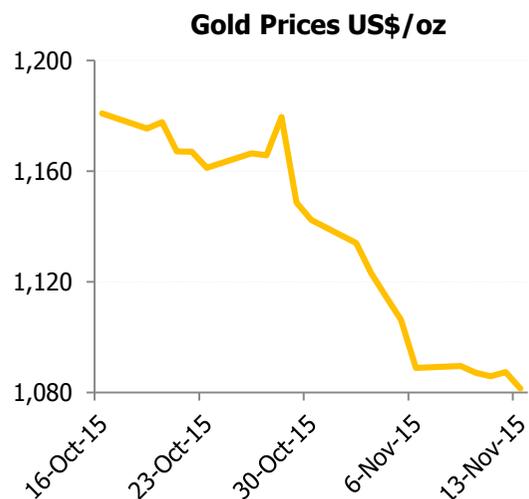


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart

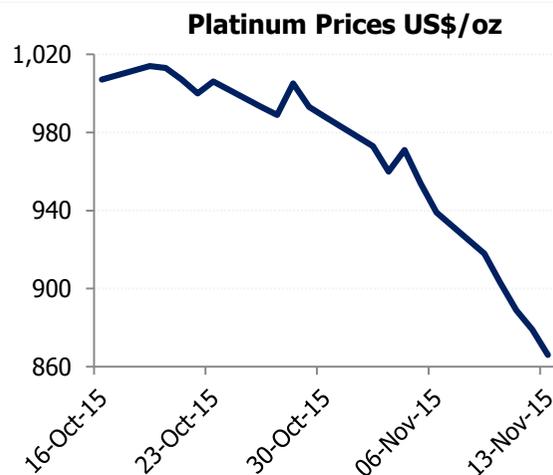


### Commodity Prices

Daily	US\$/oz	WoW %Δ
6-Nov-15	1,089	
9-Nov-15	1,090	
10-Nov-15	1,087	
11-Nov-15	1,086	
12-Nov-15	1,087	
13-Nov-15	1,082	
		<b>-0.68</b>

### Commodity Developments

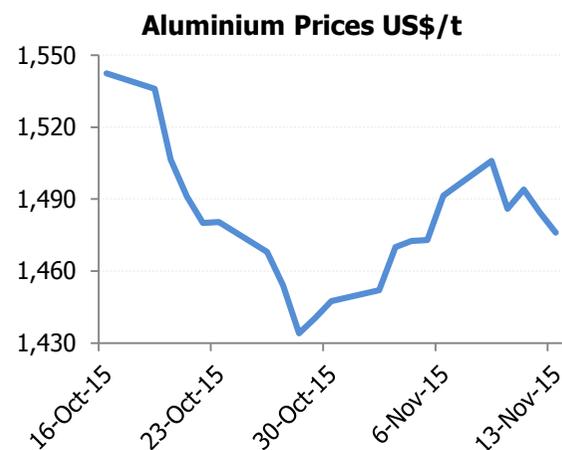
- Gold fell back towards near 6-year lows, registering a 4<sup>th</sup> straight weekly loss, on expectations the Fed Reserve is set to raise US interest rates in Dec-15 for the 1<sup>st</sup> time in nearly a decade.
- Many US officials are supporting a Dec-15 rate hike. Rising rates tend to weigh on gold, as they lift the opportunity cost of holding non-yielding assets while boosting the USD.
- In Zimbabwe, the biggest gold producer, Metallon, reported a 7% drop in gold production YoY, during Q3:15 due to equipment breakdowns and increased power disruptions. Zimbabwe is facing serious power shortages with blackouts as much as 18hrs per day.
- The lower output is another setback for Zimbabwe's mining sector, which has been hit by slumping commodities prices, power shortages and low investment inflows.



