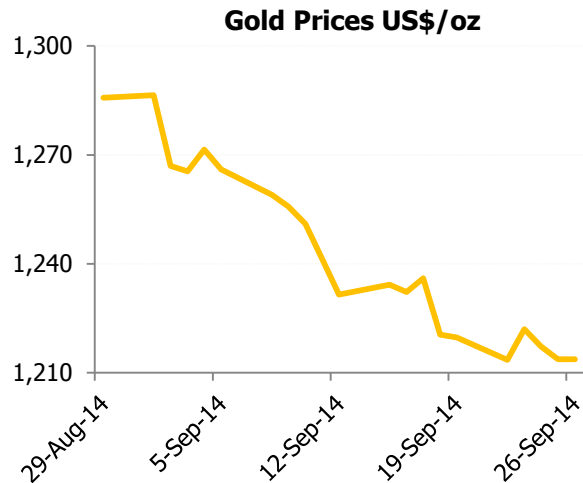


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart



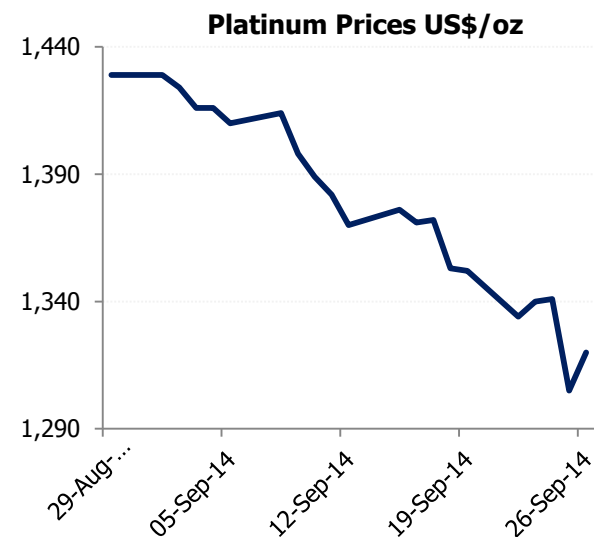
### Commodity Prices

Daily	US\$/oz	WoW %Δ
19-Sep-14	1,220	
22-Sep-14	1,214	
23-Sep-14	1,222	
24-Sep-14	1,217	
25-Sep-14	1,214	
26-Sep-14	1,214	
		<b>-0.49</b>

### Commodity Developments

- Gold prices fell to register a 4<sup>th</sup> consecutive weekly loss, its longest streak since Apr-13 as a USD driven rally encouraged by US economic growth dimmed bullion's investment appeal. US data released during the week showed that the economy grew at its fastest rate since Q4:11 of 4.6% in the Q2:14, with all sectors contributing to the surge in output.
- A continued decline in the yellow metal prices may see a number of producers reducing output or even shutting down operations. Many producers may struggle if bullion prices fell below US\$1,200/oz due to high all-in cost of producing an ounce of gold.

Country	Mine	All-In Sustaining Costs US\$/oz
Tanzania	Bulyanhulu mine	1,344
Zimbabwe	Metallon Gold	850
Zimbabwe	Freda Rebecca	1,088
Zimbabwe	Blanket Mine	881
Mali	Yatela Mine	1,910

