registered in the previous week.

Figure 5 shows the evolution of market capitalization for the period 23rd September 2022 to 22nd 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 (36.32%), Caledonia Mining Corporation (20.00%), African Sun Limited (14.00%), Inncor Africa Limited (5.38%), Simbisa Brands Limited (3.66%) and Axia Corporation Limited (0.50%).

Partially offsetting the aforementioned gains were losses in the share prices of National Foods Holdings Limited (17.44%), Padenga Holdings Limited (0.28%) and Seed Co International (0.21%).

VFEX Market Turnover

The VFEX cumulative volume and value of shares traded declined by 1.21% and 13.09% to 5.63 million shares and US\$0.36 million compared to 5.70 million shares and US\$0.42 million, recorded in the previous week, respectively.

VFEX Market Capitalization

Due to increased investor appetite on the VFEX during the week under review, the market added 2.32% worth of capitalization to close at US\$1.24 billion compared to US\$1.21 billion recorded in the prior week.

Figure 6 shows the trend in the VFEX All Share Index (ASI) for the period 23rd September 2022 to 22nd September 2023.

Figure 6: VFEX All Share Index



Source: Victoria Falls Stock Exchange (VFEX), 2023

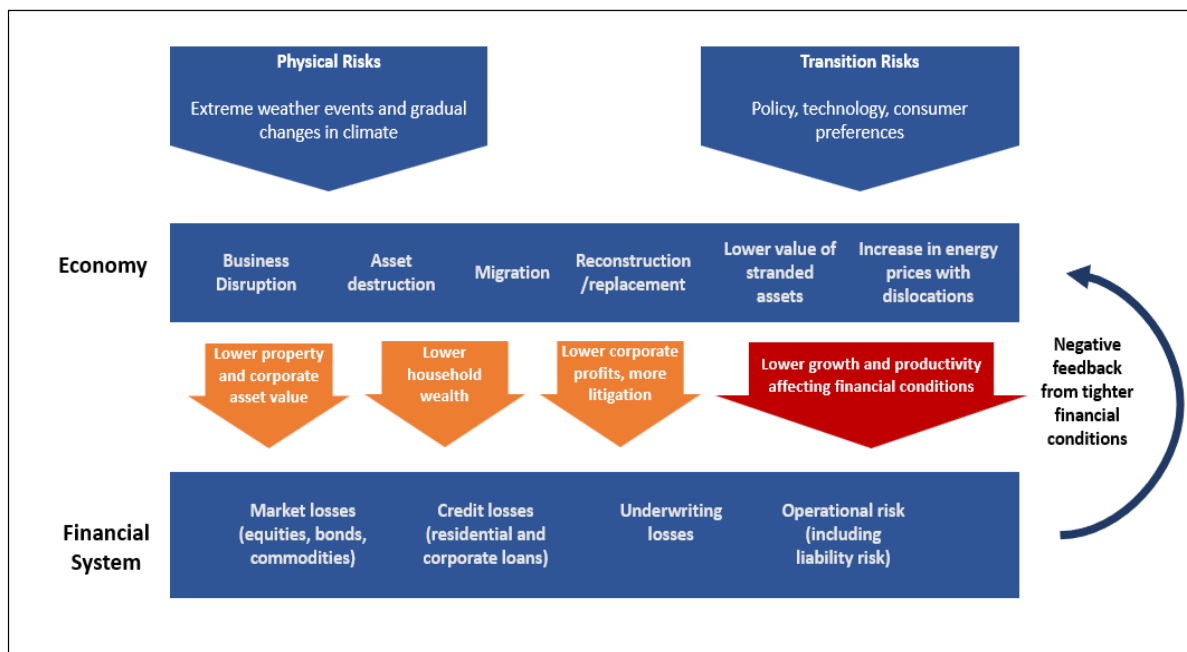
6. MONETARY POLICY AND CLIMATE CHANGE RISKS

There is wide consensus among policy makers and central banks the world over that natural disasters such as adverse climate change and disease pandemics have far reaching negative effects on financial sector development and stability through their adverse impacts on economic growth, terms of trade, inflation, and production competitiveness. The catastrophes directly or indirectly interfere with the smooth transmission of monetary policy. During the covid-19 pandemic, for example, it became harder to quantify the risk of going to work or conducting business, let alone the treatment of the pandemic. Thus, the pandemic had lasting impact on business and business methods, including banks' risk perceptions, management, and balance sheets, with adverse effects on credit, economic performance, and policy transmission. Similar disruptions on global capital flows and production supply chains are deducible from the effects of the current war in Ukraine and the risks around the devastating effects of climate change.

