



TREASURY QUARTERLY BULLETIN:

July-Sept 2015

Ministry of Finance

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INTRODUCTION

1. The Third Quarter Treasury Bulletin tracks and gives progress on the implementation of the 2015 National Budget Statement through an update on the fiscal and economic developments for the period July - September 2015.
2. Major events during this period included the marketing of tobacco and seed cotton, preparation for the forthcoming agricultural season as well as the enactment of the new labour laws.
3. The quarter also saw the completion of the second review of our 15-month Staff Monitored Programme with the IMF, The Government managed to meet all targets for both structural and quantitative benchmarks except for one on the ceiling on stock on non-concessional external debt contracted. One of the key targets by Government under the SMP programme is to bring the Central Government primary account close to balance, despite the tight economic conditions.

REAL SECTOR

4. Economic activity is forecasted to grow by 1.5% in 2015.
5. This slowdown in growth is a result of the declining international commodity prices, appreciation of the US Dollar as well as declining trade volumes. Further aggregate demand remains depressed as reflected by the declining sales by local companies and declining revenue collections.
6. Related challenges include tight liquidity conditions, inadequate external flows, reduced lending to the private sector, disruption in power supply and infrastructure bottlenecks, among others.
7. These, among others, have slowed down economic activity in 2015. Reflective indicators to the above include the following:
 - Imports of US\$1.45 billion during the period July – September in 2015, fell by 12.7% in comparison to US\$1.66 billion realised during same period in 2014;
 - Exports of US\$554 million for the period July – September in 2014 fell by 32.3% compared to US\$819.47 million during the same period in 2014;
 - 11%% fall in Value Added Tax (US\$431.5 million) during the period July – September in 2015 compared to US\$482.2 million during the same period in 2014;

- However, there was 0.3% increase in electricity generation during the period July – September in 2015 (2587 GW/h) compared to the same period in 2014 (2578 GW/h); and
- 46% fall in capital expenditure (US\$97.7million) during the period July – September in 2015 compared to US\$ 180.1 million during the same period in 2014.

Agriculture

8. The major activities under agriculture during the period under review included the conclusion of the 2015 tobacco and seed cotton marketing season and the commencement of the preparation of the 2015/16 agricultural season.
9. The Metereological services Department of Zimbabwe also issued rainfall forecasts for the 2015/2016 summer season, which has implications to the upcoming cropping season.

The 2015 Tobacco Marketing Season

10. A total of US\$586.4 million was realised from the sale of 198.9 million kgs of tobacco at an average price of US\$2.95 per kg, during the 2015 tobacco marketing season, which was concluded on the 18th of September 2015. This is compared to US\$685.2 million realised from the sale of 216.2 million kgs at an average price of US\$3.17 during the previous season, as indicated below.

Update on the 2015 Tobacco Sales

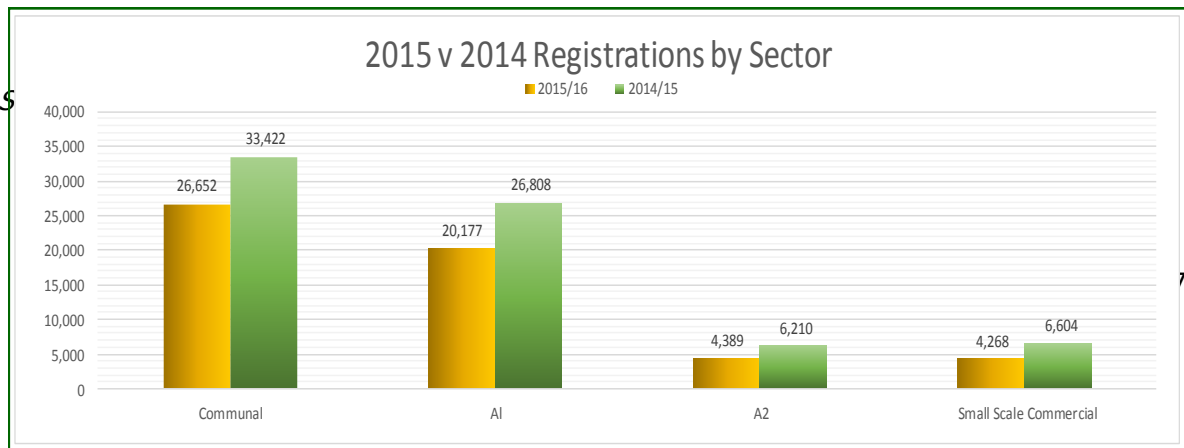
SEASONAL	TOTAL AUCTION	CONTRACT	TOTAL 2015	TOTAL 2014	% CHANGE
Mass sold(kg)	46,688,447	152,226,097	198,914,544	216,196,683	(7.99)
Value(US\$)	113,350,872	473,020,414	586,371,287	685,244,013	(14)
Average price US\$/kg	2.43	3.11	2.95	3.17	(6.99)

Source: Tobacco Industry Marketing Board

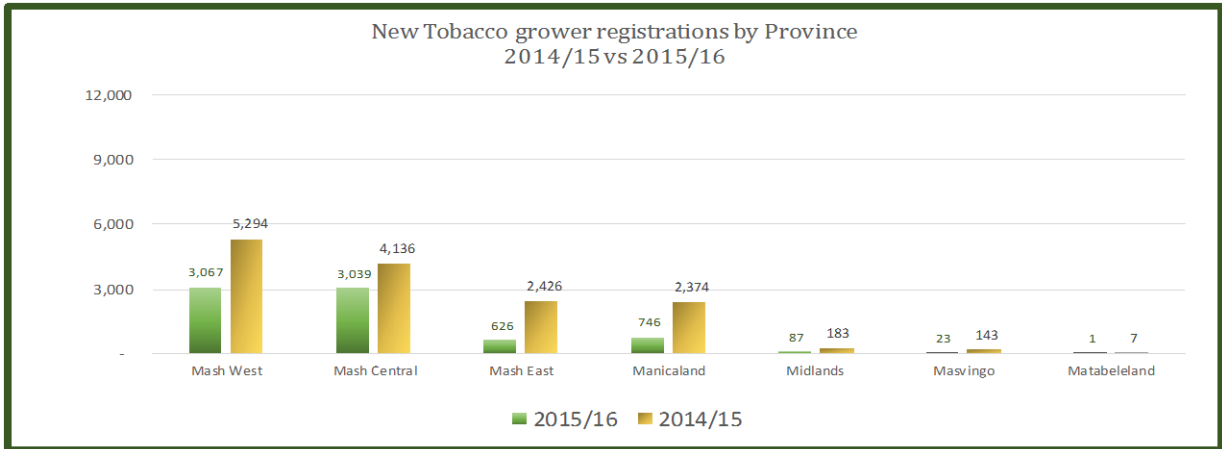
2015/2016 Tobacco Preparations:

Registered Tobacco Growers for the 2016 Season

11. As at 30 September, about 55 486 growers had registered for the 2015/16 season compared to 73 044 who had registered in the corresponding period last year. The graph below summaries the growers by sector.



12. Of the 55 486 registered growers, 7 589 are new entrants. The graph below summaries the new entrants by province in comparison to the previous period.



Source: Tobacco Industry Marketing Board

Tobacco New Registrations for 2015/16

PROVINCE	COMMUNAL	A1	A2	SMALL SCALE	TOTAL
MANICALAND	298	362	30	56	746
MASH CENTRAL	1,600	1,292	78	69	3,039
MASH EAST	178	336	58	54	626
MASH WEST	2,296	648	87	36	3,067
MASVINGO	15	6	2	-	23
MATEBELELAND	-	1	-	-	1
MIDLANDS	42	29	15	1	87
TOTAL	4,429	2,674	270	216	7,589

Source: Tobacco Industry Marketing Board

2014/2015 Seed Cotton Marketing Season

13. The 2014/2015 seed cotton marketing season commenced on the 1st of June 2015 and ended on the 30th of September 2015. A total of 102 284

601 kg of seed cotton was sold during the 2015 seed cotton marketing season compared to 135 833 148 kg sold during the same period in 2014.

