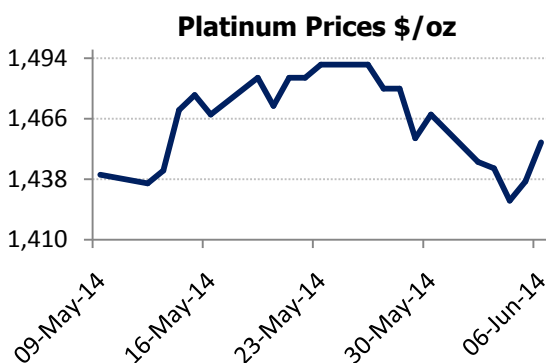
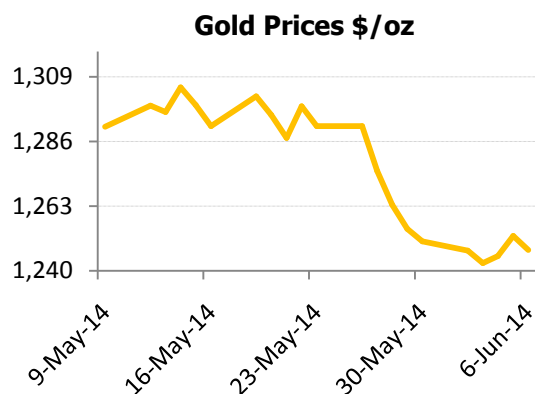


WEEKLY ECONOMIC REVIEW

Commodity 30-Day Price Chart



Commodity Prices

Avg Prices US\$/oz		MoM %Δ
Jan-14	1,243	1.80
Feb-14	1,301	4.67
Mar-14	1,336	2.69
Apr-14	1,299	-2.77
May-14	1,287	-0.92
2014f	1,250	

Daily		WoW %Δ
30-May-14	1,251	
2-Jun-14	1,247	
3-Jun-14	1,243	
4-Jun-14	1,245	
5-Jun-14	1,253	
6-Jun-14	1,248	
		-0.24

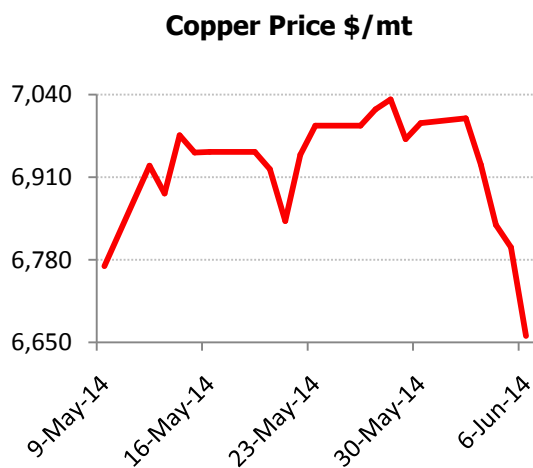
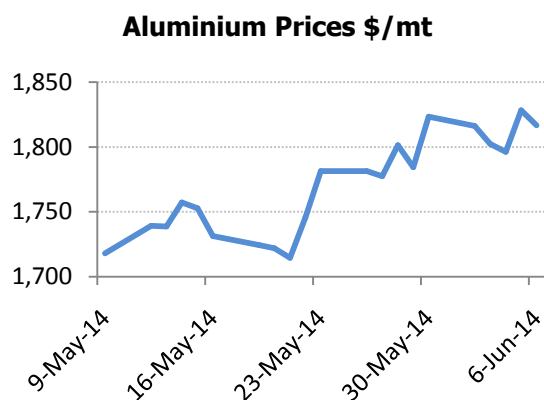
Avg Prices US\$/oz		MoM %Δ
Jan-14	1,425	4.24
Feb-14	1,413	-0.84
Mar-14	1,457	3.11
Apr-14	1,438	-1.30
May-14	1,462	1.67
2014f	1,400	

Daily		WoW %Δ
30-May-14	1,468	
2-Jun-14	1,446	
3-Jun-14	1,443	
4-Jun-14	1,428	
5-Jun-14	1,437	
6-Jun-14	1,455	
		-0.89