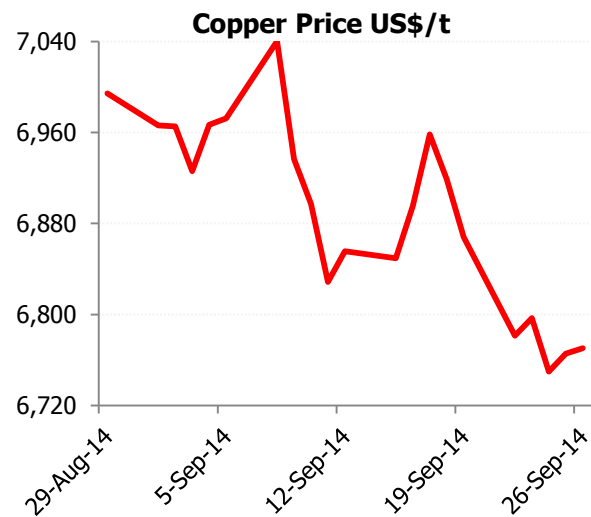
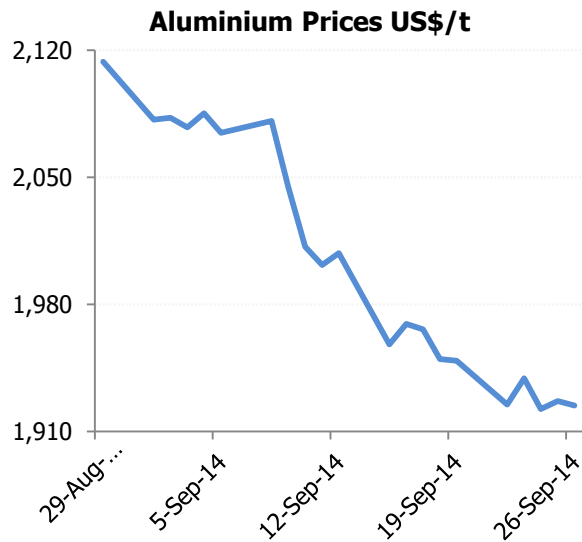


Daily	US\$/oz	WoW %Δ
19-Sep-14	1,352	
22-Sep-14	1,334	
23-Sep-14	1,340	
24-Sep-14	1,341	
25-Sep-14	1,305	
26-Sep-14	1,320	
		<b>-2.37</b>

- Platinum prices followed the gold trend touching its lowest since Jun-13 on the 25<sup>th</sup>, threatening operations of most miners as it is a high cost business.
- Expectations of earlier interest rates hike in the US, Europe economic challenges and weak demand out of China have dented metal prices.
- Generally lower mine output and increased recycling is expected this year due to subdued prices, lost production in SA as a result of the 5-month strike and a mismatch between mining costs and prices.

Country	Mine	All-In Sustaining Costs US\$/oz
Zimbabwe	Mimosa	1,782
Zimbabwe	Zimplats	1,307
South Africa	Two Rivers	1,325
South Africa	Marula	2,230

### Commodity 30-Day Price Chart



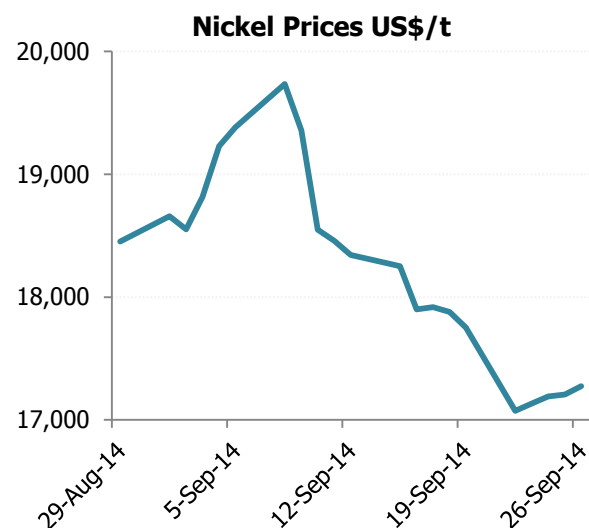
### Commodity Prices

Daily	US\$/t	WoW %Δ
19-Sep-14	1,949	
22-Sep-14	1,925	
23-Sep-14	1,939	
24-Sep-14	1,922	
25-Sep-14	1,927	
26-Sep-14	1,924	
		<b>-1.27</b>

Daily	US\$/t	WoW %Δ
19-Sep-14	6,868	
22-Sep-14	6,782	
23-Sep-14	6,797	
24-Sep-14	6,750	
25-Sep-14	6,766	
26-Sep-14	6,771	
		<b>-1.42</b>

