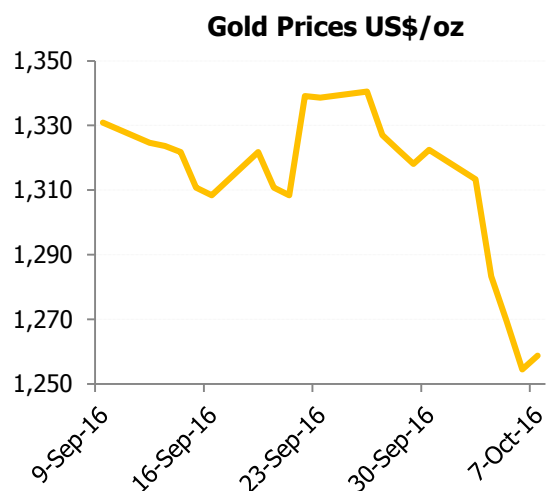


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart

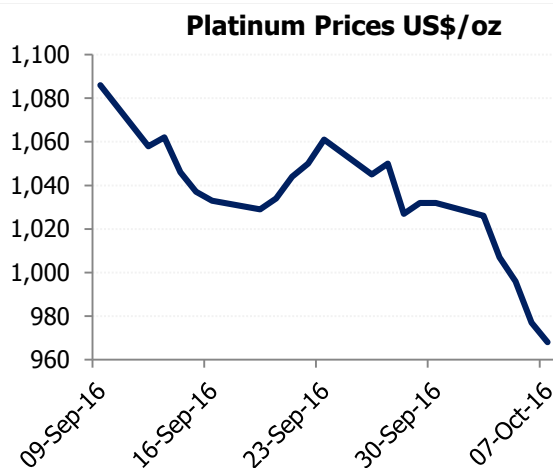


Commodity Prices

Daily	US\$/oz	WoW %Δ
30-Sep-16	1,323	
3-Oct-16	1,313	
4-Oct-16	1,283	
5-Oct-16	1,269	
6-Oct-16	1,255	
7-Oct-16	1,259	
		-4.8

Commodity Developments

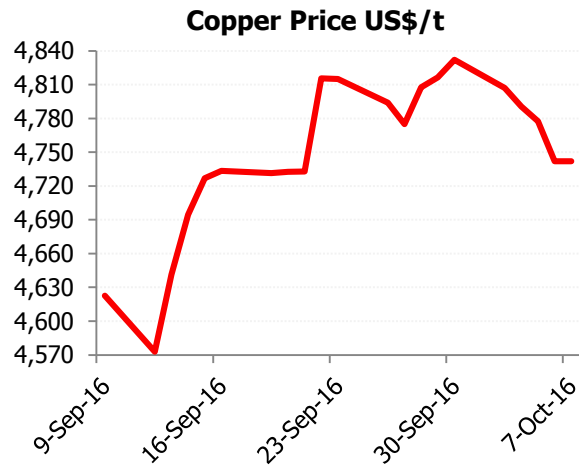
- Gold suffered its biggest weekly drop since Nov-15 as traders expect a Dec-16 Fed interest rate hike. Trade over the week was also low as Chinese traders were on Golden Week holiday.
- In Zimbabwe, the Gvt is working on amending the Precious Stones Act and the Gold Trade Act to curb leakages of the country's precious minerals and enhance their marketing.
- In Tanzania, Acacia will close its Buzwagi Gold Mine in Kahama in Dec-17 as production has fallen and more than 1,300 people are expected to lose their jobs.
- Buzwagi's production has declined from an average of 1.35g of gold per tonne of ore rocks to one gram and the miner incurred a big loss (TZS40bn) in H1:16.
- Buzwagi is an open pit mine which started production in 2009 with a capital of US\$402m. Its estimated lifetime was 15yrs and currently it is in its 8th year.



Daily	US\$/oz	WoW %Δ
30-Sep-16	1,032	
3-Oct-16	1,026	
4-Oct-16	1,007	
5-Oct-16	996	
6-Oct-16	977	
7-Oct-16	968	
		-6.2

- Platinum prices are back in triple digits dragged down by a stronger dollar, weakness across the precious metals complex, and the signing of a wage deal in key producer SA.
- SA's National Union of Mineworkers entered into a 2-year wage deal with Impala Platinum following last week's strike involving 500 workers at the company's refinery. The agreed pay hikes for workers are in line with inflation and nowhere near demands previously made in the sector.
- SA mine production figures for Jul-16 showed that Platinum Group of Metals (PGMs) output fell by 10.8% compared to Jun-16 and 8.2% year-on-year as miners close down unprofitable mines.

