

## Africa: Intra-regional trade A function of diverse exports

The African Continental Free Trade Area (CFTA) agreement was signed by 44 countries on 21 March, committing them to remove tariffs on 90% of imports. This is expected to improve intra-regional trade which stands at 20% in Africa vs 62% between advanced economies. Of Africa's regional blocs, the Southern African Development Community (SADC) has the highest intra-regional trade at 23% (Figure 1). The Common Market for Eastern and Southern Africa (COMESA) has the lowest at 8%, albeit up from 4% in 2000. We found that the blocs with higher intra-regional trade – SADC and the East Africa Community (EAC), albeit a far second at 10% – have diversified exports (Figure 2), and the advantage of having member states that are geographically close. We believe COMESA's export diversity is undermined by the fact that member states are geographically distant (Swaziland to Egypt). The bloc with the lowest export diversity is the Economic Community of West African States (ECOWAS); we attribute this to the dominance of commodities (crude oil, cocoa, gold) that are exported to offshore processing facilities. Dangote Cement's plan to export 3mnt pa of clinker (c. 17% of its Nigerian production) from 4Q18 could see intra-ECOWAS trade improve from 9%.

### Intra-regional trade is a growing African story

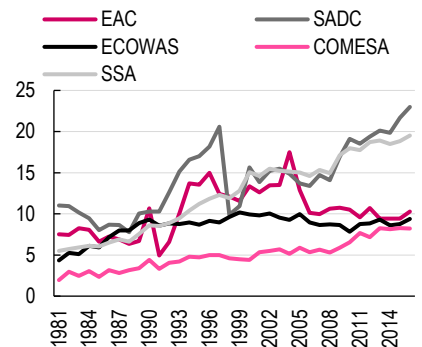
Compared with other regions of the world, trade between African countries is low because several countries export the same goods, unprocessed commodities, which precludes the need to trade with each other. But things are changing and intra-regional trade is expanding. Most of the expansion in intra-SSA trade happened in the 1980s and 1990s (Figure 1). It flatlined in the 2000s – at c. 15% in SSA; this we attribute to the surge in Chinese demand for commodities which dwarfed intra-regional trade. The expansion of intra-SSA trade resumed after the global financial crisis, as global trade slowed. SADC drove most of the expansion in intra-SSA. The argument that lower trade barriers boost intra-regional trade is affirmed by SADC, where trade between member countries increased from 14% in 2008, the year in which its free trade area (FTA) was set up, to 23% in 2016. However, in the EAC, the creation of a customs union in 2005 had the converse effect. Intra-EAC trade initially declined and thereafter moved sideways, because the new common external tariff was a significant reduction for Kenyans, which spurred an increase in Kenyan demand for non-EAC imports.\*

### Diversified exports explain higher intra-regional trade in SADC

We attribute SADC's relatively high intra-regional trade vs that of Africa's other key regional blocs (COMESA, the EAC and ECOWAS) to its greater export diversity and geographic proximity of member states. SADC's largest economy – South Africa – is the biggest source of imports for several SADC countries including its fellow Southern Africa Customs Union members (Lesotho, Namibia and Botswana) and Mozambique, Zimbabwe and Zambia. This is because it offers a differentiated export – manufactured goods. More recently, the stronger rand has made it more expensive to import South African goods. Similarly, we believe a strong Kenyan shilling may be undermining intra-EAC trade. SADC countries that do not trade much with the rest of SADC are Angola and Tanzania (Figure 3) because Angola exports its crude oil to China and mainly imports goods from the Lusophone world, while Tanzania's location on the Indian Ocean coast gives it access to competitively priced imports from Asia.

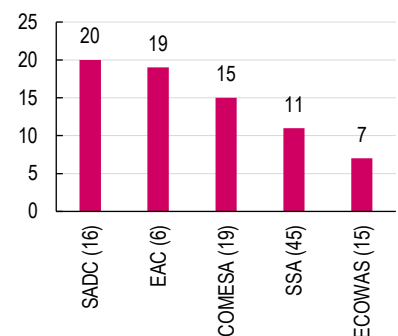
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Figure 1: Africa: Intra-regional trade, % of trade with the world



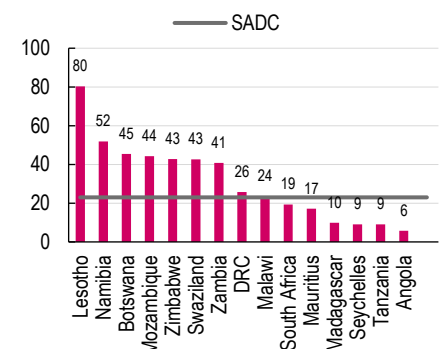
Source: IMF, Renaissance Capital estimates

Figure 2: Commodity concentration (number of products accounting for >75% of exports, average per country)



\*Brackets show number of member countries in the respective regional bloc  
Source: African Development Bank, Renaissance Capital estimates

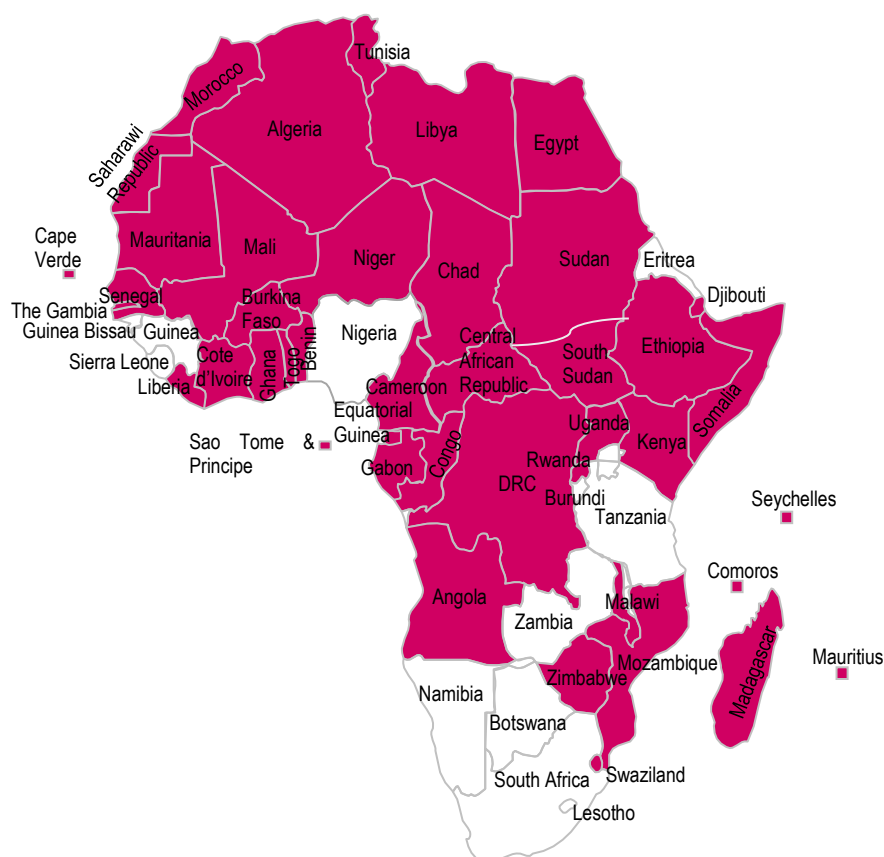
Figure 3: SADC: Intra-regional trade, % of trade with the world



