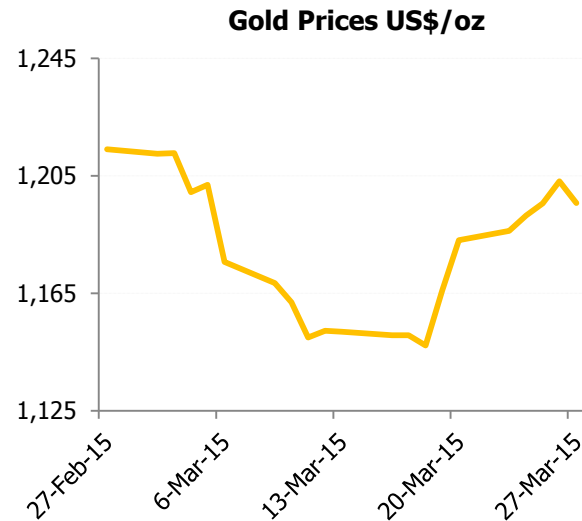


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart

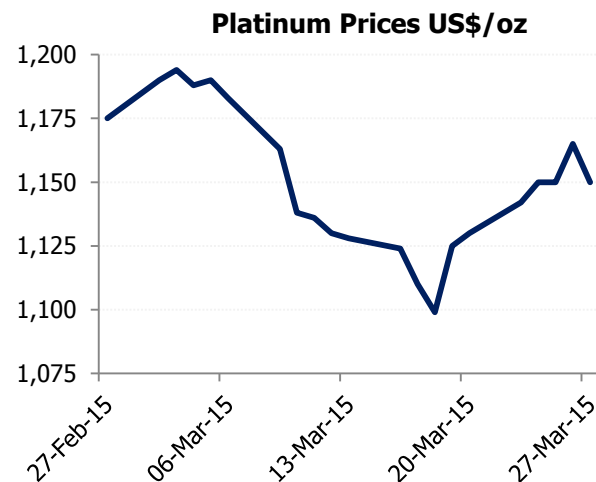


### Commodity Prices

Daily	US\$/oz	WoW %Δ
20-Mar-15	1,183	
23-Mar-15	1,186	
24-Mar-15	1,192	
25-Mar-15	1,196	
26-Mar-15	1,203	
27-Mar-15	1,196	
		<b>1.07</b>

### Commodity Developments

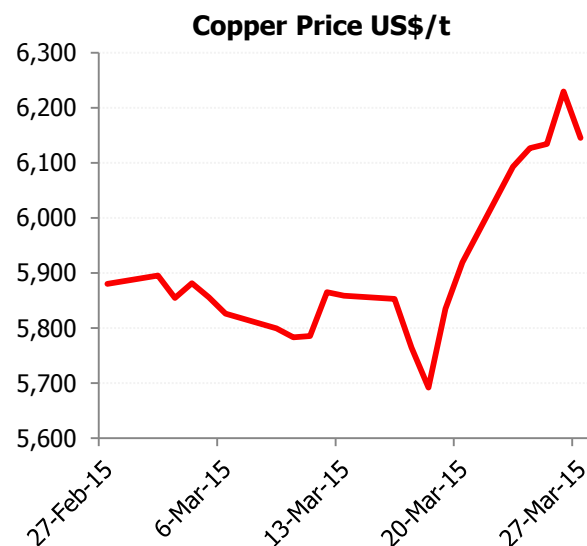
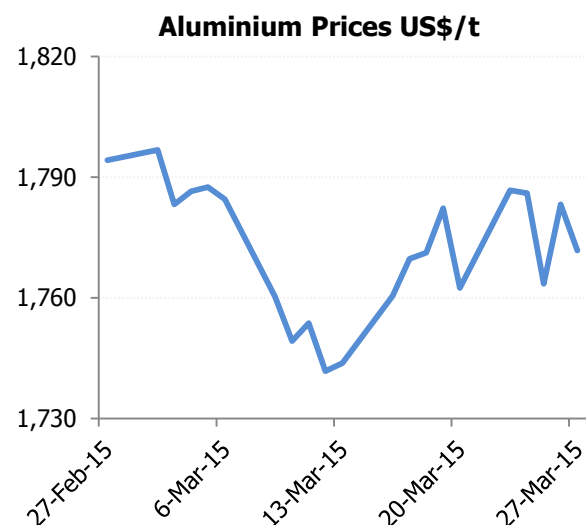
- Gold fell on the 27<sup>th</sup> of Mar, breaking a 7-day rally after comments from US Federal Reserve Chair Janet Yellen that an increase in the Fed's benchmark rate may well be warranted later this year given sustained improvement in US economic conditions.
- Gold, which does not pay any interest, has benefited from a low interest rate environment and central banks' accommodative policies in the years following the 2008-2009 credit crunch.
- In Zimbabwe, production at dual-listed Caledonia Mining's 49% owned Blanket mine, decreased to 10,417oz in the quarter ended 31 Dec-14 from 11,429oz in the 4<sup>th</sup> quarter of 2013, owing to a lower head grade.
- In South Africa, the latest production numbers from Statistics South Africa for gold production confirms the yellow metal's decline in the country which used to dominate global gold production in the 20<sup>th</sup> century. The figures show that during Nov-14 to Jan-15 the seasonally adjusted gold production base index was 74.4 compared to 79.1 for Aug-14 to Oct-14, recording a 6% decline.



