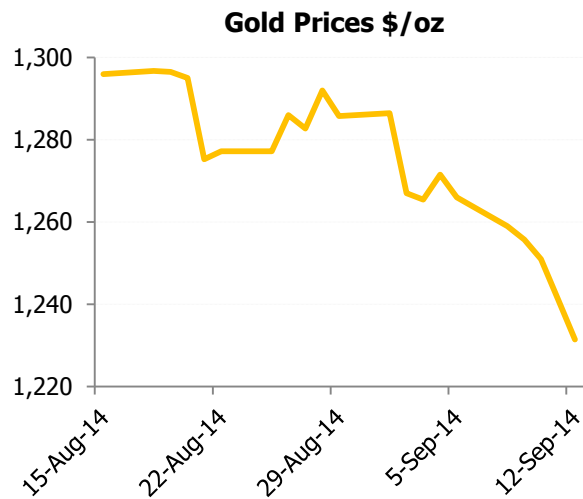


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart

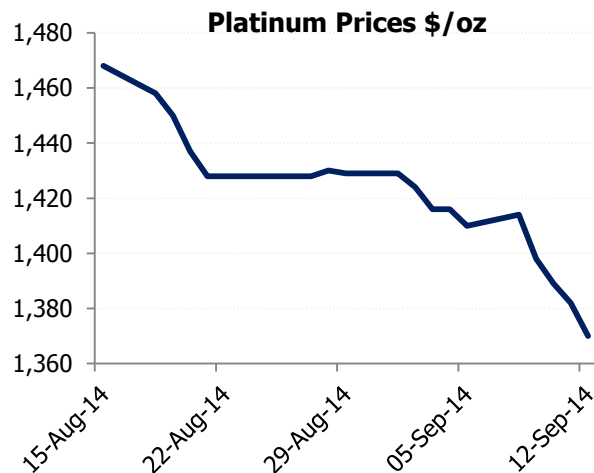


### Commodity Prices

Daily	US\$/oz	WoW %Δ
5-Sep-14	1,266	
8-Sep-14	1,259	
9-Sep-14	1,256	
10-Sep-14	1,251	
11-Sep-14	1,241	
12-Sep-14	1,232	
		<b>-2.73</b>

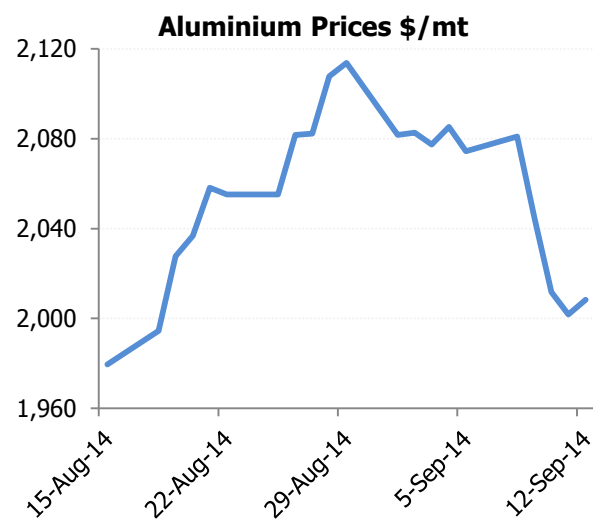
### Commodity Developments

- Gold prices plummeted, hit by fears of an early US interest rate hike, easing of tensions in Ukraine and a stronger USD.
- The yellow metal prices fell after data showed US retail sales surged in Aug and consumer sentiment hit a 14-month high in Sept, supporting expectations for economic growth in the Q3:14.
- Gold's safe-haven demand was curbed after Ukraine's president said that Russia had removed the bulk of its forces from Ukraine, raising hopes for peace after a 5-month conflict.
- In the physical market, demand appears to be light despite a huge drop in prices. In China demand, has picked up as a result of a drop in prices but not in any robust way. In India, the 2<sup>nd</sup> biggest buyer, demand is expected to pick up ahead of the Diwali festival but import restrictions may curb gains.
- The yellow metal may continue to struggle until the Fed Reserve's 2-day policy meeting this week that could provide clues on when the authorities will hike interest rates. High interest rates would dent demand for non-interest yielding assets such as gold.
- Gold losses pressured other investment metals with platinum dropping to its 2014 low, closing the week at US\$1,370/oz.
- In SA, the largest platinum producer, if the situation in platinum mines stabilises, a significant increase in supply is not expected this year. Prices are likely to be driven by the supply side going forward, given a strong demand by auto manufacturers.
- The sister metal palladium, which was supported by fears of tougher sanctions on Russia especially on its mining sector, also suffered a huge loss as tensions in Ukraine cool down. Looking forward, China is likely to be a significant driver of palladium demand due to its strong clean environment drive.
- Other PGMs, Rhodium, Ruthenium and Iridium were also not spared from the maelstrom of other precious metals, with Rhodium dropping by about US\$40/oz.



