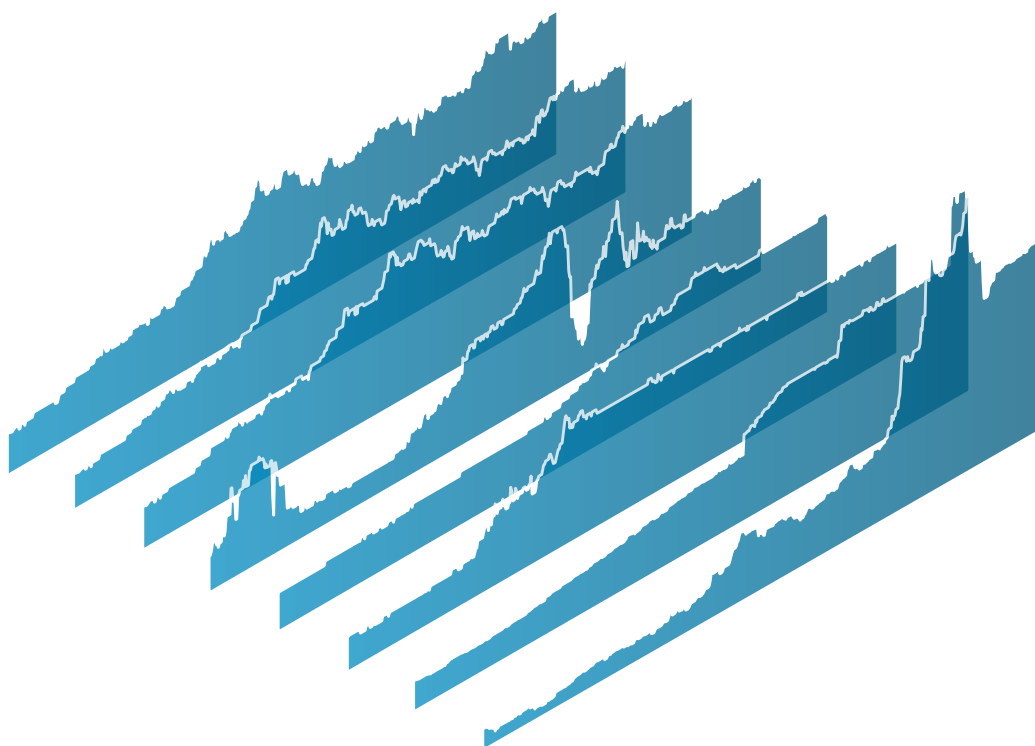

Middle Africa FICC Guidebook 2016:
Fixed Income, Currency
and Commodities

Deluxe edition:
Sub-Saharan
Africa

Produced in association with:

MAKE
THINGS
HAPPEN



Middle Africa FICC Guidebook 2016:

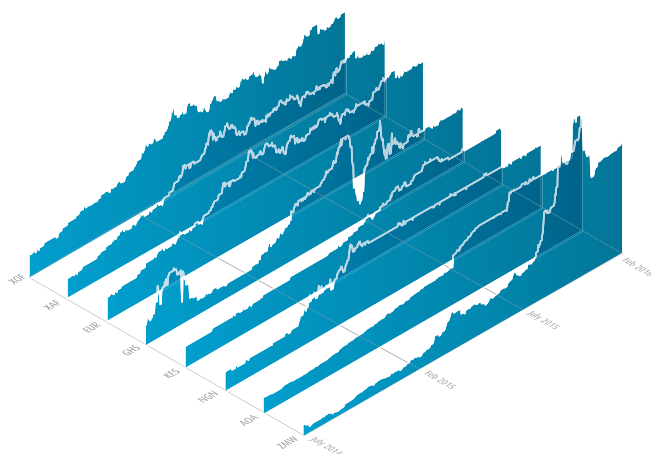
Currency Volatility (Jul 2014 to Feb 2016)

The front cover shows the exchange rate volatility of key currencies in Middle Africa from July 2014 to February 2016 and is measured by the number of standard deviations around the average exchange rate. Volatility is driven by the strength of export revenues and import demand, the level of FX reserves, capital flows and capital account restrictions, economic growth prospects, and the exchange rate regime (fixed, floating, or a system in between).

From the data we can see that there are high volatility currencies, such as the Zambian kwacha, which operates under a floating exchange rate regime. Floating regimes can help absorb external pressures but this flexibility can reflect changes in market expectations for export earnings, domestic demand, FX reserves and so on.

In contrast, fixed exchange rate regimes, or managed floats such as implemented in Nigeria, can often show significantly less volatility helped by maintaining a high level of FX reserves to defend the fixed rate. However, there are advantages and disadvantages in both types of regime, linked to the 'Impossible Trinity', which means a country can only choose two of the three: an independent monetary policy, free movement of capital, and a fixed exchange rate regime.

Overall, exchange rate volatility in some countries that run floating regimes has raised currency risk and increased transaction costs, which in turn has reduced the gains from international trade. Equally, under fixed regimes, when FX reserves come under pressure leading to a sharp currency devaluation, this can lead to major trading and investment losses.

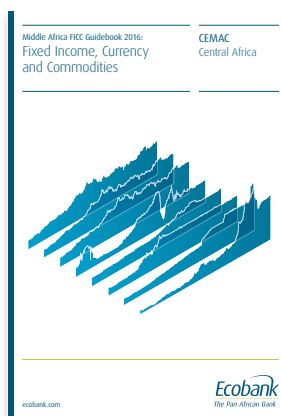


For the fourth edition of our Middle Africa FICC Guidebook, we are publishing each region separately.

There are five regional guides to choose from:

- Francophone West Africa
- Nigeria and Rest of West Africa
- Central Africa
- East Africa
- Southern Africa (including Nedbank regions)

Soft copies of these guides can be downloaded via our online portal, the Ecobank Research Centre (ERC): <http://ecobank.com/rc.aspx>. Request a free log-in for access to the guidebooks and to our complete report archive.



Ecobank: Group at a glance

Ecobank is a full-service bank focused on Middle Africa. It provides wholesale, retail, investment and transactional banking services to governments, financial institutions, multinationals, local companies, SMEs and individuals. The Group has 19,568 employees in 36 countries.

Unrivalled pan-African network

Ecobank is present in more countries in Africa than any other bank in the world. Ecobank currently is present in 36 countries across the continent, as highlighted in the map opposite. The Group also has a subsidiary in Paris and representative offices in London, Dubai and Beijing.

One Bank

Ecobank operates as 'One Bank' with common branding, standards, policies, processes and technology to provide a consistent and reliable customer experience across the entire network. At 31 December 2015, Ecobank had a unique network of 1,265 branches, 2,773 ATMs and over 10,000 POS machines, servicing over 11.1 million customers.

Diversified business mix

Ecobank's mix of retail, wholesale and investment banking is diversified across geographies, customers and products to provide a sustainable platform for long-term growth and value creation.

Sustainability

Ecobank seeks to comply with international best practices in key areas such as business ethics, anti-money laundering and corporate governance. We also seek to factor social responsibility and sustainability into our business approach and to contribute to poverty alleviation and wealth creation.

Investment story

Incorporated in Lomé, Togo, Ecobank Transnational Incorporated (ETI) is the parent company of the Ecobank Group. ETI is listed on the BRVM in Côte d'Ivoire, the Ghana Stock Exchange and the Nigeria Stock Exchange and has over 650,000 shareholders.

Please visit www.ecobank.com to find out more about the Ecobank Group.

Nedbank Corporate and Investment Banking (NCIB)

The Nedbank Group successfully concluded the integration of its Nedbank Capital and Nedbank Corporate businesses in 2015. The combined wholesale franchise, **Nedbank Corporate and Investment Banking (NCIB)**, offers the full spectrum of transactional, corporate, investment banking and markets solutions, characterised by a highly integrated partnership approach. These solutions include lending products, advisory services, leverage financing, trading, broking, structuring, and hedging and client coverage.

Markets

The Markets franchise undertakes trading activities and provides products to institutional and corporate clients. Trading capabilities span commodities, equities, fixed income, foreign exchange and structured credit solutions. The division also provides treasury services to the broader Nedbank Group to facilitate funding and liquidity.

Investment Banking

The Investment Banking (IB) franchise is a lending and advisory business covering corporate clients, debt and equity capital raisings, investing activities and providing specialised financing solutions to clients in all sectors (excluding property) requiring funding in excess of 12 months.

Property Finance

This franchise is focused exclusively on the commercial property sector and undertakes lending and investing activities. The business provides finance for existing properties and developments as well funding and minority stakes for listed/unlisted funds.

Transactional Services

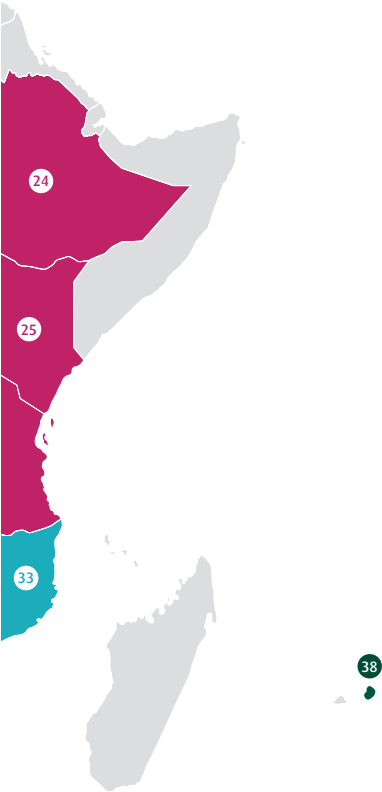
Transactional Services provides transactional product solutions and innovation support to the wholesale clusters of the Group (NCIB, Business Banking, Rest of Africa and Retail Relationship Banking) and their clients.

Client Coverage

Operations are focused on driving deal origination with clients by building trusted relationships which deliver value for clients through the implementation of bespoke solutions to mitigate financing risks that clients may face.

Our Regional Guides





Country guide and map key

Francophone West Africa	01. Benin 02. Burkina Faso 03. Cape Verde 04. Côte d'Ivoire 05. Guinea-Bissau	06. Mali 07. Niger 08. Senegal 09. Togo
Nigeria and Rest of West Africa	10. Ghana 11. Guinea 12. Liberia	13. Nigeria 14. Sierra Leone 15. The Gambia
Central Africa	16. Cameroon 17. Central African Republic 18. Chad 19. Republic of Congo	20. Equatorial Guinea 21. Gabon 22. São Tomé and Príncipe
East Africa	23. Burundi 24. Ethiopia 25. Kenya 26. Rwanda	27. South Sudan 28. Tanzania 29. Uganda
Southern Africa	30. Angola 31. Democratic Republic of Congo 32. Malawi	33. Mozambique 34. Zambia 35. Zimbabwe
Nedbank Regions	36. Botswana 37. Lesotho 38. Mauritius Mozambique ▲	39. Namibia 40. South Africa 41. Swaziland Zimbabwe ▲

▲ - These countries have already been numbered (see above).

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Foreword

Introduction

Welcome to this fourth edition of Ecobank's Middle Africa Fixed Income, Currency and Commodities (FICC) Guidebook. This guidebook is intended as an essential reference tool for any institution or investor interested in monitoring recent developments in debt markets, exchange rates, macroeconomic performance, and commodities across the 36 African countries that constitute our African footprint.

Middle Africa represents a market of more than 850 million people, with a combined GDP of around USD1.2 trillion. It remains the joint fastest growing region in the world (alongside Developing Asia), thanks to macroeconomic policy improvements, a stronger business climate supported by ongoing reforms, attractive demographics, and an emerging consumer class whose disposable income is rising each year. Yet Middle Africa tends to be a region that is under-researched and, as a result, misunderstood or overlooked by many private and institutional investors.

Having worked for many years to support the development of Middle Africa's financial markets and investment opportunities, we understand the complexities of investing in the region and recognise the importance of having access to up-to-date and comprehensive information when making investment decisions.

Through the Ecobank Research platform and a seamless Corporate and Investment Bank presence across Middle Africa, along with the collaboration of our partner, Nedbank, we believe that we have the ability to gather local knowledge – that is often difficult to access – and present it in a clear and concise manner. We capitalize on our Middle African knowledge and expertise to develop appropriate business and investment strategies. In turn, the combination of our pan-African platform, local knowledge and relationships, assists our clients in achieving their pan-African ambitions.

Whether you are relatively new to Middle Africa or an experienced investor, we encourage you to use this guidebook to help inform your decisions. Moreover, Ecobank should be seen as your key strategic partner in Middle Africa, leveraging on the power and insight of all of our major shareholders as you look to expand and diversify your businesses and portfolios. It is the combination of Ecobank's pan-African reach and local knowledge that will give you the Network Advantage.



Ade Ayeyemi

Group CEO, Ecobank Group

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Introduction

Welcome to this fourth edition of our Fixed Income, Currencies and Commodities (FICC) Guidebook, in which we continue to provide the most comprehensive coverage of Middle Africa. This book has been produced by Ecobank's research team, who are spread across the bank's network of 36 Sub-Saharan African countries. Once again, we are pleased to join forces with our Alliance partner and shareholder, Nedbank, by adding their local knowledge of five Southern African countries to this year's guidebook. This enables us to cover the key markets in Sub-Saharan Africa in one guidebook.

African markets have weathered a challenging global environment since the 2008-09 financial crisis, with falling demand in key export markets, notably China, and prolonged weakness in commodity prices putting heavy pressure on Middle African currencies and current accounts. The 'Africa Rising' narrative has given way to a more sober outlook for emerging and frontier markets, raising fresh concerns over Africa's growth prospects.

But this negativity is misplaced because, despite the headwinds, Middle Africa remains the joint fastest growing region in the world (alongside Developing Asia). Middle Africa boasts increasingly diversified economies and an expanding consumer class which is creating an array of new investment opportunities. The region has also seen a rebound in capital inflows and increased portfolio allocations, marking a structural shift away from cyclical flows to strategic investment in Middle African assets. This change has in part been driven by investors' search for yield, which has been reflected in the rise of African sovereigns accessing the Eurobond market. Middle Africa is changing, both economically and socially, and the pace and depth of this change varies greatly between markets in the region, some boasting the world's fastest growth rates, while others struggle with currency, fiscal and financing constraints.

In order to understand Middle African markets – and tease out the opportunities for investment – you need strong local knowledge of how these markets work, their key players and their outlook. Drawing on the research team's extensive network of contacts across Middle Africa – from central banks and regulators to leading businesses and investors – this guidebook is intended as a primer for investors in the region. There is an outlook for the region's economy, an overview of the key sectors (financial, energy and soft commodities), and a detailed country-by-country guide of 41 countries in Middle Africa.

Investing in Middle Africa comes with risks, just as anywhere else in the world. Understanding these risks and how to manage them is what makes a successful investment. With what appears little space for Middle African central banks to cut rates, owing to robust domestic demand and accelerating inflation, understanding the policy response is an essential part of managing a successful portfolio of investments. This guidebook helps summarise possible risks that may arise and how to navigate through them in order to mitigate the effects of changes in interest rates and currencies, volatile commodity price swings, and regulatory changes across Africa's productive sectors. Not only do we aim to help local investors achieve good returns, but we also want to encourage foreign investors to deepen their commitment to Africa's investment opportunities, which will help boost liquidity, increase market depth, and diversify returns.

We hope you find this guidebook useful, and we encourage you to reach out to our research team if you want to discuss any of the opportunities for investment.



Edward George

Head of Group Research

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The Ecobank Research team

Introduction

Ecobank's research team has a wealth of experience in Middle African markets, with analysts drawn from all corners of the African continent. The research team is made up of eight analysts, based in the UK, Nigeria, Ghana, Côte d'Ivoire and Kenya, who focus on the Fixed Income, Currencies and Commodities (FICC) space in Middle Africa.

The team is divided into four desks:

- Macroeconomics: covering GDP, fixed income and currencies
- Financials and banking: covering the banking and financial sector
- Energy: covering oil, gas and power
- Soft commodities: covering the region's key cash crops (e.g. cocoa, coffee and cotton).

The team also has expertise in trade flows, trade finance, mobile payments, mining and Francophone and Lusophone Africa.

The research team produces regular reports for public consumption, including:

- Weekly Middle Africa currency and equity market updates
- Monthly Middle Africa energy and soft commodity market updates
- Quarterly Economic Strategic Reviews of the largest economies in Middle Africa (currently Nigeria, Ghana and Côte d'Ivoire)
- Ad hoc speednotes and briefing notes on key developments affecting Middle African markets.

If you would like to receive our reports, please send an email to ecobankresearch@ecobank.com requesting to be added to our distribution list.

You can visit our online portal using this link: <http://ecobank.com/rc.aspx>. Click on the blue box to request a free log-in. The portal has a full archive of our reports, profiles of our analysts, background material, as well as information about our bespoke advisory service, LocalKnowledgeAfrica™.

Follow our Twitter account @EcobankResearch for the latest news and reports on Middle Africa.

Key Contacts

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Head of Financial and Banking Research

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Head of Energy Research

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Head of Soft Commodity Research

Edward George
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The Ecobank Research Team

Ecobank's research team also runs a bespoke advisory service for clients: LocalKnowledgeAfrica™.

LocalKnowledgeAfrica™ recognises the difficulties businesses and investors face in designing and executing their investment and expansion strategy into and within Africa. Success in Africa can only be achieved with a well-planned and executed strategy based on local knowledge. We also know that success in Africa relies upon the relationships that our clients have with governments, regulators and their customers. Our local network enables us to access these critical relationships for our clients. Our pan-African platform keeps our finger on the pulse of local markets so that we can advise our clients on how best to manage their investment in Africa and tease out the opportunities for investment.

Our Service Offering

High-level briefings and consultations

- Strategic Consultations
- Strategic Notes

Bespoke reports

- Country and Regional Analysis
- Sector Analysis
- Market Sizing
- Competitive Landscape
- Quarterly Updates

Access to the network

- Target/Opportunities Research

Our Expertise

Our expertise

Anchored on the award-winning Ecobank Research team, the LocalKnowledgeAfrica™ team is a diverse collective of analysts and consultants in the UK and across Middle Africa, with world-class expertise on Africa's emerging markets and sectors.

- Macroeconomics
- Fixed Income and Currencies
- Banking and Financial Services
- Oil and Gas, Power and Natural Resources
- Mining
- Soft Commodities, Food and Agribusiness
- Consumer Goods and Services

LocalKnowledgeAfrica™ contacts:

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Ecobank at a glance

Introduction

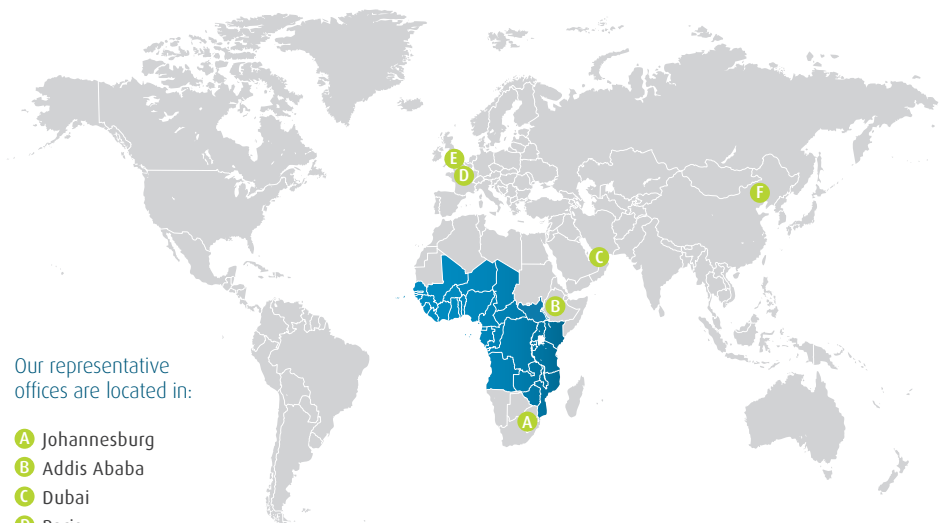
Our global network

Ecobank's international operations are in six countries, running six offices, with approximately 100 employees that look after corporate and investment banking clients. Very strong revenue and profit growth reflects the relatively new operations, particularly in London, that opened in early 2011. The importance of the international operations lies in their ability to channel investors' interest and finances towards Middle Africa and the development of its people and resources.

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regions)

Our representative
offices are located in:

- A** Johannesburg
- B** Addis Ababa
- C** Dubai
- D** Paris
- E** London
- F** Beijing

Our key figures

as at 30 September 2015

19,568

Ecobank employees

23.4bn

Total assets USD

1,265

Branches and offices

11.1 mn

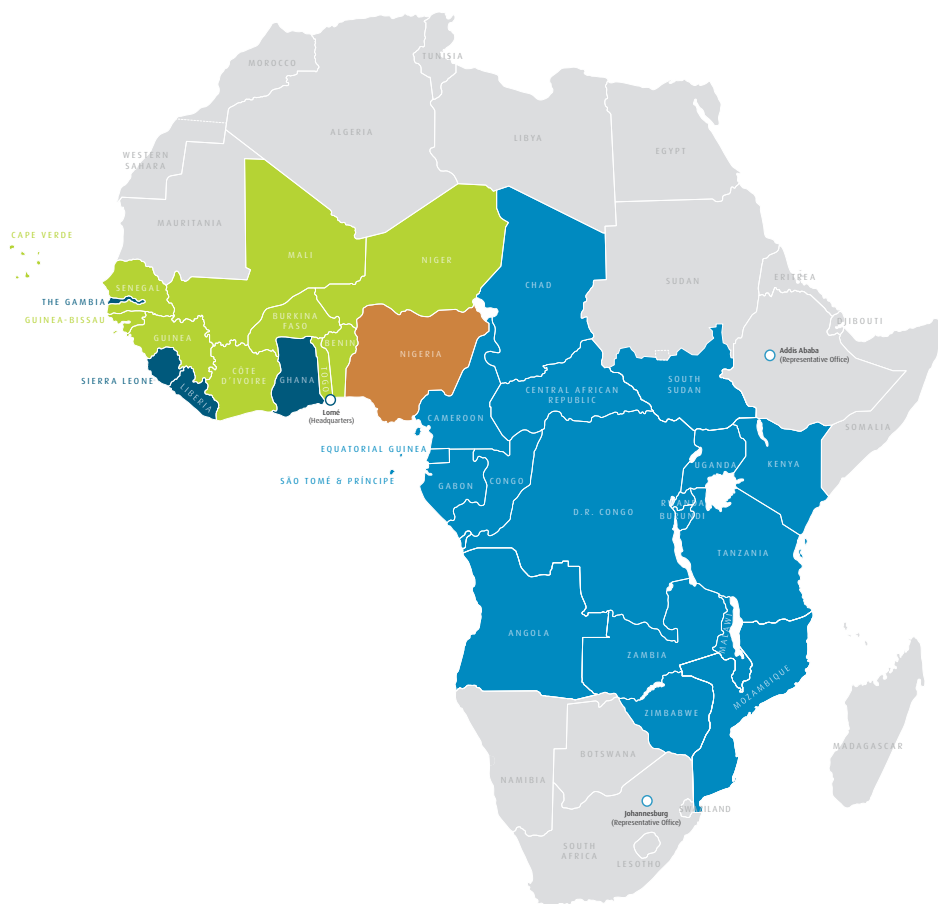
Ecobank customers

2.7bn

Total equity USD

2,773

Ecobank ATMs



Francophone West Africa

Countries

9

- Benin
- Burkina Faso
- Côte d'Ivoire
- Cape Verde
- Mali • Niger
- Senegal • Togo
- Guinea-Bissau

Nigeria

Countries

1

- Nigeria

Rest of West Africa

Countries

5

- Ghana
- Guinea
- Liberia
- Sierra Leone
- Gambia

Central, Eastern and Southern Africa

Countries

7

- Cameroon
- Chad
- Central Africa
- São Tomé and Príncipe
- Congo • Gabon
- Equatorial Guinea

Countries

7

- Rwanda
- Kenya
- Burundi
- Uganda
- Tanzania
- South Sudan
- Ethiopia

Countries

5

- Angola
- DR Congo
- Malawi
- Zambia
- Zimbabwe

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Global and regional economic overview

Global Economy Overview

- The main Quantitative Easing stimulus has been withdrawn in the US and UK – which is leading to booms and busts.
- As QE is withdrawn, tightening global liquidity is increasing pressure on debt and equity markets.
- The fallout has been seen in US Federal Reserve monetary policy tightening, China's slowing growth, falling commodity prices, and corporate scandals and strains (such as VW and Glencore).
- Slowdown in China is affecting the whole of Africa – as well as the Global Economy – because the Chinese presence across Africa has grown strongly over the past decade.
- The recent withdrawal of QE is also having an adverse effect on EMs and Africa, with capital flowing out of these markets as investors seek less risky investments (such as US T-bills and bonds).
- This has also been reflected in increased volatility in Africa's main FX markets.
- All of these factors impact Africa's growth prospects in 2016, and the region's operating environment will be challenging throughout the year. But we are unlikely to see a contraction in real economic activity.
- However, there is a major risk that China could be the third leg of a long global crisis, following the impact of the US crash in 2007-08 and the eurozone economic turmoil in 2010.

The fragile global recovery is being led by developed economies. However, the global economy faces the prospect of low growth for the next few years because the recovery from the global crisis remains weak, uneven and undermined by risks.

The US economic recovery continues, although growth remains weak, with real GDP estimated to have grown by 2.5% in 2015, compared with 2.4% in previous year. Unemployment continues to fall (reaching 4.9% in January 2016, down from 5.7% in the corresponding period in 2015), housing starts remain on an upward trend and inventory indices are strengthening. However, the US recovery appears fragile: although the Economic Confidence Index improved from its recent nadir of -42 in October 2013 to a peak of +7 in January 2015, it has since dropped to negative territory, staying firmly within a narrow range of -8 to -12 at end-2015/early 2016. Meanwhile, with the return of Congress in September 2015 in its last full year before the 2016 elections, political polarisation appears set to resume, which could damage the recovery.

With the Federal Reserve ending its QE program in October 2014, and with the adverse effect of the recent China-induced global market turmoil expected to persist, the US interest rate hike cycle is likely to be less aggressive than previously anticipated: financial markets are currently pricing in one/no rate rises in 2016, against the Federal Reserve's forward guidance, which envisages gradual increases in interest rates. In view of this, the scope for increases in the prices of US Treasuries appears limited.

In the eurozone, many countries are still dealing with large fiscal deficits, high debt stocks and widespread unemployment. As a result, growth remained weak at 1.5% in 2015, which has contributed to deflationary pressures. Annual inflation rose slightly to 0.4% in January 2016, up from 0.2% in December 2015, but remains well below the ECB's 2.0% target. Deflation highlights the delay in the return of private sector spending and investment throughout the region. With investors expecting future growth to be lower, they have cut back on current investment and consumption, which is undermining policymakers' efforts to pull the region out of its weak growth cycle. The ECB has changed its view that deflation risks are manageable and is expected to expand its QE/asset buying programme to boost demand.

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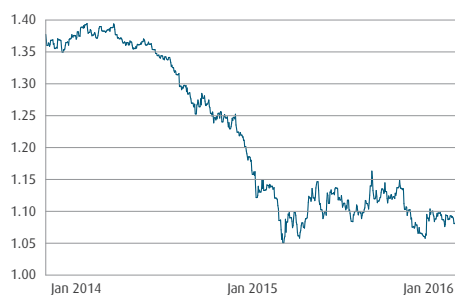
Emerging Markets are likely to remain a weak source of global growth, expanding at a slower pace than earlier forecast. This is due to a combination of factors such as uncertainty over US interest rate hike cycle, weak EU demand, fiscal and current account strains within a tightening monetary policy environment, and for exporters of commodities, notably oil, the prospects of depressed revenues.

China remains a major concern for Africa given that growth has continued to slow: the economy grew by 6.9% in 2015, compared with 7.3% in 2014, marking its weakest growth in the past 25 years.

- In 2014, China was Africa's largest bilateral trading partner, with an estimated USD140 bn worth of trade
- However, this trade relationship is weakening, owing to the slowdown in Chinese demand for Africa's commodity exports, presenting African economies with their toughest economic challenge since the Global Crisis
- Not only are Chinese funded projects being delayed and jobs being cut, but African currencies have been weakening significantly against the US dollar – driven by the oil price crash and US dollar spike, which are causing major problems for Africa's policy makers.

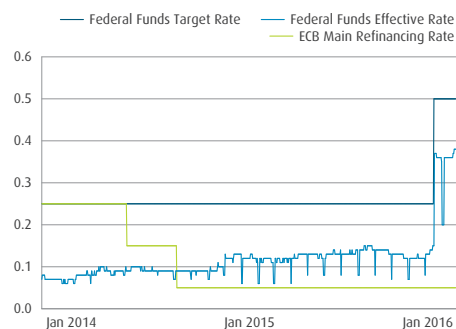
USD:EUR1 Exchange Rate

Source: Bloomberg



Federal Reserve and ECB Policy Rate (%)

Sources: Federal Reserve and ECB



Global and regional economic overview

Global FX Outlook

Global FX

Following a series of policy decisions by the ECB – to cut its main refinancing rate by 10 bp to 0.05% in September 2014, to implement a programme of buying around EUR1 trn of eurozone sovereign bonds from March 2015 onwards, and to boost the QE programme in September 2015 – we retain a weak outlook for the EUR against the USD in 2016. The EUR weakened steadily against the USD from early May 2014 to March 2015, with two main factors influencing the market:

- The effects of a normalisation in US monetary policy. The agreement by the Federal Reserve in December 2013 to start slowing its asset purchase programme, starting in January 2014 by a cumulative USD10 bn per month, was completed in October 2014. The effect of this slowdown increased confidence in the US economic recovery, which in turn led to a rise in US Treasury yields that has pulled some capital out of the eurozone and Emerging and Frontier Markets.
- Concerns over the risk of a deflationary cycle in the eurozone. Annual inflation decelerated throughout 2014, which turned into contraction prices in January to March 2015. Since then inflation has remained very low (contracting again in September 2015) and the longer inflation remains below the ECB's 2.0% target, the greater the risk to the ECB's credibility. However, the ECB's decision in late 2015 to boost its original QE policy should help increase liquidity and support inflation, although this policy will further weaken the EUR.

Now that the immediate problems with Greece's membership of the eurozone have been 'papered over', downward pressure on the EUR has improved somewhat. However, this is likely to be a short lived phenomenon, given the large debt stock of Greece and the US interest rate hike cycle.

Sub-Saharan Africa Economic Outlook

Middle Africa continues to grow strongly despite ongoing weakness in the global economy. Strong growth reflects robust domestic demand and demand for exports in Emerging Markets (despite recent weakness in Asia). Although Sub-Saharan Africa accounts for a small share of global GDP, resilient growth over recent years has seen its share increase steadily, with real GDP averaging 5.6% between 2000-14. Moreover, strong population growth and rising urbanisation rates offer many opportunities for investors, which in turn will support exports and help underpin increased flows of FDI over the coming years.

Economic growth in Sub-Sahara Africa has been revised downwards, but is still expected to grow strongly in 2016: from an estimated 3.5% in 2015 to 4.0%, reflecting improved prospects in a large number of countries, excluding most oil exporters. The region boasts some of the highest levels of real growth in the world, reflecting various factors: rising agricultural production and processing, robust domestic demand, strong population growth, large investments in infrastructure and mining, rising demand for services (particularly trade, transport, telecoms and financial services), and ongoing demand for exports, despite the weak global commodity price outlook in 2016. Improving macroeconomic policies and infrastructure will underpin this growth.

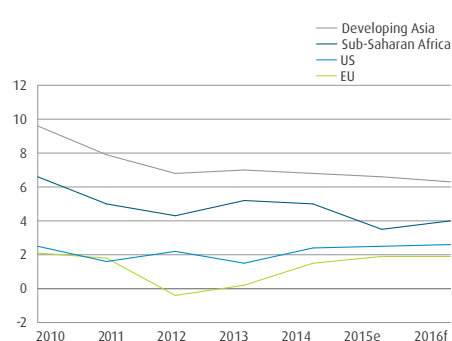
Inflation should remain relatively moderate under the assumption that oil and other commodity prices remain low throughout 2016. Inflation will be contained in most countries for several reasons. Currency pegs to the euro in Francophone Africa help anchor fiscal policy, which in turn keeps money supply growth in check. Stronger policies (particularly fiscal policy) will contain government spending, which has generally led to an increase in liquidity. However, upside risks to inflation remain.

There is a possibility that El Niño would disrupt weather patterns across Africa, threatening grain/cash crops across the region, resulting in increases in food prices (the largest component of the CPI basket of goods in most countries). At the same time, falling export and government revenues will increase fiscal imbalances, prompting governments to make difficult policy decisions involving reductions in government subsidies and/or hikes in utility prices. This, alongside increased uncertainty in the global economy and potential hikes in US interest rates suggests that the scope for monetary policy easing will be limited; as such, monetary authorities are likely to adopt a broadly tight policy stance in 2016.

Current account deficits look to remain elevated owing to the ongoing high level of infrastructure investment, foreign direct investment related imports and imports of food and consumer goods. As most countries in Sub-Saharan Africa are oil importers, low global oil prices will also reduce external sector pressures despite somewhat weaker demand for exports from key export markets.

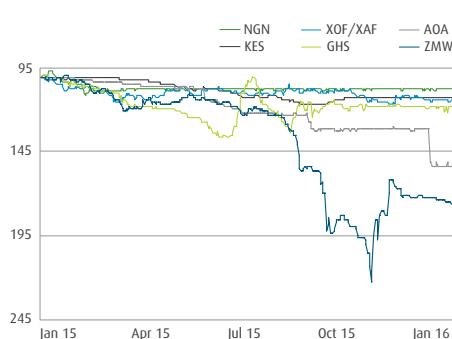
Real GDP, annual percent change

Source: IMF



Exchange Rate Index (Jan 2015 = 100)

Source: Bloomberg



Sub-Saharan Africa FX Outlook: The outlook for African currencies appears negative. African currencies will come under increasing pressure from recent shocks in the global economy, in particular, weakening demand in key trade partner, China, sustained weakness in commodity prices, mainly oil, and uncertainty over US interest rate hike cycle. Currency weaknesses will be more pronounced in major oil exporters such as Nigeria and Angola, increasing the scope for further devaluation: this is following a series of devaluation in 2014-15 amid the sharp drop in oil prices since mid-2014. Non-oil importers that are also reliant on commodities such as metals/precious minerals will also see their exchange rates come under further stress in 2016 e.g. Zambia. Moreover, with challenges to the eurozone persisting (deflationary pressures that ECB's QE programme aims to resolve, depressed growth forecasts, and large fiscal deficits and debt stocks), and with the US recovery remaining positive, EUR:USD volatility will remain pronounced, and this will be reflected in the XOF and the XAF, which are pegged to the EUR. In addition, assuming oil prices remain low, this will undermine prospect for CEMAC countries and the XAF via lower oil export receipts and hence lower accumulation of FX reserves at the Bank of Central African States (BEAC). As most of the countries of the West African Economic and Monetary Union (UEMOA) are oil importers and export goods to Europe, the moderate spread between the XOF and XAF will reflect balance of payments pressures rising in CEMAC countries.

Global and regional economic overview

Introduction

The business operating environment in many countries in Sub-Saharan Africa has generally improved in recent years. Power supply has increased somewhat in many African countries, thanks to growing efforts by African governments to strengthen the productive capabilities of their economies. However, public financing of power projects has been limited (owing to leakages, high financing costs, weak tax revenue collection, among other things); instead, African governments have had to resort to financing from the private sector and multilateral donors. Despite recent progress, power supply remains significantly short of demand, constraining Africa's growth potential, and sustaining high costs for doing business in the region. The short-term outlook for power provision is positive, but progress will be limited given the huge investment required against the backdrop of low commodity receipts and growing fiscal prudence.

Global and Regional Context

However, the medium to long term outlook appears good; African governments are likely to accelerate their ambitious investment plans as risks to the global economy subside over the medium- to long-term. Meanwhile, most Middle African banking sectors remain largely insulated from global financial strains due to limited financial integration of Middle Africa's banking sector into the global system (bar the trade channel). However, improvements in portfolio quality, liquidity, and revenues would be welcome.

Francophone West Africa

The overall positive scenario for Middle Africa in 2016 is beset by numerous risks. External factors continue to pose the largest threats to the region as a whole, but domestic risks are more significant in some countries. Although nearly all countries grew in 2015, some were adversely affected by weakness in the eurozone. Currency pegs to the euro and/or strong trade links to Europe highlight some of the direct links that will remain a major concern for the continent in 2016. Moreover, weak global growth is likely to moderate growth in Middle Africa's export sector, which in turn could increase pressure on some currencies following relatively strong depreciation in 2015. Some of the more specific risks facing middle Africa include:

Nigeria and Rest of West Africa

- **Growth in EMs could prove less supportive.** South-South trade and investment has been growing in importance. But if growth in EMs – particularly in China – slows more than already envisaged, many countries in Africa would be certain to face lower export demand. The outlook for some of Africa's commodity prices would also likely deteriorate further.

Central Africa

- **The tightening of developed economy monetary policies.** The loosening of developed economies' monetary policies following the global crisis led to large portfolio capital inflows into Sub-Saharan Africa's largest markets. As monetary policies are 'normalised' in some developed economies, including the US, Africa faces higher financing costs and a slowdown in some markets, or even a reversal, of private capital flows.

East Africa

- **The threat of El Niño.** This could have a negative impact on agricultural production and hence inflation. Already, this has disrupted weather patterns across Africa, threatening grain crops in Southern and East Africa, and cash crops in West Africa. The phenomenon will be felt throughout first half of 2016, and will continue to have an impact until the end of the year. This will put pressure on the trade account as export revenues falls (already undermined by low cash crop prices) and the food import bill rises.

Southern Africa (including Needbank regions)

- **Rising fiscal imbalances.** In the years following the global financial crisis, fiscal policy in Sub-Saharan Africa has remained expansionary, despite growth having recovered to pre-crisis levels in most countries. Particularly vulnerable are those countries that have relied heavily on portfolio inflows to finance their high fiscal and/or current account deficits.

- **Heightened insecurity.** Recent conflicts in the Central African Republic, South Sudan, Mali and other countries in the Sahel, along with Burundi, all highlight the fragility of peace in many areas. Instability threatens to spill over into neighbouring countries, which could disrupt growth and private sector investment.

Banking and financial sector overview

Middle Africa's Banking Sector

Middle Africa's banking sector was estimated to be worth USD292 bn in total assets at the close of 2014, accounting for around a third of Africa's total banking sector assets. Middle Africa's banking sector is broadly divided into five regions:

- The West Africa Monetary Zone (WAMZ), which is dominated by Nigeria
- The West African Economic and Monetary Union (Union Économique et Monétaire Ouest-Africaine – UEMOA)
- The Central African Economic and Monetary Union (Communauté Économique et Monétaire de l'Afrique Centrale – CEMAC)
- The East African Community (EAC)
- The Southern African Development Community (SADC), excluding SACU countries.

Middle Africa: Regional groupings and member countries

West African Monetary Zone (WAMZ)	West African Economic and Monetary Union (UEMOA)	Economic and Monetary Community of Central Africa (CEMAC)	East African Community (EAC)	Southern African Development Community (SADC)*
Gambia, The	Benin	Cameroon	Burundi	DRC
Ghana	Burkina Faso	CAR	Kenya	Malawi
Guinea	Cape Verde	Chad	Rwanda	Mozambique
Liberia	Côte d'Ivoire	Republic of Congo	Tanzania	Zambia
Nigeria	Guinea Bissau	Equatorial Guinea	Uganda	Zimbabwe
Sierra Leone	Mali	Gabon		
	Niger	São Tomé and Príncipe		
	Senegal			
	Togo			

*Excluding SACU countries

Introduction

Global and Regional Context

Francophone West Africa

Nigeria and Rest of West Africa

Central Africa

East Africa

Southern Africa (including Nedbank regions)

Banking and financial sector overview

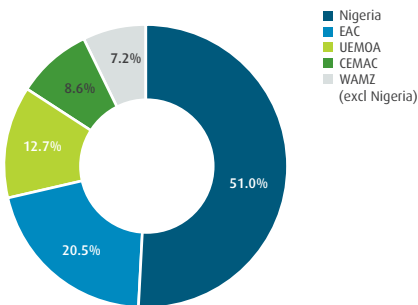
Nigeria has a dominant market share

Nigeria commands the largest market share of Middle Africa's banking sector (51%), with estimated total banking assets of USD149 bn in 2014. The EAC has the second largest banking sector (20.5%), with total assets of USD60 bn. The other three regions together account for USD83 bn of banking assets, 28.4% of Middle Africa's total.

Middle Africa remains a loan-driven market, with loans and advances accounting for over half of balance sheet activity. This lack of sophistication in Middle African balance sheets remains a positive factor, as it greatly reduces the costs and risks of compliance.

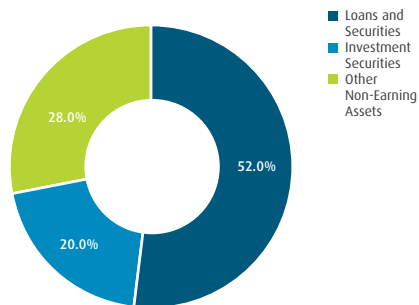
Banking sector market share, 2014, (%)

Source: Ecobank Research



Composition of balance sheets, 2014, %

Source: Ecobank Research

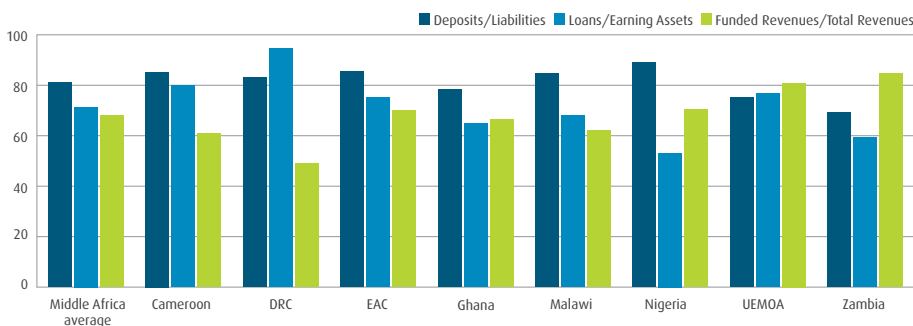


Middle African banks remain well funded

Middle African banks derived an average of 68% of their revenues from funding activities in 2014. Loans and advances constituted 71% of the earnings asset book, with investment securities making up the balance. Earning assets constituted 64% of total assets, with the balance comprising non-earning assets, although there are significant variations between individual markets. The lack of congestion on bank's balance sheets presents an opportunity for banks to be more innovative with asset generation. The absence of sophisticated and risky lending-based products explains why banking sector regulators in Middle Africa are yet to consider a full migration to the Basel III regime.

Composition of bank lending, % of total, 2014

Sources: Ecobank Research, Central Banks

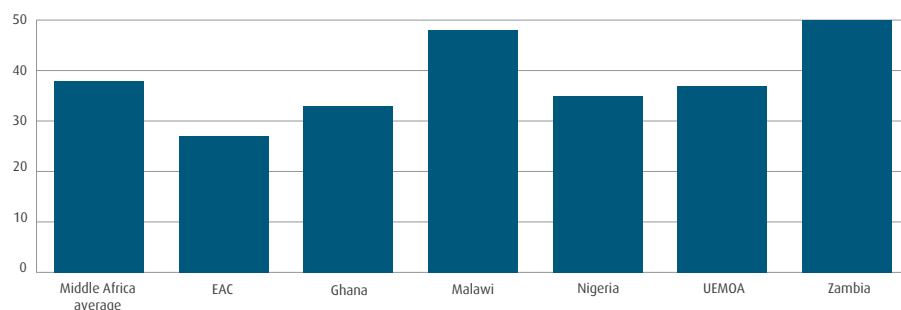


Deposit-based funding and high liquidity buffers are a key strength

Middle Africa's banks maintain a deposit-funded profile, with deposits accounting for an average of 81% of total liabilities in 2014. To sustain this deposit-based funding model, banks have continued to invest in brick-and-mortar branch networks as the basis on which they measure their retail franchise strength, which supports their ability to collect low-cost deposit liabilities. Deposit intermediation levels in Middle African are prudent, with an average net loans-to-deposit ratio (LD Ratio) of 69% in 2014. Liquidity buffers are generally healthy, with liquid assets (cash and investments) making up an average of 38% of total assets. All of these factors contribute to the general strength of the region's banking sector.

Liquid assets (cash and investments) as a proportion of total assets, 2014, %

Sources: Ecobank Research, Central Banks

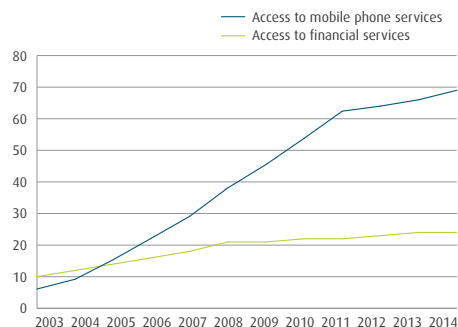


Banking sector penetration is low

Despite strong growth in Middle Africa's banking assets and lending base, access to financial services remains low. Although financial inclusion has improved over the past decade, growth in mobile phone ownership has dramatically outpaced growth financial services. According to the IFC, in 2014 only 25% of the population had access to financial services, and just 15% had access to mobile financial services. This contrasts with an average of 65%-70% of Africans who have access to mobile phone services. This is a missed opportunity, as mobile phones offer the opportunity not only for mobile payments, but also for banks to provide savings, lending and insurance products.

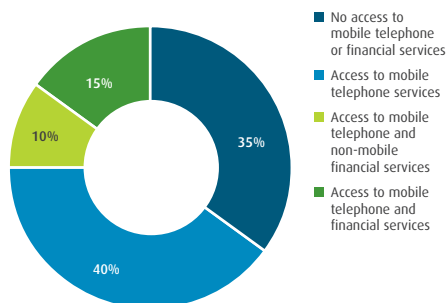
Growth of mobile phone and financial services in SSA, % of total population

Sources: Ecobank Research, IFC



Access to mobile and financial services, 2014

Source: Ecobank Research



Banking and financial sector overview

Mobile financial services are expanding rapidly across Middle Africa

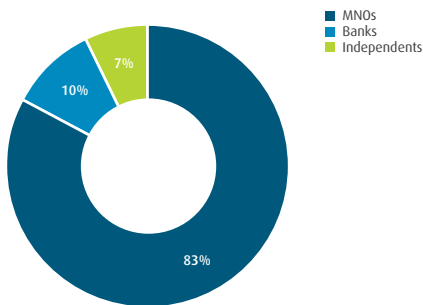
The mobile phone is increasingly being used as the conduit for providing financial services to the population of Middle Africa, especially in remote or rural areas where there is no banking branch network. In order to accelerate this process, banks and telecoms companies need to converge in the provision of financial services, operating as partners rather than as competitors. Future mobile banking technology must focus on mobile phone-based savings and loan origination, developing consumer based financial products. This is already happening in Kenya where the M-Shwari mobile savings and lending service, using the M-Pesa money transfer system as its backbone, has revolutionised mobile lending and saving.

MNOs are driving the expansion of mobile financial services across Middle Africa

Since 2008, the success of Safaricom's M-Pesa has motivated Mobile Network Operators (MNOs) to deploy mobile money platforms across SSA, securing them an 83% market share. Although most MNOs operate their mobile money businesses in a single country, Pan-African MNOs are launching operations across multiple countries. Airtel and MTN are leading the race, with live mobile money deployments in 12 and 11 countries, respectively.

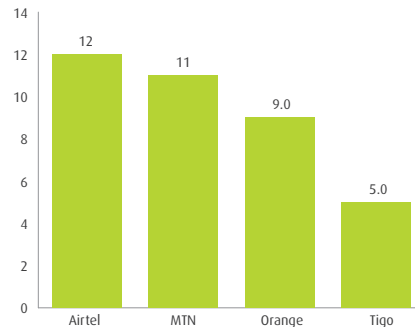
Share of live mobile money deployments in Middle Africa, 2014

Sources: Ecobank Research, GSM Association



Leading MNO live deployments in Middle Africa, 2014

Sources: Ecobank Research, GSM Association



Overview of Middle Africa's oil and gas sector

Oil and Gas

Overview of Middle Africa's oil and gas sector

Africa is a relatively small producer of hydrocarbons for the world market, accounting for an estimated 9% of world oil output and less than 6% of gas production in 2015. African oil production fell marginally in 2015, from 9.3 mn barrels per day (b/d) in 2014 to around 9.1 mn b/d, owing to lower output from Libya, Nigeria and South Sudan more than offsetting a ramp-up in output from other African countries.

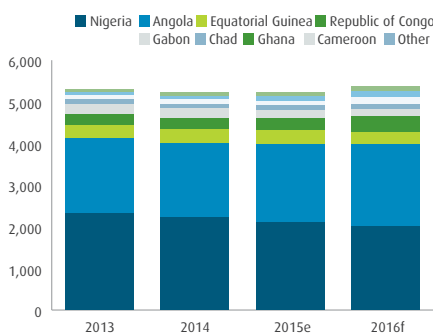
Sub-Saharan Africa (SSA) hosts two of Africa's largest producers, Nigeria and Angola, who dominate output in the sub-region. SSA produced an estimated 5.3 mn b/d in 2015, up marginally from 5.2 mn bpd in 2014, owing to higher output from the Republic of Congo and Angola. However, Ecobank Research expects production to remain flat into 2016, at around 5.3 mn b/d, as major oil companies have made significant capex cuts to oil projects in the region.

SSA's gas production has been boosted significantly by rising demand for power following the development of several gas-fired power plants in Nigeria, Ghana and Côte d'Ivoire. With more production expected to come over the medium term from countries such as Mozambique, Tanzania, Cameroon and Angola, the outlook for gas production in 2016 is largely positive. The return to operation of Angola LNG in 2016 is also expected to boost the region's gas exports.

Asia remains the leading importer of African oil and gas. China and India have emerged as the largest importers of African oil since 2013, sharply contrasting the decline in US imports of African oil since 2010. Nonetheless, the EU remains a key destination for Africa's oil exports, and countries such as Spain, Netherlands, France, Italy and the UK are among Africa's top ten oil export markets. This relationship is likely to become increasingly important as competition between major oil producing countries for market share in Asia intensifies in 2016.

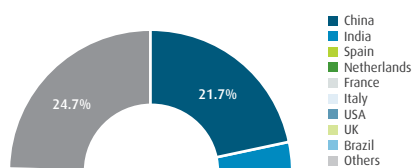
Middle Africa's crude oil production, 000 bpd

Sources: BP Stats, Ecobank Research



Middle Africa's crude export markets, 2014, % market share

Source: Intracen



Oil and gas

Oil

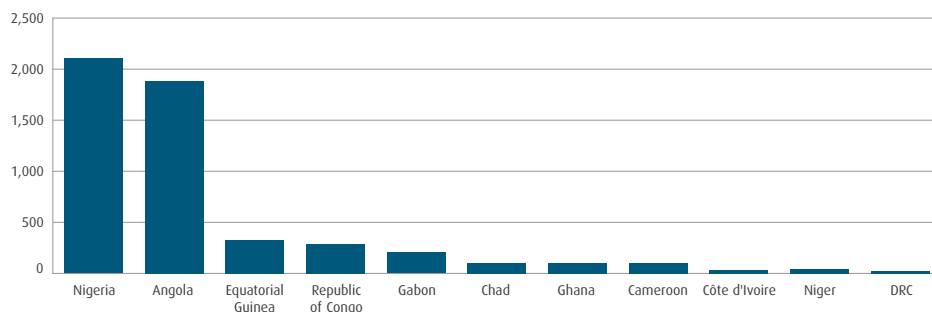
Sub-Saharan Africa produced an estimated 5.3 mn b/d in 2015, dominated by Nigeria and Angola, which are not only the region's leading producers, but which have also contributed most to production growth in 2015. That year seven new fields started production in Nigeria, and four in Angola, adding nearly 100,000 b/d to the region's output. As these fields move towards peak production in 2017, they are expected to add a further 300,000 b/d of output. Nigerian production averaged an estimated 2.1 mn b/d in 2015 and it is expected to maintain the same level of output in 2016, aided by the ramp up of production in some fields and output from new fields. Angola's production is being boosted by the coming on-stream of some of its offshore fields on Block 15 and 17. Other fields expected to come on-stream in 2016 could push the country's production to 1.9 mn b/d, on a par with Nigeria. Cameroon's oil output also rose sharply in 2015, rising above 100,000 bpd for the first time since 2002, well above the 63,000 b/d produced in 2013. The rise in output follows the completion of projects to expand output on fields such as the Dissoni Nord, and we expect to remain well above 90,000 b/d in 2016.

The outlook for the region's other significant oil producers is more negative. Production has either been flat, or declining, in Equatorial Guinea, Republic of Congo and Gabon, owing to field maturity and technical challenges with some of the fields. This trend is also evident among the smaller producers, such as Chad, Ghana, Niger and the DRC. The exception is Côte d'Ivoire, where output has risen following the start of a new field on the offshore block CI-27, adding an estimated 1,100 b/d to production, with the potential to add a further 3,000-4,000 b/d at its peak. Despite the recent weakness, the short to medium outlook for these producers is positive. New fields expected to come on-stream in Niger, Cameroon, Côte d'Ivoire, Republic of Congo and Ghana in 2016 are set to boost oil output by an estimated 123,000 b/d. However, this increase will be countered by the decline in output in Nigeria, Equatorial Guinea and Gabon, where the outlook is negative owing to delays in new projects following the decline in world oil prices.

Overall, the outlook for Sub-Saharan Africa's oil industry over the short to medium remains positive, supported by a stream of new projects and field output stabilisation programs in Nigeria and Angola. However, the long-term outlook is challenged by the slump in investment in oil exploration since mid-2014, as oil companies have cut back their exploration budgets in response to weak international prices. Unlike in previous years, where over 50 exploration wells were drilled across the region, around half of them in West Africa, only around 25 wells were drilled in 2015. These wells were concentrated in Cameroon, Senegal, Mauritania, Gabon and the DRC, with notable discoveries of oil and gas made in Senegal by Cairn Energy (Canada) and in Mauritania by Kosmos Energy (USA). The UK-listed Bowleven also discovered oil and gas on two wells it drilled onshore Cameroon in its Bomono license.

Middle Africa's crude oil production by country, 2015, 000 b/d

Sources: GlobalData, Ecobank Research



Gas

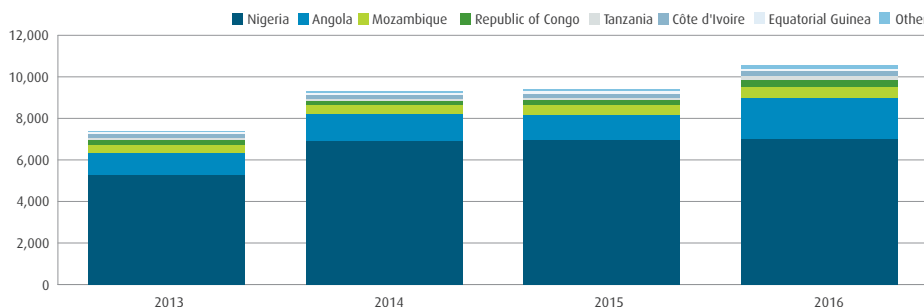
Sub-Saharan Africa's gas production was estimated at 9,413 bn cubic feet per day in 2015, 1% higher than in 2014. Nigeria is the region's largest gas producer, producing over 2.5 trn cubic feet per year, followed by Angola and Mozambique, with 435 trn and 175 trn cubic feet per year, respectively. Republic of Congo, Tanzania, Côte d'Ivoire and Equatorial Guinea are also major gas producers, with combined output of 240 trn cubic feet per year. Gas production has become a major focus for oil companies in the region in response to strong investment in gas-to-power projects across the region. Angola LNG was closed throughout 2015 owing to delayed repairs, but is expected to resume operations in the first half of 2016. Although gas output in smaller producers, such as Cameroon and Ghana, has increased, these countries face infrastructural constraints that prevent them ramping up gas output significantly, and they will require additional investment in gas processing and transporting infrastructure if they are to increase output significantly.

Sub-Saharan Africa's gas reserves have grown significantly in recent years, boosted by discoveries offshore in Tanzania and Mozambique, which are estimated at 70 tcf and 180 tcf, respectively. Overall, Sub-Saharan Africa is estimated to have 496 tcf of natural gas reserves. Recent discoveries onshore Cameroon, and offshore Republic of Congo, Gabon, Senegal and Mauritania, could boost the region's gas reserves further, once appraisals of the finds have been conducted. Moreover, further discoveries offshore Mozambique during appraisals support USGS estimates that the East Africa offshore region could hold over 440 tcf of natural gas reserves.

Funding gas projects remains a major challenge in West Africa, owing to the poor commercial terms for domestic gas supply. Despite huge demand for power, and the presence of huge gas reserves offshore, governments have been hesitant to make needed changes to electricity pricing in order to accommodate higher gas prices for power. This has slowed progress with gas-to-power projects. However, since late 2015 there have been moves to raise electricity tariffs in Zambia, Ghana and Nigeria. These efforts were driven by the devaluation of these countries' currencies, which drove up the cost of feedstock fuels and gas, and which gave greater urgency to the need to make tariffs more cost-reflective.

Middle Africa's gas production, million standard cubic feet per day

Sources: NNPC, GlobalData



Oil and gas

Refined products

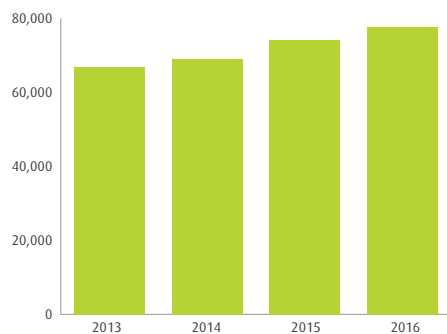
Middle Africa consumed an estimated 74 mn tonnes of petroleum products in 2015. Demand for refined products across the continent is forecast to rise by up to 24% by 2020, to 92 mn tonnes. This equates to an annual growth rate of 3-4%, three times the global demand increase forecast by the IEA. Across Middle Africa, diesel and gasoline are the primary fuels used in road transport, with diesel the most consumed product across all key sectors in 2015. Nigeria's huge gasoline demand makes up nearly 60% of regional gasoline demand, supplying the country's transportation sector and residential electricity generation.

Middle Africa's total installed refinery capacity stands at 860,000 b/d. However, output of refined products falls well short of demand, and we estimate the region faced a product supply gap of over 685,000 b/d in 2015, underpinning the region's dependence on imports. Côte d'Ivoire is the largest exporter of refined petroleum products among Middle Africa's refiners. West, East and Southern Africa import more refined products than they export (and in West Africa's case, despite significant oil exports).

West Africa is leading investment into refining capacity, with the massive 650,000 b/d plant planned by Aliko Dangote, Africa's richest man. The new plant is expected to be completed in 2018 and could supply the entire West African coastal region, where currently Côte d'Ivoire and Senegal have the only functioning refineries. Efforts to build new refining capacity elsewhere in Middle Africa have slowed considerably since oil prices declined, as funding has become difficult to secure. Moreover, the slump in foreign currency revenues from crude exports has made it difficult for governments to fund fuel imports, forcing them to curb fuel subsidies.

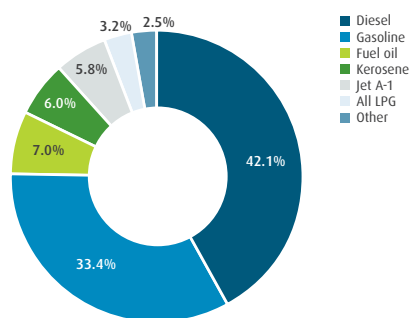
Middle Africa's refined products consumption, 000 tonnes per year

Source: CITAC



Composition of Middle Africa's refined products consumption, 2015, %

Source: CITAC



Soft commodities and trade

Middle Africa is a diverse producer of soft commodities

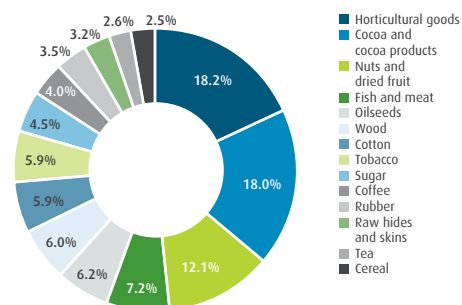
Middle Africa is a leading producer of agricultural commodities for the global market, with a dominant position in the cocoa, coffee, cashew nut, and tea export markets. West Africa is the production hub for tropical cash crops – notably cocoa, palm oil and natural rubber (NR) – while East and Southern Africa dominate the production of sugar, tea and coffee. South Africa and Nigeria are the largest soft commodity producers by volume, but owing to the high level of domestic demand they consume most of their production, requiring large imports of wheat, rice, sugar and maize. A handful of Middle African countries are market movers, notably Côte d'Ivoire and Ghana which together account for 60% of world cocoa production, and Kenya, which accounts for 14% of world tea exports. But the majority of Middle Africa's soft commodity producers account for a small fraction of global production – cotton production accounts for just 5% – limiting the region's influence over the global market.

Middle Africa's agricultural sector is focused on the large-scale production of staple foods, notably cassava, yams, maize, rice and palm oil for domestic consumption. However, most regions run food deficits and require large volumes of imports to satisfy domestic demand. Large volumes of local staples – notably cassava, maize, sorghum and millet – are traded informally and are not captured by official data. There is also significant production of cash crops for export to the global market, including cocoa, coffee, tea, cotton, NR and nuts (groundnuts and cashew nuts). The region produces niche commodities for the global market, notably vanilla (around 90% of world supply comes from Madagascar), gum Arabic, sesame and Shea butter. In recent years horticultural goods – including edible nuts, fruit and vegetables, cut flowers and live plants – have grown to become the single largest soft commodity export, servicing markets in the EU, USA and Asia.

Despite the high and diversified level of soft commodity production, the level of processing of these crops is low; an estimated 75% of cocoa beans, 70% of cotton and 90% of cashew nuts are exported raw to foreign markets. As a result, concerted efforts are being made to extract more value from these commodities prior to export, involving heavy investment to boost processing capacity, warehousing facilities, and export infrastructure, as well as to develop domestic consumption (for example, speciality coffee and fast food chains). This should help reduce the level of wastage, as currently 40-50% of agricultural output rots before it gets to market. The development of commodity exchanges could unlock the financing potential for the agricultural sector which suffers from low use of fertilisers and pesticides, poor irrigation and inefficient practices.

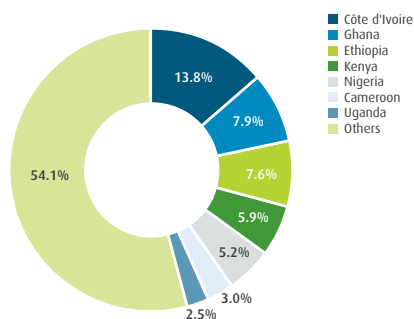
Middle Africa's leading soft commodity exports, USD 000s, 2014

Sources: Intracen, Ecobank Research



% share of Middle Africa's soft commodity exports, USD, 2014

Sources: Intracen, Ecobank Research



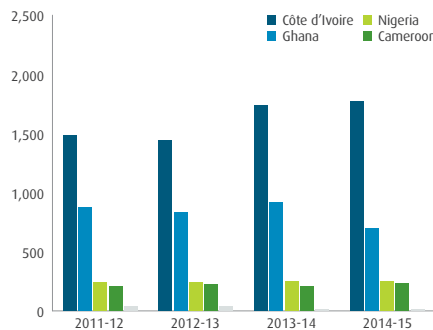
Soft commodities and trade

Cocoa

West Africa dominates world cocoa production, accounting for around 3/4 of output. Côte d'Ivoire is the market leader, producing 1.8 m tonnes in 2014-15, followed by Ghana with 700,000 tonnes, and Nigeria and Cameroon with 200,000-250,000 tonnes. Côte d'Ivoire is the world's largest grinder, producing 545,000 tonnes of cocoa products in 2014-15, while Ghana ground 200,000 tonnes.

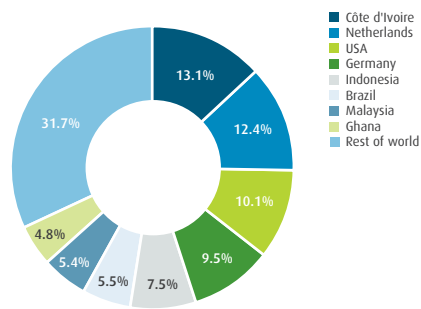
Cocoa production (tonnes, 000s)

Sources: ICCO, Ecobank Research



% share of world cocoa grind, 2014-15

Source: ICCO

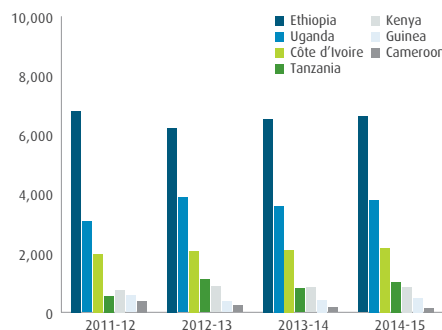


Coffee

East Africa dominates production of coffee, accounting for 3/4 of African output, led by Ethiopia (Arabica) and Uganda (Robusta). Kenya and Tanzania have a strong market share in the world speciality sector, while Côte d'Ivoire exports Robusta to niche markets in the Mediterranean. Given the high level of coffee consumption in Ethiopia, Uganda is Africa's largest coffee exporter.

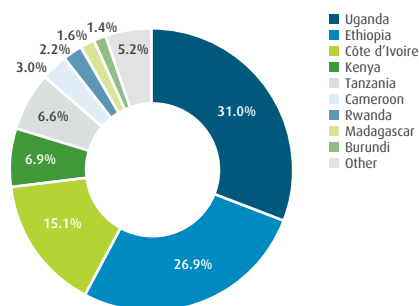
Coffee production in Middle Africa (60kg bags, 000s)

Source: ICCO



% of African coffee exports, 2013-14

Source: ICCO

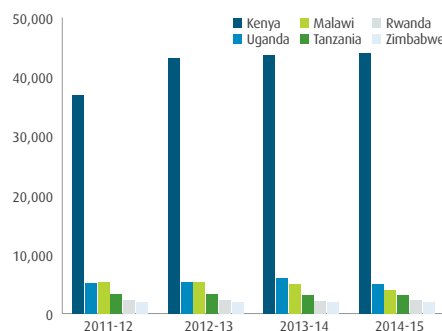


Tea

Kenya is by far Middle Africa's largest tea producer, globally ranking third behind China and India with production of 440,150 tonnes in 2015, around 10% of world tea output. Other production in East and Southern Africa is on a small scale. Kenya is the world's third-largest exporter of tea, with Pakistan and Egypt displacing the UK as the country's leading tea export markets.

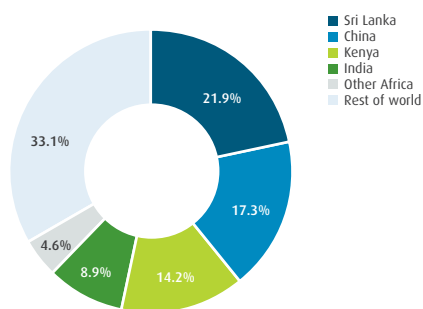
Tea production in Middle Africa (tonnes, 000s)

Source: FAOSTAT



% of world tea exports, 2014

Source: Intracen

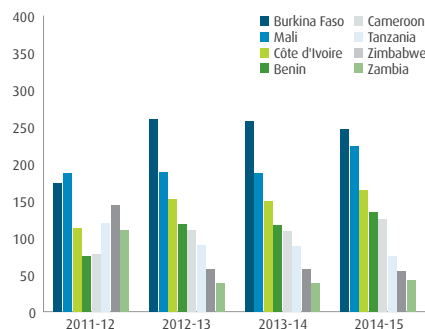


Cotton

Cotton production is concentrated in the CFA Franc Zone in West and Central Africa. In 2014-15 Burkina Faso, Mali, Côte d'Ivoire, Benin and Cameroon produced an estimated 896,000 tonnes of cotton lint, around 60% of the Middle African total. Southern Africa (23.8%) and East Africa (9.4%) are also important cotton production hubs. Despite the presence of large-scale ginners across West Africa, 70% of Africa's cotton is exported as lint (raw cotton) to markets in Asia.

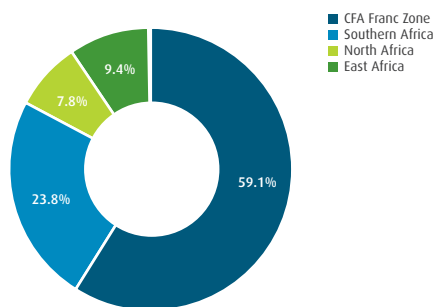
Cotton lint production in Middle Africa (tonnes, 000s)

Sources: ICAC, Ecobank Research



Cotton production by region, 2013-14

Sources: ICAC, Ecobank Research



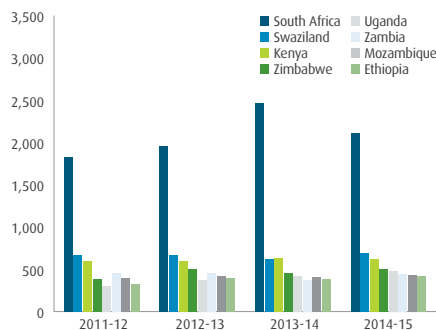
Soft commodities and trade

Sugar

Sugar cane is primarily grown in Southern and East Africa, which have a 61% and 25% share of output, respectively. South Africa is the largest producer, with output of 2.1 m tonnes of refined sugar in 2014-15. Other significant producers include Swaziland, Kenya, Zimbabwe, Uganda, Zambia, Mozambique and Ethiopia, all of which compete in the regional market. In West Africa, most sugar is imported raw from Brazil to be refined domestically, notably in Nigeria's refinery complex in Lagos.

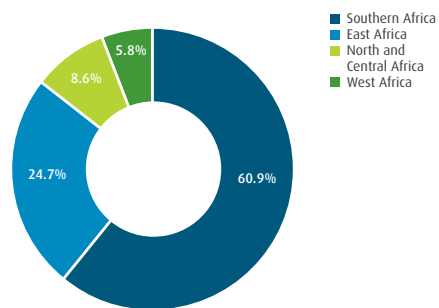
Sugar production in SSA (tonnes, 000s)

Sources: ISO, Ecobank Research



Sugar production by region, 2014-15

Sources: ISO, Ecobank Research

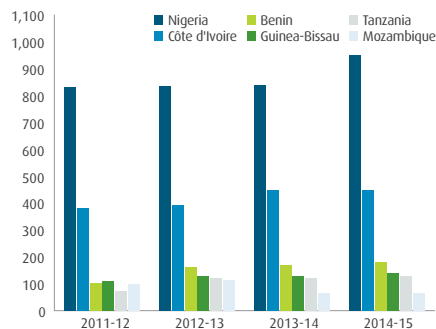


Cashew nuts

Cashew nut production is focused on West Africa and is led by Nigeria, with 950,000 tonnes of output in 2013, although Côte d'Ivoire and Benin are rapidly expanding output. East Africa's cashew nut production is focused on Tanzania and Mozambique, which together produced 193,000 tonnes in 2014. Overall, Middle Africa accounts for 44.8% of world production of raw cashew nuts (RCN), 90% of which are exported raw to India, Vietnam and Brazil for processing.

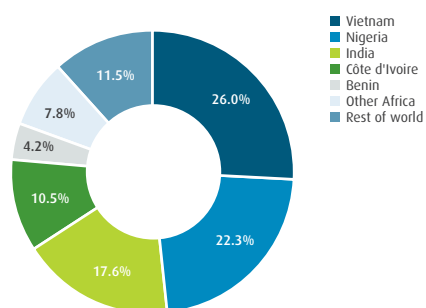
Raw cashew nut (RCN) production in Middle Africa (tonnes)

Source: The Public Ledger



% share world RCN production, 2013

Source: The Public Ledger

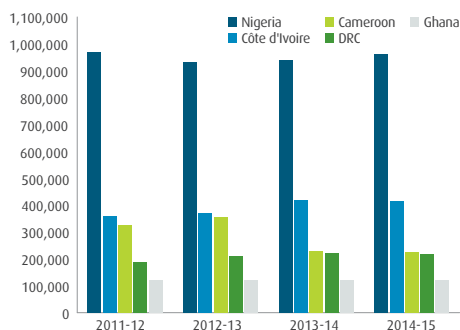


Palm oil

Palm oil production is focused on West Africa, where output is dominated by smallholders supplying the local market and processors. Middle Africa produced 2.3 m tonnes of palm oil in 2013, led by Nigeria (960,000 tonnes), Côte d'Ivoire (415,000 tonnes), Cameroon (225,000 tonnes) and the DRC (218,000 tonnes). Given the high level of domestic consumption, and lack of production in East Africa, Middle Africa runs a large palm oil deficit. The region imported USD3.7 bn of palm oil in 2014, most of which went to countries with the largest populations.

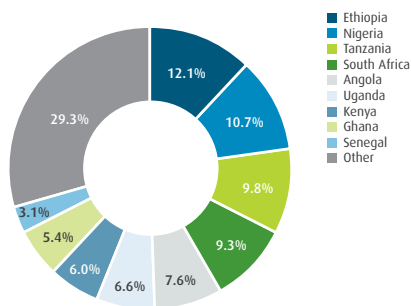
Palm oil production in Middle Africa (tonnes, 000s)

Source: FAOSTAT



% share of palm oil imports in Middle Africa, 2014

Source: Intracen

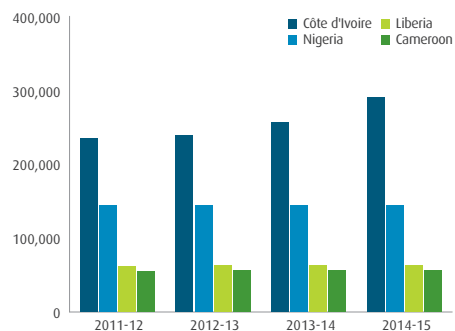


Natural rubber (NR)

Natural rubber (NR) production is also focused on West Africa, which accounts for 85% of output. Côte d'Ivoire is the largest producer, with output of 290,000 tonnes in 2013, followed by Nigeria (143,500 tonnes), Liberia (63,000 tonnes) and Cameroon (56,000 tonnes). Given the low level of domestic consumption of NR, Côte d'Ivoire and Liberia export all of their rubber to Malaysia, the EU and North America. Nigeria's exports of NR are modest, indicating the high proportion of output that is consumed by the domestic industrial sector.

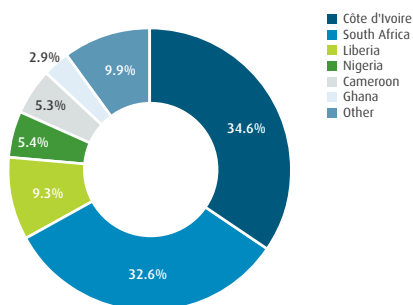
NR production in Middle Africa (tonnes)

Source: FAOSTAT



% share of NR exports from SSA, 2014

Source: Intracen



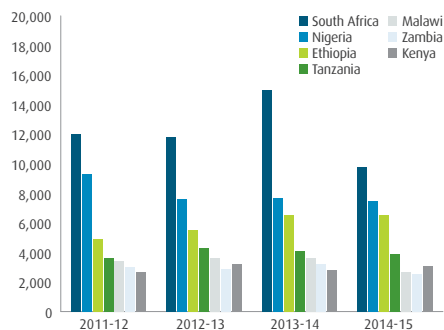
Soft commodities and trade

Maize

Sub-Saharan Africa is a major producer of cereals for domestic consumption. The region produced an estimated 56.7 m tonnes of maize in 2014-15, led by South Africa, Nigeria and Ethiopia. Large volumes of maize are traded across the region, both formally and informally, redistributing stocks from surplus to deficit regions. Kenya and Zimbabwe are the largest maize importers, together accounting for 32% of Middle Africa's maize imports in 2014.

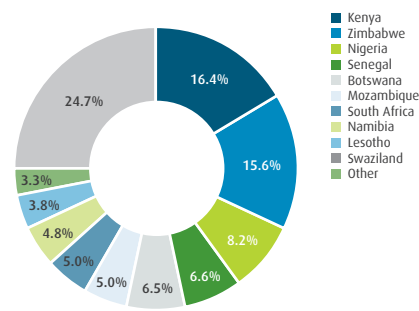
Maize production in SSA (tonnes, 000s)

Source: IGC



% share of maize imports to SSA, 2014

Source: Intracen

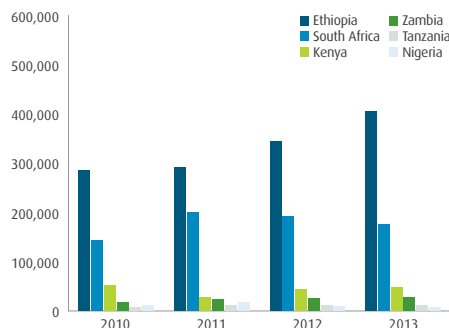


Wheat

Sub-Saharan Africa produces small volumes of wheat, as the crop is not well suited to cultivation in tropical climates. Ethiopia and South Africa dominate wheat output, together producing 5.8 m tonnes in 2013, 79.4% of the regional total. Rapid population growth and urbanisation are driving up consumption of wheat, requiring an estimated 6 m tonnes of imports in 2014, 29.2% of which went to Nigeria, the region's largest grain importer.

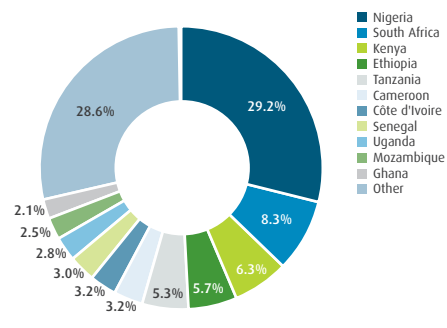
Wheat production in SSA (tonnes, 000s)

Source: FAOSTAT



% share of wheat imports to SSA, 2014

Source: Intracen

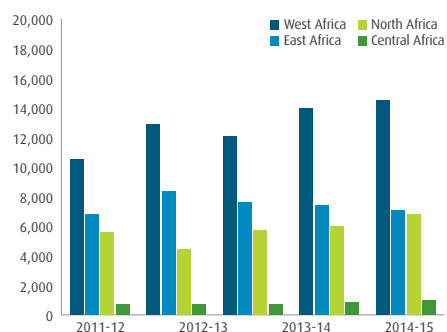


Rice

Sub-Saharan Africa produced 24.5 m tonnes of paddy rice in 2013, led by West Africa (59.1% of the total). Nonetheless, the region runs a large rice deficit, requiring an estimated USD6.1 bn worth of imports in 2014. Although Benin is officially Africa's largest rice importer, most of its rice imports are destined for Nigeria, which is by far Africa's largest consumer. Large volumes of imported rice are traded informally across Africa, especially from coastal regions to the landlocked interior.

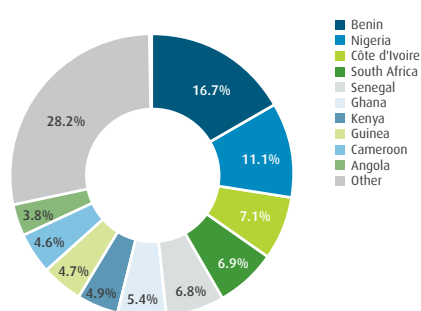
Paddy rice production in SSA (tonnes, 000s)

Source: FAOSTAT



% share of rice imports to SSA, 2014

Source: Intracen

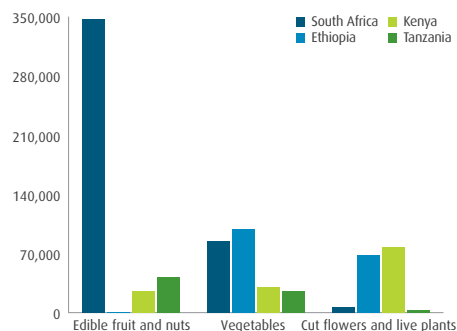


Horticultural goods

In recent years horticultural goods have emerged as Middle Africa's leading soft commodity export, worth USD9.5 bn in 2014 and led by East and Southern Africa. South Africa dominates exports of edible fruit and nuts (USD3.5 bn in 2014) and of vegetables (USD840 m). Ethiopia is an important vegetable exporter (USD984 m in 2014), and along with Kenya dominates exports of cut flowers and live plants (USD1.5 bn). The EU takes nearly half of Middle Africa's horticultural exports, using air freight to get perishable goods to market.