Daily	US\$/oz	WoW %
20-Mar-15	1,130	
23-Mar-15	1,142	
24-Mar-15	1,150	
25-Mar-15	1,150	
26-Mar-15	1,165	
27-Mar-15	1,150	
		<b>1.77</b>

- Platinum prices followed the gold trend although trading at US\$50 discount to the yellow metal.
- The metal has been hit by strengthening USD and low demand. The metal which is used in the auto industry has been hit by low demand of motor vehicles on account of subdued economic growth in most advanced economies other than the US.
- In Brazil for example, Volkswagen AG has furloughed 4,200 workers at its 2<sup>nd</sup> largest factory for 3 weeks, as demand crisis forces carmakers to manage excess capacity.
- VW is one of many automakers now working to cut costs as sales and output are down.

### Commodity 30-Day Price Chart



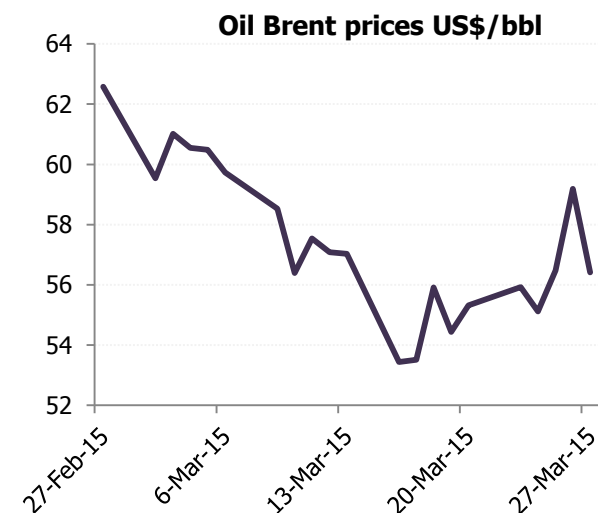
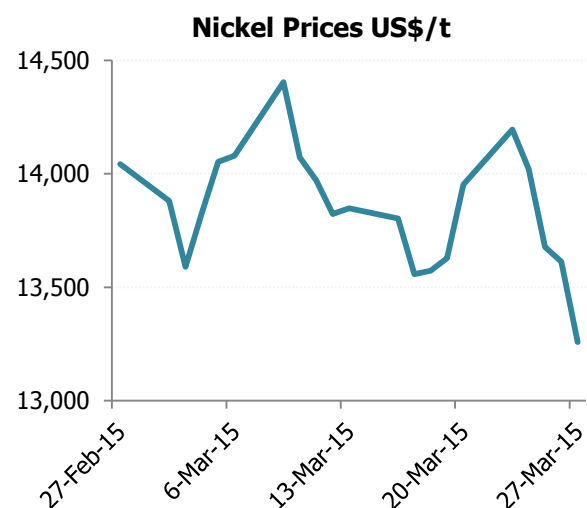
### Commodity Prices

Daily	US\$/t	WoW %Δ
20-Mar-15	1,763	
23-Mar-15	1,787	
24-Mar-15	1,786	
25-Mar-15	1,764	
26-Mar-15	1,783	
27-Mar-15	1,772	
		<b>0.52</b>

Daily	US\$/t	WoW %Δ
20-Mar-15	5,920	
23-Mar-15	6,093	
24-Mar-15	6,127	
25-Mar-15	6,134	
26-Mar-15	6,230	
27-Mar-15	6,146	
		<b>3.82</b>

