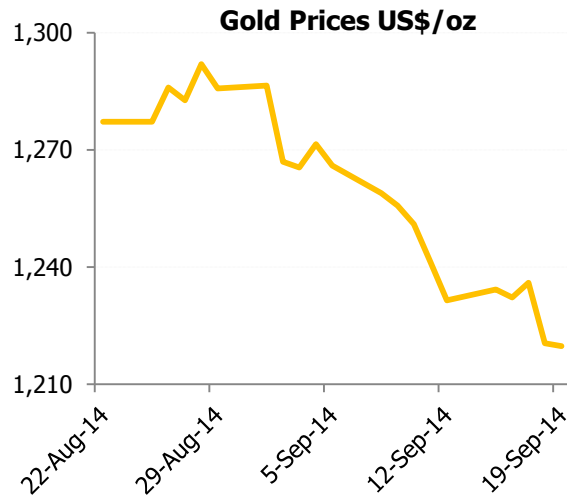


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart

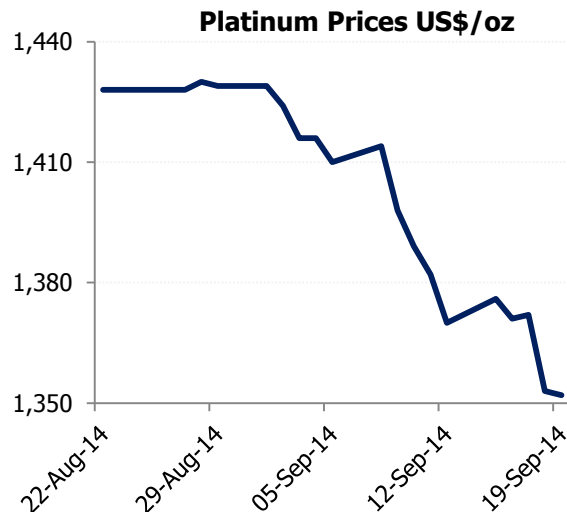


Commodity Prices

Daily	US\$/oz	WoW %Δ
12-Sep-14	1,232	
15-Sep-14	1,234	
16-Sep-14	1,232	
17-Sep-14	1,236	
18-Sep-14	1,221	
19-Sep-14	1,220	
		-0.95

Commodity Developments

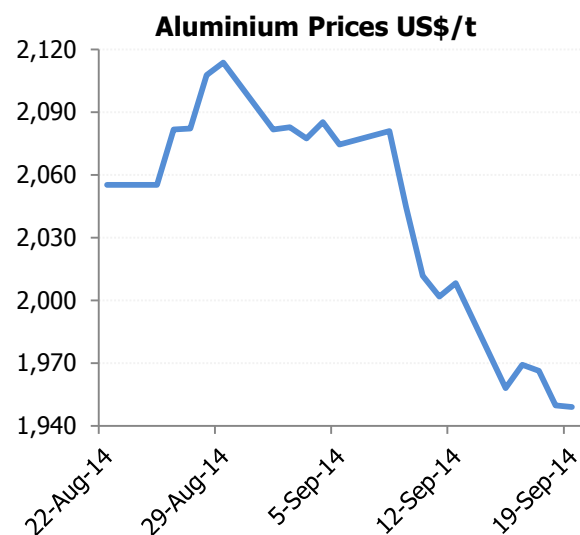
- Gold fell on the 19th to its lowest price since Jan-14 as the dollar surged on bets that US interest rates could rise sooner than expected.
- Global economic optimism has sapped gold's safe-haven appeal. US economic activity rose less than expected in Aug, but was still consistent with a moderate expansion. The Fed Reserve announced a further US\$10bn reduction in its monthly bond purchase, leaving the program on course to end next month and weighing down on the precious metal prices.
- Bullion has benefited from low borrowing costs in the years after the 2007-09 financial crisis, as these encouraged investors to channel their investments into the non-interest-bearing metal.
- In Tanzania, the Gvt plans to lift gold production at its Stamigold Biharamulo gold mine, formerly owned by African Barrick Gold, to 40,000oz next year. This is almost 4 times its expected output for 2014.