Daily	US\$/oz	WoW %
6-Nov-15	939	
9-Nov-15	918	
10-Nov-15	903	
11-Nov-15	889	
12-Nov-15	879	
13-Nov-15	866	
		<b>-7.77</b>

- The platinum group metals came under pressure from fund selling. Holdings of platinum Exchange Traded Funds ETFs were at 2-year low, while assets of palladium funds were at their lowest since Apr-14.
- The additional near-term supply from ETFs and other liquidation took platinum back to 7-year lows.
- Although physical demand for the PGMs from industrial sources is seen to be broadly steady, investors are retreating and there are no early signs of production restraint. Miners seem to be cutting costs and maintain their levels of production.
- In SA, Lonmin which was hit by strikes, rising costs and weak platinum prices is seeking to raise US\$407m in a share issue and another US\$370m in loans. It says the money is crucial for its survival.
- The company is also closing several mine shafts and cutting 6,000 jobs, equivalent to 15% of its workforce.

### Commodity 30-Day Price Chart

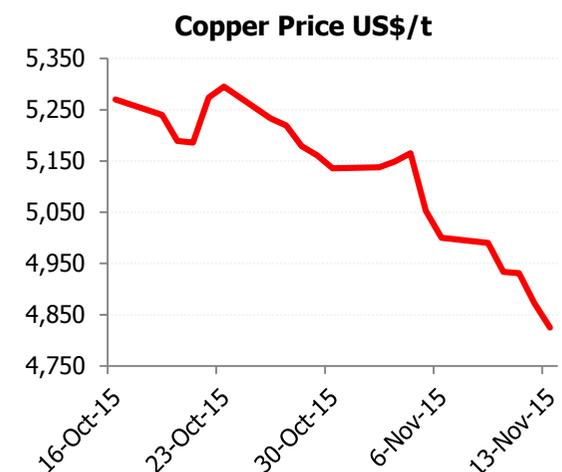


### Commodity Prices

Daily	US\$/t	WoW %Δ
6-Nov-15	1,492	
9-Nov-15	1,506	
10-Nov-15	1,486	
11-Nov-15	1,494	
12-Nov-15	1,485	
13-Nov-15	1,476	
		<b>-1.04</b>

### Commodity Developments

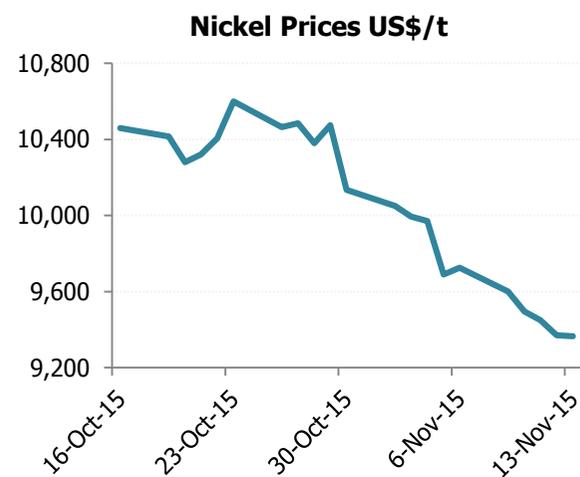
- Russian aluminium giant Rusal reported an 11% fall in Q3:15 core earnings from a year earlier, in line with expectations, as aluminium prices dropped, and warned that the market remained "highly challenging".
- The world's top aluminium producer confirmed the potential closure of up to 200,000t of production this year.
- The announcement by the global giant pressured aluminium prices during the week. Generally, aluminium has been hurt by weaker demand in some emerging markets and supply growth in the Middle East, India and China.
- In China, aluminium capacity closures had been slow despite very low domestic prices as Chinese authorities subsidised loss-making production. However, rapid closures in China are expected in early 2016 on the onset of a new 5-year development plan.