14. The marketing arrangement is that Contractors payed farmers an advance price of US\$0.30 per kg, on all seed cotton delivered, and the balance will be payed off later once they finalise the sorting and grading of the delivered crop.

2015/2016 Grain Marketing Season

15. A total of 50 473 tons of grain valued at US\$19.7 million had been delivered to the Grain Marketing Board by the end of September. Out of this, 99% relates to maize delivery, with the remainder being small grains.
16. A total of US\$3 million had been paid towards the grain deliveries, leaving an outstanding balance of US\$16.7 million. The Table below summaries the grain deliveries to the GMB and the payments made.

	Maize		Wheat		Small Grains		Total		Payments	
	Tonnage	Value	Tonnage	Value	Tonnage	Value	Tonnage	Value	Tonnage	Value
	Mt	US\$	Mt	US\$	Mt	US\$	Mt	US\$	Mt	US\$
April	33	12,870					33	12,870		
May	3,819	1,489,410					3,819	1,489,410		
June	9,813	3,827,070			4	1560	9,817	3,828,630		
July	16,796	6,550,440					16,796	6,550,440		
August	12,296	4,795,440					12,296	4,795,440		
September	7,712	3,007,680			11	4290	7,723	3,011,970	7,692	3,000,000

Total	50,469	19,682,910	-	-	15	5,850	50,484	19,688,760	7,692	3,000,000
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Source: Grain Marketing Board

Clearance of the 2014/2015 Grain Marketing Season Arrears

17. In line with the 2015 Mid-Year Fiscal Policy Statement commitment, Government has cleared all the arrears related to the grain delivered during the 2014/15 grain marketing season.

Agriculture Commodity Prices

18. International agriculture commodity prices continued on a downward trend since June. The prices fell by 2.9% in September, a reflection of improved global supply.
19. Wheat prices fell by 4% from US\$179.8 per ton in August to US\$173.1 per ton on the backdrop of strong supply, high levels of stocks and anticipated future demand from China.
20. Cotton prices also fell by 4% from US71.8 cents per pound in August, to record US68.7 cents per pound in September, a reflection of slower consumption growth, particularly from Asia.
21. Soyabean prices also declined by 7% from US\$347.0 per ton in August, to US\$323.6 per ton recorded in September on account of strong supplies on

the market, high levels of stocks as well as anticipated future demand from China.

22. Maize prices, however, increased from US\$162.7 per ton in August to US\$166.0 per ton in September, a reflection of increased maize production in the United States, and higher global stocks.
23. Sugar prices also increased by 14% from US10.7 cents per pound in August to US12.1 cents per pound in September owing lower supply from India and weak exports from Brazil.
24. The Table below indicates some selected international agricultural prices for the period under review.

Selected Agriculture International Commodity Prices

Commodities	Units	Annual			2015				
		2012	2013	2014	QI	QII	QIII	August	September
Wheat	\$/MT	316.2	313.3	284.9	238.8	216.1	183.4	179.8	173.1
Maize	\$/MT	298.4	259.0	192.9	174.2	168.4	169.4	162.7	166.0
Rice	\$/MT	580.2	518.8	426.5	406.6	381.8	374.0	375.6	358.8
Soybeans	\$/MT	537.8	517.2	457.8	363.9	354.6	347.6	347.0	323.6
Groundnuts	\$/MT	1688.2	2314.5	2148.3	2016.8	2023.4	2012.9	2042.5	1932.5
Sugar	cts/lb	21.4	17.7	17.1	14.1	12.6	11.6	10.7	12.1
Cotton	cts/lb	89.2	90.4	83.1	68.8	72.3	71.0	71.8	68.7

Source: IMF Commodity Prices

Domestic Agriculture Commodity Prices

25. The table below indicates price ranges for selected agriculture domestic commodities in the country and their buyers:

Commodity	Price (US\$/ton)	Buyers
Groundnuts (unshelled)	400-500	GMB/Taflo
Groundnuts (shelled)	900- 1300	Sidal Engeneering/Taflo/Jasbro
Soya beans	500-580	Sidal Engeneering/Biscray/Staywell/GMB/PHI
Wheat	380 - 500	Staywell/ Sidal Engeneering/GMB
Maize	260-390	Sidal Engeneering/Biscray/PHI/Staywell/GMB
Barely	450	Delta
Sugar Beans	900 - 1100	Sidal Engeneering/GMB/Taflo/Jasbro

Source: Zimbabwe Farmers Union and AMA

Preparedness for the 2014/2015 Summer Cropping Season

2015/16 Rainfall Forecast

26. The Metrological Services Department of Zimbabwe has forecasted the possibility of drought in Zimbabwe for the 2015/16 rainfall season. The forecast is in line with the Southern Africa Regional Climate Outlook Forum (SARCOF) forecast of August 2015.
27. The country is likely to receive normal to below normal rainfall during the first half of the season (October – December 2015) as well as in the second half (January-March). The first half is expected to be short, with rains expected to start in December and characterized by longer dry spells.
28. Therefore, Government has disbursed US\$200 000 towards cloud seeding, with more resources expected to be set aside, in order to enhance increased rainfall during the anticipated dry spells.

Presidential Input Scheme: Inputs Support for Vulnerable Households

29. Government, through the 2015 Mid-Year Fiscal Policy Statement, has set aside US\$28 million as input support for 300 000 vulnerable households for the 2015/16 agricultural season.
30. The input support package is comprised of the following:
 - 1 x 10 kgs of maize seed;
 - 1 x 50 kgs of compound D; and
 - 1 x 50 kgs Ammonium Nitrate.

Mining

31. The growth prospects for the mining sector during the quarter was being hamstrung by persistent dampening of international mineral prices and depressed demand for the country's major minerals of gold, platinum and chrome, among others.
32. As a result, the mining companies continue to face increasing costs and are now resorting to cost cutting measures such targeting high grade ore bodies which have a negative effect on output, reduced overtime and power use.

33. Reflecting this, output for platinum, palladium, chrome and ruthenium recorded declining volumes during the quarter under review.

Mineral Output

	2014	2015
Mining Growth (%)	-2.9	-2.3
Chrome \000't	511	500
Coal \000't	6 354	5000
Cobalt \t	358	344
Copper \t	8 261	7 600
Gold \kg	15 386	18 000
Nickel \t	16 633	16 000
Palladium \kg	10 137	9 600
Platinum \kg	12 483	12 000
Rhodium \kg	1 140	1 096
Ruthenium \kg	983	945
Diamonds/000'carats	4 773	3 500

Source: Macroeconomic Team (MOFED, RBZ, Ministry Of Mines, Chamber of Mines and ZIMSTAT).

Gold

34. In 2015, Gold output is projected at 18 500 kg, an upward revision from the 16 000 kg initially projected. The revision is necessitated by improvements in gold deliveries by small scale miners and anticipated capital injections by primary producers namely, Caledonia, Bibboes, Rio-Zim and Blanket Mine.

