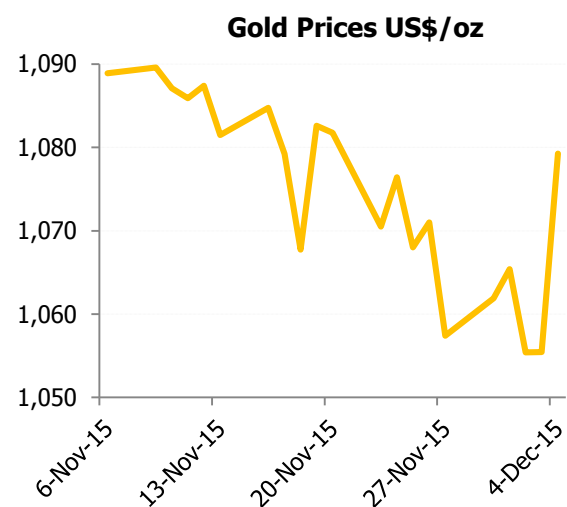


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart



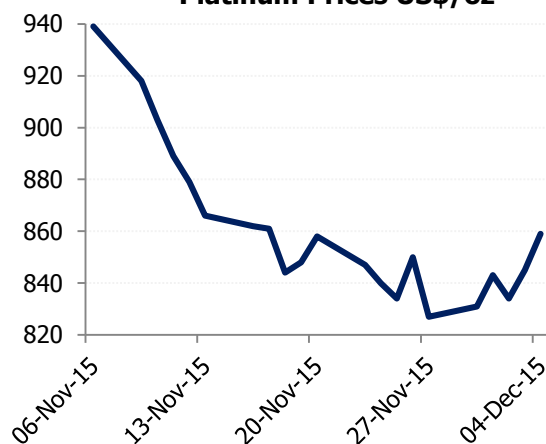
Commodity Prices

Daily	US\$/oz	WoW %Δ
27-Nov-15	1,057	
30-Nov-15	1,062	
1-Dec-15	1,065	
2-Dec-15	1,055	
3-Dec-15	1,055	
4-Dec-15	1,079	
		2.07

Commodity Developments

- Gold bounced from a near 6-year low on the 4th of Dec, in line with a sharp rebound in the Euro after the European Central Bank's (ECB) announcement of a minimum cut in its deposit rate. The ECB cut its deposit rate to -0.30% from -0.20%, but left its main refinancing rate, which determines the cost of borrowing for banks at the ECB's weekly auction, unchanged at 0.05%.
- Earlier during the week, downward pressure on bullion prices came from Federal Reserve Chair Janet Yellen's comment that shored up expectations for a US rate hike this month. A hike at the Dec 15-16 policy meeting would be the 1st in nearly a decade. Rising rates tend to weigh on gold, as they lift the opportunity cost of holding non-interest paying assets.
- Acacia Mining which owns Bulyanhulu mine in Tanzania announced that 1,050 employees, about 27% of its workforce, have either left or would leave the company as it steps up responds to lower gold prices. Most mines are struggling due to lower prices.
- In Zimbabwe, Gvt reduced royalty rate for primary producers to 3% from 5% on incremental output of gold to promote production in the sector which is struggling with low prices.

Platinum Prices US\$/oz



Daily	US\$/oz	WoW %
27-Nov-15	827	
30-Nov-15	831	
1-Dec-15	843	
2-Dec-15	834	
3-Dec-15	845	
4-Dec-15	859	
		3.87