Daily	US\$/t	WoW %Δ
6-Nov-15	5,000	
9-Nov-15	4,990	
10-Nov-15	4,934	
11-Nov-15	4,931	
12-Nov-15	4,873	
13-Nov-15	4,825	
		<b>-3.50</b>

- Copper prices slid to a 6-year low as worries about economic and demand growth in top consumer China escalated and abundant supplies reinforced expectations of surpluses.
- Data out of China showed that the world's number 1 consumer of the metal's industrial output was at a 7-month low in Oct-15 and investment expanded at its weakest pace since 2000.
- Copper production in Democratic Republic of Congo, Africa's top producer, slumped 8.2% YoY in Q3:15 due to power shortages and low metal prices. Electricity deficits hurt production by forcing operators to rely on expensive imports from neighbouring Zambia, which also struggling with its own power problems.
- Zambia's Konkola Copper Mines, owned by Vedanta Resources, announced that its Nchanga mine is making unsustainable losses. The miner plans to shut its operations and is waiting for responses from trade unions.

### Commodity 30-Day Price Chart

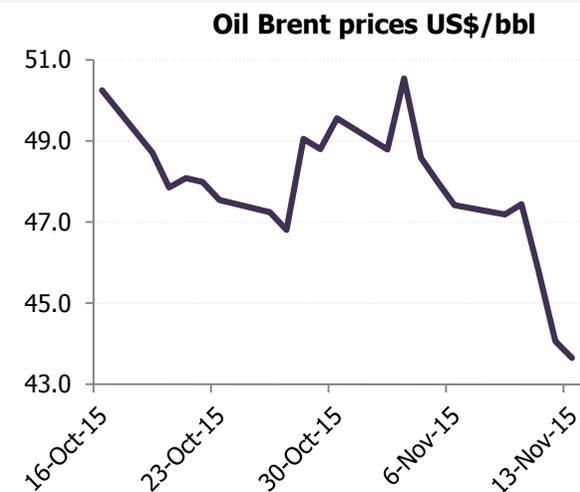


### Commodity Prices

Daily	US\$/t	WoW %Δ
6-Nov-15	9,725	
9-Nov-15	9,600	
10-Nov-15	9,495	
11-Nov-15	9,450	
12-Nov-15	9,370	
13-Nov-15	9,365	
		<b>-3.70</b>

### Commodity Developments

- With most base metal trading at their lowest levels since the global financial crisis, some investors are betting that the bottom may be close for these critical commodities.
- China was the saviour of markets following the 2008-09 crisis after Beijing unleashed massive economic stimulus programmes which boosted demand of metals such as nickel and copper.
- Currently, there is fear that China may fail to support the resurgent of metal prices as the economy shifts from an industrial and export driven economy to a more services and consumption driven economy.
- In Indonesia, nickel smelter developers are putting projects on hold as they struggle to get financing as metal prices near their lowest in more than a decade.
- Indonesia was the world's top exporter of nickel ore until 2014 when it banned shipments in an effort to push miners to develop downstream, or mineral processing, industries.



Daily	US\$/bbl	WoW %Δ
6-Nov-15	47.42	
9-Nov-15	47.19	
10-Nov-15	47.44	
11-Nov-15	45.81	
12-Nov-15	44.06	
13-Nov-15	43.65	
		<b>-7.95</b>

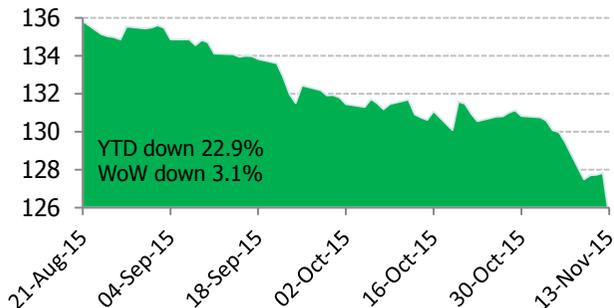
- Oil slumped, it's largest in 8-months, as bulging storage of crude on both land and sea pressured prices.
- The International Energy Agency (IEA) announced that there was a record 3bn barrels of crude and oil products in tanks worldwide.
- An estimated oversupply of 0.7m to 2.5m barrels per day has pushed crude prices down by almost two-thirds since Jun-14.

