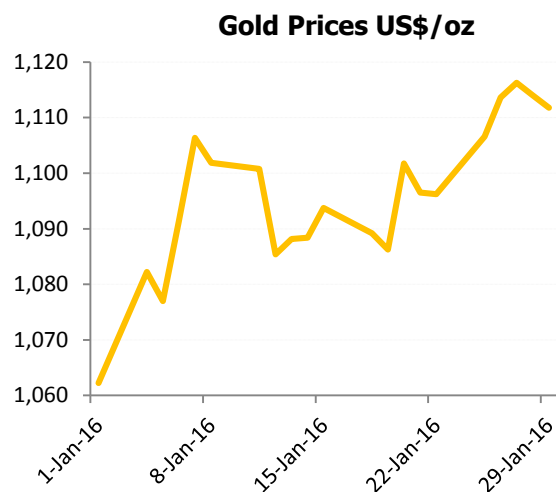


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart



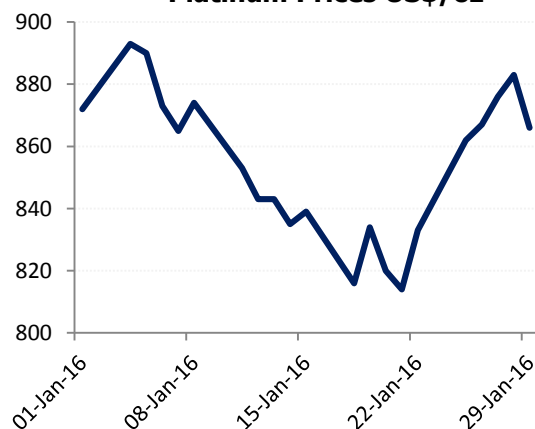
Commodity Prices

Daily	US\$/oz	WoW %Δ
22-Jan-16	1,096	
25-Jan-16	1,107	
26-Jan-16	1,114	
27-Jan-16	1,116	
28-Jan-16	1,114	
29-Jan-16	1,112	
		1.42

Commodity Developments

- Gold prices surged, extending its recent rally on worries about global economic growth and hopes for easier monetary policy after weak factory data in Asia and Europe.
- In Zim, costs of raw materials power and wages are the main cost drivers in the mining sector constituting a collective share of 78% of production costs.
- Zim's capacity utilisation in the gold mining sector increased to 77% in 2015 from 71% in 2014. Average cost of production fell to US\$1,190/oz in 2015 from US\$1,245/oz in 2014 helped by a reduction in royalties by the Gvt and cost cutting measures adopted by miners to withstand low prices.
- In Tanzania, Acacia Mining which produced 731,912oz of gold in 2015 expects to increase production by at least 18,000oz in 2016 to between 750,000oz and 780,000oz, at a significantly reduced all-in sustaining cost (AISC) of between US\$950/oz and US\$980/oz.

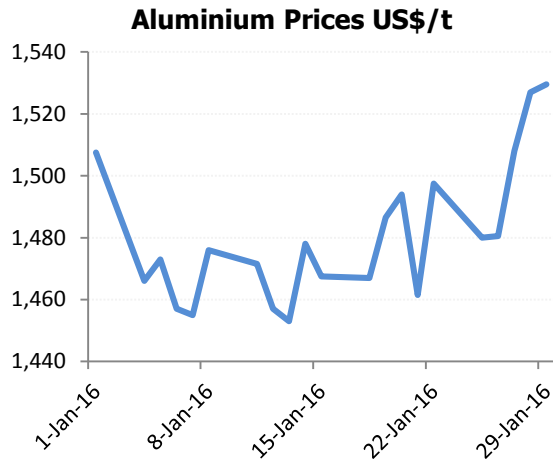
Platinum Prices US\$/oz



Daily	US\$/oz	WoW %
22-Jan-16	833	
25-Jan-16	862	
26-Jan-16	867	
27-Jan-16	876	
28-Jan-16	883	
29-Jan-16	866	
		3.96

- Platinum and other mineral prices have remained low due to slowing economic growth in China, the world's biggest metals consumer.
- In Zim, number 1 producer, Zimplats, announced that it is going ahead with its US\$447m expansion projects despite continued threats on a portion of its mining lease area.
- On 28 Dec-15, the Gvt of Zim wrote to the Zimplats requesting the release of the 27,948ha. However, the miner has since lodged a formal objection to the notice to compulsorily acquire the land and is also seeking constructive dialogue in an endeavour to resolve the matter amicably.
- Zimplats is refurbishing its Selous Metallurgical Complex base metal refinery project which is in line with Gvt's push for local beneficiation and value addition.
- Generally, platinum miners are under pressure due to low prices. Zim which has relatively shallow mines is extracting the metal at an average cost of US\$1,582/oz which is significantly higher than the international price.

