



Weekly Economic Highlights

TABLE OF CONTENTS

1. OVERVIEW.....	1
2. INTEREST RATES.....	1
3. CLEARING AND SETTLEMENT ACTIVITY.....	3
4. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS.....	5
5. EQUITY MARKETS.....	7
6. IMPACT OF CLIMATE CHANGE ON ECONOMIC PERFORMANCE.....	11

Week Ending
29th September 2023

1. OVERVIEW

This report provides an analysis of the developments in the money and capital markets for the week ending 29th 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 the impact of climate change on economic performance.

The Zimbabwe Stock Exchange (ZSE) recovered from the previous week losses, while bullish sentiments persisted on the Victoria Falls Stock Exchange (VFEX). An increase in the value of transactions processed through the National Payment System (NPS) was recorded during the week under analysis, compared to the previous week.

The minimum and maximum deposit rates for foreign currency deposits remained largely unchanged, during the week under review. On international commodity markets, the prices for all selected commodities decreased, mainly underpinned by the strengthening of the U.S. dollar.

2. INTEREST RATES

Local Currency (ZWL) Deposit Rates

During the week ending 29th September 2023, minimum and maximum ZWL deposit rates for deposits of 6-month and 12-month tenors remained largely unchanged. However, minimum and maximum deposit rates for savings deposits registered a decrease.

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 (%)
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
29-Sep-23	34.29	35.60	59.00	70.00	61.67	69.33	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 lending rates for the same category of clients increased slightly, during the week under analysis. Minimum lending rates for corporate clients registered a marginal increase, while maximum lending rates declined in the 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	
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
29-Sep-23	76.49	100.20	92.69	166.00

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 continued to offer higher deposit rates for deposits of longer tenor to attract deposits for onward lending to the productive sectors. The average foreign currency deposit 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 (%)
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
29-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 individual clients marginally increased, while maximum lending rates decreased, during the week under analysis. In the same week, minimum foreign currency lending rates for corporate clients declined, while maximum lending rates increased.

Table 4: Lending Rates (per annum)

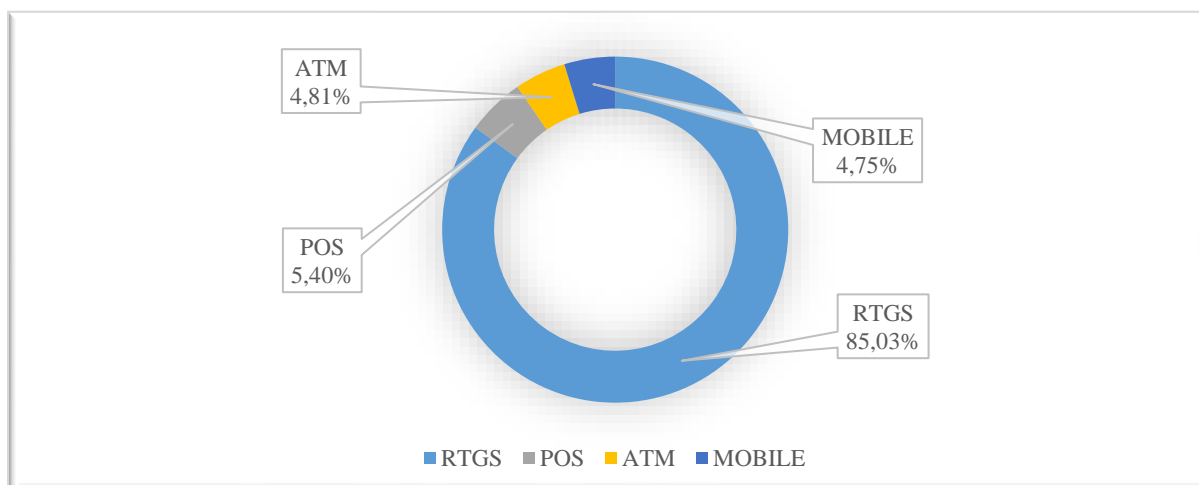
Date	Individual Clients		Corporate Clients	
	Minimum (%)	Maximum (%)	Minimum (%)	Maximum (%)
01-Sep-23	11.22	13.23	7.12	14.92
08-Sep-23	11.29	13.16	8.25	14.20
15-Sep-23	11.21	13.29	8.18	14.26
22-Sep-23	11.19	13.32	8.19	14.28
29-Sep-23	11.26	12.98	7.84	15.06

