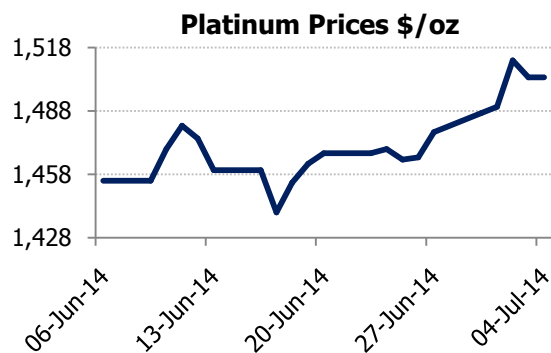
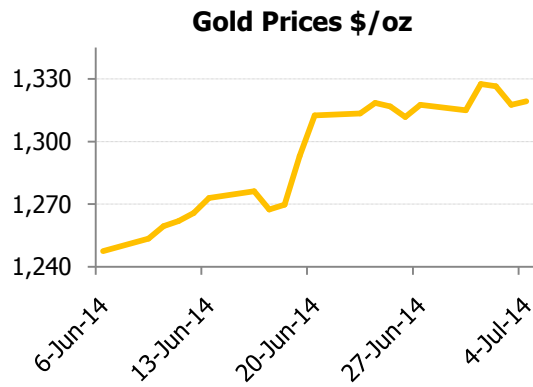


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart



Commodity Prices

Avg Prices US\$/oz	QoQ %Δ	
Q1:13	1,411	-15.51
Q2:13	1,415	0.28
Q3:13	1,329	-6.08
Q4:13	1,271	-4.36
Q1:14	1,293	1.73
Q2:14	1,289	-0.31

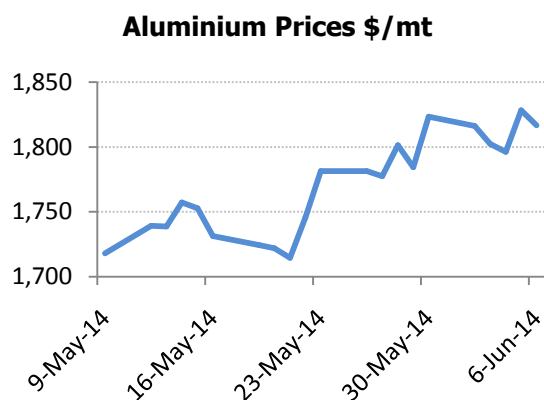
Daily	WoW %Δ	
27-Jun-14	1,318	
30-Jun-14	1,315	
1-Jul-14	1,328	
2-Jul-14	1,327	
3-Jul-14	1,318	
4-Jul-14	1,319	
0.13		

Avg Prices US\$/oz	QoQ %Δ	
Q1:13	1,487	-4.13
Q2:13	1,466	-1.41
Q3:13	1,451	-1.02
Q4:13	1,396	-3.79
Q1:14	1,427	2.22
Q2:14	1,446	1.33

Daily	WoW %Δ	
27-Jun-14	1,478	
30-Jun-14	1,487	
1-Jul-14	1,490	
2-Jul-14	1,512	
3-Jul-14	1,504	
4-Jul-14	1,504	
1.76		

Commodity Developments

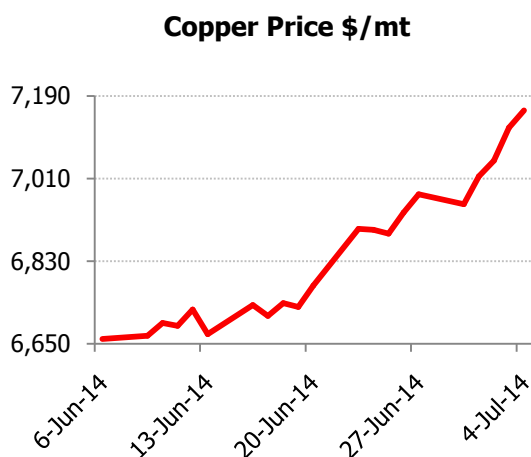
- Average Gold prices in the Q2:14 were 0.3% lower than the previous quarter and 8.9% down on a year-on-year basis. Improving global economy has dented the yellow metal appeal as a hedge and prices are expected to weaken further in the 2nd half of the year.
- During the past week, tensions in the Middle East and Ukraine were pushing up Gold prices whilst strong June US jobs data provided evidence of economic growth heading into the 2nd half of the year, pulling down prices. With these mixed opposing forces, bullion ended the week steady above the US\$1,300/oz mark.
- In a separate note, Gold producers will return to net hedging for the 1st time since 2011 after one of the top ten producers, Polyus Gold, announced a 2-yr programme to sell Gold forward. Hedging, or selling future gold production, allows miners of the metal to lock in prices for their output. While it can protect producers when prices are falling, it can also stop them capitalising on a rising market.
- Geopolitical concerns, strikes in top producer SA, improved demand from auto manufacturers and improving global economy have supported Palladium and Platinum prices to register 2 successive quarterly gains.
- The metals which are used as catalytic converters in vehicle engines were boosted last week by data showing that US auto sales hit an 8-yr high in June suggesting robust demand growth for the metals.
- Although a wage deal was struck in SA to end a 5-month strike that had crimped output, there are concerns that supplies in SA may still tighten after another strike broke out in the metal and engineering sector, stoking supply fears.
- The strike has impacted supply of components to General Motors SA plant whilst BMW brought forward a week of pre-planned annual plant shut down.

