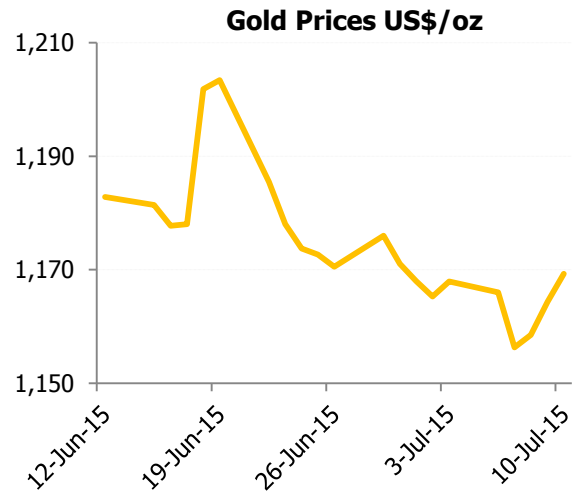


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart

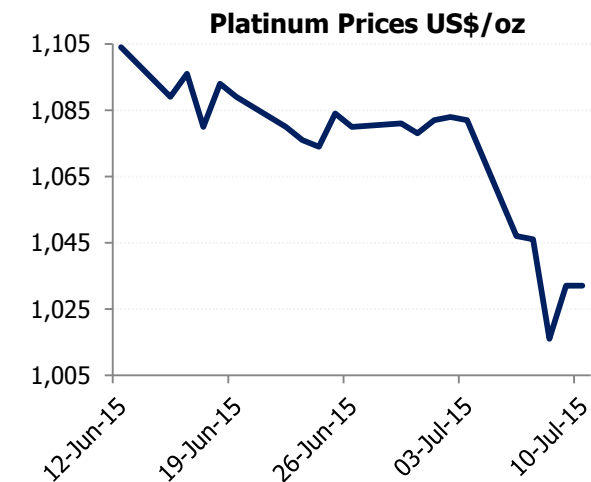


### Commodity Prices

Daily	US\$/oz	WoW %Δ
3-Jul-15	1,168	
6-Jul-15	1,166	
7-Jul-15	1,156	
8-Jul-15	1,159	
9-Jul-15	1,164	
10-Jul-15	1,169	
		<b>0.12</b>

### Commodity Developments

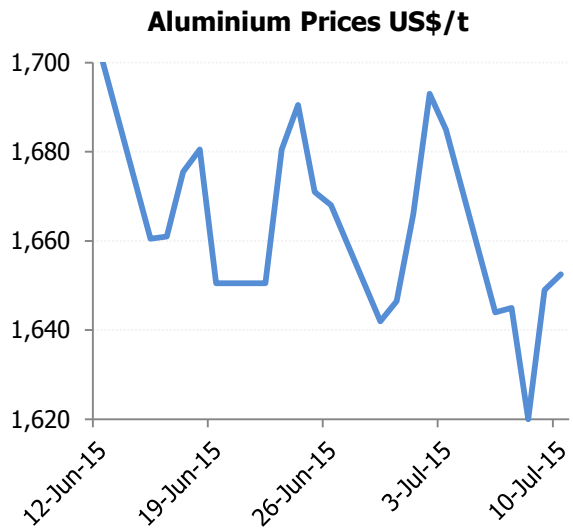
- Gold failed to register major gains amid the Greek crisis after US Fed Reserve Chair Janet Yellen said she expected the central bank to raise interest rates sometime this year but pointed to concerns that US labour markets remain weak.
- In a speech that cautioned about the status of workers as well as some international risks, Yellen gave no direct hint about whether she anticipated more than one rate hike over the Fed's four remaining meetings in 2015.
- Physical demand remained tepid as buying in China remained weak, while investors in India delayed purchases. In India the yellow metal is still sold at a discount to the global benchmark.
- Slightly benefited gold is the International Monetary Fund (IMF) which trimmed its forecast for global economic growth this year to 3.3% from 3.5%, citing recent weakness in the US.



Daily	US\$/oz	WoW %
3-Jul-15	1,082	
6-Jul-15	1,047	
7-Jul-15	1,046	
8-Jul-15	1,016	
9-Jul-15	1,032	
10-Jul-15	1,032	
		<b>-4.62</b>

- Platinum prices have pursued a relentless decline to new 6-year lows, approaching the US\$1,000 level that will push most of the struggling industry into the red. A move below US\$1,000 would mean two-thirds of the industry particularly in SA, which is still recovering from a repeatedly violent 5-month strike last year, will be in red.
- Platinum has been hit by a combination of technical factors, weakness in gold and the broader commodities complex, recent strength in the USD and perceptions that supply of the white metal used for emissions-capping auto-catalysts is ample.
- Lonmin shares tumbled to their lowest since 1983 in London, while its Johannesburg shares sank to their lowest since 1999. Shares of the world's top producer, Anglo American Platinum, sank over 2% their lowest in a decade while that of world no. 2 producer Impala Platinum also stumbled 2t to near 12-year troughs.