Source: IMF, Renaissance Capital estimates

- **How can one play the intra-regional trade story?** Our SSA cements analyst, Temi Aduroja, thinks it can be played through the cement sector. In East Africa, Bamburi Cement (**BUY**; TP KES201; CP KES173) exports its cement to EAC members, Uganda, Rwanda, Burundi, as well as the Republic of Congo. In Kenya, it exports 0.5mnt pa (c. 27% of its Kenyan production) to Uganda. And in Uganda, Bamburi exports 60% of its Ugandan output to Rwanda. Given the clinker deficit in Kenya, ARM Cement (**HOLD**; TP18.5; CP KES8.4) exports clinker from its Tanzanian plant to Kenya.
- In West Africa, Dangote Cement (**HOLD**; TP NGN257; CP NGN255) currently exports Nigerian cement by road to Ghana and Togo but in small quantities – c. 6% of its total Nigerian production. Dangote Cement is on track to start exporting 3mnt pa of clinker (c. 17% of its Nigerian production) through Port Harcourt and Apapa in Nigeria from 4Q18. The company plans to export this clinker to Ghana, Cameroon and Cote d'Ivoire. This implies upside for intra-regional trade in ECOWAS.
- The limitations for intra-regional trade of cement include the cost of transportation (poor infrastructure makes it expensive to transport cement by road), taxes and regulations.
- Intra-regional trade can also be played through the banks, via trade finance and cross-border transactions. In West Africa, our SSA banks analyst, Ola Ogunsanya, believes United Bank for Africa (**BUY**; TP NGN15.3; CP NGN11.1) and Ecobank Transnational Inc (**HOLD**; TP NGN16.1; CP NGN17.6) have a much stronger intra-regional customer base. Both banks are strong in the francophone region, and they have several customers that trade between the ECOWAS countries. In East Africa, she picks Equity Bank (**HOLD**; TP KES55.7; CP KES56.0) just by virtue of it having a wider presence in the East African region.
- That said, the banks operate as independent entities in each country despite having a group regional/Pan-Africa presence. Simply put, having customers that engage in intra-regional trade is an added benefit, and does not contribute much in terms of the number of customers or profits. The other limitations are the high cost of transactions; customers will have to bear FX costs and bank charges. Sometimes there are regulatory constraints depending on the type of transaction.

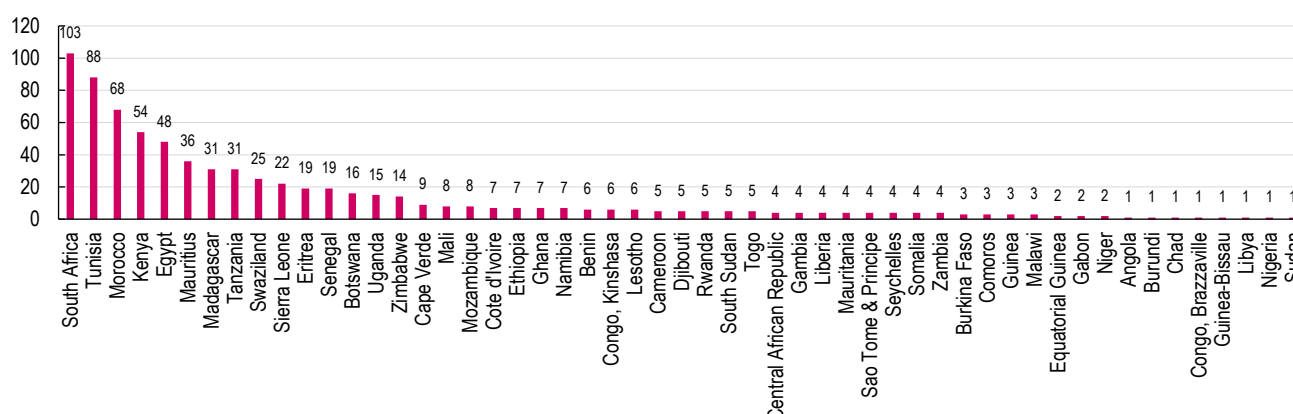
Figure 4: Map showing countries that signed up to the CFTA



Source: African Union

- **We think intra-regional trade is a function of the degree of export diversification.** Africa's trade patterns are a legacy of its colonial history. During colonialism, the continent was primarily a source of raw materials. Transport infrastructure was built to ferry commodities from the mines and farms to the nearest port and were shipped to the colonising country. Sixty years since the end of colonialism, Africa still largely exports raw materials, only that most of it is now headed to Asia, instead of Europe. A handful of SSA countries – including South Africa, Kenya and Mauritius – have moved up the value chain and produce manufactured goods, which implies that they have more diversified exports. The regional groups that these countries belong to – SADC and EAC – have relatively higher intra-regional trade, because these countries offer a differentiated product. We also believe the geographic proximity of their member states helps. On the other end of the spectrum are the oil exporters that produce one export, such as Nigeria (Figure 5). We believe this partly explains the low intra-regional trade in the regional bloc that Nigeria belongs to, ECOWAS.

Figure 5: Africa: Commodity concentration (number of products accounting for >75% of exports)



Source: African Development Bank

- **Salient statistics on regional blocs.** COMESA has the most members states (19), the biggest economy, with a GDP of \$808bn, and the largest land area at 10.6mn km<sup>2</sup> (Figure 6). Egypt accounts for 40-50% of COMESA's GDP. The EAC has the fewest countries at six, and the smallest land area, 2.5mn km<sup>2</sup>. SADC has the second-biggest economy, with an estimated GDP of \$682bn in 2017, of which 50% is due to South Africa. The EAC has the smallest economy with a GDP of \$172bn; Kenya accounts for 46% of the bloc's GDP. At \$3,741, SADC has the highest GDP per capita, while the EAC has the lowest at \$790, mainly due to South Sudan. When South Sudan is excluded, the EAC's GDP per capita improves to \$903. ECOWAS is the only regional bloc where the dominant economy – Nigeria accounts for 70% of its GDP – practically exports only one commodity. We believe this largely explains the low trade between the countries in the West African regional group.

Figure 6: A statistical snapshot of Africa's main regional blocs

|        | Population, mn | Land area, km <sup>2</sup> | GDP, \$bn | GDP per capita, \$ | # of countries | Diversification index* |
|--------|----------------|----------------------------|-----------|--------------------|----------------|------------------------|
| EAC    | 169            | 2,467,202                  | 172       | 790                | 6              | 7.5                    |
| SADC   | 337            | 9,864,699                  | 682       | 3,741              | 16             | 8.2                    |
| ECOWAS | 362            | 5,112,709                  | 566       | 1,060              | 15             | 5.5                    |
| COMESA | 513            | 10,568,242                 | 808       | 2,763              | 19             | 7.4                    |

