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ABBREVIATIONS

Agritex	Agriculture and Extension Services
CZI	Confederation of Zimbabwe Industries
GMB	Grain Marketing Board
RBZ	Reserve Bank of Zimbabwe
SADC	Southern Africa Development Community
WEO	World Economic Outlook
ZIA	Zimbabwe Investment Authority
ZIMSTAT	Zimbabwe National Statistics Agency
ZSE	Zimbabwe Stock Exchange
ZTA	Zimbabwe Tourism Authority
CLI	Composite Leading Index
VMI	Volume of Manufacturing Index
GDP	Gross Domestic Product
US	United States

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Executive Summary

The composite leading indicator (CLI) index shows that economic activity has generally been improving in the first half of 2014 but has slowed down in the first four months of the second half before contracting in November 2014. This was mainly a result of declining prices of precious metals, higher lending rates, decline in imports of intermediate goods, lower pay as you earn (PAYE) receipts and subdued performance of Zimbabwe Stock Exchange. The year 2014 also ended in deflation recording -0.80% in December 2014. Total government expenditure continued to outperform revenue resulting in a budget deficit of US$185.68 million, hence the need to improve the expenditure mix, which has largely been consumptive through rationalisation and shifting spending towards capital and social expenditures.

An annual comparison of stock market activities shows that the stock market performed poorly in the fourth quarter of 2014 compared to the same period in 2013. The value and volume of shares bought by foreign investors declined by 36.57% and 33.62% respectively, whilst the value and volume of shares sold also declined by 33.25% and 25.9%, respectively. Market capitalisation which also stood at US$5.2 billion at the end of the fourth quarter of 2013 declined by 16.84% to US$ 4.327 billion in the fourth quarter of 2014. A comparison of performance of other regional stock exchange shows that Zimbabwe's mining index was the best performer whilst its industrial index was the worst performer having lost 19.41% owing to slowdown in economic activities. One of the biggest challenges for manufacturing industry is the lack of competitiveness of manufactured products due to high production costs compared to neighbouring countries. Production costs include higher electricity tariffs which are on average 43% more than what is obtaining in neighbouring countries. Similarly, borrowing costs (bank lending rates) are twice to three times higher than the levels observed in the region.

Zimbabwe was ranked lowly at 171 out of 189 according to the World Bank's Doing Business 2015 report, down from last year's ranking of 170. Mauritius topped the Doing business Rankings in Sub-Saharan Africa at number 28, followed by South Africa (43), Rwanda (46), Botswana (74) and Namibia (88). Zimbabwe has started implementing Doing Business Reforms aimed at improving the business regulatory environment and enhancing the competitiveness of Zimbabwean businesses.

Annual growth in broad money supply (M3) increased from 1.2% in December 2013 to 12.0% in Decenber2014, reflecting the growth of total bank deposits from US$3.93 billion to US$4.40 billion over the period. The Reserve Bank of Zimbabwe (RBZ) also injected bond coins worth US$10 million into the economy on 18 December 2014 to ease the challenges associated with the incomplete divisibility of the US$ due to lack lower denominations. Monetary authorities have also continued to make pronouncements to reassure the public on the continuity of the multi-currency regime to dispel fears of the imminent re-introduction of the Zimbabwe dollar.

Private sector credit growth accelerated from 2.5% to 4.0% over the same period whereas the share of credit to Government and Parastatals increased from 10.3% in December 2013 to 13.3% in December 2014. Increased borrowing by Government and Parastatals implies higher future tax burden especially if the money is not invested in productive projects that complement the private sector growth. Bank lending to individuals is still higher relative to some real sectors (e.g. mining and construction sectors), hence this may impact negatively on the recovery of the productive sectors.

High non-performing loans (above 20%) and undercapitalized banks remain a major threat to the stability of the banking system. The monetary authorities have instituted some corrective measures to prevent systemic banking sector distress. For example, Tetrad Investment Bank was suspended from undertaking banking activities by the RBZ on 12 November 2014, to protect depositors' funds and to provide the bank with breathing space to resolve its financial challenges. It may be argued that the troubled banking institutions, have low systemic influence as they account for 8.8 % of total loans, 7.2 % of total bank assets and 6.7% of total deposits. It is equally true that the existence of troubled banks erodes depositors' confidence in the local banking system and this curtails deposit mobilization efforts.

Gold and platinum international prices were on a downward trend in the last quarter of 2014 with a slight recovery in December. Comparing the fourth quarter 2014 to the last quarter of 2013 shows that gold price declined by 5.6% to average US$1,200.49, and platinum price fell by 12% to average US$1,229.37 per ounce over the same period. On the contrary, total gold deliveries increased by 9.76% to 13,899.85 kg in 2014 from 12,663.41 kg in 2013, with the primary producers contributing the bulk (71.7%) of deliveries. Deliveries surpassed the minimum annual requirement of 10 tonnes for the country's re-accreditation into the London Bullion Marketers Association.

The decision by government to extend the deadline for the construction of a platinum refinery unit to December 2016, as well as the deferment of the 15% tax on the export of raw platinum from 1 January 2015 to January 2017, has been welcomed by platinum mining companies. This policy decision provides mining companies breathing space to raise needed capital towards the setting up of a refinery unit for mineral beneficiation. In the outlook platinum price is likely to improve.

The bearish mode in the Brent crude oil market continued into the fourth quarter of 2014: The oil price was higher in the fourth quarter of 2013 than in the same period in 2014.In 2013 a high price of US$112.17 and a low of US$103.80 per barrel were recorded whereas in the fourth quarter 2014 the highest price was US$97.87 and lowest was US$56.89 per barrel. The domestic oil prices however, responded marginally by a mere two cents in the fourth quarter of 2014 with the price of diesel and petrol declining to US$1.42 and US$1.52 per litre respectively towards the end of November. To ensure reduction of domestic fuel prices, the government intervened through setting retail price ceilings and as of 16 January 2015, the maximum retail prices were set at US$1.44 per litre for petrol and US$1.32 per litre for diesel.

Exports were mainly driven by tobacco (excluding cigarettes), which constituted about 26.4% of the total exports in 2014, unwrought and semi-processed gold (17.4%) and diamonds (7.6%). More than 60% of the total exports were unprocessed agriculture and mineral products, which makes the economy vulnerable to volatile international commodity prices which are totally outside the economy's control. The decline in exports by 12.7% in 2014 from its 2013 value is also a cause for concern. Despite the poor performance of exports in 2014, the trade deficit for the year fell by about 21% compared to 2013, mainly due to the fact that imports fell more than exports in absolute values.

Total mineral earnings (excluding diamonds) for 2014 amounted to US$1,85 billion, showing a 6.12% decline compared to the same period in 2013 due to the poor performance of the prices on the international market. Gold was the major contributor to total revenue, accounting for 33.15% of the total mining earnings followed by platinum at 26.73%, palladium (12.31%), nickel (10.92%) and high carbon ferrochrome (7.8%). These top 5 minerals contributed 90.92% of total mineral earnings. The decline in mineral earnings also demonstrates the extent to which the country's raw mineral exports are vulnerable to external shocks hence the need for value addition and beneficiation.

On tourism sector, the uni-visa system between Zimbabwe and Zambia officially launched during the quarter on the 28th of November 2014 in Victoria Falls dubbed the *"KAZA Uni-Visa"* will also be instrumental in helping the country achieve the 2015 tourism growth target. The government decision in the 2015 National Budget to extend duty exemption on capital goods and motor vehicle by safari operators to December 2016 will enable completion of ongoing refurbishments of hotels and conference facilities. This will concomitantly help the sector in achieving the set growth target.

Government has taken initial steps in setting up a Sovereign Wealth Fund to ensure that resource rents generated from the exploitation of finite mineral resources are managed/invested for the benefit of the present and future generations. A budget of US$500 thousand was allocated to the Sovereign Wealth Fund and further funding will come from 25% of royalties on the export sale of selected minerals. Government is considering various disbursement windows such as long-term Human and Physical Infrastructure Fund, Fiscal Stabilization Fund and a Minerals Development Fund. The establishment of Sovereign Wealth Fund has now become a preferred strategy of leveraging on resource rents in most mineral resource-rich countries.

1.0 GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS

1.1 World Economic Outlook

The fourth quarter of 2014 recorded a growth rate for the world economy of 3.3%, as had been forecasted in the October 2014 World Economic Outlook (WEO)[1] Report. However, January 2015 forecasts projects global growth in 2015 at 3.5%, which is a downward revision of 0.3 % relative to what the October 2014 WEO had forecasted. The January 2015 WEO Report, forecasts global growth for 2016 to be 3.7% (Table 1). These revisions have been necessitated by a reassessment of prospects in China, Russia, the Euro area, and Japan as well as weaker activity in some major oil exporters because of the sharp drop in oil prices.

The main upside risk to global growth continues to be lower oil prices which could adversely affect global growth. There is uncertainty about the persistence of the oil supply shock if oil prices continue to decline. The other downside risks that loom on the horizon include lower investment, market volatility, stagnation in the Euro area/Japan and geopolitical events.

Table 1: Overview of the World Economic Outlook Projections (Percentages), 2013 - 2016

	2013	**2014**	**2015**	**2016**
World Output	**3.3**	**3.3**	**3.5**	**3.7**
Advanced Economies	**1.3**	**1.8**	**2.4**	**2.4**
United States (US)	*2.2*	*2.4*	*3.6*	*3.3*
Euro Area	*–0.5*	*0.8*	*1.2*	*1.4*
Emerging Markets & Developing Economies	**4.7**	**4.4**	**4.3**	**4.7**
Middle East & North Africa	*2.2*	*2.8*	*3.3*	*3.9*
Sub Saharan Africa	*5.2*	*4.8*	*4.9*	*5.2*

Source: WEO Update, January 2015

Oil prices have declined by about 55% since September 2014. The decline is partly due to unexpected demand weakness in some major economies, in particular, emerging market economies. The decline in oil prices is also attributed to the decision by the Organisation of the Petroleum Exporting Countries (OPEC) to maintain current production levels despite the steady rise in production from non-OPEC producers, especially the US.

Recovery in economic growth in the US was stronger than expected. The WEO estimates growth in the US to be 2.4% for 2014.The US is the only major economy for which growth projections have been raised. The forecasted growth for US for 2015 has been revised upwards from 3.1% in the October 2014 WEO to 3.6% in the January 2015 WEO (Table1). With more marked growth divergence across major economies. The U.S. dollar has appreciated by 6% in real effective terms relative to the values used in the October 2014 WEO.

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[1]International Monetary Fund - World Economic Outlook October 2014, Legacies, Clouds, Uncertainties

In the Euro area, growth in the fourth quarter of 2014 was 0.8% as had been forecasted in the October, 2014 WEO. Activity is projected to be supported by lower oil prices, further monetary policy easing (already broadly anticipated in financial markets and reflected in interest rates), a more neutral fiscal policy stance and the recent euro depreciation. The Euro has depreciated by about 2% in real effective terms relative to the values used in the October 2014 WEO. Growth is likely to be offset by weaker investment prospects, partly reflecting the impact of weaker growth in emerging market economies on the export sector. Recovery is projected to be slower than forecasted in October, with annual growth projected at 1.2% in 2015 and 1.4% in 2016 (Table 1).

Economic performance in all other major economies fell short of expectations. Most notable is Japan, which fell into a recession in the third quarter of 2014. The yen depreciated by about 8% in real effective terms relative to the values used in the projections. Many emerging market currencies have weakened, particularly those of commodity exporters. Private domestic demand in Japan did not accelerate as expected after the increase in the consumption tax rate in April 2014, despite a cushion from increased infrastructure spending.

In emerging markets and developing economies, growth is projected to remain broadly stable at 4.3% in 2015 and to increase to 4.7% in 2016, a weaker pace than originally forecast in the October 2014 WEO (Table 1).Interest rates and risk spreads have risen in many emerging market economies, especially commodity exporters, while risk spreads on high-yield bonds and other products exposed to energy prices have also widened. Investment growth in China declined in the third quarter of 2014, and leading indicators point to a further slowdown. Slower growth in China will also have important regional effects, which partly explains the downward revisions to growth in much of emerging Asia, and Africa.The economic impact of Russia's sharply lower oil prices, increased geopolitical tensions and the Ruble depreciation have also severely weakened the outlook for other economies in the Commonwealth of Independent States group.

The International Monetary Fund (IMF) has revised down its forecasts for economic growth in the Middle East, North Africa, Afghanistan, and Pakistan for 2015, because of lower oil prices and stagnating demand in the euro zone, which is likely to hurt the region. Growth in the Middle East and North Africa is expected to be 3.3% in 2015, which is 0.6% lower than what had been originally forecasted in the October 2014 WEO estimates. Growth for 2016 is forecasted to be 3.9%.

