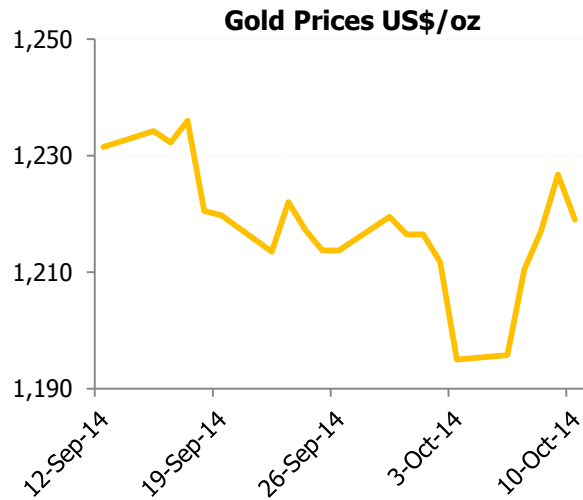


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart

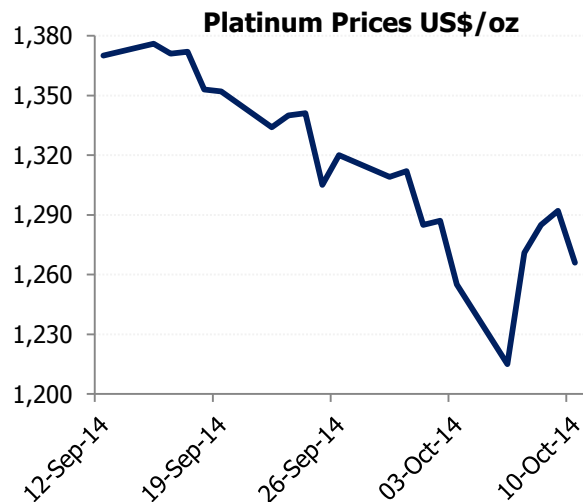


### Commodity Prices

Daily	US\$/oz	WoW %Δ
3-Oct-14	1,195	
6-Oct-14	1,196	
7-Oct-14	1,211	
8-Oct-14	1,217	
9-Oct-14	1,227	
10-Oct-14	1,219	
		<b>2.01</b>

### Commodity Developments

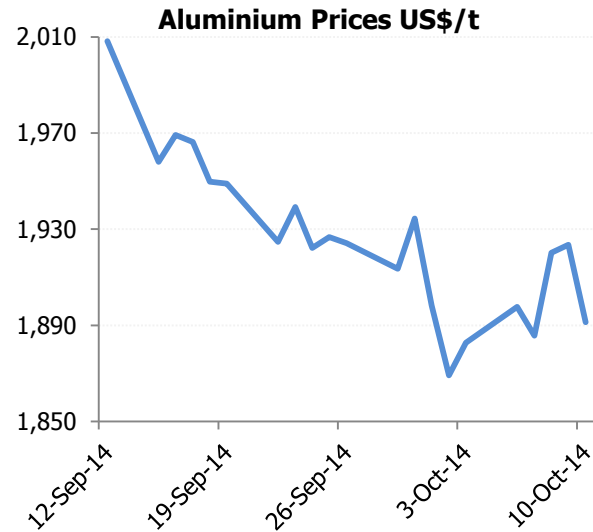
- Bullion registered its biggest weekly rise in 4 months supported by easing fears of interest rate hikes by the Fed Reserve and tumbling equity prices.
- Minutes of the Fed Reserve Sept-14 meeting released on the 8<sup>th</sup> of Oct, showed that monetary authorities were struggling with how to deal with the dual threats of a stronger USD and a global economic slowdown.
- The minutes prompted investors to bet that the US central bank is in no rush to tighten monetary policy after years of monetary stimulus. Higher interest rates would hurt demand for gold, a non-interest bearing asset.
- Earlier in the week, the metal hit its 15-month low after US data fuelled speculation that the US interest could rise earlier.
- In the physical market, there was a surge in Indian demand ahead of the Diwali festival, a key bullion buying period. The metal however remains vulnerable to more losses on improving US economic outlook.



