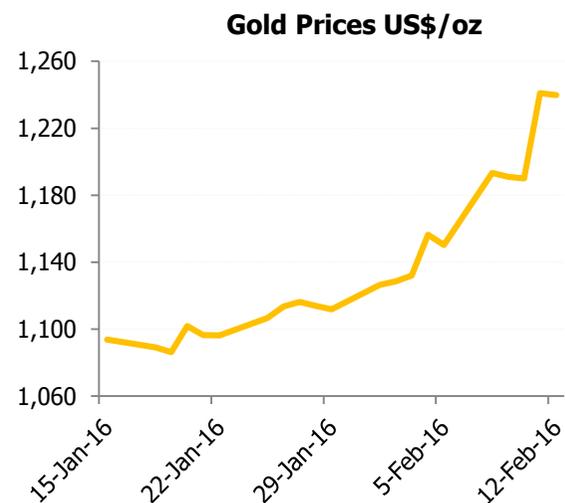


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart



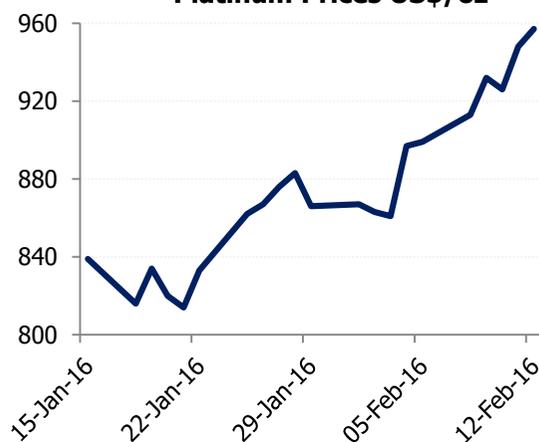
Commodity Prices

Daily	US\$/oz	WoW %Δ
5-Feb-16	1,150	
8-Feb-16	1,193	
9-Feb-16	1,191	
10-Feb-16	1,190	
11-Feb-16	1,241	
12-Feb-16	1,240	
		7.77

Commodity Developments

- Gold registered its biggest weekly gains in 4 years as investors rushed to safe haven assets.
- Investors rushed to safety after the Bank of Japan, followed by Sweden during the past week, introduced negative interest rates to stimulate growth. Bullion was also boosted by the scaling back of expectations for US interest rate rises and even the possibility of rate cuts if global economic conditions deteriorate.
- Negative interest rates discourage savings and encourage spending.
- Gold mining company Acacia Mining is looking at expanding operations from Tanzania into Kenya and West Africa.
- However, productivity is well up at Acacia's underground Bulyanhulu gold mine in Tanzania, where there is a run-of-mine stockpile for the first time in years, while its North Mara mine has received a president's award for corporate social investment.

Platinum Prices US\$/oz



Daily	US\$/oz	WoW %
5-Feb-16	899	
8-Feb-16	913	
9-Feb-16	932	
10-Feb-16	926	
11-Feb-16	948	
12-Feb-16	957	
		6.45

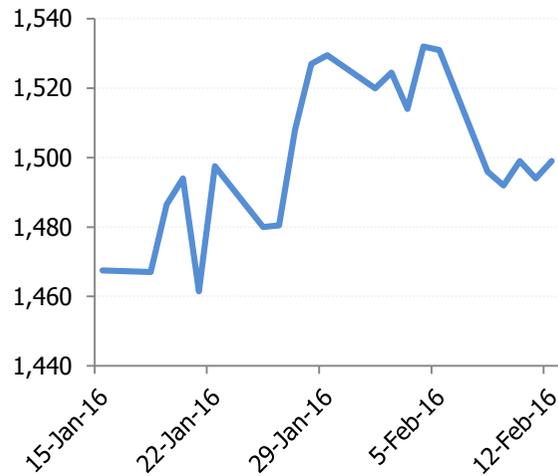
- Platinum prices surged following the gold trend but prices generally remain low, affecting operations of many miners.
- South Africa's Impala Platinum (Implats) announced that it is expecting half-year profits to fall by as much as 20% due to lower rand prices for its main commodity.
- Impala, the world No. 2 producer of the metal used for emissions-capping catalytic converters in cars, said the rand prices for platinum are down 15% compared to a year earlier causing the decline in profits.
- World NO. 1 producer of the metal, Anglo American Platinum (Amplats) is continuing its aggressive approach to strip down to a basic stay-in-business mode, as the platinum-group metals mining industry faces a prolonged weak price environment.

