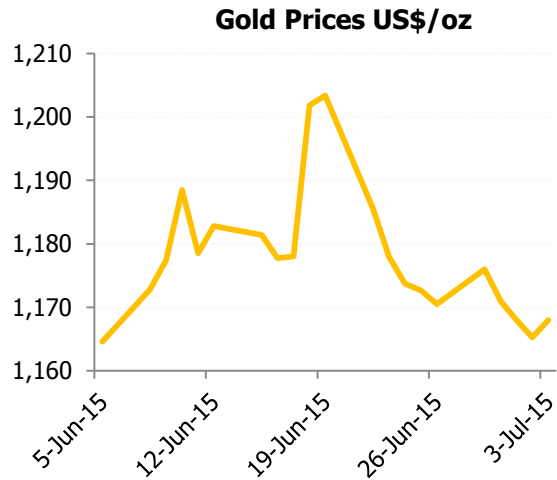


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart

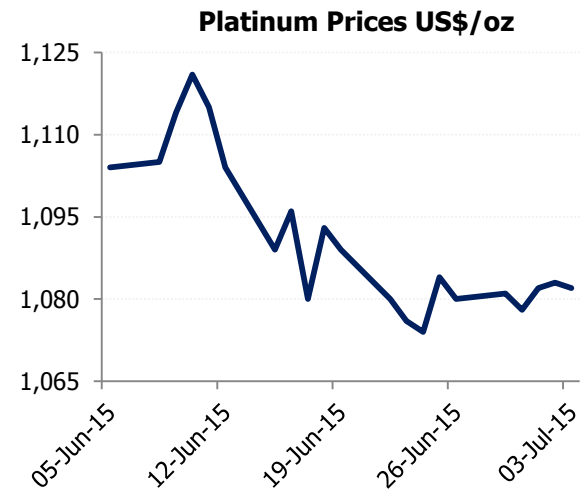


Commodity Prices

Daily	US\$/oz	WoW %Δ
26-Jun-15	1,171	
29-Jun-15	1,176	
30-Jun-15	1,171	
1-Jul-15	1,168	
2-Jul-15	1,165	
3-Jul-15	1,168	
		-0.22

Commodity Developments

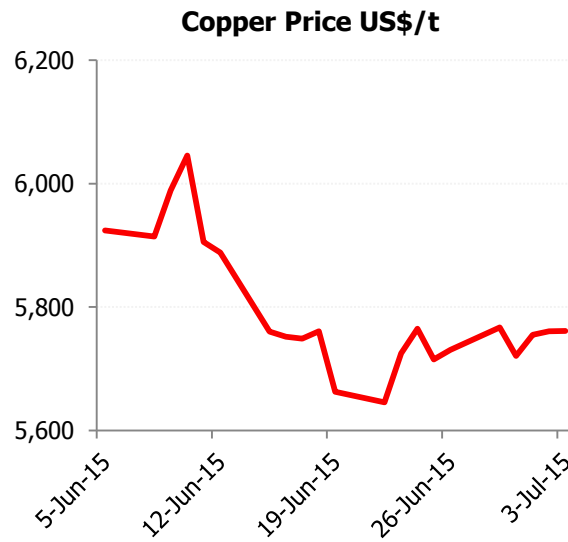
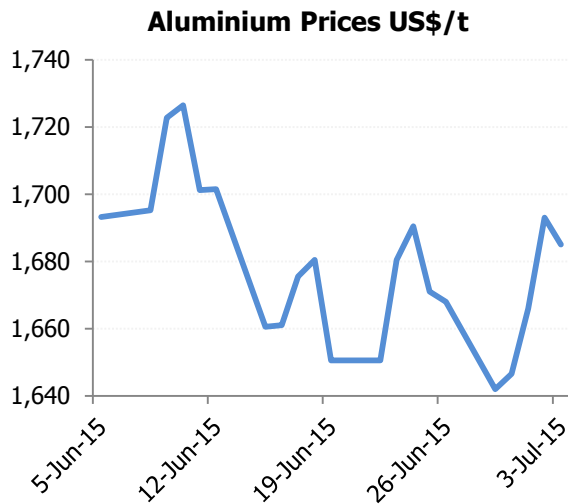
- Gold reversed the downward trend on the 3rd of Jul as the US dollar softened amid weaker US data. Investors however, remained cautious ahead of Greece's referendum on an international bailout deal.
- Before the weaker US data, there had been strong expectations that the Fed would raise rates for the 1st time in nearly a decade in Sep-15, given recent strong numbers on consumer spending and housing.
- Uncertainty around Greece has failed so far to trigger strong retail demand for gold, often perceived as a safe-haven asset. Generally for investors, it is not only about the outcome of the referendum, but also about the reaction of the European Central Bank (ECB), which could cut the credit levels of its funding to Greece. This may trigger gold buying as investors rush to safety.
- Generally, gold will continue to be under pressure this year from uncertainty over the timing of any rate increase, which could boost the dollar further and dent demand for non-interest-paying bullion.