Commodity 30-Day Price Chart



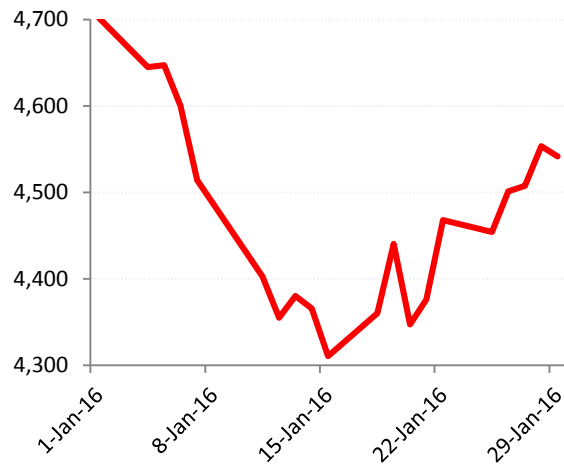
Commodity Prices

Daily	US\$/t	WoW %Δ
22-Jan-16	1,498	
25-Jan-16	1,480	
26-Jan-16	1,481	
27-Jan-16	1,508	
28-Jan-16	1,527	
29-Jan-16	1,530	
		2.14

Commodity Developments

- Although aluminium prices rose over the past week, the market's cocktail of structural overcapacity, too much production and high stocks will keep on depressing the market
- Many producers blame rising Chinese capacity and exports for the low prices. US producer Century Aluminium, whose largest shareholder is Glencore Plc, is considering launching a trade case against China.
- Meanwhile, the US Gvt has granted aid to workers at Alcoa's Intalco aluminium smelter in Washington State, after the workers complained that Chinese dumping threatened their jobs.
- Such trade wars are causing uncertainty in the aluminium market contributing to price volatility.

Copper Price US\$/t

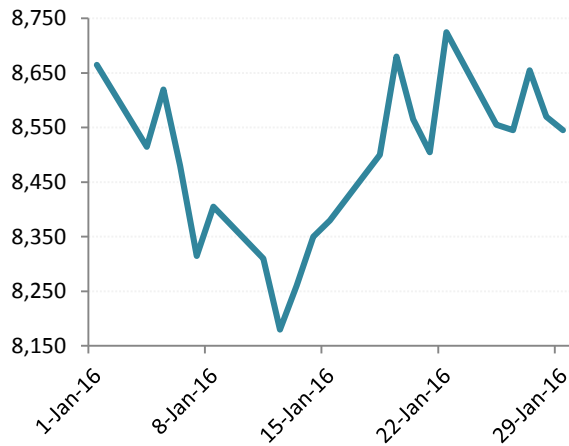


Daily	US\$/t	WoW %Δ
22-Jan-16	4,468	
25-Jan-16	4,454	
26-Jan-16	4,501	
27-Jan-16	4,508	
28-Jan-16	4,554	
29-Jan-16	4,542	
		1.65

- Copper rose during the week under review as traders expecting tighter supplies reversed their bets on lower prices, although uncertainty about Chinese demand capped gains ahead of the Lunar New Year holiday.
- The reduction in demand from China had led to a 5-year slide in the copper price, which is about 60% off its 2011 peak, triggering production cutbacks and layoffs in all of the world's major copper mining nations, from Zambia, the Democratic Republic of Congo and Chile to Australia, Canada and the US.
- Reeling from one of the worst crisis and losing millions of dollars a month in a depressed copper-price environment, the Zambian mining industry is pushing for a long-term strategic consensus to promote the growth not just of the mining industry, but of the entire country.

Commodity 30-Day Price Chart

Nickel Prices US\$/t



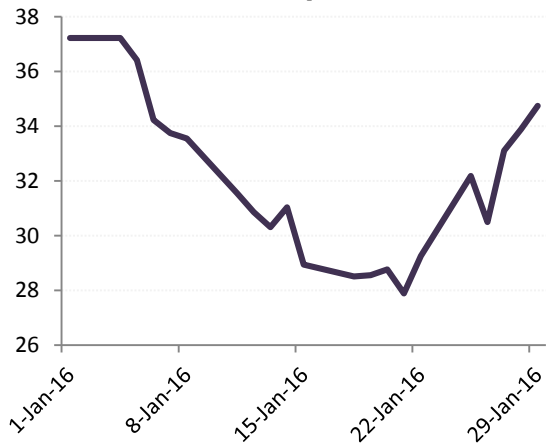
Commodity Prices

Daily	US\$/t	WoW %Δ
22-Jan-16	8,725	
25-Jan-16	8,555	
26-Jan-16	8,545	
27-Jan-16	8,655	
28-Jan-16	8,570	
29-Jan-16	8,545	
		-2.06