Commodity 30-Day Price Chart

Commodity Prices

Commodity Developments

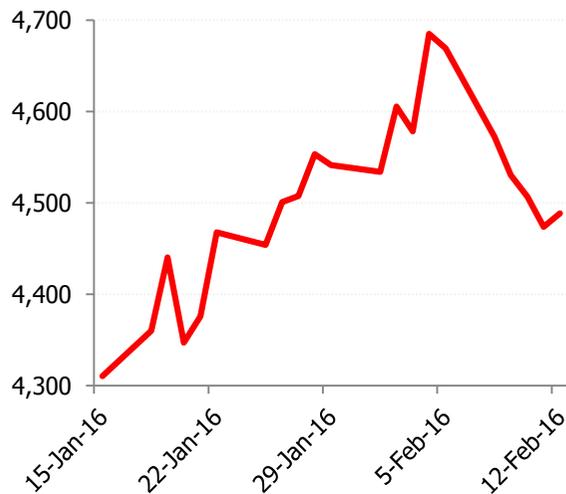
Aluminium Prices US\$/t



Daily	US\$/t	WoW %Δ
5-Feb-16	1,531	
8-Feb-16	1,496	
9-Feb-16	1,492	
10-Feb-16	1,499	
11-Feb-16	1,494	
12-Feb-16	1,499	
		-2.09

- According to Goldman Sachs, "The aluminium market continues to, in our view, face the greatest bearish fundamental shock in a generation, and perhaps, in its history."
- Goldman highlights the current toxic mix of bear drivers pressuring the aluminium price; slower demand growth, over-production, a flat and falling cost curve and rising Chinese exports.
- The LME price is foundering close to the lows recorded in the Global Financial Crisis of 2008-2009.

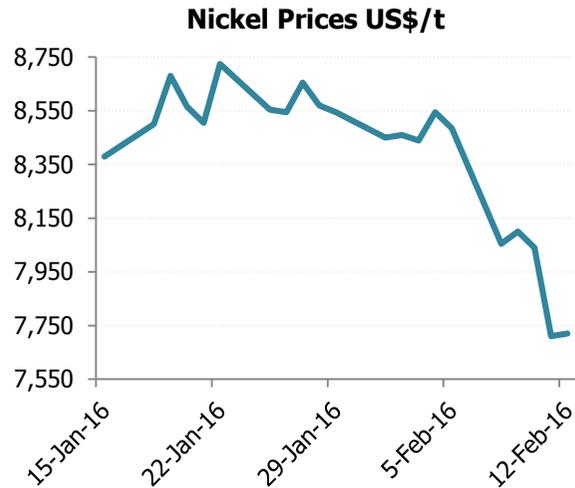
Copper Price US\$/t



Daily	US\$/t	WoW %Δ
5-Feb-16	4,669	
8-Feb-16	4,573	
9-Feb-16	4,531	
10-Feb-16	4,507	
11-Feb-16	4,474	
12-Feb-16	4,489	
		-3.87

- Copper gained on the 12th of Feb along with other commodities upbeat US data offered hope of a rebound in economic growth, but metals investors were on edge ahead of the reopening of Chinese markets after a weeklong lunar celebrations.
- However, prices remain depressed causing fiscal and monetary problems in major producers.
- Copper production in Democratic Republic of Congo dropped for the first time in six years in 2015 and this year could be another tough one as low commodity prices bite.
- Output dropped 3.3% in Africa's top copper producer to 995,805t from 1.03m tonnes in 2014, the 1st time production fell since the global economic downturn in 2009.

