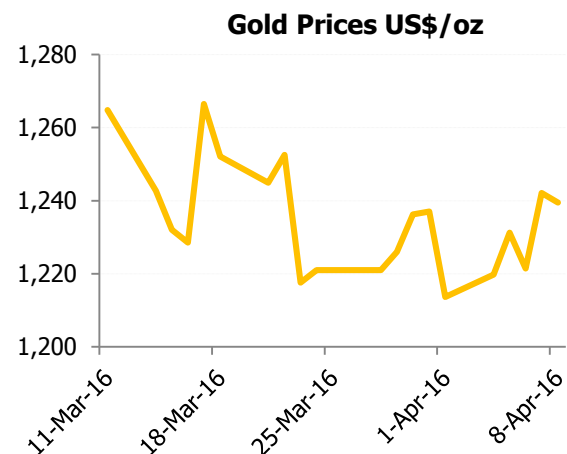


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart

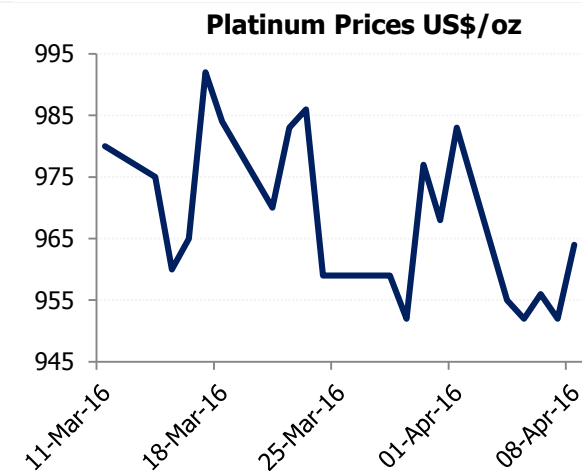


Commodity Prices

| Daily | US\$/oz | WoW %Δ |
|----------|---------|------------|
| 1-Apr-16 | 1,214 | |
| 4-Apr-16 | 1,220 | |
| 5-Apr-16 | 1,231 | |
| 6-Apr-16 | 1,221 | |
| 7-Apr-16 | 1,242 | |
| 8-Apr-16 | 1,240 | |
| | | 2.1 |

Commodity Developments

- Gold continued its winning streak as the US dollar weakened against other currencies over the past week. Gold is priced in USD, and thus becomes cheaper for buyers outside the US when the USD is lower.
- Gold prices dropped from above US\$1,900/oz in 2011 to near US\$1,000/oz at the end 2015. Mines that were profitable at US\$1,500 suddenly became in the red, exploration halted and share prices dived. The rebound could spur development of major unexploited deposits.
- However, most Africa-focused gold producers are extremely cautious in making investment decisions as prices have often spiked in recent years only to quickly retreat.



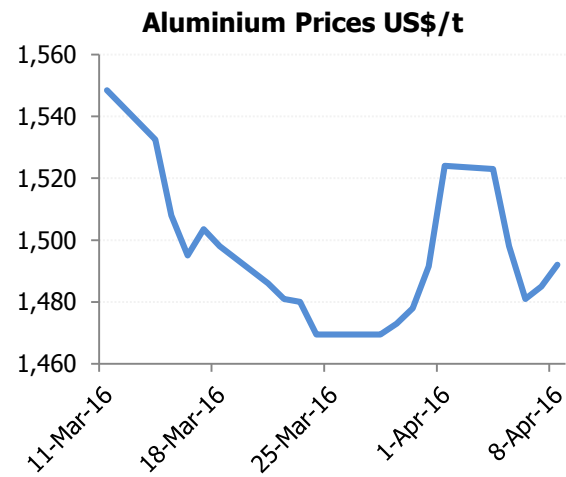
| Daily | US\$/oz | WoW %Δ |
|----------|---------|-------------|
| 1-Apr-16 | 983 | |
| 4-Apr-16 | 955 | |
| 5-Apr-16 | 952 | |
| 6-Apr-16 | 956 | |
| 7-Apr-16 | 952 | |
| 8-Apr-16 | 964 | |
| | | -1.9 |