Daily	US\$/oz	WoW %Δ
5-Sep-14	1,410	
8-Sep-14	1,414	
9-Sep-14	1,398	
10-Sep-14	1,389	
11-Sep-14	1,382	
12-Sep-14	1,370	
		<b>-2.84</b>

### Commodity 30-Day Price Chart



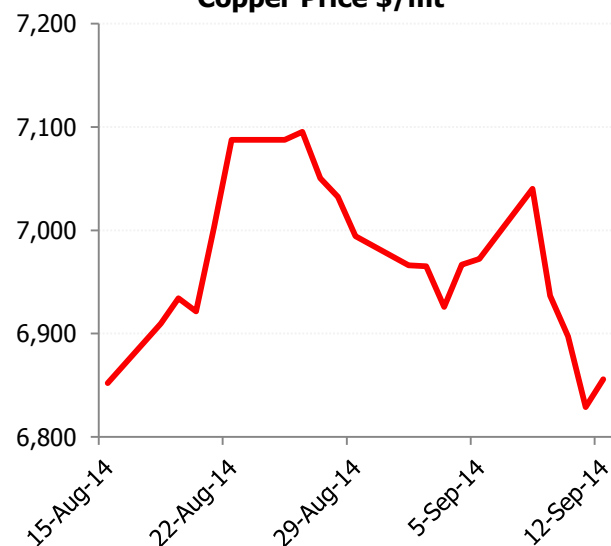
### Commodity Prices

Daily	US\$/t	WoW %Δ
5-Sep-14	2,075	
8-Sep-14	2,081	
9-Sep-14	2,045	
10-Sep-14	2,012	
11-Sep-14	2,002	
12-Sep-14	2,008	
		<b>-3.19</b>

### Commodity Developments

- Aluminium prices dropped in line with drop in all other mineral commodities on speculation that the US may raise interest rates earlier than expected.
- Losses were also intensified by Chinese data which showed that factory output grew at the weakest pace in nearly 6yrs in Aug and as investors remained concerned about stagnation in Europe and an expected US rate rise.
- Growth in other Chinese sectors also cooled, raising fears that the economy may be at risk of a sharp slowdown unless Beijing implements fresh stimulus measures. China is the biggest consumer of base metals.
- In a separate note, Standard Bank reports that its exposure to fraudulent activities relating to physical aluminium held in bonded warehouses at China's Qingdao port has been estimated at ZAR854m. The aluminium represents the bank's collateral for a series of commodity financing arrangements, also referred to as reverse repurchase agreements (repos).

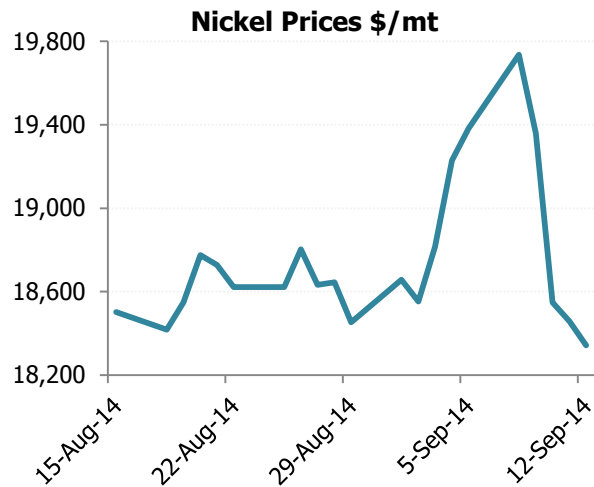
### Copper Price \$/mt



Daily	US\$/t	WoW %Δ
5-Sep-14	6,973	
8-Sep-14	7,040	
9-Sep-14	6,937	
10-Sep-14	6,897	
11-Sep-14	6,829	
12-Sep-14	6,856	
		<b>-1.67</b>