### Commodity Developments

- Aluminium and all base metals slipped on a strong USD and worries that weak global economic growth could curb demand.
- A strong USD makes commodities priced in the greenback more expensive to buyers outside the US. Also denting base metals were news that China's currency regulator found nearly US\$10bn worth of falsified trade transactions during a probe.
- Global commodity markets were rattled in Jun-14 when an investigation into a trade fraud in China showed companies had used fake receipts at a port in Qingdao in east China to obtain multiple loans secured against a single cargo of metal.
- Generally, all base metals remain vulnerable to actions of the Fed Reserve and a stronger USD as the US economy is doing well whilst China, Japan and the Euro zone impose worries on the global economic growth.
- Although there are some positive signs in the copper market such as a rising power cable output in both Jul and Aug in China, concerns of Chinese and Euro zone economic growth impose bearish outlook on the metal.
- The market is expected to register a huge surplus this year and prices may retest the recent low in copper which was about US\$6,300/t in Mar-14. There is generally growing pessimism in the copper market among speculative investors, due to weaker fundamentals.
- In Zambia, electricity supplier Copperbelt Energy Corp restored power supply to Konkola Copper Mine (KCM) ending a week-long supply restriction stemming from a dispute over an unpaid bill.
- The power disruption was impairing KCM's production and profitability and could have had implications on job security if prolonged. The miner suspended underground work at its Nchanga mine due to flooding caused by lack of pumping, costing it 482t of copper worth US\$3.3m.

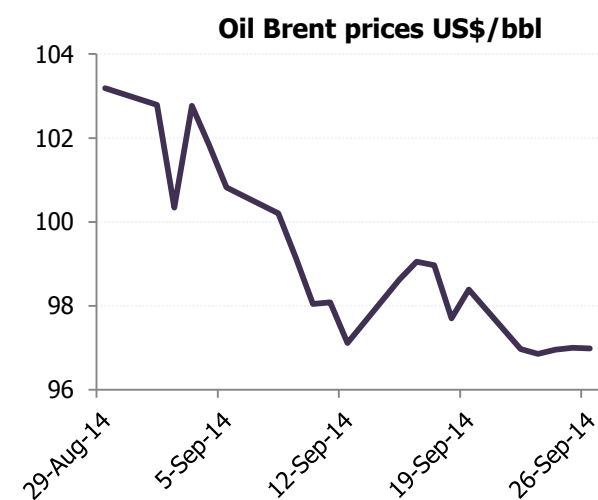
**Commodity 30-Day Price Chart**

**Commodity Prices**

Daily	US\$/t	WoW %Δ
19-Sep-14	17,753	
22-Sep-14	17,073	
23-Sep-14	17,133	
24-Sep-14	17,190	
25-Sep-14	17,208	
26-Sep-14	17,275	
		<b>-2.69</b>

**Commodity Developments**

- Nickel prices suffered another weekly loss as speculators continue to liquidate their long positions when anticipated shortages failed to emerge in China, as the Philippines filled the gap in ore supply by much more than expected.
- The lack of Indonesian ore has not squeezed the Chinese Nickel Pig Iron (NPI) sector as much as expected due to Philippine replacement supply, but NPI costs are now higher than London Metal Exchange (LME) nickel prices.
- The monsoon season in the Philippines may push up ore price and NPI costs, supporting nickel prices.

Country	Mine	Q2:14 Production (t)	QoQ % change
Botswana	Tati Nickel	1,600	(8)
Finland	Harjavalta	5,400	(52)
Russia	Norilsk Russia	54,700	(2)
South Africa	Nkomati Mine	2,900	(4)
Zimbabwe	BNC	1,902	(14)

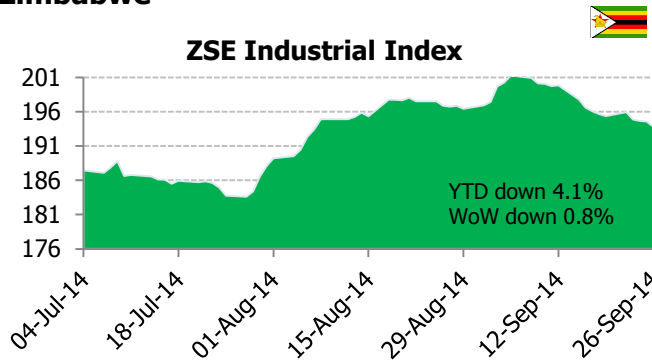


Daily	US\$/bbl	WoW %Δ
19-Sep-14	98.39	
22-Sep-14	96.97	
23-Sep-14	96.85	
24-Sep-14	96.95	
25-Sep-14	97.00	
26-Sep-14	96.98	
		<b>-1.43</b>