Source: Reserve Bank of Zimbabwe, 2023

3. CLEARING AND SETTLEMENT ACTIVITY

The total value of transactions processed through the National Payment Systems (NPS) amounted to ZW\$5.81 trillion, representing an increase of 16.04%, from ZW\$5.01 trillion in the previous week. Real Time Gross Settlement (RTGS) transactions constituted 85.03% of the total value of transactions processed through the NPS. In value terms, the NPS transactions were distributed as shown in Figure 1.

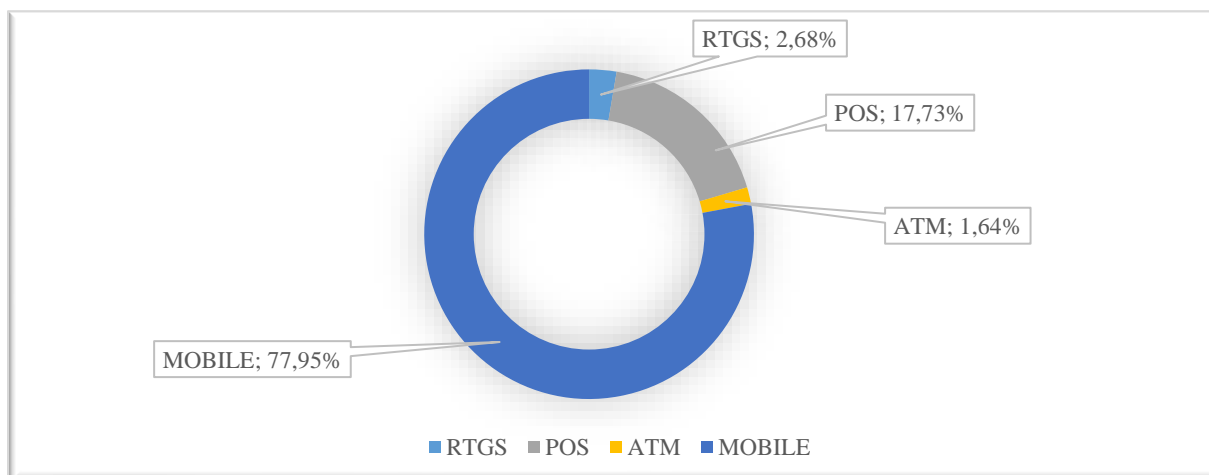
Figure 1: Composition of NPS Transactions in Value Terms



Source: Reserve Bank of Zimbabwe, 2023

The volume of transactions processed through the NPS increased by 9.27% to close at 11.53 million, driven by increases in RTGS, ATM and Mobile transaction volumes. NPS transaction volumes were distributed as follows: Mobile, 77.95%; POS, 17.73%; ATM, 1.64%; and RTGS, 2.68%, 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 22 September 2023	WEEK ENDING 29 September 2023	% CHANGE FROM LAST WEEK	PROPORTION %
Values in ZW\$ Millions				
RTGS	4,227,255.76	4,940,824.06	16.88%	85.03%
POS	381,504.39	313,964.77	-17.70%	5.40%
ATM	189,755.49	279,677.01	47.39%	4.81%
MOBILE	208,743.47	276,068.40	32.25%	4.75%
TOTAL	5,007,259.11	5,810,534.25	16.04%	100%
Volumes				
RTGS	203,787	309,180	51.72%	2.68%
POS	2,438,936	2,044,211	-16.18%	17.73%
ATM	153,600	189,526	23.21%	1.64%
MOBILE	7,757,701	8,990,013	15.89%	77.95%
TOTAL	10,554,024	11,532,660	9.27%	100%

Source: Reserve Bank of Zimbabwe, 2023

4. INTERNATIONAL COMMODITY PRICE DEVELOPMENTS

During the week of analysis, international average prices for all selected commodities decreased, mainly underpinned by the strengthening of the U.S. dollar. Table 7 shows commodity price developments, during the week ending 29th September 2023.

