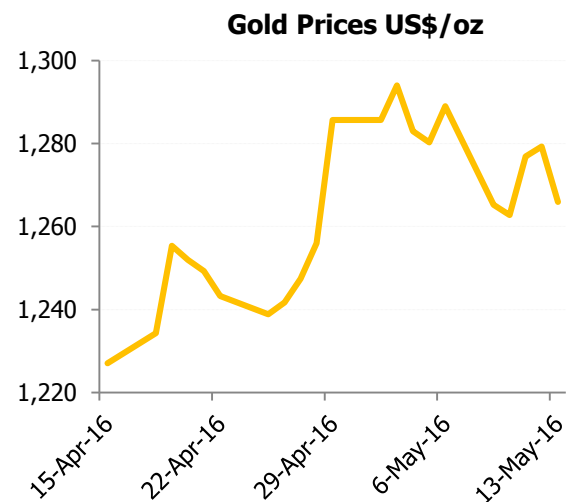


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart

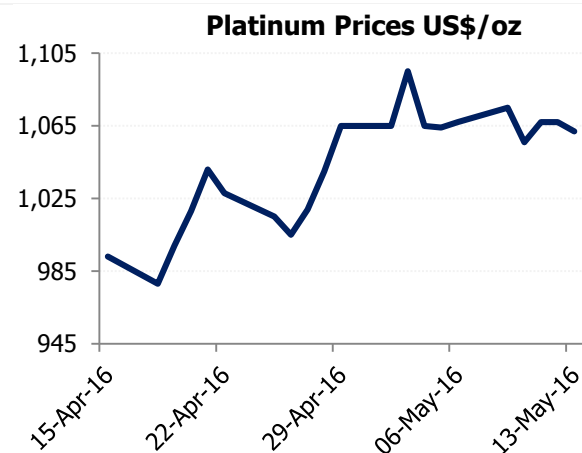


Commodity Prices

Daily	US\$/oz	WoW %Δ
6-May-16	1,289	
9-May-16	1,265	
10-May-16	1,263	
11-May-16	1,277	
12-May-16	1,279	
13-May-16	1,266	
		-1.8

Commodity Developments

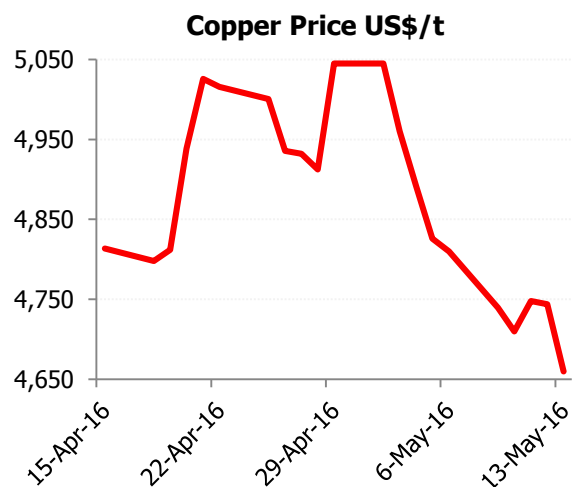
- Gold fell due to a stronger USD after a stronger-than-expected US data revived expectations that the Fed Reserve will hike US rates more than twice this year.
- In production, Zim's mining production rose in Q1:16, with gold production up to 5t from 4t in the previous year after electricity supply stabilised. While production is likely to rise in the remainder of the year, the risks to the sector still remains. Capital remains expensive and the energy sector still remains fragile despite some improvements.
- Redwing Mine owned by Metallon gold in Zim continues to increase production since the resumption of its operations in Nov-15. In Mar-16, gold production reached over 1,000oz. The miner is now focused on ramping up production to a target output of 22,000oz per annum.
- Another Zim miner Blanket Mine's gold production for Q1:16 is 8.7% up at 10,822oz compared to Q1:15 output of 9,960oz due to higher ore production following the completion of the tramming loop and improved recovery. The miner is projecting an increase in production from 42,800oz in 2015, to approximately 50,000oz in 2016.