35. Consequently, output to September 2015 stood at 13 122 kg. This is a marked improvement from the 9 846 kg produced in the similar period in 2014.
36. The improved output largely emanated from increased gold deliveries to Fidelity Printers and Refiners (FPR) by small scale miners, whose production significantly improved, benefiting from Government support and gold mobilisation initiatives by Fidelity Printers to mop up gold and reduce leakages.
37. Consequently, small scale producers delivered a total of 5 112 kg during the period to September 2015. This is a significant improvement from 2 242 kg realised in the comparable period in 2014.
38. The Table below summarises Gold deliveries to Fidelity printers by large and small scale miners:

Primary Producers Gold Deliveries Jan – Sept 2015(kg)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Cum to Sept
Primary producers	809	751	970	797	830	980	934	953	988	8010
Small Scale producers	375	401	506	604	567	593	668	661	737	5112
TOTAL	1184	1152	1476	1400	1397	1573	1602	1614	1725	13 122
Av price(USD/ounce)	1252	1227	1179	1198	1199	1182	1130	1117	1125	

Diamonds

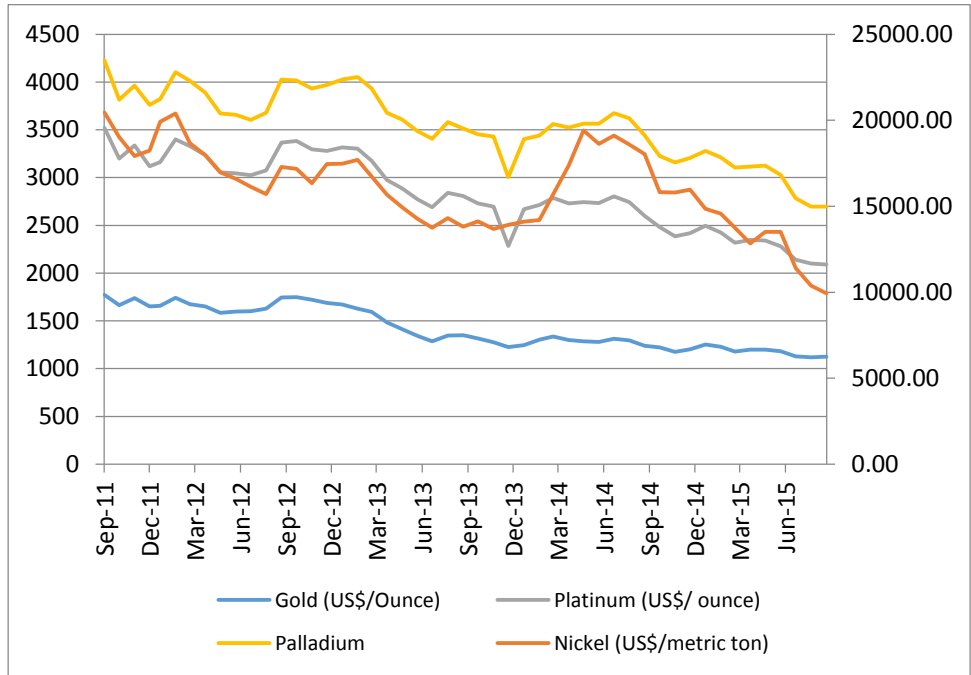
39. Annual diamond output is projected at 3.5 million carats, down from the initial projection of 6.5 million carats. The significant decline in alluvial diamonds at the Marange Diamond Fields has led to reduced diamond output.
40. Diamond output to September 2015 is estimated at 2.2 million carats compared to 3.8 million carats recorded in the similar period in 2014.
41. Output is expected to remain subdued as the industry transforms from alluvial diamond mining to conglomerates at Marange diamond fields.
42. The on-going consolidation exercise of diamond companies in Marange is expected to result in a streamlined system which will be easier to manage, and this should bring more transparency and accountability throughout the diamond value chain.

International Mineral Prices

43. International mineral prices for most commodities are softening while others continued to be depressed even in the outlook period.

44. Mineral prices remained depressed in the third quarter of the year as shown below.

International Mineral Prices



Source: kitco charts & data

Manufacturing

45. In the third quarter of 2015, the manufacturing sector performance was mainly driven by sub-sectors such as tobacco and foodstuffs particularly meat and dairy processing and oil expressers. Average capacity utilisation in these sectors was at around 60%.

46. However, capacity utilisation in sub sectors such as wood and furniture, paper, printing and publishing, chemical and petroleum products was estimated at levels below 40%.
47. Drinks and beverages sub-sector was also constrained by weak aggregate demand, forcing the companies to adopt strategies that address affordability and stimulate volume through price reductions and streamlining value chain costs.
48. The sector also benefited from the new Labour Act which allows flexibility in the labour market, hence, promoting productivity and competitiveness of local industry.
49. The Act provides a standard retrenchment package and permits companies to lay off excess labour, thereby reducing the cost of production. This resulted in more than 20 000 employees being retrenched in the quarter.
50. The growth prospects of the manufacturing sector were severely undermined by the persistent power shortages. The power outages forced the companies to reduce the working hours. Whilst, some companies incurred additional costs in investing in expensive generators.
51. In addition, other perennial challenges such as, high cost of doing business (regulatory fees, licensing costs and high cost of borrowing),

infrastructure challenges (water, rail) and low aggregate demand among others continue to weigh down the sector's prospects.

Tourism

52. The Zimbabwe Tourism Authority (ZTA) 2015 1st Half Report indicates a 7% growth in arrivals for the first 6 months of 2015. Tourist arrivals increased to 930 276 from 867 163 in 2014. Despite economic challenges currently faced, the growth is partly explained by the growing confidence in the market and destination competitiveness.
53. This 7% growth was mainly driven by arrivals from the Mainland Africa and the Oceania which rose by 26%. This has minimal downstream benefits as this is a low spending source market
54. The annual average hotel room occupancy rate dropped 1 percentage point from 42% to 41% in the first half of the year 2015 largely pulled down by declines in Masvingo, Nyanga and Mutare as shown in the table below.
55. All local markets except for Victoria Falls are largely dependent on domestic tourism. In Masvingo, for example, locals constitute an average 92% of clients' accommodation.

56. Hotel occupancies in Kariba have partly benefitted from improved air connectivity between the destination and a significant number is transit tourists.

**6.3 Hotel Room Occupancy Rates
First Half 2015/14**

	Room Capacity	Room Occupancy			2015		2014	
		2015	2014	Change	Local	Foreign	Local	Foreign
Harare	2 371	57%	53%	4%	68%	32%	71%	29%
Bulawayo	785	34%	37%	-3%	95%	5%	89%	11%
Mutare/Vumba	537	35%	40%	-5%	94%	6%	91%	9%
Nyanga	244	31%	38%	-7%	98%	2%	97%	3%
Midlands	314	36%	34%	2%	98%	2%	100%	0%
Maevungu	190	24%	34%	-10%	92%	8%	91%	9%
Kariba	447	48%	37%	11%	90%	10%	91%	9%
Hwange	293	21%	13%	8%	91%	9%	67%	33%
Victoria Falls	971	40%	39%	1%	26%	74%	29%	71%
Beitbridge	275	23%	22%	1%	95%	5%	90%	10%
National	6 427	41%	42%	-1%	85%	15%	82%	18%

Source: ZTA

57. Utilisation of facilities is driven by conferencing business although growth in the sector has been weighed down by the subdued economic activity with companies/organisations cutting down on conferencing budgets.
58. Similarly, annual average bed occupancy levels declined by 2 percentage points from 31% to 29% in 2015, with major declines recorded in Nyanga, Mutare,Vumba and Midlands.

Electricity

59. Electricity generation during the quarter was constrained relative to demand, despite the total generation being higher at 2587 GW/h compared to the previous quarter of 2518 GW/h.
60. The generation challenges worsened in the month of September following the reduction in water allocation to electricity generation from 45 billion cubic meters to 33 billion cubic meters at Lake Kariba due to low water levels.
61. This resulted in generation at the subsequent plant to fall from an average of 450 GW/h to 340 GW/h. The table below summarises electricity generation in the country.