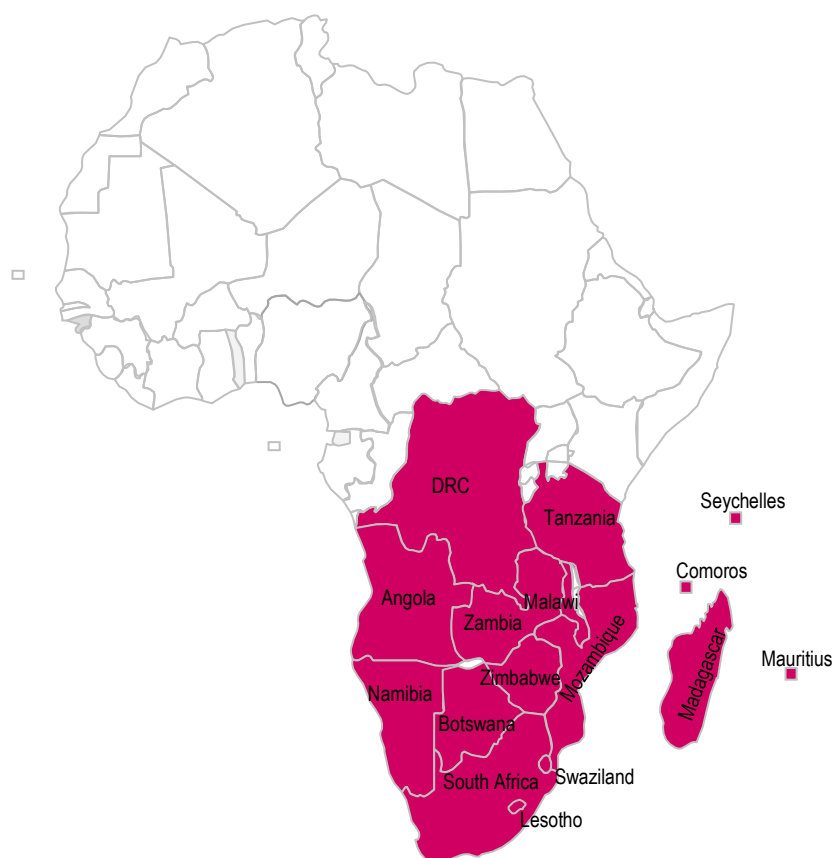
\*Measures the extent to which exports are diversified. A higher index indicates more export diversification.

Source: IMF, African Development Bank, websites of regional blocs, CIA world factbook

- **Of Africa's main regional blocs, SADC has the highest intra-regional trade at 23%.** SADC is a regional bloc with 16-member countries (the most recent addition being Comoros, which joined in August 2017). It became a legally binding arrangement in 1992, (when it succeeded the Southern African Development Coordinating Conference, a loose association that was established in 1980). SADC aims to foster development, growth and alleviate poverty via regional integration.
- **Intra-regional trade in SADC increased from 14% in 2008, the year in which the SADC FTA was established, to 23% in 2016.** An FTA implied the partial or full abolishment of customs tariffs on inner borders. Only Angola and the Democratic Republic of Congo (DRC) are not yet participating in the FTA. The regional bloc had planned to progress to a customs union by 2010, which would mean the introduction of a common external tariff on the exterior borders of the union. However, this has not come to pass because of the EU Economic Partnership Agreements (EPA) that provided, for several SADC countries, more benefits than deeper regional market integration within a SADC custom union.

- In 2008, SADC joined with COMESA and the EAC to form the Africa Free Trade Zone, which was intended to ease access to markets within the zone and end the challenge of countries belonging to several regional blocs that have different objectives. In 2012, this idea was extended to ECOWAS and the Economic Community of Central African States (ECCAS). In 2015, negotiations were launched to create a Continental Free Trade Area (CFTA). This culminated in 44 African countries signing the CFTA in March 2018.

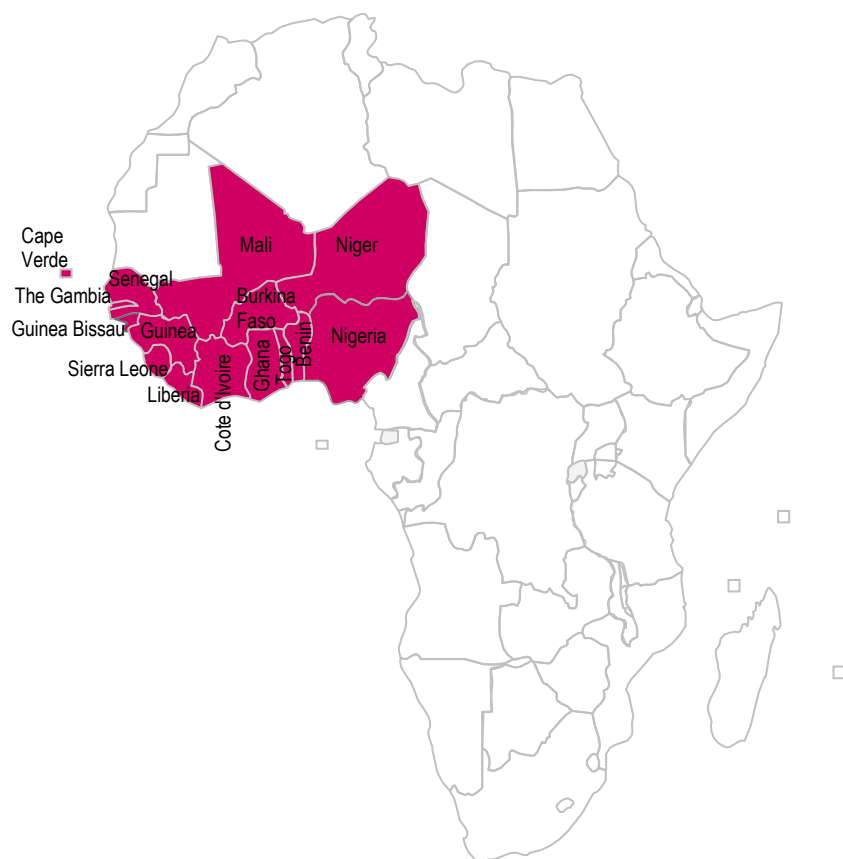
Figure 7: Map showing SADC countries



Source: Renaissance Capital

- **ECOWAS is a 15-member regional bloc in West Africa that was established in 1975 with a mandate of promoting economic integration.** This implies the harmonisation of economic policies across states through the partial or full abolition of tariff and non-tariff barriers on trade. ECOWAS includes two sub-regional blocs: 1) the West African Economic and Monetary Union (UEMOA is the French acronym), which is made up of eight mainly French-speaking countries that share a customs union and currency union (they use the CFA franc, pegged to the euro); 2) the West African Monetary Zone comprises six mainly English-speaking countries with a plan of adopting its own currency, the eco. UEMOA is probably one of Africa's most advanced regional blocs (in terms of degree of integration), as it is a customs union and monetary union. However, this is not reflected in ECOWAS's intra-regional trade, which is low compared with Africa's other key regional blocs.