Daily	US\$/oz	WoW %Δ
6-May-16	1,067	
9-May-16	1,075	
10-May-16	1,056	
11-May-16	1,067	
12-May-16	1,067	
13-May-16	1,062	
		-0.5

- According to Johnson Matthey, platinum will remain in a global deficit this year as carmakers and other industrial users boost demand while supplies remain stagnant.
- Prices of the metal, which is mostly used to curb harmful vehicle emissions, rebounded in Apr-16 in line with other precious metals. The gains may probably extend through 2017 as stricter environmental rules around the world increase usage from the auto industry.
- However, the current drop in platinum supply from mines in SA, the world's biggest producer, are being broadly offset by higher recycling from the auto and jewellery industries and trend may continue capping prices.

Commodity 30-Day Price Chart



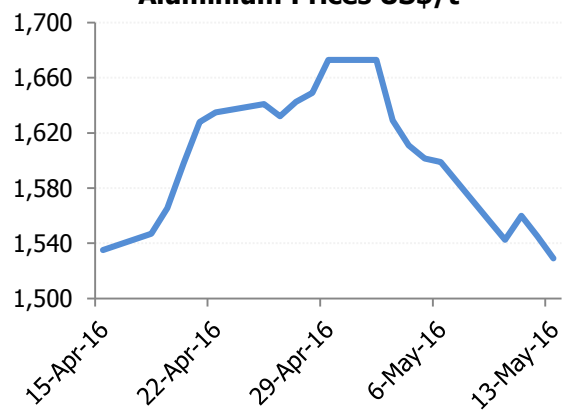
Commodity Prices

Daily	US\$/t	WoW %Δ
6-May-16	4,810	
9-May-16	4,740	
10-May-16	4,710	
11-May-16	4,748	
12-May-16	4,744	
13-May-16	4,660	
		-3.1

Commodity Developments

- Copper prices fell weighed down by a strong dollar and on worries about global demand for industrial metals after worse-than-expected data European industrial output.
- In Zambia, the Parliament has approved a new royalty regime of 4%, 5% and 6% that vary depending on the international copper price. The regime seeks to boost the Gvt profits when prices are high while supporting the flow of activities in the copper industry when the prices are lower.
- Zambia is one of the main copper producers in the world with 711,515t produced in 2015. The Sub Saharan country ranks 2nd in Africa behind the DRC which produced 905,000t in 2015.
- According to the Zambia Chamber of Mines (ZCM), since 2000 the copper industry has helped Zambia to keep GDP growth rates from 7% to 10% and the industry received more than US\$14bn in Foreign Direct Investment (FDI) in the last ten years.
- However low prices have grossly affected commodity reliant economies. Zambian Gvt is in talks with the IMF over a possible financing deal whilst DRC seeks between US\$250m and US\$500m in budgetary support from the World Bank this year.

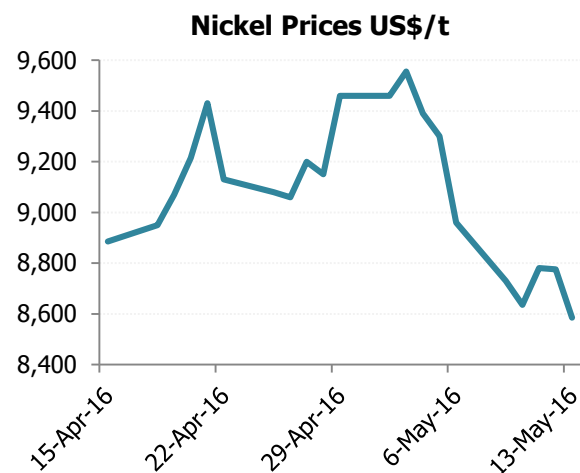
Aluminium Prices US\$/t



Daily	US\$/t	WoW %Δ
6-May-16	1,599	
9-May-16	1,557	
10-May-16	1,543	
11-May-16	1,560	
12-May-16	1,545	
13-May-16	1,529	
		-4.4

- Aluminium prices have remained weak due to oversupply.
- In Mozambique, the Gvt is concerned at the lack of a market for the bauxite mined in the central province of Manica.
- Bauxite is the world's main source of aluminium. To produce aluminium, bauxite is first refined into alumina (aluminium oxide). The alumina is then converted into aluminium in a smelter, at high temperatures and using large amounts of electricity.
- Mozambique has a large, modern aluminium smelter, MOZAL, on the outskirts of Maputo, but it skips the bauxite refinement stage, and uses alumina imported from Australia as its raw material.