Lower oil and commodity prices explain the weaker growth forecast for Sub-Saharan Africa, including a more subdued outlook for Nigeria and South Africa. Nigeria's growth rate is likely to slow down in 2015 because of the drop in oil prices and its depreciating currency. The drop in crude prices will exert pressure on Nigeria's fiscal revenue and spending, with a depreciation of the local currency likely to increase inflation. There are also domestic risks including uncertainty ahead of the February 2015 elections.

The IMF reduced, South Africa's growth forecast from 2.3% to 2.1% in 2015 and from 2.8% to 2.5% in 2016. The Rand is likely to weaken, especially as interest rates in the US increase. Capital outflows are expected as investors take their money from emerging markets into the US. Even though lower oil prices could lead to demand-side growth as consumers increase their spending, this growth is likely to be offset by negative factors, including low investment, structural constraints on electricity supply, poor transport infrastructure, low labour productivity because of strikes and the fall in commodity prices.

Weaker projected global growth for 2015–16 underscores the need to raise output in most economies, including Zimbabwe. In Zimbabwe, the deflationary environment is expected to continue as the Rand is likely to weaken further because of capital flights to US. Monetary policy instruments to reverse deflation are limited within the context of the multicurrency system. However, policies to boost aggregate demand, especially investment into the productive sectors of the economy could help boost economic growth.

1.2 International Commodity Price Developments

1.2.1 Precious Metals

Gold and platinum prices were on a downward trend in the last quarter of 2014 with a slight recovery in December. The average gold price for the quarter declined by 5.6% compared to the fourth quarter of 2013 to average US$1,200.49, while platinum price fell by 12% to average US$1,229.37 per ounce over the same period (Table 2). The precious metal prices were weaker in the fourth quarter of 2014 due to the appreciation of the US$ for the greater part of the period.

Table 2: Monthly and Quarterly Average International Prices for Gold and Platinum for 2013 and 2014

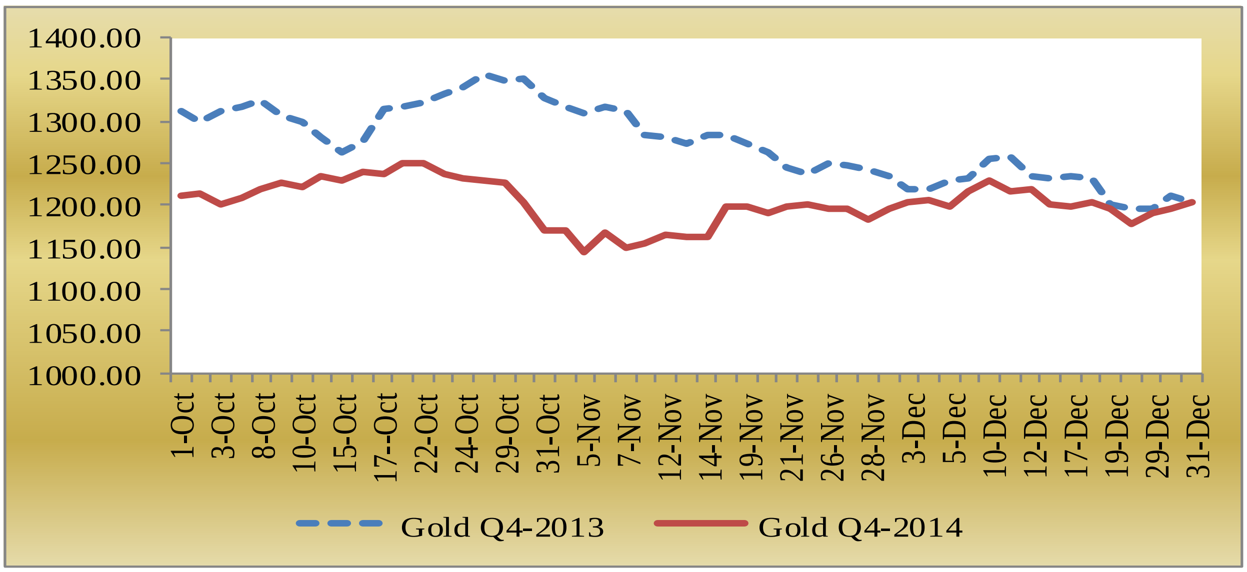
Month	Gold		Platinum		Brent Crude Oil	
	2013	2014	2013	2014	2013	2014
January	1,669.78	1,241.82	1,631.74	1,420.43	112.22	107.44
February	1,629.14	1,299.83	1,674.75	1,409.51	116.24	108.69
March	1,591.92	1,336.71	1,583.05	1,451.11	109.49	107.79
Quarter 1	**1,630.28**	**1,292.79**	**1,629.85**	**1,427.02**	**112.65**	**107.97**
April	1,486.05	1,298.80	1,487.94	1,431.40	102.77	107.99
May	1,414.26	1,289.06	1,476.80	1,451.79	103.68	109.20
June	1,342.66	1,278.49	1,430.98	1,452.60	103.23	111.77
Quarter 2	**1,414.32**	**1,288.78**	**1,465.24**	**1,445.26**	**103.23**	**109.65**
July	1,278.22	1,310.78	1,399.02	1,474.00	107.14	108.27
August	1,347.26	1,361.77	1,494.55	1,444.92	110.08	103.21
September	1,348.68	1,240.26	1,459.40	1,364.91	111.02	98.72
Quarter 3	**1,324,72**	**1,304.27**	**1,450.99**	**1,427.96**	**109.41**	**103.4**
October	1,315.25	1,222.97	1,413.52	1,261.33	109.32	88.22
November	1,276.61	1,177.43	1,421.24	1,208.80	107.79	80.04
December	1,223.35	1,201.08	1,357.18	1,217.98	110.47	63.78
Quarter 4	**1,271.74**	**1,200.49**	**1,397.31**	**1,229.37**	**109.19**	**77.34**

Source: Bloomberg and Reuters

Gold: The gold price decreased in the first two months of the fourth quarter in 2014beforerecovering in the last month. Gold price fell by 1.4% to average US$1,222.97 in October and declined further by 3.7% in November before recovering in December by 2% to end the quarter at an average of US$1,201.08. The decline in the price of gold was necessitated by the continued appreciation of the US$ against major currencies like the Euro, Yen and Australian dollar in the first two months of quarter.

The recovery in the gold price in December was backed by the depreciation of the US$ against the same currencies. The gold price got further support from preparations of the Chinese New Year celebrations in February 2014 and relaxed import restrictions in India which improved demand for gold. The minutes of the Federal Open Market Committee also helped sustain the precious metal prices like gold from further declines as they did not provide much information on Federal Reserve next decision concerning interest rates, thereby dampening market speculations around interest rate hikes. The gold price in the fourth quarter registered a high of US$1,251 and a low of US$1,144.75 per ounce (Figure 1).

Figure 1: Gold Price Movements October – December 2013 and 2014 (US$ per Ounce)



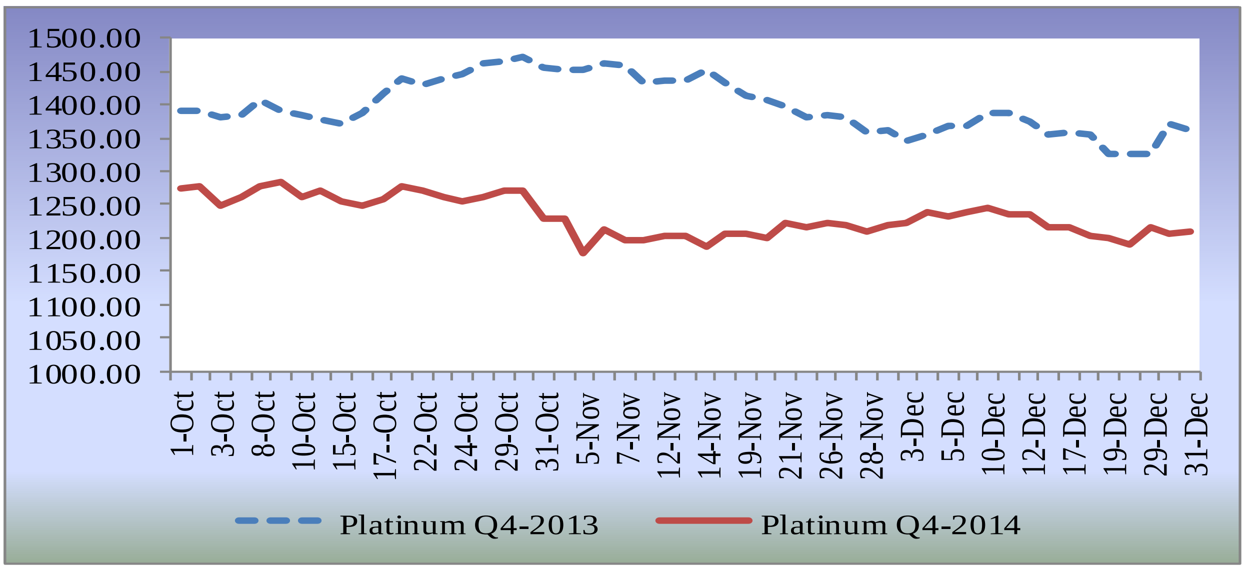
Source: Bloomberg and Reuters

The low international gold price affects the performance of mining companies. The Zimbabwe government has been cognizant of this, hence it introduced producer incentives to cushion operators from low prices and liquidity challenges through reduction of royalty fees from 7% to 5% as well as the scrapping of presumptive tax of2% for small scale miners. A combination of producer incentives and the plugging of gold leakages through the registration and licensing of custom millers and gold buying centres helped the country register notable increases in gold deliveries to Fidelity Printers and Refiners.

In the next quarter gold price is expected to continue recovering though not by very wide margins as it slowly retains its safe hedging status in the wake of a weakening Euro and slowdown in global economy which is expected to grow by 3.5% in 2015.

Platinum: The platinum price plunged by 7.6% in October 2014 to average US$1,261.33 per ounce and declined further by 4.2% in November 2014, to average US$1,177.43 per ounce before improving slightly by 0.8% in December (Table 2). The weakening of the platinum price was driven by weak demand from leading buyers like China and Europe owing to the strengthening of the US$. The slowdown in China's economic growth as revealed by the decline in the third quarter gross domestic product (GDP) growth to 7.3% from 7.5% in the second quarter of 2014 also contributed to the weakening of the platinum prices. The slight recovery in the platinum price of 0.8% to average US$1,217.98 per ounce in December, was underpinned by the depreciation of the US$ against major trading currencies in December. Comparing the fourth quarter 2014 to the same quarter in 2013, the platinum price traded at very low level in 2014 with a high price of US$1,283 and low of US$1,177 per ounce being recorded whereas in 2013 the highest price for platinum was US$1,472 and a low price of US$1,324.50 per ounce (Figure 2).

Figure 2: Platinum Price Movements, October - December 2013 and 2014 (US$ per Ounce)



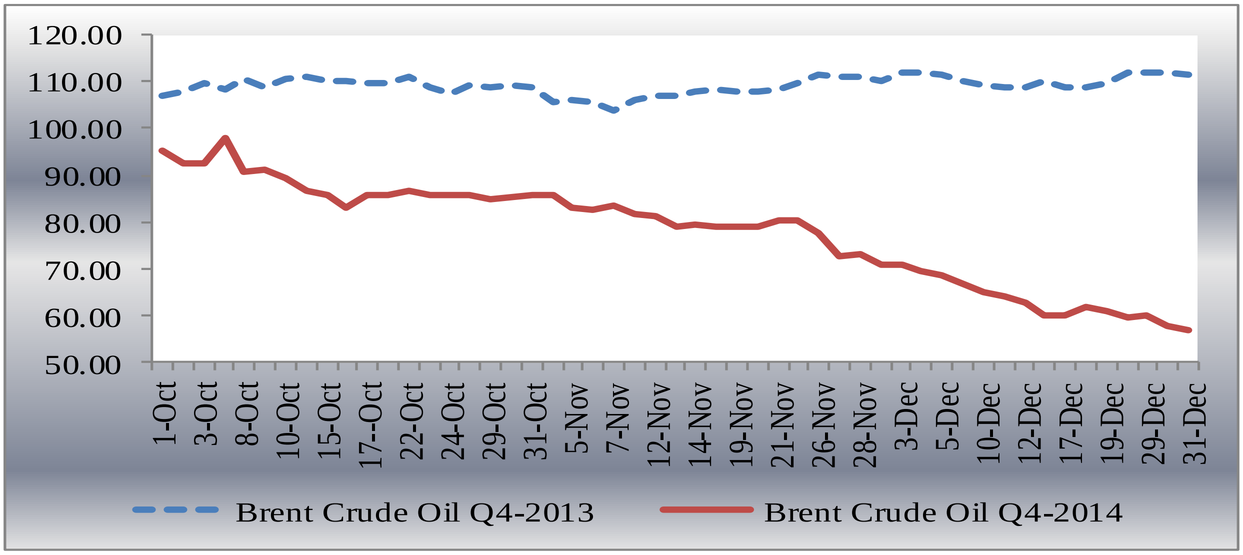
Source: Bloomberg and Reuters

Given the prevailing low international platinum price, the recent government decision to extend the deadline for the construction of a platinum refinery unit to December 2016, as well as the deferment of the 15% tax on the export of raw platinum from 1 January 2015 to January 2017, is a welcome relief for the platinum mining firms in Zimbabwe. The incentives though indirect in nature, will assist platinum mining companies raise needed capital towards the setting up of a refinery unit for mineral beneficiation and also deal with the current challenges of low international prices, liquidity constraints and high energy costs.

