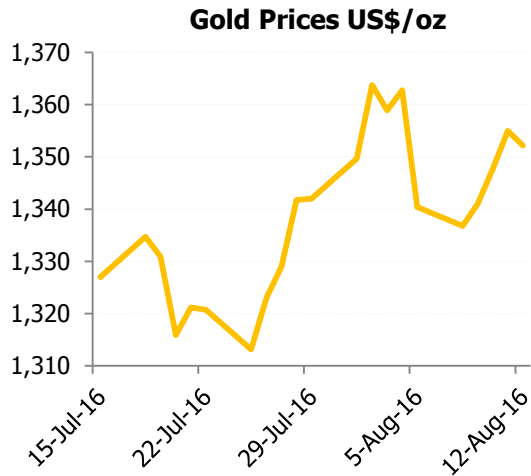


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart



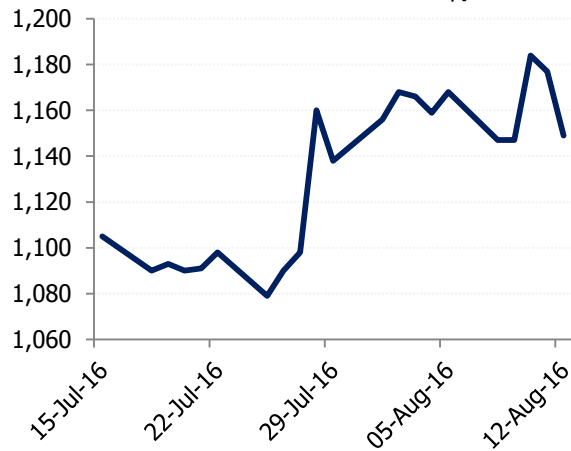
### Commodity Prices

Daily	US\$/oz	WoW %Δ
5-Aug-16	1,340	
8-Aug-16	1,337	
9-Aug-16	1,341	
10-Aug-16	1,348	
11-Aug-16	1,355	
12-Aug-16	1,352	
		<b>0.9</b>

### Commodity Developments

- Gold strengthened after US Gvt data showed US retail sales stalled in Jul-16, prompting traders to reduce bets that the Fed Reserve will raise rates by the end of the year.
- Another report also showed that US wholesale prices unexpectedly fell in Jul-16 by the most in almost a year an indication that the US economy is all but not that ready for a rate hike.
- In Zimbabwe, weekly gold exports have increased by 33% to US\$16m over the past four months largely driven by the 5% export incentive introduced by the Reserve Bank of Zimbabwe in May-16.
- The RBZ is now targeting a minimum of US\$20m per week in gold exports as volumes have begun rising.

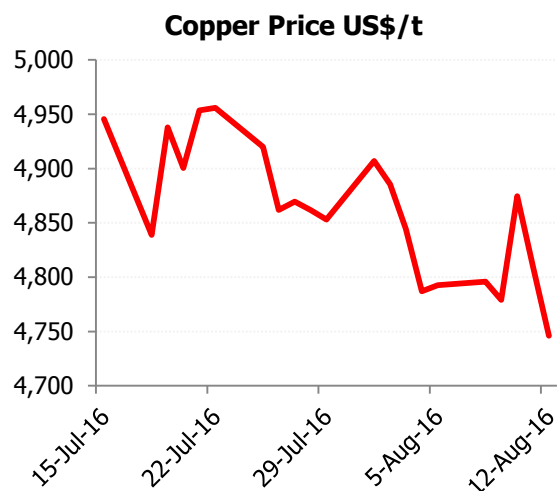
### Platinum Prices US\$/oz



Daily	US\$/oz	WoW %Δ
5-Aug-16	1,168	
8-Aug-16	1,147	
9-Aug-16	1,147	
10-Aug-16	1,184	
11-Aug-16	1,177	
12-Aug-16	1,149	
		<b>-1.6</b>

- Palladium and platinum rose sharply on the 10<sup>th</sup> of Aug as bets on lower prices were reversed. However, prices dropped as the market expects lower prices amid ample supply.
- In SA, the world's number 1 producer of the metal, the mines minister is urging platinum mining firms and trade unions to conclude wage talks quickly to avoid the protracted disputes that led to a 5-month strike two years ago.
- Talks between unions and the mining companies have started and trade unions are demanding pay hikes of more than 20% which is well above inflation at 6.1%.
- SA has the biggest and most lucrative platinum reserves but labour unrests and regulatory uncertainty have dampened investor appeal.

