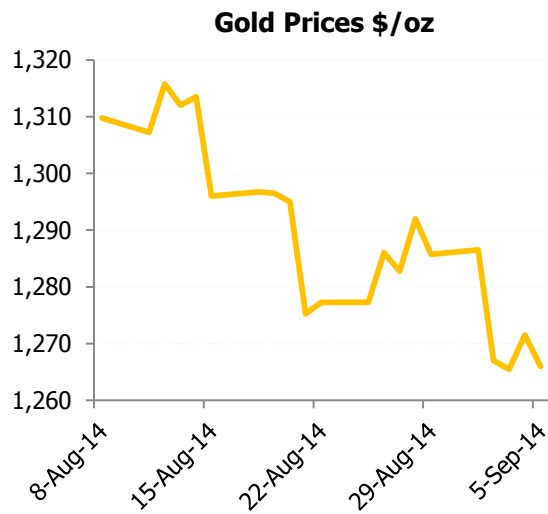


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart



Commodity Prices

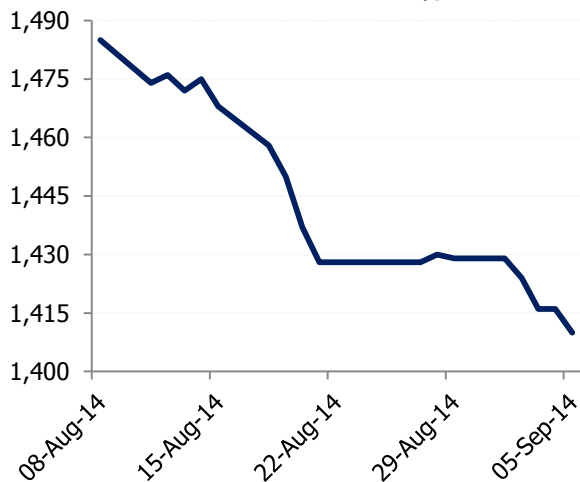
	Avg Prices US\$/oz	MoM %Δ
Jun-14	1,279	-0.62
Jul-14	1,310	2.42
Aug-14	1,295	-1.15
H2:14f	1,209	

	Daily	WoW %Δ
29-Aug-14	1,286	
1-Sep-14	1,287	
2-Sep-14	1,267	
3-Sep-14	1,266	
4-Sep-14	1,272	
5-Sep-14	1,266	
		-1.54

Commodity Developments

- Average gold prices dropped in the month of Aug as geopolitical concerns cooled down together with robust economic data out of the US. Poor demand from India and China, world's top two largest consumers of the metal, weighed down on bullion prices.
- During the past week, the metal prices tumbled as Ukraine and pro-Russian rebels agreed a ceasefire. This is a 1st step towards ending a conflict in eastern Ukraine that has caused the worst standoff between the West and Moscow since the Cold War ended. This dented gold which is considered as a hedge metal in times of economic crisis and geopolitical uncertainties.
- In other precious metals developments, Gem Diamonds officially opened its Ghaghoo diamond mine which is the 1st underground diamond mine in Botswana. Botswana is the World's leading diamond producer and home to the planet's largest diamond operations. The mine has recovered 2,400ct so far with sell value in the range of US\$260/ct to US\$270/ct – 3 times better than average – and production will be at a rate of 250,000 ct/yr to 300,000 ct/yr.