**Equities 90-Day Index Charts**

**Zimbabwe**



**ZSE Industrial Index**

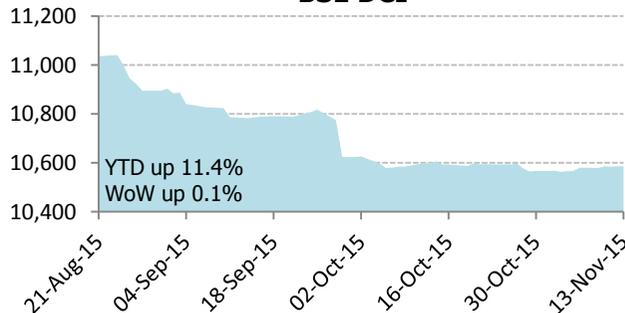


- SABMiller's Zimbabwean affiliate Delta Corp plans to cut costs and reduce the price of some products after reporting a decline in beer and soft drink sales.

**Botswana**



**BSE DCI**

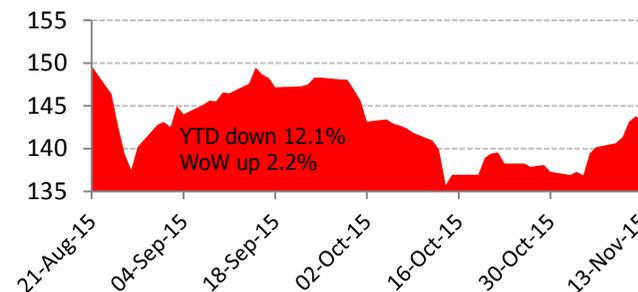


- A small Canadian diamond company has found what it says is the world's 2<sup>nd</sup>-biggest gem quality diamond ever recovered, and the largest in more than a century, at its mine in Botswana.

**Kenya**



**NSE All Share Index**

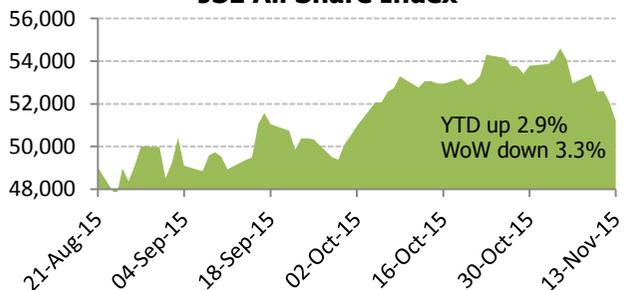


- Finance minister further trimmed the country's 2015 economic growth forecast, citing tighter monetary policy and the potential impact of the El Nino weather phenomenon that has brought heavy rains.

**South Africa**



**JSE All Share Index**

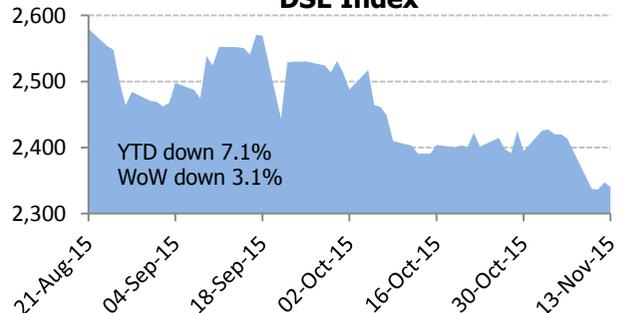


- Power utility Eskom will sign a EUR150m credit facility deal with the French development agency to help it build three new power stations.