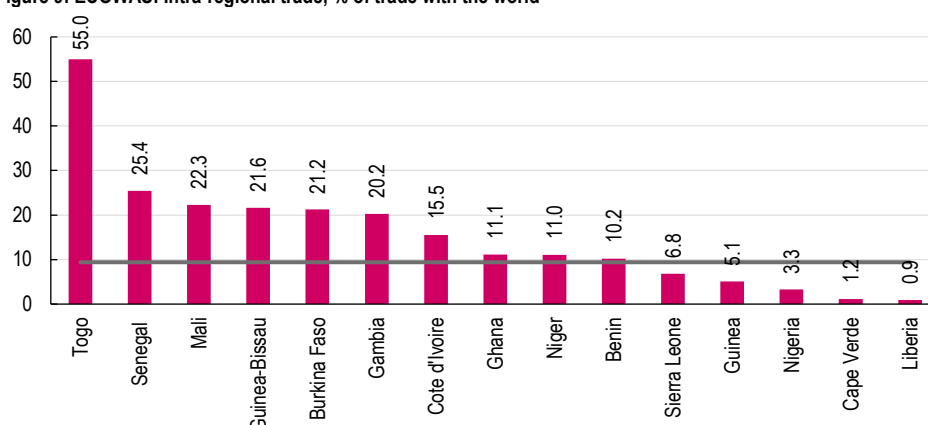
Figure 8: Map showing ECOWAS countries



Source: Renaissance Capital

- **Crude oil accounts for over 95% of Nigeria's exports; we believe this explains why ECOWAS only accounts for 3% of its total trade.** Intra-regional trade in ECOWAS is low, compared with that of other regional blocs, at 9%. Only COMESA's comes in lower than ECOWAS, at 8%. We believe trade between ECOWAS member countries is not as high as that of SADC and the EAC, because its biggest economy by a large margin, Nigeria, does little trade with other ECOWAS members. This is because crude oil accounts for over 95% of Nigeria's exports, which is largely refined offshore (due to the dearth of refineries and processing facilities in the region). Nigeria also needs manufactured imports that cannot be sourced within ECOWAS. Dangote Cement's plan to start exporting 3mnt pa of clinker (c. 17% of its Nigerian production) in 4Q18 could see Nigeria's trade with the rest of ECOWAS improve from a low of 3% today. Planned exports of refined oil products from the Dangote oil refinery, from 2020, could also potentially improve Nigeria's trade with other ECOWAS countries.
- Of the bigger ECOWAS members, the ones that do a relatively high share of their trade within the region are Senegal and Mali. Cote d'Ivoire and Ghana's intra-regional trade is 16% and 11% respectively, which is a decent margin above the ECOWAS average.

Figure 9: ECOWAS: Intra-regional trade, % of trade with the world



Source: IMF, Renaissance Capital estimates

- The EAC is one of the smaller regional blocs, however with relatively high intra-regional trade due to relatively diverse exports from its biggest member state, Kenya.** The EAC also benefits from geographically close member states. The EAC is made up of six countries from the African Great Lakes region of Eastern Africa. South Sudan is the EAC's newest member; it joined in 2016. The regional bloc was founded in 1967, collapsed in 1977 and was restored in 2000. A customs union was signed in 2004 and commenced in 2005. The EAC's biggest exporter, Kenya, continued to pay tariffs on goods entering the other four-member states, on a sliding scale until 2000. A common external tariff applies to imports from non-member states. Tariffs on intra-EAC trade were partially liberalised and were fully removed at the end of the decade.
- In 2008, after talks with SADC and COMESA, the EAC committed to an expanded FTA that included the member states of all three regional blocs.
- In 2010, the EAC established its own common market for goods, labour and capital with the region. EAC is Africa's first and only common market (this is usually built upon an FTA with no tariffs for goods and relatively free movement of capital and of services, but not as advanced in the reduction of non-tariff trade barriers). The EAC's ultimate goals are a common currency and a full political federation.

Figure 10: Map of EAC countries

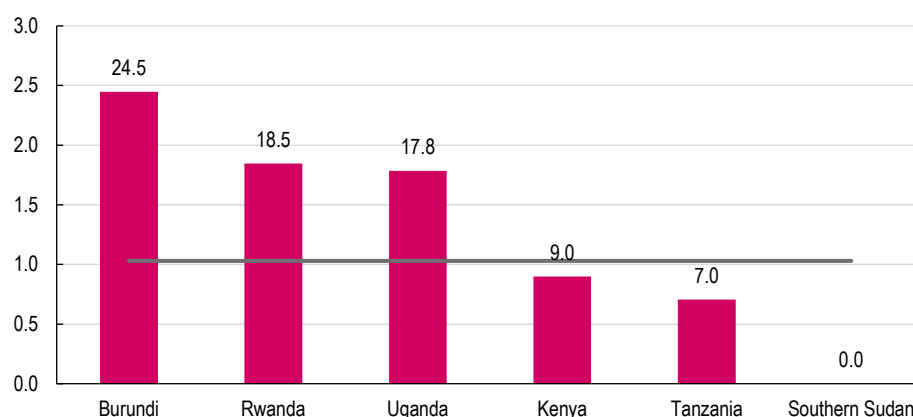


Source: Renaissance Capital

- Over the past decade, EAC's intra-regional trade has just moved sideways in the 10% region. We attribute this to the creation of a customs union in 2005 that inadvertently undermined intra-regional trade. This is because of the new common external tariff applied to imports from non-EAC states, which was significant reduction for Kenya. This spurred a strong increase in Kenyan demand for imports from the rest of the world. In more recent years, we think a strong Kenyan shilling has sustained the attractiveness of imports and undermined the competitiveness of Kenyan exports. The Kenyan shilling is 15% overvalued, according to this analyst's real effective exchange rate model.
- The EAC's landlocked countries – Burundi, Rwanda and Uganda – do a fair share of their trade with other EAC members (Figure 11). Outside of South Sudan, which is a new joiner, Tanzania does the least intraregional trade, at 7%. We think its coastal location gives it access to more competitively priced imports from Asia.



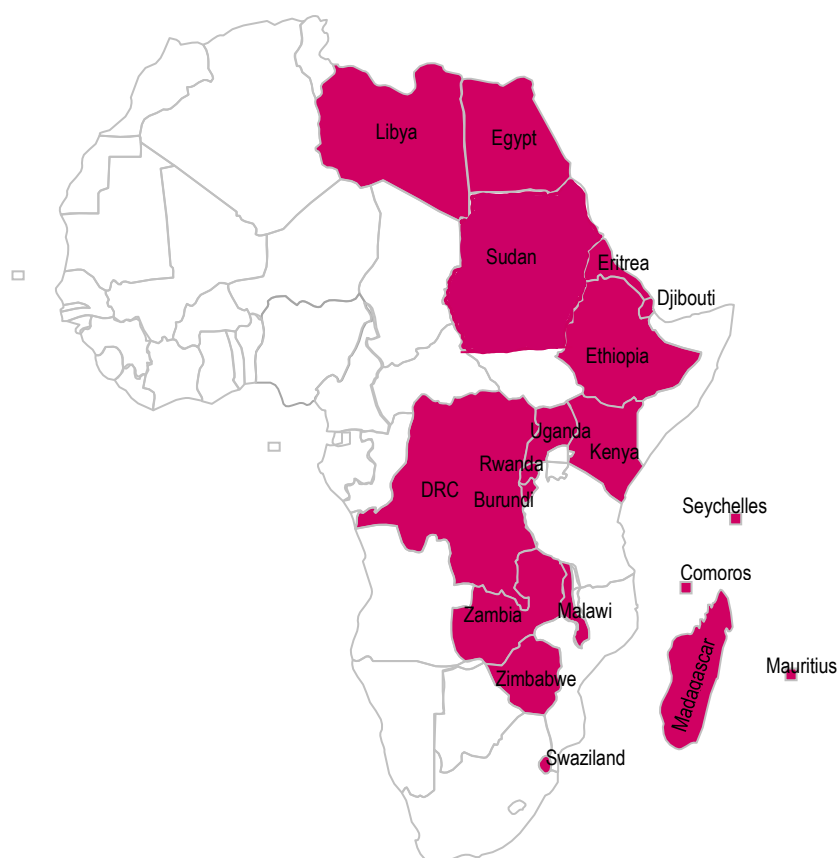
Figure 11: EAC: Intra-regional trade, % of trade with the world



Source: Source: IMF, Renaissance Capital estimates

- COMESA is an FTA with 19-member states stretching from Libya and Egypt in North Africa, to Swaziland in Southern Africa. The regional group was created in 1994 and succeeded a preferential trade area that had been in place since 1981.