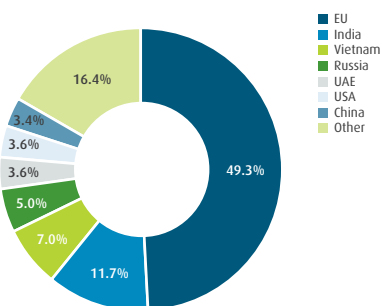
Horticultural goods exports by category, USD 000s, 2014

Source: Intracen



Key export markets for SSA's horticultural goods, 2014

Sources: Intracen, Ecobank Research



Soft commodities and trade

Africa's external and intra-regional trade

Africa is a major exporter of raw and semi-processed commodities to the global market. Total trade volumes reached an estimated USD903 bn in 2014. Exports are dominated by crude oil, precious metals and stones, iron, manganese and copper ores, and cash crops (notably cocoa, coffee, tea and cotton), and imports by petroleum products, machinery, electronic equipment, food and consumer goods. With the exception of a few key commodities (e.g. cocoa), the region remains a small player on the global stage, with total trade volumes amounting to just 2.4% of global trade flows in 2014.

The region's leading trade partners are the EU (25.7% of total trade), reflecting long-standing historical ties, and China (15.6%), which continues to import large volumes of African commodities. India has displaced the USA as the region's fourth largest trade partner, with 7% of flows, reflecting India's rising demand for African crudes and soft commodities versus the slump in US demand for West African crude. Brazil's trade flows have slumped to just 2.1%, mostly comprising sugar, meat and soya, as Brazilian demand for African crude has also fallen.

According to official data, Africa's intra-regional trade is poorly developed compared with other regions of the world. Total intra-regional flows reached an estimated USD174 bn in 2014, the equivalent of 17.5% of total flows. This compares with an average of 60% in the EU and Asia and 40% in North America. However, given the prevalence of informal trade across the sub-continent, little of which is captured in official data, it is likely that the proportion of intra-regional flows is on a par with North America, and in many areas exceeds 50% of all flows. This trade is dominated by food, fuel and consumer goods to sub-regional markets, and by re-exports of raw and semi-processed commodities from neighbouring countries to global markets. The SADC trade block – which is dominated by South Africa – accounts for 55.2% of all intra-regional trade, while West Africa makes up 21.1%. Intra-regional trade is less developed in other regions of Sub-Saharan Africa, averaging around 7% each in Central Africa and the EAC.

The largest intra-regional trader by value is South Africa, reflecting the size of its economy and the country's role as a conduit for goods, services and investment into Southern and East Africa. Southern African countries make up the top five intra-regional traders by value, underlining the strong integration of the Southern African Customs Union (SACU). Landlocked countries are heavily dependent on intra-regional flows, making up 10 of the top 20 intra-regional traders by value. In 2014 they were led by Lesotho (90.7%), Botswana (88.5%), Zimbabwe (81.3%), Swaziland (75.2%) and Burkina Faso (63.7%). West Africa's trading hubs also handle large intra-regional flows, notably Côte d'Ivoire (31%) and Ghana (20.2%). However, countries that are heavily dependent on commodity exports to the world market have negligible intra-regional flows, notably Nigeria (2.6%) and Angola (4.8%).

Numerous constraints block the development of intra-regional trade. Overlapping trade blocks are a major obstacle: 27 African countries are members of at least two trade blocks, and 18 countries are members of three, creating a spaghetti bowl of interlinking trade regulation. High transport costs are also a burden: to export a container from Central Africa costs an average of USD2,809, more than three times the cost in East Asia and the Pacific. Poor logistics also hamper efforts to boost trade volumes. According to the World Bank's Logistics Performance Index, Sub-Saharan Africa scores the lowest of all regions in the world on customs, shipping and tracking indicators, reflecting the weak capacity of the road, rail and port networks. However, the development of trade corridors could provide the key to unlocking the region's trade potential (see Africa's Trade Corridors on page 31).

Introduction

Global and Regional Context

Francophone West Africa

Nigeria and Rest of West Africa

Central Africa

East Africa

Southern Africa (including Ndebeak regions)

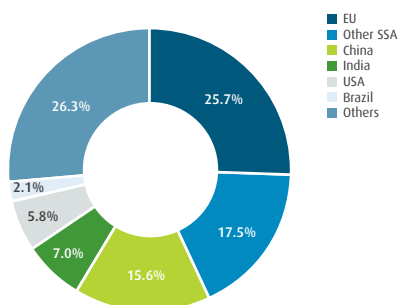
Sub-Saharan Africa's key trade partners, 2014

Country	Exports to SSA (US\$ mn)	Imports from SSA (US\$ mn)	Bilateral trade (US\$ mn)
EU	116,886,365	115,365,340	232,251,705
Other SSA	81,669,225	76,659,510	158,328,735
China	75,362,081	65,180,714	140,542,795
India	28,473,761	34,739,117	63,212,878
USA	27,160,707	25,219,682	52,380,389
Brazil	7,467,707	11,656,350	19,124,057
Others	131,345,777	106,578,212	237,923,989
World	468,365,623	435,398,925	903,764,548

Sources: Intracen, Ecobank Research

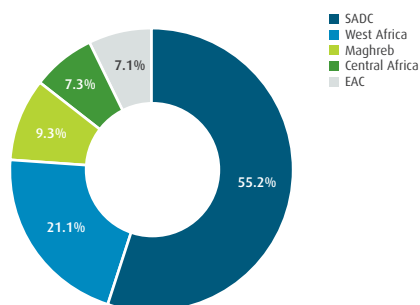
% share of Sub-Saharan Africa's bilateral trade, 2014

Sources: Intracen, Ecobank Research



% share of Sub-Saharan Africa's intra-regional trade, 2014

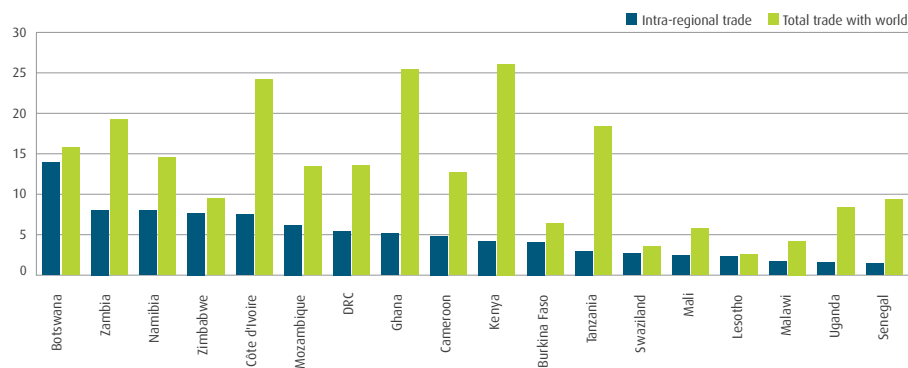
Source: Intracen



Sub-Saharan Africa's leading intra-regional traders, 2014 (USD billions)*

*Excluding South Africa, Angola and Nigeria

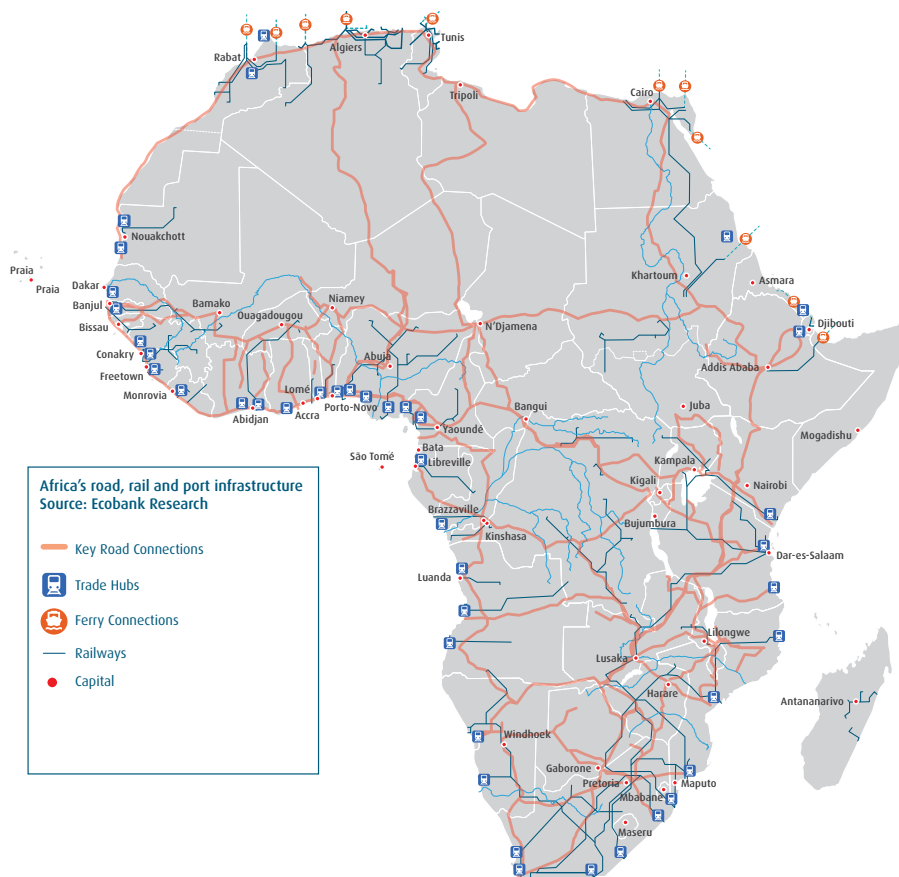
Sources: Intracen, Ecobank Research



Africa's road, rail and port infrastructure

Africa's transport infrastructure is inadequate, with numerous blockages and capacity constraints resulting from chronic underinvestment during the 1980s and 1990s. However, since 2000 a wave of investment has boosted port, road and rail capacity, and in the process this has strengthened historic trade corridors across Sub-Saharan Africa. It is estimated that the region requires USD110 bn of investment per year over the next decade to close the infrastructure gap; current investment is short of this target, at around USD60 bn per year, although this amount is rising as investment flows in from public and private sources.

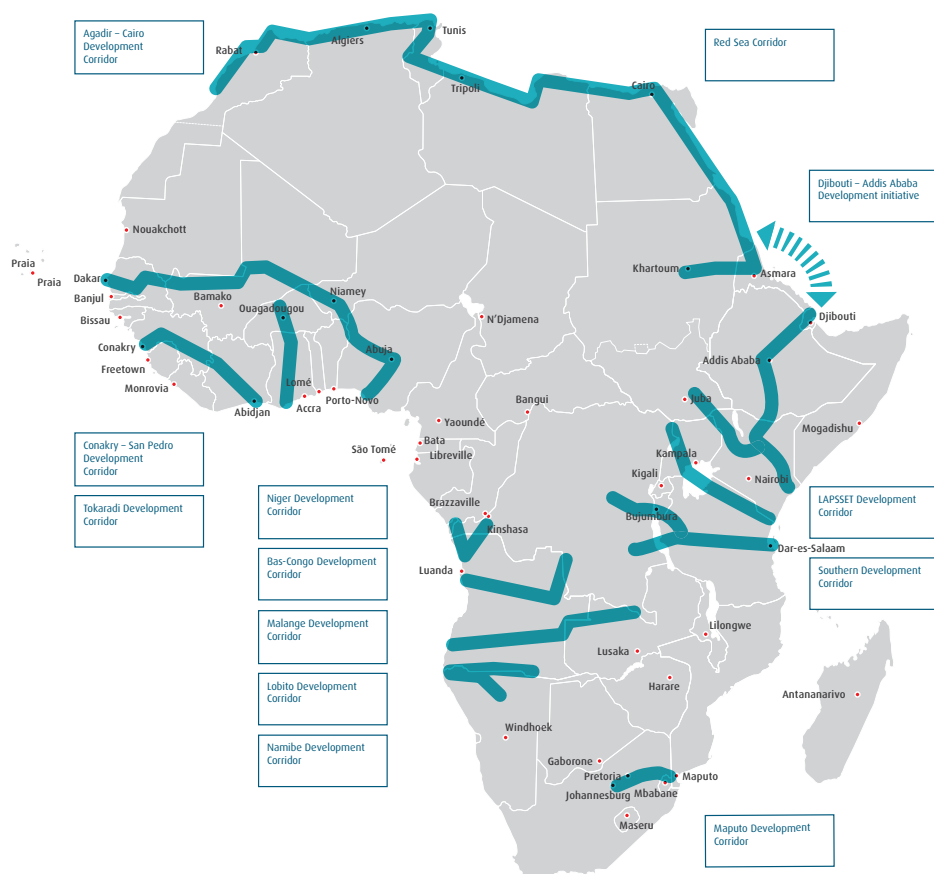
Africa's road infrastructure is disjointed, with isolated sections of paved highways interspersed with secondary trunk and dirt roads. Only one quarter of Africa's road network is paved, making transport in many regions impossible during the rainy season. Road connections between the major ports and business hubs have improved in recent years, but the rural network remains poor. Africa has a long-established network of ports, running along the West coast from Dakar (Senegal) to Luanda (Angola), and along the East coast from Durban (South Africa) to Mombasa (Kenya). Major investment is underway to boost capacity at the busiest ports, notably Tema/Takoradi (Ghana), Lagos (Nigeria), Luanda, Maputo (Mozambique) and Mombasa. Africa's rail infrastructure has traditionally served flows of commodities from the interior – notably mineral ores – resulting in few regional interconnections. However, the development of urban passenger services is transforming the network, which will be the backbone of future development corridors.



Africa's trade corridors

Key to boosting Africa's intra-regional trade is the development of trade corridors. Long-standing corridors exist along the West African coast, running from Dakar to Lagos. There are also corridors from the coast to the interior, from Senegal and Côte d'Ivoire into the Sahel, from Cameroon into Central Africa, and from Kenya and Tanzania into Southern and East Africa. More recently, regional development corridors have been developed, notably the Maputo Development Corridor, which links South Africa's industrial Gauteng province to the port of Maputo. The most ambitious project is the Lamu Port and South Sudan Ethiopia Transport, or LAPSET, project. This aims to build a port at Lamu on the Kenyan coast, with a road, railway and oil pipelines running to Ethiopia and South Sudan, and possibly into Central Africa and beyond. Many other trade corridors have been proposed; for example, from Khartoum in Sudan across the southern Mediterranean to Agadir in Morocco, and from Dakar along the Niger River to Port Harcourt in Nigeria (the Niger Development Corridor). There will also be new coastal corridors, notably Angola's Lobito Development Corridor, whose backbone will be the recently reopened Benguela Railway.

Existing and proposed trade corridors

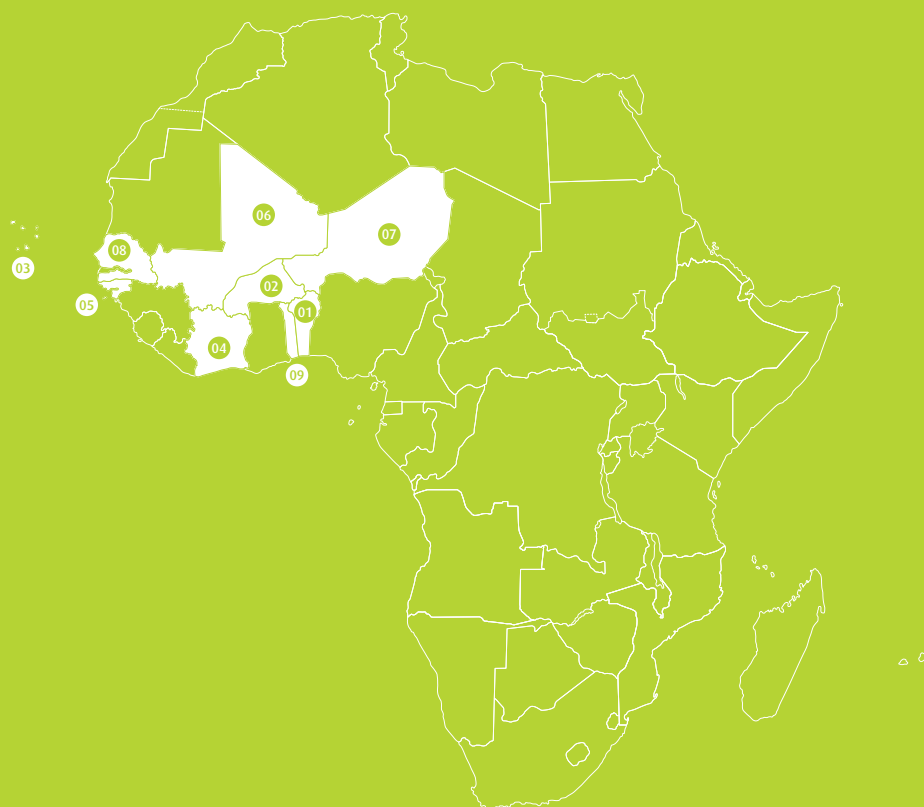


Country Profiles:

Francophone West Africa

Introduction	Francophone West Africa is one of the most diverse regions of Middle Africa, stretching from Senegal in the West to Niger 2,000 miles away in the East. The region is part of the broader CFA Franc Zone, which is split between the Union économique et monétaire ouest-africaine (UEMOA), focused on the French-speaking countries of West Africa, and the Communauté économique et monétaire d'Afrique Centrale (CEMAC), focused on the French-speaking countries of Central Africa.
Global and Regional Context	UEMOA is made up of eight countries, dominated by Côte d'Ivoire and Senegal, which account for over half of the block's GDP and trade flows. This reflects both countries' importance as regional trade & business hubs, transiting goods and services to the landlocked Sahelian members of UEMOA: Burkina Faso, Mali and Niger. UEMOA also includes the tiny trade hubs of Benin & Togo, which operate as hubs for goods going into their Anglophone neighbours, Nigeria and Ghana, often via informal flows. French-speaking Guinea is not a member of UEMOA, reflecting the country's history under the regime of Ahmed Sekou Toure who opposed French colonial rule and refused to be part of UEMOA when it was created. Portuguese-speaking Guinea-Bissau is a member of UEMOA, having joined the block in 1997, and although the archipelago of Cape Verde is not, its currency's peg to the euro makes it a likely future member of the block.
Francophone West Africa	
Nigeria and Rest of West Africa	Despite the many geographic differences between country members, UEMOA is one of the best integrated regional zones in Middle Africa, held together by the shared currency (the CFA Franc), the common legal system (OHADA) and the French language, and underpinned by the stability provided by the currency peg to the euro. The region's strong integration has helped support economic development and a regular stream of bond issuances that are listed on the regional BRVM stock exchange in Abidjan, the block's financial hub.
Central Africa	
East Africa	
Southern Africa (including Ndebank regions)	Economic activity is diverse, driven by agriculture, mining, hydrocarbons and trade. The region is home to the world's largest producer of cocoa and natural rubber (NR), Côte d'Ivoire, and is Africa's largest producing region of cotton. The region is also an important exporter of cashew nuts, coffee and palm oil. The region is an important mineral producer, and is a leading exporter of gold, uranium ore and zinc to world markets. The region is a modest producer of crude oil and petroleum products, and has developed a number of niche industrial sectors (e.g. cement and phosphoric acid).

Country Profiles: Francophone West Africa



Francophone West Africa

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Introduction

Global and
Regional ContextFrancophone
West AfricaNigeria and
Rest of West Africa

Central Africa

East Africa

Southern Africa
(including Nedbank
regions)

Benin

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	5.4	5.6	5.4	5.5	5.3
GDP (USD bn)	7.5	8.3	8.7	7.7	8.3
Inflation (average)	6.7	1.0	-1.1	0.3	2.3
Fiscal balance (% GDP)	-0.3	-2.1	-2.5	-2.6	-3.5
Broad money (% change, end period)	9.0	17.3	16.7	17.1	17.6
Population (mn)	10.0	10.3	10.6	10.9	11.2
Exports (USD bn)	0.5	0.7	0.8	0.8	0.9
Imports (USD bn)	1.3	2.0	1.7	1.6	1.8
Current account balance (% GDP)	-8.4	-10.4	-8.0	-9.3	-9.1
FX reserves (USD bn, end period)	0.5	0.5	0.6	0.7	0.7
Exchange rate (average)	512.04	495.68	496.08	594.28	627.92

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and
Regional
Context

Economic Outlook

Real GDP: The macroeconomic outlook for 2016 is generally good with growth likely to register 5.3%, a broadly similar pace to the year before. Growth will be driven by port and agricultural activities (assuming increased operations at Cotonou port, and progress with customs and cotton sector reforms). Yet, infrastructure weakness, particularly in energy and transport, will continue to hinder growth as will the slowdown in Nigeria that will create negative spillovers.

Inflation: Projected to accelerate to 2.3% in 2016 – assuming no significant global oil price rises or food security issues – which is below the Union Economique et Monétaire Ouest-Africaine (UEMOA) convergence criterion of 3%. The acceleration in the inflation rate will be due to food price increases and moderate weakening of the EUR (the XOF is pegged to the EUR) in 2016 amid ECB's accommodative policy stance.

Fiscal balance: Progress with customs reform and increasing activity at Cotonou port will be a challenge in 2016 partly because of the slowdown in Nigeria (around 80% of Benin's imports are informally re-exported to Nigeria). As a result, revenues will underperform, which will also be caused by delays to the privatisation of the state-owned telecom firm. In addition, expanding the tax base and strengthening public financial management will remain challenges in an environment of higher spending pressures. To mitigate the spending pressures associated with government management of the cotton harvest it is important to develop a new system of management with increased private sector involvement.

Current account: Expected to remain wide in 2016 owing to weaker re-export performance related to Nigeria's weak growth and challenges with cotton sector reforms despite the prospects of low oil prices extending into 2016 that will keep the cost of fuel imports down.

Risks: Exposure to fluctuations in Nigeria's economy is a key, continuing risk in 2016. The high level of non-performing loans in the banking sector since 2009 is another concern, which has reduced commercial bank credit to the private sector that will act as a drag on growth. Finally, weather related disruptions to the cotton sector continue to pose a risk given the dependency on rain fall for production.

Nigeria and
Rest of West Africa

Central Africa

East Africa

Southern Africa
(including
Nedbank
regions)

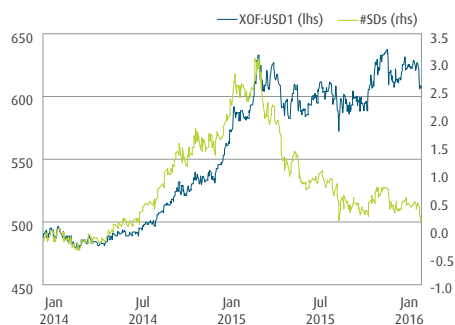


Benin

XOF performance and volatility*

XOF versus USD1

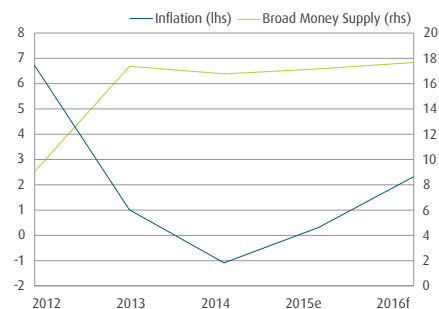
Sources: Bloomberg, Ecobank Research



*Note: XOF volatility is measured by standard deviation (SD).

Benin inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XOF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	Corporates (40%); Small and medium enterprises (30%); Interbank (10%)

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)					
Average spread					
Trading hours	Limited				
Settlement	T+2				
FX market structure	BCEAO's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					

Benin

Introduction

Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank OMOs bills
Issuer	Government			Central bank
End use	Government financing		Government and infrastructure financing	
Maturity structure	7-days to 2-years	n/a	3- to 10-ys	n/a
Coupon	Zero		Fixed	
Coupon payments	n/a		Annual	
Secondary market				
Daily trading volume	USD 2 mn			
Average trade size	USD 0.1 mn			n/a
Settlement	T+0 (Intra-country); T+2 (Inter-country)			

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Sources: Bloomberg, IMF, BCEAO, Ecobank Research

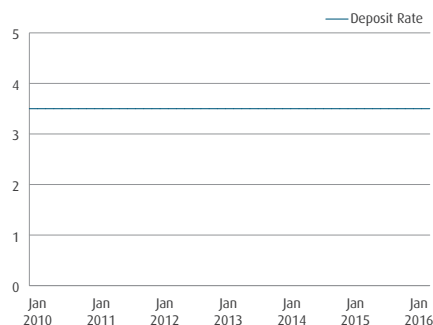
FI primary market information

Benin debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	29.2	29.8	34.0	35.2	36.1
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	16.9	19.0	20.5	22.9	22.8
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	1.3	1.6	1.8	1.8	1.9
Share of total sub-Sahara debt (%)	0.4	0.5	0.5	0.5	0.5

Sources: IMF, World Bank

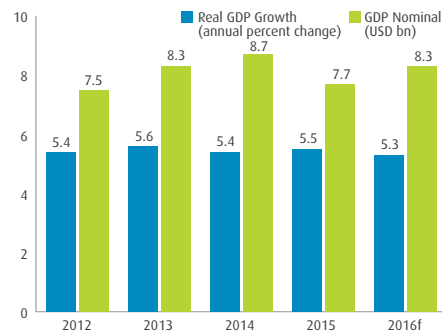
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Benin

Commodity and Trade Information

Hydrocarbon and mineral production

Benin has a small gold mining sector, dominated by artisanal producers, with estimated output of 10 tonnes per year. The country is a moderate producer of cement, with output of 2.1 mn per year, most of which is exported. Benin has unexploited reserves of iron ore and phosphates. Benin used to produce crude oil from offshore fields, but production ceased in 1998. Efforts to restart the Seme Oil field in 2015 by Nigerian independent, South Atlantic Petroleum, met with significant challenges and were suspended. Benin is believed to hold modest reserves of oil.

Soft commodity production

Benin is West Africa's fourth-largest cotton producer, with estimated output of 163,000 tonnes of cotton lint in 2014-15. Although cotton production has increased since the government take-over of the sector in 2011-12, the sector has been beset by constraints, including repeated disputes with private ginners, cotton fibre quality issues and shipment delays. This has led to a drop in demand from offtakers, with major cotton traders reducing purchases of Beninese cotton. Benin is also a significant producer of cashew nuts (118,000 tonnes in 2014), most of which are exported raw to world markets.

Trade flows

Imports

Benin's imports totalled USD3.6 bn in 2014, 22% higher than the previous year. The largest imports are food, including rice (worth USD1 bn in 2014), poultry (USD245 mn), fish (USD140 mn) and flour and dairy products (USD113 mn), of which a large proportion is exported via informal channels to Nigeria. Rice imports have surged from an average of 592,000 tonnes per year in 2007-12 to 1.4 mn in 2013-14. This reflects the tightening of Nigeria's rice import regime in a bid to protect Nigeria's struggling rice sector, which has led to a trebling of rice imports through the Port of Cotonou (mostly comprising the parboiled variety preferred in Nigeria) which cross the border illegally into Nigeria. The majority of the country's other imports of fuel, capital goods and consumer goods are re-exported to other countries in the region, predominantly to neighbouring Nigeria. These imports include petroleum products from the Netherlands, UK, Nigeria and Togo (worth USD349 mn in 2014), machinery and vehicles (USD520 mn), iron and steel (USD114 mn) and pharmaceuticals (USD95 mn).

Exports

Benin's exports totalled USD951 mn in 2014, 58% higher than the previous year. Cotton remains Benin's most valuable export, worth USD302 mn in 2014, most of which went to China and South-East Asia for processing. Benin also exported cashew nuts (worth USD88 mn), all of which went to India and Vietnam for processing. The country also exports modest quantities of gold, worth USD22 mn in 2014. Like Togo, Benin is a major re-export hub, serving as a key transit hub for capital and consumer goods in and out of its eastern neighbour, Nigeria. In 2014 the country re-exported petroleum products (worth USD104 mn), machinery, aircraft and ships (USD198 mn), iron and steel (USD52 mn) and cement (USD43 mn) to the region and Western Europe.

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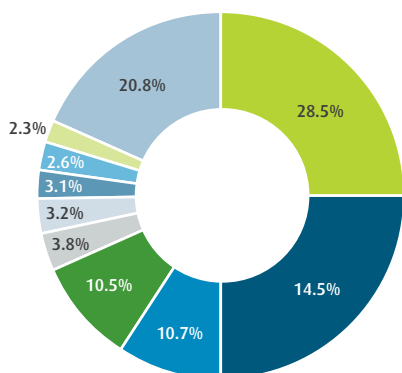
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Benin

Share of Benin's total imports, 2014 (%)

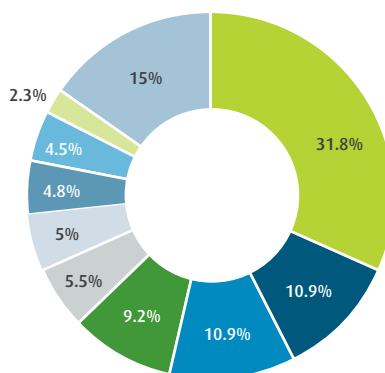
Source: Intracen



- Cereals
- Machinery, vehicles and ships
- Meat and fish
- Petroleum products
- Electricity
- Iron and steel
- Flour and dairy products
- Pharmaceuticals
- Electronics
- Other

Share of Benin's total exports, 2014 (%)

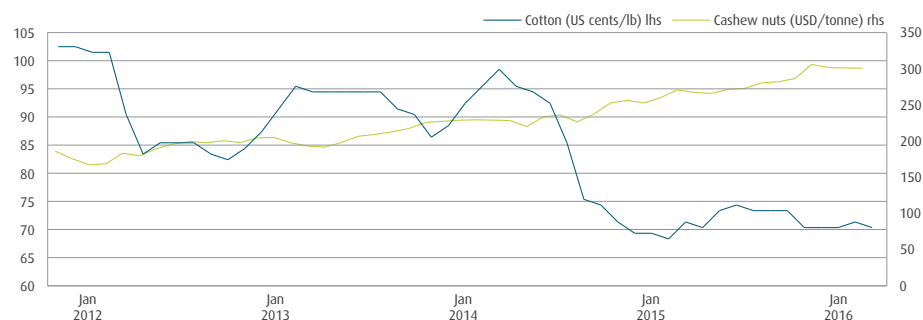
Source: Intracen



- Cotton
- Petroleum products
- Machinery
- Cashew nuts
- Iron and steel
- Aircraft
- Ships
- Cement
- Gold
- Other

Key commodity prices

Source: IMF





Benin

Useful Links

- Central Bank www.bceao.int
- Ministry of Finance www.finances.bj
- National Statistics Bureau www.insae-bj.org
- Stock Exchange www.brvm.org

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Burkina Faso

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	6.5	6.6	4.0	5.0	4.7
GDP (USD bn)	11.2	12.2	12.5	11.3	12.2
Inflation (average)	3.8	0.5	-0.3	1.0	2.3
Fiscal balance (% GDP)	-3.1	-3.9	-1.9	-2.5	-3.0
Broad money (% change, end period)	15.9	10.6	12.4	14.5	15.1
Population (mn)	16.6	17.1	17.6	18.1	18.6
Exports (USD bn)	2.5	2.3	2.3	2.4	2.5
Imports (USD bn)	2.4	2.4	2.5	2.5	2.6
Current account balance (% GDP)	-4.5	-6.6	-6.1	-7.9	-7.8
FX reserves (USD bn, end period)	0.8	0.4	0.2	0.3	0.3
Exchange rate (average)	512.04	495.68	496.08	594.28	627.92

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

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Economic Outlook

Real GDP: Real growth in 2016 is likely to slow due to recent shocks: lower commodity prices, the impact of Ebola in neighbouring countries, and recent political uncertainty. However, a further expansion of gold and cotton production (assuming passage of the long-awaited revised mining code and good weather) are two positive factors in 2016 although prices of both will remain subdued.

Inflation: Projected to accelerate to 2.3% in 2016 – assuming no significant global oil price rises or food security issues – which is approaching the Union Economique et Monétaire Ouest-Africaine (UEMOA) convergence criterion of 3%. Inflation will be driven by food price increases and moderate weakening of the EUR (the XOF is pegged to the EUR) in 2016 amid ECB's accommodative policy stance.

Fiscal balance: Spending increases are expected in 2016 linked to wage bill negotiations and additional social measures. Moreover, capital spending is projected to rise to finance infrastructure and social needs. To finance these expenditures and prevent the fiscal deficit rising, the authorities are identifying spending cuts in non-priority areas. However, widespread subsidies remain a large share of budget finances and more efficient budgeting is necessary to attain fiscal balance.

Current account: Expected to remain large in 2016 because of high food import costs and the costs related to public investment projects and mining sector capital goods. Nonetheless, an expansion of gold, zinc and other mineral production capacity should boost export revenues over the medium term along with the prospects of low oil prices extending into 2016 that will keep the cost of fuel imports down.

Risks: Weather related disruptions to the cotton sector continue to pose a risk given the dependency on rain fall for production. Passage of the revised mining code could be delayed further, which would depress mining sector investment and overall growth. Finally, a sharp fall in gold prices could significantly reduce gold export revenues.

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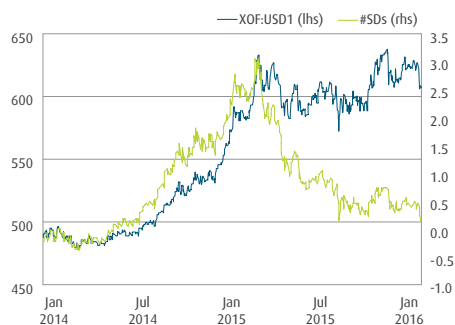


Burkina Faso

XOF performance and volatility*

XOF versus USD1

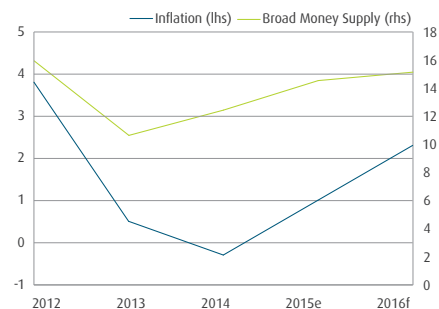
Sources: Bloomberg, Ecobank Research



*Note: XOF volatility is measured by standard deviation (SD).

Burkina Faso inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XOF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)					
Average spread					
Trading hours	Limited				
Settlement	T+2				
FX market structure	BCEAO's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					



Burkina Faso

Introduction

FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government				Central bank	
End use	Government financing			Government and infrastructure financing		
Maturity structure	7-days to 2-years	n/a		3- to 10- yrs		n/a
Coupon	Zero			Fixed		
Coupon payments	n/a			Annual		
Secondary market						
Daily trading volume		Limited trading				
Average trade size		Limited trading				n/a
Settlement		n/a				

Ecobank local affiliate contact details:

Ecobank Burkina Faso, 49, Rue de l'Hôtel de Ville, 01 BP 145 Ouagadougou 01

Tel: +226 50 33 33 33/50 49 64 00

Sources: Bloomberg, IMF, BCEAO, and Ecobank Research

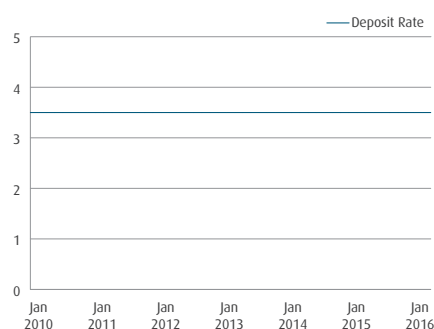
FI primary market information

Burkina Faso debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	28.3	28.7	28.5	33.2	32.2
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	23.1	22.1	20.2	23.3	23.8
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	2.6	2.7	2.5	2.6	2.9
Share of total sub-Sahara debt (%)	0.9	0.9	0.7	0.7	0.7

Sources: IMF, World Bank

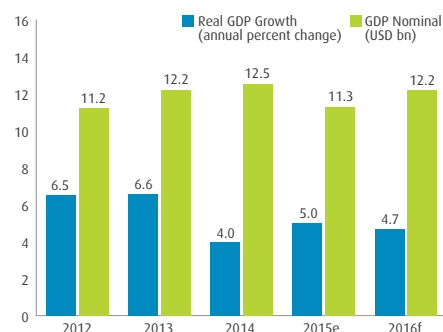
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Burkina Faso

Commodity and Trade Information

Hydrocarbon and mineral production

In recent years Burkina Faso has emerged as a leading producer of gold in West Africa, with output of 36.5 tonnes in 2014. Major investment continues in expanding production of gold, along with other minerals such as zinc and lead. The country has no known or discovered hydrocarbon reserves.

Soft commodity production

Burkina Faso is West Africa's leading cotton producer, with estimated output of 300,000 tonnes of cotton lint in 2014-15. The sector is dominated by the semi-private parastatal, Société Burkinabè des Fibres Textiles (Sofitex), which is active throughout the cotton value chain from collection to ginning and shipment. Production has more than doubled over the past five seasons, thanks to an increase in the area planted and the rise in yields from the cultivation of genetically-modified Bt cotton. However, concerns over fibre quality from the variety of Bt cotton used in Burkina Faso have forced the government to roll back its Bt cotton cultivation programme while a better quality variety is sought. This is likely to reverse the country's rising production trend, enabling either Mali or Côte d'Ivoire to challenge for the position of West Africa's largest cotton producer. Burkina Faso is also a significant producer of sesame (95,000 tonnes in 2014) and cashew nuts (75,000 tonnes), all of which are exported raw to world markets.

Trade flows

Imports

Burkina Faso's imports totalled USD3.6 bn, 18% lower than the previous year. As the country has no refining capacity, Burkina Faso is entirely reliant on imports of petroleum products, worth USD1.1 bn in 2014, most of which come from neighbouring African countries. Burkina Faso is heavily dependent on imports of machinery, vehicles, electronics and pharmaceuticals (together worth USD916 mn in 2014), reflecting the poorly developed manufacturing sector and the country's role as a re-export hub for its Sahelian neighbours. The country also imports large volumes of rice and wheat, worth USD133 mn in 2014, along with iron and steel (USD292 mn), cement (USD116 mn) and fertilizer (USD103 mn).

Exports

Burkina Faso's exports totalled USD2.9 bn in 2014, 7.4% higher than the previous year. Since 2009 gold has been Burkina Faso's most valuable export, worth USD1.5 bn in 2014, most of which went to Switzerland and South Africa. Gold has eclipsed Burkina Faso's traditional export, cotton, exports of which totalled 307,000 tonnes in 2014 (worth USD506 mn), most of which went to Western Europe and South-East Asia. The country also exported 95,000 tonnes of sesame seeds (worth US\$196 mn), 145,000 tonnes of zinc (worth USD87 mn), all of which went to Côte d'Ivoire, and 75,000 tonnes of cashew nuts (worth USD52 mn), most of which went to South-East Asia and Ghana. The country also acts as a re-export hub for petroleum products (worth USD275 mn) and machinery and vehicles (USD110 mn) to other landlocked countries in the Sahel.

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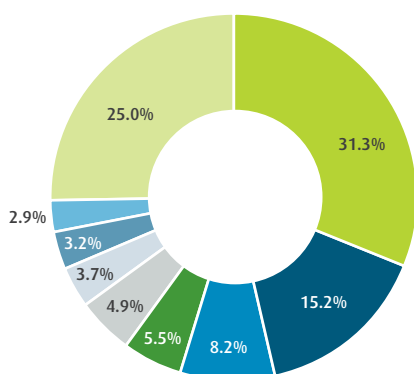
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Burkina Faso

Share of Burkina Faso's total imports, 2014 (%)

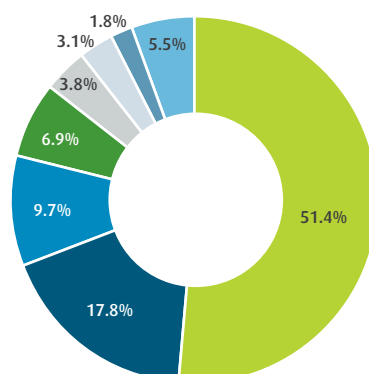
Source: Intracen



- Petroleum products
- Machinery and vehicles
- Iron and steel
- Pharmaceuticals
- Electronics
- Cereals
- Cement
- Fertiliser
- Other

Share of Burkina Faso's total exports, 2014 (%)

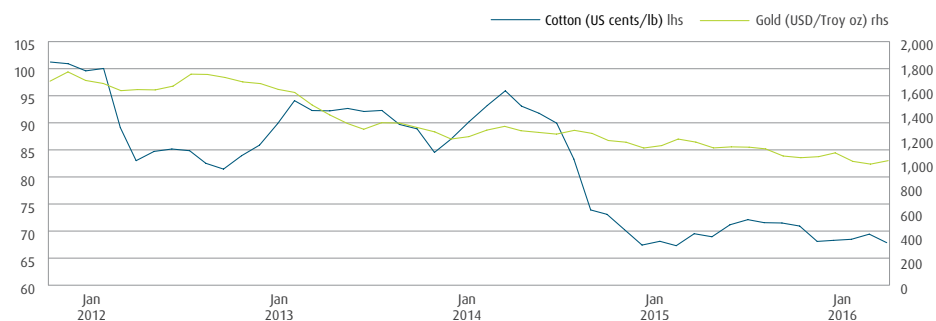
Source: Intracen



- Gold
- Cotton
- Petroleum products
- Sesame seed
- Machinery and vehicles
- Zinc
- Cashew nuts
- Other

Key commodity prices

Source: IMF





Burkina Faso

Useful Links

- Central Bank www.bceao.int
- Ministry of Finance www.finances.gov.bf
- National Statistics Bureau www.insd.bf
- Stock Exchange www.brvm.org

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Cape Verde

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	1.1	1.0	1.8	3.5	3.7
GDP (USD bn)	1.8	1.8	1.9	1.6	1.7
Inflation (average)	2.5	1.5	-0.2	0.2	2.5
Fiscal balance (% GDP)	-10.3	-8.9	-7.4	-4.1	-3.5
Broad money (% change, end period)	6.3	11.4	7.4	4.7	10.7
Population (mn)	0.5	0.5	0.5	0.5	0.5
Exports (USD mn)	130.0	135.5	145.5	154.5	166.4
Imports (USD mn)	636.4	562.7	647.3	720.9	770.9
Current account balance (% GDP)	-12.6	-4.9	-7.6	-9.7	-6.6
FX reserves (USD bn, end period)	272.1	315.9	359.9	392.0	400.5
Exchange rate (average)	85.98	83.07	82.77	99.41	113.78

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: The short-term outlook now appears stronger but uncertainties owing to the impact of the slow recovery in the eurozone remain a concern. Nonetheless, growth in 2016 is likely to pick up, driven mainly by tourism, public investment, fish production, and low oil prices.

Inflation: Inflation is expected to rise over the previous year owing to a pick-up in economic activity and a potential weakening of the EUR. However, it will remain below 3% under the assumption of low global commodity prices and supported by the peg to the EUR that helps anchor fiscal policy (similar to UEMOA-member countries).

Fiscal balance: The fiscal deficit will remain wide due to pressures in raising revenues further and ongoing demand for government services. However, plans to slow the growth of current spending and adopt a less ambitious public investment programme would help to contain fiscal pressures in 2016 amid the weak revenue environment as will improving the performance of state-owned enterprises – many have already moved management onto performance-based contracts.

Current account: Assuming oil prices remain low into 2016, fuel import costs will also remain low, which will reduce external sector pressures. However, relatively weak export sector performance given other low global commodity prices means another large deficit in 2016 that will need to be financed by FDI, FX reserves, and remittances.

Risks: The debt stock relative to the size of the economy has risen more than planned due to lower growth in recent years combined with recent EUR depreciation, indicating an increase in debt risks. An unexpected rise in oil and global food prices would derail the fragile fiscal and external positions. Meanwhile, ongoing malaise in the eurozone in 2016 and beyond will continue to depress Cape Verde's growth.

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Cape Verde

CVE performance and volatility*

CVE versus USD1

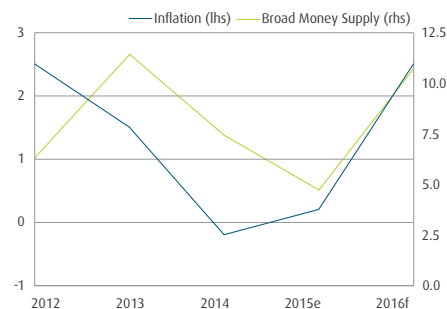
Sources: Bloomberg, Ecobank Research



*Note: CVE volatility is measured by standard deviation (SD).

Cape Verde inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	CVE110.265 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a		n/a		
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				

FX market structure

The central bank maintains an exchange system free of restrictions, except for those maintained for security reasons.

Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					

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FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer				Government	Central bank	
End use				Government and infrastructure financing		
Maturity structure		n/a		10-ys		n/a
Coupon				Fixed		
Coupon payments				Semi-annual		
Secondary market						
Daily trading volume		Limited trading				
Average trade size		Limited trading				n/a
Settlement		n/a				

Global and Regional Context

Ecobank local affiliate contact details:

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Tel: +238 260 36 90

Sources: Bloomberg, IMF and Ecobank Research

FI primary market information

Cape Verde debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	91.1	100.7	114.0	124.7	123.3
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	70.0	79.3	80.3	95.9	93.7
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	1.2	1.5	1.5	1.6	1.6
Share of total sub-Sahara debt (%)	0.4	0.5	0.5	0.5	0.6

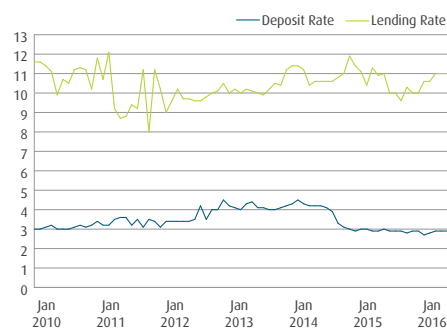
Sources: IMF, World Bank

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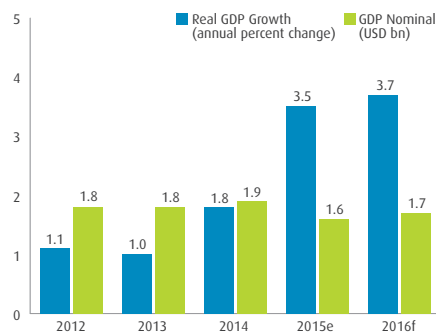
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Cape Verde

Commodity and Trade Information

Hydrocarbon and mineral production

Cape Verde has few known mineral reserves, and there has been no serious effort to explore for hydrocarbons in the country’s vast offshore area. The country’s one significant mineral output is pozzolana cement, made from the volcanic rock prevalent in the archipelago, all of which is used for local consumption.

Soft commodity production

Given the archipelago’s limited land and water resources, Cape Verde produces few goods and services for export. The country’s main commodity production is fish and meat, of which over 80% is exported to Spain.

Trade flows

Imports

Cape Verde’s imports totalled USD769 mn in 2014, 5.8% higher than the previous year. Given the country’s lack of refining capacity, the country is dependent on imports of petroleum products, worth USD120 mn in 2014. The country is heavily dependent on imports of food (worth USD134 mn in 2014), which can rise sharply during periodic droughts, as well as of capital and consumer goods (USD170 mn) and industrial raw materials (USD87 mn).

Exports

Cape Verde’s exports totalled USD81 mn in 2014, 16% higher than the previous year, buoyed by a steady increase in fish and meat exports (worth USD68 mn in 2014), and re-exports of footwear and apparel (worth USD11 mn).

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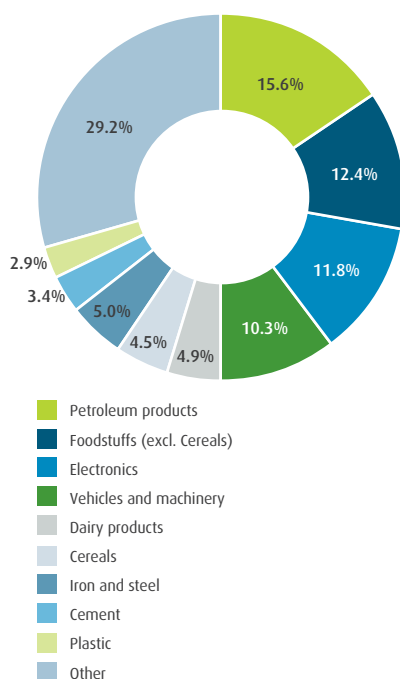
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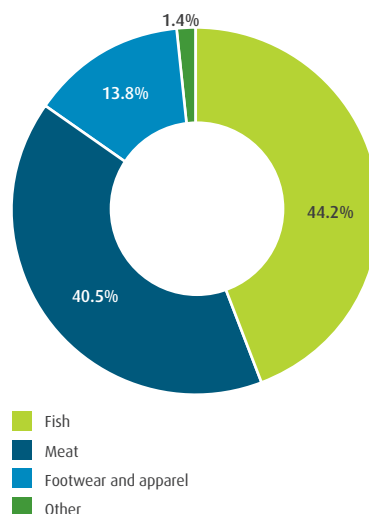
Share of Cape Verde's total imports, 2014 (%)

Source: Intracen



Share of Cape Verde's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Cape Verde

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- Central Bank www.bceao.int
- Ministry of Finance www.minfin.gov.cv
- National Statistics Bureau www.ine.cv
- Stock Exchange www.brvm.org

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Côte d'Ivoire

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	10.7	8.7	7.9	8.2	7.6
GDP (USD bn)	27.1	31.1	33.7	31.3	34.3
Inflation (average)	1.3	2.6	0.4	1.4	2.0
Fiscal balance (% GDP)	-3.1	-2.2	-2.3	-3.2	-3.4
Broad money (% change, end period)	-7.6	9.7	13.8	17.4	13.9
Population (mn)	21.1	21.6	22.2	22.7	23.3
Exports (USD bn)	10.4	10.0	11.0	12.1	13.0
Imports (USD bn)	7.8	7.5	7.9	8.7	9.3
Current account balance (% GDP)	-1.2	-1.4	-0.7	-1.0	-1.9
FX reserves (USD bn, end period)	2.9	3.1	3.7	4.8	4.8
Exchange rate (average)	512.04	495.68	496.08	594.28	627.92

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and
Regional Context

Economic Outlook

Real GDP: Growth of around 7.6% in 2016 will be driven mainly by the agriculture and services sector, and a steadily improving political and security environment following the resounding victory of President Ouattara and the RDR in the October 2015 elections. However, this positive outlook depends partly on: continued favorable terms of trade – the slowdown in China's growth poses a risk to CDI's growth; sustained growth of private sector investment; improving the business climate; implementation of the financial sector reform strategy; further restructuring of public banks; prudent public financial management; and adequate external financing to boost public investment to the level envisaged in the successor to the 2012–15 National Development Plan.

Inflation: Continued strong growth and expectation of moderate weakening of the EUR in 2016 (amid ECB's accommodative policy stance) will lead to a moderate acceleration of inflation to around 2.0% in 2016 (up from around 1.4% in 2015); however, inflation will remain below UEMOA's convergence criterion of 3% supported by the currency peg to the EUR that helps to anchor monetary policy and the low oil price environment.

Fiscal balance: The fiscal deficit is expected to widen slightly in 2016 due to higher demand for government services and growth in expenditure as the authorities continue to invest in the successor plan to the 2012–15 National Development Plan. This is despite higher corporate and trade tax revenues and lower fuel subsidies arising from the fall in global oil prices. The impact of lower oil prices on the budget will be slightly negative as direct taxes on oil and gas fall in line with lower pump prices. There are several efforts that we expect to see progress with in 2016: implementing a Treasury single account; strengthening the financial situation of the energy sector; finalising the clearance of domestic arrears; and strengthening procedures for the budgeting, execution and control of public expenditure with a view to avoiding above-budget spending.

Current account: The deficit is likely to widen in 2016 as export revenues are expected to grow weakly in 2016 as cocoa prices remain subdued. Meanwhile, sustained, robust import demand will add pressure to the trade account. As a net oil importer, the economy will benefit overall from lower oil prices in 2016. However, further weakening of the EUR will be reflected in XOF depreciation, which will raise import prices and overall will add pressure to the current account.

Risks: In addition to the risks mentioned above in the growth section, there are several additional risks to the outlook.

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Côte d'Ivoire

One of the main risks to the outlook is deterioration in the political environment. Although President Ouattara was re-elected in the October 2015 presidential election, given the recent political history and despite the marked improvement since 2011, there are risks of deterioration in the security situation. The FPI, the main opposition party, could seek to disrupt the political balance, which could raise tensions, despite major efforts continuing to strengthen security throughout the country.

Progress in structural reform is likely to be mixed, which will slow growth:

- Reforms to the public pension system and cocoa sector have been completed, but further progress is required on debt management, restructuring public banks, and the energy sector.
- The outlook is also undermined by a history of defaults on government debt service.
- In addition, structural indicators such as GDP per capita and governance are weaker compared to regional peer economies, reflecting the impact of years of conflict.

XOF performance and volatility*

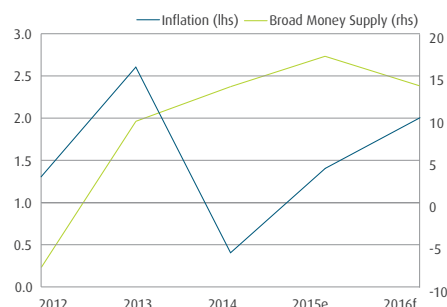
XOF versus USD1

Sources: Bloomberg, Ecobank Research



Côte d'Ivoire inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XOF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	Corporates (80%); Banks (20%)

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FX					
FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)					
Average spread					
Trading hours					
Settlement					
FX market structure	BCEAO's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security reasons.				
Non-resident FX Regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					

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Francophone West Africa

FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government			Central bank	
End use	Government financing	n/a	Government and infrastructure financing	n/a	
Maturity structure	7-days to 2-years		3- to 10-ys		
Coupon	Zero		Fixed		
Coupon payments	n/a		Annual		
Secondary market					
Daily trading volume	Up to XOF 50 mn				
Average trade size	n/a				n/a
Settlement					

Nigeria and Rest of West Africa

Central Africa

Ecobank local affiliate contact details:

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Tel: +225 20 31 92 00

Sources: Bloomberg, IMF, BCEAO, Ecobank Research

FI primary market information

Côte d'Ivoire debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	44.8	39.9	36.6	34.7	33.4
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	28.6	27.2	25.9	31.3	30.5
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	7.8	8.5	8.7	9.8	10.5
Share of total sub-Saharan debt (%)	2.6	2.7	2.5	2.6	2.6

Sources: IMF, World Bank

East Africa

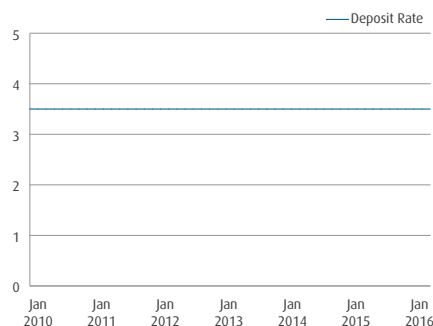
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Côte d'Ivoire

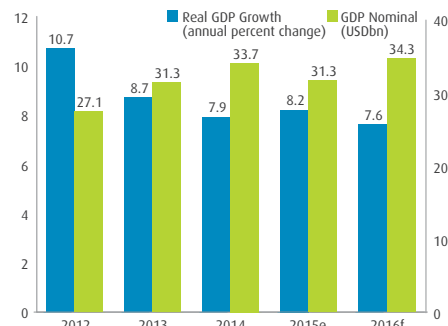
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



Banking Sector Information

Côte d'Ivoire has the largest banking sector in the UEMOA region, with 23 commercial banks operating in 2014. That year the sector's total assets grew by 22%, in local currency terms, to USD12.2 bn. Foreign banks dominate the sector: 14 of the country's 23 banks are majority-foreign owned, and they account for 49% of banking sector assets. Major banking groups also have a strong presence, with ten groups operating in the country by end-2014, accounting for 52% of banking sector assets. The banking sector is highly concentrated, with the five largest banks – Société Générale, Banque Atlantique, Ecobank, NSIA Banque and BICI (BNP Paribas) – accounting for 60% of banking sector assets. Although Côte d'Ivoire is the banking hub for Francophone West Africa, the level of banking penetration remains low (41% in 2014) compared with others members of UEMOA (e.g. Senegal, with 65%).

Côte d'Ivoire's banking market is loan-driven, with loans accounting for 55% of total assets. Intermediation levels have escalated significantly, rising from 69% in 2012 to 75% in 2014, driven by the stabilisation of the economy following years of political instability. This has prompted commercial banks to loosen their risk structures in response to sound economic policies, improved political stability and strong economic growth underpinned by large capital inflows for infrastructure investment. Should the current outlook persist, there is huge potential to grow Côte d'Ivoire's banking sector, especially given the low level of banking penetration compared with its African peers.

Banking groups in Côte d'Ivoire, 2014

Bank	Parent Company
Société Générale	Société Générale Paris
Ecobank	Ecobank Transnational Incorporated (ETI)
BICI	BNP Paribas
Bank of Africa	BOA West Africa
UBA	UBA Plc
BGFIBANK	BGFI Holding Corporation SA
Standard Chartered Bank	Standard Chartered Holding
Citi	Citibank New York
Orabank	OraGroup SA
Guaranty Trust Bank (GTBank)	Guaranty Trust Bank PLC

Sources: Ecobank Research, BCEAO

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Côte d'Ivoire

Commodity and Trade Information

Hydrocarbon and mineral production

Côte d'Ivoire is a modest crude oil producer, averaging 33,000 bpd in 2015. The start-up of the Marlin platform on Block CI-27 could add another 2,000 bpd to the country's output in 2016. Discoveries in the last two years are expected to boost output to 200,000 bpd by 2020, rivalling the output of its neighbour, Ghana. Côte d'Ivoire's only refinery, Société Ivoirienne de Raffinage (SIR), is one of the few refineries in Africa with participation from a major oil company. The refinery is jointly owned by the Ivorian government (48%), Total SA (27%), Luanda Sonangol (20%), and the government of Burkina Faso (5%). Although Côte d'Ivoire consumes only 28,000 bpd, it refines over 64,000 bpd; the balance is made up by imports of crude oil from Nigeria. Côte d'Ivoire is a key supplier of petroleum products to Nigeria, Ghana and other West African countries.

Côte d'Ivoire's mining sector is dominated by production of gold, with estimated output of 18 tonnes from eight mining companies in 2014. There is artisanal production of diamonds, and unexploited reserves of manganese, coltan, iron ore and cobalt.

Soft commodity production

Côte d'Ivoire is the world's leading producer of cocoa, with record output of 1.77 mn tonnes in 2014-15 (October-September), equal to 40% of world output. Major reform of the sector has been implemented by the cocoa regulator, Conseil du Café-Cacao (CCC), which has enforced a mandatory fixed farmgate price, tightened quality controls and introduced a forward selling auction for exporters. High fixed prices, which were raised to a record XOF1,000/kg for the 2015-16 season, have driven a surge in new planting and improved husbandry, boosting output. Côte d'Ivoire is also the world's leading cocoa grinder, with estimated grindings of 545,000 tonnes in 2014-15, 13.1% of the world total. The government has long-term plans to expand grinding to over 50% of the annual crop, up from around 30% currently. However, there are questions over the commercial viability of the Ivorian grinding sector, given uncertainty over the cocoa export tax regime (the DUS) and strong competition from new grinding hubs in Indonesia and Singapore.

Côte d'Ivoire is also Africa's largest producer of natural rubber (NR), with output of 326,101 tonnes in 2015, all of which is exported to world markets. The country is a leading producer of palm oil, with estimated production of 415,000 tonnes in 2015, a large proportion of which is exported to the sub-region. In recent years Côte d'Ivoire has dramatically expanded production of raw cashew nuts (RCN), producing an estimated 500,000 tonnes of cashews in 2015, which has put the country on track to becoming the world's largest cashew producer in the next few years.

Côte d'Ivoire is also reviving production of coffee and cotton, two crops whose output languished during the 2000s. Production of Robusta coffee rose to an estimated 2.175 mn 60 kg bags in 2014-15, the highest level in six years. Cotton production has also rebounded, thanks to rising investment and improved regulatory support, notably the introduction of a fixed farmgate price. Production of cotton lint reached an estimated 165,000 tonnes in 2014-15, cementing Côte d'Ivoire's place as West Africa's third largest producer (after Mali and Burkina Faso).

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Côte d'Ivoire

Trade flows

Imports

Côte d'Ivoire's imports totalled USD11.2 bn in 2014, marginally below the previous year. Crude oil, capital and consumer goods and food made up the bulk of imports, some of which are re-exported to the sub-region (notably to landlocked Burkina Faso). Crude oil was the largest import, worth USD2.5 bn in 2014, most of which came from Nigeria for refining in Abidjan, a large proportion of which is re-exported back to Nigeria with the balance consumed domestically. Imports of machinery, vehicles and ships totalled USD2.3 bn 2014, along with USD505 mn of electronics and USD388 mn of pharmaceuticals, reflecting the poor development of local manufacturing and the country's role as a regional re-export hub. Despite producing large volumes of grain and pulses, Côte d'Ivoire is dependent on food imports, importing USD437 mn of rice, USD189 mn of wheat, and USD391 mn of fish in 2014.

Exports

Côte d'Ivoire's exports totalled USD13 bn in 2014, 7.5% higher than the previous year. Commodities dominate export flows, making up eight out of the country's top ten exports. Cocoa and cocoa products were the largest export, totalling USD4.6 bn, most of which were exported to Western Europe. These included 1.1 mn tonnes of raw cocoa, 214,000 tonnes of cocoa paste, 90,000 tonnes of cocoa butter, 30,000 tonnes of cocoa powder and 17,000 tonnes of chocolate. Exports of petroleum products totalled USD1.7 bn, reflecting the country's role as a regional refining hub, importing crude oil from Nigeria for refining in-country before re-exporting petroleum products back to Nigeria. Côte d'Ivoire also exported USD703 mn worth of gold, making it West Africa's fourth largest exporter of the metal (after Ghana, Burkina Faso and Guinea). The rest of Côte d'Ivoire's commodities are exported raw to world markets, including 532,000 tonnes of cashews (worth USD827 mn), 353,000 tonnes of natural rubber (worth USD612 mn), 183,000 tonnes of cotton lint (worth USD358 mn), 368,000 tonnes of wood (worth USD224 mn) and 247,000 tonnes of palm oil (worth USD209 mn). All of the country's palm oil is exported as refined product to other UEMOA markets. Around two thirds of Côte d'Ivoire's 69,000 tonnes of coffee exports go to Algeria and 20% to Spain and Italy, reflecting these countries' preference for the country's bitter Robusta variety.

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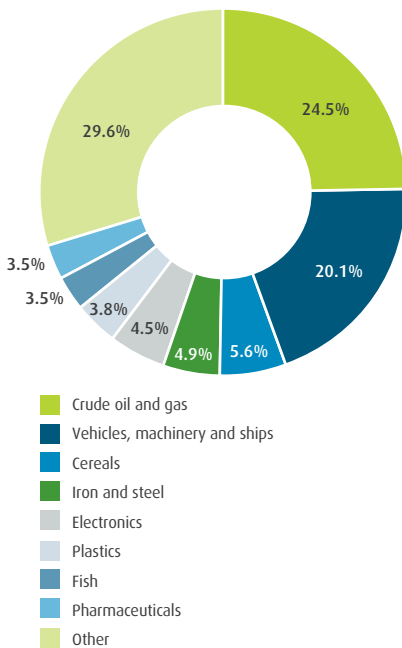
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Côte d'Ivoire

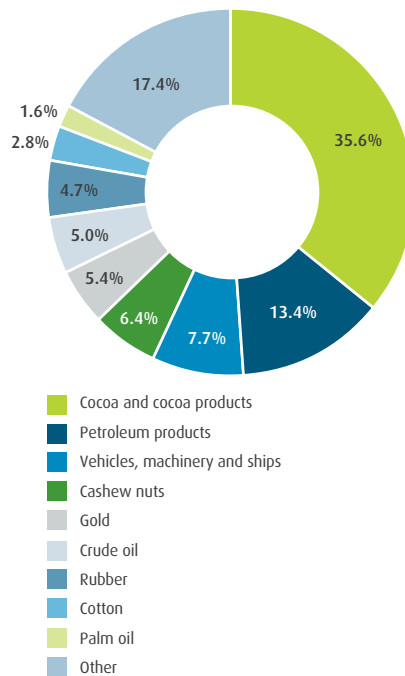
Share of Côte d'Ivoire's total imports, 2014 (%)

Source: Intracen



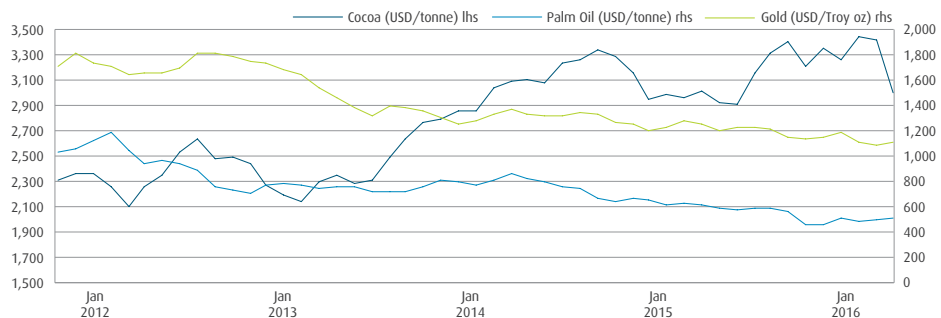
Share of Côte d'Ivoire's total exports, 2014 (%)

Source: Intracen



Key commodity prices (cocoa, palm oil and gold)

Source: IMF

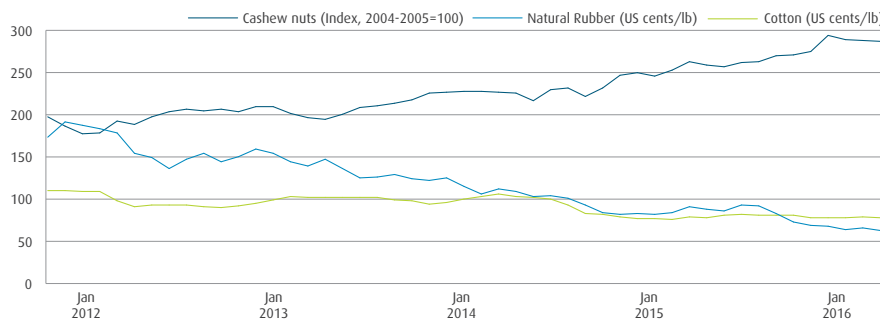




Côte d'Ivoire

Key commodity prices (natural rubber, cashew nuts and cotton)

Source: IMF



Useful Links

- Central Bank www.bceao.int
- Ministry of Finance www.finances.gouv.ci
- National Statistics Bureau www.ins.ci
- Stock Exchange www.brvm.org

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Guinea-Bissau

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	-1.8	0.8	2.5	4.7	4.8
GDP (USD bn)	1.0	1.0	1.1	1.0	1.1
Inflation (average)	2.1	0.8	-1.0	1.5	2.9
Fiscal balance (% GDP)	-2.2	-1.8	-1.4	-0.9	-2.3
Broad money (% change, end period)	-6.0	14.8	31.0	11.3	10.1
Population (mn)	1.7	1.8	1.8	1.8	1.9
Exports (USD bn)	0.1	0.1	0.1	0.2	0.2
Imports (USD bn)	0.2	0.2	0.2	0.2	0.3
Current account balance (% GDP)	-8.8	-4.4	-1.2	-3.5	-4.6
FX reserves (USD bn, end period)	0.1	0.1	0.2	0.4	0.4
Exchange rate (average)	512.04	495.68	496.08	594.28	627.92

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

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Economic Outlook

Real GDP: Growth prospects in 2016 rely partly on the success of the cashew campaign and donor support. In addition, sustaining recent political stability will help underpin growth. However, the outlook for Guinea-Bissau is uncertain partly because of the damage caused by decades of instability. Although cashew production is likely to be sustained, the effect of stable international cashew prices will probably indirectly moderate domestic economic activity. However, assuming stability becomes entrenched, public investment and construction activity is expected to pick-up supporting growth of around 5% in 2016. Without improvements to stability and security, economic growth is unlikely to expand above this level.

Inflation: Projected to accelerate to around 3% in 2016 – assuming no significant global oil price rises or food security issues – which is in-line with the Union Economique et Monétaire Ouest-Africaine (UEMOA) convergence criterion. The moderate acceleration will be due to stronger domestic demand driven by political stability, food price increases, and moderate weakening of the EUR (the XOF is pegged to the EUR) in 2016.

Fiscal balance: The fiscal deficit will remain at around 2% of GDP if further progress is made in extending a unified public payroll system to all ministries, if tax reform to enhance revenues is implemented, and if there is no recourse to domestic financing. Given limited revenue prospects (particularly before the start of the cashew season) strict spending controls and prudent cash management will be required to minimise any further accumulation of arrears.

Current account: Assuming global commodity prices remain low, particularly oil, import costs will fall in 2016 compared to the year before. However, lower cashew export revenues are also likely assuming cashew price stability, which, in combination with low remittances, will sustain a large current account deficit of close to 5% of GDP.

Risks: There are several main risks facing Guinea-Bissau. The fragile political situation is the largest concern – a return to instability via another coup would set back the economy enormously. Delays to the reform programme could be also be encountered if political will is weak. In turn, this could prompt much-needed donor inflows to be suspended or cancelled. Finally, a terms of trade shock or resurgence of Ebola in neighbouring countries would disrupt economic activity severely.

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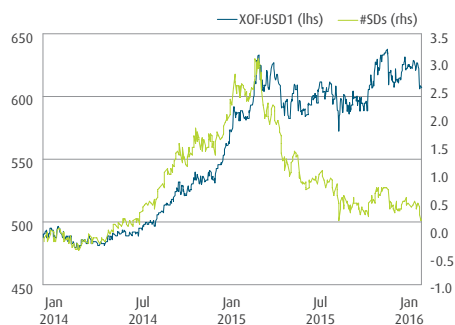


Guinea-Bissau

XOF performance and volatility*

XOF versus USD1

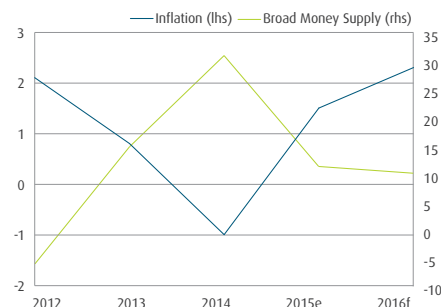
Sources: Bloomberg, Ecobank Research



*Note: XOF volatility is measured by standard deviation (SD).

Guinea-Bissau inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XOF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	Corporates (18%); Financial Institutions/International Orgs. (42%); Domestic Orgs. (39%); Business Development Corporations (1%)

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)					
Average spread					
Trading hours		07:30-16:30			
Settlement	T+2				
FX market structure	BCEAO's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX Regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow					

Guinea-Bissau

FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government			Central bank	
End use	Government financing				
Maturity structure	1- and 2-years			n/a	
Coupon	Zero				
Coupon payments	n/a				
Secondary market					
Daily trading volume		Limited trading			
Average trade size		Limited trading			n/a
Settlement		T+1			

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Sources: Bloomberg, IMF, BCEAO, and Ecobank Research

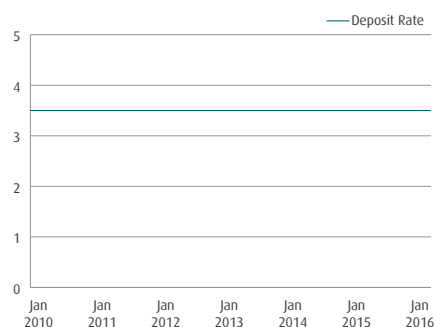
FI primary market information

Guinea-Bissau debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	52.1	53.2	54.3	52.2	47.6
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	27.1	26.2	24.4	27.0	25.0
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	0.3	0.3	0.3	0.3	0.3
Share of total sub-Saharan debt (%)	0.1	0.1	0.1	0.1	0.1

Sources: IMF, World Bank

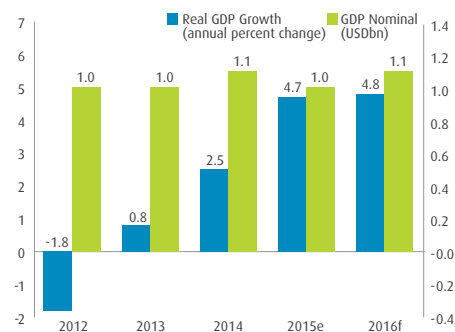
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Guinea-Bissau

Commodity and Trade Information

Hydrocarbon and mineral production

Guinea-Bissau has large reserves of minerals, few of which have been exploited owing to the country's endemic political instability. Canada's GB Minerals plans to invest USD175 mn to develop the Farim phosphate deposit, with the first planned exports in 2017. The country's other key mining project is Bauxite Angola, a joint venture with Angola to develop the Madina Boe bauxite deposit, which plans to invest USD500 mn in developing a mine and associated rail and port infrastructure. Guinea-Bissau is believed to have offshore hydrocarbon reserves, but to date no exploitable reserves have been discovered. However, following recent discoveries offshore Senegal there has been renewed interest in Guinea-Bissau's offshore.

Soft commodity production

Guinea Bissau is a leading producer of cashew nuts, with exports reaching record of 170,000 tonnes in 2014-15 (April-September). Output surged to an all-time high in response to rising international prices, which were the result of higher demand from offtakers and a global shortage of almonds from drought-stricken California. It is likely that high prices helped deter smuggling of cashew nuts to Senegal, boosting export revenues for the Bissau government.

Trade flows

Imports

Guinea Bissau's imports totalled USD400 mn in 2014, 27% higher than the previous year. Given the country's limited natural resources, Guinea Bissau is dependent on imports of petroleum products and food, worth USD121 mn and USD111 mn, respectively. The country is also reliant on imports of electronics, machinery, vehicles and articles of iron and steel (worth a total of USD74 mn in 2014), owing to the weakly developed manufacturing sector.

Exports

Guinea Bissau's exports totalled USD237 mn in 2014, 21% lower than the previous year. Raw cashew nuts (RCN) remain Guinea-Bissau's most valuable commodity export, worth USD161 mn in 2014, 68% of its total foreign exchange earnings. The majority of RCN exports go to India, Singapore and Vietnam for processing. Guinea Bissau also exported 98,000 tonnes of wood (worth USD50 mn) and 27,000 tonnes of fish (worth USD18 mn), most of which went to Senegal.

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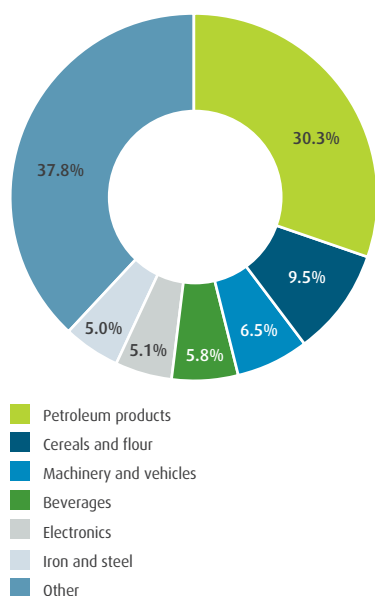
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Guinea-Bissau

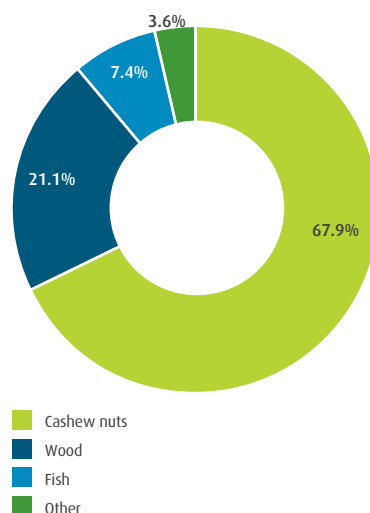
Share of Guinea-Bissau's total imports, 2014 (%)

Source: Intracen



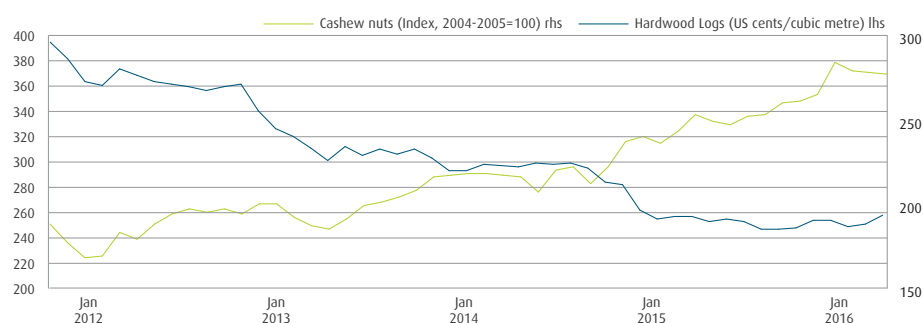
Share of Guinea-Bissau's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Guinea-Bissau

Useful Links

- Central Bank www.bceao.int
- Ministry of Finance www.finances.gov.bf
- National Statistics Bureau www.insd.bf
- Stock Exchange www.brvm.org

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Mali

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	0.0	1.7	7.2	5.0	5.0
GDP (USD bn)	10.4	11.1	12.1	11.0	11.9
Inflation (average)	5.3	-0.6	0.9	1.4	2.6
Fiscal balance (% GDP)	-1.1	-2.8	-3.5	-3.2	-3.2
Broad money (% change, end period)	15.2	7.4	7.1	13.2	11.6
Population (mn)	16.1	16.6	17.1	17.6	18.1
Exports (USD bn)	2.6	2.4	2.2	2.4	2.5
Imports (USD bn)	2.5	2.6	2.7	2.8	2.9
Current account balance (% GDP)	-2.6	-3.4	-7.3	-3.3	-4.2
FX reserves (USD bn, end period)	1.0	0.9	0.7	0.8	0.7
Exchange rate (average)	512.04	495.68	496.08	594.28	627.92

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

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Economic Outlook

Real GDP: Real GDP growth in 2016 is likely to expand around 5% in line with the historical trend, supported by normal levels of cotton and gold output. Higher growth requires further strengthening of the security and political situation, normalisation of commerce and internal trade following earlier security-related disruptions, and a bumper harvest (as seen in 2014).

Inflation: Will likely pick up to around 2.6% as domestic demand continues to strengthen and as food prices rise given our expectation of a normal harvest and moderate weakening of the EUR (the XOF is pegged to the EUR) in 2016 amid ECB's accommodative policy stance. This will be just below the Union Economique et Monétaire Ouest-Africaine (UEMOA) convergence criterion of 3%.

Fiscal balance: A fiscal deficit of around 3% of GDP is likely, which is in line with recent outturns. It will be financed largely via donor support – particularly grants. However, revenue from petroleum product taxation will contribute strongly as fuel pump prices were largely unchanged while import prices dropped in 2015. Public financial management reforms are on track. The government aims to continue strengthening tax administration management and limit tax exemptions, with the objective of increasing tax revenue in 2016.

Current account: Weak cotton prices and falling gold prices will weigh on the external sector in 2016. However, a moderate increase in remittances and sustained low fuel import costs will help prevent the current account deficit from widening significantly as seen in 2014. The deficit will be financed almost entirely by net capital inflows, primarily through foreign aid and FDI.

Risks: The government must continue to accelerate structural transformation, implement fiscal decentralization, improve the business environment, strengthen governance, and reform the structure of taxation of wages and salaries if the economy is to grow above the historic range-bound level of 5%. Moreover, substantial effort needs to be made in support of the Peace Accord, such as higher targeted spending, without which the economy will continue to underperform. In addition, external shocks (related to the weather, commodity prices, and exchange rate movements) present perennial risks to the country.

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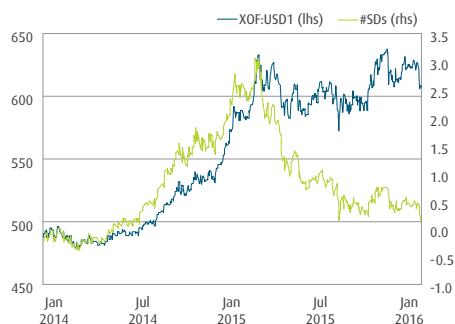


Mali

XOF performance and volatility*

XOF versus USD1

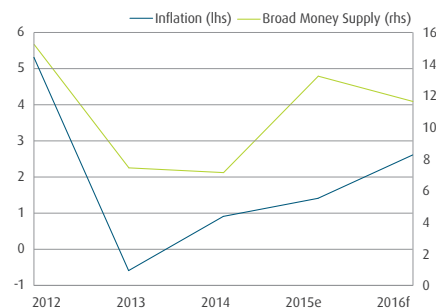
Sources: Bloomberg, Ecobank Research



*Note: XOF volatility is measured by standard deviation (SD).