Electricity Generation Sent Out (GW/h)

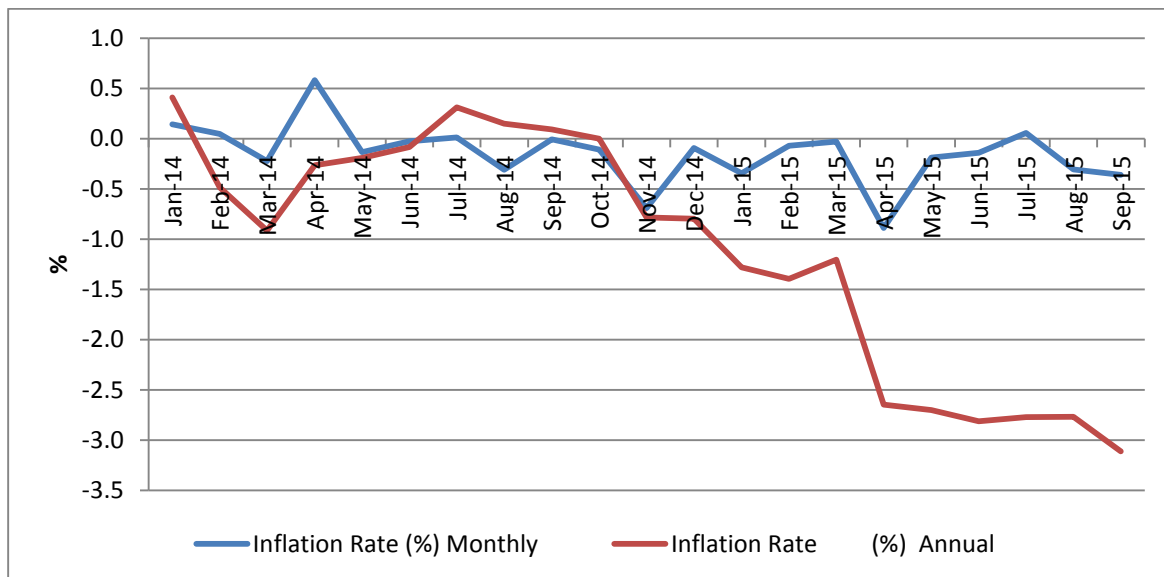
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Hwange	352.498	223.451	253.424	281.333	286.875	395.112	470.165	337.41	326.44
Kariba	419.088	376.832	464.51	447.103	493.444	465.532	469.563	491.68	340.99
Harare	18.752	14.492	19.162	12.441	22.738	17.828	22.141	15.98	19.26
Bulawayo	18.797	15.612	18.236	16.327	17.03	12.808	19.998	13.27	14.11
Munyati	16.258	17.673	17.259	17.117	15.571	16.949	16.276	16.79	13.88
Total	825.393	648.06	772.591	774.321	835.657	908.228	998.142	875.13	714.68

Source: ZPC

PRICES

- 62. Deflationary pressures persisted during the period under review, with year on year inflation for July and August at -2.8%. The general price levels further declined to close the quarter at -3.1% in September
- 63. Similarly, month on month inflation recorded 0.06% in July before weakening to -0.3% and -0.4% in August and September, respectively.

Inflation Developments: Jan 2014-Sept 2015



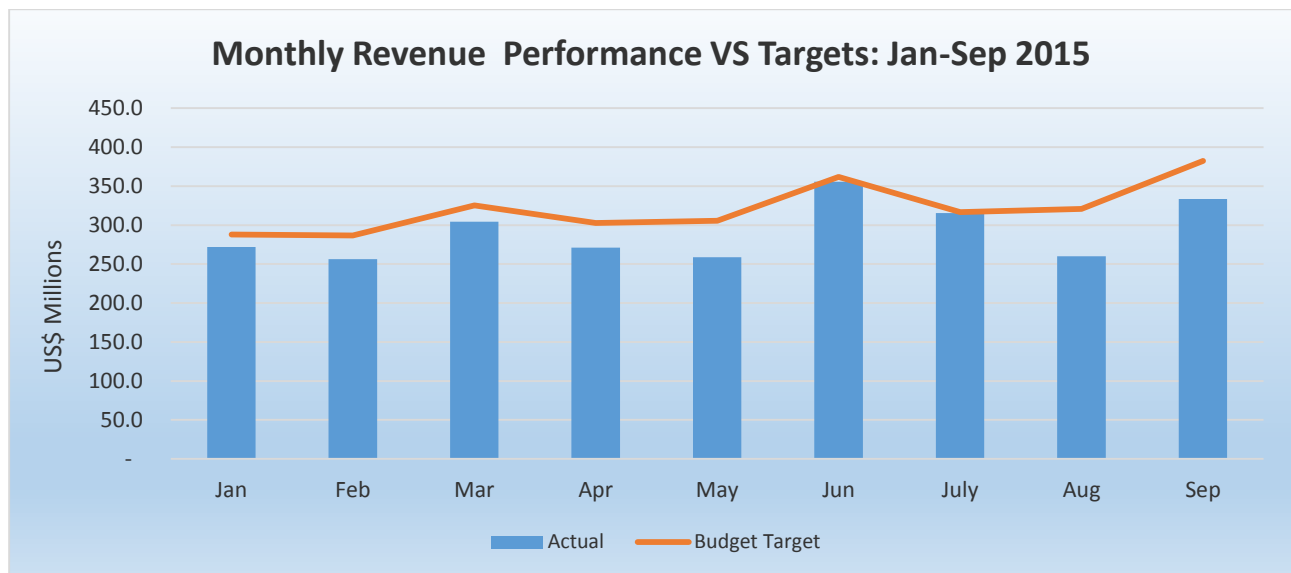
Source: ZIMSTAT

- 64. Major drivers of price changes during the period under review were housing and utilities, food and non-alcoholic beverages, and household equipment, among others.
- 65. Going forward, inflation developments are expected to be influenced by aggregate demand, international oil and food prices, as well as the country's real effective exchange rate.

FISCAL PERFORMANCE

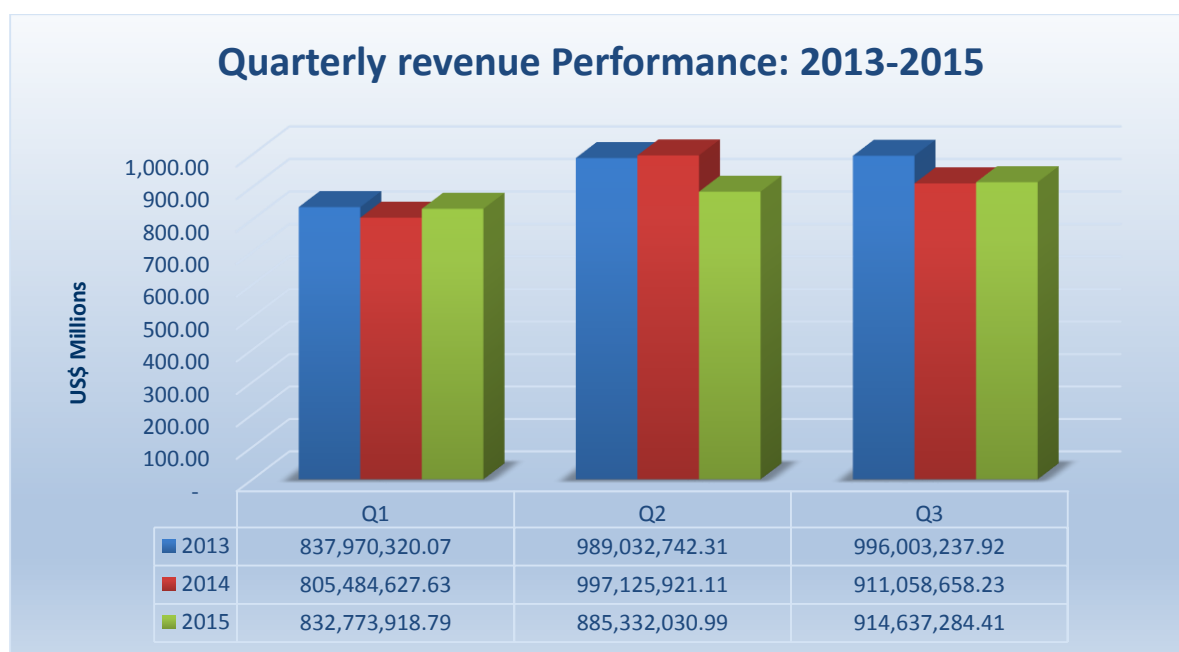
Revenue Performance

66. Revenue collections for the 9 months to September 2015 amounted to US\$2.632 billion against a cumulative Budget target of US\$2.890 billion, giving a variance of US\$258 million for the period.
67. The revenue performance to June 2015 necessitated Government working with the IMF to revise targets for the remainder of the year. The September position, therefore, results in a deficit of US\$38.2 million in light of an IMF agreed and revised target of US\$2.665 billion for the 9 months.



