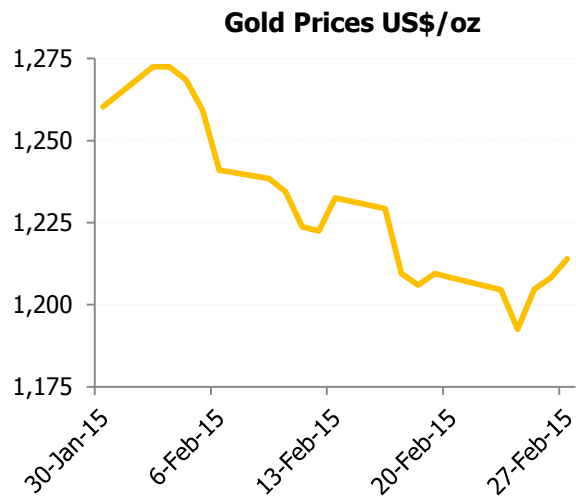


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart

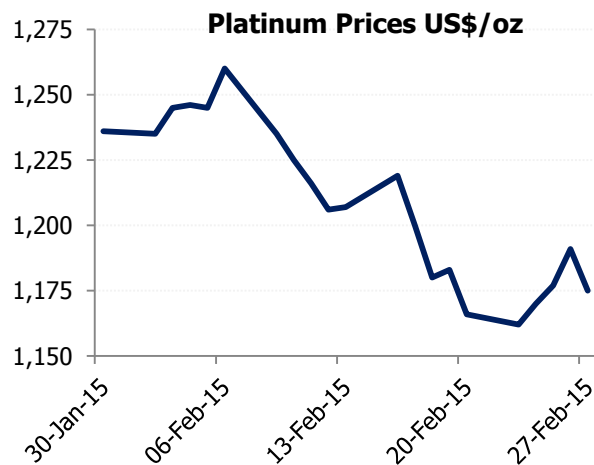


Commodity Prices

Avg Prices US\$/oz		MoM %Δ
Dec-14	1,202	
Jan-15	1,254	4.33
Feb-15	1,228	-2.07
Daily		WoW %Δ
20-Feb-15	1,208	
23-Feb-15	1,205	
24-Feb-15	1,193	
25-Feb-15	1,205	
26-Feb-15	1,208	
27-Feb-15	1,214	
		0.48

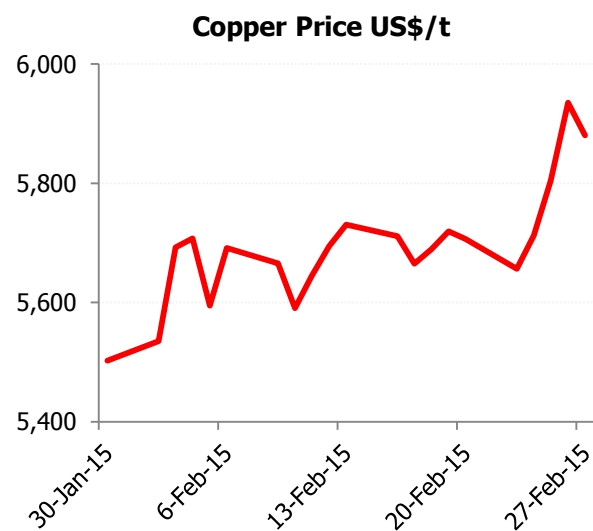
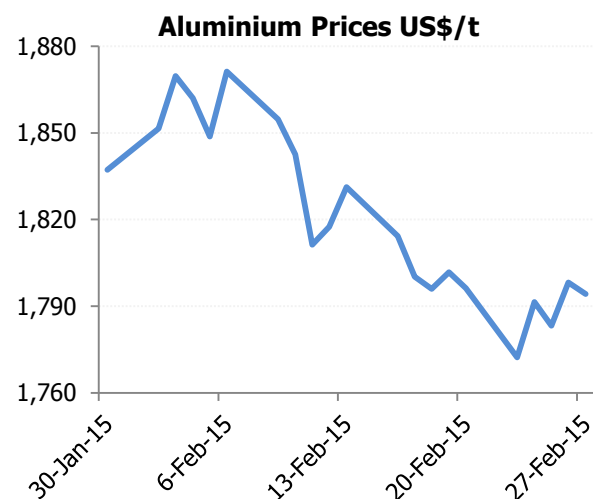
Commodity Developments