Mali inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XOF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)					
Average spread					
Trading hours	Limited				
Settlement	T+2				
FX market structure	BCEAO's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					



Mali

Introduction

FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank OMOs bills
Issuer	Government	Government		Government	
End use	Government financing	Government financing	n/a	Government and infrastructure financing	n/a
Maturity structure	7-days to 2-years			3- to 10-yrs	
Coupon	Zero			Fixed	
Coupon payments	n/a			Annual	
Secondary market					
Daily trading volume		Limited trading			
Average trade size		Limited trading			n/a
Settlement		T+2			

Ecobank local affiliate contact details:

Ecobank Mali, Place de la Nation, Quartier du Fleuve, Bamako

Tel: +233 20 70 06 00

Sources: Bloomberg, IMF, BCEAO, and Ecobank Research

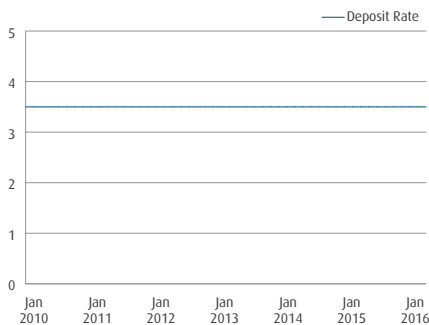
FI primary market information

Mali debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	29.8	30.6	36.7	42.5	41.7
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	25.9	25.6	27.2	34.0	34.2
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	2.7	2.8	3.3	3.7	4.1
Share of total sub-Sahara debt (%)	0.9	0.9	1.0	1.0	1.0

Sources: IMF, World Bank

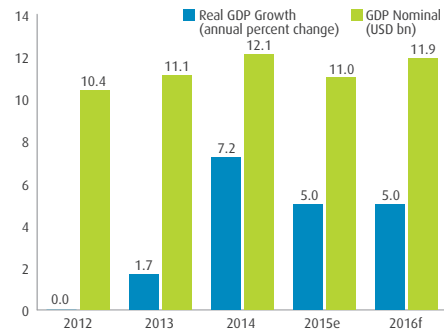
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Mali

Commodity and Trade Information

Hydrocarbon and mineral production

Mali is the third largest gold producer in Sub-Saharan Africa after South Africa and Ghana with estimated output of 50 tonnes in 2014. Gold is Mali's most valuable commodity export, and makes up a quarter of government revenues. Gold production (which is driven in large part by artisanal mining) has stagnated in recent years, as output declines from maturing deposits. Nonetheless, the Malian government expects that production will reach 60 tonnes by 2017 after new projects come in production, notably Canada's B2Gold's Fekola mine. Although Mali has yet to record any major oil or gas discovery, the country's Taoudeni basin is believed to have oil potential and is being explored by Algeria's SONATRACH and Canada's Sella Energy.

Soft commodity production

Mali is West Africa's second largest cotton producer after Burkina Faso. Although the country's cotton sector has struggled over the last decade, reflecting low international prices, erratic weather and political instability, it has stabilized in recent years thanks to higher farmgate prices (owing to a stabilisation fund) and subsidised inputs. In the 2014-15 season, cotton lint production surged to an all-time high of 232,000 tonnes. The sector is run by the state monopoly, Compagnie malienne pour le développement des textiles (CMDT), which is active throughout the cotton value chain from collection to ginning and shipment. Unlike its eastern neighbour, Burkina Faso, Mali has eschewed planting Bt cotton. Given the quality defects associated with this GM variety, Malian cotton fibre trades at a slight premium to Burkinabè fibre, owing to its longer staple length and reliable deliveries. Mali is also a significant producer of live animals, a large portion of which are exported to Côte d'Ivoire.

Trade flows

Imports

Mali's imports totalled USD3.2 bn in 2014, 5.6% higher than the previous year. As the country has no refining capacity, Mali is entirely reliant on imports of petroleum products, worth USD525 mn in 2014, most of which come from neighbouring African countries. Mali is heavily dependent on imports of machinery, vehicles, electronics and pharmaceuticals (together worth USD954 mn in 2014), reflecting the poorly developed manufacturing sector and the country's role as a re-export hub for its Sahelian neighbours. The country also imports large volumes of cereals and flour, worth USD173 mn in 2014, along with iron and steel (USD107 mn), cement (USD142 mn) and fertilizer (USD49 mn).

Exports

Mali's exports totalled USD2.6 bn in 2014, 5% higher than the previous year. Gold is Mali's most valuable export, worth USD1.7 bn in 2014, the bulk of which went to South Africa, the continent's leading gold smelting and exporting hub. Mali is also West Africa's second largest cotton exporter, with total exports worth USD489 mn in 2014, most of which went to China, Malaysia and India. The country also exported 27,000 tonnes of sesame seeds (worth USD55 mn).

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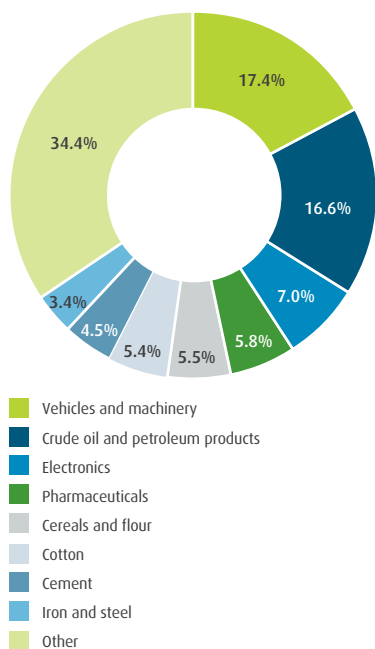
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Mali

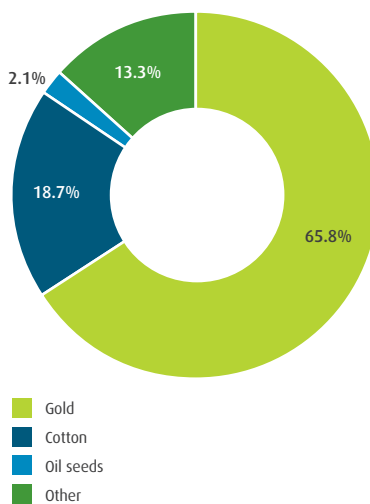
Share of Mali's total imports, 2014 (%)

Source: Intracen



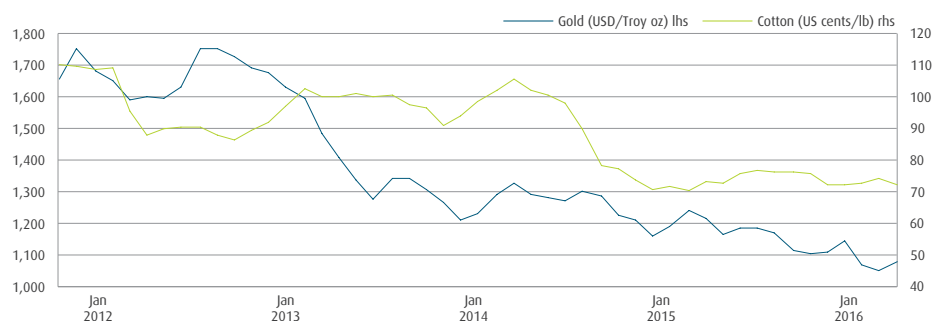
Share of Mali's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Mali

Useful Links

- Central Bank www.bceao.int
- National Statistics Bureau instat.gov.ml
- Stock Exchange www.brvm.org

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Niger

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	11.8	4.6	6.9	4.3	5.4
GDP (USD bn)	7.0	7.5	8.0	7.1	7.7
Inflation (average)	0.5	2.3	-0.9	0.8	2.1
Fiscal balance (% GDP)	-1.1	-2.6	-8.3	-8.0	-5.3
Broad money (% change, end period)	31.2	10.1	25.7	0.3	5.6
Population (mn)	17.6	18.4	19.1	19.9	20.7
Exports (USD bn)	1.2	1.3	1.4	1.4	1.4
Imports (USD bn)	1.6	1.7	2.1	2.5	2.3
Current account balance (% GDP)	-14.6	-15.3	-15.2	-19.1	-23.4
FX reserves (USD bn, end period)	0.8	0.8	1.1	1.0	1.1
Exchange rate (average)	512.04	495.68	496.08	594.28	627.92

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Growth prospects remain good based on the continued implementation of a sound policy framework and with new oil and mining projects coming into production although regional instability is a concern. Growth has fluctuated recently reflecting volatility in the agricultural sector, the impact of low commodity prices on the mining sector, and the deteriorating security situation in the region and many of these factors are expected to remain in place in 2016.

Inflation: Likely to remain comfortable in 2016 partly reflecting the government food and price stabilization programmes and assuming no significant global oil price rises or food security issues – and below the Union Economique et Monétaire Ouest-Africaine (UEMOA) convergence criterion of 3%. Inflation will be driven by food price increases and moderate weakening of the EUR (the XOF is pegged to the EUR) in 2016 amid ECB's accommodative policy stance.

Fiscal balance: Expenditure pressures, reflecting elevated security risks, and the low mobilisation of domestic revenue and budget support will remain acute and will maintain pressure on the fiscal balance, with another deficit expected in 2016. The deficit will be financed by domestic financing, but there is some concern it may breach budget targets thereby highlighting further accumulation of domestic payment arrears. Improved revenue collections and better control over expenditure throughout 2016 would enable a significant reduction in arrears and strengthening of public finances.

Current account: The current account deficit is likely to remain large in 2016 as oil prices remain low and despite continued low petroleum product import prices. The deficit will be driven mainly by strong import demand and will be financed by a combination of FDI, donor inflows and remittances.

Risks: The medium term economic outlook remains positive, but depends on major natural resource projects developing further, and the authorities' ability to raise revenues from these projects to reduce the infrastructure and other spending gaps. Another challenge is to attain fiscal and debt sustainability in an environment of low oil and uranium prices, which will require further strengthening the fiscal framework and transparency of managing natural resources. Security poses a risk and efforts with donors will seek to reduce this over the years ahead.

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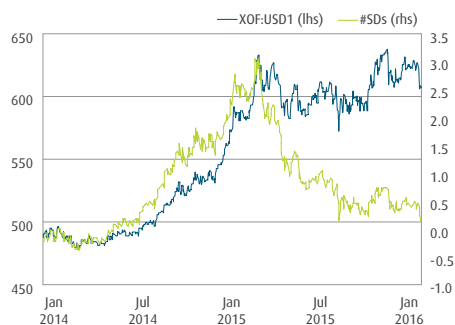


Niger

XOF performance and volatility*

XOF versus USD1

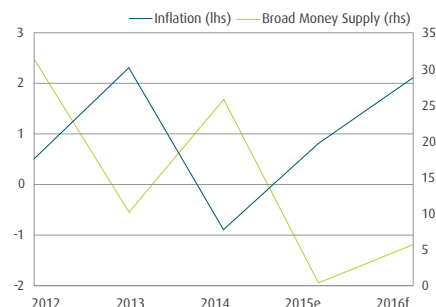
Sources: Bloomberg, Ecobank Research



*Note: XOF volatility is measured by standard deviation (SD).

Niger inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XOF655.957 to EUR1
Type of intervention	Via central bank
Convertible currency?	Partial
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps			
On offer	Yes	No	No	No	No			
Daily trading volume (USD mn)	n/a		n/a					
Average trade size (USD mn)								
Average spread								
Trading hours	Limited							
Settlement	T+2							
FX market structure	BCEAO's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.							
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps			
Trade and FDI flow	No restrictions		n/a					
Financial flow								
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps			
Trade and FDI flow	No restrictions		n/a					
Financial flow								



Niger

Introduction

FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank OMOs bills
Issuer				Government	
End use		Government financing		Government and infrastructure financing	
Maturity structure		6-months to 1-yr	n/a	3- to 7-yr	n/a
Coupon		Zero		Fixed	
Coupon payments		n/a		Annual	
Secondary market					
Daily trading volume			Limited trading		
Average trade size			Limited trading		n/a
Settlement			n/a		

Global and Regional Context

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Ecobank Niger, Angle Boulevard de la Liberté et Rue des Bâtisseurs, Niamey

Tel: +225 20 73 10 01/83

Sources: Bloomberg, IMF, BCEAO, and Ecobank Research

FI primary market information

Niger debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	26.5	27.9	32.2	43.7	45.9
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	16.9	18.6	21.1	30.3	31.7
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	1.2	1.4	1.7	2.2	2.4
Share of total sub-Sahara debt (%)	0.4	0.4	0.5	0.6	0.6

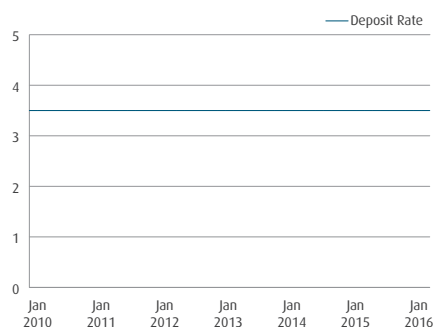
Sources: IMF, World Bank

Francophone West Africa

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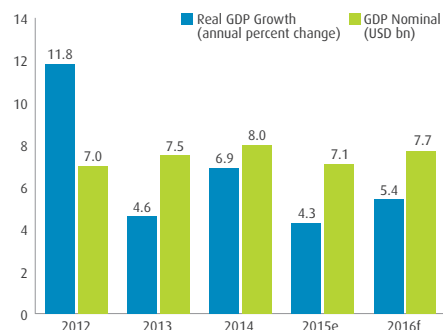
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Niger

Commodity and Trade Information

Hydrocarbon and mineral production

Niger is Africa's largest producer of uranium, with estimated output of 4,100 tonnes in 2014, most of which is exported to France as fuel for its nuclear power stations. Niger also produces small quantities of gold and silver, mostly through artisanal operations.

Niger became an oil producer in 2011 when production started at the Agadem block, operated by China National Petroleum Company (CNPC). Output has averaged 20,000 bpd from the block, which is estimated to hold 650 mn barrels. The government of Niger intends to ramp up production to 60,000 bpd in 2016, following an agreement with Chad and Cameroon to connect with the Chad-Cameroon pipeline to export the new output. The government has set up the Niger Oil Transporting Company (NOTCO) to build and operate the Niger end of the Niger-Chad-Cameroon Pipeline, with planned capacity of up to 80,000 bpd. CNPC has built a 20,000 bpd refinery in the Zinder region, which produced an estimated 754,000 tonnes of petroleum products in 2014. However, Niger only consumed 460,000 tonnes and exported the balance to its neighbours, Nigeria and Burkina Faso.

Soft commodity production

Given Niger's arid and sparsely populated terrain, the country produces few cash crops for export. Most agricultural production is for domestic consumption, usually within the locality where it is produced, although the country does export small volumes of cotton, live animals, tobacco and sugar (some of these are re-exports).

Trade flows

Imports

Niger's imports totalled USD2.2 bn in 2014, up 26% on the previous year. Niger is heavily dependent on imports of food, capital and consumer goods to meet domestic demand. Machinery and vehicles were the largest import in 2014 (worth USD522 mn), followed by aircraft, electronics and optical goods (together worth USD376 mn). The country also imports large volumes of rice and wheat, worth USD177 mn in 2014, along with cement (USD130 mn), iron and steel (USD97 mn), and pharmaceuticals (USD69 mn).

Exports

Niger's exports totalled USD1 bn in 2014, 22% lower than the previous year. The country's most valuable export is uranium, with total exports of 4,100 tonnes (worth USD478 mn), most of which went to France, with smaller amounts to Japan, Korea, and China. Niger exports its excess refined petroleum (worth USD284 mn in 2014) to its neighbours, Burkina Faso and Nigeria. The country also exported USD39 mn worth of gold in 2014, most of which went to Switzerland and France.

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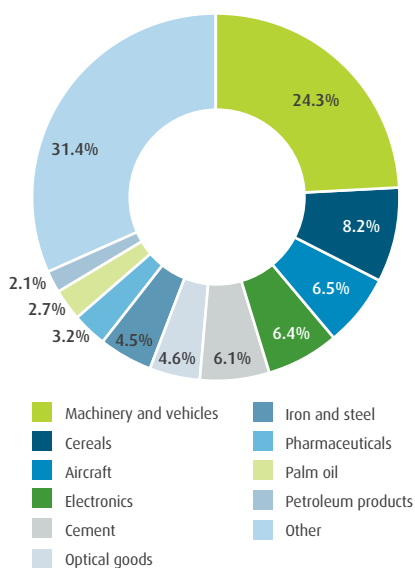
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Niger

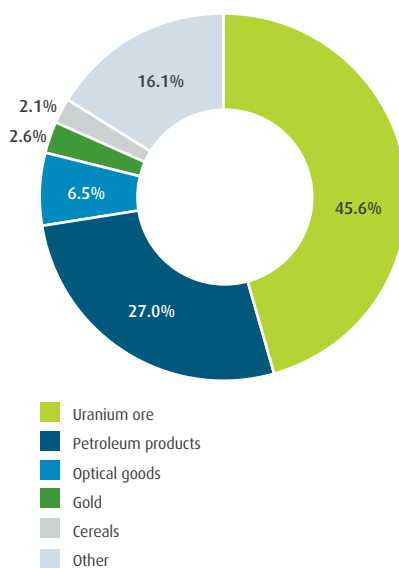
Share of Niger's total imports, 2014 (%)

Source: Intracen



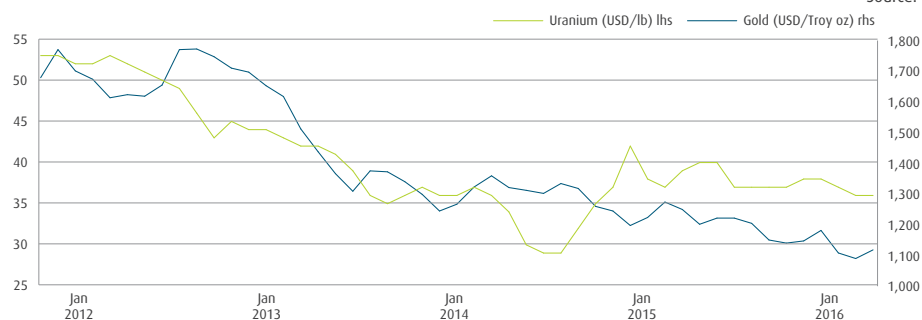
Share of Niger's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Niger

Useful Links

- Central Bank www.bceao.int
- National Statistics Bureau www.stat-niger.org
- Stock Exchange www.brvm.org

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Senegal

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	4.4	3.6	4.7	5.1	6.4
GDP (USD bn)	14.2	15.0	15.7	14.0	15.2
Inflation (average)	1.4	0.7	-1.1	0.2	2.1
Fiscal balance (% GDP)	-5.2	-5.5	-4.9	-4.7	-4.2
Broad money (% change, end period)	6.8	8.0	11.4	7.7	7.7
Population (mn)	13.8	14.2	14.7	15.1	15.6
Exports (USD bn)	2.4	2.4	2.4	2.5	2.7
Imports (USD bn)	4.8	4.9	4.8	5.0	5.3
Current account balance (% GDP)	-10.9	-10.4	-8.8	-6.1	-7.4
FX reserves (USD bn, end period)	1.6	1.6	1.7	1.7	1.8
Exchange rate (average)	512.04	495.68	496.08	594.28	627.92

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: The economic outlook remains good with growth of above 6% in 2016. This reflects the initial implementation of the Plan Sénégal Emergent (PSE), which aims at doubling growth potential through a substantial investment and reform effort, along with strengthened trade with Mali, and low oil prices. However, doubling and sustaining growth rates of 7-8% as envisaged in the PSE will require maintaining a sound macroeconomic framework in addition to accelerating the reforms required to promote private investment, including foreign investment.

Inflation: Expected to rise but to remain moderate in 2016 – assuming no significant global oil price rises or food security issues – and below the Union Economique et Monétaire Ouest-Africaine (UEMOA) convergence criterion of 3%. The moderate acceleration will be due to small food price increases and moderate weakening of the EUR (the XOF is pegged to the EUR) in 2016 amid ECB's accommodative policy stance.

Fiscal balance: Due to ongoing spending pressures, the fiscal deficit is likely to remain around 4% of GDP in 2016. Revenues will continue to rise in 2016 given tax reforms that have been implemented. However, tax revenues will likely remain lower than projected. Nonetheless, the authorities are committed to further boosting revenue, and streamlining and improving the quality of government spending to support the financing of public investment and social spending. Moreover, efforts to continue to implement structural reforms will place the economy on a stronger fiscal footing.

Current account: The current account deficit will remain large at over 7% of GDP in 2016 – extending for another year a wide deficit. Demand for Senegal's exports (particularly in Europe) will remain weak despite the prospect of low oil prices reducing trade account pressures. The deficit will be financed mainly by a steady flow of remittances, donor inflows, and FDI.

Risks: If further fiscal strengthening is to be achieved, additional efforts are required to enhance economic governance, and in particular, dealing with indebted state-owned enterprises (SOEs). In addition, there remains a need for performance contracts to be signed with all SOEs receiving financial support from the government to prevent fiscal deficits widening and destabilising the economy. Finally, an oil price shock would pose significant fiscal and external challenges; meanwhile, weather related disruptions to the agricultural sector continue to pose a risk given the dependency on rain fall for production.

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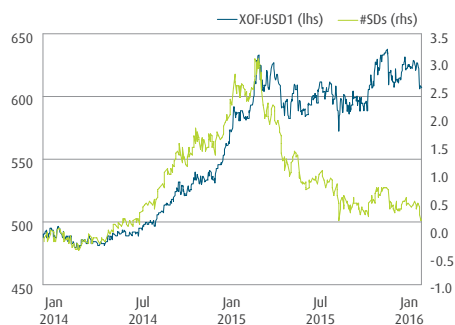


Senegal

XOF performance and volatility*

XOF versus USD1

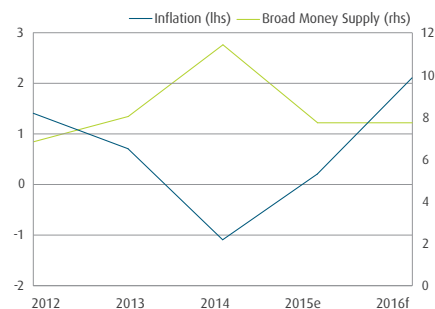
Sources: Bloomberg, Ecobank Research



*Note: XOF volatility is measured by standard deviation (SD).

Senegal inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XOF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps			
On offer	Yes	No	No	No	No			
Daily trading volume (USD mn)	n/a		n/a					
Average trade size (USD mn)								
Average spread								
Trading hours	Limited							
Settlement	T+2							
FX market structure	BCEAO's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.							
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps			
Trade and FDI flow	No restrictions		n/a					
Financial flow								
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps			
Trade and FDI flow	No restrictions		n/a					
Financial flow								

Senegal

Introduction

FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank OMOs bills
Issuer				Government	Central bank
End use		Government financing		Government and infrastructure financing	
Maturity structure		7-days to 2-years	n/a	3- to 10-yrs	n/a
Coupon		Zero		Fixed	
Coupon payments		n/a		Annual	
Secondary market					
Daily trading volume			Limited trading		
Average trade size			Limited trading		n/a
Settlement			n/a		

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Tel: +221 33 859 99 99

Sources: Bloomberg, IMF, BCEAO, and Ecobank Research

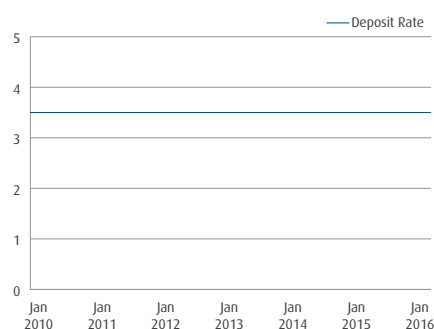
FI primary market information

Senegal debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	42.8	46.6	53.1	55.0	61.9
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	31.2	33.4	41.8	44.3	44.0
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	4.4	5.0	6.6	6.2	6.7
Share of total sub-Sahara debt (%)	1.5	1.6	1.9	1.7	1.7

Sources: IMF, World Bank

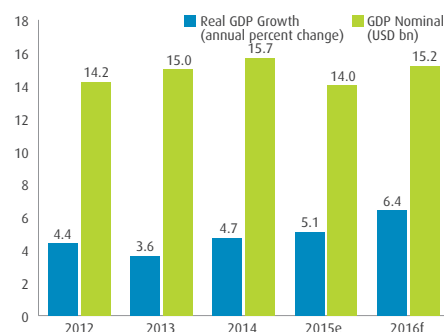
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Senegal

Banking Sector Information

Senegal has the second largest banking sector in UEMOA, after Côte d'Ivoire. However, Senegal's share of UEMOA's total banking assets has been declining, from a high of 26% in 2006 to 20% in 2014. This decline is primarily the result of Senegal's relatively weak real GDP growth, which averaged 3.6% per year in 2004-14, as compared to the UEMOA region as a whole, which averaged 4.4% over the same period. This reflects Senegal's low dependence on commodity exports and higher dependence on services. Foreign banks have a strong presence in Senegal, with majority foreign-owned banks making up 13 of the 19 banks currently operating in the country, and accounting for 62% of banking sector assets. Banking groups are also major players in the market, with 11 banking groups operating in Senegal and controlling 55% of banking sector assets at end-2014.

Banking groups in Senegal, 2014

Bank (by acronym)	Parent Owner
Ecobank	Ecobank Transnational Incorporated
BICI	BNP Paribas
Bank of Africa	BOA West Africa
CDS	Groupe Attijariwafa Bank
UBA	UBA Plc
Diamond Bank	Diamond Bank Plc
BSIC	BSIC-Tripoli (Siège)
Citi	Citibank NA New York
Orabank	OraGroup SA
ICB	FirstBank Nigeria Plc

Sources: Ecobank Research, BCEAO

Commodity and Trade Information

Hydrocarbon and mineral production

Senegal's mining sector is focused on the production of gold, phosphates and cement. The country produced an estimated 10 tonnes of gold in 2014, all of which was exported. The country is also a leading producer of cement, with estimated output of 6.5 mn MT in 2014, and is a hub for processing phosphate rock into phosphoric acid, the key ingredient in fertiliser. The country has substantial reserves of other minerals, notably titanium, zircon and iron ore, but these have yet to be fully exploited. Senegal is a gas producer, but was once an oil producer until its oil reserves ran out in the 1990s. However, oil explorers Cairn Energy and FAR Oil and Gas believe the offshore region could hold over 2 billion barrels of oil reserves, following major discoveries offshore in 2015. Senegal depends on imports of crude for its refinery, Société Africaine de Raffinage (SAR), which the government has decided to keep operational, despite its age, high running costs and large debts to its oil suppliers. A private partner, the Bin Laden Group, is looking to exit its partnership with the government in the refinery. Senegal consumes over 40,000 bpd of petroleum products, but its 27,000 bpd refinery operates at less than a third of installed capacity, requiring imports to make up the balance.

Soft commodity production

Senegal is a middle-ranking agricultural producer, lacking the scale of cash crop and food production of its UEMOA neighbours. The country's leading soft commodity, groundnut, has seen its production stagnate at 700,000 tonnes in recent years, owing to poor yields. This has constrained groundnut oil output, reducing exports from 69,000 tonnes in 2007 to 31,000 tonnes in 2014. However, Senegal has a dynamic horticultural goods sector which is seeking to challenge the dominance of Kenya and Ethiopia for market share of the EU's organic fruit and vegetable market. Senegal is also a small producer of cotton, with cotton fibre output estimated at 16,000 tonnes in 2014-15.

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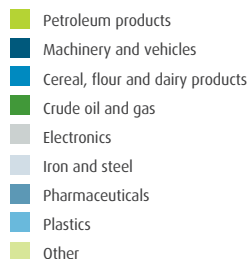
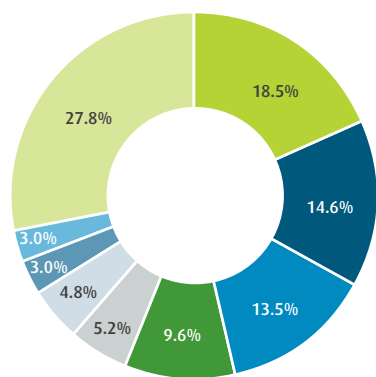
Senegal's imports totalled USD6.6 bn in 2014, on a par with the previous year. The largest imports were petroleum products (worth USD1.2 bn in 2014), around half of which were re-exported to the sub-region. The country also imports large volumes of crude petroleum (USD522 mn in 2014), which is refined in-country for re-export. Senegal is dependent on food imports, importing USD884 mn worth of grains, flour and dairy products in 2014, of which almost half were rice imports (worth USD415 mn) from South-East Asia. The country imports large volumes of capital goods and industrial raw materials, both for internal consumption and re-export, including machinery and vehicles (USD960 mn), electronics (USD338 mn), and iron and steel (USD316 mn).

Exports

Senegal's exports totalled USD2.8 bn in 2014, 5.5% higher than the previous year. Re-exports of petroleum products, worth USD446 mn, were the country's leading export in 2014, of which half was sold via bunkering (selling to passing ships) while the remainder was exported to the landlocked interior. Fish and seafood was Senegal's next most valuable export, worth USD375 mn, most of which went to the sub-region, EU countries and South Korea. Other soft commodity exports include tobacco (USD133 mn) and horticultural goods (USD59 mn). Gold remains an important export, with exports of 10 tons of gold in 2014, worth USD346 mn. Senegal is a major exporter of Portland cement and clinker (worth USD253 mn in 2014), two thirds of which goes to neighbouring Mali and The Gambia. Phosphoric acid is the other key mineral export, with total exports of 536,000 tonnes in 2014 (worth USD104 mn).

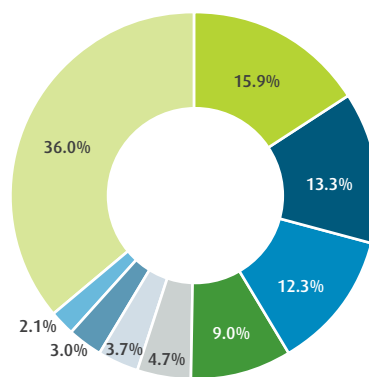
Share of Senegal's total imports, 2014 (%)

Source: Intracen



Share of Senegal's total exports, 2014 (%)

Source: Intracen

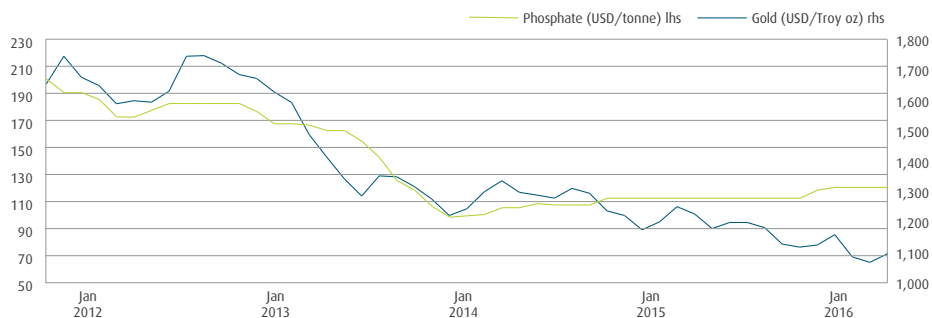




Senegal

Key commodity prices (phosphate and gold)

Source: IMF



Key commodity prices (fish)

Source: IMF



Useful Links

- Central Bank www.bceao.int
- Ministry of Finance www.finances.gouv.sn
- National Statistics Bureau www.ansd.sn
- Stock Exchange www.brvm.org

Introduction

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Regional ContextFrancophone
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Togo

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	5.9	5.4	5.4	5.4	5.6
GDP (USD bn)	3.9	4.4	4.6	4.2	4.5
Inflation (average)	2.6	1.8	0.2	1.8	2.1
Fiscal balance (% GDP)	-7.2	-4.6	-5.3	-5.2	-4.7
Broad money (% change, end period)	8.9	10.3	9.8	10.5	10.6
Population (mn)	6.7	6.9	7.1	7.3	7.5
Exports (USD bn)	1.1	1.2	1.1	1.2	1.3
Imports (USD bn)	1.6	2.0	1.8	2.0	2.1
Current account balance (% GDP)	-7.5	-13.0	-12.8	-12.3	-11.3
FX reserves (USD bn, end period)	0.3	0.3	0.4	0.4	0.4
Exchange rate (average)	512.04	495.68	496.08	594.28	627.92

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and
Regional
Context

Economic Outlook

Real GDP: Economic conditions remain relatively good and growth will remain reasonably strong based on productivity gains in the agricultural sector, port activity, and public investment in infrastructure. As a result, real GDP could expand 6% in 2016. However, growth will remain hindered by infrastructure bottlenecks, particularly in the electricity and transport sectors, high telecoms costs, and a generally weak business environment. Moreover, while the pace of public investment has laid the basis for higher growth it has also contributed to a pronounced increase in public debt and current account deficits.

Inflation: Projected to accelerate to around 2% in 2016 – assuming no significant global oil price rises or food security issues – which is below the Union Economique et Monétaire Ouest-Africaine (UEMOA) convergence criterion of 3%. The higher inflation rate will be due to moderate food price increases and further weakening of the EUR (the XOF is pegged to the EUR) in 2016 amid ECB's accommodative policy stance.

Fiscal balance: The fiscal deficit will remain large at around 5% in 2016 – continued high levels of investment and recurrent expenditure, along with under-performance in some revenues, will prevent the deficit from narrowing further. On the expenditure side, a progressive reduction in poorly-targeted fuel subsidies and slower growth of public sector wages is necessary to create funds for social and infrastructure projects. In addition, improvements in the financing and management of projects will also be necessary to support increased public investment. In 2016 and beyond, there are several fiscal policy challenges to address: there is a need to improve the domestic primary balance to reduce total public debt as debt has increased significantly in recent years; and ongoing implementation of key reforms to enhance revenue administration, public financial management, and debt management.

Current account: The current account deficit is likely to remain large at around 11% of GDP in 2016 despite low global oil prices because of further increases in capital goods imports linked to public investment amid relatively lacklustre export performance.

Risks: The main risks are that fiscal reform does not achieve the necessary consolidation; that there is only weak effort to implement public financial management reforms; and that there are delays in reforming the mining, energy, telecommunications, and business sectors. Moreover, there is a risk that strong growth over the medium term will increase current account and debt pressures that may become unmanageable. Finally, a sharp slowdown in Nigeria's prospects would undermine Togo's growth outlook given trade and informal links.

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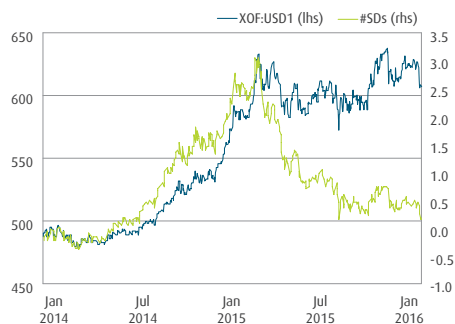


Togo

XOF performance and volatility*

XOF versus USD1

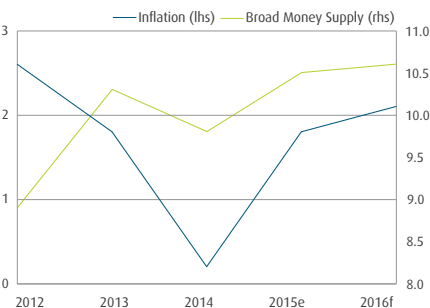
Sources: Bloomberg, Ecobank Research



*Note: XOF volatility is measured by standard deviation (SD).

Togo inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XOF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	Corporates (70%); Interbank (30%)

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)					
Average spread					
Trading hours	Limited				
Settlement	T+2				
FX market structure	BCEAO's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					

Togo

Introduction

FI				
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank OMOs bills
Issuer	Government		Central bank	
End use	Government financing		Government and infrastructure financing	
Maturity structure	7-days to 2-years	n/a	3- to 10-yrs	n/a
Coupon	Zero		Fixed	
Coupon payments	n/a		Annual	
Secondary market				
Daily trading volume	USD 3 mn			
Average trade size	USD 0.1 mn		n/a	
Settlement	n/a			

Ecobank local affiliate contact details:

Ecobank Togo, 20 Avenue Sylvanus Olympio, Lomé

Tel: +228 22 21 72 14

Sources: Bloomberg, IMF, BCEAO, and Ecobank Research

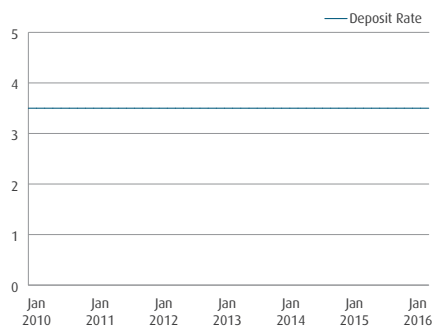
FI primary market information

Togo debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	46.1	50.1	58.7	61.1	60.2
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	17.9	20.8	25.1	30.2	30.8
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	0.7	0.9	1.2	1.3	1.4
Share of total sub-Sahara debt (%)	0.2	0.3	0.4	0.4	0.5

Sources: IMF, World Bank

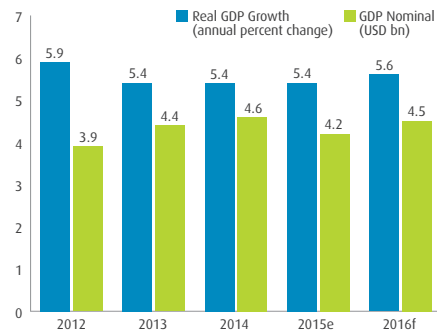
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Togo

Commodity and Trade Information

Phosphate used to be Togo's most valuable export, representing up to 40% of foreign exchange earnings. However, output has fallen in recent years, plummeting from 889,980 tonnes in 2010 to just 184,022 tonnes in 2014. This could change following the Togolese government's award of a USD1.4 bn integrated phosphate/fertiliser project to Israeli mining company, Elenilto. The project has an estimated capacity of more than 2 bn tonnes of phosphate, once full production is reached. Togo is also a major producer of cement for the sub-region, with exports ranging from 1.1-1.6 mn tonnes in 2010-2013. Production is likely to surge in the coming years following major investment in production capacity. Togo has no known hydrocarbon reserves, despite major discoveries in neighbouring Ghana and Nigeria. The West African Transform Margin, location of the rich Jubilee and TEN fields, is believed to extend to the shores of South-West Nigeria, but to date no discoveries have been made in Togo's offshore.

Soft commodity production

Togo is a small-scale agricultural producer, with low output of cash crops. The country is Francophone West Africa's sixth largest cotton producer, with output of 39,000 tonnes of cotton lint in 2014-15, all of which was exported to South-East Asia and China for thread spinning. Togo also produces small volumes of cocoa, with estimated production of 17,000 tonnes in 2014-15.

Trade flows

Imports

Togo's imports totalled USD2 bn in 2014, on a par with the previous year. Togo is dependent on imports of petroleum products, worth USD461 mn, which come from Russia, the Netherlands, Côte d'Ivoire and Latvia. Togo is also reliant on imports of machinery, vehicles, plastics, and electronics (together worth USD553 mn in 2014), reflecting the poorly developed manufacturing sector and the country's role as a re-export hub for the region, especially to Nigeria. The country also imports large volumes of rice and wheat, worth USD46 mn in 2014, along with iron and steel (USD101 mn), cotton (USD90 mn) and cement (USD81 mn). Given the free movement of goods between Togo and its ECOWAS neighbours, large informal flows are not captured by official data.

Exports

Togo's exports totalled USD725 mn in 2014, 21.5% lower than the previous year. Like Benin, Togo is a major trade hub for the West African region, and much of its trade with the region is not captured by official data. Togo is a major exporter of cotton (worth USD95 mn in 2014), cement (USD48 mn) and phosphate (USD17 mn), most of which are produced in Togo. The country's exports of plastics (worth USD85 mn) petroleum products (USD72 mn), cosmetics (USD42 mn) and food are all re-exports of goods imported from the global market, the bulk of which are re-exported to Ghana and Nigeria.

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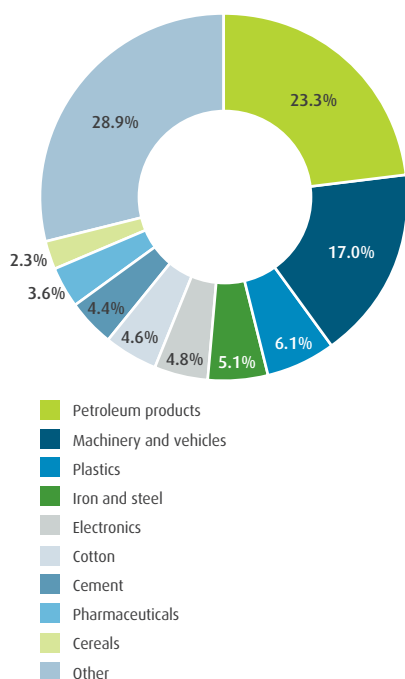
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Togo

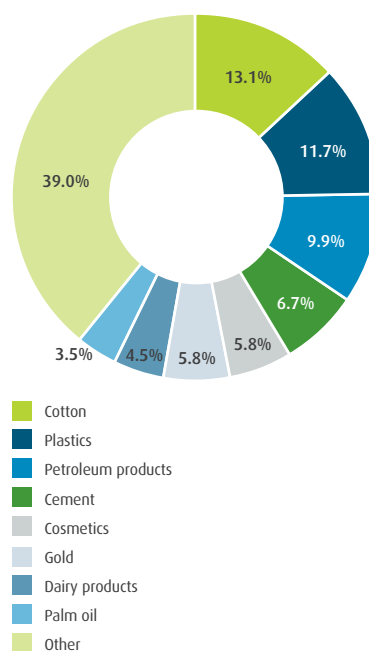
Share of Togo's total imports, 2014 (%)

Source: Intracen



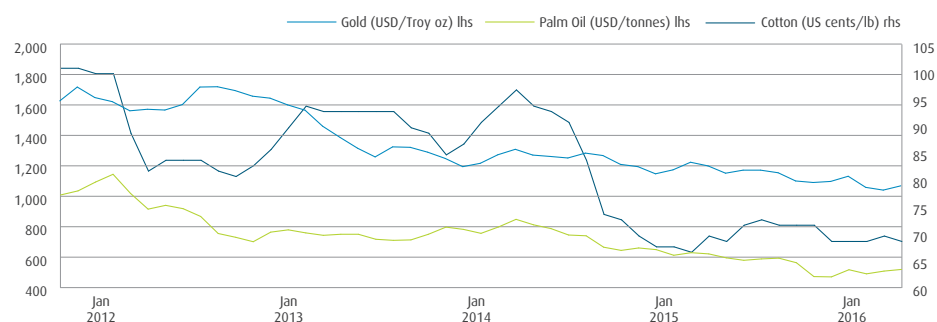
Share of Togo's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Togo

Useful Links

- Central Bank www.bceao.int
- Ministry of Finance www.finances.gouv.tg
- National Statistics Bureau www.stat-togo.org
- Stock Exchange www.brvm.org

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Country Profiles:

Nigeria and Rest of West Africa

Introduction

The region comprising Nigeria and the Rest of West Africa stretches from Gambia in the West to Nigeria in the East. The region encompasses the West African Monetary Zone (WAMZ), which draws together the mostly English-speaking countries of West Africa. WAMZ was created as a counterbalance to the CFA Franc Zone which surrounds it and which is split into two blocks, the Union économique et monétaire ouest-africaine (UEMOA), focused on French-speaking West Africa, and the Communauté économique et monétaire d'Afrique Centrale (CEMAC), focused on French-speaking Central Africa.

Global and Regional Context

WAMZ is made up of six countries, dominated by Nigeria which accounts for an estimated 90% of regional GDP and of exports (mostly crude oil). Ghana is the other key member of the block, owing to its significant exports of cocoa and gold, while Gambia, Guinea, Liberia and Sierra Leone are relatively minor players. Like the CFA Franc Zone, WAMZ was created with the objective of boosting regional trade and integration, and there are long term plans to create a single market and currency. However, given the dominance of Nigeria, the different stages of economic development of member countries, and the reluctance by member states to relinquish monetary policy autonomy, there has been little progress with integrating its economies to date.

Francophone West Africa

Nigeria and Rest of West Africa

Central Africa

Given the dominance of Nigeria in WAMZ, hydrocarbons dominate exports, although their contribution to each country's real GDP is much smaller than their contribution to FX revenues. Outside of the oil and gas sector, the region is a major producer of soft commodities – cocoa, cashew nuts, natural rubber (NR) and wood – both for regional consumption and for export to world markets. The region is also an important exporter of hard minerals, including gold, manganese, iron and aluminium ores, and diamonds.

East Africa

The region is also a financial hub, holding an estimated 58.2% of Middle Africa's banking assets in 2014, dominated by Nigeria (51% of Middle Africa's total). Nigeria and Ghana host two of the largest stock exchanges in Africa, in Lagos and Accra, respectively, which are both supported by a large banking sector.

Southern Africa (including Medbank regions)

Country Profiles: Nigeria and Rest of West Africa



Nigeria and Rest of West Africa

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Ghana

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	8.0	7.3	4.0	3.8	4.8
GDP (USD bn)	41.9	47.8	38.6	37.7	42.3
Inflation (average)	7.1	11.7	15.5	17.1	13.7
Fiscal balance (% GDP)	-12.2	-11.1	-10.2	-7.1	-5.5
Broad money (% change, end period)	24.3	19.1	36.8	22.5	16.7
Population (mn)	25.5	26.2	26.8	27.4	28.0
Exports (USD bn)	13.6	13.8	13.2	10.8	12.2
Imports (USD bn)	17.8	17.6	14.6	13.8	14.6
Current account balance (% GDP)	-11.7	-11.9	-9.6	-7.8	-7.5
FX reserves (USD bn, end period)	5.3	4.6	4.3	5.6	6.9
Exchange rate (average)	1.9	2.1	3.1	3.8	4.6
Oil production (mn bpd)	0.080	0.100	0.105	0.115	0.190

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

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Economic Outlook

Real GDP: While medium term prospects are good, supported by rising energy production, the short-term outlook remains weak but is improving now that the authorities are engaged with the IMF on an economic reform and stabilisation programme. Growth is likely to pick up in 2016 to nearly 5%, driven by various factors such as improved cocoa output (following the weak 2015-16 season), somewhat higher global commodity prices, and economic stability driven by the IMF reform programme that will boost private sector investment. However, growth will be undermined by a combination of:

- Fiscal consolidation under the IMF-advised reform programme
- Power shortages largely caused by low water levels in hydro power stations and delayed coming on stream of new power plants.

Inflation: Inflation overshoot the 2015 target, and is likely to do so in 2016 by a large margin, which prompted further tightening of monetary policy in November 2015 (raising the MPR to 26% from 21% at the start of the year). The outlook for inflation in 2016 has improved now that reforms are being implemented successfully. As fiscal policy dominance over monetary policy subsides due to the fiscal consolidation efforts (including the elimination of Bank of Ghana financing to the government by 2016), and as the inflation targeting monetary policy framework is strengthened, the rate of inflation should slow to around 13.7%, moving closer to the medium term target of 8% (+/- 200bp). If there is any weakening of the government's resolve to tighten spending controls, the pace of acceleration will pick up.

Fiscal balance: The best-case-scenario in 2016 is for the fiscal deficit to narrow to around 5.5% of GDP. The fiscal deficit will remain large because of a combination of high interest rates, uncertainty over GHS volatility. The reform programme requires an upfront and ambitious fiscal consolidation, including a decline in real wages and a strict payroll scrutiny and limited new hiring, combined with several tax measures to boost revenues. The government needs to take additional measures to address oil revenue shortfalls due to lower oil prices, while over the longer term the government needs to move the primary surplus close to zero percent of GDP. The government's intention to rationalise public spending, lower the wage bill, restructure the statutory funds, and enhance revenue mobilisation and tax administration are all necessary efforts to rebalance the fiscal position, but not all will be fully successful in 2016. Moreover, a stronger medium term consolidation path to stabilise public debt and debt service at sustainable levels (given the high debt service-to-revenue ratio) are also necessary.



Ghana

Current account: We expect the current account deficit will narrow slightly to around 7.5% of GDP in 2016. While the external sector is likely to benefit from increased oil revenues from higher oil production and moderate oil price rises, along with solid non-oil export receipts (except gold), this will be countered to a large extent by continued strong growth in import demand. Moreover, the impact of the recent fall in oil prices is relatively small given that Ghana still imports significant amounts of refined oil products. The slightly improved current account outlook in 2016 is also based on the assumption that fiscal spending/revenue and other structural reforms continue to be implemented successfully, which in turn will reduce domestic demand that will lower import demand.

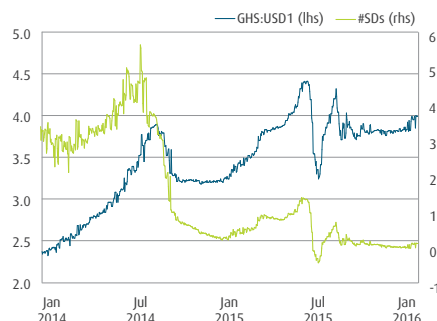
Risks

- Overall, the economic situation remains a concern and there are various pressure points ranging from the electricity crisis to low global commodity prices.
- A further fall in gold and oil prices (31% and 19% respectively of total export revenues) would add pressure to FX reserves, undermining the GHS outlook, requiring a policy response from the Bank of Ghana.
- Slowing growth in China, an important investment and trade partner for Ghana, will reduce exports and investment inflows.
- Weak progress with reforms will undermine stabilisation efforts, raising inflation expectations and concerns over the exchange rate.
- If there is only limited progress made with implementing reforms, the MPR would need to rise in order to counter inflation-inducing higher government spending.
- Domestic-driven exchange rate risk (linked to M2 supply growth) is compounded by the effect of US monetary policy normalisation that could lead to increased capital flowing out of Ghana seeking less risky investments.
- Extended eurozone depression, slowing activity in China, and higher oil prices all pose potential challenges.
 - Specifically, another global commodity price shock, particularly a sharp and sustained rise in oil prices would widen the current account deficit, which in turn would need to be financed by FX reserve draw-downs, higher portfolio and FDI inflows and import demand suppression.

GHS performance and volatility*

GHS versus USD1

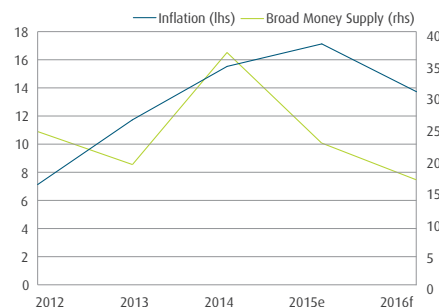
Sources: Bloomberg and Ecobank Research



*Note: GHS volatility is measured by standard deviation.

Ghana inflation and money supply (%)

Source: IMF





Ghana

Introduction

FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target, but BoG intervenes to limit volatility
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

Global and Regional Context

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	Yes – up to 12 months	Yes – up to 12 months	No	Yes

Daily trading volume (USD mn)

Average trade size (USD mn)

n/a

Average spread

Trading hours

09.00-16.00

Settlement T+2 T+Tenor+2 T+Tenor+2 n/a T+2

FX market structure The BoG, alongside mining firms and donor organisations, is a major provider of FX.

Non-resident FX regulations Spot Forwards Non-deliverable forwards Options Swaps

Trade and FDI flow No restrictions n/a

Financial flow Restricted to treasury bond of 2-yr and above n/a

Resident FX regulations Spot Forwards Non-deliverable forwards Options Swaps

Trade and FDI flow Financial flow No restrictions n/a

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FI

Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government	Central bank	
End use	Government financing		Government financing	Liquidity management	
Maturity structure	91- to 364-days	n/a	2- to 5-yr	14-days	n/a
Coupon	Zero		Fixed/Floating	Zero	
Coupon payments	n/a		Semi-annual	n/a	

Secondary market

Daily trading volume	USD 2.4 mn	USD 1 mn	
Average trade size	n/a		n/a
Settlement	T+1		

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Tel: +233 302 68 11 46/48

Sources: Bloomberg, IMF and Ecobank Research



Ghana

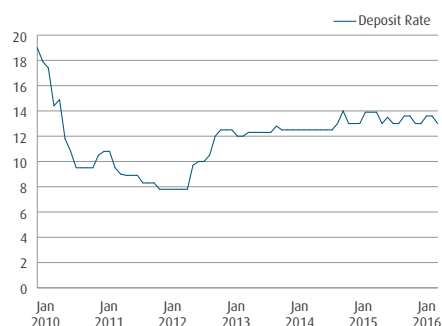
FI primary market information

Ghana debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	49.1	56.2	69.0	72.8	70.5
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	21.8	24.0	36.0	43.2	42.2
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	9.1	11.5	13.9	16.3	17.8
Share of total sub-Sahara debt (%)	3.1	3.7	4.0	4.4	4.5

Sources: IMF and World Bank

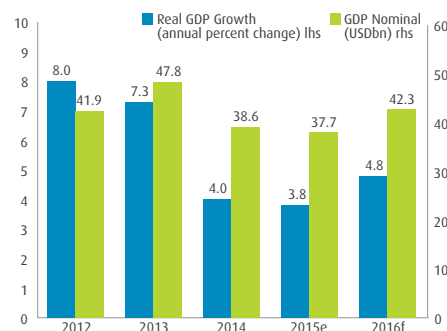
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



Banking Sector Information

Ghana's banking sector is the second largest in WAMZ, with 26 commercial banks in 2014. Despite Ghana's poor macroeconomic fundamentals in recent years, notably the heavy depreciation of the currency, the banking sector has proved resilient. In 2014 total banking sector assets grew by 42% in local currency terms to an equivalent of USD16.1 bn, up from 32.8% growth in 2013. Ghana is a loan-driven market, with loans and advances accounting for 60% of total earning assets. However, unlike its Middle African peers, Ghana's banking sector concentration has declined in recent years. At end-2014 the market share of the top five banks declined to 39.2%, down from a high of 57% in 2006. Banking sector penetration is relatively low, with the asset base of the banking sector constituting only 45% of GDP and only 29.2% of adults having access to financial services.

On the liabilities side, Ghana's commercial banks are reliant on current-account-savings-account (CASA) funding, which tends to be dominated the large Tier I banks. The sector is also highly exposed to foreign currency deposits, which accounted for 40% of total banking sector deposits at end-2014. On the asset front, corporates and SMEs dominate credit, accounting for three quarters of total lending by banks, with personal and household borrowing making up the balance. However, Ghana's weakening macroeconomic outlook has undermined banks' risk appetite, affecting lending to SMEs and wholesale lending to large corporates, while driving up the cost of borrowing. Local currency lending rates hit a high of 30% in 2014, which is choking off demand for household lending as rates are viewed as prohibitive.

Ghana

Introduction

Profitability in the banking sector has largely been margin-driven owing to high efficiency levels, with the cost-to-income ratio (CIR) averaging 55% during 2009-14. As a result, net interest margins (NIMs), which averaged 11% over the same period, have become the major driver of shareholder returns. High NIMs are partly driven by the government crowding out private money, in the process driving up local currency funding costs and increasing obligor risks, which are themselves driven by weak macroeconomic fundamentals. As a result, average banking sector return-on-equity stood at 30% in 2014, little unchanged from 2013 levels.

Global and Regional Context

Capital adequacy remains high in the banking sector. The capital adequacy ratio (CAR) as measured by the ratio of risk-weighted capital to risk-weighted assets declined marginally, from 18.5% in 2013 to 17.9% in 2014, owing to strong increases in credit delivery. Despite this decline, the industry's CAR remained well above the 10% prudential and statutory requirements. To address this issue, the central bank has doubled the minimum capital requirement for banks to over GH\$120 mn. However, the level of non-performing loans (NPLs) is a concern, given Ghana's weak macroeconomic outlook. At end-2014 the ratio of NPLs to gross loans stood at 11.3%, marginally below the 12% record at end-2013, and this level was expected to rise in 2015.

Francophone West Africa

Top 5 banks in Ghana and total assets (NGN million), 2014

Bank (by acronym)	Total assets
Ecobank	5,768
Ghana Commercial Bank	4,259
Standard Chartered	3,506
Barclays Bank	2,981
ADB	2,157

Sources: Central Bank and Ecobank Research

Nigeria and Rest of West Africa

Commodity and Trade Information

Hydrocarbon and mineral production

Ghana is Middle Africa's leading gold producer, with estimated output of 90 tonnes in 2014 and an estimated 2,000 tonnes of reserves. However, the dramatic growth in informal gold mining ('galamsey') is a growing concern, as their operations are encroaching on agricultural land (in particular cocoa plantations) and causing extensive environmental damage. The other significant mineral production is alluvial diamonds, with 242,000 carats produced in 2014. Ghana had installed cement capacity of 6.7 mn tonnes in 2015, all of which was for domestic use. The country also produces small quantities of manganese ore, and there are plans to develop the country's bauxite reserves for domestic production of aluminium.

Central Africa

East Africa

Ghana joined the league of oil producing nations in 2010, with estimated production of 115,000 bpd of crude oil in 2015. The country also produced around 60 mn standard cubic feet of wet natural gas in 2015, some of which was re-injected into the Jubilee field to enhance crude oil production, with the balance pumped to the Ghana National Gas Company (GNGC). Following approval of Tullow Oil's field development plan (FDP) for the Twenne, Enyenra and Ntomme (TEN) oil fields in 2014, production was due to start in 2016, ramping up to 80,000 bpd by 2017. Italian oil major ENI has also submitted its FDP for the Sankofa gas field, estimated to hold 1.7 trn cubic feet of gas, which is expected to supply gas to onshore power plants. Ghana's fuel market consumes over 78,000 bpd of petroleum products, all of which are imported. Ghana's only refinery, the 45,000 bpd Tema Oil Refinery (TOR) has been unable to produce due to major operational and financial issues. The government of Ghana is looking to restructure the refinery's debt with a bid to getting private investors to take equity in the refinery.

Southern Africa (including Ndebeak regions)



Ghana

Soft commodity production

Ghana is the world's second largest cocoa producer, with estimated output of 700,000 tonnes in 2014-15 (October-September), equal to 20% of world production. Production was down by an estimated 23% from the previous season, reflecting a number of factors, including the late delivery of inputs, erratic weather and labour shortages caused by the growth of informal gold mining (galamsey). The outlook for 2015-16 is more positive, following a replanting programme, improved provision of inputs and the extension of Cocobod's mass-spraying programme. However, concerns remain over the potential impact of El Niño on the crop, which tends to bring drier weather to the region.

Unusually for Middle Africa, Ghana's cocoa sector is directly controlled by the government through the cocoa regulator, the Ghana Cocoa Board (Cocobod). Cocobod sets fixed producer prices at the beginning of the season and exports beans through its marketing arm, Cocoa Marketing Company (CMC). However, currency weakness and high inflation in recent years have eroded farmer incomes, increasing the incentive for bean smuggling to Côte d'Ivoire in search of better prices, and prompting Cocobod to make substantial increases to the fixed producer price at the start of each season.

Ghana is a smaller cocoa grinder than its neighbour, Côte d'Ivoire, with estimated grindings of 200,000 tonnes in 2014-15, 4.8% of the world total. Ghana's grinding sector is constrained by the erratic supply of beans, especially of light crop beans for which grinders receive a discount, offsetting their higher production costs and allowing them to make a profit. The lack of light crop beans, coupled with chronic power cuts, has raised questions over the commercial viability of Ghana's grinding sector.

Aside from cocoa, Ghana produces a wide range of agricultural goods. Ghana is an important producer of Shea nuts, annually exporting an estimated 60,000 tonnes of Shea nuts and butter for the food and cosmetics sector. In addition, Ghana produced 85,000 tonnes of cashew nuts, 130,000 tonnes of crude palm oil, 83,000 tonnes of timber, 53,000 tonnes of bananas and 20,000 tonnes of natural rubber (NR) in 2014.

Trade flows

Imports

Ghana's imports totalled USD15.2 bn in 2014, 16% higher than the previous year. Petroleum products, capital and consumer goods, industrial raw materials and food made up the bulk of imports, which are destined for the domestic market, reflecting Ghana's middle income status. Petroleum products were the largest import, worth USD2.2 bn in 2014, reflecting Ghana's limited refining capacity, although it imported USD623 mn worth of crude oil and gas. Imports of machinery, vehicles and ships totalled USD2.3 bn, along with USD939 mn of iron and steel, reflecting the poor development of local manufacturing. Given the high level of domestic demand, Ghana is dependent on food imports, importing USD153 mn of rice, USD109 mn of wheat and USD204 mn of palm oil in 2014.

Exports

Ghana's exports totalled USD11.9 bn in 2014, 6.7% higher than the previous year. The country's exports are dominated by commodity flows, which make up nine out of the country's top ten exports. Crude oil and gas exports were the most valuable export, totalling USD4 bn in 2015, of which 80% went to Italy, France, South Africa and China. Cocoa and cocoa products were the next largest export, totalling USD3.1 bn, most of which were exported to Western Europe. These included 766,000 tonnes of raw cocoa, 214,000 tonnes of cocoa liquor, 40,000 tonnes of cocoa butter, 34,000 tonnes of cocoa powder and 3,000 tonnes of chocolate. Gold, which was historically Ghana's most valuable export, has been eclipsed by oil, with total exports of 140 tonnes in 2014 (worth USD2.4 bn), most of which went to South Africa, the UAE and Switzerland.

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Ghana

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The rest of Ghana's commodities are exported to world markets, including 83,000 tonnes of timber (worth USD357 mn), 2,000 tonnes of manganese (USD220 mn), 225,000 carats of diamonds (USD10 mn), 50,000 tonnes of cashew nuts (worth USD158 mn), 36,500 tonnes of pineapples (USD45 mn), 53,000 tonnes of bananas (USD49 mn), 41,000 tonnes of refined palm oil (USD54 mn) and 20,000 tonnes of natural rubber (NR) (USD43 mn).

Global and Regional Context

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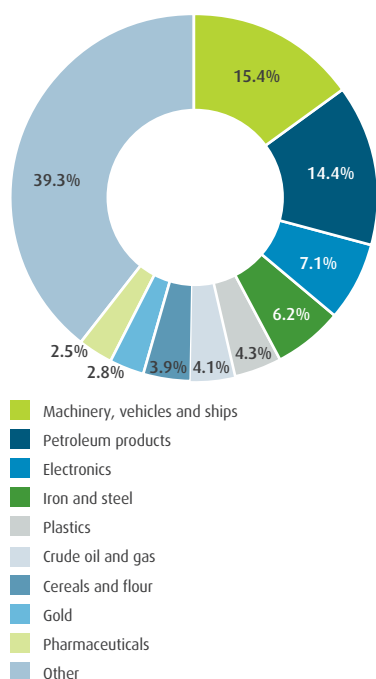
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Southern Africa (including Ndebank regions)

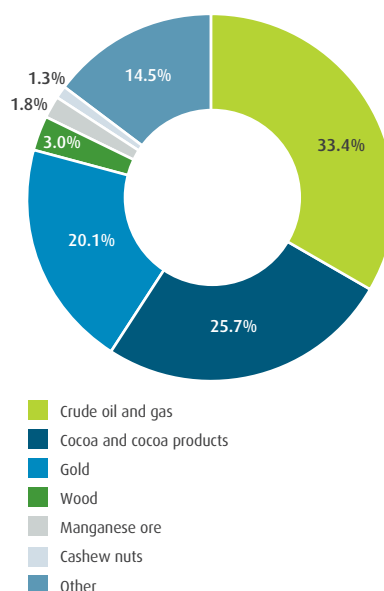
Share of Ghana's total imports, 2014 (%)

Source: Intracen



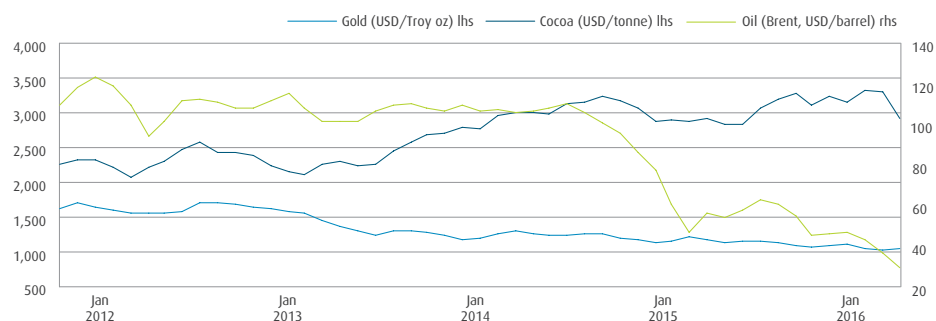
Share of Ghana's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Ghana

Useful Links

- Central Bank www.bog.gov.gh
- Ministry of Finance www.mofep.gov.gh
- National Statistics Bureau www.statsghana.gov.gh
- Stock Exchange www.gse.com.gh

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Guinea

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	3.8	2.3	1.1	0.0	3.9
GDP (USD bn)	5.6	6.2	6.7	6.7	7.1
Inflation (average)	15.2	11.9	9.7	8.2	9.0
Fiscal balance (% GDP)	-3.3	-5.2	-4.1	-6.7	-4.0
Broad money (% change, end period)	1.0	14.1	12.2	15.7	13.3
Population (mn)	11.6	11.9	12.3	12.6	12.9
Exports (USD bn)	1.5	1.5	1.6	1.7	1.8
Imports (USD bn)	2.2	2.7	2.7	3.0	3.2
Current account balance (% GDP)	-28.7	-24.0	-24.2	-16.7	-19.5
FX reserves (USD bn, end period)	643.0	705.0	794.9	634.5	981.6
Exchange rate (average)	7109.13	7004.13	7025.10	7448.62	7911.32

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: This year will be another difficult year for the economy, reflecting the effects of last year's Ebola crisis and low commodity prices. The Ebola outbreak that spread in 2015 and claimed many lives and inflicted a heavy social and economic toll will continue to have an impact on growth in 2016. However, as the crisis recedes, macroeconomic stability will be supported by ongoing donor support and implementation of sound policies. As a result, real GDP is projected to expand 4%, reflecting a return to normality and stability, along with improved output from the agriculture. The government is expected to remain committed to the reform agenda aimed at strengthening public financial management, improving the business environment, bolstering the productivity of the public sector, strengthening the electricity sector, increasing public investment to rebuild infrastructure, and finalizing the transformation of the mining sector's institutional and legal environment – all of which will underpin growth in 2016 and beyond.

Inflation: Reducing the high rate of inflation in 2016 is unlikely due to the major efforts required to improve policy coordination, limit net domestic bank financing of the government, and enhance central bank liquidity management. As a result, inflation is likely to accelerate 9-11% particularly as domestic demand strengthens and the central bank struggles to contain liquidity in an environment of high government spending.

Fiscal balance: Fiscal policy in 2016 will seek to avoid bank financing of the budget, which is designed to help narrow the fiscal deficit. However, fiscal targets this year aim to increase spending on public investment, and re-current expenditure will remain high following the 2015 increase in public sector wages, although revenues are also projected to increase (with a corresponding rise in donor assistance in the post-Ebola period). The fiscal position may benefit from completion of a review of large-scale mining contracts, but because of the revenue uncertainties involved in this process and an increase in overall spending, the fiscal deficit is likely to only narrow to 4% of GDP.

Current account: The current account deficit is likely to remain large and relatively unchanged from 2015 at close to 20% of GDP, largely reflecting high levels of imports for large-scale mining projects and export revenue weakness due to low global commodity prices.

Risks: Serious risks cloud the outlook. The most significant of these risks are: the Ebola epidemic, which has persisted well into 2016; a continued fall in global mineral commodity prices that could reduce investors' appetite for developing Guinea's large mining potential; and the destabilising effect caused by a sharp rise in oil prices.

Central Africa

East Africa

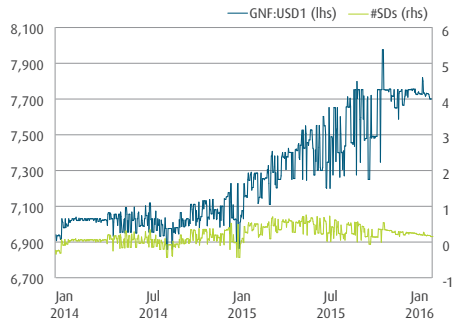
Southern Africa (including Neelbank regions)



Guinea

GNF performance and volatility*

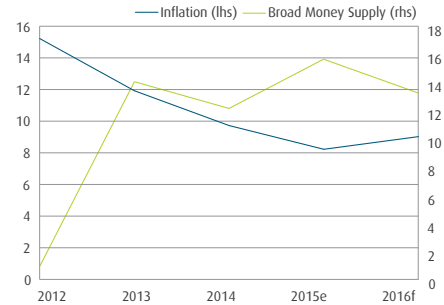
GNF versus USD1 Sources: Bloomberg and Ecobank Research



*Note: GNF volatility is measured by standard deviation.

Guinea inflation and money supply (%)

Source: IMF



Sources: Bloomberg, IMF and Ecobank Research

FX, FI and Commodity Information

Exchange rate structure

Regime	Stabilised arrangement
Target	No official target but de facto anchored to the USD
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	08:30-16:30				
Settlement	T+2				
FX market structure	The FX system consists of the BCRG, 15 commercial banks, and about 30 FX bureaux. Commercial banks conduct FX transactions for their clients, but as banks often have insufficient resources and there is no interbank market, clients have to buy FX from FX bureaux in order for a bank to execute a foreign transfer.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					



Guinea

Introduction

FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government	Government		Government	Central bank	
End use	Government financing			Government and infrastructure financing		
Maturity structure	180- and 365-days	n/a		3-yrs	n/a	
Coupon	Zero			Fixed		
Coupon payments	n/a			Annual		
Secondary market						
Daily trading volume		Limited trading				
Average trade size		Limited trading			n/a	
Settlement		n/a				

Global and Regional Context

Francophone West Africa

Ecobank local affiliate contact details:

Ecobank Guinée, Immeuble Al Iman, Avenue de la République, Conakry
Tel: +224 63 70 14 34/35

Sources: Bloomberg, IMF and Ecobank Research

FI primary market information

Guinea debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	35.4	39.5	41.1	40.9	36.3
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	23.2	24.4	24.4	30.1	35.6
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	1.3	1.5	1.6	2.0	2.5
Share of total sub-Sahara debt (%)	0.4	0.5	0.5	0.5	0.6

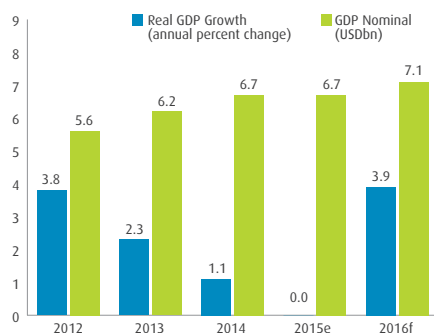
Sources: IMF and World Bank

Nigeria and Rest of West Africa

Central Africa

Real GDP growth (%)

Source: IMF



East Africa

Southern Africa (including Nedbank regions)



Guinea

Commodity and Trade Information

Hydrocarbon and mineral production

Guinea has diverse mineral resources, most of which are untapped. The country has the world's largest reserves of bauxite (aluminium ore), estimated at 7.4 bn tonnes, and is the world's sixth largest producer with estimated output of 19.9 mn tonnes in 2014, most of which is exported. The country is a middle-ranking gold producer, with estimated output of 16 tonnes in 2014, largely driven by artisanal mining, as well as of diamonds, with estimated output of 164,000 carats in 2014. There are long-standing plans to develop Guinea's rich iron ore reserves, notably the world's largest deposit at Simandou. However, political instability and the weakness of world iron ore prices have repeatedly delayed development of these reserves.

Guinea is thought to have exploitable hydrocarbon reserves in its offshore. However, to date no discoveries have been appraised for commerciality and no production is expected in the near future.

Soft commodity production

Guinea is a small-scale agricultural producer. The country is one of West Africa's minor producers of cocoa, with estimated output of 12,000 tonnes in 2014-15, and also produced 150 60 kg bags of Robusta coffee. However, Guinea's cocoa and coffee output and exports fluctuate from season to season, owing to the level of smuggled flows of coffee and cocoa beans from neighbouring Côte d'Ivoire. Guinea also produced 45,000 tonnes of cashew nuts in 2014, all of which were exported raw to South-East Asia, and 15,600 tonnes of natural rubber (NR).

Trade flows

Imports

Guinea's imports totalled USD2.5 bn in 2014, marginally above the previous year. Guinea is entirely dependent on imports of petroleum products, worth USD794 mn in 2014, reflecting the lack of local refining capacity. Guinea is also dependent on imports of machinery, vehicles, electronics and pharmaceuticals, together worth USD553 mn in 2014, and of industrial raw materials, reflecting the country's poorly developed manufacturing sector. Given Guinea's limited agricultural output, the country also imports large volumes of rice, wheat and flour, together worth USD404 mn in 2014.

Exports

Guinea's exports totalled USD1.9 bn in 2014, 28.6% higher than the previous year. Gold is Guinea's most valuable export, worth USD974 mn in 2014, half of all exports, most of which went to Ghana, the UAE and India. Gold has overtaken Guinea's traditional export, bauxite (aluminium ore), exports of which totalled 19.8 mn tonnes in 2014 (worth USD588 mn), with Spain, the Ukraine and the USA as the largest offtakers. Guinea also exported 162,000 carats of diamonds (worth USD28 mn), mostly to Belgium, Israel and the UAE. Guinea's soft commodity exports were dominated by 14,000 tonnes of cashew nuts (worth USD25 mn) to processors in India and Vietnam, and 14,000 tonnes of natural rubber (NR), mostly to Malaysia and the EU (Spain, France and Italy).

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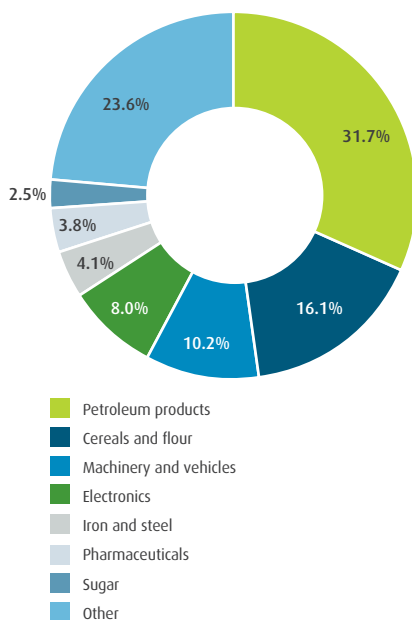
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Guinea

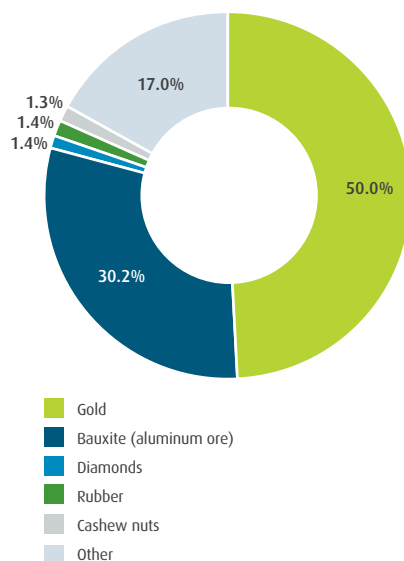
Share of Guinea's total imports, 2014 (%)

Source: Intracen



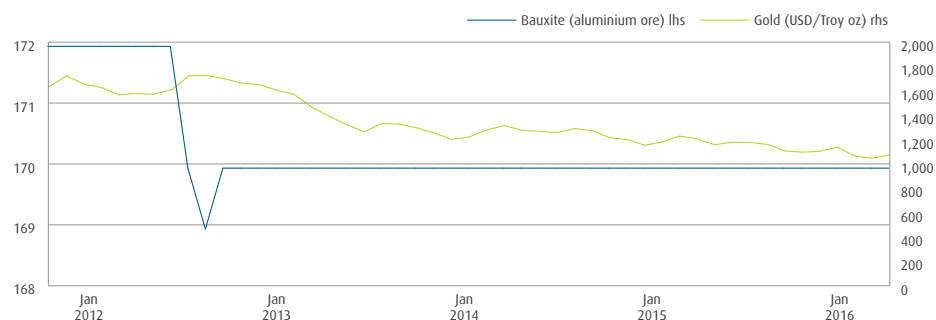
Share of Guinea's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Guinea

Useful Links

- Central Bank www.bcr-guinee.org
- Ministry of Finance www.finances.gov.gn
- National Statistics Bureau www.stat-guinee.org

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Liberia

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	8.2	8.7	0.7	0.9	3.0
GDP (USD bn)	1.7	2.0	2.0	2.0	2.1
Inflation (average)	6.8	7.6	9.9	7.9	8.2
Fiscal balance (% GDP)	-1.6	-4.7	-3.5	-10.2	-6.9
Broad money (% change, end period)	-2.1	7.6	2.1	0.4	4.7
Population (mn)	4.2	4.3	4.4	4.5	4.6
Exports (USD mn)	1,161.1	1,254.3	1,024.2	921.8	977.1
Imports (USD mn)	16,020.5	13,472.6	11,669.7	12,836.6	13,735.2
Current account balance (% GDP)	-21.4	-28.2	-28.2	-41.6	-37.1
FX reserves (USD mn, end period)	381.3	393.1	362.8	301.3	315.4
Exchange rate (average)	72.92	75.24	83.33	84.52	89.19

e=estimate; f=forecast

Sources: IMF, World Bank, Intracen, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Francophone West Africa

Real GDP: Ebola has been tackled but the economic situation remains a concern. The economic impact of the epidemic has been compounded by the steep decline in commodity prices, which has led to production cuts and the postponement of natural resource investment projects. As a result, growth in 2016 will remain below pre-Ebola crisis levels; growth will be driven mainly by the gold sector and the strengthening of the post-Ebola rebound.

Inflation: USD-denominated inflation is expected to accelerate reflecting the pickup in domestic activity following the defeat of Ebola. Inflation is likely to accelerate at a faster pace if global commodity prices rise above expectations given Liberia's acute import dependency.

Nigeria and Rest of West Africa

Fiscal balance: Reflecting an increase in spending to address the post-Ebola environment, the deficit will remain large in 2016, even though tax revenue collection is likely to increase as corporate activity picks up. Policies to support growth in the current difficult environment, and in particular actions to improve public financial management, maintain a sustainable level of public sector debt, and strengthen infrastructure will be needed in 2016 but will come with added expenditure requirements, which will maintain a deficit into the medium term.

Central Africa

Current account: The deficit is likely to remain large in 2016, albeit narrowing over 2015. This is owing to investment- and consumer-related imports, despite a possible recovery in export levels. The expectation of sustained low oil prices in 2016 will help prevent the current account deficit from widening further.

East Africa

Risks: Risks to the outlook are linked to: (i) a commodity price shock, which could raise inflationary pressures and depress private consumption; (ii) slow job creation in the post-Ebola period and the low absorption by the economy of the large number of young people; (iii) constraints to private sector development due to limited access to financial services; (iv) a fall in shipping service revenues if global trade stagnates; and (v) the significant dollarisation of the economy, which neutralises monetary policy and limits the role of the government's economic management.

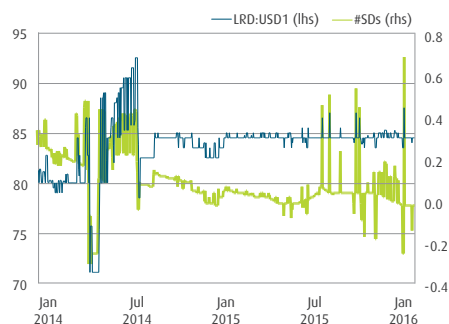
Southern Africa (including Ndebeak regions)



Liberia

LRD performance and volatility*

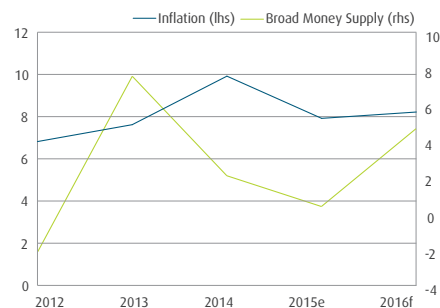
LRD versus USD1 Sources: Bloomberg and Ecobank Research



*Note: LRD volatility is measured by standard deviation.