- Brent prices also slipped on stronger dollar and concerns about tepid demand for oil in Europe and China that offset concerns about the Middle East conflicts.
- Slowing economic activity in Europe and Asia has dampened demand for oil, while supply is on the rise. Libya's output has reached 925,000bpd the highest since militias turned on each other after the overthrow of Muammar Gaddafi.
- The continuous fall in oil prices has seen Iran urging OPEC members to make joint efforts to keep oil prices from falling further, highlighting a split with other members such as Saudi Arabia who face less budget pressure even with the slide in crude prices.
- However, a continued conflict in the Middle East may limit further crude price losses. A monitoring group in Syria announced that air and missile strikes hit oilfields in eastern Syria in an apparent attack by US-led forces against Islamic State militants.

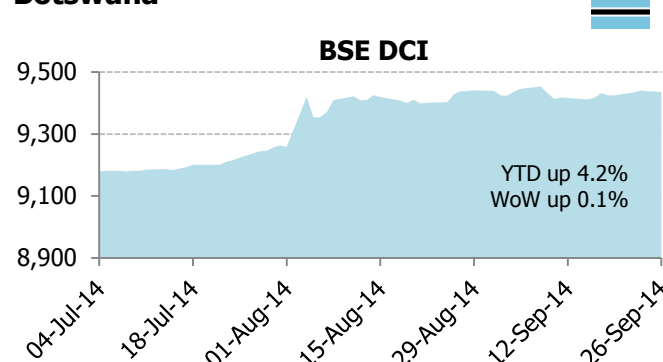
## Equities 90-Day Index Charts

### Zimbabwe



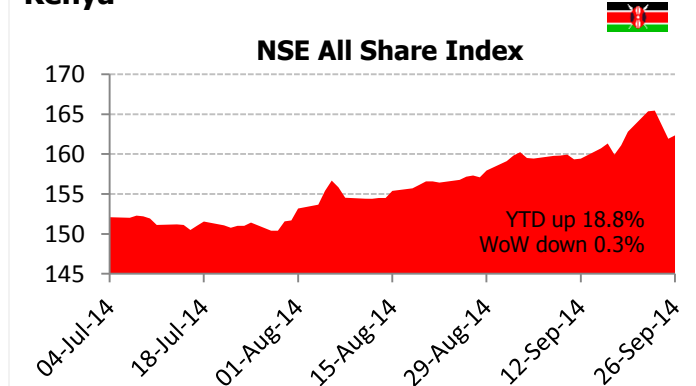
- IMF said it would work with Zim to produce a debt repayment plan that would help the economy qualify for international loans.

### Botswana



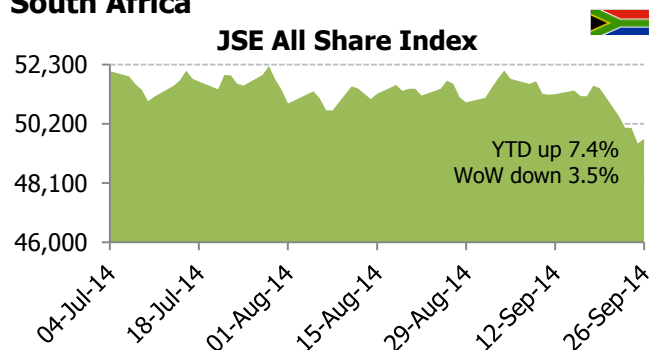
- Economy grew 1.6% QoQ in Q2:14 from a revised -0.7% in the 1<sup>st</sup> 3 months of the year. On a YoY basis GDP growth was at 4.5% in Q2:14 from 5.2% in Q1:14.