### Commodity Developments

- Aluminium prices have remained relatively weak due to ample supply and weaker demand.
- Global top producer Alcoa placed 500,000t of production capacity under review for possible closure or sale. The company has already idled, closed or sold 1.7m tonnes of capacity since 2007 but, it seems, now needs to cut deeper.
- The latest review by Alcoa is part of a pattern of pushing down the cost curve by closing higher-cost smelters and replacing lost capacity from the company's new, ultra low-cost Ma'aden plant in Saudi Arabia.
- Generally, Alcoa's continued focus on cost-cutting sends an ominous signal about what it expects of aluminium prices over the coming period, a signal that jars with recent producer confidence the market had finally switched to deficit after years of oversupply.
- Copper prices hit its highest in nearly 3 months on the 26<sup>th</sup> of Mar after mines closed in the world's top producer Chile due to flooding.
- Torrential downpours in the north of Chile forced companies to suspend operations at some major mines, putting an estimated 1.6m tonnes of capacity on hold.
- In China, copper imports in Feb totalled 280,000t, down by nearly a third from January and the worst drop since 2011.
- In production, Barrick Gold Corp announced that it will continue operations at its Lumwana copper mine in Zambia while awaiting changes to the country's mineral royalty tax. Barrick had pledged to suspend operations after Zambia hiked mineral royalties to 20% from 6% in January.
- Zambian President Edgar Lungu directed the finance and mining ministers to change royalties on mining firms by 8-Apr-15 saying the copper-producer could consider temporarily reverting to the 2014 tax regime.

**Commodity 30-Day Price Chart**

**Commodity Prices**

Daily	US\$/t	WoW %Δ
20-Mar-15	13,953	
23-Mar-15	14,195	
24-Mar-15	14,023	
25-Mar-15	13,678	
26-Mar-15	13,613	
27-Mar-15	13,258	
		<b>-4.98</b>

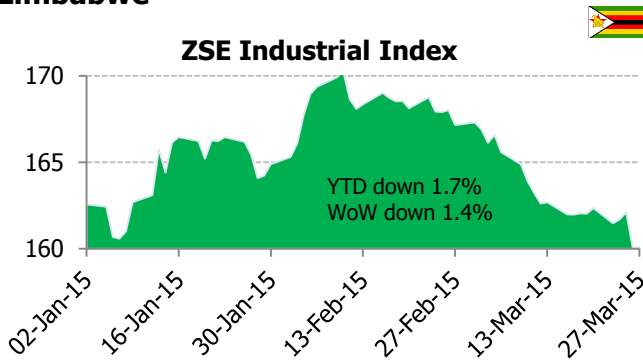
Daily	US\$/bbl	WoW %Δ
20-Mar-15	55.32	
23-Mar-15	55.92	
24-Mar-15	55.11	
25-Mar-15	56.48	
26-Mar-15	59.19	
27-Mar-15	56.41	
		<b>1.97</b>

**Commodity Developments**

- Nickel dropped during the week on worries over faltering demand for stainless steel and record inventories.
- Demand for nickel pig iron in China did not pick up as strongly as expected after the Lunar New Year holidays, with stainless steel producers set for lower exports in the face of tariff barriers.
- Investors have also been worried that the new tax reforms in Malaysia might push nickel out of Malaysian warehouses and on to the market. Malaysia stores about 210,000t of nickel, or almost half of the London Metal Exchange's inventories, which the latest stocks report pegged at 435,048t, a record high.
- Weak demand from Chinese processing industry and expected production from newly constructed Indonesian smelters are weighing down on nickel prices.
- Oil prices jumped on the 26<sup>th</sup> of Mar after Saudi Arabia and allies carried out air strikes in Yemen, which fuelled worries that energy shipments may be put at risk.
- Iran denounced the attacks as the Saudi military also targeted Iran-backed Houthi rebels besieging the southern Yemen city of Aden. Arab producers ship their oil via the narrow Gulf of Aden and the prospect of bigger Middle East conflict sparked fears of a disruption of crude supplies.
- However, prices slumped on the 27<sup>th</sup> of Mar on receding fears about Middle East fighting disrupting supplies and new supplies possibly coming to market after any Iranian nuclear deal. Brent still managed to notch its 2<sup>nd</sup> straight weekly gain.