Daily	US\$/oz	WoW %
26-Jun-15	1,080	
29-Jun-15	1,081	
30-Jun-15	1,078	
1-Jul-15	1,082	
2-Jul-15	1,083	
3-Jul-15	1,082	
		0.19

- Platinum group of metals (PGM) prices have fallen to their lowest levels from perceptions that the metals, widely used in the car industry, are in plentiful supply.
- Platinum reached its lowest in more than 6yrs on the 30th of Jun and palladium was also at its weakest since mid-2013.
- In SA, more than 524 members of the National Union of Mineworkers (NUM) have gone on strike at Anglo Platinum's Twickenham Mine demanding the reinstatement of 165 employees whose contracts the mine terminated.

Commodity 30-Day Price Chart



Commodity Prices

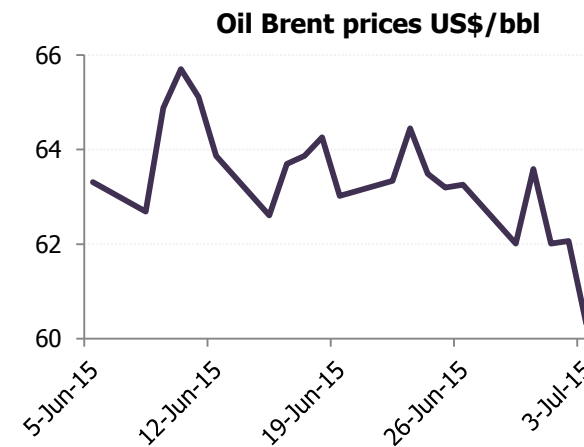
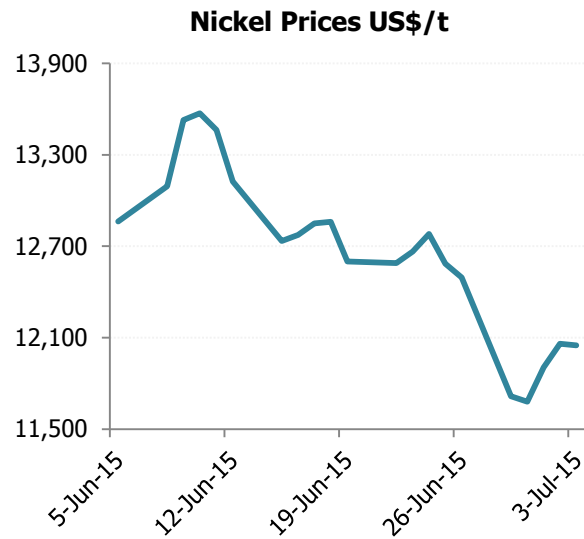
Daily	US\$/t	WoW %Δ
26-Jun-15	1,668	
29-Jun-15	1,642	
30-Jun-15	1,647	
1-Jul-15	1,666	
2-Jul-15	1,693	
3-Jul-15	1,685	
		1.02

Daily	US\$/t	WoW %Δ
26-Jun-15	5,731	
29-Jun-15	5,767	
30-Jun-15	5,721	
1-Jul-15	5,755	
2-Jul-15	5,761	
3-Jul-15	5,762	
		0.53

