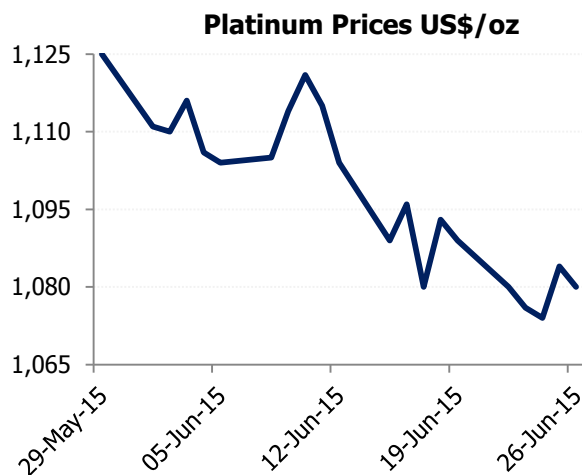
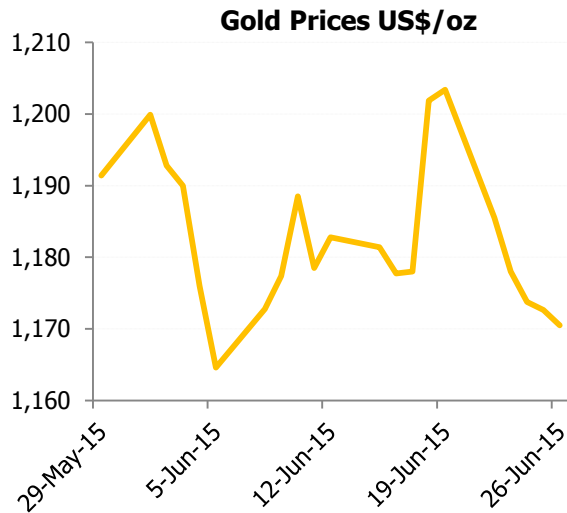


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart



### Commodity Prices

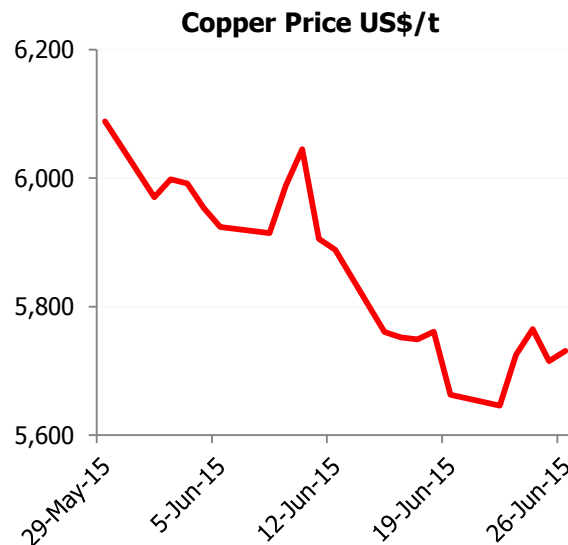
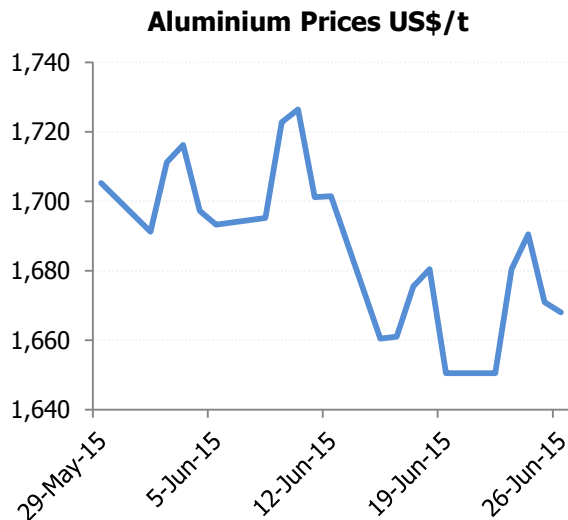
Daily	US\$/oz	WoW %Δ
19-Jun-15	1,203	
22-Jun-15	1,186	
23-Jun-15	1,178	
24-Jun-15	1,174	
25-Jun-15	1,173	
26-Jun-15	1,171	
		<b>-2.73</b>