Brent crude oil: The Brent crude oil price was higher in the fourth quarter of 2013 than in the same period in 2014.In 2013 a high price of US$112.17 and a low of US$103.80 per barrel were recorded whereas in the current quarter the highest price was US$97.87 and lowest was US$56.89 per barrel (Figure 3). Early in the quarter the fall in Brent crude oil price was necessitated by increased supplies on the market mainly from Libya, Middle East and Russia and also the strengthening of the US$. The further declines in Brent crude oil price in November and

December was influenced by excess supply on the market which refineries were unable to absorb. The OPEC decided to maintain its oil output quota unchanged at 30 million barrels. Moreover the growth in supply from non-OPEC countries like the US whose crude oil production reached 9 million barrels per day at the beginning of November, its' highest since the early 1970s, exacerbated the decline in price. The increase in global supplies of natural gas liquid is also adding to the global surplus and putting pressure on the oil price.

Figure 3: Brent Crude Oil Prices, October -December 2013 and 2014 (US$ per barrel)



Source: Bloomberg and Reuters

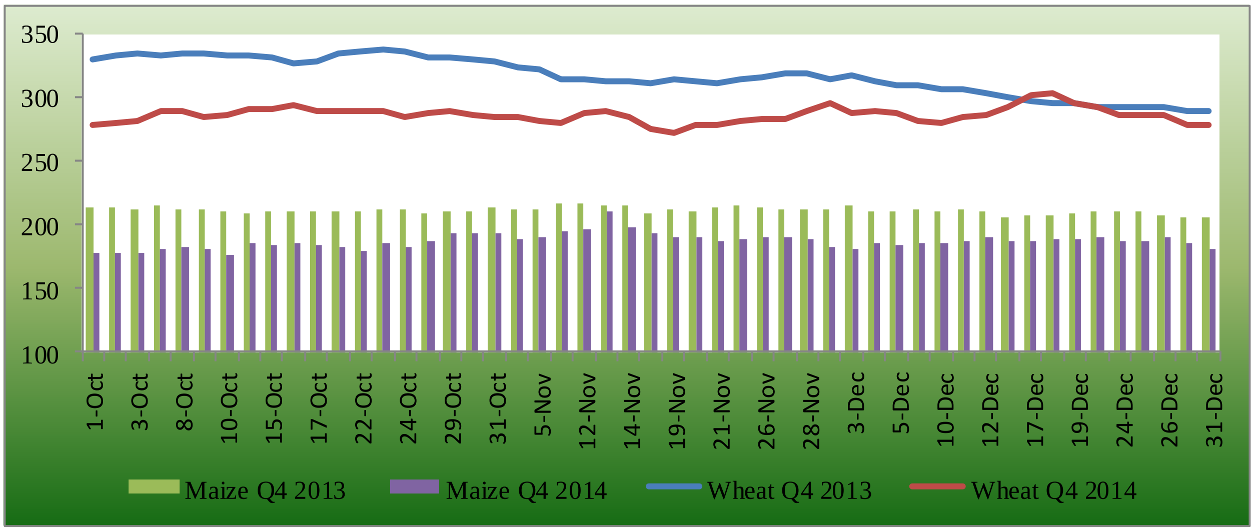
The domestic oil prices responded marginally to the declining international oil prices by a mere two cents in the fourth quarter of 2014. The price of diesel declined to US$1.42 and that of petrol to US$1.52 per litre towards the end of November. In addition to weak international Brent crude oil price, the country should also be benefiting from low price because of ethanol blending as it reduces the oil import component. However, these were still to be felt by the end of the year, amid concerns and calls for action from the Government by various stakeholders.

3.3 Wheat and Maize

Wheat traded at lower price in the fourth quarter of 2014 compared to same period in 2013. In the fourth quarter of 2013 the wheat price reached a high of US$338 and a low of US$290, whereas in the current quarter the highest price attained was US$295 which is close to the 2013 low (Figure 4). Nonetheless there have been some improvements in the wheat price during the current quarter from US$278 beginning of October to US$303 per tonne on the 18th of December. Support on the wheat price came from the falling production prospects in Australia due to warm temperatures and below normal rainfall affecting crops and also cold weather in the US, which raised concerns of possible damage to the planted 2015/2016 wheat crop. Furthermore, the harsh winter weather, which was not ideal for the planting of crops in the Black Sea region, also helped strengthen the wheat price. The concerns around reduced supplies from Russia, owing to the government decision to introduce grain export duties also helped the wheat price to rise further.

The low international wheat prices are of an advantage to Zimbabwe as the country needs about 400,000 tonnes to meet national requirements while producers have been producing only about 10%and the difference was imported. Despite producing such small quantities, Zimbabwe farmers have been raising a concern that their produce should receive priority over imports to ensure that home-grown wheat is at least all mopped up.

Figure 4: Wheat (US HRW, Gulf) and Maize (US 3YC) Daily Prices Third Quarter 2013 and 2014



Source: International Grain Council

The international maize price movement for the last quarter of 2014 saw the maize price firming up from US$194 per tonne at the end of October to US$201 on the 13th of November before declining to close the quarter at US$181. The November improvement in price was supported by tight availabilities in the US owing to the delays in harvesting in that country. Additional support for maize arose from dry weather conditions in some parts of Brazil, one of the leading exporters of the crop, which raised speculations of reduced planting in the country. The decline in maize price in December was however caused by improved supplies on the market from the US farmers.

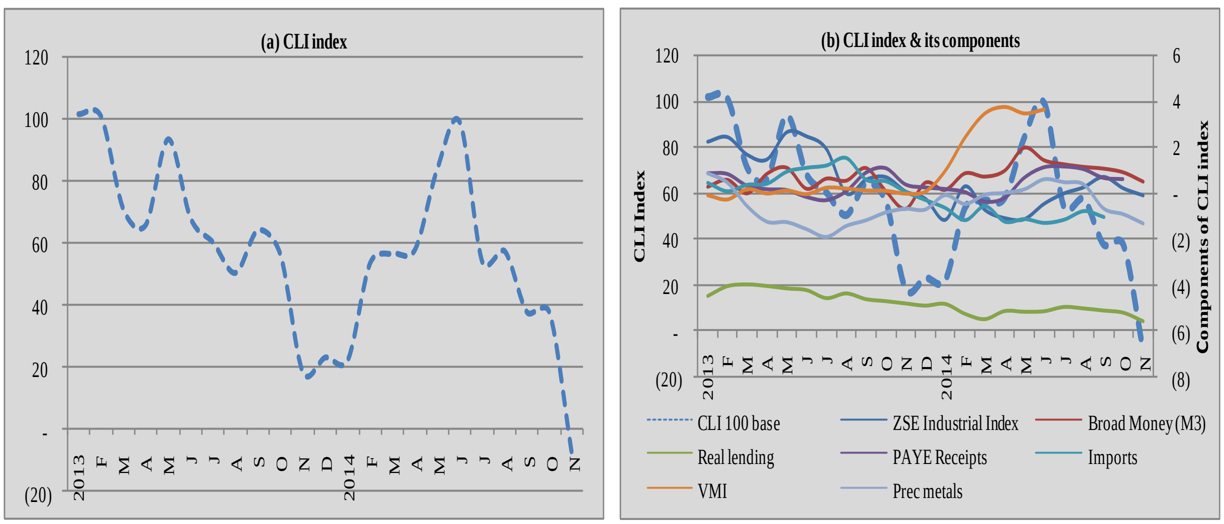
Zimbabwe regards the marketing of grain as state security issue and protects farmers through set producer prices. The 2014/15 the maize producer price is set at US$390 per tonne which is almost double the prevailing international prices. The Grain Marketing Board (GMB) has been struggling to pay farmers who delivered maize to its depots. About 265 000 tonnes was procured by the government through the GMB for strategic grain reserves as at 20 November from the domestic market. The delays in paying famers may hamper production of maize for the 2014/2015. Instead of selling maize to the strategic reserve GMB some farmers have resorted to selling directly to buyers through local markets where the price has been averaging US$300 per tonne.

2. MACROECONOMIC DEVELOPMENTS

2.1 ZEPARU Leading Indicators Index

The ZEPARU Composite Leading Indicator (CLI) index seeks to indicate the ups and downs of domestic economic activity, and provide a signal to policy makers, in advance, on the need to take possible policy measures to curb adverse economic developments in the economy. Variables such as the Zimbabwe Stock Exchange (manufacturing and mining) indices; broad money supply (M3)[2]; 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 (Figure 5b) were used to construct the CLI index on the basis of their influence in determining overall economic activity and their availability. A downward movement in the CLI indicates that economic conditions are deteriorating (a slowdown in growth), while an upward movement depicts improving (an increase in growth) economic conditions.

Figure 5: ZEPARU Leading Indicators Index



Source: ZEPARU 2014

The CLI index shows that economic activity has generally been improving in the first half of 2014 but has slowed down in the first four months of the second half before contracting in November 2014 (Figure 5a).The index shows that economic activity will remain subdued beyond November 2014 due to, among other factors, declining prices of precious metals, higher lending rates, decline in imports of intermediate goods, lower PAYE receipts and subdued performance of ZSE industrial index (Figure 5b).

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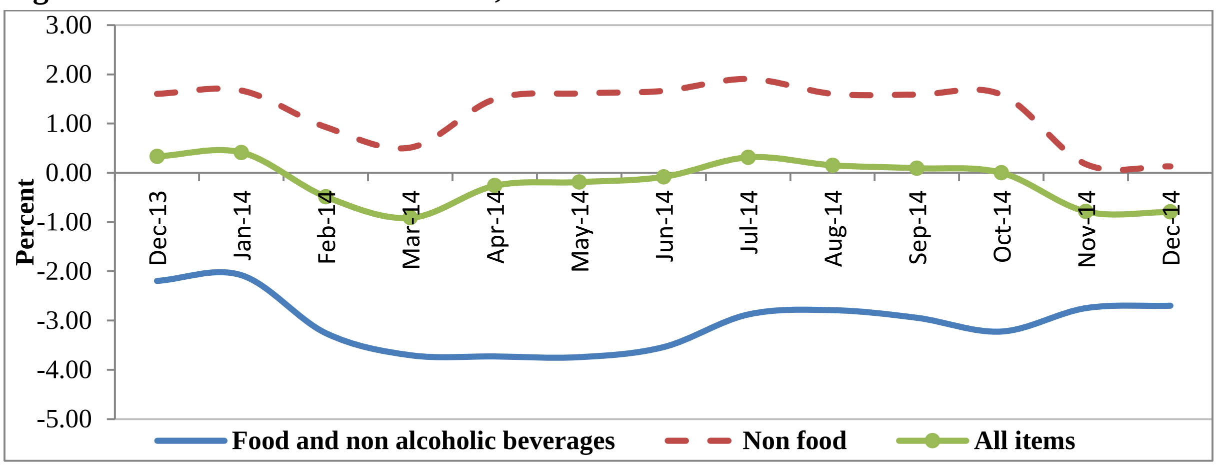
[2]Broad money supply (M3) is defined as total banking sector deposits, net of inter-bank deposits.

2.2 Inflation Developments

The fourth quarter of 2014, started with year on year inflation rate at 0.00% for the month of October 2014, and ended the quarter at -0.80% in December 2014. Year on year food and non-alcoholic beverages inflation and non-food inflation rate for December 2014 stood at -2.70% and 0.13% respectively (Figure 5). Factors underpinning the decline in annual inflation in December 2014 were miscellaneous goods and services (-2.21%),furniture and equipment (-1.92%), restaurants and hotels (-1.54%),recreation and culture (-0.53%),communication (-0.33%),housing, water, electricity, gas and other fuels (-0.24%), and clothing &footwear (-0.05%).The decline in annual inflation over the quarter was underpinned by weak aggregate demand due to low disposable incomes and increasing unemployment levels. The weakening of the South African rand against the US$ means that imports are now cheaper since Zimbabwe imports the bulk of its goods from South Africa, hence the decline in inflation rate.