Table 7: Metal and Crude Oil Prices for the week ending 29th September 2023

2023	Gold US\$/ounce	Platinum US\$/ounce	Palladium US\$/ounce	Copper US\$/tonne	Nickel US\$/tonne	Crude Oil US\$/barrel	Lithium US\$/tonne
Weekly Average (18 - 22 Sep)	1,928.53	935.40	1,263.30	8,263.60	19,516.60	93.65	27,860.00
25-Sep	1,923.70	920.00	1,241.00	8,142.50	19,145.00	92.64	27,200.00
26-Sep	1,909.68	907.50	1,218.00	8,097.00	18,620.00	94.92	26,900.00
27-Sep	1,891.43	905.50	1,238.50	8,095.50	18,940.00	94.98	26,500.00
28-Sep	1,873.83	896.00	1,235.00	8,295.00	18,745.00	93.39	26,000.00
29-Sep	1,871.05	920.50	1,279.50	8,248.00	18,690.00	92.29	25,500.00
Weekly Average (25 - 29 Sep)	1,893.94	909.90	1,242.40	8,175.60	18,828.00	93.64	26,420.00
<i>Weekly Change (%)</i>	<i>-1.79</i>	<i>-2.73</i>	<i>-1.65</i>	<i>-1.06</i>	<i>-3.53</i>	<i>-0.01</i>	<i>-5.17</i>

Source: BBC, KITCO and Bloomberg 2023

Gold

Gold prices declined by 1.79%, from an average of US\$1,928.53 per ounce recorded in the prior week to US\$1,893.94 per ounce, during the week under review. Prices were weighed down by a stronger U.S. dollar and surging Treasury yields, on expectations that the U.S. Federal Reserve would maintain a restrictive monetary policy stance.

Platinum

During the week under review, platinum prices retreated by 2.73% to US\$909.90 per ounce, from US\$935.40 per ounce reported in the previous week. The slowdown was mainly attributable to weaker-than-expected economic growth in China, which affected the demand for the precious metal.

Palladium

Palladium prices declined by 1.65% to US\$1,242.40 per ounce during the week under analysis, from US\$1,263.30 per ounce recorded in the previous week. This was largely due to sluggish industrial demand for the precious metal.

Copper

Copper prices decreased by 1.06% to close at US\$8,175.60 per tonne, from US\$8,263.60 per tonne recorded in the previous week. Prices of the red metal fell amid high inventories and weaker-than-expected economic recovery in China, which affected the metal's demand outlook.

Nickel

Nickel prices decreased by 3.53% to US\$18,828.00 per tonne during the week ending 29th September 2023, from US\$19,516.60 per tonne reported in the previous week. The decline was attributable to the subdued demand outlook, largely in China, the world's largest metal consumer.

Lithium

Lithium prices fell by 5.17%, from US\$27,860.00 per tonne in the week ending 22nd September 2023 to US\$26,420.00 per tonne, during the week under-analysis. This was, in large part, on account of weak demand in China.

Brent Crude Oil

During the week ending 29th September 2023, crude oil prices marginally declined by 0.01% to US\$93.64 per barrel, from US\$93.65 per barrel reported in the previous week. Prices fell following concerns about the projected slowdown in the global economy, which is expected to undercut the demand for energy.

