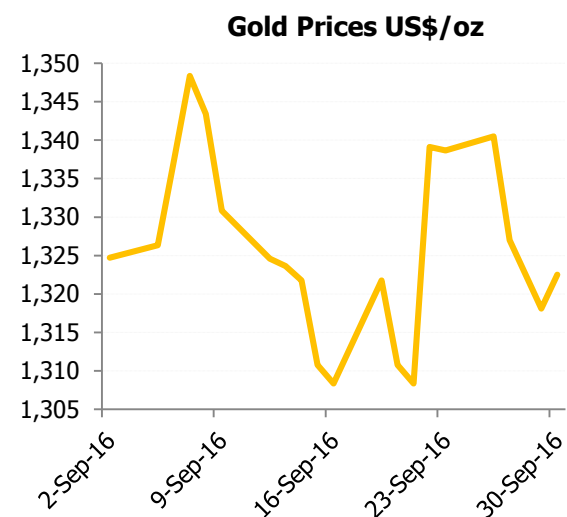


## WEEKLY ECONOMIC REVIEW

### Commodity 30-Day Price Chart

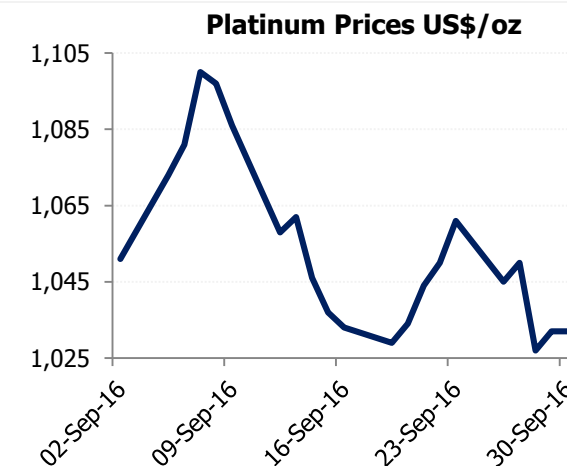


### Commodity Prices

| Daily     | US\$/oz | WoW %Δ      |
|-----------|---------|-------------|
| 23-Sep-16 | 1,339   |             |
| 26-Sep-16 | 1,341   |             |
| 27-Sep-16 | 1,327   |             |
| 28-Sep-16 | 1,323   |             |
| 29-Sep-16 | 1,318   |             |
| 30-Sep-16 | 1,323   |             |
|           |         | <b>-1.2</b> |

### Commodity Developments

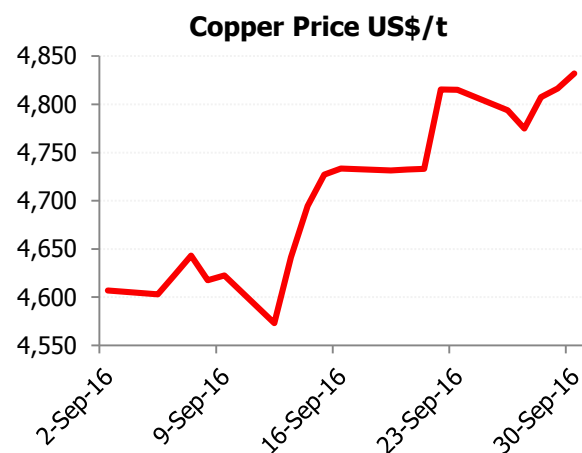
- Gold prices fell in volatile trading during the week as safe-haven demand dwindled after stocks in major markets largely recovered from a sell-off on easing concerns about Deutsche Bank.
- Deutsche Bank, Germany's largest lender, was close to reaching a US\$5.4bn settlement with US authorities over charges that it had mis-sold mortgage-backed securities.
- In Zimbabwe, the Gvt is working on amending the Precious Stones Act and the Gold Trade Act to curb leakages of the country's precious minerals and enhance their marketing.
- In Tanzania, Acacia's Buzwagi Gold Mine closure is nearer than expected as gold recovering rate dwindled considerably, hitting hard the revenues of Kahama municipality in Shinyanga Region.
- Buzwagi, which is low grade mine, during initial exploration, was designed to last up to 15 years from 2007 to 2022 but current situation has brought back the closure date and mining activity is expected to stopped in less than 2yrs.



| Daily     | US\$/oz | WoW %Δ      |
|-----------|---------|-------------|
| 23-Sep-16 | 1,061   |             |
| 26-Sep-16 | 1,045   |             |
| 27-Sep-16 | 1,050   |             |
| 28-Sep-16 | 1,027   |             |
| 29-Sep-16 | 1,032   |             |
| 30-Sep-16 | 1,032   |             |
|           |         | <b>-2.7</b> |

- Platinum prices fell despite news regarding breaking down of wage negotiations between the National Union of Mineworkers of South Africa (NUMSA) and Anglo American Platinum (Amplats) and Impala Platinum (Implats).
- NUMSA is demanding a hike in the wages by 9.5% from Implats while the company has tabled a 7.5% offer. From Amplats, the same union is demanding 14.5% rise and the company has offered a 6.75% increase.
- NUMSA is the 2<sup>nd</sup> largest union in SA while Amplats and Implats are the largest platinum producers in the world's top platinum producer.