Commodity 30-Day Price Chart

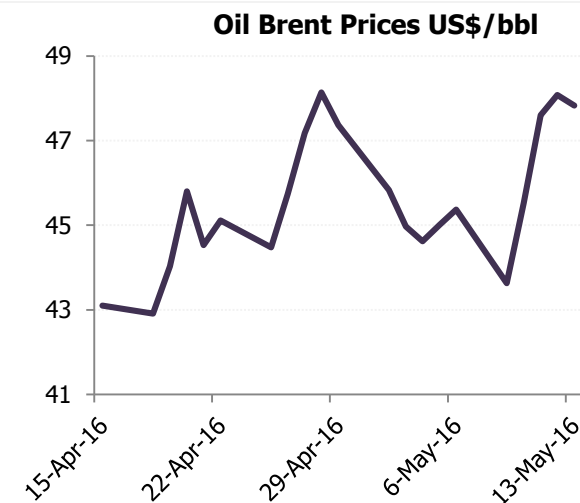


Commodity Prices

Daily	US\$/t	WoW %Δ
6-May-16	8,960	
9-May-16	8,730	
10-May-16	8,635	
11-May-16	8,780	
12-May-16	8,775	
13-May-16	8,585	
		-4.2

Commodity Developments

- Nickel prices fell in line with other base metals but the market is braced for another sell-off as expectations of an oversupplied market add to the pressure.
- In Botswana, the country's top nickel producer Bamangwato Concession Limited (BCL) has started issuing workers with retrenchment notices in an exercise that is aimed at cutting operational and salary costs to save the company from collapse.
- The retrenchment process however comes just two weeks after Gvt approved a US\$100m loan to recapitalize the company and partially offset a huge debt overhang as a result of weaker prices. The retrenchment process is expected to be concluded in Jun-16 and affect up to 2,000 workers.



Daily	US\$/bbl	WoW %Δ
6-May-16	45.37	
9-May-16	43.63	
10-May-16	45.52	
11-May-16	47.60	
12-May-16	48.08	
13-May-16	47.83	
		5.4

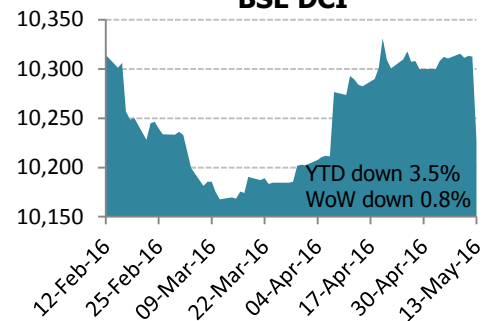
- Oil slipped on the 13th of May on a stronger dollar, but prices still ended the week higher after production in Nigeria fell to its lowest in two decades and wildfires slashed output from Canada's oil sands.
- Exxon Mobil Corp declared force majeure on exports of Nigeria's largest crude grade as a portion of production had been curtailed following damage to a pipeline by a drilling rig.
- Output from Africa's largest oil producer has fallen to 1.65 million bpd due to militant attacks from 2.2 million bpd.
- Further adding to supply disruptions, an explosion rocked a Chevron oil pipeline in Nigeria's restive Delta region on the 13th of May, the 2nd blast at a facility of the US oil major within a week.

Equities 90-Day Index Charts

Botswana



BSE DCI

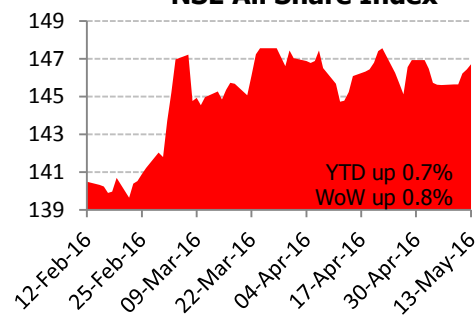


- Botswana will target an average economic growth rate of 4.4% in the next 6yrs under a medium-term socio economic framework from the current 3.8%.