### Kenya



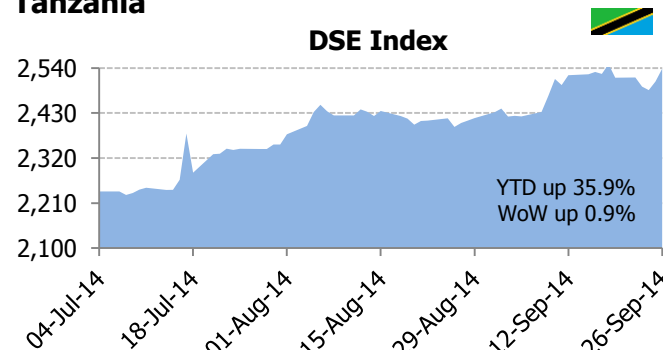
- GDP was estimated to be 25% bigger after the authorities changed the base calculation year to 2009 from 2001, sending the east African nation into the continent's top 10 economies.

### South Africa



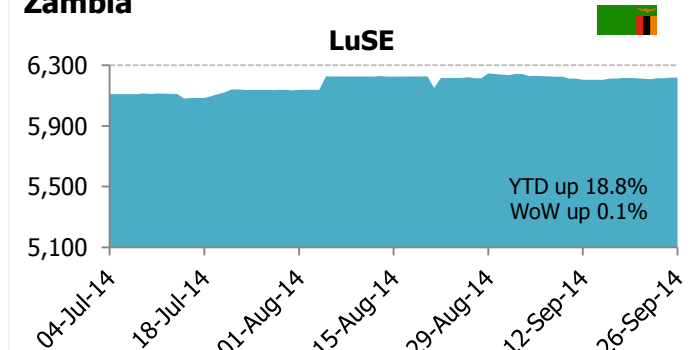
- Economy expects a bumper maize harvest of 14.3m tonnes the biggest in 3 decades. This will contain food prices and give a lift to sluggish growth in Africa's most advanced economy.

### Tanzania



- The Gvt lifted a rule that barred foreign investors from buying more than 60% of shares in a listed company on the Dar es Salaam Stock Exchange (DSE).

### Zambia



- Inflation slowed to 7.8% YoY in Sept from 8% in Aug as the prices of food and non-food items dropped. On MoM inflation dropped to 0.2% from 0.7% in Aug.

## Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
<b>Wk Ending</b>							
19-Sep-14	9.14	30.69	1,663	6.19	11.07	1.287	1.642
<b>Daily</b>							
22-Sep-14	9.15	30.71	1,663	6.19	11.14	1.286	1.634
23-Sep-14	9.17	30.75	1,664	6.19	11.12	1.287	1.633
24-Sep-14	9.17	30.74	1,665	6.17		1.277	1.633
25-Sep-14	9.20		1,666	6.19	11.17	1.272	1.630
26-Sep-14	9.22	30.79	1,666	6.21	11.18	1.275	1.632
<b>WoW %Δ</b>	<b>0.83</b>	<b>0.33</b>	<b>0.18</b>	<b>0.36</b>	<b>0.97</b>	<b>-1.01</b>	<b>-0.61</b>
<b>YTD %Δ</b>	<b>5.71</b>	<b>3.22</b>	<b>6.39</b>	<b>12.70</b>	<b>6.79</b>	<b>-7.49</b>	<b>-1.24</b>

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
<b>Wk Ending</b>				
19-Sep-14	0.825	2.79	0.562	151
<b>Daily</b>				
22-Sep-14	0.825	2.76	0.557	151
23-Sep-14	0.823	2.77	0.558	150
24-Sep-14	0.824	2.76	0.555	150
25-Sep-14	0.824		0.553	150
26-Sep-14	0.823	2.75	0.553	149
<b>WoW %Δ</b>	<b>-0.24</b>	<b>-1.43</b>	<b>-1.51</b>	<b>-1.32</b>
<b>YTD %Δ</b>	<b>-1.56</b>	<b>-4.18</b>	<b>6.02</b>	<b>0.10</b>