Commodity 30-Day Price Chart



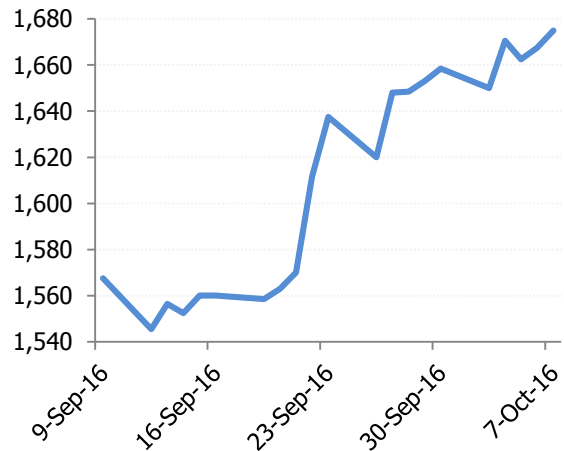
Commodity Prices

Daily	US\$/t	WoW %Δ
30-Sep-16	4,832	
3-Oct-16	4,807	
4-Oct-16	4,791	
5-Oct-16	4,778	
6-Oct-16	4,742	
7-Oct-16	4,742	
		-1.9

Commodity Developments

- There was no much activity in the base metals market as top consumer China was on holiday. However, prices could be pressured as Chinese financial markets reopen after a week-long holiday.
- Traders are concerned that a raft of new measures announced by Beijing to dampen soaring house prices in second and third tier cities will weigh on copper demand.
- In Zambia, affected by weak copper prices, Gvt has Zambia promised the International Monetary Fund (IMF) that it will gradually cut subsidies amounting to about US\$1bn as part of an economic recovery plan.
- However, the Gvt did not specify which subsidies would be trimmed. Zambian Gvt subsidies include about US\$600m annually for electricity and fuel.

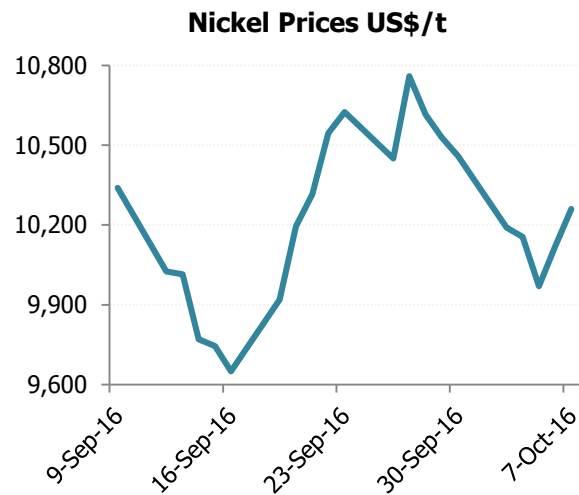
Aluminium Prices US\$/t



Daily	US\$/t	WoW %Δ
30-Sep-16	1,659	
3-Oct-16	1,650	
4-Oct-16	1,671	
5-Oct-16	1,663	
6-Oct-16	1,668	
7-Oct-16	1,675	
		1.0

- Aluminium prices rose supported by news that Japanese buyers will pay a premium of US\$75/t over the London Metal Exchange (LME) cash price for their shipments in Q4:16.
- The settlement with producers, which will serve as the benchmark for Asian physical aluminium markets, marks a near 20% decline from the previous quarterly premium of US\$90-93/t and is the lowest level since Q3:09.
- Aluminium, used in transport and packaging, has been under pressure for some time due to oversupply.
- Both Japan and the wider Asian region are battling against the continued export flow of semi-manufactured products out of China.

Commodity 30-Day Price Chart



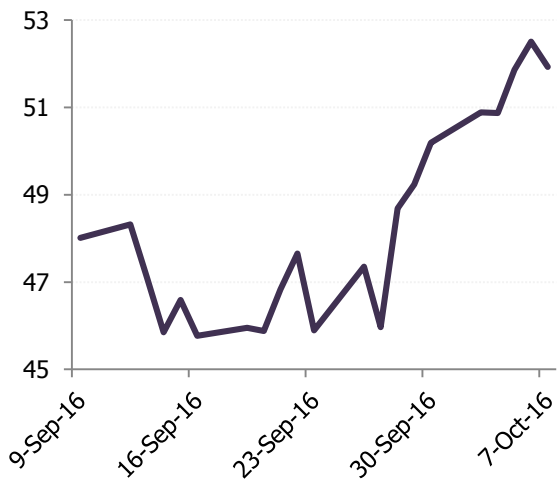
Commodity Prices

Daily	US\$/t	WoW %Δ
30-Sep-16	10,460	
3-Oct-16	10,190	
4-Oct-16	10,155	
5-Oct-16	9,970	
6-Oct-16	10,120	
7-Oct-16	10,260	
		-1.9

