ZIMBABWE ECONOMIC POLICY ANALYSIS AND RESEARCH UNIT

ZEPARU

THE ZEPARU Economic Barometer

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Highlights
of this Issue

- International commodity prices continue to fall, with negative impact on Zimbabwe's natural resource dependent economy.
- Key external sector balances and their implication for the Zimbabwe economy.
- Manufacturing sector performance by subsectors since dollarisation.
- The economic outlook as reflected by the ZEPARU Composite Leading Indicator index.
- ZEPARU inflation forecast shows a general recovery from deflation.
- Special features: Financial Inclusion and Building Monitoring & Evaluation Expertise.

Summary

This is the 20th edition of the ZEPARU Economic Barometer, which is a flagship quarterly publication of ZEPARU that generally gives an overview of the status of the Zimbabwe economy at a given time. This edition was prepared to reflect the economic situation as at the first quarter of 2016. The key points in this issue include the following:

Global and regional economic developments:

- Continued suppression of commodity prices imply declining export earnings for Zimbabwe given an export basket that is largely composed of primary products. Zimbabwe also needs to step up its efforts to create a conducive business operating environment in the face of declining global capital inflows to developing countries.

- The recovering gold and platinum international prices in the 1st quarter of 2016 brought positive prospects on the economy through improved profitability of miners, reduced job losses, improved tax revenues paid to the government.

- In February Zimbabwe declared a state of disaster following the El Nino induced drought in the 2015/16 season. This will place greater demand for imports of maize and wheat. The decline in international prices of wheat and maize will however, enhance Zimbabwe's response capacity to food insecurity.

Major Zimbabwe economic trends:

- In December 2015, the ZEPARU CLI index shows that economic conditions ahead in 2016 would continue to deteriorate amid continued liquidity crunch, declining commodity prices, low investors' confidence and declining growth in production.

- In the first quarter of 2016, government expenditure exceeded total government revenue, resulting in a budget deficit of US$159.81 million (19.775% of total government revenue). This budgetary deficit was mainly financed by loans and treasury bills from domestic sources.

- ZEPARU forecasts annual inflation to increase marginally in the second quarter of 2016 averaging -1.12% to about -1.00% in June 2016.

- The performance of the banking sector was satisfactory as at 31 December 2016 as most of the banks were adequately capitalised their asset quality was improving, earnings and profitability were growing and their liquidity position was above the prudential limits.

- The Zimbabwe stock market performed poorly, mainly underpinned by a negative economic outlook on the back of the prolonged deflation which will likely impact firms' profitability.

Important economic sectors:

- The food security situation is poor, calling for government to adapt to climate change through stepped efforts towards technological development in agriculture, energy and water in order to build more resilient farming systems.

- The different subsectors of the manufacturing sector have responded differently to the policy responses that have been introduced since dollarization. Successful policy responses for the manufacturing sector might need to be based on the different characteristics exhibited by these subsectors rather than a blanket approach.

- Gold production registered an impressive 30.1% growth to register 20.02 tonnes in 2015, resulting in a 19.7% earnings rise to about US$736.92 million. Platinum production is recovering as it registered a 1% increase to 12.6 tonnes following the redeployment of fleets from the collapsed Bimha Mine in August 2014.

- The key external sector balances show that Zimbabwe is a net borrower, whose net foreign assets decreased by about US$386 million in 2015. Currently, capital flows are insufficient to finance the current account deficit, which is also contributing to the current liquidity challenges.

Special feature: Financial Inclusion and Building Monitoring & Evaluation Expertise:

- Financial inclusion is now being considered as one of the main pillars of global development agenda. For financial inclusion strategies and policies to have meaningful impact in Zimbabwe there is need by the Central Bank and service providers to go beyond access but to ensure that there is consistent and effective use of financial products service, through continuous consumer education and awareness programmes and minimising information asymmetry.

- Following the increase in interventions by the Government, the donor community and the private to improve the material, social and political circumstances of Zimbabweans, it has become imperative and widespread to keep an eye on the effectiveness and efficiency of the interventions through systematic and detailed M&E studies.The challenge which most institutions face in the country is in respect of capacity gaps on M&E skills and software.

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1 Global and Regional Developments

1.1 World Economic Outlook

Summary: The Global economic recovery remains too slow on the back of declining commodity prices, especially for oil, with sizable redistributive consequences across sectors and countries; a related slowdown in investment and trade; and declining capital flows to emerging markets and developing economies.

Global economic growth continues at an increasingly slow pace from 3.1% in 2015 to 3.2% in 2016 with a slight projected increase of 0.4% in 2017. The IMF has warned that the global economic recovery remains too slow and too fragile, with the risk of posing damaging effects on the social and political fabric of many countries. The most risks of concern to the world economies include financial risks and those of non-economic origin. These includeincreasing capital outflows from emerging markets, El nino induced drought in low income countries and a real possibility of the UK exiting the EU thereby damaging trade and financial relationships existing among countries.

This slowdown is caused by long- term trends such as the rebalancing in China; a further decline in commodity prices, especially for oil, with sizable redistributive consequences across sectors and countries; a related slowdown in investment and trade; and declining capital flows to emerging markets and developing economies. Oil prices for example, further declined by 32% owing to increased supply from Organisation of Petrol Exporting Countries and Russia, market expectation of increased supply from the Islamic Republic of Iran, coupled with concerns about the resilience of global demand and medium-term growth prospects, as well as risk-off behaviour in financial markets, leading investors to move away from commodities as well as stock. A declining trend in prices was also recorded in the nonfuel commodity market where metal and agricultural commodities prices declined by 9 %and 4% respectively. These in addition to various geopolitical tensions are creating more uncertain conditions.

Projections however,continue to be less optimistic over time. Growth in advanced economies is projected to remain 1.9% unchanged from 2015 and slightly increase to 2.0% in 2017 (see Table 1).

Table 1: Overview of the World Economic Outlook Projections (Percentages), 2015- 2017

		Projections	
	2015	2016	2017
World Output	3.1	3.2	3.5
Advanced Economies	1.9	1.9	2.0
United States	2.4	2.4	2.5
Euro Area	1.6	1.5	1.6
Emerging Markets & Developing Economies	4.0	4.1	4.6
Middle East, North Africa, Afghanistan, and Pakistan	2.5	3.1	3.5
Sub Saharan Africa	3.4	3.0	4.0

Source: IMF WEO Update, April 2016

In the emerging markets, there is considerable diversity with some economies like China (6.5%) and India (7.5%) experiencing high growth while others like Brazil (-3.8%) and Russia (-1.8%) experiencing severe macroeconomic conditions.

Growth in Sub Saharan Africa is expected to fall from 3.4% in 2015 to 3.0% in 2016. In 2016, growth of big economies in this region like Nigeria and South Africa is expected to contract from 2.7% to 2.3% and from 1.3% to 0.6% respectively. However, countries like Kenya, Senegal, Tanzania and Cote de'Ivore are expected to grow by 6.0%, 6.6%, 6.9% and 8.5% respectively.

Implications for Zimbabwe: Continued suppression of commodity prices imply declining export earnings for Zimbabwe given an export basket that is largely composed of primary products. Further, declining capital inflows to developing countries means that Zimbabwe needs to step up its efforts of creating a conducive business operating environment to attract the ever shrinking foreign investment flows. This may also imply the need for the country to intensify its efforts of exploring internal options to mobilise funds for development. These include boosting domestic savings, leveraging diaspora remittances, creating a sovereign wealth fund and combating illicit financial flows among others.

1.2 International Commodity Prices

Summary: Prices of gold, platinum and crude oil rallied in the 1st quarter of 2016 while maize price declined throughout the quarter, as wheat price recovered in March after a decline in February. The continued increase in gold and platinum prices would bring relief to the gold and platinum miners and fuel hope for investment into beneficiation and value addition. Falling international prices of maize and wheat, coupled with the strong US dollar would enhance the country's response to food insecurity following the 2015/16 drought.

1.2.1 Precious Metals and Crude Oil

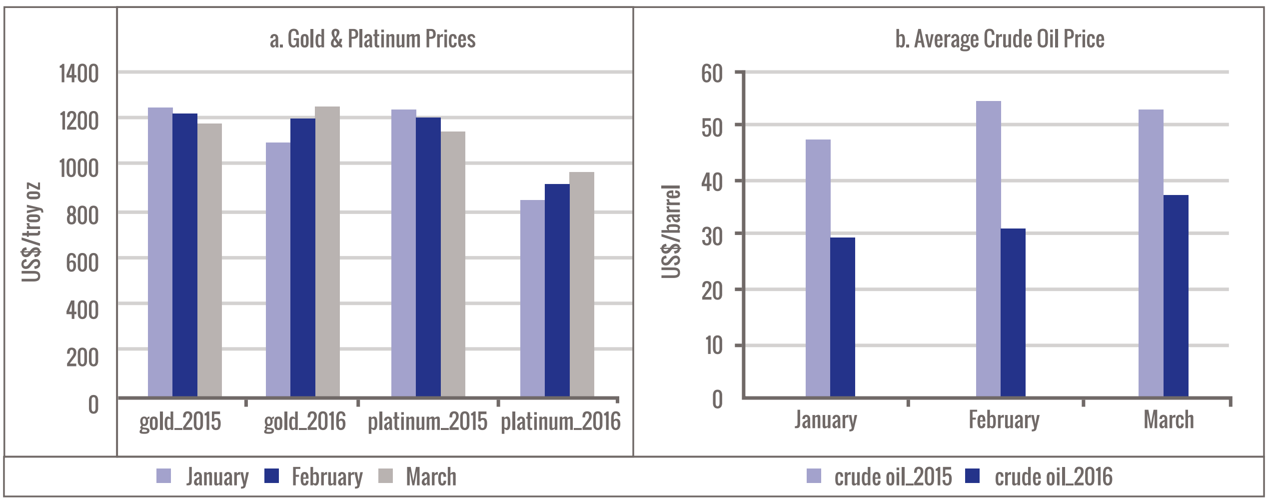
Gold

Gold price has been rising in the 1st quarter of 2016 from US$1097.91/troy ounce in January to US$1245.14/troy ounce in March following the tumbling of global equities markets which prompted the appeal of gold as a safe haven asset and limited prospects of US interest rate hikes by the US Federal Reserve. As of March 2016, the gold price surpassed the US$1200.00/troy ounce mark for the first time in 13 months; gold reached a maximum price of US$1772.14/troy ounce in September 2011 since 1960.

Platinum

Platinum price has also been rising in the 1st quarter of 2016 despite remaining subdued relative to the prices recorded in the first quarter of 2015. In January platinum price was US$855.25/troy ounce and it increased by 13.2% to US$967.73/troy ounce in March. Continued supply deficits and expectations that the VW scandal has fully run its course and will not further have negative impact, have supported platinum price.

Figure 1: Monthly Average Prices for Gold and Platinum, Q1 2015 and 2016



Source: World Bank

Crude oil

The average crude oil price has also been rising in the first quarter of 2016. As of March 2016 average crude oil price stood at US$37.34/barrel which is a recovery from US$29.78/barrel (the lowest price in about 12 years) in January 2016. The firming oil price is partly influenced by declining non-OPEC production, expectations of oil output freeze at the OPEC meeting in April, lack of investments in new oil projects, and decline in US oil output.

Implications for Zimbabwe: The recovering gold and platinum prices in the 1st quarter of 2016 bring positive prospects on the economy through improved profitability of miners, reduced job losses, improved tax revenues paid to the government, and more importantly it presents opportunities and possibilities for investing into beneficiation and value addition. However, the increasing prices of crude oil will escalate the cost base in the economy.

1.2.2. Maize and Wheat

Maize

The monthly prices of maize have been declining in the 1st quarter of 2016 from US$161.03/tonne in January to US$159.14/tonne in March, and have been lower than 1st quarter 2015 price (Table 2). Falling maize price is underpinned by abundant supplies and subdued international demand related to the following developments in some of the world's largest markets:

- Accelerated selling by Argentine farmers in response to currency depreciation and marked changes in grain export taxes and licencing;
- Slow export demand in the US, prompting exporters to lower price offers to attract demand;
- Drop in Black Sea quotations as a result of increasing global competition mainly from South America as well as from rising trade in feed wheat and slow down of sales in China; and
- Increasingly favourable production outlook in South America.

Table 2: Maize and Wheat Monthly Average Prices (US$) for first quarter 2015 and 2016

	MAIZE		US WHEAT (SRW)		US WHEAT (HRW)	
Month	2015	2016	2015	2016	2015	2016
Jan	174,71	161,03	231,47	191,73	248,46	193,32
Feb	173,70	159,68	219,85	188,43	237,15	187,01
Mar	174,23	159,14	218,80	189,69	230,83	191,18

Source: World Bank

Wheat

The 2016 1st quarter prices of soft red winter (SRW) wheat and hard red winter (HRW) wheat declined to US$187.01/tonne in February on account of continued prospects of abundant global supplies, but recovered to US$191.18/tonne in March on the back of concerns of cold and dry weather in key-producing areas in the US and lower than anticipated US planting intentions (Table 2). However, like maize prices, the wheat prices have remained subdued relative to the prices recorded in the comparable period in 2015. Elsewhere, wheat prices have been falling in the 1st quarter owing to heavy supplies, strong completion among exporters and good prospects for the 2016 harvest. In Argentina, the removal of export taxes and the floatation of the peso improved competitiveness of Argentine wheat exports.

