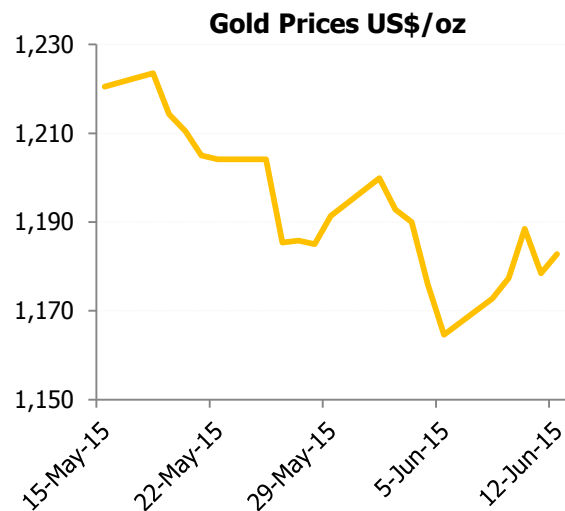


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart

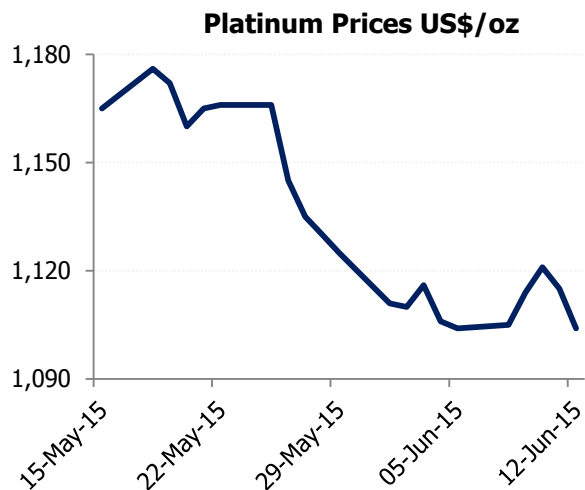


Commodity Prices

Daily	US\$/oz	WoW %Δ
5-Jun-15	1,165	
8-Jun-15	1,173	
9-Jun-15	1,177	
10-Jun-15	1,189	
11-Jun-15	1,179	
12-Jun-15	1,183	
		1.56

Commodity Developments

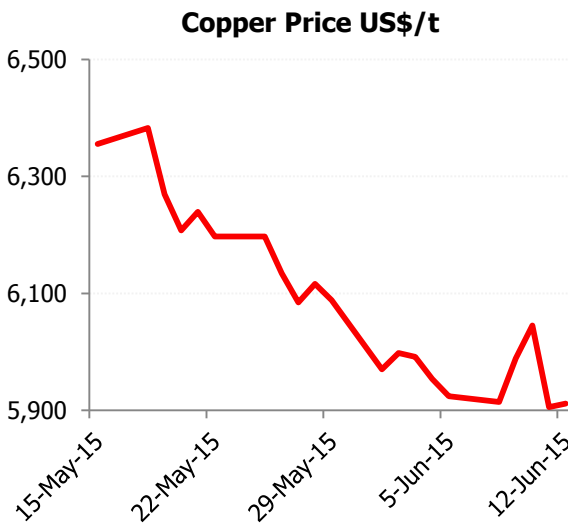
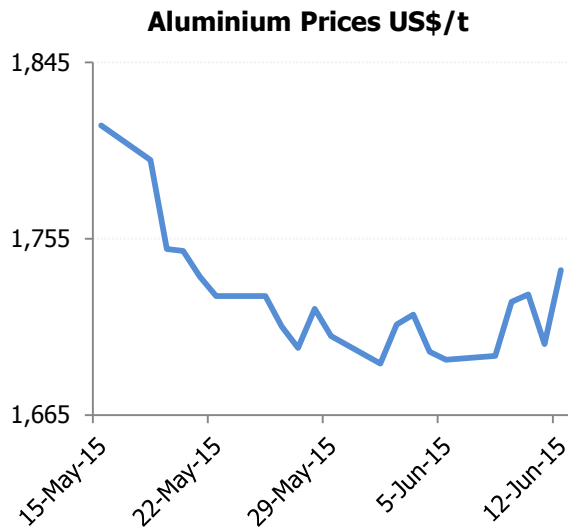
- Gold slightly went up supported by uncertainty over the Greek debt crisis. However, gains were narrow as traders were cautious ahead of the US Federal Reserve's policy-setting meeting scheduled for Jun 16-17.
- Data on the 12th of Jun showed that US producer prices in May recorded their biggest increase in more than 2yrs, while US consumer sentiment rose more than expected in Jun. A firming US economy could prompt the Fed to raise interest rates in Sep-15, which would boost the dollar further, in turn denting demand for non-interest-paying bullion.
- The Greek situation has failed to really push bullion prices as the perception in the market is that Europe can handle a Greek default better than it would have in 2010, when gold fell on the back of the unfolding of the Greek crisis and the fear of contagion to other periphery countries.
- In exploration, preliminary economic assessment (PEA) has revealed that Mozambique's Manica Gold project has potential to produce over 331,000oz of gold over 7yrs from open pit and shallow underground mine, with all-in sustaining cash cost of US\$769/oz.



