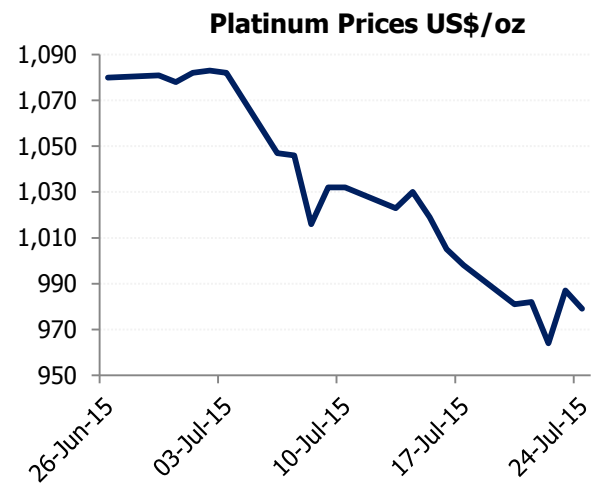
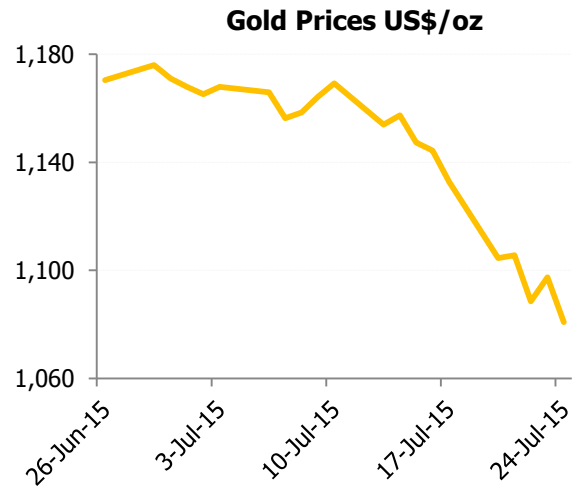


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart



### Commodity Prices

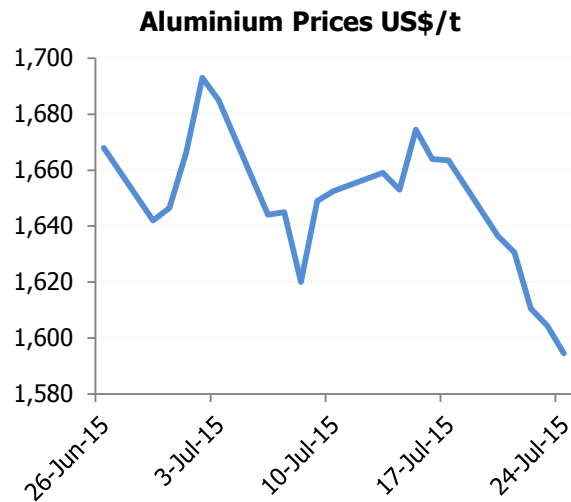
Daily	US\$/oz	WoW %Δ
17-Jul-15	1,133	
20-Jul-15	1,105	
21-Jul-15	1,106	
22-Jul-15	1,089	
23-Jul-15	1,097	
24-Jul-15	1,081	
		<b>-4.59</b>

Daily	US\$/oz	WoW %
17-Jul-15	998	
20-Jul-15	981	
21-Jul-15	982	
22-Jul-15	964	
23-Jul-15	987	
24-Jul-15	979	
		<b>-1.90</b>