- Average gold prices surged in the month of Jan but dropped in the month of Feb as strong US economic data dented bullion's appeal as an insurance against risk.
- The yellow metal price, though weak, rebounded on the 27th of Feb as mixed US data tempered expectations of a Fed Reserve rate hike this year.
- Elsewhere, China's gold imports rebounded in Jan from a 3-month low in Dec, reflecting increased demand ahead of the Lunar New Year holiday.
- In Zim, Caledonia Mining is revising its US\$70m investment plan into its 49% owned Blanket Mine. The company planned to develop a tramming loop 750m below surface, which is now at 384m.
- In the outlook period, a higher US dollar, US rates/yields and lower risk aversion should push gold prices below US\$1,200/oz.



Avg Prices US\$/oz		MoM %Δ
Dec-14	1,223	
Jan-15	1,250	2.21
Feb-15	1,207	-3.44
Daily		WoW %Δ
20-Feb-15	1,166	
23-Feb-15	1,162	
24-Feb-15	1,170	
25-Feb-15	1,177	
26-Feb-15	1,191	
27-Feb-15	1,175	
		0.77

- Platinum prices have remained lower and weaker dropping by 3.4% in Feb as the market struggles with oversupply.
- Major producer, Impala Platinum, expects prices for the white metal to remain lower for longer due to oversupply. Above-ground inventories would impact prices negatively in the short term but deficit in the markets might prevail in the medium to long-term, which would be a period of three to five years.
- With the long-term fundamentals for platinum-group metals (PGMs) remaining strong, Impala Platinum plans to invest ZAR30bn across its operations in the next 5 years. The company announced that US\$100m will be earmarked for the base metal refinery in Zim.
- However, Impala plans to maintain a steady state production at Mimosa on the back of the 15% export levy that has been imposed. The miner has shelved the proposed expansion of Mimosa.

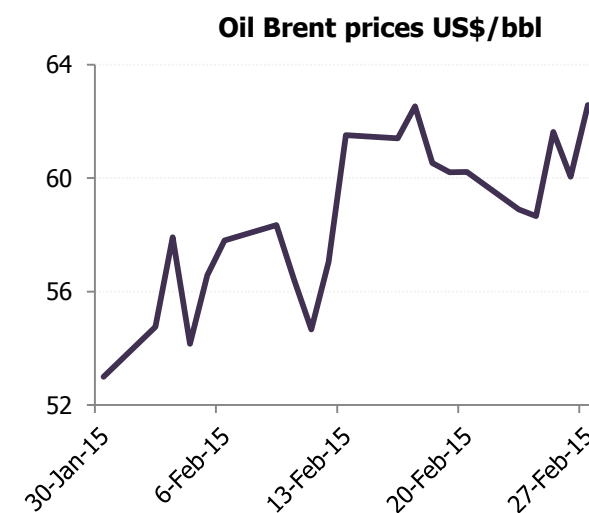
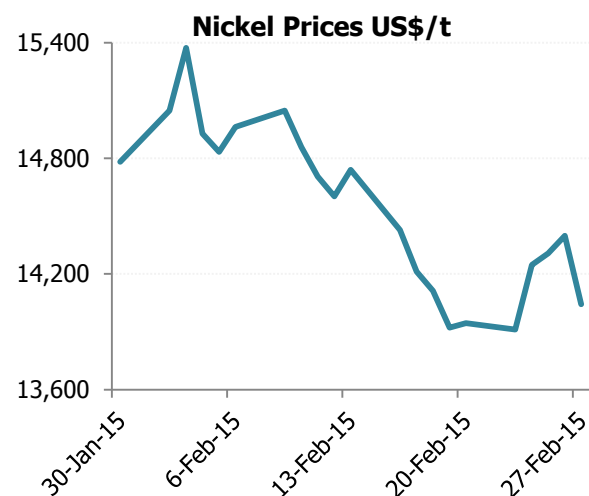
Commodity 30-Day Price Chart