Daily	US\$/oz	WoW %Δ
12-Sep-14	1,370	
15-Sep-14	1,376	
16-Sep-14	1,371	
17-Sep-14	1,372	
18-Sep-14	1,353	
19-Sep-14	1,352	
		-1.31

- Platinum and PGMs followed the gold and other precious metals trend. Prospects of rising interest rates in US and weak demand from China as a result of cooling growth have dented precious metals.
- Zimbabwe which has world's 2nd largest known reserves of platinum has partnered with a Russian consortium which includes Rostec to develop a US\$3bn platinum mining project in the country.
- This is the single biggest investment in the country since its independence in 1980. Russian bank Vnesheconombank and industrial group Vi Holding are also involved in the platinum project, which at US\$3bn is nearly 20% of Zim's GDP.
- The project, which would include a mine, concentrator and smelter comes at a time when economic growth has been slowing and the Gvt is in dire need to curtail the high unemployment rate. The mine will produce 800,000oz/yr with an estimated life of 20yrs.

Commodity 30-Day Price Chart

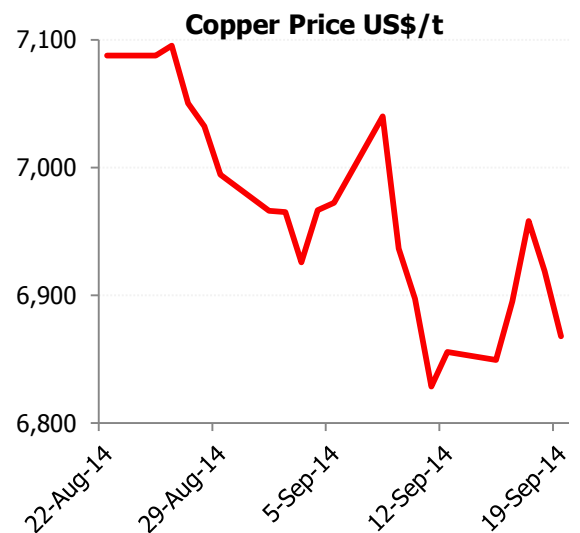


Commodity Prices

Daily	US\$/t	WoW %Δ
12-Sep-14	2,008	
15-Sep-14	1,958	
16-Sep-14	1,969	
17-Sep-14	1,966	
18-Sep-14	1,950	
19-Sep-14	1,949	
		-2.95