### Commodity 30-Day Price Chart



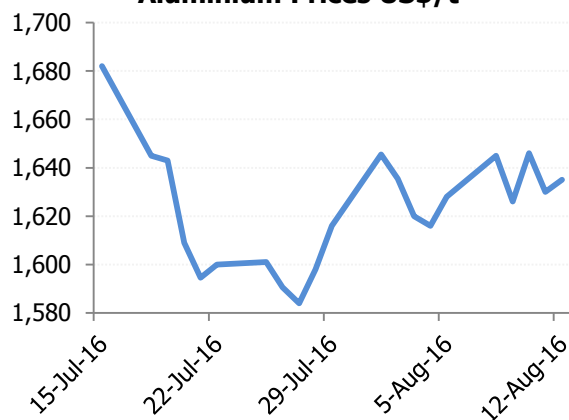
### Commodity Prices

Daily	US\$/t	WoW %Δ
5-Aug-16	4,793	
8-Aug-16	4,796	
9-Aug-16	4,779	
10-Aug-16	4,875	
11-Aug-16	4,810	
12-Aug-16	4,746	
		<b>-1.0</b>

### Commodity Developments

- Copper fell to its weakest in a month on the 12<sup>th</sup> of Aug-16 and other industrial metals also touched new lows after Chinese fixed-asset investment and loans data missed forecasts, raising doubts about demand in the world biggest metals consumer.
- However, a softer dollar following weak US retail sales data helped to pull many metals off their lows and pushed some into positive territory by the close.
- China's economic activity slowed in Jul-16, with investment growing at its slowest pace in more than 16 years. This has an adverse impact to base metals.
- Zambia's copper production rose by 8% to 368,371t in the 1<sup>st</sup> 6 months of this year from 340,510t in the same period last year. Full-year copper production in Africa's 2<sup>nd</sup>-biggest copper producer was expected to rise by 5.4% to 750,000t this year from the 711,515t produced last year.

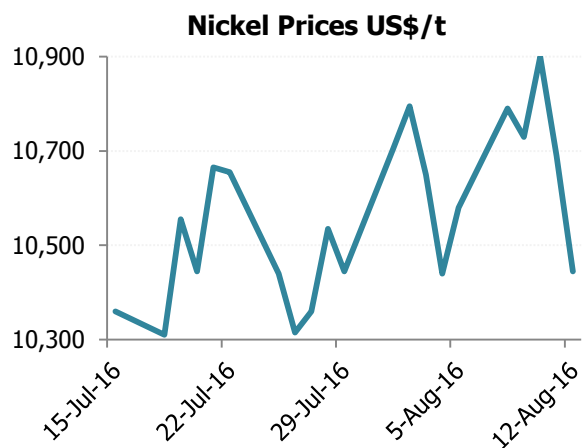
### Aluminium Prices US\$/t



Daily	US\$/t	WoW %Δ
5-Aug-16	1,628	
8-Aug-16	1,645	
9-Aug-16	1,626	
10-Aug-16	1,646	
11-Aug-16	1,630	
12-Aug-16	1,635	
		<b>0.4</b>

- Aluminium just like copper was affected by weak data from China but weak USD helped it to register positive gains.
- Generally, all base metals prices are depressed due to slowing demand from China and ample supplies.

