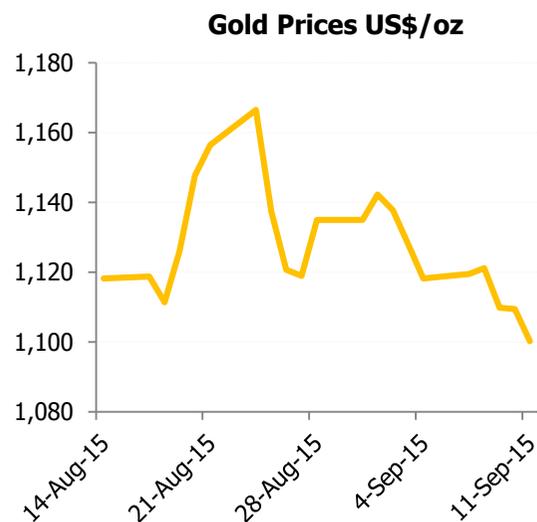


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart

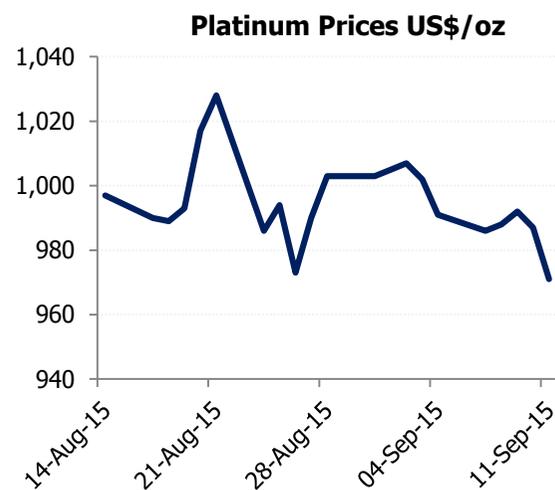


### Commodity Prices

Daily	US\$/oz	WoW %Δ
4-Sep-15	1,118	
7-Sep-15	1,120	
8-Sep-15	1,121	
9-Sep-15	1,110	
10-Sep-15	1,110	
11-Sep-15	1,100	
		<b>-1.61</b>

### Commodity Developments

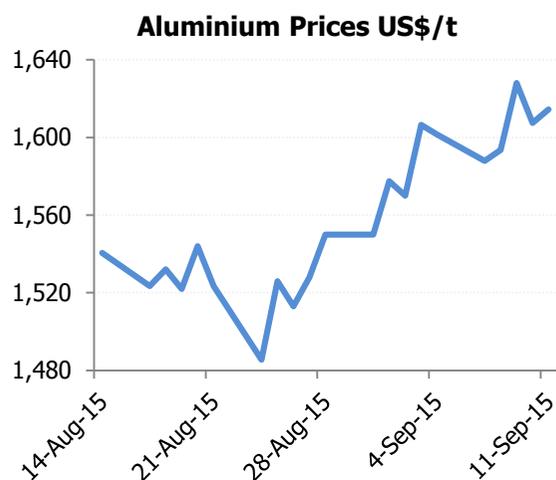
- Gold prices fell touching a month low on the 11<sup>th</sup> of Sep, registering a 3<sup>rd</sup> successive weekly loss, as uncertainty over the timing of the US Fed Reserve's 1<sup>st</sup> interest rate increase in nearly a decade weighed on appetite for the metal.
- Traders are awaiting the Fed's next policy statement on the 17<sup>th</sup> of Sep for clues on the timing of a US interest rate rise before taking any big positions in gold. The yellow metal has benefited in recent years from ultra-low rates, which cut the opportunity cost of holding non-yielding bullion while weighing on the USD, in which it is priced.
- Concerns over slowing economic growth in China, mixed economic data and volatility in financial markets have increased uncertainty about the timing of any U.S. rate increase, which had been expected as early as this month.
- In Mozambique, Auroch Minerals is selling its Manica Gold project to Xtract Resources. The project has a Joint Ore Reserves Committee-compliant resource of 900,000oz, and is capable of generating revenues of US\$55m a year at steady-state production, delivering about 50,000oz/y of gold at a cash cost of US\$650/oz.