Figure 12: Map of COMESA countries



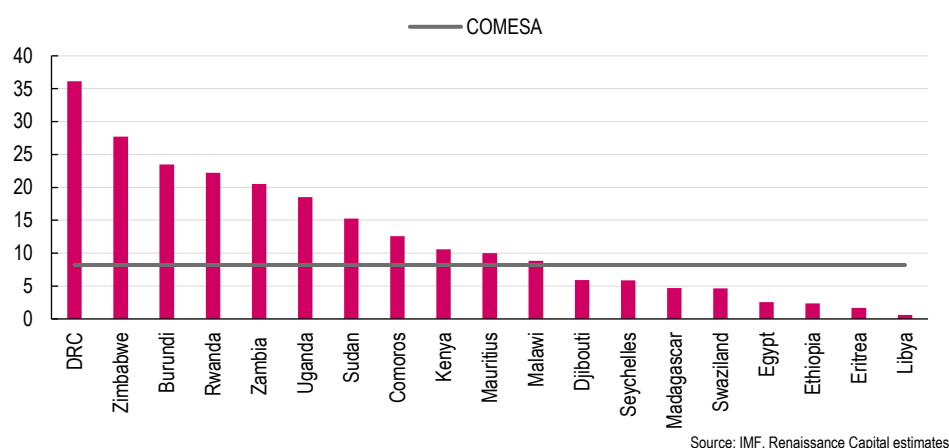
Source: Renaissance Capital

- We believe COMESA's export diversity is undermined by the fact that member states are geographically distant (Egypt to Swaziland).** Despite being one of the oldest FTAs in Africa and having a relatively high diversity of exports compared with other blocs, COMESA has the lowest intra-regional

trade of the key regional blocs, 8%, vs 20% for Africa. The member states in COMESA that do a lot of trade within the bloc are the DRC, Zimbabwe, Zambia, as well as the EAC's Burundi, Rwanda and Uganda. Most of the DRC's trade within the bloc is with Zambia. We think this may partly reflect the transshipment of copper and other minerals between the two countries. The other important trade is of grain; which is in part reflected in the trade between Zimbabwe and Zambia.

- The COMESA members that do very little trade with their counterparts are the North African countries of Libya and Egypt, as well as Eritrea, Ethiopia, Swaziland and Madagascar. COMESA's acting secretary general reportedly attributed its low intra-regional trade to "slow industrial growth, lack of marketing effort and information, strong competition from outside the region, high transport costs, weak sectorial linkages, weak linkages between SMEs and large companies".\*\* We also attribute COMESA's low intra-regional trade to geographically distant member countries, which is further aggravated by poor transport infrastructure.

Figure 13: COMESA: Intra-regional trade, % of trade with the world (2016)



\*Stahl, Heinz-Michael (August 2005), *Tariff Liberalisation Impact of the EAC customs union in perspective*. Tralac Working Paper, No.4/2005.

\*\* <https://www.daily-mail.co.zm/comesa-bemoans-low-trade-among-members/>

#### Explanatory notes:

- **Advanced economies (as defined by the IMF)** – Composed of 39 countries: Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong SAR, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Macao SAR, Malta, Netherlands, New Zealand, Norway, Portugal, Puerto Rico, San Marino, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Taiwan Province of China, United Kingdom, and United States.

