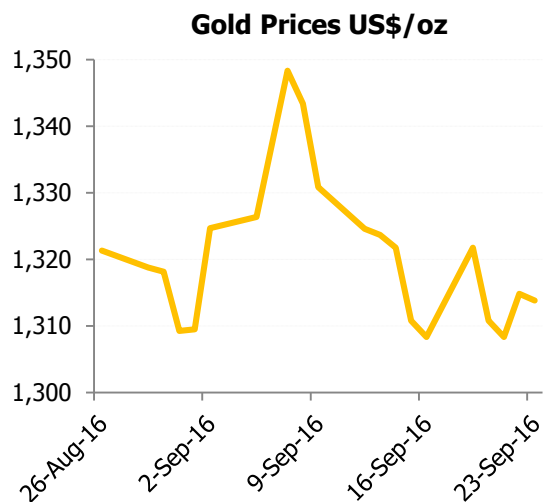


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart



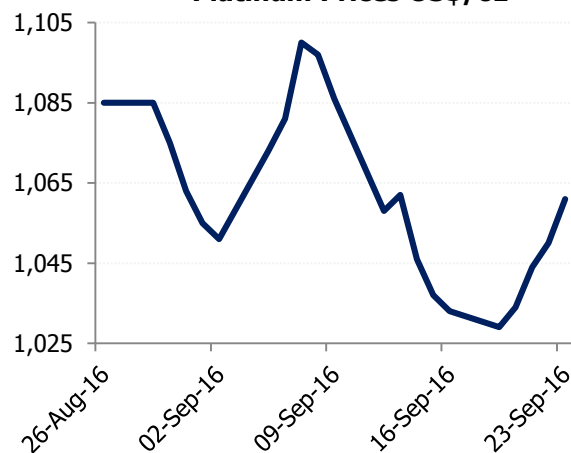
Commodity Prices

Daily	US\$/oz	WoW %Δ
16-Sep-16	1,308	
19-Sep-16	1,322	
20-Sep-16	1,311	
21-Sep-16	1,308	
22-Sep-16	1,315	
23-Sep-16	1,314	
		0.4

Commodity Developments

- Gold steadied in a lacklustre trade as the USD also flattened on the 23rd of Sep-16 after the Federal Reserve sounded cautious on the pace of interest rate hike.
- Gold is highly sensitive to rising US interest rates, as this increases the opportunity cost of holding non-yielding bullion, while boosting the dollar, in which it is priced.
- Acacia Mining, Tanzania's biggest gold producer which operates 3 major mines, Bulyanhulu, Buzwagi and North Mara announced a successful restart of its operations at Bulyanhulu gold mine following a plant shutdown.
- Guidance for Bulyanhulu remains unchanged and Acacia continues to expect Q3:16 production to be broadly in line with Q1:16, with unchanged full year production guidance of at least 780,000oz of gold.

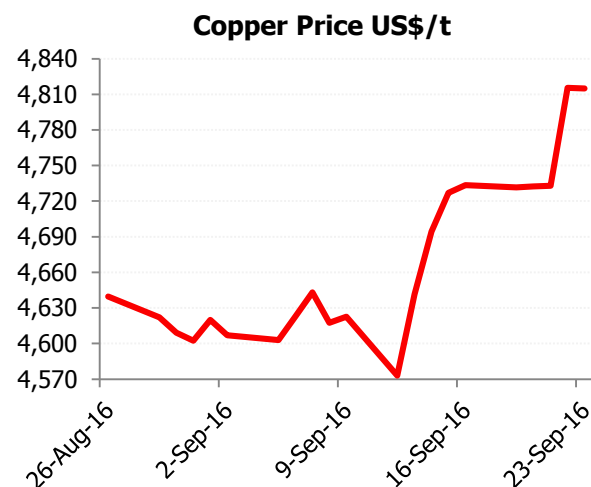
Platinum Prices US\$/oz



Daily	US\$/oz	WoW %Δ
16-Sep-16	1,033	
19-Sep-16	1,029	
20-Sep-16	1,034	
21-Sep-16	1,044	
22-Sep-16	1,050	
23-Sep-16	1,061	
		2.7

- In the platinum market, a deficit in supply is likely to deepen owing to limited investment in the sector due to lower prices.
- In SA, the World's number 1 producer of platinum, miners had to cut costs and reduce capital expenditure for survival, hoping that normality will return in the market.
- Generally, miners in this sector are struggling with cost pressures, depressed prices and low or negative profit margins.