Exchange Rate Developments

Interbank Market

The Zimbabwe dollar (ZW\$) depreciated by 5.1% on the interbank market, from an average of ZW\$5,045.50 per US\$1 in the prior week to ZW\$5,302.45 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 (18 - 22 Sep)	5,045.4957	269.0788	6,232.7278	368.7329	5,380.5064
25-Sep	5,194.0076	277.7778	6,357.2055	381.7595	5,530.0598
26-Sep	5,215.9597	277.7778	6,363.2100	382.3298	5,521.0933
27-Sep	5,252.6558	277.7778	6,379.3505	381.0802	5,545.7540
28-Sep	5,382.8680	285.7143	6,536.4166	389.7196	5,654.1645
29-Sep	5,466.7466	294.1176	6,680.6376	396.3391	5,782.7245
Weekly Average (25 - 29 Sep)	5,302.4475	282.6331	6,463.3640	386.2456	5,606.7592
<i>Appr (-)/Depr (+) (%) of the ZWL</i>	5.1	5.0	3.7	4.7	4.2

Source: Reserve Bank of Zimbabwe, 2023

5. EQUITY MARKETS

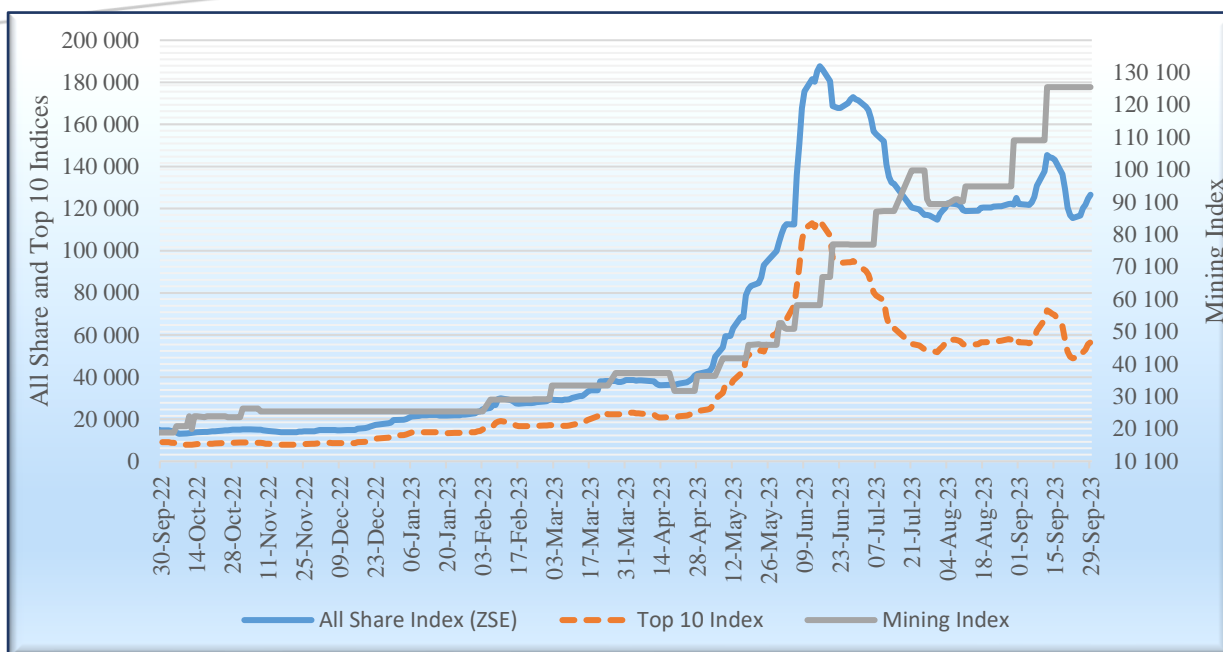
During the week ending 29th September 2023, the Zimbabwe Stock Exchange (ZSE) recovered from previous week losses, while bullish sentiments persisted on the Victoria Falls Stock Exchange (VFEX). As a result, the ZSE and VFEX All Share indices added 9.66% and 2.87% to close at 126 642.42 points and 74.50 points, respectively.