Daily	US\$/oz	WoW %
4-Sep-15	991	
7-Sep-15	986	
8-Sep-15	988	
9-Sep-15	992	
10-Sep-15	987	
11-Sep-15	971	
		<b>-2.02</b>

- Anglo American Platinum (Amplats), world' biggest platinum producer sold its labour intensive Rustenburg mines this week, a move that may shrink its output but help boost profits.
- The miner said that by offloading the mines, it will have more cash to invest in more profitable operations. The company expects to cut costs over the next 2yrs by delaying projects and re-designing mines to make them less capital intensive.
- 2<sup>nd</sup> largest producer, Impala Platinum has also announced that it would mechanise some of its shafts where possible. It backtracked on a plan to sell its Marula mine after unattractive offers.
- SA accounts for about 70% of global platinum production, and platinum miners may gain from a strategy that reduces costs at a time when the metal's spot price is at 6yr lows.

### Commodity 30-Day Price Chart

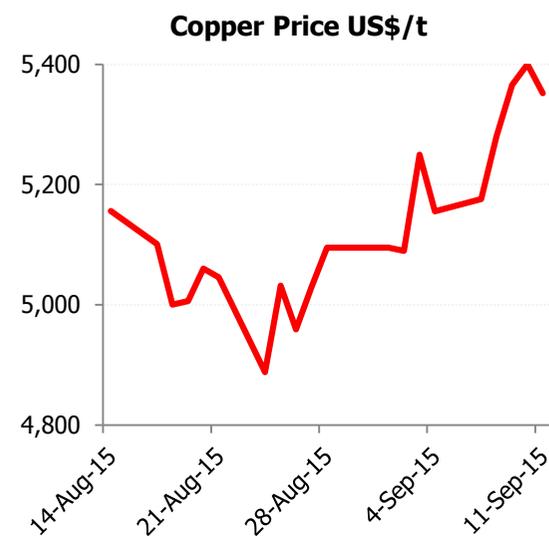


### Commodity Prices

Daily	US\$/t	WoW %Δ
4-Sep-15	1,602	
7-Sep-15	1,588	
8-Sep-15	1,594	
9-Sep-15	1,628	
10-Sep-15	1,608	
11-Sep-15	1,615	
		<b>0.81</b>

### Commodity Developments

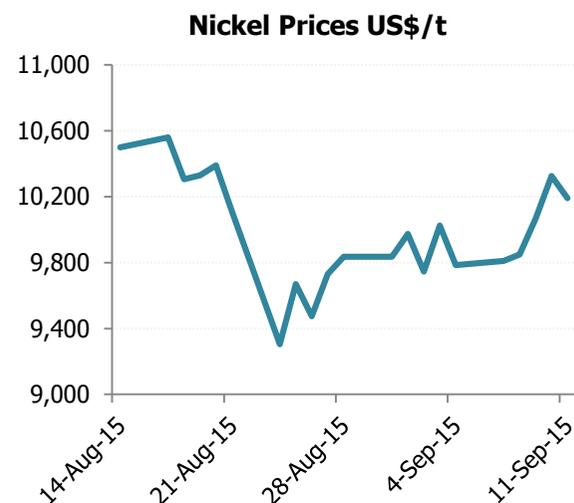
- Aluminium producers outside China struggling to stay afloat due to low prices are pinning their hopes on the US winning a trade dispute lodged at the World Trade Organisation (WTO) against Chinese export subsidies.
- China is the world's top producer of aluminium and semi-manufactured products used in goods ranging from window frames, cans to cars.
- It has long penalised shipments of primary metal with a 15% export duty paid on top of a 17% VAT, making the energy intensive metal uneconomical to export. However, exports of semi-manufactured products are not only exempt from export duty, but also qualify for a VAT refund.
- This policy is intended both to reward producers for investing in value-add product capacity and to prevent the export of an energy-intensive commodity.
- As a result, Chinese exports of semi-manufactured aluminium products jumped by 37% between Jan and Jul this year from the same period last year, resulting in aluminium prices touching six-year lows of US\$1,506 a tonne in Aug-15.



Daily	US\$/t	WoW %Δ
4-Sep-15	5,156	
7-Sep-15	5,176	
8-Sep-15	5,280	
9-Sep-15	5,366	
10-Sep-15	5,400	
11-Sep-15	5,352	
		<b>3.81</b>

- Copper fell on the 11<sup>th</sup> of Sep on persistent fears of a hard landing in top consumer China and a possible US rate rise next week, but the metal scored its biggest weekly gain since May-15 due to output cut announcements.
- Commodity giant Glencore's announcement that it plans to cut 400,000t of output over the next 18 months helped push the red metal's price.
- Congolese miner Kamoto Copper Company, controlled by Glencore, said on the 11<sup>th</sup> of Sep, it was suspending production of copper and cobalt due to weak commodity prices but would pursue a planned US\$880m modernisation project to cut costs.
- In Zambia, China's CNMC Luanshya Copper Mines said it followed Zambian law when it closed the Baluba mine and sent more than 1,600 workers on forced leave due to plunging prices and energy shortages. The Gvt had threatened to revoke Luanshya's mining licence if the company did not reinstate workers.
- A slide in global copper prices has put pressure on Africa's 2<sup>nd</sup> biggest producer of the metal, with export earnings depressed despite the kwacha's slump against the dollar this year.