Implications for Zimbabwe: Implications for Zimbabwe: In February Zimbabwe declared a state of disaster following the El Nino induced drought in the 2015/16 season. This will place greater demand for imports of maize and wheat, and therefore downward pressure on international prices of wheat and maize will enhance Zimbabwe's response to food insecurity.

Table 3: Regional Stock Market developments: March 2016

Index	Open	Close	Points	Percentage Change
Nairobi All Share Index	143.71	147.44	3.73	2.60
Johannesburg All Share Index	50,966.93	52,250.28	1283.35	2.52
Botswana Domestic Companies Index	10,232.99	10,202.64	(30.35)	(0.30)
Nigeria All Share index	25,396.83	25,306.22	(90.61)	(0.36)
Lusaka All Share Index	5,573.61	5,534.39	(39.22)	(0.70)
Mauritius All Share Index	1,819.26	1,797.16	(22.10)	(1.21)
Zimbabwe Industrial Index	98.94	97.61	(1.33)	(1.34)
Malawi All Share Index	14,020.65	13,419.95	(600.70)	(4.28)

Source: African Financials

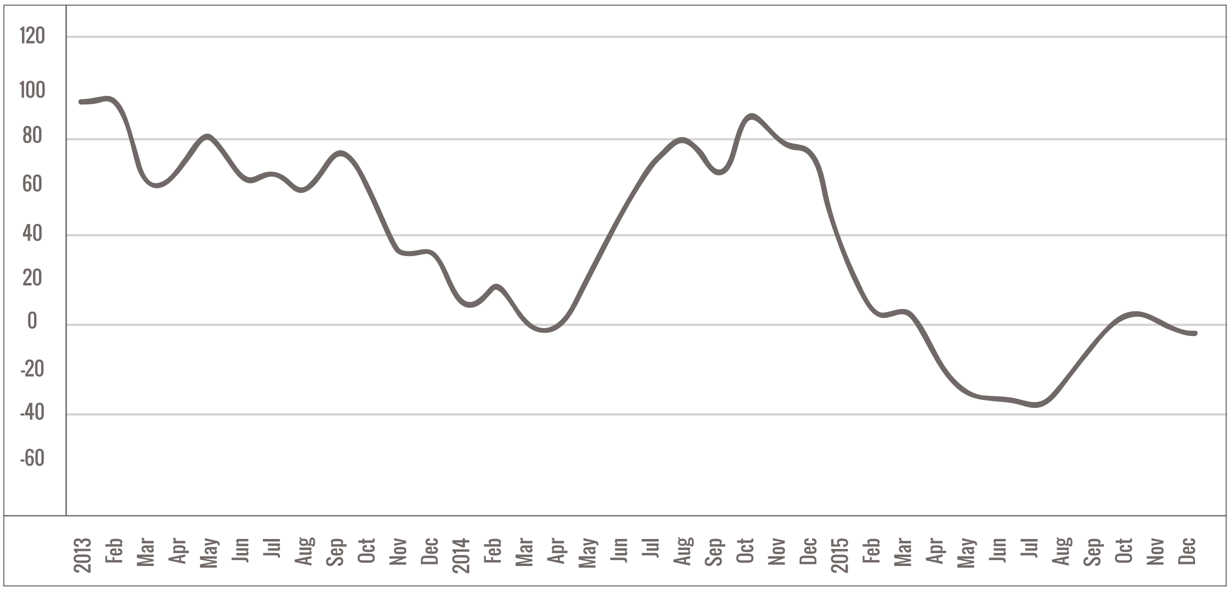
1.2.3 Regional Stock Market Developments

Summary: There was an improvement in the performance of major regional stock markets on the back of improving global investors risk appetite for emerging-markets stock.

In the month of March 2016, there was an improvement in the performance of major regional stock markets with the Nairobi All Share index gaining 2.60%, followed by the Johannesburg All Share Index which gained 2.52%. This improved performance was on the back of improving global investors risk appetite for emerging-markets stocks. On the other hand the Malawi All Share Index was the regional worst performer after losing 4.28 %followed by the Zimbabwe Stock Exchange Industrial Index which lost 1.34 %and MauritiusAll Share Index which lost 1.21% (Table 3).

2 Major Zimbabwe Economic Trends

Figure 2: ZEPARU CLI index



2.1. ZEPARU Composite Leading Indicators

Summary: In December 2015 the ZEPARU CLI index showed that economic conditions ahead in 2016 would continue to deteriorate amid continued liquidity shortages, declining commodity prices, low investors' confidence and declining growth in production. It is imperative to create an environment that is conducive for business and foreign direct investment.

The ZEPARU CLI index[1] further deteriorated in December 2015 indicating worsening economic conditions ahead in 2016 (Figure 2). The components of the CLI index indicate the following:

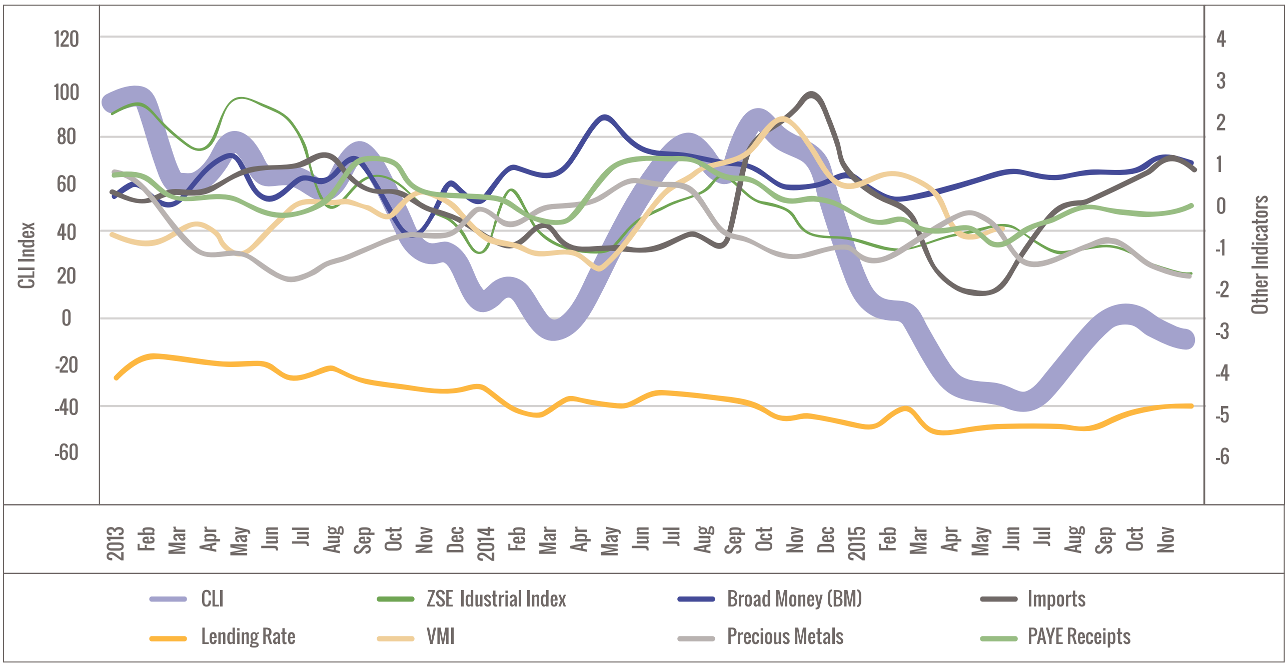
- Liquidity shortages continue to hamstring the economy. Although lending rates in the economy have slightly improved on the back of the agreement between the Reserve Bank of Zimbabwe and banking institutions to cap maximum lending rates at 18%, the rates still significantly impact negatively on the economy. Money supply growth weakened in December 2015, further worsening liquidity shortages in the economy.
- Prices of precious metals remained subdued in December 2015, adversely affecting the direct and indirect contribution of the mining sector in the economy.
- Low investors' confidence about the economy. The Zimbabwe Stock Exchange industrial index continued to underperform reflecting investors' poor perception about economic fortunes in the economy.
- Production might have weakened following the decline in the growth of intermediate goods importation.
- PAYE slightly improved in December 2015, mainly indicating payment of bonuses in some companies in the economy. It is unlikely that the increase is due to the creation of new formal jobs in the economy given

[1] The ZEPARU CLI index tracks economic developments in Zimbabwe to signal turning points in economic activity so that policy makers can take pre-emptive measures against impending adverse economic developments. The variables that make up the CLI index are Zimbabwe Stock Exchange (ZSE) industrial index; broad money supply (M3); imports of intermediate goods; precious metal (gold and platinum) prices; pay-as-you-earn (PAYE); volume of manufacturing index (VMI); interest rates and inflation levels. These variables have been selected on the basis of their significance in determining economic activity as well as frequency and timely availability of data. The present limitation to the CLI index is the unavailability of quarterly Gross Domestic Product (GDP) data. Once such data becomes available, the CLI index can be refined to determine number of lead periods. The interpretation of the CLI index focuses on its direction of movement and turning points; its absolute level does not have any important meaning. Downward movements in the CLI index indicate deteriorating economic conditions, while upward movements indicate increasing economic activity. A peak indicates that economic conditions are changing from being positive to negative and the opposite is true for a trough.

the loss of jobs in the second half of 2015 after the High Court's ruling that workers may be dismissed on three months' notice, triggering mass dismissals of employees around the country (Figure 3).

The conclusion from the CLI index is that economic conditions ahead in 2016 are worsening and therefore it is imperative to create an environment that is conducive for business and foreign direct investment.

Figure 3: ZEPARU CLI and its components



2.2 Fiscal Policy Developments

Summary: Total government revenue for the first Quarter (Q1) of 2016 declined on the back of a decline in the number of people formally employed and a decline in domestic firm's profitability.

Revenue Outturn

Total government revenue (net) for the first quarter of 2016 stood at US$808.36 million, having declined by 2.7% from US$830.77 million realised in a comparable period in 2015. The decrease in revenue collection in 2016 was mainly weighed down by the decline in tax on incomes and profits, customs duties and excise duties which fell by 18.1%, 13.5% and 3% respectively. These revenue heads were mostly affected by the fall in the number of people formally employed and the decline in domestic firm's profitability on the back of a decline in consumer demand. Despite these downturns, improvements were noted in non-tax revenue, indirect taxes and Value Added Tax ,which grew by 136.02% ,9.5% and 0.61percent respectively (Table 4).

Table 4: Composition of Government Revenue: Q1 2015 and 2016

Revenue Head	As Share of Government Revenue 2016	Growth rate (%)	Contribution to Revenue growth (%)
Tax Revenue	89.86	(8.75)	(8.38)
Tax on Income and profits	32.12	(18.12)	(6.92)
Customs duties	8.39	(13.54)	(0.71)
Excise duties	19.85	(12.60)	(1.28)
Value Added Tax (VAT)	26.55	0.61	0.16
Other indirect taxes	2.96	9.50	0.25
Non-tax Revenue	10.14	136.02	5.68

Source: Ministry of Finance and Economic Development

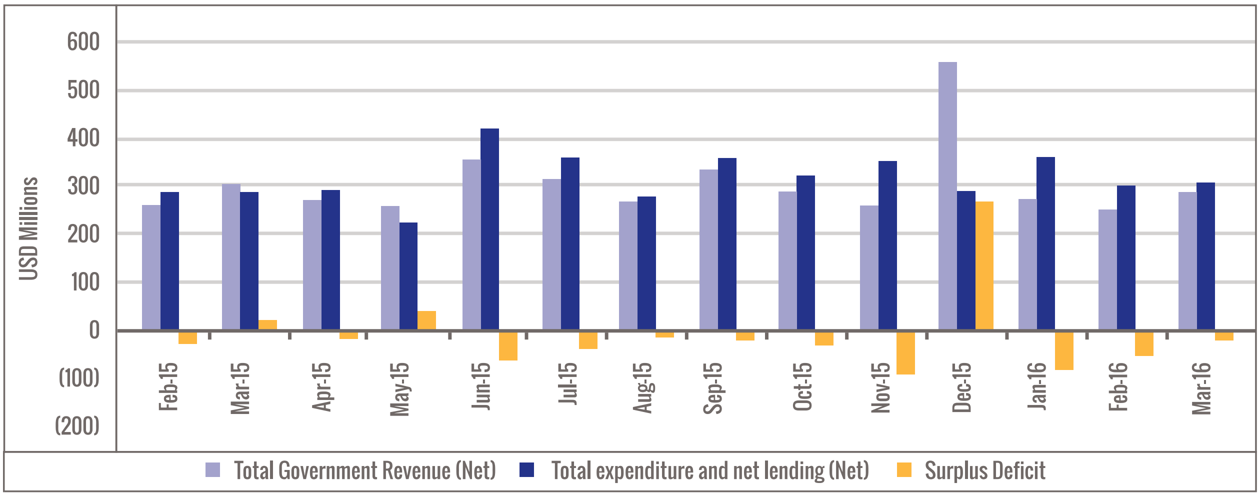
Expenditure Outturn

Total government expenditure and net lending for the first quarter of 2016 stood at US$968.16 million, having registered a 0.51% decline from US$973.12 million recorded in the comparable period in 2015. The fall in government expenditure was mainly driven by the decline in the costs of goods and services, which shrunk by 1.15% from their levels in 2015, as government employs measures to contain operational costs.