Liberia inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Managed float
Target	No official target but de facto anchored to the USD
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	08:30-15:00				
Settlement	T+2				
FX market structure	The CBL, donors, and the corporate sector are all large suppliers of FX in Liberia. However, USD inflows fluctuate significantly.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					

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FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government			Central bank	
End use	Government financing				
Maturity structure	91- to 182-days	n/a			
Coupon	Zero				
Coupon payments	n/a				
Secondary market					
Daily trading volume	Limited trading				
Average trade size	Limited trading		n/a		
Settlement	n/a				

Ecobank local affiliate contact details:

Ecobank Liberia, Randall and Ashmun Streets, 1000 Monrovia

Tel: +231 886 74 76 93

Sources: Bloomberg, IMF and Ecobank Research

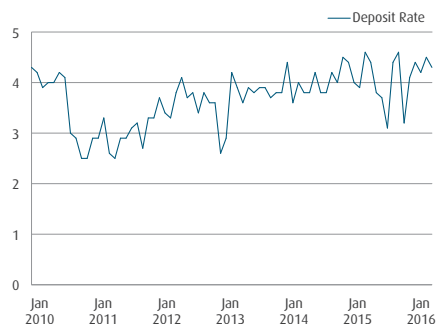
FI primary market information

Liberia debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	27.0	27.5	33.5	41.2	46.1
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	10.3	11.7	18.1	27.1	33.3
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	0.2	0.2	0.4	0.5	0.7
Share of total sub-Sahara debt (%)	0.1	0.1	0.1	0.1	0.2

Sources: IMF and World Bank

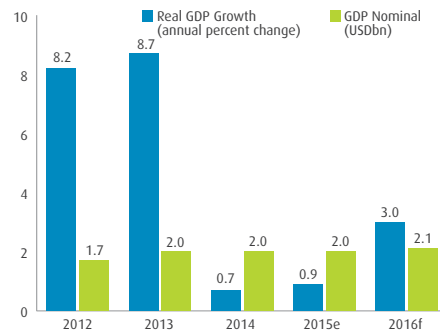
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Liberia

Commodity and Trade Information

Hydrocarbon and mineral production

Liberia is a middle-ranking producer of iron ore, with estimated output of 5 mn tonnes in 2014. The country also produces small volumes of diamonds from artisanal mines with output of 66,000 carats in 2014. Liberia is thought to have exploitable hydrocarbon reserves in its offshore. However, to date no discoveries have been appraised for commerciality and no production is expected in the near future.

Soft commodity production

Liberia is Africa's second largest producer of Natural Rubber (NR), after Côte d'Ivoire, with estimated output of 80,000 tonnes in 2014. Although palm oil output remains low at around 45,000 tonnes in 2014, this could surge following large-scale investment in plantations by South-East Asian palm oil companies. Liberia is a micro producer of cocoa, with estimated output of 4,000 tonnes in 2014-15, although exports can fluctuate in line with the volume of smuggled beans entering Liberia from Côte d'Ivoire.

Trade flows

Imports

Liberia's import data is heavily skewed, reflecting both the country's role as a flag of convenience and large unrecorded informal flows. According to official data, the country's imports totalled USD11.7 bn in 2014, 18.3% lower than the previous year. The single largest import is ships, worth USD5.5 bn in 2014, most of which are for foreign traders using Liberia as a flag of convenience. The country is reliant on imports of petroleum products, worth USD670 mn in 2014, most of which come from China and Côte d'Ivoire. Liberia is also dependent on imports of machinery, vehicles, electronics and industrial raw materials (together worth USD745 mn in 2014), reflecting the poorly developed manufacturing sector. The country also imports large volumes of rice and wheat, worth USD112 mn in 2014. Official import data include USD4 bn worth of 'unspecified commodities', underlining the unreliability of import data for the country.

Exports

Liberia's exports totalled USD1.02 bn in 2014, 18.3% lower than the previous year. Since 2013, iron ore has been Liberia's most valuable export, worth USD411m in 2014, most of which went to China, France and Spain. Liberia acts as a re-export hub for ships (worth USD381 mn in 2014), owing to the country's popularity as a flag of convenience, with the majority being re-exported to EU countries. Iron ore has eclipsed Liberia's traditional export, rubber, exports of which reached 80,000 tonnes in 2014 (worth USD165 mn), of which over half went to the USA. The country also exported USD39 mn worth of wood and 10,000 tonnes of raw cocoa beans (USD26 mn) in 2014, a large proportion of which included smuggled volumes from neighbouring countries. The country also exported 55,000 carats of diamonds, worth USD23 mn, most of which went to Belgium.

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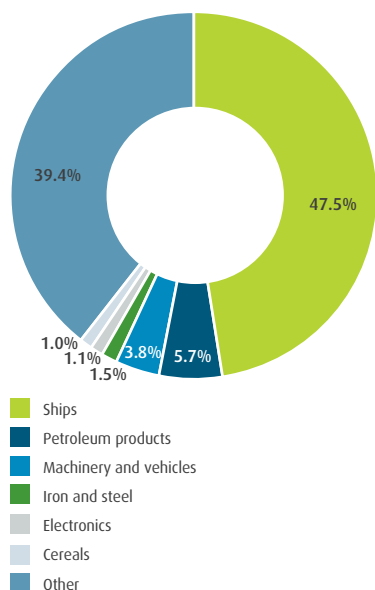
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Liberia

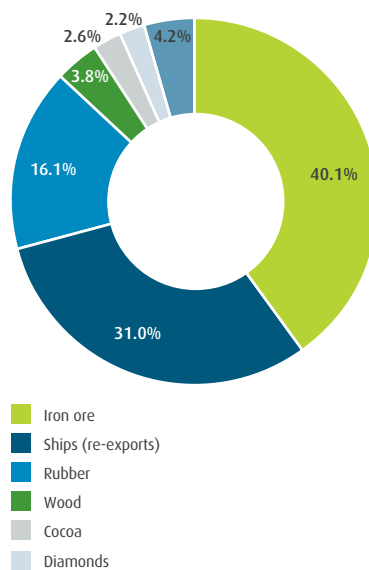
Share of Liberia's total imports, 2014 (%)

Source: Intracen



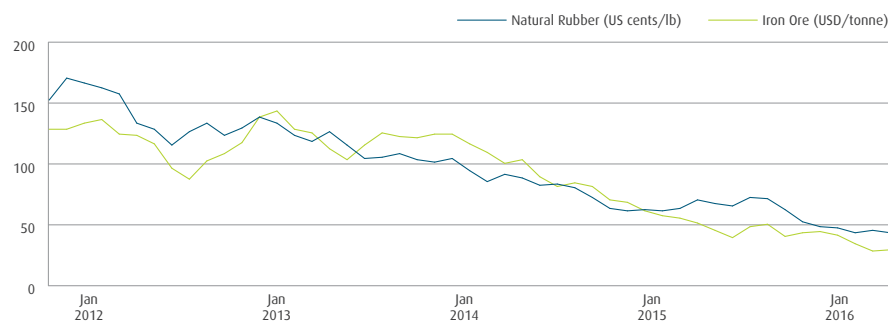
Share of Liberia's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Liberia

Useful Links

- Central Bank www.cbl.org.lr
- Ministry of Finance www.mof.gov.lr

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Nigeria

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Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	4.3	5.4	6.3	2.8	3.4
GDP (USD bn)	467.1	521.8	574.0	493.0	484.9
Inflation (average)	12.2	8.5	8.1	9.0	9.7
Fiscal balance (% GDP)	0.3	-2.3	-2.0	-3.9	-4.2
Broad money (% change, end period)	29.1	1.0	20.4	9.6	12.7
Population (mn)	168.2	172.8	177.5	182.2	187.0
Exports (USD bn)	96.0	95.1	90.5	56.3	52.0
Imports (USD bn)	53.6	51.4	55.8	46.3	49.4
Current account balance (% GDP)	4.4	3.6	0.2	-1.8	-1.7
FX reserves (USD bn, end period)	43.8	42.8	34.3	28.4	25.5
Exchange rate (average)	158.8	159.2	165.1	197.7	199.0
Oil production (mn bpd)	2.34	2.19	2.2	2.1	2.0

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Francophone West Africa

Economic Outlook

Real GDP: Growth is expected to remain subdued in 2016 partly because of the indirect effect of low oil prices throughout the year – low oil prices will maintain pressure on export and fiscal revenues, both of which are recycled as spending throughout the economy. Services – a key part of output – will expand but banking and trade services will be affected by the low oil price environment. However, the positive effects of reforms in the power sector and higher agriculture production will help offset this somewhat.

Inflation: Inflation is likely to remain in high single digits in 2016. Price pressures will remain elevated due in part to our expectation of currency depreciation or devaluation in 2016; however, imported inflation will remain moderate given sustained low global commodity prices. Increased liquidity from an increase in government spending in budget year 2016 will prove inflationary.

Fiscal balance: Higher spending this year along with lower oil revenues (which account for around 75% of total revenues) will lead to the fiscal deficit widening in 2016. Amid the lower oil revenue, the authorities aim to adopt a countercyclical fiscal policy to stimulate domestic demand. The 2016 budget will aim to implement policies that will increase efficiency gains by reducing the cost of governance, strengthening the public service, enhancing revenue collections and developing an enhanced structural reform agenda. However, higher infrastructure and other capital spending (mainly on transport, roads, housing and power) will increase pressure on the deficit. In turn, government borrowing requirement will rise, putting upward pressure on short-term market yields; this will be accentuated by US normalisation of monetary policy, which will see diminished capital inflows as investors seek less risky investments in the US.

Current account: With import demand likely to remain strong due to Nigeria's high dependency on imported goods and services, and with oil prices expected to remain low throughout 2016, the external sector will remain under pressure this year. Oil production is likely to fall below the 2015 average of 2.1 mn b/d, on the back of the weak oil price outlook, declining output from maturing oilfields, divestments by International Oil Companies and shutdowns caused by theft/bunkering and vandalism. This is despite the coming on stream of new oilfields during the year. Such oilfields are likely to be relatively small and any potential benefit to be derived from them will be eroded by the need to import significant inputs to the power sector development programme as well as infrastructure related goods. Overall, the lower oil output will undermine oil export revenue, which accounts for around 98% of total revenue, weakening FX prospect. Meanwhile, significant Eurobond debt service payments during 2016 will maintain pressure on the relatively low level of FX reserves.

Nigeria and Rest of West Africa

Central Africa

East Africa

Southern Africa (including Nebank regions)

Nigeria

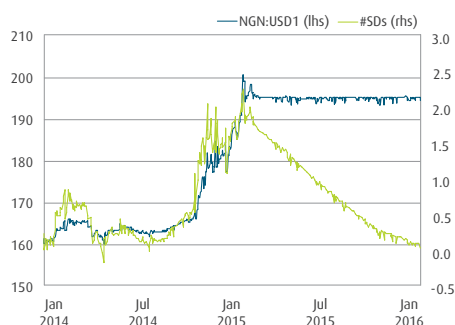
Risks

While the medium term outlook remains favourable, there are risks such as further deterioration in the global environment and a persistently lower oil price that puts substantial pressure on the fiscal and external accounts, resulting in severely depleted buffers. In addition, there are several other risks:

- Exchange rate uncertainties will persist due to low oil prices, FX reserves depletion, and robust import demand. As a result, the NGN will remain under pressure largely due to a structural imbalance between USD supply and demand, which will be reflected in the CBN continuing to face pressure to sell large amounts of USD to the interbank market.
- A further fall in oil prices, which would add further pressure on FX reserves, which in turn would undermine NGN.
- Exchange rate risk driven by effect of US monetary policy tightening.
- The likelihood of another devaluation remains in place given the oil price outlook remains weak. We expect oil prices to remain low due to strong global oil supply and weak global oil demand. As there is limited room to cut government spending, significant import demand in an environment of relatively low FX reserves suggests either further import demand suppression or another devaluation of the NGN in Q2 16.
- Significant cut in oil production (hydrocarbons export revenues account for 98% of total export revenues and 75% of fiscal revenues), would also add pressure on FX reserves and the NGN, and further slow growth.
- An escalation of violence in northern Nigeria could also affect economic activity through agriculture and trade, as occurred in 2012. Finally, a reversal of investor sentiment caused by normalisation of US monetary policy, or weaker confidence in Nigeria's policy stance could put pressure on the exchange rate and adversely affect macroeconomic and financial stability.
- The indirect impact on Nigeria from the slowdown in China's growth – the effect of significantly weaker Chinese growth would be seen in a deterioration in the global economy, which in turn would depress demand for Nigeria's oil and reduce further capital inflows (FDI and portfolio).

NGN performance and volatility*

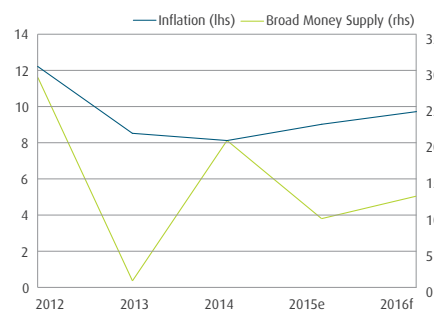
NGN versus USD1 Sources: Bloomberg and Ecobank Research



*Note: NGN volatility is measured by standard deviation.

Nigeria inflation and money supply (%)

Source: IMF



Nigeria

FX, FI and Commodity Information

Exchange rate structure

Regime	Other managed
Target	197NGN to USD1
Type of intervention	Via central bank
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	Yes – up to 12 months	Yes	No	Yes
Daily trading volume (USD mn)			26.85		
Average trade size (USD mn)		n/a	1.79		n/a
Average spread			n/a		
Trading hours	08.00-15.00				

Settlement	T+2	T+1 to T+Tenor+2	T+Tenor+2	n/a	T+2
FX market structure	The CBN is the largest provider of FX. Several FX regulations were taken in Q1 2015 to indirectly tighten money market liquidity and support the NGN.				

Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Import licenses required to obtain FX to import specific goods; but at time of writing, since June 2015, FX bans exist for the import of specific goods			n/a	
Financial flow	Certificate of Capital Importation required for capital inflows				

Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Import licenses required to obtain FX to import specific goods; but at time of writing, since June 2015, FX bans exist for the import of specific goods			n/a	
Financial flow	No restrictions				

FI

Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government	Central bank	
End use	Government financing		Government and infrastructure financing	Liquidity management	
Maturity structure	91- to 364-days	n/a	2- to 20-yr	91- to 180-days	7-days to 1-yr
Coupon	Zero		Fixed	Zero	
Coupon payments	n/a		Semi-annual	n/a	

Secondary market

Daily trading volume	NGN 204.7 bn	n/a	NGN 265 bn	Limited Trading	
Average trade size	n/a		n/a		
Settlement			T+2		

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Sources: Bloomberg, IMF and Ecobank Research

Nigeria

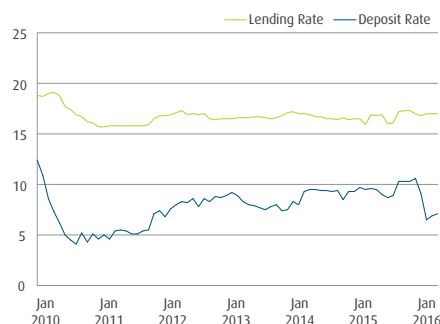
FI primary market information

Nigeria debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	10.4	10.5	10.5	11.9	13.7
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	1.4	1.7	1.7	2.0	2.3
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	6.5	8.9	9.8	9.9	12.1
Share of total sub-Sahara debt (%)	2.2	2.8	2.8	2.7	3.1

Sources: IMF and World Bank

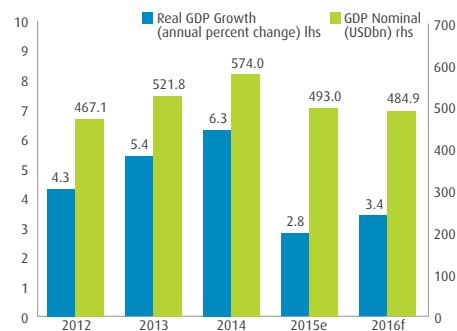
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



Banking Sector Information

Nigeria has the largest banking sector in Middle Africa, accounting for 40% of the region's banking assets. Nigeria had total banking sector assets of USD176.4 bn at end-2014, representing 12% year-on-year growth in local currency terms. Nigeria is a loan-driven market, with loans and advances accounting for 66% of total earning assets. Concentration levels in the sector remain elevated, with the top five banks – FirstBank, Zenith, UBA, GTBank and Access Bank – accounting for 56%, 58% and 57% of total industry assets, customer loans and deposits, respectively. Nigerian banks have built their liability strategies around strong distribution channels, both traditional bricks-and-mortar and mobile banking. However, on the asset side wholesale lending dominates, accounting for an average of 60% of the banking sector's loan book. Lending to the oil and gas sector alone accounted for nearly 26% of banks' loan books in 2014.

Nigerian banks' profitability has largely been a margin play. The focus on wholesale lending has come at the cost of profitability, with average margins in the banking sector of around 7%, which has greatly reduced returns on shareholder capital. In 2014 return on equity stood at 9.8%, a paltry 80 basis points higher than in 2013. Asset quality has generally remained high over the past five years. The ratio of banks' non-performing loans to total loans (NPLs) improved from 3.2% in 2013 to 2.81% in 2014. This was well within the regulatory threshold of 5%, although the volume of NPLs increased by 10.3%.

The banking sector's capital adequacy ratio (CAR) has remained strong, especially after the 2008-09 banking crisis, and stood at 15.92% in 2014, exceeding the minimum threshold of 10%. Capital adequacy has been further strengthened by the central bank's identification of eight systemically important banks (SIBs) which it requires to hold additional buffers, thus reducing the systemic risk posed by high concentration levels. In addition, SIBs must meet the following requirements:

Nigeria

Introduction

- Current liquidity ratio requirements to be imposed by the central bank and subject to periodic change.
- Quarterly stress testing on capital and liquidity.
- Submission of bank specific recovery plans to the central bank and Nigeria Deposit Insurance Corporation (NDIC) by January 1st every year.
- Greater frequency and intensity of on-site and off-site supervision.
- Quarterly disclosures of banks' financial condition and risk management activities to the regulators, as prescribed by the central bank.

Global and Regional Context

Leading commercial banks in Nigeria, total assets and ownership, end 2014

Bank	Total assets (NGN mn)	Total assets (USD mn)	Ownership
FirstBank	4,342,666	23,795	Local
Zenith Bank	3,755,264	20,577	Local
UBA	2,762,573	15,137	Local
GTBank	2,355,877	12,909	Local
Access Bank	2,104,361	11,531	Local
Diamond Bank	1,933,123	10,592	Local
Ecobank	1,772,922	9,715	Foreign
Skye Bank	1,421,112	7,787	Local
Fidelity Bank	1,187,025	6,504	Local
FCMB	1,169,365	6,407	Local
Union Bank	1,009,157	5,530	Local
StanbicIBTC	944,542	5,176	Foreign
Sterling Bank	824,539	4,518	Local
Standard Chartered	749,423	4,106	Foreign
Unity Bank	413,305	2,265	Local
Citi	400,142	2,193	Foreign
Wema Bank	382,562	2,096	Local

Sources: Central Bank, Ecobank Research

Francophone West Africa

Nigeria and Rest of West Africa

Central Africa

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Southern Africa (including Nedbank regions)

Commodity and Trade Information

Hydrocarbon and mineral production

Nigeria is Middle Africa's largest oil producer and holds the region's largest oil reserves, estimated at 35 bn barrels. Nigerian production averaged an estimated 2.1 mn b/d in 2015 and it is expected to maintain the same level of output in 2016, aided by the ramp up of production in some fields and output from new fields. In addition, given the slump in oil prices since mid-2014 there are likely to be fewer disruptions from oil thieves who are no longer able secure buyers for their cargoes.

Nigeria is also the largest gas producer in Middle Africa, with output of over 2trn cubic feet annually and estimated gas reserves of 180 trn cubic feet. Nigeria's LNG plant, located on Bonny Island in the Niger Delta region, has a nameplate capacity of 22.8 mn metric tonnes per annum (mtpa) and exports largely to Brazil, Spain and Asia. There are plans to expand the plant to 30 mn mtpa by adding another train. Efforts to develop a new LNG plant, Brass LNG, have foundered following the divestment of core partners, notably Total and Chevron, from the project. Nigeria consumes nearly 300,000 bpd of petroleum products. Although the country has four refineries with a combined capacity of 445,000 bpd, owing to their low capacity utilisation the country relies on imports for over 75% of its fuel needs. Nigeria is the largest consumer of gasoline in Middle Africa, with gasoline accounting for 71% of fuel consumed in the country.

Nigeria has substantial hard mineral reserves, but they have been little exploited owing to the dominance of the hydrocarbon sector. There is marginal output of coal, gold and coltan, which could be greatly scaled up, and potential to develop industrial-scale production of iron ore and uranium. In recent years

Nigeria

Nigeria has become the largest producer of cement in West Africa, with total estimated installed capacity of 42.7 mn tonnes in 2015. The surge in production is being driven by the Dangote Group, which is expanding operations across Sub-Saharan African and which plans to boost exports of clinker and cement from Nigeria to the sub-region.

Soft commodity production

Although Nigeria's agriculture sector has long been overshadowed by the hydrocarbons industry, Nigeria is an agricultural powerhouse producing an array of cash and food crops. Nigeria is the world's largest producer of cassava and yams, the key staples of the population, with estimated output of 54.8 mn tonnes and 45 mn tonnes in 2014, respectively. The country is also Sub-Saharan Africa's second largest producer of maize, with estimated output of 7.5 mn tonnes in 2014. However, Nigeria produced just 90,000 tonnes of wheat in 2014, necessitating huge imports of the grain to close the domestic deficit, while paddy rice production – estimated at 6.7 mn tonnes in 2014 – also falls well short of demand.

Nigeria produces and exports an array of cash crops. Nigeria is Africa's third largest cocoa producer, with estimated production of 250,000 tonnes in 2014-15 (August-July). The government has long term plans to boost production to 500,000 tonnes, well above peak production of 300,000 tonnes achieved in the early 1970s. But competition from other crops, erratic weather and endemic diseases (notably Black Pod) will restrain any increase in production in the near term, while El Niño could severely impact the 2015-16 crop. Nigeria is a small cocoa grinder, with estimated grindings of 45,000 tonnes in 2014-15, down 25% from the previous year. This reflects the constraints facing Nigerian grinders, ranging from the lack of supply of beans to high production costs (the result of erratic power supply).

Nigeria is Sub-Saharan Africa's largest producer of palm oil, with estimated output of 960,000 tonnes of crude palm oil (CPO) in 2014. However, CPO production has stagnated in recent years, owing to a lack of investment in new plantations and dry weather that has cut yields. The country also produced 143,000 tonnes of natural rubber (NR) in 2014, making it the region's second largest producer, after Côte d'Ivoire. Nigeria is Middle Africa's largest producer of cashew nuts, with estimated output of 950,000 tonnes in 2014, representing 22.3% of world production. However, the cashew nut sector is undermined by rampant smuggling, with up to a third of the crop being smuggled to Benin, Cameroon, Togo and Ghana as farmers search for higher prices. Nigeria is Sub-Saharan Africa's largest producer of tomatoes, with output of around 2 mn tonnes per year, representing two-thirds of West Africa's tomato output. However, around half of annual production rots before it reaches market, owing to poor infrastructure and logistics, necessitating Africa's largest imports of tomato paste. Nigeria also produced an estimated 50,000 tonnes of sesame seeds and 61,000 tonnes of cotton lint in 2014.

In recent years Nigeria has developed the world's largest sugar refining complex in Lagos, as part of the government's backward integration programme. The government has phased out imports of packaged and refined sugar, and today Nigeria refines raw sugar imported from Brazil into fortified refined sugar, both for domestic consumption and for export to the sub-region. Major investment is underway to boost production of sugarcane, with the goal of meeting all of Nigeria's demand for sugar from domestic output, while continuing to boost exports of refined sugar to sub-regional markets.

Trade flows

Imports

Nigeria's imports totalled USD46.5 bn in 2014, marginally above the previous year. Capital goods, petroleum products, consumer goods, industrial raw materials and food made up the bulk of imports. Imports of machinery, vehicles and ships were the largest category, worth USD12.6 bn in 2014, reflecting the strong demand from Nigeria's industrial and transport sector, as well as the relatively undeveloped manufacturing sector. Imports of industrial raw materials, notably iron and steel and plastics, were also high, at an estimated USD5.4 bn. Nigeria imported USD7.1 bn of petroleum products in 2014, mostly from Western Europe and the USA, reflecting the weakness of Nigeria's domestic refining sector.

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Nigeria

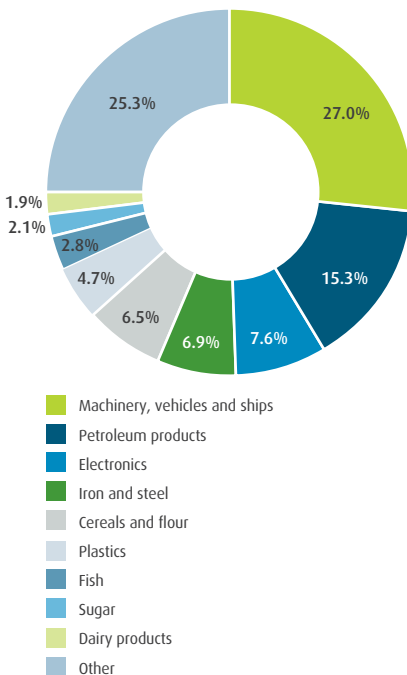
Despite producing large volumes of food stuffs, Nigeria is heavily dependent on food imports, importing USD1.7 bn of wheat, USD679m of rice, USD1.2 bn of fish, USD867 mn of dairy products, and USD959 m of raw sugar for refining locally in 2014. Overall, Nigeria accounted for 29.2% of Sub-Saharan Africa's wheat imports, 11.1% of its rice imports and 10.7% of its palm oil imports in 2014.

Exports

Nigeria's exports totalled USD102.9 bn in 2014, 13.6% higher than the previous year. Hydrocarbons dominate export flows, representing an estimated 90.9% of total export earnings in 2014. That year Nigeria exported USD75 bn worth of crude oil, USD12.2 bn of gas and USD6.3 bn of petroleum products (much of the latter comprising re-exports to neighbouring countries). The largest soft commodity exports are cocoa and cocoa products, worth USD848 m in 2014, most of which were exported to Western Europe. These included 192,000 tonnes of raw cocoa, 17,000 tonnes of cocoa butter, 12,000 tonnes of cocoa powder and 120 tonnes of cocoa paste. Nigeria also exported USD557 m worth of sesame seeds (making it West Africa's largest exporter after Burkina Faso), of which the majority went to Turkey and Japan. The rest of Nigeria's commodities are exported raw to world markets, including 5,000 tonnes of cotton lint (worth USD198 m), 10,000 tonnes of aluminium (worth USD149 m), 11,000 tonnes of natural rubber (worth USD96 m), and 570,000 tonnes of timber (worth USD89 m).

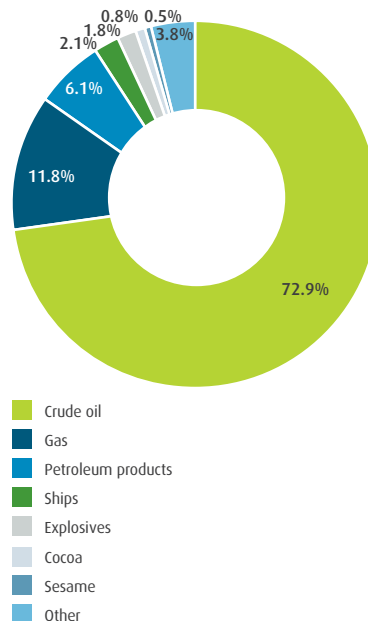
Share of Nigeria's total imports, 2014 (%)

Source: Intracen



Share of Nigeria's total exports, 2014 (%)

Source: Intracen

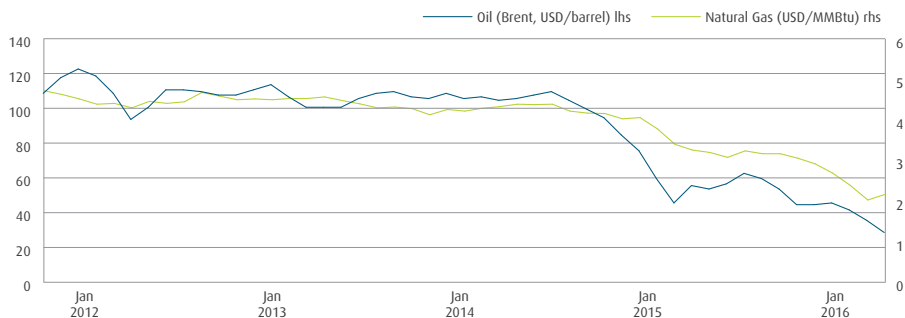




Nigeria

Key commodity prices (oil and natural gas)

Source: IMF



Key commodity prices (cocoa)

Source: IMF



Useful Links

- Central Bank www.cenbank.org
- Ministry of Finance www.fmf.gov.ng
- National Statistics Bureau www.nigerianstat.gov.ng
- Stock Exchange www.nse.com.ng
- Financial Markets Dealers' Association www.fmda.com.ng

Introduction

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Sierra Leone

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	15.2	20.7	4.6	-21.5	0.1
GDP (USD bn)	3.8	4.9	4.8	4.3	4.6
Inflation (average)	13.8	9.8	8.3	9.9	9.5
Fiscal balance (% GDP)	-5.6	-1.9	-4.1	-4.8	-5.3
Broad money (% change, end period)	23.1	21.2	22.9	13.0	13.3
Population (mn)	6.0	6.2	6.3	6.5	6.6
Exports (USD bn)	1.0	1.5	1.3	0.6	0.6
Imports (USD bn)	2.0	1.6	1.6	1.4	1.3
Current account balance (% GDP)	-34.3	-20.8	-21.2	-13.5	-12.1
FX reserves (USD mn, end period)	420	473	554	584	584
Exchange rate (average)	4,344.6	4,310.3	4,318.7	4,301.3	4,404.7

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Growth will be almost zero in 2016 following major contraction the year before. This reflects assumptions that the non-iron ore sectors of the economy (agriculture, and mining sector spillovers into construction, manufacturing, and services that are mainly trade and transport), will recover only gradually in the post-Ebola environment. Meanwhile, iron ore production will resume starting in 2017. It is possible iron ore production could resume earlier, however, only if global iron ore prices start to rise soon. Growth in the non-iron ore economy will be supported by ongoing and planned reforms in the following sectors: agriculture, fishery, tourism and port services. Growing efforts to focus on niche tourism and to promote the main port in the capital, Freetown, as a hub for the West African hinterland should help to open up new sources of growth in the foreseeable future.

Inflation: Expected to accelerate around 10% this year, as Ebola-related supply constraints gradually ease and as demand picks up as the economy continues to normalise.

Fiscal balance: The broad objective for fiscal policy is to continue addressing the impact of the Ebola epidemic on the budget in a highly constrained resource environment. As a result, another large fiscal deficit is likely in 2016, which will be financed by a combination of improved corporate tax receipts and donor financing.

Current account: Large downward revisions to historical export data, and thus large historical errors and omissions in the BOP, render BOP projections highly uncertain. In addition, the loss of iron ore exports in early 2016 will continue to strain the external balance. As a result, the current account deficit is expected to remain large and in double digits this year. The resumption of iron ore, diamond and other exports and slower growth in goods and services imports will help narrow the deficit in the latter part of 2016.

Risks: Key domestic risks arise from the uncertainty that the Ebola epidemic has been completely eradicated. If not, the resumption of iron ore production will be delayed. Increased fragility in the fiscal position; and heightened vulnerability in the financial sector are also major concerns. Externally, further decline in iron ore prices is a major risk for growth and the external balance.

Francophone West Africa

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East Africa

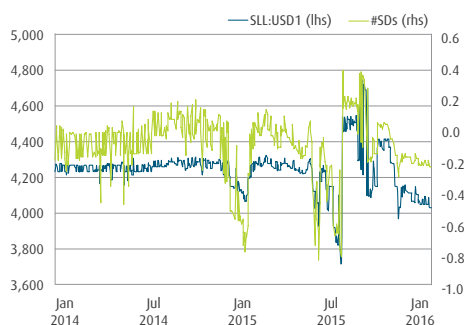
Southern Africa (including Nebank regions)

Sierra Leone

SLL performance and volatility*

SLL versus USD1

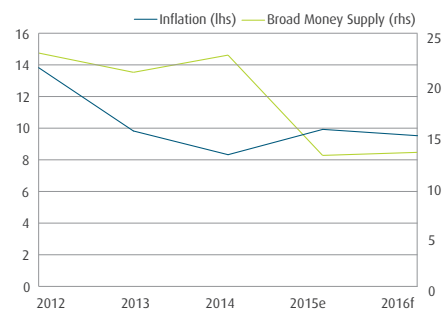
Sources: Bloomberg and Ecobank Research



*Note: SLL volatility is measured by standard deviation.

Sierra Leone inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target, but interventions by BSL to absorb foreign-financed budget spending, and reduce volatility
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

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Introduction	FX					
	FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
	On offer	Yes	No	No	No	No
	Daily trading volume (USD mn)	n/a				
Global and Regional Context	Average trade size (USD mn)	n/a		n/a		
	Average spread	n/a				
	Trading hours	08:30-14:30				
	Settlement	T+2				
Francophone West Africa	FX market structure	The BSL, donors, and the global corporates are all large suppliers of FX. Commercial banks may buy FX from, and sell it to, individual customers and may trade it amongst themselves or with the BSL on a freely negotiable basis.				
	Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
	Trade and FDI flow	FX payments are currently prioritised for oil marketing companies and commodity importers.				
	Financial flow	No restrictions				
Nigeria and Rest of West Africa	Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
	Trade and FDI flow	FX payments are currently prioritised for oil marketing companies and commodity importers.				
	Financial flow	No restrictions				
Central Africa	FI	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
	Primary market	Government		Government		
	End use	Government financing		Government and infrastructure financing		
			n/a		n/a	
East Africa	Maturity structure	91- to 364-days		1-yr		
	Coupon	Zero		Fixed		
	Coupon payments	n/a		Quarterly		
	Secondary market					
Southern Africa (including Nedbank regions)	Daily trading volume	Limited trading				
	Average trade size	Limited trading				
	Settlement	n/a				
Ecobank local affiliate contact details:						
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Tel: +232 22 22 17 04/22 78 01						
Sources: Bloomberg, IMF and Ecobank Research						

Sierra Leone

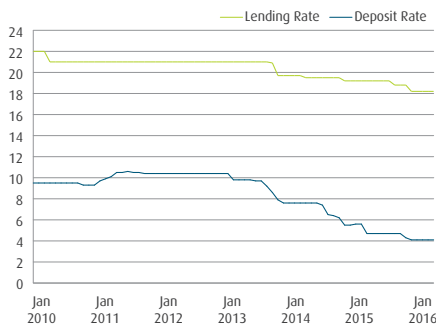
FI primary market information

Sierra Leone debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	36.9	35.0	37.7	47.2	49.5
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	25.9	25.7	25.5	33.2	33.6
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	1.0	1.3	1.2	1.4	1.5
Share of total sub-Sahara debt (%)	0.3	0.4	0.4	0.4	0.4

Sources: IMF and World Bank

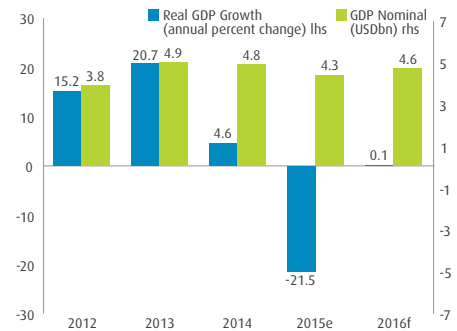
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



Commodity and Trade Information

Hydrocarbon and mineral production

Sierra Leone has substantially increased production of iron ore in recent years, with estimated output of 19.2 mn tonnes in 2014. However, the slump in iron ore prices and the impact of the Ebola epidemic led to the collapse of the country's two leading iron ore projects, including the rich Tonkolili deposit, reducing the country's output to almost zero. The mine has since been purchased by China's state-owned Shandong Iron and Steel Group, reflecting the Chinese government's long-term strategy to secure iron ore for its steel industry. However, production is unlikely to resume until there is a recovery in international iron ore prices. Sierra Leone remains a middle-ranking diamond producer, with output of 620,000 carats in 2014, and of bauxite (aluminium ore), with output of 1.1 mn tonnes in 2014. The country also produces small quantities of gold and rutile (titanium ore). Sierra Leone is thought to have exploitable hydrocarbon reserves in its offshore. However, to date no discoveries have been appraised for commerciality and no production is expected in the near future.

Soft commodity production

Sierra Leone lacks a robust agriculture sector, and produces small volumes of cash crops. The country is a micro producer of cocoa, with output of 10,000 tonnes in 2014, although there are projects underway to redevelop dormant cocoa plantations.

Sierra Leone

Trade flows

Imports

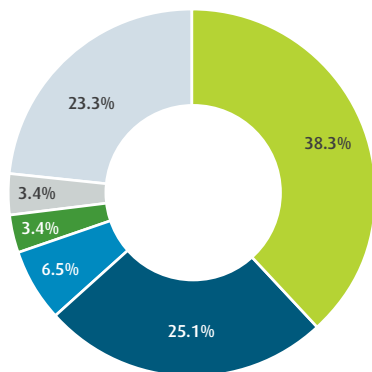
Sierra Leone's imports totalled an estimated USD2.1 bn in 2014. The country is dependent on imports of petroleum products, worth USD788 mn in 2014, reflecting the lack of local refining capacity. Sierra Leone is also dependent on imports of capital goods and industrial raw materials, together worth USD790 mn in 2014, some of which are re-exported to landlocked neighbours. Given the country's limited agricultural production, the country also imported 29,000 tonnes of rice, worth USD15 mn in 2014, and 5,000 tonnes of dairy products, worth USD15 mn.

Exports

Sierra Leone's exports totalled around USD500 mn in 2014. Iron ore was the country's key export, with 2.9 mn tonnes of exports worth USD237 mn in 2014, all of which went to China. The country also exported 620,000 carats of diamonds, worth USD223 mn. The country's only notable soft commodity export is cocoa, worth USD6.7 mn in 2014, most of which went to grinders in the Netherlands and Belgium. Sierra Leone also acts as a re-export hub for machinery, vehicles and plastics to its landlocked neighbours.

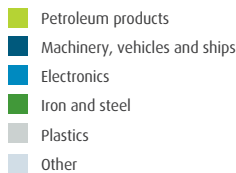
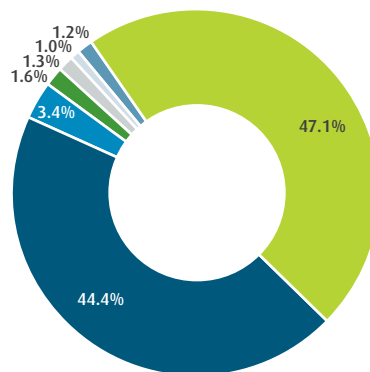
Share of Sierra Leone's total imports, 2014 (%)

Source: Intracen



Share of Sierra Leone's total exports, 2014 (%)

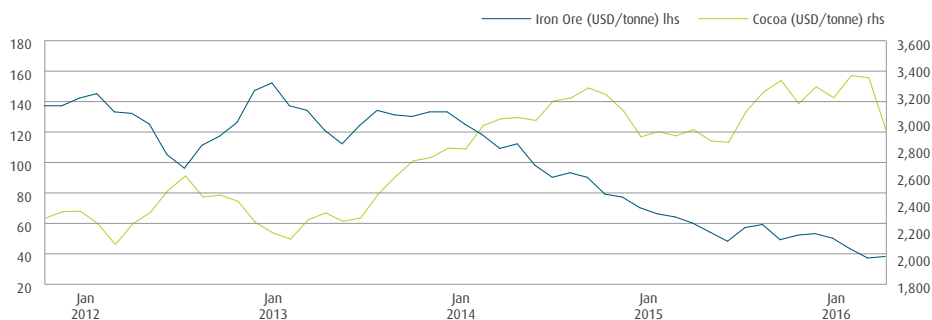
Source: Intracen



Sierra Leone

Key commodity prices

Source: IMF



Useful Links

- Central Bank www.bsl.gov.sl
- Ministry of Finance www.mofed.gov.sl
- National Statistics Bureau www.lisgis.net

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Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	5.6	4.8	-0.2	4.7	5.5
GDP (USD bn)	0.9	0.9	0.8	0.8	0.8
Inflation (average)	4.6	5.2	6.2	6.5	5.3
Fiscal balance (% GDP)	-4.4	-8.4	-10.0	-6.3	-4.3
Broad money (% change, end period)	7.8	15.1	11.2	11.0	15.0
Population (mn)	1.8	1.9	1.9	2.0	2.1
Exports (USD mn)	125.4	132.2	123.5	112.2	122.0
Imports (USD mn)	326.0	304.1	335.0	291.8	296.1
Current account balance (% GDP)	-7.9	-10.2	-13.1	-13.5	-10.7
FX reserves (USD mn, end period)	183.8	161.1	111.9	80.2	111.5
Exchange rate (average)	31.09	33.96	39.95	41.05	41.28

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Growth is expected to remain good, at over 5% in 2016, driven by improved agricultural output (assuming normal weather) and ongoing, albeit weak, growth in tourism.

Inflation: Inflation is projected to remain relatively modest at around 5%, assuming fiscal restraint and the effect of continued good weather on crop production.

Fiscal balance: The fiscal deficit is likely to narrow in 2016, helped by improved policy implementation, including efforts to boost revenue, contain expenditure, and develop further the cash budgeting scheme to strengthen budget execution. It will remain important to ensure that public enterprises are operated on a sound financial basis and steadily implement reforms, particularly in the energy sector, to prevent the deficit from widening further.

Current account: Meanwhile, a large current account deficit, of around 11% of GDP in 2016, will continue to be financed mainly by FDI and donor grants/credits.

Risks: The Gambia's large balance of payments and fiscal imbalances in 2015 are likely to continue in 2016. They were caused by imposing a highly overvalued exchange rate, policy slippages and persistent financial difficulties in public enterprises, and were exacerbated by the impact of the regional Ebola outbreak on tourism. Any additional major policy slippages will worsen the outlook further, especially since budget support grants will not be forthcoming.

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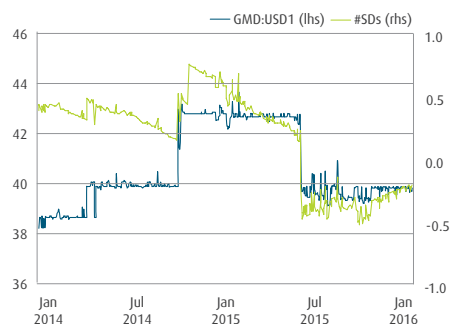
Southern Africa (including Ndebank regions)



The Gambia

GMD performance and volatility*

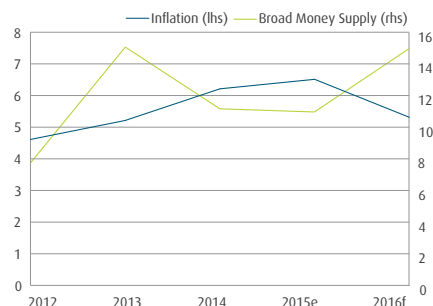
GMD versus USD1 Sources: Bloomberg and Ecobank Research



*Note: GMD volatility is measured by standard deviation.

The Gambia inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target, but CBG intervenes to limit volatility
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				
FX market structure	The CBG may purchase FX from the domestic interbank market to meet its target for FX reserves (equivalent to around five months of imports).				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow	n/a				
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow	n/a				

The Gambia

Introduction

FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government					
End use	Government financing					
Maturity structure	91- to 364-days			n/a		
Coupon	Zero					
Coupon payments	n/a					
Secondary market						
Daily trading volume	No trading					
Average trade size	No trading			n/a		
Settlement	n/a					

Global and Regional Context

Ecobank local affiliate contact details:

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Tel: +220 439 90 31/33

Sources: Bloomberg, IMF and Ecobank Research

Francophone West Africa

FI primary market information

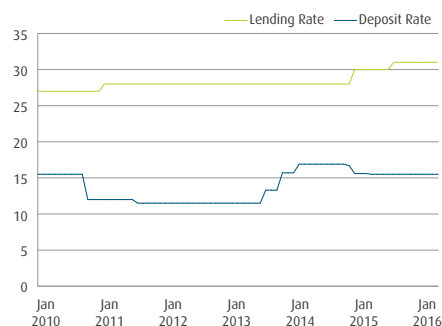
The Gambia debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	77.0	83.3	101.1	107.7	101.7
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	41.3	43.8	49.9	53.8	54.4
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	0.4	0.4	0.4	0.4	0.4
Share of total sub-Saharan debt (%)	0.1	0.1	0.1	0.1	0.1

Sources: IMF and World Bank

Nigeria and Rest of West Africa

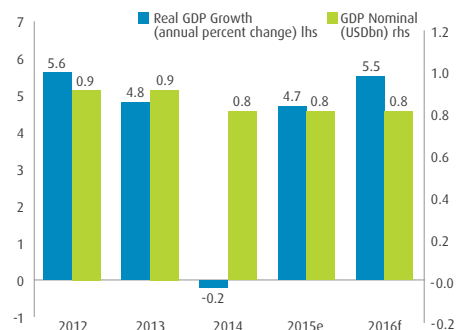
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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The Gambia

Commodity and Trade Information

Hydrocarbon and mineral production

The Gambia is believed to have reserves of heavy minerals, including ilmenite, zircon and rutile (titanium ore), but to date there has been no progress with developing them. The Gambia is thought to have exploitable hydrocarbon reserves in its offshore. However, to date no discoveries have been appraised for commerciality and no production is expected in the near future.

Soft commodity production

As a tiny resource-poor country, The Gambia lacks a large agricultural sector. The country's key commodity is fuel wood, with output of 59,000 tonnes in 2014. The Gambia also produces cashew nuts, with output of 8,000 tonnes in 2014-15.

Trade flows

Imports

The Gambia's imports totalled USD388 mn in 2014, 10.9% higher than the previous year. Given the country's limited natural resources, The Gambia is dependent on imports of petroleum products and food, worth USD82 mn and USD127 mn, respectively. The country is also reliant on imports of electronics, machinery, vehicles and iron and steel (together worth USD63 mn in 2014), reflecting the lack of a manufacturing sector.

Exports

The Gambia's exports totalled USD104 mn in 2014, 2% lower than the previous year. Woven fabrics are The Gambia's most valuable export, worth USD63 mn in 2014, most of which went to Mali and Guinea. Fuel wood (charcoal) is the country's most valuable commodity export, worth USD8 mn in 2014, all of which went to China. The Gambia also exported 78,000 tonnes of cashew nuts (worth USD5 mn) to India for processing, reflecting its role of as a re-export hub of cashews produced in neighbouring Senegal and Guinea-Bissau.

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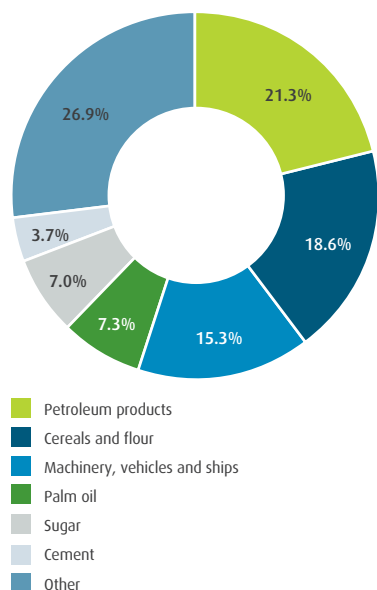
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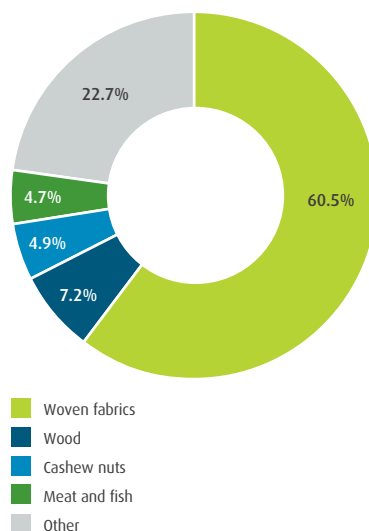
Share of The Gambia's total imports, 2014 (%)

Source: Intracen



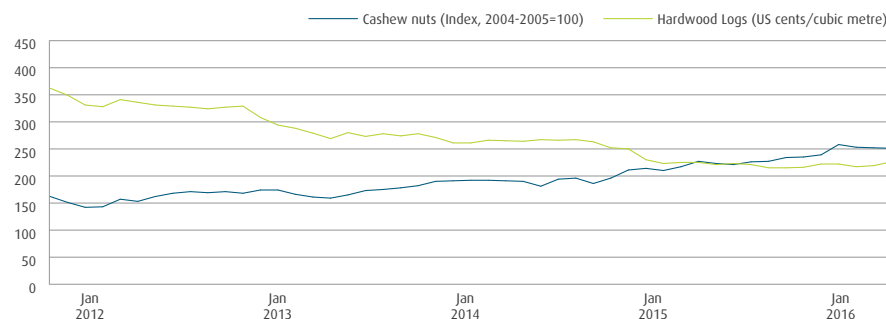
Share of The Gambia's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





The Gambia

Useful Links

- Central Bank www.cbg.gm
- National Statistics Bureau www.gambia.gm/Statistics

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Introduction

Francophone Central Africa is focused on the French-speaking countries of Central Africa, stretching from Chad in the north to Republic of Congo in the south. The region is part of the broader CFA Franc Zone, which is split between the Union économique et monétaire ouest-africaine (UEMOA), focused on the French-speaking countries of West Africa, and the Communauté économique et monétaire d'Afrique Centrale (CEMAC), focused on the French-speaking countries of Central Africa.

Global and Regional Context

CEMAC is made up of six countries, dominated by Cameroon and Gabon on the coast, and including Republic of Congo, Chad and the CAR. CEMAC also has a non-Francophone member, Equatorial Guinea, a former Spanish colony, whose membership makes CEMAC overwhelmingly an oil exporting block. The tiny Portuguese-speaking country of São Tomé and Príncipe is not part of CEMAC, but is included in this section as part of the broader region.

Francophone West Africa

Like its sister region, UEMOA, CEMAC is relatively well integrated, held together by the shared currency (the CFA Franc), the common legal system (OHADA) and the French language, and underpinned by the stability provided by the currency peg to the euro. The region is less active in issuing bonds compared to UEMOA, although all of its economies benefit from the currency peg, which helps to anchor inflation.

Nigeria and Rest of West Africa

CEMAC's economic activity is heavily dominated by hydrocarbons, with five of its six members relying on oil and gas for the majority of their export revenues. Although this has created enclave industries, it has also driven regional integration through the Chad-Cameroon oil pipeline, through which Chad exports most of its crude oil to world markets.

Central Africa

Of the six economies, Cameroon is the most diverse, reflecting both its oil output and its cash crop production, primarily of cocoa, wood, cotton and natural rubber (NR). Cameroon also acts as a transit hub for goods flowing into Central Africa, and for exports of Chadian crude oil. The other four large economies (excluding the tiny CAR) are primarily oil producers, which ensures CEMAC's heavy dependence on global oil demand, and prices. Republic of Congo also acts as a hub for shipping used for oil exploration and drilling in the Gulf of Guinea, while Gabon is an important exporter of manganese ore.

East Africa

Southern Africa (including Ndebank regions)

Country Profiles: Central Africa



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Cameroon

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	4.6	5.6	5.7	5.3	5.1
GDP (USD bn)	26.5	29.6	31.8	28.5	30.8
Inflation (average)	2.4	2.1	1.9	2.0	2.1
Fiscal Balance (% GDP)	-1.6	-4.0	-5.2	-5.1	-7.6
Broad Money (% change, end period)	1.4	10.8	10.5	8.6	7.7
Population (mn)	21.7	22.2	22.8	23.3	23.9
Exports (USD bn)	5.0	5.1	5.4	5.7	5.9
Imports (USD bn)	5.2	5.4	5.8	6.1	6.5
Current Account Balance (% GDP)	-3.6	-3.8	-4.6	-5.0	-5.2
FX Reserves (USD bn, end period)	3.3	3.4	3.4	3.4	3.4
Exchange Rate (average)	511.2	495.2	496.2	594.11	627.92
Oil production (mn bpd)	0.061	0.067	0.073	0.079	0.070

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

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Economic Outlook

Real GDP: Growth is projected to slow slightly to around 5% in 2016, as oil production stabilises. Nonetheless, growth will be broad-based and be supported by the performance of sectors benefiting from the ongoing public investment boom. However, ongoing strains from the earlier twin shocks of the 2014-15 oil price slump and heightened security threats related to Boko Haram, will continue to be felt in 2016.

Inflation: Likely to remain comfortable and in line with moderate prices trends for key commodity imports and low euro area inflation. Moreover, inflation has not been significantly affected by the large rise in administered fuel prices in July 2014. We think inflation will remain below the 3% regional convergence criterion, supported by the exchange rate peg that helps anchor imported prices.

Fiscal balance: The fiscal deficit is projected to widen to over 7% of GDP, reflecting continued strong public investment, increased expenditures to counter security threats, and as revenue mobilisation efforts are affected by the low oil price environment (oil revenues account for 25-30% of total fiscal revenues). Moreover, large contingent liabilities compound the fiscal challenges the authorities face. However, total revenue will be supported by reforms in the non-oil sector. In addition, lower fuel subsidies will reduce some expenditure pressures that will be welcome in 2016.

Current account: The external sector will remain under pressure. The current account deficit is likely to widen this year, reflecting lower prices for exports (particularly oil) and continued strong imports, driven by the growth in investment spending, notably on infrastructure.

Risks: Risks to the outlook are largely on the external side, including a deepening of the oil price slump and an extension of security threats. At the same time, domestic risks, such as contingent liabilities from state-owned enterprises, could have an adverse impact on public finances.

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Cameroon

XAF performance and volatility*

XAF versus USD1

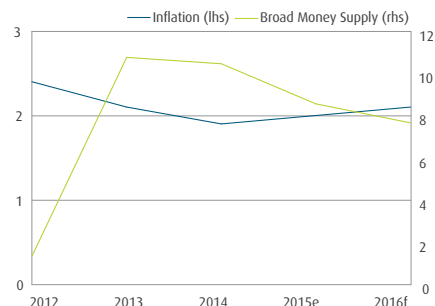
Sources: Bloomberg, Ecobank Research



*Note: XAF volatility is measured by standard deviation (SD).

Cameroon inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XAF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a				
Average spread	n/a			n/a	
Trading hours	No official trading hours				
Settlement	T+2				
FX market structure	BEAC's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					

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FI

Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government	Central bank	
End use	Government financing		Government and infrastructure financing		
Maturity structure	91- to 364-days	n/a	2- to 5-ys		n/a
Coupon	Zero		Fixed		
Coupon payments	n/a		Annual		
Secondary market					
Daily trading volume		Limited trading			
Average trade size		Limited trading			n/a
Settlement		n/a			

Ecobank local affiliate contact details:

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Sources: Bloomberg, IMF and Ecobank Research

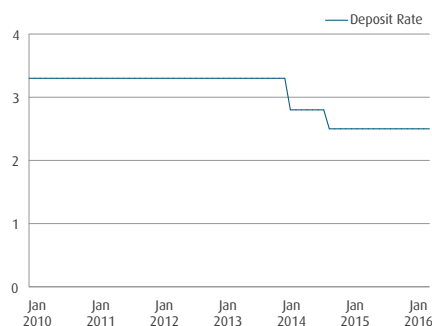
FI primary market information

Cameroon debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	15.4	18.7	25.4	32.2	35.1
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	9.0	12.0	15.4	21.0	23.1
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	2.4	3.5	4.9	6.0	7.1
Share of total sub-Sahara debt (%)	0.8	1.1	1.4	1.6	1.8

Sources: IMF and World Bank

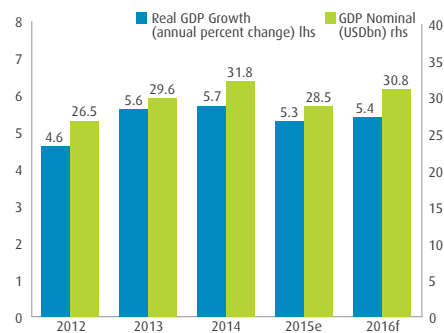
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Cameroon

Banking Sector Information

Cameroon's financial landscape is dominated by international banks, with only two of the country's 13 commercial banks being locally owned. Three banks dominate both loans and deposits, with a combined market share of over 50%: Afriland First Bank, BICEC and SGBC. Over the past decade Cameroon's banking sector has grown strongly, with the opening of new branches by banks and MFIs, a stable lending rate and rising deposits and loans. Customer deposits, which are dominated by individuals and private companies, grew by 21% in 2013, to USD6.4 billion, up from USD5.3 billion in 2012.

Banking penetration remains low in Cameroon, with just 5% of the adult population having access to formal financial services, versus an average of 25% in Sub-Saharan Africa. Micro-finance has filled some of the gap, accounting for an estimated 10% of total financing to the economy. However, there are concerns over MFI's compliance to prudential guidelines and the fragmented nature of regulation in the sector. MFIs remain fragile owing to credit portfolio challenges, lack of own funding or heritage funds, and the resulting non-compliance with solvency standards. During 2013 around 15 MFIs experienced difficulty or insolvency, leading to the withdrawal of licences for 33 MFIs in July 2013.

Cameroon's banking sector faces serious challenges. Supervision of the sector is a major concern, primarily owing to the lack of regulatory capacity. CEMAC's banking regulator, Commission Bancaire de l'Afrique Centrale (COBAC), was created to administrate, regulate and supervise the regional block's banking sector, with the power to sanction wrongdoing by banks. However, COBAC remains understaffed, limiting the frequency of its onsite inspections, undermining the effectiveness of its offsite supervision and hindering the early detection of problems in distressed banks, which have generally failed to provide robust recapitalization plans to COBAC. Another challenge is the weakness of corporate governance in banks and MFIs, notably with regard to conflicts of interest by shareholders and senior staff, and internal controls. The lack of a robust land registry system is a further challenge, making the assessment of collateral a serious challenge.

The key growth opportunity for Cameroon's financial sector is mobile banking, which is being developed in partnership between banks and telecom companies. The mismatch between the high level of mobile phone penetration – estimated by the ITU at 78% of the population – and the low level of financial inclusion – estimated at just 5% – indicates the huge potential mobile banking has to boost financial inclusion. Future mobile banking technologies must encourage mobile phone-based savings and loan originations (as is already happening in markets like Kenya).

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Cameroon's banking sector, 2014

Bank	Majority shareholder	% shareholding	Ownership
Afriland First Bank	SBF & Co.	37.20%	Local-private
Atlantic Bank of Cameroon	Atlantic Financial Group Central and East	54.50%	Foreign
Banque International du Cameroun pour l'Epargne (BICEC)	Banques populaires caisses d'Epargne	61.20%	Foreign
BGFI Bank Cameroon	BGFI Bank SA	74.90%	Foreign
Citibank	Citibank NA New York	99.98%	Foreign
Commercial Bank of Cameroon	CFH Luxembourg	58.20%	Foreign
Crédit Agricole – Commercial Bank Corporation (SBC-CA)	IUB Holding	51.00%	Foreign
Ecobank Cameroon	Ecobank Transnational Incorporated (ETI)	79.85%	Foreign
National Financial Credit Bank	Awanga Zacharia	25.19%	Local-private
Société Générale de Banques au Cameroun (SGBC)	Société Générale	58.00%	Foreign
Standard Chartered Bank Cameroon (SCBC)	Standard Chartered Bank Plc	100.00%	Foreign
UBA	UBA Plc	99.99%	Foreign
Union Bank of Cameroon	Oceanic Bank International Plc	54.00%	Foreign

Commodity and Trade Information

Hydrocarbon and mineral production

Cameroon is a minor crude oil producer, with estimated output of 100,000 barrels per day (bpd) in 2015, mostly from the Rio del Rey and Douala/Kribi Basins, including output from new fields such as Addax's Dissoni North field and Perenco's M'via oil field. Cameroon's refinery, the 42,000 bpd SONARA refinery, utilises light sweet crude from Nigeria and Equatorial Guinea. The refinery's output exceeds the country's 27,000 bpd demand for most petroleum products and plays a key role in meeting fuel needs of other CEMAC countries. However, Cameroon is heavily dependent on LPG imports. Cameroon has gas reserves estimated at over 6 trn cubic feet, following discoveries in the Etinde and Bomono permits by UK Independent, Bowleven Oil and Gas. However, Cameroon currently produces less than 20 mn standard cubic feet of gas per day. UK independents Victoria Oil and Gas and Perenco are the major gas producers in Cameroon.

Cameroon has 3.1 mn tonnes of installed capacity for cement, and is a mid-ranking producer of aluminium, with output of 84,000 tonnes in 2014, most of which was for export. The country also produced 3,700 carats of diamonds in 2014. Cameroon has large unexploited iron ore deposits, including the large Mbalam-Nabeba project which is being developed by Australia's Sundance Resources, but so far is not producing ore for export.

Soft commodity production

Cameroon is Africa's fourth largest producer of cocoa, with output of 232,500 tonnes in 2014-15 (August-July), the highest for several years. Cameroon's cocoa sector has struggled with erratic output, owing to dry weather, low yields (reflecting old tree stock), and outbreaks of Black Pod disease. The government has ambitious plans to raise output to 600,000 tonnes by 2020, but it is unlikely to achieve this goal, owing to lack of investment in the sector. The country is a small cocoa grinder, with estimated grindings of 30,000 tonnes in 2014-15, on a par with previous years. The stagnation of grinding in Cameroon reflects the constraints facing the sector, including bean shortages, quality issues related to the drying and fermenting of beans, and high power costs.



Cameroon

Cameroon also produces small volumes of Robusta and Arabica coffee, with output of 475,000 60 kg bags in the 2014-15 season (October-September). Outturn has plummeted from peak levels of 1,726 bags in the early 1990s, reflecting the constraints facing the sector, notably low international prices and low yields, which have led farmers to abandon the crop in favour of more lucrative cash crops. Cameroon is Middle Africa's third largest palm oil producer, after Nigeria and Côte d'Ivoire, with an estimated production of 225,000 tonnes in 2013. Production has stagnated in recent years, owing to dry weather and low investment in new plantations. However, the government plans to plant an additional 30,000 hectares with high-yielding trees as it seeks to raise output to 290,000 tonnes over the next three years. Cameroon is Middle Africa's fifth largest producer of cotton, with estimated output of 125,000 of cotton lint in 2014-15. Most production occurs in the north of the country and is exclusively marketed by the cotton parastatal, Sodecoton.

Trade flows

Imports

Cameroon's imports totalled USD7.6 bn in 2014, marginally below the previous year. Crude oil, petroleum products, capital and consumer goods and food made up the bulk of imports, some of which were re-exported to the CEMAC region. Crude oil was the largest import, worth USD1.5 bn in 2014, most of which came from Nigeria for refining in Doula, a large proportion of which is re-exported back to Nigeria with the balance consumed domestically. Imports of machinery, vehicles and ships totalled USD1.2 bn 2014, along with USD538 mn of electronics and USD240 mn of pharmaceuticals, reflecting the poor development of local manufacturing and the country's role as a regional re-export hub. Cameroon is also dependent on food imports, importing USD843 mn worth of cereals, flour and fish in 2014.

Exports

Cameroon's exports totalled USD5.2 bn in 2014, 8.5% higher than the previous year. Commodities dominate export flows, making up eight of the country's top ten exports. Crude oil was the largest export in 2014, totalling USD2.5 bn, most of which was exported to Spain, China, India, Italy and the UK. The country also exported small volumes of petroleum products, worth USD321 mn, and 84,000 tonnes of aluminium, worth USD145 mn in 2014, most of which went to Italy. Cocoa is the largest soft commodity export, worth USD676 mn in 2014, including 193,000 tonnes of raw beans, 17,000 tonnes of cocoa liquor, 10,000 tonnes of cocoa butter and 3,000 tonnes of chocolate. Cameroon also exported USD525 mn worth of timber, USD161 mn of cotton lint, USD93 mn of natural rubber, USD77 mn of bananas and USD64 mn of green (unprocessed) coffee.

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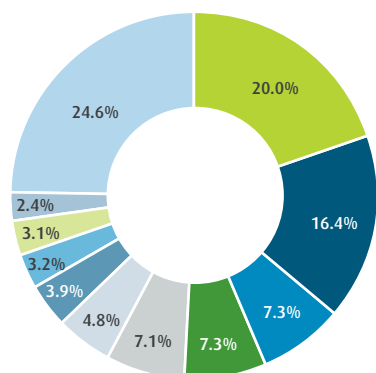
East Africa

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Cameroon

Share of Cameroon's total imports, 2014 (%)

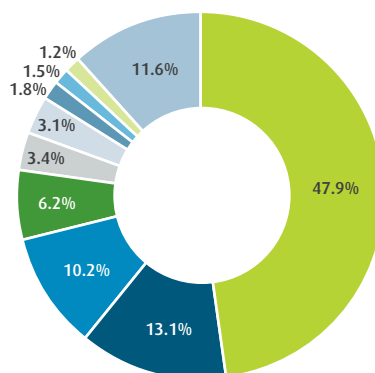
Source: Intracen



- Crude oil and gas
- Vehicles, machinery and ships
- Petroleum products
- Cereals and flour
- Electronics
- Iron and steel
- Fish
- Pharmaceuticals
- Cement
- Plastics

Share of Cameroon's total exports, 2014 (%)

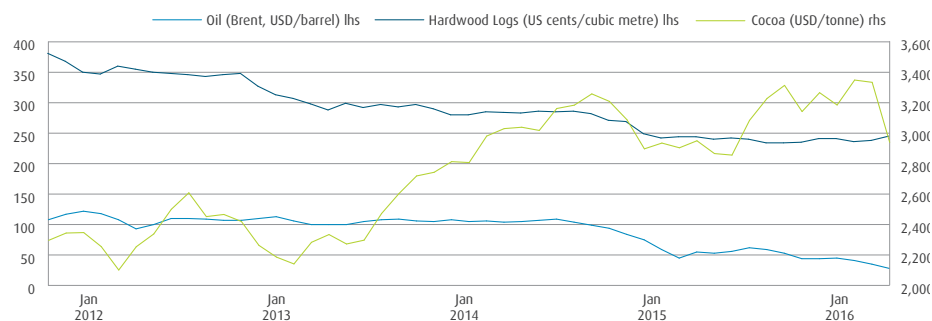
Source: Intracen



- Crude oil
- Cocoa and cocoa products
- Wood
- Petroleum products
- Aluminum
- Cotton
- Rubber
- Bananas
- Coffee
- Other

Key commodity prices

Source: IMF





Cameroon

Useful Links

- Central Bank www.beac.int
- Ministry of Finance www.dgtcfm.cm
- National Statistics Bureau www.statistics-cameroon.org
- Stock Exchange www.douala-stock-exchange.com

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Central African Republic

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	4.1	-36.0	1.0	5.5	5.7
GDP (USD bn)	2.2	1.5	1.7	1.6	1.8
Inflation (average)	5.9	6.6	11.6	5.7	4.9
Fiscal Balance (% GDP)	0.0	-6.3	3.0	-4.9	-4.6
Broad Money (% change, end period)	1.6	5.6	14.6	12.5	12.7
Population (mn)	4.6	4.7	4.8	4.9	5.0
Exports (USD bn)	0.2	0.1	0.1	0.1	0.1
Imports (USD bn)	0.3	0.2	0.3	0.3	0.4
Current Account Balance (% GDP)	-4.6	-3.0	-6.1	-11.8	-12.4
FX Reserves (USD mn, end period)	149.2	167.3	233.9	254.0	255.5
Exchange Rate (average)	511.2	495.2	496.2	594.11	627.92

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: The country is slowly emerging from the 2013 political and security crisis that led to the collapse of the economy and a humanitarian crisis. In recent months, security has improved with the presence of international forces. The authorities are implementing their emergency economic reform programme, with support from donors. Assuming a full return to normal security and a gradual resumption of economic activity, particularly in the agriculture and commercial sectors, prospects for 2016 should improve further.

Inflation: Likely to slow from the recent double-digit highs of 2014 but will remain comfortable as it follows economic normalisation and moderate prices trends for key commodity imports and low euro area inflation. We think inflation will remain slightly above the 3% regional convergence criterion, supported by the exchange rate peg that helps anchor imported prices.

Fiscal balance: Achieving fiscal strengthening goals will remain a challenge in the current environment and we think the fiscal deficit will remain wide in 2016 due to major spending pressures given the normalisation of the economy. There is also a pressing need to strengthen public financial management (by restoring revenue mobilisation capacity, rationalising and enhancing the monitoring of cash flow management, cleaning up the public sector payroll, and resuming swiftly normal expenditure execution procedures), which is necessary to attract more donor support in order to address the large infrastructure needs and bolster public spending.

Current account: The current account deficit is likely to widen, registering around 12% of GDP in 2016. Import demand will strengthen, reflecting the revival of investment and consumption associated with the resumption of financial support from donors. Meanwhile, the export sector will take time to re-establish output given the scale of rebuilding required.

Risks: There are two main risks. The first is that conflict could erupt again, which would significantly set back the economy and social development. Meanwhile, public finances will remain under strong pressure and the government needs to keep donors 'on side' to maintain access to much-needed financial support to rebuild the economy. A smaller, less heightened risk arises from an external shock such as a large oil price rise or weather-related collapse in agricultural output.

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Central African Republic

XAF performance and volatility*

XAF versus USD1

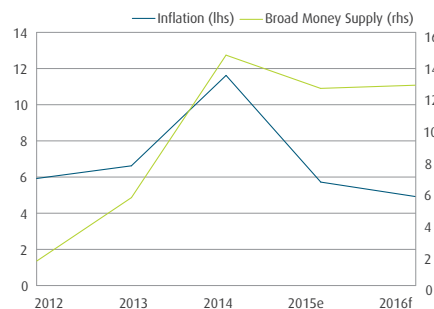
Sources: Bloomberg, Ecobank Research



*Note: XAF volatility is measured by standard deviation (SD).

Central African Republic inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XAF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	Corporate (24%); Interbank (32%); Local asset managers (12%); Insurance companies (2%); Foreign investors (3%); Others (27%)

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	09:00-15:00				
Settlement	T+2				
FX market structure	BEAC's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					

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Central African Republic

FI				
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills OMOs
Issuer	Government		Government	Central bank
End use	Government financing		Government and infrastructure financing	
Maturity structure	91- to 364-days	n/a	2- to 5-yrs	n/a
Coupon	Zero		Fixed	
Coupon payments	n/a		Annual	
Secondary market				
Daily trading volume		USD 1.2 mn		
Average trade size		n/a		n/a
Settlement		T+2		

Ecobank local affiliate contact details:

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Sources: Bloomberg, IMF and Ecobank Research

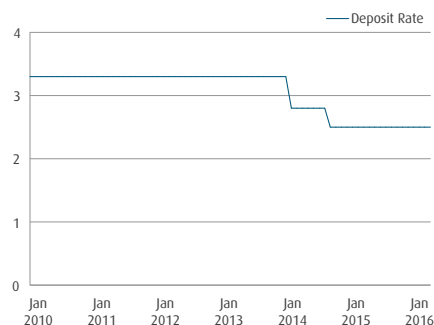
FI primary market information

Central African Republic debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	33.1	52.3	47.6	42.1	37.1
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	20.7	34.4	59.5	57.2	46.7
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	0.4	0.5	1.0	0.9	0.9
Share of total sub-Saharan debt (%)	0.2	0.2	0.3	0.2	0.2

Sources: IMF and World Bank

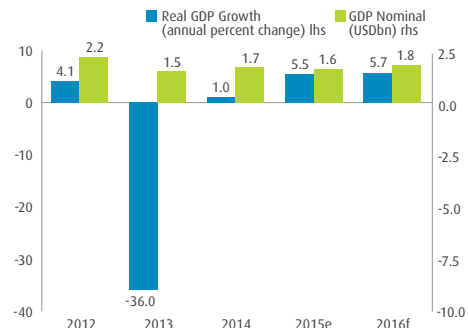
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Central African Republic

Commodity and Trade Information

Hydrocarbon and mineral production

Central African Republic is a small-scale diamond producer, but given widespread political instability and the prevalence of informal diamond miners, the true scale of production is unknown, with all output smuggled to neighbouring countries since 2013. The country has known deposits of gold, uranium and iron ore, as well as hydrocarbon reserves, but there has been little progress with developing these.

Soft commodity production

Central African Republic has an underdeveloped agricultural sector, reflecting prolonged political instability. The country's key soft commodity production is timber, with output of 104,000 tonnes in 2014. The Central African Republic is also a tiny producer of cotton, with estimated output of 2,000 tonnes of cotton lint in 2014.

Trade flows

Imports

Trade data for the Central African Republic is unreliable, given the disruption to trade flows caused by prolonged political instability. According to official data, the country's imports totalled USD308 mn in 2014, more than double the previous year's. The country is heavily dependent on imports of vehicles and machinery, worth USD72 mn in 2014, along with pharmaceuticals (USD48 mn), electronics (USD20 mn) and apparel (USD17 mn), reflecting the absence of a local manufacturing sector. Given limited agricultural output, the country is also dependent on food imports, notably cereals, flour and vegetables (together worth USD43 mn in 2014).

Exports

According to official data, the Central African Republic's exports totalled just USD21 mn in 2014, 57.3% lower than the previous year. This steep decrease reflects the disruption of trade flows resulting from political instability. As a result, the country had no official diamond exports, although in 2012 it exported USD66 mn worth, mostly to Belgium. The Central African Republic also exported 104,000 tonnes of timber (worth USD18 mn) in 2014, which went to Germany, China and France, and 2,000 tonnes of cotton lint to China.

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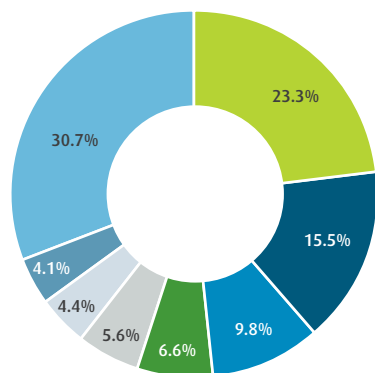
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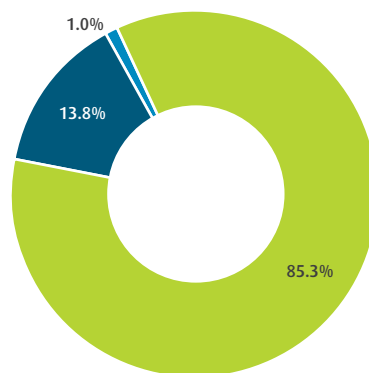
Share of Central African Republic's total imports, 2014 (%)

Source: Intracen



Share of Central African Republic's total exports, 2014 (%)

Source: Intracen

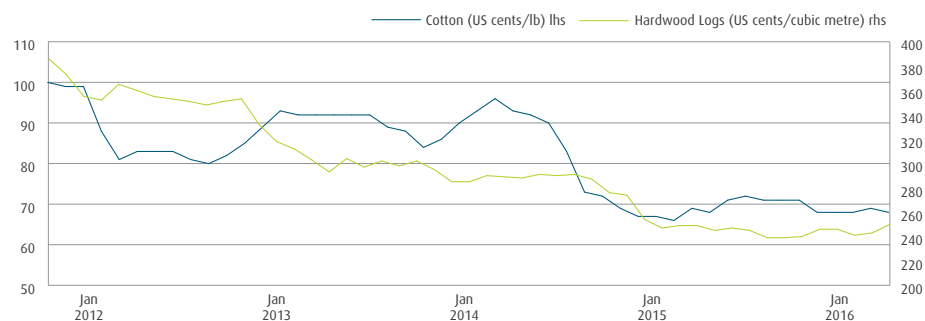


- Vehicles and machinery
- Pharmaceuticals
- Cereals and flour
- Electronics
- Apparel
- Arms
- Vegetables
- Other

- Wood
- Cotton
- Other

Key commodity prices

Source: IMF





Central African Republic

Useful Links

- Central Bank www.beac.int
- National Statistics Bureau www.stat-centrafrique.com
- Stock Exchange <http://www.bvm-ac.com/fr>

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Chad

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	8.9	5.7	6.9	6.9	4.2
GDP (USD bn)	12.4	13.0	13.9	11.7	12.8
Inflation (average)	7.7	0.2	1.7	4.3	3.4
Fiscal Balance (% GDP)	0.5	-2.1	-4.2	-1.1	-1.5
Broad Money (% change, end period)	13.4	8.6	26.5	3.5	14.0
Population (mn)	12.7	13.1	13.6	14.0	14.5
Exports (USD bn)	3.8	3.3	3.3	3.2	4.0
Imports (USD bn)	2.9	2.5	3.0	3.1	3.4
Current Account Balance (% GDP)	-8.7	-9.2	-8.9	-10.4	-9.8
FX Reserves (USD bn, end period)	1.2	1.2	1.1	1.0	1.1
Exchange Rate (average)	511.2	495.2	496.2	594.11	627.92
Oil production (mn bpd)	0.113	0.099	0.105	0.157	0.169

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

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Economic Outlook

Real GDP: Chad's overall economic performance in 2016 will continue to be significantly affected by the weak security situation and low oil prices – both have direct costs on Chad via maintaining peace and stability in the region, as well as the costs of hosting refugees. Against this challenging backdrop, non-oil GDP is expected to stagnate. While growth in agricultural output will expand somewhat, the construction and the services sectors will contract due to weak security conditions, the sharp adjustment to fiscal spending, and the accumulation of government domestic payment arrears. Assuming improving regional security, oil production developments and associated spending from oil revenues will be less important than in previous years due to the expectation of medium term low oil prices.

Inflation: Disruptions to cross-border trade with Cameroon and Nigeria caused by the security situation will add pressures onto imported product prices in 2016. As a result, inflation is likely to remain above the 3% regional convergence criterion. However, moderate price trends for global commodity imports and low euro area inflation and the exchange rate peg that helps anchor imported prices, will all help contain additional inflationary pressures.

Fiscal balance: The fiscal position will face challenges from projected revenue shortfalls and repayment of accrued arrears. Budget support disbursements from donors along with some additional expenditure cuts will help prevent the fiscal deficit from widening significantly. However, there is a need to rely on prudent and credible assumptions (particularly regarding oil prices).

Current account: A large current account deficit of around 10% of GDP is expected in 2016 as export revenues remain low as a result of low oil prices and rising demand for imports. The Djermaya refinery output will supplement crude oil exports but only moderately given low oil price expectations.

Risks: The main risks revolve around the potential for the regional security situation to deteriorate once again; and for a further collapse in global oil prices. Weather-related shocks would significantly disrupt pastoralism activity. Meanwhile, reliance upon donor support remains crucial and any weakening in the relationship should be avoided.



Chad

XAF performance and volatility*

XAF versus USD1

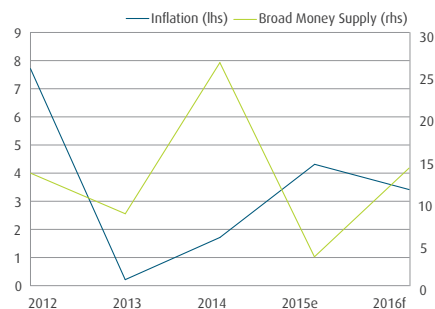
Sources: Bloomberg, Ecobank Research



*Note: XAF volatility is measured by standard deviation (SD).