### Commodity 30-Day Price Chart

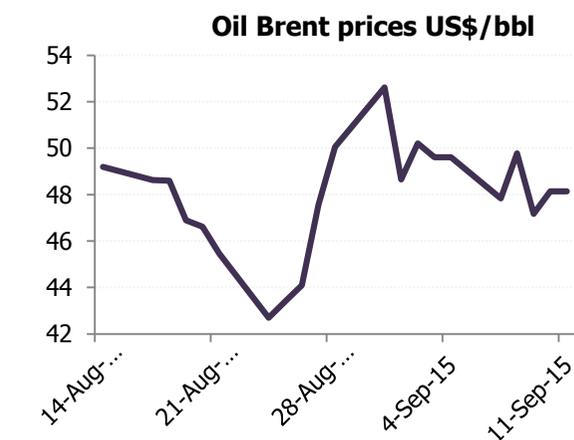


### Commodity Prices

Daily	US\$/t	WoW %Δ
4-Sep-15	9,785	
7-Sep-15	9,810	
8-Sep-15	9,850	
9-Sep-15	10,065	
10-Sep-15	10,325	
11-Sep-15	10,190	
		<b>4.14</b>

### Commodity Developments

- Nickel, followed copper trend as planned production cuts helped lift prices. However, the China worry is not yet over, with nickel succumbing to a combination of slowing demand growth and a lot of new supply coming on stream.
- In a bid to boost flagging growth, China's economic planner approved on the 11<sup>th</sup> of Sep a 143bn Yuan (US\$22.4bn) worth of new railway projects. This may help boost base metals.
- In Zimbabwe, Bindura Nickel Corporation (BNC) bond holders have allegedly called on guarantees to its US\$20m bond to finance Trojan Mine smelter on concerns it may struggle to pay due to continued weaker nickel prices.
- The smelter restart programme aimed at lowering down costs and inflating the bottom line, might have to be stopped while BNC focus on extracting only high ores to make up for depressed prices. BNC's smelter has been under care and maintenance since 2008.



Daily	US\$/bbl	WoW %Δ
4-Sep-15	49.61	
7-Sep-15	47.83	
8-Sep-15	49.77	
9-Sep-15	47.17	
10-Sep-15	48.14	
11-Sep-15	48.13	
		<b>-2.96</b>

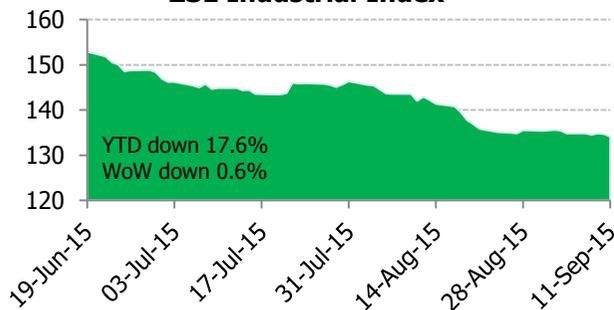
- Brent prices fell after influential Wall Street trader Goldman Sachs cut its outlook on oil but lower oil rig drilling helped the market pare losses.
- Goldman lowered its 2016 forecast for US crude to US\$45/bbl from US\$57/bbl previously, and Brent to US\$49.50/bbl from US\$62/bbl, citing oversupply and concerns over China's economy.
- Germany's Commerzbank also cut its oil outlook, joining a long list of banks that have downgraded crude price projections on supply glut concerns.
- Crude prices have more than halved over the past year, with Brent tumbling from nearly US\$120/bbl in the middle of 2014 to below US\$43/bbl last month.
- Prices collapsed as a global glut of crude pushed commercial and Gvt inventories to all-time highs.