Kenya



NSE All Share Index

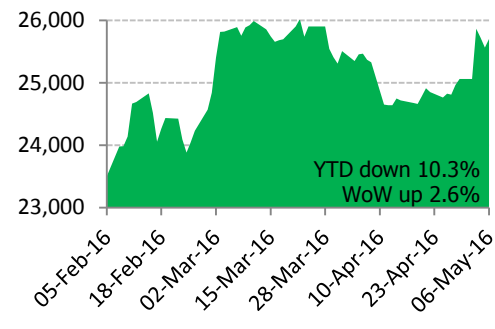


- The election commission rejected opposition calls to resign, saying it is implementing reforms to avoid repeating the failures of the 2013 vote ahead of next year's elections.

Nigeria



NGSE All Share Index

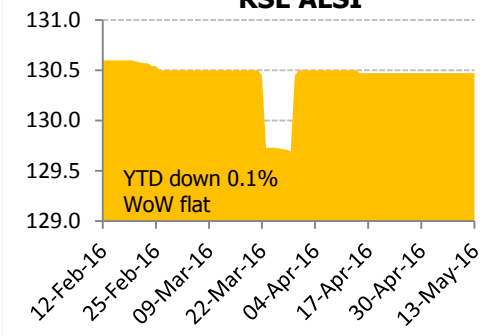


- Nigeria's central bank should impose restrictions on short-term portfolio investment flows to prevent damage caused to Africa's biggest economy if investors exit at short notice, according a member of Nigeria's MPC.

Rwanda



RSE ALSI

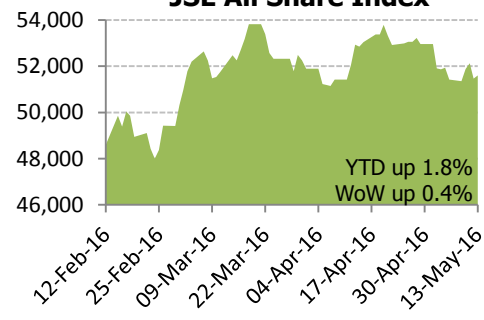


- Rwanda to inaugurate a power plant on which uses methane gas from Lake Kivu, adding 26MW to the grid. Currently, only a quarter of the population is connected to the grid.

South Africa



JSE All Share Index

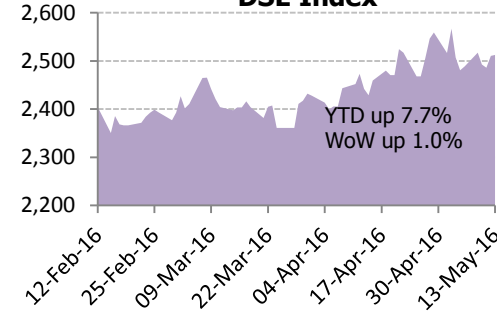


- SA's debt service costs stood at ZAR907.9m (US\$58m) at the end of Mar-16, higher than previously projected, according to Treasury Director-General Lungisa Fuzile.

Tanzania



DSE Index

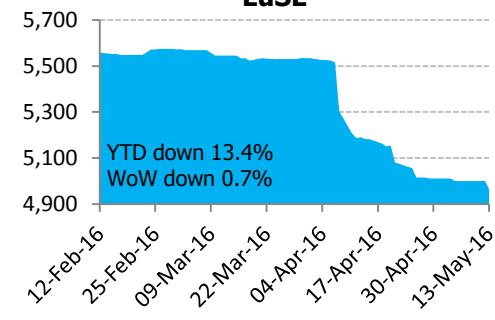


- Tanzania has removed more than 10,000 "ghost workers" from its public sector payroll after a nationwide audit reviewed that they costed Gvt over US\$2m a month.

Zambia



LuSE

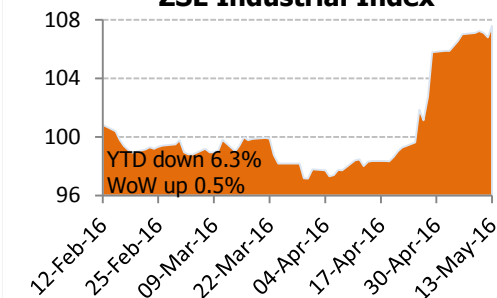


- President Edgar Lungu said on Friday that he expected inflation in Africa's 2nd-biggest copper producer, currently running at almost 22%, to slow to single digits within few months.