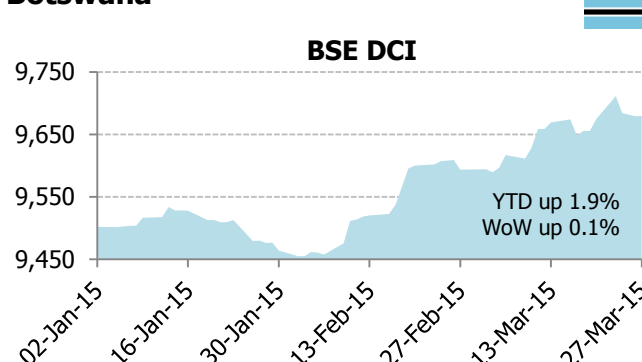
**Equities 90-Day Index Charts**

**Zimbabwe**



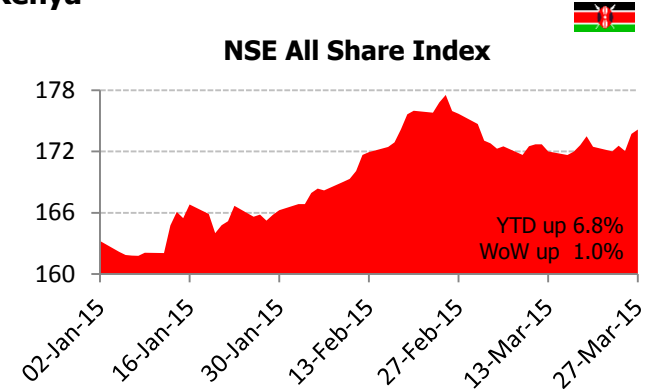
- Zimbabwe is planning talks with Germany on how to resolve a US\$739m debt it owes to euro zone's biggest economy.

**Botswana**



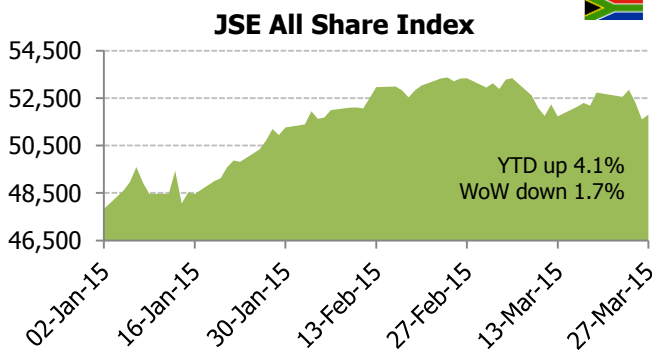
- The Bank of Botswana halved the primary reserve requirements for commercial banks in a move aimed at unlocking liquidity in an industry pressed by a shortage of money to lend.

**Kenya**



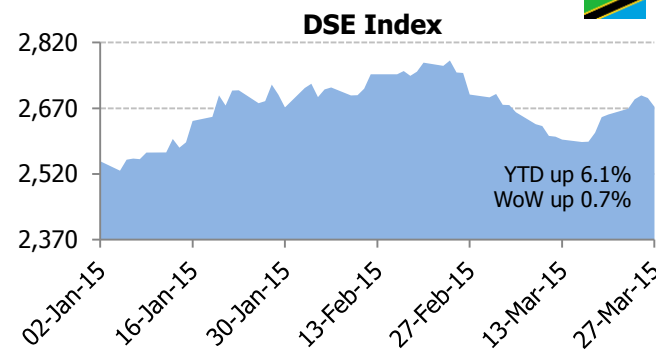
- Rising prices of vegetables, milk and other foodstuff following a spell of dry weather pushed Kenyan inflation above market expectations to 6.31% YoY in Mar from 5.61% in Feb.

**South Africa**



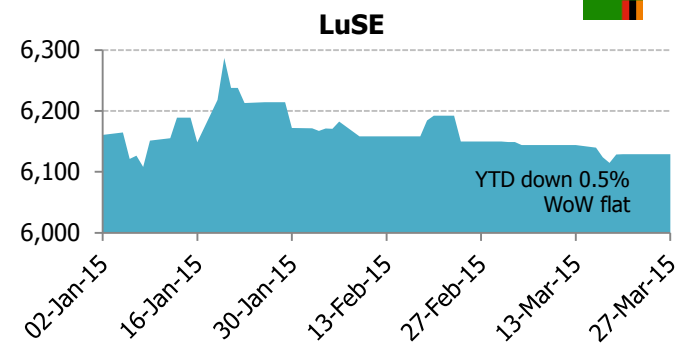
- Mines ministry and the industry have agreed to ask the courts to help them resolve a dispute over a black ownership target of 26% for mining companies.