Commodity Developments

- Indonesia is finalising an overhaul of its mining rules that could give companies up to 5 more years to build smelters, and reopen exports of nickel ore banned since 2014.
- Indonesian nickel companies fear the rule changes could weaken metal prices, undermine confidence in the newly budding smelting industry and risk up to US\$12bn in investments.
- The Philippines took the crown as the world's top nickel ore exporter after Indonesia banned nickel ore shipments, and now accounts for around one-quarter of the world's mined nickel supply, most of which is shipped to China.
- Indonesia however found compensation in shipping pig iron to China and India and the pig iron industry worries that resuming ore exports could undermine the prices for such semi-finished and refined metals.
- In Botswana, Gvt plans to put its largest copper and nickel producer, BCL Mine Limited under provisional liquidation due to non-profitability. A decline in the quality of copper and nickel coupled by slump in commodity prices, has negatively affected BCL operations

Oil Brent prices US\$/bbl



Daily	US\$/bbl	WoW %Δ
30-Sep-16	50.19	
3-Oct-16	50.89	
4-Oct-16	50.87	
5-Oct-16	51.86	
6-Oct-16	52.51	
7-Oct-16	51.93	
		3.5

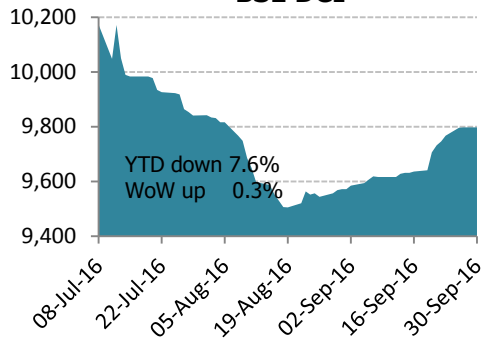
- Oil rose, spurred by another informal OPEC meeting on output cuts and plunging US crude inventories.
- Saudi, Iranian and Iraqi energy ministers will be among key OPEC representatives to meet non-OPEC member Russia on the side-lines of an energy conference next week in Istanbul.
- Oil has gained more than US\$6 a barrel since OPEC announced that it hopes to reduce output to 32.5 million-33 million barrels per day. That would remove about 700,000 bpd from a global glut estimated by analysts at 1.0 million-1.5 million bpd.
- OPEC's policy meeting in Vienna on 30 Nov-16 will decide how the group's members would contribute to the pledged cuts.

Equities 90-Day Index Charts

Botswana



BSE DCI

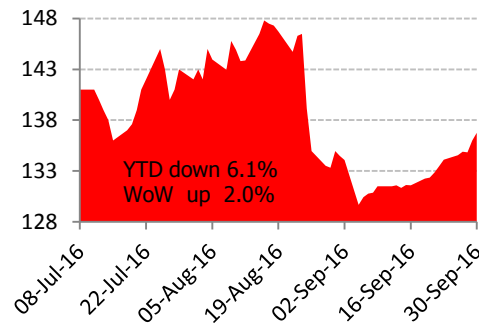


- BCL Mine has pulled out of a US\$281m deal to buy a 50% stake in SA's Nkomati Nickel Mine due to lack of funds.

Kenya



NSE All Share Index

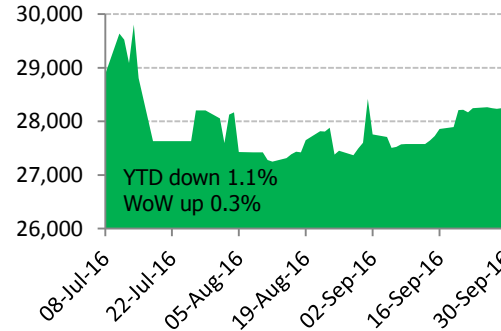


- Kenya has won a 2-year extension of sugar import limits from a regional trade bloc to give it more time to overhaul its ailing sugar sector.

Nigeria



NGSE All Share Index

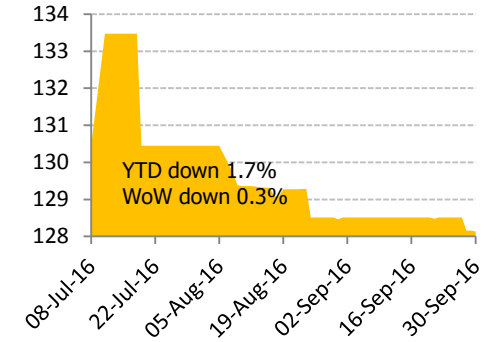


- Gvt is in advanced talks with its sovereign wealth fund and stock exchange to create a US\$500m exploration fund.