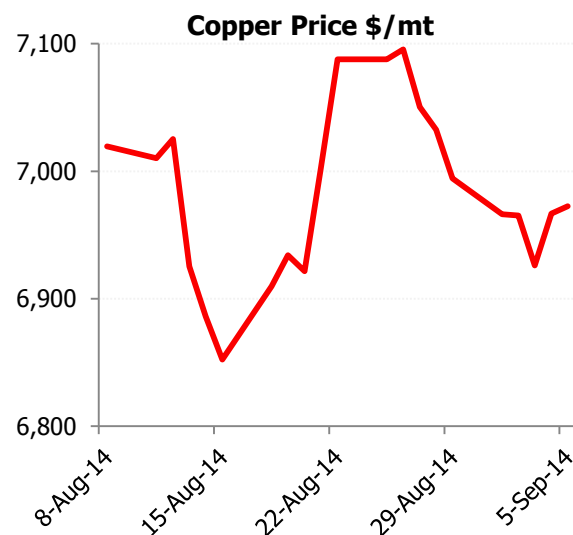
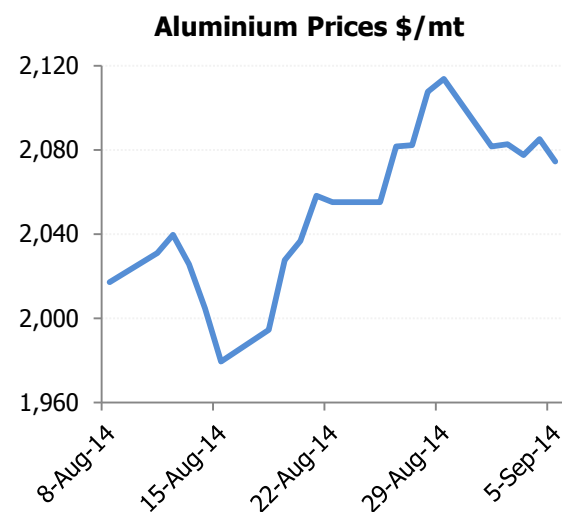
Platinum Prices \$/oz



	Avg Prices US\$/oz	MoM %Δ
Jun-14	1,460	-0.14
Jul-14	1,497	2.53
Aug-14	1,454	-2.87
H2:14f	1,423	

	Daily	WoW %Δ
29-Aug-14	1,429	
1-Sep-14	1,429	
2-Sep-14	1,424	
3-Sep-14	1,416	
4-Sep-14	1,416	
5-Sep-14	1,410	
		-1.33

- Just like gold, platinum slipped as the EUR plummeted against the USD after the European Central Bank (ECB) cut interest rates to record lows and said it will launch an asset purchase programme to ward off deflation.
- The metal however was weakly supported by US data which showed that US auto sales reached the highest level in Aug-14 in more than a decade. However the data failed to boost prices as investors were much more worried by easing geopolitical concerns and stimulus measures introduced by the ECB.
- In production, mining giant Implats Platinum which deferred its 850,000oz Rustenburg production target is reviewing its capital expenditure (capex) programme intensively. The mine is going all out to ramp up its post-strike restart to 250,000oz of platinum from Rustenburg in the H2:14.
- The miner which was handed over a memorandum demanding better working conditions on the 3rd of Sep by National Union of Mineworkers (NUM) is yet to recover from the 5-month old strike which ravaged its operations.

Commodity 30-Day Price Chart

Commodity Prices

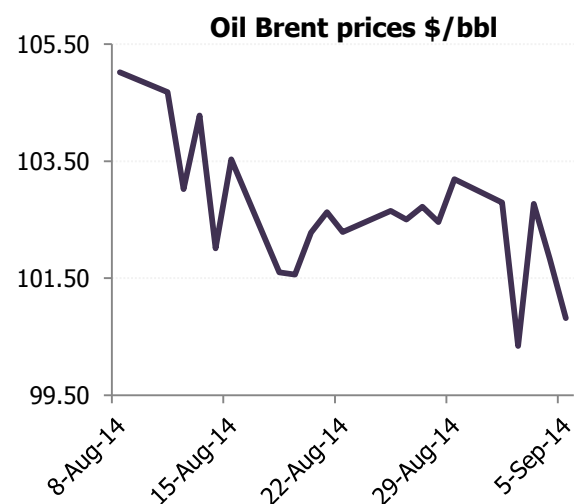
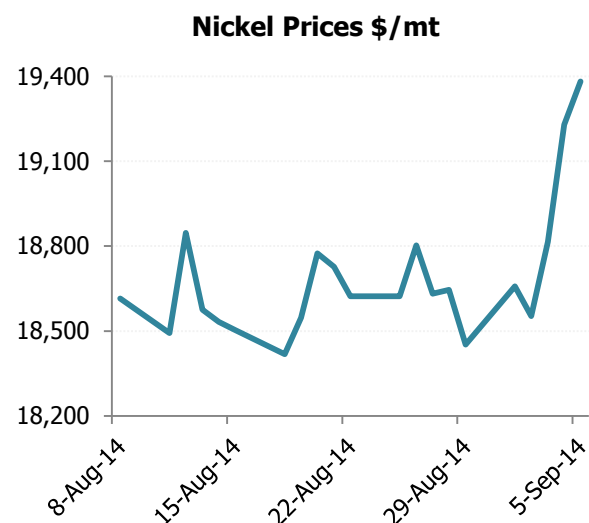
	Avg Prices US\$/t	MoM %Δ
Jun-14	1,834	4.80
Jul-14	1,945	6.05
Aug-14	2,031	4.42
H2:14f	1,845	
Daily	WoW %Δ	
29-Aug-14	2,114	
1-Sep-14	2,082	
2-Sep-14	2,083	
3-Sep-14	2,078	
4-Sep-14	2,085	
5-Sep-14	2,075	
		-1.86