Commodity Prices

Avg Prices US\$/t		MoM %Δ
Dec-14	1,906	
Jan-15	1,808	-5.14
Feb-15	1,820	0.66
Daily		WoW %Δ
20-Feb-15	1,796	
23-Feb-15	1,772	
24-Feb-15	1,792	
25-Feb-15	1,783	
26-Feb-15	1,798	
27-Feb-15	1,794	
		-0.11

Avg Prices US\$/t		MoM %Δ
Dec-14	6,417	
Jan-15	5,815	-9.38
Feb-15	5,701	-1.96
Daily		WoW %Δ
20-Feb-15	5,707	
23-Feb-15	5,657	
24-Feb-15	5,713	
25-Feb-15	5,805	
26-Feb-15	5,935	
27-Feb-15	5,880	
		3.04

Commodity Developments

- The aluminium market is struggling with low prices and historical stocks overhang and it can be inferred that producers, are still holding the line in terms of keeping capacity off-line.
- According to latest figures from International Aluminium Institute (IAI), in Latin America, production has been steadily falling, largely due to continued contraction in Brazil, once the region's largest producer. Annualised production in Africa, Oceania and North America was also lower year-on-year in Jan-15 but to a lesser extent because the impact of previous shutdowns is now starting to fade.
- Major producers are setting the trend in terms of reducing capacity. Alcoa had around 665,000t of annual capacity idled at the end of last year and Rusal idled 4 of its Russian smelters and cut run-rates at 5 others.
- Copper rebounded from losses on the 26th of Feb and climbed 7% overall in Feb, the biggest monthly gain in more than 2 years, as investors bet on renewed demand following China's long Lunar New Year holiday.
- The gains were curbed, however, as stronger than expected data from the US durable goods orders in Jan-15 lifted the USD, making metals priced in the dollar more expensive to buyers using other currencies.
- In Zambia, the president and Gvt said that they would not allow mining jobs to be lost at Barrick Gold's copper mine after workers went on strike to protest against the company's plans to suspend operations due to high royalties.
- The Zambian Gvt in Jan-15 hiked mineral royalties for open pit operations to 20% from 6%, prompting Toronto-based Barrick Gold to say it would suspend operations at its Lumwana Copper Mine, which supports nearly 4,000 direct jobs. Other miner, First Quantum Minerals Ltd said it is renegotiating the terms of some debt agreements and focusing on cutting costs and preserving cash, as sinking metal prices and high royalties put certain debt covenants at risk.

Commodity 30-Day Price Chart

Commodity Prices

Avg Prices US\$/t		MoM %Δ
Dec-14	15,858	
Jan-15	14,767	-6.88
Feb-15	14,531	-1.60
Daily		WoW %Δ
20-Feb-15	13,945	
23-Feb-15	13,913	
24-Feb-15	14,248	
25-Feb-15	14,308	
26-Feb-15	14,398	
27-Feb-15	14,043	
		0.70

Avg Prices US\$/bbl		MoM %Δ
Dec-14	63.84	
Jan-15	52.34	-18.01
Feb-15	58.80	12.34
Daily		WoW %Δ
20-Feb-15	60.22	
23-Feb-15	58.90	
24-Feb-15	58.66	
25-Feb-15	61.63	
26-Feb-15	60.05	
27-Feb-15	62.58	
		3.92