- Copper just like other metals was hit by prospects of weaker economic fundamentals in China, stagnation in Europe and stronger USD.
- The red metal posted losses of 1.7% for the week. It seems like investors have acquired USD before the Fed Reserve's Sept 16 and 17 policy review, betting the central bank will signal an earlier rise to interest rates, which would curb cheap liquidity for industry and for commodity investors.
- In top copper consumer China, credit levels appeared to improve in Aug after an alarming drop in Jul, but remained below average, adding pressure on policymakers to offer more stimulus measures to meet their 7.5% economic growth target for the year.
- In other developments, a suspected financing fraud at China's Qingdao Port that surfaced in Jun involves about 300,000t of alumina, 20,000t of copper and as much as 80,000t of aluminium ingots.

### Commodity 30-Day Price Chart

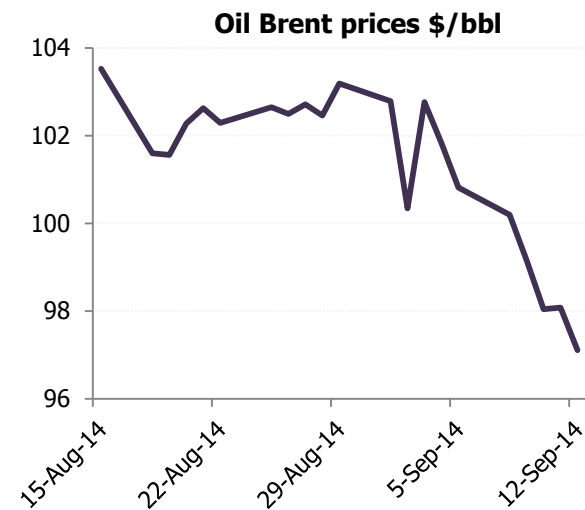


### Commodity Prices

Daily	US\$/t	WoW %Δ
5-Sep-14	19,383	
8-Sep-14	19,735	
9-Sep-14	19,358	
10-Sep-14	18,548	
11-Sep-14	18,458	
12-Sep-14	18,343	
		<b>-5.37</b>

### Commodity Developments

- Nickel suffered its huge weekly loss since Feb-13 after worries faded about a squeeze on supply from the Philippines and a robust USD that hit a 14-month high.
- The metal had surged sharply the previous week after a Philippine Congressional Committee approved a bill seeking to halt unprocessed ore exports.
- The market which is relying on speculative demand was however dented by news that the bill may not be implemented for about 7yrs. The Philippines is now the top supplier of nickel to Chinese stainless steel industry following the Indonesian ban.
- In Zim, the production rate at Mwana's Bindura Nickel Corporation subsidiary's Trojan mine is steadily increasing to its optimal sustainable level. The mine milled 106,408t of ore to produce 1,296t of nickel in concentrate during the months of Jul and Aug.

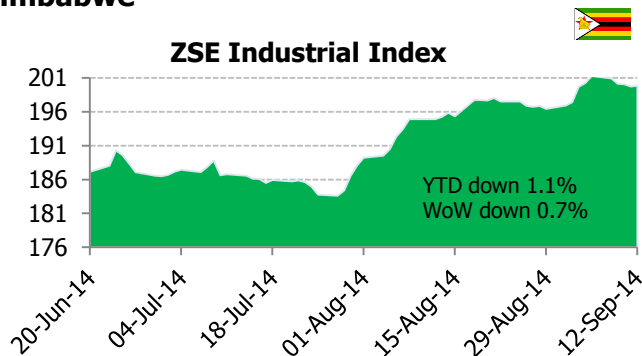


Daily	US\$/bbl	WoW %Δ
5-Sep-14	100.82	
8-Sep-14	100.20	
9-Sep-14	99.16	
10-Sep-14	98.04	
11-Sep-14	98.08	
12-Sep-14	97.11	
		<b>-3.68</b>