Daily	US\$/oz	WoW %Δ
3-Oct-14	1,255	
6-Oct-14	1,215	
7-Oct-14	1,271	
8-Oct-14	1,285	
9-Oct-14	1,292	
10-Oct-14	1,266	
		<b>0.88</b>

- Platinum prices edged up following the gold trend but have remained weak and volatile.
- Prices hit their lowest since Sep-09 on the 6<sup>th</sup> of Oct, threatening viability of platinum miners. The metal is down 7.2% year-to-date and prices are at levels that most producers barely cover their costs.
- World number one producer, Anglo American Platinum is struggling to implement a new strategy of selling directly to end-users against a backdrop of weak prices.
- The company which mines platinum in South Africa (SA) and Zimbabwe (Zim) plans to sell direct to traders and carmakers and seize profit opportunities by financing or lending metal and arbitraging different locations and grades.

### Commodity 30-Day Price Chart

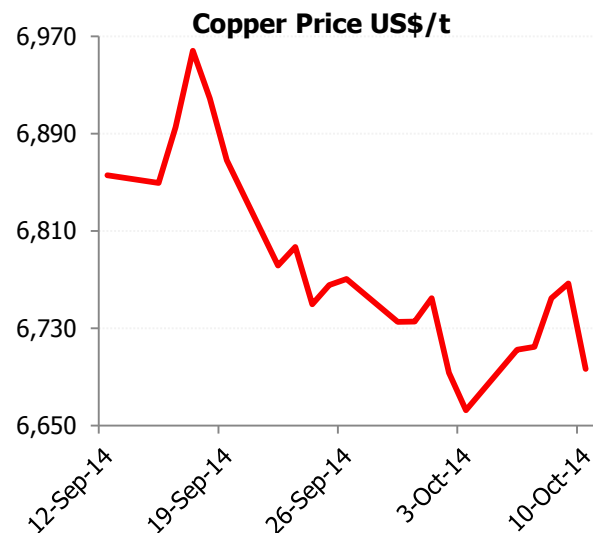


### Commodity Prices

Daily	US\$/t	WoW %Δ
3-Oct-14	1,883	
6-Oct-14	1,898	
7-Oct-14	1,886	
8-Oct-14	1,920	
9-Oct-14	1,924	
10-Oct-14	1,891	
		<b>0.45</b>

### Commodity Developments

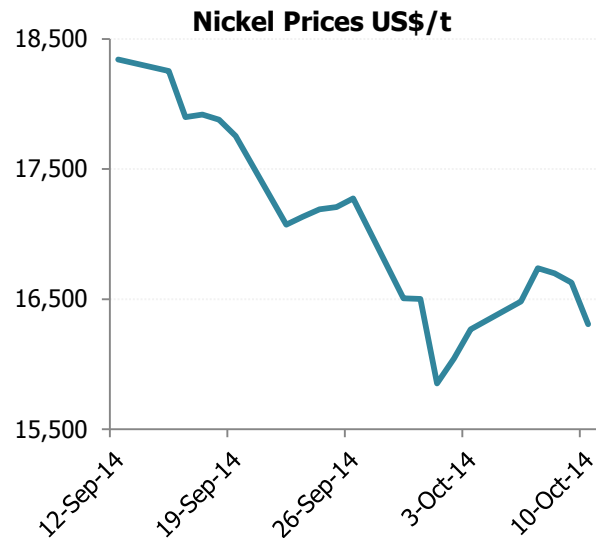
- Aluminium and base metals prices surged on the 8<sup>th</sup> and 9<sup>th</sup> of Oct after US central bank authorities signalled that they would not rush to hike interest rates, implying an extension of a period of cheap capital for industry and investors.
- The metal however tumbled on the 10<sup>th</sup> on Chinese data which showed that growth in service sector weakened in Sep-14, reinforcing signs of a slowdown in the world's 2<sup>nd</sup>-largest economy.
- Major producer Alcoa Inc lowered its global aluminium deficit estimate this year due to smelter restarts in China. An increased production in China would suppress the metal's prices.