Commodity Developments

- Prices for nickel, a stainless steel ingredient, fell over 40% in 2015 on the LME and continue to decline this year due to an oversupplied market.
- While the industrial metal remain mired in negative sentiment, a combination of further supply constraint and improving demand are expected to lead to a transition to the onset of the erosion of the record high inventory.
- ASX-listed Botswana Metals lodged 3 extension applications with the Botswana Department of Mines (DoM) for prospecting licences at its Maibele North nickel project.
- Maibele North, which has a reserve of 2.38m resource tonnes, was being developed through a joint venture (JV) with Botswana Gvt-owned mining and smelting company BCL Limited.
- According to the latest mining survey in Zim, nickel production costs fell from an average of US\$14,428/t in 2014 to US\$9,993/t in 2015. However, the industry is in red as costs are significantly above international prices.

Oil Brent prices US\$/bbl



Daily	US\$/bbl	WoW %Δ
22-Jan-16	29.25	
25-Jan-16	32.18	
26-Jan-16	30.50	
27-Jan-16	33.10	
28-Jan-16	33.89	
29-Jan-16	34.74	
		18.77

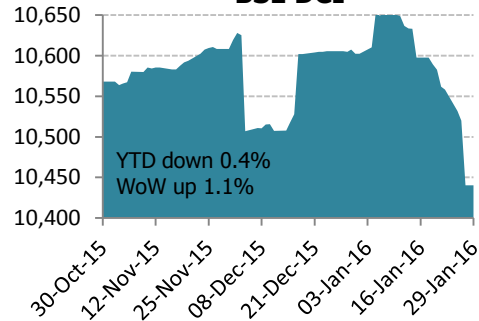
- Oil prices rose during the week, rebounding from 12-year lows hit in previous weeks, on prospects of a deal between major exporters to cut production and curb one of the biggest supply gluts in history.
- The oil prices, which are significantly below productions costs have caused severe fiscus and monetary problems in some major producers.
- Nigeria and Angola, Africa's two biggest oil producers, are both in talks with the World Bank about support to help cope with low crude prices, weakening currencies and strained public finances.
- Nigeria held exploratory talks with the Bank on borrowing to help fund a record budget deficit in 2016 but has not applied for any emergency loans. Angola held discussions about securing funding support to implement reforms.

Equities 90-Day Index Charts

Botswana



BSE DCI

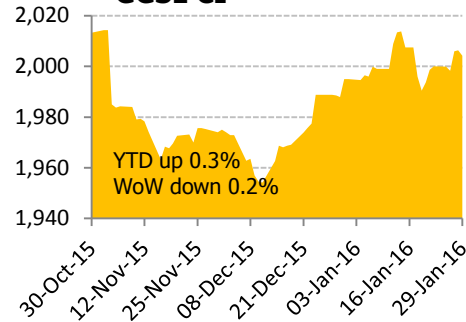


- Budget deficit is expected to widen as revenue from diamond mining slides.

Ghana



GGSE CI

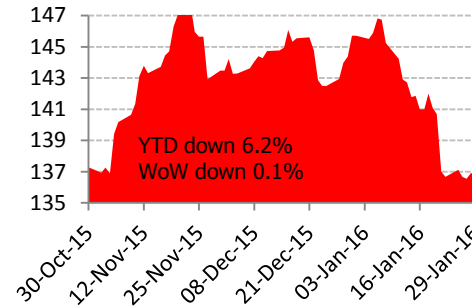


- Producer price inflation rose sharply to 10.5% in Dec-15 from 3% in Nov-15.

Kenya



NSE All Share Index

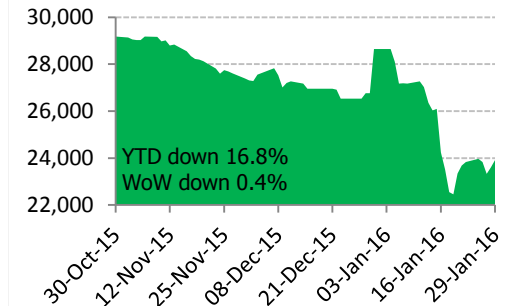


- Kenya is targeting a budget deficit of 6.9% of GDP in the 2016/17 fiscal year, from a revised 8.1% this fiscal year.