Commodity Developments

- Gold notched its monthly highest price in Mar-14 and has been on a free fall thereafter on a monthly basis.
- The yellow metal closed the week below the 2014 forecasted average price after a closely watched US monthly jobs report showed a steady recovery in the world's largest economy.
- The data cemented expectations that the Fed Reserve will continue to unwind its Quantitative Easing (QE) denting the bullion's safe haven appeal.
- In Mozambique, the Manica Gold Project with a total resource of 48.96m tonnes of the yellow metal is underway and first production is slated for 2016 with an estimated annual production of 172,752oz during the first stage.
- Platinum prices remain high, above the forecasted annual average backed by continued strikes in the top producer SA.
- During the past week, the white metal prices surged on the 6th reversing some of the earlier losses after striking SA's AMCU president announced that the ZAR12,500 (US\$1,200) per month wage demand was non-negotiable. This dashed hopes of a speedy resolution to a 5-month strike.
- A Russian report said that a consortium of Russian Vi Holding, state defense conglomerate Rostec and Vnesheconombank (VEB) will explore World's 2nd largest platinum field Darwendale in Zimbabwe.
- Zim's Darwendale platinum field has proved reserves of 19t of platinum and 755t of precious metals including palladium, rhodium, gold, nickel and copper in platinum equivalent. After the mining and processing complex is launched, production can amount to 600,000oz of platinum annually.

Commodity 30-Day Price Chart



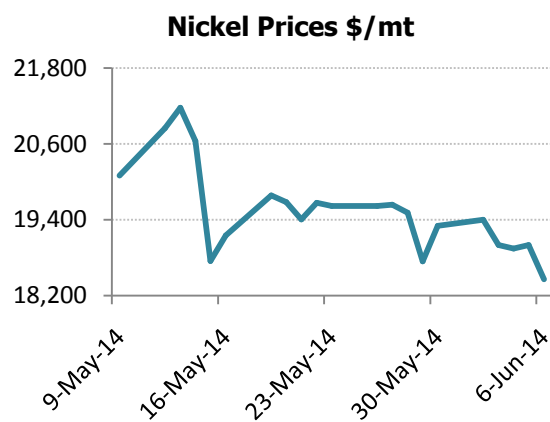
Commodity Prices

Avg Prices US\$/t		MoM %Δ
Jan-14	1,728	-0.46
Feb-14	1,694	-1.97
Mar-14	1,703	0.53
Apr-14	1,812	6.40
May-14	1,750	-3.42
2014f	1,750	
Daily		WoW %Δ
30-May-14	1,823	
2-Jun-14	1,816	
3-Jun-14	1,802	
4-Jun-14	1,796	
5-Jun-14	1,828	
6-Jun-14	1,817	
		-0.36

Avg Prices US\$/t		MoM %Δ
Jan-14	7,299	1.23
Feb-14	7,152	-2.01
Mar-14	6,666	-6.80
Apr-14	6,667	0.02
May-14	6,877	3.15
2014f	6,900	
Daily		WoW %Δ
30-May-14	6,995	
2-Jun-14	7,003	
3-Jun-14	6,930	
4-Jun-14	6,835	
5-Jun-14	6,800	
6-Jun-14	6,660	
		-4.79

Commodity Developments

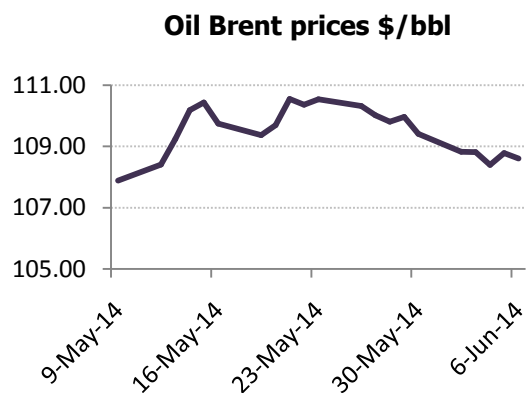
- Aluminium prices are on the rise though ended the week lower supported by supply concerns.
- In China, loss making aluminium producers are expected to cut 3.5m tonnes of output this year, helping to tighten supply and sending prices higher.
- Rusal, one of the World's biggest aluminium producers, estimates that China has already cut 2.1m tonnes of production so far and will cut another 1.5m tonnes before the end of the year, out of total annualised output of around 27m tonnes. The Chinese Gvt is pressurising loss-making and polluting companies to close capacity as part of its reform programme.
- The metal used in the car industry, intensively in electric cars will find more support from China's ambitious target of having 5m electric or plug-in hybrid vehicles on the country's roads by 2020 as part of Beijing's efforts to fight pollution and reduce reliance on oil imports.
- Copper prices dropped to a 1-month low as an investigation into metal financing in China prompted speculation that a crackdown could hit trade in the metal.
- Authorities in China are carrying investigations on whether single cargoes of metal were used multiple times to obtain financing at Qingdao Port, a huge trading hub in the northeast.
- Using collateral such as copper is a popular way to raise finance in China, and the probe into metals stocks in Qingdao port has evoked memories of a huge March sell-off on worries about contagion in the country's credit markets.
- In Zambia, the Gvt is seeking help from the International Monetary Fund (IMF), after a slump in its currency and the value of its key export commodity, copper. The metal price has declined more than 9% this year, making servicing of the country's foreign debt more costly.