Commodity Developments

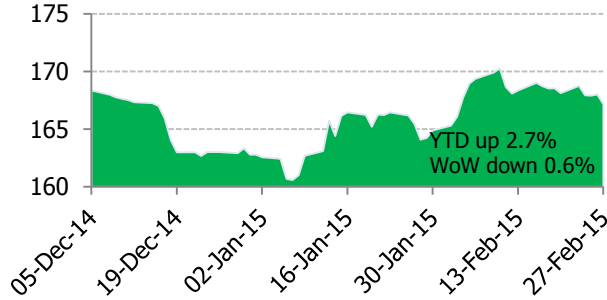
- Nickel prices are trending lower, sliding to their lowest level in over a year on the 23rd of Feb, as supply remained robust despite an Indonesian ban on ore exports.
- Some analysts and investors have been waiting for shortages to kick in after Indonesia imposed a ban last year, but higher-than-expected supply from the Philippines has helped fill the gap.
- The International Nickel Study Group estimates that Indonesia mine production was just 170,000t in the first 11 months of 2014, compared to 730,000t in the same period of 2013. China's Nickel Pig Iron (NPI) producers have so far survived this drought much better than expected. NPI producers had built up significant quantities of stocks prior to the Jan-14 ban and the Philippines generated some offset for the lost Indonesian production.
- However, London Metal Exchange nickel inventories have increased by 31% over the past six months, while fresh data this week also provided more evidence of robust supplies. The World Bureau of Metal Statistics said the global nickel market showed a surplus of 197,000t last year.
- Crude oil rose sharply as Brent and US futures posted their 1st monthly gains since Jun-14, supported by an improving demand outlook and supply outages.
- Brent's more pronounced Feb gains have been fuelled by disruptions to production and exports from Libya and Iraq.
- Malaysian state-owned oil firm Petronas which has interest in Engen fuel service stations in Zimbabwe, reported on a US\$2bn quarterly loss and a planned cut in spending over the next 2 years, hit by a slump in global oil prices.
- Malaysia, a net energy exporter, relies heavily on Petronas for most of its oil and gas revenue. But weaker global oil prices have dented its income, and left the Southeast Asian nation faced with a devalued currency and risk of a sovereign downgrade due to mounting debt from its struggling state fund.
- Oil-dependent Angola slashed US\$17bn off its budget this year due to the drop in the price of oil, which accounts for around half of its GDP and 90% of its export revenues. The nation will probably devalue its Kwanza as revenue dries up.

Equities 90-Day Index Charts

Zimbabwe



ZSE Industrial Index

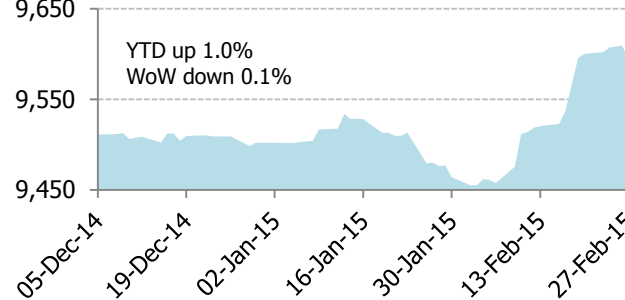


- Hotel group Meikles Ltd wants US\$50m in damages from the stock exchange for suspending its shares over claims it overstated a debt owed by the central bank.

Botswana



BSE DCI

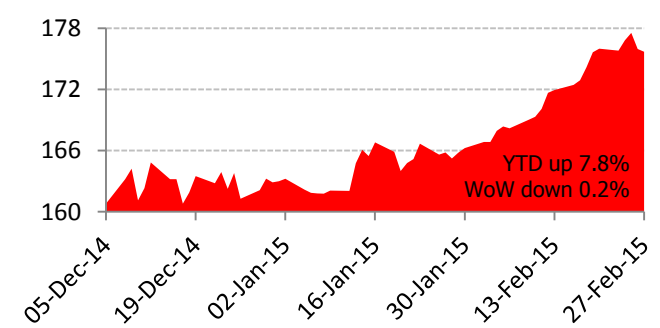


- Central Bank expects inflation to remain within a 3-6% target band in the medium term, and this augurs well for accommodative monetary policy.