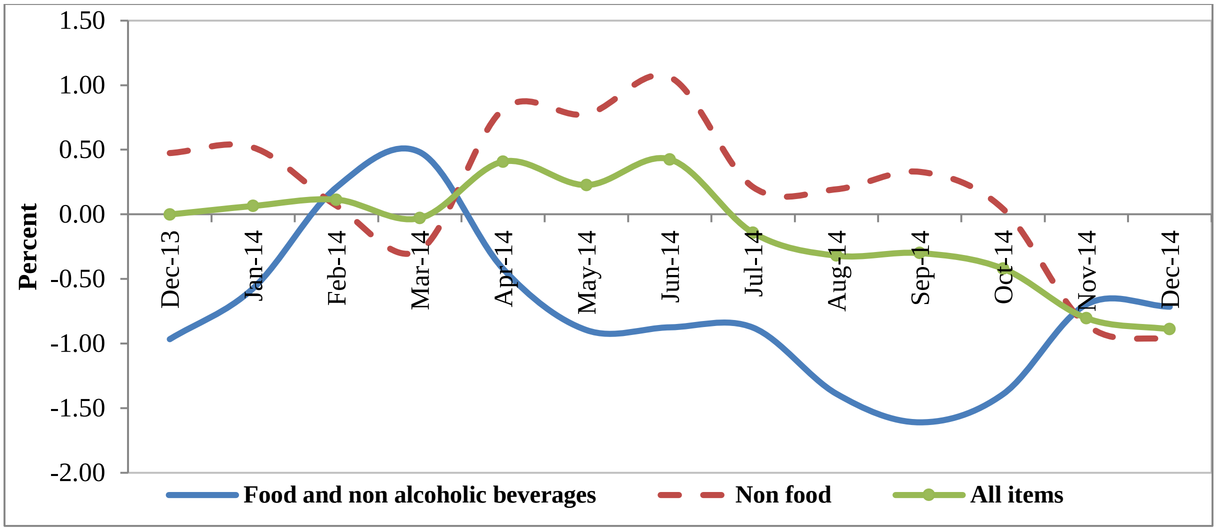
Figure 6: Trend in Annual Inflation, December 2013 to December 2014



Source: ZIMSTAT

Quarterly inflation for the month of December, 2014 stood at -0.89% (Figure 7). The decline in quarterly inflation was driven by the decline in food and non alcoholic beverages quarterly inflation which stood at -0.71% and non-food quarterly inflation stood at -0.97% for the quarter to December 2014 (Figure 6).

Figure 7: Trend in Quarterly Inflation, December 2013 to December 2014



Source: ZIMSTAT

2.3 Fiscal Developments

Total government revenue outturn for 2014 amounted to US$3.725 billion against cumulative total expenditure of US$3.91 billion resulting in a deficit of US$185.68 million. Tax revenue accounted for 93.26% of the total government revenue whilst non-tax revenue constituted only 6.74% in 2014. Performance of the various revenue heads was lower than expected, as the tax base continues to shrink owing to depressed economic activities (Table 3). This resulted in the actual total government revenue for 2014 falling short by 9.57% against the set target of US$ 4.12 billion.

Table 3: Performance and contribution of Revenue heads for the year 2014

	Percentage Contribution to Total Government revenue (net)	Variance Actual Revenue vs Target (as percentage of target)
Tax on Income and profits	40.65	2.34
Customs duties	8.87	-23.16
Excise duties	13.89	-9.07
Value Added Tax (VAT)	26.39	-20.40
Other indirect taxes	3.47	16.73
Non-tax Revenue	6.74	-14.96

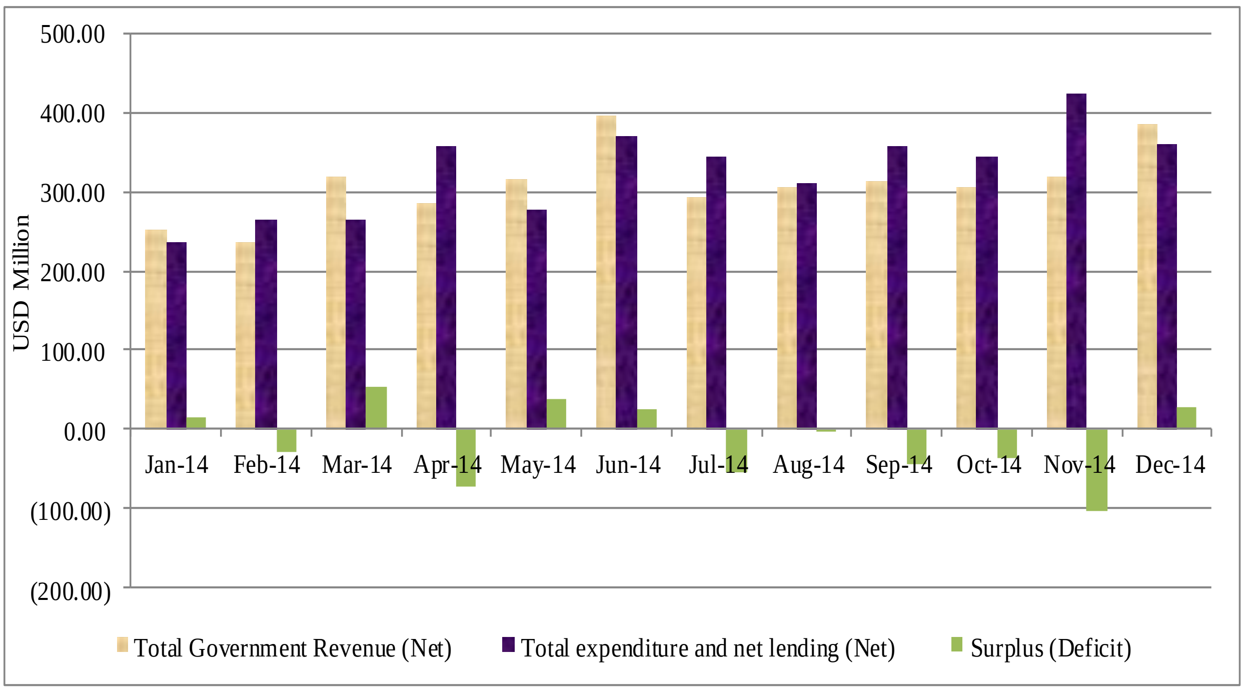
Source: Ministry of Finance and Economic Development

A year on year comparison shows that the cumulative revenue outturn for 2014 failed to surpass the US$3.74 billion realised over the same period in 2013 by 0.41percent.

Actual government expenditure for 2014was 5.06% below the target of US$4.12 billion. Recurrent expenditure accounted for 91.14% of the total government expenditure in 2014, whilst employment cost accounted for 59.07% of the recurrent expenditure. The government therefore has to rationalize its expenditure mix, which has largely been consumptive by shifting spending towards capital and social expenditures and reducing funding towards non-core activities such as travelling expenses, which constitutes about 2% of recurrent expenditure.

On a month on month comparison, total government revenue for the month of December 2014 rose by 21.18% compared to November 2014 to US$386.48 million. Total government expenditure and net lending declined by 15.10% from US$423.17 million in November 2014 to US$359.28 million in December 2014. Recurrent expenditure for the month of December 2014 accounted for 90.23% of total government expenditure, whilst employment costs accounted for 44.61% of the total recurrent expenditure.

Figure 8: Revenue and Expenditure Performance (USD Millions) January to December 2014



Source: MOFED

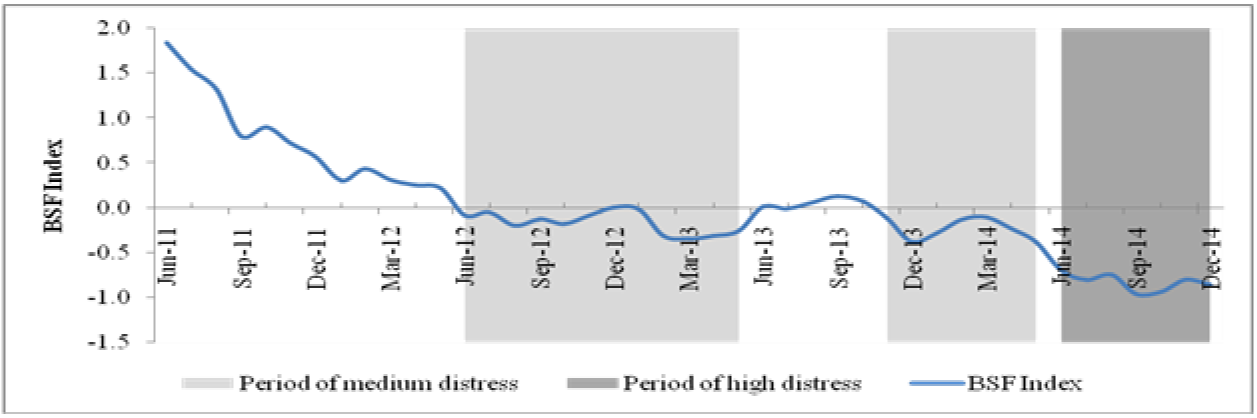
2.4 Banking and Other Financial Sector Developments

2.4.1 Overview of the Banking Sector

Total bank deposits grew from US$3.93 billion in December 2013 to US$4.40 billion in December 2014 resulting in a money supply (M3) grow of 12.0% over the period. However, loans & advances to the private sector declined from US$3.05 billion to US$3.00 billion over the period as banks became more risk averse in the face of high non-performing loans (about 20.14% as at end of September 2014). Real average weighted lending rates for individuals and corporates tightened over the period December 2013 to December 2014, largely reflecting, among other factors, tight liquidity conditions, high credit risk, perceived high country risk, and information asymmetry due to lack of credit reference bureaus.

The Banking Sector Fragility (BSF) Index shows that the Zimbabwean banking sector has had three protracted periods of distress since June 2011 (Figure 9).[3]

Figure 9: Banking Sector Fragility Index, June 2011 to December 2014



Source: own calculation from RBZ data

The banking sector entered into medium distress in June 2012 before fully recovering in June 2013. The start of this distress period coincides with the closure of Genesis Investment Bank and placement of Interfin Bank under curatorship on 11 June 2012. Subsequently, on 27 July 2012, Royal Bank was closed. The second medium distress period started in November 2013 and ended in May 2014. During this period, Trust Bank Corporation closed down on 6 December 2013 barely a month after the start of the distress period. The BSF Index shows that since June 2014 the banking sector slid into high distress, and it is in this period that Capital Bank Corporation was closed on 4 June 2014. Although failing banks have been stamped out of the banking system, high non-performing loans (above 20 percent) and undercapitalized banks remain a major threat to the banking system. The monetary authorities seem to have been reasonably quick in instituting corrective measures in periods of banking sector distress. However, there is need to build robust early warning systems that would enable instituting corrective measures well before the start of distress.

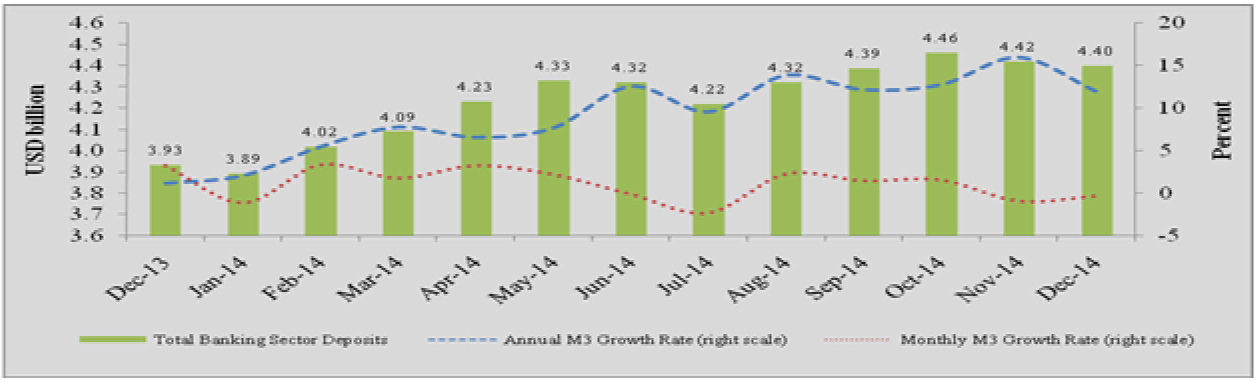
2.4.2 Monetary Developments

Annual growth in broad money supply (M3) increased from 1.2% in December 2013 to 12.0% in December 2014, reflecting the growth of total bank deposits from US$3.93 billion to US$4.40 billion over the period (Figure 10).[4]

[3]For the calculation of BSF index see Kibritciouglu (2002), and Singh (2010) for the benchmarking of the index

[4]M3 is defined as total banking sector deposits, net of interbank deposits. It excludes notes and coins in circulation as it is difficult to account for them in the multicurrency system.