Daily	US\$/oz	WoW %
19-Jun-15	1,089	
22-Jun-15	1,080	
23-Jun-15	1,076	
24-Jun-15	1,074	
25-Jun-15	1,084	
26-Jun-15	1,080	
		<b>-0.83</b>

### Commodity Developments

- Gold prices fell as traders awaited further news on Greece's negotiations with its creditors, while caution over the metal's longer-term outlook weighed on interest.
- Greece failed again to clinch a deal with its international creditors last week setting up a last-minute effort to avert a default or start preparing to protect the euro zone from financial market turmoil.
- Expectations that US interest rates will rise for the 1<sup>st</sup> time in nearly a decade this year, lifting the US currency and boosting the opportunity cost of holding non-yielding bullion, have pressured gold, keeping it in a tight range.
- Gold has held largely between US\$1,160 and US\$1,230 since mid-Mar, struggling to break higher despite an ostensibly rise in tensions over Greece.
- In Mozambique, the Gvt issued mining licence for the Fair Bride project which is expected to produce 50,000oz/yr of gold at a cash cost of US\$650/oz. The project will be Mozambique's 1<sup>st</sup> gold mine.
- Platinum and Palladium prices have kept on falling with palladium touching its lowest since Jul-13 at US\$668.25/oz earlier during the week.
- The two precious metal prices have slid more than 14% this year so far, hurt by perceptions that the market is in surplus.
- The industrial demand for the two metals is light and there's a lot of recycling. The main underlying weakness of platinum and palladium is a sharp slowdown in global auto sales growth which they are used as auto-catalysts.
- In related developments, shares of London-listed platinum producer Lonmin dropped to their lowest level in more than 3-months on the 26<sup>th</sup> of Jun, after an inquiry into the killing of 34 miners during a 2012 strike put some of the blame on the company. Lonmin, the world's 4<sup>th</sup> largest platinum producer by market value, was at the centre of the 2012 strike which saw the Marikana massacre.

**Commodity 30-Day Price Chart**



**Commodity Prices**

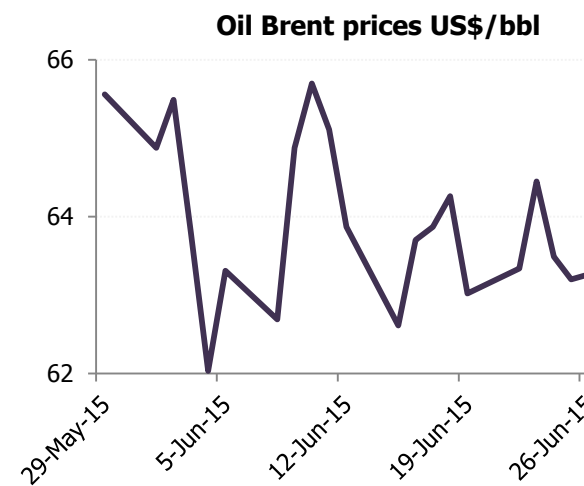
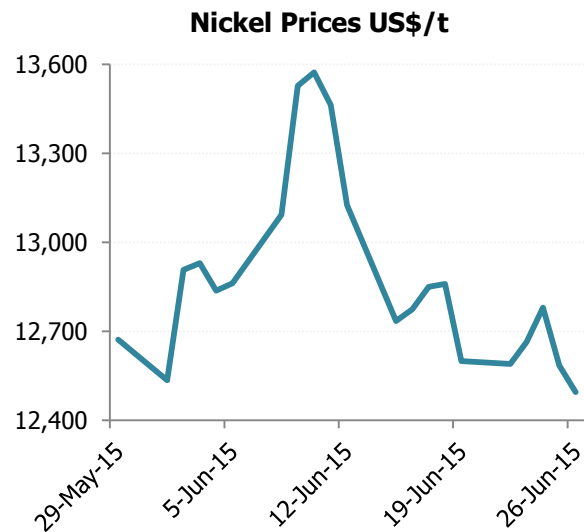
Daily	US\$/t	WoW %Δ
19-Jun-15	1,651	
22-Jun-15	1,651	
23-Jun-15	1,681	
24-Jun-15	1,691	
25-Jun-15	1,671	
26-Jun-15	1,668	
		<b>1.06</b>