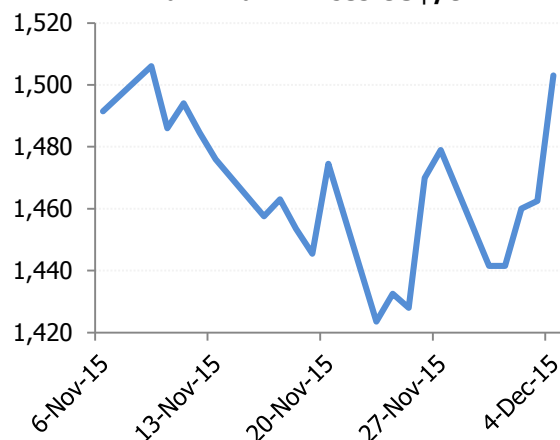
- With the platinum price declining to below US\$1,000/oz, it is estimated that about 50% of the platinum industry is currently making losses. Platinum miner Lonmin, implemented a voluntary retrenchment programme for 6,000 of its workers due to low international prices.
- According to the World Platinum Investment Council, the platinum market deficit is expected to shrink this year, before moving into a small surplus in 2016 as supply from mining and recycling rises and investment falls.
- The council expect that mine supply, which rose 20% this year as output from major producer SA normalised after last year's 5-month strike, to increase another 2% in 2016, largely on the back of gains in Zimbabwe.
- This will have a negative effect on price recovery. Low prices are however expected to continue unless there are major production cuts.

Commodity 30-Day Price Chart

Commodity Prices

Commodity Developments

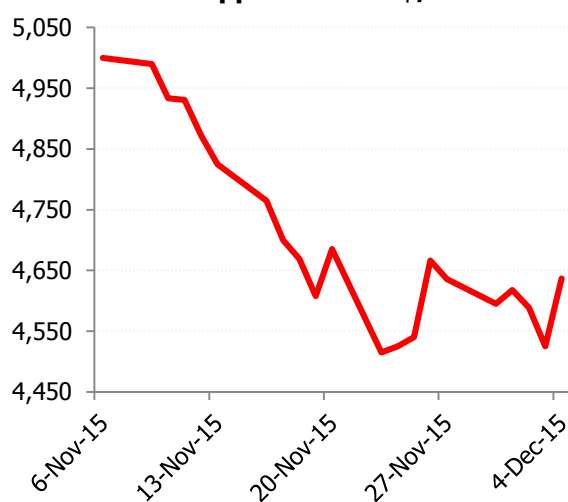
Aluminium Prices US\$/t



Daily	US\$/t	WoW %Δ
27-Nov-15	1,479	
30-Nov-15	1,442	
1-Dec-15	1,442	
2-Dec-15	1,460	
3-Dec-15	1,463	
4-Dec-15	1,503	
		1.62

- China's state stockpile, State Reserves Bureau (SRB) is considering buying more than 1m tonnes of aluminium from Chinese smelters, a positive sign that Beijing could agree to the 1st major bailout of its battered metals industry since 2009.
- However, the strategy by the Beijing authorities to increase state reserves would offer only short-term support to prices as the demand would be artificial and it will do little to get rid of the structural overcapacity that has pushed international prices to decade lows.
- SRB has in recent years bought thousands of tonnes of surplus aluminium, zinc and nickel to support prices. In 2009, SRB went on an aggressive buying spree in copper, lifting the market out of its worst-ever slumps.
- The deal if it goes through, would mark the 1st major Gvt move to shore up the metals industry since 2009.

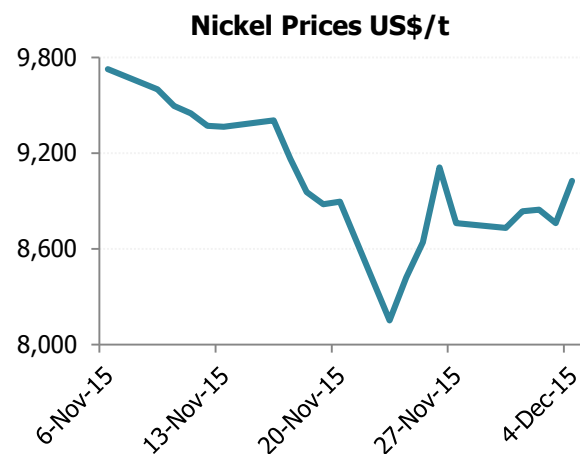
Copper Price US\$/t



Daily	US\$/t	WoW %Δ
27-Nov-15	4,636	
30-Nov-15	4,595	
1-Dec-15	4,618	
2-Dec-15	4,589	
3-Dec-15	4,525	
4-Dec-15	4,637	
		0.03