Commodity 30-Day Price Chart

Commodity Prices

Avg Prices US\$/t		QoQ %Δ
Q1:13	1,847	-8.96
Q2:13	1,836	-0.60
Q3:13	1,783	-2.89
Q4:13	1,767	-0.90
Q1:14	1,709	-3.28
Q2:14	1,800	5.32
Daily		WoW %Δ
27-Jun-14	1,850	
30-Jun-14	1,850	
1-Jul-14	1,837	
2-Jul-14	1,862	
3-Jul-14	1,890	
4-Jul-14	1,893	
		2.32

Commodity Developments

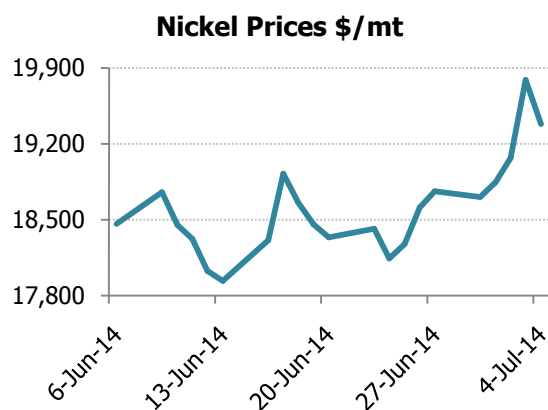
- Production cuts by aluminium giants supported prices in the Q2:14 to record a higher average compared to the previous quarter. Smelters closed about 2m tonnes of high-cost capacity between late 2013 and June 2014 as prices tanked on worries of oversupply and Chinese economy slow down.
- Aluminium which is 30% lighter than steel will benefit from the need by car manufacturers to cut their cars' weight and emissions as tighter Global fuel economy and emissions rules drive a push for lighter cars.
- In this respect, European luxury brands such as Volkswagen AG's Audi and BMW AG are expanding their use of aluminium in high-end, high-margin cars. Ford will begin building its flagship F-150 pickup with an aluminium body later this year, making it the 1st such mass-market vehicle.
- However, Asian mass automakers are working with steel manufacturers to develop lighter steel, limiting their use of aluminium to parts of hybrid and premium vehicles such as Toyota Lexus IS.
- In a related development, Mercuria Energy Trading SA has alumina worth about US\$44 million stuck at China's Qingdao Port, where an investigation into a suspected financing fraud has been taking place.



Avg Prices US\$/t		QoQ %Δ
Q1:13	7,332	-7.91
Q2:13	7,161	-2.33
Q3:13	7,086	-1.05
Q4:13	7,163	1.09
Q1:14	7,030	-1.86
Q2:14	6,795	-3.34
Daily		WoW %Δ
27-Jun-14	6,976	
30-Jun-14	6,955	
1-Jul-14	7,015	
2-Jul-14	7,049	
3-Jul-14	7,121	
4-Jul-14	7,159	
		2.62

- Chinese economic growth concerns accompanied by new lower cost production from the Middle East led to quarterly copper average prices decline.
- Over the past week, the red metal prices surged supported by positive US jobs data which boosted demand for industrial metals. The data came after a survey showed that global business activity picked up in June, with new orders pouring in at their fastest rate in over 3yrs.
- Global economic activity is expected to strengthen in the 2nd half of the year although momentum could be weaker than earlier anticipated, boosting demand for industrial metals.
- In a separate note, Africa's number 1 copper producer, DRC, has earned full membership to the Extractive Industries Transparency Initiative (EITI), the global organisation promoting good management of oil, gas and mineral resources, a move that will enhance transparency and accountability to the management of its natural resources.