**Commodity 30-Day Price Chart**

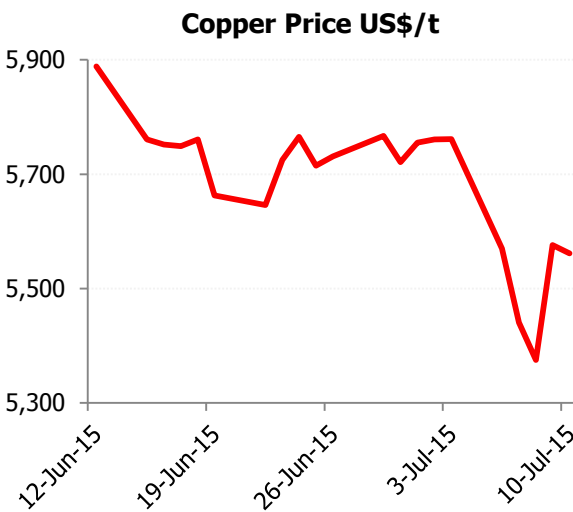


**Commodity Prices**

Daily	US\$/t	WoW %Δ
3-Jul-15	1,685	
6-Jul-15	1,644	
7-Jul-15	1,645	
8-Jul-15	1,620	
9-Jul-15	1,649	
10-Jul-15	1,653	
		<b>-1.93</b>

**Commodity Developments**

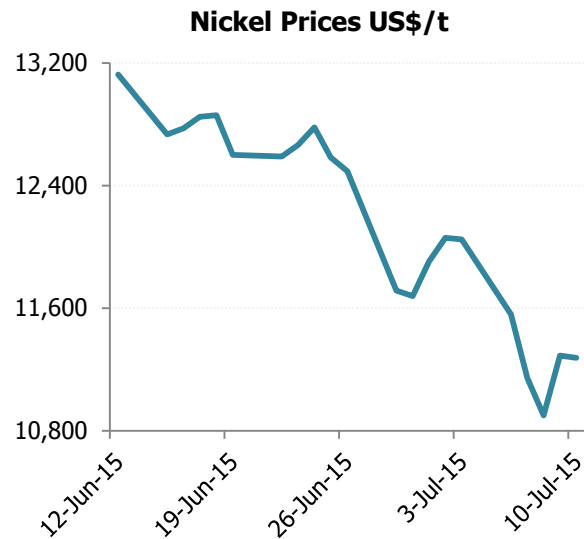
- Aluminium prices have remained low due to ample supply and weak demand. Top producer and consumer China has been exporting large quantities of the metal recently.
- However, if prices are to remain low for a considerable length of time, output would doubtless be cut in China as is the consensus among Chinese smelters, traders and refiners.
- Japan's aluminium efforts to have the light metal used more in bridges and other infrastructure, taking advantage of new design standards will go a long way in boosting stagnant demand. However, aluminium costs more than traditional steel and concrete but using the lighter metal makes repair work easier, cheaper and faster as it requires less reinforcement in foundations, leading to lower maintenance cost.
- Japan has some 700,000 bridges across the country and more than 40% of them will be over 50 years old in 2023. These bridges, built of steel and concrete, will need to be reinforced or rebuilt, and potentially that could increase annual aluminium demand by as much as 800,000 to 1m tonnes.



Daily	US\$/t	WoW %Δ
3-Jul-15	5,762	
6-Jul-15	5,570	
7-Jul-15	5,441	
8-Jul-15	5,375	
9-Jul-15	5,576	
10-Jul-15	5,562	
		<b>-3.47</b>

- Copper slipped on the 10<sup>th</sup> of Jul and clocked a weekly fall of nearly 3.5% as concerns persisted over top consumer China's demand for the metal even as stock markets there recovered and in Europe hopes grew for a deal between Greece and its creditors.
- Weighing on copper were inventories in warehouses monitored by the Shanghai Futures Exchange which rose 3.7%, reversing 13-straight-weeks of falls.
- China is expected to import more copper in the coming months as a sharp fall in London Metal Exchange (LME) copper price has opened up a profitable import arbitrage.