Commodity Developments

- Most base metals rebounded on the 1st of Jul on brighter prospects for a Greek bailout deal and after solid US economic data that spurred hopes for stronger demand.
- Activity in China's manufacturing sector expanded slightly in Jun, not as much as expected but offering some signs that the world's 2nd-largest economy may be starting to level out after a series of support measures.
- In the aluminium market, investors will keep a close watch on miners' results in coming weeks for possible announcements of production cutbacks that could bolster weak prices.
- Top producer Rusal of Russia announced in Apr-15 that it might idle 200,000t of capacity while US group Alcoa said the month before it was reviewing 500,000t of smelting capacity.
- Last week, Alcoa said it would permanently close its Pocos de Caldas smelter in Brazil, which has capacity of just below 100,000t per year. The plant, however, has been idle since May-14, so the move will not reduce current production levels.
- Copper just like other metals remained low on worries about the fallout from Greece. Losses were slightly capped by a weaker USD and expectations that further price falls could lead to production cuts. Prices of copper, used in power and construction, are expected to come under pressure in coming weeks from a seasonal break in Chinese demand.
- In Zambia, Mopani Copper Mines suspended construction of a copper concentrator in Nkana, Kitwe, until Gvt pays it US\$300m allegedly owed in VAT refunds. However, the Gvt announced that it has started paying VAT refunds again, putting an end to a long running dispute.
- Zambia has been poor on policy consistency particularly in the mining sector with the sector experiencing 3 "U-turn" policy changes in the last 3yrs as a result of the Gvt prioritising either fiscal consolidation or the mining sector's growth.
- Zambia is Africa's 2nd largest copper producer and ranks 54th out of 122 mining jurisdictions globally. Zambia ranks poorly on certainty concerning the administration, interpretation and enforcement of existing regulations, according to Fraser Institute rankings.

Commodity 30-Day Price Chart



Commodity Prices

Daily	US\$/t	WoW %Δ
26-Jun-15	12,495	
29-Jun-15	11,715	
30-Jun-15	11,680	
1-Jul-15	11,905	
2-Jul-15	12,060	
3-Jul-15	12,050	
		-3.56

Daily	US\$/bbl	WoW %Δ
26-Jun-15	63.26	
29-Jun-15	62.01	
30-Jun-15	63.59	
1-Jul-15	62.01	
2-Jul-15	62.07	
3-Jul-15	60.32	
		-4.65

Commodity Developments

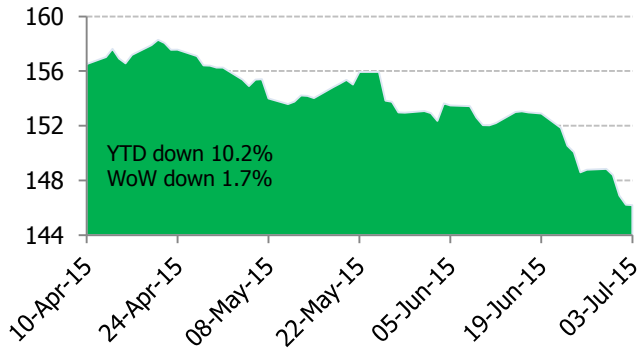
- Nickel touched a 6-year low on the 30th of Jun as speculators sold off on concerns over excess supply, uncertainty in top metals consumer China and the Greek debt crisis.
- The panic selling in nickel was sparked by the Shanghai exchange broadening delivery options, causing investors to rush for the exit. Shanghai Futures Exchange (ShFE) approved nickel from Russian producer Norilsk for delivery against its futures contracts, following concern that domestic suppliers would fail to provide enough supply.
- Nickel peaked above US\$21,000 in May last year on the London Metal Exchange (LME), as investors bet that China's vast stainless steel industry would use more of the metal after Indonesia banned ore exports last year, but it has since fallen by half.
- Currently, prices are now fairly way down into some miners cost curve such that production shut downs are expected. During the upcoming reporting period, investors will be keeping close attention to any production cutbacks that may help to romp up weak prices.
- Oil prices dropped on the 3rd of Jul as a rising US rig count stoked more concerns about global oversupply while an investigation by Chinese regulators into suspected stock market manipulation further unsettled the market.
- US oil drilling increased this week after 29 consecutive weeks of declines, the strongest sign that higher prices are persuading producers back after an extended period of low prices.
- The rising US rig count adds to near-record production by Russia and the Organization of the Petroleum Exporting Countries (OPEC), which is feeding a huge oversupply.
- OPEC oil supply hit a 3-year high in Jun due to record or near-record output from Iraq and Saudi Arabia. The cartel's production is close to 2.5m barrels per day above demand.

Equities 90-Day Index Charts

Zimbabwe



ZSE Industrial Index

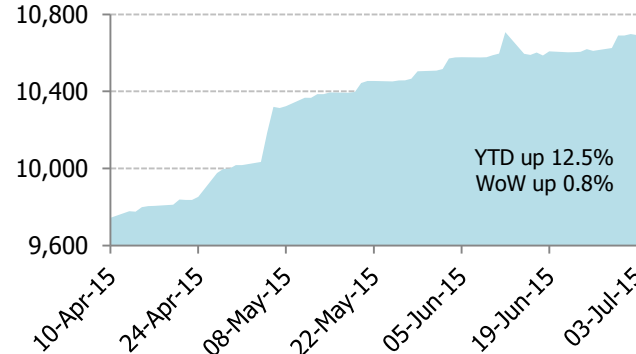


- The market capitalisation for Zimbabwe's Stock Exchange (ZSE) fell 11% to US\$4bn in H1:15 as foreign investors sold shares and the economy stagnated.