Figure 14: Ghana – key economic forecasts

Ratings (M/S&amp;P/F): B3/B-/B

|   | 2007  | 2008  | 2009  | 2010  | 2011   | 2012   | 2013   | 2014   | 2015   | 2016E | 2017E | 2018E | 2019E |
|---|-------|-------|-------|-------|--------|--------|--------|--------|--------|-------|-------|-------|-------|
| <b>Activity</b>   |       |       |       |       |        |        |        |        |        |       |       |       |       |
| Real GDP (% YoY)  | 6.5   | 8.4   | 3.5   | 7.9   | 14.0   | 9.3    | 7.3    | 4.0    | 3.9    | 3.5   | 7.4   | 6.7   | 6.0   |
| Investment (% YoY)  | 6.1   | 15.1  | 4.5   | 5.6   | 43.5   | 11.0   | 6.6    | 0.8    | 1.0    | -2.0  | 3     | 2.5   | 2.5   |
| Industry, value added (% YoY)                                 | 20.1  | 21.5  | 20.7  | 25.7  | 12.810 | 16.968 | 13.280 | 18.846 | 16.712 | 14.5  | 13.7  | 14.7  | 15.8  |
| Oil production (mn b/d)                                       |       |       |       |       | 0.07   | 0.07   | 0.10   | 0.10   | 0.10   | 0.10  | 0.12  | 0.15  | 0.15  |
| Nominal GDP (GHSbn)   | 23.2  | 30.2  | 36.6  | 46.0  | 59.8   | 75.0   | 93.4   | 113.3  | 137.0  | 167.3 | 202.4 | 241.5 | 279.3 |
| Nominal GDP (EURbn)   | 18.2  | 19.0  | 18.4  | 24.3  | 27.7   | 31.5   | 33.6   | 28.0   | 32.9   | 38.6  | 41.2  | 43.0  | 45.0  |
| Nominal GDP (\$bn)  | 24.9  | 27.9  | 25.6  | 32.2  | 38.6   | 40.5   | 44.7   | 36.9   | 36.3   | 42.4  | 46.0  | 51.6  | 55.6  |
| Population (mn)   | 22.0  | 22.5  | 23.1  | 23.7  | 24.3   | 24.9   | 25.6   | 26.2   | 26.9   | 27.6  | 28.3  | 29.0  | 29.7  |
| GDP per capita (\$)   | 1,133 | 1,240 | 1,108 | 1,359 | 1,588  | 1,626  | 1,748  | 1,408  | 1,348  | 1,539 | 1,627 | 1,779 | 1,872 |
| Gross national saving (% of GDP)                              | 12.1  | 9.9   | 16.0  | 17.3  | 3.8    | 5.3    | 1.3    | 9.3    | 9.0    | 7.8   | 7.9   | 9.2   | 10.7  |
| Stock of bank credit to corporate/household sector (GHSbn)    | 4.2   | 6.0   | 7.1   | 8.1   | 9.8    | 13.1   | 17.0   | 24.2   | 30.3   | 35.0  | 38.9  | 43.9  | 50.5  |
| Stock of bank credit to corporate/household sector (% of GDP) | 18.0  | 19.9  | 19.3  | 17.5  | 16.5   | 17.5   | 18.2   | 21.3   | 22.1   | 20.9  | 19.2  | 18.2  | 18.1  |
| Loan to deposit ratio (%)                                     | 87.4  | 89.0  | 81.3  | 69.6  | 62.5   | 69.1   | 71.8   | 69.0   | 70.0   | 69.0  | 71.0  | 72.0  | 72.0  |
| <b>Prices</b>   |       |       |       |       |        |        |        |        |        |       |       |       |       |
| CPI (average % YoY)   | 10.7  | 16.5  | 19.3  | 10.8  | 8.7    | 9.6    | 10.7   | 15.5   | 17.2   | 17.5  | 12.3  | 10.6  | 10.1  |
| CPI (year-end % YoY)  | 12.7  | 18.1  | 16.0  | 8.6   | 8.6    | 8.8    | 13.5   | 17.0   | 17.7   | 15.4  | 11.8  | 10.8  | 9.3   |
| PPI (average % YoY)   |       | 32.4  | 15.4  | 18.8  | 18.7   | 17.2   | 9.4    | 36     | 13     | 12    | 10    | 8     | 7     |
| <b>Fiscal balance (% of GDP)</b>                              |       |       |       |       |        |        |        |        |        |       |       |       |       |
| General government budget balance                             | -7.2  | -8.0  | -7.2  | -10.1 | -7.5   | -11.3  | -12.0  | -10.9  | -5.2   | -8.9  | -5.8  | -4.5  | -4.5  |
| Total public debt   | 31    | 34    | 36    | 46    | 43     | 48     | 57     | 70     | 72     | 73    | 71    | 66    | 63    |
| <b>External balance</b>                                       |       |       |       |       |        |        |        |        |        |       |       |       |       |
| Exports (\$bn)  | 4.2   | 5.3   | 5.9   | 7.9   | 12.8   | 13.6   | 13.8   | 12.7   | 10.4   | 11.1  | 13.8  | 14.9  | 15.9  |
| Imports (\$bn)  | 8.1   | 10.3  | 8.0   | 10.9  | 16.0   | 16.7   | 17.6   | 14.6   | 13.5   | 13.0  | 12.6  | 13.0  | 14.2  |
| Trade balance (\$bn)  | -3.9  | -5.0  | -2.1  | -3.0  | -3.2   | -3.2   | -3.8   | -1.9   | -3.1   | -1.9  | 1.2   | 1.9   | 1.8   |
| Trade balance (% of GDP)                                      | -15.6 | -17.9 | -8.4  | -9.4  | -8.2   | -7.9   | -8.6   | -5.1   | -8.6   | -4.5  | 2.5   | 3.7   | 3.2   |
| Current account balance (\$bn)                                | -2.0  | -3.1  | -1.7  | -2.8  | -3.7   | -3.9   | -5.7   | -3.7   | -2.8   | -2.7  | -2.1  | -2.4  | -2.4  |
| Current account balance (% of GDP)                            | -7.9  | -11.0 | -6.6  | -8.6  | -9.5   | -9.6   | -12.8  | -10.0  | -7.8   | -6.5  | -4.6  | -4.7  | -4.3  |
| Net FDI (\$bn)  | 1.0   | 2.7   | 2.9   | 2.5   | 3.2    | 3.1    | 3.2    | 3.4    | 2.8    | 2.8   | 3.0   | 3.4   | 3.5   |
| Net FDI (% of GDP)  | 3.9   | 9.7   | 11.3  | 7.8   | 8.3    | 7.7    | 7.2    | 9.1    | 7.7    | 6.6   | 6.6   | 6.6   | 6.3   |
| Current account balance plus FDI (% of GDP)                   | -4.0  | -1.3  | 4.7   | -0.8  | -1.2   | -1.9   | -5.5   | -0.9   | -0.1   | 0.1   | 2.0   | 2.0   | 2.0   |
| Exports (% YoY, value)  | 12    | 26    | 12    | 34    | 62     | 6      | 1      | -8     | -18    | 7     | 24    | 8     | 7     |
| Imports (% YoY, value)  | 19    | 27    | -22   | 36    | 46     | 5      | 5      | -17    | -7     | -4    | -3    | 3     | 9     |
| Foreign exchange reserves (ex. gold, \$bn)                    | 2.8   | 2.0   | 3.2   | 4.2   | 5.4    | 5.2    | 5.6    | 5.5    | 5.9    | 6.2   | 6.0   | 6.2   | 6.3   |
| Import cover (months of imports)                              | 4.2   | 2.3   | 4.8   | 4.6   | 4.0    | 3.7    | 3.8    | 4.5    | 5.2    | 5.7   | 5.7   | 5.7   | 5.3   |
| <b>Debt indicators</b>  |       |       |       |       |        |        |        |        |        |       |       |       |       |
| Gross external debt (\$bn)                                    | 5.1   | 5.7   | 7.2   | 9.3   | 11.3   | 13.8   | 16.3   | 17.6   | 19.1   | 22.4  | 23.9  | 25.4  | 25.5  |
| Gross external debt (% of GDP)                                | 21    | 20    | 28    | 29    | 29     | 34     | 36     | 48     | 53     | 53    | 52    | 49    | 46    |
| Gross external debt (% of exports)                            | 123   | 108   | 122   | 118   | 88     | 102    | 118    | 139    | 184    | 202   | 174   | 171   | 160   |
| Total debt service (\$bn)                                     | 0.4   | 0.6   | 0.7   | 0.6   | 0.8    | 1.2    | 1.4    | 1.6    | 1.7    | 2.1   | 2.5   | 2.5   | 2.2   |
| Total debt service (% of GDP)                                 | 2     | 2     | 3     | 2     | 2      | 3      | 3      | 4      | 5      | 5     | 5     | 5     | 4     |
| Total debt service (% of exports)                             | 10    | 12    | 11    | 8     | 6      | 9      | 10     | 13     | 17     | 19    | 18    | 17    | 17    |
| <b>Interest &amp; exchange rates</b>                          |       |       |       |       |        |        |        |        |        |       |       |       |       |
| Policy rate, % year-end                                       | 13.5  | 17.0  | 18.0  | 13.5  | 12.5   | 15.0   | 16.0   | 21.0   | 26.0   | 25.5  | 20.0  | 18.0  | 16.0  |
| Broad money supply (% YoY)                                    | 36.3  | 40.2  | 26.9  | 30.4  | 40.0   | 25.0   | 22.0   | 20.0   | 15.0   | 17.0  | 19.0  | 21.0  | 20.0  |
| Credit to the private sector (% YoY)                          | 64.0  | 44.0  | 17.3  | 14.3  | 22.1   | 33.5   | 29.2   | 42.4   | 25.2   | 15.6  | 11    | 13    | 15    |
| 3-month interest rate (T-bill year-end %)                     | 9.8   | 17.8  | 25.2  | 13.8  | 10.3   | 18.7   | 21.9   | 23.9   | 23.5   | 21.6  | 15.0  | 11.0  | 11.0  |
| 3-month interest rate spread over \$-Libor (ppts)             | 3.8   | 15.0  | 24.6  | 13.0  | 9.2    | 18.2   | 21.4   | 23.3   | 22.7   | 20.2  | 13.3  | 8.9   | 11.0  |
| 2Y yield (% year-end)   | 12.8  | 21.0  | 23.5  | 12.7  | 12.2   | 23.0   | 16.8   | 23.0   | 23     | 21    | 20    | 19    | 17    |
| Exchange rate (GHS/EUR) year-end                              | 1.41  | 1.77  | 2.05  | 1.99  | 2.13   | 2.51   | 3.28   | 3.90   | 4.13   | 4.45  | 5.34  | 5.90  | 6.51  |
| Exchange rate (GHS/EUR) annual average                        | 1.27  | 1.59  | 1.99  | 1.90  | 2.16   | 2.38   | 2.78   | 4.05   | 4.17   | 4.34  | 4.91  | 5.62  | 6.21  |
| Exchange rate (GHS/\$) year-end                               | 0.97  | 1.27  | 1.43  | 1.49  | 1.64   | 1.90   | 2.38   | 3.22   | 3.81   | 4.24  | 4.52  | 4.84  | 5.21  |
| Exchange rate (GHS/\$) annual average                         | 0.93  | 1.08  | 1.43  | 1.43  | 1.55   | 1.85   | 2.09   | 3.07   | 3.78   | 3.94  | 4.40  | 4.68  | 5.03  |