- Platinum which is both an investment metal and industrial metal has continued to underperform when compared to gold.
- The white metal traditionally used to trade at a premium to gold but currently is at US\$276/oz discount to the yellow metal. When compared to gold, platinum is a rarer metal with a higher production cost.
- South Africa and Zimbabwe supply around 80% of the estimated 6.2moz global platinum production.
- Zimbabwe is considered a relatively lower cost producer whilst producers in SA have undertaken measures to curtail costs whilst maintaining production. Therefore, production is resilient and material production cuts are highly unlikely.
- However, with upcoming wage negotiations in SA, of which mining workers representative, AMCU, is threatening to strike at Sibanye's gold mines, a platinum strike could result in constrained supply and potentially price appreciation.

Commodity 30-Day Price Chart

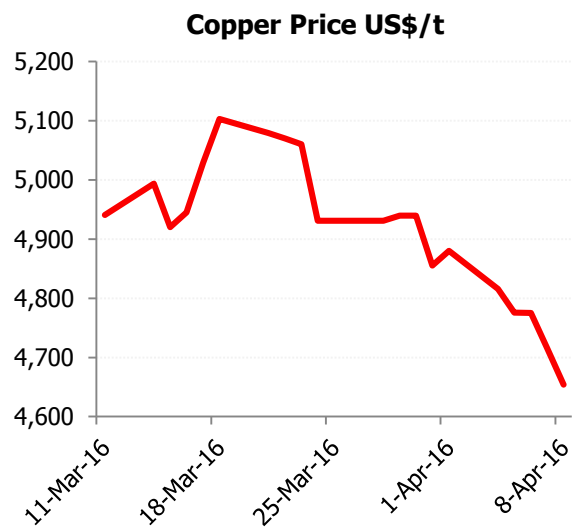
Commodity Prices

Commodity Developments



| Daily | US\$/t | WoW %Δ |
|----------|--------|-------------|
| 1-Apr-16 | 1,524 | |
| 4-Apr-16 | 1,523 | |
| 5-Apr-16 | 1,498 | |
| 6-Apr-16 | 1,481 | |
| 7-Apr-16 | 1,485 | |
| 8-Apr-16 | 1,492 | |
| | | -2.1 |

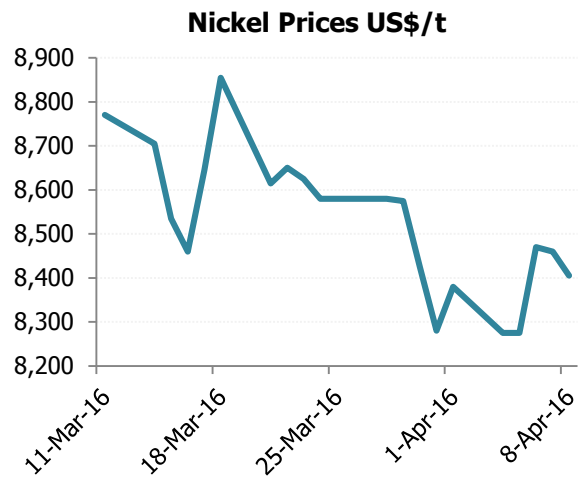
- Aluminium prices further dropped as worries grew that Chinese smelters are restarting output, adding to a global supply glut. However, a softer USD and a rally in oil prices helped aluminium to pare losses.
- The US International Trade Commission announced that it is launching an investigation of the country's aluminium industry and worldwide trade in aluminium.
- This move by the US might be in response to, among other things, the People's Republic of China's practice of selling lightly-formed aluminium as ingots in order to evade export taxes and receiving VAT rebates.
- Dealing with the structural oversupply in the aluminium market will assist in price recovery.



| Daily | US\$/t | WoW %Δ |
|----------|--------|-------------|
| 1-Apr-16 | 4,880 | |
| 4-Apr-16 | 4,816 | |
| 5-Apr-16 | 4,776 | |
| 6-Apr-16 | 4,775 | |
| 7-Apr-16 | 4,715 | |
| 8-Apr-16 | 4,654 | |
| | | -4.6 |