Daily	US\$/oz	WoW %
5-Jun-15	1,104	
8-Jun-15	1,105	
9-Jun-15	1,114	
10-Jun-15	1,121	
11-Jun-15	1,115	
12-Jun-15	1,104	
		0.00

- Platinum prices remained low and stable despite uncertainty over Greece debt crisis which pushed gold higher. The metal market is struggling with weak demand.
- Anglo American Platinum (Amplats), the world's top miner of the metal, announced that H1:15 profits would be at least 20% higher versus a year as it recovers from a 5-month strike.
- Amplats, along with rivals Lonmin and Impala Platinum, is recovering from the strike that cost the industry billions of dollars in lost output and damaged the viability of some mines, leading to job cuts.
- The strike and depressed prices of the metals used in auto catalysts prompted a sector-wide strategic review that included selling unviable mines and scaling back on capital expenditure.
- Amplats is considering floating its labour-intensive SA mines around Rustenburg, the epicentre of the strike, after receiving low offers.

Commodity 30-Day Price Chart



Commodity Prices

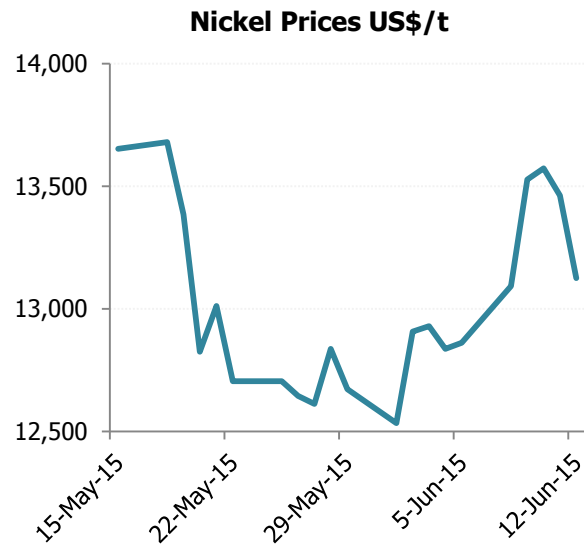
Daily	US\$/t	WoW %Δ
5-Jun-15	1,693	
8-Jun-15	1,695	
9-Jun-15	1,723	
10-Jun-15	1,727	
11-Jun-15	1,701	
12-Jun-15	1,739	
		2.70

Daily	US\$/t	WoW %Δ
5-Jun-15	5,924	
8-Jun-15	5,915	
9-Jun-15	5,989	
10-Jun-15	6,045	
11-Jun-15	5,906	
12-Jun-15	5,912	
		-0.21