Commodity 30-Day Price Chart

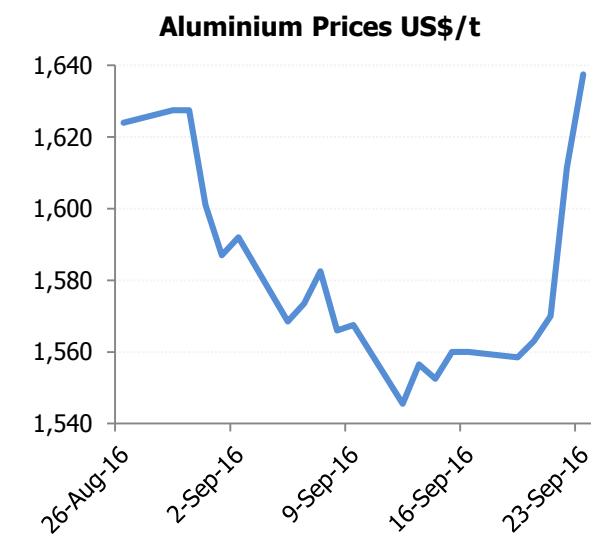


Commodity Prices

Daily	US\$/t	WoW %Δ
16-Sep-16	4,734	
19-Sep-16	4,732	
20-Sep-16	4,733	
21-Sep-16	4,733	
22-Sep-16	4,816	
23-Sep-16	4,815	
		1.7

Commodity Developments

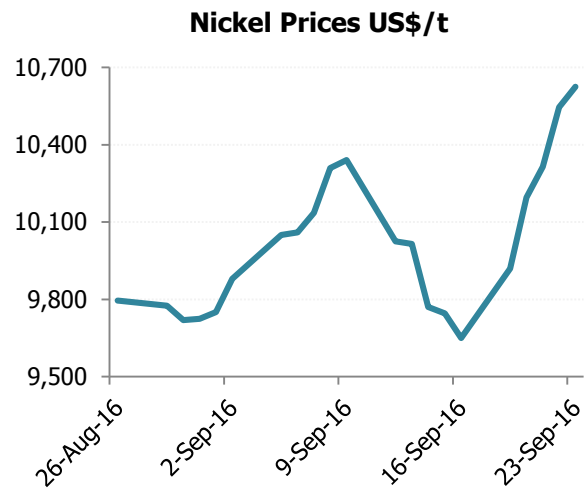
- Copper rallied after the US central bank left benchmark interest rates unchanged, though gains were limited by worries about slow demand growth.
- The Fed left rates on hold and projected a less aggressive path for rises over the coming years.
- However, all base metals markets may fail to sustain the price rallies as the Organisation for Economic Cooperation and Development warned a possible flounder in global economic growth this year and next year because of slowing trade growth.
- Also expected to weigh on metals is weak demand growth in China, which consumes nearly half of all industrial metals produced.



Daily	US\$/t	WoW %Δ
16-Sep-16	1,560	
19-Sep-16	1,559	
20-Sep-16	1,563	
21-Sep-16	1,570	
22-Sep-16	1,612	
23-Sep-16	1,638	
		5.0

- Russian aluminium giant Rusal expects aluminium prices to stabilise within a U\$1,600-1,700/t range next year if China does not increase production, global stocks keep falling and demand grows.
- Aluminium, used in transport and packaging, has been under pressure for some time due to oversupply.
- Overtaken last year by China's Hongqiao as the world's top aluminium producer, Rusal has been a proponent of shutting down loss-making aluminium plants and the company has reduced its own capacity.

Commodity 30-Day Price Chart



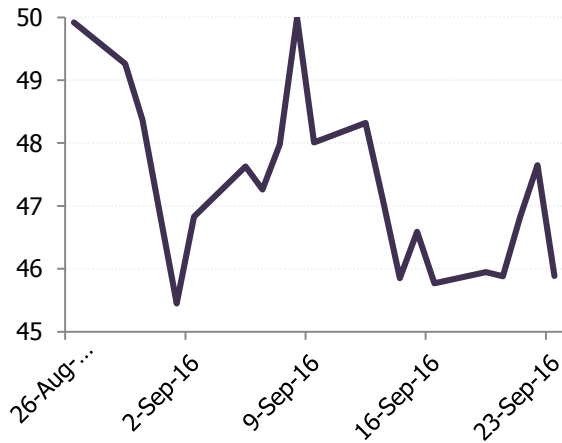
Commodity Prices

Daily	US\$/t	WoW %Δ
16-Sep-16	9,650	
19-Sep-16	9,920	
20-Sep-16	10,195	
21-Sep-16	10,315	
22-Sep-16	10,545	
23-Sep-16	10,625	
		10.1