Commodity 30-Day Price Chart



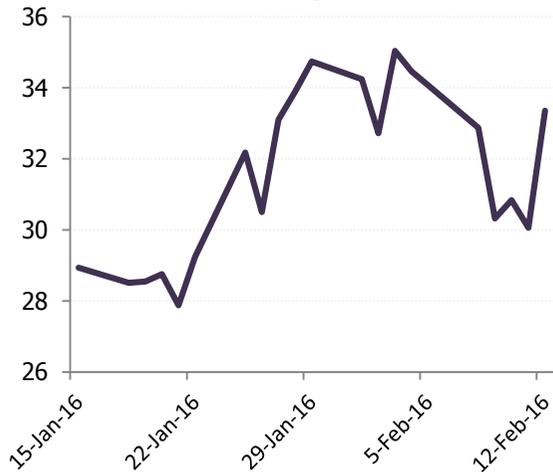
Commodity Prices

Daily	US\$/t	WoW %Δ
5-Feb-16	8,485	
8-Feb-16	8,055	
9-Feb-16	8,100	
10-Feb-16	8,040	
11-Feb-16	7,710	
12-Feb-16	7,720	
		-9.02

Commodity Developments

- Nickel which was the worst performing metal commodity in 2015 continues with its downward trend.
- Prospect of recovery have been further dampened by news that Indonesia will review rules banning exports of partially processed metal ores, as the smelters they were intended to develop have not materialised amid low commodity prices.
- Indonesia banned metal ore exports in early 2014 to encourage firms to build smelters to create jobs and shift exports from raw materials to higher-value finished metals. However, the ban cost the country, the world's top nickel-ore exporter and a major supplier of bauxite for aluminium, billions of dollars in lost revenue.
- Since the ban, many of Indonesia's nickel and bauxite miners have shelved smelter projects amid falling commodity prices. Up to 7 projects are expected to be completed this year.

Oil Brent prices US\$/bbl



Daily	US\$/bbl	WoW %Δ
5-Feb-16	34.06	
8-Feb-16	32.88	
9-Feb-16	30.32	
10-Feb-16	30.84	
11-Feb-16	30.06	
12-Feb-16	33.36	
		-2.06

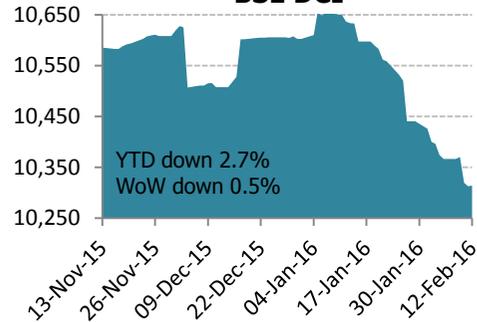
- Global oil prices surged on the 12th of Feb after a report once again suggested the Organization of the Petroleum Exporting Countries (OPEC) might finally agree to cut production to reduce the world glut.
- In West Africa, oil firms have put major projects on hold because of low prices and the region may be the last to recover when the market picks up.
- High costs, which includes established producers such as Nigeria and newer entrants like Ghana, poor infrastructure, complex bureaucracy and politics puts West Africa well down the list for any investment revival.
- Africa holds 129bn barrels of proven oil reserves, according to PricewaterhouseCoopers, or nearly 8% of the global total. Development varies widely from Nigeria, a prominent world player, to Gabon, which is struggling to maintain output from maturing fields.

Equities 90-Day Index Charts

Botswana



BSE DCI



- Central Bank left its benchmark lending rate unchanged at 6% as the current policy stance is in line with the bank's inflation and growth targets.

Ghana



GGSE CI

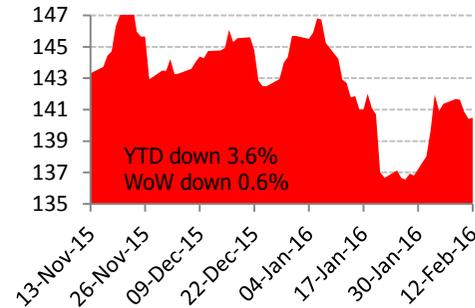


- Annual consumer price inflation rose to 19% in Jan-16 from 17.7% in Dec-15.

Kenya



NSE All Share Index

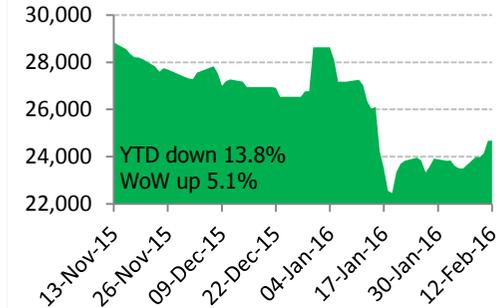


- Gvt is reviewing all laws governing its nascent Islamic Finance industry to aid the issuance of a debut Islamic law-compliant bond known as a sukuk.