Botswana



BSE DCI

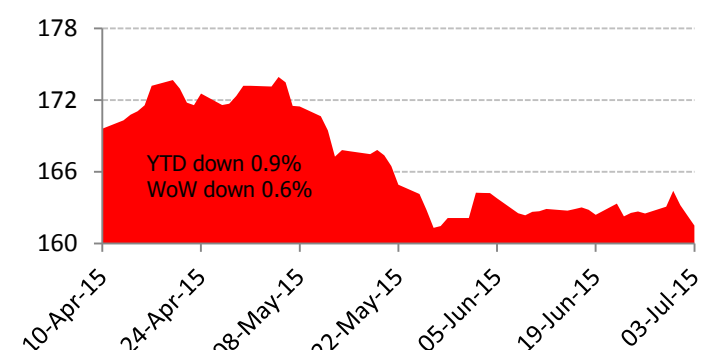


- Economy shrank by 1.3% QoQ in the 3 months to end-Mar versus a 3.3% expansion in Q4:14.

Kenya



NSE All Share Index

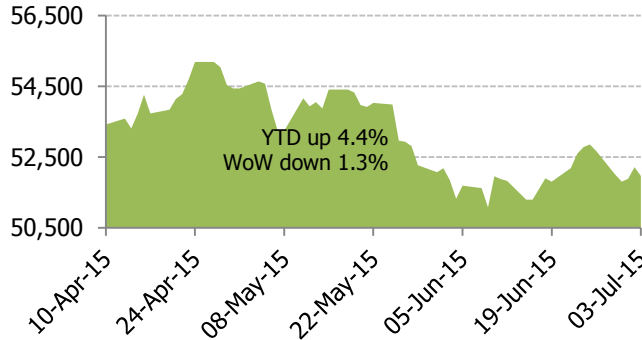


- The World Bank has upgraded Kenya, Bangladesh, Myanmar, and Tajikistan to its lower middle income classification from least developed countries (LDCs) while South Sudan has fallen back into the low-income group.

South Africa



JSE All Share Index

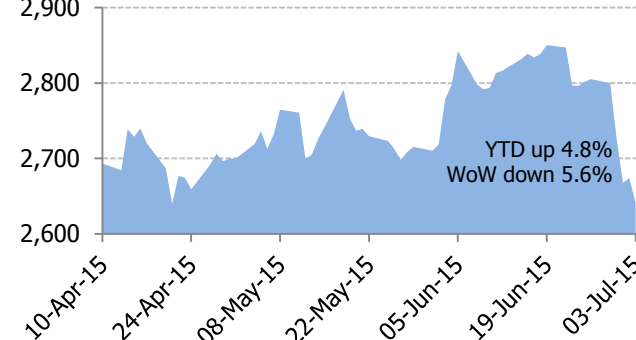


- SA is set to import more white maize from Zambia to prop up dwindling stocks from a harvest devastated by bad weather.

Tanzania



DSE Index

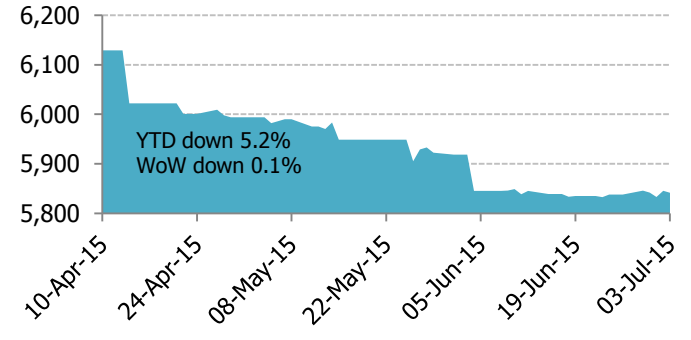


- Parliament approved a legal and regulatory framework for developing nascent hydrocarbons industry after days of contentious debate.