Nigeria



NGSE All Share Index

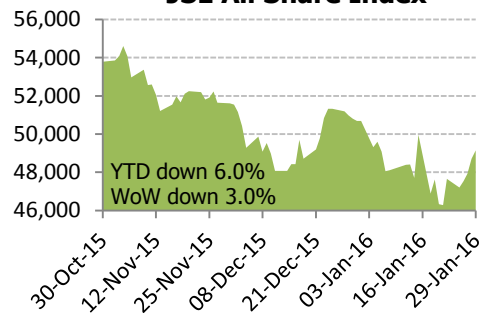


- Nigeria plans to raise NGN90bn (US\$452.26m) worth in local currency denominated bond at an auction on 10 Feb-16, the 2nd of such this year.

South Africa



JSE All Share Index

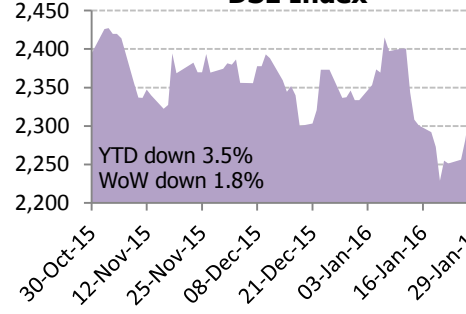


- Eskom does not expect electricity cuts until at least Aug-16, a relief for an economy on a tentative growth trajectory.

Tanzania



DSE Index

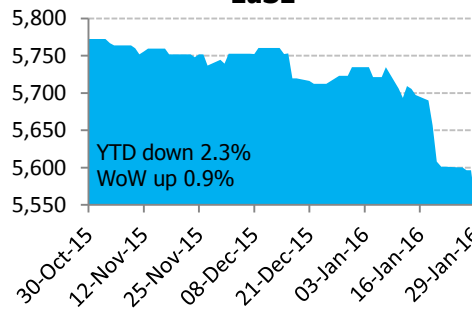


- Gvt plans to lift spending on industrial and infrastructure projects but overallly wants to cut the budget deficit.

Zambia



LuSE

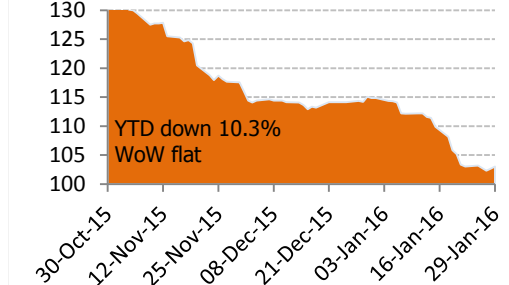


- Gvt has cut the tender sizes for Gvt securities as it intensifies efforts to reduce borrowings.

Zimbabwe



ZSE Industrial Index



- Gvt will allow foreigners to buy stakes of up to 49% in companies listed on ZSE as it tries to boost investment in the economy.

Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending							
22-Jan-16	11.63	45.73	2,193	11.23	16.51	1.084	1.426
Daily							
25-Jan-16	11.60	45.82	2,192	11.24	16.52	1.083	1.426
26-Jan-16	11.64	45.96	2,191	11.24	16.60	1.086	1.418
27-Jan-16	11.56	45.99	2,190	11.24	16.43	1.086	1.433
28-Jan-16	11.57	46.13	2,188	11.25	16.32	1.088	1.427
29-Jan-16	11.44	46.06	2,187	11.25	16.10	1.089	1.436
WoW %Δ	-1.60	0.72	-0.26	0.22	-2.52	0.53	0.75
YTD %Δ	1.83	2.47	1.28	2.49	3.36	-0.24	-3.21

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
Wk Ending				
22-Jan-16	0.703	2.69	0.682	131
Daily				
25-Jan-16	0.705	2.79	0.682	131
26-Jan-16	0.701	2.79	0.683	132
27-Jan-16	0.706	2.81	0.688	133
28-Jan-16	0.705	2.84	0.689	133
29-Jan-16	0.712	2.88	0.702	134
WoW %Δ	1.37	7.06	2.90	2.29
YTD %Δ	-1.49	0.00	-0.48	-3.60

Exchange Rate Developments

- Comments by a Fed official that the Fed Reserve will be patient as it decides how troubled overseas could hit the US economy, dented the USD against major currencies.
- The news suggest that the central bank will be slower to raise interest rates this year.
- Zambia's kwacha weakened due to tight dollar supply, sending the currency of Africa's 2nd-largest copper producer down 2.5% percent to 11.25 per dollar.
- Other BancABC markets currencies appreciated against the greenback except for the MZN.
- The South African rand extended its gains to its firmest in three weeks on the 29th of Jan following an aggressive interest rate hike by the central bank as it looked to curb rising inflation.
- The South African Reserve Bank's (SARB) decision on the 28th of Jan to push benchmark lending rates up by 50 basis points to 6.75% supported Africa's most advanced economy's currency.
- Following that, all BancABC markets' currencies depreciated against the ZAR over the week.