Commodity Developments

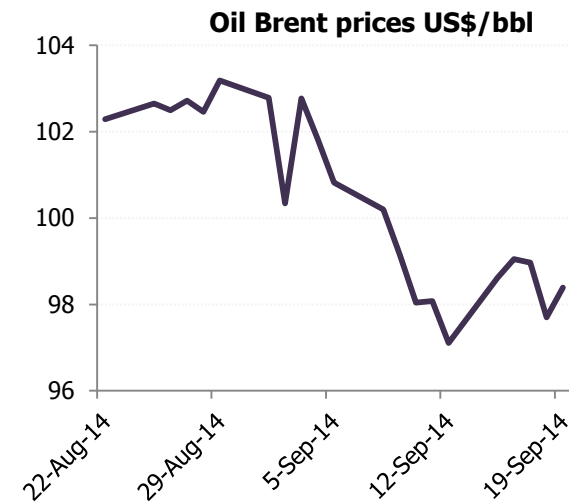
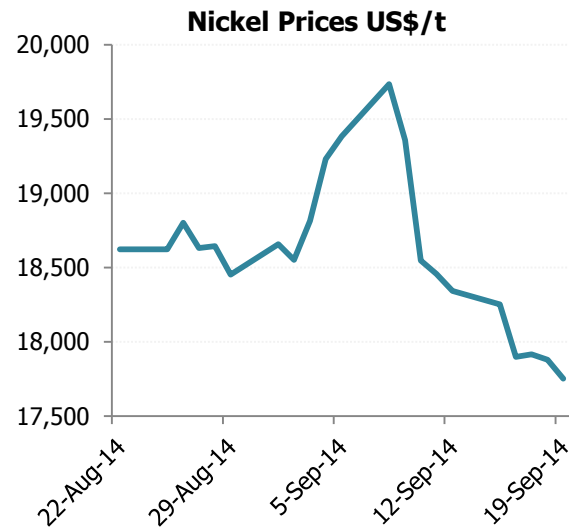
- Aluminium slipped pressured by renewed weaknesses in China's property market and by a sharp rise in the USD after the Fed Reserve signalled interest rates could rise faster than expected.
- Investors are looking to this week's initial estimate of China's manufacturing sector health in Sep for clues on growth in the world's biggest metals consumer.
- The metal closed the week down at US\$1,949/t, the weakest since the Aug 8.
- Reports from China said that the Central Bank would make available US\$81bn in short-term funds through the country's biggest 5 banks. If these funds are availed, it will be a boost to commodity markets.
- In other developments, Aluminum Corp of China Ltd (Chalco) closed an alumina production facility in central Henan province after a waste pool broke down earlier last week.



Daily	US\$/t	WoW %Δ
12-Sep-14	6,856	
15-Sep-14	6,850	
16-Sep-14	6,895	
17-Sep-14	6,958	
18-Sep-14	6,919	
19-Sep-14	6,868	
		0.18

- Copper prices slightly surged, breaking a string of 3 straight weekly declines as some investors bet a recovering US economy may boost metal demand.
- If the improvement in US economy is accompanied by an increase in investment in housing, it will be a boost to the metal used in construction.
- However, there are fears that the market may be in a massive oversupply, a situation that weighs down the red metal.
- In Zambia, Africa's 2nd largest copper producer, the power regulator, Copperbelt Energy Corporation has cut down power supply to the Konkola Copper Mines (KCM) owned by London-listed Vedanta Resources after a dispute over electricity bills. The copper miner has reported a loss of 482t of copper output worth US\$3.3m.
- Most African economies are reeling from infrastructure deficiencies particularly energy and power, an enabler to real and sustainable development.

Commodity 30-Day Price Chart



Commodity Prices

Daily	US\$/t	WoW %Δ
12-Sep-14	18,343	
15-Sep-14	18,253	
16-Sep-14	17,900	
17-Sep-14	17,918	
18-Sep-14	17,880	
19-Sep-14	17,753	
		-3.22

Daily	US\$/bbl	WoW %Δ
12-Sep-14	97.11	
15-Sep-14	98.62	
16-Sep-14	99.05	
17-Sep-14	98.97	
18-Sep-14	97.70	
19-Sep-14	98.39	
		1.32