Daily	US\$/t	WoW %Δ
3-Oct-14	6,663	
6-Oct-14	6,712	
7-Oct-14	6,715	
8-Oct-14	6,755	
9-Oct-14	6,767	
10-Oct-14	6,697	
		<b>0.51</b>

- Copper prices fell on the 10<sup>th</sup> of Oct, reversing some of the gains during the week, pressured by a strong USD and growing concerns about the global economic outlook.
- Data on the 9<sup>th</sup> of Oct showed German exports plunged in Aug by the largest amount since the height of the financial crisis, and leading institutes slashed their forecasts for growth of the Euro zone.
- Another concern was stuttering demand growth in top consumer China, which is suffering from a property-led slowdown and which is due to announce its trade figures this week.
- The markets expect Chinese trade data to show that softer domestic demand pulled down growth in imports, investment and retail sales to multi-month or multi-year lows in Sep, raising questions about whether policymakers should do more to fight the economic slowdown.

### Commodity 30-Day Price Chart

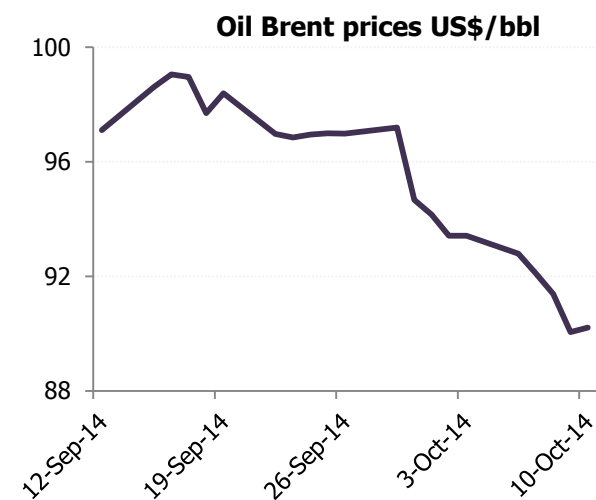


### Commodity Prices

Daily	US\$/t	WoW %Δ
3-Oct-14	16,268	
6-Oct-14	16,483	
7-Oct-14	16,738	
8-Oct-14	16,698	
9-Oct-14	16,628	
10-Oct-14	16,308	
		<b>0.25</b>

### Commodity Developments

- Nickel prices slightly rose as investors bet that long-awaited shortages would finally begin to hit the market in coming months.
- The metal has shed off closer to 30% since touching a 27-month peak in May after a deficit failed to appear despite a ban on ore shipments from top exporter Indonesia. Supply from the Philippines has unexpectedly filled the gap, but is expected not to last for long.
- Currently the market is in surplus but expected seasonal weaknesses in Philippines in Nov, combined with absence of Indonesian ore may trigger a rise in prices in the coming few weeks.
- On the demand side, the metal has been adversely affected by a slowdown in Chinese and Euro zone economic growth.

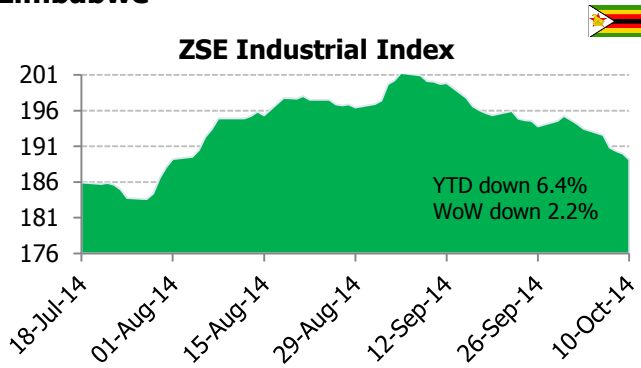


Daily	US\$/bbl	WoW %Δ
3-Oct-14	93.42	
6-Oct-14	92.79	
7-Oct-14	92.11	
8-Oct-14	91.38	
9-Oct-14	90.05	
10-Oct-14	90.21	
		<b>-3.44</b>

- A well supplied market and growth concerns in advanced economies have weighed down on oil prices.
- Investors who were expecting a production cut from Organization of the Petroleum Exporting Countries (OPEC) to support prices were disappointed as Saudi Arabia, Iran and Kuwait played down the possibility of OPEC reducing output, weighing down on prices.
- Major producer Saudi Arabia indicated that it can accept prices between US\$80/bbl to US\$90/bbl whilst Kuwait suggested that US\$76/bbl to US\$77/bbl might be the level that would end the oil price slide, since that was the cost of production in the US and Russia.
- Oil prices are expected to fall further due to oversupply and global economic growth concerns.