Daily	US\$/t	WoW %Δ
19-Jun-15	5,663	
22-Jun-15	5,646	
23-Jun-15	5,725	
24-Jun-15	5,765	
25-Jun-15	5,715	
26-Jun-15	5,731	
		<b>1.20</b>

**Commodity Developments**

- With the focus on whether Greece will default on its debts or even stay within the euro zone, the important news of China easing its monetary policy again has been largely sidelined.
- As fascinating as the Greek machinations are, ultimately they will have little impact on commodity markets, other than the potential to boost some safe-haven demand for gold. The real news is that the world's largest commodity producer, consumer and importer appear to be taking more determined steps to boost its flagging growth rate.
- China's central bank cut lending rates for the 4<sup>th</sup> time since Nov-14, while also trimming the amount of cash that certain banks have to hold as reserves. This is the 1<sup>st</sup> time since the global financial crisis in 2008 that both interest rates and the reserve ratio were cut at the same time, signalling authorities' strong determination to get money rolling through the economy.
- This boosted prices of most base metals.
- Copper prices went up supported by monetary easing in China but remained weak in volatile trade as concern grew over slow China growth and a summer demand slowdown.
- Copper prices have mostly fallen since mid-May however, hitting a three-month low of US\$5,646/t on the 22<sup>nd</sup> of Jun, mostly on worries over weak demand in China. Refined copper imports from China fell close to 275,000t in May, down 12.4% this year, the latest data showed.
- In Zambia, Gvt ordered Vedanta Resources' Konkola Copper Mines (KCM) to delay the processing of copper concentrate it imported from Chile until it puts in place safety measures to avoid pollution.
- KCM bought 5,000t of copper concentrates from Chilean state-run firm Codelco and will smelt the semi-processed material at the Nchanga smelter, which has an annual production capacity of 311,000t.

**Commodity 30-Day Price Chart**



**Commodity Prices**

Daily	US\$/t	WoW %Δ
19-Jun-15	12,600	
22-Jun-15	12,590	
23-Jun-15	12,665	
24-Jun-15	12,780	
25-Jun-15	12,585	
26-Jun-15	12,495	
		<b>-0.83</b>

Daily	US\$/bbl	WoW %Δ
19-Jun-15	63.02	
22-Jun-15	63.34	
23-Jun-15	64.45	
24-Jun-15	63.49	
25-Jun-15	63.20	
26-Jun-15	63.26	
		<b>0.38</b>

**Commodity Developments**

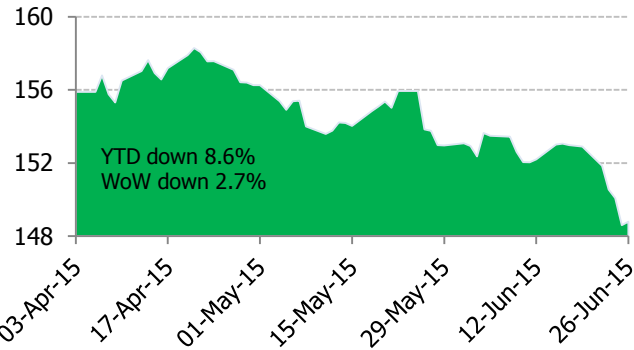
- Nickel prices fell heading to 6yr-lows as Shanghai Futures Exchange (ShFE) approved 3 new nickel brands for delivery against its contracts, and as persistently high stockpiles and risk aversion over an escalating Greek crisis weighed.
- The move by ShFE to approve brands from Russian producer Norilsk for delivery against its futures contracts have eased concern that Chinese smelters would fail to provide enough supply.
- Daily London Metal Exchange (LME) data showed nickel stocks rose 870t to 459,018t, halting a falling trend seen since the start of Jun and again inflicting doubts that the market is poised to tighten significantly.
- Analysts at some of the biggest commodity banks have been slashing their price forecasts for the stainless steel input over the last few days.
- This collective price downgrade is a simple reflection of nickel's underperformance so far this year. The metal at US\$12,495/t is down 16% since the start of the year.
- Crude futures ended the week little changed, as Greece crisis looms, while Iran faced continued difficulty in securing a nuclear agreement to end sanctions on its oil exports.
- A suicide bombing by Islamic State militants in Kuwait, which killed 25 people and wounded more than 200, raised fears about the security of Middle East oil supplies and lent some support as well to crude.
- Other acts of violence with varying impact on the market included a terror attack in France, the shooting deaths of 28 people in Tunisia, including Western tourists, and the killing of at least 145 civilians in northern Syria by Islamic State militants.
- On the data front, the US oil rig count, a measure of future production, fell by 3 this week. It was the smallest drop in 5 weeks and a sign that the collapse of US drilling was coming to an end.