Commodity Developments

- Aluminium prices are expected to remain low and trend lower as Indonesia's Gvt is discussing legal avenues to allow a resumption of bauxite exports to help kickstart stalled smelter projects as Southeast Asia's largest economy tries to promote infrastructure development.
- Indonesia imposed restrictions in early 2014 in an effort to force firms to develop smelters. However, many firms including bauxite miners said building smelters was unfeasible in the absence of supporting infrastructure and export revenue.
- China which relies on Indonesia for its aluminium industry got support from traditional suppliers such as Australia and India, and new producers such as Malaysia.
- China's imports from Malaysia mushroomed from just 154,000 tonnes in 2013 to 3.3m tonnes last year. The momentum is still building. Imports in the first four months of this year were 4.6m tonnes. Waiting in the wings are West African suppliers such as Ghana and Guinea, although import flows from both are still relatively small scale.
- Copper slid to 7-week low on the 11th of Jun as the USD strengthened and weak economic data from top consumer China reinforced worries about demand for industrial metals.
- China's copper imports fell 16.3% in May from the previous month and its fixed-asset investment grew at its slowest rate in nearly 15 years in May, raising fears of a deeper economic downturn.
- Weighing down on metals is also a stronger US currency which makes dollar-priced metals more costly for non-US buyers.
- In Zambia, Africa's 2nd largest copper producer, copper output may fall this year compared with 2014 following a row with mining companies over taxes.
- Zambia's decision to increase royalties for open pit mines to 20% from 6% and that for underground mines to 8% from 6% in Jan-15 was met with an outcry from miners, forcing the Gvt to review the plan. Some of the foreign mining companies in Zambia include Glencore, Barrick Gold Corp, Vedanta Resources and Canada's First Quantum Minerals.

Commodity 30-Day Price Chart

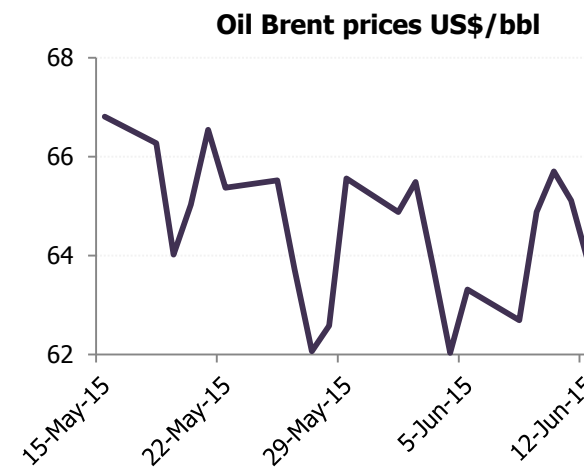


Commodity Prices

Daily	US\$/t	WoW %Δ
5-Jun-15	12,863	
8-Jun-15	13,093	
9-Jun-15	13,528	
10-Jun-15	13,573	
11-Jun-15	13,463	
12-Jun-15	13,125	
		2.04

Commodity Developments

- Indonesian ban on nickel ore exports introduced in Jan-14 seem finally to be starting to impact China's massive nickel pig iron (NPI) sector.
- Chinese actual NPI production is falling, although the scale and pace of decline is difficult to determine in this part of the nickel supply chain. China's imports of nickel are trending higher, particularly those of ferronickel, the most obvious substitute for NPI.
- In Indonesia, mining revenue have fallen widening current account deficit, forcing Gvt to relax its restrictions on other ore exports. The Indonesian Gvt opened room for copper concentrate and bauxite exports adding speculation that it may also ease restrictions on nickel ore export.
- An ease on nickel ore export would put pressure on global nickel prices which are already low due to plenty of supplies, strong US dollar and slower Chinese economic growth prospects.



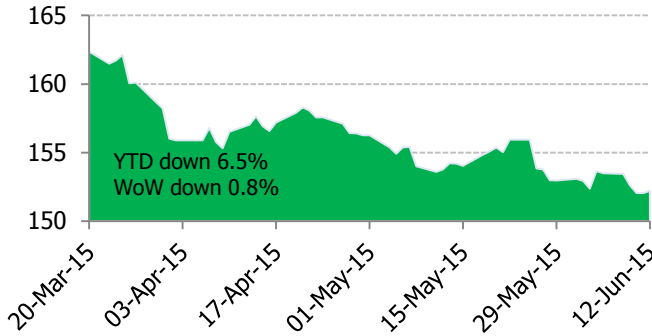
Daily	US\$/bbl	WoW %Δ
5-Jun-15	63.31	
8-Jun-15	62.69	
9-Jun-15	64.88	
10-Jun-15	65.70	
11-Jun-15	65.11	
12-Jun-15	63.87	
		0.88

- Oil prices dropped on the 11th and 12th of Jun as Saudi Arabia, the world's biggest crude oil exporter, hinted that it was ready to increase production above record levels to meet strong demand, if needed.
- A positive outlook for oil from the International Energy Agency (IEA) which supported price to surge on the 9th and 10th of Jun was offset by the USD's rally against a basket of currencies. A stronger dollar makes commodities denominated in the greenback, including oil, costlier for other currency users.
- The World Bank has cut its global growth outlook for this year to 2.8% from a 3% forecast in Jan, urging economies to "fasten their seat belts" as they adjust to lower commodity prices and a looming rise in US interest rates.