Source: Ministry Of Finance and Economic Development

68. The 2015 third quarter alone, recorded total revenues amounting to US\$914.6 million against a quarterly Budget target of US\$1.020 billion.
69. However, in light of the revised revenue targets, there is a resultant deficit of US\$38.2 million for the third quarter alone. With 3 months remaining in the year, an estimated US\$1.065 billion should be mobilised, if the revised annual target of US\$3.656 billion is to be achieved.
70. The third quarter revenues compare unfavorably to the prior years, as shown in the graph below, wherein US\$996 million and US\$911 million were collected in 2013 and 2014, respectively.



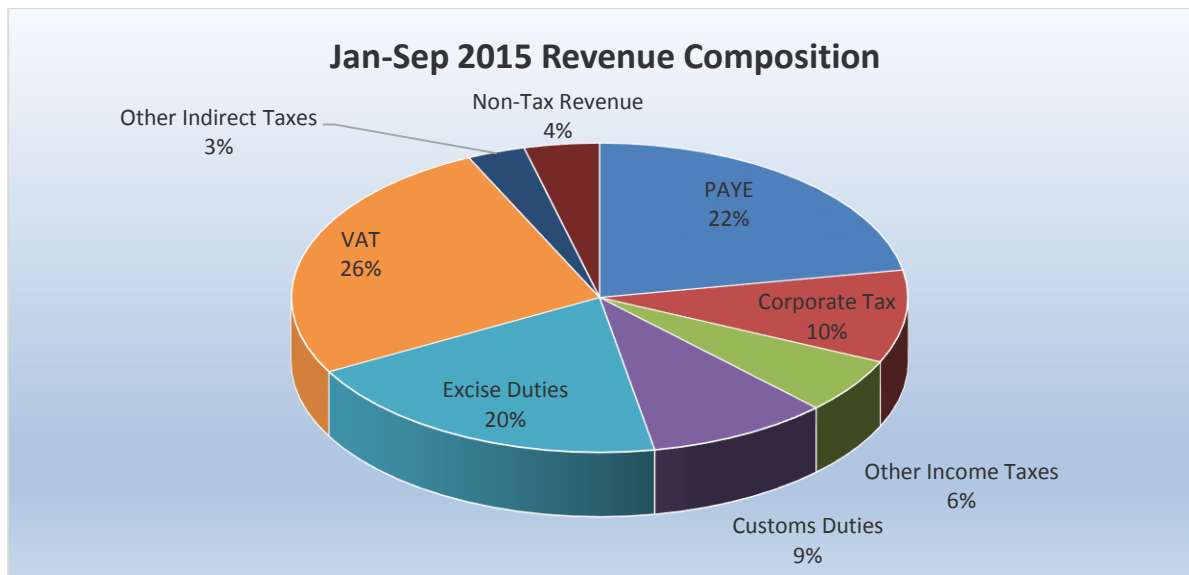
Source: Ministry Of Finance and Economic Development

71. The above trend reflects the underperformance of revenue, most notably, profit and income taxes, as well as Value Added Tax resulting from the slowdown in economic activity and the continued informalisation of the economy.

Tax revenue

72. Total tax collections amounted to US\$2.523 billion, constituting 96% of total revenue, with the remaining US\$109.5 million or 4% being non tax revenue.

73. The performance of the various revenue heads for the first 3 quarters is as shown in the graph below.



Source: Ministry Of Finance and Economic Development

74. Respective revenue heads contributions were: Value Added Tax (26%), Pay As You Earn (22%) & Corporate tax (10%) Other taxes on income (6%), Excise Duty (20%) and Non Tax Revenue (4%).

Non-Tax Revenue

75. The US\$109.5 million in non-tax revenue largely comprises services fees from Government departments. A total of US\$73.7 million was collected in fees for the first 3 quarters of 2015.

Expenditures

76. Total expenditures for the first 9 months of 2015 amounted to US\$2.896 billion against revenues of US\$2.627 billion. The continued under-performance of revenue resulted in a Budget deficit of US\$269.16 million for this period as shown in the table below.

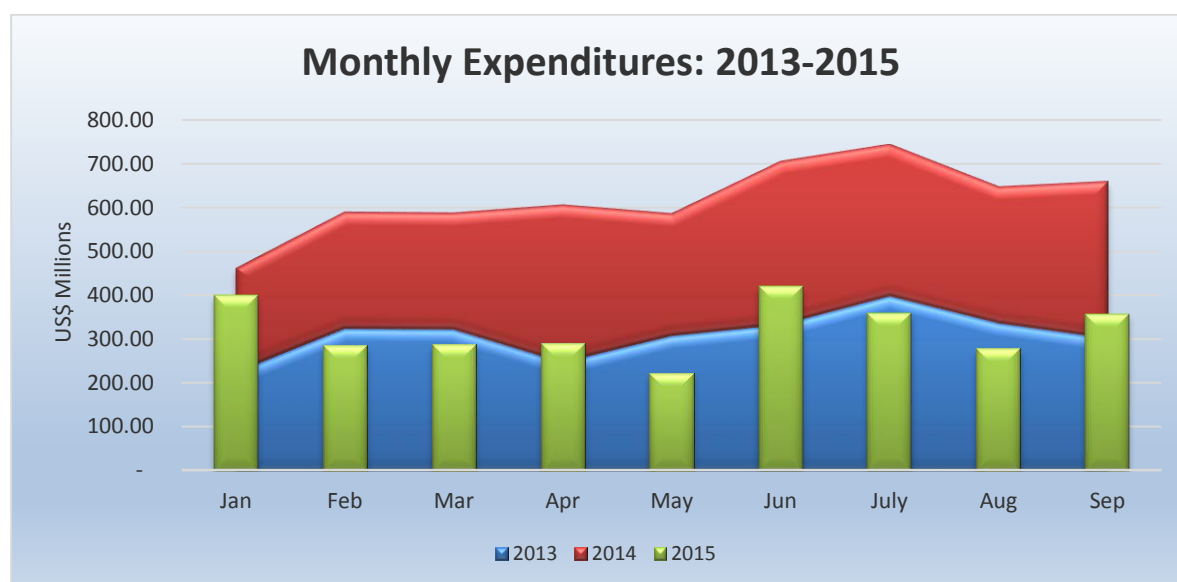
Jan-September 2015 Revenues and Expenditure

	Revenues	Expenditures	Budget Balance
Jan	272,042,542.50	398,905,557.00	(126,863,01)
Feb	256,367,635.98	285,347,927.72	(28,980,29)
Mar	304,363,740.31	287,716,252.45	16,647,4
Apr	271,007,497.41	289,934,040.80	(18,926,54)
May	258,733,972.95	221,653,505.22	37,080,4
Jun	355,590,560.63	419,504,993.51	(63,914,43)
July	315,309,775.25	358,829,325.56	(43,519,55)
Aug	260,136,470.88	277,515,289.55	(17,378,81)

Sep	333,419,588.28	356,723,730.93	(23,304,14)
Cumulative Total	2,626,971,784.19	2,896,130,622.74	(269,158,83)