	Avg Prices US\$/t	MoM %Δ
Jun-14	6,806	-1.03
Jul-14	7,104	4.38
Aug-14	7,004	-1.41
H2:14f	6,887	
Daily	WoW %Δ	
29-Aug-14	6,995	
1-Sep-14	6,966	
2-Sep-14	6,965	
3-Sep-14	6,926	
4-Sep-14	6,967	
5-Sep-14	6,973	
		-0.31

Commodity Developments

- A broad-based revival in demand from auto and packaging sectors has driven aluminium consumption at a time when much of the world's surplus stock is tied up in delivery backlogs in global exchange warehouses, supporting prices.
- The metal however suffered a weekly loss as news broke that prices were supported by investor holding a large position of inventories and short dated futures.
- It seems as if prices have recently been driven by Commodity Trade Advisors (CTA), momentum traders and macro trading on the more positive view of global economic growth. Real fundamental factors seem to have been neglected and therefore prices are expected to drift lower as they self-correct.
- Generally, more stimulus measures from the ECB and other European countries' central banks will boost commodity markets and offset some of the negative signals in the markets but there is concern on whether the responsible authorities will implement such measures.
- Copper prices, which were on a free fall edged up on the 5th after lower-than-expected US jobs data reassured investors that the Fed Reserve would not speed up plans to increase interest rates, though gains were capped by growing supplies.
- The metal, demand for which is seen by some as a broad gauge of economic health, was also underpinned by speculation that the ECB's move to cut interest rates would help spur an economic revival in Europe.
- Europe as a whole accounts for around 20% of the world's copper demand, the 2nd largest copper consuming region after China, which accounts for some 40%.
- In exploration, Botswana was largely neglected in global mining majors' continued search for more copper. The landlocked Southern African country remained relatively unexplored, particularly the 700km Kalahari copperbelt, which is a "well-endowed metal province" with significant sediment which hosts copper/silver deposits. Mineral explorer MOD Resources has now identified high-grade copper and silver mineralisation at Mahumo.

Commodity 30-Day Price Chart



Commodity Prices

Avg Prices US\$/t		MoM %Δ
Jun-14	18,568	-4.22
Jul-14	19,015	2.41
Aug-14	18,575	-2.31
H2:14f	20,436	

Daily		WoW %Δ
29-Aug-14	18,453	
1-Sep-14	18,658	
2-Sep-14	18,553	
3-Sep-14	18,815	
4-Sep-14	19,230	
5-Sep-14	19,383	

5.04

Avg Prices US\$/bbl		HoH %Δ
Jun-14	111.93	2.46
Jul-14	108.50	-3.06
Aug-14	103.40	-4.70
H2:14f	103.37	

Daily		WoW %Δ
29-Aug-14	103.19	
1-Sep-14	102.79	
2-Sep-14	100.34	
3-Sep-14	102.77	
4-Sep-14	101.83	
5-Sep-14	100.82	