Commodity 30-Day Price Chart



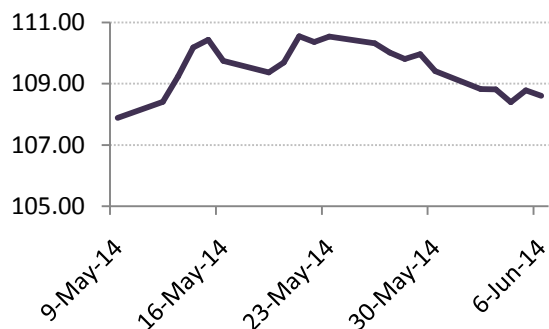
Commodity Prices

Avg Prices US\$/t		QoQ %Δ
Q1:13	15,032	-14.34
Q2:13	14,967	-0.43
Q3:13	13,956	-6.75
Q4:13	13,909	-0.34
Q1:14	14,661	5.41
Q2:14	18,468	25.97
Daily		WoW %Δ
27-Jun-14	18,763	
30-Jun-14	18,710	
1-Jul-14	18,848	
2-Jul-14	19,070	
3-Jul-14	19,790	
4-Jul-14	19,383	
		3.30

Commodity Developments

- Indonesian ban on ore exports, supply concerns out of Russia after it annexed Crimea and SA labour woes supported Nickel prices in the Q2:14 to record a 26% growth in average price on a quarterly basis.
- Indonesia shares the crown of Nickel production with the Philippines, producing 440,000t of the metal in 2013 whilst Russia produced 250,000t to notch the 3rd spot. SA which is the produced 48,000t last year. Any disruption in these countries will have a great impact to the global supply of the commodity.
- Just like other metals, last week's positive US jobs data which suggest that the economy is rebounding after a slump at the beginning of the year lifted nickel. The short to medium term outlook for the metal is certainly favourable although there are no tangible signs of scarcity or diminishing stocks given downside supply shocks.
- In Zim, US firm Raptor Resources Holdings has finalised its plan to develop its green field nickel and copper mineral claims in Shamva.
- The Ukraine crisis, political and civil unrests in the Middle East soared oil prices to record a higher quarterly average of US\$109.8/bbl in the Q2:14.
- The commodity with unquestionable strong demand has found support from supply shocks due to geopolitical concerns in some of major producers.
- Prices dropped last week after Libya declared an end to an oil crisis that has slashed exports from the OPEC member. The Gvt reached a deal with rebels last week to gain control of Ras Lanuf and Es Sider oil ports, ending an almost year-long occupation that reduced Libya's output to less than a quarter of the 1.4m bpd it was pumping before protests began last summer.
- Improved production from Asia, US and Saudi Arabi has also depressed oil prices with European refiners struggling with depressed margins.

Oil Brent prices \$/bbl



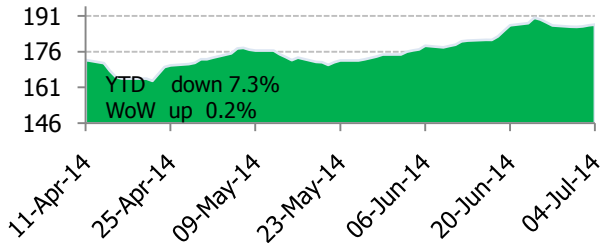
Avg Prices US\$/bbl		QoQ %Δ
Q1:13	108.90	-5.42
Q2:13	103.00	-5.42
Q3:13	110.10	6.89
Q4:13	109.40	-0.64
Q1:14	107.90	-1.37
Q2:14	109.80	1.76
Daily		WoW %Δ
27-Jun-14	113.30	
30-Jun-14	112.36	
1-Jul-14	112.29	
2-Jul-14	111.24	
3-Jul-14	111.00	
4-Jul-14	110.64	
		-2.35

Equities 90-Day Index Charts

Zimbabwe



ZSE Industrial Index

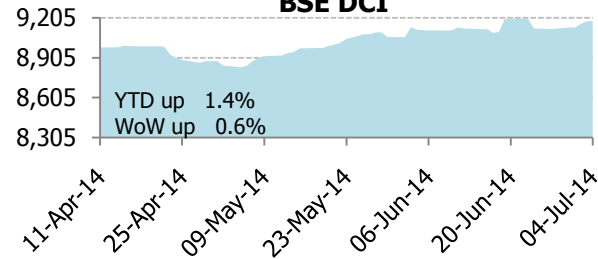


- The economy is struggling to lure foreign investors who want to see consistent economic policy and a stable political environment before committing funds.