Zimbabwe



ZSE Industrial Index



- Zimbabwe cut its economic growth forecast to 1.4% in 2016 from an initial forecast of 2.7%, the ministry of finance said, following a devastating drought and weak commodity prices.

Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/RWF	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending								
6-May-16	10.91	53.60	775	2,191	9.77	15.01	1.142	1.449
Daily								
9-May-16	10.83	54.35	775	2,192	9.83	14.95	1.139	1.441
10-May-16	10.99	54.35	776	2,193	9.89	15.24	1.139	1.443
11-May-16	10.98	54.05	765	2,192	9.93	15.26	1.139	1.442
12-May-16	10.95	54.23	776	2,192	9.96	14.95	1.141	1.444
13-May-16	10.96	54.30	776	2,192	9.99	15.12	1.135	1.441
WoW %Δ	0.55	1.31	0.14	0.06	2.24	0.70	-0.62	-0.55
YTD %Δ	-2.41	20.80	3.82	1.53	-9.00	-2.95	3.93	-2.87

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/RWF	ZAR/TZS
Wk Ending					
06-May-16	0.728	3.56	0.650	51.8	146
Daily					
09-May-16	0.733	3.58	0.635	52.1	145
10-May-16	0.724	3.58	0.651	51.1	144
11-May-16	0.725	3.58	0.657	49.7	143
12-May-16	0.726	3.62	0.665	51.6	144
13-May-16	0.726	3.58	0.660	51.5	146
WoW %Δ	-0.20	0.56	1.45	-0.46	0.00
YTD %Δ	0.41	24.31	-6.44	7.22	5.04

Exchange Rate Developments

- SA's rand depreciated, reflecting the greenback's broad-based gains after strong US data and weighed down by a pessimistic outlook for the economy.
- The ZAR tends to fare worse than its emerging market peers during episodes of global risk aversion, rendered vulnerable by SA's heavy reliance on portfolio inflows to plug a current account deficit of more than 5% of GDP.
- In Botswana the continued strength of the BWP against the ZAR is putting economic growth at risk by making its exports uncompetitive.
- In Zambia, the ZMW is likely to marginally continue depreciating due to sustained pressure from Gvt spending towards the upcoming elections.
- The TZS was fairly stable and is expected to hold firm against the USD in the coming weeks, supported by Apr-16 dollar inflows from companies seeking to meet tax obligations and to pay salaries.
- Rwanda's construction boom is fuelling the demand for dollar-priced imports, imposing downward pressures on the RWF.
- In Mozambique, the MZN is expected to continue weakening as inflation, already at 13%, is on the rise. Foreign currency reserves decreased to US\$1.8bn in Apr-16 reflecting pressures on the exchange rate and inflation.
- In Zimbabwe, the move by the central bank to issue Bond Notes and the possible injection of new financing from multilateral lenders is likely to increase money supply and a possible return to positive inflation before year end.

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Contact telephone numbers: 369701-16; 752383-5