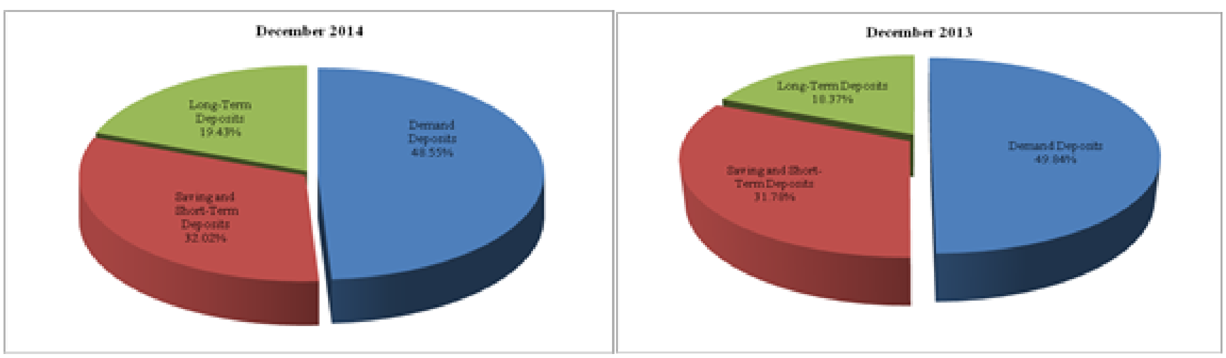
Figure 10: **Money Supply Growth and Total Banking Sector Deposits**



Source: RBZ

Demand deposits increased by 10.1%, while savings & short-term deposits and long-term deposits increased by 12.3% and 16.5%, respectively. The share of long-term deposits in total bank deposits improved from 18.4% in December 2013 to 19.1% in December 2014(Figure 11), likely indicating a combination of growing depositors' confidence in the banking sector and limited alternative investment opportunities. However, long-term lending may still be curtailed by high non-performing loans, absence of lender-of-last resort and a difficult macroeconomic environment.

Figure 10: **Composition of Total Banking Sector Deposits, December 2013 & 2014**

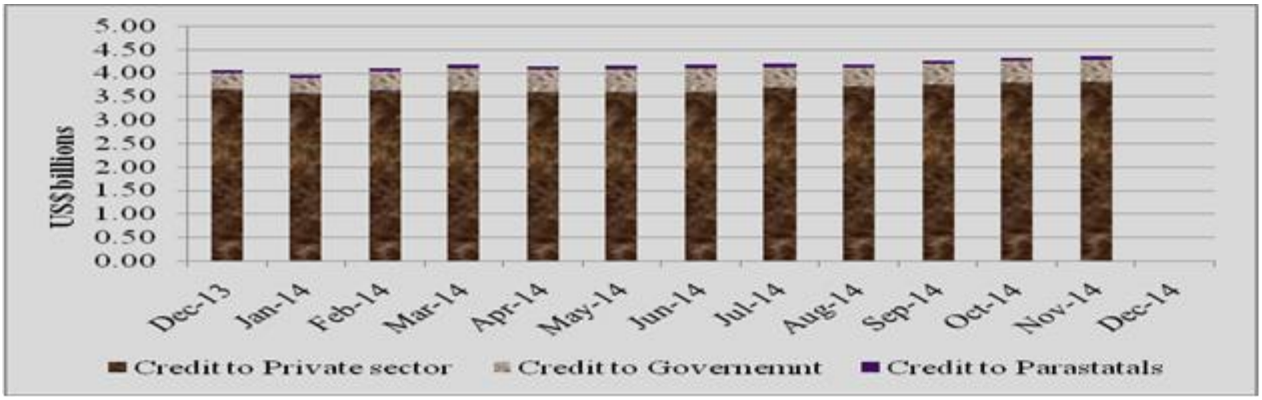


Source: RBZ Monthly Economic Review

2.4.3 Bank Credit to the Private Sector

Concomitant to a 12.0% increase in total bank deposits, total domestic credit growth accelerated from 7.4% in December 2013 to 7.6% in December 2014. Private sector credit growth also accelerated from 2.5% to 4.0% over the same period. However, private sector loans & advances declined from US$3.05 billion to US$3.00 billion. Sectors for which loans & advances declined are conglomerates (-82.0%), transport (-17.6%), construction (-10.9%), distribution (-9.9%), agriculture (-5.82%), financial organizations (-3.2%) and individuals (-0.3%). High non-performing loans and a subdued economic outlook have reduced the risk appetite for banks resulting in the decline of loans & advances.

Figure 11: **Structure of Domestic Credit, December 2013 – December 2014**



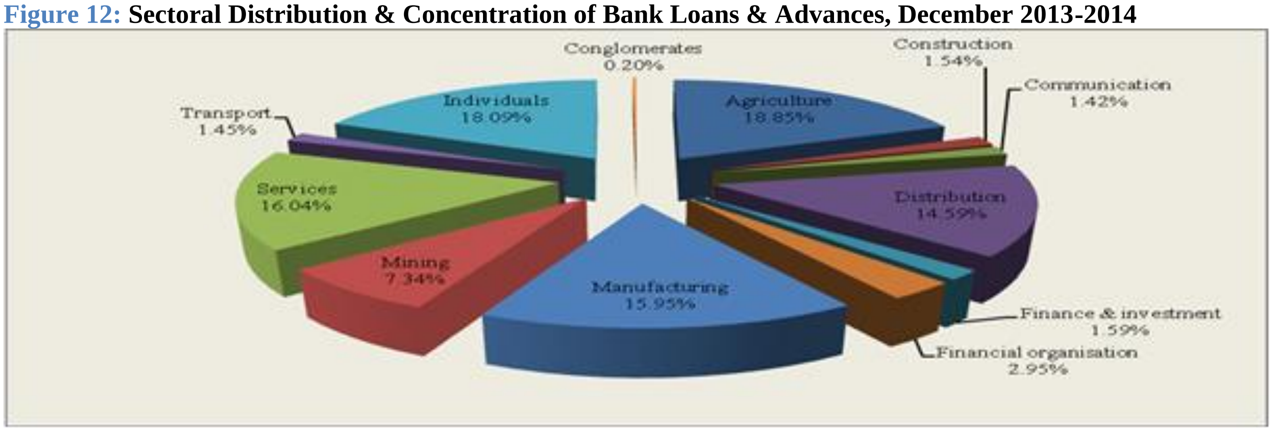
Source: RBZ Monthly Economic Review, December2014

The share of credit to Government and Parastatals increased from 10.3% in December 2013 to 13.3% in December 2014 (Figure 12). Increased borrowing by Government and Parastatals implies higher future tax burden especially if the money is not invested in productive projects that compliment the private sector growth. The growth of the economy and reduction of the informal sector or innovative ways of taxing the informal sector are important in boosting Government revenue and reducing its dependence on borrowing.

2.4.4 Sectoral Distribution of Loans and Advances

As at December 2014, loans and advances to the private sector were mostly extended to agriculture (18.85%), individuals (18.09%) and services (16.04%) (Figure 13).Agriculture sector is treated as the mainstay of the economy and hence it is given priority in lending.

Figure 12: **Sectoral Distribution & Concentration of Bank Loans & Advances, December 2013-2014**



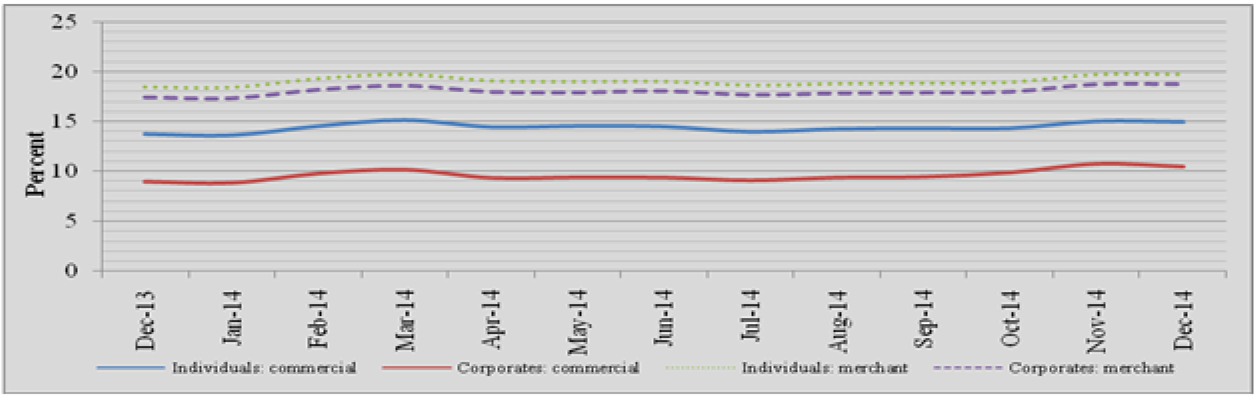
Source: RBZ

Bank lending to individuals is higher relative to some real sectors (e.g. mining and construction sectors). This is explained in part by the fact that loans to individuals attract higher lending rates relative to corporates and they are salary-backed, hence more secure.

2.4.6 Interest Rate Developments

Commercial real averaged weighted lending rates for individuals and corporates increased from 13.80% and 9.02% in December 2013 to 14.99% and 10.48% in December 2014, respectively (Figure 14). Similarly, merchant bank real weighted average lending rates for individuals and corporates increased over the same period from 18.51% and 17.43% to 19.80% and 18.80%, respectively.

Figure 13: Real weighted bank average lending rates, December 2013 - 2014



Source: Own calculations from RBZ data

The tightening of real lending rates is partly explained by limited liquidity in the economy, high non-performing loans, unfavourable business environment, perceived high country risk and information asymmetry due to lack of a credit registry system. Higher lending rates in an environment where currently available income and liquid assets constrain the ability of economic agents to spend would discourage borrowing and reduce real consumption and investment expenditures.

2.4.8 Other Banking Sector Developments

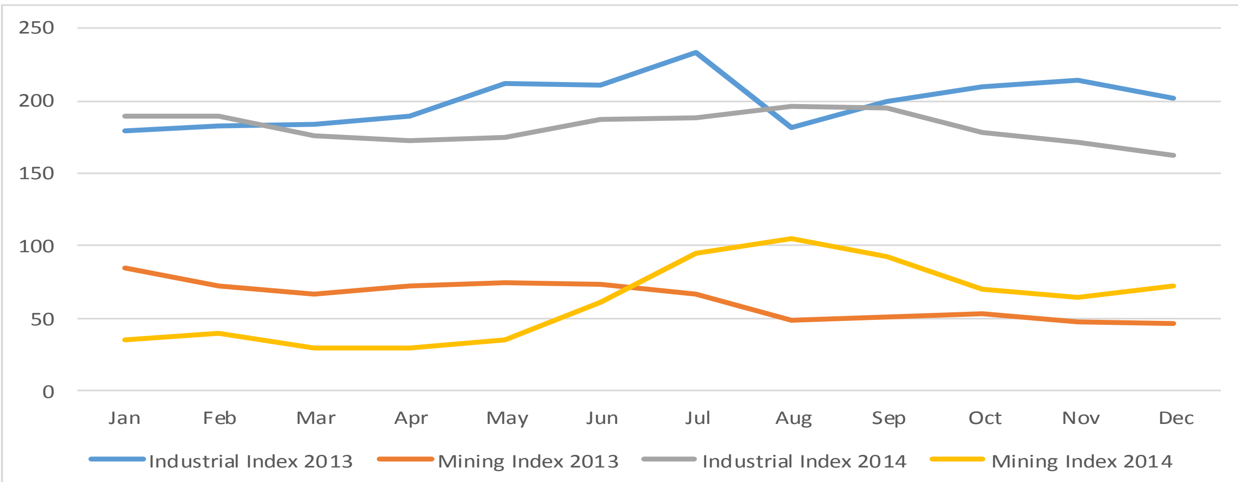
Tetrad Investment Bank was suspended from undertaking banking activities by the Reserve Bank of Zimbabwe (RBZ) on 12 November 2014, on account of protecting depositors while the bank implements its scheme of arrangements with creditors to solve the bank's financial challenges. The scheme of arrangement, initially supposed to be implemented up to 31 October 2014, was extended to 31 January 2015. Tetrad is among the four banking institutions which are facing liquidity and solvency challenges as a result of difficult macroeconomic conditions obtaining in the country and institution specific factors. Despite that the troubled banking institutions have low systemic influence (8.8%of total loans, 7.2% of total bank assets and 6.7% of total deposits), the existence of troubled banks erodes depositors' confidence in the local banking system and this curtails deposit mobilization efforts.