## Equities 90-Day Index Charts

### Zimbabwe



**ZSE Industrial Index**

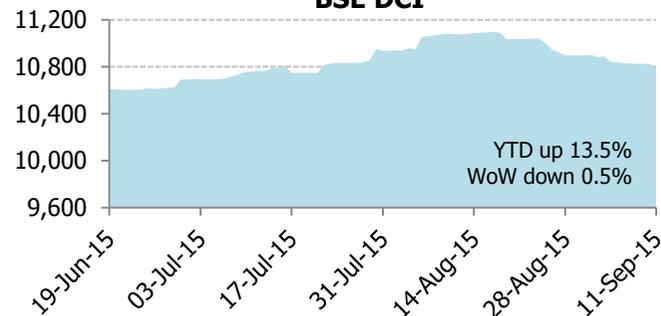


- The IMF said that it would take at least 3yrs before Zim can start accessing loans from international lenders and needs to deepen economic reforms in the medium term to strengthen its ability to repay debt.

### Botswana



**BSE DCI**

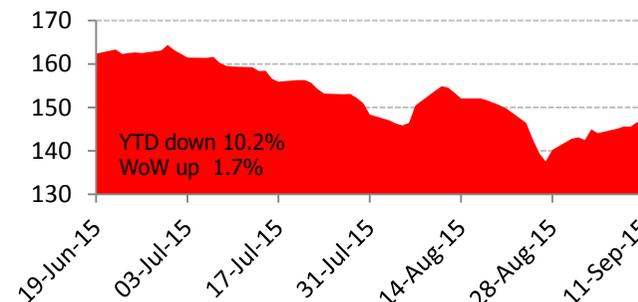


- Australian firm A-Cap Resources has applied for a licence to open what would be Botswana's first uranium mine with a capital expenditure of \$351 million

### Kenya



**NSE All Share Index**

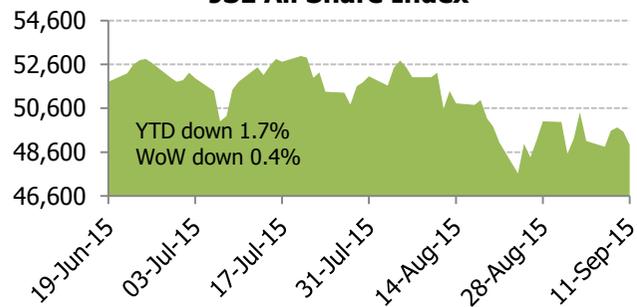


- According to the IMF, Kenya's central bank has acted appropriately by tightening interest rates and its economy remains on track despite headwinds from rising global market volatility and local security challenges.

### South Africa



**JSE All Share Index**



- Retail sales grew above expectations by 3.3% YoY in Jul after expanding by a revised 3.8% in Jun.

### Tanzania



**DSE Index**

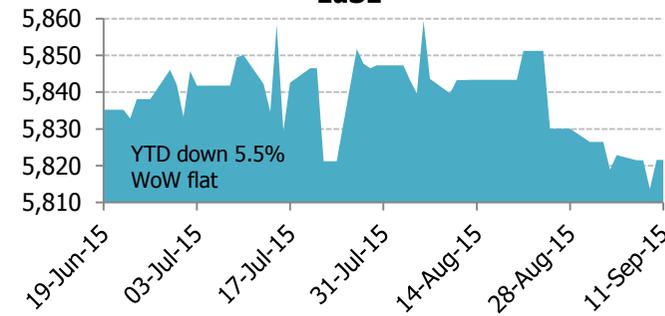


- Current account deficit narrowed by 16% in the year to Jul-15, helped by more tourism income and a decline in oil imports.

### Zambia



**LuSE**



- Economy is likely to grow by less than 5% in 2015 due to a power crunch that has hit output from mining companies already grappling with a slide in global copper prices.

### Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
<b>Wk Ending</b>							
4-Sep-15	10.48	40.44	2,152	9.93	13.64	1.115	1.524
<b>Daily</b>							
7-Sep-15	10.58	40.44	2,157	9.92	13.89	1.115	1.523
8-Sep-15	10.56	40.45	2,171	9.81	13.89	1.118	1.536
9-Sep-15	10.44	40.25	2,167	9.86	13.63	1.118	1.537
10-Sep-15	10.54	40.27	2,168	9.86	13.85	1.120	1.538
11-Sep-15	10.45	40.27	2,171	9.78	13.65	1.129	1.543
<b>WoW %Δ</b>	<b>-0.31</b>	<b>-0.42</b>	<b>0.86</b>	<b>-1.52</b>	<b>0.06</b>	<b>1.29</b>	<b>1.29</b>
<b>YTD %Δ</b>	<b>9.82</b>	<b>27.28</b>	<b>25.33</b>	<b>53.20</b>	<b>17.43</b>	<b>-7.09</b>	<b>-0.86</b>