Botswana



BSE DCI

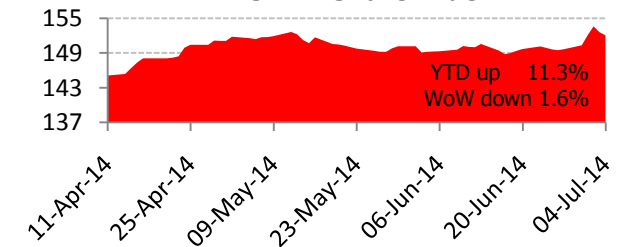


- Public debt fell to 14.4% of GDP in 2012, down from 17% in 2011. It further decreased to 14.3% in 2013 and expected to further down to 12.7% of GDP this year. Monitoring public debt is important for development and identifying and correcting deviation from desired status.

Kenya



NSE All Share Index

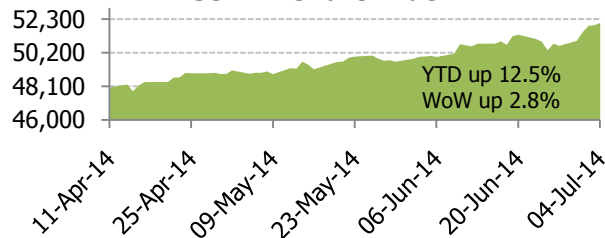


- NSE will sell 31% of its own shareholding in the bourse after receiving regulatory approval, aiming to complete the sale during the 2nd half of this year. NSE will be the 2nd African Exchange after the JSE to be demutualised and to have transitioned from a private, mutual company to a public, listed company.

South Africa



JSE All Share Index

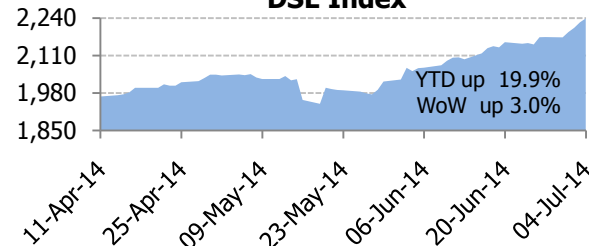


- Leaders of the BRICS nations will launch their long-awaited development bank at a summit next week and decide whether the headquarters should be in Shanghai or New Delhi. The creation by Brazil, Russia, India, China and SA of a US\$100bn bank has been slow with disagreements over its funding, management and headquarters.

Tanzania



DSE Index

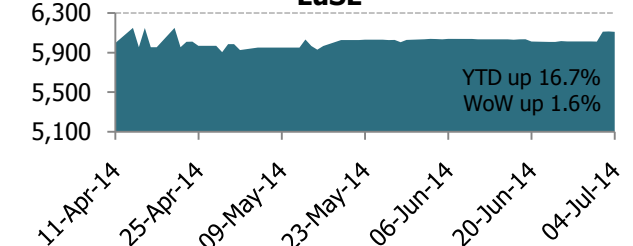


- OPEC member and gas exporter Algeria is in advanced talks to start oil and gas exploration in Tanzania, boosting its ambitions to expand in east Africa. Algeria's Sonatrach had also negotiations with neighbour Mozambique to buy a stake in offshore gas projects operated by Italy's Eni and Anadarko Petroleum Corp.

Zambia



LuSE



- Tanzania and Zambia plan to inject US\$80m to bail out Tanzania-Zambia Railway Authority (TAZARA), a jointly owned railway firm suffering from decades of under-investment.

Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending							
27-Jun-14	8.81	30.64	1,654	6.17	10.62	1.362	1.703
Daily							
30-Jun-14	8.79	30.65	1,649	6.26	10.61	1.365	1.702
1-Jul-14		30.65	1,651	6.28	10.62	1.369	1.710
2-Jul-14	8.83	30.65	1,651	6.26	10.71	1.366	1.715
3-Jul-14	8.87	30.64	1,655	6.23	10.78	1.366	1.716
4-Jul-14	8.86	30.64	1,655	6.18	10.75	1.359	1.715
WoW %Δ	0.53	0.00	0.06	0.10	1.26	-0.27	0.68
YTD %Δ	1.59	2.72	5.68	12.11	2.71	-1.40	3.79

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
Wk Ending				
27-Jun-14	0.829	2.89	0.582	155
Daily				
30-Jun-14	0.830	2.89	0.590	155
01-Jul-14		2.88	0.590	155
02-Jul-14	0.826	2.85	0.582	155
03-Jul-14	0.824	2.83	0.578	154
04-Jul-14	0.825	2.85	0.575	153
WoW %Δ	-0.38	-1.38	-1.27	-1.29
YTD %Δ	-1.25	-0.70	10.08	2.79

