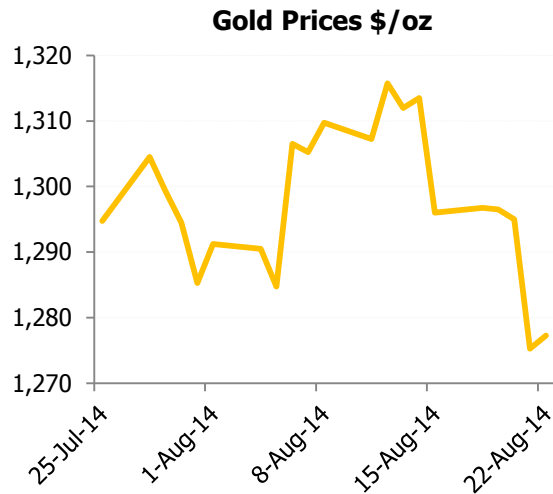


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart

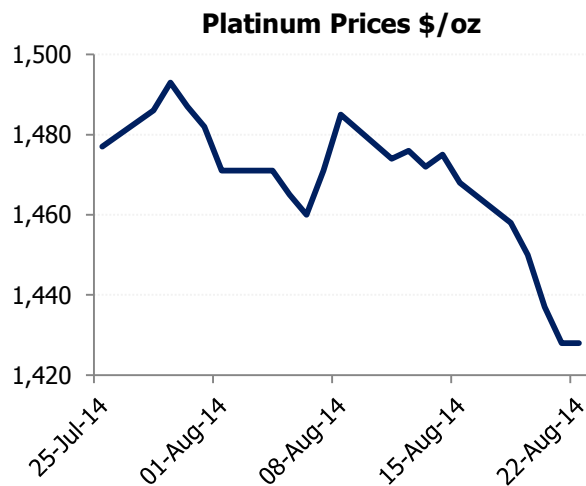


### Commodity Prices

Daily	US\$/oz	WoW %Δ
15-Aug-14	1,296	
18-Aug-14	1,297	
19-Aug-14	1,297	
20-Aug-14	1,295	
21-Aug-14	1,275	
22-Aug-14	1,277	
		<b>-1.45</b>

### Commodity Developments

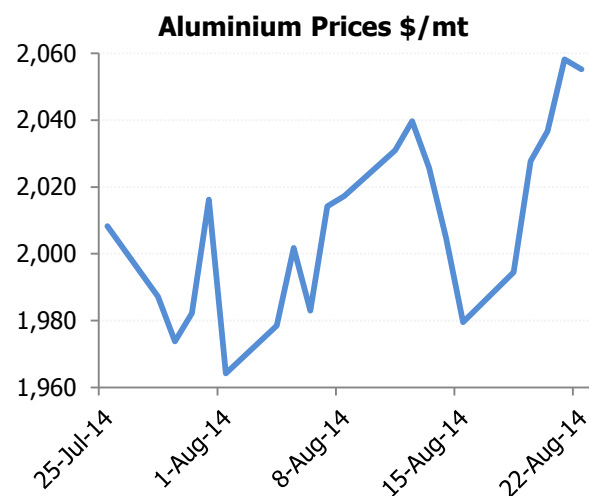
- Gold prices were on a decline after earlier strong US labour markets data which suggests a continued rebound of the US economy.
- The metal registered a weekly loss as speculation over an early interest rate hike following the Fed minutes earlier in the week weighed down heavily on the yellow metal.
- Physical demand of gold from major consumers China and India remained weak. However buying from India is expected to increase heading into the festival and wedding season, when it is traditionally considered auspicious to buy the metal.
- In production, lower gold prices and Resolute Mining decision to halt operations at its Golden Pride mine in Tanzania has seen its 2014 revenue declining by 15% and profits plunge by 60% YoY. Golden Pride mine produced 37,990oz of gold during the last full year before production was ceased in Dec-13.