**Commodity 30-Day Price Chart**

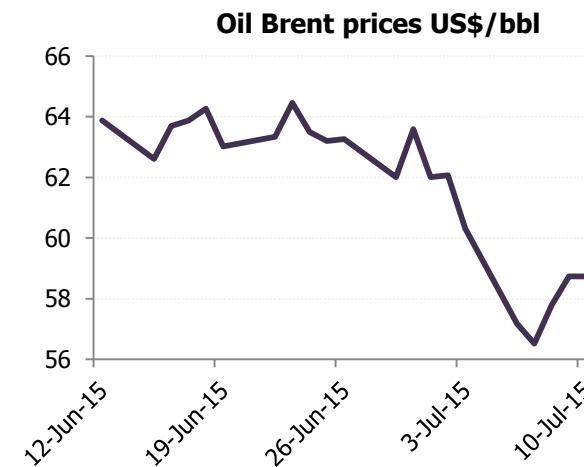


**Commodity Prices**

Daily	US\$/t	WoW %Δ
3-Jul-15	12,050	
6-Jul-15	11,560	
7-Jul-15	11,145	
8-Jul-15	10,900	
9-Jul-15	11,290	
10-Jul-15	11,275	
		<b>-6.43</b>

**Commodity Developments**

- Nickel prices fell by 6% to multi year lows but prospects for tighter nickel supplies have put a floor under prices. However, any real recovery will need Chinese stainless steel mills to step up their orders and global stockpiles to fall.
- Nickel prices on LME during trades fell to six-year lows of US\$10,430 a tonne last week on worries about demand, particularly after a tumble in Chinese equities. However, prices have climbed back to around US\$11,300 but remain at just half the US\$21,625 hit in May 2014 after Indonesia banned nickel ore exports.
- The sell-off that followed that peak was triggered by suppliers in the Philippines who moved to supply ore to Chinese smelters, which produce nickel pig iron, a cheaper alternative to refined nickel that costs around US\$15,000 a tonne to produce.
- The biggest problem for nickel is stock overhang. Nickel stocked in LME-approved warehouses hit record highs above 470,000t in June. Nearly 70% of global nickel production is used to make stainless steel, much of it in China, where producers have been using up their stocks of the metal.



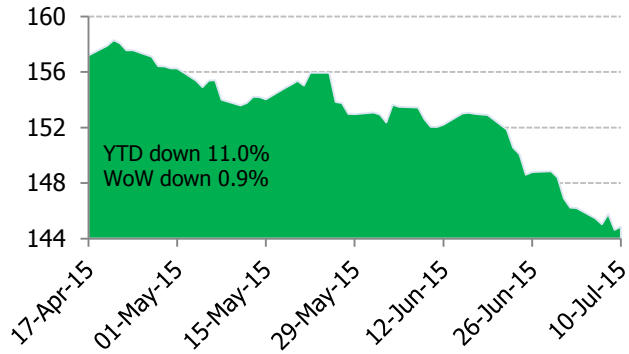
Daily	US\$/bbl	WoW %Δ
3-Jul-15	60.32	
6-Jul-15	57.17	
7-Jul-15	56.52	
8-Jul-15	57.78	
9-Jul-15	58.73	
10-Jul-15	58.73	
		<b>-2.64</b>

- Oil prices were little changed on the 10<sup>th</sup> of Jul after data showed the US oil rig count hardly rose this week, allaying fears of an acceleration in drilling that could bring on excess of new supply to the market.
- A potential Iranian nuclear deal and the International Energy Agency's (IEA) forecast of weaker oil demand are pulling crude lower.
- In Tehran, Ali Akbar Velayati, top adviser to Iran's Supreme Leader Ayatollah Ali Khamenei, said his country had no intention to abandon nuclear talks with the US and other world powers aimed at lifting sanctions on its crude exports.
- Iran has the 4<sup>th</sup> largest proven oil reserves and is reportedly has roughly 30 to 37 million barrels of oil stored in vast floating tankers off its coast

**Equities 90-Day Index Charts**

**Zimbabwe**

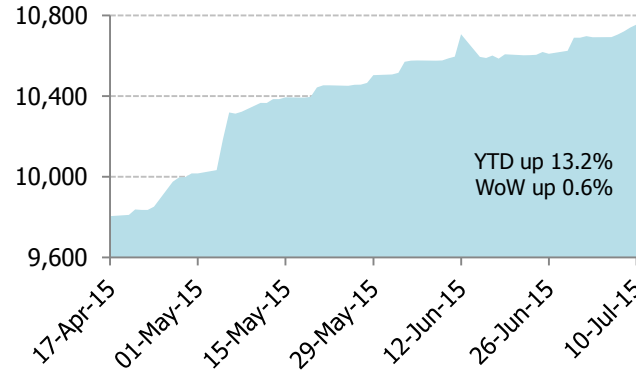
**ZSE Industrial Index**



- Tobacco sales dropped 8.5% to 188.5m kilogrammes this year after drought in southern Africa affected production of the country's top export earner.