Commodity 30-Day Price Chart

Commodity Prices

Avg Prices US\$/t		MoM %Δ
Jan-14	14,071	1.03
Feb-14	14,192	0.86
Mar-14	15,657	10.32
Apr-14	17,426	11.30
May-14	19,387	11.25
2014f	14,800	
Daily		WoW %Δ
30-May-14	19,305	
2-Jun-14	19,403	
3-Jun-14	19,003	
4-Jun-14	18,948	
5-Jun-14	19,003	
6-Jun-14	18,463	
		-4.36

Commodity Developments

- Nickel prices which were on the rise on speculative demand retreated during the past week.
- The metal which has been supported by Indonesian ban on ore exports and supply concerns from Russia amid Ukrainian crisis is forecasted to register an annual average price of US\$14,800/t.
- Resumption of mining activity by Brazil's Vale in New Caledonia after a month long suspension of operations due to chemical spill will ease supply concerns. Nickel mining is a key industry in New Caledonia, which holds as much as a quarter of the world's known reserves of nickel.
- In Zim, Nickel miner, Bindura Nickel Company (BNC) which is currently producing 7,000oz annually, eyes a 42% increase in production in the next 2yrs as it intensifies efforts to restart its smelter which shut down during the hyperinflation era.



Avg Prices US\$/bbl		MoM %Δ
Jan-14	107.27	-3.15
Feb-14	108.84	1.46
Mar-14	107.79	-0.96
Apr-14	108.16	0.34
May-14	109.24	1.00
2014f	105.00	
Daily		WoW %Δ
30-May-14	109.41	
2-Jun-14	108.83	
3-Jun-14	108.82	
4-Jun-14	108.40	
5-Jun-14	108.79	
6-Jun-14	108.61	
		-0.73

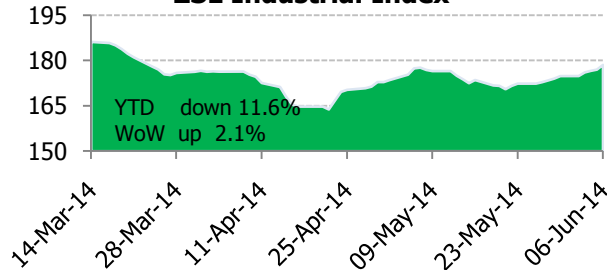
- A loss of crude oil exports from Libya, where violence and civil turmoil have cut oil output by more than 1m barrels per day (bpd) from pre-unrest levels, have supported Brent prices above the US\$108/bbl.
- The Chinese data which followed US figures showing employment returning to its pre-recession peak, confirming steady improvement in the world's top oil consumers, cemented oil prices.
- The Organization of the Petroleum Exporting Countries (OPEC) will meet in Vienna this week and is likely to keep an output target of 30m bpd. Members of the cartel, which pumps a third of the World's oil, are satisfied with the current oil prices and are producing just enough to cover most of their budget needs.