- China may be about to shock the global copper market by unleashing some of its stockpiles of the metal, which are near record highs, onto the global market.
- Slowing building construction and electronics manufacturing has stifled demand for refined copper from the nation's massive smelting sector at a time when the country has heavily stockpiled the metal.
- The metal which acts as a barometer of global industrial production thanks to its use in everything from household appliances to cars, power generation and construction fell sharply over the past week on China concerns.
- In Zambia, output from London-listed Vedanta Resources' copper unit remained flat during the quarter to Mar-16. This emerged as the unit battled a 25% increase in power tariffs in Jan-16, which impacted negatively on the cost of production, costing the miner US\$3m per month.
- The miner is exploring a range of possible solutions and is continued dialogue with the relevant stakeholders for a possible tariff reduction.

Commodity 30-Day Price Chart

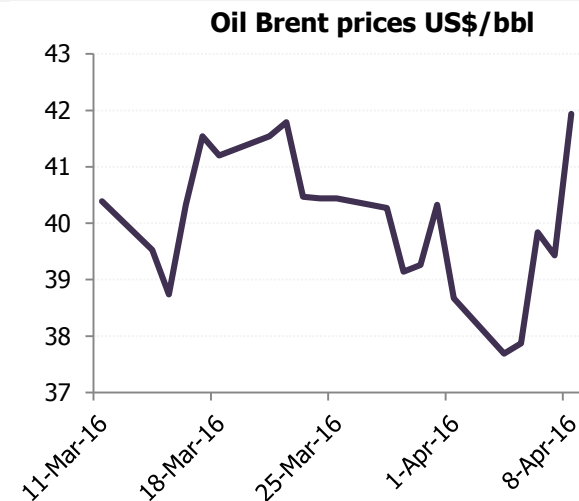


Commodity Prices

| Daily | US\$/t | WoW %Δ |
|----------|--------|------------|
| 1-Apr-16 | 8,380 | |
| 4-Apr-16 | 8,275 | |
| 5-Apr-16 | 8,275 | |
| 6-Apr-16 | 8,470 | |
| 7-Apr-16 | 8,460 | |
| 8-Apr-16 | 8,405 | |
| | | 0.3 |

Commodity Developments

- The Philippines, which became the biggest suppliers of nickel to top consumer China after Indonesia imposed a ban on metal ore exports in 2014 is considering also considering taking a similar stance.
- The Philippines want miners to build domestic processing plants, which they said could help triple revenue from mineral exports.
- If the Philippines move materialises, it will have a huge impact in the market which is struggling with excess capacity.



| Daily | US\$/bbl | WoW %Δ |
|----------|----------|------------|
| 1-Apr-16 | 38.67 | |
| 4-Apr-16 | 37.69 | |
| 5-Apr-16 | 37.87 | |
| 6-Apr-16 | 39.84 | |
| 7-Apr-16 | 39.43 | |
| 8-Apr-16 | 41.94 | |
| | | 8.5 |

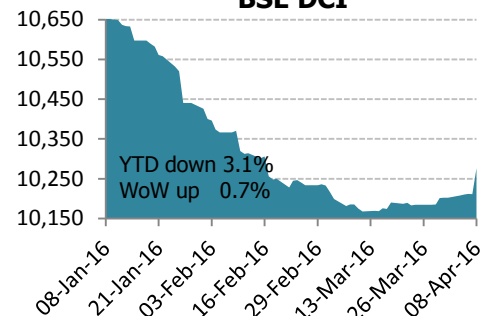
- Oil prices rose as drawdowns in US crude stockpiles fed hopes that a punishing global oversupply may be approaching a tipping point after nearly two years.
- Oil also drew support after Russia said its crude output fell in Apr, ahead of a meeting of major oil-producing countries in Doha aimed at freezing output.
- Angola is set to begin loan negotiations with the International Monetary Fund (IMF) on a 3-year loan facility as lower oil prices hammer the finances of Africa's 2nd-largest crude exporter.
- Oil output in Angola represents 40% of its GDP and more than 95% of foreign exchange revenue.