## Exchange Rate Developments

- The USD continued to record weekly gains against major currencies buoyed by expectations that the Fed Reserve will raise interest rates well ahead its counterparts in Japan and Euro zone.
- US data that showed an acceleration of consumer spending in Aug supported the upbeat outlook of the world's biggest economy.
- The EUR was hit the most as European and US monetary policies part ways. The Fed reserve is likely to end its bond-buying next month that was rolled out to tackle the financial crisis.
- By contrast the ECB is likely to ease its ultra-loose monetary policy further, and may resort to buying Gvt debt to revive a stuttering Euro zone economy and avert a lapse into deflation.
- The ZAR touched 8-month record low against the greenback after the US economy recorded stronger than expected GDP growth.
- A slew of SA and global economic data this week is expected to pile pressure on the ZAR, including an expected widening in SA's trade deficit in Aug.
- All BancABC markets' currencies depreciated against the stronger USD and appreciated against the weaker and volatile ZAR.

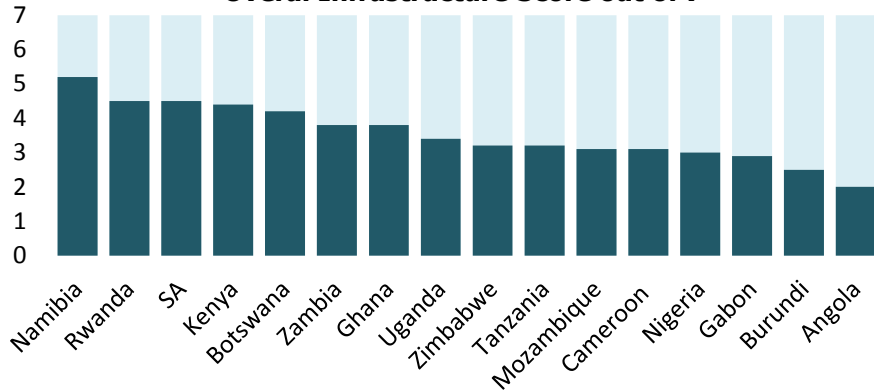
### Disclaimer

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

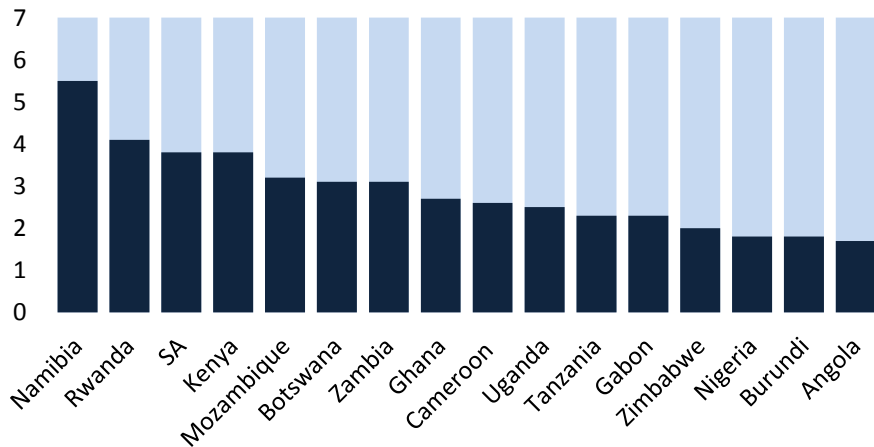
**Appendix: Electricity Supply in African Markets**

**Overall Infrastructure Score out of 7**



*\*Assessment of the strength of infrastructure - roads, rail, ports, air, water etc. The score ranges from 0-7 where 7 is the best.*