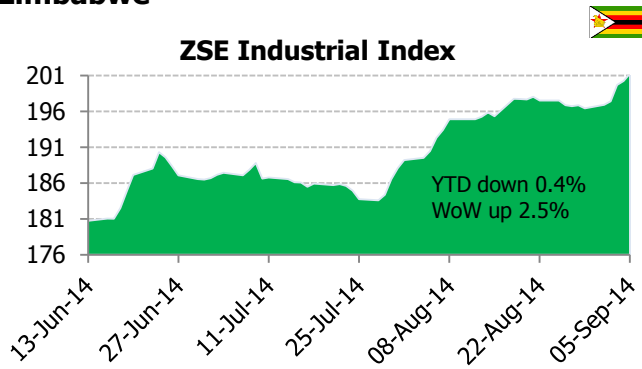
-2.30

Commodity Developments

- Nickel prices climbed to their highest in 7 weeks as speculators returned to the market on worries that the Philippines could follow Indonesia in banning unprocessed ore exports. Philippine senator proposed a ban on raw materials exports on the 3rd of Sep to encourage local beneficiation.
- Indonesia enforced a similar policy in Jan-14 to build up domestic processing thereby choking supply to China's stainless steel producers, which account for more than half of world output.
- China's Tsingshan Group expects to start production at its Indonesian nickel pig iron smelter as soon as Jan-15, becoming the 2nd plant to ramp up since new mineral processing laws came into force at the start of the year.
- Indonesian ore has already been taken away from the market and if Philippines output is taken away as well, there will be challenges in China's Nickel Pig Iron (NPI) industry. Prices are likely to rise above US\$20,000/t and more optimistically above US\$25,000/t if Philippine output is completely taken out of the market.
- Crude oil prices fell and ended the week more than 2% lower as disappointing jobs data from the US cast doubt about the strength of economic growth in the world's biggest oil-consuming economy.
- US jobs figures showed nonfarm payrolls increased by just 142,000 in Aug, well below forecasts of 225,000 and the smallest rise in 8-months.
- The weekly drop was Brent's 3rd in 4 weeks and the 6th in the past 7 weeks for US crude. Oil prices also extended losses after US President Barack Obama voiced scepticism about a ceasefire in Ukraine and said that the agreement must last if sanctions on Russia are to be lifted. Ukraine and pro-Russian rebels agreed to a ceasefire on the 5th, a 1st step to cool a conflict that has soured relations between Moscow and the West.
- Rising US production, a glut of crude in the Atlantic basin and Asia, together with the potential for rising exports from OPEC members Libya and Iran, have added downward pressure on oil prices.

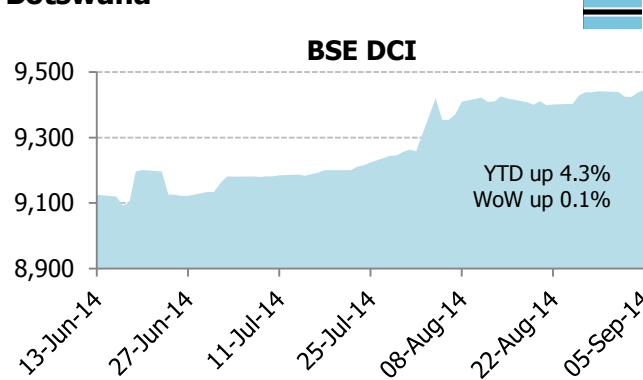
Equities 90-Day Index Charts

Zimbabwe



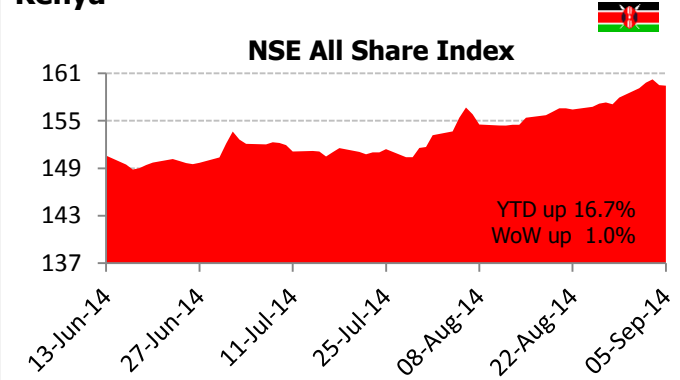
- Central bank has issued a US\$50m bond to raise money to import special coins equivalent in value to US currency to ease a shortage of change in the economy.