In the first quarter of 2016, government expenditure exceeded total government revenue, resulting in a budget deficit of US$159.81 million (19.775% of total government revenue). This budgetary deficit was mainly financed by loans and treasury bills from domestic sources.

On a month on month basis, total government revenue (net) rose by 14.76% in March 2016 from US$249.22 million in February 2016, whilst total government expenditure and net lending also rose by 1.30% from 303.4 million in February 2016.Since government expenditure exceeded revenue, it resulted in a budgetary deficit of US$21.34 million in the month of March 2016. This was however a 60.61%decline from the February 2016 levels (Figure 4).

Figure 4: Government Revenue and Expenditure (February 2015 –March 2016)



Source: Ministry of Finance and Economic Development

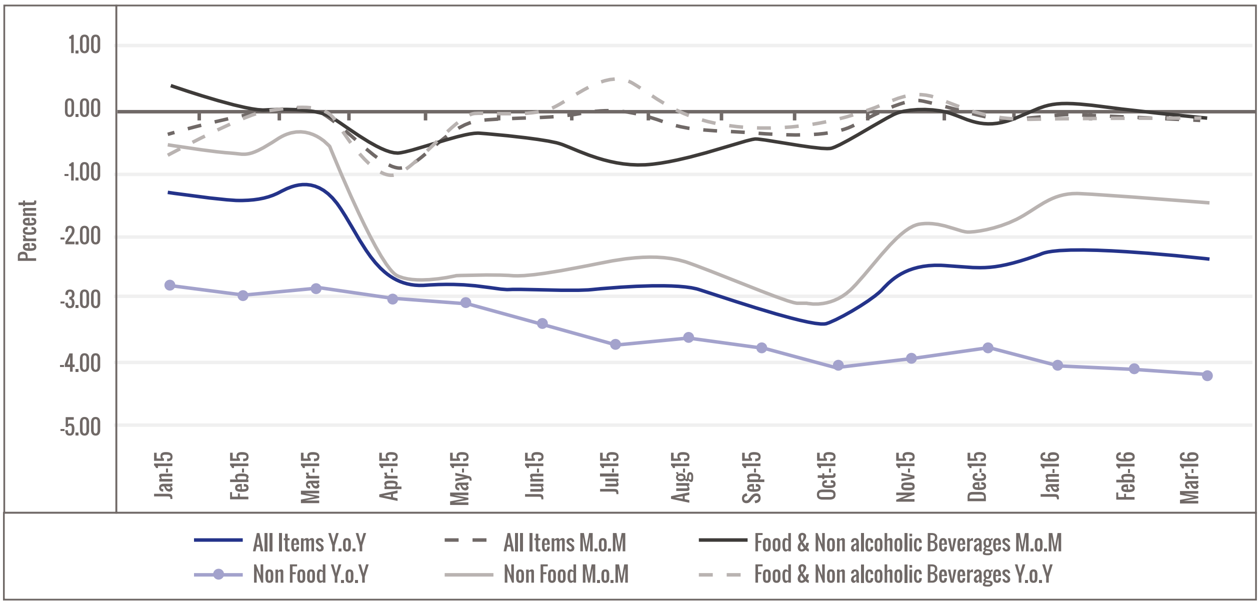
2.3. Inflation Developments

Summary: In the first quarter of 2016, notable declines were witnessed in the prices of meat products, house rentals and liquid fuels whilst increases were noted in fees for pre-primary and primary education.

On a year on year basis annual inflation stood at -2.19% in January 2016, before marginally declining to -2.22% in February 2016 and further to -2.31% in March 2016. Thus, annual inflation averaged -2.24% in Q1:2016 an increase by 0.50 percentage points from -2.74%recorded in Q4: 2015. All items annual inflation was mainly driven by the decline in food and non-alcoholic beverages inflation with notable declines being witnessed in the prices of meat, liquid fuels and house rentals. The fall in the price of meat products is mainly due to increased supply as farmers dispose of their livestock's due to a shortage of pastures and feed stocks induced by the current drought, the price of fuel continue to be adjusted downwards in line with trends on the international commodities market whilst house rentals decline on the back of low uptake of residential accommodation space. However, despite the marginal decline in annual inflation, increases were noted in the fees for pre-primary and primary education.

Annual inflation stood at -2.19%in January 2016, before marginally declining to -2.22% in February 2016 and further to -2.31% in March 2016.

Figure 5: Trend in Annual and Monthly Inflation, January 2015 – March 2016



Source: Zimbabwe Statistical Agency

Inflation Outlook

We expect annual inflation to increase marginally in the second quarter of 2016 averaging -1.12%. Thus inflation is forecasted to increase marginally from -2.30% in March 2016 to about -1.00%in June 2016. We expect that any deviations from the forecast to be within the range of the Upper and Lower limit at the 95% confidence level (Table 5).

Table 5: Inflation Forecast

	April 2016	May 2016	June 2016	Q2 Forecast
Upper Limit	(1.44)	(1.39)	(1.09)	(1.04)
Inflation Forecast	(1.33)	(1.28)	(1.00)	(1.12)
Lower Limit	(1.23)	(1.18)	(0.93)	(1.04)

However the following risk assumptions may result in deviations from our forecasts.

Upside Risk

Upward pressures are expected on educational fees as well as on the prices of food items due to poor harvest as a result of the El Nino effect induced drought.

Downside Risk

Annual inflation is expected to continue in the negative territory in the short to medium term aggravated by weak aggregate demand which has seen manufacturers adjusting prices in order stimulate demand.

3 Banking and Financial Sector

Summary: The performance of the banking sector was satisfactory as at 31 December 2015 as most of the banks were adequately capitalised, their asset quality was improving, earnings and profitability were growing and their liquidity position was above the prudential limits.

The overall performance of the banking sector as at 31 December 2015 was satisfactory as reflected in the indicators of capital adequacy, asset quality, earnings performance and liquidity discussed below.

Capital adequacy: The capital adequacy ratio peaked at 21.31% as at the end of December 2015 against a minimum capital adequacy ratio of 12%, indicating an adequately capitalised banking sector (Table 6). All the operating banking institutions were in compliance with the applicable regulatory minimum capital thresholds, with some institutions having already surpassed the 2020 required minimum capital thresholds.

Table 6: Banking sector performance indicators, December 2013 to December 2015

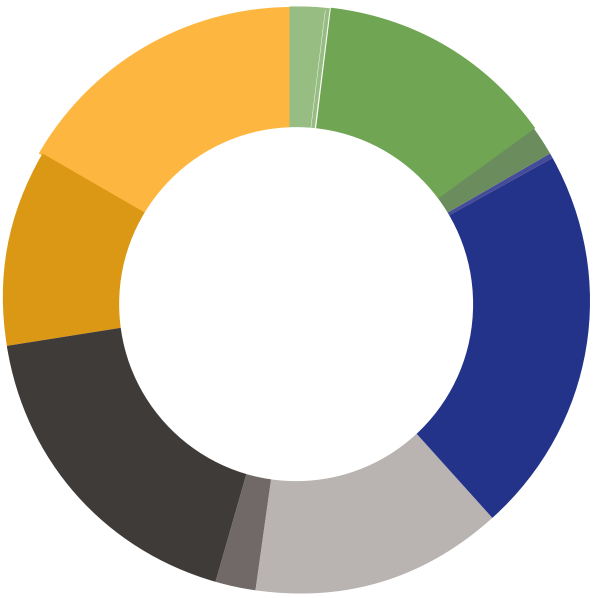
Indicators/Period	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Capital adequacy ratio %	14,01	14,10	18,56	18,20	17,33	17,97	19,72	19,70	21,31
Total assets US$ billion	6,74	6,68	6,90	7,11	7,12	7,19	7,59	7,73	7,83
Total loans US$ billion	3,08	3,82	3,81	3,84	4,01	4,06	3,94	4,00	3,87
Net capital base $billion	0,71	0,91	0,89	0,91	0,93	0,93	1,04	1,07	1,14
Total deposits US$ billion	4,73	4,89	4,96	4,96	5,08	5,29	5,60	5,50	5,62
Net profit US$ million	4,46	20,40	26,50	24,35	50,84	4,02	43,01	86,09	127,47
Return on assets (ROA) %	0,06	0,26	0,49	0,37	0,92	0,08	0,63	1,37	2,11
Return on equity (ROE) %	0,51	2,12	2,72	2,54	5,37	0,40	3,26	7,91	10,96
Loans to deposits %	102,36	78,03	76,82	77,41	78,94	76,75	71,40	72,70	68,86
Non-performing loans ratio %	15,92	16,96	18,49	20,45	15,91	15,19	14,52	14,27	10,82
Provision to adversely classified loans %	70,88	46,73	39,29	47,76	54,72	61,35	64,29	61,04	69,22
Net interest margin %	15,26	-0,15	2,03	4,20	4,24	0,45	2,22	4,76	8,62
Liquidity ratio %	40,57	38,10	38,20	38,20	39,34	34,37	38,14	43,13	45,35
Cost to income ratio %	173,43	87,15	95,77	96,63	93,72	97,55	90,76	86,65	84,40
Z-Score	17,55	18,59	27,47	22,17	26,80	29,81	29,62	27,74	31,71

Source: Reserve Bank of Zimbabwe

Asset quality: Total assets increased persistently from US$6.68 billion in March 2014 to US$7.83 billion in December 2016 (Table 6). Total loans peaked at US$4.06 billion in March 2015 and as at 31 December 2015 they had declined to US$3.87 billion on the back of conservative lending strategies adopted by banks to abate high non-performing loans and the disposal of non-performing loans to Zimbabwe Asset Management Company (ZAMCO). The quality of the banking sector assets has improved significantly as reflected in the decline of non-performing loans from a peak of 20.45% at the end of September 2014 to 10.85% at the end of December 2015. According to the Reserve Bank of Zimbabwe (RBZ), this improvement is underpinned by improvements in credit risk management practices, intensified collections and workout plans, and the disposal of qualifying non-performing loans to ZAMCO. However, the level of non-performing loans ratio is still higher relative to the international benchmark of 5%.

Non-performing loans are highest in the agriculture, distribution and household (individuals) sectors. A difficult macroeconomic environment, drought, retrenchments and high interest rates are among other factors contributing towards high non-performing loans (Figure 6).

Figure 6: Sectoral distribution of non-performing loans, as at 31 December 2015



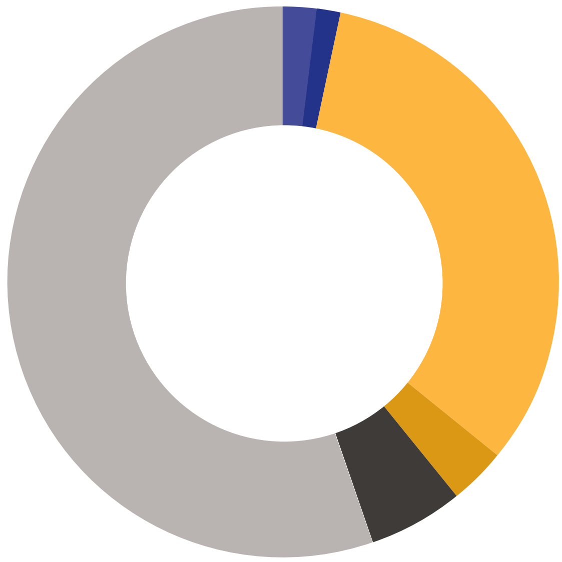
- Transport: 1.95%
- Manufacturing: 11.56%
- Construction: 1.54%
- Communication: 0.36%
- Agriculture: 19.21%
- Mining: 12.63%
- Financial: 1.99%
- Distribution: 16.10%
- Commercial: 9.77%
- Individuals: 14.92%

Source: Reserve Bank of Zimbabwe

The return on assets (ROA) and the return on equity (ROE) have increased over the review period to 2.11% and 10.96% as at 31 December 2015. The Z-score[2] has grown over the review period from 17.55 in December 2013to 31.71 in December 2015, indicating improving financial soundness and declining probability of the banking system becoming insolvent. Thus, as at 31 December 2015, the ROE had to fall by 21.36% to deplete equity and render the banking sector insolvent.

Earning performance: The banking sector profit for the year ending 31 December 2015 was US$127.47 million, which is 150.73% increase from the profit reported in the previous year (Table 6). Only two banking institutions reported losses. Total operating income was US$1.04 billion of which 62.6% was interest income comprised of interest from loans & leases, investments & securities and balances with other banks and 37.4% non-interest income comprised of fees & commission, foreign exchange and other non-interest income (Figure 7).At $563.20 million, salaries and employment benefits were the single largest driver of operating costs, accounting for 45.03% of total banking sector operating costs, for the year ended 31 December 2015.

Figure 7: Banking sector sources of operating income, 31 December 2015



- Interest income form balances with other baking institutions: 1.98%
- Other non-interest income: 1.36%
- Fees & commission: 32.66%
- Foreign exchange: 3.37%
- Interest income from investments & securities: 5.42%
- Interest income from loans & leases: 55.21%

Source: Reserve Bank of Zimbabwe

Liquidity management: The banking sector recorded an average prudential liquidity ratio of 45.43% as at 31 December 2015 which was above the stipulated minimum regulatory requirement of 30%. Seventeen (17) out of the eighteen (18) operating banks were compliant with the minimum prudential liquidity ratio as at 31 December 2015.