On the 5th of December 2014 the RBZ unveiled bond coins worth US$10 million that were first injected into the economy on 18 December 2014 to ease challenges associated with the incomplete divisibility of the US$ due to lack lower denominations such a 1cent, 5 cents, 10 cents, etc. The intrinsic value of the coins is backed by US$ denominated bonds issued by Government. The lack of lower denominations resulted in higher prices due to rounding up to the next dollar, or involuntary purchase of small commodities such as sweets in lieu of change, or not getting change at all in instances when it is less than 5 cents. With the introduction of bond coins, it is envisaged that correct pricing of commodities in the economy would take place. However, there is need for authorities to continuously reassure the public on the continuity of the multi-currency regime to dispel fears of unexpected re-introduction of the Zimbabwe dollar.

2.4.6 Stock Market Developments

The Zimbabwe Stock Exchange closed the year 2014 on a low note with the industrial index, which opened the year trading at 201.99, closing the year at 162.79 and losing39.2 points (19.41%). On the other hand the mining index gained 25.92 points (56.61%) to close at 71.71 after opening the year trading at 45.79.On a quarterly basis, the stock market opened the third quarter of 2014 with the industrial index trading at 195.25 before losing 32.46 points (16.6%) to close the quarter at 162.79. The mining index also lost 21.05 points (22.7%) from 92.76 at the end of September 2014 (Figure 15).

Figure 14: Trend in ZSE industrial and Mining Indices, January to December 2013 and 2014



Source: Zimbabwe Stock Exchange

On a year on year comparison, the industrial index closed at 162.79 in December 2014, failing to surpass its December 2013 performance of 202.12 by 39.33 points (19.5%). On the other hand, the mining index closed the month trading at 71.71, surpassing its performance in December 2013 by 25.92 points (56.6%) (Figure 15).

An annual comparison of stock market activities showed that the stock market performed poorly in the fourth quarter of 2014 compared to the same period in 2013.Total turnover value and volume for the fourth quarter, which stood at US$ 128.76 million and 1.08 billion shares respectively in 2013 declined by 27.99% and 27.07% to US$ 92.7 million and 787.3 million shares respectively in 2014.The poor performance of the in the last quarter of 2014 compared to 2013 was on the back of declining fortunes on the local bourse due to a slowdown in the general economic activities.

Foreign investor participation on the local bourse declined as the value and volume of shares bought by foreign investors declined by 36.57% and 33.62% respectively, whilst the value and volume of shares sold also declined by 33.25% and 25.9% respectively. This signals low confidence on the market by foreigners. Market capitalisation, which stood at US$5.2 billion at the end of the fourth quarter of 2013, declined by 16.84% to US$ 4.327 billion in the fourth quarter of 2014(Table 4), and this performance was underpinned by the poor performance of the stock market.

Table 4: Summary Statistics for the Zimbabwe Stock Exchange Fourth Quarter 2013 and 2014

	Q4 2013	Q4 2014	Percentage change
Turnover value (US$)	128,757,279.95	92,723,090.10	(27.99)
Turnover volume	1,079,594,156.00	787,322,656.00	(27.07)
Value shares bought by foreigners (US$)	82,718,206.33	52,471,234.66	(36.57)
Volume shares sold by foreigners	315,213,348.00	233,574,176.00	(25.90)
Value shares sold by foreigners (US$)	67,830,965.26	45,274,240.32	(33.25)
Volume shares bought by foreigners	292,851,733.00	194,408,393.00	(33.62)
Market capitalisation (US$)	5,203,129,775.00	4,327,059,383.65	(16.84)

Source: Zimbabwe Stock Exchange

An analysis of the annual performance of the regional stock market indices showed that the Zimbabwe's mining index was the best performer whilst its industrial index was the worst performer having lost 19.41% (Table 5). The Zimbabwe Stock Exchange performed poorly among its peers throughout the year on the back of a slowdown in economic activities, whilst the mining sector was buoyed by prospects of improving production and favourable commodity prices on the international market.

Table 5: 2014 Regional Stock Markets Annual Performance

Country	Index	Open	Close	Percentage Change
Zimbabwe	Mining Index	45.79	71.71	56.61
Kenya	Nairobi All Share Index	136.56	162.89	19.28
Malawi	All Share Index	12,531.04	14,886.12	18.79
Zambia	Lusaka All Share Index	5,327.24	6,140.15	15.26
South Africa	Johannesburg All Share Index	46,589.70	49,770.60	6.83
Botswana	Domestic Companies Index	9,064.31	9,501.60	4.82
Botswana	Foreign Companies Index	1,583.45	1,577.61	(0.37)
Mauritius	All Share Index	2,095.69	2,073.72	(1.05)
Zimbabwe	Industrial Index	201.99	162.79	(19.41)

Source: Africa Financials

2.5 Manufacturing Sector Developments

In 2014 ZEPARU undertook a study entitled "Cost Driver Analysis of The Zimbabwean Economy" that was commissioned by the Ministry of Industry and Commerce. The recommendations of this study which have been adopted by Government for implementation will go a long way in alleviating the competitiveness challenges faced by most manufacturing sector firms.

The study established that the average cost of commercial electricity in Botswana, Mozambique, South Africa and Zambia is 8.3 US cents per KWh, which is 57% of what Zimbabwean businesses pay for electricity. On average, Zimbabwean firms' borrowing costs (at an average of 28% in 2013) are twice to three times the levels observed in the region. Expressed as percentage of freight value, Zimbabwean businesses can expect to pay 18.8% to export, and a staggering 28.8% of freight value when importing, including documents preparation, customs clearance and control, port and terminal handling, and in-land transportation. Logistics professionals report that they typically deal with 10 different government agencies in the clearance process, and about 42% of import shipments are subject to multiple physical inspections. Import tariff levels (inclusive of the introduced 25% import surtax) were found to be twice as high as the average of neighbouring countries, resulting in Zimbabwe businesses paying on average twice as many taxes for imported inputs.

The study came up with many recommendations aimed at dealing with the identified cost drivers and the recommendations have mostly been adopted by government. In his 2015 National Budget Statement presented on 27 November 2014, the Minister of Finance and Economic Development highlighted that a number of recommendations raised in the study had been adopted by Cabinet for implementation in 2015. Among some of the measures that the Ministry of Industry and Commerce has already initiated in line with the study which could have an impact on industry is the rebranding of the National Pricing and Monitoring Commission into a National Competitiveness Commission, which is already scheduled to be operational in the second quarter of 2015. The institution is expected to champion the promotion of a competitive business environment in the country by reviewing all new government business regulations and repealing old excessive regulations that are currently costly to industry. In addition, Cabinet recommended the adoption of Holistic Cost Reduction Model relating to utility costs and regulatory costs such as fees, licenses, permits and levies.

While the problems are now well known, there is a general lack of confidence on the ability of government to implement the measures that are aimed at dealing with the problems. The implementation is also likely to suffer from government fiscal space constraints, which limit the amount of resources that can be set aside towards the implementation of such reforms. Reforms for key enablers such as power, transport and water for example continue to be hampered by lack of resources. The Government thus could prioritise seeking partnership with the private sector or development partners to avoid policy implementation gaps which have characterised the country of the past years.

2.6 Mining Sector Developments

2.6.1 Major Minerals Outlook

Total mining earnings (excluding diamonds) for 2014 amounted to US$1,85 billion, showing a 6.12% decline compared to the same period in 2013. The decrease in revenue can be attributed to the poor performance of the prices on the international market. Gold was the major contributor to total revenue, accounting for 33.15% of the total mining earnings followed by platinum

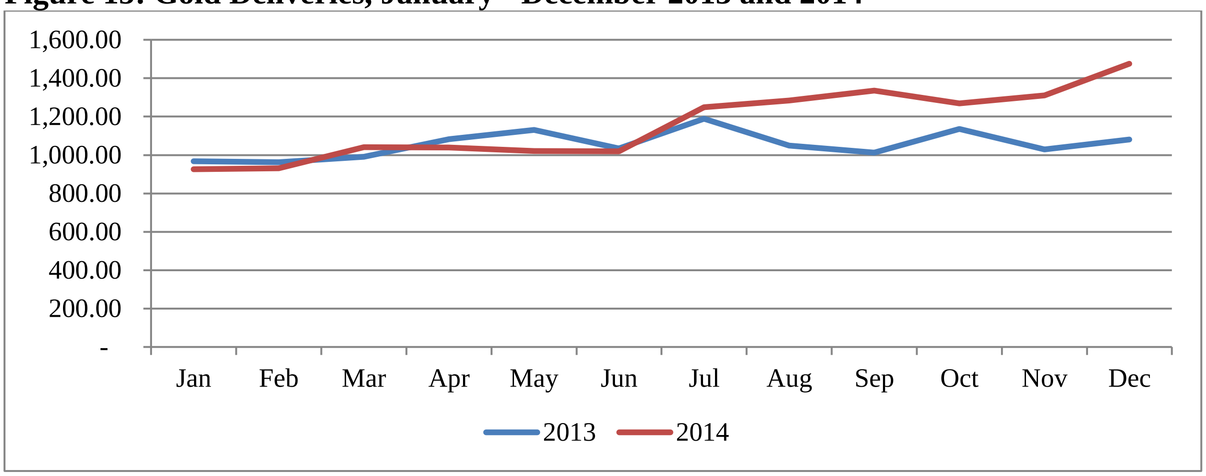
(26.73%), palladium (12.31%), nickel (10.92%) and high carbon ferrochrome (7.8%).These top five minerals contributed 90.92% of total mineral earnings.

The decline in mineral earnings demonstrates the extent to which the country's raw mineral exports are vulnerable; hence the need for value addition and beneficiation. Prices of mineral are determined on the international market, of which Zimbabwe is a small country and cannot influence the terms of trade. Through the value addition and beneficiation cluster under the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset), the country has already made some strides towards beneficiation of platinum and chrome. A platinum refinery is expected to be completed by 2016.The ban of chrome exports which was imposed in 2011 is also meant to encourage value addition and beneficiation of the minerals.

2.6.2 Gold Deliveries

On gold sector, total gold deliveries increased by 9.76% to 13,899.85 kg in 2014 from 12,663.41 kg in 2013 (Figure 16). Primary producers contributed 9961.99kg which translates to 71.7% of the total deliveries, with the remainder being delivered by small scale miners. A comparison of deliveries in third and fourth quarter shows that deliveries for 2014 outperformed that of 2013. Gold deliveries increased by an average of 24.91% from a fourth quarter 2013 figure of 3245.72 kg during the same period in 2014, despite the fact that international gold prices were weaker in the fourth quarter of 2014 as compared to same period in 2013.

Figure 15: Gold Deliveries, January - December 2013 and 2014



Source: Fidelity Printers and Refeneries

On a month-on-month basis, total gold deliveries increased by 22.41% to 1475.49 kg in December 2014 from 1310.19 kg in November 2014. In December 2014, deliveries by primary producers increased by 15.41% from 784.54 kg registered in November 2014, whilst deliveries by small-scale producers increased by 8.43%from 525.66kgin November 2014.

The increase in gold deliveries can be attributed to reduction in royalty fees from 7% to 5% as well scrapping of presumptive tax from 2% to 0% for small scale miners. In addition, registration and licensing of custom millers and gold buying centres helped the country register notable increases in gold deliveries to Fidelity Printers and Refineries. Although deliveries surpassed the minimum annual requirement of 10 tonnes for the country's re-accreditation into the London Bullion Marketers Association, it missed the target of 14,500 kg for 2014. The target for 2015 is set at 16 000 kg, an increase of 10.34% from the target for 2014, which may be difficult to achieve if prices continue to fall on the international market.

2.6.3 Other Mining Developments

The World Platinum Investment Council (WPIC)'s third quarter 2014 report shows that the fundamentals of the industry are tightening; with demand exceeding supply in the last three years to produce a 2014 global platinum shortfall of 885,000 ounces. Supply was significantly reduced by the unprecedented five month strike in South Africa in 2014. South Africa produced 31% less platinum in 2014, which is equivalent to 2, 99 million ounces compared to 4, 36 million ounces in 2013. However, total global supply year-on-year was only 9% lower owing to higher output from North America, an increase in platinum from recycling, and the ability of South African miners to supply from their inventories during the strike.

In Zimbabwe, platinum production was disturbed by the closure of Zimplats' Bimha mine which was reported in August 2014. Production during the fourth quarter 2014 was significantly impacted as evidenced by 15% reduction of tonnes mined from the previous quarter. Milling volumes also went down by 12% during the same period. Zimplats' financial performance was negatively impacted by lower production volumes, softer metal prices and the write-off of assets lost as a result of the Bimha Mine collapse. The re-development of the mine, which commenced in December 2014 is expected to boost the platinum production in the country although it is anticipated that it will take thirty-six months for the company to get back on track. In an effort to further ameliorate the impact of closing Bimha Mine, the Zimplats Board approved the initiation of further contracted open-pit mining to supplement ore supply to the processing operations.