Zimbabwe Stock Exchange (ZSE) Developments

The Top 10, Top 15, Medium and Small Cap indices added 15.78%, 10.55%, 0.52% and 29.49% to close at 56 560.21 points, 76 687.01 points, 498 045.42 points and 2 955 646.81 points, compared to previous week's positions of 48 853.49 points, 69 366.31 points, 495 489.82 points and 2 282 585.59 points, respectively.

Figure 3 shows developments on the ZSE's All Share, Top 10 and Mining indices for the period from 30 September 2022 to 29 September 2023.

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



Source: Zimbabwe Stock Exchange, 2023

The gain in the mainstream index emanated from share price increases for Truworths Limited (100.00%), Delta Corporation Limited (33.06%), Dairibord Holdings Limited (28.47%), Willdale Limited (27.18%) and Tanganda Tea Company Limited (27.07%).

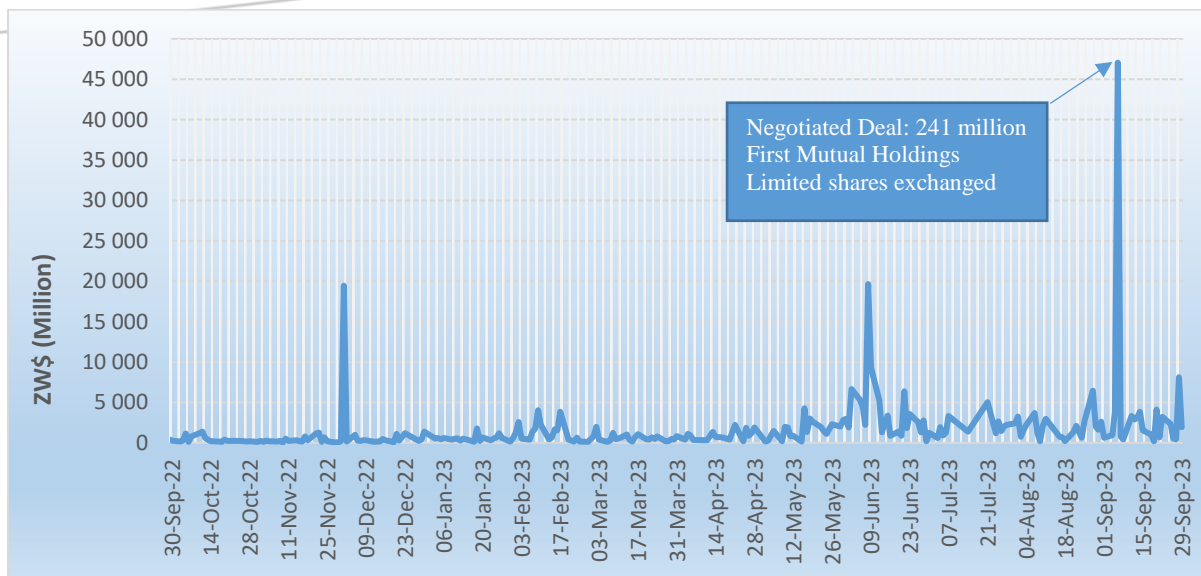
Partially offsetting the abovementioned gains were losses in the share prices of First Mutual Holdings Limited (12.02%), OK Zimbabwe Limited (8.85%), Mashonaland Holdings Limited (8.09%), Zimre Holdings Limited (6.98%) and AfDis Limited (11.20%). The resource index remained unchanged at 125 531.67 points, during the week under review.