Daily	US\$/oz	WoW %Δ
15-Aug-14	1,468	
18-Aug-14	1,458	
19-Aug-14	1,450	
20-Aug-14	1,437	
21-Aug-14	1,428	
22-Aug-14	1,428	
		<b>-2.72</b>

- Platinum just like gold was hit by easing tensions in Ukraine and rebound in US labour market. The standoff between the West and the world's 2<sup>nd</sup> largest producer of PGMs, Russia, raised prospects that wider Western sanctions on Russia and Moscow's retaliation may affect some of the metals' producers in Russia. However, there is no mining company so far targeted by those sanctions.
- In SA platinum miner Lonmin said it has not made a decision yet on the size and shape of any business restructuring and its immediate aim is to ramp up production after a crippling 5-month platinum strike that hit the sector this year. The company is planning a business restructuring, which will include the shutdown of some of the company's shafts and job cuts.
- Impala Platinum's Zim unit Zimplats has ceased operations at its Bimha mine following an underground collapse in July, the company said on the 20<sup>th</sup> of Aug, adding that the stoppage could cost it 70,000oz in 2015. The potential loss of 70,000oz translates to US\$99.96m, at current spot price.

### Commodity 30-Day Price Chart

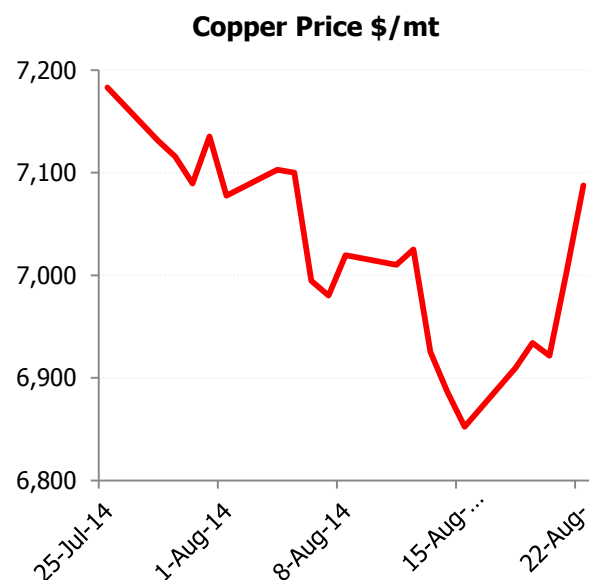


### Commodity Prices

Daily	US\$/t	WoW %Δ
15-Aug-14	1,980	
18-Aug-14	1,995	
19-Aug-14	2,028	
20-Aug-14	2,037	
21-Aug-14	2,058	
22-Aug-14	2,055	
		<b>3.83</b>

### Commodity Developments

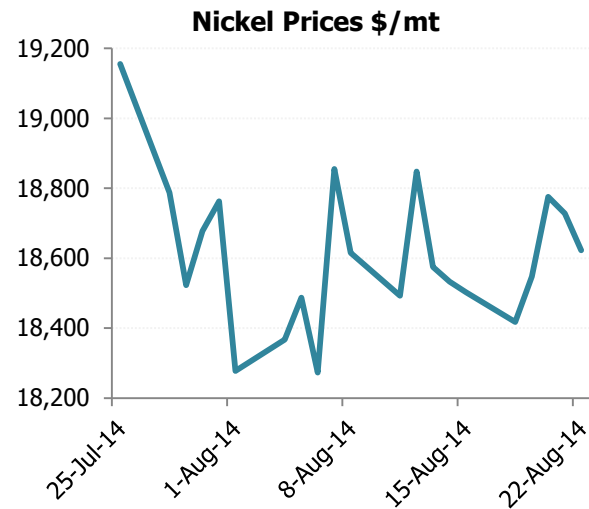
- Aluminium prices surged surpassing the US\$2,000/t mark supported by declining stocks, high demand from car manufacturers and hopes that the European Central Bank (ECB) would implement stimulus measures to support its ailing economies.
- German business sentiment sagged for the 4<sup>th</sup> consecutive month and lack of growth led the French Gvt to resign. The situation in Europe increased hopes of a further stimulus from the ECB.
- Russia's United Company Rusal Plc returned to profit for the first time in five quarters and gave a bullish outlook for aluminium prices, driven by growing demand from carmakers and supply cuts outside China. The giant miner completed a crucial restructuring of US\$5.15bn in debt and has no payments due until Jan-16. The deal gives it flexibility to pre-pay debt when cash flows are strong and pay less when London Metal Exchange (LME) prices fall.