Equities 90-Day Index Charts

Botswana



BSE DCI

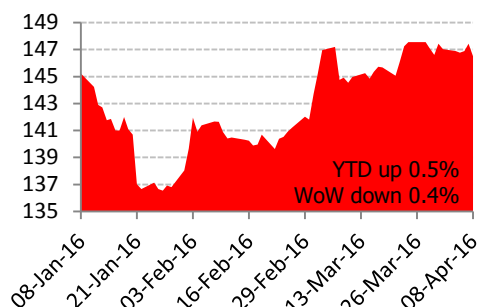


- Economy grew 4.9% QoQ in the 3 months to Dec-15 versus a revised 3.5% contraction in the 3rd quarter of 2015.

Kenya



NSE All Share Index

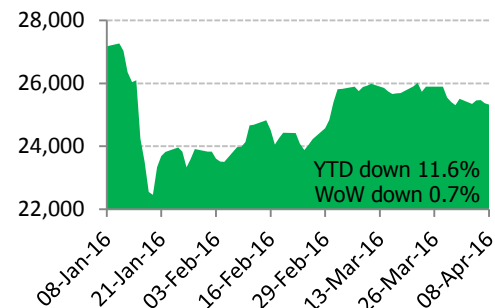


- Kenya will agree a US\$600m loan from China to help fund a budget deficit in the fiscal year starting last Jul, a senior Treasury official said.

Nigeria



NGSE All Share Index

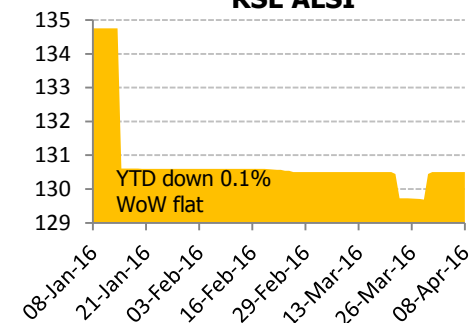


- Nigeria is considering a sale of Chinese Panda bonds to help fund its budget aimed at reviving Africa's biggest economy as it suffers a slump in global oil prices.

Rwanda



RSE ALSI

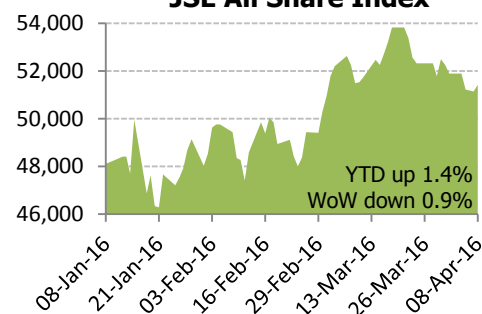


- Recent state visit by Tanzania president John Magufuli is expected to have a huge economic impact on the two neighbouring countries.

South Africa



JSE All Share Index

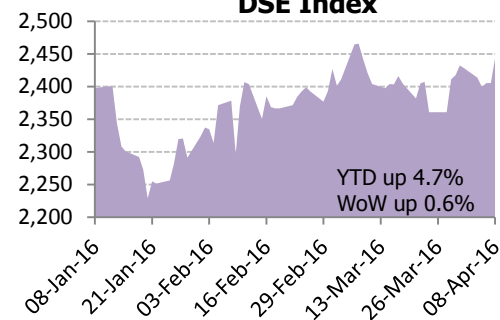


- Gvt approved a 34% increase in the tariff on wheat imports to ZAR1,224.31/t from ZAR911.20/t.