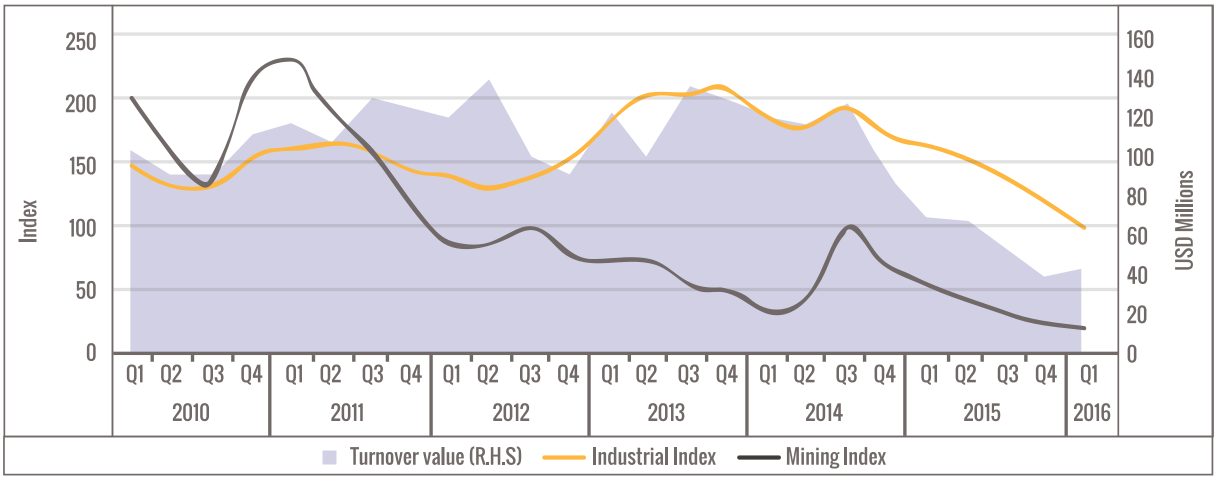
[2] The Z-Score is a measure of financial soundness of the banking system which has become popular in the empirical literature. It is given by the formula:
Z-score = (ROA + E/A)/σ ROA, where:
ROA = return of assets;
E/A = equity (or regulatory capital) to assets ratio; and
σ ROA is the standard deviation of ROA over the sampling period.
The formula combines the bank's buffer (profit and regulatory capital) with the risk the firm faces (measured as the standard deviation of returns). The Z-score is inversely related to the probability of a financial institution's solvency. It measures the number of standard deviations a return realization has to fall in order to deplete equity. A higher Z-score implies a lower probability of insolvency, providing a direct measure of bank's soundness that is superior to analysing bank's leverage only.

Stock Market Development

Summary: The poor performance of the stock market is mainly underpinned by a negative economic outlook on the back of the prolonged deflation which will likely impact on firms' profitability as it continuously squeeze the profit margins.

The Zimbabwe Stock Exchange experienced one of its worst performance in Q1 2016 since trading commenced in the multicurrency system with the Industrial index breaching the psychological barrier of 100 reaching an all-time low of 97.61 whilst on the other hand the mining index also reached an all-time low of 18.74 after opening at 24.27 in the month of January losing 4.74 points (19.53%) to close at 19.53 in March 2016. Thus, on a year on year comparison both the performance of the industrial and mining indices in Q1 2016 failed to surpass their performance in Q1 2015 by 38.78%and 63.03%respectively as trading continuously being weighed down by the negative economic outlook in 2016 (Figure8).

Figure 8: Trend in the Industrial and Mining Indices (Q1:2010 - Q1:2016)



Source: Zimbabwe Stock Exchange

Year on year comparison of stock market performance shows that the stock market performance continued to decline with most indicators being in the red except for the Value of Shares Sold by Foreigners (US$). Both Turnover Value and Volume declined by 37.87% and 56.58%respectively. The volume of shares bought and sold by foreigners declined by 27.31%and 7.07%respectively. Whilst the value of shares bought by foreigners declined, the value of shares sold increased an indication that foreign investors are disinvesting from the Zimbabwe Stock Exchange. The poor performance of the stock market is mainly underlined by a negative economic outlook on the back of the current drought. The drought has negatively affected agricultural production, electricity generation and has fuelled the prolonged deflation which is likely to impact firms profitability as it continuously squeezes the profit margins. Market capitalization which stood at US$4.35 billion at the end of Q1 2015 declined by 35.75%at the end of Q1 2016 weighed down by the poor performance of the stock market (Table 7).

Table 7: Summary of Stock Market Activities Q1:2015 and Q1:2016

Date	Qtrl 2015	Qtrl 2016	Percentage Change
Turnover Value (US$)	69,742,238	43,331,004	(37.87)
Turnover Volume	586,093,096	254,505,420	(56.58)
Value of Shares Bought by Foreigners (US$)	41,813,721	19,687,075	(52.92)
Value of Shares Sold by Foreigners (US$)	98,332,625	182,948,893	86.05
Volume of Shares Bought by Foreigners	117,620,624	85,494,262	(27.31)
Volume of Shares Sold by Foreigners	39,176,485	36,407,566	(7.07)
Market Capitalisation (US$)	4,117,082,319	2,645,057,408	(35.75)

Source: Zimbabwe Stock Exchange

4 Important Economic Sectors

4.1. Agriculture

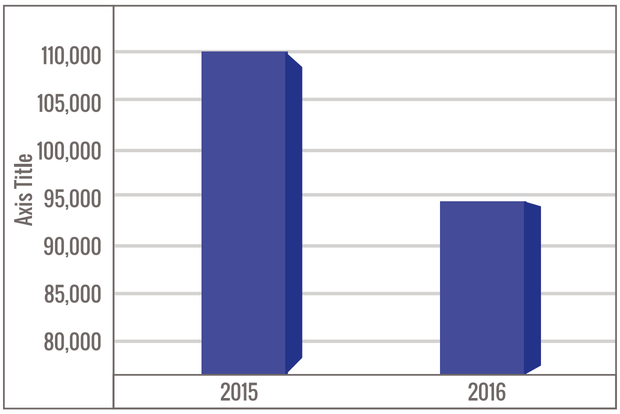
Tobacco growing, marketing and exports

Tobacco production for this season is likely to be lower than that of the previous one owing to limited rainfall received this year in addition to the declining number of tobacco growers. Resultantly, as at 22 January 2016, the land area that has been allocated for the crop went down by 14% from 107,546 hectares that were planted in the last season (see Figure 9).

As many as 71,728 farmers registered to grow tobacco as compared to the 92,430 who indicated to do so in the comparative period last in the last cropping season.

The 30th and the 31st of March 2016, marked the commencement of tobacco marketing season for auction and contract sales respectively. Licenses have been issued to three auction floors namely Boka Tobacco Sales Floor, Tobacco Sales Floor and Premier Tobacco Floors; 18 Class A buyers as well as to 16 contractors. Some developments have occurred in the tobacco industry and these include an introduction of an e-marketing system by the Tobacco Industry and Marketing Board. This system is meant to improve transparency in tobacco trading and ensure provision of real time sales information to the growers. The new system will provisionally run with the old one. Further, a new payment system has been introduced requiring farmers to receive their proceeds through the banks. This implies that farmers have to open bank accounts. In a bid to improve farmers' financial inclusion, the Central Bank instructed banks to relax their new accounts opening requirements. Farmers will just be required to open new accounts using National ID and Grower's Number only. In addition, banks will waiver charging ledger fees on these accounts.

Figure 9: Area planted between 2014/5 and 2015/6 cropping seasons



Source: Tobacco Industry and Marketing Board

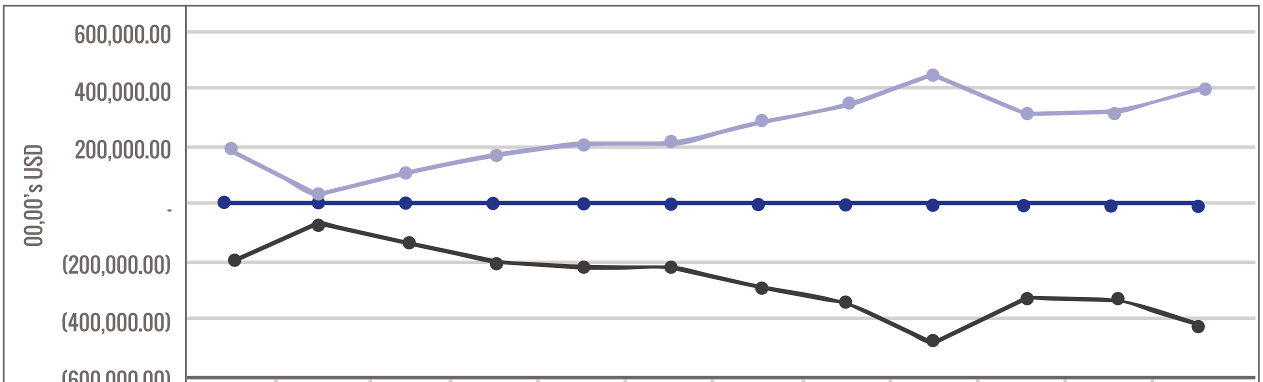
Tobacco remains a key export earning commodity in Zimbabwe's export basket. Therefore support to ensure farmers rely less on rain fed agriculture and that they employ farming methods that increase their productivity to ensure the country earns more in export revenues should continually be considered. From the beginning of the year to 24 March, the country had earned as much as US$ 223.3 million from tobacco exports.

Food insecurity: the lasting solution for Zimbabwe

With effect from 5 February 2016, the President of the Government of Zimbabwe declared a state of disaster in communal and resettled areas severely affected by drought. Many parts of the country received normal to less than normal rains this year, mainly due to the El Nino effect that hit most countries in Southern Africa. This has seriously impacted on the food security of the country that has in the past decade become a cereal net importer(see Figure 10).

From the beginning of the year to 24 March, the country had earned as much as US$ 223.3 million from tobacco exports.

Figure 10: Zimbabwe's cereal trade flow with the word between 2004 and 2015



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Imports	189,55	48,712	123,14	187,56	215,70	220,73	292,80	352,03	466,23	324,94	331,64	409,87
Exports	100.00	292.00	432.00	254.00	21.00	472.00	436.00	1,432	2,276	2,147	1,219	1,906
Trade Balance	(189,4)	(48,42)	(122,7)	(187,3)	(215,6)	(220,2)	(292,3)	(350,6)	(463,9)	(322,8)	(330,4)	(407,9)

Source: International Trade Centre Trademap

It is estimated that at least 4 million people in Zimbabwe, or around 25 % of the population are in urgent need of food. The declaration is followed by the unprecedented one recently made by the Southern African Development Community. This will serve as a call for the donor community to join hands in addressing the food insecurity scenario that is exposing at least 30 million people in the region. In the case of Zimbabwe, all stakeholders from the private sector, donor community, church and government should come together to address this food insecurity challenge. Whilst short- term measures in the form of food relief are welcome, long term and sustainable solutions are more critical. These include efforts by government to adapt to climate change through stepped efforts towards technological development in agriculture, energy and water in order to build more resilient farming systems. With recurrent droughts, foods prices go up and food becomes increasingly unaffordable to poor households hence it is more sustainable to build their capacity to grow food for themselves. Government can in addition, prioritise social security policies particularly in case of droughts to cushion marginalized and vulnerable households.

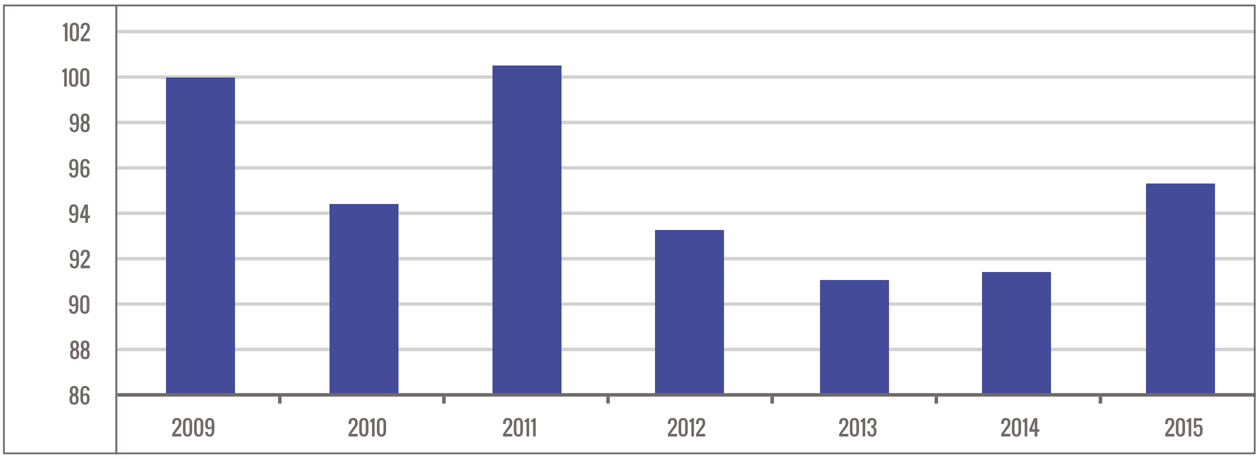
4.2 Manufacturing

Summary: The different subsectors of the manufacturing sector have responded differently to the policy interventions that have been introduced since dollarization. Successful policy responses for the manufacturing sector might need to be based on the different characteristics exhibited by these subsectors rather than a blanket approach.