### Commodity Developments

- Gold suffered its biggest weekly decline since Mar-15 hurt by expectations that the Fed Reserve is on track to raise interest rates for the 1<sup>st</sup> time in nearly a decade.
- The Fed, which will hold its next meeting on 28-29 Jul, is expected to hike rates most likely in Sep-15. Investors are already showing that in their positioning denting non-interest-paying bullion.
- Physical demand in Asia remained lacklustre amid modest premiums in top gold consumers India and China. The metal however, is expected to struggle for the rest of this year.
- In consumption, India reclaimed the top spot with regards to total gold consumption in Q2:15, but China narrowly edged out India in H1:15, with 394t as opposed to India's 392t.
- Platinum and Palladium slid to more than 6-yr lows with platinum prices below US\$1,000/oz as broad-based weakness plagues the precious metals complex.
- Spot prices of platinum and palladium, mainly used in emissions control systems for cars, trucks and other vehicles, have dropped the most so far this year, among precious metals. Palladium has fallen 22%, Platinum tumbled 20%, Gold has dropped 7.6% and silver is down 6.1%.
- The low prices have prompted most miners to restructure their operations. Anglo American, the fifth-biggest diversified global mining group by stock market capitalisation, which employs 151,000 staff worldwide, aims to reduce its workforce by about a third.
- Lonmin which employs more than 28,000 and has around 10,000 contractors, is planning to close several mine shafts in a bid to survive plunging prices, putting 6,000 SA jobs at risk.

### Commodity 30-Day Price Chart

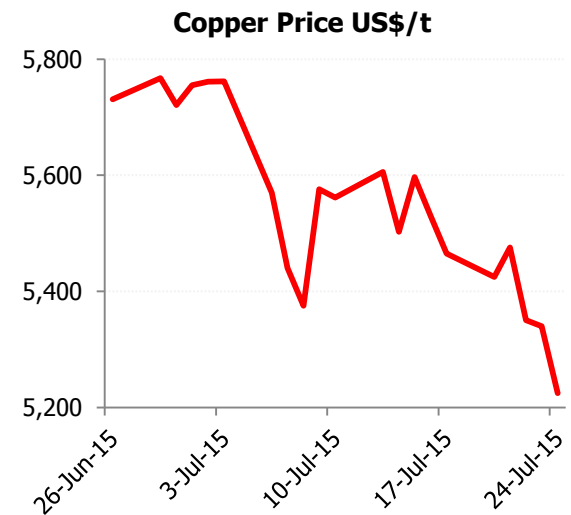


### Commodity Prices

Daily	US\$/t	WoW %Δ
17-Jul-15	1,664	
20-Jul-15	1,637	
21-Jul-15	1,631	
22-Jul-15	1,611	
23-Jul-15	1,605	
24-Jul-15	1,595	
		<b>-4.15</b>

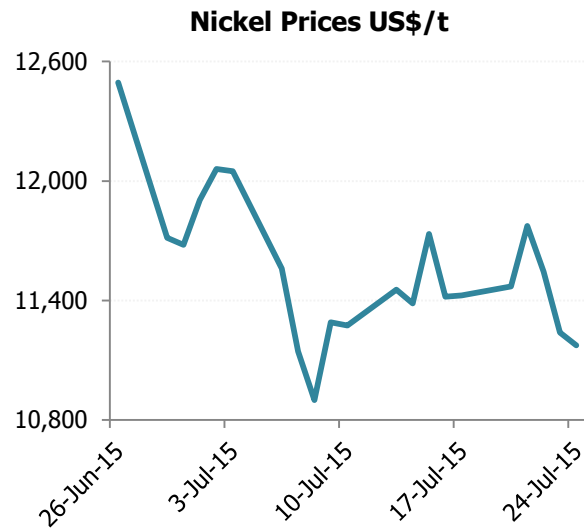
### Commodity Developments

- Aluminium slid to new multi-year lows as speculators resumed selling on persistent concern about growing global surpluses and weakness in China.
- The aluminium market is expected to remain in surplus with near-tenfold increase in surpluses to 325,000t expected this year.
- While the market is waiting for producers to respond to the gloomy price environment by cutting back more production, the International Aluminium Institute (IAI) figures show them doing precisely the opposite.
- Global output grew by 10.3% in H1:15, the fastest rate of growth since 2010, when many smelters were reactivating capacity idled during the depths of the global financial crisis.
- Although some producers such as Alcoa have been trimming back higher-cost production, their efforts have been swamped by production increase in China and India.
- Copper fell to a 6yr low as weaker-than-expected data from China and the Euro zone exacerbated concerns over global economic growth.
- The flash Caixin/Markit China Manufacturing Purchasing Managers' Index (PMI) showed activity contracted for a 5<sup>th</sup> straight month, and faster than economists polled by Reuters had estimated.
- Euro zone business activity also started the second half of the year on less secure footing than expected, hit by Greece's near-bankruptcy. Markit's flash Euro zone PMI also fell.
- In Zambia, Africa's 2<sup>nd</sup> biggest copper producer, power cuts have affected production at mines run by Canada's First Quantum Minerals and Barrick Gold. Zambian power utility Zesco Ltd is limiting power supplies after water levels at its hydro-electric plants dropped due to drought.
- A combination of power challenges and depressed commodity prices is a risk to economic growth in most commodity-reliant economies such as Zambia, Zimbabwe and South Africa.