**Tanzania**



- Gvt plans to spend US\$14.2bn to construct a new rail network in the next 5 years financed by commercial loans, as the country aims to become a regional transport hub.

**Zambia**



- IMF applauded Gvt's efforts to resolve tax issues in its copper mining industry but warned that only further tightening of fiscal and monetary policies would contain the country's large deficits.

**Foreign Exchange Markets**

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
<b>Wk Ending</b>							
20-Mar-15	10.02	33.88	1,798	7.70	12.26	1.068	1.473
<b>Daily</b>							
23-Mar-15	9.90	34.40	1,804	7.66	12.13	1.077	1.486
24-Mar-15	9.83	34.45	1,795	7.68	11.92	1.098	1.495
25-Mar-15	9.79	34.73	1,792	7.62	11.78	1.096	1.488
26-Mar-15	9.80	34.67	1,793	7.55	11.84	1.104	1.496
27-Mar-15	9.88	34.72	1,798	7.59	12.03	1.082	1.482
<b>WoW %Δ</b>	<b>-1.38</b>	<b>2.48</b>	<b>-0.0</b>	<b>-1.50</b>	<b>-1.93</b>	<b>1.32</b>	<b>0.57</b>
<b>YTD %Δ</b>	<b>3.85</b>	<b>9.73</b>	<b>3.80</b>	<b>18.80</b>	<b>3.48</b>	<b>-11.00</b>	<b>-4.82</b>

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
<b>Wk Ending</b>				
20-Mar-15	0.817	2.74	0.632	145
<b>Daily</b>				
23-Mar-15	0.823	2.88	0.638	146
24-Mar-15	0.825	2.91	0.649	150
25-Mar-15	0.829	2.92	0.645	151
26-Mar-15	0.826	2.89	0.638	152
27-Mar-15	0.823	2.86	0.632	151
<b>WoW %Δ</b>	<b>0.70</b>	<b>4.38</b>	<b>-0.02</b>	<b>4.14</b>
<b>YTD %Δ</b>	<b>0.12</b>	<b>0.00</b>	<b>14.40</b>	<b>2.03</b>

**Exchange Rate Developments**

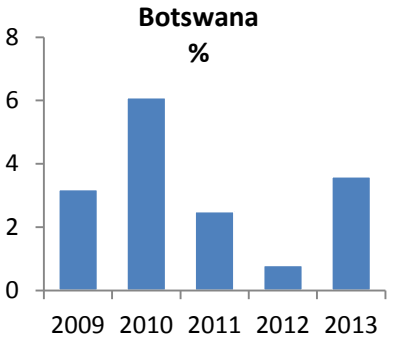
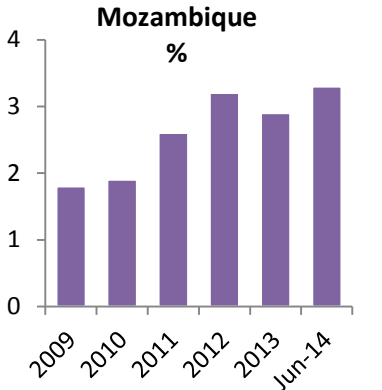
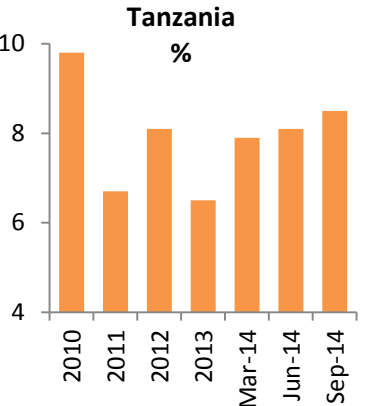
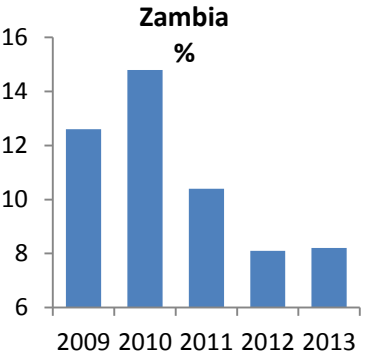
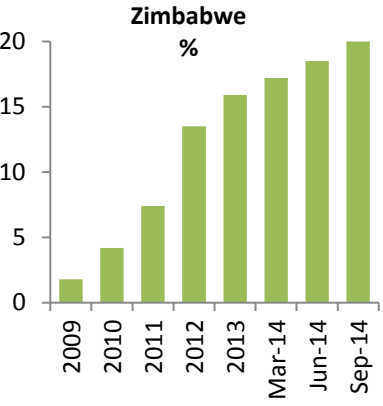
- The USD has been on the rising against major global currencies. Year-to-date the greenback has appreciated 11% against the EUR and 5% against the GBP.
- Among BancABC markets's currencies, the Zambian Kwacha is the worst performing due to Zambia's domestic weaknesses and receding copper production and prices.
- Accommodative monetary policy stances in Botswana and South Africa have supported their currencies to pare 3.9% and 3.5% respectively against the USD year to date.
- Over the past week, the USD depreciated against major currencies after a more bearish sentiment on interest rate hikes from the Fed Chair.
- The ZAR and BWP appreciated by 1.9% and 1.4% against the USD respectively.
- However, announcement by the SA Gvt to hike fuel prices will add more downward pressure on the ZAR.
- The retail price of 95-grade petrol in SA will rise by 162 cents or 14% a litre from 1 Apr-15, while the wholesale diesel price will increase by more than 12%.
- The SA Gvt cited higher domestic fuel levies, the rise in international petroleum prices and a weaker ZAR against the USD among the reasons for the price increases.