Equities 90-Day Index Charts

Zimbabwe



ZSE Industrial Index

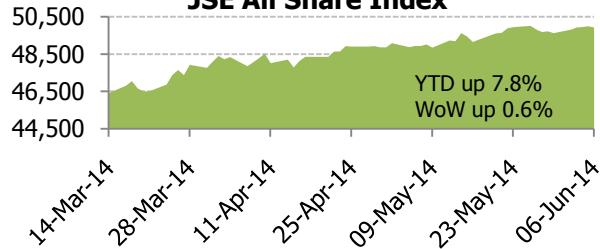


- Zim unit of World number 2 platinum producers Impala Platinum will upgrade its smelter into a base-metals refinery in the next 2yrs. Investment in the resource rich country has been slow due to lack of clarity over the indigenisation laws.

South Africa



JSE All Share Index

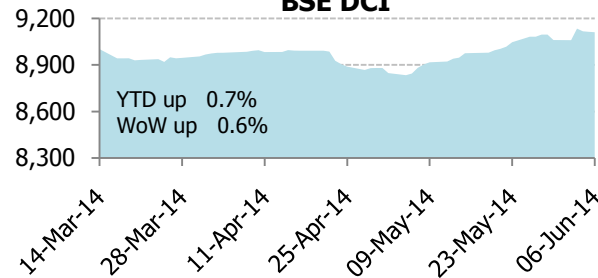


- According to the National Association of Automobile Manufacturers of South Africa (NAAMSA), sales of new vehicles fell by 9.2% in the year to May indicating weaker economic fundamentals in Africa's 2nd largest economy.

Botswana



BSE DCI

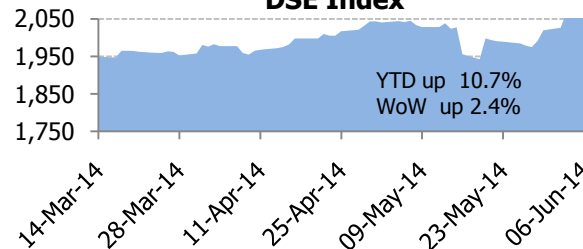


- Botswana and Zambia will start building a US\$259m bridge in June to replace the ferry service between the two states. The project will improve transport between the mineral-rich regions of Zambia and DRC and the port of Durban in SA.

Tanzania



DSE Index

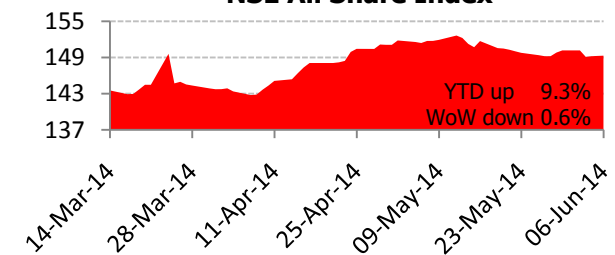


- Inflation inched up 6.5% in the year to May from 6.3% in April led by increase in food and non food items such as fuel. MoM inflation slowed from 0.7% in April to 0.4% in May.

Kenya



NSE All Share Index

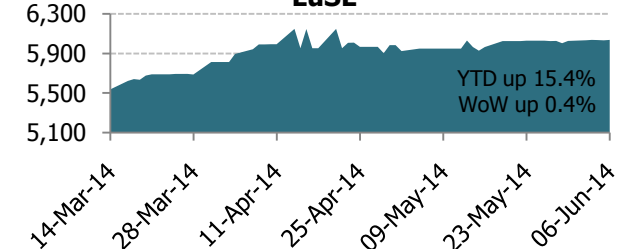


- Inflation will remain in the upper limit target of 7.5% in 2014. Inflation surged to 7.3% in the year to May from 6.4% month earlier. Economic growth will rise to 6.4% in 2015 from forecasted 5.8% this year.

Zambia



LuSE



- Budget deficit forecast for the 2014 fiscal year has been slashed to 5.2% of GDP, from 6.6% projected earlier, but the Gvt kept a 6.5% inflation target, even as the Kwacha plunged to all time lows against the dollar this year.