Daily	US\$/t	WoW %Δ
17-Jul-15	5,465	
20-Jul-15	5,425	
21-Jul-15	5,476	
22-Jul-15	5,351	
23-Jul-15	5,340	
24-Jul-15	5,225	
		<b>-4.40</b>

**Commodity 30-Day Price Chart**

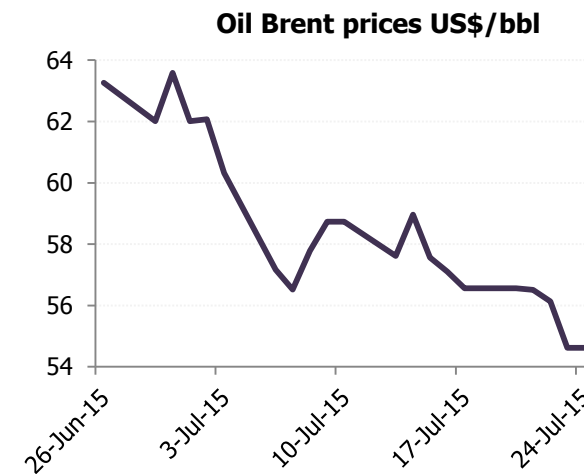


**Commodity Prices**

Daily	US\$/t	WoW %Δ
17-Jul-15	11,425	
20-Jul-15	11,470	
21-Jul-15	11,775	
22-Jul-15	11,545	
23-Jul-15	11,240	
24-Jul-15	11,175	
		<b>-2.19</b>

**Commodity Developments**

- Nickel prices have remained depressed due to China's growth concerns and ample supplies despite the Indonesian ban.
- China's commodity stockpiler is now expected to buy refined nickel as it takes advantage of lower prices, but the global price impact is likely to be subdued given ample world supplies.
- Zimbabwe's Bindura Nickel Corporation (BNC), Africa's only integrated nickel company with a mine, smelter and refinery, increased its full-year nickel production by 3% to a record 7,306t.
- BNC, which is 75% owned by African miner Mwana Africa, currently sells nickel concentrate to Glencore but plans to start exporting nickel alloy after an on-going smelter upgrade is expected to be completed in Q1:16.
- BNC also plans to negotiate with the Gvt to lower its power tariff, citing that electricity costs will account for 48% of the expenses of running the upgraded smelter. In the past the company enjoyed a commodity-linked tariff which expired in Jan-15.
- Brent and US crude futures ended the week at their lowest since Mar-15 and posted their 4<sup>th</sup> straight weekly decline as weak economic data from China and a rise in US oil drilling rigs applied pressure.
- US energy firms added 21 oil rigs during the week whilst China's factory sector contracted in Jul by the most in 15 months.
- Brent and US crude have so far registered double-digit losses in Jul. With US crude down 19%, it could challenge Dec's 19.4% drop, which was the biggest monthly slump since the financial crisis in 2008.
- The supply glut also looks set to grow as Iran's nuclear deal with the West is expected to release millions of barrels of additional supply into the market.