### Commodity 30-Day Price Chart



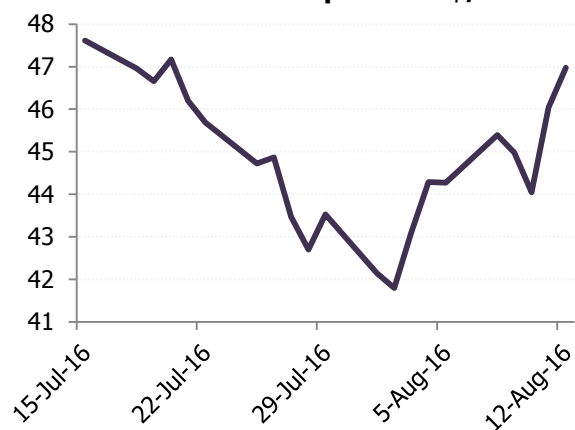
### Commodity Prices

Daily	US\$/t	WoW %Δ
5-Aug-16	10,580	
8-Aug-16	10,790	
9-Aug-16	10,730	
10-Aug-16	10,900	
11-Aug-16	10,690	
12-Aug-16	10,445	
		<b>-1.3</b>

### Commodity Developments

- Nickel slid to its weakest since 27 July-16 and registered its biggest one-day drop in more than a month after the weak Chinese data.
- Nickel had earlier during the week shot up, hitting its strongest in a year on the 10<sup>th</sup> of Aug-16, after the Philippines launched an environmental crackdown on mines.
- Next week, the Philippines is expected to announce the results of an audit under way for the past month, having suspended 10 mines so far for environmental violations, eight of them are nickel ore producers.

### Oil Brent prices US\$/bbl



Daily	US\$/bbl	WoW %Δ
5-Aug-16	44.27	
8-Aug-16	45.39	
9-Aug-16	44.98	
10-Aug-16	44.05	
11-Aug-16	46.04	
12-Aug-16	46.97	
		<b>6.1</b>

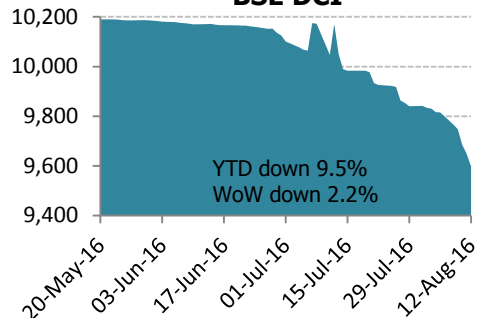
- Oil rose, clinching its biggest weekly gains since Apr-16, after a short covering rally was triggered by comments from Saudi Arabia's oil minister about possible action to help stabilize the market.
- Saudi Energy Minister Khalid al-Falih said OPEC members and non-members would discuss the market situation, including any action that may be required to stabilize prices, during an informal meeting on 26-28 Sep-16 in Algeria.
- Many traders remain skeptical of the outcome of the meeting, expecting a repeat of the Doha meeting in Apr-16 when talks fell through after Saudi Arabia backed out, citing Iran's refusal to join in a so-called production freeze.
- The IEA, which advises large developed economies on energy policy, forecast a healthy draw in global oil stocks in the next few months that would help ease a glut that has persisted since 2014 on the back of rising OPEC and non-OPEC supply.

## Equities 90-Day Index Charts

### Botswana



#### BSE DCI

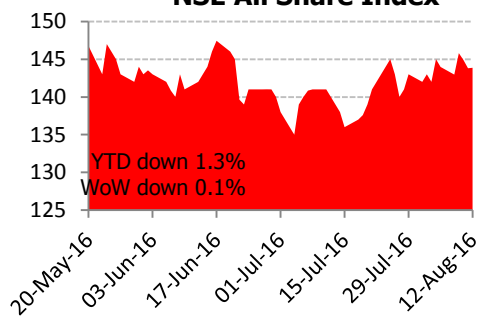


- Botswana's consumer inflation was flat at 2.7% YoY in Jul-16, unchanged from Jun-16.