Chad inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XAF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				
FX market structure	BEAC's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					

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FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government	Central bank	
End use	Government financing		Government and infrastructure financing		
Maturity structure	91- to 364-days	n/a	2- to 5-ys		n/a
Coupon	Zero		Fixed		
Coupon payments	n/a		Annual		
Secondary market					
Daily trading volume		Limited trading			
Average trade size		Limited trading			n/a
Settlement		n/a			

Ecobank local affiliate contact details:

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Sources: Bloomberg, IMF and Ecobank Research

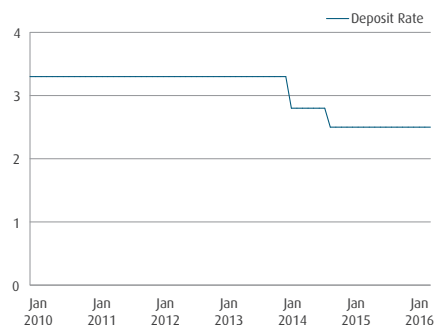
FI primary market information

Chad debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	17.9	18.7	24.6	25.2	23.8
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	20.5	21.9	28.5	26.1	23.7
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	2.5	2.8	4.0	3.1	3.0
Share of total sub-Sahara debt (%)	0.9	0.9	1.2	0.8	0.8

Sources: IMF and World Bank

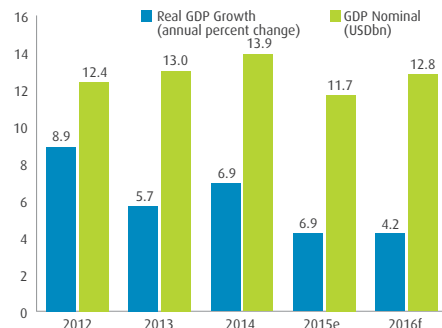
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Chad

Commodity and Trade Information

Hydrocarbon and mineral production

Crude oil production started in Chad in 2003. The country produces around 105,000 bpd of crude and exports over 90% of its output owing to its own limited consumption. Crude oil revenues account for about 75% of government revenue. As a landlocked country, Chad exports its crude oil through the Chad-Cameroon pipeline which was completed in 2003 and sponsored by ExxonMobil, RoyalDutch Shell and Total, with support from the World Bank. Cameroon has charged a transit fee of USD1.30/barrel since 2013, following an agreement to raise the fee from USD0.40/barrel. Chad is home to the 20,000 bpd N'Djamena refinery, built in 2011 by China National Petroleum Company (CNPC). The bulk of the refinery's output is exported as the country consumes just one tenth of its output. However, operations at the Chad refinery have been disrupted frequently by disputes between the Chinese operators and the government of Chad over the environmental impact and expatriate quotas.

Soft commodity production

Chad is a small producer of cotton, with estimated output of 42,000 tonnes of cotton lint in 2014-15. The country's cotton is highly prized by cotton traders for its superior quality. Unlike other West African origins, Chadian cotton is of extra long fibre length (1 5/32 inch staple), which is used in the manufacture of high quality knit apparel. Chad is the world's second largest producer of gum Arabic (which is mainly used as an emulsifier in soft drinks), after Sudan, with estimated output of 20,000 tonnes. However, given the fragmented nature of production and harvesting of the crop, a large proportion is smuggled into Sudan, distorting the country's output.

Trade flows

Imports

Chad's imports totalled USD1.3 bn in 2014, 13.9% higher than the previous year. Chad is dependent on imports of capital and consumer goods, and industrial raw materials. The country imported machinery, vehicles and aircraft worth USD511 mn in 2014, along with USD115 mn of electronics, USD107 mn of iron and steel, USD52 mn of pharmaceuticals and USD41 mn of plastics, reflecting the underdevelopment of its local manufacturing sector. Food imports were relatively small, but official data do not capture the high volume of grains and cooking oils traded informally across the country.

Exports

Chad's exports totalled USD3 bn in 2014, 4% lower than the previous year. Crude oil was Chad's most valuable export, worth USD2.8 bn in 2014, all of which was exported via the Chad-Cameroon pipeline, with the USA as the largest final offtaker. The country also exported modest amounts of petroleum products, worth USD59 mn. Crude oil has long eclipsed Chad's traditional export, cotton, exports of which totalled 16,000 tonnes in 2014, worth USD33 m, mostly to India, Indonesia and Portugal. Chad also exported 12,000 tonnes of gum Arabic (worth USD22 m), most of which went to the USA and France for use in the soft drinks and prepared foods industries.

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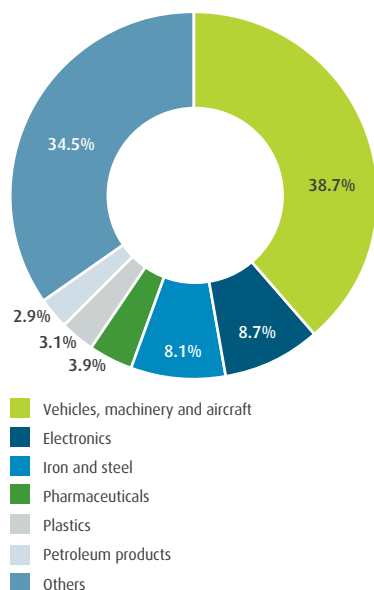
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Chad

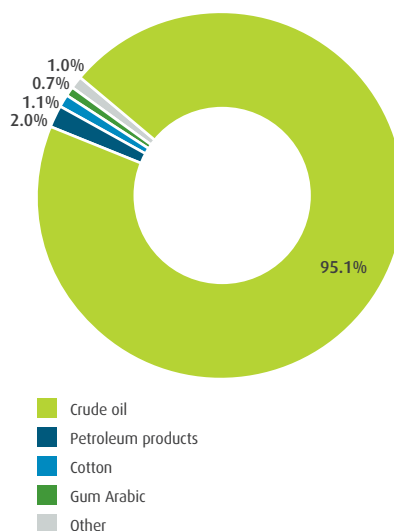
Share of Chad's total imports, 2014 (%)

Source: Intracen



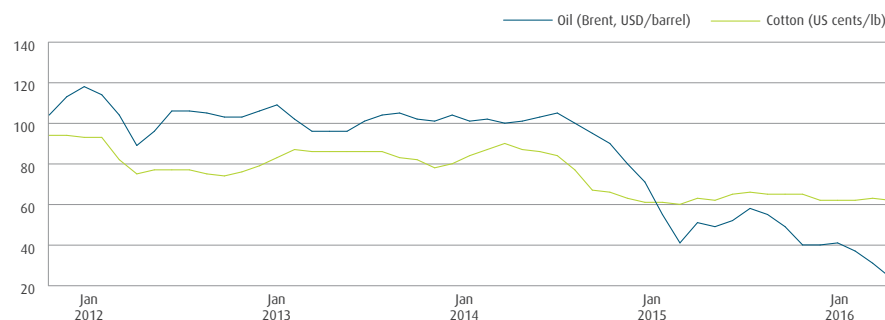
Share of Chad's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Chad

Useful Links

- Central Bank www.beac.int
- Ministry of Finance www.igf.mef.gouv.td
- Stock Exchange www.bvm-ac.com/fr

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Republic of Congo

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	3.8	3.3	6.8	1.0	3.8
GDP (USD bn)	13.7	13.5	13.6	8.9	9.8
Inflation (average)	5.0	4.6	0.9	0.9	1.7
Fiscal Balance (% GDP)	6.4	-1.8	-7.7	-9.4	-3.0
Broad Money (% change, end period)	21.1	0.7	13.1	1.4	4.8
Population (mn)	4.3	4.4	4.5	4.6	4.7
Exports (USD bn)	9.1	7.9	7.7	5.7	7.8
Imports (USD bn)	3.9	4.0	4.1	3.4	3.8
Current Account Balance (% GDP)	-2.4	-4.5	-9.4	-15.2	-14.6
FX Reserves (USD bn, end period)	4.7	4.3	4.6	3.7	3.4
Exchange Rate (average)	511.2	495.2	496.2	594.11	627.92
Oil production (mn bpd)	0.268	0.241	0.249	0.290	0.350

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

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Economic Outlook

Real GDP: The economy has been badly affected by the oil price shock and the challenging economic environment seen in 2015 is likely to continue in 2016. The economy is projected to expand around 4% in 2016 driven by new oil fields coming on stream. However, private sector activity (mainly construction, telecoms, and forestry) will continue to be held back by infrastructure gaps, a difficult business climate, and a shallow financial system. Although oil production is likely to have peaked in 2012, a recent oil discovery and ongoing negotiations to change the oil taxation regime might boost production in the years ahead. However, reducing oil dependence through the diversification of the economy, addressing deep-seated structural weaknesses, and by increasing policy buffers remain import goals.

Inflation: Likely to remain comfortable and in line with moderate prices trends for key commodity imports and low euro area inflation. We think inflation will remain below the 3% regional convergence criterion, supported by the exchange rate peg that helps anchor imported prices.

Fiscal balance: The fiscal deficit is likely to narrow to 3% of GDP in 2016 given implementation of a recently introduced fiscal rule that should help strengthen public financial management and contribute to greater fiscal savings and FX reserves. The rule should also help address oil revenue volatility and diversification from oil given the depletion of resources. Implementation of fiscal and structural reforms would also benefit from enhanced coordination across ministries and closer monitoring.

Current account: Assuming low oil prices throughout 2016, the large current account deficit will remain in place, albeit narrowing slightly over previous year. Reduced oil exports earnings are expected to lower external buffers in 2016. However, these should improve over the medium term in line with expanding oil output and as oil prices are likely rise once again.

Risks: Risks to the outlook relate to oil price volatility, persistently low oil prices, accumulation of domestic payment arrears, and domestic instability. Meanwhile, over the medium term, fiscal and debt sustainability should be ensured by a comprehensive and coherent fiscal adjustment strategy which incorporates lower projected oil prices and the limited remaining lifetime of oil reserves.



Republic of Congo

XAF performance and volatility*

XAF versus USD1

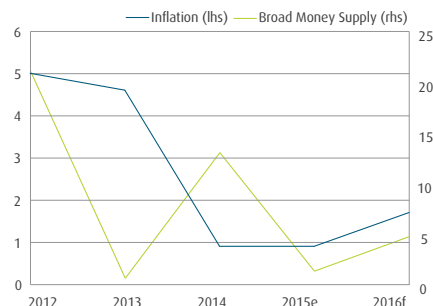
Sources: Bloomberg, Ecobank Research



*Note: XAF volatility is measured by standard deviation (SD).

Republic of Congo inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XAF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	08:00-16:00				
Settlement	T+2				
FX market structure	BEAC's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					

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Republic of Congo

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FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government	Government	Government	Government	Central bank	
End use	Government financing	Government financing		Government and infrastructure financing		
Maturity structure	91- to 364-days	n/a	2- to 5-yrs		n/a	
Coupon	Zero		Fixed			
Coupon payments	n/a		Annual			
Secondary market						
Daily trading volume		Limited trading				
Average trade size		Limited trading			n/a	
Settlement		n/a				

Ecobank local affiliate contact details:

Ecobank République du Congo, Immeuble de l'ARC, Avenue du Camp, Brazzaville

Tel: +242 66 21 08 08

Sources: Bloomberg, IMF and Ecobank Research

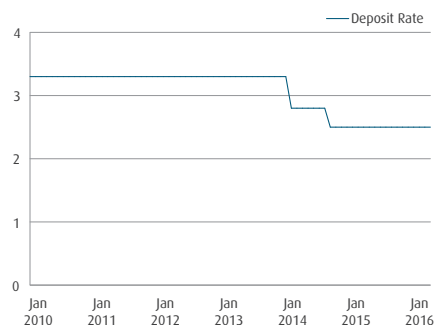
FI primary market information

Republic of Congo debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	34.1	38.2	41.8	57.5	54.1
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	26.2	33.0	33.8	51.3	49.9
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	3.6	4.4	4.6	4.6	4.9
Share of total sub-Sahara debt (%)	1.2	1.4	1.3	1.2	1.2

Sources: IMF and World Bank

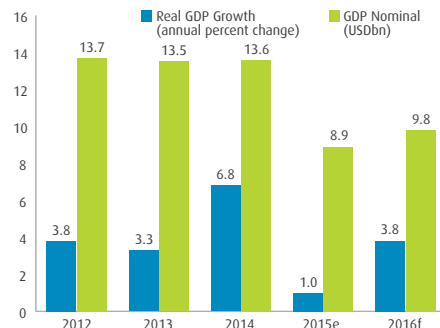
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Republic of Congo

Commodity and Trade Information

Hydrocarbon and mineral production

Republic of Congo is Middle Africa's fourth largest oil producer, with estimated output of 290,000 bpd in 2015. Production was boosted with the start-up of ENI's Nene Marine and Total's Moho Bilondo Phase 1b project in 2015, which added nearly 50,000 bpd to the country's output. Total's Moho Nord is expected to add another 100,000 bpd in late 2016. The country acts as a hub for oil rigs and vessels operating in the Gulf of Guinea, which is reflected in the country's trade flow data. Republic of Congo could become one of the first African countries to start unconventional oil production on Italian explorer ENI's oil sands project. A feasibility study was initiated in 2012 ahead of a planned USD7.5 bn investment, but this is likely to be delayed given the current weak price environment. Republic of Congo's only refinery, the 21,000 bpd Congolaise de Raffinage (CORAF), supplies around 13,800 bpd of petroleum products, moderately short of domestic demand estimated at over 17,500 bpd, requiring imports to make up the balance.

Republic of Congo has rich mineral resources, including diamonds, gold, iron ore, phosphate and potash. The country produced an estimated 53,000 carats of diamonds in 2014. Numerous licences have been awarded to mining companies and exploration is under way, but any commercial production is unlikely in the near term.

Soft commodity production

Republic of Congo lacks a developed agricultural sector. The country's only non-hydrocarbon commodity is raw timber, with output of 489,000 tonnes in 2014.

Trade flows

Imports

Republic of Congo's imports totalled USD3.3 bn in 2014, less than half the previous year's total. This reflected the slump in imports of drilling platforms and rigs, from an estimated USD5.4 bn in 2013 to just USD62 mn in 2014, as drilling activity in the Gulf of Guinea slumped in response to the weak global oil price. The country is heavily reliant on imports of capital and consumer goods, food and industrial raw materials. The country imported machinery and vehicles worth USD932 mn in 2014, along with USD224 mn of electronics and USD90 mn of pharmaceuticals, reflecting the underdevelopment of its local manufacturing sector. Imports of industrial raw materials were dominated by iron and steel (USD474 mn) and cement (USD144 mn). Given limited agricultural production, the country imports large volumes of food, including USD225 mn worth of meat and fish and USD183 mn of cereals and flour.

Exports

The Republic of Congo's exports totalled USD6.6 bn in 2014, 37.4% lower than the previous year, reflecting the slump in oil export revenues. Crude oil is Guinea's single most valuable export, worth USD4.1 bn in 2014 (down from USD7.9 bn in 2013), most of which went to Ghana, the UAE and India. Re-exports of oil rigs and drilling ships for use in the Gulf of Guinea totalled USD2.1 bn in 2014, but this figure is likely to have fallen in 2015 in line with offshore exploration activity in the region. The country's only significant soft commodity export is timber, with 489,000 tonnes of exports worth USD70 mn mostly to China and Belgium, although large illicit volumes are not captured by official data.

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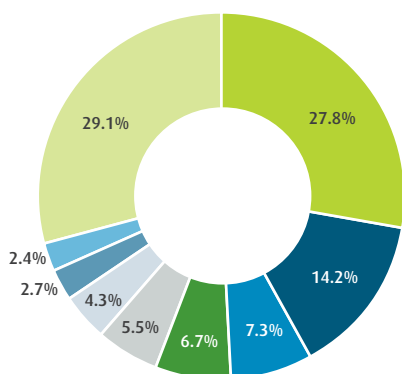
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Republic of Congo

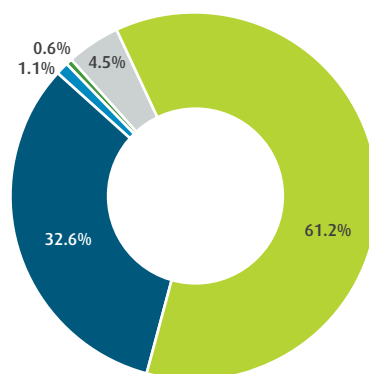
Share of Republic of Congo's total imports, 2014 (%)

Source: Intracem



Share of Republic of Congo's total exports, 2014 (%)

Source: Intracem

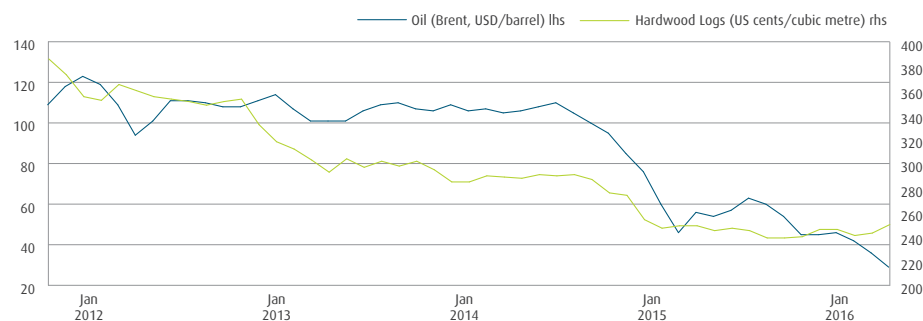


- Vehicles and machinery
- Iron and steel
- Electronics
- Meat and fish
- Cereal and flour
- Cement
- Pharmaceuticals
- Petroleum products
- Other

- Crude oil
- Ships (re-exports)
- Wood
- Gas
- Other

Key commodity prices

Source: IMF





Republic of Congo

Useful Links

- Central Bank www.beac.int
- Ministry of Finance www.mefb-cg.org
- National Statistics Bureau www.cnsee.org
- Stock Exchange www.bvm-ac.com/fr

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Equatorial Guinea

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	5.8	-6.5	-0.3	-10.2	-0.5
GDP (USD bn)	18.0	17.1	15.5	10.0	10.2
Inflation (average)	3.4	3.2	4.3	3.5	2.9
Fiscal Balance (% GDP)	-9.0	-7.5	-6.8	-5.9	-3.3
Broad Money (% change, end period)	57.8	7.3	-14.1	-15.2	-1.5
Population (mn)	0.8	0.8	0.8	0.8	0.9
Exports (USD bn)	15.0	13.2	12.4	10.2	10.5
Imports (USD bn)	6.0	4.9	4.6	3.6	3.4
Current Account Balance (% GDP)	-2.2	-4.0	-10.0	-8.7	-3.1
FX Reserves (USD bn, end period)	4.4	4.6	2.9	2.0	1.9
Exchange Rate (average)	511.2	495.2	496.2	594.11	627.92
Oil production (mn bpd)	0.316	0.311	0.33	0.325	0.286

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, EIA, BP, Ecobank Research

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Economic Outlook

Real GDP: With oil production shifting into a declining trend and given the context of weak oil prices in 2016, the growth outlook is weak. Real GDP is expected to contract about 0.5% in 2016 due to lower government spending and falling hydrocarbon production. Perceptions of an unfriendly business climate (particularly in the non-hydrocarbon sector) do not support an inclusive, diversified growth strategy. As a result, and given that hydrocarbon revenues provide the financing for much of non-oil activity, the 2008–20 National Development Plan (NDP) will continue to struggle in 2016 to upgrade infrastructure and underpin sustainable non-oil growth opportunities over the medium term.

Inflation: Likely to remain comfortable and in line with moderate prices trends for key commodity imports and low euro area inflation. We think inflation will slow slightly to around the 3% regional convergence criterion, supported by the exchange rate peg that helps anchor imported prices.

Fiscal balance: The fiscal position will remain weak and fiscal buffers diminished in 2016 due to the combination of low oil prices and high dependence on oil revenues. This will require further substantial fiscal consolidation, particularly in investment to prevent the fiscal deficit from widening beyond 3% of GDP in 2016. With global oil price uncertainty, fiscal revenues could fall below projections, although capital spending would likely be cut to contain any enlargement of the deficit.

Current account: The current account deficit will probably narrow to 3% of GDP as import costs associated with refined oil products and capital goods remain low, and despite falling hydrocarbon export revenues and repatriation of profits to foreign oil firms.

Risks: The key risks are insufficient fiscal adjustment and lacklustre structural reform, reducing the authorities' ability to counter further shocks and weakening potential growth. Exposure to global oil prices changes remains a perennial risk underlining the need to bolster diversification efforts. Further structural reforms are required to boost the non-oil sector, particularly focused on accelerating business climate reforms, strengthening banking infrastructure, and catalysing investment through international financial institutions.



Equatorial Guinea

XAF performance and volatility*

XAF versus USD1

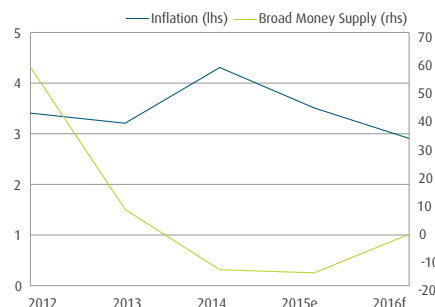
Sources: Bloomberg, Ecobank Research



*Note: XAF volatility is measured by standard deviation (SD).

Equatorial Guinea inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XAF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				
FX market structure	BEAC's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					

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Equatorial Guinea

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FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government	Government	Government	Government	Central bank	
End use	Government financing	Government financing		Government and infrastructure financing		
Maturity structure	91- to 364-days	n/a	2- to 5-yr		n/a	
Coupon	Zero		Fixed			
Coupon payments	n/a		Annual			
Secondary market						
Daily trading volume		Limited trading				
Average trade size		Limited trading			n/a	
Settlement		n/a				

Ecobank local affiliate contact details:

Ecobank Equatorial Guinea, Avenida de la Independencia, Apdo 268, Malabo

Tel: +333 098 271/555 300 203

Sources: Bloomberg, IMF and Ecobank Research

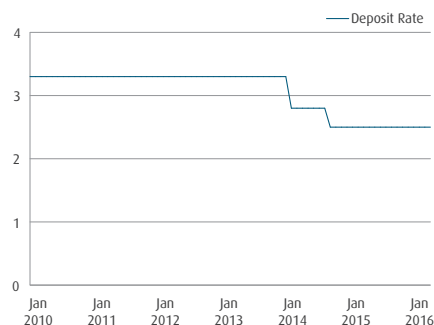
FI primary market information

Equatorial Guinea debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	9.1	7.9	12.0	16.1	15.7
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	9.3	8.2	6.6	9.9	9.6
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	n/a	n/a	n/a	n/a	n/a
Share of total sub-Sahara debt (%)	n/a	n/a	n/a	n/a	n/a

Sources: IMF and World Bank

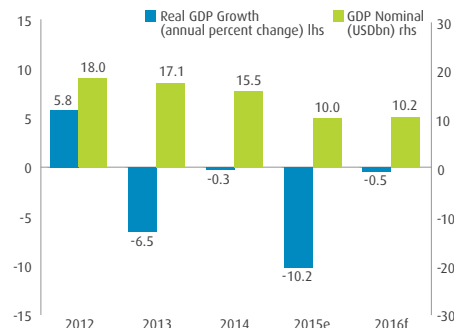
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Equatorial Guinea

Commodity and Trade Information

Hydrocarbon and mineral production

Equatorial Guinea is Middle Africa's third largest producer, with estimated output of 325,000 bpd in 2015. Production is on a declining trend, with new production from the Alen field unable to make up the shortfall. Oil production is entirely from offshore fields and the government has conducted a licensing round to attract new investment in its oil industry. Equatorial Guinea is host to one of three LNG plants in Middle Africa. The USD1.4 bn Punta Europa LNG plant situated on Bioko Island exports nearly all of the country's gas production as 3.7 mn tonnes of LNG per year. A second USD4 bn LNG train is expected to start operations in 2017, increasing LNG production to 7.4 mn tonnes per year. The country consumes nearly 5,000 bpd of petroleum products, made up entirely of imports through the Luba and Malabo seaports. Petroleum products are distributed by Gettotal, a jointly owned venture by Total and the government.

Equatorial Guinea's mainland territory is believed to have reserves of gold, diamonds and coltan, but to date there is only small-scale artisanal production of gold.

Soft commodity production

Equatorial Guinea lacks a developed agricultural sector. The country's only major soft commodity is raw timber, with output worth USD195 mn, all of which came from the mainland.

Trade flows

Imports

Equatorial Guinea's imports totalled USD2.6 bn in 2014, 15.7% lower than the previous year. The country is reliant on imports of capital and consumer goods. In 2014 the country imported USD571 mn worth of machinery and vehicles, USD345 mn of aircraft and USD170 mn of electronics, reflecting the underdevelopment of local manufacturing. The country also imported USD166 mn of petroleum products from Côte d'Ivoire and Cameroon, owing to its limited local refining capacity. Equatorial Guinea also imports large volumes of industrial raw materials – notably iron and steel (USD257 mn) and cement (USD52 mn) – which are needed for large-scale infrastructure development.

Exports

Equatorial Guinea's exports totalled USD12.9 bn in 2014, 11% lower than the previous year, owing to the slump in crude oil and gas prices. Hydrocarbons dominate exports, with crude oil (USD8.8 bn), gas (USD3.4 bn) and ethanol (USD423 mn) making up an estimated 97.4% of total export revenues in 2014. Most of the country's crude oil is exported to China, the UK, France, Brazil and India, while its gas goes to Singapore, Japan and China, and its ethanol to the Netherlands and the USA. The country also exported USD195m worth of raw timber, mostly to China although large illicit volumes are not captured by official data.

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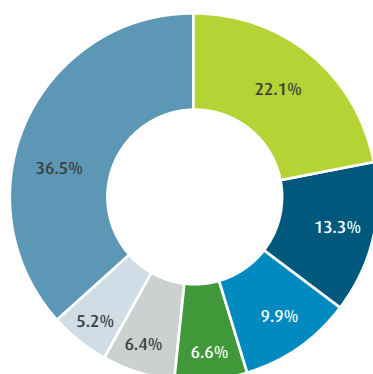
East Africa

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Equatorial Guinea

Share of Equatorial Guinea's total imports, 2014 (%)

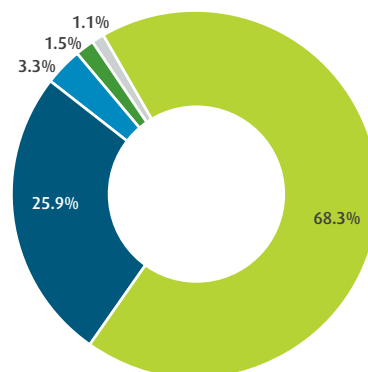
Source: Intracen



- Vehicles and machinery
- Aircraft
- Iron and steel
- Electronics
- Petroleum products
- Beverages
- Other

Share of Equatorial Guinea's total exports, 2014 (%)

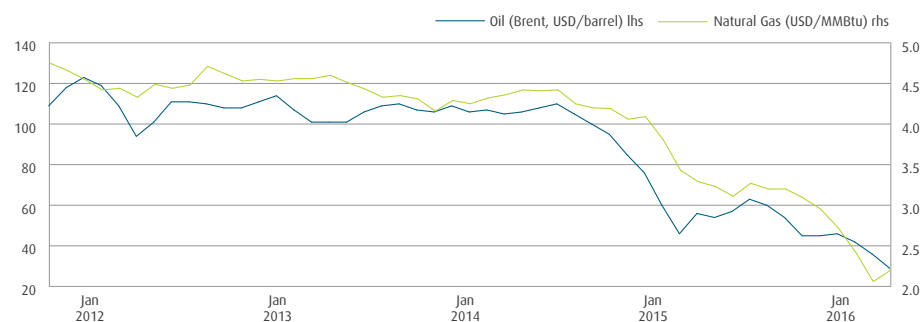
Source: Intracen



- Crude oil
- Gas
- Ethanol
- Wood
- Other

Key commodity prices

Source: IMF





Equatorial Guinea

Useful Links

- Central Bank www.beac.int
- National Statistics Bureau www.dgecnstat-ge.org
- Stock Exchange www.bvm-ac.com/fr

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Gabon

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016fp
Real GDP (% change)	5.3	5.6	4.3	3.5	3.3
GDP (USD bn)	17.2	17.6	18.2	13.8	14.2
Inflation (average)	2.7	0.5	4.5	0.6	2.5
Fiscal Balance (% GDP)	1.6	1.8	2.7	-3.6	-4.5
Broad Money (% change, end period)	15.7	6.1	1.6	-5.2	5.3
Population (mn)	1.6	1.7	1.7	1.7	1.8
Exports (USD bn)	9.7	8.9	8.3	5.4	6.1
Imports (USD bn)	2.8	2.9	3.1	2.6	2.9
Current Account Balance (% GDP)	15.9	12.3	8.3	-7.0	-4.2
FX Reserves (USD bn, end period)	1.8	2.2	2.0	2.0	2.2
Exchange Rate (average)	511.2	495.2	496.2	594.11	627.92
Oil production (mn bpd)	0.245	0.239	0.237	0.205	0.185

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, EIA, BP, Ecobank Research

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Economic Outlook

Real GDP: With oil sector performance likely to stagnate in 2016, real growth will probably slow to 3.3%, exacerbated by oil revenue volatility. However, non-oil GDP performance (manganese mining, wood processing, and public investment) is likely to remain strong, supported by public spending. The oil sector is projected to decline over the medium term, owing to maturing oil fields, until new fields can be exploited in the longer term. Therefore, diversification of the economy remains important because it remains heavily dependent on oil – around 45% of GDP and 55% of fiscal revenue. Furthermore, institutions and governance remain weak, which underlines public financial management challenges in utilising hydrocarbons revenues effectively.

Inflation: Likely to remain comfortable and in line with moderate prices trends for key commodity imports and low euro area inflation. We think inflation will remain below the 3% regional convergence criterion, despite strong domestic demand arising from public investments, supported by the exchange rate peg that helps anchor imported prices.

Fiscal balance: Diminishing oil reserves will lead to a decline in fiscal revenues in 2016, assuming oil prices remain low. Meanwhile, ongoing implementation of the ‘Plan Stratégique Gabon Emergent’ will continue with the resulting increase in public investment weakening the fiscal stance in 2016 along with high spending on subsidies and public wages. As a result, the fiscal deficit is likely to widen to around 4.5% of GDP.

Current account: Low oil and manganese exports (these commodities account for about 90% of total export earnings) are likely to sustain a weak external position, with the current account deficit remaining in place, although narrowing to around 4% of GDP in 2016. Meanwhile, import pressure will be reduced given low global food and other commodity prices, although some pressures will remain as public investment continues.

Risks: Oil price volatility is a risk to the economy, which in the past has caused boom and bust cycles. In turn, these economic up/downturns have often been worsened by rapidly rising wages in the context of a fixed exchange rate regime. In addition, the recent drop in oil prices requires major fiscal adjustment to prevent depletion of fiscal buffers and debt rising sharply.



Gabon

XAF performance and volatility*

XAF versus USD1

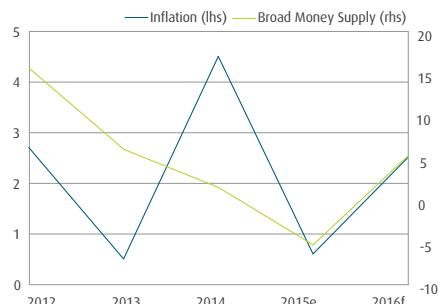
Sources: Bloomberg, Ecobank Research



*Note: XAF volatility is measured by standard deviation (SD).

Gabon inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	XAF655.957 to EUR1
Type of intervention	Via Central Bank
Convertible currency?	Partial
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	8:00-16:00				
Settlement	T+2				
FX market structure	BEAC's exchange regime is free of restrictions on payments and transfers for current international transactions, apart from restrictions maintained for security.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					

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Gabon

Introduction

FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government	Government	Government	Government	Central bank	
End use	Government financing	Government financing		Government and infrastructure financing		
Maturity structure	91- to 364-days	n/a	2- to 5-yrs		n/a	
Coupon	Zero		Fixed			
Coupon payments	n/a		Annual			
Secondary market						
Daily trading volume		Limited trading				
Average trade size		Limited trading			n/a	
Settlement		n/a				

Ecobank local affiliate contact details:

Ecobank Gabon, 214, Avenue Bouët, 9 Etages, Montagne Sainte, Libreville

Tel: +241 01 76 20 71/73

Sources: Bloomberg, IMF and Ecobank Research

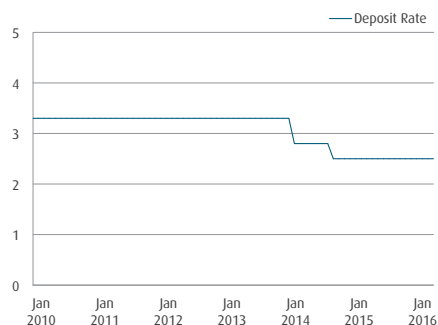
FI primary market information

Gabon debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	19.9	29.2	28.9	38.7	41.7
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	6.9	8.6	21.1	34.2	37.1
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	1.2	1.5	3.8	4.7	5.3
Share of total sub-Sahara debt (%)	0.4	0.5	1.1	1.3	1.3

Sources: IMF and World Bank

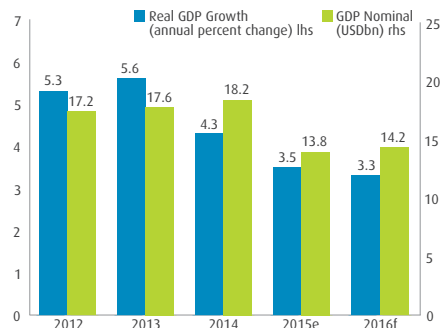
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Gabon

Commodity and Trade Information

Hydrocarbon and mineral production

Gabon is Middle Africa's fifth largest hydrocarbon producer, with estimated output of 205,000 bpd of crude oil and 215 mn cubic feet of gas per day in 2015. Oil production has fallen significantly from a 1997 peak of 370,000 bpd owing to declining output from maturing fields such as the Rabi, Tchatamba and Gamba complex. Recent discoveries offshore Gabon, notably of gas and in shallower waters than those made in Angola, the DRC or Equatorial Guinea, could help arrest the sector's long-term decline, although since the licensing of new blocks in 2013 exploration activity has been low. Gabon's only refinery, Société Gabonaise de Raffinage (SOGARA), has a capacity to process 10% of national crude production but operates at less than 70% capacity. SOGARA is reliant on subsidies from the government as it sells its output at below market prices.

Gabon has rich mineral reserves, including manganese, uranium, coltan and rare earth metals. To date only manganese has been fully exploited, with estimated output of 3.8 m tonnes of ore in 2014, making Gabon the world's second largest producer (after South Africa). France's Eramet (the sector's dominant player) is continuing to expand production at its flagship manganese mine.

Soft commodity production

Like its oil-producing neighbours, Gabon's agricultural sector is poorly developed as it has been largely neglected by the government since the discovery of hydrocarbons. Gabon's key soft commodity output is timber, with estimated output of 407,000 tonnes in 2014. However, the government is prioritising investment in its agriculture sector as part of plans to diversify the economy. Singapore's Olam is developing a 50,000-ha palm oil plantation which could turn Gabon into an exporter of palm oil to CEMAC and international markets.

Trade flows

Imports

Gabon's imports totalled USD4.2 bn in 2014, 5.5% higher than the previous year. Gabon is heavily dependent on the import of capital and consumer goods. The country imported machinery, vehicles, ships and electronics worth USD1.19 bn in 2014, reflecting the country's underdeveloped manufacturing sector. Gabon also imported USD335 mn worth of iron and steel and USD54 mn of cement to support large-scale infrastructure projects. The country is also dependent on petroleum product imports (worth USD119 m), owing to its limited local refining capacity. Given limited agricultural production, Gabon also imports large volumes of food, including USD167 mn of meat and USD64 mn of cereals.

Exports

Gabon's exports totalled USD8.3 bn in 2014, 14.6% lower than the previous year. Crude oil remains Gabon's most valuable export, worth USD6.8 bn in 2014, three quarters of which went to the USA. The country also exported 255,000 tonnes of petroleum products (worth USD121 m), mostly to the sub-region. Gabon's key mineral export is manganese ore, with 3.4 m tonnes of exports worth USD705 m in 2014, mostly to China, Norway and the USA. Gabon also exported 407,000 tonnes of timber (worth USD459 m), mostly to China, France, India and Italy, and 14,000 tonnes of natural rubber (NR), (worth USD35 mn), mostly to Spain, France, and Malaysia.

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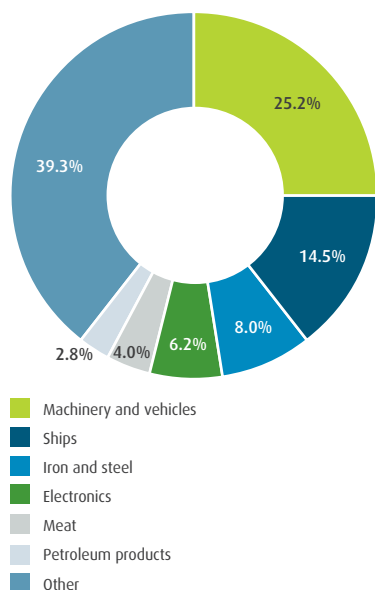
Southern Africa
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Gabon

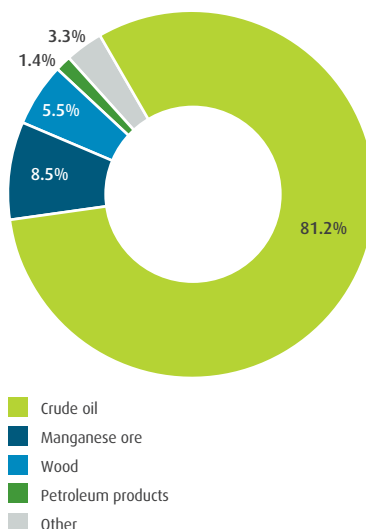
Share of Gabon's total imports, 2014 (%)

Source: Intracen



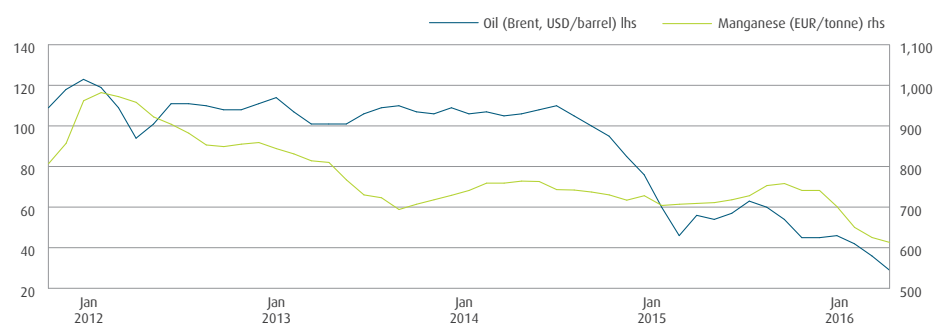
Share of Gabon's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Gabon

Useful Links

- Central Bank www.beac.int
- Ministry of Finance www.economie.gouv.ga
- National Statistics Bureau www.stat-gabon.com
- Stock Exchange www.bvm-ac.com/fr

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São Tomé and Príncipe

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	4.5	4.0	4.5	5.0	4.6
GDP (USD bn)	0.3	0.3	0.3	0.3	0.4
Inflation (average)	10.6	8.1	7.0	5.6	4.6
Fiscal Balance (% GDP)	-10.9	1.9	-5.5	-8.8	-3.3
Broad Money (% change, end period)	20.3	13.9	16.8	15.1	11.4
Population (mn)	0.2	0.2	0.2	0.2	0.2
Exports (USD mn)	15.1	12.9	17.2	18.8	22.3
Imports (USD mn)	111.7	128.6	144.6	121.1	161.4
Current Account Balance (% GDP)	-21.3	-23.4	-27.7	-12.4	-15.2
FX Reserves (USD mn, end period)	43.8	56.5	56.5	66.9	80.5
Exchange Rate (average)	19,136	18,515	18,478	22,082	25,596

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: The 2016 economic outlook is challenging. Growth is likely to slow below 5% as the outlook has been downgraded due to a lower probability of commercial oil production. In addition, growth will be undermined by global economic uncertainties and relatively weak external financing prospects for private and public sector investment projects. With the adoption of a fixed exchange rate regime, fiscal policy has become the authorities' principal instrument for achieving sustainable macroeconomic balances.

Inflation: Likely to slow to 4.6% in 2016 as global commodity prices ease and as inflation expectations continue to be anchored by a relatively prudent fiscal policy stance and the Sao Tomé dobra (STD) peg to the EUR; this is despite the potential for supply shocks arising from global commodity price rises.

Fiscal balance: Fiscal policy will aim to support growth and contain inflation by ongoing efforts in revenue mobilisation through improved tax and customs administration, and a widening of the tax base. Given progress with these efforts, the fiscal deficit is expected to narrow to around 3% of GDP in 2016. However, spending pressures and limited scope to boost revenues further suggest a structural deficit will remain evident over the medium term.

Current account: Without significant oil exports from the Joint Development Zone (shared with Nigeria), São Tomé and Príncipe's large current account deficit, expected to widen to 15% of GDP in 2016, is unsustainable. A narrow export base and high import dependency make the country vulnerable to external shocks (such as an oil price hike).

Risks: Include delayed or partial implementation of IMF-advised policies, financial sector vulnerabilities, and continued slower growth in Europe that the economy is particularly exposed to. Looking further ahead, São Tomé and Príncipe's economic development is constrained by its insularity, fragility, limited resources, and low capacity as a small island state. Therefore, the authorities need to address the high debt vulnerability while also creating the conditions for sustained growth, which requires reforms to strengthen domestic revenue mobilisation, expenditure rationalisation, public debt management, and public financial management to restore fiscal discipline and reduce the risk of debt distress. Moreover, there needs to be a strategy developed to eliminate the stock of arrears and also prevent the accumulation of new arrears. Finally, the business environment needs to be strengthened to boost growth.

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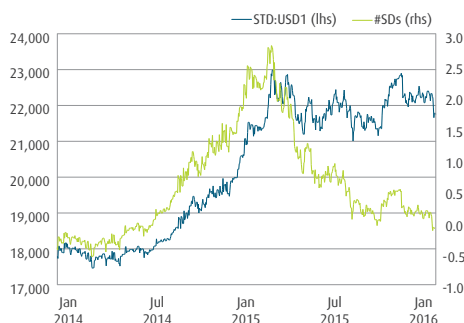


São Tomé and Príncipe

STD performance and volatility*

STD versus USD1

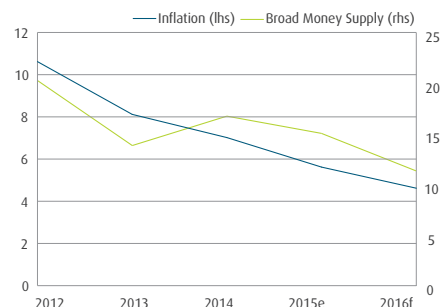
Sources: Bloomberg, Ecobank Research



*Note: STD volatility is measured by standard deviation (SD).

São Tomé inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	24,500 STD to the EUR
Type of intervention	Via central bank
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a				n/a
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				
FX market structure	Commercial banks can buy FX from, and sell it to, the Central Bank at up to 1.5% and 0.5% commission, respectively. Any FX commission which banks decide to charge cannot exceed 2% for transactions in EUR, and 4% for transactions in any other currency.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Taxes and other obligations to government must be paid as a condition of the transfer of net income from investment				
Financial flow					n/a
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow					n/a

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FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer						
End use						
Maturity structure						
Coupon				n/a		
Coupon payments						
Secondary market						
Daily trading volume						
Average trade size						
Settlement						

Ecobank local affiliate contact details:

Ecobank São Tomé and Príncipe, Edifício HB, Travessa do Pelourinho, São Tomé

Tel: +239 222 21 41 / 50 02

Sources: Bloomberg, IMF and Ecobank Research

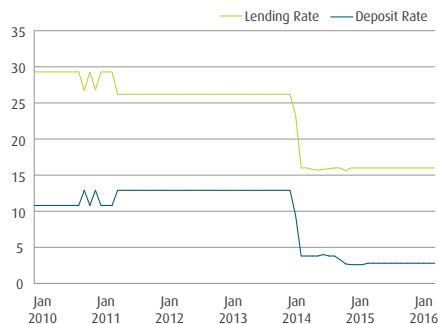
FI primary market information

São Tomé and Príncipe Debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	78.3	71.4	69.0	91.2	90.1
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	78.3	71.4	69.0	91.2	90.1
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	0.2	0.2	0.2	0.3	0.3
Share of total sub-Saharan debt (%)	0.1	0.1	0.1	0.1	0.1

Sources: IMF and World Bank

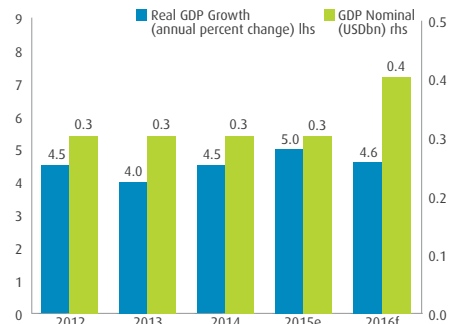
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





São Tomé and Príncipe

Commodity and Trade Information

Hydrocarbon and mineral production

São Tomé and Príncipe is believed to have oil and gas reserves owing to its location between the intersecting Niger Delta and Douala Basin plays in Nigeria and Cameroon, respectively. Although the country was the focus of considerable exploration activity, following a string of dry wells by Total and a non-commercial gas find by Chevron, exploration activity has slowed considerably. In 2015 the government signed new contracts with US Independent Kosmos Energy and Portuguese oil company Galp Energy to explore several offshore blocks. The country has no known hard mineral reserves.

Soft commodity production

As a small archipelago, São Tomé and Príncipe lacks a robust agricultural sector. The country's only notable soft commodity production is cocoa, with estimated output of 3,000 tonnes in 2014-15.

Trade flows

Imports

São Tomé and Príncipe's imports totalled USD170 mn in 2014, 11.8% higher than the previous year. The archipelago is reliant on imports of petroleum products, worth USD38 m in 2014, 22.3% of total imports. The archipelago also imported vehicles, machinery and electronics worth USD31 m, reflecting the lack of local manufacturing. São Tomé and Príncipe is also dependent on imports of industrial raw materials, such as iron, steel and cement (worth USD13 mn in 2014) and of food (USD24 mn).

Exports

São Tomé and Príncipe's exports totalled just USD10.5 m in 2014, 51% higher than the previous year. The country's only notable commodity export is cocoa, of which it exported 3,000 tonnes worth USD9.6 m in 2014. The country also exports small quantities of rice and peppers, as well as re-exports of consumer goods to the sub-region.

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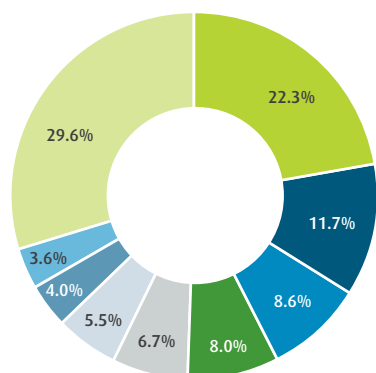
East Africa

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São Tomé and Príncipe

Share of São Tomé and Príncipe's total imports, 2014 (%)

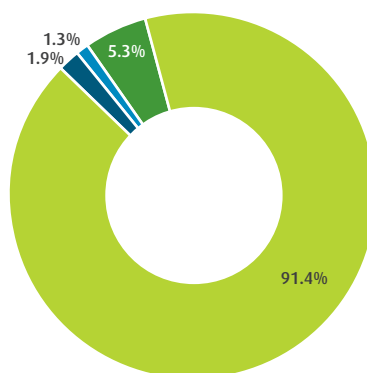
Source: Intracen



- Petroleum products
- Machinery and vehicles
- Cereals and flour
- Beverages
- Electronics
- Meat and dairy products
- Iron and steel
- Cement
- Other

Share of São Tomé and Príncipe's total exports, 2014 (%)

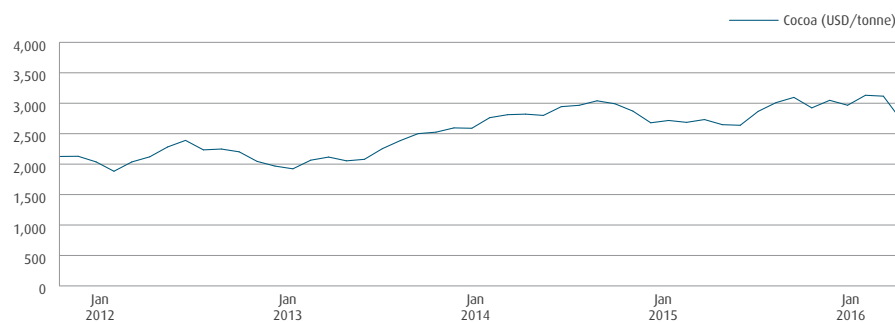
Source: Intracen



- Cocoa
- Rice
- Pepper
- Other

Key commodity prices

Source: IMF





São Tomé and Príncipe

Useful Links

- Central Bank www.bcstp.st
- National Statistics Bureau www.ine.st
- Stock Exchange www.bvm-ac.com/fr

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Country Profiles:

East Africa

Introduction	East Africa is one of the most diverse regions in Middle Africa, running from Ethiopia in the north to Tanzania in the south. The region has at its core the East Africa Community (EAC), made up of Kenya, Tanzania, Uganda, Rwanda and Burundi, and has close trade ties with its East African neighbours, Ethiopia and South Sudan.
Global and Regional Context	Ethiopia and Kenya dominate East Africa, by virtue of their large populations and diversified economies. Kenya is one of Middle Africa's most diverse exporters of soft commodities, led by tea, horticultural goods and coffee, while also acting as a trade hub, channelling flows of goods and raw materials into East and Central Africa, and exports of commodities out to world markets. Ethiopia is a major exporter of coffee and horticultural goods, and is rapidly emerging as a rival to Kenya as it undergoes massive investment in its infrastructure and industrial capacity. Tanzania could challenge both countries in the long term as a regional commodity and trade hub, given the country's expansive coastline, territory and rapidly growing population. The other countries in East Africa are relatively small players, with Uganda focused on its role as a transit hub for goods and services into and out of Central Africa, and Rwanda developing its role as a regional IT services hub.
Francophone West Africa	The EAC has made huge advances in regional integration over the past decade, which has helped drive rising volumes of intra-regional trade and investment. Increased integration and the reduction in transaction costs should increase East Africa's attractiveness to portfolio, private equity, and FDI investors.
Nigeria and Rest of West Africa	
Central Africa	East Africa is a highly diverse producer of soft commodities for the world market, with a major share of world exports of tea, horticultural goods, coffee and cashew nuts. The region is also a major exporter of gold, coltan and mineral ores. Recent discoveries of commercial quantities of hydrocarbons, both inland and offshore, could see the region become a major oil and gas player over the coming years.
East Africa	East Africa has the second largest financial sector in Middle Africa, with an estimated 20.5% of the region's banking assets in 2014, and is leading the way in financial innovation and the development of financial technology (fintech). The runaway success of the M-Pesa money transfer system in Kenya, and the many services delivered to African consumers via this platform, are transforming Africa's financial sector, both in East Africa and beyond.
Southern Africa (including Ndebeak regions)	

Country Profiles: East Africa



East Africa

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*Not present yet in Ethiopia

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Burundi

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	4.0	4.5	4.7	-7.2	5.2
GDP (USD bn)	2.5	2.7	3.1	3.0	3.2
Inflation (average)	18.2	7.9	4.4	5.4	6.2
Fiscal balance (% GDP)	-3.5	-1.7	-3.4	-6.0	-4.9
Broad money (% change, end period)	10.9	11.9	8.7	0.0	11.5
Population (mn)	10.1	10.5	10.8	11.2	11.6
Exports (USD mn)	134.7	91.1	130.1	116.6	127.1
Imports (USD mn)	886.2	843.0	913.0	848.8	879.4
Current account balance (% GDP)	-17.3	-18.4	-17.6	-11.3	-11.0
FX reserves (USD mn, end period)	300	300	300	300	400
Exchange rate (average)	1441.55	1562.89	1557.94	1572.93	1582.56

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Uncertainties related to the 2015 election will continue to weigh heavily on the 2016 outlook and given the fragile state of Burundi, the economic outlook remains difficult to gauge. Developments in 2016 will be led by political developments, unpredictable donor inflows, and global commodity price uncertainties. Economic growth is expected to accelerate around 5%, assuming political stability, boosted by a gradual recovery in agriculture, agricultural diversification, and continued public investment particularly in the electricity sector.

Inflation: Inflation is expected to accelerate 5-7% in 2016 as global oil prices remain low and domestic food production improves (as well as tight monetary policy helps contain some liquidity pressures). However, there are inflation risks associated with exchange rate depreciation given the relatively high import content of the CPI basket.

Fiscal balance: Some progress was made on structural reforms in 2015 and assuming ongoing implementation of IMF-advised reforms, the fiscal deficit should narrow to around 5% of GDP in 2016. However, slippages in the implementation of structural reforms are an ongoing problem that needs to be addressed if the fiscal balance is to improve. In addition, projected spending aims to be contained this year, which along with stronger revenue performance will help deliver improved fiscal buffers, as well needed improvements to budget accounting, budget preparation and budget execution.

Current account: Without any significant improvement in the trade account in 2016, the current account deficit is likely to remain wide, at over 10% of GDP. Owing to the limited export base, the trade balance is structurally skewed towards imports, which have contributed to wide and persistent current account deficits that are financed mainly through concessional borrowing. Continued IMF support will therefore be crucial in 'unlocking' further donor support that is needed to address Burundi's protracted balance-of-payments problem that is expected to remain in place in 2016. Coffee and other agricultural export revenues are likely to stagnate, which will amplify pressures arising from the expected increase in imports.

Risks: There are two main issues that pose major risks in 2016: the political situation remains very fragile and any deterioration would disrupt the weak foundations that the economy rests upon. Moreover, the economy remains highly vulnerable to shocks, due to its narrow export base and dependence on donors' support. Furthermore, the high volatility of coffee prices adds to external financing pressures.

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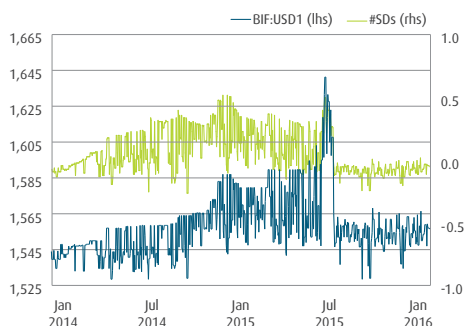


Burundi

BIF performance and volatility*

BIF versus USD1

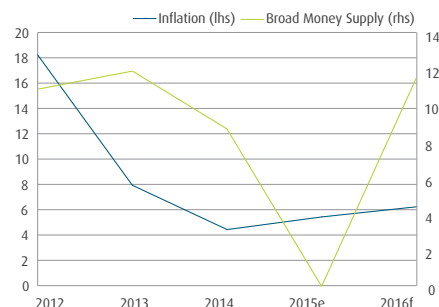
Sources: Bloomberg and Ecobank Research



*Note: BIF volatility is measured by standard deviation.

Burundi inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Stabilised arrangement
Target	No official target but de facto anchored to the USD
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				
FX market structure	The Central Bank is a major FX supplier.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					

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Burundi

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FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government			Government		
End use	Government financing			Government and infrastructure financing		n/a
Maturity structure	13- to 52-weeks		n/a	2- to 5-yrs		
Coupon	Zero			Fixed		
Coupon payments	n/a			Annual		
Secondary market						
Daily trading volume			Limited trading			
Average trade size			Limited trading			n/a
Settlement			n/a			

Global and Regional Context

Francophone West Africa

Ecobank local affiliate contact details:

Ecobank Burundi, 6, Rue de la Science, Bujumbura

Tel: +257 22 20 81 00/82 00

Sources: Bloomberg, IMF and Ecobank Research

FI primary market information

Burundi debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	37.1	32.8	30.5	33.7	29.6
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	20.2	19.8	16.4	15.9	13.4
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	0.5	0.5	0.5	0.5	0.4
Share of total sub-Saharan debt (%)	0.2	0.2	0.1	0.1	0.1

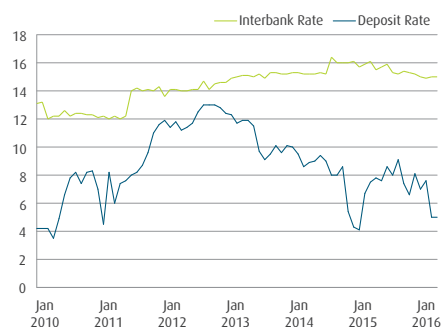
Sources: IMF and World Bank

Nigeria and Rest of West Africa

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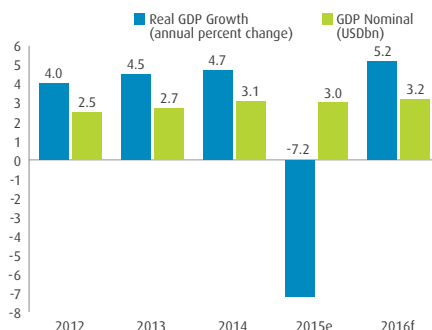
Interest rates (%)

Sources: BNR and Ecobank Research



Real GDP growth (%)

Source: IMF



East Africa

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Burundi

Commodity and Trade Information

Hydrocarbon and mineral production

Burundi has a wealth of mineral resources, including gold, coltan, tin and tungsten, most of which have been lightly exploited. The country's leading mineral production is gold, with estimated output of 1 tonne in 2014, largely from artisanal mines. Output of coltan is erratic, given the high volumes smuggled throughout the region. Burundi has no known hydrocarbon reserves.

Soft commodity production

Burundi is a tiny producer of Arabica coffee, with output of 252,000 60 kg bags in 2014-15 (April-March). The country's coffee sector is in decline, owing to a lack of investment, low prices and political instability, which have driven farmers out of coffee into more lucrative cash crops. Burundi is also a small producer of black tea, with estimated output of 9,000 tonnes in 2014-15, 80% of which is sold via the Mombasa tea auction.

Trade flows

Imports

Burundi's imports totaled USD673 mn in 2014, 6.8% lower than the previous year. Given the country's lack of hydrocarbon resources and refining capacity, Burundi is dependent on imports of petroleum products, worth USD165 m in 2014. The country is also reliant on imports of vehicles, machinery, electronics and pharmaceuticals (together worth USD224 m in 2014), reflecting the limited manufacturing sector. Burundi also imported iron and steel (worth USD40 mn) and cement (USD23 mn) for its construction sector. Given Burundi's limited agricultural production, the country imports large volumes of food, including cereals and flour (USD43 mn), sugar (USD10 mn) and palm oil (USD5 mn).

Exports

Burundi's exports totalled USD142 m in 2014, 31.2% higher than the previous year. Coffee is Burundi's most valuable export, worth USD52 m in 2014, most of which went to Switzerland for roasting. Black tea is the second most important soft commodity export, with exports of 10,000 tonnes (worth USD13 m), most of which went via Kenya to global markets. Burundi also exported 1 tonne of gold, worth USD24 m, most of which went to the UAE.

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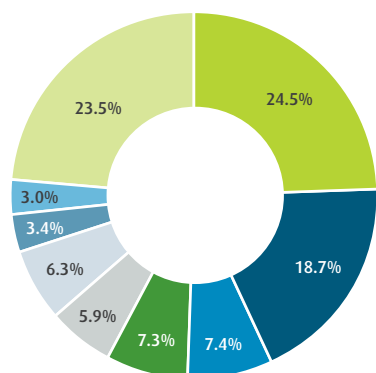
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Burundi

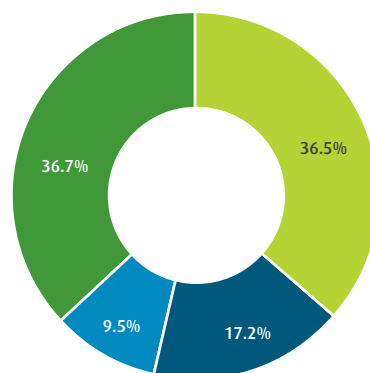
Share of Burundi's total imports, 2014 (%)

Source: Intracen



Share of Burundi's total exports, 2014 (%)

Source: Intracen

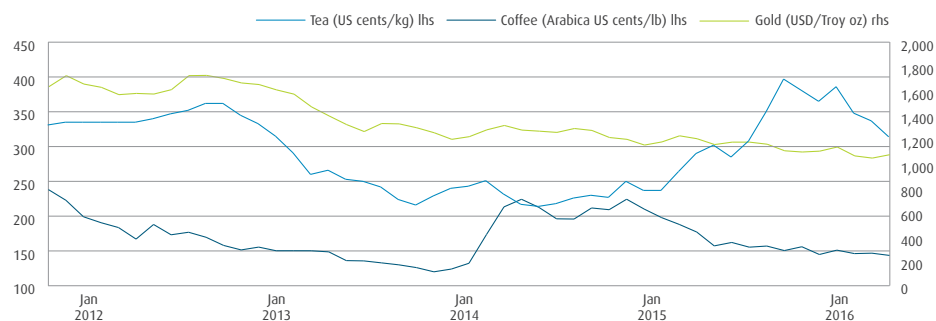


- Petroleum products
- Vehicles and machinery
- Electronics
- Pharmaceuticals
- Iron and steel
- Cereals and flour
- Cement
- Fertiliser
- Other

- Coffee
- Gold
- Tea
- Other

Key commodity prices

Source: IMF





Burundi

Useful Links

- Central Bank www.brb.bi
- Ministry of Finance www.finances.gov.bi
- National Statistics Bureau www.isteebu.bi/

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Ethiopia

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	8.7	9.8	10.3	8.7	8.0
GDP (USD bn)	43.1	47.5	54.8	63.0	70.2
Inflation (average)	24.1	8.1	7.4	10.1	9.0
Fiscal balance (% GDP)	-1.2	-1.9	-2.6	-2.8	-2.8
Broad money (% change, end period)	32.9	24.2	26.9	24.2	22.0
Population (mn)	92.2	94.6	97.0	99.4	101.9
Exports (USD bn)	3.2	3.1	3.3	3.0	3.3
Imports (USD bn)	11.0	11.5	13.7	16.4	16.5
Current account balance (% GDP)	-6.9	-5.9	-8.0	-12.8	-9.7
FX reserves (USD bn, end period)	2.3	2.4	2.5	3.3	2.8
Exchange rate (average)	17.79	18.72	19.67	20.69	22.73

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and
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Economic Outlook

Real GDP: Ethiopia's state-led development model has delivered rapid economic growth, which is expected to continue in 2016. However, structural transformation has proceeded less quickly than planned, which will act as a drag on growth this year. Real GDP growth is likely to accelerate around 7-8% in 2016, slightly lower than recent years. Growth will be driven by increased output from agriculture, construction and services. However, a restrictive business environment and the limited opportunities for the private sector to take advantage of the large investment made in public infrastructure will hamper growth. Moreover, private sector activity will be constrained by high inflation and inflation expectations caused by ongoing, large-scale domestic financing for public investment projects that in turn will sustain a tight monetary policy and high borrowing costs.

Inflation: The recent acceleration of inflation arising from robust monetary expansion, given the limited use of monetary instruments to manage liquidity, will continue in 2016 if prudent macroeconomic management slips. With this risk of inflationary pressures remaining in place throughout 2016, inflation will unlikely slow below 9%.

Fiscal balance: The fiscal deficit is likely to remain at around 3% of GDP in 2016 due to spending pressures and revenue constraints. The prudent central government budgetary stance faces challenges from public enterprises' finances and spending related to the public investment programme. Assuming ongoing revenue administration, tax policy public reforms, and progress with the medium term debt management strategy, public financial management should improve leading to greater fiscal sustainability over the medium term.

Current account: Despite low global food and fuel prices extending to 2016, weak export performance will sustain a relatively large current account deficit of around 9-10% of GDP in 2016. Progress in export diversification remains limited, and achieving export targets for agriculture, manufacturing, and services (particularly electricity) will remain a challenge. Meanwhile, the ambitious public investment programme will continue to draw in a rising level of imports of capital and other goods. Moreover, slow export growth has increased external vulnerabilities and large public borrowing from abroad, combined with weak exports suggests the risk of external debt distress will continue to increase.

Risks: The outlook for Ethiopia remains largely good, reflecting major economic potential, policies that generally support macroeconomic stability, and reforms aimed at improving competitiveness. External risks include a possible weakening of foreign demand for Ethiopia's exports and a tightening in foreign financing conditions. Domestic risks stem from weak implementation of economic and financial reforms, as well as weather-related shocks that could push up inflation. A persistent overvaluation of the exchange rate is another notable downside risk to a pick-up in exports.

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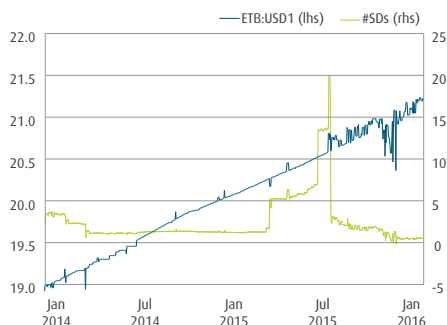


Ethiopia

ETB performance and volatility*

ETB versus USD1

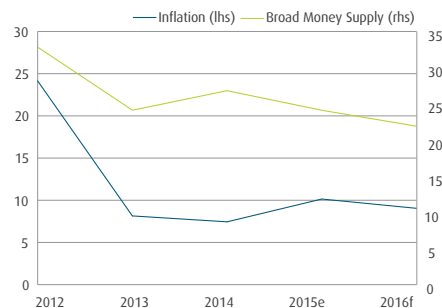
Sources: Bloomberg and Ecobank Research



*Note: ETB volatility is measured by standard deviation.

Ethiopia inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Crawl-like arrangement
Target	No target
Type of intervention	Via Central bank
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				
FX market structure	The NBE is the largest provider of FX, which it supplies according to plans established at the start of each fiscal year which take into account supply and demand estimates.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Import permits require clearance certificate from NBE			n/a	
Financial flow	Tax certification requirements for repatriation of investment income				
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Restrictions on repayment of legal external loans and supplies and foreign partner credits				
Financial flow				n/a	

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FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government				
End use	Government financing		Government and infrastructure financing	n/a	
Maturity structure	28- to 364-days	n/a	10- yrs		
Coupon	Zero		Fixed		
Coupon payments	n/a		Annual		
Secondary market					
Daily trading volume	Limited Trading				
Average trade size	Limited Trading			n/a	
Settlement	n/a				

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Tel: +251 116 291 101/Cell: +251 934 169 784/Fax: +251 116 291 425

Sources: Bloomberg, IMF and Ecobank Research

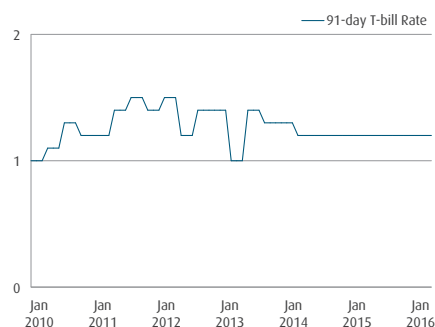
FI primary market information

Ethiopia debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	20.9	21.6	22.3	22.6	23.5
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	21.9	19.1	22.8	24.5	25.4
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	9.4	9.1	12.5	15.4	17.8
Share of total sub-Saharan debt (%)	3.2	2.9	3.6	4.2	4.5

Sources: IMF and World Bank

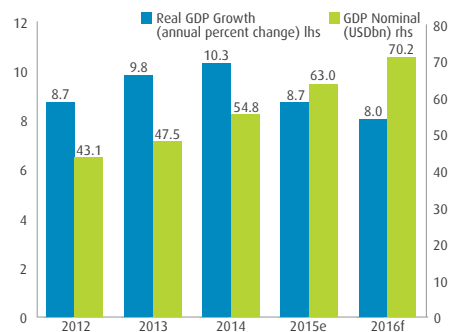
Interest rates (%)

Sources: IMF, NBE and Ecobank Research



Real GDP growth (%)

Source: IMF





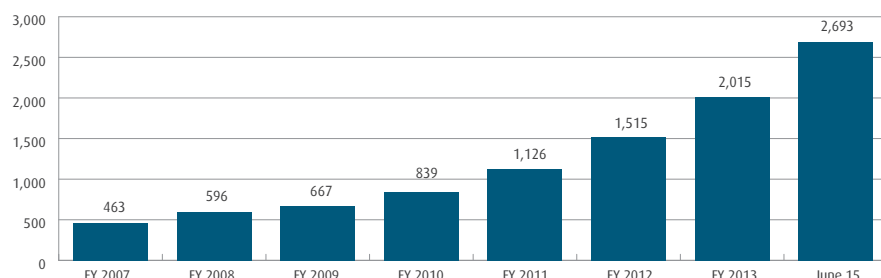
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Banking Sector Information

Ethiopia's financial sector is made up of 19 banks (3 stated-owned and 16 private), 17 insurance companies and 31 microfinance institutions (with around 300 branches). The country's banking sector is unique in Middle Africa owing to the dominance of three state-owned banks – Commercial Bank of Ethiopia (CBE), Construction and Business Bank (CBB) and Development Bank of Ethiopia (DBE) – which together hold two thirds of banking sector assets. The dominance of these state-owned banks enables the government to set the trend in the banking sector, especially with regards to funding for large-scale investment in government-led infrastructure projects. Despite the dominance of state-owned banks, private banks have strongly grown their presence, from 8 in 2007 to 16 in 2014. These new entrants have fuelled an aggressive expansion drive in the sector's retail branch network, which has risen from 463 branches in 2007 to 2,693 branches at end-June 2015. Private banks accounted for 58% of this network, with the three state-owned banks holding the balance. The unusually strong branch expansion reflects government efforts to extend financial services to the country's large population and to boost deposit mobilisation.

Growth of Ethiopia's banking branch network

Sources: NBE, Ecobank Research



As in most Middle African markets, Ethiopia's banks rely on customer deposits to fund balance sheet activities. The entry of new banks into the sector and the aggressive branch expansion drive have greatly increased the banking sector's deposit base, with customer deposits accounting for 92% of total funding liabilities in 2015. Savings deposits are unusually high in Ethiopia, making up around half of all customer deposits versus an average of 23% in Middle Africa. Around 90% of deposits are made into current and savings accounts (CASA), the cheapest source of funding for banks. Ethiopia's three state-owned banks account for around two thirds of total deposits mobilized, reflecting their strong deposit franchise and distribution capabilities. Thanks to the rapid expansion of the banking branch network into rural areas, Ethiopia's savings rate has risen from 9.5% of GDP in 2009 to 22.5% of GDP in 2015.

Lending by Ethiopian banks is concentrated on sectors that the government considers critical to the country's long term economic development plans. As a result, the sectors which received the highest level of credit in 2012-14 were industry, trade (domestic and international), housing, construction and agriculture. At end-June 2015 the three state-owned banks accounted for 65% of total loans, led by Commercial Bank of Ethiopia (CBE) with a 51% market share, with the balance held by 16 private banks. From an asset perspective, this makes Ethiopia's banking sector the most highly concentrated in Middle Africa, where a crisis in one of the top three banks would have a significant impact on the whole economy.

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In 2011 the National Bank of Ethiopia raised the minimum capital requirement for all banks operating in Ethiopia from Birr75 million (USD3.75 mn) to Birr500 million (USD25 mn), which was to be implemented by end-2016. This move was broadly in line with Middle Africa's other financial sectors where regulators have sought to increase capital buffers in order to the strengthen banks against future crises. This should help boost the financial stability of Ethiopia's banking sector, enhance the role of several undercapitalised private sector banks and reduce concentration in the sector.

Global and Regional Context

Ethiopia's Top 12 commercial banks, ETB millions, 2013

Bank	Total assets (ETB millions)
Commercial Bank of Ethiopia (CBE)	9,045
Development Bank of Ethiopia (DBE)	2,134
Awash International Bank	2,050
Dashen Bank	1,828
Wegagen Bank	1,790
Nib International Bank	1,644
United Bank	1,420
Bank of Abyssinia	962
Cooperative Bank of Oromia	608
Oromia International Bank	574
Construction and Business Bank (CBB)	556
Zemen Bank	513

Sources: National Bank of Ethiopia and Ecobank Research

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Commodity and Trade Information

Hydrocarbon and mineral production

Ethiopia has diverse mineral resources, including gold, diamonds, tantalum, phosphate, potash and iron ore, few of which have been exploited. Ethiopia is a moderate gold producer, with estimated output of 12 tonnes in 2014, along with small quantities of diamonds and tantalum. Cement output is growing following heavy investment, giving the country an estimated 15.1 mn tonnes of installed capacity in 2015. Ethiopia produces no hydrocarbons, but has estimated gas reserves of 4.6 trn cubic feet which have yet to be exploited.

Soft commodity production

Ethiopia is a diverse producer of agricultural goods for domestic, regional and world markets. The country is Sub-Saharan Africa's largest coffee producer with estimated output of 6.6 mn 60 kg bags of Arabica coffee in 2014-15 (October-September). Arabica coffee is believed to have originated in Ethiopia, which is renowned for its high quality Sidamo, Yirgacheffee and Harar Arabica varieties. Ethiopian coffee is highly sought after in bulk and speciality markets, enabling it to command a premium on the New York terminal market. The majority of Ethiopia's coffee is sun-dried (naturals), representing 70% of total output, while the remaining 30% is washed. The vast majority of Ethiopia's coffee (85%) is marketed through the Ethiopia Commodity Exchange (ECX), with the balance sold via direct sales by cooperatives or plantations.

Ethiopia is a leading producer of horticultural goods, commanding the largest market share after its neighbour Kenya. Ethiopia produced 371,000 tonnes of dried beans, 132,000 tonnes of potatoes, 99,000 of fresh vegetables, and 37,000 tonnes of tomatoes in 2014. Cut flowers are also a high growth industry in Ethiopia, with output surging to a record 141,000 tonnes in 2014, challenging Kenya's dominance of this market. Ethiopia is also a large producer of sesame seeds with output of 304,000 tonnes, all of which is traded on the ECX.



Ethiopia

Trade flows

Imports

Ethiopia's imports totalled USD21.9 bn in 2014, 47% higher than the previous year. Capital goods and industrial raw materials dominate import flows, reflecting the high level of economic, industrial and infrastructural development under way. Machinery, electronics and vehicles were the largest imports, together worth USD6.9 bn, reflecting the underdevelopment of the manufacturing sector. Petroleum products were the next largest import, worth USD3.6 bn in 2014, reflecting Ethiopia's lack of crude oil refining capacity; one quarter of these imports were re-exported to the sub-region. In order to support heavy infrastructure projects, including roads, dams and railways, the country imported USD1.9 bn worth of iron and steel and USD996 mn of plastics. Although Ethiopia is one of the region's largest grain producers, given the pace of population growth the country's food imports have surged in recent years, with USD728 mn worth of cereals and flour and USD511 mn of edible oils (notably palm oil) imported in 2014.

Exports

Ethiopia's exports totalled USD5.7 bn in 2014, 39% higher than the previous year. Commodities dominate export flows, representing the key source of foreign exchange earnings. The largest export by value was petroleum products, worth USD1.1 bn, all of which comprised re-exports to the sub-regional market. Coffee is the most important domestically produced commodity, with exports worth USD1.1 bn in 2014, over half of which were exported to Germany, Saudi Arabia, and Japan. Exports of dry beans totalled USD568 mn, nearly all of which went to Sudan, South Sudan and Pakistan, while exports of fresh vegetables totalled USD287 mn, with the largest share going to Somalia and Djibouti. Ethiopia also exported USD680 mn of cut flowers, nearly all of which went to the Netherlands' wholesale flower auction prior to re-export to European markets. Ethiopia also exported sesame seeds (worth USD537 mn) and 353,000 tonnes of live animals (worth USD216 mn). Ethiopia's only notable mineral export is gold, worth USD178 mn in 2014, all of which went to Switzerland. As Ethiopia positions itself as a low cost textile manufacturing hub, exports of apparel and footwear are rising, and in 2014 totalled USD72 mn.

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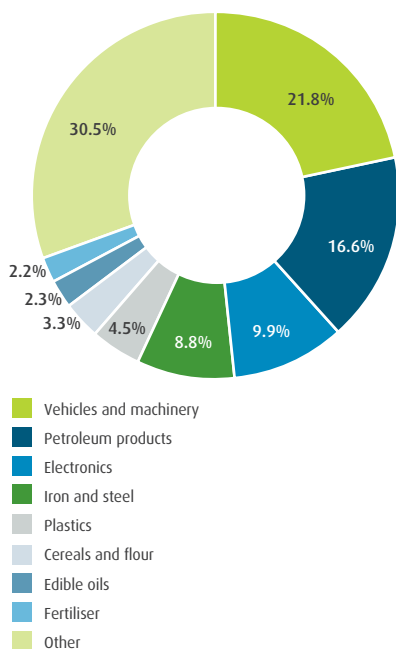
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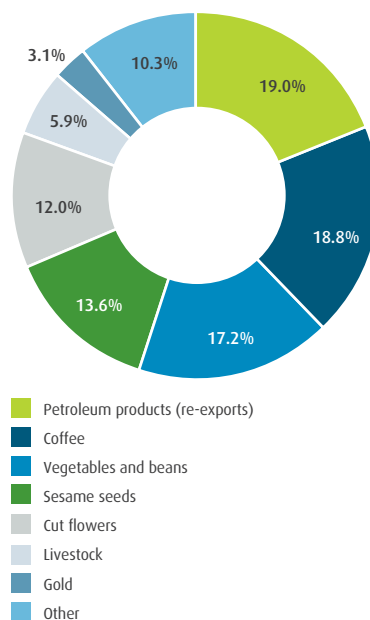
Share of Ethiopia's total imports, 2014 (%)

Source: Intracen



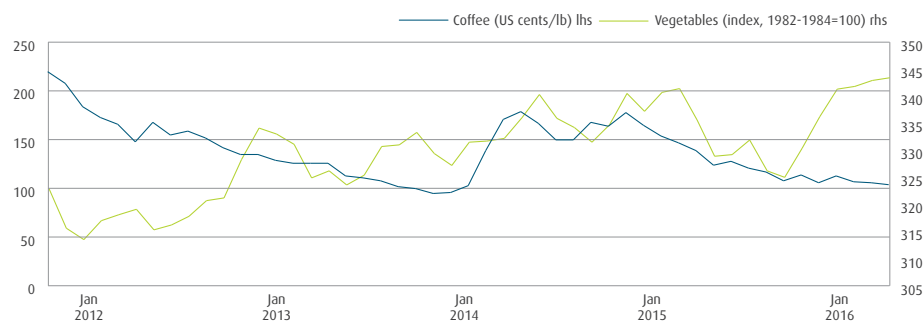
Share of Ethiopia's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Ethiopia

Useful Links

- Central Bank www.bog.gov.gh
- Ministry of Finance www.mofep.gov.gh
- National Statistics Bureau www.statsghana.gov.gh
- Stock Exchange www.gse.com.gh

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Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	4.6	5.7	5.3	5.9	6.1
GDP (USD bn)	50.4	54.9	60.9	63.1	68.9
Inflation (average)	9.4	5.7	6.9	6.6	6.3
Fiscal balance (% GDP)	-5.0	-5.7	-7.2	-8.1	-7.4
Broad money (% change, end period)	14.1	15.6	16.7	15.6	15.7
Population (mn)	42.5	43.7	44.9	46.1	47.3
Exports (USD bn)	6.0	6.0	6.1	6.1	6.8
Imports (USD bn)	14.9	15.8	16.5	18.0	19.3
Current account balance (% GDP)	-8.4	-8.9	-10.4	-9.6	-7.8
FX reserves (USD bn, end period)	5.2	6.6	8.6	7.1	7.3
Exchange rate (average)	158.8	159.2	165.1	98.2	103.5

e=estimate; f=forecast; p=positive scenario

Sources: IMF, World Bank, Bloomberg, Ecobank Research

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Economic Outlook

Real GDP: Economic activity in 2016 will be supported by ongoing reforms, strong macroeconomic policies, higher private consumption and public infrastructure investment, and good weather conditions. As a result, growth will accelerate 6% in 2016. However, increased volatility in global markets and the threat of further Al Shabaab terrorist attacks continue to pose risks to the outlook for growth, inflation, the fiscal balance, and FX reserves. Despite recent adverse external and domestic developments, sustained strong public investment in infrastructure, and lower oil prices (which will support consumer sectors) will support real GDP growth in 2016.

Inflation: The CBK action taken in 2015 to tighten monetary policy will keep inflation expectations in 2016 in check, as will our expectation of low oil prices in 2016. Nonetheless, inflation will likely remain at the upper end of the target range as continued downside risk to the KES will sustain pressure on domestic prices despite the CBK continuing its liquidity management operations to reduce liquidity. As a result, average inflation above 5% in 2016 is expected.

Fiscal balance: The fiscal deficit is likely to remain large at over 8% of GDP in 2015-16 (and over 7% of GDP in calendar 2016). The fiscal plan for 2015-16 (July-June) seeks to balance several objectives: addressing security challenges and infrastructure bottlenecks while preserving macroeconomic stability. An increase in development spending will support infrastructure investment and expanding the provision of health and education services, which are needed to underpin stronger economic growth. Meanwhile, spending at the national and county levels will take place in line with the Public Financial Management Law and within the Integrated Financial Management Information System. Both should limit the risk of overspending; however, significant spending pressure, such as from the effect of devolution, will remain in place amid challenges in meeting tax revenue targets. Containing spending to prevent the fiscal deficit from widening above 8% of GDP is important if the recent rise in momentum of public debt is to slow. In this context, efforts to strengthen capacity at the National Treasury's Debt Management Office and to complete the introduction of the Treasury Single Account should help efforts to manage debt and spending. Meanwhile, reducing excess demand pressures given the high and persistent current account deficit is another fiscal challenge that will test the authorities' policy response.