Source: IMF, World Bank, national statistics agency, central bank, Renaissance Capital estimates

**Figure 15: Kenya – key economic forecasts**

Ratings (Moody's/S&amp;P/F): B1/B+/B+

|   | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016E | 2017E | 2018E | 2019E  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| <b>Activity</b>   |       |       |       |       |       |       |       |       |       |       |       |       |        |
| Real GDP (% YoY)  | 6.9   | 0.2   | 3.3   | 8.4   | 6.1   | 4.5   | 5.7   | 5.3   | 5.6   | 5.8   | 4.4   | 4.6   | 5.0    |
| Private consumption (% YoY)                                   | 7.3   | -1.3  | 5.0   | 7.2   | 2.8   | 5.7   | 8.3   | 7.6   | 6.1   | 6.2   | 2.5   | 3     | 3.5    |
| Government consumption (% YoY)                                | 3.5   | 2.5   | 3.8   | 9.2   | 10.6  | 7.3   | 1.1   | 8.2   | 7.9   | 7.5   | 7.8   | 7.5   | 7.5    |
| Investment (% YoY)  | 18.5  | 13.6  | 9.5   | 2.8   | 7.7   | 6     | 6.5   | 7.5   | 8.1   | 8     | 7     | 6.5   | 6.5    |
| Industry, value added (% YoY)                                 | 7.1   | 4.7   | 2.8   | 7.9   | 6.7   | 3.5   | 5.8   | 6.1   | 6.7   | 5.5   | 4.6   | 5.0   | 5.0    |
| Nominal GDP (KESbn)   | 2,151 | 2,483 | 2,864 | 3,169 | 3,726 | 4,255 | 4,745 | 5,398 | 6,261 | 7,159 | 8,142 | 9,142 | 10,269 |
| Nominal GDP (EURbn)   | 23.3  | 24.4  | 26.6  | 30.2  | 30.1  | 39.2  | 41.5  | 47    | 57    | 64    | 71    | 72    | 76     |
| Nominal GDP (\$bn)  | 32.0  | 35.9  | 37.1  | 40.0  | 42.0  | 50.4  | 55.1  | 61.3  | 63.7  | 70.5  | 78.9  | 86.7  | 93.7   |
| Population (mn)   | 35.7  | 36.7  | 37.7  | 38.5  | 39.5  | 40.7  | 41.8  | 43.0  | 44.2  | 45.5  | 46.7  | 48.0  | 49.4   |
| GDP per capita (\$)   | 896   | 978   | 983   | 1,040 | 1,062 | 1,237 | 1,319 | 1,427 | 1,441 | 1,552 | 1,689 | 1,805 | 1,898  |
| Gross national saving (% of GDP)                              | 15.1  | 12.7  | 14.4  | 12.4  | 9.4   | 9.6   | 11.3  | 12.2  | 10.9  | 15.5  | 15.4  | 14.0  | 13.5   |
| Stock of bank credit to corporate/household sector (KESbn)    | 541   | 686   | 758   | 915   | 1,191 | 1,360 | 1,580 | 2,035 | 2,402 | 2,570 | 2,596 | 2,699 | 2,888  |
| Stock of bank credit to corporate/household sector (% of GDP) | 25    | 28    | 26    | 29    | 32    | 32    | 33    | 38    | 38    | 36    | 32    | 30    | 28     |
| Loan to deposit ratio (%)                                     | 72    | 73    | 75    | 74    | 80    | 77    | 74    | 76    | 77    | 75    | 77    | 78    | 78     |
| <b>Prices</b>   |       |       |       |       |       |       |       |       |       |       |       |       |        |
| CPI (average % YoY)   | 4.3   | 16.2  | 9.4   | 3.8   | 13.6  | 9.6   | 5.7   | 6.9   | 6.6   | 6.2   | 7.8   | 5.9   | 7.8    |
| CPI (year-end % YoY)  | 5.6   | 17.8  | 5.3   | 4.5   | 18.6  | 3.2   | 7.1   | 6.0   | 8.0   | 6.0   | 4.5   | 9.0   | 7.8    |
| <b>Fiscal balance (% of GDP)*</b>                             |       |       |       |       |       |       |       |       |       |       |       |       |        |
| General government budget balance                             | -3.2  | -4.2  | -4.9  | -4.8  | -5.8  | -5.5  | -6.1  | -8.5  | -7.4  | -8.9  | -8.0  | -7.0  | 6.5    |
| General government primary balance                            | -0.8  | -1.8  | -2.7  | -2.5  | -2.2  | -2.9  | -3.3  | -4.8  | -5.3  | -5.7  | -5.1  | -3.2  | -2.3   |
| Total public debt   | 43.1  | 44.4  | 45.1  | 47.5  | 44.8  | 43.2  | 41.5  | 46.7  | 51.3  | 52.7  | 56.2  | 57.0  | 58.0   |
| <b>External balance</b>                                       |       |       |       |       |       |       |       |       |       |       |       |       |        |
| Exports (\$bn)  | 4.1   | 5.0   | 4.5   | 5.2   | 5.8   | 6.1   | 5.8   | 6.2   | 6.0   | 5.7   | 5.8   | 5.7   | 6.0    |
| Imports (\$bn)  | 8.4   | 10.7  | 9.5   | 12.1  | 14.8  | 16.4  | 16.8  | 17.6  | 15.6  | 15.6  | 16.2  | 17.6  | 18.4   |
| Trade balance (\$bn)  | -4.3  | -5.6  | -5.0  | -6.9  | -9.0  | -10.3 | -11.0 | -11.4 | -9.6  | -9.8  | -10.4 | -11.8 | -12.5  |
| Trade balance (% of GDP)                                      | -13.3 | -15.7 | -13.5 | -17.3 | -21.5 | -20.4 | -19.9 | -18.6 | -15.0 | -13.9 | -13.2 | -13.6 | -13.3  |
| Current account balance (\$bn)                                | -1.1  | -2.0  | -1.6  | -2.5  | -4.5  | -4.3  | -4.9  | -6.3  | -4.3  | -3.9  | -5.3  | -6.9  | -6.0   |
| Current account balance (% of GDP)                            | -3.4  | -5.6  | -4.4  | -6.3  | -10.6 | -8.5  | -8.8  | -10.3 | -6.8  | -5.5  | -6.7  | -8.0  | -6.4   |
| Net FDI (\$bn)  | 0.7   | 0.1   | 0.6   | 0.7   | 0.8   | 0.8   | 0.5   | 0.8   | 1.1   | 1.4   | 1.5   | 1.8   | 1.9    |
| Net FDI (% of GDP)  | 2.3   | 0.3   | 1.6   | 1.7   | 1.9   | 1.7   | 0.9   | 1.2   | 1.7   | 2.0   | 1.9   | 2.0   | 2.0    |
| Current account balance plus FDI (% of GDP)                   | -1.1  | -5.3  | -2.8  | -4.5  | -8.7  | -6.8  | -8.0  | -9.1  | -5.1  | -3.5  | -4.8  | -5.9  | -4.4   |
| Exports (% YoY, value)  | 18    | 22    | -11   | 14    | 12    | 6     | -5    | 6     | -3    | -4    | 0     | 2     | 4      |
| Imports (% YoY, value)  | 24    | 27    | -11   | 27    | 22    | 11    | 3     | 5     | -12   | 0     | 17    | 10    | 5      |
| Foreign exchange reserves (ex. gold, \$bn)                    | 3.4   | 2.9   | 3.8   | 4.0   | 4.0   | 5.4   | 6.2   | 6.9   | 7.2   | 7.0   | 7.0   | 7.0   | 7.1    |
| Import cover (months of merchandise imports)                  | 4.8   | 3.2   | 4.9   | 4.0   | 3.2   | 3.9   | 4.4   | 4.7   | 5.6   | 5.4   | 5.2   | 4.8   | 4.6    |
| <b>Debt indicators</b>  |       |       |       |       |       |       |       |       |       |       |       |       |        |
| Gross external debt (\$bn)                                    | 7.5   | 7.6   | 9.3   | 9.1   | 10.3  | 14.3  | 16.3  | 22.8  | 27.1  | 31.8  | 36.5  | 40.0  | 39.5   |
| Gross external debt (% of GDP)                                | 24    | 21    | 25    | 23    | 25    | 28    | 30    | 37    | 43    | 45    | 46    | 46    | 42     |
| Gross external debt (% of exports)                            | 182   | 151   | 207   | 176   | 179   | 233   | 279   | 370   | 452   | 553   | 631   | 697   | 661    |
| Total debt service (\$bn)                                     | 0.5   | 0.4   | 0.4   | 0.4   | 0.7   | 2.4   | 3.0   | 3.7   | 1.7   | 1.4   | 2.0   | 2.2   | 2.3    |
| Total debt service (% of GDP)                                 | 1     | 1     | 1     | 1     | 2     | 5     | 5     | 6     | 3     | 2     | 3     | 3     | 2      |
| Total debt service (% of exports)                             | 11    | 8     | 9     | 5     | 11    | 39    | 51    | 59    | 29    | 25    | 43    | 34    | 34     |
| <b>Interest &amp; exchange rates</b>                          |       |       |       |       |       |       |       |       |       |       |       |       |        |
| Central bank rate (CBR), % year-end                           | 8.8   | 8.5   | 7.0   | 6.0   | 18.0  | 11.0  | 8.5   | 8.5   | 11.5  | 10.0  | 10.0  | 9.5   | 9.0    |
| Broad money supply (% YoY)                                    | 20.9  | 13.0  | 16.0  | 21.7  | 19.1  | 14.9  | 14.7  | 16.9  | 14.0  | 17.0  | 3.0   | 6.0   | 9.0    |
| Credit to the private sector (% YoY)                          | 16.4  | 27.2  | 19.5  | 21.3  | 30.1  | 11.1  | 16.2  | 28.8  | 18.0  | 7.0   | 1.0   | 4.0   | 7.0    |
| 3-month interest rate (T-bill year-end %)                     | 6.9   | 8.6   | 6.8   | 2.3   | 18.3  | 8.3   | 9.5   | 8.6   | 9.8   | 9.4   | 8.0   | 7.5   | 7.5    |
| 3-month interest rate spread over \$-Libor (ppts)             | 0.9   | 5.8   | 6.2   | 1.5   | 17.2  | 7.8   | 9.5   | 8.0   | 9.0   | 8.0   | 6.3   | 5.4   | 7.5    |
| 5Y yield (% avg)  | 11.5  | 10.5  | 10.5  | 9.5   | 14.5  | 13.5  | 12.9  | 12.6  | 13.2  | 12.7  | 13.0  | 12.5  | 12.5   |
| Exchange rate (KES/EUR) year-end                              | 93    | 109   | 109   | 108   | 110   | 113   | 119   | 110   | 113   | 108   | 122   | 131   | 140    |
| Exchange rate (KES/EUR) annual average                        | 92    | 102   | 108   | 105   | 124   | 109   | 114   | 116   | 110   | 112   | 115   | 127   | 135    |
| Exchange rate (KES/\$) year-end                               | 63.8  | 78.2  | 75.8  | 80.7  | 85.1  | 86.0  | 86.3  | 90.6  | 102.3 | 102.5 | 103.4 | 107.5 | 111.6  |
| Exchange rate (KES/\$) annual average                         | 67.3  | 69.2  | 77.2  | 79.2  | 88.8  | 84.5  | 86.1  | 88.0  | 98.3  | 101.5 | 103.2 | 105.5 | 109.6  |