One critical policy issue that is expected to hog the limelight throughout 2016 is how best to come with policy interventions that respond to the challenges that the manufacturing sector is facing. The underperformance of the manufacturing sector is seen as one of the reasons why the economy is not doing well. Export earnings, which are currently the main liquidity inflow channel, are under performing, especially high value manufactured exports. In this regard policy interventions need to consider the evolution of the sector's performance since dollarization, especially identifying the sub-sectors which are doing relatively well and those that are facing challenges. Lessons can be drawn from companies that have responded positively to policy initiatives implemented by government and reasons for non-response by others whose performance has remained low.

The outlook of the manufacturing sector in 2016 can be informed by trend of the volume of manufacturing index since 2009. The volume of manufacturing index (VMI)is an index used to measure changes in the volume of production on a regular basis (monthly and annually). Thus, the VMI can be used to measure the performance of the manufacturing sector and its sub sectors). The VMI generally shows that the manufacturing sector in Zimbabwe has been generally failing to match the performance recorded in 2009, except during 2011 (Figure 11). However, the sector is not significantly different from its dollarization level, as its performance is at about 95% of its 2009 level as at mid-June 2015. The fact that the manufacturing sector has lost about 5% of its 2009 status is worrisome, given that 2009 was a very low level due to hyperinflation effects. Getting the sector to achieve the pre-hyperinflation status continues to be a challenge for policy makers and players in the sector. One possible reason is the inadequate injection of new long term capital to revamp the sector.

Figure 11: Volume of manufacturing index for the Zimbabwe manufacturing sector, 2009-2015

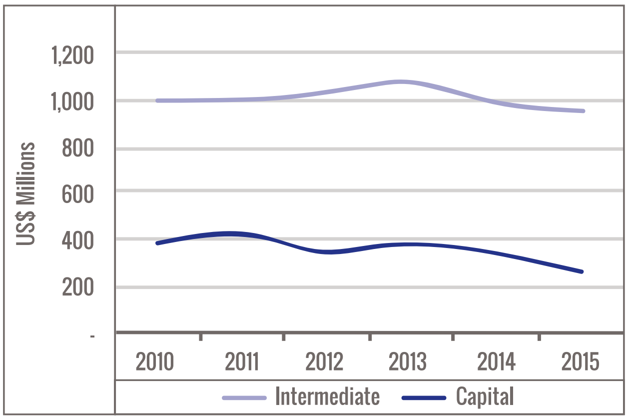


Source: ZIMSTAT

The performance of the manufacturing sector is also shown by the level of importation of intermediate and capital goods into the country. Given that most intermediate and capital goods have to be imported, high importation of these would also be expected to reflect a high level of economic activity, especially in the manufacturing sector. The value of imported capital goods decreased by about 3% between 2010 and 2015, even though there was an increase in 2013 which could not be sustained (Figure 12). The value of imported intermediate goods decreased significantly by about 31% over the same period, which could also be a reflection of limited manufacturing sector activity.

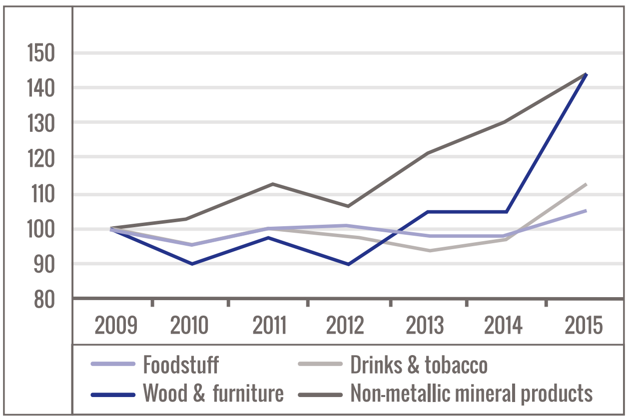
While there is a noticeable stagnancy in manufacturing sector performance, the different sub-sectors have registered mixed results, as there are some which have registered some modest increases in performances during the period under review. Among the moderate performers is the non-metallic mineral product subsector, whose performance has been consistently rising since 2009 (Figure 13). The current policy and economic environment has thus largely been good enough for this subsector. By 2015, the sub-sector performance had increased by over 40% compared to the 2009 level. In 2015, the wood and furniture subsector performance had also increased by over 40% compared to the 2009 level, but before 2013, performance was actually falling. This sub-sector appears to have responded positively to the policy and economic developments in 2013 which it has been able to sustain until now. Until 2014, the foodstuff and the drink & tobacco also appear to be stagnant, with the level of performance comparable to the 2009 level. Overly, this could weakly suggest that policy interventions that have been implemented for the manufacturing sector in 2014 and 2015 could have helped in enhancing performance for the four subsectors.

Figure 12: Importation of capital and intermediate goods for Zimbabwe, 2010-2015



Source: ZIMSTAT

Figure 13: VMI for Manufacturing subsectors registering positive performance by 2015 in Zimbabwe



Source: ZIMSTAT

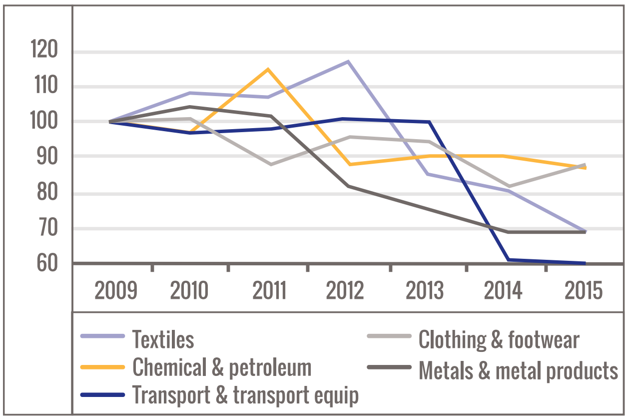
By 2015, there are four subsectors that can be described as having been worse off compared to 2009 (Figure 14). These could be the subsectors that are weighing down the general sector performance. The textiles subsector was doing well until 2013, when it went on a free fall. The metals and metallic products subsector also shows the same pattern, the only exception being that the falling trend started a year earlier. Performance in these two sectors was only about 70% of the 2009 level by 2015. Only the clothing subsector is showing some signs of improvement among these under-performers, as there was some recovery in 2015 compared to 2014. However, the continuous decrease in the other sectors generally shows that the current policy interventions have proved to be of limited impact on restoring them to their peak performance levels.

In this regard for policy interventions to be effective in the manufacturing sector,there might be need to take into consideration different characteristics exhibited by these subsectors rather than a blanket approach, which would work for some while failing to spur others upwards.

4.3 Mining

Summary: Gold production registered an impressive 30.1% growth to register 20.02 tonnes in 2015, resulting in a 19.7% earnings rise to about US$736.92 million. Platinum production is recovering as it registered a 1% increase to 12.6 tonnes following the redeployment of fleets from the collapsed Bimha Mine in August 2014. Depressed international commodity prices coupled with a fall in average grade for gold and platinum by 2.9% and 1.7% respectively, put pressure on the mining sector at a time when the country is constrained to invest in new explorations.

Figure 14: VMI for Manufacturing subsectors registering negative performance by 2015 in Zimbabwe

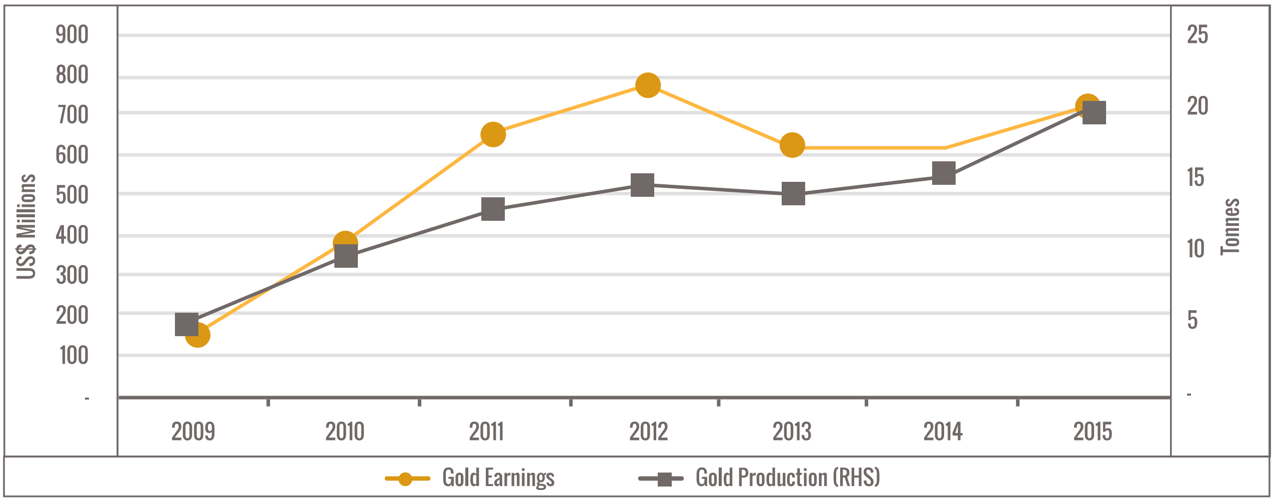


Source: ZIMSTAT

Gold sector

Gold production which declined in 2013 by about 5% to 14.1 tonnes, grew by 9.4% and 30.1% to register 15.4 tonnes and 20.02 tonnes in 2014 and 2015, respectively (Figure 15). Earnings registered a 20% slump in 2013 to US$626.11 million, followed by a 2% decline in 2014 to US$615.79, before recovering in 2015 by 19.7% to about US$736.92 million.

Figure 15: Gold Production and Earnings, 2009 -2015



Source: Chamber of Mines of Zimbabwe, 2015

The gold sector registered a fall in average grades from 3.6g/tonne in 2013 to 3.5 g/tonne (-2.8%) and 3.4 g/tonne (-2.9%) in 2014 and 2015, respectively.[3] The declining mineral grade may be a reflection of lack of investment in new explorations over the years. Under normal circumstances mines are expected to go for higher grades to try and overcome the potential revenue loss from depressed prices. Despite the depressed international gold prices and marginal decline in mineral grade, the gold sector continues to expand production due to the resilience of small scale miners. This is evidenced by the ballooning share of small scale miners' gold deliveries in total deliveries made to Fidelity Printers and Refineries from 19.2% in 2013 to 28.3% and 40.1% in 2014 and 2015, respectively.

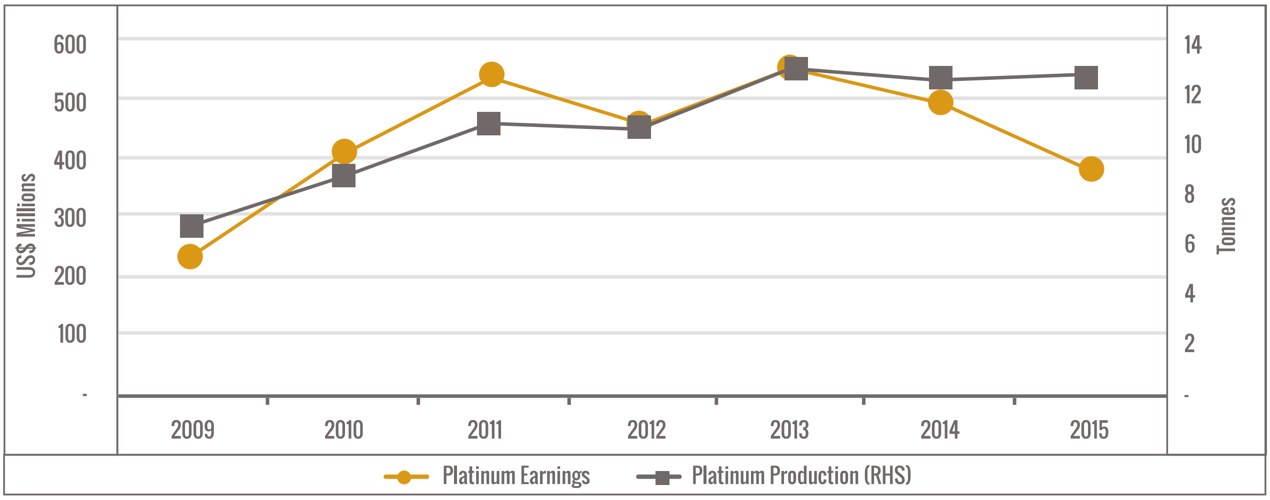
Platinum sector

Annual production of platinum which grew by 24.2% in 2013 to about 13.1 tonnes compared to 2012, slumped

[3] Chamber of Mines State of the Mining Sector Survey, 2015

by 4.5% to about 12.5 tonnes in 2014 before registering a 1% increase in 2015 to 12.6 tonnes (Figure 16). Similarly, platinum earnings responded by registering a negative growth of 10.6% in 2014 and 23.2% in 2015, which translated to about US$495.36 million and US$380.58 million, respectively. The recovery in 2015 production was due to ore supply contribution from the Ngezi South open-pit which started operating in second quarter of 2015 and increased production from underground mines following the redeployment of fleets from the collapsed Zimplats' Bimha Mine in August 2014.