Current account: Prospect of lower oil import costs in 2016, tight policies, good weather, strong remittances and improved exports of financial services, should provide some support for the external position during the year. This will help to reduce pressure on FX reserves, which are expected to end the year at around USD7.0-7.6 bn (providing around 4 months of projected imports). However, the current account deficit will remain large in 2016, at nearly 8% of GDP; this is owing to sustained depressed demand in Europe, a key trade partner, and strong growth in infrastructure, capital and oil related imports, which will undermine the trade account. Moreover, portfolio capital inflows are expected to remain weak given the impact on investors sentiment from a potential hike in US interest rates.

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Risks: Downside risks have increased. Rising volatility in global markets will add to shilling depreciation, adversely affecting inflation expectations. The 2015 terrorist attack at Garissa is another shock to the already weakened tourism sector, although the recent lifting of travel bans to popular tourist destinations should reverse over time the sharp drop in tourist arrivals. Uncertainties from monetary policy normalisation in the US and weaker global growth may also have an adverse impact.

KES performance and volatility*

KES versus USD1

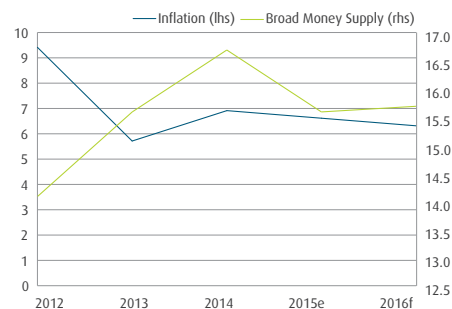
Sources: Bloomberg and Ecobank Research



*Note: KES volatility is measured by standard deviation.

Kenya inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target, limited intervention to reduce volatility
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

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FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	Yes – up to 12 months	Yes – up to 2 years	No	Yes
Daily trading volume (USD mn)			4.23		
Average trade size (USD mn)		n/a	4.23		n/a
Average spread			n/a		
Trading hours		05.00-15.00			
Settlement	T+2	T+Tenor+2	T+Tenor+2	n/a	T+2
FX market structure	The CBK is one of several large providers of FX. It also makes regular purchases of FX from the interbank market to create a buffer to maintain KES stability.				

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Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow	Restricted to treasury bonds of minimum 2 yrs			n/a	

Nigeria and Rest of West Africa

Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					

Central Africa

FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government			
End use	Government financing		Government financing			
Maturity structure	91- to 364-days	n/a	2- to 30-yrs		n/a	
Coupon	Zero		Fixed			
Coupon payments	n/a		Semi-annual			
Secondary market						
Daily trading volume		Limited Trading				
Average trade size		Limited Trading			n/a	
Settlement		n/a				

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Sources: Bloomberg, IMF and Ecobank Research

East Africa

FI primary market information

Kenya debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	41.7	44.2	52.6	56.2	55.9
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	18.0	32.4	41.2	48.2	49.0
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	11.8	13.7	16.2	17.2	19.4
Share of total sub-Saharan debt (%)	4.0	4.4	4.7	4.6	4.9

Sources: IMF and World Bank

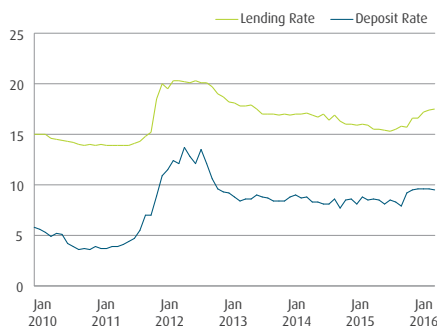
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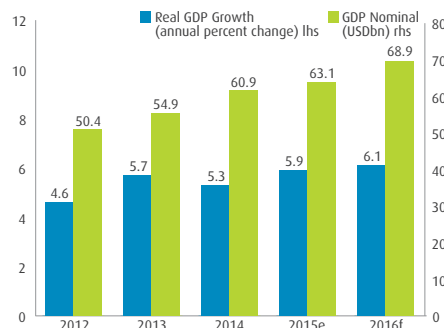
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



Banking Sector Information

Kenya continues to have one of Middle Africa's most competitive and innovative banking sectors. At end-2014 Kenya's banking sector was made up of 42 commercial banks, most of which are niche players. In 2014 total banking sector assets grew by 27% in local currency terms, to the equivalent of USD38 bn. The banking sector is highly concentrated, with the six Tier 1 banks controlling 56% of total assets at end-2014.

As in most Middle African markets, Kenya's banking sector is loan driven, with loans and advances accounting for 69% of total earning assets, spread among retail, SME and wholesale clientele. Tier I banks, with the exception of Standard Chartered, tend to play across all three segments, while Tier II banks have built strong exposure to the SME segment. On the liability front, distribution plays a critical role in deposit mobilisation. However, the growth of mobile banking and financial innovation has disrupted the traditional deposit mobilisation model via bricks-and-mortar branches. Growing partnerships between banks and mobile network operators (MNOs), notably Safaricom through its flagship M-Pesa mobile payments platform, has driven the emergence of mobile phone-based savings accounts. Going forward, banks are likely to move away from the branch model and invest more in mobile phone-based delivery channels.

Kenya's banking sector remains highly profitable. Net interest margins (NIMs) stood at 9.4% in 2014, while banking efficiency remains high, with the sector's cost-to-income ratio averaging around 55% (with significant variance between banks). Consequently, return-on-equity has averaged 20% over the past five years. The banking sector remains well capitalised, with total capital to risk-weighted assets (CAR) estimated at 19.49% at end-2014, exceeding the regulatory minimum of 14.5%. In addition, from January 2015 banks have started complying with the capital conservation buffer regulation, which requires them to hold an additional 2.5% buffer against future unforeseen losses, and they are now incorporating market and operational risks into their risk-weightings. Asset performance levels are strong, with the ratio of non-performing loans (NPLs) estimated at 5.6% at end-2014, marginally above the previous year reflecting the lag effects of the high interest rate regime in 2012-13.

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Kenya's Tier I banks, USD millions, end-2014

Bank (by acronym)	Total assets	Total Loans and Advances	Total Customer Deposits	Total Shareholder Funds
KCB	4,448	2,765	3,075	802
Equity Bank	3,194	2,089	2,250	441
Co-operative Bank	3,396	1,989	2,402	471
Standard Chartered	3,711	1,364	1,712	449
Barclays	3,646	1,394	1,831	424
Commercial Bank of Africa	2,991	993	1,356	198
Total for Tier 1 banks	21,386	10,592	12,626	2,786
Banking sector total	38,268	20,402	24,268	5,551
Tier 1 banks' share of sector	56%	52%	52%	50%

Commodity and Trade Information

Hydrocarbon and mineral production

Kenya is estimated to have over 1 bn barrels of oil, based on discoveries made jointly by Tullow Oil and Africa Oil. However, oil production is not expected to start until 2018-19 pending determination of the route for the pipeline transporting crude from Uganda via Kenya to its ports. Kenya's 80,000 bpd refinery at Mombasa – the sole refinery in East Africa, which served the petroleum product needs of the entire EAC region – closed in 2015. Since then, the region has been 100% dependent on imports to meet its 11 bn litres per annum of petroleum product consumption. Kenya accounts for around 35% of the petroleum products consumed by the five countries of the EAC. A new 100,000 bpd refinery is expected to be built at Isiolo or Lamu, should the governments of Uganda and Kenya proceed with the previously agreed pipeline route that passes through the northern part of Kenya where Tullow's oil fields are located.

Kenya's mining sector is underdeveloped, with artisanal production of gold, industrial minerals and gemstones. Reserves of mineral sands, copper, lead and zinc have been identified but have yet to be commercially exploited. Kenya is a major producer of cement with total installed capacity of 8.9 mn tonnes, serving both domestic and regional markets.

Soft commodity production

Kenya is a diverse producer of agricultural commodities for domestic, regional and world markets. Kenya is the world's leading producer of black tea with estimated output of 440,150 tonnes in 2015, and is the world's third largest exporter of tea by volume. The sector is overseen by the Kenya Tea Development Agency (KTDA) and all tea is sold via the Mombasa tea exchange. Kenya is East Africa's fourth largest coffee producer with estimated outturn of 1 mn 60 kg bags of Arabica coffee in 2014-15 (October-September). Kenya is renowned for high quality Arabica coffee beans, which are used by roasters in blends. Speciality coffee roasters are also attracted to Kenya's coffee for its single origin and rarefied flavours. However, the sector is struggling to boost output, which has plummeted from an all-time high of 1.7 mn bags in 1995-96, owing to weak prices and low yields, which have led farmers to sell off coffee plantations to real estate development and quit coffee for more lucrative crops. The country's coffee sector is also hampered by a convoluted regulatory framework, which has caused disputes between county governments, federal bodies and the Nairobi Coffee Exchange (NCE) over marketing of the crop, periodically disrupting trading on the exchange.



Kenya

Kenya is also Sub-Saharan Africa's leading horticultural producer. The country produced 154,000 tonnes of cut flowers (mainly roses) and 142,000 tonnes of vegetables and tubers in 2014. The vast majority are destined for European markets, where Kenyan goods benefit from tax waivers. The country is also an important producer of macadamia nuts and avocados with output of 5,000 tonnes and 19,000 tonnes in 2014, respectively.

Trade flows

Imports

Kenya's imports totalled USD19.8 bn in 2014, 19% above the previous year. High-end capital goods – machinery, vehicles, electronics and aircraft – were the largest imports, together worth USD5.9 bn. This reflects both the low development of the manufacturing sector, as well as Kenya's role as a regional transport hub. There were also large imports of industrial raw materials, including iron and steel (worth USD1.1 bn in 2014) and plastics (651 mn). Petroleum products were the single largest import, worth USD4 bn in 2014, reflecting the surge in imports following the closure of the Mombasa Refinery. Despite producing large volumes of cereal, high demand from the growing population and food processing sector drove imports of 680,000 tonnes of rice (worth USD244 mn in 2014), 947,000 tonnes of wheat (USD244 mn) and 293,000 tonnes of maize (USD121 mn) in 2014. Kenya also imported 273,000 tonnes of crude palm oil in 2014 (worth USD225 mn), most of which was processed in-country into palm oil and its derivatives, underlining the country's status as a regional processing hub for palm oil.

Exports

Kenya's exports totalled USD6.3 bn in 2014, 9.4% higher than the previous year. Raw commodities dominate export flows, making up seven of the country's top ten exports. Black tea was the largest export, totalling USD1.05 bn in 2014, over half of which went to Pakistan, Egypt and the UK. Kenya also exported USD772 mn worth of cut flowers, mostly to the Netherlands, the UK and Germany, capitalising on the EU's duty-free regime for imports from ACP countries. Other commodity exports included vegetables (USD431 mn), coffee (USD232 mn), nuts (USD116 mn) and tobacco (USD107 mn). The country is also an exporter of raw industrial materials to the sub-region, led by petroleum products (worth USD755 mn, all re-exports), cement (USD154 mn) and iron and steel (USD96 mn). Kenya also exported textiles and apparel worth USD212 mn, the bulk of which went to the USA under the AGOA trade agreement, as well as animal hides (USD136 mn).

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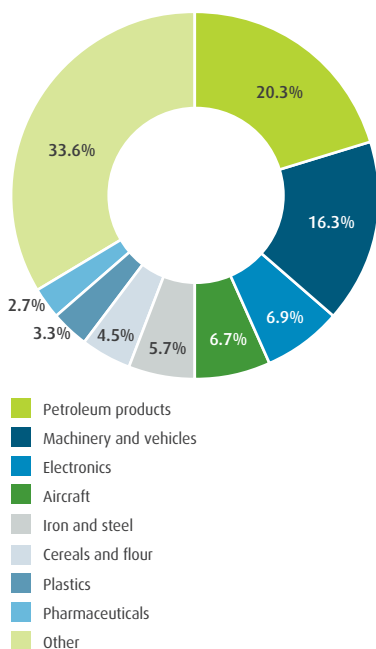
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Kenya

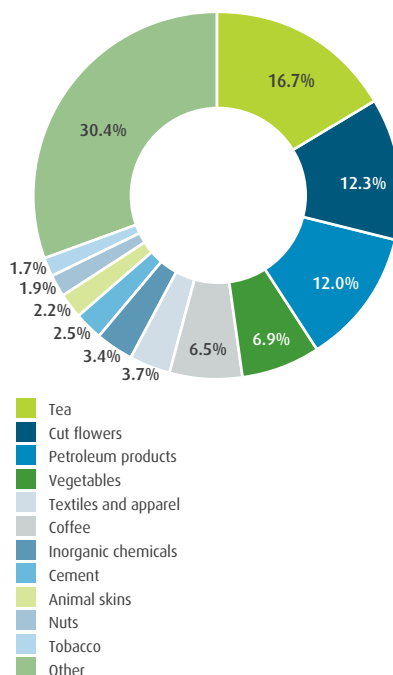
Share of Kenya's total imports, 2014 (%)

Source: Intracen



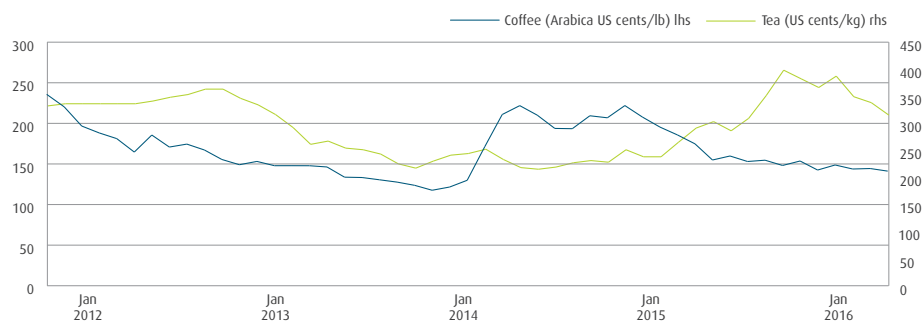
Share of Kenya's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Kenya

Useful Links

- Central Bank www.centralbank.go.ke
- Ministry of Finance www.treasury.go.ke
- National Statistics Bureau www.knbs.or.ke
- Stock Exchange www.nse.co.ke

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Rwanda

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	8.8	4.7	6.9	6.5	7.0
GDP (USD bn)	7.2	7.5	7.9	8.5	9.2
Inflation (average)	6.3	4.2	1.8	1.6	5.7
Fiscal Balance (% GDP)	-1.6	-2.6	-3.6	-3.2	-4.1
Broad Money (% change, end period)	14.0	15.5	19.0	15.8	13.2
Population (mn)	10.8	11.1	11.3	11.6	11.9
Exports (USD bn)	0.6	0.7	0.7	0.7	0.8
Imports (USD bn)	2.0	1.9	2.0	2.0	2.2
Current Account Balance (% GDP)	-14.6	-15.3	-15.2	-19.1	-23.4
FX Reserves (USD mn, end period)	800	1100	1000	900	1200
Exchange Rate (average)	614.21	649.74	685.64	718.99	782.41

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Growth in 2016 will likely slow slightly owing to lower commodity export prices and weaker growth prospects in Rwanda's main export markets, the EU. However, growth will remain strong at around 7.0% based mainly on further expansion of construction and other services activity. Meanwhile, agriculture and manufacturing will also expand but at a slower pace assuming ongoing donor support disbursements continue uninterrupted.

Inflation: Consumer price inflation will continue to accelerate (around 5-6% this year, but broadly in line with the medium term inflation target of 5%), due to higher food and utility prices and the depreciation of the Rwandan franc against the US dollar.

Fiscal balance: The 2015-16 budget aims to boost revenue mobilisation, adjust current spending to available resources, enhance management of domestic financing, and protect priority spending. However, a widening of the fiscal deficit to around 4% of GDP in 2015-16 is likely as spending pressures remain in place despite a pickup in revenues in line with nominal GDP growth. Meanwhile, further progress will be made on structural reforms, such as tax policy and tax administration enhancements, although other reforms such as regular quarterly reporting on budget execution have yet to be fully delivered.

Current account: Strong domestic demand, ongoing construction related imports, and low prices for Rwanda's main export commodities are likely to maintain a large current account deficit of over 20% of GDP in 2016. Pressures on the balance of payments will limit the rise in FX reserves cover to the equivalent of around 4 months of imports this year.

Risks: Risks to the economic outlook have increased, in light of lower global commodity prices and weaker growth prospects in Rwanda's main export markets. Mining activity in Rwanda has already been affected, with exports in 2016 likely to fall substantially, which will put pressure on the balance of payments. Moreover, higher oil prices would disrupt the economy given Rwanda relies completely on imported petroleum products. Further risks relate to the narrow export base; and the dependence on donors, which has highlighted possible cutbacks in donor support should relations weaken once more.

Central Africa

East Africa

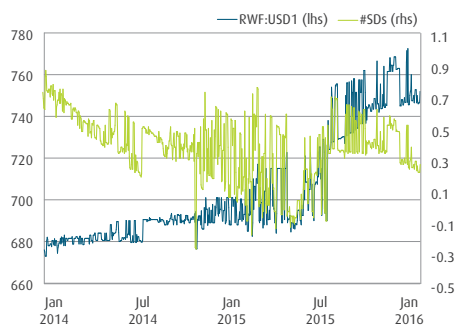
Southern Africa
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Rwanda

RWF performance and volatility*

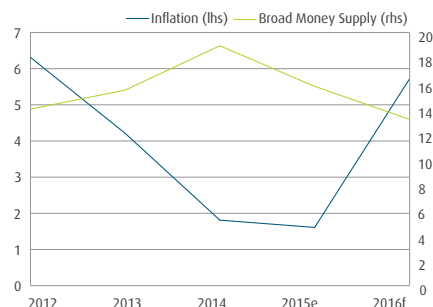
RWF versus USD1 Sources: Bloomberg and Ecobank Research



*Note: RWF volatility is measured by standard deviation.

Rwanda inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Managed Float
Target	No target, but NBR intervenes at the margins of the market to smooth temporary volatility.
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				
FX market structure	Official exchange rate is the weighted average calculated from a previous FX interbank market transaction and an intervention transaction by the NBR. The NBR applies a margin of +/-0.8% to the official rate to derive a customer rate.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow	Some restrictions on the import and export of capital			n/a	
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow	Some restrictions on the import and export of capital			n/a	

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Introduction

FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government		
End use	Government financing		Government financing		
Maturity structure	28- to 364-days	n/a	2- to 10-yrs	n/a	
Coupon	Zero		Fixed		
Coupon payments	n/a		Semi-annual		

Global and Regional Context

Secondary market					
Daily trading volume		Limited trading			
Average trade size		Limited trading		n/a	
Settlement		T+2			

Ecobank local affiliate contact details:

Ecobank Rwanda, Plot 314 Avenue de la Paix, Kigali

Tel: +250 788 16 10 00

Sources: Bloomberg, IMF and Ecobank Research

Francophone West Africa

FI primary market information

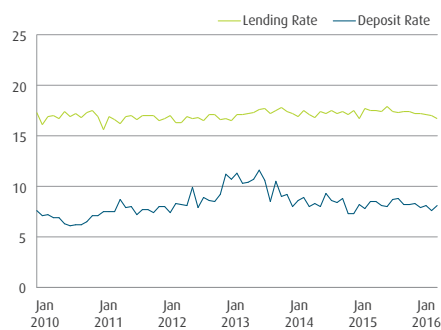
Rwanda debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	20.1	27.6	30.2	32.7	34.8
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	14.2	19.9	22.6	25.9	27.0
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	1.0	1.5	1.8	2.2	2.5
Share of total sub-Saharan debt (%)	0.4	0.5	0.5	0.6	0.6

Sources: IMF and World Bank

Nigeria and Rest of West Africa

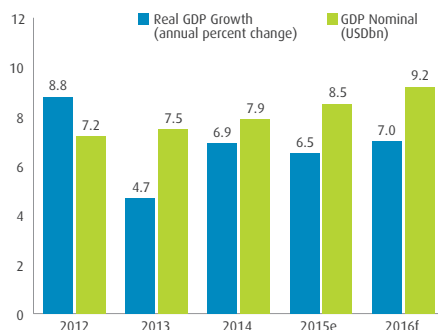
Interest rates (%)

Sources: BNR and Ecobank Research



Real GDP growth (%)

Source: IMF



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Rwanda

Commodity and Trade Information

Hydrocarbon and mineral production

Rwanda has a small mining sector producing ores of tin, coltan and tungsten for the global market. Production of tin ore is around 4,000 tonnes per year, but output of other minerals is unclear, given the high level of smuggling of conflict minerals from neighbouring countries (notably the DRC) into Rwanda. Rwanda has no known hydrocarbon reserves.

Soft commodity production

Rwanda is a tiny producer of Arabica coffee, with output of 258,000 60 kg bags in 2014-15 (April-March). The country's coffee production is prone to fluctuation, owing to weather and cyclical downturns in output. Although Rwanda is a marginal producer of coffee, it has attracted a loyal following from speciality buyers for its Bourbon variety of Arabica beans (known for its chocolatey flavour), earning the country a niche in the lucrative speciality market, which now represents up to a third of Rwanda's coffee outturn. Rwanda is also a small black tea producer with estimated output of 24,000 tonnes in 2014-15, 80% of which is sold via the Mombasa tea auction.

Trade flows

Imports

Rwanda's imports totalled USD2 bn in 2014, on a par with the previous year. Rwanda is entirely dependent on imports of capital and consumer goods and industrial raw materials. The country imported machinery, vehicles and electronics in 2014, together worth USD608 mn, reflecting the underdevelopment of its local manufacturing sector. The country also imported USD363 mn worth of iron and steel, plastics and cement for the industrial sector, as well as USD85 mn worth of petroleum products. Food imports were relatively modest, dominated by cereals and flour (USD115 mn), edible oils (USD80 mn) and sugar (USD62 mn).

Exports

Rwanda's exports totalled USD653 m in 2014, 7.4% higher than the previous year. Mineral ores – coltan, tin and tungsten – are Rwanda's most valuable exports, together worth USD201 m in 2014, most of which went via Tanzania to global markets. The country also acts as a re-export hub for petroleum products (worth USD104 mn in 2014) and flour and cereal (USD46 mn) to eastern Tanzania and the DRC. Rwanda exported 24,000 tonnes of Arabica coffee (worth USD61 m in 2014), the bulk of which went to via EAC countries to European markets. Black tea is the other other key cash crop, with exports of 24,000 tonnes (worth USD58 m), most of which is traded via the Mombasa tea auction.

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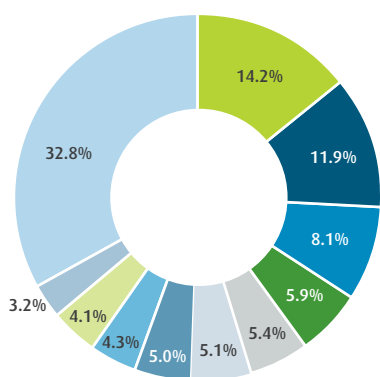
East Africa

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Rwanda

Share of Rwanda's total imports, 2014 (%)

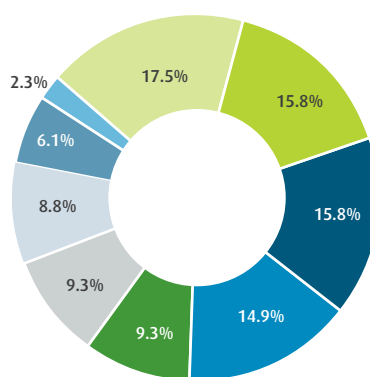
Source: Intracen



- Machinery and vehicles
- Electronics
- Iron and steel
- Cereals and flour
- Plastics
- Cement
- Pharmaceuticals
- Petroleum products
- Edible oils
- Sugar
- Other

Share of Rwanda's total exports, 2014 (%)

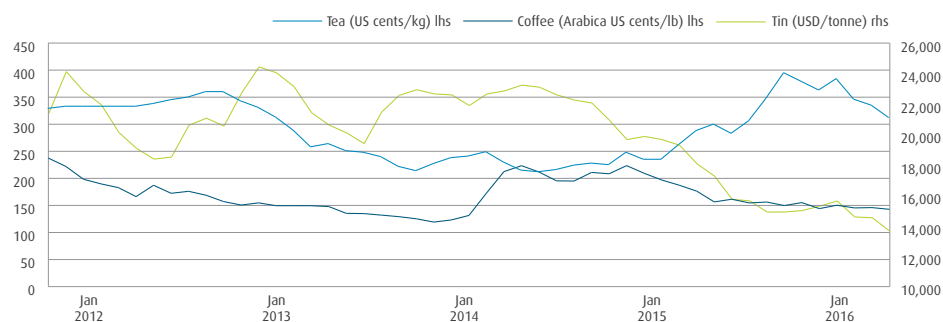
Source: Intracen



- Coltan
- Petroleum products (re-exports)
- Tin and tungsten ores
- Coffee
- Tea
- Flour
- Machinery and electronics
- Cereal
- Other

Key commodity prices

Source: IMF





Rwanda

Useful Links

- Central Bank www.bnr.rw
- Ministry of Finance www.minecofin.gov.rw/index.php?id=2
- National Statistics Bureau www.statistics.gov.rw
- Stock Exchange www.rse.rw

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South Sudan

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	-52.4	29.3	2.9	-5.3	0.7
GDP (USD bn)	11.3	15.3	14.3	12.9	13.8
Inflation (average)	45.1	0.0	1.7	52.1	210.4
Fiscal Balance (% GDP)	-11.3	-5.9	-11.4	-24.5	-23.7
Broad Money (% change, end period)	33.9	-1.6	21.2	67.9	37.5
Population (mn)	11.0	11.5	11.9	12.3	12.7
Exports (USD bn)	n/a	0.1	6.6	4.9	6.2
Imports (USD bn)	n/a	2.9	3.2	3.4	3.5
Current Account Balance (% GDP)	-19.6	-1.2	2.7	-4.8	-5.6
FX Reserves (USD bn, end period)	n/a	n/a	n/a	n/a	n/a
Exchange Rate (average)	3.07	3.14	3.05	3.71	33.00
Oil production (mn bpd)	0.19	0.05	0.18	0.16	0.22

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

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Economic Outlook

Real GDP: Economic activity is expected to recover in 2016, although growth will remain weak. Real GDP is expected to grow by close to 1%. This is following an economic contraction in 2015 amid the recent drop in global oil prices. South Sudan is the most oil dependent country in the world, with oil accounting for around 80% of GDP (directly and indirectly), oil exports accounting for almost all exports, and prior to the shutdown of oil production in January 2012 (oil production resumed in May 2013), 98% of fiscal revenue came from oil related activity (mostly corporate taxes and levies on production). Outside of the oil sector, livelihoods are concentrated in low-productivity agriculture and pastoralism, which accounts for around 15% of GDP. Continued dependence on oil will leave the country vulnerable to oil price volatility, undermining economic prospects.

Inflation: Inflation rose sharply in 2012 following an initial period of economic instability in 2011-12, but was largely contained in 2013-14 owing to fiscal and monetary restraint. However, the adverse impact of the oil price slump in 2015 alongside the devaluation of the currency during the year led to an acceleration in inflation in 2015. While prices are expected to slow in 2016, distortions in the FX market and extra-budgetary expenditures remain significant, FX reserves are critically low, and near-term prospects for a durable political settlement are uncertain – all of which will add inflationary pressures throughout 2016. Moreover, limited local food production and a high reliance on imported foods, in combination with depreciation of the South Sudanese pound (SSP) and the risk of another closure of the border in the North will maintain price pressures in 2016.

Fiscal balance: The budget aims to balance the need to increase spending on priority areas while maintaining economic stability. Key reforms remain to strengthen oil finances and public financial management. The authorities also aim to reform the FX market and unify the exchange rate, improve budget execution, overhaul non-oil revenue administration, and foster transparency and accountability in oil, fiscal, and central bank operations. However, while progress has been made to achieving some of these objectives (including efforts to improve exchange rate flexibility in December 2015), implementation of further reforms will be constrained by dwindling oil receipts, causing major delays. With government spending financed largely by oil revenue and with oil receipts dwindling, we expect the budget deficit remain large in 2016.

Current account: With the heavy reliance on oil export revenues, the external sector will remain under pressure throughout 2016 assuming no change in the low oil price environment, and given the high level of import dependency. This is despite ongoing donor support.



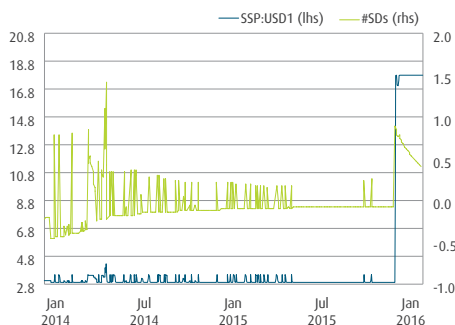
South Sudan

Risks: South Sudan faces acute challenges: fractured politics, feeble institutions and capacity, underdevelopment, and corruption. Since the country's independence in 2011, institution building and development have been hindered by a number of factors, including volatile relations with Sudan, a protracted shutdown of oil production, and more recently, a civil conflict. If the dispute with Sudan escalates once again, another shutdown of all South Sudan's oil fields is likely, which would lead to major economic disruption.

SSP performance and volatility*

SSP versus USD1

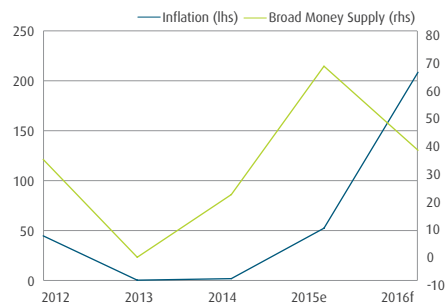
Sources: Bloomberg and Ecobank Research



*Note: SSP volatility is measured by standard deviation.

South Sudan inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No official target, but BoSS intervenes to limit exchange rate volatility
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	Yes				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	n/a				
Settlement	08:00-17:00				
FX market structure	The BoSS, donors, and the oil sector are large suppliers of FX in South Sudan. The FX market is predominantly a USD sell market and, as such, skewed to the sell side.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow					



South Sudan

Introduction

Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
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Trade and FDI flow	No restrictions	n/a			
Financial flow					

FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
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Issuer	n/a				
End use					
Maturity structure					
Coupon					
Coupon payments					
Secondary market					
Daily trading volume					
Average trade size					
Settlement					

Global and Regional Context

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Ecobank local affiliate contact details:

Ecobank Ghana, 19 Seventh Avenue, Ridge West, Accra North
Tel: +233 302 68 11 46/48

Sources: Bloomberg, IMF and Ecobank Research

FI primary market information

South Sudan debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	4.5	12.4	20.3	49.4	51.7
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	n/a	n/a	n/a	n/a	n/a
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	n/a	n/a	n/a	n/a	n/a
Share of total sub-Saharan debt (%)	n/a	n/a	n/a	n/a	n/a

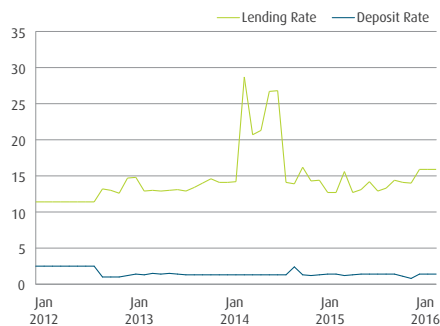
Sources: IMF and World Bank

Nigeria and Rest of West Africa

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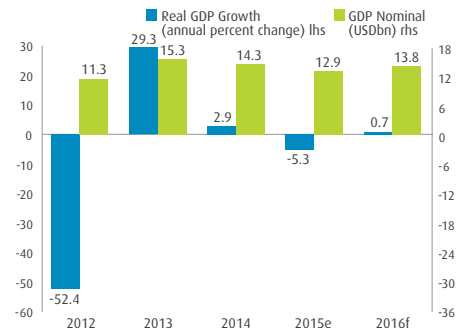
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





South Sudan

Commodity and Trade Information

Hydrocarbon and mineral production

South Sudan, which gained independence in July 2011, produced an estimated 169,000 bpd of crude oil in 2015. The landlocked country relies on export pipelines owned and operated by Sudan, its sister country, to export its oil. Fighting between the government and rebel forces has periodically disrupted production, reducing output from a year high of 204,000 bpd in February 2015 to 165,000 bpd by June, since when it has remained fairly stable. Until a peace settlement is concluded the government will have to put on hold plans to ramp up output to 350,000 bpd. South Sudan consumed around 361,000 tonnes of petroleum products in 2015, most of which was imported from Middle East and Asian refiners via Kenya and Sudan.

South Sudan is believed to hold rich reserves of minerals, including copper, diamonds, gold, lead, manganese, nickel, uranium and zinc. But to date political instability has prevented development of these resources.

Soft commodity production

Since South Sudan gained independence in 2011 there have been no reliable statistics on agricultural production. An estimated 95% of the population works in agriculture, with livestock breeding and cereal cultivation dominating. The country is known to produce gum Arabic, most of which is traded informally through neighbouring countries.

Trade flows

Imports

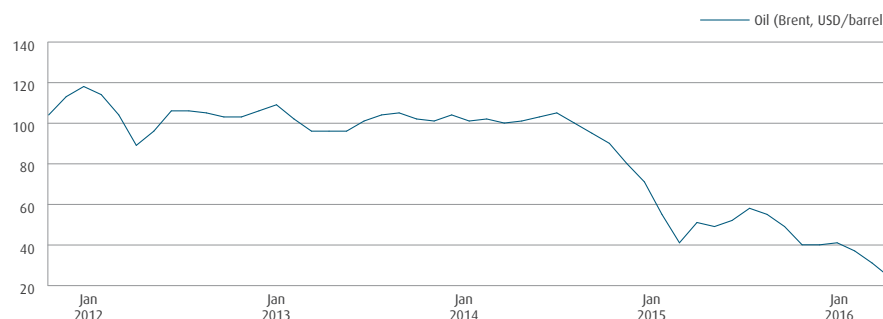
Trade data on South Sudan is unreliable, given the paucity of official statistics and disruption to trade flows caused by the civil conflict. According to the World Bank, South Sudan's imports totalled USD3.3 bn in 2014. Given the almost complete absence of a domestic manufacturing sector, these imports were likely made up of fuel, capital and consumer goods, industrial raw materials and food.

Exports

According to the World Bank, South Sudan's exports totalled USD5.2 bn in 2014, nearly all of which comprised crude oil exported via pipelines in Sudan to world markets.

Key commodity prices

Source: IMF



Useful Links

- Government of South Sudan www.goss.org

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Tanzania

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	5.1	7.3	7.0	6.9	7.0
GDP (USD bn)	39.1	44.4	48.1	46.2	46.9
Inflation (average)	16.0	7.9	6.1	5.6	5.9
Fiscal Balance (% GDP)	-4.1	-3.9	-3.2	-4.0	-4.5
Broad Money (% change, end period)	12.5	10.0	15.6	16.2	14.7
Population (mn)	48.6	50.2	51.8	53.5	55.2
Exports (USD bn)	5.6	5.4	5.6	5.8	6.4
Imports (USD bn)	10.6	10.5	11.3	11.3	11.2
Current Account Balance (% GDP)	-11.7	-10.3	-9.3	-8.2	-8.5
FX Reserves (USD bn, end period)	3.8	4.4	4.6	4.5	4.9
Exchange Rate (average)	1,586.7	1,617.2	1,663.2	2,037.1	2,217.38

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Tanzania's macroeconomic performance remains strong and real GDP is likely to expand by 7% in 2016, driven by transport, electricity generation, and services (mainly communications and financial).

Inflation: Owing to this brisk level of growth, inflation is likely to remain elevated but within single digits in 2016. The main inflationary pressures will arise from supply side factors, particularly food prices, and expectations of further shilling depreciation, which will increase the domestic cost of imports and partly offset the earlier relief from the fall in global oil prices.

Fiscal balance: Budget implementation for 2015-16 and beyond will face challenges because of continued financing and revenue pressures. Avoiding the accumulation of more arrears is essential to safeguard the already fragile fiscal position. The authorities will seek to minimise these pressures by making further efforts to strengthen revenue mobilisation, public financial management, and debt management. However, not all efforts and reforms will be successful, therefore, the fiscal deficit is likely to widen to over 4% of GDP in 2015-16.

Current account: The current account deficit is unlikely to narrow to less than 8% of GDP. It will continue to be financed mainly by FDI and donor capital inflows. Persistently high current account deficits reflect the structural deficit on the trade account – and high import dependency amid weak export sector performance. This points to the need to boost external competitiveness through enhanced exchange rate flexibility (as well as reforms to reduce barriers to trade, promote financial deepening, and improve the business climate). In the medium term, the deficit is likely to narrow as natural gas production raises exports and reduces demand for expensive, imported liquid fuels.

Risks: Risks revolve around establishing a transparent institutional framework for natural gas taxation and wealth management to improve good governance will be important if the economy and future generations are to benefit from these resources. Weather and oil price shocks also pose challenges to be overcome with limited institutional capacity.

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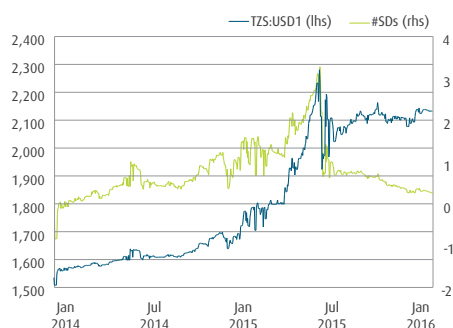


Tanzania

TZS performance and volatility*

TZS versus USD1

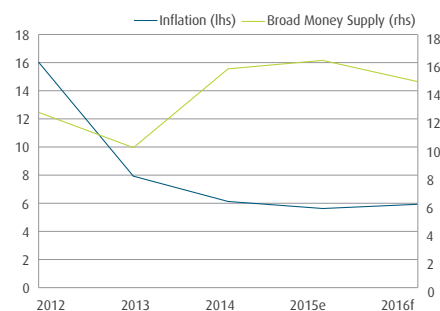
Sources: Bloomberg and Ecobank Research



*Note: TZS volatility is measured by standard deviation.

Tanzania inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target, participation from BoT limited to liquidity management and smoothing volatility
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

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Tanzania

Introduction

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	Yes – up to 6 months	No	No	Yes

Daily trading volume (USD mn)

Average trade size (USD mn)

n/a

n/a

Average spread

Trading hours Limited

Settlement T+2 T+Tenor+2 n/a T+2

FX market structure The BoT participates in the FX market both for liquidity management purposes and to smooth out short-term fluctuations in the exchange rate while maintaining an adequate level of FX reserves.

Non-resident FX regulations Spot Forwards Non-deliverable forwards Options Swaps

Trade and FDI flow Purchase of foreign/local currencies

Financial flow requires supporting documents

n/a

Resident FX regulations Spot Forwards Non-deliverable forwards Options Swaps

Trade and FDI flow Purchase of foreign/local currencies

Financial flow requires supporting documents

n/a

FI

Primary market Treasury bills Treasury notes Treasury bonds Central Bank bills OMOs

Issuer Government Government

End use Government financing

Government infrastructure financing

n/a

Maturity structure 35- to 364-days

Coupon Zero

Coupon payments n/a

2- to 15-yrs Fixed Semi-annual

Secondary market

Daily trading volume Limited trading

Average trade size Limited trading

Settlement Secondary market is to be agreed between counterparts, but common practice is T+1 n/a

Ecobank local affiliate contact details:

Ecobank Tanzania, Karimjee Jivanjee Building, Plot No 19, Sokoine Drive, Dar es Salaam

Tel: +255 22 213 74 47

Sources: Bloomberg, IMF and Ecobank Research

FI primary market information

Tanzania debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	29.2	30.9	35.2	40.2	41.8
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	21.7	22.8	24.8	30.0	33.0
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	8.5	10.1	11.9	13.9	15.5
Share of total sub-Saharan debt (%)	2.9	3.5	4.1	4.7	5.3

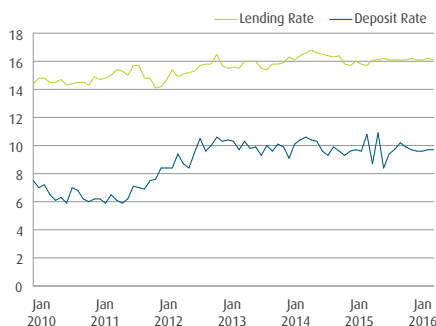
Sources: IMF and World Bank



Tanzania

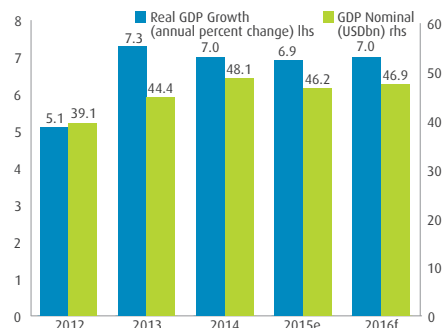
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



Banking Sector Information

Tanzania is the second largest banking sector in the EAC, after Kenya, with numerous players. At end-2014 there were 50 licensed banking institutions, including 34 fully-fledged commercial banks, 12 community banks and four financial institutions. Ownership of the sector is evenly split between local and foreign interests, with 28 foreign-owned banks and 25 locally owned banks. In 2014 total banking sector assets grew by 15%, in local currency terms, to the equivalent of USD13.2 bn.

Concentration levels in the banking sector remain high, with the country's ten Tier 1 banks controlling 73% of assets and 76% of customer deposits, giving them strong balance sheets and pricing capabilities. These banks control nearly 70% of both the corporate market (on the asset side) and also of the current-account-savings-accounts (CASA) market (on the liability side), crowding out the Tier 2 and Tier 3 banks. Moreover, owing to their reliance on purchased wholesale funds, Tier 2 and 3 banks often run very tight NIMs owing to the high cost of funds.

Tanzania's banking sector is adequately capitalised, with total capital to total risk-weighted assets and off-balance sheet exposures estimated at 17.4% at end-2014, comfortably above the required minimum capital adequacy ratio of 14.5%. Asset quality remains good. The ratio of non-performing loans (NPLs) to gross loans was 6.83% at end-2014, a slight increase from 6.43% in 2013, but still a comfortable level. However, the profitability of the banking sector has stagnated in recent years. The sector's return on equity (ROE) has plunged from a high of 23% in 2008 to just 12% in 2014. This is mainly the result of the rise in non-funding costs, which has pushed up the cost to income ratio (CIR) from 49% in 2008 to 73% in 2014.

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Tanzania's Tier I banks, USD 000s, end-2014

Bank (by acronym)	Total assets	Total Loans and Advances	Total Customer Deposits	Total Shareholder Funds
CRDB	4,213,638	2,543,603	3,342,986	436,560
NMB	3,886,087	2,008,918	2,981,809	567,455
NBC	1,605,534	731,112	1,277,928	224,678
Standard Chartered	1,505,461	712,779	983,455	194,557
Exim Bank	1,170,744	575,377	779,782	191,635
Stanbic Bank	971,041	375,692	762,694	130,556
Citi	807,470	168,556	615,208	136,080
Barclays	580,732	336,882	463,197	60,772
Bank M	689,348	529,063	509,725	75,917
Diamond Trust Bank	690,019	407,570	573,797	76,933
Total for Tier 1 banks	16,120,074	8,389,552	12,290,581	2,095,143
Banking sector total	22,126,414	11,762,382	16,204,514	3,029,517
Tier 1 banks' share of sector	73%	71%	76%	69%

Commodity and Trade Information

Hydrocarbon and mineral production

Tanzania has been a gas producing country since 2003. The country produced around 32 bn cubic feet of natural gas in 2013, all of which is consumed by the domestic market in the power and industrial sectors. Tanzania's offshore region is estimated to hold around 70 trn cubic feet of gas, with about 43 trn cubic feet already discovered by oil explorers such as Norway's Statoil. The country has no known oil reserves. Tanzania imports all its petroleum product needs, estimated at about 2.6 mn tonnes, primarily from India, Saudi Arabia, Switzerland and South Africa. The country also serves as a re-export hub of petroleum products for countries across East and Southern Africa.

Tanzania is a diverse mineral producer. The country is East Africa's leading gold producer with output of 281 tonnes in 2014. The country is also an important producer of precious stones, including 253,000 carats of diamonds and Tanzanite (a unique stone found only in Tanzania) in 2014, and also of precious metal ores and copper ore. Tanzania has the third highest installed capacity for cement in East Africa, estimated at 3.7 mn tonnes in 2015.

Soft commodity production

Tanzania is East Africa's leading cotton producer with cotton lint output of 76,000 tonnes in the 2014-15 (July-June). However, production has declined sharply from a peak of 120,000 tonnes in 2011-12, owing to erratic weather, low yields and weak farmgate prices, all of which have driven farmers into more lucrative crops, such as tobacco and onions. The sector's woes have been exacerbated by widespread 'side-selling', prompting ginners to suspend the distribution of inputs, which has further depressed seed cotton yields.

Tanzania is East Africa's third largest coffee producer with estimated output of 1.03 mn 60 kg bags of Robusta and Arabica coffee in 2014-15 (July-June). Output has fluctuated sharply from season to season, partly reflecting the 'on-off' cycle of coffee trees, but also farmers' response to periodically weak prices and low yields. A major constraint to production growth is large-scale smuggling of coffee from the Kagera region (which produces a quarter of Tanzanian output) to Uganda, as farmers search for better prices. It is estimated that over one-third of Kagera's 10,000 MT of coffee is sold across the border, undercutting the volumes available for export.



Tanzania

In recent years cotton and coffee, Tanzania's leading cash crops, have been eclipsed by raw cashew nuts (RCN) and sesame seed, which together generate 13.3% of Tanzania's export revenues. The country produced an estimated 145,000 tonnes of RCN and 117,000 tonnes of sesame seeds in 2014-15. Other significant cash crops include vegetables (228,000 tonnes), palm oil (154,000 tonnes), tobacco (77,000 tonnes) and tea (32,000 tonnes). Tanzania also produces most of its food crops, including 3.9 mn tonnes of maize and 104,000 tonnes of wheat in 2014.

Trade flows

Imports

Tanzania's imports totalled USD12.7 bn in 2014, marginally higher than the previous year. Petroleum products are the largest import, worth USD3.4 bn in 2014, reflecting the country's lack of crude oil refining capacity. Capital goods, including machinery, vehicles and electronics, were the second largest import, together worth USD3.2 bn, owing to the underdeveloped manufacturing sector. The country also imported iron and steel (worth USD823 mn), plastics (USD598 mn) and cement (USD161 mn) for its industrial and construction sectors. Although a leading producer of maize, the country relies heavily on wheat imports (worth USD319 mn in 2014), as well as of palm oil (USD368 mn).

Exports

Tanzania's exports totalled USD5.7 bn in 2014, 29% higher than the previous year. Gold was the largest export, totalling USD1.3 bn, the bulk of which went to South Africa, India and Switzerland. The country also exported precious metal ores (worth USD566 mn), the majority of which went to China, Germany and Japan for processing, copper ore (worth USD146 mn), all of which went to China, and 255,000 carats of diamonds (worth USD81 mn). Agricultural goods dominate the balance of Tanzania's exports, together totalling USD2.1 bn in 2014, 38% of total exports. These included 196,000 tonnes of cashews (worth USD400 m), 117,000 tonnes of sesame seed (USD360 m), 193,000 tonnes of tobacco (USD323 m), 154,000 tonnes of palm oil (USD204 m), 48,000 tonnes coffee (USD124 m) and 83,000 tonnes of cotton lint (USD65 m).

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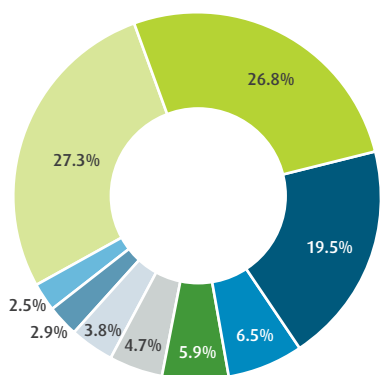
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Tanzania

Share of Tanzania's total imports, 2014 (%)

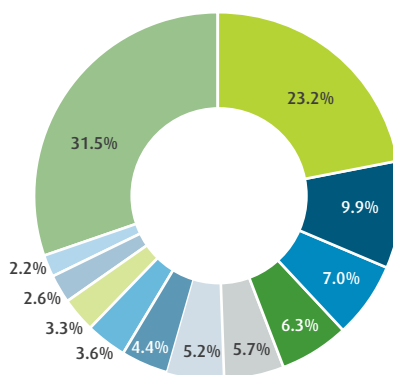
Source: Intracen



- Petroleum products
- Machinery and vehicles
- Iron and steel
- Electronics
- Plastics
- Pharmaceuticals
- Palm oil
- Wheat
- Other

Share of Tanzania's total exports, 2014 (%)

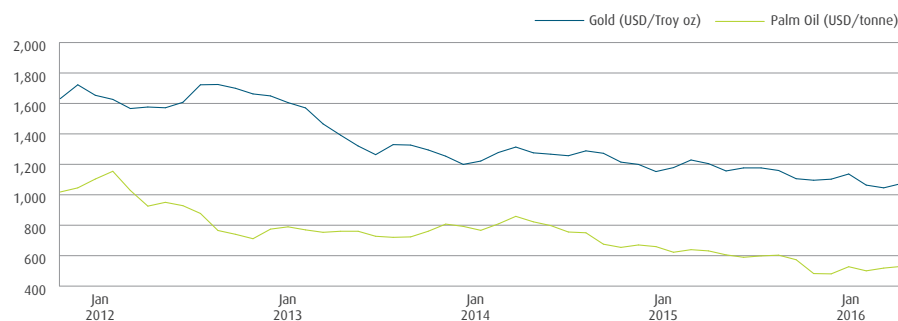
Source: Intracen



- Gold
- Precious metal ores
- Cashew nuts
- Sesame
- Tobacco
- Cereals and flour
- Vegetables
- Palm oil
- Fish
- Copper ore
- Coffee
- Other

Key commodity prices (gold and palm oil)

Source: IMF

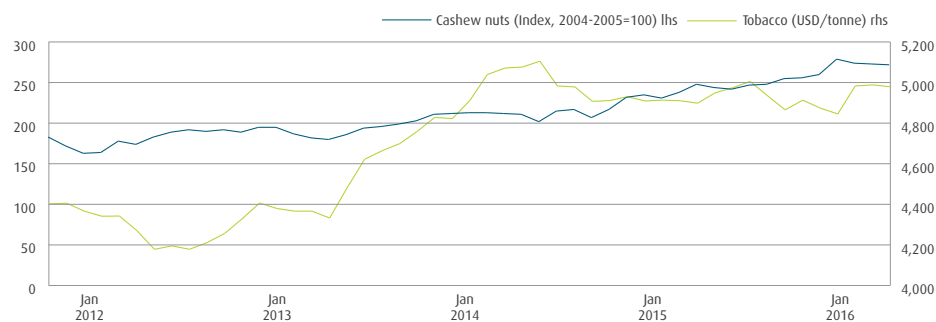




Tanzania

Key commodity prices (cashew nuts and tobacco)

Source: IMF



Useful Links

- Central Bank www.bot-tz.org
- Ministry of Finance www.mof.go.tz
- National Statistics Bureau www.nbs.go.tz
- Stock Exchange www.dse.co.tz

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Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	2.6	3.9	4.8	5.2	5.5
GDP (USD bn)	24.6	25.6	27.6	24.9	26.6
Inflation (average)	14.0	4.8	4.6	5.2	6.5
Fiscal Balance (% GDP)	-3.0	-4.0	-3.5	-3.6	-5.6
Broad Money (% change, end period)	14.9	9.5	15.2	13.3	15.4
Population (mn)	35.4	36.6	37.8	39.0	40.3
Exports (USD bn)	2.7	2.9	2.7	2.8	2.9
Imports (USD bn)	5.2	5.0	5.0	5.0	5.4
Current Account Balance (% GDP)	-8.0	-7.2	-9.7	-10.5	-11.3
FX Reserves (USD bn, end period)	2.6	2.9	3.4	2.9	3.2
Exchange Rate (average)	2,502.4	2,585.6	2,596.9	3,239.5	3,674.3

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Growth is expected to pick up in 2016 to nearly 6% as planned oil production, infrastructure upgrades, and regional integration support increased activity in agriculture and services. Medium term economic prospects are also strong, driven by further integration of the East African Community, infrastructure development, and oil production. However, private investment is likely to remain somewhat low in 2016, partly because of continuing high borrowing costs. Meanwhile, the export sector will be undermined by the weak recovery in the global economy.

Inflation: Central bank policies will aim to keep inflation in single digits in 2016 despite shilling volatility. Inflation is expected to register between 6-7% as food prices are contained (assuming there is no spike in global oil prices). However, meeting the Bank of Uganda's target of 5% for core inflation will remain a challenge.

Fiscal balance: Fiscal performance is likely to remain relatively good based on further strong revenue performance and progress in public financial management. However, sustained spending pressures will push the fiscal deficit up to 6% of GDP in 2015-16. Meanwhile, revenue performance will be constrained because Uganda has a relatively low tax to GDP ratio and various tax exemptions and incentives remain in place. Increased tax revenue collections would involve reviewing existing tax laws and eliminating tax exemptions that have little benefit for production but undermine growth-enhancing spending and constrain private sector growth. Efforts are also necessary to broaden the tax base and improve tax administration efficiency. With regard to expenditure, the positive economic outlook will require strong supportive policies such as restrained public consumption, particularly on recurrent spending, if higher capital spending is to be achieved (for example on the large Karuma and Isimba hydropower projects).

Current account: Low global demand for Uganda's agricultural goods and tourism services, along with high infrastructure-related imports will maintain external sector pressures in 2016 resulting in the current account deficit widening to around 11% of GDP. However, FX reserves and debt will remain at comfortable levels, which will provide some support to the shilling.

Risks: Risks arise from regional unrest – the Great Lakes region remains unstable and spillovers such as refugee inflows would adversely affect the economy. Meanwhile, capacity constraints could lead to slower progress with reforms, undermining growth prospects. Finally, external shocks such as drought or an oil price spike remain a possibility.

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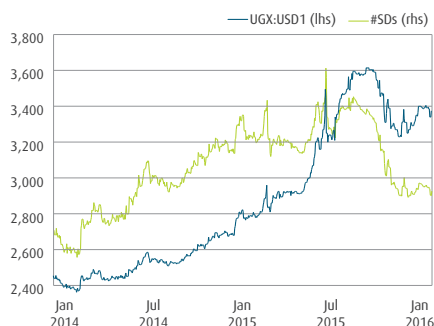
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UGX performance and volatility*

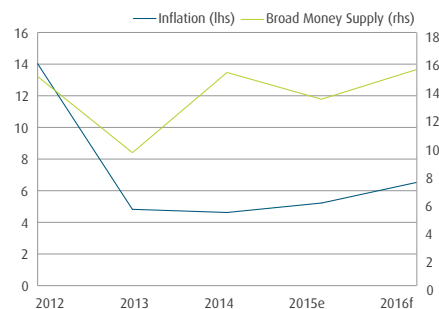
UGX versus USD1 Sources: Bloomberg and Ecobank Research



*Note: UGX volatility is measured by standard deviation.

Uganda inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target, participation from BoU limited to managing liquidity and smoothing volatility
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	Yes – up to 2 years	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)					
Average spread					
Trading hours	Limited				
Settlement	T+2	T+1 to T+Tenor+2	T+Tenor+2	n/a	T+2
FX market structure	The BoU participates in the FX market in order to manage liquidity and smooth excess volatility in exchange rate movements, while seeking to maintain an adequate level of FX reserves.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow				n/a	
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow				n/a	

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FI	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government	Government		Government		
End use	Government financing			Government and infrastructure financing		
Maturity structure	91- to 364-days		n/a	2- to 10-yrs		n/a
Coupon	Zero			Fixed		
Coupon payments	n/a			Semi-annual		
Secondary market						
Daily trading volume			Limited trading			
Average trade size			Limited trading			n/a
Settlement			n/a			

Ecobank local affiliate contact details:

Ecobank Ghana, 19 Seventh Avenue, Ridge West, Accra North

Tel: +233 302 68 11 46/48

Sources: Bloomberg, IMF and Ecobank Research

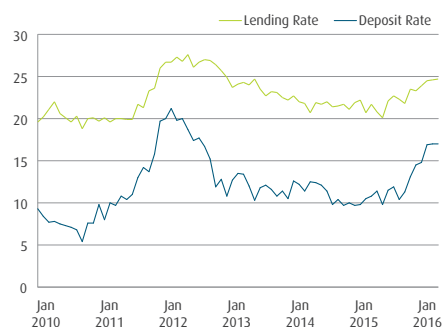
FI primary market information

Uganda debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	24.2	27.6	31.4	35.0	37.9
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	12.6	14.1	14.0	20.8	24.4
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	3.1	3.6	3.9	5.2	6.5
Share of total sub-Saharan debt (%)	1.1	1.2	1.3	1.8	2.2

Sources: IMF and World Bank

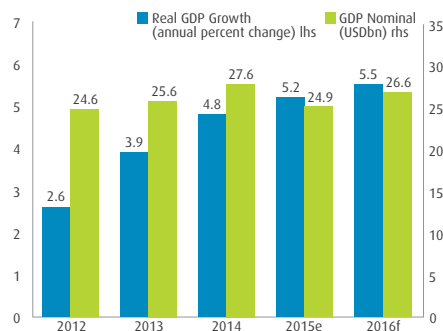
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Banking Sector Information

Following the lifting of the decade-old moratorium on the licensing of new commercial banks in 2007, the Bank of Uganda (BoU) licensed 12 new commercial banks over the period 2008-13, bringing the total number of commercial banks to 26. Eighteen banks have majority foreign ownership and their participation is mainly through direct investment in equity holdings. Over the past decade Uganda's banking sector has undergone significant consolidation, with the merger of several institutions and the takeover of struggling banks at the instruction of the BoU. This has increased concentration in the banking sector, with the top six banks holding 64% of total banking assets and controlling 65% of loans and advances. In 2014 total banking sector assets grew by 13% in local currency terms to the equivalent of USD7 bn.

On the liability front, the six largest banks control 63% of customer liabilities, greatly reducing their funding costs to the detriment of the country's smaller banks. On the asset front, Uganda is a loan-driven market, with loans and advances to customers accounting for 68% of total earning assets. The foreign-owned Tier I banks – Standard Chartered, Barclays and Stanbic – have maintained a strong grip on wholesale obligors owing to their pricing power and strong balance sheets. Banks' asset strategies are focused on retail, SME and corporates, with the former driven by scale and distribution, and the latter by financing solutions, pricing and strength of balance sheet.

Profitability in Uganda's banking sector has oscillated around net margins and efficiency levels. In 2014 the sector's return on equity rose by 100 basis points to 16%. Capital adequacy in the sector remains strong, with the ratio of total capital to risk weighted assets estimated at 22.2% at end-2014, above the minimum required threshold of 12%. However, the regulatory environment is yet to transition to Basel II, notably with regards to capital conservation buffers and incorporating market and operational risks into capital computations. Once Basel II is adopted, this is likely to force the small and medium players to recapitalise.

Uganda's leading banks, USD millions, 2014

Bank	Total assets	Total Loans and Advances	Total Customer Deposits	Total Shareholder Funds
Stanbic	1,271	586	773	176
Standard Chartered	962	519	669	166
Barclays	530	215	399	102
DFCU Bank	506	246	298	61
Crane Bank	623	306	459	114
Cerudeb	593	301	426	115
Total	4,485	2,174	3,023	735
Banking sector total	7,051	3,354	4,806	1,187
Share of banking sector of six largest banks	64%	65%	63%	62%

Source: Ecobank Research

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Commodity and Trade Information

Hydrocarbon and mineral production

Uganda is estimated to hold reserves of 3.5 bn barrels of crude oil and could potentially produce 200,000 bpd, with commercial production set to start in 2018/2019. The country's output will largely be exported via a pipeline to be built to Kenyan or Tanzanian ports, while small volumes could be used to fuel a thermal power plant in the Lake Albert region. Around 60,000 bpd will be processed by a new refinery to be built in Hoima by RT Global Resources, a consortium owned by the Russian Group Rostec. Uganda currently imports all its fuel requirement of around 17,000 bpd. Once the new refinery becomes operational, the country will become a regional refining hub, meeting all domestic needs and exporting the balance across East Africa.

Uganda has reserves of gold, copper, tin, diamonds and uranium, but there has been little development of these resources. Uganda produces small quantities of gold from artisanal miners, and is the conduit for illicit flows of gold from neighbouring DRC to the UAE, via the daily flight from Kampala to Dubai. Uganda is an important producer of cement, with installed capacity of 2.6 mn tonnes in 2014.

Soft commodity production

Uganda is Africa's second largest coffee producer with output of 3.8 mn 60 kg bags in 2014-15 (October-September). Robusta constitutes three-quarters of the country's total output, with Arabica making up the balance. Uganda's coffee production has fluctuated in recent years, owing to erratic weather and disease outbreaks. The government has launched an ambitious replanting programme which targets production of 4 mn bags by 2020. Uganda is also the second largest tea producer in East Africa, with estimated output of 49,400 tonnes in 2015.

Uganda is an increasingly important sugar producer, with output rising by 58% over the past three seasons to a record 480,000 tonnes in 2014-15, following heavy investment in new mills. However, the sugar sector faces short-term headwinds as El Niño could stunt cane growth and reduce sucrose yields. Uganda is also a minor cocoa producer, with estimated output of 26,000 tonnes in 2014-15 (October-September), the bulk of which went via Kenya to international markets.

Trade flows

Imports

Uganda's imports totalled USD6.1 bn in 2014, 4% higher than the previous year. Given the country's landlocked status and lack of manufacturing sector, the majority of imports are capital and consumer goods, and industrial raw materials. Petroleum products are the largest import, worth USD1.4 bn in 2014, reflecting the lack of refining capacity. Machinery, vehicles, electronics and pharmaceuticals made up a further USD1.8 bn of imports in 2014. The country also imported iron and steel (worth USD351 mn) and cement (USD96 mn) for its construction and logistics sectors. A large volume of these goods were re-exported to the Lakes region, reflecting Uganda's status as a re-export hub. Uganda also imported large volumes of food, including wheat (worth USD165 mn), rice (USD72 mn), palm oil (USD248 mn) and sugar (USD88 mn), reflecting its limited agricultural production.

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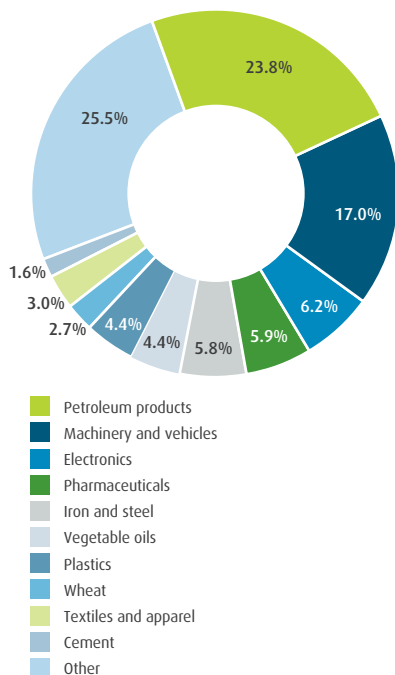
Uganda

Exports

Uganda's exports totalled USD2.3 bn in 2014, 6% lower than the previous year. Coffee was the largest export, worth USD410 mn, over half of which was exported to Italy, Sudan, Belgium and Germany. Exports of black and green tea totalled USD85 mn, all of which went via Kenya to international markets. The country also exported seafood (mainly Nile Perch from Lake Victoria) worth USD135 mn, two-thirds of which went to Hong Kong, Belgium and the Netherlands. Uganda is an important exporter of agricultural goods to the EAC region, including 44,000 tonnes of vegetable oils (worth USD55 mn), 32,000 tonnes of palm oil (worth USD33 mn), 113,000 tonnes of maize (worth USD29 mn), and 58,000 tonnes of rice (worth USD29 mn). The country also exported 118,000 tonnes of sugar (worth USD69 mn) all of which went to Sudan, Rwanda, and the DRC. The country also acts as a re-export hub for petroleum products (worth USD184 mn), machinery and vehicles (USD110 mn) and cement (USD94 mn) to landlocked countries such as Rwanda, Burundi and the eastern DRC.

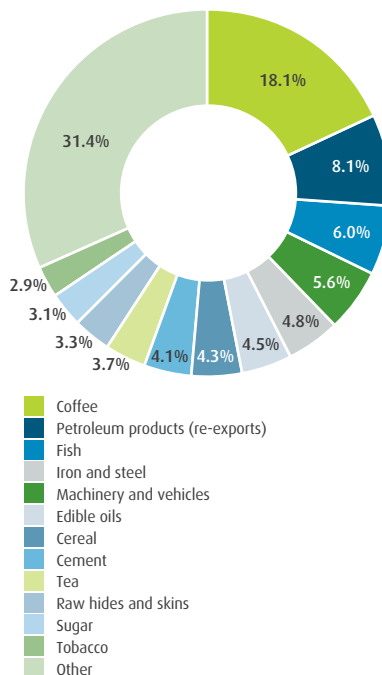
Share of Uganda's total imports, 2014 (%)

Source: Intracen



Share of Uganda's total exports, 2014 (%)

Source: Intracen



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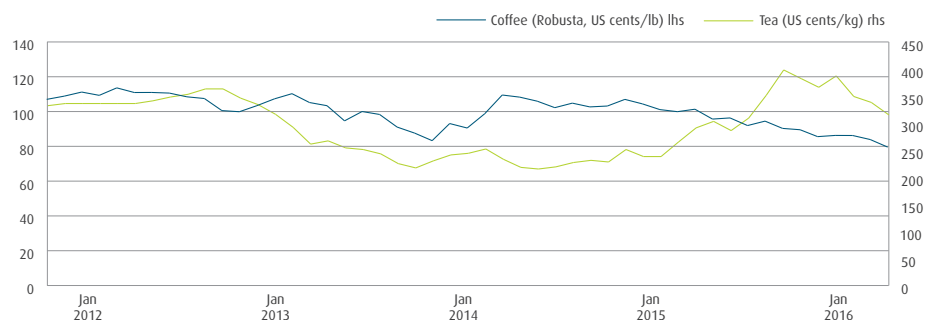
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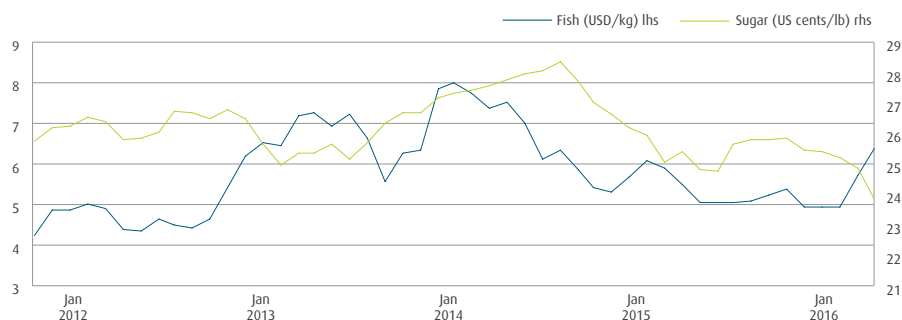
Key commodity prices (coffee and tea)

Source: IMF



Key commodity prices (fish and sugar)

Source: IMF





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Useful Links

- Central Bank www.bou.or.ug
- Ministry of Finance www.finance.go.ug
- National Statistics Bureau www.ubos.org
- Stock Exchange www.use.or.ug

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Southern Africa is the largest region in Middle Africa, stretching from the DRC in the north to South Africa in the south. The region has at its core the Southern African Development Community (SADC), which is made up of Angola, Botswana, the DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Madagascar and Seychelles are not covered in this guidebook as neither Ecobank nor Nedbank have operations there. Tanzania is covered in the East Africa section, as the country is a member of both the EAC and SADC.

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SADC is dominated by South Africa, by virtue of its large and diversified economy, and also its role as a regional hub for trade, services and investment into Southern Africa. South Africa is a leading supplier of minerals to the world market, including platinum, diamonds, gold, iron, coal, manganese, chromium and titanium, as well as of soft commodities to both regional and global markets, notably sugar and grains. Minerals dominate the economies of the block's other large members, including Angola and the DRC (oil and gas), Botswana, Lesotho, Namibia and Zimbabwe (diamonds), Mozambique (aluminium, gas and coal) and Zambia (copper). The region also trades large volumes of soft commodities, notably grain and sugar, which move from surplus to deficit regions depending on the annual crops.

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Given the wide geographical reach of SADC and the various trade blocks with which it overlaps, the level of integration varies greatly. Countries within the Southern African Customs Union (SACU) – Botswana, Lesotho, Namibia, South Africa and Swaziland – are among the most integrated in Africa, bolstered by their strong integration into South Africa's trade flows and transport infrastructure. Trade links between South Africa and Mozambique have been enhanced by the Maputo Development Corridor, linking the industrial Gauteng province with Maputo Province. However, trade links with the periphery members of SADC, notably the DRC and Angola, are poorly developed.

Southern Africa has the largest financial sector in Africa, focused on Johannesburg.

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*Nedbank regions

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Angola

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	5.2	6.8	4.8	3.5	2.9
GDP (USD bn)	115.3	124.2	129.3	102.0	98.8
Inflation (average)	10.3	8.8	7.3	10.2	23.7
Fiscal Balance (% GDP)	4.6	-0.3	-6.4	-3.5	-3.0
Broad Money (% change, end period)	4.9	14.1	16.5	14.4	14.6
Population (mn)	22.7	23.4	24.2	25.0	25.8
Exports (USD bn)	71.1	68.2	59.2	37.0	38.5
Imports (USD bn)	23.7	26.3	28.6	21.0	21.2
Current Account Balance (% GDP)	13.9	8.3	-2.0	-7.8	-6.2
FX Reserves (USD bn, end period)	32.2	32.2	27.8	22.3	18.6
Exchange Rate (average)	95.33	96.50	98.41	120.31	170.00
Oil production (mn bpd)	1.73	1.716	1.672	1.785	1.85

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

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Economic Outlook

Real GDP: Growth is expected to slow to 2.9% in 2016 because the oil price shock has significantly reduced fiscal and export revenues, stressing the need to address vulnerabilities, diversify the economy, and better manage oil revenues. Government spending on infrastructure, particularly in the power sector and road building (assuming capital spending is not cut significantly), will boost the non-oil sector. Non-oil growth will also be supported by ongoing, albeit moderate, improvements to the business environment and financial sector reform. Oil GDP will be supported by further increases in oil production although the indirect effect of sustained low oil prices will act as a brake on the sector.

Inflation: Inflation is likely to accelerate to around 24% in 2016 given kwanza weakening, the recent removal of fuel subsidies and the pass through effect of higher imported goods costs. There is a need to continue adjusting the exchange rate supported by tight monetary policy to address imbalances in the FX market to contain the impact on inflation while improving liquidity management.

Fiscal balance: The fiscal deficit will narrow slightly to 3% of GDP in 2016 due to spending adjustments to what appears to be permanently lower oil revenues. In addition, the authorities will need to continue to take strong policy steps to mitigate the impact of the oil price shock in 2016 by making further spending cuts and considering the necessity for another devaluation of the kwanza. However, institutional capacity constraints will limit spending as will the aim to reduce quasi-fiscal spending. It will be important to implement an orderly fiscal adjustment to avoid domestic payments arrears in 2016 while striking a better balance between current and capital spending priorities. On the revenue side, efforts will be strengthened to mobilise additional non-oil taxes given the shift required to reduce dependency on the oil sector.

Current account: The current account deficit is likely to narrow to around 6% of GDP, largely due to increased oil export revenues driven by higher production and despite the expected low oil price. Strong demand for imports will push up the import bill albeit moderately amid an environment of slower growth in government spending.

The authorities will continue to face several challenges in 2016, which they will have some success in meeting: to make investment spending more efficient, enhance public financial management by improving management of oil revenues and cash management, increase FX reserves, and reduce inflation to within single digits.

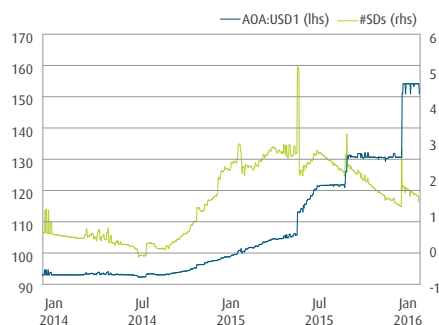
Risks: There remains a strong need to boost economic diversification by improving the business environment and competitiveness, and by strengthening the role of the private sector across the economy. On the policy front, there remains a strong requirement to adopt an improved medium term fiscal framework and a properly designed fiscal stabilisation fund to reduce pro-cyclical spending and an increase in debt – both of which pose major risks to economic stability.



Angola

AOA performance and volatility*

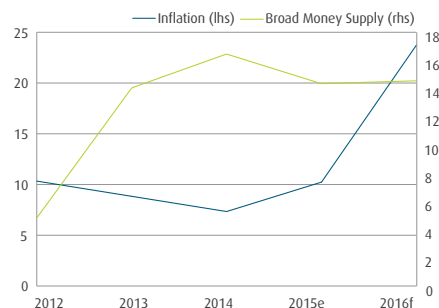
AOA versus USD1 Sources: Bloomberg and Ecobank Research



*Note: AOA volatility is measured by standard deviation.

Angola inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Crawl-like arrangement
Target	No official target but de facto anchored to the USD
Type of intervention	Via Central Bank
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a		n/a		
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				
FX market structure	The central bank is the largest provider of FX in Angola. FX is auctioned to banks that bid for FX quantities according to a predefined auction calendar.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Limits to unrequited transfers to non-residents; discriminatory application of the 0.015% stamp tax on FX operations.				
Financial flow					
			n/a		
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Limits on availability of FX for invisible transactions; limits to unrequited transfers to non-residents; discriminatory application of the 0.015% stamp tax on FX operations.				
Financial flow					
			n/a		

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FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government		
End use	Government financing		Government and infrastructure financing		n/a
Maturity structure	28- to 182-days	n/a	1- to 12-ys		
Coupon	Zero		Fixed / Floating		
Coupon payments	n/a		Semi-annual		
Secondary market					
Daily trading volume	Limited trading				
Average trade size	Limited trading				n/a
Settlement	n/a				

Ecobank local affiliate contact details:

Ecobank Angola Representative Office, Rue Joaquim Kapango No 31, Ingombota-Luanda
Tel: +244 938 910 345

Sources: Bloomberg, IMF and Ecobank Research

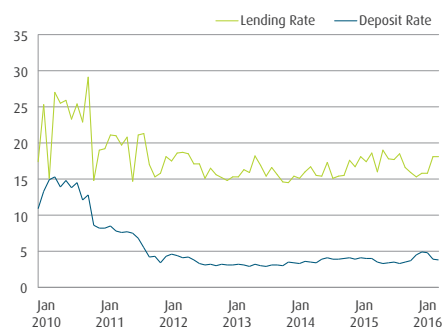
FI primary market information

Angola debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	28.7	36.2	42.2	57.4	53.0
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	18.8	23.7	25.5	38.8	36.4
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	21.7	29.4	33.0	39.6	36.0
Share of total sub-Sahara debt (%)	7.4	9.4	9.6	10.7	9.1

Sources: IMF and World Bank

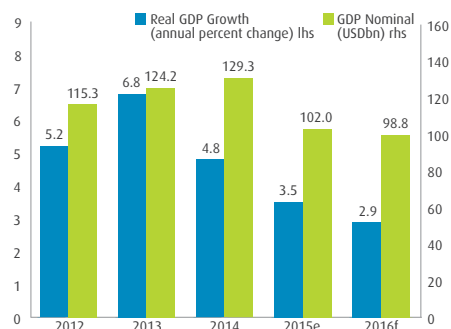
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Angola

Banking Sector Information

Angola's banking sector has grown dramatically since the end of the civil war in 2002, with the asset base expanding from USD3 bn in 2002 to more than USD60 bn in 2015. There are 23 banks in Angola, 20 of them fully functioning commercial banks. The sector is dominated by locally owned private banks, which together control 42% and 50.5% of total assets and deposits, respectively. Concentration levels are high, with the top five banks accounting for 77% of total banking sector assets in 2013, and the ten largest banks controlling 93% of assets. The same is true for Angola's insurance sector, which is dominated by just two state-owned insurers: AAA and ENSA.

Locally owned private banks dominate the deposit liability market, primarily because they have the strongest distribution network, with 46% of the branch network. State-owned Banco de Poupança e Crédito (BPC) has the strongest distribution network, with 20% of branches, followed by the privately owned BIC and foreign-owned BFA, both of which have a 13% share of the branch network. The share of foreign currency (FCY) liabilities to total liabilities plunged to 43.1% by end-2014, down from 51% at end-2013. This is partly attributable to a directive issued by the central bank that came into effect in July 2013, requiring oil companies to settle their obligations in local currency, the Kwanza, which forced oil companies to sell USD to local banks in exchange for Kwanza. Around 50% of total deposit liabilities are demand, driven by current accounts held by large corporates engaged in oil businesses, while around 45% are term. The mismatch between the contractual and behavioural life of deposits reflects the fact that financial sector deepening in Angola is still below 10%, limiting access to long term cheap local currency deposits.

The central bank's drive to de-dollarize Angola's economy has seen foreign currency lending by banks drop significantly, from a high of 60% in 2011 to below 27% at end-2014. Private sector business (SMEs and corporates) continues to dominate credit uptake, accounting for 80% of lending by banks. Just 20% goes to personal consumer lending accounts, reflecting banks' onerous collateral requirements which only high net worth individuals (HNIs) can meet. Angola's banking sector return on equity (ROE) has declined sharply, from 22% in 2011 to just 6.3% at end-2014, reflecting rising bad debts and tightness in net spreads.

Angola's banking sector's capital adequacy ratio stood at 22% in Q2 2014, well above the regulatory minimum of 10%. However, there is a need for risk-based capital measurements, as well as boosting the capital buffers of the systemically important five leading banks. The slump in the oil price and its impact on Angola's economy has increased the number of non-performing loans (NPLs), raising the country's NPL ratio to an estimated 12% at end-2014. In 2013 state banks accounted for two thirds of NPLs, reflecting the weakness of their credit processes compared with privately owned banks.

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Angola's leading banks, 2014

Bank	Total assets (USD mn)	Ownership
Banco de Poupança e Crédito	11,659	Public
Banco Angolano de Investimentos	10,712	Private Local
Banco de Fomento Angola	10,439	Private Foreign
Banco BIC	8,132	Private Local
Banco Privado Atlântico	3,651	Private Local
Banco de Desenvolvimento de Angola	2,779	Public
Banco Sol	2,636	Private Local
Banco Millennium Angola	2,380	Private Foreign
Banco Caixa Geral Totta de Angola	2,240	Private Foreign
Standard Bank Angola	1,978	Private Foreign
Banco de Negócios Internacional	1,966	Private Local
Banco Keve	1,142	Private Local
Banco de Comércio e Indústria	1,074	Public
Finibanco Angola	741	Private Foreign
Banco Comercial Angolano	301	Private Local
Banco Angolano de Negócios e Comércio	280	Private Local
Banco Valor	117	Private Local
Banco VTB África	112	Private Foreign
Standard Chartered Bank Angola	104	Private Foreign
Banco Kwanza de Investimento	97	Private Local
Banco Comercial do Huambo	60	Private Local

Sources: Banco Nacional de Angola (BNA), Ecobank Research.

Commodity and Trade Information

Hydrocarbon and mineral production

Angola is Sub-Sahara Africa's second largest crude oil producer (after Nigeria), with output of 1.8 mn bpd in 2015, most of which was exported to China, the USA and India. Angola produces almost 99% of its crude oil from offshore fields. Angola has an estimated 17 bn barrels of oil offshore reserves, including pre-salt discoveries that are believed to hold over 4 bn barrels. Angola's first LNG plant is a joint venture between Angola's Sonangol and several international oil companies (Total, BP, Chevron and ENI), with a nameplate capacity of 5.2 mn metric tonnes per annum. The plant was brought on stream in July 2013 and shipped a dozen cargoes before it was forced to close owing to technical challenges. The plant was scheduled to re-open in Q2 2016.