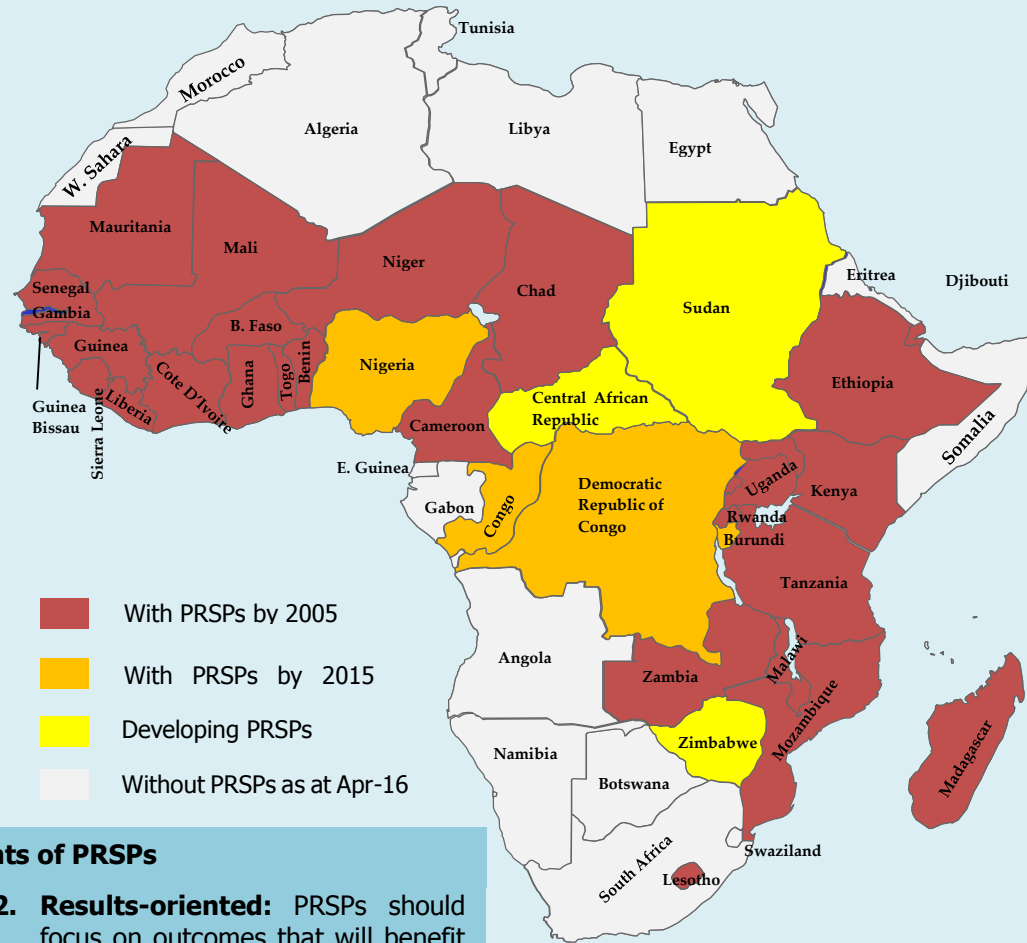
POVERTY REDUCTION STRATEGY PAPERS (PRSPs)

Poverty Reduction Strategy Papers (PRSPs) 1st emerged in 1999/2000. PRSPs are economic programs required by IMF and World Bank before a country can be considered for debt relief within the Heavily Indebted Poor Countries (HIPC) initiative. PRSPs have potential to unlock donor funding and try to link economic development to poverty reduction.

The PRS process encourages countries to develop a more poverty-focused government and to own their own strategies through developing the plan in close consultation with the population. A comprehensive poverty analysis and wide-ranging participation are vital parts of the PRSP formulation process.

Since 1999 recipients of debt relief under the enhanced HIPC initiative, concessional International Development Association (IDA) lending facility and the IMF's Poverty Reduction Growth Facility (PRGF), have all been required to produce a PRSP.

PRSPs sets the fight against poverty at the heart of development policies and emphasise the importance of dialogue on development strategies.



By 2005, 25 African countries have implemented full PRSPs name and by 2015 63% of the continent had full PRSPs

Arguments for PRSPs

- Link economic growth to poverty reduction.
- Unlock funding from donor community multilateral lenders
- Replaced structural adjustment programmes which were deemed unsuccessful.

Arguments against PRSPs

- **Aid conditionality:** - May be viewed unfavourable & interfering with country's sovereignty.
- **Donor influence:** - Over reliance on donor funding does not eradicate poverty. Instead it creates a donor syndrome at the expense of economic development.
- **Countries that completed PRSPs have not eradicated poverty**

Core Elements of PRSPs

1. **Country-driven and country-owned:** PRSPs involve broad-based participation by civil society and the private sector at all stages, including formulation, implementation, and outcome-based monitoring.
2. **Results-oriented:** PRSPs should focus on outcomes that will benefit the poor.
3. **Comprehensive:** PRSPs should recognize the multidimensional nature of poverty and the scope of actions needed to effectively reduce poverty.
4. **Partnership-oriented:** PRSPs should involve the coordinated participation of development partners, including bilateral and multilateral agencies and NGOs.
5. **Based on medium- and long-term perspectives:** PRSPs should recognize that sustained poverty reduction will require action over the medium and long terms as well as in the short run.