### Commodity 30-Day Price Chart



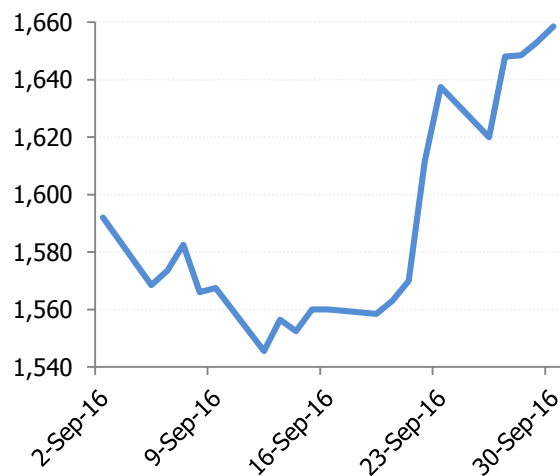
### Commodity Prices

| 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  |            |
|           |        | <b>1.7</b> |

### Commodity Developments

- Copper rally continued with its rally and posted its biggest monthly rise in over a year supported by optimism over demand growth. Positive economic data from China brought in optimism that demand may pick up in the world's top consumer of the metal.
- However, prices still remain low when compared to last year.
- Botswana's trade balance swung to a BWP175.9m (US\$16.78m) deficit in Jul-16 from a BWP2.6bn surplus the previous month due to a fall in diamond and copper export earnings.

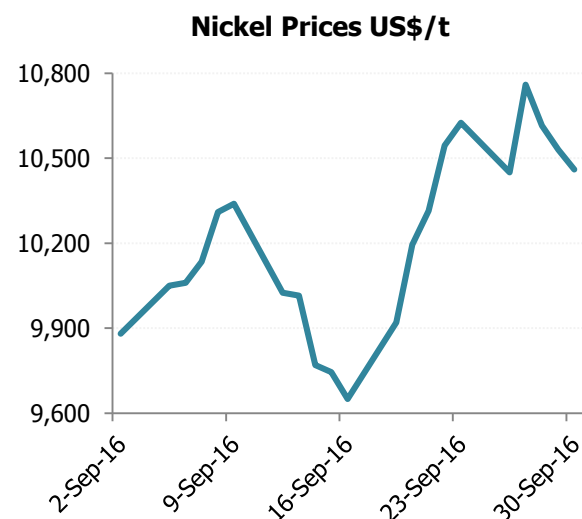
### Aluminium Prices US\$/t



| Daily     | US\$/t | WoW %Δ     |
|-----------|--------|------------|
| 23-Sep-16 | 1,638  |            |
| 26-Sep-16 | 1,620  |            |
| 27-Sep-16 | 1,648  |            |
| 28-Sep-16 | 1,649  |            |
| 29-Sep-16 | 1,653  |            |
| 30-Sep-16 | 1,659  |            |
|           |        | <b>1.3</b> |

- Aluminium followed the copper trend lifted by demand optimism from China.
- 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



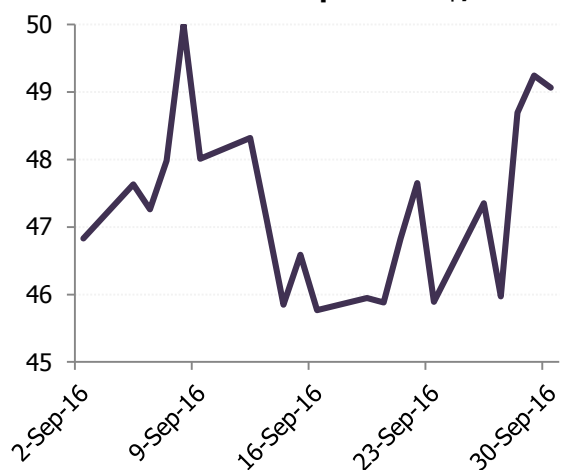
### Commodity Prices

| Daily     | US\$/t | WoW %Δ      |
|-----------|--------|-------------|
| 23-Sep-16 | 10,625 |             |
| 26-Sep-16 | 10,450 |             |
| 27-Sep-16 | 10,760 |             |
| 28-Sep-16 | 10,615 |             |
| 29-Sep-16 | 10,530 |             |
| 30-Sep-16 | 10,460 |             |
|           |        | <b>-1.6</b> |