### Kenya



#### NSE All Share Index

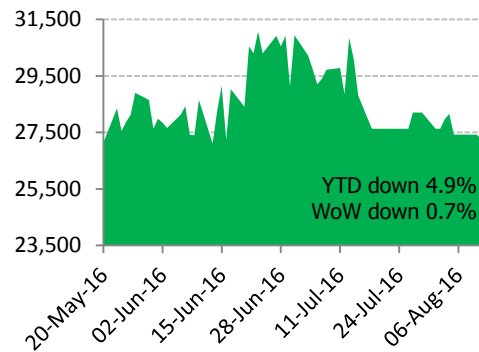


- Motorists will pay more for fuel for the next 4 weeks after the energy regulator raised prices, citing the rising costs of petroleum imports.

### Nigeria



#### NGSE All Share Index

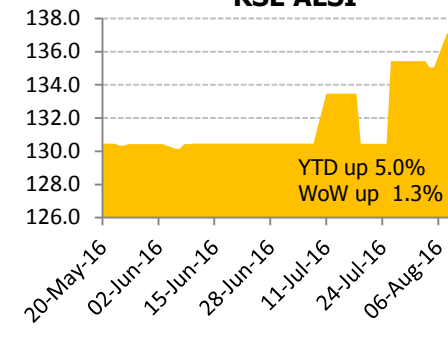


- President Buhari expressed need to combine monetary policies with fiscal and structural policies in order to overcome the current economic crisis.

### Rwanda



#### RSE ALSI

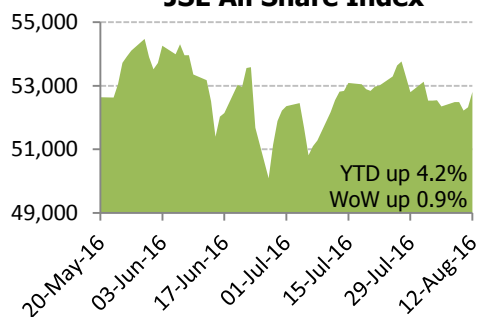


- Economy grew by 7.3% in the first quarter of this year, slowing slightly from 7.6% growth in the same period last year.

### South Africa



#### JSE All Share Index

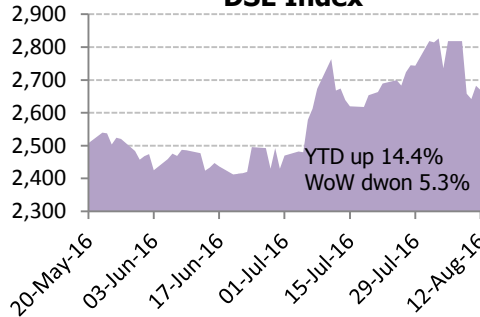


- Retail sales slowed more than expected in Jun-16 as consumer spending remained under pressure despite a recent pause in policy tightening by the central bank

### Tanzania



#### DSE Index

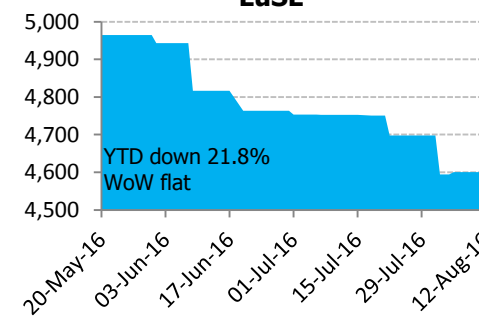


- Current account deficit shrank by 55% in the year to May-16, as the country benefits from a jump in tourist arrivals, rising gold prices and low oil prices.

### Zambia



#### LuSE

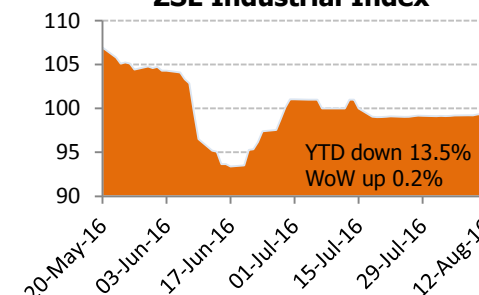


- Zambian President Edgar Lungu said his inauguration would be delayed until a court rules on a challenge from his main election rival.