### Exchange Rate Developments

- A slump in commodity prices and flight by global investors from risky "frontier" markets has hammered currencies and state budgets across Africa, increasing dollar borrowing costs and raising the prospect of political instability.
- From Nigeria and Ghana in the west to Kenya in the east and South Africa and Zambia in the south, currencies have all fallen against the dollar, and crashed through historic lows experienced in the 2008-09 financial crisis.
- Markets overturned in mid-2014 when prices of oil and other commodities, the export mainstay of many African economies, dropped largely due to a sharp slowdown in one of the biggest consuming countries, China.

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
<b>Wk Ending</b>				
04-Sep-15	0.767	2.96	0.726	157
<b>Daily</b>				
07-Sep-15	0.760	2.96	0.712	157
08-Sep-15	0.759	2.94	0.713	154
09-Sep-15	0.769	2.95	0.722	157
10-Sep-15	0.761	2.91	0.713	158
11-Sep-15	0.766	2.97	0.722	156
<b>WoW %Δ</b>	<b>-0.24</b>	<b>0.34</b>	<b>-0.54</b>	<b>-0.64</b>
<b>YTD %Δ</b>	<b>-6.84</b>	<b>8.00</b>	<b>30.60</b>	<b>5.41</b>

- In SA, looming interest rate hikes will make it harder for heavily indebted households to repay loans, leaving little for savings. SA's central bank raised its benchmark lending rate by 25 basis points to 6% in Jul-15, and signalled more increases to clamp down on inflation.
- Africa's most advanced economy already has one of the worst savings rates in the world at less than a 6<sup>th</sup> of GDP. Continued ZAR weaknesses and accompanied inflationary pressures may see the SARB hiking its benchmark lending rate again.
- In Zambia, the Bank of Zambia (BoZ) is concerned that some businesses are charging for local goods in foreign currency, undermining efforts to stabilise the economy and putting pressure on the kwacha exchange rate.

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Contact telephone numbers: 369701-16; 752383-5

### Cotonou-Niamey-Ouagadougou-Abidjan Railway

A West African rail loop is under development, connecting Niamey and Ouagadougou, the capitals of landlocked Niger and Burkina Faso, with the ports of Abidjan and Cotonou, in Côte d'Ivoire and Benin.

The project will involve the laying of 1,200 km of new track and the rehabilitation of 1,800 km of existing lines. Work commenced on the Niamey-Cotonou section in 2014

### Eko Atlantic

Eko Atlantic is a new city district which is being developed on 10km<sup>2</sup> land currently being reclaimed from the sea off the coast of Victoria Island in Lagos.

Construction has begun on the district's 1<sup>st</sup> buildings, with the first residential tower expected to be completed in 2016.

Eventually, it is envisaged that Eko Atlantic will be home to around 400,000 residents.

### Lekki Deep Seaport

The Nigerian government has approved the construction of a new port at Lekki, 60km east of Lagos.

It is designed to relieve congestion at Nigeria's existing ports, with a projected annual capacity of 2.5m TEUs. Port operations are scheduled to commence in 2017

### Lagos-Calabar Railway

A state-owned Chinese company agreed a US\$12bn contract to build a railway stretching more than 1,400km along the coast of Nigeria.

It will run from Lagos in the west to Calabar in the east, connecting cities including Aba, Port Harcourt, Warri and Benin City.

### Grand Inga Dam

The proposed Grand Inga project, in the DRC, is designed to harness the vast hydroelectric potential of the Congo River, and would be the world's largest hydropower scheme.

The project comprises six phases, ultimately having a generating capacity of around 40,000MW of electricity. It is hoped that construction on the 1<sup>st</sup> phase, the Inga III dam, will commence in 2016.

### Mozambique

Various port, road and rail projects to develop its vast coal and gas findings.