Tanzania



DSE Index

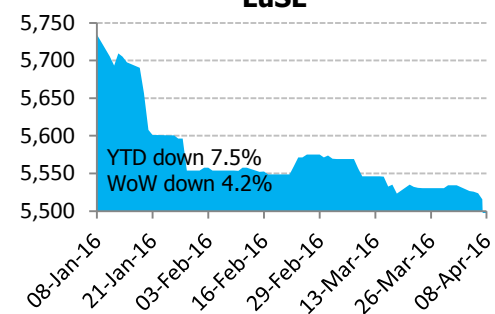


- Gvt plans to raise spending by 31% in the next fiscal year, focusing on infrastructure and industrial projects, a new draft budget proposal showed.

Zambia



LuSE

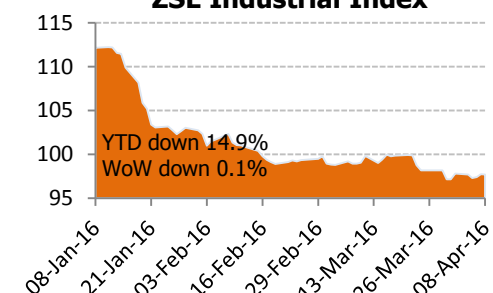


- Gvt is in talks with mining companies to try to resolve a dispute about higher electricity prices introduced at the start of the year.

Zimbabwe



ZSE Industrial Index



- Zimbabwe's banks are limiting withdrawals as an excessive demand for cash has led to shortages, the central bank chief said.

Foreign Exchange Markets

| | USD/BWP | USD/MZN | USD/RWF | USD/TZS | USD/ZMW | USD/ZAR | EUR/USD | GBP/USD |
|------------------|--------------|--------------|-------------|-------------|---------------|--------------|--------------|--------------|
| Wk Ending | | | | | | | | |
| 1-Apr-16 | 10.85 | 50.45 | 769 | 2,189 | 10.98 | 14.75 | 1.139 | 1.436 |
| Daily | | | | | | | | |
| 4-Apr-16 | 10.85 | 51.94 | 769 | 2,189 | 10.93 | 14.76 | 1.137 | 1.421 |
| 5-Apr-16 | 10.89 | 50.79 | 769 | 2,190 | 10.76 | 14.92 | 1.136 | 1.421 |
| 6-Apr-16 | 10.96 | 51.50 | 769 | 2,190 | 10.55 | 15.18 | 1.135 | 1.411 |
| 7-Apr-16 | 10.96 | *** | *** | *** | 10.29 | 15.12 | 1.136 | 1.408 |
| 8-Apr-16 | 11.00 | 52.41 | 770 | 2,190 | 9.82 | 15.08 | 1.139 | 1.412 |
| WoW %Δ | 1.43 | 3.89 | 0.13 | 0.04 | -10.55 | 2.26 | -0.08 | -1.69 |
| YTD %Δ | -2.09 | 16.60 | 2.97 | 1.43 | -10.59 | -3.17 | 4.26 | -4.89 |

Exchange Rate Developments

- SA's rand gained against the dollar on the 8th of Apr as improved global risk appetite offset investors' worries about the domestic uncertain political and economic climate.
- However, gains were not sufficient to overturn the earlier losses and the ZAR together with other Atlas Mara markets' currencies except the ZMW, depreciated against the greenback.
- The ZMW registered strong gains against the USD, trading below the USD/ZMW10 mark, as corporates were selling US\$ in order to meet tax obligations which are paid local currency.
- The ZMW is expected to continue gaining as the market is awash with USD.
- So far this year, the ZMW is the best performing currency among Atlas Mara markets currencies whilst the MZN is the worst.
- The performance of MZN has been negatively affected by low commodity prices and recent downgrade of the country's credit rating.
- All Atlas Mara Markets currencies appreciated against the ZAR except for the MZN.