**Equities 90-Day Index Charts**

**Zimbabwe**



**ZSE Industrial Index**

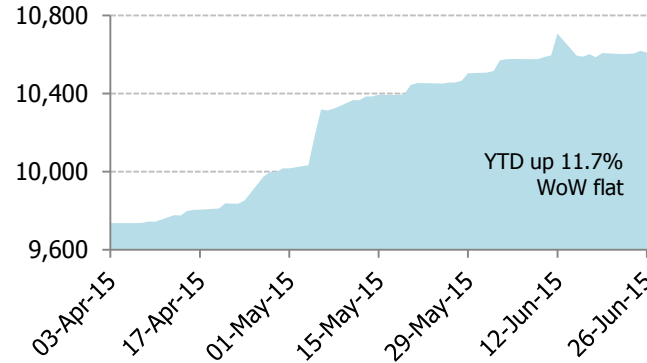


- State-owned asset management Company has so far taken nearly US\$100m in bad loans from banks to help restore viability in the financial sector.

**Botswana**



**BSE DCI**

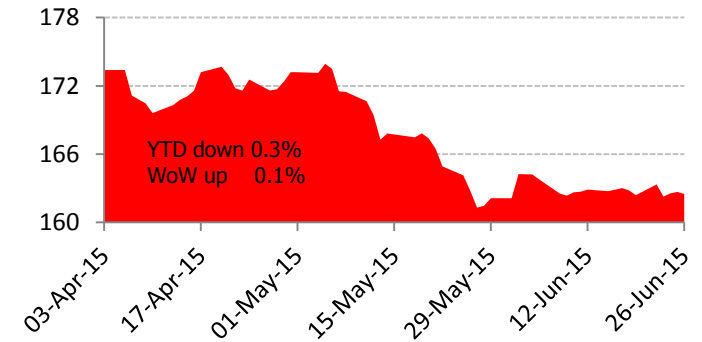


- Botswana's economy shrank by 1.3% QoQ in the 3 months to end-March versus a 3.3% expansion in Q4:14.

**Kenya**



**NSE All Share Index**

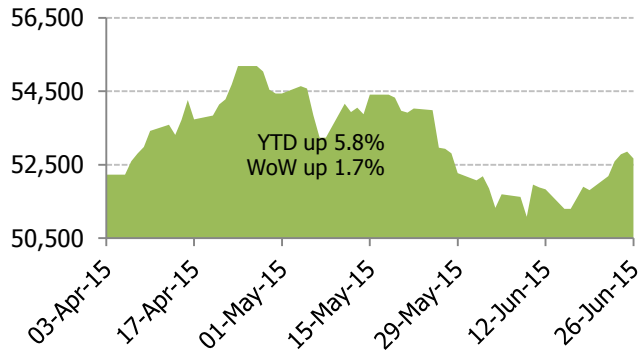


- Kenya aims to decide by the end of 2015 whether a gas discovery in the north of the country could fuel a power plant and wants to start using its own coal in about 6yrs' time for a power station being built.

**South Africa**



**JSE All Share Index**

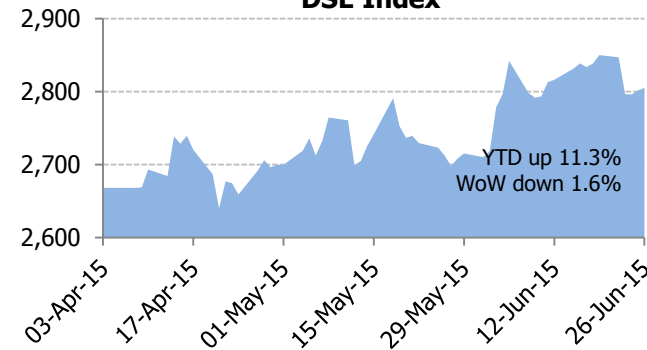


- SA's trade balance swung into a 4.99bn rand (US\$410m) surplus in May from a revised 1.44bn rand shortfall in Apr.