**Tanzania**



**DSE Index**

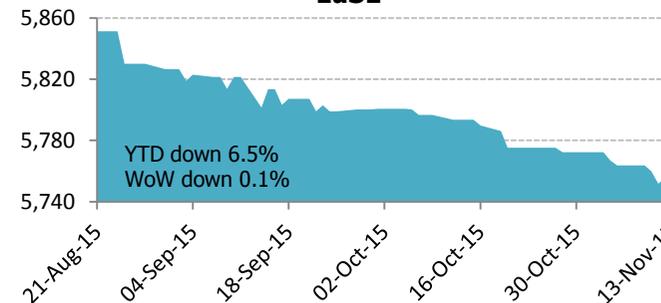


- Maasai herders have taken a US safari firm to court over land highlighting increasing conflict in Africa between traditional culture and foreign investments.

**Zambia**



**LuSE**



- An International Monetary Fund (IMF) mission arrived in Zambia to meet officials for a scheduled review of the economy as it grapples with a sliding currency, tracking falling copper prices.

## Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
<b>Wk Ending</b>							
6-Nov-15	10.63	43.78	2,163	12.97	13.90	1.088	1.518
<b>Daily</b>							
9-Nov-15	10.75	44.09	2,138	13.50	14.20	1.077	1.508
10-Nov-15	10.80	---	2,146	14.09	14.26	1.075	1.510
11-Nov-15	10.78	44.42	2,153	13.70	14.19	1.075	1.516
12-Nov-15	10.74	44.87	2,155	12.72	14.17	1.074	1.518
13-Nov-15	10.79	45.61	2,151	12.02	14.31	1.077	1.522
<b>WoW %Δ</b>	<b>1.51</b>	<b>4.18</b>	<b>-0.56</b>	<b>-7.34</b>	<b>2.98</b>	<b>-1.00</b>	<b>0.26</b>
<b>YTD %Δ</b>	<b>13.38</b>	<b>44.15</b>	<b>24.18</b>	<b>88.18</b>	<b>23.66</b>	<b>-11.41</b>	<b>-2.24</b>

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
<b>Wk Ending</b>				
06-Nov-15	0.764	3.14	0.933	157.2
<b>Daily</b>				
09-Nov-15	0.759	3.10	0.947	151.9
10-Nov-15	0.756	---	0.995	150.3
11-Nov-15	0.758	3.13	0.964	151.3
12-Nov-15	0.759	3.15	0.892	152.3
13-Nov-15	0.755	3.18	0.838	150.6
<b>WoW %Δ</b>	<b>-1.16</b>	<b>1.27</b>	<b>-10.26</b>	<b>-4.2</b>
<b>YTD %Δ</b>	<b>-8.10</b>	<b>15.64</b>	<b>51.57</b>	<b>0.66</b>