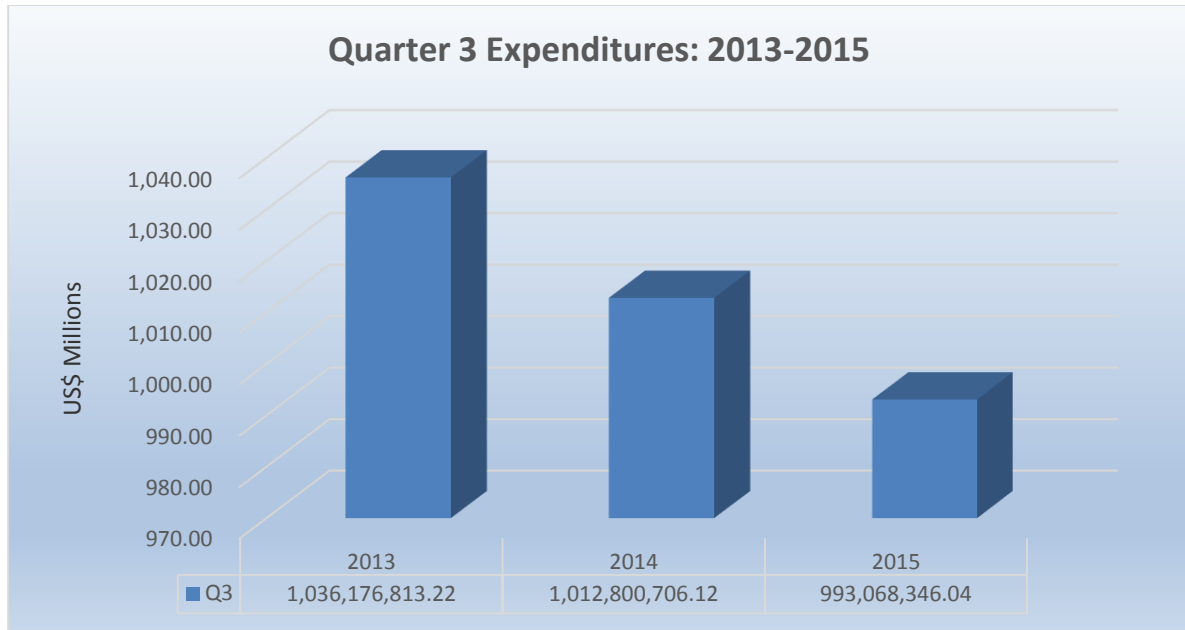
Source: Ministry of Finance and Economic Development

77. In light of the constrained revenue performance, expenditure targets were also revised in line with the IMF agreed revenue targets, albeit with the limited capacity to adjust within the short term.
78. The graph below shows the declining expenditures on an annual basis in light of the declining revenues.

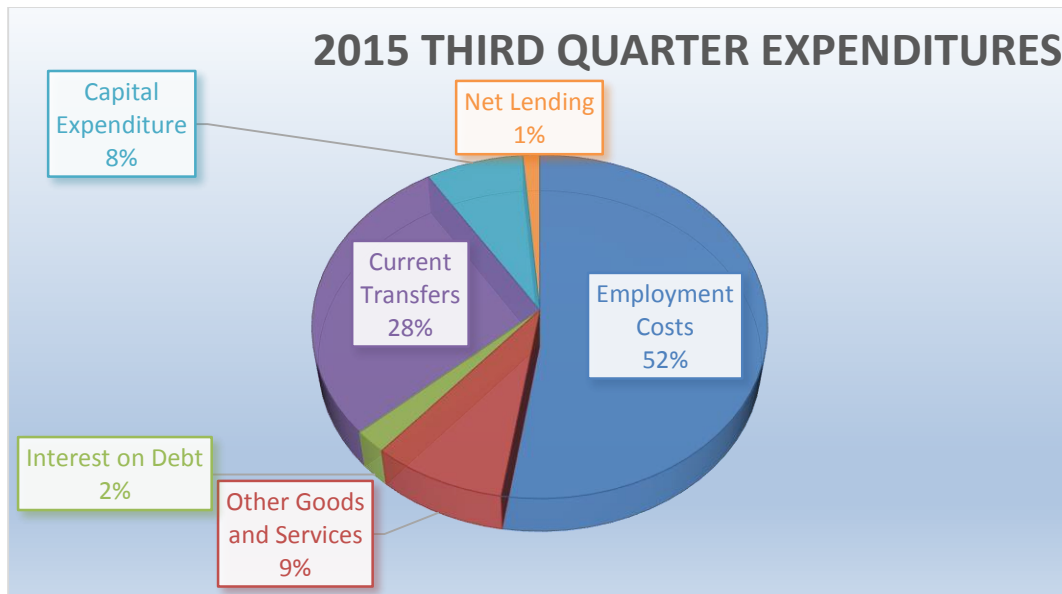


Source: Ministry of Finance and Economic Development

79. Similarly, the 2015 third quarter total expenditures are lower than in 2013 and 2014 at US\$993.07 million as shown in the graph below.



80. Government continues to work towards reducing the wage bill in order to accommodate increased non-recurrent expenditure.
81. Total employment costs for the third quarter of 2015 amounted to US\$521.1 million or 52% of total expenditure for the quarter. A total of US\$21.3 million was spent on interest payments during the quarter.



82. At least 28% went towards current transfers whilst 9% and 8% was expended on other goods and services and capital expenditure, respectively.

Capital Budget Developments

83. The major capital projects supported during the 3rd quarter are as shown in the Table below.

Project	Amount Disbursed
Harare - Mutare Road Dualisation	4,800,000
Beitbridge Water Supply	1,500,000
Tokwe-Murkosi Dam	2,634,711
Osborne Dam	1,050,000
E-Government - Construction of National Data Centre	942,150

ZIMRA Construction & Rehab of Border Posts Facilities	1,800,000
Composite offices & Government buildings	2,375,000
RG - Central Registry & Guruve District Office	1,300,000
Revitilisation of Provincial, District hospitals and Rural Health Centre	3,070,000
Upgrading of schools & other facilities including per capita grants	1,100,000

Source: Ministry of Finance and Economic Development

Financing

84. Actual Budget performance up to the month of September resulted in a budget deficit of US\$295 million. In light of the limited capacity for external financing resulting from the debt overhang, this deficit was largely financed through domestic borrowing. A net borrowing for the period to September amounted to US\$198.5 million. Repayment obligations for domestic loans as well as Treasury Bills amounting to US\$413.3 million were settled for this period.

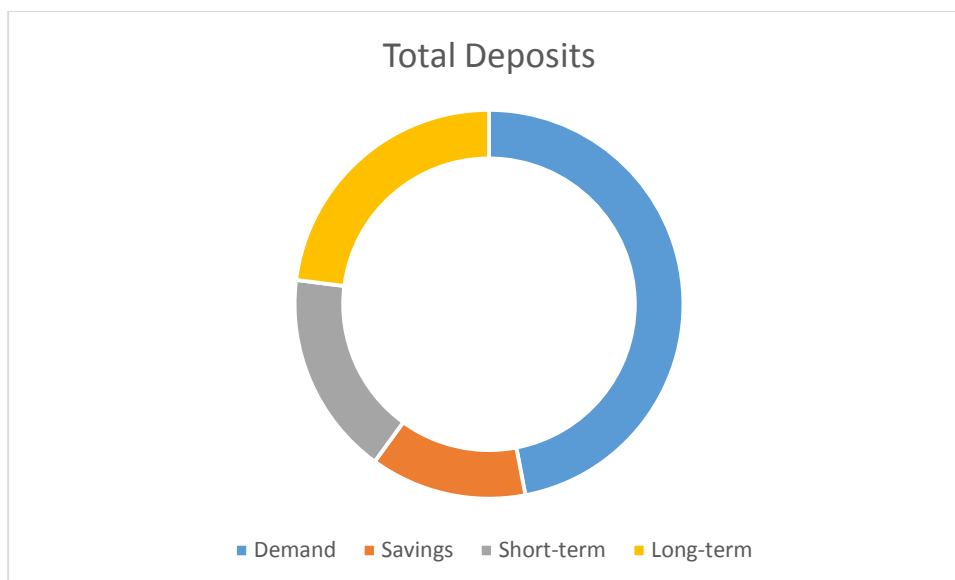
FINANCIAL SECTOR

85. The third quarter was characterized by increased activity in the financial sector as the demonitisation of the Zimbabwe Dollar as legal tender began on 1 June 2015.

Money Supply

Deposits

86. Banking sector deposits decreased by 4.51% from US\$4.338 billion in September 2014 to US\$4.586 billion in September 2015.
87. The composition of banking sector deposits has remained skewed towards demand deposits in which are transitory in nature.
88. However, long term deposits marginally increased from 16% in September 2014 to 23% in September 2015, a reflection of renewed confidence in the banking sector. The chart below illustrates the composition of deposits.