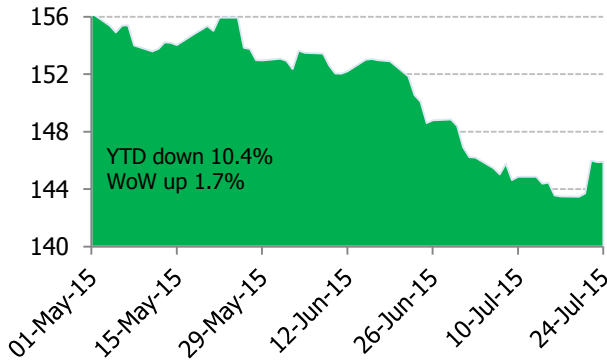
Daily	US\$/bbl	WoW %Δ
17-Jul-15	56.56	
20-Jul-15	56.56	
21-Jul-15	56.51	
22-Jul-15	56.13	
23-Jul-15	54.62	
24-Jul-15	54.62	
		<b>-3.43</b>

## Equities 90-Day Index Charts

### Zimbabwe



#### ZSE Industrial Index

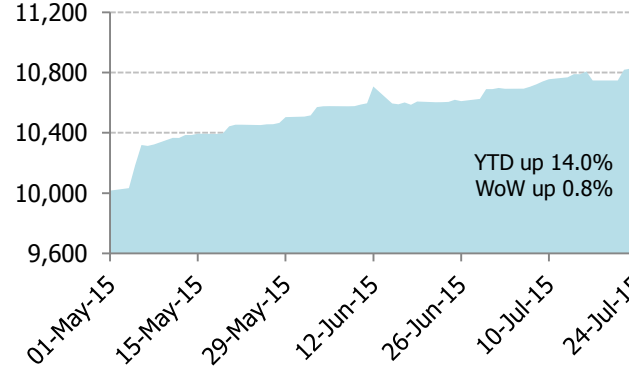


- SABMiller's Zim unit Delta Corp. quarterly lager sales were down 8% compared with the same period a year ago, while sorghum beer volumes declined for the 1<sup>st</sup> time in 5yrs.

### Botswana



#### BSE DCI

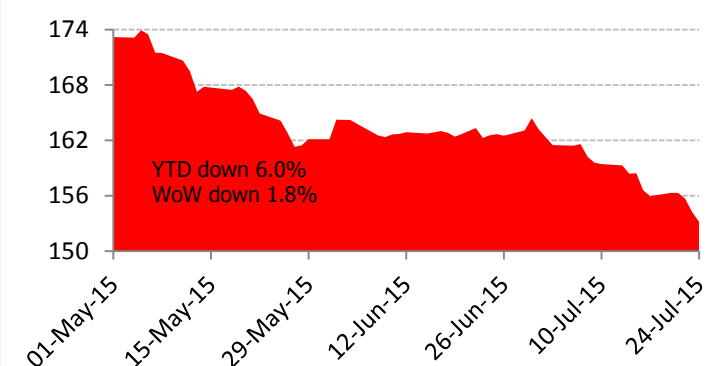


- Consumer inflation went up slightly to 3.1% year-on-year in Jun from 3.0% in the previous month.

### Kenya



#### NSE All Share Index

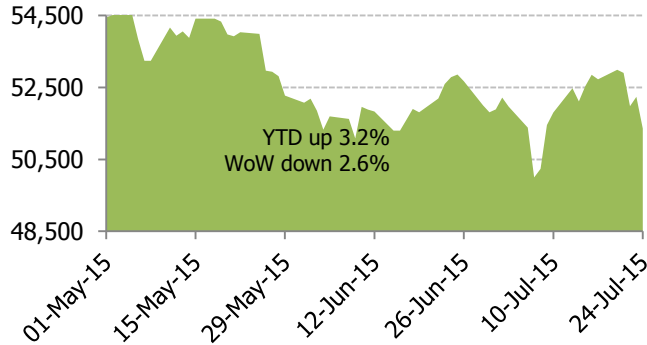


- Trading hours on Kenya's stock and foreign exchange markets was shortened on the 24<sup>th</sup> of Jul due to President Barack Obama's visit to East Africa's biggest economy.

### South Africa



#### JSE All Share Index

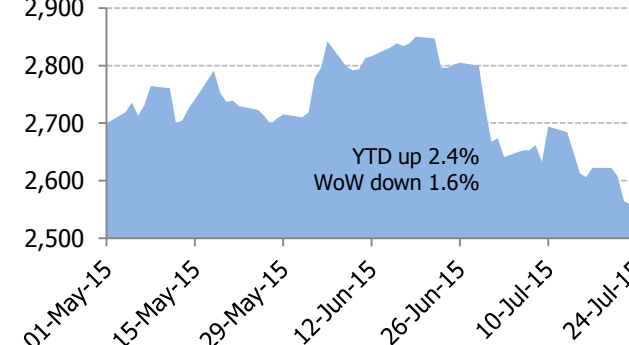


- The number of SA payments denominated in Yuan increased by 33% over the past year due to SA's strengthening bilateral relations with China, according to global transaction services organisation SWIFT.