- African copper producing countries are seeing investors pull back on copper output as they try to withstand the effects of the troubled sector.
- The metal is trading at 6-year lows on the back of poor economic data from China, which accounts for 45% of the world's copper demand. The Asian country advised that growth in fixed investment, a key driver of copper demand, is at a 15-year low.
- The African economies of Zambia and the Democratic Republic of Congo (DRC) are heavily influenced by the state of the copper market. Glencore which has operations in both countries announced plans to shut down some production capacity.
- In Zambia, about 4,300 miners have been served with their redundancy letters from Mopani Copper Mines due to current low prices.

Commodity 30-Day Price Chart

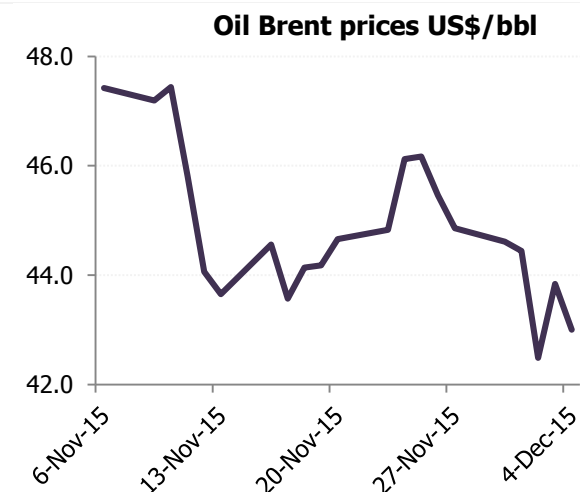


Commodity Prices

Daily	US\$/t	WoW %Δ
27-Nov-15	8,760	
30-Nov-15	8,730	
1-Dec-15	8,835	
2-Dec-15	8,845	
3-Dec-15	8,760	
4-Dec-15	9,025	
		3.03

Commodity Developments

- China's nickel producers announced plans to slash output of refined metal and nickel pig iron (NPI). This is the 1st major coordinated output cut by the global nickel sector aimed at eroding oversupply and offsetting weak demand.
- In an open letter, 8 producers, including state-owned Jinchuan Group, said they will cut production by 15,000t of metal in Dec-15 and reduce their output next year by at least 20% this year's output.
- China is expected to produce about 600,000t of nickel from refined metal producers and NPI producers this year. Global output is estimated at 1.954m tonnes, according to the International Nickel Study Group.
- Chinese smelters, just like any other smelters, have been hit hard by the drop in global nickel prices.



Daily	US\$/bbl	WoW %Δ
27-Nov-15	44.86	
30-Nov-15	44.61	
1-Dec-15	44.44	
2-Dec-15	42.49	
3-Dec-15	43.84	
4-Dec-15	43.00	
		-4.15

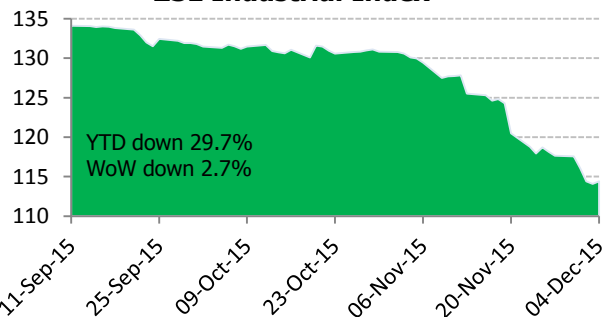
- Oil prices fell as the Organisation of the Petroleum Exporting Countries (OPEC) plans to maintain its production near record highs despite depressed prices, to safeguard its share of an oversupplied market.
- The producer group failed to agree on a new production quota, allowing member countries to continue pumping more than 31m barrels per day of oil, further increasing a global glut that has depressed oil prices for over a year.
- Saudi Arabia has been under pressure from OPEC's poorer members to cut output to bolster prices. However, the major producer has been content to keep production up to keep its market share, which has squeezed profits for producers in non-OPEC countries, including the US.
- Without major production cuts, prices are expected to remain depressed causing fiscal and monetary problems in oil exporting countries such as Angola; delay in investment inflows in new oil discoveries in countries such as Tanzania and generally; whilst benefitting net oil importers such as Botswana, Zambia and Zimbabwe.