Domestic consumption of petroleum products is around 152,000 bpd. This is well in excess of the capacity of the country's sole refinery which produces around 39,000 bpd, making the country dependent on imports to meet the shortfall. Angola spent more than USD3.7 bn on fuel subsidies in 2015, but has recently suspended the subsidy on pump prices due to falling oil revenues and the weakening exchange rate.

Angola is the world's sixth largest diamond producer, with output of 8.8 mn carats in 2014. The country's diamond production is expected to surge in the coming years, thanks to rising investment in new mines, including an exploration concession that was granted to De Beers. Angola has large reserves iron ore, notably in Huila province where the Cassinga mine produced 1.1 mn tonnes per year during the 1980s. However, efforts to restart production have foundered owing to the lack of logistical infrastructure and weak international prices. Angola is known to have rich reserves of copper, manganese, gold, phosphates, uranium, coltan and marble, but to date there has been little exploitation of these.



Angola

Soft commodity production

Angola's agriculture sector largely collapsed during the country's lengthy civil war, but in recent years the Angolan government has made efforts to revive agricultural production in a bid to diversify the economy away from hydrocarbons. However, these efforts have been undermined by high operating costs, the lack of cheap and reliable power supplies, poor logistics for getting perishable goods to market, and the strength of established food importers. As a result, Angola remains dependent on imports of all basic foodstuffs (even eggs and flour). Nonetheless, progress has been made with boosting sugar production, led by the integrated Biocom sugar project which is targeting sugar production of 260,000 tonnes by 2018.

Trade flows

Imports

Angola is one of Middle Africa's most heavily import-dependent countries, with total imports of USD26.5 bn in 2014, 13.4% higher than the previous year. Angola is heavily dependent on the import of capital goods, reflecting the underdevelopment of its manufacturing sector. The country imported machinery, vehicles and electronics together worth USD8.3 bn in 2014, along with USD2 bn worth of ships, most of which were destined for the offshore extractives industry. Angola also imported USD1.1 bn worth of petroleum products, reflecting the low level of local refining capacity. The country imports large volumes of raw industrial materials, including iron and steel (worth USD2.3 bn), building materials (USD1.2 bn) and plastics (USD749 mn). Angola remains heavily dependent on food imports, including meat (worth USD1.2 bn), palm oil (USD283 mn), dairy products (USD315 mn) and sugar (USD263 mn).

Exports

Angola's exports totalled USD63.7 bn in 2014, 10.8% lower than the previous year owing to slump in international oil prices. Crude oil dominates exports, accounting for 96% of export revenues in 2014. That year Angola exported crude oil worth USD61.2 bn, making the country Sub-Saharan Africa's second largest crude oil exporter (after Nigeria). The country also exported USD679 mn of gas, an amount that is likely to surge once LNG production resumes. Angola also exported petroleum products worth USD754 m, most of which went to Western Europe. Angola exported 9 mn carats of diamonds in 2014, worth USD810 mn in 2014, the bulk of which went for cutting to Belgium, India and China. The country also exported small volumes of commodities, including 102,000 tonnes of granite (worth USD30 mn), 15,000 tonnes of seafood (worth USD33.1 mn) and 7,000 tonnes of raw timber (worth USD7 mn).

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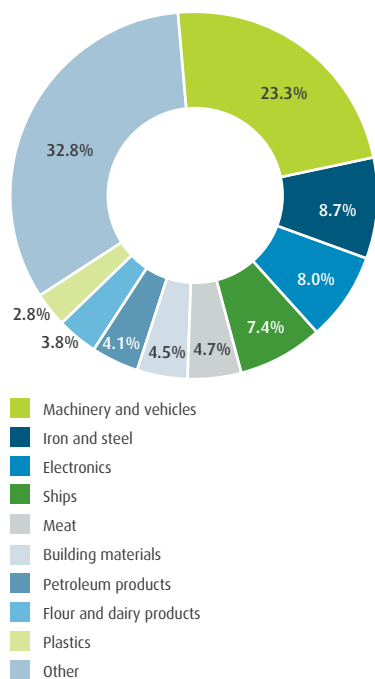
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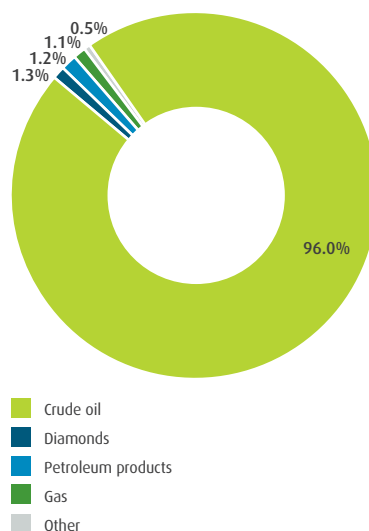
Share of Angola's total imports, 2014 (%)

Source: Intracen



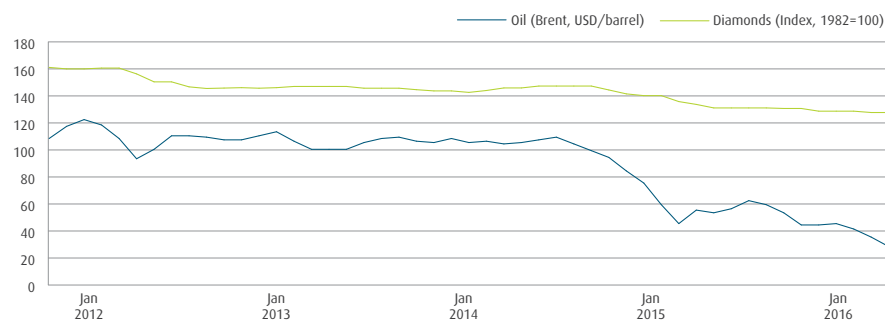
Share of Angola's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Angola

Useful Links

- Central Bank www.bna.ao
- Ministry of Finance www.minfin.gv.ao
- National Statistics Bureau www.ine.gov.ao

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Botswana

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	4.8	9.3	4.4	2.6	3.2
GDP (USD bn)	14.8	15.1	15.2	13.1	13.0
Inflation (average)	7.5	5.8	3.9	3.0	3.8
Fiscal Balance (% GDP)	0.8	5.3	4.3	-0.5	0.4
Broad Money (% change, end period)	13.9	8.3	12.5	7.7	9.0
Population (mn)	2.1	2.2	2.2	2.3	2.3
Exports (USD bn)	6.0	7.6	8.0	7.8	7.7
Imports (USD bn)	8.0	7.4	8.6	9.1	9.5
Current Account Balance (% GDP)	-3.4	8.8	16.1	2.8	0.1
FX Reserves (USD bn, end period)	8.3	8.4	9.2	9.8	10.0
Exchange Rate (average)	7.61	8.39	8.97	10.11	10.76

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: After rebounding in 2013 (with real GDP expanding 9.3%), the economy has grown at a slower pace since 2014 owing largely to the recent slump in the global commodity market. In 2016, we expect real GDP to grow at a modest pace of 3.2%, supported mainly by mining-related activities.

Inflation: Likely to remain within the mid-level of the central bank's 3-6% inflation target band, supported by modest economic activity, and low credit growth and commodity prices. Amid this, we expect inflation to average 3.8% in 2016.

Fiscal balance: After posting a small deficit in 2015, we expect the budget to post a surplus in 2016, buoyed by higher minerals revenue and continued strong revenues from the SACU (Southern African Customs Union) pool. However, there is a need to adopt prudent fiscal management and to strengthen fiscal buffers against a slowdown in the diamond mining sector.

Current account: Exports are likely to remain under pressure due to slowing demand for diamonds, the major export commodity. Even though the current account registered a large surplus in 2014 (16% of GDP), we expect the deterioration seen in 2015 to continue in 2016 amid weaker diamond exports and rising imports.

Risks: While the medium term outlook remains favourable, a slowdown in emerging markets (Botswana's key export destination), and the global economy pose downside risk to the growth outlook. Delays in commissioning the 600 MW Morupule B power plant (which aims to significantly boost current installed capacity of 132 MW) will add further risk as the country's power and water supply problems could undermine the economic recovery.

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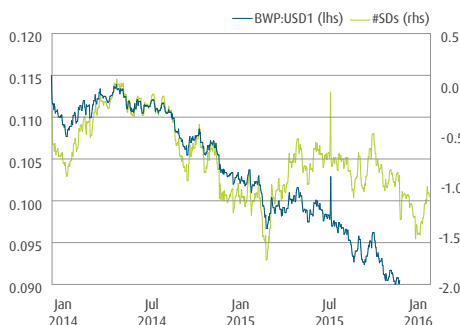
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Botswana

BWP performance and volatility*

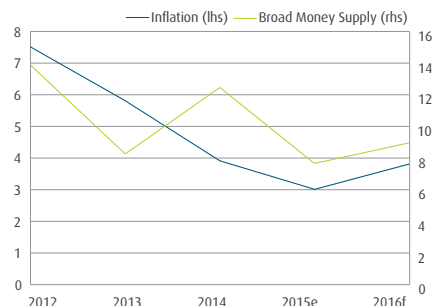
BWP versus USD1 Sources: Bloomberg and Ecobank Research



*Note: BWP volatility is measured by standard deviation.

Botswana inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed (Crawling Peg)
Target	The BWP is pegged to a currency composite: IMF's SDR(50%) and the ZAR(50%)
Type of intervention	Via central bank
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	Yes – up to 12 months	No	No	Yes
Daily trading volume (USD mn)					
Average trade size (USD mn)		n/a			n/a
Average spread				n/a	
Trading hours		Limited			
Settlement	T+2	T+1 to T+Tenor+2			T+0
FX market structure	The BWP is determined using a differential between BOB's inflation objective and forecast to stabilise the real effective exchange rate.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					

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Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government	Central bank	
End use	Government financing		Government and infrastructure financing	Liquidity management	
Maturity structure	3- to 6-months	n/a	2 to 30-yr	14- to 91-days	
Coupon	Zero		Fixed	Zero	
Coupon payments	n/a		Semi-annual	n/a	
Secondary market					
Daily trading volume		Limited trading			
Average trade size		Limited trading		Limited trading	
Settlement		T+2			

Nedbank contact details for Botswana – please contact Head Office:

135 Rivonia Road, Sandown, Sandton 2196, Johannesburg, South Africa

P.O. Box 1144, Johannesburg 2000, South Africa

Tel: +27 11 294 4444

Sources: Bloomberg, IMF and Ecobank Research

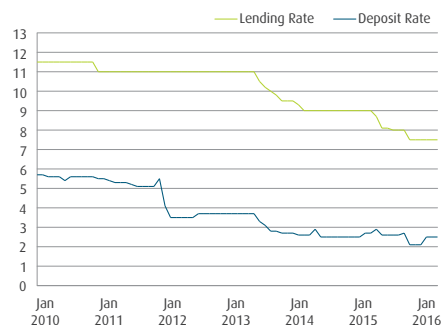
FI primary market information

Botswana debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	18.9	17.5	14.5	12.4	11.3
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	12.3	11.7	8.2	7.5	6.9
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	1.8	1.8	1.2	1.0	0.9
Share of total sub-Saharan debt (%)	0.6	0.6	0.4	0.3	0.2

Sources: IMF and World Bank

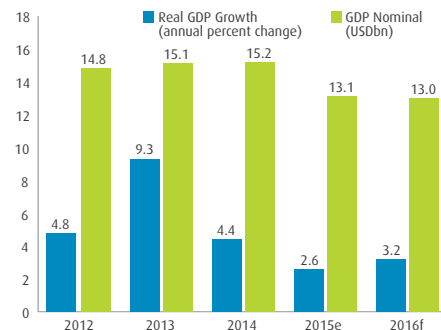
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Botswana

Banking Sector Information

- Botswana has a small, but thriving, financial sector that has recorded significant growth in the past decade. Pension funds and commercial banks are the two most important segments by asset size.
- The country's banking sector is not highly exposed to the mining sector which is largely financed by foreign parent companies and via retail earnings.
- Banks are exposed to households, which account for around 59% of bank lending to the private sector, representing about 23% of total bank assets.
- The banking sector comprised 11 commercial banks at the end of 2014, but is highly concentrated and is dominated by the four largest banks which control 81% of all assets in the sector.
- The capital adequacy ratio among banks remains above the required 15%, while the ROE of the sector was 19.1% in 2014.
- The pension fund system is relatively large: 94 pension funds operate in Botswana, with total assets of P59.4 billion in 2014. Over the past 20 years, the legal framework for pension systems has provided a good basis for developing the sector.
- According to BoB's midterm MPC review in August 2015, banking sector indicators, including low default ratios for household borrowing, suggest a stable financial environment. The aggregate ratio of non-performing loans-to-total loans was 2.9% in June 2015 (unchanged from December 2014).

Commodity and Trade Information

Hydrocarbon and mineral production

Botswana's mining sector is dominated by the mining and polishing of diamonds. The country is Africa's largest producer of diamonds (and the second largest in the world, after Russia), with output of 24.7 mn carats in 2014. Botswana is also a moderate producer of nickel, copper ore and gold, without output of 39,000 tonnes, 109,000 tonnes and 1 tonne, respectively, in 2014.

Botswana has no known oil and gas reserves and must import all of its refined products, 95% of which come from South Africa. Botswana consumes just under 1mn tonnes of refined product annually and is heavily dependent on refineries in South Africa.

Soft commodity production

Given its arid climate, Botswana lacks a robust agricultural sector, and there is little commercial production of cash crops, with most crops produced for local consumption or sale. However, the country is a large producer of livestock, and exports substantial volumes of livestock and meat to the region.

Trade flows

Imports

Botswana's imports totalled USD7.8 bn in 2014, 5.3% above the previous year. Botswana's ambitions to become the world's leading diamond trading centre have driven a surge in imports of diamonds from Namibia, Canada, South Africa and Belgium for trading and polishing in country. In 2014 Botswana imported 13.5 mn carats of diamonds, worth USD2.7 bn, and imports could surge further following the relocation of De Beer's rough diamond sales from London to Gaborone in early 2015. Botswana is heavily dependent on imports of capital goods, including USD2.3 bn worth of machinery, vehicles and electronics, reflecting the absence of a developed manufacturing sector, and of industrial raw materials, including USD230 mn of iron and steel, USD136 mn of plastics and USD72 mn of cement. The country is also dependent on imports of petroleum products, worth USD1 bn in 2014, and imported USD149 mn worth of electricity from neighbouring South Africa and Namibia in 2014. Given the weakness of the agricultural sector, Botswana relies heavily on maize and wheat imports (worth a total of USD89 mn), as well as of palm oil (USD37 mn).

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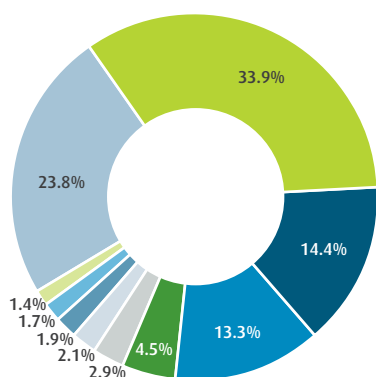
Botswana

Exports

Botswana's exports totalled USD7.9 bn in 2014, 4.5% higher than the previous year. Diamonds were by far the country's largest export, with exports of 49.7 mn carats worth USD6.7 bn in 2014 (including re-exports), of which over half went to Belgium, India and Israel. The country's other mineral exports included USD334 mn worth of nickel, most of which went to Norway and Finland, USD134 mn of copper ore and USD42 mn of gold. The only other significant export is meat, worth USD117 mn in 2014, most of which went to neighbouring countries.

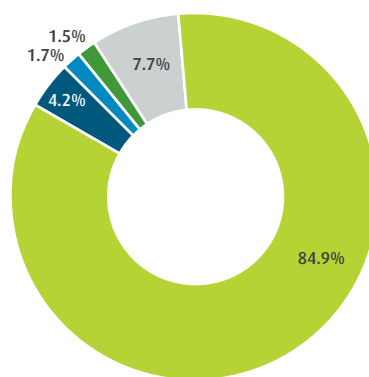
Share of Botswana's total imports, 2014 (%)

Source: Intracen



Share of Botswana's total exports, 2014 (%)

Source: Intracen



- Diamonds
- Machinery and vehicles
- Petroleum products
- Electronics
- Iron and steel
- Cereal and flour
- Electricity
- Plastics
- Pharmaceuticals
- Other

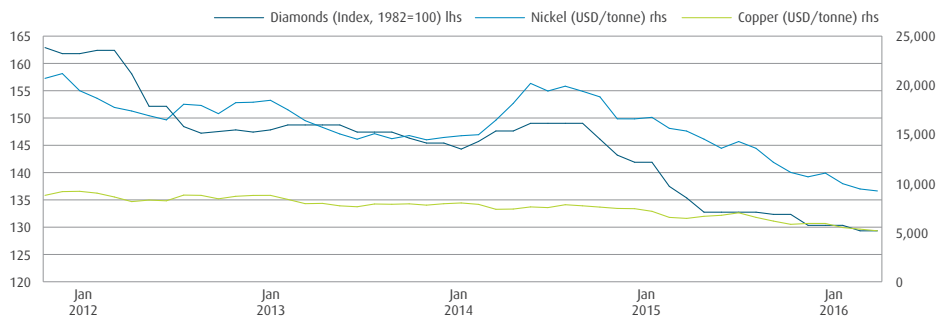
- Diamonds
- Nickel
- Copper ore
- Meat
- Other



Botswana

Key commodity prices

Source: IMF



Useful Links

- www.bankofbotswana.bw/content/2009103009029-policy-framework
- www.bankofbotswana.bw/content/2009103010049-current-formulation
- www.imf.org/external/pubs/ft/scr/2014/cr14204.pdf
- www.state.gov/e/eb/rls/othr/ics/2012/191114.htm
- www.africanbondmarkets.org/en/country-profiles/southern-africa/botswana/
- www.bse.co.bw/listed_companies/bonds.php
- www.cso.gov.bw/index.php/sector-statistics/trade
- www.worldbank.org/en/country/botswana/overview
- www.cso.gov.bw/images/bimts_september.pdf

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Democratic Republic of Congo

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Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	7.1	8.5	9.2	8.4	7.3
GDP (USD bn)	27.6	32.7	35.9	39.1	42.1
Inflation (average)	2.1	0.8	1.0	1.6	1.7
Fiscal Balance (% GDP)	1.8	3.0	1.3	1.9	0.9
Broad Money (% change, end period)	21.1	18.1	14.2	6.7	8.5
Population (mn)	70.3	72.6	74.9	77.3	79.7
Exports (USD bn)	9.0	10.3	12.1	12.6	14.2
Imports (USD bn)	8.7	10.0	12.0	11.6	12.3
Current Account Balance (% GDP)	-6.2	-10.6	-9.2	-7.6	-8.7
FX Reserves (USD bn, end period)	1.6	1.7	1.6	1.5	1.5
Exchange Rate (average)	919.32	919.81	922.27	921.29	939.68

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Trade and investment inflows, driven mainly by the mining sector, will continue to provide the main source of growth in 2016, with the economy expected to continue growing robustly in real terms. However, growth is likely to slow to around 7% on the back of the recent drop in global commodity prices and a possible reduction in FDI levels amid increased global risk aversion toward Emerging and Frontier Markets. Efforts to improve governance and transparency in the extractive industries and more generally the business climate (such as removing bottlenecks to private sector activity) are necessary if double digit growth is to be achieved and sustained.

Inflation: Inflation is likely to remain low at around 2% in 2016 due to ongoing central bank efforts to control liquidity and helped by low global commodity prices that will keep imported inflation in check. Although the central bank will aim to contain inflation through the issuance of central bank bills, data and capacity problems, among others, will remain challenges to proactive monetary tightening in 2016.

Fiscal balance: The fiscal position is likely to be in balance in 2016 although there is a small risk of it slipping into a modest deficit as progress on critical structural reforms has stalled. The main fiscal challenges are to address competing spending demands given the limited budget resources and increase domestic revenue. In addition, there will be strong pressure to increase spending although we expect further revenue mobilisation reform efforts and adherence to cash-based budgeting (efforts to strengthen public financial management remain work in progress).

Current account: The current account deficit is likely to remain large at nearly 9% of GDP in 2016 despite a small pick-up in export revenues. The large deficit reflects volatility in the terms of trade, high import costs related to mining sector and infrastructure investments, and better accounting of income flows.

Risks: The outlook is favourable but vulnerable to adverse developments in commodity prices and spending pressures in the period leading up to the 2016 presidential elections. Sustained low FX reserves means the economy is vulnerable to external shocks. In addition, continued delays in adopting some economic legislations and lingering insecurity in parts of the country are also sources of risk. There is also a need to diversify the economy, given concentration risk of revenues in the fiscal and external accounts.

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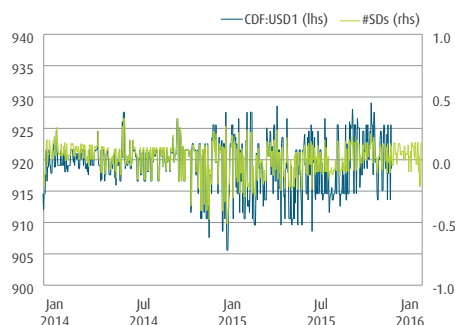


Democratic Republic of Congo

CDF performance and volatility*

CDF versus USD1

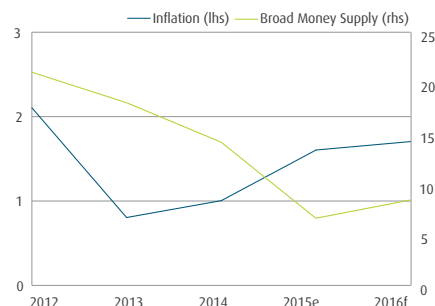
Sources: Bloomberg and Ecobank Research



*Note: CDF volatility is measured by standard deviation.

D.R.Congo inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Stabilised arrangement
Target	No official target but de facto anchored to the USD
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	08:00-11:00				
Settlement	T+2				
FX market structure	The economy is highly dollarised; most transactions are carried out in USD. The Central bank is not a major supplier of FX; however, mining firms are.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions			n/a	
Financial flow					

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FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer				Central Bank	
End use				Liquidity management	
Maturity structure				7- to 84-days	
Coupon				Zero	
Coupon payments	n/a			n/a	
Secondary market					
Daily trading volume				Limited trading	
Average trade size				Limited trading	
Settlement				T+0	

Ecobank local affiliate contact details:

Ecobank Democratic Republic of Congo, Avenue Ngongo Lutete 47, Commune de Gombe, Kinshasa
Tel: +243 99 60 16 000

Sources: Bloomberg, IMF and Ecobank Research

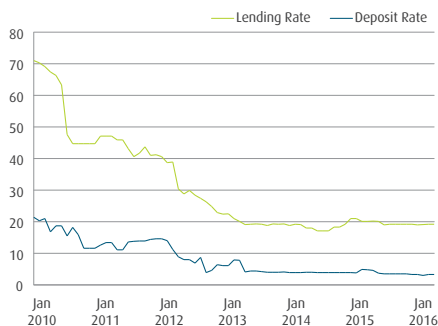
FI primary market information

Democratic Republic of Congo Debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	19.9	18.3	19.0	20.5	21.5
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	18.3	15.0	12.7	14.9	16.0
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	5.0	4.9	4.6	5.8	6.7
Share of total sub-Saharan debt (%)	1.7	1.6	1.3	1.6	1.7

Sources: IMF and World Bank

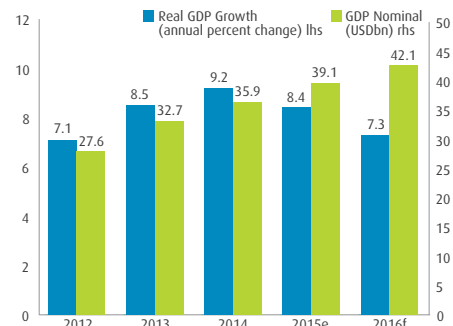
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Democratic Republic of Congo

Commodity and Trade Information

Hydrocarbon and mineral production

The Democratic Republic of Congo (DRC) has one of the richest endowments of minerals in Middle Africa, and is a highly diversified mineral producer. However, given the country's long history of political instability and the fragmentation of the mining sector in conflict areas, the true size of the country's output remains unclear, with large volumes of minerals being smuggled illicitly into neighbouring countries, notably Rwanda and Uganda. The DRC is Africa's largest producer of copper, recently overtaking Zambia, with estimated output of 344,000 tonnes in 2014. The DRC also produced 319,000 tonnes of copper ore, 273,000 tonnes of cobalt ore and 5,000 tonnes of tin in 2014. The country is also an important producer of diamonds, with estimated output of 15.7 mn carats in 2014.

The DRC has one producing oilfield operated by Perenco in partnership with Chevron and Teikoku Oil, with average output of 12,000 bpd in 2015. The country has proven oil reserves of 200 mn barrels, and following successful exploration in the Albertine Lake, exploration on the DRC's side of the lake could add to these. The government initially opened up the Virunga national park to oil exploration companies, but active exploration has been suspended after UNESCO and environmental groups opposed exploration in the area. Domestic consumption of petroleum products is around 960,000 metric tonnes annually, of which gasoil makes up 70% (which is used for power generation). The DRC imports all of its petroleum products, with over 80% coming from South Africa, Côte d'Ivoire and Zambia.

Soft commodity production

The DRC does not produce cash crops on a large scale, owing to the collapse of the commercial agricultural sector following independence and decades of political instability. The country produced 46,000 tonnes of raw timber and 12,000 tonnes of natural rubber in 2014. The DRC also produces tiny volumes of Robusta coffee, with estimated outturn of 335,000 60 kg bags in 2014-15 (October-September).

Trade flows

Imports

The DRC's imports totalled USD6.5 bn in 2014, 5.8% lower than the previous year. The country is heavily dependent on imports of capital goods, reflecting the poorly developed manufacturing sector. In 2014 the country imported USD1.8 bn worth of machinery and vehicles, and USD556 mn of electronics. The country also depends on imports of raw industrial materials, including USD452 mn worth of iron and steel, USD308 mn of sulphuric acid (for making fertiliser), USD203 mn of plastics and USD120 mn of cement. Given the lack of refining capacity, the country is entirely dependent on imports of petroleum products, worth USD343 mn in 2014. The country is also imports large volumes of food, including meat and fish (worth USD374 mn), wheat (USD60 mn), rice (USD32 mn) and sugar (USD99 mn).

Exports

The DRC's total exports totalled USD7 bn in 2014, 8.1% lower than the previous year, reflecting the fall in commodity prices. Copper is DRC's most valuable export, with refined and raw copper together worth USD2.4 bn, the bulk of which went to China, Italy, Korea and Turkey. The country also exported copper ores, worth USD1.3 bn, the bulk of which went to Zambia before being re-exported to international markets. The country's other mineral exports included cobalt and cobalt ore (worth USD1.3 bn), diamonds (USD190 mn) and tin (USD65 mn). Large volumes of the country's mineral exports, notably of gold, coltan and tin, are smuggled to neighbouring countries and are not captured in official trade flow data. The DRC is also a significant exporter of crude oil, worth USD981 mn in 2014. The DRC exports small volumes of cash crops raw to international markets, including wood (worth USD138 mn), natural rubber (USD19 mn), coffee (USD15 mn), palm oil (USD9 mn) and cocoa (USD9mn).

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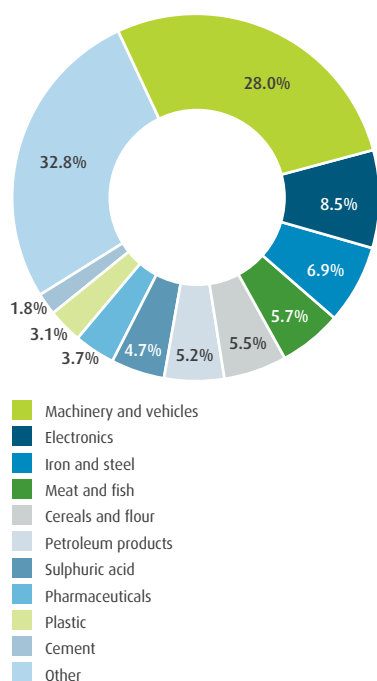
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Democratic Republic of Congo

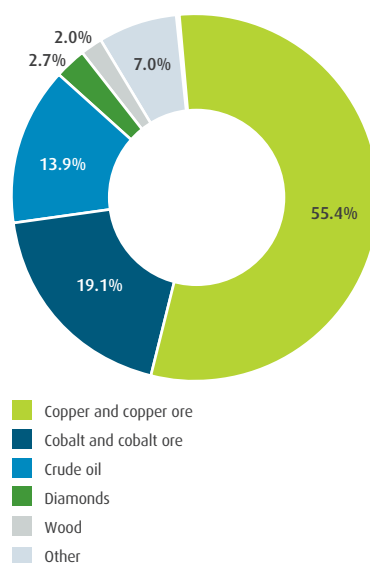
Share of D.R.Congo's total imports, 2014 (%)

Source: Intracen



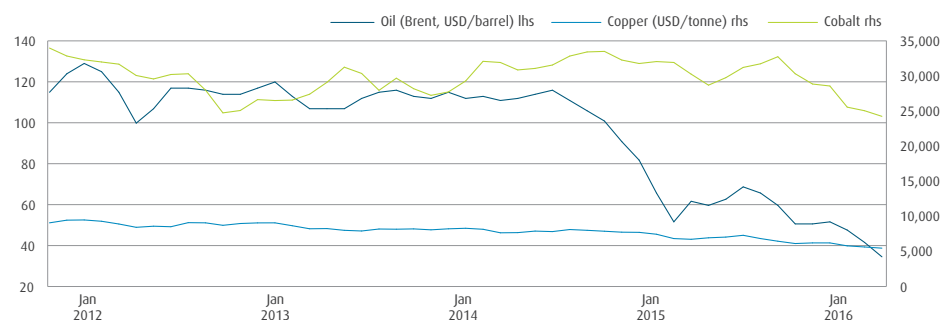
Share of D.R.Congo's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Democratic Republic of Congo

Useful Links

- Central Bank www.bcc.cd
- Ministry of Finance www.minfinrdc.com/minfin
- National Statistics Bureau www.ins.cd

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Lesotho

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	5.3	3.6	3.4	2.6	2.9
GDP (USD bn)	2.4	2.3	2.2	2.0	2.1
Inflation (average)	5.5	5.0	3.8	3.2	4.1
Fiscal Balance (% GDP)	5.0	-2.5	0.6	-3.2	-10.4
Broad Money (% change, end period)	7.0	21.2	4.0	3.1	8.7
Population (mn)	2.1	2.1	2.1	2.1	2.2
Exports (USD mn)	1096.0	979.0	912.0	985.0	1031.0
Imports (USD mn)	2183.0	2147.0	2021.0	2122.0	2355.0
Current Account Balance (% GDP)	-9.8	-10.3	-7.9	-6.3	-13.9
FX Reserves (USD mn, end period)	858	990	982	1121	1047
Exchange Rate (average)	8.21	9.65	10.85	12.78	16.80

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: For the next few years Lesotho should experience stable, although moderate, economic growth with relatively low inflation based on its expanding clothing and textiles sector and increased telecommunications and financial services activity. However, the recent drought alongside widespread unemployment and high levels of poverty and HIV/AIDS prevalence will likely remain obstacles to Lesotho's economic development, as will its reliance on the surrounding Southern African Customs Union (SACU) to support export demand.

Inflation: Inflation is expected to rise on the back of rising food prices but to remain moderate and in line with that of South Africa. Annual inflation has thus fluctuated between 3.5 and 6.0% and this stability in Lesotho's inflation is anchored as much by fiscal policy as by the loti's peg to the South African rand. Preservation of this currency peg is crucial for Lesotho to maintain an adequate stock of international reserves.

Fiscal balance: The fiscal position is expected to deteriorate in 2016 given high government spending (around 60% of GDP, a large portion of which is allocated to the wage bill), drought related expenditure, falling SACU revenue and weaker prospect for FDI inflows amid ongoing political difficulties. Fixed investment growth in Lesotho in recent years has benefited from financial sector reforms which have eased access to credit and government capital investment. Domestic demand has further been boosted by increased government consumption, largely through higher public sector wages, although this may have a detrimental effect on Lesotho's fiscal position in years to come if public sector wage increases regularly outstrip inflation.

Current account: The external sector is likely to deteriorate in 2016. A potential rise in government spending will increase import demand, putting pressure on the trade account. In addition, subdued growth in Europe, a key traditional trading partner, remains a concern for Lesotho's exporters. Weak global demand for diamonds is likely to keep prices down and the future of the Third Country Fabric Provision in the US African Growth and Opportunity Act (AGOA), which is crucial in supporting the competitiveness of Lesotho's textile exports to the US, remains in the balance.

Risks: While Lesotho's medium term economic outlook seems fairly favourable, a persistent current account deficit and lack of access to international financial markets remain key constraints. Exposure to a downturn in South Africa, given labour, trade and other links is another potential concern. High unemployment adds risk to Lesotho's economic growth prospects. In addition, agricultural production faces ongoing challenges from adverse weather conditions and disease, and given the significant proportion of the country reliant directly or indirectly on farming, a prolonged drought could suppress economic development significantly.

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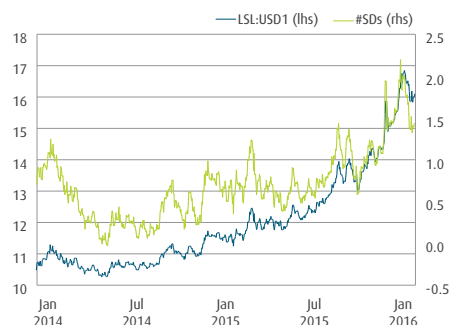


Lesotho

LSL performance and volatility*

LSL versus USD1

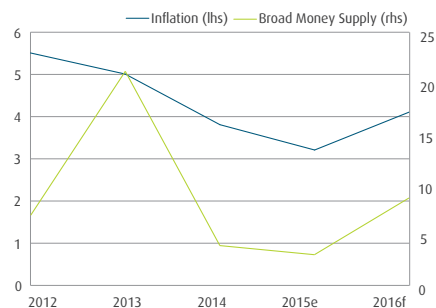
Sources: Bloomberg and Ecobank Research



*Note: LSL volatility is measured by standard deviation.

Lesotho inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	LSL1 to ZAR1
Type of intervention	Via Central Bank
Convertible currency?	Yes
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a		n/a		
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				
FX market structure	The LSL is guaranteed by a pegged exchange rate with the ZAR. The stability of the peg is ensured by an adequate level of net international reserves held by CBL.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Non-residents of CMA zone require central bank approval for capital flows				
Financial flow			n/a		
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow			n/a		

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FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government		
End use	Government financing		Government and infrastructure financing		
Maturity structure	91- to 364-days	n/a	7- to 10-yrs		n/a
Coupon	Zero		Fixed		
Coupon payments	n/a		Semi-annual		
Secondary market					
Daily trading volume			Limited trading		
Average trade size			Limited trading		n/a
Settlement			T+2		

Global and Regional Context

Francophone West Africa

Nedbank contact details for Lesotho:

Nedbank Lesotho Limited, 115-117 Griffith Hill, Kingsway Street, Maseru 100

PO Box 1001

Tel: +266 2228 2100/Fax: +266 2231 0025

Sources: Bloomberg, IMF and Ecobank Research

FI primary market information

Lesotho debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	40.3	43.4	47.8	53.4	55.8
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	33.6	36.9	41.4	47.1	46.7
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	0.8	0.8	0.9	1.0	1.0
Share of total sub-Sahara debt (%)	0.3	0.3	0.3	0.3	0.2

Sources: IMF and World Bank

Nigeria and Rest of West Africa

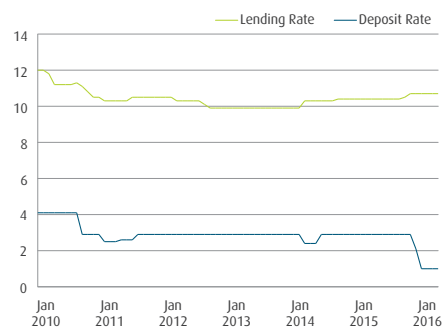
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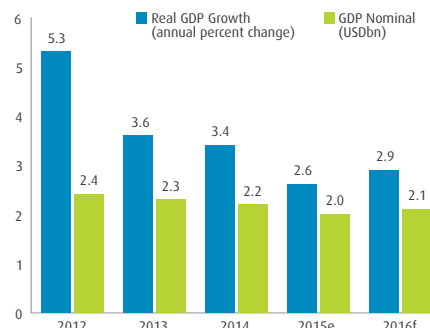
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Lesotho

Banking Sector Information

- Lesotho's banking sector is made up of three main commercial banks and a post bank.
- Three South African banks dominate Lesotho's banking sector – they hold 90% of the sector's assets and largely account for its stability:
 - First National bank of Lesotho
 - Nedbank Lesotho
 - Standard Bank Lesotho
- The Lesotho Post bank is government-owned and has long faced solvency issues.
- Overall, Lesotho's financial services indicators point to a sound banking sector. Implementing the Financial Sector Development Strategy is likely to improve the quality and scope of financial services and support private sector development. Non-performing loans are small.

Commodity and Trade Information

Hydrocarbon and mineral production

Lesotho is a minor diamond producer, having only started mining low-volume, high-quality diamonds in 2003. The country produced an estimated 346,000 carats of diamonds in 2014. There are four operational mines, and Letseng Diamonds plans a substantial expansion on its Project Kholo concession. The country's known reserves of coal, base metals and uranium have yet to be commercially developed.

Lesotho has no known oil and gas reserves and must import all of its refined products. Lesotho consumes 200,000 tonnes of refined product annually, all of which is imported from South Africa.

Soft commodity production

Given the country's tiny size and mountainous geography, Lesotho lacks a robust agricultural sector, which is mostly subsistence farming, and the country relies on food imports from South Africa to meet its domestic food requirement.

Trade flows

Imports

Lesotho's imports totalled USD1.6 bn in 2014, 14% lower than the previous year. As the country has no refining capacity, Lesotho is entirely reliant on imports of petroleum products, worth USD244 mn in 2014, all of which come from South Africa. Lesotho is also dependent on imports of capital goods, importing USD266 mn worth of machinery, vehicles and electronics in 2014, reflecting the lack of high-end manufacturing. However, the country's textiles and garment sector is well developed, requiring substantial imports of fabric (USD81 mn in 2014) and cotton (USD39 mn). Lesotho also imports significant volumes of iron and steel (worth USD42 mn) and cement (worth USD32 mn) for its construction sector. The country is also dependent on food imports, including cereals and flour (worth USD83m), meat (USD47 mn) and dairy products (USD23m).

Exports

Lesotho's exports totalled USD992 mn in 2014, 180% higher than the previous year, driven by the surge in exports of diamonds and apparel. Lesotho is Sub-Saharan Africa's largest exporter of textiles and footwear to the USA under the AGOA initiative, with textiles and footwear exports worth USD414 mn in 2014. Diamonds were the other significant export, with exports of 330,000 carats of diamonds worth USD397 mn, all of which went to Belgium, Botswana (for re-export) and South Africa. The country also exports small volumes of electronics (USD65 mn in 2014), cotton (USD26 mn) and leather and wool (USD28 mn).

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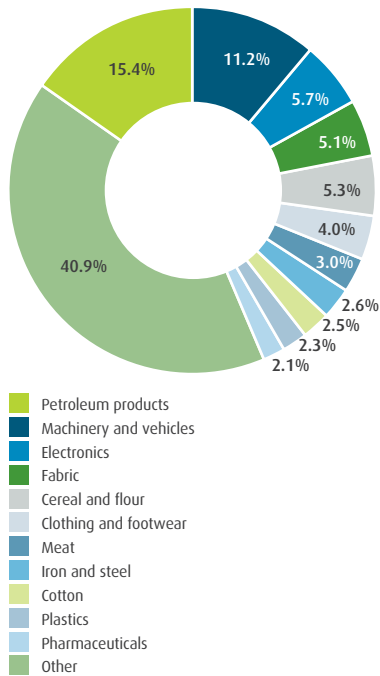
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Lesotho

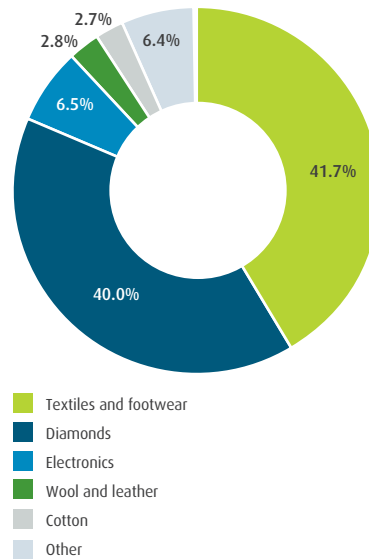
Share of Lesotho's total imports, 2014 (%)

Source: Intracen



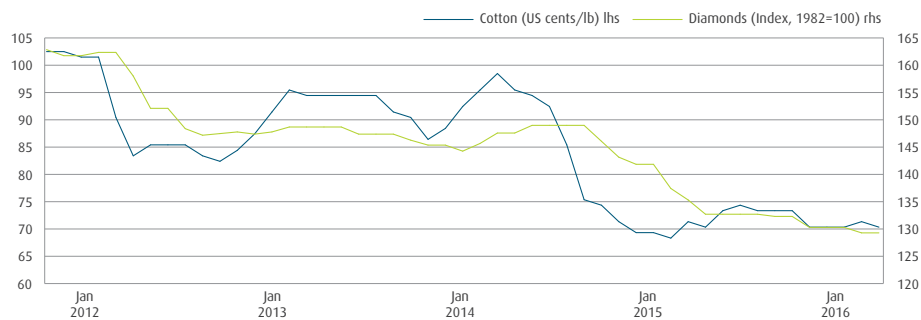
Share of Lesotho's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF





Lesotho

Useful Links

- Central Bank of Lesotho: www.centralbank.org.ls/home/default.php
- Ministry of Finance www.gov.ls/finance
- National Statistics www.bos.gov.ls

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Malawi

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	1.9	5.2	5.7	3.4	3.0
GDP (USD bn)	6.0	5.4	6.1	6.4	6.1
Inflation (average)	21.3	28.3	23.8	21.9	18.0
Fiscal Balance (% GDP)	-1.9	-6.4	-4.0	-6.4	-6.9
Broad Money (% change, end period)	22.9	35.1	20.7	27.8	22.2
Population (mn)	15.7	16.2	16.7	17.2	17.7
Exports (USD bn)	1.3	1.5	1.6	1.7	1.9
Imports (USD bn)	1.9	1.9	2.0	2.1	2.3
Current Account Balance (% GDP)	-2.4	-1.2	-3.6	-2.6	-3.7
FX Reserves (USD mn, end period)	215.0	397.0	599.0	698.0	791.0
Exchange Rate (average)	245.81	364.31	421.82	498.93	755.00

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: The economy is facing problems due to weather-related shocks and a growing food crisis is expected to affect nearly 3 mn people. Amid these challenges, we expect real GDP growth to remain modest in 2016, slowing to around 3% during the year. Agriculture production will fall reflecting the steep decline in the maize harvest in addition to weak private sector investment and consumption. Addressing existing infrastructure bottlenecks (such as improving transportation infrastructure, electricity supply, the business environment, and access to finance) will be instrumental to boosting potential growth and creating job opportunities.

Inflation: Restoring macroeconomic stability by reducing inflation, which has been above 20% since mid-2012, to single digits, will remain a major focus in 2016. We expect inflation to continue to accelerate in 2016 (albeit at a slower rate than previous year) due to rising food prices. However, growth in credit to the private sector remains negative in real terms given ongoing economic uncertainties, persistently high inflation, and tight bank lending conditions, which will go some way to reduce inflationary pressures.

Fiscal balance: Fiscal slippages will likely continue in 2015-16, partly due to overspending on the wage bill, and revenue and external financing shortfalls (especially following the recent withdrawal of donors' budgetary support). As a result, the deficit is expected to remain large throughout 2016. Planned reforms to farm input subsidies, which seek to increase expenditure efficiencies will be a welcome step, while measures to boost revenue mobilisation are necessary to respond to rising demand for government services. Moreover, strengthening public financial management systems will remain integral to safeguarding public resources and restoring confidence in budgetary processes this year.

Current account: The current account deficit is expected to widen on the back of weather-related supply shocks, the absence of donor budget support, and weaker demand for Malawi's exports. The Reserve Bank should be able to accumulate FX reserves (albeit at a slower pace than in 2015) when the tobacco auction season starts in March/April 2016, but these will be offset to a large extent by strong import demand related to food, fertiliser, capital and consumer goods, and other goods throughout the year.

Risks: Malawi faces two main risks: the first is the reliance on rain-fed agriculture – both for food and tobacco. Efforts to increase irrigated farmland needs to be made so the economy and population face smaller difficulties created by drought. The second is the heavy reliance on donor support. This has helped to cushion the economy against shocks. However, the suspension of donor support since 2013 has increased imbalances in the country. On a positive note, this might spur the authorities to accelerate the economic diversification process and to strengthen economic policy with the aim of raising corporate tax revenues.

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Malawi

MWK performance and volatility*

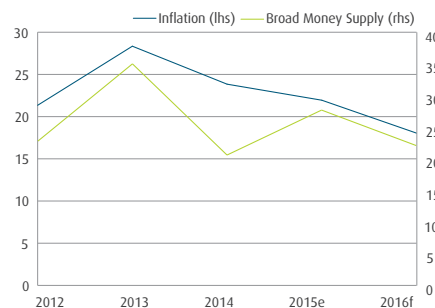
MWK versus USD1 Sources: Bloomberg and Ecobank Research



*Note: MWK volatility is measured by standard deviation.

Malawi inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target
Type of intervention	Via spot market
Convertible currency?	No
Market participants	Corporates (45%); NGOs/International Orgs. (28%); Interbank/Reserve Bank (17%); Foreign Investors (10%)

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)					
Average trade size (USD mn)	n/a		n/a		
Average spread					
Trading hours	09:00-15:00				
Settlement	T+2				
FX market structure	RBM, donors and the corporate sector are all large suppliers of FX in Malawi.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Official approval required for transactions above USD 25,000 for prepayments and services, and USD 2mn for invoiced goods				
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Official approval required for transactions above USD 25,000 for prepayments and services, and USD 2mn for invoiced goods				
Financial flow					

Malawi

Introduction

FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government		
End use	Government financing		Government financing		
Maturity structure	91- to 364-days	n/a	2- to 5-yrs		n/a
Coupon	Zero		Fixed		
Coupon payments	n/a		Semi-annual		
Secondary market					
Daily trading volume		Limited trading			
Average trade size		Limited trading			n/a
Settlement		T+2			

Nedbank contact details for Malawi:

Nedbank Malawi, 2nd and 3rd Floor Plantation House, Victoria Avenue, Blantyre 3

Tel: +265 1 820 477/997/674

Ecobank local affiliate contact details:

Ecobank Malawi, Ecobank House, Corner Victoria Avenue and Henderson Street, Blantyre 3

Tel: +265 01 822 099/808/681

Sources: Bloomberg, IMF and Ecobank Research

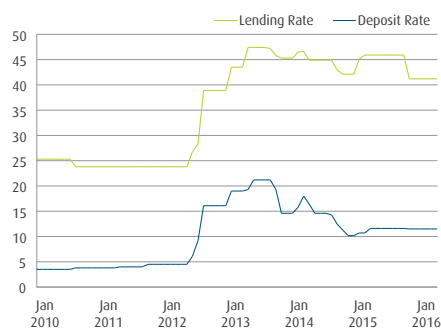
FI primary market information

Malawi debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	43.9	59.4	62.2	62.5	57.8
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	20.1	26.8	29.8	31.6	34.1
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	1.2	1.5	1.8	2.0	2.1
Share of total sub-Saharan debt (%)	0.4	0.5	0.5	0.5	0.5

Sources: IMF and World Bank

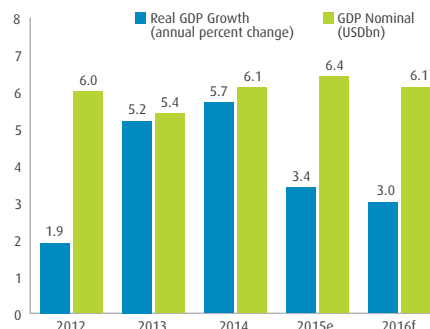
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Malawi

Commodity and Trade Information

Hydrocarbon and mineral production

Malawi has developed into a significant uranium producer in recent years, with output of 646 tonnes of uranium ore in 2014, most of which is exported to Canada for use in the nuclear industry. The country has significant reserves of coltan, zirconium and gemstones, but production is predominantly artisanal and on a small scale.

Malawi has no known hydrocarbon reserves, and there is currently no exploration under way. The country plans to explore for hydrocarbons in and around Lake Malawi, but faces opposition from locals and Tanzania's claim to half of the Lake. Although six licenses were granted by the previous government to oil companies for exploration of Lake Malawi, the new government has imposed a moratorium on exploration citing irregularities in the licensing process. Malawi consumes 236,000 metric tonnes of Gasoline, Gasoil and LPG annually, and imports over 90% of its petroleum products from South Africa, usually via Mozambique.

Soft commodity production

Despite its small size, Malawi is an important producer of cash crops. The country's most important agricultural commodity is tobacco, with output of 256,000 tonnes of 2014. Malawi also produces large volumes of sugar, with output of 315,000 tonnes in 2014, half of which is controlled by South African sugar miller Illovo. Sugar output is both for domestic consumption and for export to the EU under duty- and quota-free access granted to ACP countries. Malawi is also Africa's third-largest producer of tea, with output of 48,000 tonnes in 2014.

Trade flows

Imports

Malawi's imports totalled USD2.8 bn in 2014, marginally below the previous year. The country is reliant on imports of vehicles, electronics, machinery and pharmaceuticals (together worth USD813 mn in 2014), reflecting the poorly developed manufacturing sector. Given the country's lack of refining capacity, Malawi is entirely dependent on imports of petroleum products, worth USD379 mn in 2014. The country also imports large volumes of raw industrial materials, including USD219 mn worth of iron and steel, USD210 mn of fertiliser, USD117 mn of plastics and USD82 mn of cement. Although Malawi is an important maize producer, which is traded informally across the region, the country also imports large volumes of food, including wheat (worth USD84 mn in 2014) and maize (USD13 mn).

Exports

Malawi's exports totalled USD1.4 bn in 2014, 17.7% higher than the previous year. Tobacco is Malawi's most valuable export, worth USD647 mn in 2014, most of which went to Belgium, Egypt and China. Sugar is the country's second most important soft commodity export, with exports of 201,000 tonnes (worth USD127 mn), most of which went to the EU under special tariff-free arrangements. Malawi also exported 48,000 tonnes of tea, worth USD77 m, the bulk of which went to South Africa, the UK and Kenya. Other agricultural exports included 62,000 tonnes of vegetables (worth USD46 mn), 29,000 tonnes of groundnuts (USD38 mn) and 11,000 tonnes of cotton lint (USD22 mn) in 2014. Malawi's only significant mineral export is uranium ore, worth USD41mn in 2014, the bulk of which went to Canada.

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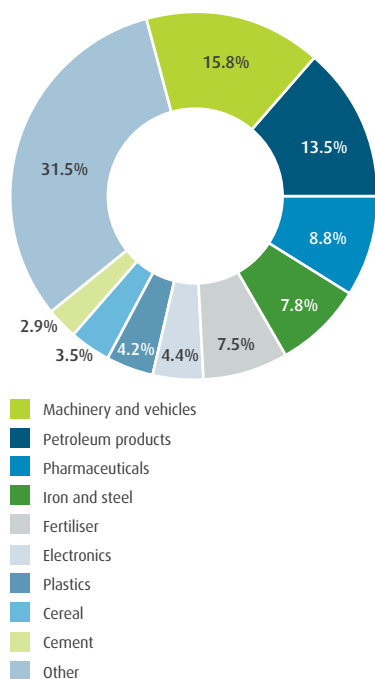
East Africa

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Malawi

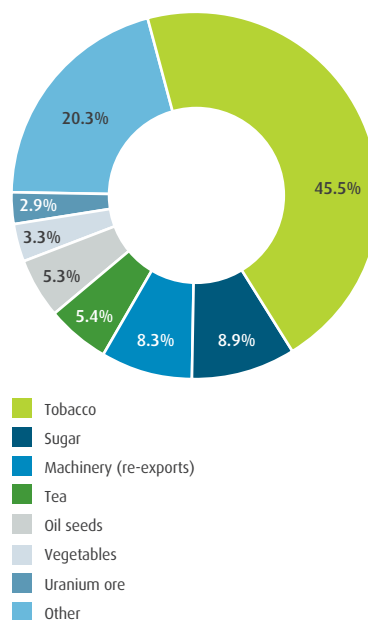
Share of Malawi's total imports, 2014 (%)

Source: Intracen



Share of Malawi's total exports, 2014 (%)

Source: Intracen



Key commodity prices (tobacco)

Source: IMF

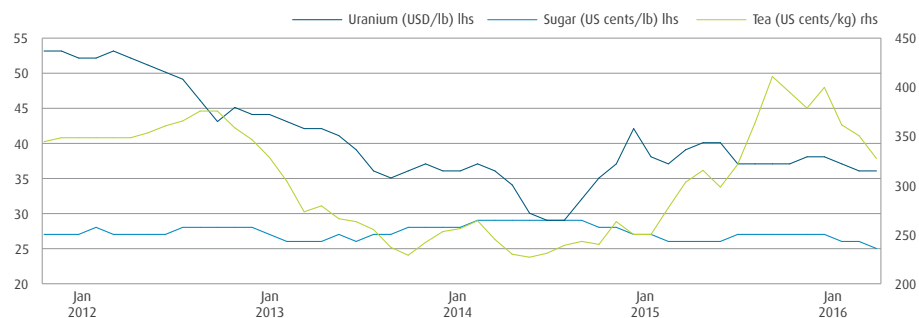




Malawi

Key commodity prices (uranium, sugar and tea)

Source: IMF



Useful Links

- Central Bank www.rbm.mw
- Ministry of Finance www.finance.gov.mw
- National Statistics Bureau www.nsomalawi.mw
- Stock Exchange www.mse.co.mw

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Mauritius

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	3.2	3.2	3.4	3.4	3.8
GDP (USD bn)	11.2	11.9	12.6	11.6	12.1
Inflation (average)	3.9	3.5	3.2	1.3	1.7
Fiscal Balance (% GDP)	-1.8	-3.5	-3.2	-5.0	-3.9
Broad Money (% change, end period)	8.2	5.8	8.7	5.2	2.2
Population (mn)	1.3	1.3	1.3	1.3	1.3
Exports (USD bn)	2.7	2.9	2.9	3.0	3.2
Imports (USD bn)	5.1	5.1	5.5	5.6	5.8
Current Account Balance (% GDP)	-7.3	-6.3	-5.6	-4.8	-5.0
FX Reserves (USD bn, end period)	3.0	3.3	3.6	4.0	4.5
Exchange Rate (average)	30.10	30.75	30.65	35.13	37.59

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Growth is estimated at 3.4% in 2015 (same as in previous year), supported primarily by government's focused fiscal stimulus plan which has largely offset weak domestic confidence and private investment. Tourism arrivals remain fairly strong although tourism earnings appear to have dropped amid lower spend per tourist. We expect real GDP growth to pick up in 2016, albeit only marginally, as sluggish global growth (especially in Europe) weighs on Mauritius' economic momentum. Promoting geographical diversification through tourism, and continued efforts to diversify the economic mix internally (higher manufacturing and services focus) still dominate policy intent but face headwinds as other African countries become increasingly popular with international investors. The new government of Prime Minister Anerood Jugnauth has taken a more stimulus-minded approach to fiscal policy.

Inflation: Inflation remains subdued, averaging 1.3% in 2015, despite the significantly weaker rupee. Large declines in food and oil prices globally have sheltered Mauritius from imported inflation but do little to support its competitiveness. Although the low oil price environment should continue to support inflation, we expect domestic prices to rise in 2016, albeit slightly, owing to slight weakening of the currency.

Fiscal balance: The government has increased its efforts to reducing the fiscal deficit, but this goal hinges on reasonably healthy GDP growth which may prove challenging in the short-term. Broadening tax incentives to boost investment and consumption may have a negative short-term impact on the fiscus, but with an envisaged longer-term payoff. In 2016, we expect the fiscal position to remain weak amid high government spending and weaker tourism and export revenues.

Current account: Government's focus on developing strong ICT and financial sectors, and boosting Mauritius as a re-export market is positive, but benefits will likely take some years to accrue. The large capital investment push from government is likely to entrench the current account deficit in 2016.

Risks: Mauritius' main fiscal challenge will be to maintain momentum in diversifying the economy and enhancing productivity by investing in physical and human capital in a growth-constrained economic environment.

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Mauritius

MUR performance and volatility*

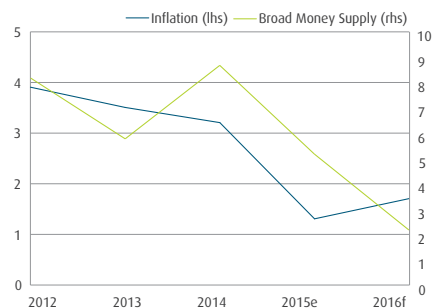
MUR versus USD1 Sources: Bloomberg and Ecobank Research



*Note: MUR volatility is measured by standard deviation.

Mauritius inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target, but the central bank intervenes occasionally to smooth excess volatility.
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	Yes – up to 5 months	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)					
Average spread					
Trading hours					
Settlement	T+2	T+Tenor+2	n/a		T+2
FX market structure	Spots, forwards and FX swap markets have reasonable average single transaction and overall daily turnover sizes. Liquidity out to one year is present for all swaps, although their spreads are relatively high.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow Financial flow	No restrictions		n/a		
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow Financial flow	No restrictions		n/a		

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Mauritius

FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government			Central Bank	
End use	Government financing	Government financing	Government and infrastructure financing	Liquidity management	n/a
Maturity structure	91- to 364-days	2- to 4-yrs	5- to 20-yrs	2- to 4-yrs	
Coupon	Zero	Fixed	Fixed/Floating	Fixed	
Coupon payments	n/a	Semi-annual	Semi-annual	Semi-annual	
Secondary market					
Daily trading volume	Limited trading				
Average trade size	Limited trading				n/a
Settlement	T+2				

Nedbank contact details for Mauritius – please contact Head Office:

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P.O. Box 1144, Johannesburg 2000, South Africa
Tel: +27 11 294 4444

Sources: Bloomberg, IMF and Ecobank Research

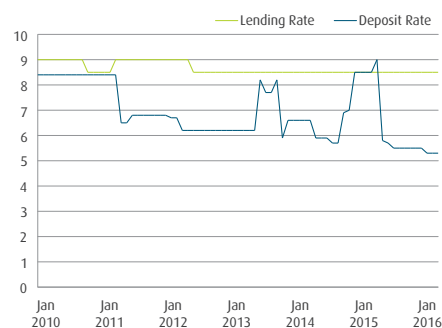
FI primary market information

Mauritius debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	51.5	53.9	56.2	56.0	54.3
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	13.5	16.1	15.7	15.9	13.7
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	10.2	10.9	11.3	11.9	12.4
Share of total sub-Saharan debt (%)	3.5	3.5	3.3	3.2	3.1

Sources: IMF and World Bank

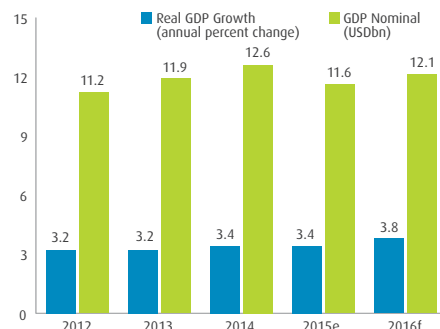
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Mauritius

Banking Sector Information

The Mauritian banking industry comprises 23 banks of which six are domestic, 10 foreign subsidiaries, four branches of international banks, two private banks and one joint venture. The sector is effectively regulated and well capitalized, which has led to Mauritius positioning itself as a regional financial centre, specialising in general financial, fiduciary and investment services.

The Bank of Mauritius (BoM) financial stability report of February 2015 indicates that Mauritian banks have an average core capital ratio of 17.1%, above prudential requirements at September 2014 (latest data available). However, the report flags a high concentration of corporate credit and vulnerability to external capital flows as risks. To mitigate these risks, banks have been increasing their provisions against NPLs: the coverage ratio is currently 47.4%, which provides a further buffer.

Commodity and Trade Information

Hydrocarbon and mineral production

Given the country's tiny size, Mauritius has no formal mining sector, although there is small-scale production of basalt, lime and salt.

Mauritius has no known oil and gas reserves and must import all of its refined products. Mauritius consumes 250,000 tonnes of refined products annually, all of which are imported from India.

Soft commodity production

Despite its small size, Mauritius is an important sugar producer, with output of 449,000 tonnes in 2014. Following the end of preferential access to the EU for raw sugar, the country's sugar sector underwent massive restructuring in a bid to boost its competitiveness; it now exports refined white sugar and molasses to the EU. Although the restructuring led to a decrease in area planted with sugarcane and a drop in output, the country's sugar millers, led by Alteo and Omnicane, have successfully diversified into sugar by-products and co-generation. Mauritius is also a major producer of fish, with output of 69,000 tonnes in 2014.

Trade flows

Imports

Mauritius's total imports were USD5.6 bn in 2014, 3.9% higher than the previous year. As the country has no refining capacity, Mauritius is entirely reliant on imports of petroleum products, worth USD1 bn in 2014, the bulk of which come from India. Mauritius is also dependent on imports of capital goods and industrial raw materials, importing USD1.3 bn worth of machinery, vehicles and electronics, USD146 mn of iron and steel, USD145 mn of plastics and USD53 mn of cement. As Mauritius does not produce cotton, it needs to import cotton fibre for its textile sector, with imports worth USD183 mn in 2014. The country also imported USD116 mn worth of rough diamonds for its polishing and cutting industry. Mauritius is dependent on food imports, including fish (worth USD316 mn), cereals and flour (USD196 mn) and dairy products (USD126 mn).

Exports

Mauritius' exports totalled USD2.7 bn in 2014, 13.7% higher than the previous year. Textiles were the country's largest export, totalling USD798 mn, of which the majority went to the EU, the USA and South Africa, reflecting the island's preferential trade agreements. Textiles have eclipsed Mauritius' traditional export, sugar, exports of which totalled 6,000 tonnes in 2014 (worth USD262 mn), most of which went to the EU under preferential trade terms. The country also exported USD456 mn of fish, meat and seafood, including 69,000 tonnes of fish (worth USD321 mn), most of which went to the EU. The country also exports diamonds and jewellery (worth USD179 mn), and is a re-export hub for electronics (USD329 mn), cotton yarn (USD48 mn) and vehicles (USD43 mn) to southern Africa and Madagascar.

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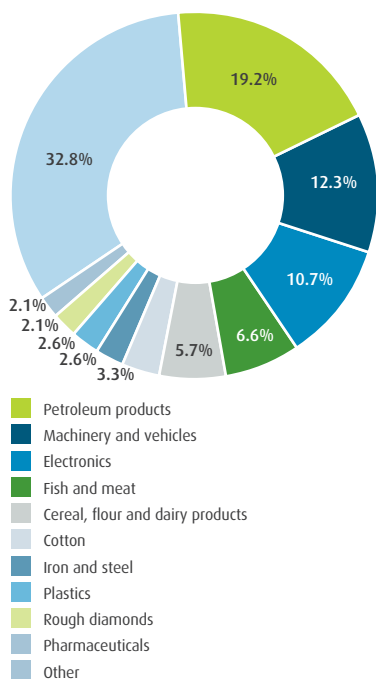
East Africa

Southern Africa
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Mauritius

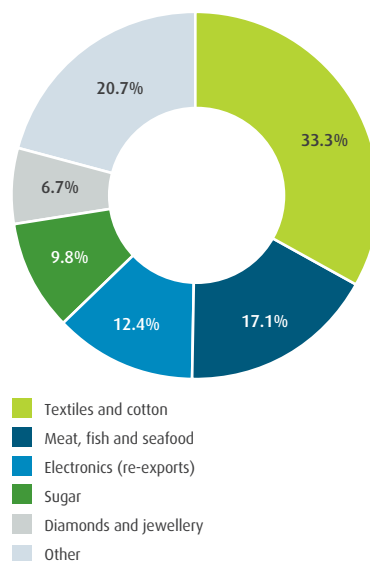
Share of Mauritius's total imports, 2014 (%)

Source: Intracen



Share of Mauritius's total exports, 2014 (%)

Source: Intracen



Commodity trade flows

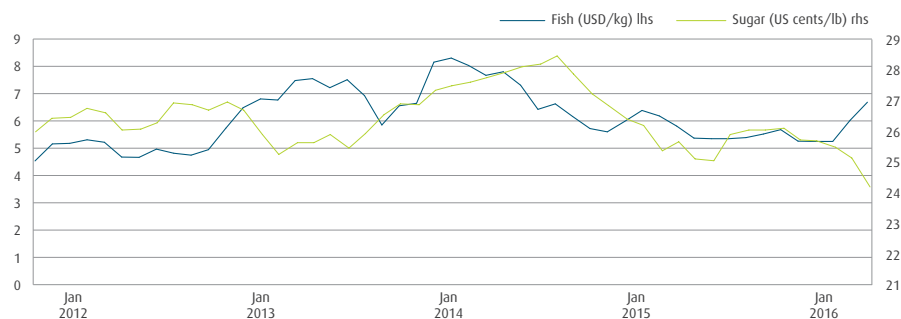
Europe (France in particular) absorbs the majority of Mauritian exports at 47%. Although exports to Asia have more-than doubled in the last year, they still make up only 22% of total exports. Asia (primarily India, followed by China) remains the main import partner at 57% of total imports.



Mauritius

Key commodity prices

Source: IMF



Useful Links

- Bankers Association www.mba.mu/banking_industry.php
- Central bank www.bom.mu/
- Government of Mauritius www.govmu.org/English/Pages/default.aspx
- Ministry of Finance and Economic Development www.mof.govmu.org/English/Pages/default.aspx
- Statistics Mauritius www.statsmauritius.govmu.org/English/Pages/default.aspx
- Stock Exchange www.stockexchangeofmauritius.com/
- Financial Services Commission www.fscmauritius.org/

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Mozambique

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	7.1	7.4	7.4	7.0	7.8
GDP (USD bn)	14.9	15.6	16.7	17.0	19.0
Inflation (average)	2.1	4.2	2.3	3.5	14.3
Fiscal Balance (% GDP)	-3.9	-2.7	-10.3	-6.5	-6.2
Broad Money (% change, end period)	25.6	21.2	27.4	17.1	15.4
Population (mn)	25.7	26.5	27.2	28.0	28.8
Exports (USD bn)	3.9	4.1	3.9	4.0	4.5
Imports (USD bn)	7.9	8.5	8.0	8.6	10.1
Current Account Balance (% GDP)	-42.3	-40.0	-34.7	-41.0	-45.3
FX Reserves (USD bn, end period)	2.8	3.2	3.1	3.1	3.5
Exchange Rate (average)	28,272	30,165	31.36	39.41	54.16

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Economic challenges that emerged in 2015 will remain evident this year and require decisive policy action to support growth, which we believe will accelerate slightly to 7.8% in 2016. Growth will be driven by continued mega project activity and large investments in extractive industries, especially liquefied natural gas (less so coal). Agriculture (assuming normal rains) and services (particularly trade, communications and financial services) will support growth. However, the external shock associated with the fall in global commodity prices, lower growth in trading partners, and delays in investment associated with large natural resource projects will slow growth potential.

Inflation: Inflation is expected to continue accelerating in H1 2016, averaging over 10% during the year; this is due to recent depreciation of the metical and adjustments in administered prices. This would well exceed the Banco de Moçambique's 5–6% medium term inflation target.

Fiscal balance: An expansionary fiscal policy will maintain the budget deficit at around 6% of GDP in 2016 (in line with deficit in the year before). Further fiscal consolidation in 2016, therefore, is necessary in order to maintain debt sustainability. Reforms that are likely to feature in 2016 include efforts to help manage fiscal risks, eliminate arrears on VAT refunds, and make public spending more efficient and transparent. These will compete with strong demand for government services and ongoing large infrastructure spending, both of which will maintain the structural deficit.

Current account: Imports will continue to grow at a fast pace in 2016 driven by FDI-related goods and services. Meanwhile, exports of aluminium, coal and traditional goods will rise only slightly owing to depressed global demand and weak global prices. As a result, the current account deficit will remain very large at more than 40% of GDP in 2016 (and until the start of liquefied natural gas exports beyond 2020). The deficit will be financed by a combination of FDI capital inflows and donor assistance. However, capital inflows will not fully bridge the current account deficit, which will create pressures in the FX market and lead to further depreciation of the metical.

Risks: Risks to the outlook are moderate, although Mozambique is exposed to weather disasters (flooding), commodity price shocks, and reduced donor funding. Security challenges in certain regions are a growing concern since 2013, although widespread instability is unlikely and the impact on the economy is likely to be contained. Talks between the government and Renamo militants will need to agree on common long-standing concerns if further instability is to be avoided.

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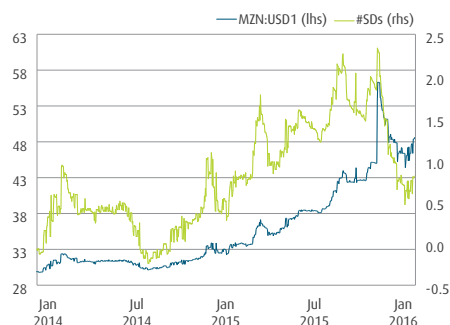
Southern Africa (including Nedbank regions)



Mozambique

MZN performance and volatility*

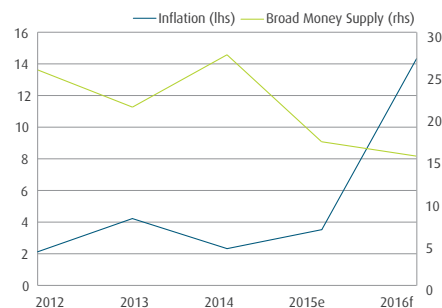
MZN versus USD1 Sources: Bloomberg and Ecobank Research



*Note: MZN volatility is measured by standard deviation.

Mozambique inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target, but the central bank intervenes to limit volatility
Type of intervention	Via spot market
Convertible	No
currency?	
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	Yes – up to 12 months	No	No	No
Daily trading volume (USD mn)					
Average trade size (USD mn)		n/a			
Average spread				n/a	
Trading hours		Limited			
Settlement	T+2	T+1 to T+Tenor+2			
FX market structure	The exchange rate is largely determined by the interbank FX market.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow	Participation in T-bills market must be done through financial intermediaries that request authorisation from BoM for such activity			n/a	
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow			n/a		



Mozambique

FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government	n/a	n/a
End use	Government financing		Government and infrastructure financing		
Maturity structure	91-days to 364-days		2- to 5-yrs		
Coupon	Zero		Fixed		
Coupon payments	n/a		Semi-annually		
Secondary market					
Daily trading volume	Limited trading		n/a		
Average trade size	Limited trading		n/a		
Settlement	T+2				

Nedbank contact details for Mozambique:

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Tel: +258 21 488 400

Ecobank local affiliate contact details:

Ecobank Mozambique, Avenue Vladimir Lenine N° 210, Bairro Central 'C', Maputo

Tel: +258 21 313 344/Fax: +258 21 313 345

Sources: Bloomberg, IMF and Ecobank Research

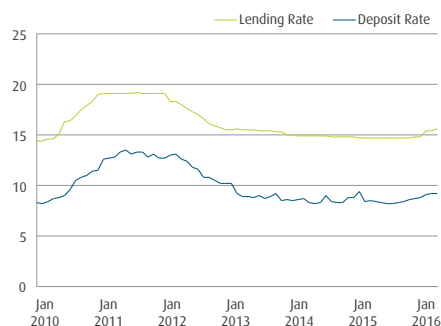
FI primary market information

Mozambique debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	40.8	52.2	57.5	61.0	59.6
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	33.7	43.5	45.8	50.4	49.8
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	5.0	6.8	7.6	8.6	9.5
Share of total sub-Sahara debt (%)	1.7	2.2	2.2	2.3	2.4

Sources: IMF and World Bank

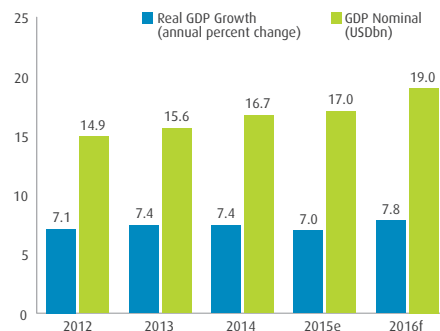
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF





Mozambique

Banking Sector Information

Mozambique's banking sector consisted of 361 financial institutions at end-2014. There were 18 commercial banks, with the four largest-Banco Internacional de Moçambique (BIM), Banco Commercial e de Investimentos (BCI), Standard Bank Mozambique and Moza Banco (MB)-dominating the sector. At end-2014 these four banks controlled 77%, 78% and 80% of total assets, loans and customer deposits, respectively, marginally lower than in 2013. The decline in concentration levels reveals how aggressive the smaller competitors have been in liability mobilisation, branch network expansion and granting loans.

Customer deposits remain the biggest source of balance sheet funding, accounting for 83% of funding liabilities at end-2014. Sight deposits accounted for around 65% of the total, with time deposits making up the balance. Public-sector entities and individuals remain the biggest source of customer deposits, accounting for 42% and 36% of total local deposits, respectively, with the latter's contribution expected to rise over the next decade as banks grow their distribution network. However, funding rates remain elevated; at end-2014 the weighted average annual interest rate on customer deposits stood at 9.14%.

The banking sector's total assets grew by 24% in 2014, to USD12.4 bn, at nearly double the rate of growth recorded in 2013. Strong asset growth has been driven by banks' increased exposure to government debt securities, underlining their preference for risk-free assets over riskier credit extension. Mozambique's banking sector is a loan-driven market, with loans and advances accounting for 53% of total assets. Financial assets are the second largest balance sheet component, accounting for 15% of total assets.

Funded income portfolio accounts for 60% of operating income, with interest income from loans and advances making up 85% of the income pool. The dominance of funded income is partly attributable to the wide net spreads, which stood at 11.6% at the end-2014, versus 11.17% at end-2013. The profitability of Mozambique's banking sector remains strong, with return on equity rising to 22.2% at end-2014, up from 20.6% the previous year. Profitability has been supported by the stable cost to income ratio (CIR) - which stood at 61% at end-2014-and relatively high asset performance levels.

Mozambique's financial institutions

Bank	2011	2012	2013	2014
Banks	18	18	18	18
Micro Banks	8	8	10	10
Credit Unions	7	7	8	8
Leasing Corporations	0	0	0	0
Investment Corporations	1	1	3	3
Card issuing and management Corporations	1	1	2	2
E-money Institutions	1	1	2	2
Venture Capital Companies	1	1	2	2
Group-purchase managing companies	1	1	1	1
Foreign Exchange Bureaus	21	19	18	18
Loan and Saving Institutions	10	11	12	12
Microcredit Operators	166	199	285	285
Total	235	267	361	361

Source: Banco de Moçambique

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Commodity and Trade Information

Hydrocarbon and mineral production

Mozambique is a diverse mineral producer, with rich reserves of metals, coal and precious stones. The country's leading mineral output is aluminium, produced by the Mozal smelter complex outside Maputo, with output of 206,000 tonnes of raw aluminium. Plans to expand production at Mozal (Mozal II and III) have been repeatedly postponed owing to constraints on the availability of cheap power from the Cahora Bassa Dam. Mozambique is emerging as a major producer and exporter of coal to the region and world market. From just 40,000 tonnes in 2010, production surged to 6.8 mn tonnes in 2014. Two thirds of Mozambique's output is metallurgical coal, making the country's sector an ideal source of supply for India's steel makers. Coal production could exceed 20 mn tonnes over the next five years, provided investment is made to boost the capacity of railways running from the coal fields to the coastal ports. Mozambique also produced 89 mn tonnes of titanium ore and 17 mn tonnes of niobium ore in 2014, along with 17 tonnes of precious stones, including rubies, sapphires and emeralds.

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Mozambique has no known oil reserves, but is emerging as an important gas producer, with some of the richest gas reserves in East Africa. Offshore Mozambique is estimated to hold in excess of 150 trn cubic feet of gas (second only to Nigeria), based on discoveries by American explorer Anadarko and Italian IOC, ENI. Mozambique produced 152 Bcf of natural gas in 2014 and exported over USD500 million of natural gas, over 90% of which went via pipelines to South Africa under a bilateral trade agreement with South Africa and the South African oil company, SASOL.

Nigeria and Rest of West Africa

Mozambique's consumption of petroleum products has increased to about 25,000 bpd. Plans to construct a 350,000 bpd refinery and petrochemical plant in Mozambique by a group of investors have progressed slowly, with completion expected in 2017-18. As a result, Mozambique imports all of its petroleum products and also serves as a major import terminal for its landlocked neighbours, Malawi and Zimbabwe. Of the 1.9 mn tonnes of refined products imported into the country in 2014, 1.05 mn tonnes were consumed locally, with the balance being re-exported to Malawi. Bahrain, the UAE and South Africa are the country's key sources of refined products.

Central Africa

Soft commodity production

Mozambique produces a variety of cash crops for domestic consumption and for export. The country is one of Southern Africa's leading sugar producers, with estimated output of 435,000 tonnes in 2014-15. The sugar sector is dominated by South African sugar millers, Illovo and Tongaat Hulett, which are investing in new mills and sugarcane plantations. Mozambique's cashew nut production has fluctuated since the 1990s, declining to just 35,000 tonnes in 2014-15. Mozambique also produced 59,000 tonnes of tobacco, 352,000 tonnes of timber, and 23,000 tonnes of cotton lint in 2014.

East Africa

Trade flows

Imports

Mozambique's imports totalled USD8.7 bn in 2014, 13.4% lower than the previous year, owing to the slump in commodity prices. Mozambique is reliant on imports of machinery, vehicles and electronics (together worth USD2.7 bn in 2014), reflecting the poorly developed manufacturing sector. Given the country's lack of refining capacity, Mozambique is dependent on imports of petroleum products (worth USD1.4 bn in 2014). The country also imported electricity worth USD270 mn from South Africa, all of which was reimports of Mozambican electricity from the Cahora Bassa Dam which went via transmission lines in Gauteng province. Mozambique also imported large volumes of industrial raw materials, including USD595 mn of iron and steel, USD529 mn of unwrought aluminium (for use in Mozal), USD182 mn of plastics and USD108 mn of cement. The country also imports large volumes of food, including rice (worth USD187 mn), wheat (USD184 mn), and palm oil (USD93 mn).

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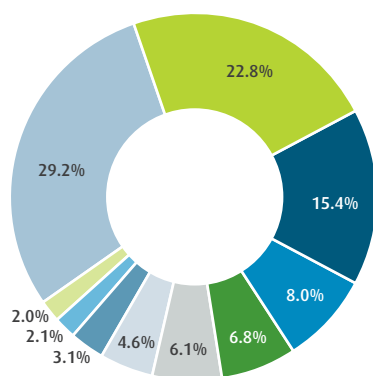
Mozambique

Exports

Mozambique's exports totalled USD4.7 bn in 2014, 17.4% higher than the previous year. Aluminium is Mozambique's most valuable export, worth USD1.4 bn in 2014, the bulk of which went to the Netherlands, a key aluminium trading hub. Mozambique also exported USD928 mn worth of coking coal, mostly to Singapore (trading) and India (consumption), and USD569 mn of gas and USD301 mn of electricity, both primarily to South Africa, via the SASOL pipeline and Cahora Bassa Dam transmission lines, respectively. Other mineral exports included titanium ore (worth USD134 mn), niobium (USD52 mn) and precious stones (USD80 mn). The country also exports a variety of agricultural cash crops, including tobacco (worth USD258 mn in 2014), wood (USD123 mn), sugar (USD86 mn), cotton lint (USD80 mn) and cashew nuts (USD10 m).