Figure 16: Platinum Production and Earnings, 2009 -2015



Source: Chamber of Mines of Zimbabwe, 2015

Production of platinum may recover in the short to medium term since the Ngezi Phase 2 expansion project is progressing well, with the overall project completion expected in 2016. Moreover, Bimha mine re-development is progressing well and is scheduled to reach full production in April 2018 as planned. However, the biggest platinum miner in Zimbabwe, Zimplats reported that depressed metal prices resulted in reprioritisation of capital projects with some projects being deferred to future periods to minimise their risk. This has implications on the overall performance of the platinum sector.

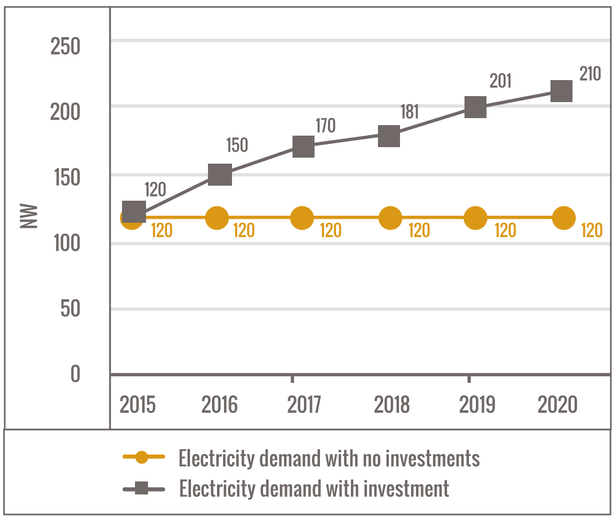
On a positive note, the refurbishment of the Selous Metallurgical Complex Base Metal Refinery (BMR) is on-going, with the project expected to be complete by end of 2016. This is in line with the agreed position between platinum mining companies and the government of Zimbabwe that the refinery should be set up by December 2016.

The average grade of platinum in 2015 was -1.7% lower than that of 2014 as registered by a decline in grade/tonne to 3.39. For Zimplats, the lower grade of platinum was mainly due to barren geological intrusions, internal dilution arising from mining across areas affected by faulting and lower grade ore from the Ngezi South open-pit.

Projected Electricity Demand for Mining Sector

The expansion of selected projects and the commissioning of the platinum Base Metal Refinery in 2017, among other factors, is expected to increase the sector's electricity demand to sustain mining operations. The demand for electricity is expected to rise steadily by 25% to 150 megawatts (MW) in 2016 from its 2015 level, assuming that the sector undertakes some investments in the sector (Figure 17). The demand is expected to continue rising steadily by 13.3%, 6.5% and 11.1% to 170MW, 181MW and 201MW in 2017, 2018 and 2019, respectively. In 2020, the demand is expected to jump by 81.5% to 210MW. Despite difficulties in acquiring affordable lines of credit in Zimbabwe which may hinder some of the expansion projects in the mining sector, if planned projects take off, the national demand for electricity will increase over time putting too much pressure at the national power utility ZESA. However, if ZESA's planned expansion projects coupled with the increase in electricity supply through independent power producers come to fruition, this may reduce or eliminate the current national electricity deficit in the medium term.

Figure 17: Projected Electricity Demand for Mining Sector, 2015 - 2020



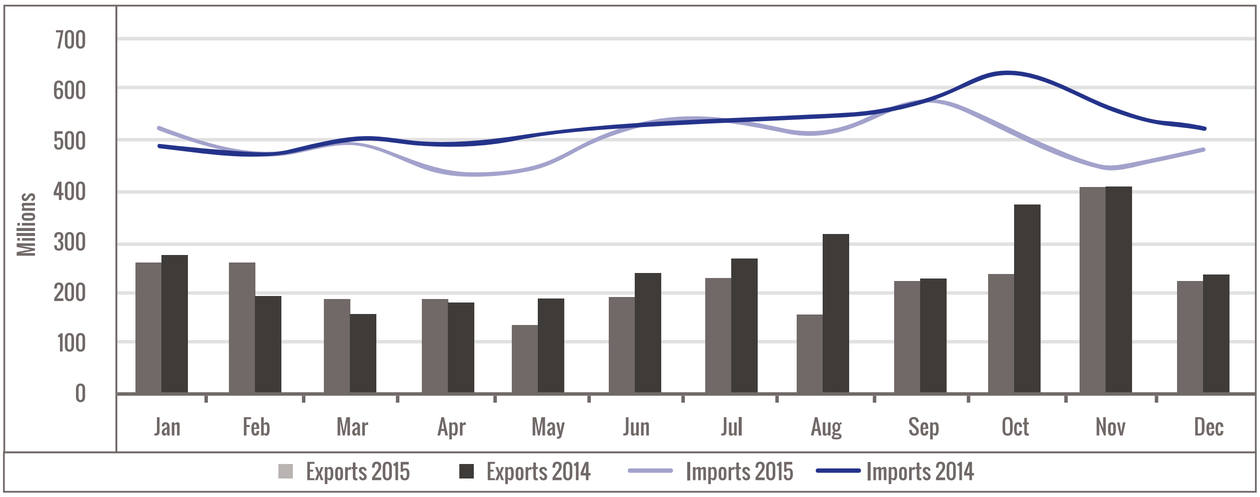
Source: Chamber of Mines of Zimbabwe, 2015

5 External Sector

Summary: The key external sector balances show that Zimbabwe is a net borrower, whose net foreign assets decreased by about US$386 million in 2015. Currently capital flows are insufficient to finance the current account deficit, which is also contributing to the current liquidity challenges

In 2015, Zimbabwe imported goods worth about US$6 billion, registering a decrease of about 5.9% compared to the goods imported in 2014. Exports in 2015, which were about US$2.7 billion, also recorded a 11.7% decrease compared to the levels recorded in 2014. This saw Zimbabwe's trade balance only marginally improving by about 0.5% to -US$3.3 billion. Trends show that both exports and imports for both 2014 and 2015 tended to increase during the last quarter of the year (Figure 18).

Figure 18: Exports and imports trends for 2014 and 2015



Source: ZIMSTAT

The implication of Zimbabwe's external sector position can be better understood by assessing three critical external sector balances; the trade balance, the current account balance and the capital account. The trade balance can generally be interpreted as the difference between a country's GDP and its absorption capacity. It generally shows whether or not domestic production is sufficient to meet the overall demand for consumption and investment goods.

Estimates from the RBZ reveal that the current account deficit for 2015 is estimated at about US$2.8 billion. This means that the current account deficit is mostly driven by the trade balance, which constitutes about 110% of the current account deficit. The current account balance is generally the country's savings-investment gap. It shows the level of savings needed to meet the investment requirements of the economy. It is thus a critical determinant of the net international investment position (NIIP) of the country, which is the country's position with respect to the rest of the world in terms of whether it is a net creditor or borrower.

RBZ estimates also show that the capital account balance for 2015 in Zimbabwe is about US$2.45 billion. The capital account balance is critical, as it would reflect the extent to which the country is able to finance its NIIP status. If the sum of the current account balance and the capital account balance is positive, then the country would be a net saver and its net foreign assets would be expected to increase. However, if this sum is negative, the country would be a net borrower, which would see its net foreign assets decreasing. The size of the capital account relative to the current account is thus critical as it shows whether capital flows are sufficient to finance the current account or whether the country needs to run down the central bank reserves.

Thus, the implication of these balances in Zimbabwe is as follows. The trade balance generally shows that domestic production in Zimbabwe needs to improve in value by about US$3.3 billion for Zimbabwe to be able to meet demand for consumption and investment from local sources. Measures to boost domestic production thus also need to be given priority from the external sector point of view. The negative current account balance in 2015 was higher in absolute value than the capital account balance, resulting in a negative sum of the two balances. This generally shows that the performance of the external sector is worsening, as Zimbabwe is a net borrower, whose net foreign assets decreased by about US$386 million in 2015. Thus, currently capital flows are insufficient to finance the current account, demonstrating the need for the Central Bank to accumulate reserves to bridge the gap. This would also explain the current liquidity challenges in the economy.

6 Special Feature Number 1: Financial Inclusion Gains Global Prominence

Financial inclusion is now being considered as one of the main pillars of the global development agenda. Various global initiatives have been promulgated to promote financial inclusion and these include the Alliance for Financial Inclusion (AFI) and the Global Partnership for Financial Inclusion (GPFI).AFI is a global network of financial policymakers from developing and emerging countries working together to increase access to financial services for the poor. Thus, the AFI administers several financial inclusion programmes including convening of Working Groups and the provision of grants to support financial inclusion programmes.

On the other hand the Global Partnership for Financial Inclusion (GPFI) was established by the G20 group of countries in 2010 with a view of carrying forward work on financial inclusion, including implementation of the G20 Financial Inclusion Action Plan.[4] The GPFI seeks to strengthen coordination and collaboration between various national, regional and international stakeholders, helping countries put into practice the G20 Principles for Innovative Financial Inclusion, strengthening data for measuring financial inclusion, and developing methodologies for countries wishing to set targets. The Global Partnership for Financial Inclusion (GPFI) has four subgroups through which it seeks to implement its programme of work and these focus on: regulation and standard setting bodies, Micro Small to Medium Enterprise (MSMEs) financing, financial literacy and consumer protection and markets and payment systems, whose overall goal is to advance utilization of payment systems.

The drive to promote financial inclusion has been influenced by the realisation that financial exclusion of certain segments of the population contributes to slower economic growth; widening income inequalities and underdevelopment. Broader access to financial services, without price or non-price barriers to their use and offered in a responsible manner, have been shown to benefit poor people and other disadvantaged groups.

Financial Inclusion in Zimbabwe

The 2014 Fin-Scope Survey on financial inclusion in Zimbabwe highlighted that financial inclusion increased to 77% in 2014 from 60% in 2011 and this was mainly driven by the growth of mobile financial services. The survey confirmed a general observation in most developing countries that most of the people in rural areas, who also experience deep and high incidence of poverty, are financially excluded.

The Reserve Bank of Zimbabwe launched the National Financial Inclusion Strategy (NFIS) on the 11th of March 2016. The NFIS seeks to address the broad barriers to financial inclusion as well as improving the level of access to financial services in the country through a coordinated approach. However, following global financial inclusion agenda the NFIS will evolve around four main pillars, namely financial innovation, financial capability, financial consumer protection and microfinance. The NFIS will focus on the following key priority areas: MSMEs rural financing options; financial inclusion strategies for women and youth, development of micro insurance and micro housing services and products.

The NFIS strategy aims at improving access to finance through building a sustainable and inclusive financial system that provides a broad range of financial products and services to all economic agents. The information communication technology revolution has led to development of digital financial services which are being delivered mainly through mobile phone networks and other electronic delivery channels. Digital financial services have reduced the physical barriers and redefined the concept of banking. The growing digital data collected through mobile phone services now provides the basis for innovative solutions designed to provide services to the previously unbanked as the levels of information asymmetry are reduced. The NFIS will also seek to develop an appropriate framework for the introduction of new financial products and mechanism for expanding financial inclusion.

Mobile phone networks have provided innovative mobile money services through their platforms. According to Postal & Telecommunications Regulatory Authourity of Zimbawbe (POTRAZ) mobile money subscribers in Zimbabwe reached 7.3 million in the fourth quarter of 2015, handling transactions worth US$ 533.07 million. The growth of mobile financial services has had positive effects on a country's development, by offering an alternative and efficient form of domestic remittances services.

[4] 3 Chamber of Mines State of the Mining Sector Survey, 2015

Private Sector Initiatives to Promote Financial Inclusion

A number of financial inclusion initiatives are being rolled out by the private sector in Zimbabwe. These include Ok Zimbabwe Money Wave and TM Financial services both available in store in their branch networks. The Zimbabwe Postal Service (ZimPost) has been contracted by a number of financial institutions as their banking agents. The postal service has an estimated 250 post office outlets countrywide and is present in every administrative district of the country. Notable among agency banking relationship is between ZimPost and the People Own Savings Bank (POSB). Although most of these agents are conveniently located especially in the marginalised areas within reach of the marginalised communities they have their own setbacks in terms of service provision hence limit the extend of financial services that can be extended to the communities. Transactions that are handled by agencies are mainly limited to withdrawals, deposit taking and bill payments agents do not handle applications loans/credit or funds transfer due to the principal agent agreement agreed upon by the bank and the agent. However, the main challenge of the financially excluded populations is access to credit to finance both on farm and off farm income generating activities.