Equities 90-Day Index Charts

Zimbabwe



ZSE Industrial Index

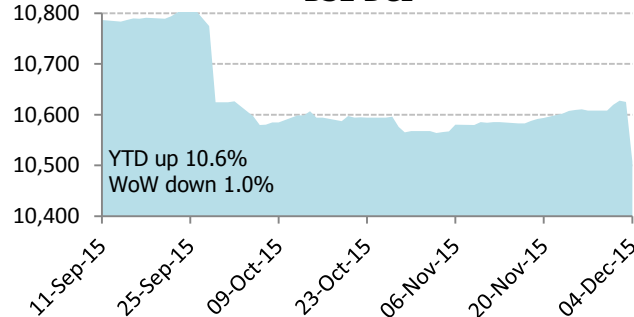


- On the 1st visit to Zim by a Chinese leader since 1996, President Xi Jinping witnessed the signing of 10 economic agreements which are expected to spearhead a major economic turnaround.

Botswana



BSE DCI

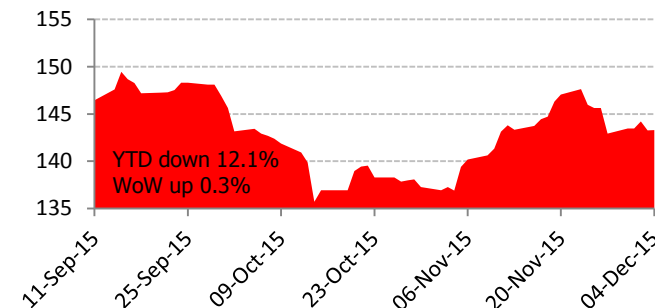


- The Botswana Unified Revenue Services (BURS) and Lesotho Revenue Authority (LRA) signed a Memorandum of Understanding (MOU) to help tackle common tax challenges.

Kenya



NSE All Share Index

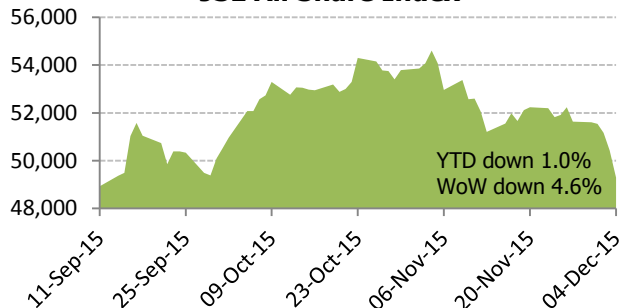


- Kenya secured a US\$1.5bn loan from China to extend its railway from the capital to the Rift Valley town of Naivasha.

South Africa



JSE All Share Index

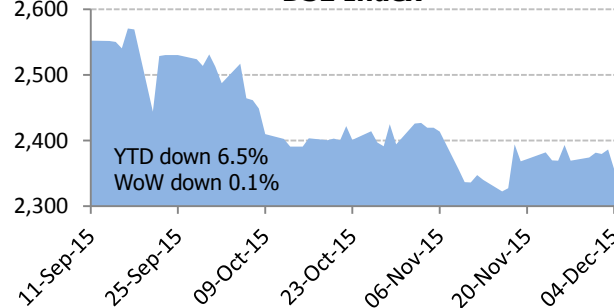


- Gvt announced that it is committed to reduce constraints on the ailing economy, including chronic power shortages, after Fitch cut its credit rating while S&P's changed its outlook to negative from stable.