- Brent prices dropped to a 16-month low as weak Chinese economic data cut the prospect for demand at a time of abundant supply, while expectations that the Fed Reserve will provide new details this week about its plans to raise interest rates lifted the USD.
- News that Russian Energy Minister Alexander Novak is meeting with OPEC officials in Vienna, as falling oil prices pressure Moscow's budget, may help pull oil prices off lows. Oil sales account for about 40% of Russia's budget.
- The International Energy Agency (IEA) revised down its demand forecasts of 2014 and 2015 after global demand growth had slowed to below 500,000bbl/day in 3 months to Jun, the 1<sup>st</sup> it has reached this levels in two and half years.
- Slowing demand and plentiful supplies in spite of conflicts raging in countries such as Iraq and Libya have together pulled down Brent crude prices.

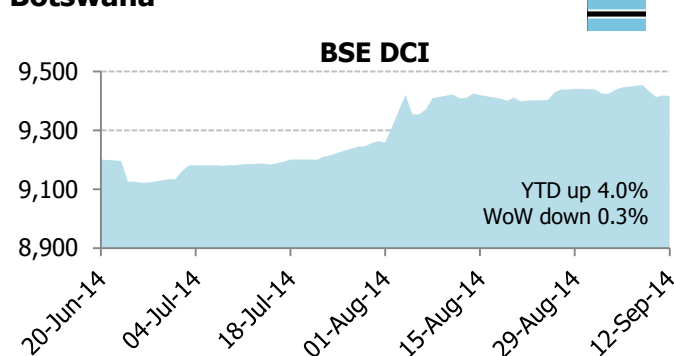
## Equities 90-Day Index Charts

### Zimbabwe



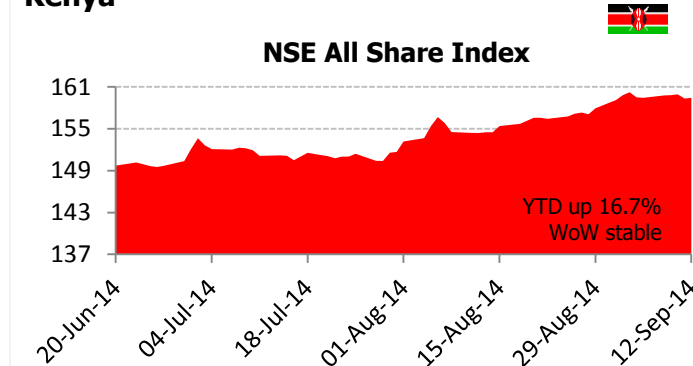
- Authorities announced taxes on mobile phones and on the charges for using them and raised the levy on fuel in a bid to boost state revenues in the face of stagnating domestic growth.

### Botswana



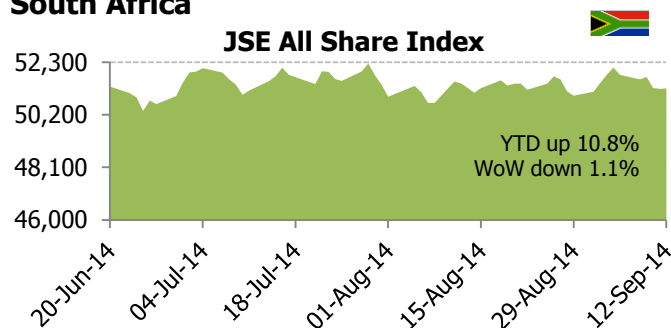
- Liquid Telecom, which is majority owned by Econet Wireless Global, plans to spend US\$200m across the African countries where it operates over the next year to expand its network. The company is constructing a fibre optic network covering Botswana, DRC, Lesotho, SA, Zambia and Zimbabwe.