### Zimbabwe



#### ZSE Industrial Index



- Zim will only issue mining rights to companies listed on the local stock exchange and will not allow the export of raw minerals without ministerial approval.

## Foreign Exchange Markets

	USD to:							EUR/USD	GBP/USD
	BWP	NGN	MZN	RWF	TZS	ZMW	ZAR		
<b>Wk Ending</b>									
5-Aug-16	10.49	311	69.6	796	2,190	10.07	13.69	1.114	1.315
<b>Daily</b>									
8-Aug-16	10.50	311	68.5	796	2,190	9.99	13.65	1.109	1.305
9-Aug-16	10.48	310	69.6	797	2,188	9.96	***	1.115	1.307
10-Aug-16	10.38	320	70.0	797	2,189	10.20	13.38	1.115	1.304
11-Aug-16	10.35	310	71.0	798	2,189	10.42	13.35	1.114	1.295
12-Aug-16	10.41	310	71.7	798	2,188	10.50	13.39	1.116	1.296
<b>WoW %Δ</b>	<b>-0.8</b>	<b>-0.3</b>	<b>3.1</b>	<b>0.3</b>	<b>-0.1</b>	<b>4.3</b>	<b>-2.2</b>	<b>0.2</b>	<b>-1.5</b>
<b>YTD %Δ</b>	<b>-7.4</b>	<b>57.5</b>	<b>59.4</b>	<b>6.8</b>	<b>1.3</b>	<b>-4.4</b>	<b>-14.1</b>	<b>2.2</b>	<b>-12.7</b>

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/RWF	ZAR/TZS
<b>Wk Ending</b>					
5-Aug-16	0.766	5.06	0.717	57.2	159
<b>Daily</b>					
8-Aug-16	0.767	5.10	0.730	58.0	159
9-Aug-16	0.770	5.15	0.730	58.6	161
10-Aug-16	0.774	5.28	0.752	59.5	161
11-Aug-16	0.777	5.35	0.787	60.2	163
12-Aug-16	0.774	5.37	0.786	59.5	163
<b>WoW %Δ</b>	<b>1.1</b>	<b>6.1</b>	<b>9.6</b>	<b>4.0</b>	<b>2.5</b>
<b>YTD %Δ</b>	<b>7.1</b>	<b>86.5</b>	<b>11.5</b>	<b>23.9</b>	<b>16.6</b>

## Exchange Rate Developments

- The ZAR continued its rally against the USD and hit a 10-month high, as investors bought into higher yielding assets on expectations that interest rates in G7 economies would stay low.
- The rand's recent rally reduces some risk to the inflation outlook and could restore SA to be the largest economy in Africa
- Although the Nigerian Naira strengthened slightly against the USD, it is expected to remain under pressure. Nigeria's central bank is expected to continue almost daily sales of foreign exchange to ease pressure on the naira as foreign investors stay on the side-lines.
- Tanzania's shilling is likely to remain strong and stable, supported by foreign exchange inflows from tourism and agriculture exports.
- In Rwanda, Gvt commitment to cut imports by \$330 million next year will provide support to the franc which has been under pressure from a huge trade imbalance.
- The MZN continued depreciating as a result weaker foreign currency inflows as investors and donors remain on the side-lines. The MZN is one of the worst performing currencies so far this year.
- Patriotic Front (PF) victory, which brings policy continuity in Zambia, is expected to give support to the ZMW which depreciated slightly during and after elections.
- All Atlas Mara trading markets' currencies depreciated against the rising ZAR.