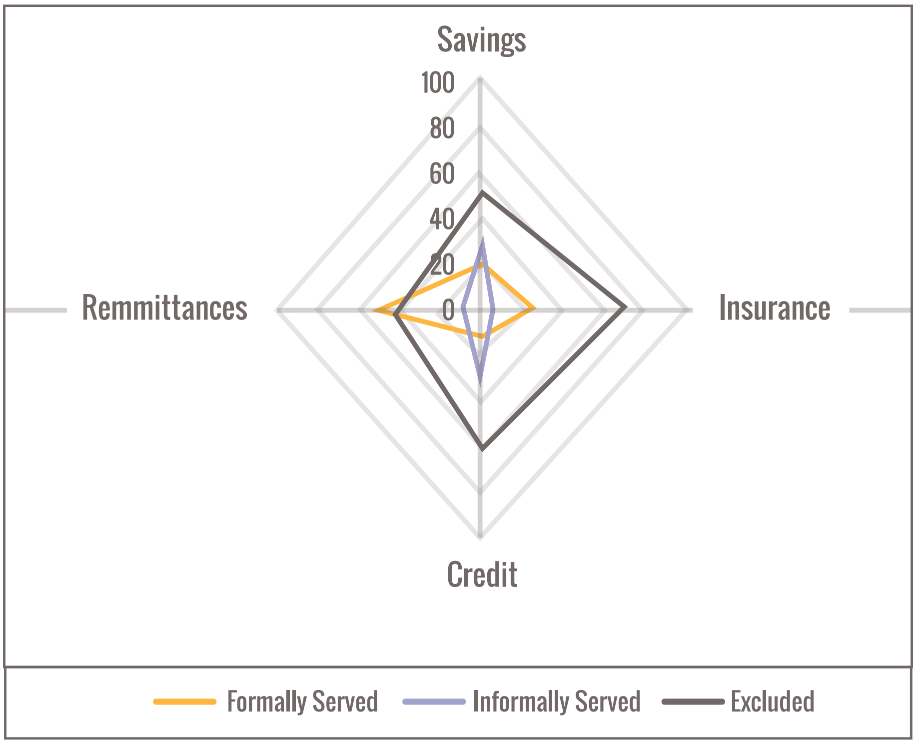
Gap and Lessons Learnt

Financial inclusion strategies and products should satisfy three basic tenets for them to be effective .These are Access, Quality, Usage and impact of financial services and products. Whilst the country has, instituted a number of initiatives to broaden access to financial services, however gaps still exist in the level of access to, usage and quality of financial products and services.

Access to Financial Services and Products

With at least 65% of the population being economically active in the informal sector, they are however still deprived of financial services (insurance, banking, payments, remittances, savings and credit facilities), thus there are few financial alternatives available for them. As a result 60% of the adult population is either excluded or depends on informal financial services according to the 2014 FinScope Survey. Moreover, only 20% of the adult population use formal channels of savings whilst 30% use formal channels of insurance and 11% use formal channels to access credit markets whilst the rest are excluded or informally served. Therefore there is a huge potential market that mobile networks operators can exploit, for instance mobile micro-insurance as evidenced by 70% of the population that do not have any form of insurance. This is also attributed to the perception by the majority that think that insurance is expensive. The FinScope Survey (2014) highlighted that almost 28% of the rural population is financially excluded due to the limited access to banking infrastructure. Thus there is still a huge void to be filled especially through MFS.

Figure 19: Financial Services Access Landscape in Zimbabwe 2014



Source: FinScope (2014)

In terms of access there is also need to address issues of shared infrastructure and interoperability, the ability of the payment systems to interact at various levels, is important in promoting convenience and reduction of operational costs. While payment systems are already interoperable at various stages, there are still significant gaps in the sharing of infrastructure that is hampering access and usage of financial services. For instance the different financial service provider's platforms have limited interoperability mainly due to competition. Banks and mobile money providers are neither able to transact on banks infrastructure such as ATMs and POS machines nor transfer funds across to platforms.

There is need to make provisions on how Mobile Financial Service interoperability within the broader national payments system. This can be achieved by establishing an all-inclusive automatic clearing house for all financial payment service providers (e.g. Banks, Mobile financial services and independent financial platforms). A case in point is the Tanzania Mobile financial services industry's private sector led interoperability initiative. The firms initially pursued bilateral clearing and settlement procedures that could evolve into some form of multilateral clearinghouse model over time. Thus, bilateral pricing agreements were signed between players in the mobile money industry to allow inter-platform wallet to wallet service in 2014.[5]

Quality of Financial Services and Products

There is need for financial services and products to meet the needs of the consumer. Thus, quality measures reflect the degree in which financial products and services match clients' needs, the range of options available to customers, and clients' awareness and understanding of financial products. The low uptake of insurance products and services in Zimbabwe is because the products do not meet the needs of the population with regards to risk coverage, thus other than focusing on accessing there is need to redefine the product to match clients expectations. However, the quality of financial products and services provided is affected by low levels of financial literacy. Therefore there is need to build the financial capability of consumers by linking individual functions to the financial system. There is need to understand the financial behaviour of the consumers that is;

i. What are their sources of income?
ii. How do they spend their money?
iii. What influences these expenditures?
iv. The cultural beliefs or practices that shape their financial decisions?

Usage of Financial Services and Products

Increasing access and quality of the financial products do not automatically translate into effective use of the products. For instance most users of mobile money platforms view them primarily as services for sending or receiving money according to the 2014 FinScope Survey, with few using the facility to make bill payments (3 %) and for savings (9%). This perception has held back the full scaling of mobile financial services due to little understanding of the services. Thus, whilst a large number of the population has access to these financial services and products, usage rates remains low as the effective use of financial services and products is hampered by asymmetric information and power between financial services providers and consumers which encompasses issues to do with pricing and the cost of the financial services.

Conclusion

For financial inclusion strategies and policies to have meaningful impact there is need by the Central Bank and service providers to go beyond access but also ensure that there is consistent and effective use of financial products service, through continuous consumer education and awareness programmes and minimising information asymmetry.Further, research is required to inform the implementation of the financial inclusion strategy.

[5] How Tanzania Established Mobile Money Interoperability
http://www.cgap.org/blog/how-tanzania-established-mobile-money-interoperability accessed 19-April-2016

7 Special Feature Number 2: Monitoring and Evaluation Expertise

ZEPARU has kept abreast with the research demands and expectations of the public and private sectors by embracing Monitoring and Evaluation (M&E) skills and expertise onto the institution's products catalogue. Following the increase in interventions by the Government, the donor community and the private to improve the material, social and political circumstances of Zimbabweans, it has become imperative and widespread to keep an eye on the effectiveness and efficiency of the interventions through systematic and detailed M&E studies. In line with this thrust and with the objective of improving deliverables under ZIMASSET, the Government of Zimbabwe, has crafted a National Monitoring and Evaluation Policy framework and guidelines to track the implementation performance of the country's various public policies, projects and programs (Government of Zimbabwe, 2015). Equally, the donor community and the corporate sector are weighing more on monitoring and evaluating their various interventions and activities in areas of health, water and sanitation, empowerment, livelihoods, environmental management and corporate social responsibility. The growing importance of M&E has, therefore, called for skills and expertise to build within institutions M&E capacities and capabilities.

Monitoring and evaluation is critical for programme designing and implementation. It identifies and tracks the effects and effectiveness of policy and programme interventions on the society and its environment. It sets the benchmark for and informs policy makers, programme managers and administrators and beneficiaries on the performance and impacts of the interventions. In this regard, M&E reporting serves as an early warning tool and mechanism for inappropriate programme design or for emergence of adverse events and outcomes unanticipated at project conception; henceforth, providing an opportunity for programme redesign. In addition, through the use of systematic tools and methods, programme impact evaluation serves to quantitatively and qualitatively inform programme and project funders and managers of the incremental effects of their interventions and allow them to make assessments of the worthiness of their project outlays. In the process, programme managers are guided on whether to halt, maintain or expand their interventions. Ultimately, institutions are able to make objective assessments of the performance and effects of various policy and programme interventions of governments and the private sector involved in programme implementation; hence appropriately guide them.

The challenge which most institutions in the country is in respect of capacity gaps on M&E skills and software. ZEPARU has moved to close this gap by adding M&E skills and expertise to its profile. The institution has built capacity to carry out M&E exercises for government, donor funded interventions and private sector project interventions. It has also developed an M&E Training Manual for programme funders, managers and administrators to equip and capacitate them to undertake their own M&E exercises. With this pro-active intervention, ZEPARU is optimistic that institutions that go through its M&E capacity building training will be able to develop their own within institution M&E capabilities. In the medium to long term, the institutions should be able to embrace appropriate M&E tools and methods in their project management systems and the country will achieve best outcomes from its various program and policy interventions. In terms of undertaking M&E studies, ZEPARU has capacity to assess and evaluate interventions of different scales from small scale or sectoral interventions to macro level interventions with far-reaching impacts as well as conducting experimental impact evaluationusing randomized control trial (RCT).

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Statistical

Table 1A: International Commodity Prices

	2013									2014					
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Gold (US$/oz.)	1486.05	1414.26	1342.66	1287.22	1347.26	1348.63	1315.25	1233.50	1223.35	1241.82	1299.83	1336.71	1298.80	1289.06	1278.49
Platinum (U$/oz.)	1487.94	1476.80	1430.98	1399.02	1494.55	1459.40	1413.52	1360.50	1357.18	1420.43	1409.51	1451.1	1431.40	1451.79	1452.60
Brent crude ($/bl.)	102.77	103.68	103.23	107.14	110.08	111.02	109.32	110.25	110.47	107.44	198.69	107.19	107.99	109.2	111.77
Maize (U$/t) 3YC	279.00	295.50	298.40	279.50	238.70	207.4	201.7	199.1	197.4	198.1	209.3	222.3	222.4	217.3	202.4
Wheat (U$/t) HRW	308.30	319.70	313.40	304.6	305.3	307.5	325.7	306.8	291.6	275.5	292.3	323.6	324.9	334.7	306.5

							2015								
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Gold (US$/oz.)	1,310.78	1,361.77	1,240.26	1,222.97	1,177.43	1,201.08	1,250.40	1,229.14	1,179.51	1,198.93	1,198.63	1,181.50	1128	1118	1125
Platinum (U$/oz.)	1,474.00	1,444.92	1,364.91	1,261.33	1,208.80	1,217.98	1,242.12	1,200.03	1,139.59	1,151.29	1,140.40	1,088.82	1009	984	964
Brent crude ($/bl.)	108.27	103.21	98.72	88.04	80.04	63.78	49.78	58.71	57.02	59.39	64.56	62.34	55.90	47	47.20
Maize (U$/t) 3YC	182.7	176.4	163.1	163.31	178.67	178.67	174.7	173.7	174.23	172.05	166.29	166.72	179.60	162.60	165.60
Wheat (U$/t) HRW	280.4	263.4	263.4	245.39	258.66	178.67	248.5	237.2	230.83	223.35	215.15	209.87	197.40	179.80	172.70

	2015			2016		
	Oct	Nov	Dec	Jan	Feb	Mar
Gold (US$/oz.)	1159.25	1086.44	1068.25	1097.91	1199.50	1245.14
Platinum (U$/oz.)	976.91	885.2	860.82	855.25	919.35	967.73
Brent crude ($/bl.)	46.96	43.11	36.57	29.78	31.03	37.34
Maize (U$/t) 3YC	171.39	166.16	163.95	161.03	159.68	159.14
Wheat (U$/t) HRW	172.71	176.94	173.71	193.32	187.01	191.18

Sources: BBC, Kitco, IGC and World Bank

Table 1B: Annual Inflation (%)

Jan-11 3.52	Feb-11 3.04	Mar-11 2.67	Apr-11 2.69	May-11 2.50	Jun-11 2.86	Jul-11 3.26	Aug-11 3.54	Sep-11 4.29	Oct-11 4.20	Nov-11 4.20	Dec-11 4.90	Jan-16 -2.2	Feb-16 -2.2	Mar-16 -2.3
Jan-12 4.30	Feb-12 4.30	Mar-12 4.00	Apr-12 4.03	May-12 4.02	Jun-12 3.97	Jul-12 3.94	Aug-12 3.63	Sep-12 3.24	Oct-12 3.38	Nov-12 2.99	Dec-12 2.91			
Jan-13 2.51	Feb-13 2.98	Mar-13 2.76	Apr-13 2.49	May-13 2.20	Jun-13 1.87	Jul-13 1.25	Aug-13 1.28	Sept-13 0.86	Oct-13 0.59	Nov-13 0.54	Dec-13 0.33			
Jan-14 0.41	Feb-14 -0.49	Mar-14 -0.93	Apr-14 -0.26	May-14 -0.2	Jun-14 -0.08	Jul-14 0.313	Aug-14 0.151	Sept-14 0.093	Oct-14 -0.001	Nov-14 -0.784	Dec-14 -0.796			
Jan-15 -1.280	Feb-15 -1.397	Mar-15 -1.203	Apr-15 -2.648	May-15 -2.702	Jun-15 -2.813	Jul-15 -2.771	Aug-15 -2.768	Sep-15 -3.112	Oct-15 -3.288	Nov-15 -2.458	Dec-15 -2.473			

Source: ZIMSTAT

Table 1C: Monthly Inflation (%)

Jan-10 0.74	Feb-10 0.96	Mar-10 1.12	Apr-10 0.12	May-10 0.26	Jun-10 -0.10	Jul-10 -0.13	Aug-10 -0.14	Sep-10 0.12	Oct-10 0.21	Nov-10 0.49	Dec-10 -0.44	Jan-16 -0.1	Feb-16 -0.1	Mar-16 -0.1
Jan-11 1.03	Feb-11 0.49	Mar-11 0.75	Apr-11 0.14	May-11 0.08	Jun-11 0.24	Jul-11 0.26	Aug-11 0.13	Sep-11 0.85	Oct-11 0.1	Nov-11 0.5	Dec-11 0.2			
Jan-12 0.46	Feb-12 0.49	Mar-12 0.43	Apr-12 0.19	May-12 0.07	Jun-12 0.20	Jul-12 0.22	Aug-12 -0.20	Sep-12 0.50	Oct-12 0.49	Nov-12 0.43	Dec-12 0.13			
Jan-13 0.07	Feb-13 0.95	Mar-13 0.21	Apr-13 -0.07	May-13 -0.21	Jun-13 -0.31	Jul-13 -0.38	Aug-13 -0.15	Sep-13 0.1	Oct-13 -0.01	Nov-13 0.09	Dec-13 -0.08			
Jan-14 0.1	Feb-14 0.0	Mar-14 -0.2	Apr-14 0.58	May-14 -0.1	Jun-14 -0.03	Jul-14 0.014	Aug-14 -0.309	Sept-14 -0.005	Oct-14 -0.107	Nov-14 -0.692	Dec-14 -0.092			
Jan-15 -0.343	Feb-15 -0.069	Mar-15 -0.028	Apr-15 -0.888	May-15 -0.187	Jun-15 -0.139	Jul-15 0.057	Aug-15 -0.305	Sep-15 -0.359	Oct-15 -0.3	Nov-15 -0.2	Dec-15 -0.1			