Botswana



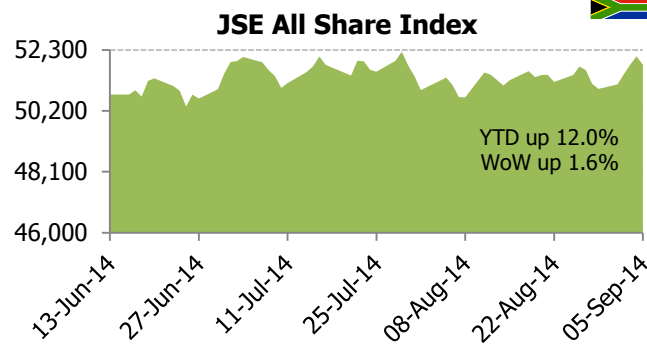
- Atlas Mara lifted its stake in Union Bank of Nigeria to almost 30% with a US\$270 million investment that is its biggest deal to date.

Kenya



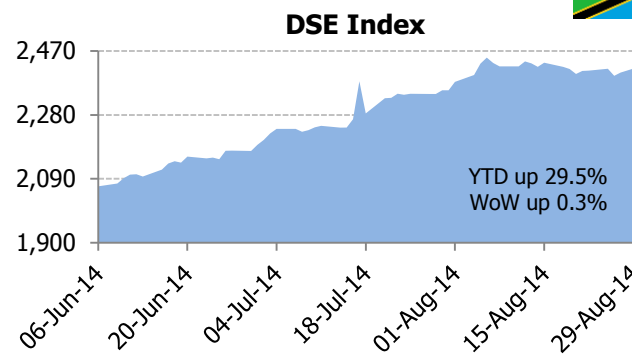
- NIC Bank raised 5bn shillings (US\$57 million) in a bond designed to increase its capital base, lending and branch network.

South Africa



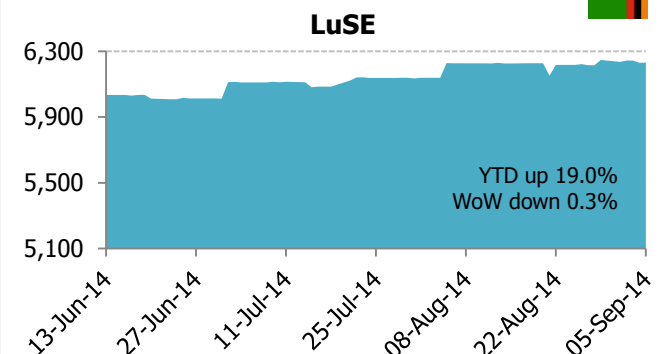
- The shortfall on current account widened more than expected to 6.2% of GDP in the Q2:14 from a shortfall of 4.5% previously, hit by prolonged strikes and lower global demand.

Tanzania



- Inflation edged up to 6.7% in the year to Aug from 6.5% in Jul. MoM inflation rose 0.1% in Aug, the same rate that it rose in the previous month.

Zambia



- Gvt will buy more maize from its farmers this year than the 500,000t it usually keeps for strategic reserves after producing its biggest ever harvest. Maize output rose to 3.3m tonnes, from 2.5m tonnes in the 2012/2013 season.

Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending							
29-Aug-14	8.89	30.51	1,656	6.00	10.60	1.317	1.660
Daily							
1-Sep-14	8.90	30.52	1,656	6.04	10.67	1.314	1.662
2-Sep-14	8.93	30.52	1,658	6.05	10.69	1.313	1.658
3-Sep-14	8.94	30.50	1,658	6.08	10.69	1.314	1.648
4-Sep-14	8.91	30.51	1,657	6.05	10.68	1.315	1.646
5-Sep-14	8.97	30.51	1,657	6.06	10.74	1.294	1.632
WoW %Δ	0.90	0.00	0.06	0.95	1.32	-1.75	-1.71
YTD %Δ	2.87	2.28	5.81	9.84	2.64	-6.06	-1.26

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
Wk Ending				
29-Aug-14	0.835	2.87	0.564	156
Daily				
01-Sep-14	0.835	2.84	0.566	156
02-Sep-14	0.834	2.84	0.564	155
03-Sep-14	0.833	2.86	0.569	155
04-Sep-14	0.835	2.87	0.568	155
05-Sep-14	0.836	2.87	0.567	156
WoW %Δ	0.09	0.00	0.44	0.00
YTD %Δ	-0.03	0.00	8.56	4.80