## Exchange Rate Developments

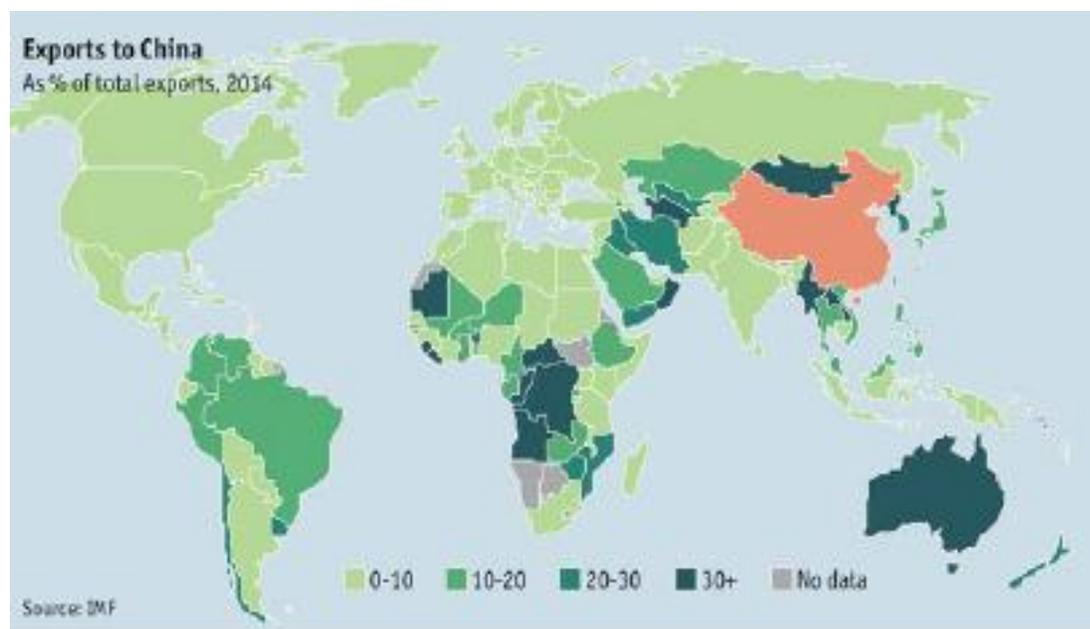
- The USD appreciated against the EUR on indications of further monetary policy stimulus by the European Central Bank (ECB).
- In an address, the ECB said inflation dynamics had somewhat weakened and a sustained normalisation of inflation could take longer to achieve than thought.
- As such the USD appreciated against most emerging and frontier market currencies.
- The Bank of Zambia (BoZ) raised its overnight lending rate to 25.5% from 17.5%, a fresh effort to combat the turmoil unleashed by a collapse in the price of copper.
- As such, the kwacha currency responded by leaping more than 7% on a WoW basis to its strongest level in a month.
- However, despite the BoZ raising its policy rate 300 basis points in the previous week in response to a near-doubling of inflation in Oct, the kwacha had remained under significant pressure and the recent intervention is expected to stem the fall in the currency and keep a lid on prices.
- All BancABC currencies appreciated against the ZAR during the week, except MZN which weakened by 1.3%.
- The South African Reserve Bank surprised the markets on the 19<sup>th</sup> of Nov by raising the repo rate for second time this year by 25bps to 6.25%.

## Disclaimer

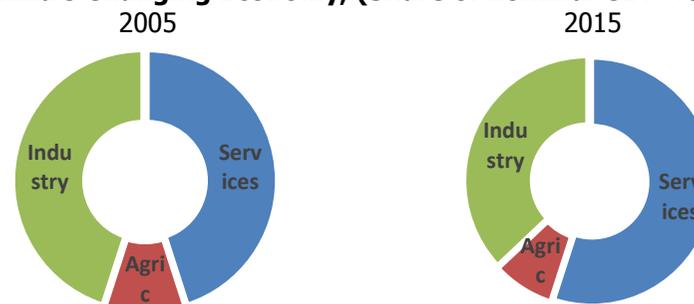
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Contact telephone numbers: 369701-16; 752383-5

**APPENDIX: US INTEREST RATE HIKE, CHINA SLOWING GROWTH: EMERGING MARKETS CRISIS**



**China's Changing Economy, (Share of nominal GDP %)**



- The US look set to raise interest rates in Dec-15, however the rate rise is expected to be gradual.
- Borrowing costs are expected to remain low by historical standards.
- With this policy, there is likely to be capital outflows from Emerging Markets (EM), currency depreciations and global policy divergence.
- China which took the world out of recession in 2008-2009 seem unlikely to uplift global economic growth as industrial output has fallen dramatically, whilst debt and bad loans are on the rise and exports are falling.
- With US rising rates and stuttering Chinese economic growth, EM crisis seem to be on the cards.
- However, full blown EM crisis seem unlikely as these countries have now much stronger fundamentals than previously.
- Better external and fiscal buffers, flexible exchange rates and increased central banks autonomy will help cushion them.
- However, their relative exposure to China & commodities, central bank capacity to raise interest rates, political risk, foreign exchange, budget deficit, debt position and current account balance determine their vulnerability.
- In Africa, countries such as Angola, Congo, DRC, Gabon and Mauritania may be more vulnerable as they have greater exposure to China, with their exports to China exceeding 30% of total exports.
- Zimbabwe and Mozambique may also bear the brunt of slower China growth as they export 20% to 30% to China.

*Source: Economics Intelligent Unit*