Tanzania



DSE Index

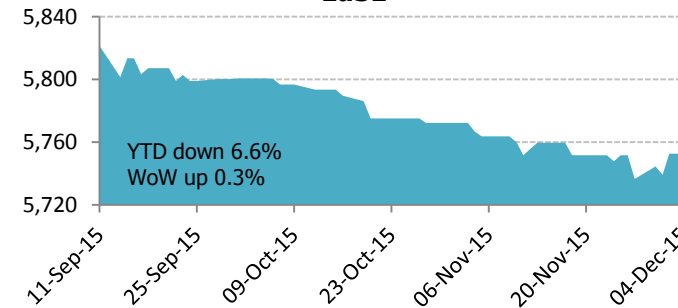


- Tanzania signed a US\$346.9m loan with the African Development Bank (AfDB) to build new roads to help transform it into a regional trade and transport hub.

Zambia



LuSE



- According to the IMF, Zambia's electricity price hike will likely attract investment in power generation and ease power shortages that have put pressure on the economy.

Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending							
27-Nov-15	10.76	54.82	2,160	9.98	14.35	1.062	1.509
Daily							
30-Nov-15	10.82	54.05	2,163	10.32	14.39	1.059	1.503
1-Dec-15	10.87	53.82	2,161	10.36	14.41	1.059	1.510
2-Dec-15	10.88	53.72	2,161	10.41	14.37	1.062	1.507
3-Dec-15	10.86	53.46	2,159	10.48	14.33	1.058	1.494
4-Dec-15	10.81	53.39	2,159	10.58	14.37	1.088	1.511
WoW %Δ	0.43	-2.61	-0.05	5.98	0.15	2.46	0.16
YTD %Δ	13.62	68.74	24.65	65.68	24.20	-10.52	-2.91

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
Wk Ending				
27-Nov-15	0.757	3.83	0.697	151
Daily				
30-Nov-15	0.755	3.75	0.715	150
01-Dec-15	0.755	3.72	0.717	149
02-Dec-15	0.754	3.76	0.727	149
03-Dec-15	0.757	3.74	0.730	150
04-Dec-15	0.751	3.70	0.733	150
WoW %Δ	-0.82	-3.39	5.19	-0.66
YTD %Δ	-8.61	34.55	32.72	1.35

Exchange Rate Developments

- The ZAR depreciated against the USD after the rating agent Fitch downgraded SA's credit rating to BBB- whilst S&P kept rating at BBB- but changed its outlook to negative from stable.
- Africa's most industrialised but struggling economy has seen its sovereign ratings gradually slip to just one notch above non-investment grade.
- In Zambia, the central bank continued to pump foreign currency into the market in an effort to control the exchange rate.
- With inflation jumping to 19.5% in Nov-15 from 14.3% in Oct-15 and limited reserves, there is fear that the Gvt might consider reintroduction of suspended Statutory Instrument (SI) 33 of 2012 which prohibits quoting prices in dollars, a move that may dent confidence in the market.
- In Mozambique, talks to reorganise US\$850m of debt issued by a state-owned fishing company dented the MZN to trade at record lows against the USD.
- Fitch Ratings predicts that Mozambique's debt to gross domestic product (GDP) ratio will soar to a decade-high of 62% by the end of this year, from 38% in 2011. Rising debt levels could potentially take back the nation to the dreaded Highly Indebted Poor Country (HIPC) era.
- The nation is generally struggling to cope with lower prices for commodities such as coal and gas, while the weakening currency is adding to the costs of servicing the debt.
- Renewed hostilities between security forces and heavily armed opposition (RENAMO) party militants are also fuelling high level of uncertainty in the economy.