### Tanzania



#### DSE Index

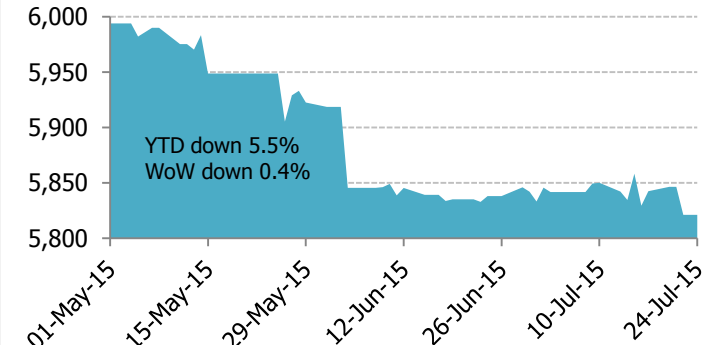


- Former prime minister Edward Lowassa joined an opposition coalition, posing a serious challenge to the ruling party's 54-year rule as the country nears elections in Oct.

### Zambia



#### LuSE



- Zambia issued a 3<sup>rd</sup> trench of Eurobond amounting to US\$1.25bn meant for infrastructure development at a coupon rate of 8.97%. The bond has an 11-year average life with payments in 2025, 2026 and 2027.

## Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
<b>Wk Ending</b>							
17-Jul-15	10.02	37.89	2,159	7.57	12.34	1.089	1.565
<b>Daily</b>							
20-Jul-15	10.02	37.99	2,147	7.65	12.43	1.085	1.559
21-Jul-15	10.02	38.09	2,137	7.53	12.41	1.085	1.558
22-Jul-15	9.99	38.15	2,105	7.65	12.36	1.094	1.564
23-Jul-15	10.03	38.19	2,079	7.59	12.41	1.100	1.561
24-Jul-15	10.06	38.22	2,071	7.54	12.50	1.093	1.548
<b>WoW %Δ</b>	<b>0.40</b>	<b>0.87</b>	<b>-4.06</b>	<b>-0.38</b>	<b>1.32</b>	<b>0.38</b>	<b>-1.09</b>
<b>YTD %Δ</b>	<b>5.73</b>	<b>20.80</b>	<b>19.60</b>	<b>18.10</b>	<b>7.58</b>	<b>-10.07</b>	<b>-0.53</b>

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
<b>Wk Ending</b>				
17-Jul-15	0.808	3.07	0.621	167
<b>Daily</b>				
20-Jul-15	0.808	3.06	0.615	169
21-Jul-15	0.808	3.08	0.609	168
22-Jul-15	0.809	3.10	0.620	168
23-Jul-15	0.806	3.07	0.609	168
24-Jul-15	0.803	3.03	0.597	168
<b>WoW %Δ</b>	<b>-0.59</b>	<b>-1.3</b>	<b>-3.82</b>	<b>0.60</b>
<b>YTD %Δ</b>	<b>-2.23</b>	<b>10.18</b>	<b>8.03</b>	<b>13.51</b>

## Exchange Rate Developments

- The USD edged up against most other major currencies on the 24<sup>th</sup> of Jul on data pointing to sluggish overseas economic growth.
- SA's rand fell to a 14-year low against the dollar taking the brunt of a sell-off in commodity currencies triggered by concerns about a slowdown in China's growth.
- The rand is vulnerable during bouts of risk aversion due to SA's persistent budget and current account deficits.
- The rand suffered weekly losses despite the SA Reserve Bank raising domestic interest rates by 25 basis points (bps) to curb inflationary risks.
- The Kwacha which is strongly tied to copper prices remained weak and vulnerable due to growth concerns in top copper consumer China.
- The Mozambique's meticals has been hurt by slower dollar inflows as its coal rush seem to be officially over crippled by low prices, overblown expectations, and inadequate rail and port network. YTD the currency has lost 20.8% against the dollar.
- Mozambique's infrastructure woes have been exacerbated by the collapse last week of a coal stacker at the port of Nacala, dealing a blow to Vale's efforts to start coal shipments from the African nation this year. The Mozambique's Gvt seem to be shifting its focus from coal to natural gas.
- Generally, commodity currencies were under pressure after a survey showed that the factory sector in China contracted by the most in 15 months in Jul.