**Tanzania**



**DSE Index**

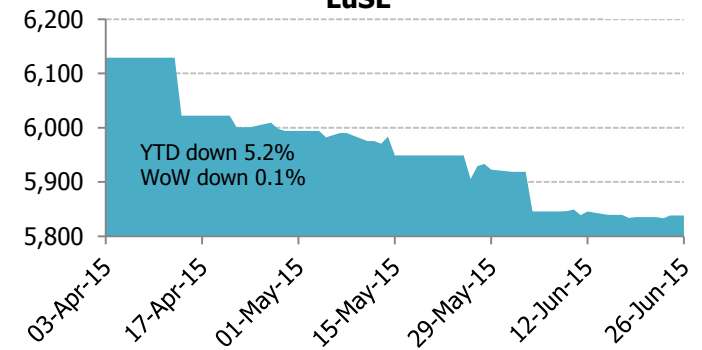


- Tanzania's stock exchange plans an initial public offering (IPO) of its shares within 6 months to improve its governance and raise funds for expansion.

**Zambia**



**LuSE**



- Zambia has started rationing power supply to mines, as Africa's 2<sup>nd</sup>-biggest copper producer struggles to meet electricity demand.



## Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
<b>Wk Ending</b>							
19-Jun-15	9.88	38.68	2,087	7.57	12.27	1.131	1.586
<b>Daily</b>							
22-Jun-15	9.83	39.54	2,083	7.40	12.17	1.131	1.586
23-Jun-15	9.86	39.44	2,087	7.38	12.16	1.124	1.578
24-Jun-15	9.88	39.46	2,130	7.36	12.15	1.122	1.580
25-Jun-15	9.87	39.33	2,155	7.35	12.11	1.121	1.571
26-Jun-15	9.85	38.24	2,168	7.37	12.12	1.121	1.575
<b>WoW %Δ</b>	<b>-0.30</b>	<b>-1.14</b>	<b>3.90</b>	<b>-2.59</b>	<b>-1.25</b>	<b>-0.91</b>	<b>-0.69</b>
<b>YTD %Δ</b>	<b>3.55</b>	<b>20.86</b>	<b>25.19</b>	<b>15.48</b>	<b>4.27</b>	<b>-7.79</b>	<b>1.21</b>

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
<b>Wk Ending</b>				
19-Jun-15	0.807	3.11	0.607	171
<b>Daily</b>				
22-Jun-15	0.810	3.26	0.610	171
23-Jun-15	0.812	3.26	0.604	172
24-Jun-15	0.811	3.25	0.606	173
25-Jun-15	0.813	3.18	0.608	172
26-Jun-15	0.813	3.13	0.604	173
<b>WoW %Δ</b>	<b>0.78</b>	<b>0.64</b>	<b>-0.41</b>	<b>1.17</b>
<b>YTD %Δ</b>	<b>-1.07</b>	<b>13.82</b>	<b>9.32</b>	<b>16.89</b>

## Exchange Rate Developments

- The on-going Greek debt talks left currency markets in tight ranges on the 26<sup>th</sup> of June as policymakers traded ideas in Brussels over the latest proposal for working out a debt deal between Athens and its official-sector creditors.
- The EUR fell after Greek Prime Minister Alexis Tsipras seemingly pushed-back the latest offer from the IMF, EU and ECB.
- SA's Rand drifted back against major currencies on the 26<sup>th</sup> of Jun as inflationary pressures weighed, with rising consumer prices increasing the likelihood of a hike in lending rates. Worries over the on-going Greek debt crisis and firm data from the US, added some pressure on the local currency.
- Zambia's Kwacha appreciated against the greenback lifted mainly by increased dollar inflows from foreign portfolio investors as a result of the bond auction.
- The Tanzanian Shilling is the only currency among BancABC markets' currencies that depreciated against the USD. The currency is the 2<sup>nd</sup> worst performing currency behind the Ghanaian Cedi.
- The Mozambique's Meticaís appreciated against the dollar, in line with other currencies as the nation celebrated 40yrs of independence.
- All BancABC markets' currencies depreciated against the ZAR except for the Zambian Kwacha.