Daily	US\$/t	WoW %Δ
15-Aug-14	6,852	
18-Aug-14	6,910	
19-Aug-14	6,934	
20-Aug-14	6,922	
21-Aug-14	7,003	
22-Aug-14	7,088	
		<b>3.44</b>

- Copper hit its highest levels in a fortnight on the 22<sup>nd</sup> of Aug and registered its biggest weekly rise in nearly a year on brightening US economic hopes and the prospect of extended low interest rates.
- China which consumes around 40% of the metal may soon be overtaken by the rest of the world as the main copper price driver. Much of the recent gains in the red metal prices have been heavily attributed to factors outside China such as an improving outlook for growth in the US and hopes that Europe may take steps to stimulate its struggling economies.
- Copper rich, Zambia, plans to waive a rule requiring mining companies and other exporters to produce import certificates from destination countries because it is not practical.
- The Gvt of the copper rich country is however planning to negotiate a staggered repayment of the US\$600 million in VAT it withheld from copper mining companies because of failure to produce the import certificates.

### Commodity 30-Day Price Chart

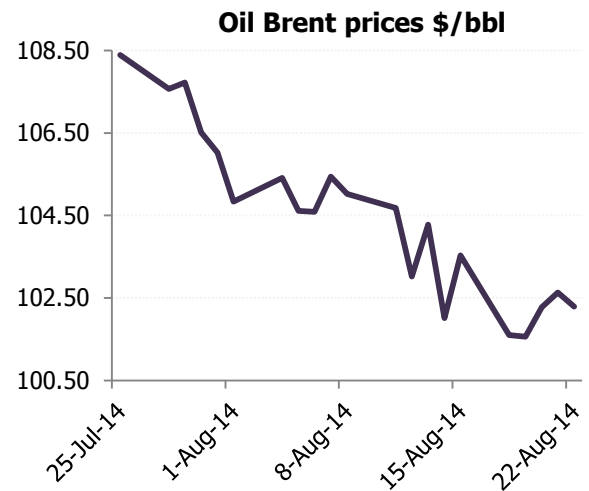


### Commodity Prices

Daily	US\$/t	WoW %Δ
15-Aug-14	18,503	
18-Aug-14	18,418	
19-Aug-14	18,548	
20-Aug-14	18,775	
21-Aug-14	18,728	
22-Aug-14	18,623	
		<b>0.65</b>

### Commodity Developments

- Nickel prices weakly surged among other base metals. Stocks of the metal which is supposedly facing an imminent dramatic supply shortfall due to Indonesian ban continue to power relentlessly upwards. At 324,714t, nickel inventories have risen by around 63,000t or 24% YTD. There is no sign of any Indonesian policy maker wanting to reverse the ban on nickel ore or bauxite but shockingly stocks are rising.
- China trade figures suggest that imports of Indonesian ore have collapsed. However imports from Philippines have surged in compensation as widely expected although the material is of lower grade.
- There are also signs that China is tapping into other markets as shown by nickel imports from Brazil, Vietnam and Zimbabwe. Increased production may reduce the impact of lost supply from Indonesia.
- The past months nickel rally seem to have been more speculative and prices are generally expected to self-correct as real fundamentals come into play.