### Kenya



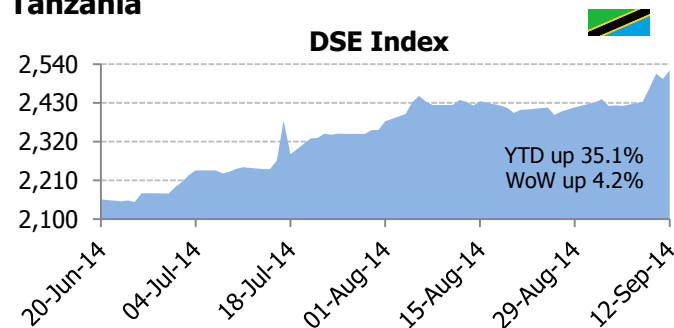
- Energy regulator has cut retail prices of diesel, petrol and kerosene to reflect lower import costs, in a move likely to temper rising inflation. The regulator is trying to pass on the benefit of lower global prices to the consumer.

### South Africa



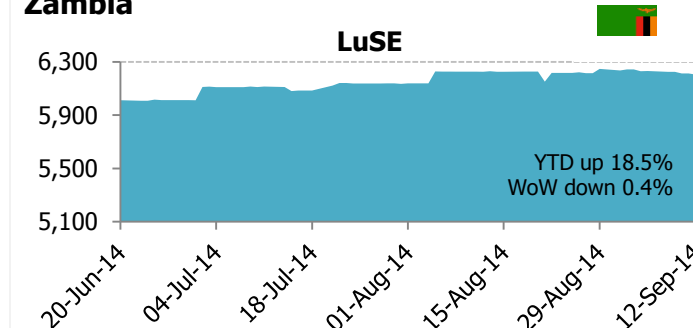
- Headline consumer inflation quickened to 6.4% YoY in Aug, above market expectations of 6.2% and compared with 6.3% in Jul. On a MoM basis CPI slowed to 0.4% from 0.8% in Jul.

### Tanzania



- The country signed a US\$565m deal with the World Bank and other development partners to expand its main port of Dar es Salaam, part of plans to boost the East African nation's role as a regional trade hub.

### Zambia



- Gvt will consult further before waiving a requirement for exporters to produce import certificates from destination countries to qualify for tax refunds, the Zambia Revenue Authority (ZRA) said.

**Foreign Exchange Markets**

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
<b>Wk Ending</b>							
05-Sep-14	8.97	30.50	1,657	6.06	10.74	1.294	1.632
<b>Daily</b>							
08-Sep-14	8.97	30.50	1,658	6.06	10.76	1.294	1.617
09-Sep-14	9.03	30.47	1,658	6.06	10.88	1.287	1.611
10-Sep-14	9.08	30.47	1,659	6.14	11.00	1.293	1.610
11-Sep-14	9.08	30.48	1,660	6.16	10.84	1.293	1.623
12-Sep-14	9.09	30.47	1,660	6.16	10.99	1.292	1.625
<b>WoW %Δ</b>	<b>1.36</b>	<b>-0.10</b>	<b>0.18</b>	<b>1.73</b>	<b>2.29</b>	<b>-0.16</b>	<b>-0.39</b>
<b>YTD %Δ</b>	<b>4.27</b>	<b>2.15</b>	<b>6.00</b>	<b>11.74</b>	<b>4.99</b>	<b>-6.20</b>	<b>-1.65</b>

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
<b>Wk Ending</b>				
05-Sep-14	0.836	2.86	0.567	156
<b>Daily</b>				
08-Sep-14	0.836	2.86	0.563	155
09-Sep-14	0.834	2.79	0.555	154
10-Sep-14	0.829	2.78	0.559	152
11-Sep-14	0.829	2.79	0.563	151
12-Sep-14	0.828	2.78	0.561	152
<b>WoW %Δ</b>	<b>-0.94</b>	<b>-2.80</b>	<b>-0.99</b>	<b>-2.56</b>
<b>YTD %Δ</b>	<b>-0.96</b>	<b>-3.14</b>	<b>7.49</b>	<b>2.12</b>