### Commodity Developments

- Nickel prices hit 7-week highs on the 27<sup>th</sup> of Sep-16 as worries about tight supplies were reinforced by the Philippine Gvt recommending more mines for suspension over alleged environmental violations.
- The Philippines, the world's top supplier of nickel ore recommended 20 more mines to be suspended until operators address lapses. The Gvt gave those mines 7 days to explain any violations of mining and environmental laws.
- 30 mines in the Philippines, including 18 nickel producers, have now either been suspended or recommended for suspension.

### Oil Brent prices US\$/bbl



| Daily     | US\$/bbl | WoW %Δ     |
|-----------|----------|------------|
| 23-Sep-16 | 45.89    |            |
| 26-Sep-16 | 47.35    |            |
| 27-Sep-16 | 45.97    |            |
| 28-Sep-16 | 48.69    |            |
| 29-Sep-16 | 49.24    |            |
| 30-Sep-16 | 49.06    |            |
|           |          | <b>6.9</b> |

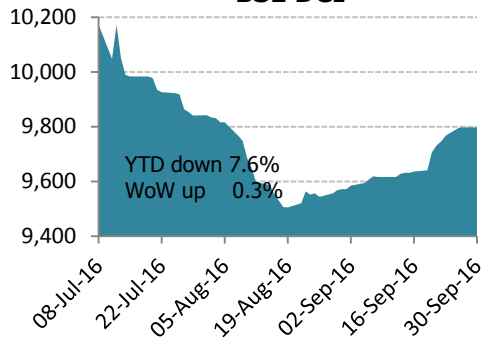
- Oil prices rose posting their 2<sup>nd</sup> straight monthly gain on OPEC's planned output cuts, even as scepticism about the cartel's pledge grew after data suggested another record high in its production.
- OPEC announced that it had achieved agreement in principle to cut output to between 32.5m bpd and 33.0m bpd from about 33.5m bpd in Aug-16 production. However, details will be finalised at OPEC's policy meeting in Nov-16.
- The cuts were forced by a persistent glut that has more than halved prices from mid-2014 highs. Russia, a non-OPEC member but a large producer plans to find a way to freeze production if it reaches a deal with OPEC.
- The US, also a non-OPEC member and now the biggest oil producer, announced that it had little faith in the OPEC plan. The US announced that any price gains from the cuts would trigger higher US production, which would ultimately defeat the deal.

**Equities 90-Day Index Charts**

**Botswana**



**BSE DCI**

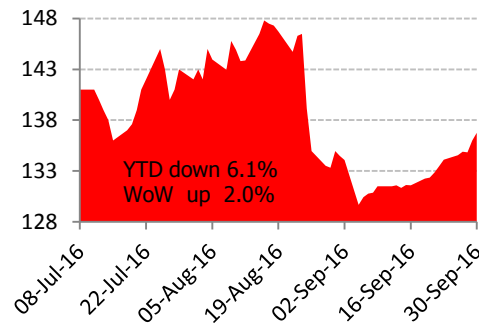


- Economy contracted 1.3% in Q2:16 compared to a 1.6% expansion in Q1:16.

**Kenya**



**NSE All Share Index**

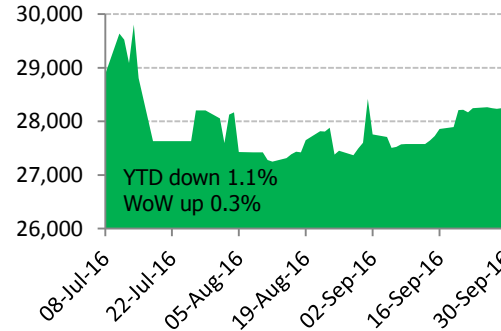


- Kenya will retain duty-free access to EU for its products, easing fears that problems in clinching a deal between the EU and EAC could lead tariffs increases.

**Nigeria**



**NGSE All Share Index**

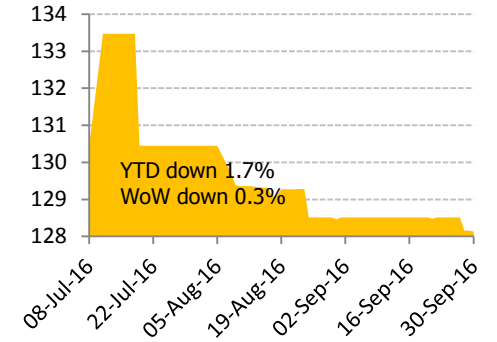


- Nigeria has spent NGN720.5bn (US\$2.4bn) on capital expenditure this year to help drag the economy out of recession.