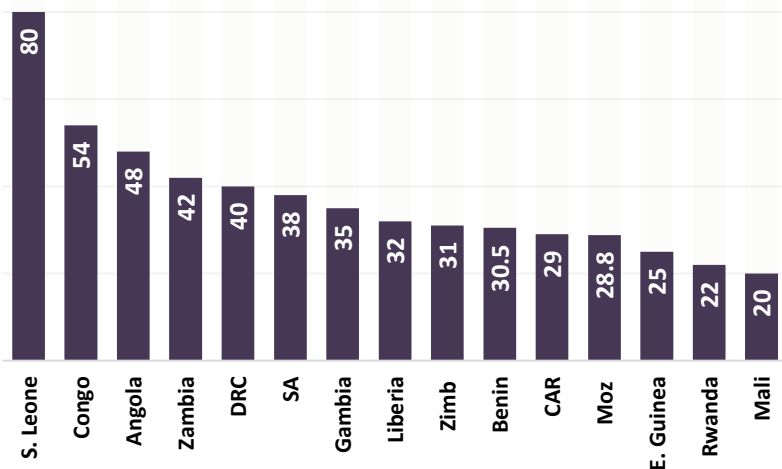
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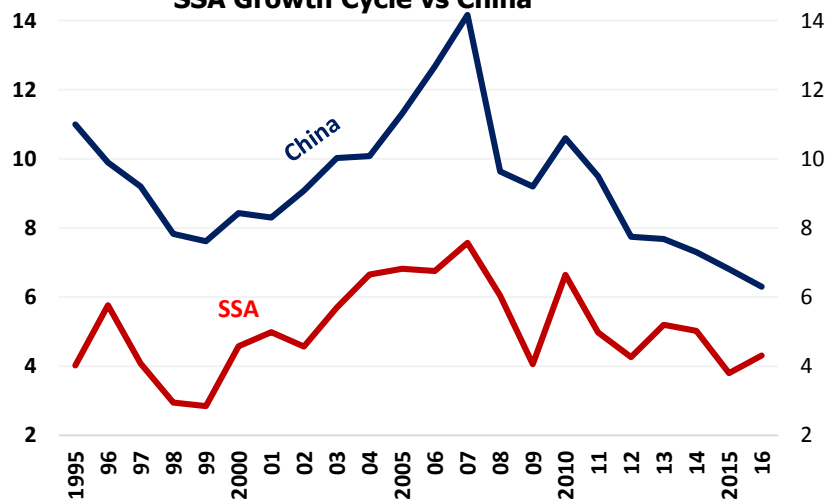
Contact telephone numbers: 369701-16; 752383-5

APPENDIX: SUB SAHARAN AFRICA-CHINA TRADE AND ECONOMIC TIES

SSA - Exports to China, 2014
% of total Exports



SSA Growth Cycle vs China



- China and Sub-Saharan Africa trade has been growing over the years and currently China is the largest single trading partner of the region.
- With this increased economic ties, SSA's growth cycle is closely correlated to that of China's.
- Growth in SSA has weakened markedly due to low commodity prices as China is rebalancing its growth away from manufacturing, construction & exports towards services & consumption

SSA to benefit as Chinese Yuan receives recognition as a Reserve Currency

- Africa's trade with China is estimate to have reached US\$385bn in 2015, creating demand for cross-border yuan settlements.
- African economies will be the biggest winners from the internationalisation of the Chinese, as this will reduce trading costs and currency conversion losses.
- Currently, traders dealing with the Chinese market incur additional costs when converting say from the Zambian Kwacha to the Yuan. Traders are forced to convert to the dollar first, then to the Chinese currency, resulting in loss of actual value and additional costs.
- Already, several countries on the continent have the Yuan in their reserves. The Bank of Ghana is using the RMB as part of its settlement and reserve currencies. South Africa, Nigeria, Ghana, Zimbabwe, Mauritius and Zambia have already joined a growing list of countries in Africa and the world using the Yuan.

Weight of each currency in the IMF's basket of currencies



- The changing makeup of IMF's accounting system reflects the rising economic power of China, while Europe's influence wanes.