Commodity Developments

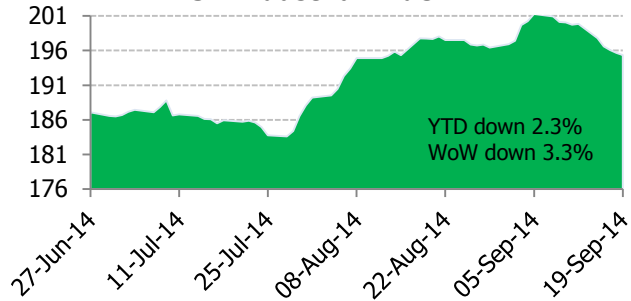
- Deficit speculation as a result of Indonesia ban and prospects the same by the Philippines has been driving nickel prices ahead of real fundamentals.
- Many investors bought the metal on the view that a ban on ore exports from top exporters would create shortages. However data from the industry showed the global nickel market was in a 5,200t surplus in Jul compared to a 4,800t deficit the month before.
- Weighing down on all metals is growth in Chinese sectors which is showing signs of cooling down, raising fears that the economy may be at risk of a sharp slowdown unless Beijing implements fresh stimulus measures.
- Brent crude oil prices have remained below US\$100/bbl as sluggish demand and ample supplies outweighed a possible cut in oil output from the Organisation of the Petroleum Exporting Countries (OPEC).
- Comments from OPEC's secretary general last week that the group could cut output next year buoyed Brent on the 19th, but investors' attention turned back to the gloomy economic outlook in Europe and China which has curbed oil demand.
- Oil production in Libya fell to 700,000bpd, down nearly 20% from 870,000bpd a week ago as its El Sharara oilfield and Zawiya refinery are still closed. A cut in Libya output also failed to have an impact on prices.
- In Russia Exxon Mobil said on it would wind down drilling in Russia's Arctic in the face of US sanctions targeting Western cooperation with Moscow's oil sector, a sign that US sanctions will have an impact on Russia's oil and gas sector.

Equities 90-Day Index Charts

Zimbabwe



ZSE Industrial Index

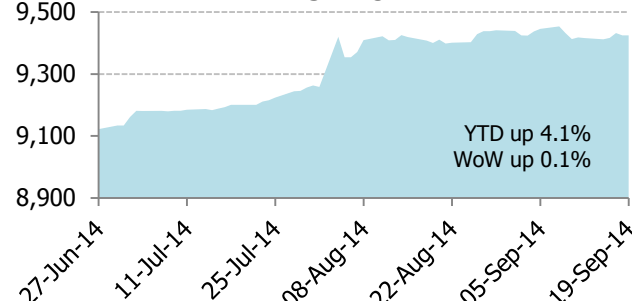


- Shanghai Electric to partner Shenergy Ltd and Nan Jiang to form Southern Africa Shanghai Energiser Company (SASEC), which would mine coal and build a power plant in the western coal mining belt.

Botswana



BSE DCI

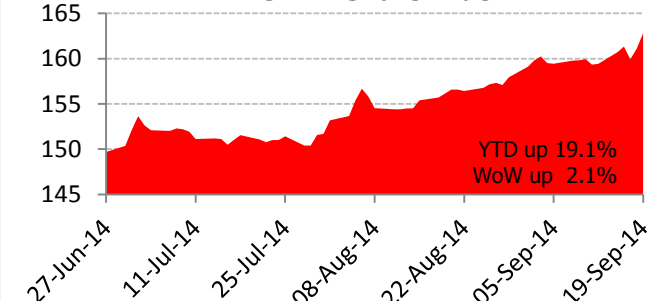


- Political tensions are heightening ahead of general elections, scheduled for Oct 24. BDP is expected to win but the contest is likely to be closer than in previous votes.

Kenya



NSE All Share Index

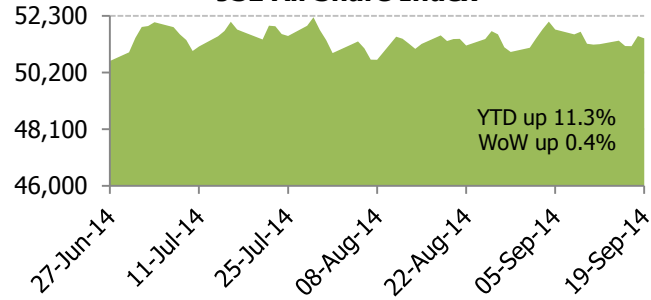


- The maximum price of Kenya's top grade AA coffee fell at past auction to US\$300 per bag from US\$323 at previous week's sale.