Commodity Developments

- Nickel hit a 6-week high on the 23rd of Sep-16 as markets prepared for more possible mine suspensions in the Philippines, as part of a crackdown on environmental lapses in the World's number 1 nickel ore supplier.
- A dozen more Philippine mines, mostly nickel projects, are in danger of being suspended when the Gvt announces the results of its audit.
- The Philippines has already halted the operations of 10 mines, 8 of them nickel producers, since it launched an audit in Jul-16.
- Elsewhere, economic data showed that China's nickel ore imports in Aug-16 climbed to a 13-month high of 4.3m tonnes, as traders stock up in anticipation of a supply crunch.
- In Indonesia, the Gvt considering a policy revision that could allow nickel ore and bauxite shipments to resume, igniting fears that prices could tumble.

Oil Brent prices US\$/bbl



Daily	US\$/bbl	WoW %Δ
16-Sep-16	45.77	
19-Sep-16	45.95	
20-Sep-16	45.88	
21-Sep-16	46.83	
22-Sep-16	47.65	
23-Sep-16	45.89	
		0.3

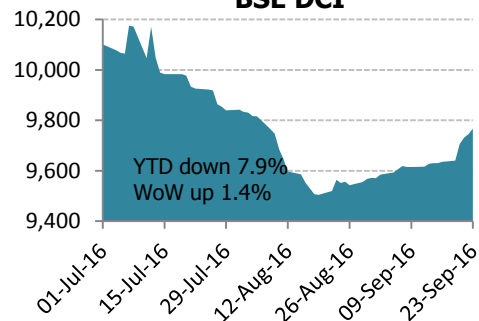
- Oil prices tumbled on the 23rd of Sep-16 on signs that Saudi Arabia and Iran continue to disagree over output limits ahead of a meeting aimed at freezing production.
- Concern about global oversupply has depressed oil prices since mid-2014.
- In Nigeria, the Gvt has intensified its revenue collections efforts and is after 700,000 firms that have never paid taxes as the country seeks new revenue sources to offset low oil prices.
- Low oil prices pushed Nigeria into its first economic recession in more than 20yrs and the Gvt is struggling to fund a record NGN6.06 trillion (US\$18.6bn) 2016 budget that aims to stimulate growth by tripling capital expenditure.

Equities 90-Day Index Charts

Botswana



BSE DCI

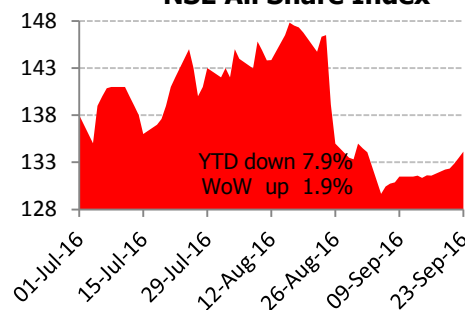


- Governor of the Bank of Botswana Linah Kelebogile Mohohlo will retire from office on 20 Oct-16 after 17yrs in the post.

Kenya



NSE All Share Index

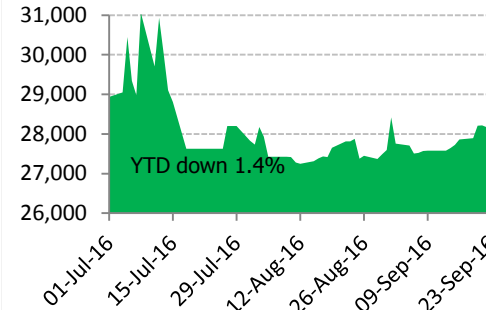


- Banks may slow down on lending as the Gvt capped commercial banks' lending rates.

Nigeria



NGSE All Share Index

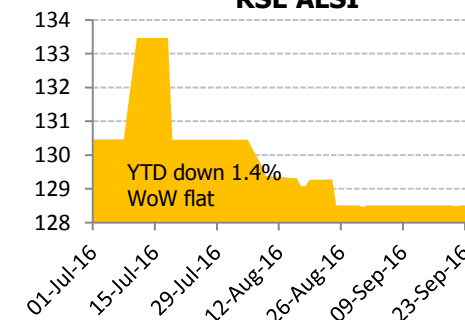


- AfDB is set to lend Nigeria US\$4.1bn over 2016 and 2017, and US\$10bn by 2019 to plug its deficit and infrastructure.