Equities 90-Day Index Charts

Zimbabwe

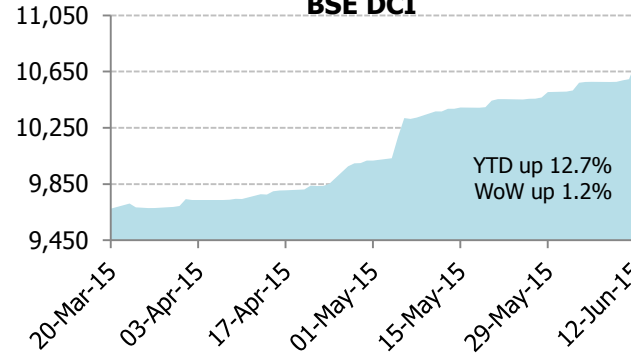
ZSE Industrial Index



- The International Finance Corporation (IFC), a subsidiary of the World Bank, on the 11th of Jun held its 1st talks with Zim since 2001, beginning a process that could lead to resumption of lending to local firms.

Botswana

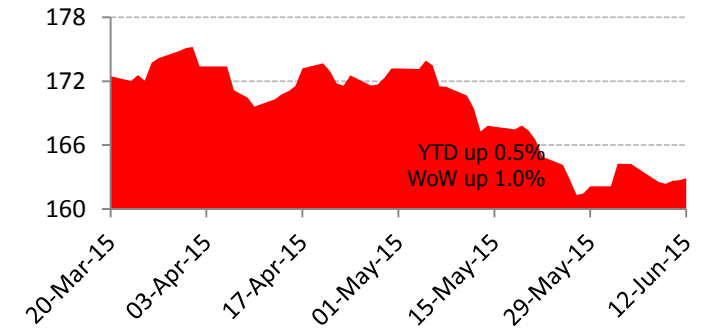
BSE DCI



- Central Bank left its benchmark lending rate unchanged at 6.5% on the 10th of Jun as the prevailing monetary policy stance was consistent with maintaining inflation within its medium-term target range of 3-6%.

Kenya

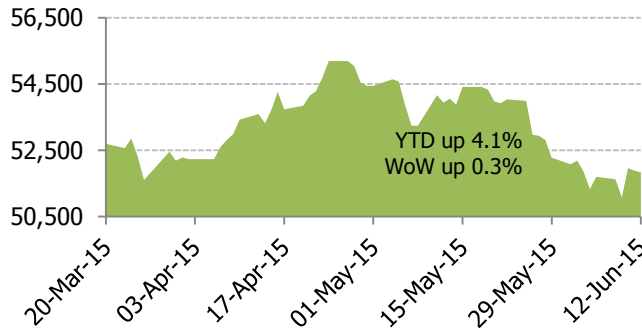
NSE All Share Index



- Kenya's nominee to the post of central bank chief, Patrick Njoroge, said on the 9th of Jun that the central bank needed to show it had inflation under control in order to lower lending rates.

South Africa

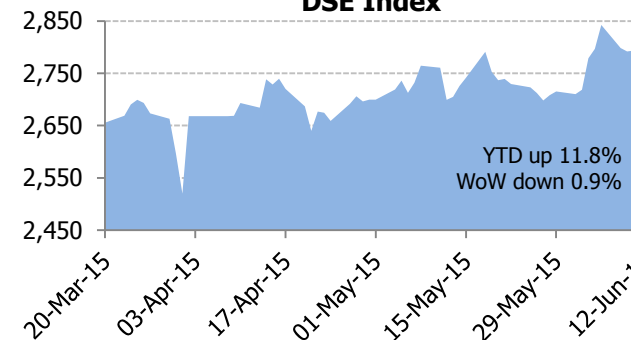
JSE All Share Index



- Finance minister, said that the 2% GDP growth is achievable but not enough to deliver required tax revenue as the economy struggles with domestic constraints, singling out its worst electricity crisis in 7yrs.