2.7 Agriculture Sector Developments

2.7.1 Tobacco production and exports in 2014

The overall tobacco output reached 216 million kg in 2014 as compared to 165.85 million kg marketed in 2013; racking in US$684.87million in tobacco sales compared to US$610.31 million earned in 2013. The golden leaf traded at an average price of US$3.17/kg as compared to US$3.68/kg traded in 2013 (Table 6).

Table 6: Tobacco Sales between 2013 and 2014

Seasonal	Total Auction	Contract	Total 2014	Total 2013	% Change
Mass sold(kg)	50 745 154	165 253 617	215 998 771	165 846 412	30.24
Value(US$)	136 669 850	548 200 219	684 870 070	610 309 838	12
Avg. price US$/kg	(2.69)	(3.32)	(3.17)	(3.68)	(13.84)

Source: Tobacco Industry and Marketing Board

The bulk of the local produce was destined for the export market in raw form (62.7%), earning the country US$772.5 million compared to US$877.5 million earned in 2013. The country can benefit more from its comparative advantage in the production of tobacco if exports can be value added.

2.7.2 Investment in the agricultural sector to be prioritized

The agricultural sector, which is expected to grow by 3.4%in 2015, was allocated US$174.1 million, translating to a mere 4.2% of the total 2015 National budget. This budget allocation still falls far short of the target of 10% public spending in agriculture required to achieve the Comprehensive Africa Agriculture Development Programme (CAADP) objectives. A closer look at the budget lines shows that salaries gobbled 46.6% of the sector's budget allocation whilst programmes were only allocated 1.4% of the resources allocated to the agricultural sector. More so, allocation towards critical areas such as rural development was very minimal. The same applies with allocation towards research and development, extension, livestock development and infrastructure development. These remain strategic areas for sustainable growth and adjustment to climate change. However, inadequate resources seriously constrict the agricultural sector from playing its critical role of driving economic growth given its forward and backward linkages with other economic sectors. This calls for government to revisit its priority in budget allocation and ensure that substantial resources are allocated towards agricultural development if the country is to achieve food and nutrition objectives as outlined in the ZimAsset.

2.8 External Sector Developments

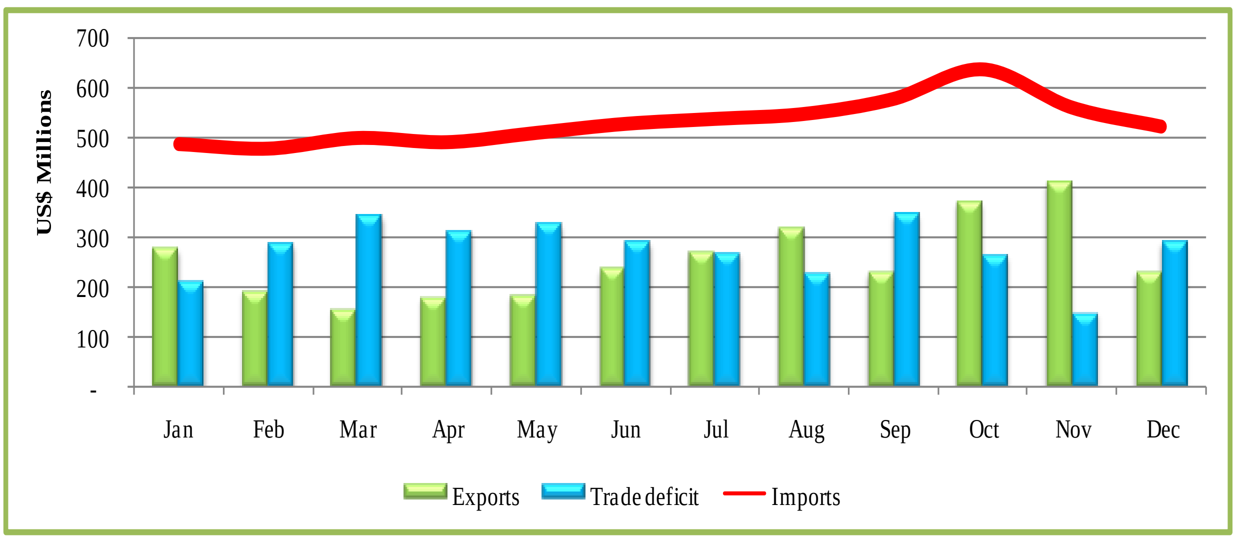
In 2014, products worth about US$6.4 billion were imported into the country, which was a decrease of about 17.2% from the value for imports recorded in 2013. Imports are generally spread over several categories of products, even though fuel and lubricants, which constituted about 23.2% of the imports, dominate. The importation of vehicles and accessories also constituted about 8.1% while fertiliser and maize imports constituted 4.2% and 2.1% of imports respectively. In 2014 the country exported of products worth about US$3.1 billion, which dropped by about 12.7% from their level in 2013.

Exports remain the main source of enhancing liquidity given the limited foreign direct investment inflows. In this regard policy measures and incentives to enhance exports need to be pursued with vigour. The export incentives that were given in the 2015 National Budget Statement are a step in the right direction and need to be implemented consistently. It has been observed that operational challenges facing industry could undermine the response of industry and the effectiveness of the incentives. Parallel measures need to be adopted at industry and firm level to deal with some of these operational challenges.

Exports were mainly driven by tobacco (excluding cigarettes), which constituted about 26.4% of the total exports in 2014. Unwrought and semi-processed gold (17.4%) and diamonds (7.6%) were also significant components of the total exports in 2014. Other minerals which were exported as ores and concentrates (nickel, copper, lead, zinc, tin, chromium, tungsten, antimony and other ores) were also significant as they constituted about 11.9% of the total exports in 2014. More than 60% of the total exports were therefore unprocessed agriculture and mineral products, which makes the economy vulnerable to shocks caused by the volatility of international commodity prices which are totally outside the economy's control.

A look at the trends for exports and imports in 2014 (Figure 17) reveals that imports reached their peak in October 2014 while exports reached their peak in November. The high performance of exports in November was due to flue-cured tobacco exports, which were at their peak in November, constituting about 30.6% of the total exports for the crop in 2014. The high import bill registered in October was mainly a result of the increase of more than 500% in the monthly inflow of nickel mattes into the country in October.

Figure 16: Exports and Imports trends for 2014



Source: ZIMSTAT

Despite the poor performance of exports in 2014, the trade deficit for the year fell by about 21% compared to 2013. This was mainly due to the fact that imports fell more than exports in absolute values. The current account deficit, was estimated by World Bank at about -13.9% of GDP for 2014. The current account balance generally mirrors the overall balance of payment position for the country as inflows through the capital account will continue to fall short in closing it off.

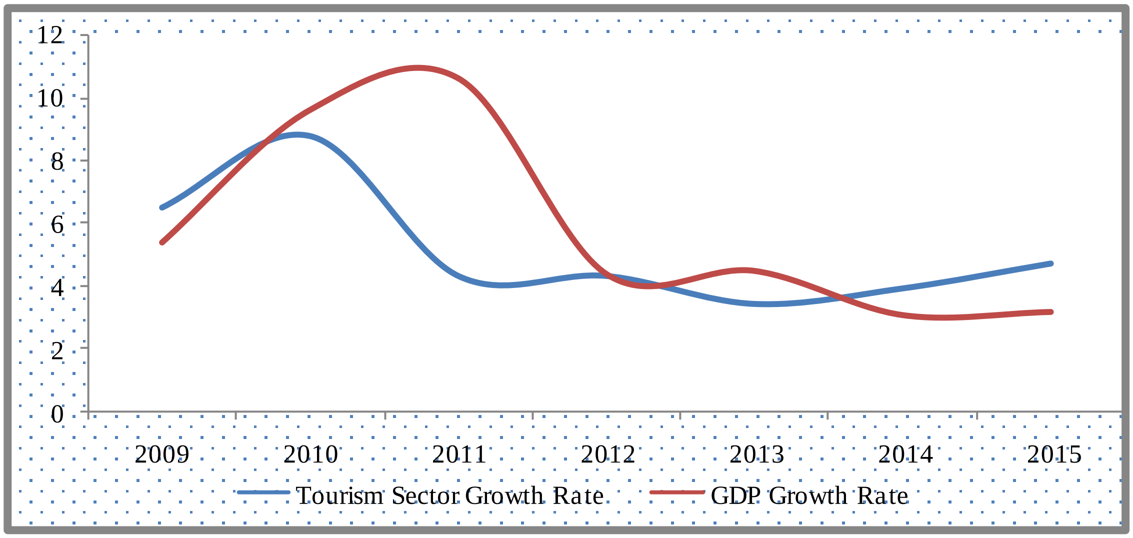
2.9 Tourism Developments

The country's tourism sector contributes significantly to the national gross domestic product. In 2015 the sector is anticipated to grow by 4.7% from estimated growth of 3.9% in 2014 (Figure 18). The growth rate of the sector has an influence on the growth rate of GDP as the two share similar cycles (Figure 18). The government decision in the 2015 National Budget to extend duty exemption on capital goods and motor vehicle by safari operators to December 2016 will help the sector in achieving the set growth target. The exemption of duty on capital goods for tour operators will enable completion of ongoing refurbishments of hotels and conference facilities. The suspension of duty on safari motor vehicles has been very instrumental in assisting tour operators replace ageing vehicles and upgrade their services to match international standards.

The uni-visa system between Zimbabwe and Zambia officially launched on the 28th of November 2014 in Victoria Falls dubbed the *"KAZA Uni-Visa"* will also be instrumental in helping the country achieve the 2015 tourism growth target. The uni-visa, which not only facilitates easy movement of the tourists between the two countries but also reduces visitor's costs, is expected to attract more visitors into the country. The visa costs US$50 and is valid for a period of 30 days as long as visitors remain in Zimbabwe or Zambia. Visitors under uni-visa will save time and money compared to those under normal visa. A visitor staying in Zimbabwe under normal visa but undertaking a day activity in Zambia would pay US$45 double entry visa and also a US$20 Zambia day tripper visa.

An aggressive marketing strategy in all major source markets internationally is essential and should be complemented by domestic efforts. Given the government budgetary constraints there is need for private public partnerships in all areas that promote tourism growth in the country. Marketing efforts can also be channeled through foreign embassies to help disseminate information on Zimbabwe's tourism products to their respective countries where possible. However, marketing efforts need to be accompanied by measures that build visitors' confidence in the country, such as political stability, Ebola preparedness and macroeconomic stability in order to realize the desired outcomes.

Figure 17: GDP and Tourism Sector Growth Rates, 2009 - 2015 (percentage %)



Source: Ministry of Finance and Economic Development, 2015

2.10 Trade Relations Developments

The Trade Facilitation Agreement was reached at the Ninth Ministerial Conference of the World Trade Organization (WTO) in Bali, Indonesia on 3–7 December 2013. However, its implementation was blocked by an impasse related to the political link between the decision on public stockholding for food security purposes and trade facilitation. India in particular, had key concerns in this area and so wanted assurances that its food security programme would not be challenged under the WTO's rules. The country's concern was that complaints based on rules limiting farm subsidies might undermine its spending on food stockpiles intended to ensure that the poor have enough to eat. The resolution of this impasse at the end of November 2014 was a breakthrough for the WTO. In a Special General Council, member states clarified the Bali decision on public stockholding for food security purposes saying that the peace clause agreed in Bali will remain in place until a permanent solution is found. At this meeting, member states adopted the protocol of amendment which formally inserts the Trade Facilitation Agreement into the WTO rulebook. This makes it the first multilateral trade agreement of the WTO that came into force since its existence on 1 January 1995. This move means that member states can ratify it as per their domestic procedures.

The Trade Facilitation Agreement is coming with assistance and support to developing countries to enable them to effectively implement it. For countries with less developed customs infrastructure like Zimbabwe, the agreement will allow them to access technical assistance. In order to ensure that technical assistance becomes a reality, a Trade Facilitation Agreement Facility has been put in place where least developed and developing countries can access funds to improve border procedures. The Agreement is believed to reduce trade costs by 15% in developing countries. In most African countries, customs procedures tend to be 30% higher than the global average.

This breakthrough presents itself as opportunity that Zimbabwe must seize in order to improve its trade competitiveness. According to the 2015 World Bank's Ease of Doing Business the country stood at 180 in the ranking of 189 economies on ease of trading across borders in 2014. This highlights a lot of work and reforms that Zimbabwe needs to do in order to deal with excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure, which increase cost of doing business and compromise the country's trade competitiveness.