Zambia



LuSE



- Zambia has started rationing power supply to mines, as Africa's 2nd-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
Wk Ending							
26-Jun-15	9.85	38.24	2,168	7.57	12.12	1.121	1.575
Daily							
29-Jun-15	9.94	38.87	2,003	7.46	12.26	1.109	1.570
30-Jun-15	9.91	39.03	1,984	7.51	12.24	1.117	1.574
1-Jul-15	9.91	38.90	1,984	7.51	12.18	1.111	1.569
2-Jul-15	9.95	38.84	1,984	7.52	12.31	1.107	1.561
3-Jul-15	9.94	38.65	1,984	7.55	12.30	1.112	1.563
WoW %Δ	0.89	1.07	-8.48	-0.21	1.46	-0.83	-0.80
YTD %Δ	4.47	22.16	14.57	18.30	5.80	-8.56	0.40

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
Wk Ending				
26-Jun-15	0.813	3.13	0.604	173
Daily				
29-Jun-15	0.809	3.19	0.608	171
30-Jun-15	0.809	3.21	0.617	165
01-Jul-15	0.809	3.19	0.614	163
02-Jul-15	0.810	3.17	0.614	161
03-Jul-15	0.809	3.15	0.615	161
WoW %Δ	-0.45	0.64	1.74	-6.94
YTD %Δ	-1.51	14.55	11.22	8.78

Exchange Rate Developments

- The USD fell against a basket of currencies on the 3rd of Jul, hurt by softer-than-expected US employment data amid thin volumes with most investors staying on the side-lines before Greece's weekend referendum on bailout conditions.
- However, trading volumes were low as US markets closed for Independence Day holiday. Investors were also cautious, disposing riskier assets and currencies before the Greek vote on an international bailout deal that could determine whether the country stays in the Euro zone.
- Fears of contagion after Greece defaulted on its repayment to the IMF have further increased the appeal of so-called "safe haven" assets.
- South Africa's Rand was softer against the USD, with investors' fears over Greece's debt crisis adding to concerns about the struggling local economy.
- A local survey showed consumer sentiment plunged to a 14yr-low in Q2:15, adding to concerns Africa's most advanced economy might not even manage 2% growth this year.
- Just like other currencies, the pressure on the ZAR was partly offset by disappointing US employment data which limited dollar gains.
- BancABC market currency, Shilling, appreciated against both the USD and ZAR as companies converted dollars to pay taxes.
- Other BancABC markets' currencies, the MZN and ZMW depreciated against the ZAR whilst the BWP appreciated.

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Contact telephone numbers: 369701-16; 752383-5

Appendix: If Greece Exit Euro Zone: Impact

Neither the Greek Gvt nor its eurozone partners want to see Greece leaving the eurozone - or a "Grexit" as it has become known. But if they cannot agree on the way forward, a Grexit would be unavoidable, the impact of which is analysed below.

Impact on Greece

- Unable to borrow from anyone.
- Gvt to default on its debts
- Gvt to impose a freeze on bank withdrawals before a new currency is introduced.
- New currency to replace the Euro. Seignorage revenue to finance Gvt activities.
- Rapid currency depreciation
- Likely currency depreciation to be also inflationary.
- Recession in the short run
- In the long run, Greece to benefit from a more competitive exchange rate.

Impact on Euro zone

- Actions by ECB are key to this change. Quantitative Easing to reduce vulnerable countries cost of borrowing limiting the negative effects.
- However, nervous depositors in other struggling euro zone countries, such as Spain or Italy, may move their money to the safety, sparking a banking crisis.
- Confidence in other banks that have lent heavily to struggling euro zone countries could also be affected.
- The banking crisis could conceivably spread worldwide, just as it did in 2008.

Impact on Businesses

- Greek business likely to face legal and financial disaster as some contracts governed by Greek law would be converted into a new currency, while other foreign law contracts would remain in Euros.
- Greek companies who still owe big debts in Euros to foreign lenders, but whose main sources of income are converted to a devalued non-Euro currency will struggle to repay debts.
- In the wider euro zone, businesses, afraid for the Euro's future, may cut investment.
- The Euro could lose value in the currency markets.

Political Consequences

- If Greece leaves, it undermines the idea that the euro project is irreversible
- This could give a boost to anti-euro and anti-EU political forces in other countries.
- In Spain, the left-wing anti-austerity party Podemos is already gaining ground, ahead of elections later this year.
- In Portugal, there is growing fatigue with austerity, and it also goes to the polls this year.
- Abandoning the Euro probably also means leaving the EU.

There is and always will be a political aspect to the decision so perhaps some way of keeping Greece in the EU would be found, if all countries involved wanted it enough. To state the obvious, no country has left before.