Nigeria



NGSE All Share Index

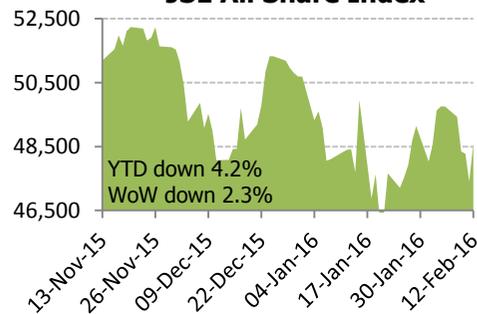


- Nigeria is in talks with oil majors and banks to raise capital for new drilling and to repay up to US\$4bn in debt that the state oil firm has accumulated over years of mismanagement.

South Africa



JSE All Share Index

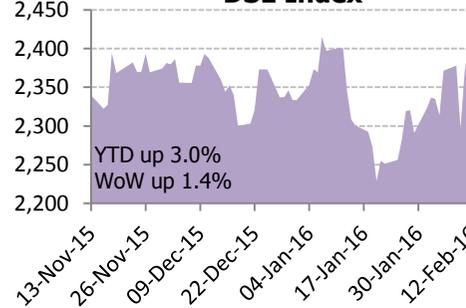


- SA seeks for US\$250m funding from the BRICS New Development Bank to connect new power plants to the national grid.

Tanzania



DSE Index

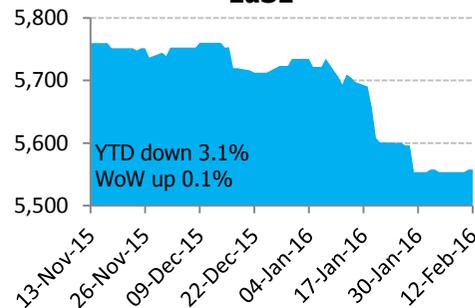


- Inflation fell to 6.5% YoY in Jan-16 from 6.8% in Dec-15, helped by a slower rise in food prices.

Zambia



LuSE

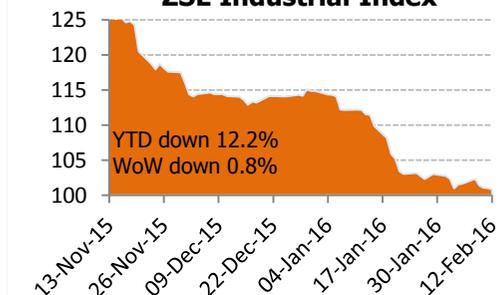


- In Jan-16 inflation ticked up to 21.8% YoY from 21.1% in Dec-15 due to rising food price pressures.

Zimbabwe



ZSE Industrial Index



- Consumer prices fell by 2.19% YoY in Jan-16 following a 2.47% decline in Dec-15. ZSE is now trading at record lows seen at the inception of multicurrency.

Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/RWF	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending								
5-Feb-16	11.31	46.90	756	2,187	11.28	15.92	1.120	1.453
Daily								
8-Feb-16	11.35	46.99	757	2,188	11.29	15.93	1.116	1.454
9-Feb-16	11.42	47.19	758	2,187	11.29	16.17	1.120	1.444
10-Feb-16	11.33	48.61	758	2,187	11.30	15.91	1.128	1.450
11-Feb-16	11.29	48.33	758	2,188	11.33	15.97	1.131	1.446
12-Feb-16	11.27	47.44	759	2,189	11.34	15.79	1.128	1.448
WoW %Δ	-0.34	1.15	0.30	0.09	0.51	-0.81	0.72	-0.39
YTD %Δ	0.34	5.54	1.51	1.39	3.29	1.36	3.27	-2.45

RWF - Rwandan Franc is the currency of Rwanda, which is now part of Atlas Mara (ATMA) market currencies.