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Contact telephone numbers: 369701-16; 752383-5

## Appendix: Monetary Policy Interventions during H1:15

Country (currency)	Exchange Rate (per USD)		Inflation (%)		Reserves (US\$m)		Monetary Policy Intervention
	Dec-14	Jun-15	Dec-14	Jun-15	Dec-14	Latest	
<b>Botswana (pula)</b>	9.515	9.911	3.8	3.1	8,323	9,111	<ul style="list-style-type: none"> <li>Feb 18: Bank rate cut by 100 bps to 6.5% as economic outlook and inflation provides scope for easing.</li> <li>Differential between the bank rate and SA repo is now 50bps compared to 450bps in 2013.</li> </ul>
<b>Kenya (shilling)</b>	91.55	98.64	6.0	7.0	9,738	9,806	<ul style="list-style-type: none"> <li>Jun 9: Central bank rate raised by 150 bps to 10% to curb inflation pressure from depreciating shilling, strong demand and expected rise in oil prices.</li> <li>Jul 7: Central bank rate raised 150 bps to 11.50% to anchor inflationary expectations from pressure on the exchange rate over last few months.</li> </ul>
<b>Ghana (cedi)</b>	3.20	4.34	17	17.1	4,349	3,922	<ul style="list-style-type: none"> <li>May 13: Monetary policy rate raised by 100 bps to 22% to rein-in inflation and inflation expectations along with sustained fiscal consolidation.</li> <li>Jul 23: Held its policy rate steady at 22% as inflationary pressures are starting to wane following the recent appreciation of the cedi currency.</li> </ul>
<b>Mozambique (meticaís)</b>	31.64	39.03	1.93	0.93	3,072	2,665	<ul style="list-style-type: none"> <li>Jul 13: Central bank left its benchmark standing facility rate steady at 7.5% noting the increased risks in the international financial markets and economy along with the persistent strengthening of the USD and volatile prices of raw materials that resulted in an increase in the country's current account deficit.</li> </ul>
<b>Nigeria (naira)</b>	165.2	196.4	8.0	9.2	34,241	28,567	<ul style="list-style-type: none"> <li>Jul 24: Central bank maintained Monetary Policy Rate at 13%, as expected, citing the need to maintain a tight monetary policy due to high liquidity and a steady rise in inflation.</li> </ul>
<b>South Africa (rand)</b>	11.62	12.24	5.3	4.7	49,102	46,829	<ul style="list-style-type: none"> <li>Jul 23: Repo rate raised by 25 bps to 6.00% on concern that heightened inflation risks will lead to entrenched inflation expectations.</li> </ul>
<b>Tanzania (shilling)</b>	1,732	1,984	4.8	6.1	4,389	4,043	<ul style="list-style-type: none"> <li>May 1: Reduced banks' net open position from 7.5% to 5.5% of capital.</li> <li>May 29: Increased minimum statutory reserves (msr) from 8% to 10% for private deposits.</li> </ul>
<b>Zambia (kwacha)</b>	6.386	7.512	7.9	6.9 <sup>May-15</sup>	3,072	2,630	<ul style="list-style-type: none"> <li>Apr 8: BoZ increased minimum statutory reserves from 14% to 18%.</li> <li>Jul 1: Gvt reduced mining sector royalties from 9% to 6%.</li> </ul>
<b>Zimbabwe (US dollar)</b>	-	-	-0.8	2.8	304	304	<ul style="list-style-type: none"> <li>Increased moral suasion by the central bank for commercial banks to reduce lending rates to levels that support economic growth</li> </ul>