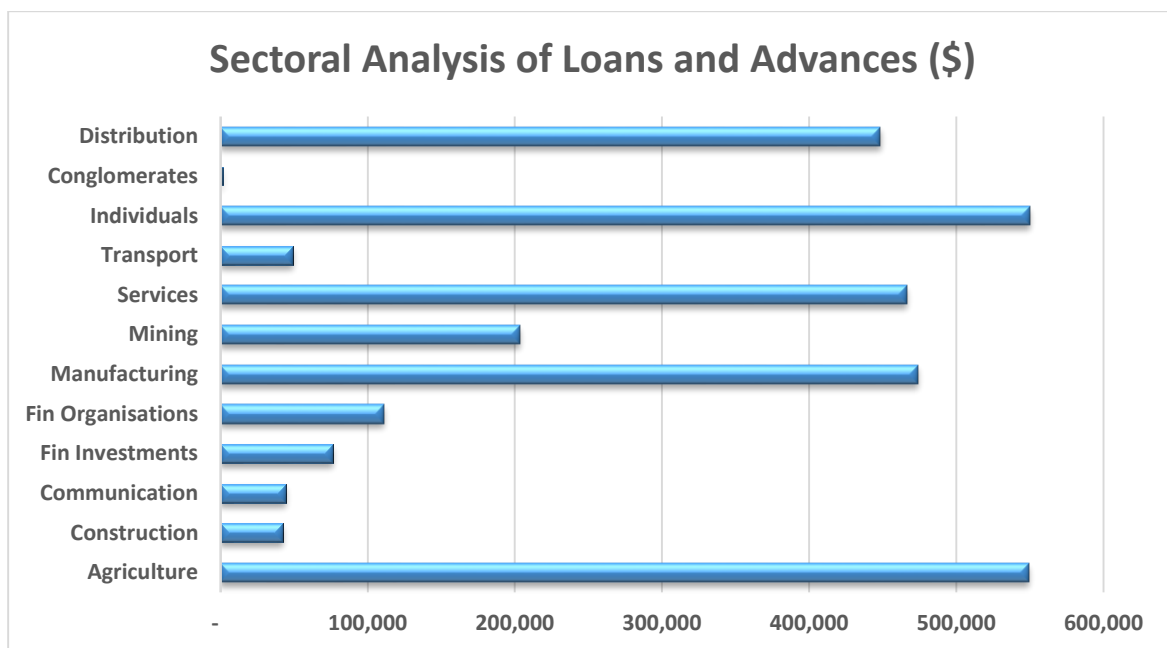


Source: Reserve Bank of Zimbabwe

Domestic Credit

89. Domestic credit increased from US\$4.267 billion in September 2014 to US\$5.079 billion mainly spurred by increase in claims to central government.
90. Total credit to central Government increased by 167% from US\$442.1 million in September 2014 to US\$1.182 billion in September 2015.
91. Credit to private sector marginally grew by 2.04% from US\$3.752 billion in September 2014 to US\$3.842 billion in September 2015.

92. The sectoral analysis of loans and advances as illustrated in the graph below shows that individuals, agriculture, manufacturing and mining sectors received the larger share of the financing cumulative to September 2015.



Source: Reserve Bank of Zimbabwe

Interest Rates

93. The weighted lending rates ranged from 8.47% per annum to 11.86% per annum. However, the Reserve Bank of Zimbabwe in conjunction with the Bankers Association of Zimbabwe has signed a Memorandum of Understanding whereby they agreed on an interest rate range of between 5 to 18% for lending rates with effect from 1 October 2015.

Average Deposit Rates and Weighted Lending Rates

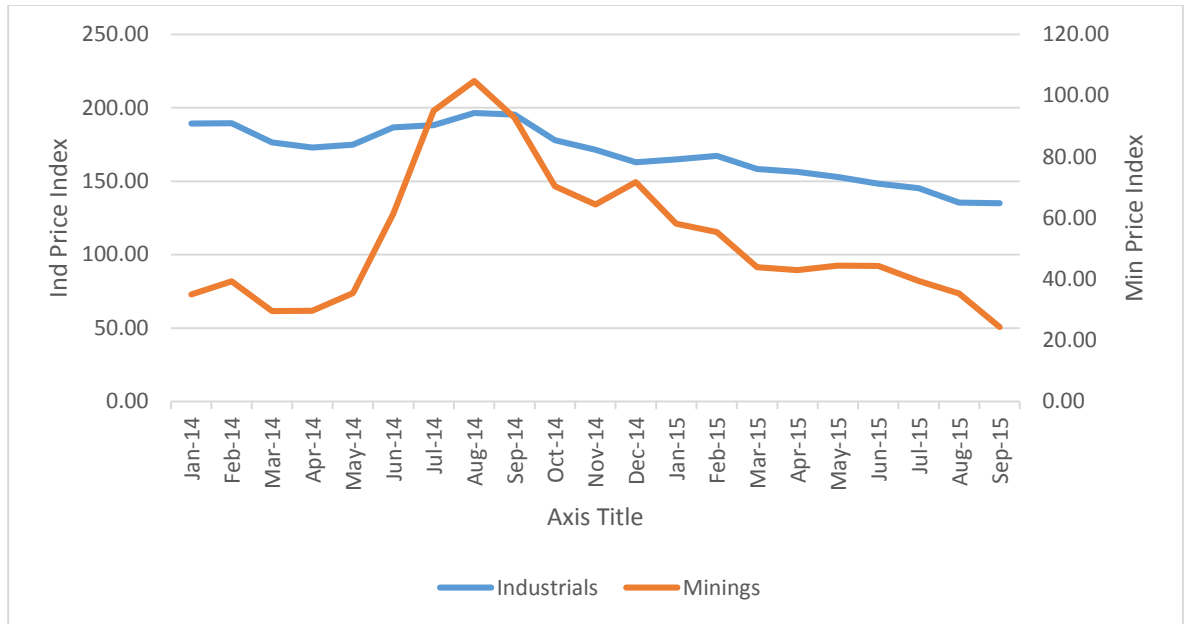
2015	Savings Deposits	30 Day Deposits	90 Day Deposits	Individual Lending Rates	Corporate Lending Rates
21-Aug-15	3	8.11	9.11	11.96	8.51
28-Aug-15	3	8.11	9.11	11.96	8.51
4-Sep-15	3	8.11	9.11	11.86	8.47

Source: Reserve Bank of Zimbabwe

Zimbabwe Stock Exchange

94. The stock exchange was dominated by bears in the third quarter of 2015 a continuation from the previous quarter as indicated by decline in ZSE index.
95. The industrial index declined by 13.47 points (-9%) to 134,93 points in September from 148.4 points in June 2015.
96. The mining sector index decline by 19.94 points to 24.36 points in September from 44.3 points in June 2015.

Zimbabwe Stock Exchange Performance: June – September 2015



Source: ZSE

97. Market capitalization also decreased by 11% from US\$3.865 billion in June to US\$3.444 billion in September 2015.
98. The poor performance of the ZSE is partially explained by the prevailing economic environment characterized by low demand, negative inflation and falling commodity prices.
99. The ZSE is expected to continue on the bearish mode in the fourth quarter of 2015 exacerbated by the ongoing power crisis that is affecting the whole economy.