Disclaimer

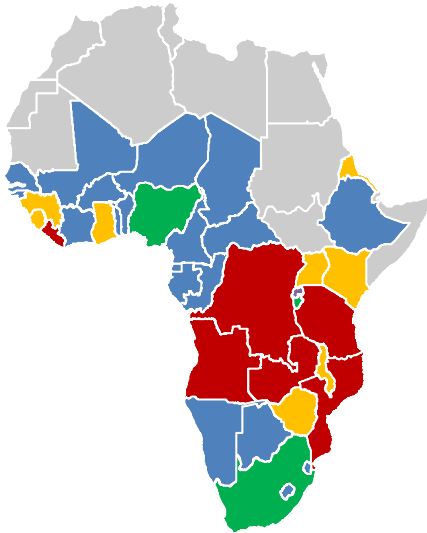
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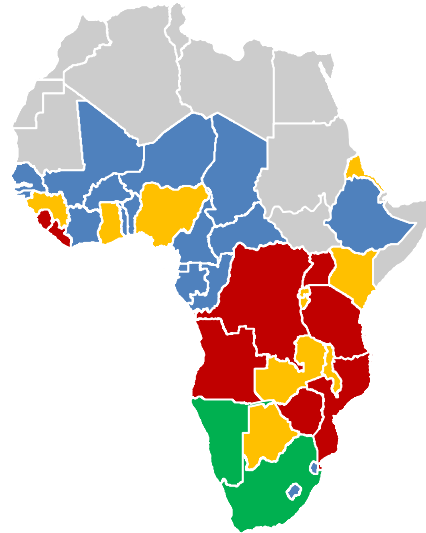
APPENDIX: DOLLARIZATION IN AFRICAN MARKETS

Deposit Dollarization in SSA - Foreign currency deposits as percent of total deposits

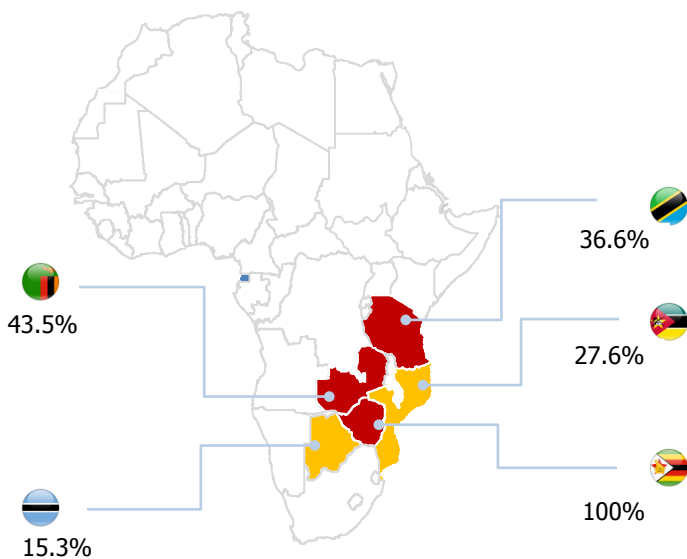
2001



2012



BancABC Markets – Dollarization Levels
As of Aug-2015



- Dollarization refers to the use of foreign currencies as a medium of exchange, store of value or unit of account.
- On balance, dollarization maps in SSA indicate that most highly dollarized countries in the region (Angola, DRC, Liberia, Mozambique, São Tomé and Príncipe, Zimbabwe and Zambia) are natural resource–dependent economies. These economies show high deposit dollarization – or ratio of FCA to total bank deposits of over 30%.
- Zimbabwe became fully dollarized in Feb-09 when a multicurrency regime was adopted.
- Deposit dollarization in SSA has been more stable over the years. However, as many SSA markets experience local currency volatility and high level of inflation, dollarization is likely to increase.
- Currency mismatches represent a major financial risk for dollarized economies.
- These risks are most pronounced when the banking system holds a large amount of foreign currency deposits or other liabilities while its assets are mostly denominated in the national currency.