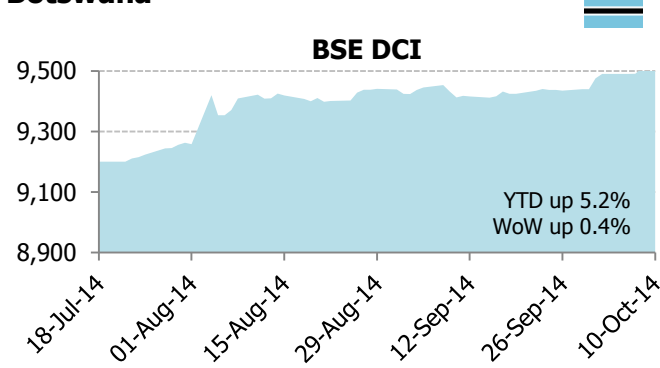
## Equities 90-Day Index Charts

### Zimbabwe



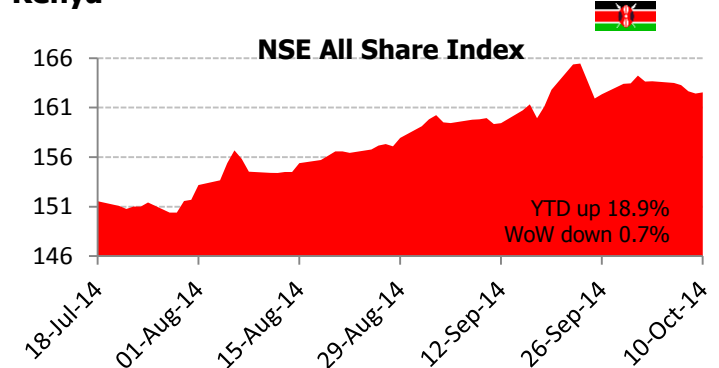
- SABMiller's affiliate Delta Corporation reported a 25% drop in lager sales for the 6 months to Sep, as slower economic growth in the southern African country hit demand for beer.

### Botswana



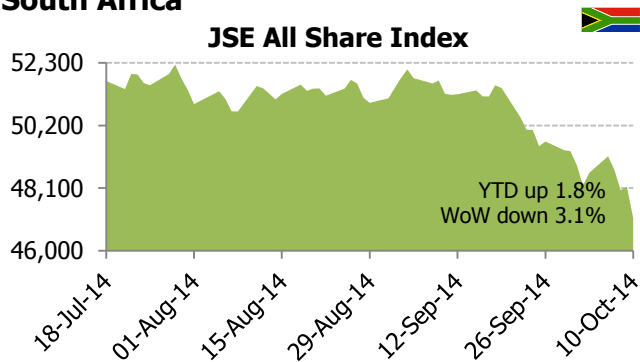
- Economy grew 1.6% QoQ in Q2:14 from a revised -0.7% in Q1:14. On a YoY basis GDP growth was at 4.5% in Q2:14 from 5.2% in Q1:14

### Kenya



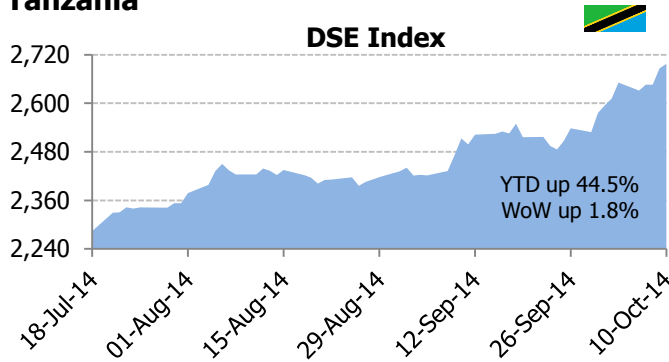
- East African Community has reached a deal with the EU to renew a duty-free export regime for fresh fruit, vegetables and flowers. Horticulture is a leading source of foreign exchange for Kenya.