Source: ZIMSTAT

Table 1D: Annual Broad Money (M3) Growth (%)

Jan-10	Feb-10 303.5	Mar-10 322.5	Apr-10 253.7	May-10 236.3	Jun-10 160.2	Jul-10 144.3	Aug-10 0.12	Sep-10 0.21	Oct-10 144.3	Nov-10 0.12	Dec-10 0.21
Jan-11 67.8	Feb-11 59	Mar-11 52.6	Apr-11 48.4	May-11 49.2	Jun-11 56.7	Jul-11 51.6	Aug-11 0.85	Sep-11 0.1	Oct-11 51.6	Nov-11 0.85	Dec-11 0.1
Jan-12 33.2	Feb-12 37.4	Mar-12 33.4	Apr-12 32.8	May-12 31.0	Jun-12 23.8	Jul-12 27.2	Aug-12 0.50	Sep-12 0.49	Oct-12 27.2	Nov-12 0.50	Dec-12 0.49
Jan-13 21.1	Feb-13 12.9	Mar-13 10.5	Apr-13 14.9	May-13 12.2	Jun-13 6.9	Jul-13 4.3	Aug-13 5.8	Sept-13 4.9	Oct-13 3.6	Nov-13 -0.5	Dec-13 1.2
Jan-14 2.1	Feb-14 5.5	Mar-14 7.8	Apr-14 6.6	May-14 7.7	Jun-14 12.6	Jul-14 9.6	Aug-14 13.9	Sept-14 12.2	Oct-14 12.8	Nov-14 16	Dec-14 12.0
Jan-15 11.6	Feb-15 7.9	Mar-15 6.8	Apr-15 4.9	May-15 3.8	Jun-15 5.1	Jul-15 5.9	Aug-15 3.5	Sep-15 3.2	Oct-15 3.2	Nov-15 7.4	Dec-15 8.2

Source: Reserve Bank of Zimbabwe

Table 1E: Import Balances

	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Imports (c.i.f) US$	623,206,079	630,450,492	648,464,154	1,222,428,122	815,114,707	1,262,300,269	622,964,149	587,901,029
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Imports (c.i.f) US$	598,628,842	464,135,767	504,991,549	482,997,091	523,990,332	500,657,173	674,429,368	799,467,460
	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Imports (c.i.f) US$	633,025,036	890,785,181	713,429,472	665,502,187.37	606,712,339.28	499,162,649.69	532,812,989.20	963,636,659.42
	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13
Imports (c.i.f) US$	580,022,084.09	714,119,959.17	572,670,192.57	704,166,464.02	750,242,891.51	609,822,385.88	594,277,521.35	576,576,957.51
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Imports (c.i.f) US$	480,351,495.87	472,184,316.82	494,671,613.50	483,245,573.29	503,073,124.68	517,995,487.96	533,944,834.87	543,417,767.75
	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Imports (c.i.f) US$	572,252,776.27	633,269,082.57	556,276,151.33	522,620,007	538,178,171	502,997,558	529,086,320.45	465,892,977.15
	May-15	Jun-15	Jul-15	Aug-15	Sept-15	Oct-15	Nov-15	Dec-15
Imports (c.i.f) US$	473,376,188.38	555,082,880.19	496,315,855.0	458,635,869.7	583,700,041	515,806,056	449,148,937	482924492.809
	Jan - 16	Feb-16	Mar-16					
Imports (c.i.f) US$	399,489,406.7	438,976,061.93	489,925,204.496					

Source: ZIMSTAT

Table 1F: Total Exports Balances

	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Exports US$	288,743,562	373,029,213	388,786,028	221,313,963	226,974,74	143,866,926	245,169,257	376,849,339
	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
Exports US$	258,124,310	255,206,355	310,041,948	227,253,008	278,161,855	232,719,132	338,045,622	449,726,798
	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Exports US$	324,343,098	479,941,695	415,207,388	314,872,655	279,555,179.97	279,047,033.21	253,927,213.43	209,914,486.89
	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13
Exports US$	278,314,631.72	244,883,722.02	287,436,036.77	282,668,224.22	308,664,376.66	363,714,306.95	467,471,012.11	251,838,635.33
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Exports US$	277,563,147.21	192,032,920.99	156,345,608.25	178,576,355.28	183,318,898.20	236,713,622.86	268,353,061.41	317,253,586.99
	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Exports US$	229,225,557.58	371,204,223.66	409,891,547.90	3063,736,610	267,020,357	260,790,963	188,755,985.50	185,693,609.05
	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Exports US$	137,891,305.41	192,909,656.34	204,893,213.6	142,394,233.1	223,505,368	236,206,477	408,114,605	220,203,390.59
	Jan-16	Feb-16	Mar-16					
Exports US$	249,234,064.1	209,666,416.14	167,061,039.85					

Source: ZIMSTAT

Table 1G: Total Deposits

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Demand Deposits	2,086,622.60	2,045,215.90	1,989,201.50	2,038,302.96	2,011,314.80	2,063,250.80
Saving and Short-Term Deposits	1,353,710.50	1,297,619.00	1,284,243.30	1,325,030.04	1,252,640.40	1,305,501.10
Long-Term Deposits	526,409.40	675,306.60	564,762.50	491,588.70	532,281.50	541,907.50
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sept-14
Demand Deposits	2,187,480.80	2,216,134.90	2,162,978	2,053,953.30	2,120,481.20	2,130,801.00
Saving and Short-Term Deposits	1,345,518.38	1,414,002.10	1,434,428.20	1,277,632.40	1,354,263.20	1,405,171.50
Long-Term Deposits	697,459.42	695,593.50	726,158.90	892,485.20	847,331.40	852,530.20
	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sept-15
Demand Deposits	2,054,661.81	2,082,157.70	2,179,455.10	2,090,367.10	2,234,839.20	2,232,108.00
Saving and Short-Term Deposits	1,395,888.80	1,473,507.50	1,497,588.80	1,342,485.20	1,238,419.50	1,341,350.70
Long-Term Deposits	986,544.70	929,985.60	864,281.70	1,038,388.80	996,773.30	950,071.10

	Oct-13	Nov-14	Dec-13	Jan-13	Feb-14	Mar-14
Demand Deposits	2,084,448.30	1,944,000.70	1,959,980.20	2,076.817.80	2,022,120.80	2,074,823.70
Saving and Short-Term Deposits	1,256,126.90	1,246,497.10	1,249,835.60	1,177,329.10	1,242,453.40	1,332,280.44
Long-Term Deposits	611,107.70	616,612.60	722,509.30	634,498.40	757,205.40	686,835.06
	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Demand Deposits	2,202,570.5	2164484.4	2,158,488.80	2,007,554.30	2,017,876.10	2,120,237.80
Saving and Short-Term Deposits	1,391,221.6	1,351,823.4	1,403,151.80	1,393,198.60	1,317,275.60	1,360,751.90
Long-Term Deposits	863,467.6	899,157.8	841,479.60	938,805.50	1,001,638.50	888,036.30
	Oct-15	Nov-15	Dec-15			
Demand Deposits	2,214,438.10	2,419,447.70	2,421,789.10			
Saving and Short-Term Deposits	1,309,102.50	1,337,499.70	1,450,301.03			
Long-Term Deposits	1,072,840.50	982,447.00	886,205.29			

Source: RBZ

Table 1H: Gold Deliveries

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Gold Production (kg)*	1082	1131	1033	1189	1049	1012	1136	1028	1080	937	931	1040
Gold Production (kg)*	Apr-14 1039	May-14 1021	Jun-14 1019	Jul-14 1248.5	Aug-14 1283.3	Sep-14 1335.9	Oct-14 1268.1	Nov-14 1310.2	Dec-14 1475.5	Jan-15 1111.6	Feb-15 1169.3	Mar-15 1,546.2
Gold Production (kg)*	Apr-15 1,350.3	May-15 1,406.2	Jun-15 1,668.7	Jul-15 1,601.8	Aug-15 1,614.4	Sep-15 1742.2						

Sources: Fidelity Printers and Refineries, * monthly averages

Table 1I: Government Budget

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Revenues (U$m)	271.0	303.6	395.2	323.0	306.7	353.4	278.2	259.1	380.8	251.7	236.0	317.8
Spending (U$m)	246.2	340.5	333.2	397.7	314.0	298.7	388.7	305.1	483.02	235.9	264.8	265.7
Balance (U$m)	24.8	(36.9)	62.0	(74.7)	(7.3)	54.8	(110.6)	(45.9)	(102.3)	15.8	(28.8)	52.1
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Revenues (U$m)	285.1	275.8	1,366.4	292.2	306	329.6	306.8	318.9	387,8	272.0	256.4	302.4
Spending (U$m)	357.6	278.3	1,402.4	345.4	310.2	357.1	344.2	423.2	359.3	398.9	285.3	321.1
Balance (U$m)	(72.6)	(2.5)	(36)	(53.3)	(4.2)	(27.5)	(37.4)	(104.2)	28.5	(126.9)	(28.98)	(18.7)
	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sept-15	Oct15	Nov-15	Dec-15	Jan-16	Feb-16	
Revenues (U$m)	271.0	258	355.6	315.31	265.91	333.42	288.23	282.88	558.16	273.13	249.22	
Spending (U$m)	289.9	217.9	409	358.83	277.52	356.72	320.69	348.76	291.58	357.14	303.40	
Balance (U$m)	(18.9)	40.8	(54.1)	(43.52)	(11.61)	(423.57)	(23.46)	(74.41)	(266.58)	(84.28)	(54.18)	

Sources: Ministry of Finance, Note: monthly averages

Table 2A: Annual Economic Growth

Growth	2008	2009	2010	2011	2012	2013	2014
GDP Growth (%)	-17.7	5.4	11.4	11.9	10.6	4.5	3.1*
GDP (US$ Million)	4,416	5,899	8289.6	10068	11597*	-	-

Source: ZIMSTAT,* estimates

Table 2B: International Commodity Prices

	2008	2009	2010	2011	2012	2013	2014	2015
Gold (US$/oz.)	871.64	982.50	1,218.59	1,358.42	1,766.71	1,397.1	1,271.58	1,160.66
Platinum (US$/oz.)	1,577.00	1,212.25	1,608.23	1,721.92	1,530.71	1,474.50	1,382.40	1,053.20
Brent crude ($/bl.)	-	-	-	-	111.31	108.41	99.59	52.37
Maize (U$/t) 3YC	-	-	-	291.70	298.40	259.4	192.88	169.75
Wheat (U$/t) HRW	-	-	-	316.30	313.20	312.2	278.95	204.47

Source: International Grain Council, World Bank

Table 2C: Trade & Balance of Payments

	2008	2009	2010	2011	2012	2013	2014	2015
Exports - Total Goods (US$ Millions)	1 660.43	1 613.27	3 245.45	3 557.02	3883.64	3,507.43	3,063.74	2,704,10
Imports - Total Goods (US$ Millions)	2 629.55	3 213.07	5 864.93	8 594.28	7483.99	7,704.22	6,379,76	6,002,68

Sources: ZIMSTAT

Table 2D: Banks Deposits and Credit

	2009	2010	2011	2012	2013	2014	2015
Deposits (Annual Average) (US$ Million)	-	-	2.793.73	3593.81	3,874.71	4,361.86	2,172.91
Bank Credit to Private Sector (Annual Average) (US$ Million)	-	1.235	2.344	3.100	3.600	2,887	3,772.85
Loan/Deposit Ratio (Annual Average) %	-	-	83%	87.3%	94.1%	86.6%	68.81%

Sources: ZIMSTAT

Table 2E: Zimbabwe Stock Exchange Indices

	2009	2010	2011	2012	2013	2014	2015
ZSE Industrial Index (End Period)	151.99	151.3	145.86	152.40	202.12	162.79	114.85
ZSE Mining Index (End Period)	185.5	200.4	100.7	65.12	45.79	71.71	23.72

Source: Zimbabwe Stock Exchange

Table 2F: Business / Production Indicators

	2008	2009	2010	2011	2012	2013	2014	2015
Gold Production (Kg)	3 579.00	4 966.00	-	12993	14735.12	14,065.23	13,908.5	20,022.75
Platinum Production(Kg)	5 495.10	6 848.90	-	10827	10524.24	13,065.64	12,482.73	12,563.59

Source: Zimbabwe Stock Exchange

Table 2G: Government Budget

	2009	2010	2011	2012	2013	2014	2015
Revenues (US$ Million)	934	2,198	2,770	3,452	3,741	3,815	3,543
Spending (US$ Million)	966	2,228	3,102	3,746	3,987	3,912	3,837
Balance (US$ Million)	(32)	(30)	(332)	(294)	(246)	(96)	(294)

Source: Zimbabwe Stock Exchange

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