Market Turnover

During the week under analysis, the cumulative volumes and values of shares traded on the ZSE increased by 129.07% and 44.39% to 47.19 million shares and ZW\$13,443.90 million, compared to 20.60 million shares and ZW\$9,310.74 million recorded in the prior week, respectively. The surge in the turnover volume and value of shares traded was largely informed by block trades, where 25 million Fidelity Life Assurance Limited shares and 10 million OK Zimbabwe Limited shares exchanged hands at ZW\$211 and ZW\$120 per share, respectively.

Figure 4 shows the trend in daily market turnover for the period from 30 September 2022 to 29 September 2023.

Figure 4: Market Turnover



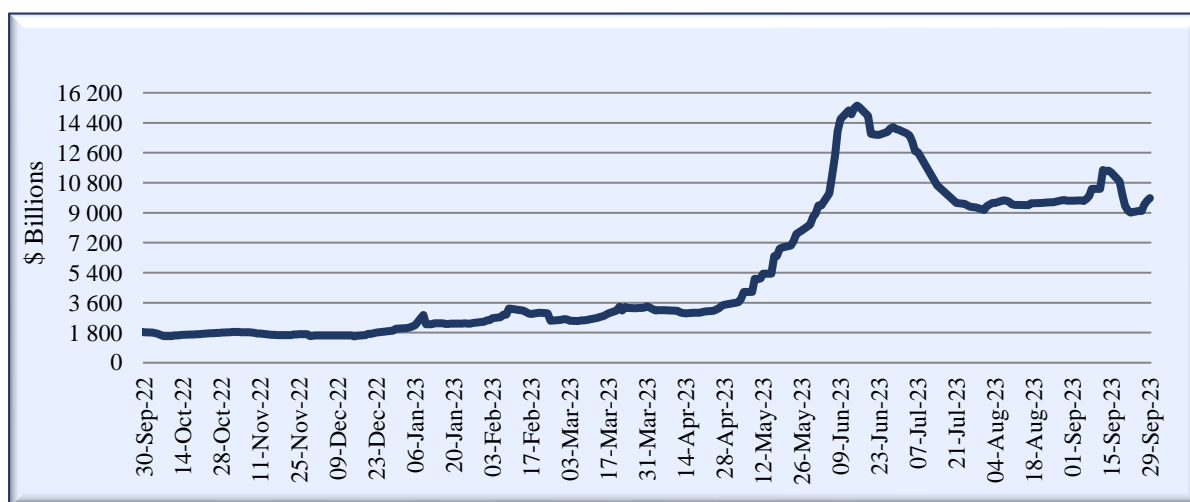
Source: Zimbabwe Stock Exchange, 2023

Market Capitalization

As a result of improved trading activity on the ZSE during the week under review, the market added 9.44%, or ZW\$851.48 billion worth of capitalization to close at ZW\$9,873.49 billion, from ZW\$9,022.01 billion registered in the previous week.

Figure 5 shows the evolution of market capitalization for the period from 30 September 2022 to 29 September 2023.

Figure 5: Market Capitalization



Source: Zimbabwe Stock Exchange, 2023

Victoria Falls Stock Exchange (VFEX) Developments

The VFEX mainstream index increased as a result of share price gains for African Sun Limited (26.32%), Innscor Africa Limited (6.67%), Axia Corporation Limited (6.25%), National Foods Holdings Limited (4.06%) and Simbisa Brands Limited (2.04%). Partially offsetting the gains were losses in the share prices of Seed Co International VX (3.97%), First Capital Bank Limited (3.29%), Zimplot Holdings Limited (1.35%) and Padenga Holdings Limited (0.28%)