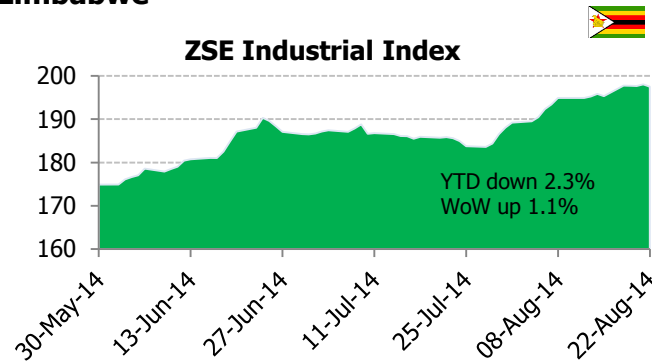


Daily	US\$/bbl	WoW %Δ
15-Aug-14	103.53	
18-Aug-14	101.60	
19-Aug-14	101.56	
20-Aug-14	102.28	
21-Aug-14	102.63	
22-Aug-14	102.29	
		<b>-1.20</b>

- Brent prices dropped towards US\$102/bbl as oversupply and a stronger USD continued to pressure oil markets.
- Geopolitical tensions in Ukraine, Iraq and Libya underpinned prices, but did little to push them higher in the absence of any supply disruptions.
- The unrests have the potential to cause oil prices to jump, but these price spikes cannot be sustained over months as the market still has plenty of supply.
- Libya loaded a second tanker at its largest oil port in Es Sider despite fierce fighting in the capital that destroyed the Tripoli airport during the weekend.
- In Europe, Russian President Vladimir Putin will meet his Ukrainian counterpart Petro Poroshenko for the first time in months this week to try to reach a compromise on Ukraine.

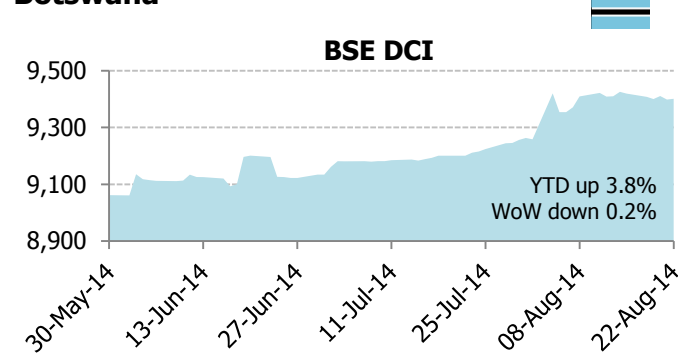
## Equities 90-Day Index Charts

### Zimbabwe



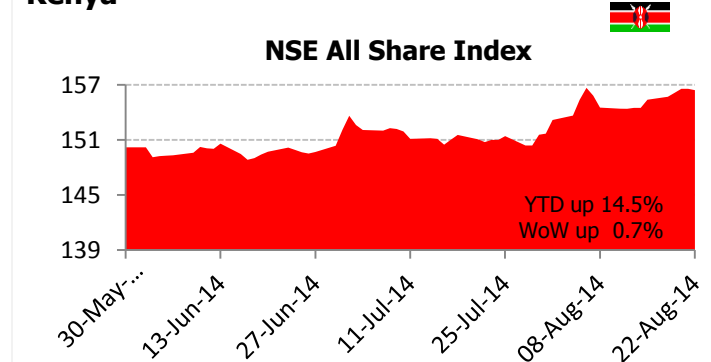
- Largest banking group CBZH reported a 27% fall in earnings in the half-year to June. This is as a result of a reduction in the value of some assets and a once-off expense to upgrade its technology systems. Finance minister said last month up to five banks were "ill" but not contagious.

### Botswana



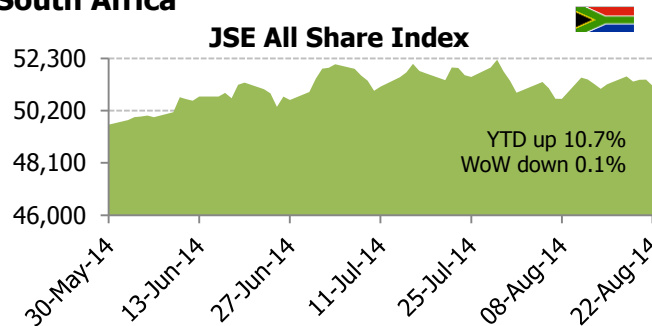
- The US and African companies and the World Bank pledged new investment in construction, energy and information technology projects in Africa at the US-Africa Business Forum, including several joint ventures between US and African partners.