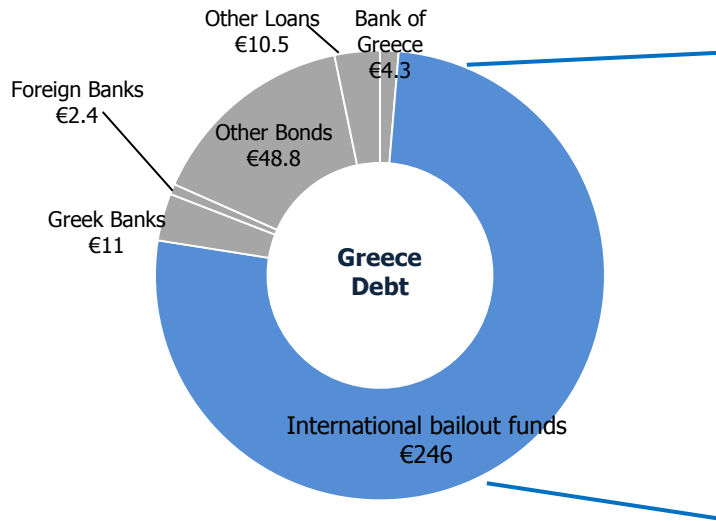
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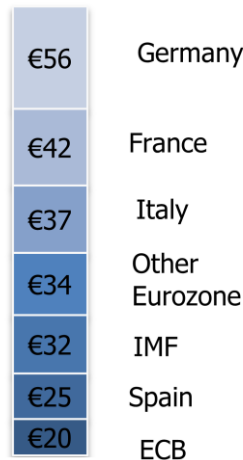
Contact telephone numbers: 369701-16; 752383-5

## Appendix: The Greece Debt Crisis

### Break down of Greece Debt (€bn)

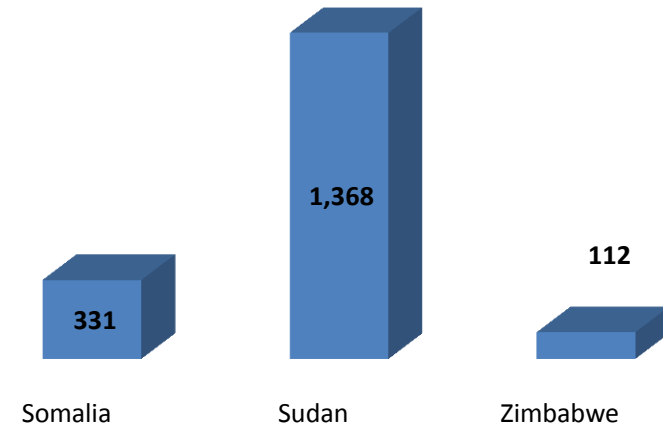


### International Bailout Funds Breakdown (€bn)



- Greece now joins Zimbabwe, Sudan and Somalia, the only three countries that are still in arrears to the IMF.
- Greece's missed payment is the largest in the IMF fund's history. Sudan still owes about US\$1.4bn from loans acquired in the 1980s, according to the fund.

### Arrears to IMF as of May-15 in US\$ m



- Greece defaulted €1.5bn payment to the IMF on the 30<sup>th</sup> of Jun-15, becoming the 1<sup>st</sup> developed economy to default to the IMF, an organization of 188 nations that tries to keep the world economy stable.
- With its missed payment to the IMF, Greece may be on a path out of the euro with unforeseeable consequences for both the EU's grand currency project and the global economy.
- Among the EU members, Greece has highest debt to GDP ratio of 177%.

Country	Debt to GDP Ratio (%)
Greece	177
Italy	132
Portugal	130
Spain	94
France	94
Germany	78

- With the default, Greece is likely to exit the EU. The nation is relatively small in the EU economy, representing 2% of EU's GDP.
- However, the exit would stimulate fears of similar moves by anti-austerity activists in other struggling economies such as Italy, Portugal and Spain.
- That probably would drive up interest rates and borrowing costs in those countries, stumbling their budgets and economies.
- However, Greece is likely to lose more from an EU exit as new domestic currency may fail to withstand inflationary pressures.