EXTERNAL SECTOR

Exports

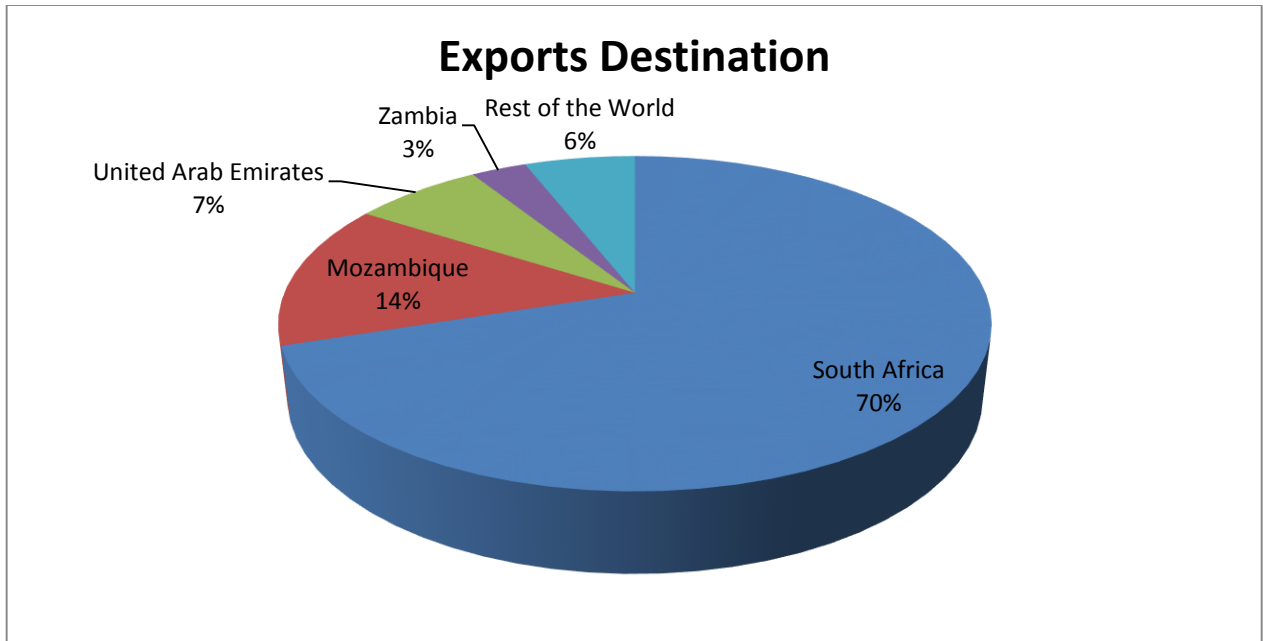
100. Exports stood at US\$554 million in the third quarter, compared to US\$482 million recorded in the previous quarter. This represents a 15% increase.
101. Cumulatively, exports for the period January to September stood at US\$1.7 billion compared to US\$2.1 billion recorded in the corresponding year in 2014.

Exports: 2015

	1 st Quarter		2 nd Quarter		3 rd Quarter
Month	US\$	Month	U\$	Month	
January	247,424,876	April	180,399,568	July	205,137,992
February	253,096,254	May	125,183,278	August	142,359,233
March	182,068,794	June	176,034,850	September	206,937,239
Total	682,589,924	Total	481,617,695	Total	554,434,463

Source: ZIMSTAT, 2015

102. The major exports include minerals and tobacco. The major exports destination were South Africa and Mozambique as indicated below.



Source: ZIMSTAT, 2015

Imports

103. Imports stood at US\$1.45 billion in the third quarter, compared to US\$1.26 billion recorded in the previous quarter. This represents a 15% increase.
104. Cumulatively, exports for the period January to September stood at US\$4.0 billion compared to US\$4.7 recorded in the corresponding year in 2014.

Imports: 2015

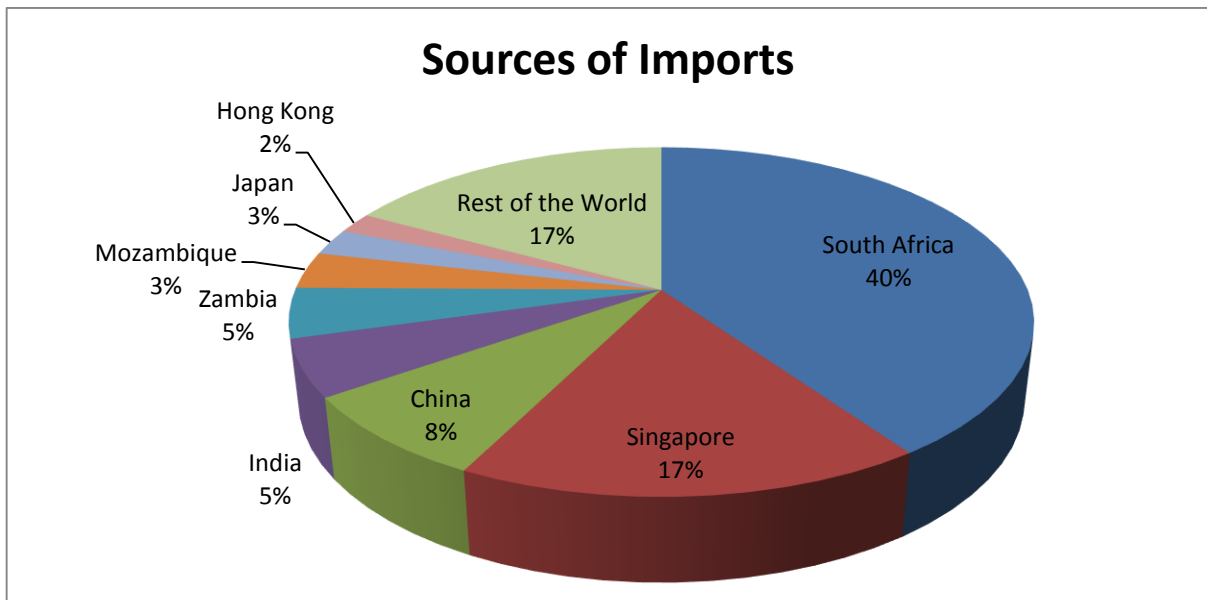
	1st Quarter		2nd Quarter		3rd Quarter
Month	US\$	Month	US\$	Month	US\$
January	458,531,417	April	380,576,136	July	496,349,636

February	420,636,930	May	401,592,441	August	458,629,398
March	438,223,931	June	482,676,106	September	502,032,439
Total	1,317,392,277	Total	1,264,844,683	Total	1,457,011,474

Source: ZimStat

105. The increase in imports reflects the overreliance on foreign goods and services that can be locally produced.

106. Major imports include fuels, food stuffs, and motor accessories. The top source countries of imports include South Africa, Singapore and, China, as shown below.



Source: ZIMSTAT, 2015

107. The country's import cover is less than 30 days, which is below the SADC convergence target of 3 months cover.

Trade Gap

108. The trade deficit slightly worsened, reaching US\$903 million in the third quarter compared to US\$ 783 million recorded in the second quarter.
109. Cumulative trade gap for the period January to September stood at US\$2.3 billion, as indicated in the table below.

Table 3: Trade Gap, January-September, 2015

	Exports	Imports	Trade Gap
January	247,424,876.17	458,531,417.03	(211,106,540.86)
February	253,096,254.03	420,636,929.78	(167,540,675.74)
March	182,068,794.28	438,223,930.66	(256,155,136.38)
April	180,399,567.51	380,576,135.71	(200,176,568.20)
May	125,183,278.12	401,592,441.34	(276,409,163.22)
June	176,034,849.74	482,676,106.24	(306,641,256.50)
July	205,137,991.61	496,349,636.28	(291,211,644.67)
August	142,359,233.13	458,629,397.93	(316,270,164.80)
September	206,937,238.61	502,032,439.38	(295,095,200.77)
Total	1,718,642,083.20	4,039,248,434.35	(2,320,606,351.15)

Source: ZimStat

Remittances

110. In the third quarter, remittances stood at US\$ 485 million against US\$ 457 million recorded second quarter.
111. Cumulatively, remittances for the nine months stood at U\$1.4 billion compared to US\$1.2 billion recorded in the corresponding period in 2014.

112. The increase was on account of improved confidence by the diasporans in sending money through the formal system.

MONTH	NGOS	FREE FUNDS	MTAs	TOTAL
JANUARY	73,788,867	23,425,815	48,708,621	145,923,302
FEBRUARY	81,066,730	26,709,341	41,409,569	149,185,640
MARCH	86,591,597	27,170,445	39,904,826	153,666,868
APRIL	89,211,534	28,857,502	35,933,636	154,002,672
MAY	65,895,147	21,813,600	55,623,873	143,332,620
JUNE	99,738,613	20,779,813	39,293,557	159,811,983
JULY	85,513,190	27,194,327	52,737,614	165,445,132
AUGUST	83,137,701	25,245,501	38,007,156	146,390,357
SEPTEMBER	98,816,542	25,501,240	49,451,811	173,769,593
Total	763,759,922	226,697,585	401,070,661	1,391,528,168

CONCLUSION

113. Treasury will continue to update on quarterly economic developments on a regular basis.