| | ZAR/BWP | ZAR/MZN | ZAR/ZMW | ZAR/RWF | ZAR/TZS |
|------------------|--------------|--------------|---------------|--------------|--------------|
| Wk Ending | | | | | |
| 01-Apr-16 | 0.736 | 3.40 | 0.738 | 52.0 | 148 |
| Daily | | | | | |
| 04-Apr-16 | 0.737 | 3.55 | 0.745 | 52.3 | 147 |
| 05-Apr-16 | 0.733 | 3.38 | 0.718 | 52.0 | 149 |
| 06-Apr-16 | 0.730 | 3.37 | 0.692 | 51.0 | 145 |
| 07-Apr-16 | 0.727 | *** | 0.678 | *** | *** |
| 08-Apr-16 | 0.726 | 3.49 | 0.653 | 50.4 | 143 |
| WoW %Δ | -1.42 | 2.65 | -11.54 | -3.06 | -3.38 |
| YTD %Δ | 0.36 | 21.18 | -7.42 | 4.96 | 2.88 |

Disclaimer

The information contained herein has been prepared by BancABC on behalf of itself and its affiliated companies solely for information purposes for BancABC clients. Whilst reasonable care has been taken in the preparation of the report to ensure that the information contained herein is not untrue or misleading however, BancABC makes no representation as to its accuracy or completeness thereof and accepts no liability whatsoever for any errors or omissions contained therein, or prejudice occasioned from use of the said information.

Contact telephone numbers: 369701-16; 752383-5

NEGATIVE INTEREST RATE POLICY

DEFINITION

- A negative interest rate policy (NIRP) is an unconventional monetary policy tool whereby nominal target interest rates are set with a negative value, below the theoretical lower bound of zero percent.
- A negative interest rate means the central bank and perhaps private banks will charge negative interest: instead of receiving money on deposits, depositors must pay regularly to keep their money with the bank. This is intended to incentivize banks to lend money more freely while businesses and individuals will spend money rather than pay a fee to keep it safe.

COUNTRIES WITH NEGATIVE NOMINAL INTEREST RATES

| Country | Central Bank | Date 1 st Introduced | Latest Policy Rates (%) Mar-16 | | |
|-------------|-----------------------------|---------------------------------|--------------------------------|------------------|--------------|
| | | | Lending Rate | Main Policy Rate | Deposit Rate |
| Denmark | Danish National Bank (DNB) | Jul-12 to Apr-14; Sep-14 | 0.05 | 0 | -0.65 |
| Europe | European Central Bank (ECB) | Jun-14 | 0.25 | 0 | -0.40 |
| Switzerland | Swiss National Bank (SNB) | Dec-14 | 0.50 | 0 | -0.75 |
| Sweden | Swedish Riksbank | Feb-15 | 0.25 | -0.50 | -1.25 |
| Japan | Bank of Japan | Jan-16 | 0.10 | 0 | -0.10 |
| Hungary | Magya Nemzeti Bank (MNB) | Mar-16 | 1.45 | 1.20 | -0.05 |

NEGATIVE NOMINAL RATES FURTHER EXPLAINED

- Theoretically, targeting interest rates below zero will reduce the costs to borrow for companies and households, driving demand for loans and incentivising investment and consumer spending.
- Retail banks may choose to internalise the costs associated with negative interest rates by paying them, which will negatively impact profits, rather than passing the costs to small depositors for fear that otherwise they will move their deposits into cash.
- For smaller open economies, negative rates can also help discourage capital inflows and reduce exchange rate appreciation pressures. Negative rates aim to encourage the private sector to spend more and support price stability by further easing monetary and financial conditions.
- Banks are likely to benefit through improved credit quality, reduced nonperforming loans, and increased loan demand. They may enjoy capital gains on their bond holdings
- The use of negative policy rates may have its limits—both in terms of the extent to which central banks can set rates at negative levels and the length of time they can remain negative.
- Individuals and corporates could substantially increase the use of cash as a store of value—and even as a means of payment—if rates are expected to be substantially negative and for a long time.
- The public may feel that they are being “taxed” if and when deposit rates increasingly turn negative. As a result, public support for the negative interest rate policy could be weakened.
- There may also be excessive risk-taking. As banks’ margins are squeezed, they may start lending to riskier borrowers to maintain their profit levels. Banks may also be encouraged to rely more on cheaper but volatile wholesale funding sources.
- Overall, negative rates help deliver additional monetary stimulus.