Exchange Rate Developments

- The USD failed to register huge gains after last week's data showing a jump in US job creation left markets in an optimistic mood but did not convince investors it would be a trigger for the Fed Reserve to tighten its monetary policy.
- Considering the strength of US jobs data over the past months, the failure of the USD to recover is a sign that investors feel that the Fed Reserve has no appetite for hiking rates in the near future.
- The GBP was the main weekly winner on major currency markets, near 6-year highs versus the USD and against a basket of currencies.
- The GBP appreciated after strong manufacturing data showing a rebound in UK economy, boosted expectations that the Bank of England (BoE) will become the first major central bank to raise interest rates.
- Policy makers have however expressed concern about the rise in the value of the sterling, arguing that it could exacerbate existing imbalances in the British economy.
- The ZAR fell against all currencies hitting low on the 3rd after SA police fired rubber bullets to disperse workers who blocked the entrance to the construction site of state power utility Eskom's Medupi power station.
- More than 220,000 workers led by union NUMSA are demanding wage increases of between 12% and 15%. The strike, which affects vital sectors of the economy including the construction of much-needed power plants, is estimated to cost SA around US\$28m per day in lost output.
- All BancABC markets' currencies appreciated against the strike-hit ZAR and were stable against the USD.

Disclaimer

The information contained herein has been prepared by BancABC on behalf of itself and its affiliated companies solely for information purposes for BancABC clients. Whilst reasonable care has been taken in the preparation of the report to ensure that the information contained herein is not untrue or misleading however, BancABC makes no representation as to its accuracy or completeness thereof and accepts no liability whatsoever for any errors or omissions contained therein, or prejudice occasioned from use of the said information.

Contact telephone numbers: 369701-16; 752383-5

Appendix: Focus on Tanzania – GDP Sectoral Performance

Sector	Weight on GDP	Growth %		Comment
		2012	2013	
Fishing	1.4	2.9	2.2	<ul style="list-style-type: none"> This decline was attributed to reduced fish stocks following the use of unauthorised fishing gear and the destruction of fish breeding sites. 130,974 new jobs
Transport	5.3	7.1	6.2	<ul style="list-style-type: none"> The decline was due to decrease of transportation of air cargo. For the 2014/15 budget, a total of TZS 2,109.0 billion has been set aside of which TZS179.0bn is for procurement of wagons and rehabilitation of the central railway line and TZS1,414.8bn for construction and rehabilitation of roads and bridges.
Construction	8.2	7.8	9.4	<ul style="list-style-type: none"> Construction contribution to GDP grew from 5.1% in 2001 to 8.1% as of 2012. Growth spearheaded by infrastructure development. 32,132 new jobs
Mining	3.5	7.8	6.9	<ul style="list-style-type: none"> 453 new jobs Over the year to Apr-14, gold exports amounted to US\$1,760m which were 10.5% below the value of export in 2013.
Manufacturing	8.4	8.2	7.7	<ul style="list-style-type: none"> Growth driven by low technology manufacturing which are small-scale, mostly targeting domestic and regional markets. The Annual Survey of Industrial Production 2008, conducted by the National Bureau of Statistics, reports that 88% of manufacturing enterprises employ less than 5 workers, and 97% employ less than 10 workers. The sector is critical for achieving middle income status
Electricity & Gas	1.9	6.0	4.4	<ul style="list-style-type: none"> The hydropower production is highly dependent on a good rainfall season. However, increasing variability in rainfall means the country is often forced to rely on more costly fuel imports for generators.
Water Supply	0.3	5.4	4.9	<ul style="list-style-type: none"> A total of TZS665.1bn has been set aside to improve urban and rural water infrastructure which include continuing with the construction of 10 water wells in every Local Authority and completion of the water pipeline from Lower Ruvu, Bagamoyo to Dar es Salaam.
Communications	2.3	20.6	22.8	<ul style="list-style-type: none"> 13,619 new jobs Low mobile penetration means that growth potential is still high.
Education	1.4	6.5	5.9	<ul style="list-style-type: none"> The education sector has been allocated a budget of TZS3,465.1bn of which TZS 307.3 billion has is for financing higher education loans. Created highest number of jobs totalling 36,073 for the period to Apr-14
Health	1.7	5.6	5.6	<ul style="list-style-type: none"> A total of TZS1, 588.2bn has been set aside for procurement of medicines, prevention of epidemic diseases, amongst others. 11,221 jobs created
Overall GDP		6.9	7.0	<ul style="list-style-type: none"> Among the fastest growing economies in Sub-Saharan Africa (SSA) Ranked 8th in SSA and 1st in East African countries Total of 630,616 new jobs created for the period to Apr-14. Of this total, 211,970 jobs where from the private sector.