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## Appendix: Non-Performing Loans in BancABC Markets

Country	Bar Chart (NPL %)	Key Statistics	Contextual Notes
<b>Botswana</b>		<ul style="list-style-type: none"> <li>Population: 2.14m</li> <li>GDP Size: US\$15.1bn</li> <li>Banking Assets: US\$8.4bn</li> <li>Commercial banks: 13</li> </ul>	<ul style="list-style-type: none"> <li>Low NPLs ratio suggests a stable financial and economic environment.</li> <li>Earned a reputation for good governance and prudent macro-economic policies.</li> <li>Banking system relatively profitable and well capitalised.</li> </ul>
<b>Mozambique</b>		<ul style="list-style-type: none"> <li>Population: 26.5m</li> <li>GDP Size: US\$17bn</li> <li>Banking Assets: US\$10.5bn</li> <li>Commercial banks: 17</li> </ul>	<ul style="list-style-type: none"> <li>Low NPLs ratio suggests a stable financial and economic environment.</li> <li>One of the fastest growing economies in Africa on the back of natural resources boom.</li> <li>Overall financial market considered underdeveloped but with a mature banking sector.</li> </ul>
<b>Tanzania</b>		<ul style="list-style-type: none"> <li>Population: 47.8m</li> <li>GDP Size: US\$34.9bn</li> <li>Banking Assets: US\$13.3bn</li> <li>Commercial banks: 34</li> </ul>	<ul style="list-style-type: none"> <li>Loopholes in the legal system and unsatisfactory performance of the export sector are leading to increased NPLs.</li> <li>One of the top recipients of official devt assistance (ODA) flows in Africa.</li> <li>Historically, struggled with high inflation which was mostly in the double digit range.</li> </ul>
<b>Zambia</b>		<ul style="list-style-type: none"> <li>Population: 14.8m</li> <li>GDP Size: US\$26.8bn</li> <li>Banking Assets: US\$7.5bn</li> <li>Commercial banks: 19</li> </ul>	<ul style="list-style-type: none"> <li>Intervention policies by the Bank of Zambia (BoZ) to strengthen the banking sector have led to reduction in NPLs.</li> <li>Lost its Africa's largest copper producer position to DRC.</li> <li>Experienced sustained high economic growth supported by strong growth in copper production, prudent macroeconomic policies and investor friendly environment.</li> </ul>
<b>Zimbabwe</b>		<ul style="list-style-type: none"> <li>Population: 13.4m</li> <li>GDP Size: US\$13.5bn</li> <li>Banking Assets: US\$7.2bn</li> <li>Commercial banks: 18</li> </ul>	<ul style="list-style-type: none"> <li>Rising NPLs are a result of slow economic activity in the work of acute liquidity challenges.</li> <li>Waning confidence in the banking sector due to rampant bank closures.</li> <li>There is potential for rapid growth as the country is endowed with diverse mineral resources.</li> </ul>