Kenya



NSE All Share Index

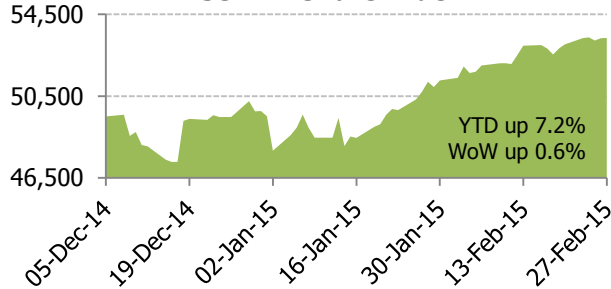


- Oil prices would probably need to rise to about US\$75 to US\$85 a barrel from around US\$60 currently for Tullow Oil and Africa Oil to go ahead with their Kenyan project, the Chief Executive of Africa Oil said.

South Africa



JSE All Share Index

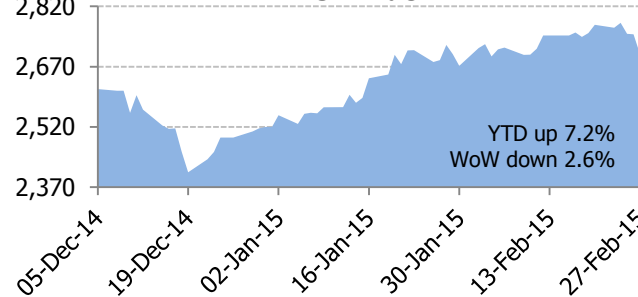


- Trade balance swung into a wide deficit of ZAR24.22bn (US\$2.1bn) in Jan from a revised ZAR6.67bn (US\$0.5bn) surplus in Dec, after exports fell sharply.

Tanzania



DSE Index

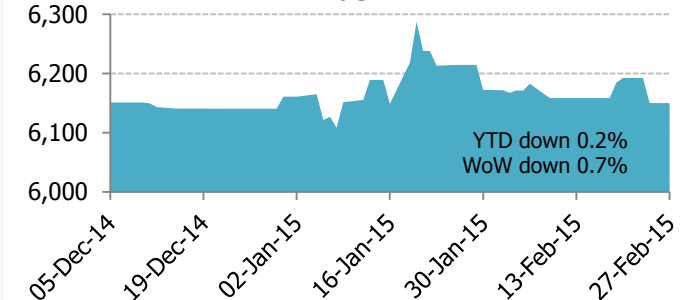


- Up to 6 companies, most of them banks and micro-finance specialists, could list on stock exchange this year, the Chief Executive of the bourse said.

Zambia



LuSE



- Inflation slowed to 7.4% YoY in Feb from 7.7% in Jan. Prices fell 0.3% MoM in Feb, down from 0.7% in Jan.

Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending							
20-Feb-15	9.65	32.60	1,721	6.98	11.64	1.133	1.541
Daily							
23-Feb-15	9.63	32.53	1,721	6.98	11.70	1.134	1.538
24-Feb-15	9.65	32.47	1,721	6.98	11.66	1.131	1.544
25-Feb-15	9.57	32.46	1,724	6.99	11.43	1.136	1.551
26-Feb-15	9.56	32.47	1,724	6.97	11.39	1.136	1.552
27-Feb-15	9.61	32.37	1,724	6.86	11.50	1.121	1.541
WoW %Δ	-0.48	-0.71	0.16	-1.76	-1.19	-1.02	0.03
YTD %Δ	0.96	2.31	-0.45	7.44	-1.02	-7.76	-0.98

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
Wk Ending				
20-Feb-15	0.827	2.80	0.600	152
Daily				
23-Feb-15	0.827	2.78	0.596	153
24-Feb-15	0.827	2.83	0.602	152
25-Feb-15	0.833	2.84	0.609	153
26-Feb-15	0.834	2.79	0.609	155
27-Feb-15	0.833	2.79	0.591	156
WoW %Δ	0.83	-0.36	-1.50	2.63
YTD %Δ	1.41	1.45	6.88	5.41