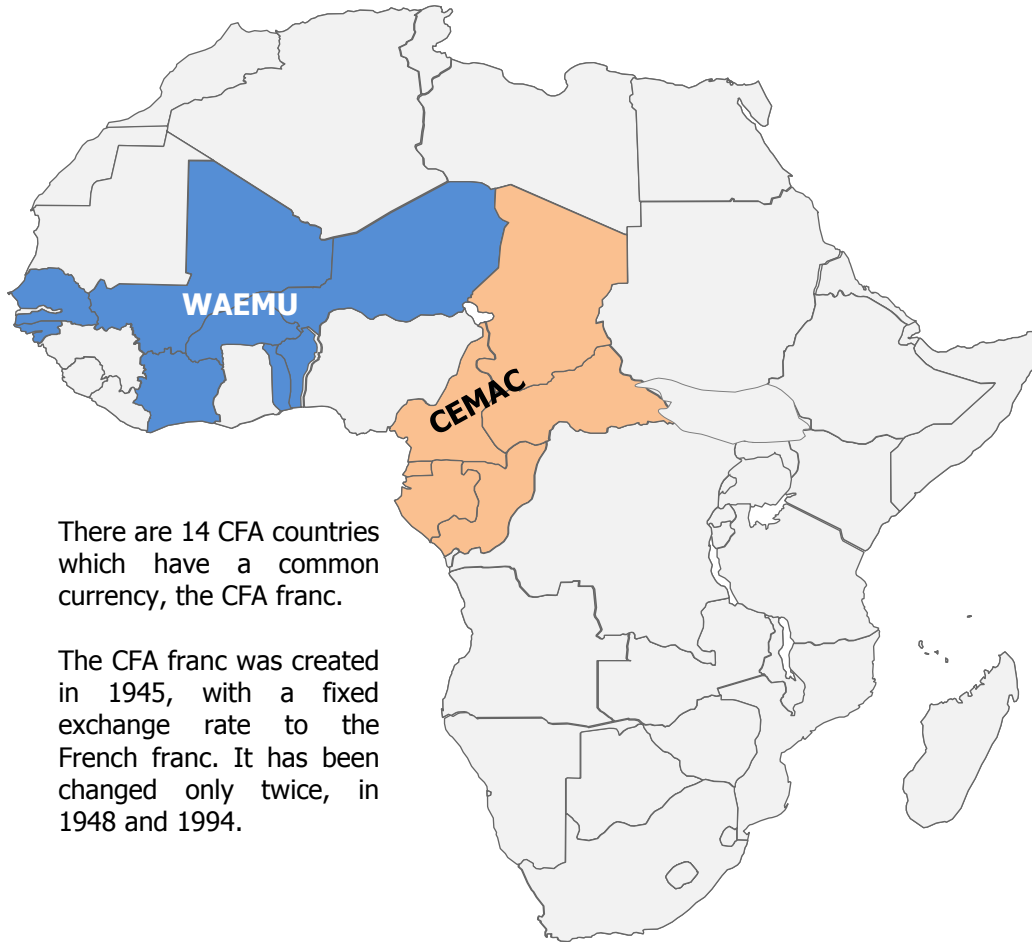
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## REGIONAL ECONOMIC INTEGRATION: MONETARY UNION

### Monetary Integration in Africa



There are 14 CFA countries which have a common currency, the CFA franc.

The CFA franc was created in 1945, with a fixed exchange rate to the French franc. It has been changed only twice, in 1948 and 1994.

### Monetary Integration Requires:

- Member countries to have similar economic structures, labour mobility and a diversified export sector.
- The transferral of sovereignty of national monetary policies to the Regional Economic Community (REC).

### Monetary Integration in Africa

- There is the Communauté Financière Africaine (CFA) which comprises of the West African Economic and Monetary Union (WAEMU) and the Central African Economic and Monetary Community (CEMAC).

REC	WAEMU	CEMAC
<b>Central Bank</b>	Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO)	Banque des Etats de l'Afrique Centrale (BEAC)
<b>Members</b>	Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo	Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon

- The two CFA Zones are shown on the map and their central banks are required to deposit 50% of their foreign exchange reserves at the Banque de France, in exchange for the guarantee of free convertibility at a fixed rate between CFA and Euro.
- Within the European Monetary Union, the French Treasury guarantees the free convertibility at a fixed rate between CFA and Euro.
- The CFA has brought about exchange rate stability, but the fact that it has been locked into the Euro poses competitiveness problems when the Euro appreciates.
- The CFA zone has delivered the lowest rates of inflation in Africa, outperforming any African REC.