Rwanda



RSE ALSI

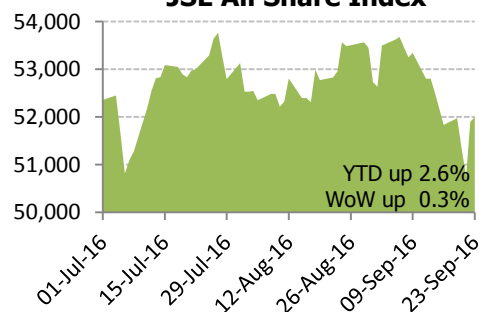


- Central bank maintained its key repo rate at 6.5% as growth is still on track to hit the target of 6% this year.

South Africa



JSE All Share Index

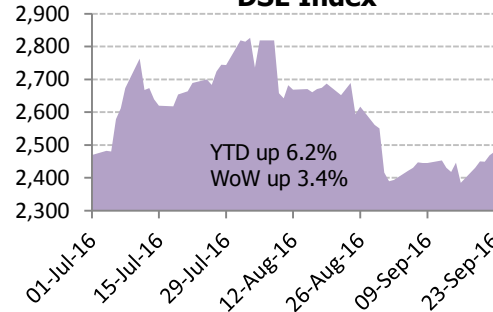


- Telecoms giant MTN denied an allegation that it had illegally repatriated US\$13.92bn from Nigeria.

Tanzania



DSE Index

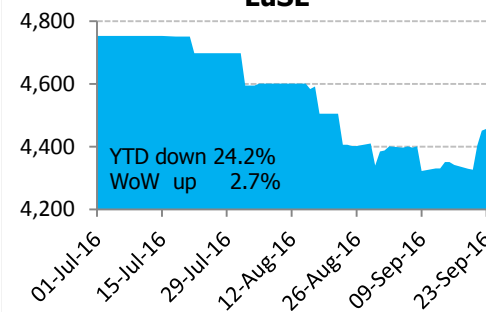


- Gvt has regained full ownership of the country's oldest telecoms operator after buying out a 35% stake from India's Bharti Airtel.

Zambia



LuSE

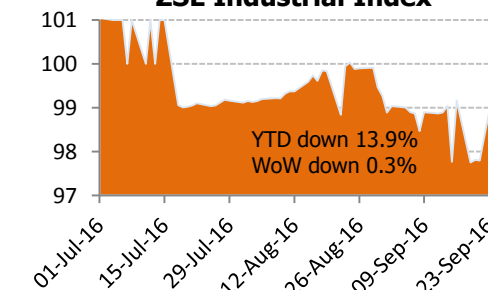


- Zambia must be prepared to endure economic pain before any gains are felt from an IMF aid programme, according to Finance Minister Felix Mutati.

Zimbabwe



ZSE Industrial Index



- According to the central bank governor, Gvt will introduce local bank notes, known as "bond notes", at the end of Oct-16.

Foreign Exchange Markets

	BWP	NGN	MZN	USD to:				EUR/USD	GBP/USD
				RWF	TZS	ZMW	ZAR		
Wk Ending									
16-Sep-16	10.6	305	77.4	809	2,183	10.1	14.1	1.123	1.321
Daily									
19-Sep-16	10.6	305	77.3	809	2,184	10.1	14.1	1.116	1.307
20-Sep-16	10.6	305	76.7	809	2,184	10.0	13.9	1.119	1.301
21-Sep-16	10.6	305	77.0	809	2,184	10.0	13.8	1.115	1.297
22-Sep-16	10.4	305	76.8	809	2,183	10.0	13.4	1.124	1.308
23-Sep-16	10.4	305	77.2	809	2,183	10.0	13.6	1.120	1.301
WoW %Δ	-2.0	-0.2	-0.2	0.1	0.0	-0.9	-3.8	-0.3	-1.5
YTD %Δ	-7.1	55.0	71.7	8.3	1.1	-8.6	-12.7	2.6	-12.3

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/RWF	ZAR/TZS
Wk Ending					
16-Sep-16	0.751	5.44	0.701	56.8	153
Daily					
19-Sep-16	0.754	5.42	0.713	57.0	153
20-Sep-16	0.758	5.54	0.723	57.7	155
21-Sep-16	0.761	5.60	0.719	58.2	157
22-Sep-16	0.770	5.71	0.723	59.6	158
23-Sep-16	0.768	5.68	0.744	59.3	161
WoW %Δ	2.2	4.4	6.0	4.5	5.2
YTD %Δ	6.2	97.2	5.5	23.4	15.1