VFEX Market Turnover

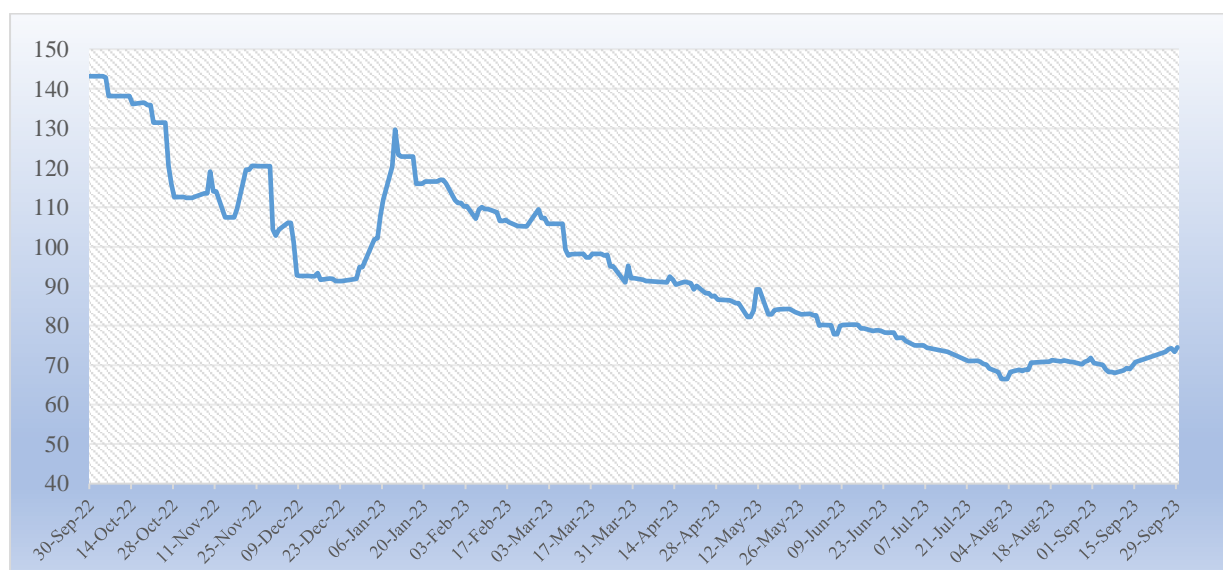
The cumulative value of shares traded on the VFEX amounted to US\$0.47 million, an increase of 28.58%, compared to US\$0.36 million recorded in the prior week, despite the 59.65% decline in the volume of shares traded.

VFEX Market Capitalization

Owing to improved investor demand for stocks listed on the VFEX bourse during the week under review, the market added 2.87% worth of capitalization to close at US\$1.27 billion, compared to US\$1.24 billion recorded in the previous week.

Figure 6 shows the trend in the VFEX All Share Index (ASI) for the period 30 September 2022 to 29 September 2023.

Figure 6: VFEX All Share Index



Source: Victoria Falls Stock Exchange (VFEX), 2023

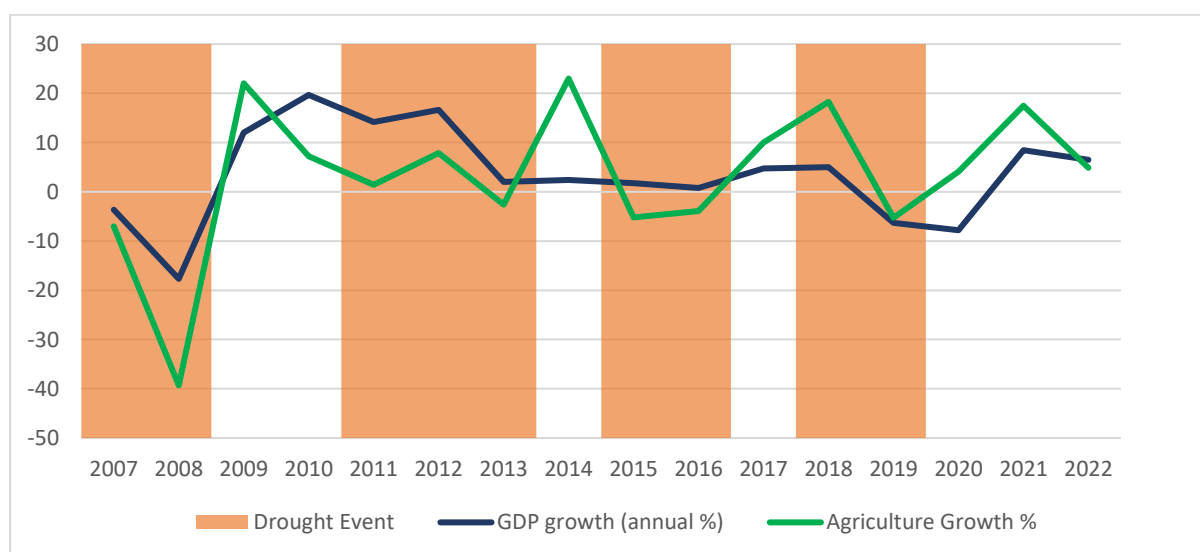
6. IMPACT OF CLIMATE CHANGE ON ECONOMIC PERFORMANCE