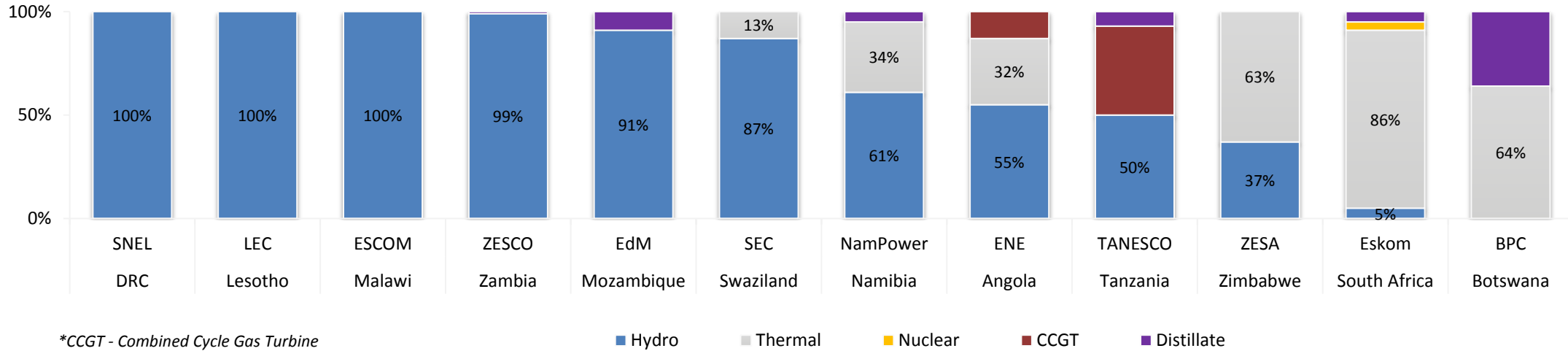
**Quality of Electricity Supply Score out of 7**



*\*Takes into account per capita power access, % of pop on the grid and other rationing activities.*

- Infrastructure deficiencies especially in utilities (water and power) in most African markets are hindering development.
- Namibia and Rwanda tops the ranks in terms of infrastructure and quality of electricity supply whilst Angola and Burundi are bottom of the list.
- In the Power Sector, state-owned utilities remain dominant in the region and in various cases remain vertically integrated, controlling generation, transmission and distribution assets.
- Many of these companies do not have the financial firepower to tackle their respective power sector infrastructure deficits. Liberalisation of the sector is more topical in most markets as economies move to attract private investment in new generating capacity to stop electricity deficiencies from constraining economic growth.
- Privatisation, in countries it has occurred, has been limited to generation segment and there is a growing number of Independent Power Producers (IPP). Transmission and Distribution (T&D) activities continue to be dominated by state-owned companies.
- East Africa has made more progress in terms of IPPs compared to Southern Africa.
- Southern African countries found Southern African Power Pool (SAPP) in 1995 which allows electricity trading between countries. This arrangement provides a platform to bridge power shortfalls.
- A good example is Mozambique, Zimbabwe, and Namibia who export electricity to other participants in the SAPP. Mozambique, for instance, exports 95% of the output from the 2,075MW Cahora Bassa hydroelectric plant.
- Liberalisation of the sector and promoting IPPs may lead to real development of this critical sector.
- Nigeria sold 15 power companies that were run by state-owned Power Holding Company of Nigeria. The privatisation and liberalisation process attracted international companies including Symbion Power from the US, Siemens of Germany, India's Tata Power, the Shanghai Municipal Electric Power Company and Russia's RusHydro. Africa's largest economy has one of the continent's lowest per capita power supplies with half of its 170m people off the grid.

### Electricity Generation Mix



### Power Generation and Consumption in Southern Africa

Country	Utility	Available Capacity	Peak Demand	Surplus/(Deficit)
Angola	ENE	1,480	1,072	408
Botswana	BPC	322	578	(256)
DRC	SNEL	1,170	1,040	130
Lesotho	LEC	72	129	(57)
Malawi	ESCOM	287	278	9
Mozambique	EdM	2,279	706	1,573
Namibia	NamPower	360	611	(251)
South Africa	Eskom	41,074	35,896	5,178
Swaziland	SEC	70	204	(134)
Tanzania	TANESCO	1,143	900	243
Zambia	ZESCO	1,845	1,681	164
Zimbabwe	ZESA	1,600	2,029	(429)

Source: Southern Africa Power Pool (SAPP)

### Average Tariff USc/kwh