### Kenya



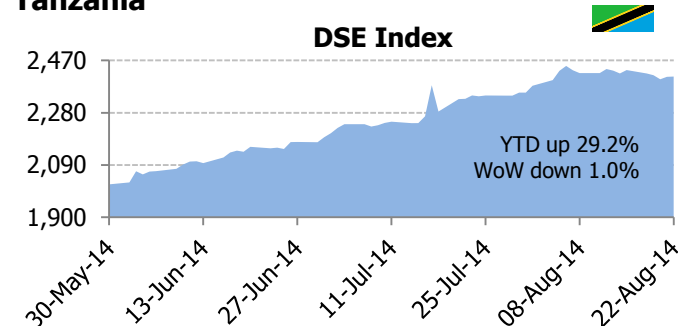
- The maximum price of highest-quality tea inched up to US\$3.92/kg at this week's sale, from US\$3.90/kg. Kenya is the world's leading exporter of black tea and the crop is a leading foreign exchange earner for the economy, together with horticulture and tourism.

### South Africa



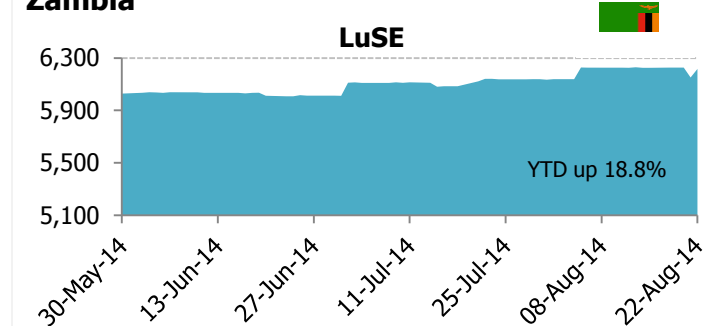
- "The impact of a weak ZAR is starting to feed into consumer prices, while wage inflation expectations from labour and business are "uncomfortably high," said South African Reserve Bank (SARB) Deputy Governor.

### Tanzania



- Annual inflation rose to 6.5% in July from 6.4% in the year to Jun, while MoM inflation was 0.1% from -0.6% in Jun. The increase of taxes on beverages that was passed in Jun pushed up inflation. The cost of beer rose 4.4% in Jul compared to last month, while MoM cigarette prices increased 2.5%.

### Zambia



- Central bank left its benchmark interest rate unchanged at 12% saying the monetary tightening it implemented during the Q2:14 was beginning to have an impact. The bank however cautioned that inflationary pressures remained, citing the 2<sup>nd</sup> round effects of an upward revision in electricity tariffs and a weaker ZMW.



**Foreign Exchange Markets**

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
<b>Wk Ending</b>							
15-Aug-14	8.82	30.43	1,657	6.13	10.55	1.339	1.670
<b>Daily</b>							
18-Aug-14	8.83	30.47	1,657	6.11	10.59	1.339	1.673
19-Aug-14	8.85	30.40	1,658	6.11	10.63	1.335	1.665
20-Aug-14	8.89	30.45	1,658	6.07	10.67	1.330	1.666
21-Aug-14	8.92	30.43	1,658	6.06	10.71	1.327	1.658
22-Aug-14	8.90	30.43	1,659	6.07	10.69	1.329	1.659
<b>WoW %Δ</b>	<b>0.89</b>	<b>0.00</b>	<b>0.12</b>	<b>-0.86</b>	<b>1.36</b>	<b>-0.70</b>	<b>-0.64</b>
<b>YTD %Δ</b>	<b>2.05</b>	<b>2.01</b>	<b>5.94</b>	<b>10.19</b>	<b>2.13</b>	<b>-3.52</b>	<b>0.40</b>