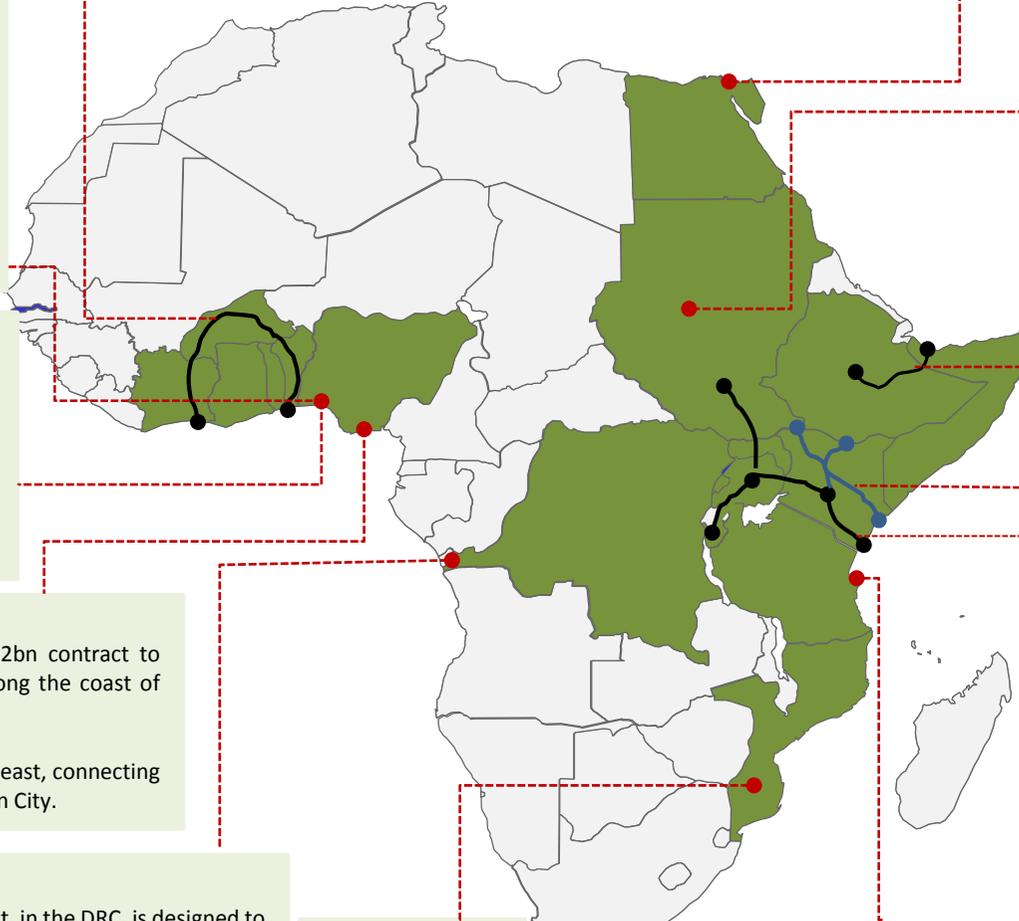
### Bagamoyo Port

Construction is due to start imminently on the Chinese financed US\$11bn Bagamoyo Port in Tanzania, which would be Africa's largest port.

It will reportedly have the capacity to handle 20m containers per year, and its first phase is due for completion in 2017.



## APPENDIX: AFRICA'S MEGA PROJECTS



### New Suez Canal

Egypt has commenced work on the construction of a second channel of the Suez Canal, which will run parallel to the existing canal for 72 km.

This is expected to double the shipping capacity of the waterway. It is part of the broader Suez Canal Corridor Area Project, which envisages the creation of improved transport infrastructure, new industrial zones and urban development around the canal.

### Grand Ethiopian Renaissance Dam

At a cost of around US\$4.1 billion, Ethiopia is constructing a 170m tall hydroelectric dam across the River Nile.

It is due for completion in 2017 and will be Africa's largest hydroelectric power plant when built, with a generating capacity of 5,250MW of electricity

### Addis Ababa-Djibouti Railway

A 337km railway line is under construction between Addis Ababa and Djibouti.

It will greatly improve landlocked Ethiopia's access to Djibouti's port.

### LAPSSET Project

The Lamu Port and Lamu-Southern Sudan-Ethiopia Transport Corridor (LAPSSET) project aims to create a transport corridor connecting a new port at Lamu, Kenya, with South Sudan and Ethiopia.

It involves the creation of a port and oil refinery at Lamu, new road and rail networks, airports and oil pipelines

### Mombasa-Nairobi-Kampala-Kigali-Juba Railway

Construction has begun on a standard gauge railway between the Kenyan port of Mombasa and Nairobi.

This is the first phase of a planned network that will eventually also provide connections to Kampala, Kigali and Juba; the capitals of Uganda, Rwanda, and South Sudan.