**Exchange Rate Developments**

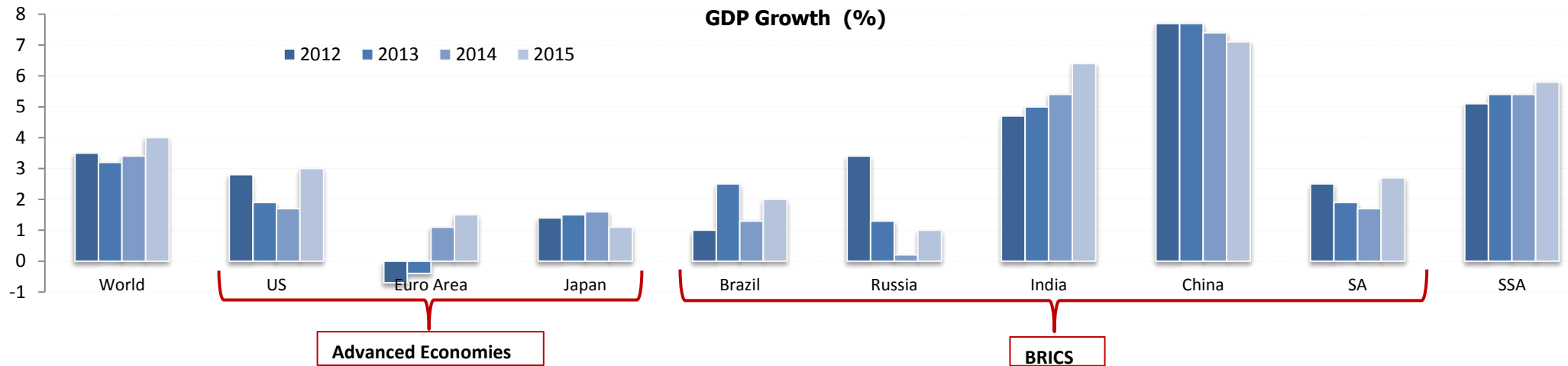
- The USD strengthened against major currencies buoyed by some expectations that the US Fed Reserve may signal an earlier-than-expected interest rate hike. This triggered a USD rally ahead of the Fed Reserved 2-day policy meeting.
- The ZAR hit fresh 7-month low during the week against the rallying USD and was the worst performer among emerging markets currencies as weak domestic economy compounded its weaknesses.
- Africa's most advanced economy currency was dented by weak economic indicators, ranging from a widening current account deficit and manufacturing production at a 5-year low.
- As a result of ZAR weaknesses, all BancABC markets' currencies appreciated against the ZAR, with the MZN and TZS registering strong gains.
- There is a growing possibility that some BancABC markets could experience moderate imported inflation pressures particularly in view of the rising inflation in SA.
- Botswana, Mozambique, Zambia and Zimbabwe import much of their goods and services from SA including capital equipment.

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Contact telephone numbers: 369701-16; 752383-5

## Appendix: World Economic Growth and Outlook



- Weaker global growth experienced in the H1:14 was weighed down by slower momentum in mature economies outside the US, notably the Euro Area. In many advanced and emerging market economies, structural reforms are urgently needed to close infrastructure gaps, strengthen productivity and lift growth potential.
- In advanced economies, robust demand momentum has not yet emerged despite continued low interest rates. Doubts about the path for Fed exit and Euro Area growth remain a cause of concern.
- In China, the authorities resorted to limited and targeted policy measures to support growth in the H2:14 including tax relief for small and medium enterprises, accelerated fiscal and infrastructure spending, and targeted cuts in required reserve ratios.
- A 7.1% growth is expected as the economy transitions to a more sustainable growth path.
- In India, growth appears to have bottomed out, and activity is projected to pick up gradually after the postelection recovery in business sentiment, offsetting the effect of an unfavourable monsoon on agricultural growth.
- In Brazil, tighter financial conditions and continued weakness in business and consumer confidence are holding back investment and dampening consumption growth.
- In Russia, investment is expected to remain weaker for longer, given geopolitical tensions.
- Growth in SA is expected to stay sluggish as a result of electricity constraints and labour conflicts.
- SSA economies have broadly remained resilient and are expected to maintain their high growth rates. However, they face high risk of capital reversal in the event of a shift in financial markets sentiment. Allowing policy credibility and addressing problems of inflation pressure will help maintain high growth.