**Botswana**

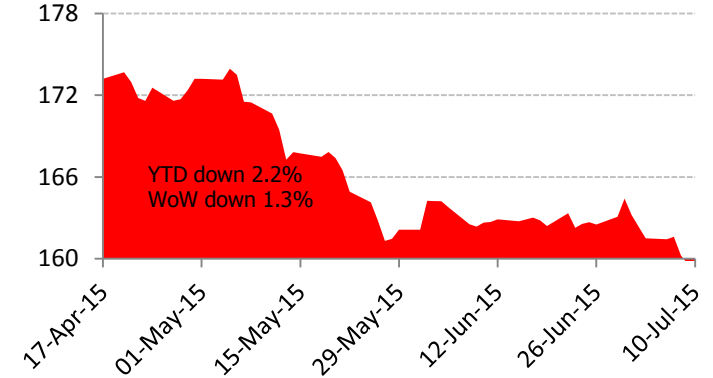
**BSE DCI**



- Gvt launched a bidding process to construct solar power plants near its huge Jwaneng diamond mine and for the nation's northwest, where copper assets are being developed.

**Kenya**

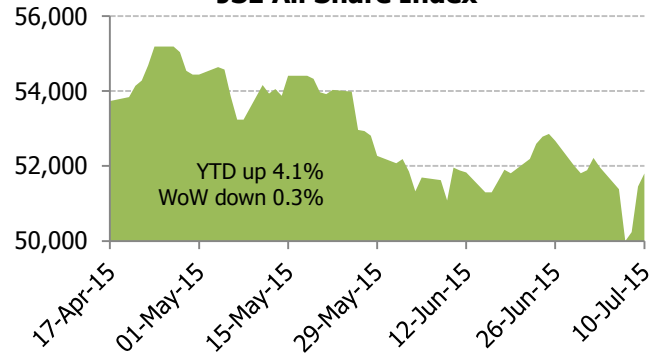
**NSE All Share Index**



- According to the Kenya Pipeline Company, Gvt will sign a US\$350m loan with six commercial banks on to help finance a refined products pipeline between Mombasa and Nairobi.

**South Africa**

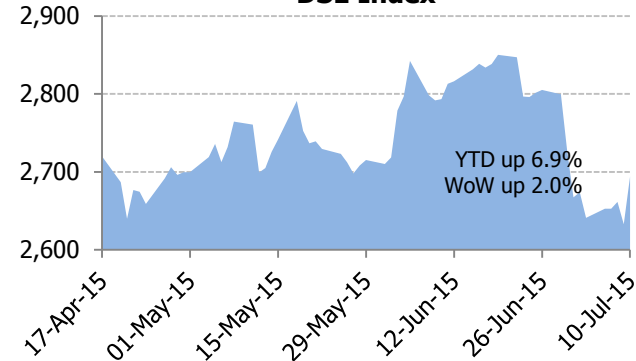
**JSE All Share Index**



- Gvt plans to resume trade with Iran, including oil imports, once sanctions are lifted following a nuclear deal between Tehran and 6 majors powers.

**Tanzania**

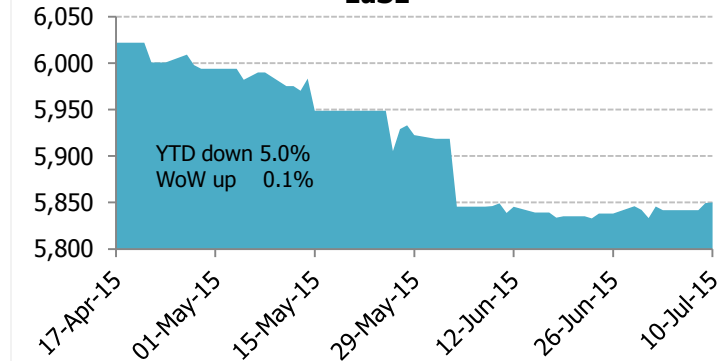
**DSE Index**



- Current account deficit narrowed 26.3% in the year to May, due to increased earnings from tourism and manufacturing.

**Zambia**

**LuSE**



- Zambia and Zimbabwe will conclude a study on a planned 2,400MW hydro-electric scheme between them by the end of this year.



## Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
<b>Wk Ending</b>							
3-Jul-14	9.94	38.65	1,984	7.57	12.30	1.112	1.563
<b>Daily</b>							
4-Jul-14	9.97	38.44	2,211	7.55	12.41	1.107	1.556
7-Jul-14	10.01	38.36	2,211	7.55	12.49	1.098	1.553
8-Jul-14	10.05	38.35	2,218	7.72	12.54	1.103	1.541
9-Jul-14	10.03	38.14	2,227	7.76	12.48	1.104	1.540
10-Jul-14	10.01	37.98	2,199	7.79	12.41	1.111	1.545
<b>WoW %Δ</b>	<b>0.70</b>	<b>-1.73</b>	<b>10.84</b>	<b>2.91</b>	<b>0.89</b>	<b>-0.08</b>	<b>-1.12</b>
<b>YTD %Δ</b>	<b>5.21</b>	<b>20.04</b>	<b>26.98</b>	<b>22.00</b>	<b>6.74</b>	<b>-8.63</b>	<b>-0.73</b>

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
<b>Wk Ending</b>				
03-Jul-15	0.809	3.15	0.615	161
<b>Daily</b>				
06-Jul-15	0.808	3.10	0.615	164
07-Jul-15	0.806	3.08	0.615	165
08-Jul-15	0.803	3.05	0.617	166
09-Jul-15	0.803	3.06	0.622	168
10-Jul-15	0.804	3.06	0.626	170
<b>WoW %Δ</b>	<b>-0.60</b>	<b>-2.86</b>	<b>1.92</b>	<b>5.59</b>
<b>YTD %Δ</b>	<b>-2.11</b>	<b>11.27</b>	<b>13.36</b>	<b>14.86</b>

## Exchange Rate Developments

- The USD fell against the EUR and GBP on optimism Greece would be able to forge a debt deal with its creditors, enabling the troubled nation to stay in the Euro zone.
- SA's rand gained for a 2<sup>nd</sup> day against the dollar on the 10<sup>th</sup> of Jul as renewed optimism a solution can be found for Greece's debt woes calmed investors, halting an emerging market sell-off that had pushed the local unit to 4-week lows.
- The ZAR took its cue mainly from the Euro; the currency of one of SA's major trading partners, which firmed as risk appetite warmed on signs that Greece was making some progress in its efforts to secure fresh funding.
- Zambia's kwacha depreciated against the US dollar weighed down by weak copper prices and low greenback supplies.
- The kwacha is expected to remain vulnerable because of global and domestic risks including weak copper prices and shortage of power. Zambia, Africa's number 2 copper producer plans to cut power supplies to mines by up to 30% after water levels at its hydro-electric projects dropped due to drought.
- The Tanzanian shilling depreciated by a massive 10.8% over the week against the USD as the country prepares for elections set on the 25<sup>th</sup> of Oct. The TZS has been the worst performing currency among BancABC markets' currencies so far this year.
- The TZS and ZMW depreciated against the ZAR whilst the BWP and MZN appreciated against the ZAR

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## Appendix: African Currencies under Pressure vs USD

Country	FX Reserves (months import cover)	FX Reserves (change % YoY)	Currency Depreciation vs USD (% YoY)	Reported FX shortage
Angola	5.8	-22	-24.4	Yes
Botswana	13.4	+13.3	-13.2	No
Cameroon	4.0	-7.0	-22.4	Yes
Ethiopia	3.2	+4.0	-6.8	Yes
Ghana	3.2	+0.4	-38.2	Yes
Kenya	4.3	+9.2	-13.2	No
Mozambique	3.2	-20.1	-21.5	No
Nigeria	6.0	-20.0	-23.0	Yes
South Africa	4.4	-5.6	-16.0	No
Tanzania	3.9	-13.0	-26.7	No
Zambia	3.1	-3.1	-21.8	No

- The US dollar has broadly strengthened against major currencies driven by the recovery of US economy and expectation of US interest rates increases later this year.
- A number of African currencies have depreciated significantly against the USD. In addition, African economies have suffered significant decline in foreign currency (FX) reserves which weakens their ability to defend currencies.
- The Ghanaian Cedi (GHS) is the worst performing currency among African currencies having depreciated by 38.2% YoY against the US dollar. It is followed by the Tanzanian Shilling (TZS 26.7%), Angolan Kwanza (AOA 24.4% and the Nigerian Naira (NGN 23%).
- Other currencies that have depreciated rapidly are Mozambique' Meticais (MZN) and Zambian Kwacha (ZMW) which have depreciated by 21.5% and 21.8%, respectively.
- The Ethiopian Birr (ETB) has been relatively resilient depreciating by only 6.8% against the USD.
- Due to significantly weaker currencies, the economies may not enjoy the full impact of lower international oil prices.