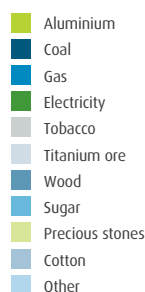
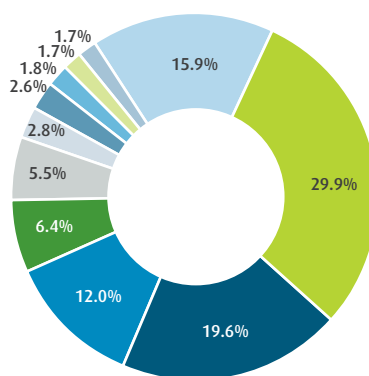
Share of Mozambique's total imports, 2014 (%)

Source: Intracen



Share of Mozambique's total exports, 2014 (%)

Source: Intracen



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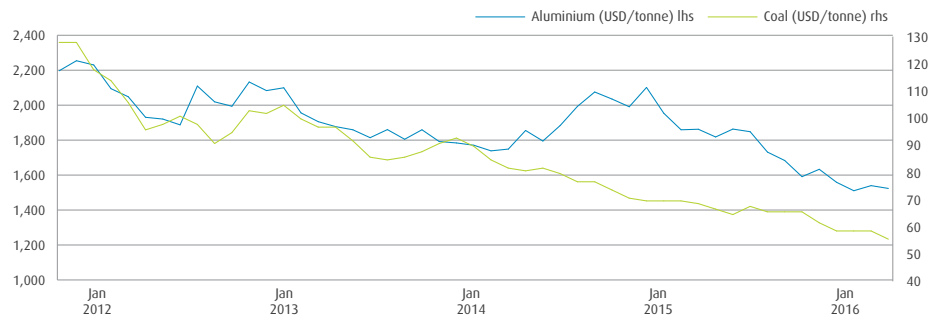
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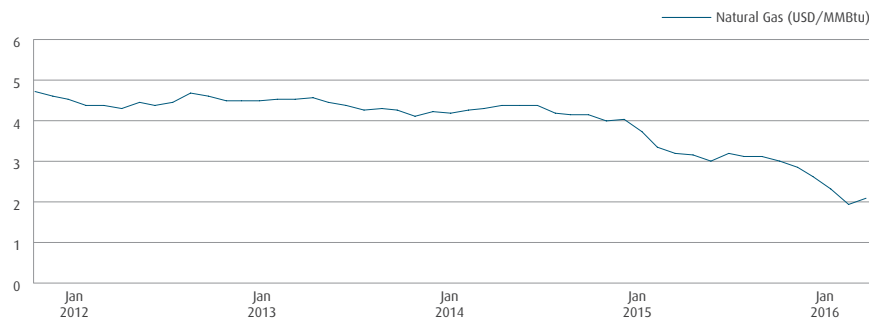
Key commodity prices (aluminum and coal)

Source: IMF



Key commodity prices (natural gas)

Source: IMF



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Useful Links

- Central Bank: www.bancomoc.mz
- Ministry of Planning and Development: www.mpd.gov.mz
- Instituto Nacional de Estatística: www.ine.gov.mz
- Government of Mozambique: www.mozambique.mz
- International Monetary Fund: <http://www.imf.org/external/country/MOZ/index.htm>

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Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	5.1	5.1	4.5	4.8	5.0
GDP (USD bn)	13.0	12.9	13.6	12.9	13.7
Inflation (average)	6.7	5.6	5.3	3.4	6.0
Fiscal Balance (% GDP)	-2.3	-3.4	-3.7	-5.9	-7.4
Broad Money (% change, end period)	5.3	8.6	7.7	9.8	9.7
Population (mn)	2.3	2.3	2.4	2.5	2.5
Exports (USD bn)	4.4	4.6	4.6	4.3	4.6
Imports (USD bn)	6.5	6.6	7.4	6.9	7.4
Current Account Balance (% GDP)	-5.6	-3.9	-9.9	-12.1	-16.3
FX Reserves (USD bn, end period)	1.8	1.5	1.2	1.1	1.0
Exchange Rate (average)	8.21	9.65	10.85	12.78	16.80

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

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Economic Outlook

Real GDP: Mining remains the mainstay of the economy, with diamonds, zinc, uranium and gold still the main export earners. Tourism is also a key generator of FX earnings, and Namibian tourist arrivals could be boosted by tourism being diverted following South Africa's visa requirements tightening earlier in 2015. Although the services sector is likely to be the main driver of growth in 2016 and beyond, a moderate contraction in agricultural output would constrain growth.

Inflation: Inflation has remained moderate despite sharp currency weakness, but it is likely to rise in 2016 as food price pressures are stoked by a drought-induced smaller harvest.

Fiscal balance: Government revenue is dominated by mineral export earnings and SACU receipts, but is set to decline in the coming years as SACU receipts fall due to weak economic growth in South Africa and the imminent revision of the revenue-sharing formula. SACU receipts contributed 34.5% of total fiscal revenue in 2013-14. According to IMF data, SACU receipts were equivalent to 13.4% of GDP in 2014-15 and will drop to 8.0% of GDP in 2015-16. Against this backdrop and still high government spending, we expect the fiscal deficit to widen to around 7.4% of GDP.

Current account: The current account deficit is projected to widen further in 2016. Export growth is likely to moderate on the back of low commodity prices and lower diamond and uranium output, while imports will be underpinned by a weakening currency along with capital equipment purchases for the ongoing mining and manufacturing projects. Slowing imports of consumer goods and lower oil prices should, however, help to reduce the import bill.

Risks: Namibia's economy remains highly dependent on mineral exports and SACU revenue. Low global commodity prices and falling SACU revenue, as the South African economy remains weak, could dampen economic growth.

- Agricultural activity, which encompasses animal production and grain output, is often undermined by unfavourable weather conditions
- Socio-economic conditions remain difficult in rural areas, particularly where subsistence farming is the main economic activity.

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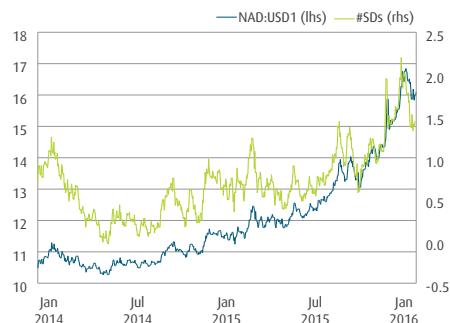
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NAD performance and volatility*

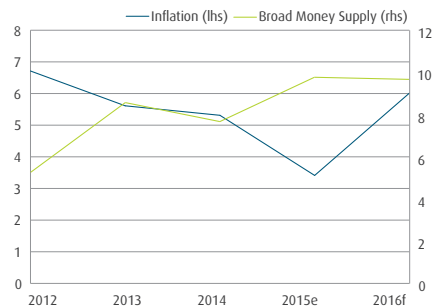
NAD versus USD1 Sources: Bloomberg and Ecobank Research



*Note: NAD volatility is measured by standard deviation.

Namibia inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	NAD1 to ZAR1
Type of intervention	Via central bank
Convertible currency?	Yes
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	Yes
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a			n/a	
Average spread	n/a				
Trading hours	24 hours				
Settlement	T+2	T+Tenor+2		n/a	
FX market structure	The NAD is guaranteed by a pegged exchange rate with the ZAR. FX spot deals are settled in ZAR. Only fully licensed dealers are permitted to deal FX in Namibia.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Non-residents of CMA zone are subject to exchange rate restrictions which require central bank approval for capital flows				
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow					

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FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government	Central Bank	
End use	Government financing		Government and infrastructure financing	Liquidity management	
Maturity structure	91- to 364-days	n/a	5- to 30-yrs	7-days	
Coupon	Zero		Fixed	Zero	
Coupon payments	n/a		Semi-annual	n/a	
Secondary market					
Daily trading volume		Limited trading			
Average trade size		Limited trading			n/a
Settlement		T+2			

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Nedbank contact details for Namibia:

7th Floor, Old Mutual Towers, Independence Avenue, Windhoek, Namibia

Tel: +264 61 295 2000/Fax: 264 61 295 2079

Sources: Bloomberg, IMF and Ecobank Research

FI primary market information

Namibia debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	24.1	23.8	24.7	25.8	26.1
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	7.8	6.9	7.2	8.9	10.8
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	1.0	0.9	1.0	1.1	1.5
Share of total sub-Saharan debt (%)	0.3	0.3	0.3	0.3	0.4

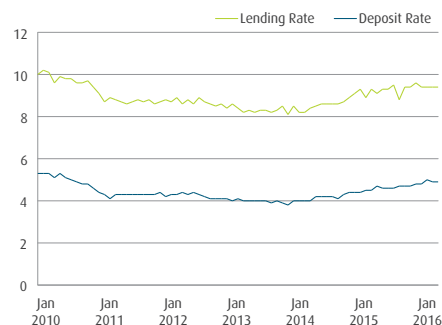
Sources: IMF and World Bank

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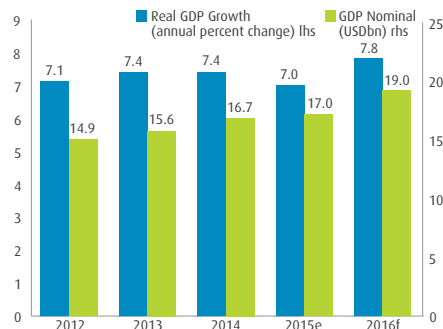
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Namibia

Banking Sector Information

Namibia's banking sector is made up of seven commercial banks. The banking sector is highly concentrated, with four banks – EBank, Bank Windhoek, First National Bank of Namibia and Standard Bank – holding more than 90% of total sector assets. Three of the top four banks by assets are owned by South African institutions, reflecting the dominance of South Africa's banking sector across the SACU region. Total banking sector assets grew by 13.2% in 2014, to an estimated NAD150 bn, with heavy concentration in mortgages. Commercial bank assets accounted for an estimated 87% of GDP in 2014.

Namibia's commercial banks are sound, liquid and well capitalized, benefiting from close linkages with South Africa's banking system. Net loans and advances made up 74.5% of total assets in 2014. Deposits remain the key driver of growth, making up 79.9% of capital and liabilities in 2014, while the loan-to-deposit ratio rose to 94.4% that year, indicating the importance of deposits to support lending. Capital adequacy remains strong, with the Tier 1 risk-weighted capital ratio (RWCR) of 11.9% and total RWCR of 14.7% in December 2014. The liquidity ratio, expressed as liquid assets to average total liabilities to the public, was 12.5% in December 2014, comfortably above the statutory minimum of 10%. The credit risk of Namibian banks remained low during 2015, with the non-performing loan (NPL) ratio rising marginally from 1.5% in 2014 to an estimated 1.6% in 2015. Profitability of the banking sector remains high, with return on equity (ROE) averaging 24% at end-2014.

Namibia's leading banks, 2015

Bank	Parent
Bank Windhoek Limited	Bank Windhoek Holdings Limited
EBank Limited	Pointbreak Group
First National Bank of Namibia Limited	FirstRand Limited
Nedbank Namibia Limited	Nedbank Group
Standard Bank Namibia Limited	Standard Bank Group
SME Bank Limited	Government majority stake
Trustco Bank Limited	Trustco Group

Source: Ecobank Research

Commodity and Trade Information

Hydrocarbon and mineral production

Namibia is a diverse mineral producer, producing both precious and industrial metals. The country's most important mineral resource is high quality alluvial diamonds, with output of 1.9 mn carats in 2014. Uranium is the country's second leading mineral, with annual production of 5,000 tonnes. Namibia has the potential to become the world's largest uranium exporter following significant investment in developing the country's deposits. Namibia is also a significant producer of zinc, lead, copper, gold and manganese, and acts as a re-export hub for copper and diamonds from the DRC and Zambia.

Namibia has no known crude oil reserves, but has an estimated 2.2 Bcf of natural gas reserves largely located offshore. The most significant discovery to date is the offshore Kudu field whose gas is intended for an 800MW gas-to-power plant as part of plans to boost local power generation capacity. A Final Investment Decision (FID) on the USD2.3 bn project was expected by mid 2016, despite opposition from cheaper rival renewable energy projects. Namibia consumes over 1 mn tonnes of refined product annually, half of which are imported from South Africa and the balance from refineries in Asia and Europe.

Soft commodity production

Namibia does not have a well-developed agricultural sector, given its lack of arable land, although the country is a major livestock producer and exporter to the sub-region.

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Trade flows

Imports

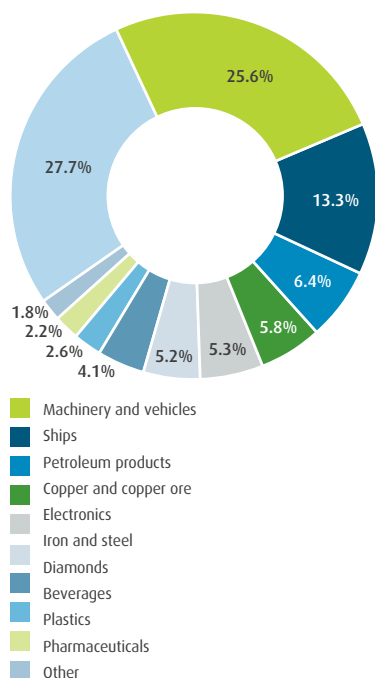
Namibia's imports totalled USD8.5 bn in 2014, 12.2% higher than the previous year. The country is heavily dependent on imports of capital goods, notably machinery, vehicles and ships, together worth USD3.3 bn in 2014, partly reflecting the country's role as a shipping re-export hub. Given its lack of refining capacity, Namibia is also dependent on imports of petroleum products (worth USD543 mn in 2014), as well as on industrial raw materials, such as iron and steel (USD444 mn), plastics (USD187 mn) and rubber (USD89 mn). The country acts as a re-export hub for minerals from the DRC and Zambia, importing USD498 mn worth of copper and copper ore and USD345 mn of diamonds in 2014, all of which were re-exported. Given the lack of domestic food production, the country imports significant volumes of food, including cereal (worth USD86 mn) and sugar (worth USD81 mn).

Exports

Namibia's exports totalled USD6 bn in 2014, 5.6% higher than the previous year, dominated by minerals and re-exports. Diamonds are Namibia's most valuable export, with 2 mn carats of exports worth USD1.4 bn in 2014, nearly two-thirds of which went to Botswana for re-export to world markets. The country also exported uranium ore, worth USD417 mn, most of which went to the USA, Canada, China and France. The country's other significant mineral exports (including re-exports) were copper and copper ore (worth USD549 mn), zinc and zinc ore (worth USD359 mn), gold (worth USD93 mn), and lead (worth USD28 mn). Namibia is also a major exporter of fish (worth USD658 mn), mainly to the EU and the SADC zone, and meat (USD111 mn), mainly to South Africa and the UK. The country also acts as a re-export hub for capital goods, including ships (worth USD832 mn), vehicles (worth USD246 mn) and machinery (worth USD165 mn).

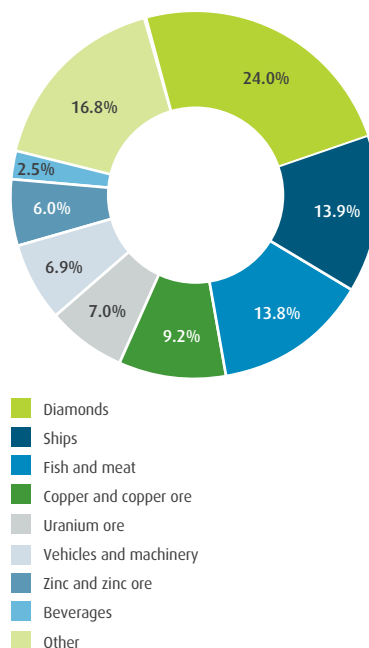
Share of Namibia's total imports, 2014 (%)

Source: Intracen



Share of Namibia's total exports, 2014 (%)

Source: Intracen

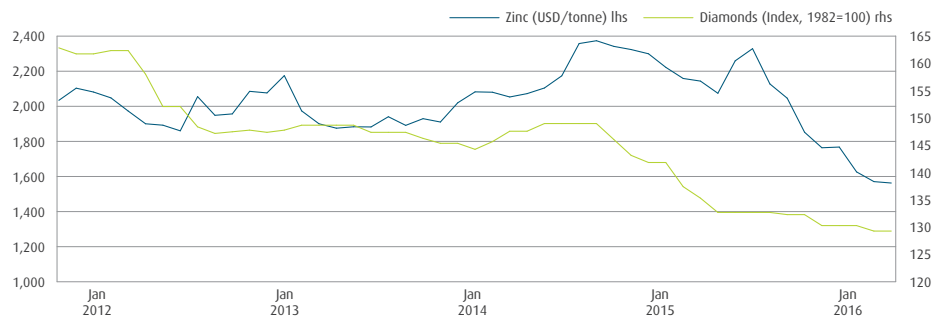




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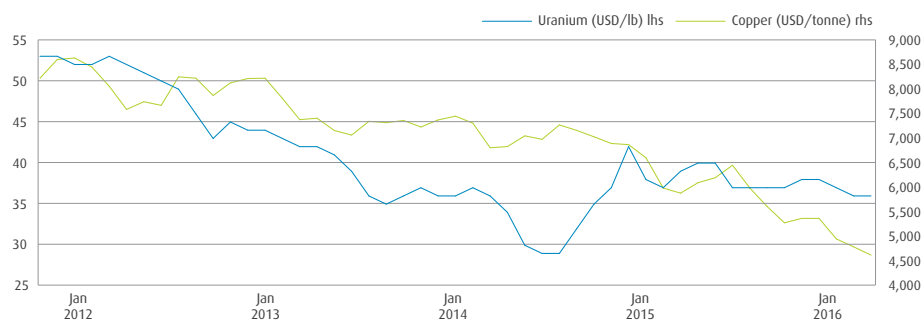
Key commodity prices (zinc and diamonds)

Source: IMF



Key commodity prices (uranium and copper)

Source: IMF



Useful Links

- Central Bank: www.bon.com.na
- Ministry of Finance: www.mof.gov.na
- National Statistics: www.nsa.org.na
- Stock Exchange: www.nsx.com.na

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Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	2.2	2.2	1.5	1.4	1.0
GDP (USD bn)	397.4	366.2	350.1	317.3	326.5
Inflation (average)	5.7	5.8	6.1	4.6	5.9
Fiscal Balance (% GDP)	-4.1	-4.1	-3.8	-4.1	-3.7
Broad Money (% change, end period)	5.2	5.9	7.3	6.3	7.2
Population (mn)	52.8	53.4	54.0	54.5	55.0
Exports (USD bn)	99.3	95.1	92.9	93.1	94.0
Imports (USD bn)	90.6	88.5	86.8	87.1	88.8
Current Account Balance (% GDP)	-5.0	-5.8	-5.4	-4.3	-4.5
FX Reserves (USD bn, end period)	50.7	49.6	49.6	49.6	49.6
Exchange Rate (average)	8.21	9.65	10.85	12.78	16.80

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: The South African economy is under significant pressure, as indicated by slowing economic growth and a weakening currency. Both domestic constraints and a less favourable global environment have suppressed real GDP growth to below 2% per annum, and this is likely to persist over 2016. Power shortages have kept output growth in mining and manufacturing low, agricultural production has contracted due to poor weather conditions and the rest of the primary and secondary sectors have been undermined by low prices and weak global and domestic demand. Amid these factors, we expect real GDP growth to slow to 1.0% in 2016.

Inflation: Inflation has mostly surprised to the downside over the past 12 months, remaining below 6% since Q4 14, mainly on the back of lower fuel prices. However, the consumer inflation rate is projected to breach the SARB's 3% to 6% target band in H1 2016, primarily as a result of rising food prices, before easing in H2 2016. The rand's renewed weakness is likely to add further pressure and we believe inflation could remain higher for longer than is currently anticipated.

Fiscal balance: The budget aims to continue reducing annual deficits over time by improving spending priorities and efficiencies, cutting wasteful spending and increasing taxes cautiously. However, the government's objective to lower the deficit to below 3% of GDP is unlikely to be met until at least 2018. Tax revenue growth is being constrained by lower-than-expected corporate taxes and Value Added Tax collections, which reflects weak domestic demand. Tax revenue is nevertheless being bolstered by better personal income tax collection following the hikes in marginal tax rates in April 2015. Over the medium term, revenue growth will likely be constrained by weaker economic growth. Revenue is projected to reach ZAR1,540.90 bn in FY2018-19, easing slightly to 29.3% of GDP from the estimated 29.8% in fiscal 2015-16. The government aims to strengthen fiscal buffers. However, the high public sector wage settlement creates major challenges in achieving this goal, setting back efforts to improve the composition of government spending, putting "pressure on capital and other critical inputs" and leaving little room for other spending priorities over the next three years. Over the medium term, education, social protection, and health are the key priorities.

Current account: The current account position has improved in recent years, thanks to a swing to the trade surplus. However, the terms-of-trade position has weakened somewhat in recent quarters due to lower international prices of South Africa's main commodity exports and this is likely to sustain pressure on the current account in 2016.

Risks: Growth in South Africa's economic output is constrained by infrastructure challenges, particularly power shortages. In addition, concerns about the adequacy of the country's water supply have been raised amid the strengthening of an El-Niño episode. According to the South Africa Weather Service, unusually dry conditions are expected to continue throughout the 2015/2016 growing season and in Q2 2016 and these, combined with the country's electricity-supply difficulties, will probably keep economic growth lacklustre over the next few years.

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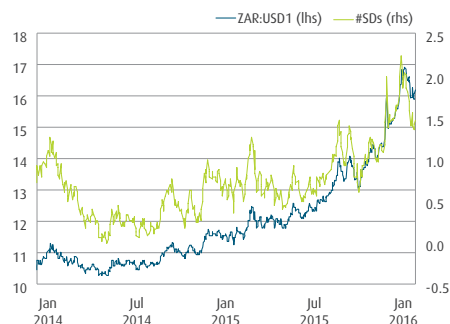
South Africa

- The economy's limited capacity to create jobs is exacerbating socio-economic challenges, which manifest in a high rate of joblessness, with the official unemployment rate remaining sticky around 25%, and large income gaps.
- Weak economic growth, a high unemployment rate and a rapidly-rising public debt stock could result in the sovereign being downgraded to non-investment grade within the next five years if the environment does not improve.
- The South African economy is highly dependent on foreign capital inflows to finance the current account deficit and a sudden reversal of these could result in a tightening of financing conditions that impact on the economy.

ZAR performance and volatility*

ZAR versus USD1

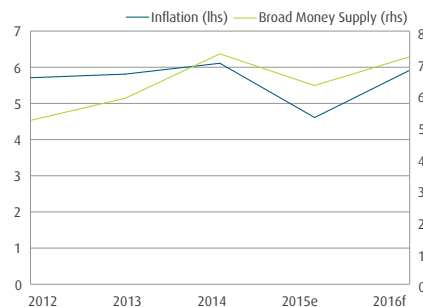
Sources: Bloomberg and Ecobank Research



*Note: ZAR volatility is measured by standard deviation.

South Africa inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target. SARB does not intervene in the FX market.
Type of intervention	Via spot market
Convertible currency?	Yes
Market participants	n/a

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regions)



South Africa

Introduction

FX					
FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	Yes – up to 5 years	Yes	Yes	Yes

Global and Regional Context

Daily trading volume (USD mn)	51,000	n/a	1.04	675.31	n/a
Average trade size (USD mn)	n/a		172.79	21.78	
Average spread	n/a				
Trading hours	24 hours				
Settlement	T+2	T+1 to T+Tenor+2	T+Tenor+2	T+2	T+0

FX market structure SARB accumulates FX reserves by buying FX from the spot market. SARB does not hold periodic FX auctions as its mandate is price stability instead of exchange rate management.

Francophone West Africa

Non-resident FX Regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow					

Nigeria and Rest of West Africa

Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Corporates: outward FDI greater than ZAR 1 bn p.a. needs SARB approval and 10%+ of target company's voting rights must be obtained. Individuals: must obtain approval to invest more than ZAR 10 mn abroad.				
Financial flow	Capped at ZAR 1 mn for adults, ZAR 200,000 for minors				

FI

Central Africa

Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government	n/a	Government	Central bank	
End use	Government financing		Government and infrastructure financing	Liquidity management	
Maturity structure	91- to 364-days		2- to 35-yrs	7- to 56-days	Various
Coupon	Zero		Fixed	Fixed	Fixed
Coupon payments	n/a		Semi-annual	On maturity	Dependent on issue

Secondary market

Daily trading volume	ZAR 1.9 trn per month				
Average trade size	n/a				
Settlement	T+3				

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Tel: +27 11 294 4444

Ecobank Representative Office contact details:

4 Sandown Valley Crescent, Sandton 2196, Johannesburg, South Africa
Tel: +27 11 783 6391

Sources: Bloomberg, IMF, SARB and Ecobank Research

Southern Africa (including Nedbank regions)



South Africa

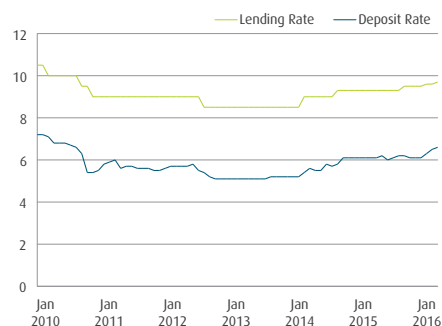
FI primary market information

South Africa debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	40.5	43.3	46.0	48.4	49.8
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	11.4	11.9	13.2	14.8	15.4
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	145.0	139.2	144.0	144.4	151.8
Share of total sub-Sahara debt (%)	49.5	47.5	49.1	49.3	51.8

Sources: IMF and World Bank

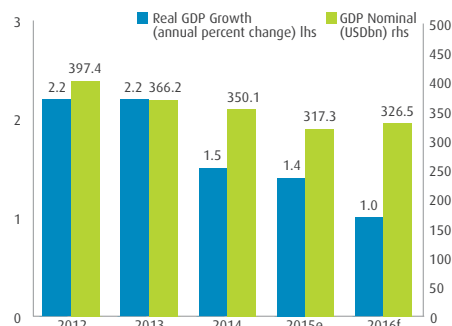
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



Banking Sector Information

South Africa has the largest and most sophisticated banking sector in Sub-Saharan Africa, with several of the region's strongest financial institutions. Total financial sector assets reached an estimated 298% of GDP in 2014, around 40% of which were held by commercial banks. In 2015 there were 17 commercial banks, 3 mutual banks and 3 cooperative banks. In addition, 14 foreign banks had local branches in South Africa, and 39 had representative offices. South Africa's banking sector is highly concentrated, with the top five banks – Standard Bank, Barclays Africa (ABSA), FirstRand, Nibank and Investec – controlling an estimated 90.2% of banking sector assets at June 2015. The first four banks provide full-scale banking services, while Investec is focused on corporate and private banking. Three of the five largest banks have full or part foreign ownership – the UK's Barclays holds a majority stake in ABSA, Nibank is indirectly owned by the UK's Old Mutual, and Investec is dual listed on the Johannesburg Stock Exchange and London Stock Exchange. In recent years South African banks have expanded their pan-African footprint, and in 2014 four of the top five banks had 39 subsidiaries in 17 Sub-Saharan countries.

South Africa's commercial banks are sound, liquid and well-capitalized. The banking sector is regulated by the South African Reserve Bank (SARB), which since 2013 has overseen the implementation of Basel III regulations. Deposits made up an estimated 87.5% of total bank funding in 2014, most of which was wholesale funding from non-bank financial institutions and corporations. The sector's average loan-to-deposit ratio was 127% in 2014. Capital adequacy ratios are sound, with the risk-weighted capital ratio (RWCR) for Tier 1 banks estimated at 11.7% in November 2015, and for the entire banking sector at 14.4%. The liquidity ratio (liquid assets held to liquid-asset requirement) was 210% in November 2015. Asset quality remains strong, with the sector's (NPL) ratio falling from a peak of 6% in late 2009 to an estimated 3.08% in November 2015. Profitability is also strong, with the four largest banks having an average return on equity (ROE) of around 20%.

South Africa

South Africa's leading banks, February 2016

Bank	Total market capitalisation (ZAR millions)	Parent company
FirstRand	257,532	FirstRand Ltd
Standard Bank	188,607	Standard Bank Group Ltd
Barclays Africa	129,087	Barclays PLC
Nedbank	94,843	Old Mutual PLC
Investec	92,469	Investec Ltd
RMB Holdings	82,161	RMB Holdings Ltd
Capitec Bank Holdings	58,005	Capitec Bank Holdings Ltd

Source: Bloomberg

Commodity and Trade Information

Hydrocarbon and mineral production

South Africa is Sub-Saharan Africa's leading mineral producer, reflecting its abundant mineral resources and its developed economy. The country is the world's leading producer of platinum, with output of 222 tonnes in 2014, and of gold, with output of 117 tonnes, and is the region's second largest diamond producer (after Botswana), with output of 7.4 mn carats in 2014. South Africa is also a significant producer of industrial metals, including iron ore, aluminium, manganese, chromium, zinc and nickel. Iron ore is its most significant industrial metal, with output of 68 mn tonnes in 2014, most of which is exported to China. In recent years labour unrest, coupled with weak global prices, has shaken South Africa's metals mining sector, leading to the closure of several large mines and casting a shadow over the sector's future. South Africa is also one of Africa's largest cement producers, with 21.4 mn tonnes of installed capacity in 2015.

South Africa holds 95% of Africa's thermal coal reserves and is by far the continent's largest coal producer, with output of 280 mn tonnes in 2014. Although the country's coal consumption is high, led by the state power generator Eskom, there is still an average surplus of 70 mn tonnes per year which is exported to the global market via one of the world's largest coal export terminals at Richards Bay.

South Africa's hydrocarbons sector is dominated by gas, with annual output of 41 bcf of natural gas and estimated reserves of 0.5 Tcf. South Africa is a marginal crude oil producer, with the single Oribi complex field producing just 1,300 bpd. Despite the low level of hydrocarbon output, South Africa's refining capacity dwarfs that of its neighbours. South Africa has six refineries with total installed capacity of 715,522 bpd. However, only four of these refineries refine crude oil, while the other two are a Gas-To-Liquid refinery and a Coal-To-Liquid refinery. South Africa's refinery capacity outweighs local demand, making the country a net exporter of petroleum products. The government is planning construction of a new refinery that could refine crude from Iran, following the lifting of international sanctions in early 2016. In response to capacity constraints for the state-owned power producer, Eskom, the government is considering building its first LNG terminal in the Saldanha Bay which would import gas to supply a 3,126 MW gas-fired power plant. Currently 82% of South Africa's 47.55 GW of installed capacity is coal-fired.

Soft commodity production

South Africa has a diverse and well-developed agricultural sector, enabling the country to be a net food exporter. South Africa is Sub-Saharan Africa's sugar giant, with output of 2.1 mn tonnes of raw sugar in 2014-15 (October-September). This reflects the country's optimal climatic conditions for growing sugarcane, the high yields of its large-scale plantations, the efficiency of its mills and the country's well-developed infrastructure and power network. The sugar sector is led by the South African sugar giants, Illovo and Tongaat Hulett, whose operations stretch across Southern and East Africa.



South Africa

South Africa is also a key producer of grain, notably maize and wheat, both for sub-regional and world markets. The country produced a record crop of 15 mn tonnes of maize and 1.8 mn tonnes of wheat in the 2013-14 season. However, poor weather severely reduced yields in the 2014-15 season, and output was forecast to fall sharply in 2015-16 under the impact of the worst drought since records began (exacerbated by the El Niño weather phenomenon). South Africa is Africa's leading producer and exporter of edible fruit, nuts and vegetables, and has one of the continent's largest livestock sectors.

Trade flows

Imports

South Africa's imports totalled USD100 bn in 2014, 3.4% below the previous year. Capital goods were the largest imports, including USD21.5 bn of machinery and vehicles and USD9.7 bn of electronics in 2014, reflecting both the size of South Africa's consumer class as well as the country's role as a re-export hub. The country imported USD7.7 bn worth of crude oil for its domestic refining sector, mostly from Saudi Arabia, Nigeria and Angola, but also imported USD15.3 bn worth of petroleum products, both to meet the domestic shortfall as well as for re-export to the sub-region. The country also has significant imports of inputs for its industrial sector, including USD3.3 bn of chemicals, USD2.6 bn of plastics, USD2.5 bn of iron and steel, and USD1.3 bn of rubber. Given that the size of the cereal harvest can vary, owing to periodic drought, South Africa often requires cereal imports, and in 2014 imported USD497 mn of wheat and USD421 m of rice.

Exports

South Africa's exports totalled USD90.6 bn in 2014, 4.7% lower than the previous year. Exports are dominated by a mixture of metals, minerals and capital goods, both to sub-regional and world markets. In 2014 South Africa exported precious metals and stones worth USD14 bn, including 222 tonnes of platinum (worth USD6.5 bn), 117 tonnes of gold (worth USD4.7 bn), and 10.4 mn carats of diamonds (worth USD2.4 bn) in 2014. Industrial metals were the second largest export, totalling USD11.7 bn, including USD8.5 bn worth of iron and steel, 67.9 mn tonnes of iron ore (worth USD6.7 bn), 12 mn tonnes of manganese (worth USD1.6 bn), and 7 mn tonnes of chromium (worth USD1.1 bn) in 2014.

South Africa remains Africa's largest exporter of coal, exporting USD5.2 bn worth of thermal coal in 2014, primarily to India and the Netherlands, and is a major re-export hub for petroleum products, with exports worth USD3.1 bn in 2014, mostly to the sub-region. The country's most successful industrial export is vehicles, worth USD8.8 bn in 2014, the largest share of which went to Germany, the USA, Belgium, Namibia and Japan. South Africa is also Sub-Saharan Africa's largest exporter of fruit (including citrus fruit, grapes and apples) worth USD2.5 bn in 2014.

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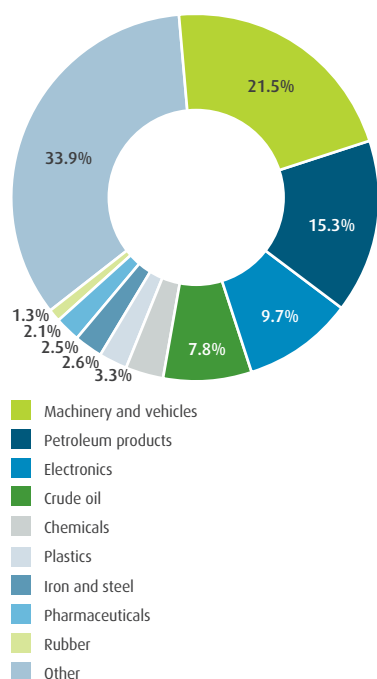
East Africa

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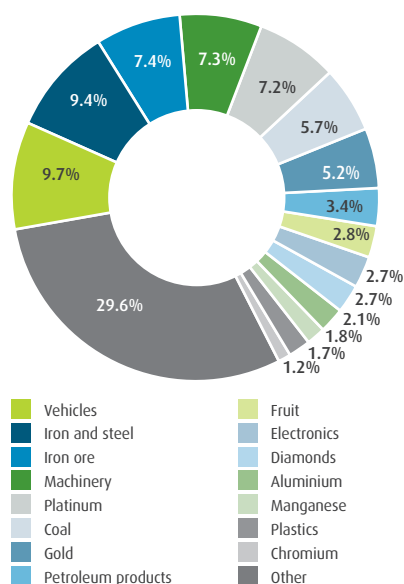
Share of South Africa's total imports, 2014 (%)

Source: Intracen



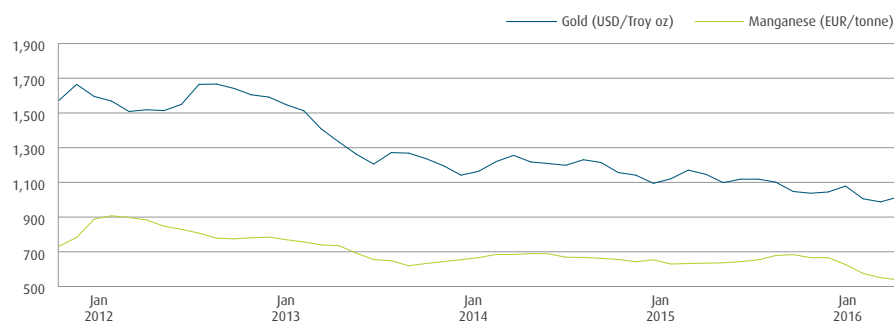
Share of South Africa's total exports, 2014 (%)

Source: Intracen



Key commodity prices (gold and manganese)

Source: IMF

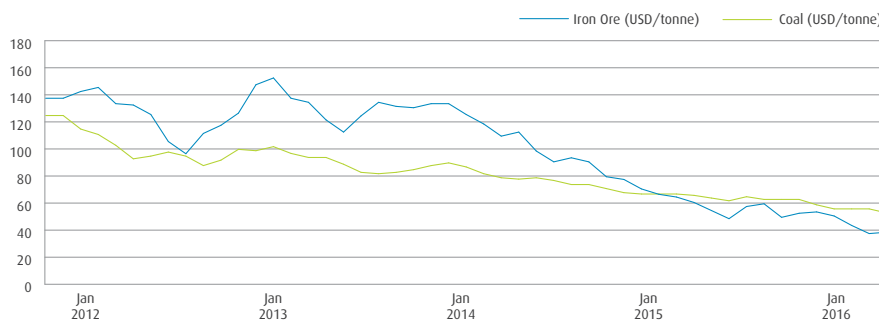




South Africa

Key commodity prices (iron ore and coal)

Source: IMF



Useful Links

- South African Reserve Bank www.reservebank.co.za
- Ministry of Finance www.treasury.gov.za
- National Statistics www.statssa.gov.za
- Johannesburg Stock Exchange www.jse.co.za
- Financial Services Board www.fsb.co.za

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Swaziland

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	3.0	2.9	2.5	1.9	0.7
GDP (USD bn)	4.9	4.6	4.4	4.3	4.4
Inflation (average)	8.9	5.6	5.7	4.9	5.7
Fiscal Balance (% GDP)	4.2	0.5	-1.6	-4.4	-6.7
Broad Money (% change, end period)	10.0	15.9	3.9	7.4	6.9
Population (mn)	1.2	1.3	1.3	1.3	1.3
Exports (USD bn)	1.9	1.9	1.9	1.9	1.9
Imports (USD bn)	1.8	1.7	1.7	1.7	1.7
Current Account Balance (% GDP)	3.1	5.2	2.9	1.1	-2.8
FX Reserves (USD mn, end period)	463	595	760	862	941
Exchange Rate (average)	8.21	9.65	10.85	12.78	16.80

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: Swaziland's economic growth is underpinned by revenues from the Southern Africa Customs Union (SACU), which are recycled into the economy. Growth prospects are also predicated on the export sector, in particular the extension of the US African Growth and Opportunity Act (AGOA) and the ratification of the Economic Partnership Agreement (EPA) with the European Union (EU) signed in August 2014. We expect real GDP growth to slow in 2016 amid expectation of lower SACU revenue in 2016/17, adverse weather conditions, a slowdown in tourism and transport sectors and growing external headwinds. A higher rate of growth will require investments in human capital and an inclusive social safety net system to address the country's endemic poverty.

Inflation: Inflation pressures have eased on the back of slower economic growth; however food and administered prices have been rising, adding upside risk to Swaziland's inflation. As such, we expect inflation to average above 5% in 2016.

Fiscal balance: Fiscal balances have improved substantially in recent years on the back of a recovery in SACU revenue, but also because of government adjustments to the wage bill, the revival of capital expenditure projects, enhanced VAT collection and strengthened auditing and compliance. Unfortunately, slowing revenues from SACU in recent quarters and a shift to expansionary fiscal policies are likely to adversely impact Swaziland's fiscal position in 2016 onwards.

Current account: The current account has moved from a deficit of 8% to GDP in 2011 to a surplus in recent years on the back of increased SACU revenue and improved growth in exports. Swaziland's dependence on SACU revenue, which is significantly larger than any other income stream, nevertheless adds risk. Despite lower oil prices, we expect the current account to post a deficit in 2016 owing to a likely reduction in SACU revenue, a weaker currency and high import demand. Slower growth in Europe will also have a negative impact on Swaziland's sugar-driven export revenue.

Risks: There are remarkable divergences in the availability of social and economic amenities among the urban and rural areas, underscoring the need for the government to ensure that opportunities to promote inclusive growth are put in place for the benefit of all Swazis. Despite Swaziland's classification as a low country, economic issues that are mainly associated with low income countries – such as a weak business climate and low foreign direct investment (FDI) inflows – prevail. The high rate of HIV/AIDS and an uneven distribution of resources remain major social concerns.

The secondary sector was the most adversely affected, particularly the predominant manufacturing sub-sector. The decline in growth in the secondary sector was somewhat counteracted by growth in the primary sector. Agriculture is estimated to have improved by 4.0%, reflecting enhanced productivity accruing from key interventions. Although growth in the tertiary sector slowed down, an increase in investment in government capital programmes tempered the outcome.

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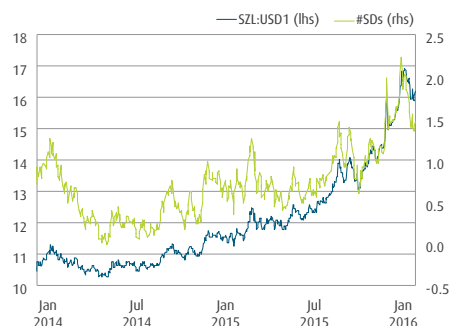


Swaziland

SZL performance and volatility*

SZL versus USD1

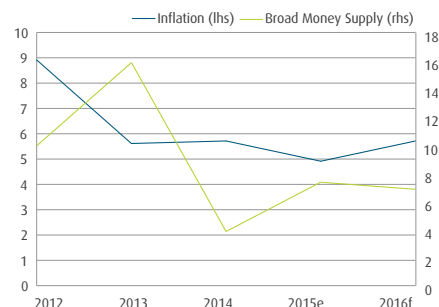
Sources: Bloomberg and Ecobank Research



*Note: SZL volatility is measured by standard deviation.

Swaziland inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Fixed
Target	SZL1 to ZAR1
Type of intervention	Via Central Bank
Convertible currency?	Yes
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	No	No	No	No
Daily trading volume (USD mn)	n/a				
Average trade size (USD mn)	n/a		n/a		
Average spread	n/a				
Trading hours	Limited				
Settlement	T+2				
FX market structure	The SZL is guaranteed by a pegged exchange rate with the ZAR. The stability of the peg is ensured by an adequate level of net international reserves held by CBS.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	Non-residents of CMA zone are subject to exchange rate restrictions which require central bank approval for capital flows				
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions				
Financial flow					

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Introduction

FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government		
End use	Government financing		Government financing		
Maturity structure	91- to 364-days	n/a	3- to 10-yrs		n/a
Coupon	Zero		Fixed		
Coupon payments	n/a		Semi-annual		
Secondary market					
Daily trading volume		No trading			
Average trade size		No trading			n/a
Settlement		T+2			

Nedbank contact details for Swaziland:

Nedbank Swaziland Limited, P.O. Box 68, Mbabane, Swaziland
Tel: +268 2408 1000

Sources: Bloomberg, IMF and Ecobank Research

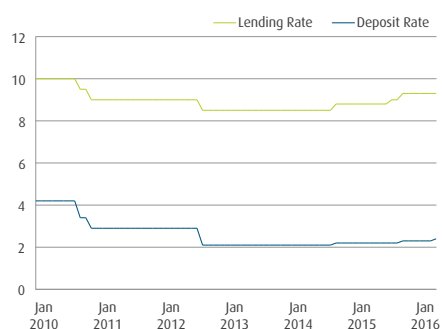
FI primary market information

Swaziland debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	14.4	14.8	13.6	17.6	21.5
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	n/a	n/a	n/a	n/a	n/a
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	0.5	0.5	0.4	n/a	n/a
Share of total sub-Saharan debt (%)	0.2	0.1	0.1	n/a	n/a

Sources: IMF and World Bank

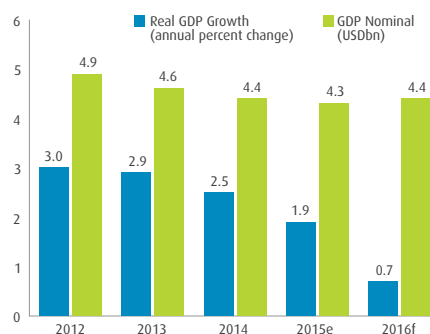
Interest rates (%)

Source: IMF



Real GDP growth (%)

Source: IMF



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Swaziland

Banking Sector Information

Swaziland's banking sector is highly concentrated and the main four commercial banks dominate the industry. Three of the banks are owned by South African institutions and together hold 85% of the total assets of the Swaziland banking sector:

- Nedbank Swaziland
- Standard Bank Swaziland
- First National Bank of Swaziland.

Commercial banks are generally sound and liquid. The asset quality of these banks has been steadily improving in recent years with the non-performing loan ratio falling to 6% in 2014 from 9% at the end of 2012. The banking sector is well capitalized with the capital adequacy ratio reaching 24% of risk-weighted assets. According to the IMF, financial soundness indicators are strong.

Commodity and Trade Information

Hydrocarbon and mineral production

Given the country's small size, Swaziland has a small mining sector, dominated by production of iron ore, with output of 573,000 tonnes in 2014. There is also small-scale production of coal, diamonds and gold.

Swaziland has no known oil and gas reserves and must import all of its refined products. Swaziland consumes 250,000 tonnes of refined products annually, all of which are imported from South Africa.

Soft commodity production

Despite the country's small size, Swaziland is the second largest sugar producer in Sub-Saharan Africa (after South Africa), with output of 519,000 tonnes in 2014. Unlike other African sugar producers, Swaziland's sugarcane is irrigated, leading to high yields of above 100 tonnes per hectare. Coupled with ideal growing conditions, this makes the country one of Africa's most cost-competitive sugar producers. The country's sugar sector is dominated by large millers and estates, which represent over three quarters of sugarcane production. Following Swaziland's renewal of its Economic Partnership Agreement (EPA) agreement with the EU, sugar production in the 2015-16 season (October-September) was expected to rise to a record 705,000 tonnes.

Trade flows

Imports

Swaziland's imports totalled USD1.7 bn in 2014, 4.2% lower than the previous year. Given the country's lack of refining capacity, Swaziland is dependent on imports of petroleum products (worth USD272 mn in 2014). The country is also reliant on imports of vehicles, electronics and machinery (together worth USD323 mn in 2014), reflecting the poorly developed manufacturing sector. Swaziland also imported plastics (USD72 mn), iron and steel (worth USD67 mn) and cement (worth USD22 mn) for its industrial sector. With large parts of the country's agricultural sector given over to sugar production, the country depends on imports of food, including including cereals and flour (worth USD73 mn in 2014) and dairy products (USD30 m).

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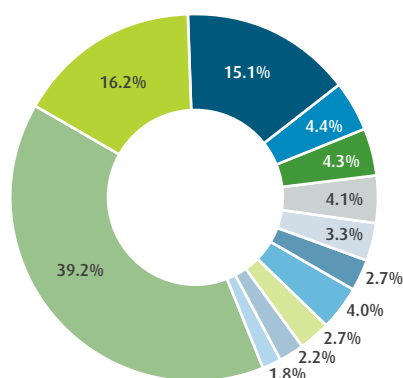
Swaziland

Exports

Swaziland's exports totalled USD1.9 bn in 2014, on par with the previous year. The country's most valuable exports are essential oils (used in the cosmetics industry), worth USD576 mn in 2014, and chemical products worth USD385 mn, both of which were exported primarily to markets across Sub-Saharan Africa. The country's historically most important export, sugar, was worth USD374 mn in 2014, most of which went to the EU under the EPA preferential market access agreement. Swaziland also exported apparel (worth USD138 mn), mostly to South Africa, as well as wood (USD76 mn) and iron ore (USD36 mn).

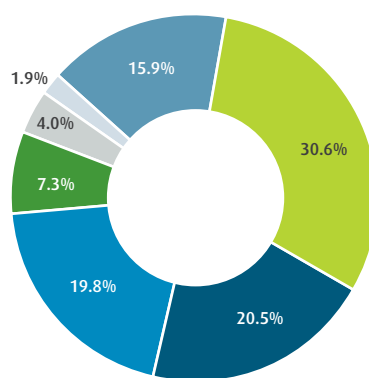
Share of Swaziland's total imports, 2014 (%)

Source: Intracen



Share of Swaziland's total exports, 2014 (%)

Source: Intracen

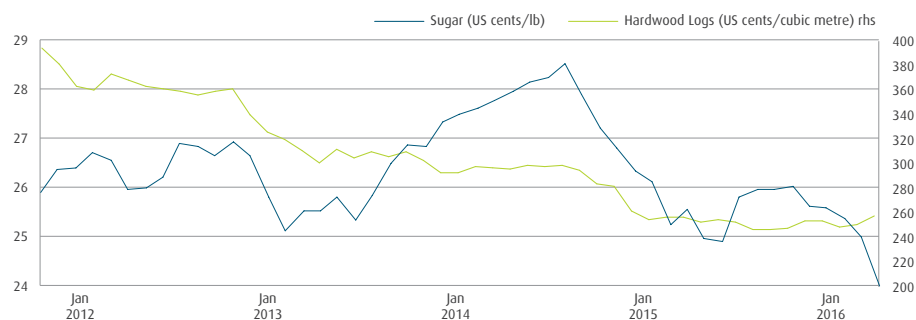


- Petroleum products
- Machinery and vehicles
- Cereal and flour
- Plastics
- Electronics
- Essential oils
- Pharmaceuticals
- Iron and steel
- Paper
- Cotton
- Dairy products
- Other

- Essential oils
- Chemical products
- Sugar
- Apparel
- Wood
- Iron ore
- Other

Key commodity prices

Source: IMF



Useful Links

- Central Bank: www.centralbank.org.sz
- Other government department and the Ministry of Finance: www.gov.sz
- National Statistics: www.swazistats.org.sz
- Stock Exchange www.ssx.org.sz

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Zambia

Introduction

Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	6.8	6.7	5.6	3.6	3.8
GDP (USD bn)	24.9	26.8	26.6	24.5	25.2
Inflation (average)	6.6	7.0	7.8	10.0	10.5
Fiscal Balance (% GDP)	-2.9	-6.5	-6.1	-6.9	-8.3
Broad Money (% change, end period)	17.9	20.8	12.6	13.4	15.2
Population (mn)	14.8	15.2	15.7	16.2	16.7
Exports (USD bn)	9.5	10.8	10.2	9.7	10.8
Imports (USD bn)	7.9	9.2	8.7	8.1	8.5
Current Account Balance (% GDP)	5.5	-0.6	-1.4	-1.4	-2.6
FX Reserves (USD bn, end period)	3.0	2.7	3.1	3.2	3.3
Exchange Rate (average)	5,142.4	5,386.2	6.16	8.64	12.45

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and
Regional Context

Economic Outlook

Real GDP: The economy is under stress, a situation that is likely to remain in place throughout much of 2016. Low copper prices and a severe electricity shortage will continue to strain economic activity, which in turn will see real GDP rebound marginally, after slowing sharply to less than 4% in the previous year; growth will be supported by further increases in mining and agriculture sector production. The pressures on the economy have not only reflected the impact of external shocks but also waning market confidence. Therefore, significant policy adjustment is required this year to restore fiscal health and strengthen the investment climate in order to underpin growth.

Inflation: Depreciation of the kwacha is expected in 2016, which will place further upward pressure on inflation as the cost of imported goods rise. Sustaining a responsible level of central bank credit to government will help reduce inflationary pressures. However, significant government spending pressures will complicate the Bank of Zambia's (BoZ) task of controlling inflation. Monetary policy will be tightened further to counter the pressures on the exchange rate and rising inflation, but success will depend on a similar tightening of fiscal policy. One result will be sustained high interest rates on government debt.

Fiscal balance: Fiscal discipline was undermined in 2015 by additional spending commitments in contrast to lower-than-budgeted revenues. This scenario could unfold again in 2016 given the prospect that there is a further, delayed implementation of critical policy pronouncements such as ensuring cost reflective pricing of petroleum products and electricity that will continue to impact negatively on the budget. Therefore, another large fiscal deficit, of 8-9% of GDP is expected in 2016. In order to help reduce the deficit the authorities will need to lower the cost of agricultural subsidies and contain government wages. There is also a need to increase domestic revenue mainly through non-tax measures, enhancing mining tax administration (particularly difficult given recent experience), and broadening the tax base. However, all of these measures will be difficult because of challenges in attempts to increase revenue mobilisation, difficulties in switching spending from recurrent spending to capital, and the need to service public debt at high interest rates.

Current account: The current account position is likely to deteriorate in 2016 owing to strong import demand, currency weakness, and lower global copper prices. The BoZ will aim to build up FX reserves gradually with the goal to reach 4 months of imports over the medium term but this will prove difficult highlighting some of the external pressures Zambia faces.

Risks: The main challenge is for the government to develop and implement successfully a credible package of measures to lower the fiscal deficit, which in turn will help support efforts to restore market confidence, bring stability to the economy, enable a speedy recovery in economic growth, and ensure debt sustainability. In addition, there are several additional risks to the economy stemming from the impact arising from the large fiscal deficit, low FX reserves, volatile copper prices, major weakening of the kwacha, and challenges in strengthening public financial management and improving the business environment to help diversify the economy away from mining.

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East Africa

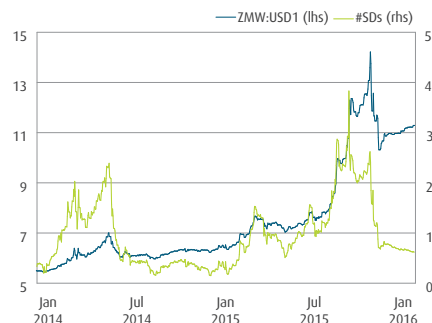
Southern Africa
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Zambia

ZMW performance and volatility*

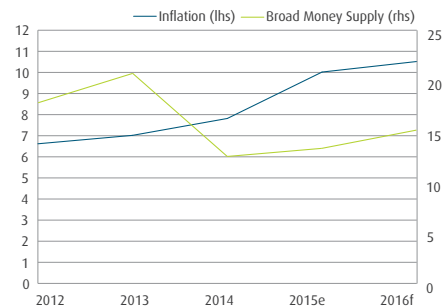
ZMW versus USD1 Sources: Bloomberg and Ecobank Research



*Note: ZMW volatility is measured by standard deviation.

Zambia inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	Floating
Target	No target, BoZ's interventions limited to managing volatility while allowing a gradual build up of foreign reserves
Type of intervention	Via spot market
Convertible currency?	No
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer	Yes	Yes – up to 12 months	Yes	No	No
Daily trading volume (USD mn)					
Average trade size (USD mn)		n/a		n/a	
Average spread					
Trading hours	Limited				
Settlement	T+2	T+1 to T+Tenor+2	T+Tenor+2	n/a	T+0
FX market structure	The corporate sector (largely based on mining firms) is the largest supply of FX; although, the BoZ supplies FX when deemed necessary to smooth ZMW volatility.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	No restrictions		n/a		
Financial flow					

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Zambia

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FI					
Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills	OMOs
Issuer	Government		Government		
End use	Government financing		Government financing		
Maturity structure	91- to 365-days	n/a	2- to 15-yrs	n/a	
Coupon	Zero		Fixed		
Coupon payments	n/a		Semi-annual		
Secondary market					
Daily trading volume		Limited trading			
Average trade size		Limited trading		n/a	
Settlement		n/a			

Global and Regional Context

Ecobank local affiliate contact details:

Ecobank Zambia, Acacia Park, 22768 Thabo Mbeki Road, Lusaka

Tel: +260 211 250 056/057

Sources: Bloomberg, IMF and Ecobank Research

Francophone West Africa

FI primary market information

Zambia debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	25.5	28.6	35.2	41.9	44.9
Sub-Sahara average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	13.5	13.0	17.5	25.4	29.4
Sub-Sahara average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	3.4	3.5	4.7	6.2	7.4
Share of total sub-Sahara debt (%)	1.1	1.1	1.4	1.7	1.9

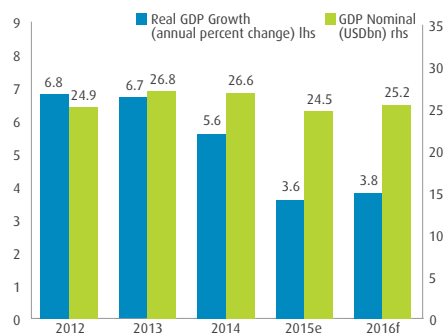
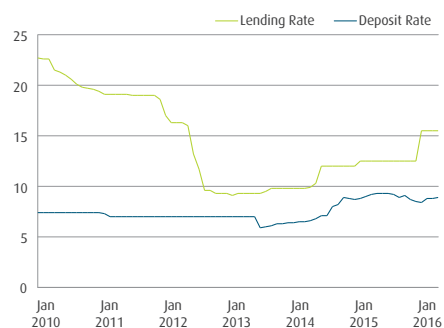
Sources: IMF and World Bank

Nigeria and Rest of West Africa

Interest rates (%)

Real GDP growth (%)

Source: IMF



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Zambia

Banking Sector Information

Following the adoption of financial sector liberalisation, Zambia's banking sector has grown rapidly, rising from 13 commercial banks in 2007 to 19 at end-2014, while the number of financial institutions has risen from 74 to 135 over the same period. Eight of the country's commercial banks were subsidiaries of foreign banks, nine were locally owned, and two were partly owned by the State. Total banking sector assets grew by 16% in 2014, to an estimated USD7.7bn. Concentration levels remain relatively high, with the five largest banks controlling an estimated 54% of assets, 61% of loans and advances, and 56% of customer deposits in 2014.

The dramatic growth in the financial sector has helped drive financial inclusion, reducing the proportion of adults with no access to financial services from 63% in 2009 to 40.7% in 2014. However, formal banking sector penetration remains low, having risen from 23% in 2009 to 38% in 2014. This reflects the high proportion of the population that works in the informal sector, as well as the lack of bank branches in rural areas and in cities outside Lusaka and the Copper belt.

Three sectors dominate banking assets: Personal lending, Agriculture and Manufacturing, which accounted for 35%, 17% and 12%, respectively, at end-2014. Banks continued to rely on customer deposits as the primary source of funding. The predominance of demand deposits (60% of total deposits) is an indication of the sector's stable funding base. Capital adequacy remains satisfactory, with an average capital adequacy ratio of 27% in 2014, well above the minimum required level of 10%. Asset quality was also satisfactory, with the ratio of non-performing loans to gross loans (NPL Ratio) falling from 7% in 2013 to an estimated 6.1% at end-2014. Profitability in the banking sector remains healthy, with average return on equity (ROE) rising from 14.8% in 2013 to an estimated 16.4% in 2014. However, it remains short of the industry target for Sub-Saharan Africa of 20%, reflecting the sector's relatively low efficiency levels.

Top 5 banks in Zambia, USD millions, 2014

USD Mn	Total Assets	Total Loans and Advances	Total Customer Deposits	Total Shareholder Funds
Stanbic	1,022	424	817	125
Zanaco	965	436	734	126
Barclays	832	478	568	115
Standard Chartered	831	363	591	126
FNB	519	287	352	80
Total	4,170	1,988	3,063	573
Banking sector total	7,663	3,258	5,505	1,149
Share of banking sector total	54%	61%	56%	50%

Source: Ecobank Research

Commodity and Trade Information

Hydrocarbon and mineral production

Zambia is a major mineral producer with the bulk of production focused on copper mining. The country produced 941,000 tonnes of refined copper in 2014, making it second largest producer in Sub-Saharan Africa, after the DRC. Zambia also produced 427,000 tonnes of sulphuric acid in 2014, and 2,000 tonnes of cobalt. The country is also a modest producer of gold and precious stones (rubies, sapphires and emeralds), with output of 4.2 tonnes and 1,139 tonnes, respectively, in 2014. The country has installed capacity to produce cement of 3.2mn tonnes, both for domestic consumption and for export to the sub-region.

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Introduction

Oil exploration in Zambia is still in the preliminary stages, and the country does not yet have any proven reserves. Zambia's consumption of petroleum products grew by 200% between 2005 and 2014 to an estimated 974,000 tonnes. 70% of refined product consumption is gasoil, which is also used as fuel for power generation. The country operates a 26,000 bpd refinery at Ndola, importing crude through a pipeline running from Tanzania's Dar-es-Salam port. Given the surge in consumption in recent years, the Ndola refinery's share of local demand has fallen from 90% to just over 50%. The country also exports some of its refined product to neighbouring countries, notably DRC. An Australian company is planning to build a 5 mn tonne refinery to meet domestic and regional demand, along with two new export pipelines to Tanzania and the DRC.

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Soft commodity production

Zambia is a diverse producer of soft commodities. The country is one of Southern Africa's leading sugar producers, with estimated output of 440,000 tonnes in 2014-15. The sugar sector is dominated by South African sugar miller Illovo which is upgrading its mills in a bid to boost efficiency and step up exports to the sub-region. Zambia is also a leading producer of maize, eclipsing Zimbabwe as Southern Africa's bread basket. Maize production reached an all-time high of 3.35 mn tonnes in the 2014-15 season, following favourable weather, but fell back to an estimated 2.9 mn tonnes in 2015-16, owing to severe dry weather. Zambia's surplus maize is traded widely in the region, both formally and informally, with Zimbabwe receiving the largest share. Zambia is also Southern Africa's second largest cotton producer, with estimated cotton lint outturn of 57,000 tonnes in the 2014-15 season. The country also produced 32,000 tonnes of tobacco in 2014-15.

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Trade flows

Imports

Zambia's imports totalled USD9.5 bn in 2014, 6.1% lower than the previous year. Given its landlocked status, the country is heavily reliant on imports of capital and consumer goods, as well as acting as a conduit for its neighbours' mineral exports to the world market. Capital goods are the largest import category, with imports of machinery, vehicles and electronics totalling USD3 bn 2014, reflecting the poorly developed manufacturing sector. Given the lack of refining capacity, Zambia depends on imports of petroleum products, worth USD1.1 bn in 2014. Zambia is also dependent on imports of industrial raw materials, including USD740 mn worth of iron and steel, USD334 mn of fertiliser and USD265 mn of plastics. As Zambia is Southern Africa's 'bread basket', the country's imports of food are modest, led by fish (USD73 mn), palm oil (USD57 mn) and dairy products (USD29 mn). Zambia also acts as a conduit for regional mineral exports, and in 2014 imported USD1.2 bn worth of copper ore and concentrates and USD203 mn worth of cobalt ore and concentrates from the DRC's neighbouring Katanga province for re-export to the international market.

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Exports

Zambia's exports totalled USD9.7 bn in 2014, 8.6% lower than the previous year. Copper is Zambia's most valuable export, worth USD7.2 bn in 2014 (including re-exports from the DRC), over half of which went to the Netherlands, a key copper trading hub, and to China for its industrial sector. Zambia also exported 427,000 tonnes of sulphuric acid (worth USD218 mn) all of which went to the DRC for processing into fertiliser, and 196,000 tonnes of cement, again mostly to the DRC. Zambia's other mineral exports included gold worth USD118 mn, most of which went to South Africa, and precious stones worth USD96 mn, most of which went to Singapore. The country's leading soft commodity export was sugar, with exports of 223,000 tonnes in 2014 (worth USD222 mn), either to the sub-region or to the EU under preferential agreements. Zambia also exported tobacco (worth USD143 mn), maize (USD65 mn), and cotton lint (USD62 mn).

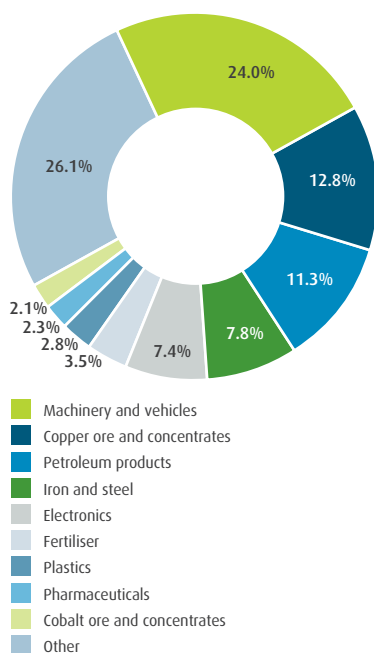
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Zambia

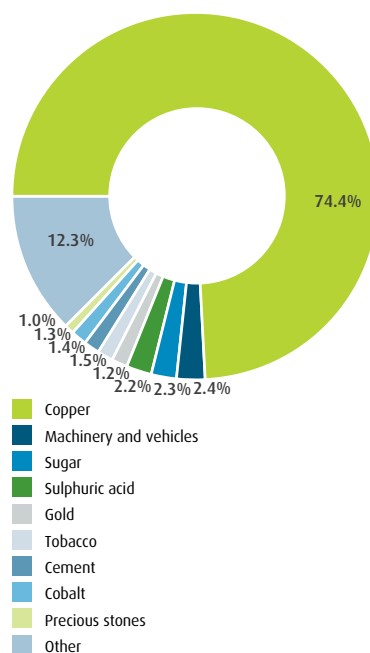
Share of Zambia's total imports, 2014 (%)

Source: Intracen



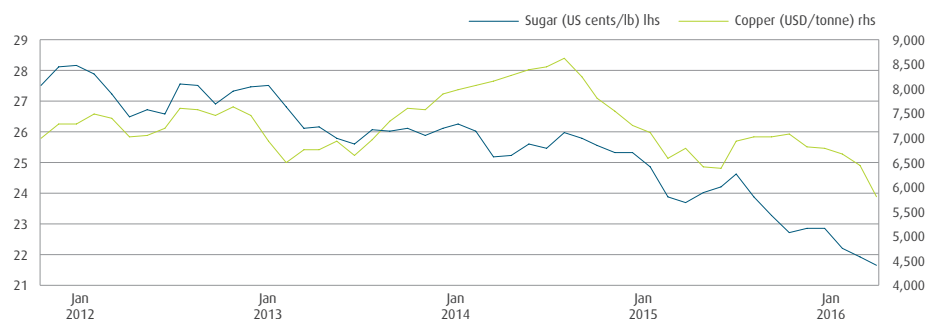
Share of Zambia's total exports, 2014 (%)

Source: Intracen



Key commodity prices

Source: IMF



Useful Links

- Central Bank www.boz.zm
- Ministry of Finance www.mofnp.gov.zm
- National Statistics Bureau www.zamstats.gov.zm
- Stock Exchange www.luse.co.zm

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Select economic and financial indicators	2012	2013	2014	2015e	2016f
Real GDP (% change)	10.6	4.5	3.3	1.4	2.4
GDP (USD bn)	12.5	13.5	13.8	13.9	14.3
Inflation (average)	3.7	1.6	-0.2	-2.4	-1.6
Fiscal Balance (% GDP)	-0.6	-1.9	-1.5	-1.3	-0.5
Broad Money (% change, end period)	19.1	5.3	12.6	5.1	5.8
Population (mn)	14.6	14.9	15.2	15.6	16.0
Exports (USD bn)	3.8	3.7	3.5	3.3	3.3
Imports (USD bn)	6.7	6.8	6.3	6.0	6.2
Current Account Balance (% GDP)	-24.6	-25.4	-22.0	-22.9	-21.8
FX Reserves (USD mn, end period)	398	284	303	308	363
Exchange Rate (average)	n/a	n/a	n/a	n/a	n/a

e=estimate; f=forecast

Sources: IMF, World Bank, Bloomberg, Ecobank Research

Global and Regional Context

Economic Outlook

Real GDP: The economy remains very weak, unemployment is rising and economic activity is shifting to the informal sector. Growth will remain constrained by a persistent liquidity crunch, lack of competitiveness of locally produced goods resulting in a high import bill and current account deficit, infrastructure bottlenecks related to energy, transport and communication, and inadequate and erratic services. However, recent re-engagement with the IMF should help support efforts to normalise relations with creditors, mobilise donors' support, and support macroeconomic policies and start to address Zimbabwe's major structural problems. Assuming the government continues with its reform agenda, growth could expand around 2.4% in real terms in 2016 – a low, but positive level.

Inflation: Zimbabwe will likely experience deflation again in 2016 partly due to the liquidity crunch but also because of the very weak level of private sector confidence that will undermine investment decisions. The use of the rand and US Dollar will help prevent most imported inflationary pressures from rising.

Fiscal balance: The fiscal deficit will remain low given the financing constraint and spending skewed to recurrent expenditure. Domestic arrears will continue to build although probably at a slower pace as IMF-advised reforms take hold. The main policy and reform agenda for 2016 (and beyond) will include reducing the impact of the 2015 adverse shocks on the external position and growth, strengthening the investment climate, restoring confidence in the financial sector, and building support for a strategy to clear arrears to donors.

Current account: The external position remains precarious. Slowing growth in China will lower global commodity prices, and thus Zimbabwe's export revenues and Chinese investment into Zimbabwe. In light of their arrears to creditors, low commodity prices, and a fundamentally strong US dollar, external inflows in 2016 will remain highly constrained, the levels of FX reserves very low, and significant debt distress evident.

Risks: Risks to the outlook stem mainly from fiscal challenges, weak global commodity prices, adverse weather conditions, and policy implementation in a difficult political environment. However, continuing to implement ongoing reforms and reengaging with the international community could reopen Zimbabwe's access to financial support and boost the economic outlook.

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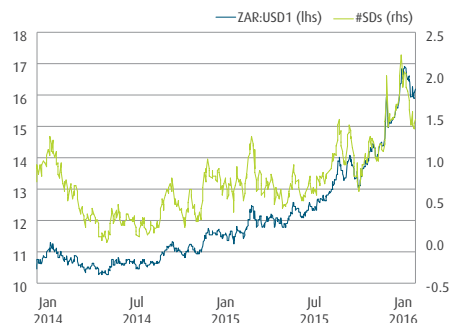
Southern Africa (including Nedbank regions)



Zimbabwe

ZAR performance and volatility*

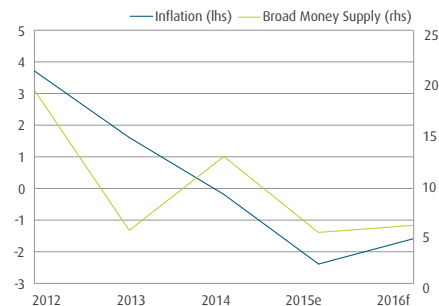
ZAR versus USD1 Sources: Bloomberg and Ecobank Research



*Note: ZAR volatility is measured by standard deviation.

Zimbabwe inflation and money supply (%)

Source: IMF



FX, FI and Commodity Information

Exchange rate structure

Regime	No separate legal tender
Target	n/a
Type of intervention	n/a
Convertible currency?	n/a
Market participants	n/a

FX

FX products	Spot	Forwards	Non-deliverable forwards	Options	Swaps
On offer					
Daily trading volume (USD mn)					
Average trade size (USD mn)			n/a		
Average spread					
Trading hours					
Settlement					
FX market structure	The RBZ, external lines of credit, donors, diaspora remittances, and export revenues all supply varying, albeit relatively small, amounts of FX.				
Non-resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	n/a			n/a	
Financial flow					
Resident FX regulations	Spot	Forwards	Non-deliverable forwards	Options	Swaps
Trade and FDI flow	n/a			n/a	
Financial flow					

Zimbabwe

FI					
	Primary market	Treasury bills	Treasury notes	Treasury bonds	Central Bank bills OMOs
Issuer					
End use					
Maturity structure					
Coupon					
Coupon payments					
Secondary market					
Daily trading volume					
Average trade size					
Settlement					

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Ecobank local affiliate contact details:

Ecobank Zimbabwe, Sam Levy's Office Park, 2 Piers Road, Borrowdale, Harare

Tel: +263 4 85 16 44/49

Sources: Bloomberg, IMF and Ecobank Research

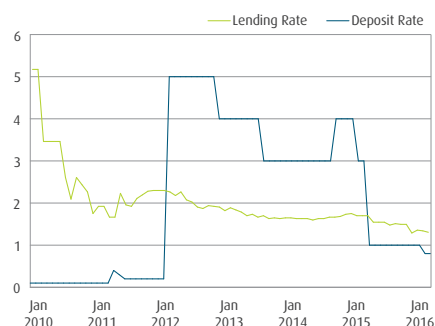
FI primary market information

Zimbabwe debt	2012	2013	2014	2015e	2016f
Government debt (% GDP)	56.7	54.2	53.4	69.3	57.5
Sub-Saharan average	37.3	39.3	42.9	47.6	47.6
External debt (official creditors, % GDP)	48.4	46.6	46.7	49.0	49.6
Sub-Saharan average	23.5	24.6	27.1	32.1	32.3
External debt stock (USD bn)	8.7	8.2	10.6	12.7	12.8
Share of total sub-Saharan debt (%)	3.0	2.6	3.1	3.4	3.2

Sources: IMF and World Bank

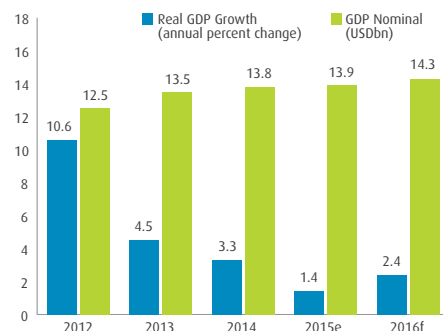
Interest rates (%)

Sources: RBZ and Ecobank Research



Real GDP growth (%)

Source: IMF





Zimbabwe

Commodity and Trade Information

Hydrocarbon and mineral production

Zimbabwe is a diverse mineral producer, with output of precious metals and stones, mineral ores and refined metal. The country produced 65,000 tonnes of platinum in 2014, 4.8 mn carats of diamonds, 565 tonnes of precious stones and 13 tonnes of gold in 2014. Other significant mineral production included 183,000 tonnes of nickel ore and 292,000 tonnes of iron and steel. However, the outlook for the diamond sector is unclear following the government's decision to rescind the licences of private miners and bring all diamond mining under the control of the state-owned Zimbabwe Consolidated Diamond Company (ZCDC).

Zimbabwe has no known oil and gas reserves and must import all of its refined products. The severe economic crisis caused domestic consumption to collapse from a peak of 1.9 mn tonnes in 2009 to just 399,000 tonnes in 2007, before recovering slowly to around 625,000 tonnes in 2014. Zimbabwe sources its petroleum products from South Africa, the UK and (more recently) Singapore, channelling the imports via South Africa and Mozambique.

Soft commodity production

Zimbabwe is a diverse producer of soft commodities for the domestic and global market. The country is Southern Africa's third largest sugar producer, after South Africa, with estimated output of 500,000 tonnes in 2014-15. South African sugar millers Illovo and Tongaat Hulett dominate the country's sugar output. Zimbabwe is also a large producer of tobacco, with output of 142,000 tonnes in 2014. Zimbabwe is also a key producer of cotton, with cotton lint output of 57,000 tonnes in 2014-15. Cotton production has fluctuated in recent years, owing to erratic weather, low yields and rampant 'side selling'. This has put pressure on the country's fragmented ginning sector, which lacks feedstock, forcing the exit of major cotton ginners from the sector, including Cargill. Zimbabwe used to be Southern Africa's leading maize producer, but in recent years it has been overtaken by its neighbour Zambia, largely owing to the mismanaged distribution of agricultural land in the early 2000s. Zimbabwe's crop has, as a result, fluctuated between surpluses (2014-15 production was a bumper crop of 1.3 mn tonnes) and severe deficits, forcing the country to rely on imports.

Trade flows

Imports

Zimbabwe's imports totalled USD6.4 bn in 2014, 17.2% lower than the previous year. Given the country's lack of refining capacity, Zimbabwe is heavily dependent on imports of petroleum products (worth USD1.5 bn in 2014) and electricity (USD49 mn). The country is also reliant on imports of machinery, vehicles and electronics (together worth USD1.5 bn in 2014), reflecting the poorly developed manufacturing sector. Zimbabwe also imported large volumes of industrial raw materials, including fertiliser (worth USD269 mn), iron and steel (USD239 mn), plastics (USD223 mn) and rubber (USD97 mn). Zimbabwe has lost its status as the breadbasket of Southern Africa and has come to rely on imports of food, including 287,000 tonnes of maize (worth USD115 mn), 201,000 tonnes of wheat (USD114 mn), 176,000 tonnes of rice (USD92 mn), and 48,000 tonnes of soybean oil (USD56 mn).

Exports

Zimbabwe's exports totalled USD3.1 bn in 2014, 12.6% lower than the previous year. The country's single most valuable export is tobacco, with 142,000 tonnes exported in 2014, worth USD840 mn. However, the lion's share of exports is made up of precious metals and stones, mineral ores and refined metals. In 2014 Zimbabwe exported gold worth USD533 mn and nickel ore worth USD354 mn, all of which went to South Africa, as well as 6.4 mn carats of diamonds (worth USD234 mn) and platinum (USD137 mn). The country also exported USD294 mn of iron and steel, all of which went via Mozambique for re-export to world markets. Zimbabwe's other soft commodity exports included 261,000 tonnes of sugar (worth USD153 mn), 40,000 tonnes of cotton lint (USD79 mn) and 13,000 tonnes of tea (USD19 mn).

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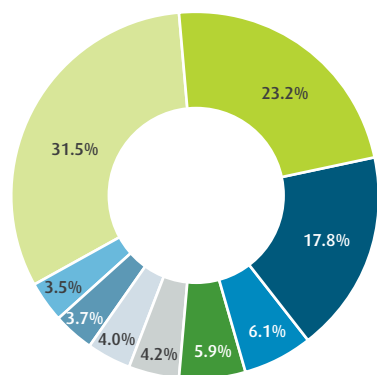
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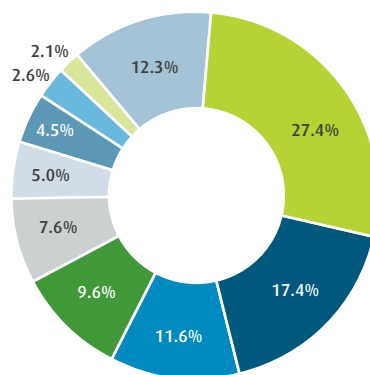
Share of Zimbabwe's total imports, 2014 (%)

Source: Intracen



Share of Zimbabwe's total exports, 2014 (%)

Source: Intracen

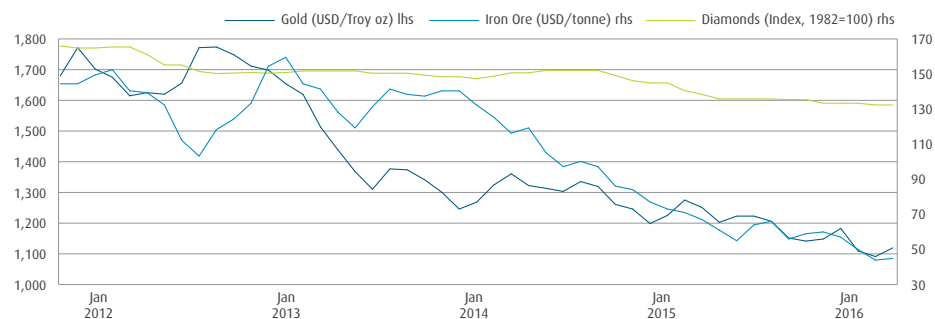


- Petroleum products
- Machinery and vehicles
- Electronics
- Cereal and flour
- Fertiliser
- Pharmaceuticals
- Iron and steel
- Plastics
- Other

- Tobacco
- Gold
- Nickel ore
- Iron and steel
- Diamonds
- Sugar
- Platinum
- Cotton
- Cement
- Other

Key commodity prices (gold, iron ore and diamonds)

Source: IMF

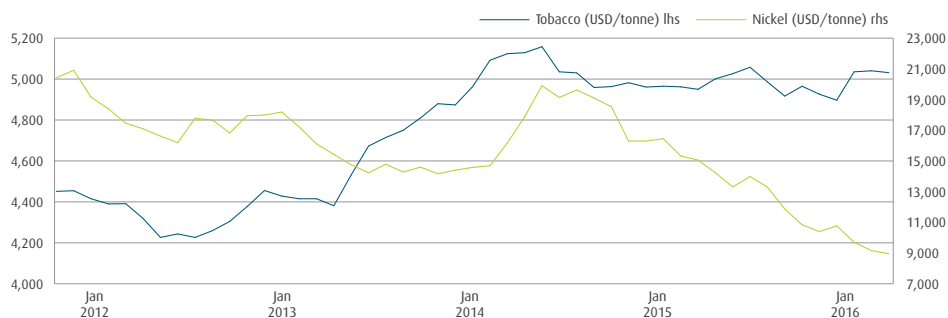




Zimbabwe

Key commodity prices (tobacco and nickel)

Source: IMF



Useful Links

- Central Bank <http://www.rbz.co.zw/>
- Ministry of Finance www.zimtreasury.gov.zw/
- National Statistics Bureau www.zimstat.co.zw/
- Stock Exchange www.zimbabwe-stock-exchange.com

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Global and Regional Context

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Central Africa

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East Africa

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Introduction

Global and
Regional ContextFrancophone
West AfricaNigeria and
Rest of West Africa

Central Africa

East Africa

Southern Africa (including
Nedbank regions)

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