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
<b>Wk Ending</b>				
15-Aug-14	0.836	2.89	0.580	157
<b>Daily</b>				
18-Aug-14	0.834	2.87	0.576	157
19-Aug-14	0.833	2.87	0.575	156
20-Aug-14	0.832	2.85	0.567	156
21-Aug-14	0.831	2.85	0.566	155
22-Aug-14	0.832	2.83	0.567	155
<b>WoW %Δ</b>	<b>-0.47</b>	<b>-2.08</b>	<b>-2.34</b>	<b>-1.27</b>
<b>YTD %Δ</b>	<b>-0.48</b>	<b>-1.39</b>	<b>8.56</b>	<b>4.13</b>

**Exchange Rate Developments**

- On the 22<sup>nd</sup> of Aug, Ukraine said Russia had launched a direct invasion of its territory after Moscow sent a convoy of aid trucks to pro-Russian separatists across the border into eastern Ukraine. On the same day, the Fed chair said that policymakers eyeing interest rate hikes need to move cautiously.
- These two major events lifted the USD as a hedge and investment currency and it appreciated against all currencies except for the ZMW.
- The EUR was mostly dented among major currencies as prospects of more stimulus by the ECB rose after data from German and Gvt resignation in France.
- The ZAR and the BWP also depreciated against the stronger dollar.
- However, ZAR losses were limited by comments from ratings agency Standard & Poor that it was not looking to downgrade SA banks just like Moody's did. This added to the positive sentiment that SA's banking sector was not at risk of systematic failure after the fall of African Bank.
- The MZN remained stable against the USD at 3.43.
- All BancABC markets' currencies appreciated against the ZAR which was under pressure from bank failure and positive sentiments from the Fed Chair.

**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: Africa – China, EU, US Summits

Key Highlights		Comment
Africa- China	<ul style="list-style-type: none"> <li>Annual trade with Africa at US\$200bn - Africa's largest trading partner</li> <li>Pledged US\$20bn in credit for infrastructure, agriculture and the development of small businesses over 2yr period</li> </ul>	<ul style="list-style-type: none"> <li>There is scramble for Africa for raw materials and mineral commodities.</li> <li>Africa should safeguard its mineral and oil resources which have attracted great interest from advanced economies.</li> <li>Africa forging partnerships with developed economies to bridge its infrastructure deficiencies.</li> <li>Africa needs to speak with one voice in order to have greater impact.</li> <li>Cautious when signing Trade Agreements as they can work against the continent</li> <li>Creation of a Free Trade Area in African economies has been slow as economies are in different developmental stages - weaker economies may not benefit.</li> <li>Countries that are comparatively productive efficient will benefit more.</li> <li>Trade agreements should result in a win – win situation for a sustainable development.</li> </ul>
Africa - EU	<ul style="list-style-type: none"> <li>2-day Summit in Brussel: 2-3 Apr-14</li> <li>Focus Areas               <ul style="list-style-type: none"> <li>Democracy, good governance, human rights and human development</li> <li>Sustainable and inclusive development and growth and continental integration</li> <li>Global and emerging issues</li> </ul> </li> <li>Resolutions:               <ul style="list-style-type: none"> <li>Fast tracking Free Trade Area (FTA)</li> <li>Assist on outstanding Econ Partnerships Agreements (EPAs)</li> <li>Pledged €30bn for the period 2014-2020</li> <li>€3bn to be availed for agriculture to benefit over 30 African countries in the next 7yrs</li> </ul> </li> </ul>	
Africa - US	<ul style="list-style-type: none"> <li>3 – day Summit: 4-6 Aug-14</li> <li>Focus Areas               <ul style="list-style-type: none"> <li>Peace and security</li> <li>Humanitarian concerns</li> <li>Construction, Energy and Information technology</li> </ul> </li> <li>Resolutions:               <ul style="list-style-type: none"> <li>US\$7bn pledged to Doing Business in Africa</li> <li>US\$17bn pledged in private sector deals</li> <li>Plans to pursue renewal of AGOA</li> <li>US\$20bn investment in energy projects in SSA</li> </ul> </li> <li>US Annual trade with Africa at US\$85bn – 3<sup>rd</sup> largest trading partner</li> </ul>	