Tanzania

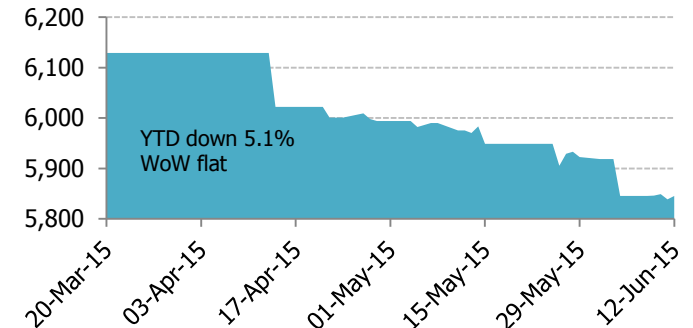
DSE Index



- Asha-Rose Migiro joins more than 30 other candidates from the ruling Chama Cha Mapinduzi (CCM) party on the presidential race. A former UN is setting her sights on becoming the country's 1st female president.

Zambia

LuSE



- Finance minister has asked parliament to almost double the country's external borrowing limit to ZMW60bn (US\$8bn) in 2015 to finance development projects as a financing gap has emerged.

Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending							
5-Jun-15	9.93	34.66	2,089	7.57	11.96	1.082	1.484
Daily							
8-Jun-15	10.10	35.22	2,097	7.25	12.57	1.114	1.526
9-Jun-15	10.01	35.22	2,100	7.26	12.52	1.130	1.531
10-Jun-15	9.95	35.46	2,111	7.26	12.37	1.133	1.545
11-Jun-15	9.93	36.51	2,103	7.28	12.41	1.125	1.546
12-Jun-15	9.96	37.04	2,101	7.31	12.43	1.122	1.550
WoW %Δ	0.30	6.87	0.56	-3.49	3.91	3.68	4.47
YTD %Δ	4.68	17.07	21.32	14.41	6.93	-7.72	-0.40

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
Wk Ending				
05-Jun-15	0.817	2.76	0.575	166
Daily				
08-Jun-15	0.800	2.83	0.577	164
09-Jun-15	0.801	2.83	0.582	166
10-Jun-15	0.805	2.88	0.588	165
11-Jun-15	0.805	2.95	0.587	167
12-Jun-15	0.805	3.00	0.588	167
WoW %Δ	-1.39	8.70	2.37	0.60
YTD %Δ	-2.02	9.09	6.46	12.84

Exchange Rate Developments

- The EUR fell on the 12th of Jun as it appeared more likely that debt-stricken Greece would default, while the USD rose ahead of the awaited 2-day policy meeting by the Fed Reserve.
- SA's rand weakened against the USD early as demand for riskier assets diminished as a result of Greece's debt crisis. The market will be focusing on US policymakers' comments for clear signals on when the US central bank will make its 1st interest rate hike in nearly a decade.
- Zambia's kwacha weakened on the 11th and 12th of Jun against the USD after a surge in demand for the US currency. The pressure is expected to ease ahead of provisional taxes due at the end of the month. Companies operating in Zambia normally pay taxes in the local currency at the end of Jun.
- Tanzania's shilling weakened 21% so far this year and is Africa's worst-performing currency, after Ghana's cedi.
- East Africa's 2nd largest economy has agreed a US\$800m of loans from Rand Merchant Bank and China Development Bank Corp to bolster its foreign-exchange reserves, as the country tries to defend weakening currency and the budget deficit.
- According to the Bank of Tanzania (BoT), about 65% of the currency depreciation is due to strengthening of USD and 35% is attributed to internal factors and speculation by banks. The BoT has however, scaled down sales of foreign currency to banks.
- All BancABC markets' currencies depreciated against the ZAR except for the Pula.