**Rwanda**



**RSE ALSI**

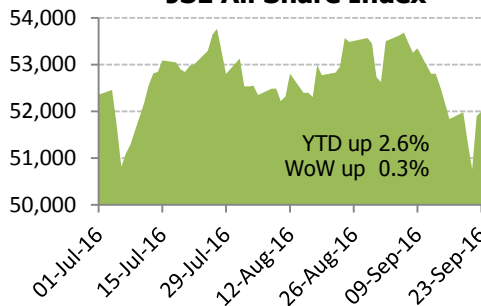


- Central bank maintained its key repo rate at 6.5% as growth is still on track to hit the target of 6% this year.

**South Africa**



**JSE All Share Index**

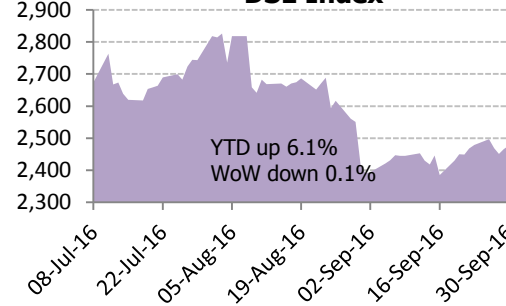


- Economy could grow by more than 1% next year and may be able to avoid a ratings downgrade.

**Tanzania**



**DSE Index**

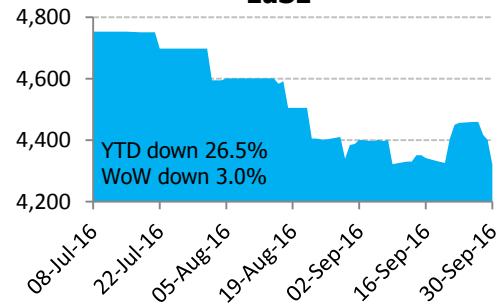


- Economy grew 6.7% in H1:16 from 5.7% in same period a year ago, helped by expansion in the transport, mining and communications.

**Zambia**



**LuSE**

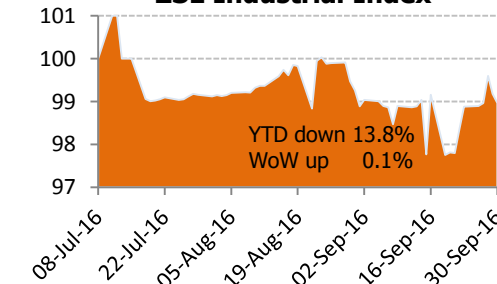


- Inflation slowed to 18.9% year-on-year in Sep-16 from 19.6% in Aug-16.

**Zimbabwe**



**ZSE Industrial Index**



- Zim and Namibia failed to convince a UN body to be allowed to export ivory.

## Foreign Exchange Markets

|                  | BWP         | NGN         | MZN         | USD to:    |            |             |              | EUR/USD     | GBP/USD      |
|------------------|-------------|-------------|-------------|------------|------------|-------------|--------------|-------------|--------------|
|                  |             |             |             | RWF        | TZS        | ZMW         | ZAR          |             |              |
| <b>Wk Ending</b> |             |             |             |            |            |             |              |             |              |
| 23-Sep-16        | 10.4        | 305         | 77.2        | 809        | 2,183      | 10.0        | 13.6         | 1.120       | 1.301        |
| <b>Daily</b>     |             |             |             |            |            |             |              |             |              |
| 26-Sep-16        | 10.5        | 305         | 77.2        | 810        | 2,183      | 10.0        | 13.7         | 1.124       | 1.292        |
| 27-Sep-16        | 10.4        | 305         | 76.9        | 810        | 2,183      | 9.9         | 13.6         | 1.124       | 1.297        |
| 28-Sep-16        | 10.4        | 305         | 77.5        | 810        | 2,183      | 9.8         | 13.5         | 1.120       | 1.301        |
| 29-Sep-16        | ---         | 305         | 78.5        | 810        | 2,184      | 9.8         | 13.7         | 1.122       | 1.301        |
| 30-Sep-16        | ---         | 305         | 77.2        | 810        | 2,186      | 9.9         | 14.0         | 1.119       | 1.297        |
| <b>WoW %Δ</b>    | <b>-0.6</b> | <b>0.1</b>  | <b>0.0</b>  | <b>0.0</b> | <b>0.1</b> | <b>-0.9</b> | <b>2.7</b>   | <b>-0.1</b> | <b>-0.3</b>  |
| <b>YTD %Δ</b>    | <b>-7.7</b> | <b>55.1</b> | <b>71.6</b> | <b>8.3</b> | <b>1.2</b> | <b>-9.5</b> | <b>-10.3</b> | <b>2.5</b>  | <b>-12.6</b> |