### South Africa



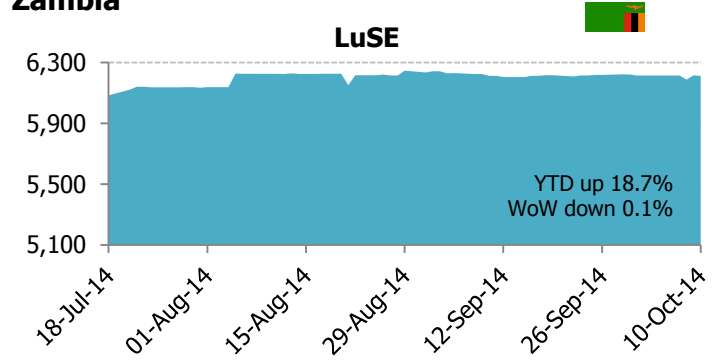
- JSE the largest and most liquid stock exchange on the continent listed 3 African currencies on a new foreign exchange futures platform. The Nigerian Naira, Kenyan Shilling and the Zambian Kwacha made their debut on the derivatives market.

### Tanzania



- Tanzania will complete a US\$455m power transmission line next year linking its power grid to Kenya and Zambia, part of plans to export electricity powered by its gas and coal reserves to its neighbours.

### Zambia



- Gvt plans to narrow its budget deficit in 2015, helped by changes to the mining tax regime which should boost revenue.

## Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
<b>Wk Ending</b>							
3-Oct-14	9.23	30.90	1,670	6.28	11.21	1.264	1.609
<b>Daily</b>							
6-Oct-14	9.30		1,667	6.29	11.27	1.255	1.598
7-Oct-14	9.23	30.86	1,670	6.30	11.21	1.262	1.608
8-Oct-14	9.24	30.87	1,671	6.32		1.265	1.606
9-Oct-14	9.15		1,669	6.32	11.02	1.278	1.621
10-Oct-14	9.17	30.87	1,670	6.31	11.12	1.266	1.605
<b>WoW %Δ</b>	<b>-0.64</b>	<b>-0.10</b>	<b>0.00</b>	<b>0.47</b>	<b>-0.82</b>	<b>0.15</b>	<b>-0.26</b>
<b>YTD %Δ</b>	<b>5.13</b>	<b>3.49</b>	<b>6.64</b>	<b>14.49</b>	<b>6.25</b>	<b>-8.11</b>	<b>-2.86</b>

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
<b>Wk Ending</b>				
03-Oct-14	0.825	2.73	0.555	149
<b>Daily</b>				
06-Oct-14	0.823		0.558	147
07-Oct-14	0.824	2.75	0.562	148
08-Oct-14	0.824	2.76	0.565	149
09-Oct-14	0.828		0.573	149
10-Oct-14	0.827	2.78	0.567	152
<b>WoW %Δ</b>	<b>0.34</b>	<b>1.83</b>	<b>2.15</b>	<b>2.01</b>
<b>YTD %Δ</b>	<b>-1.01</b>	<b>-3.14</b>	<b>8.54</b>	<b>2.12</b>

## Exchange Rate Developments

- The ZAR and BWP reversed some of their 4 day winning streak against the USD on the 10<sup>th</sup>, amid lack of domestic impetus to counter rising concerns about the state of the global economy which left investors averse to risky assets.
- The SA market seem to have moved on from the euphoria of respected deputy Governor Lesetja Kganyago being appointed to take over as central bank chief when Gill Marcus retires on the 8<sup>th</sup> of Nov.
- Market players are now focused on Finance Minister Nhlanhla Nene's mid-term budget later this month, which is likely to show a widening deficit that could force the SA Gvt to borrow more.
- Widening budget deficit adds more downward pressure on the ZAR.
- The ZMW which was listed on JSE's new futures platform depreciated against both the USD and the ZAR.
- Listing of the ZMW on Africa's most liquid and largest stock exchange will allow businesses and investors to hedge against adverse effects of currency volatility. This is a welcome initiative as it boosts confidence to investors making investments into Zambian money market.
- All BancABC markets' currencies depreciated against the ZAR.

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**Appendix: Global Economic Growth Outlook**