2.11 Topical Issues

2.11.1 Zimbabwe' Sovereign Wealth Fund (SWF) Set Up

A budget of US$500 thousand was allocated to the Sovereign Wealth Fund and further funding will come from 25% of royalties on the export sale of minerals which include diamonds, gas, and granite through the Zimbabwe Mining Development Corporation (ZMDC). The sovereign wealth fund is meant to ensure that resources generated through resource rent tax on finite mineral concessions of the country are managed to benefit the present and future generations of the country. The establishment of sovereign wealth fund has now become a best practice in mineral resource-rich countries.

Various disbursement windows can be pursued in order for the fund to be more beneficial which include the Long-term Human and Physical Infrastructure Fund, Fiscal Stabilization Fund and a Minerals Development Fund. This will enable rehabilitation and development of long-term infrastructure (power, rail, road and telecommunication) and also human resources development to build the future competitiveness of the country. The Minerals Development Fund could finance the massive investment required for geological surveys to acquire a better understanding of the geology and to uncover new exploration targets given that only 60% of the country is covered by detailed geological mapping. In addition, it can finance investments into the backward and forward mineral linkages industries in partnership with the private sector. A major proportion of the resource rent tax revenues could be accumulated into a stabilisation fund to be drawn down by the fiscus when commodity prices fall below predetermined long-term projections, protecting the budget from revenue shocks. This fund would, over time, become a future fund (intergenerational equity) for the nation to draw on once mineral resources are depleted.

2.11.2 Doing Business Ranking Slightly Decline

Zimbabwe was ranked 171 out of 189 countries by the World Bank's Doing Business 2015 report, down from last year's ranking of 170. The report measures regulations affecting 10 areas of the life of a business. These include starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Countries with top rankings are deemed to be in a position to attract investors.

A comparison with the 2014 Doing Business report for Zimbabwe shows that notable improvement was in getting credit, which moved 43 places up to position 104 from147. However, the country still has liquidity challenges with credit mainly available for short term financing. Long term finance is still a challenge. Slight improvements were also noted in getting electricity and registering property which moved four and one places from 157 to 153 and 95 to 94, respectively. It should also be noted that the report did not include power outages; hence in subsequent reports the rank might slide due to incorporation of inadequate and intermittent power supply prevailing in the country. There was no change in the rank for enforcing contracts which remained at 157. On the other hand, the country moved downwards in trading across borders by falling four places to position 180 and also fell three places each for starting a business, protecting minority shareholders and paying taxes. Dealing with construction permits and resolving insolvency is still a challenge as noted by a slip in ranking by two and one points, respectively.

A comparison of selected African countries reveals that most countries performed better than Zimbabwe (Table 7). Among the selected countries, Mauritius topped at number 28, followed by South Africa (43), Rwanda (46), Botswana (74), Namibia (88), Swaziland (110), Zambia (111), Mozambique (146) and Malawi (157). However, the rankings of the top four performers in the region slipped between the 2014 and 2015 reports, with Mauritius, South Africa and Botswana's current ranking worse off than that reported in 2013. Zimbabwe only managed to perform better that the Democratic Republic of Congo (178) and Angola (181).

Table 7: Doing Business Indicators for Selected Countries, 2013 -2015

	2015	2014	2013[5]	2014/2015 Change
Mauritius	28	20	19	↓
South Africa	43	41	39	↓
Rwanda	46	32	52	↓
Botswana	74	56	59	↓
Namibia	88	98	87	↑
Zambia	111	83	94	↓
Mozambique	127	139	146	↑
Tanzania	131	145	134	↑
Malawi	164	171	157	↑
Zimbabwe	171	170	172	↓
Democratic Republic of Congo	178	183	181	↑
Angola	181	179	172	↓

Source: Doing Business 2015, International Finance Corporation, World Bank

It is therefore critical to ensure that countries including Zimbabwe adopt business friendly regulations to enhance efficiency of the private sector in doing business. This will stimulate the

[5] The 2013 Doing business report covered 185 countries

creation of new firms, help attract investment, facilitate a reduction in unemployment, aid innovative firms and support greater lending to the private sector.

3.0 CONCLUSION

The deflationary environment is expected to continue in Zimbabwe as the rand is likely to weaken further because of capital flights to US, with increases in US interest rates, as the U.S economy grows stronger. Moreover, monetary policy space to avoid deflation continues to be limited by the use of the multicurrency system. This is exacerbated by weaker projected global growth for 2015–16 in emerging and developing countries including Zimbabwe which underscores the need to raise output in these countries. However, policies to boost aggregate demand, most importantly, an environment conducive for investment and public private partnerships are needed to avoid deflation, and also boost economic growth.

The government also needs to improve its expenditure mix which has largely been consumptive through rationalisation and shifting spending towards capital and social expenditures. Similarly, increased borrowing by Government and Parastatals implies higher future tax burden especially if the money is not invested in productive projects that complement private sector growth. There is need to find innovative ways of growing the economy as well as devising innovative ways of facilitating the transition of the informal sector to formal sector, The key to increasing Government revenue and to reducing the fiscal constraints is increasing the GDP.

STATISTICAL TABLES

TABLE 1A: International Commodity Prices

	2013									2014					
	April	**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

	July	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**
Gold (US$/oz.)	1,310.78	1,361.77	1,240.26	1,222.97	1,177.43	1,201.08
Platinum (U$/oz.)	1,474.00	1,444.92	1,364.91	1,261.33	1,208.80	1,217.98
Brent crude ($/bl.)	108.27	103.21	98.72	88.04	80.04	63.78
Maize (U$/t) 3YC	182.7	176.4	163.1	163.31	178.67	178.67
Wheat (U$/t) HRW	280.4	263.4	263.4	245.39	258.66	178.67

Sources: Bloomberg, Reuters, IGC and World Bank

TABLE 1B: Annual Inflation (%)

Jan-11	**Feb-11**	**Mar-11**	**Apr-11**	**May-11**	**Jun-11**	**Jul-11**	**Aug-11**	**Sep-11**	**Oct-11**	**Nov-11**	**Dec-11**
3.52	3.04	2.67	2.69	2.50	2.86	3.26	3.54	4.29	4.20	4.20	4.90
Jan-12	**Feb-12**	**Mar-12**	**Apr-12**	**May-12**	**Jun-12**	**Jul-12**	**Aug-12**	**Sep-12**	**Oct-12**	**Nov-12**	**Dec-12**
4.30	4.30	4.00	4.03	4.02	3.97	3.94	3.63	3.24	3.38	2.99	2.91
Jan-13	**Feb-13**	**Mar-13**	**Apr-13**	**May-13**	**Jun-13**	**Jul-13**	**Aug-13**	**Sept-13**	**Oct-13**	**Nov-13**	**Dec-13**
2.51	2.98	2.76	2.49	2.20	1.87	1.25	1.28	0.86	0.59	0.54	0.33
Jan-14	**Feb-14**	**Mar-14**	**Apr-14**	**May-14**	**Jun-14**	**Jul-14**	**Aug-14**	**Sept-14**	**Oct-14**	**Nov-14**	**Dec-14**
0.41	-0.49	-0.93	-0.26	-0.2	-0.08	0.313	0.151	0.093	-0.001	-0.784	-0.796

Source: ZIMSTAT

TABLE 1C: Monthly Inflation (%),

Jan-10	**Feb-10**	**Mar-10**	**Apr-10**	**May-10**	**Jun-10**	**Jul-10**	**Aug-10**	**Sep-10**	**Oct-10**	**Nov-10**	**Dec-10**
0.74	0.96	1.12	0.12	0.26	-0.10	-0.13	-0.14	0.12	0.21	0.49	-0.44
Jan-11	**Feb-11**	**Mar-11**	**Apr-11**	**May-11**	**Jun-11**	**Jul-11**	**Aug-11**	**Sep-11**	**Oct-11**	**Nov-11**	**Dec-11**
1.03	0.49	0.75	0.14	0.08	0.24	0.26	0.13	0.85	0.1	0.5	0.2
Jan-12	**Feb-12**	**Mar-12**	**Apr-12**	**May-12**	**Jun-12**	**Jul-12**	**Aug-12**	**Sep-12**	**Oct-12**	**Nov-12**	**Dec-12**
0.46	0.49	0.43	0.19	0.07	0.20	0.22	-0.20	0.50	0.49	0.43	0.13
Jan-13	**Feb-13**	**Mar-13**	**Apr-13**	**May-13**	**Jun-13**	**Jul-13**	**Aug-13**	**Sep-13**	**Oct-13**	**Nov-13**	**Dec-13**
0.07	0.95	0.21	-0.07	-0.21	-0.31	-0.38	-0.15	0.1	-0.01	0.09	-0.08
Jan-14	**Feb-14**	**Mar-14**	**Apr-14**	**May-14**	**Jun-14**	**Jul-14**	**Aug-14**	**Sept-14**	**Oct-14**	**Nov-14**	**Dec-14**
0.`1	0.0	-0.2	0.58	-0.1	-0.03	0.014	-0.309	-0.005	-0.107	-0.692	-0.092

Source: ZIMSTAT

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

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

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**					
Imports (c.i.f) US$	572,252,776.27	633,269,082.57	556,276,151.33					

Source: ZIMSTATS

Table 1F: Export 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	279,047,033	253,927,213	209,914,486

	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13
Exports (US$)	278,314,631	244,883,722	287,436,036	282,668,224	308,664,376	363,714,306	467,471,012	251,838,635

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Exports (US$)	277,563,147	192,032,920	156,345,608	178,576,355	183,318,898	236,713,622	268,353,061	317,253,586

	Sept-14	Oct-14	Nov-14
Exports (US$)	229,225,557	371,204,223	409,891,547

Sources: ZIMSTATS

Table 1G: Total Deposits

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-14	Dec-13	Jan-13	Feb-14	Mar-14
Demand Deposits	2,086,622	2,045,215	1,989,201	2,038,302	2,011,314	2,063,250	2,084,448	1,944,000	1,959,980	2,076.817	2,022,120	2,074,823
Saving and Short-Term Deposits	1,353,710	1,297,619	1,284,243	1,325,030	1,252,640	1,305,501	1,256,126	1,246,497	1,249,835	1,177,329	1,242,453	1,332,280
Long-Term Deposits	526,409	675,306	564,762	491,588	532,281	541,907	611,107	616,612	722,509	634,498	757,205	686,835
	Apr-14	**May-14**	**Jun-14**	**Jul-14**	**Aug-14**	**Sept-14**	**Oct-14**	**Nov-14**				
Demand Deposits	2,187,480	2,216,134	2,162,978	2,053,953	2,120,481	2,130,801	2,202,570	2164484				
Saving and Short-Term Deposits	1,345,518	1,414,002	1,434,428	1,277,632	1,354,263	1,405,171	1,391,221	1,351,823				
Long-Term Deposits	697,459	695,593	726,158	892,485	847,331	852,530	863,467	899,157.8				

Source: Reserve Bank of Zimbabwe

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
	Apr-14	**May-14**	**Jun-14**	**Jul-14**	**Aug-14**	**Sep-14**	**Oct-14**	**Nov-14**	**Dec-14**			
Gold Production (kg)*	1039	1021	1019	1248.5	1283.3	1335.9	1268.1	1310.2	1475.5			

*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$m)	24.8	(36.9)	62.0	(74.7)	(7.3)	54.8	(110.6)	(45.9)	(102.3)	15.8	(28.8)	52.1
	Apr-14	**May-14**	**Jun-14**	**Jul-14**	**Aug-14**	**Sept-14**	**Oct-14**	**Nov-14**				
Revenues (U$m)	285.1	275.8	1,366.4	292.2	306	329.6	306.8	318.9				
Spending (U$m)	357.6	278.3	1,402.4	345.4	310.2	357.1	344.2	423.2				
Balance (U$m)	(72.6)	(2.5)	(36)	(53.3)	(4.2)	(27.5)	(37.4)	(104.2)				

Sources: Ministry of Finance, Note: monthly averages

Table 2A: Annual Economic 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
Gold (US$/oz.)	871.64	982.50	1,218.59	1,358.42	1,766.71	1,397.1	1,271.58
Platinum (US$/oz.)	1,577.00	1,212.25	1,608.23	1,721.92	1,530.71	1,474.50	1,382.40
Brent crude ($/bl.)	-	-	-	-	111.31	108.41	99.59
Maize (U$/t) 3YC	-	-	-	291.70	298.40	259.4	192.88
Wheat (U$/t) HRW	-	-	-	316.30	313.20	312.2	278.95

Source: International Grain Council, BBC, Reuters, World Bank

Table 2C: Trade & Balance of Payments

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

Sources: ZIMSTAT

Table 2D: Banks Deposits and Credit

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

Source: Reserve Bank of Zimbabwe

Table 2E: Zimbabwe Stock Exchange Indices

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

Source: Zimbabwe Stock Exchange

Table 2F: Business / Production Indicators

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

Source: Chamber of Mines,

Table 2G: Government Budget

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

Sources: Ministry of Finance