BancABC

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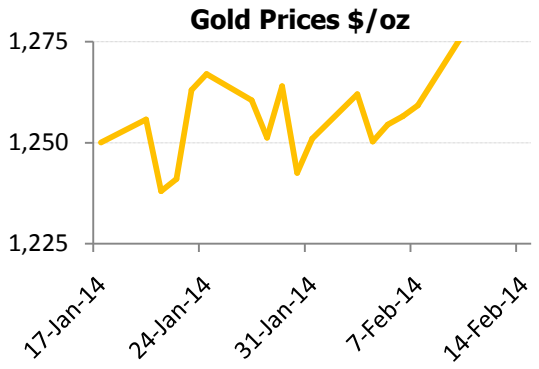
WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart

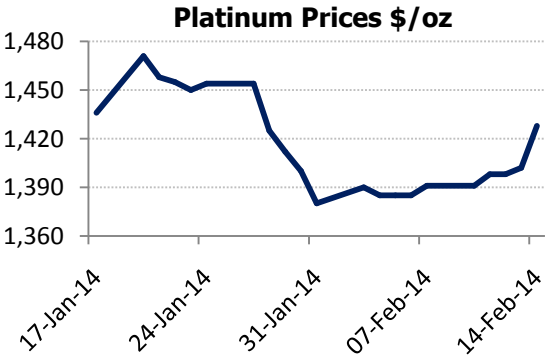


Commodity Prices

Daily	US$/oz	WoW %Δ
7-Feb-14	1,259	
10-Feb-14	1,277	
11-Feb-14	1,282	
12-Feb-14	1,290	
13-Feb-14	1,296	
14-Feb-14	1,320	
		4.82

Commodity Developments

- Gold price surged by 4.8%, breaking the $1,300/oz ceiling for the first time this year, to close the week at $1,320/oz.
- Weak US manufacturing output pressured the dollar and lifted the yellow metal's currency hedge appeal.
- US reports to be released this week - the producer price index (PPI) on Wednesday, a wholesale inflation gauge, and the consumer price index on Thursday will give direction to Gold prices.
- However, any gains seem not to be sustainable as expectations are high that the US economy will recover making the investment case for Gold usually seen as a safe haven in times of trouble, still unattractive.

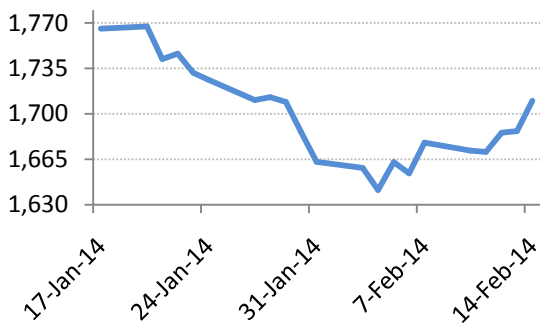


Daily	US$/oz	WoW %Δ
7-Feb-14	1,391	
10-Feb-14	1,391	
11-Feb-14	1,398	
12-Feb-14	1,398	
13-Feb-14	1,402	
14-Feb-14	1,428	
		2.66

- Platinum followed Gold trend going up by 2.7% to close the week trading high at $1,428/oz.
- Weak US data accompanied by ongoing strikes in SA have lifted the white metal prices.
- It is reported that Amplats, the world's No. 1 platinum producer is suing Association of Mineworkers and Construction Union (AMCU) for ZAR591 m ($54 million) in damages it said resulted from ongoing strike action by AMCU members.
- Continued strikes in SA and Euro zone economic recovery may push platinum prices up.

Commodity 30-Day Price Chart

Aluminium Prices $/mt



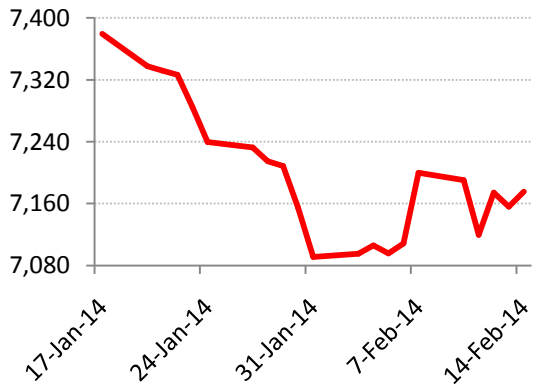
Commodity Prices

Daily	US$/t	WoW %Δ
7-Feb-14	1,678	
10-Feb-14	1,672	
11-Feb-14	1,671	
12-Feb-14	1,686	
13-Feb-14	1,687	
14-Feb-14	1,710	
		1.94