Zimbabwe, like many other countries in the developing world is susceptible to the effects of climate change. The country has a long history of droughts which, when augmented and compounded by other shocks lead to disturbances on macroeconomic stability, including price and exchange rate stability with potential spillover effects on the financial sector. As such there

is greater need to understand and monitor climate related risks that may negatively impact on inflation stability, soundness of the financial system and effectiveness of policy transmission.

Figure 7: Climate Change Transmission Channels



Source: International Monetary Fund, (2019)

Figure 7 shows the climate change transmission channels, which occur through at least two transmission ways which stem from the physical risks and transition risks. The physical risks incorporate infrastructural and property damages whilst transition risks are inclusive of climate policy and changes to consumer preferences. This in turn results in economic disruptions which encompass asset losses, credit losses and reconstruction costs.

Zimbabwe recently experienced the negative effects of climate change when Cyclone Idai hit the country in March 2019. The cyclone was characterized by widespread floods and strong winds, which is evident of climate change. Cyclone Idai caused substantial damage to infrastructure and loss of livelihoods particularly in the Eastern parts of the country. This in turn had a detrimental effect on the economy as there were disruptions in economic activities. The agricultural sector was affected through the destruction of livestock and crops leading to spillover effects on agricultural output and food security. Consequently, the slowdown in agricultural activities weighed down overall economic growth compounding with other factors leading to higher inflationary pressures in the economy in 2019.

Turning to recent climate change events, the World Meteorological Organization (WMO) has predicted that the probability of the occurrence of El Nino phenomenon is high in the Southern parts of Africa including Zimbabwe. The El Nino is typically characterised by above normal temperatures in the eastern and central Pacific Ocean tropical area. The consequences of El Nino particularly in the southern parts of Zimbabwe are drought conditions that are likely to affect water supply for human, livestock and industrial consumption. This can potentially dent the country's economic growth prospects and lead to elevated prices particularly food prices.

Notably, the Government has been proactive in dam construction and rehabilitation projects to waterproof agriculture, as part of measures to mitigate against the negative effects of climate change shocks emanating from droughts. The Bank on its part will continue to actively monitor climate change risks with the view of implementing appropriate monetary policy measures that dampen the burden on economic agents during hard times induced by climate change.

RESERVE BANK OF ZIMBABWE

APPENDIX 1: FOREIGN EXCHANGE AUCTION RESULTS FOR MAINFX¹ AND WHOLESALFX²

	16-August-23	WHOLESALFX 29- Aug-23	12-Sep-23	19-Sep-23
Total Bids (US\$ dollars)	18,854,776.00	19,610,040.40	18,726,643.25	19,232,100.00
Amount Allotted (US\$ dollars)	18,854,776.00	19,610,040.40	19,610,040.40	18,250,000.00
Highest Rate	4,600.00	4,650.00	4,800.00	5,200.0000
Lowest Bid Rate	4,559.00	4,570.00	4,650.00	4,927.0000
Lowest Bid Rate Allotted	4,559.00	4,570.00	4,650.00	4,927.0000
Weighted Average Rate	4,577.50	4,604.62	4,712.17	5,015.4279
Number of Bids Received	13	18	19	20
Number of Bids Rejected	0	0	0	0

Source: Reserve Bank of Zimbabwe, 2023

¹ Main Foreign Currency Auction. The Auction is normally conducted every Tuesday every week.

² 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

	16-Aug-23	29-Aug-23	12-Sep-23	19-Sep-23
Raw Materials	113,729.24	144,400.98	266,877.75	45,391.75
Machinery and Equipment	345,440.82	123,873.61	303,210.76	275,395.54
Consumables (Incl. Spares, Tyres, Packaging)	-	47,224.00	136,003.85	121,390.64
Pharmaceuticals and Chemicals	-	-	-	47,661.75
Services (Loans, Dividends and Disinvestments)	58,000.00	220,379.23	303,084.29	163,240.14
Retail and Distribution	30,000.00	10,000.00	152,687.33	54,399.20
Fuel, Electricity and Gas	-	-	-	-
Paper and Packaging	22,269.22	-	-	6471.32
TOTAL	569,439.28	545,877.82	1,161,863.98	713,950.34

Source: Reserve Bank of Zimbabwe, 2023