Rwanda



RSE ALSI

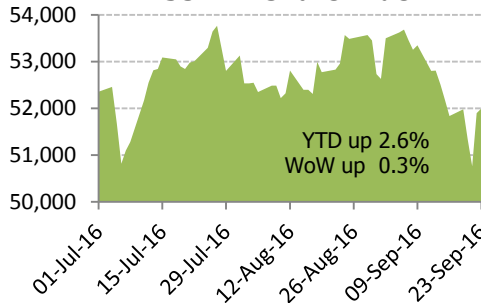


- Central bank maintained its key repo rate at 6.5% as growth is still on track to hit the target of 6% this year.

South Africa



JSE All Share Index

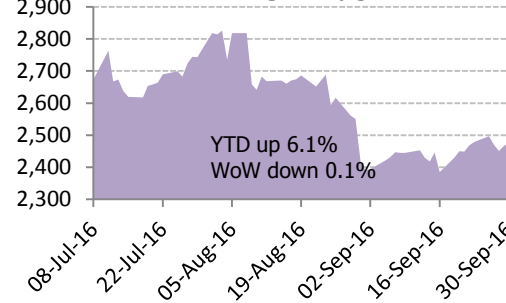


- Economy could grow by more than 1% next year and may be able to avoid a ratings downgrade.

Tanzania



DSE Index

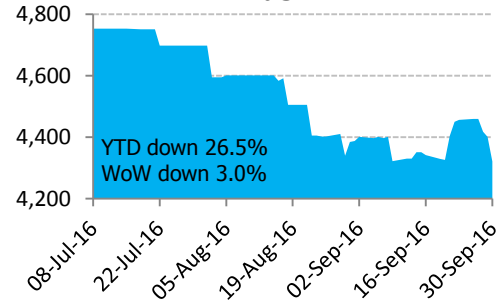


- Gvt secured US\$1.6bn in loans and grants from the World Bank to help end chronic power shortages, rebuild its railways and develop its farming.

Zambia



LuSE

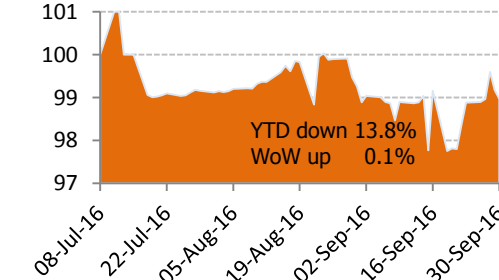


- Gvt has told IMF that it will gradually cut subsidies amounting to about US\$1bn as part of an economic recovery plan.

Zimbabwe



ZSE Industrial Index



- Zim will amend empowerment and indigenisation laws after it was blamed for deterring investment.

Foreign Exchange Markets

	BWP	NGN	MZN	USD to:				EUR/USD	GBP/USD
				RWF	TZS	ZMW	ZAR		
Wk Ending									
30-Sep-16	---	305	77.2	810	2,186	9.9	14.0	1.119	1.297
Daily									
3-Oct-16	10.5	305	77.4	810	2,187	10.0	13.6	1.124	1.286
4-Oct-16	10.5	305	---	811	2,186	10.0	13.6	1.118	1.278
5-Oct-16	10.5	305	77.5	811	2,186	9.8	13.7	1.122	1.273
6-Oct-16	10.5	305	77.3	811	2,187	9.9	13.8	1.120	1.272
7-Oct-16	10.6	305	77.4	811	2,186	10.0	13.9	1.112	1.243
WoW %Δ	2.2	-0.1	0.3	0.2	0.0	0.2	-0.3	-0.6	-4.2
YTD %Δ	-5.0	55.0	72.2	8.5	1.3	-9.3	-10.6	1.8	-16.2

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/RWF	ZAR/TZS
	Wk Ending				
30-Sep-16	---	5.59	0.718	58.3	157
Daily					
3-Oct-16	0.764	5.68	0.737	59.0	157
4-Oct-16	0.768	---	0.730	59.6	160
5-Oct-16	0.764	5.65	0.717	58.6	160
6-Oct-16	0.765	5.58	0.712	59.1	158
7-Oct-16	0.763	5.63	0.723	58.4	157
WoW %Δ	-1.2	0.7	0.7	0.1	0.0
YTD %Δ	4.8	95.5	2.5	21.5	12.3