Exchange Rate Developments

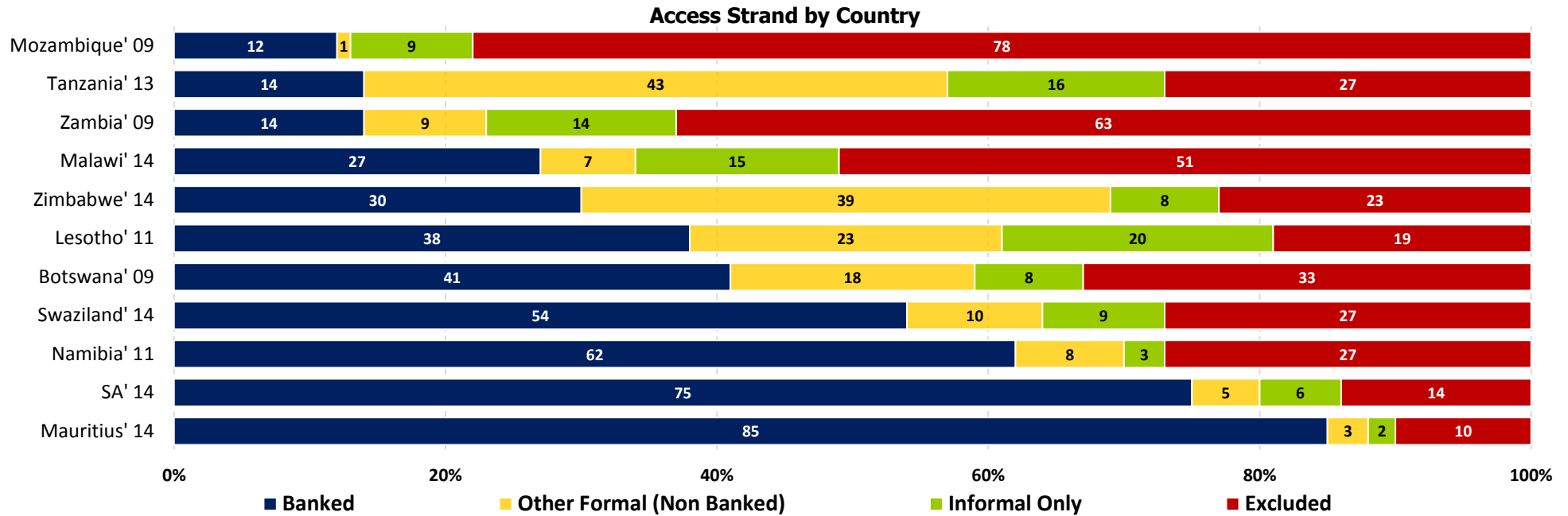
- The USD appreciated against the EUR but the dollar index ended the week little changed as it stayed on track for a record 8th month of gains on improving US data and comments from Fed Reserve officials that bolstered bets for an interest rate rise later this year.
- The ZAR which was generally appreciating against the USD stumbled on the 27th of Feb after the trade balance swung into a wide deficit, pointing to continued pressure on the current account.
- Africa's most developed economy has long been plagued by twin deficits on its budget and balance of payments position, making the ZAR particularly vulnerable during stints of global risk aversion, when investment flows out of emerging markets.
- Zambia's Kwacha strengthened more than 1% against the USD, gaining ground on an over-sold greenback in early trade. The Kwacha was buoyed by the Gvt's move to relax rules that have prevented US\$600m in tax refunds being paid to foreign mining firms.
- Other BancABC markets' currencies were little changed against the USD. The BWP and TZS depreciated against the ZAR whilst the MZN and ZMW appreciated against the ZAR.
- Bank of Botswana recently reduced the weight of the ZAR in its basket of currencies by 500bps, from its previous weight of 55%.

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Appendix: Bankable Population and Population Size in SADC



Finscope 2014 Survey