South Africa



JSE All Share Index

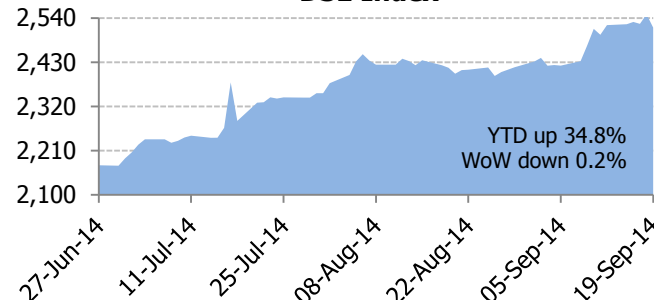


- The Gvt signed a US\$10 billion nuclear power cooperation deal with Russia on that paves the way for the building of up to 9.6GW of nuclear power based on Russian technology by 2030.

Tanzania



DSE Index

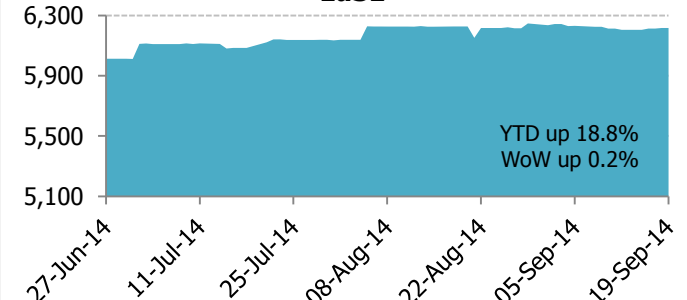


- Opposition party called on for protests this week after the ruling party rejected calls that include changing the way the nation is governed under a constitution now being drawn up, before elections next year.

Zambia



LuSE



- Zambia and Zimbabwe have obtained pledges of US\$280m to rehabilitate the Kariba dam, a crucial source of energy built more than 50yrs ago that requires urgent maintenance.

Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending							
12-Sep-14	9.09	30.47	1,660	6.16	10.99	1.292	1.625
Daily							
15-Sep-14	9.12	30.51	1,660	6.19	11.07	1.293	1.625
16-Sep-14	9.10	30.52	1,661	6.15	10.94	1.294	1.617
17-Sep-14	9.06	30.57	1,661	6.17	10.93	1.296	1.632
18-Sep-14	9.12	30.62	1,662	6.19	10.99	1.288	1.630
19-Sep-14	9.14	30.69	1,663	6.19	11.07	1.287	1.642
WoW %Δ	0.55	0.72	0.18	0.50	0.74	-0.37	1.03
YTD %Δ	4.84	2.88	6.19	12.29	5.76	-6.55	-0.64

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
Wk Ending				
12-Sep-14	0.828	2.78	0.561	152
Daily				
15-Sep-14	0.825	2.77	0.562	151
16-Sep-14	0.828	2.79	0.561	150
17-Sep-14	0.830	2.80	0.564	152
18-Sep-14	0.828	2.78	0.561	152
19-Sep-14	0.825	2.79	0.562	151
WoW %Δ	-0.37	0.36	0.14	-0.66
YTD %Δ	-1.33	-2.79	7.64	1.44