Foreign Exchange Markets

	USD/BWP	USD/MZN	USD/TZS	USD/ZMW	USD/ZAR	EUR/USD	GBP/USD
Wk Ending							
30-May-14	8.73	30.63	1,644	6.81	10.44	1.361	1.674
Daily							
2-Jun-14	8.80	30.63	1,646	6.68	10.58	1.361	1.674
3-Jun-14	8.85	30.63	1,646	6.48	10.66	1.361	1.677
4-Jun-14	8.89	30.64	1,648	6.74	10.80	1.361	1.672
5-Jun-14	8.87	30.64	1,648	6.66	10.74	1.361	1.676
6-Jun-14	8.85	30.64	1,649	6.45	10.65	1.364	1.681
WoW %Δ	1.42	0.03	0.30	-5.34	2.00	0.23	0.42
YTD %Δ	1.50	2.72	5.30	17.03	1.75	-1.02	1.75

	ZAR/BWP	ZAR/MZN	ZAR/ZMW	ZAR/TZS
Wk Ending				
30-May-14	0.837	2.92	0.650	157
Daily				
02-Jun-14	0.831	2.88	0.627	156
03-Jun-14	0.828	2.86	0.605	154
04-Jun-14	0.825	2.86	0.628	153
05-Jun-14	0.826	2.86	0.625	153
06-Jun-14	0.827	2.86	0.608	154
WoW %Δ	-1.17	-2.05	-6.49	-1.91
YTD %Δ	-1.08	-0.35	16.51	3.46

Exchange Rate Developments

- The USD has remained weak against major currencies particularly the EUR and GBP.
- In the Euro zone, slumping imports as consumers tightened their spending, Germany's big trade surplus and Spain breaking its dependence on foreign credit led to a large current account surplus. This supported the EUR and outweighed the US's stronger economy and tapering of QE.
- Appreciation of the USD is imminent, as strong US growth in Q2:14 will bring the prospect of US interest rate rises into view just as the European Central Bank (ECB) loosens its policy.
- The ZAR was trading weaker against the USD as investors were worried by data showing that Africa's most advanced economy was contracting, with further strikes looming.
- The Fitch and Standard and Poor are likely to downgrade SA's credit rating this week, a move that could see the ZAR spiralling into further losses.
- The BWP depreciated against the USD in line with the ZAR due to strong economic ties between Botswana and SA.
- The ZMW is the only BancABC markets currency which appreciated against the USD over the past week, reversing some of its losses.
- All BancABC markets currencies appreciated against the ZAR signalling weaker economic fundamentals in Africa's most advanced economy.

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Contact telephone numbers: 369701-16; 752383-5

Appendix: Global Economy

Global Economy

- Global activity has broadly strengthened and is expected to improve further during the 2nd half of 2014.
- Overall global GDP growth is set to rebound from 3.0% in 2013 to 3.9% in 2014.
- Much impetus is coming from advanced economies - US & Eurozone as well as other emerging markets

Euro area

- Was in recession in 2012 and 2013. Economic growth is set to recover from -0.5% in 2013 to 1.2% in 2014.
- Although growth turned positive, it remains weak and fragile.
- The region is struggling with low inflation and faces risk of deflation as growth in demand remains sluggish

US

- Above trend growth of 2.8% is expected in 2014, up from 1.9% in 2013.
- Continued recovery will be supported by accommodative monetary conditions and rebound of real estate emerging from a long slump.
- The medium-term outlook for the U.S. and other mature economies remains slightly more positive than in previous years

Emerging Markets

- As China growth concerns remain, the economy is projected to slowdown to 7.5% in 2014, down from 7.7% in 2013.
- IMF recently highlighted that Asia faces five challenges in pursuit of sustainable growth:
 - *Overcoming the middle-income trap;*
 - *Improving its institutions and governance;*
 - *Coping with an aging population;*
 - *Curbing rising inequality; and*
 - *Promoting financial development.*

SSA

- Modest improvement in growth from 4.9% in 2013 to forecasted 5.4% 2014 due to better external demand
- A recent IMF conference in Maputo noted that Africa's top policy priorities:
 - *Bridge the infrastructure gap;*
 - *Share the wealth particularly in rural areas;*
 - *Invest natural resource revenues in people ;*
 - *Create jobs which fall short of expectations*

Global Risks

- Phasing out of US Quantitative Easing (QE)
 - *Retrenchment of Emerging Markets (EM) portfolio inflows & tight external financing conditions*
- Slower growth in China
 - *Adverse impact on commodity prices*
- Euro-Area stagnation & entrenched disinflation
 - *Lower external demand & global growth*
- Escalation of Ukraine Crisis
 - *disruption of Russian gas supply to Europe. Oil price pressures on global markets*