Exchange Rate Developments

- The USD appreciated against the EUR and GBP supported by further Brexit uncertainty after comments from UK Prime Minister Theresa May contrasted a statement by Foreign Minister Boris Johnson on when the country would begin its exit from the European Union.
- Emerging markets currencies appreciated against the USD supported by a reduction of long-term interest rate expectations announced by the Federal Reserve at the conclusion of its policy meeting.
- The ZAR benefitted much, boosted by renewed appetite for high-yield assets globally and investor unease over still-low interest rates in the US.
- The Nigerian naira was fairly stable in the official market supported by central bank efforts, but hit record low in the parallel market.
- The NGN is likely to depreciate further due to concerns about lack of dollars in the market. The foreign exchange reserves of Africa's top crude producer were down to US\$24.83bn, its lowest level in more than 3yrs. There is also no significant policy response to the fall in the reserves, further fuelling the concerns of the NGN.
- The Zambian kwacha is likely to firm in the coming days due to anticipated conversions of hard currency by firms preparing to pay month-end costs and taxes.
- The Tanzanian shilling is expected to strengthen marginally against the USD, helped by subdued demand for greenbacks from importers and increased inflows from the tourism and agriculture sectors.

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Contact telephone numbers: 369701-16; 752383-5

SUB SAHARAN AFRICA: FINANCIAL SECTOR SUPERVISORY STANDARDS

	Accounting Standard	Capital Adequacy Standard	Deposit Insurance	Asset Classification ¹
Angola	National	No Basel II yet	No	<90 days
Botswana	IFRS	Basel II in progress	No	90 days
Burundi	IFRS Plan	Basel II in progress	No	>90 days
Cabo Verde	IFRS	Basel II in progress	No	<90 days
Comoros	National	Basel II in progress	No	N/A
DRC	National	No Basel II yet	No	90 days
Ethiopia	IFRS Plan	No Basel II yet	No	90 days
Gambia	IFRS Plan	No Basel II yet	No	90 days
Ghana	IFRS	No Basel II yet	No	90 days
Guinea	National	No Basel II yet	No	N/A
Kenya	IFRS	Parts of Basel II/III	Implemented	90 days
Lesotho	IFRS	No Basel II yet	No	90 days
Liberia	IFRS	Basel II in progress	No	90 days
Madagascar	National	No Basel II yet	No	90 days
Malawi	IFRS	Basel II	No	90 days
Mauritius	IFRS	Basel II	No	90 days
Mozambique	IFRS	Basel II	No	>90 days
Namibia	IFRS	Parts of Basel II	No	90 days
Nigeria	IFRS	Basel II in progress	Implemented	90 days
Rwanda	IFRS	Basel II in progress	No	90 days
Sao Tome	IFRS Plan	Basel II in progress	No	N/A
Seychelles	IFRS Plan	No Basel II yet	No	90 days
Sierra Leone	IFRS	No Basel II yet	No	90 days
South Africa	IFRS	Basel III	No	90 days
South Sudan	National	No Basel II yet	No	N/A
Swaziland	IFRS	No Basel II yet	No	90 days
Uganda	IFRS	No Basel II yet	Implemented	90 days
Tanzania	IFRS	No Basel II yet	Implemented	90 days
Zambia	IFRS	No Basel II yet	No	90 days
Zimbabwe	IFRS	Basel II in progress	Implemented	91 days

- Basel I first introduced in 1988 does not sufficiently deal with today's complex risks banks face.
- Increased concern that Basel I did not provide effective means to deal with economic turbulence which led to widespread financial crisis; for example, in Asia in 1997 and in Eastern Europe in 1998.
- Shortcomings of Basel I led to transition to Basel II in 1999. Basel II is more attuned to complexities of modern financial world.
- Likewise, most African countries are either moving towards or are implementing Basel II.
- Basel II standards have been implemented only in Malawi, Mauritius, Mozambique and South Africa. A number of other African economies are in the process of implementing Basel II.
- Advanced world has already implemented Basel III.
- Despite varying stages financial development, banking crises in the region have become rarer, and financial soundness indicators have improved over recent decades.
- Progress in supervisory standards and implementation of deposit insurance schemes also varies substantially across the region.
- Most countries have already moved to international reporting standards or plan to move toward them in the short term, while only six countries still rely on national standards.
- However, only a few countries (Kenya, Nigeria, Tanzania, Uganda, and Zimbabwe) have implemented deposit insurance schemes as of 2016.
- Enforcement of prudential standards is quite weak in some cases, and the adoption of stricter financial standards in the future is likely to face implementation hurdles.
- This highlights that more ambitious norms in the future may face the risk of even weaker implementation capacity.
- Basel norms play an important role of standardising the banking practice across all countries.

1. Indicates the threshold of number of days in arrears after which loans are classified as nonperforming loans