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/RWF	ZAR/TZS
Wk Ending					
05-Feb-16	0.712	3.02	0.712	47.7	137
Daily					
08-Feb-16	0.711	2.91	0.700	47.2	137
09-Feb-16	0.705	2.92	0.699	46.9	134
10-Feb-16	0.708	3.08	0.712	47.2	135
11-Feb-16	0.709	3.04	0.712	47.7	138
12-Feb-16	0.710	3.00	0.716	47.8	137
WoW %Δ	-0.26	-0.66	0.67	0.16	0.00
YTD %Δ	-1.82	4.17	1.57	-0.60	-1.44

Exchange Rate Developments

- SA's rand strengthened against the USD although it failed to register more gains after President Jacob Zuma's state-of-the-nation address that analysts and economists said did not deal with concerns raised by rating agencies.
- According to Moody's, SA's worst drought on record risks tipping an already weak economy into recession as rising agricultural imports feed into rising inflation.
- In Nigeria, Africa's largest economy, the local currency which officially trades at 196.5 to the USD weakened to a record 345 on the parallel market, increasing pressure on the Gvt to devalue the official exchange rate to narrow the gap.
- Mozambique's Meticais which so far this year is the worst performing currency among BancABC markets' currencies is likely to gather some support from interest rate tightening by the Bank of Mozambique.
- Mozambique's central bank lifted its benchmark lending rate by 100 basis points to 10.75% due to deteriorating growth, rising inflation and the negative effects of the current worst drought conditions.
- Rwanda has a managed float exchange rate regime and the Bank of Rwanda intervenes in the market to maintain stability.

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Contact telephone numbers: 369701-16; 752383-5

APPENDIX: COUNTRY COMPARISON OF ROYALTY REGIMES ON MINERAL COMMODITIES

Country	Royalty Rate	Rates Applied to Selected
Zimbabwe	1%-15%	<ul style="list-style-type: none"> ○ Diamonds, 15%; ○ Platinum and Precious Stones, 10%; ○ Gold, (large scale - 3% on incremental output, Cap of 5%, Small Scale 1%); ○ Other Precious Metals, 4%; ○ Base Metals and Industrial Minerals, 2%; ○ Coal, 1%.
Angola	2%-5%	<ul style="list-style-type: none"> ○ Stones and Precious Metals, 5% ○ Semi-precious stones ,4%; ○ Metallic Minerals, 3%; ○ Other Minerals, 2%.
Botswana	3%-10%	<ul style="list-style-type: none"> ○ Precious Stones, 10%; ○ Semi-Precious, 5%, ○ Other, 3%.
Mozambique	3%-10%	<ul style="list-style-type: none"> ○ Diamonds, Precious Stones and Precious Metals, 10%; ○ Semi-Precious Stones, 6%; ○ Basic Minerals, 5%; ○ Coal and Other Mining Products, 3%.
Namibia	4%-5%	<ul style="list-style-type: none"> ○ Precious Metals, 5%; ○ Base and Rare Metals, 5%; ○ Semi-Precious Stones, 4%; ○ Industrial Minerals, 4%.
Tanzania	3%-5%	<ul style="list-style-type: none"> ○ Gold and All Other Minerals, 3%; ○ Diamond, 5%.
Zambia	3%-5%	<ul style="list-style-type: none"> ○ Precious Metals and Stones, 5%; ○ Base Metals, 3%
South Africa	2%-6%	<ul style="list-style-type: none"> ○ Unrefined Gold, 3%; ○ Refined Gold 1.5%; ○ Unrefined PGM, 6%.

- ❖ Royalties are the principal means for ensuring that the country obtains some minimum value of the mineral produced. That is, they are a means to compensate the state for the loss of the resource, whether or not a profit is made.
- ❖ Royalties have the advantage of being front-loaded, giving the state much-needed immediate receipts from first production.
- ❖ However, royalties add to working costs and consequently, raise the economic cut-off grade of a mineral deposit.
- ❖ Royalties have the advantage of being less susceptible to tax evasion, particularly transfer pricing, than taxes on the surplus produced (susceptible to over-invoicing of costs).
- ❖ Be that as it may, if royalty rates are set too high, they will sterilise marginal deposits/reserves as they are effectively a working cost.
- ❖ In particular, Zimbabwe is among the countries that charge the highest mineral royalties in the region. A downward review in the royalty rates for gold in 2014 came at the time when international price has been tumbling.
- ❖ Generally, the reduction in royalty rates at a time when commodity prices are depressed provides a modicum of relief to producers as well as assist in the recapitalization process by increasing the amount of earnings to be ploughed back as capital, as well as attracting new external capital.
- ❖ Those jurisdictions with high royalty rates might consider reducing them to provide a modicum of relief to mining houses.