Exchange Rate Developments

- The South Africa's rand hovered near a one-week low versus the USD on increased bets by investors that a US interest rate hike is on the cards this year.
- Africa's most advanced economy currency was however supported by central bank data showing that SA's net foreign reserves rose to US\$42bn in Sep-16 from \$40.8bn in Aug-16.
- The NGN which was fairly stable on the official market is expected to also stabilise on the parallel market after International Money transfer agencies started selling dollars to bureau de change operators in line with a central bank directive.
- The ZMW which slightly depreciated is likely to remain firm due to conversions of hard currency by companies preparing to pay taxes that are due in the local unit on 14 Oct-16.
- The TZS is expected to hold steady helped by subdued demand for hard currency from importers.
- The 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.
- The low export receipts have led to the Rwandan Central Bank injecting US\$8m weekly to support imports. Previously, the Central Bank was injecting around US\$4m to US\$5m per week to meet FX demand.
- The MZN remains Africa's worst performing currency this year. The unit has been affected by slump in commodity prices and cut in donor funds.

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RISKS TO GLOBAL ECONOMIC RECOVERY

The International Monetary Fund (IMF) is projecting a weaker economic growth of 3.1% in 2016 and 3.4% in 2017. This 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.

Source of Risk	Comment
UK vote to leave the European Union (Brexit)	<ul style="list-style-type: none"> • Brexit brought to the fore issues related to labour mobility and migration, global trade integration, and cross-border regulation. • Institutional arrangements long in place are now potentially up for renegotiation. • Additional questions loom regarding possible follow-up referenda in other EU economies. • Ambiguity about how these trends will evolve may lead firms to defer long-term projects, limit job creation and slow near-term economic activity.
US presidential election campaign	<ul style="list-style-type: none"> • US elections are being closely watched all over the World. • Just like the Brexit, US elections campaigns have also brought to the fore issues related to labour mobility and migration, global trade integration, cross-border regulation and issues related to national security. • Increasing pressure for inward-looking policies have also been noticed in the campaign and are a particular threat to the global outlook. • A Donald Trump presidency could result in market volatility due to radical shift in policy.
Secular Stagnation: Weak Demand–Weak Inflation; Low Productivity–Low Investment	<ul style="list-style-type: none"> • There is increasing prospects of secular stagnation which is an extended shortfall in private demand leading to permanently lower output and low inflation. • As the world economy continues to struggle to generate widespread, durable momentum, this prospect becomes ever more tangible, particularly in some advanced economies. • At the same time, a protracted period of weak inflation risks dislodging inflation expectations, causing expected real interest rates to rise and expenditure on capital goods and consumer durables to decline, eventually feeding back to weaker overall growth and inflation. • And in economies with a large debt overhang, an extended period of low nominal growth would add to debt service difficulties, complicate the task of deleveraging and further weigh on growth.
China’s Ongoing Adjustment and Associated Spill-overs	<ul style="list-style-type: none"> • China confronts a difficult trade-off in its transition. Restructuring the economy, reducing its reliance on credit, and accepting slower near-term growth in return for higher and more sustainable long-term growth. • However, the transition to a services and consumption-based economy less dependent on commodity and machinery imports will continue to have an impact on prices, trade volumes and profits across global industries, with associated effects on asset prices, international portfolio allocations and investor sentiment.
Adverse Turn in Financial Conditions for Emerging Markets	<ul style="list-style-type: none"> • Underlying vulnerabilities among some large emerging market economies (including high corporate debt, declining profitability, and weak bank balance sheets in some cases)—together with the need to rebuild policy buffers, particularly in commodity exporters—leave emerging markets and developing economies still exposed to sudden shifts in investor confidence. • Such shifts could materialize, for example, if incoming inflation data for the US point to an earlier hike in the policy interest rate than anticipated. • Investor sentiment could also shift if emerging market and developing economies fail to take advantage of the relative stability in external conditions to press ahead with structural reforms, tackle debt overhangs, and credibly advance fiscal adjustment where needed
Breakdown of Correspondent Banking Relationships	<ul style="list-style-type: none"> • Large global banks are being forced to reassess their business models as they rebuild capital buffers, strengthen their risk management practices, and face compressed net interest margins. • As a consequence, correspondent banking relationships have declined with global banks’ withdrawal from transactions with smaller, vulnerable economies in Africa, the Caribbean, central Asia, and the Pacific Islands. • An intensification of this trend would imperil the access of some of these economies to cross-border remittances, undermine their ability to finance activity, and weaken their response to natural disasters and economic shocks.

Source: IMF World Economic Outlook (October 2016)