Exchange Rate Developments

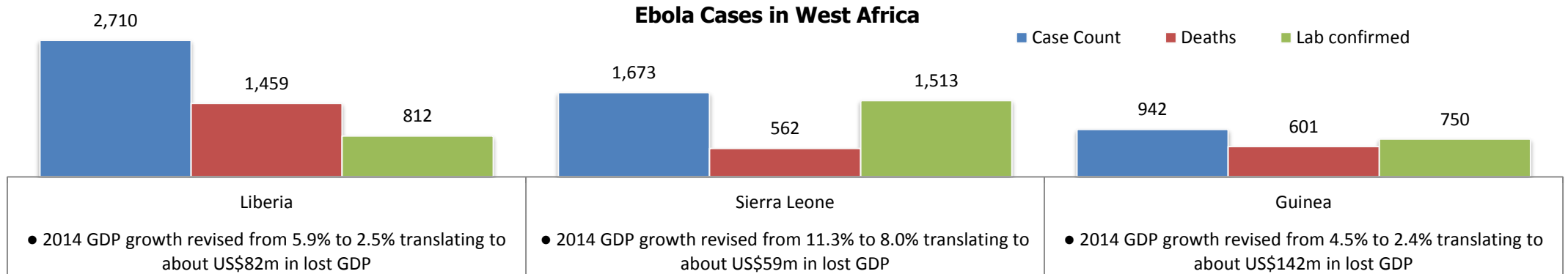
- The GBP appreciated against a basket of currencies as Scotland remained in the United Kingdom after the 18th of Sep referendum vote.
- The USD ended the week stronger lifted by Fed Reserves forecasts for short-term rates on the 17th that were higher than those projected in Jun.
- Higher rates makes the greenback more attractive but at the end of the 2-day policy meeting the Fed Reserves pledged to keep longer rates low for an unspecified considerable period.
- Africa's most advanced economy's currency, the ZAR, touched a near 7-month low against the USD as the markets weighed the end of Governor Gill Marcus' 5-year term at the bank. Marcus took the market surprise on the 18th when she announced that she will be stepping down at the end of her term in Nov.
- Uncertainty on who will succeed the esteemed Marcus will put downward pressure on the ZAR in the coming weeks.
- All BancABC markets' currencies depreciated against the stronger USD.
- The BWP and TZS appreciated against the volatile ZAR whilst the ZMW and MZN depreciated.
- In Botswana, the upcoming elections may add some downward pressure to the BWP. The ruling BDP is expected to win but will likely lose more ground to opposition parties as compared to last elections.
- The challenge for BDP comes not only from united opposition, but also from domestic economic challenges such as power challenges, which have hampered economic output.

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Appendix: Ebola Outbreak Impact to African Economies



Liberia
(1st case Mar-14, Ppn 4m)

- GDP per capita US\$474 (60% of the ppn below poverty line).
- Vedanta Resources evacuated its expatriate employees.
- ArcelorMittal announced a force majeure on a project.
- Gvt Expenditure to increase by about US\$50m - financed from a reallocation from capital expenditure.

Sierra Leone
(1st case May-14, 4 doctors and 30 nurses among the dead, Ppn 6m)

- GDP per capita US\$784 (53% of ppn below poverty line).
- Demand slackening. Little impact on mining which accounts for 85% of economic activity.
- Weekly flights fell from 31 in Aug-14 to currently 6.
- BoP financing gap likely to increase as imports rise in relation to Health needs. Gvt revenue to fall as a result of reduced economic activity.

Guinea
(1st to be hit by Ebola Ppn 11m)

- GDP per capita US\$565, 55% of ppn below poverty line)
- Agric has been hit by an exodus of people from the affected areas affecting key commodity exports such as cocoa and palm oil.
- Vale mining and Rio Tinto have evacuated many workers.
- There has been an increase in exchange rate volatility.

Nigeria
(GDP growth 6%, Gvt budget balanced, Ppn 169m)

- Significant decline in retail demand by about 20% to 40%.
- Gvt struggling from internal political crisis is under more pressure to contain the epidemic.
- It is discouraging foreign tourist.
- However the country's high oil dependency for exports may be an advantage in fighting Ebola as oil has high regional concentration & may not face Ebola-related disruption.

DRC
(68 cases recorded, 41 deaths, Ppn 77m)

- GDP per capita US\$398, one of the poorest nations in the world.
- The country has experience in fighting the deadly virus.
- Country benefited from its low population density.
- No new cases have been reported in the past 10 days.
- Trucks transporting copper to SA were stranded at Botswana border.

Other Nations

- Botswana implemented some restrictions on its borders. In Aug 100 trucks coming from DRC transporting copper to SA were stuck at its border.
- Zambia set aside more than ZMW100m (US\$16m) to mitigate the threats of the disease.
- AFDB mobilised US\$150m to support fiscal budgets of affected nations.
- Negatively affecting tourism industry in all African nations