Exchange Rate Developments

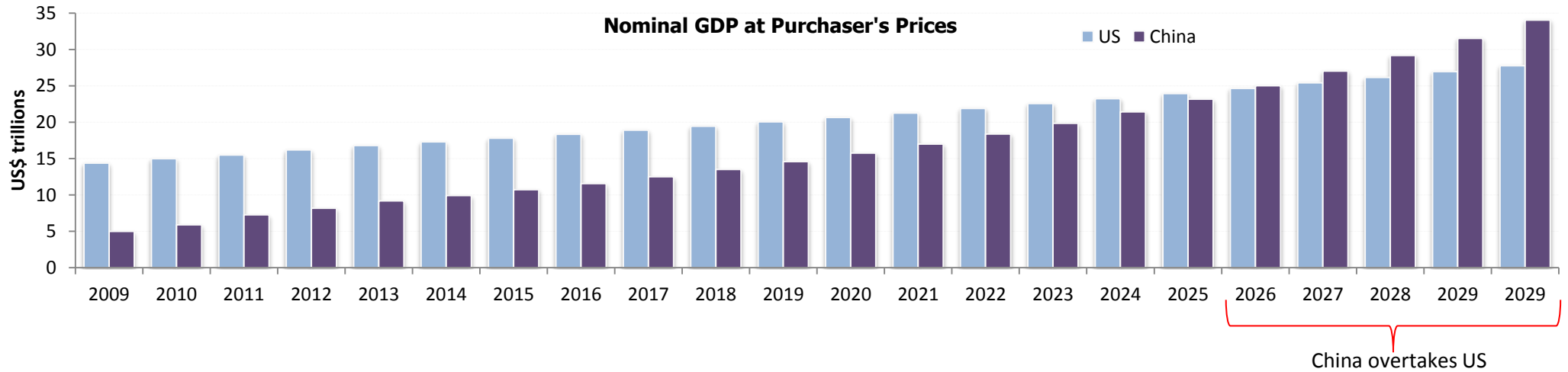
- Most emerging markets currencies fell on the 5th of Sep and faced weekly losses as the USD rose across a broad front after the ECB's fresh monetary stimulus.
- However, more greenback gains were limited by data which showed that US employers added the fewest jobs in 8 months, eroding confidence in the economy and reviving bets that the Fed Reserve might leave interest rates near zero for longer than anticipated.
- The ZAR also depreciated against the USD and could come under more pressure in the coming week from what is expected to be a wide Q2:14 current account deficit.
- The South African Reserve Bank (SARB) will release current account data in its quarterly bulletin on the 9th of Sep, which is expected to widen from 4.5% of GDP in Q1:14.
- The BWP depreciated against the USD in line with the fall in the ZAR.
- Other BancABC markets currencies were stable against the USD except for the ZMW which extended losses.
- The BWP, MZN and TZS were traded in thin margins against the ZAR of the past week.

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Appendix: Shift in Balance of Economic Power



- Divergent long-term growth patterns will lead to radical shifts in the relative size of economies, with US expected to cede its position as the world’s largest economy to China.
- Over long term, India’s GDP is also expected to surpass that of the US.
- Fast-ageing economic heavyweights, such as Japan and the euro area, will gradually lose ground on the global GDP table to countries with a younger population, like Indonesia and Brazil.
- Assuming China maintains growth at annual rate of more than 7% in real terms compared to 3% for US, then Chinese share of world GDP will rise from 12% in 2013 to about 20% by 2025.
- The transmission effects of the strong growth in Chinese consumer demand are already being felt throughout the Asia-Pacific region. One notable impact is through Chinese tourism to other Asian countries.
- China will overtake the US on Purchasing Power Parity basis by 2018 – but already on the cusp of doing so according to the World Bank backed report.
- China will play a bigger role as a key driver of global trade and investment flow. Asian countries have already seen their exports to China growing at an average annual rate of 20% over the past decade.
- High Chinese growth will benefit Asian markets, boost commodity markets and Africa, a net commodity exporter.
- China seems to work with existing norms rather than overturning them. In Africa, Chinese business dealings are transactional and more often led by entrepreneurs than by the state. The Asian nation also relies on Western markets.
- Post 2025, China will be the World’s largest economy but the US will maintain its influence on the global stage.
- The shifting balance of long-term global output will lead to corresponding improvements in living standards, although large cross-country differences will persist.
- Cross-country GDP per capita differences mainly reflect differences in technology levels, capital intensity, human capital and skills.