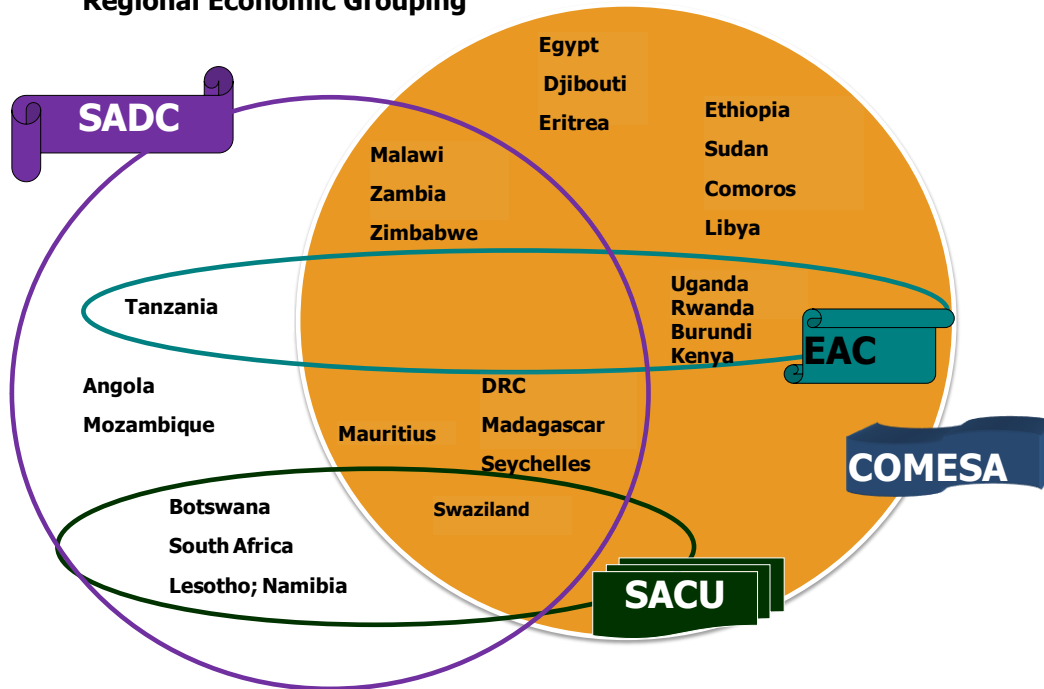
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Appendix: Free Trade Area

Regional Economic Grouping



- **Free Trade Area (FTA)** is grouping of countries within which tariffs and non-tariff trade barriers between the members are generally abolished but with no common trade policy toward non-members.
- The recent Tripartite Free Trade Area (FTA), comprising the East African Community (EAC); the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), aims to boost intra-regional trade, increase foreign investment and promote the development of cross-regional infrastructure.
- This FTA will have a combined population of more than 625m people, a combined GDP of US\$1.2 trillion and will account for half of the membership of the African Union and 58% of the continent's GDP.
- This trend towards regional integration is well underway as this FTA will be the launching ground for the establishment of the Continental Free Trade Area (CFTA) in 2017.
- Guiding principles:
 - Duty-Free and Quota-Free Market Access and no quantitative restrictions on goods that meet the Tripartite Rules of Origin.
 - Most Favoured National Treatment
 - Standstill Provisions and Incremental Liberalisation: Declaration of customs duty rates for all tariff lines during negotiations and no rising of customs duties on imports from other tripartite countries.

Advantages

- Enhances intra-regional trade and investment through infrastructure sharing.
- Increased price competitiveness and performance.
- Every country is bound to benefit due to different areas of specialisation.
- Variety and Innovation - access to a wider variety of goods and increased competition will spur, 'companies to innovate and develop better products and to bring more of their goods and services to market.
- Encourages economic and political reforms.
- Makes Africa economically stronger and more attractive.

Disadvantages

- Increase in structural unemployment especially in industries in some member countries that are in direct competition with other lower-cost trading partners due to a loss of comparative advantage.
- Creates difficulties for new industries and sectors - Developing or new industries may find it difficult to become established in a competitive environment with no short-term protection policies by Gvt.
- Increased vulnerability to external shocks - A Continental FTA fosters closer trade links among member countries, and as a result increases the interdependence of their economies. This means that a recession in one country may quickly spread to other countries, which are its trading partners.

- **A Customs Union (CU)** is deeper regional integration of FTA created when two or more customs territories decide not charge duty on goods traded among them. Member states in a CU also adopt and apply the same rates of customs duty on goods imported outside their territories.
- The same rates of customs duty are referred to as a Common External Tariff (CET).