There are emerging widespread views that climate change dynamics should be part of the formulation of monetary policy given the significant impact of extreme weather patterns on overall macroeconomic stability. The negative impacts of climate change on macroeconomic stability; and hence financial stability are more likely tilted against Africa and other developing countries with poor mitigation measures. This is despite the continent's minimal contribution to overall global emissions, which are the main drivers of climate change, compared to emissions by more industrialized advanced countries.

Zimbabwe is prone to climate change risks as evidenced by intermittent droughts the country has been experiencing over the years. Since 2007, for example, the country has experienced several droughts largely attributable to the El Nino phenomenon. This suggests that climate change and climate variability will continue to present shocks to the performance of the economy, given the country's dependence on rain fed agriculture, the main sector driving the economy. Erratic rainfall patterns tend to have negative pass-through effects on agriculture output, with spill-over effects on other sectors of the economy, given its strong linkages with the rest of the economy.

As shown in Figure 7, there has been a strong correlation between drought episodes and real GDP growth in Zimbabwe, with drought episodes being characterised by negative real growth rates.

Figure 7: GDP Growth and Agriculture Sector Growth (%) 2007 to 2022



APPENDIX 1: FOREIGN EXCHANGE AUCTION RESULTS FOR MAINFX¹ AND WHOLESALFX²

	WHOLESALFX			
	29- Aug-23	12-Sep-23	19-Sep-23	26-Sep-23
Total Bids (US\$ dollars)	19,610,040.40	18,726,643.25	19,232,100.00	18,893,948.0
Amount Allotted (US\$ dollars)	19,610,040.40	19,610,040.40	18,250,000.00	18,693,948.80
Highest Rate	4,650.00	4,800.00	5,200.0000	5,305.0000
Lowest Bid Rate	4,570.00	4,650.00	4,927.0000	5,200.0000
Lowest Bid Rate Allotted	4,570.00	4,650.00	4,927.0000	5,200.000
Weighted Average Rate	4,604.62	4,712.17	5,015.4279	5,252.6558
Number of Bids Received	18	19	20	20
Number of Bids Rejected	0	0	0	1

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

	29-Aug-23	12-Sep-23	19-Sep-23	26-Sep-23
Raw Materials	144,400.98	266,877.75	45,391.75	391,921.75
Machinery and Equipment	123,873.61	303,210.76	275,395.54	230,878.25
Consumables (Incl. Spares, Tyres, Packaging)	47,224.00	136,003.85	121,390.64	157,183.97
Pharmaceuticals and Chemicals	-	-	47,661.75	8,732.67
Services (Loans, Dividends and Disinvestments)	220,379.23	303,084.29	163,240.14	236,196.24
Retail and Distribution	10,000.00	152,687.33	54,399.20	33,776.97
Fuel, Electricity and Gas	-	-	-	-
Paper and Packaging	-	-	6471.32	14,445.74
TOTAL	545,877.82	1,161,863.98	713,950.34	1,123,944.44

Source: Reserve Bank of Zimbabwe, 2023