Commodity Developments

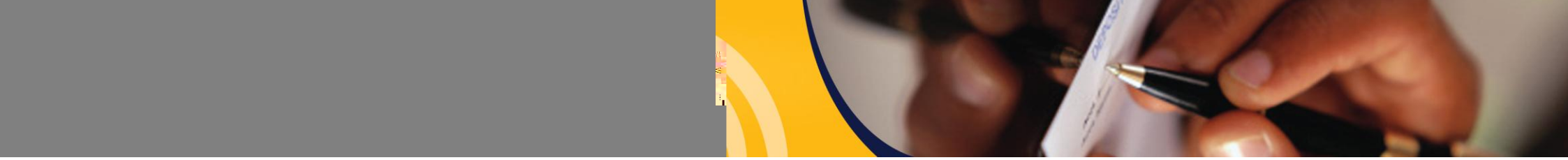
- Aluminium prices leaped up on Friday to post a 1.9% growth due to dollar weaknesses and a stronger than anticipated Euro zone data.
- USD weaknesses are driving all commodities.
- A weaker dollar makes commodities more affordable for holders of other currencies.
- Dwindling economic growth in the US and China has curbed demand for industrial metals leaving them vulnerable to currency movements.

Copper Price $/mt



Daily	US$/t	WoW %Δ
7-Feb-14	7,200	
10-Feb-14	7,190	
11-Feb-14	7,120	
12-Feb-14	7,174	
13-Feb-14	7,156	
14-Feb-14	7,176	
		-0.34

- Copper prices were little changed last week.
- The market is waiting for preliminary readings of manufacturing health in China this week for signs the top metals user is ramping back up after Lunar New Year.
- China's banks disbursed the most loans in any month in four years in January a surge that suggests the world's second-biggest economy may not be cooling as much as some expects.
- Copper may find support in the short term with news that biggest producer Indonesia does not expect to approve any export permits for mineral concentrates until next month.
- Labour disputes in Chilean copper mine where workers rejected early contract may eventually support copper prices.



Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending							
7-Feb-14	9.017	30.36	1,608	5.604	11.041	1.356	1.634
Daily							
10-Feb-14	9.017	30.46	1,607	5.611	11.140	1.364	1.641
11-Feb-14	9.042	30.44	1,608	5.626	11.125	1.368	1.641
12-Feb-14	8.969	30.51	1,609	5.643	10.949	1.364	1.645
13-Feb-14	9.001	30.49	1,609	5.667	11.050	1.363	1.663
14-Feb-14	8.985	30.36	1,610	5.698	10.995	1.370	1.669
WoW %Δ	**-0.36**	**0.00**	**0.12**	**1.69**	**-0.42**	**1.03**	**2.16**

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
Wk Ending				
7-Feb-14	0.817	2.74	0.505	145
Daily				
10-Feb-14	0.816	2.75	0.504	146
11-Feb-14	0.813	2.77	0.491	144
12-Feb-14	0.819	2.79	0.512	147
13-Feb-14	0.815	2.75	0.511	147
14-Feb-14	0.816	2.74	0.522	145
WoW %Δ	**-0.13**	**0.00**	**3.35**	**-0.08**

Exchange Rate Developments

- The USD depreciated against major currencies weighed down by weaker US factory data and slightly stronger-than-expected German and France growth which pushed Euro Zone GDP up 0.3% against the anticipated 0.2%.
- The Euro Zone data is likely to reduce expectations that the ECB will cut interest rates at next month meeting further strengthening Euro zone currencies.
- Currently, the world's largest economy currency is at risk for further depreciation until US growth starts to show more promising potential.
- The Rand supported by USD weaknesses traded on three-week highs strengthening beyond the key 11 to the green back.
- Worryingly is the BancABC market currency, the Kwacha (ZMW), which slipped 1.69% to the dollar and 3.35% to the Rand.
- Continued ZMW weakness is likely to feed into inflation through higher imported inflation.
- Other BancABC markets currencies remained stable to the Rand.

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