|                  | ZAR/BWP    | ZAR/MZN     | ZAR/ZMW     | ZAR/RWF     | ZAR/TZS     |
|------------------|------------|-------------|-------------|-------------|-------------|
| <b>Wk Ending</b> |            |             |             |             |             |
| 23-Sep-16        | 0.768      | 5.68        | 0.744       | 59.3        | 161         |
| <b>Daily</b>     |            |             |             |             |             |
| 26-Sep-16        | 0.766      | 5.68        | 0.733       | 59.1        | 160         |
| 27-Sep-16        | 0.769      | 5.68        | 0.729       | 59.1        | 159         |
| 28-Sep-16        | 0.772      | 5.69        | 0.719       | 60.2        | 158         |
| 29-Sep-16        | ---        | 5.69        | 0.712       | 59.5        | 158         |
| 30-Sep-16        | ---        | 5.59        | 0.718       | 58.3        | 157         |
| <b>WoW %Δ</b>    | <b>0.5</b> | <b>-1.6</b> | <b>-3.5</b> | <b>-1.7</b> | <b>-2.5</b> |
| <b>YTD %Δ</b>    | <b>6.8</b> | <b>94.1</b> | <b>1.8</b>  | <b>21.3</b> | <b>12.3</b> |

## Exchange Rate Developments

- The USD appreciated against the EUR and GBP as safe haven demand send capital flooding into the benchmark currency after the Deutsche bank issue.
- Currencies that are heavily linked to the EUR and GBP such as the ZAR depreciated against the USD.
- The NGN which was fairly stable is expected to weaken amid fears of a further drop in Nigeria's forex reserves.
- In Nigeria, the greenback is very scarce in the market as people hold on to their hard currencies to watch the direction of the market.
- The kwacha continued strengthening supported by month-end dollar supply and a treasury bills auctions.
- The MZN closed the week unchanged but remained volatile. The Gvt approved a draft Economic and Social Plan (PES) 2017 which foresees a 5.5% growth forecast.
- The PES stipulates measures to raise the quality of the financial and foreign exchange system, with the main objective of preserving the value of the MZN and macroeconomic stability.
- The Rwandan franc (RWF) is expected to depreciate further this year as a result of falling commodity receipts, despite an expected injection of US\$50m in programme support from the IMF.
- Among Atlas Mara trading markets currencies, only the BWP depreciated against the ZAR.

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Contact telephone numbers: 369701-16; 752383-5

## WEAKER ECONOMIC GROWTH IN KEY MARKETS WEIGHING ON GLOBAL RECOVERY



Source: IMF, WEO Oct-16

- According to IMF, global growth is projected to slow to 3.1% in 2016 before recovering to 3.4% in 2017.
- The forecast, revised down by 0.1 percentage point for 2016 and 2017 relative to April, reflects a more subdued outlook for advanced economies following the Jun-16 UK vote in favour of leaving the European Union (Brexit) and weaker-than-expected growth in the US.
- The recovery is projected to pick up in 2017 as the outlook improves for emerging market and developing economies and the US economy.
- Financial market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China's near-term prospects following policy support to growth, and some firming of commodity prices.
- Prospects differ sharply across countries and regions, with emerging Asia in general and India in particular showing robust growth and sub-Saharan Africa (SSA) experiencing a sharp slowdown.
- The largest economies in SSA (Nigeria, South Africa, Angola) are experiencing sharp slowdowns or recessions due to lower commodity prices and difficult domestic political and economic conditions.
- Among Atlas Mara trading markets, Tanzania and Rwanda are expected to remain resilient with economic growth above 6%.
- Botswana is expected to come out of last year's recession and register 4% growth in 2017.
- Mozambique which is expected to register a slower growth of 4.5% in 2016 will improve in 2017 to 5.5%. Withdrawal of donor support after the unveiling of unreported debts coupled with low commodity prices grossly affected Mozambique's economic performance.
- Zambia which is seeking a US\$1.2bn debt from IMF is expected improve from 3% growth in 2016 to 4.5% in 2017.
- Zimbabwe, however is expected to sink deeper into recession as political uncertainty and liquidity challenges continue to derail investor confidence.