\*Fiscal year to 30 June (2000 is FY00/01).

Source: IMF, World Bank, national statistics agency, central bank, Renaissance Capital estimates

Figure 16: Nigeria – key economic forecasts

Ratings (Moody's/S&amp;P/F): B1/B/B+

|   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016E   | 2017E   | 2018E   | 2019E   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|
| <b>Activity</b>   |        |        |        |        |        |        |        |        |        |         |         |         |         |
| Real GDP (% YoY)  |        |        |        |        | 5.3    | 4.2    | 5.5    | 6.3    | 2.8    | -1.4    | 0.8     | 2.9     | 3       |
| Private consumption (% YoY)                                   |        |        |        |        | 2.6    | 0.3    | 29.3   |        |        |         |         |         |         |
| Government consumption (% YoY)                                |        |        |        |        | 4.6    | -2.0   | 1.4    |        |        |         |         |         |         |
| Investment (% YoY)  |        |        |        |        | -29.8  | 1.9    | 10.5   |        |        |         |         |         |         |
| Oil production (mn b/d year-end)                              | 2.2    | 2.1    | 2.1    | 2.4    | 2.4    | 2.0    | 2.2    | 2.2    | 2.1    | 1.6     | 1.9     | 1.9     | 1.9     |
| Nominal GDP (NGNbn)   | 31,359 | 37,780 | 39,562 | 55,469 | 63,713 | 72,600 | 81,010 | 90,137 | 95,178 | 102,575 | 120,192 | 140,331 | 163,349 |
| Nominal GDP (EURbn)   | 182    | 216    | 189    | 277    | 293    | 359    | 382    | 415    | 431    | 362     | 328     | 325     | 353     |
| Nominal GDP (\$bn)  | 249    | 317    | 264    | 367    | 408    | 462    | 508    | 546    | 481    | 399     | 365     | 390     | 436     |
| Population (mn)   | 144    | 148    | 152    | 156    | 160    | 165    | 169    | 174    | 179    | 184     | 189     | 194     | 199     |
| GDP per capita (\$)   | 1,734  | 2,148  | 1,739  | 2,354  | 2,547  | 2,803  | 3,001  | 3,136  | 2,693  | 2,171   | 1,937   | 2,011   | 2,190   |
| Gross national saving (% of GDP)                              | 30.6   | 25.3   | 26.8   | 21.2   | 19.2   | 19.3   | 18.8   | 16.0   | 12.3   | 13.2    | 14.9    | 14.4    | 14.6    |
| Stock of bank credit to corporate/household sector (NGNbn)    | 5,055  | 8,057  | 10,152 | 9,704  | 14,184 | 15,152 | 16,191 | 18,115 | 18,719 | 23,025  | 23,025  | 24,752  | 26,732  |
| Stock of bank credit to corporate/household sector (% of GDP) | 16.1   | 21.3   | 25.7   | 17.5   | 22.3   | 20.9   | 20.0   | 20.1   | 19.7   | 22.4    | 19.2    | 17.6    | 16.4    |
| Loan to deposit ratio (%)                                     | 70.9   | 94.7   | 100.8  | 86.7   | 79.3   | 73.3   | 69.1   | 72.1   | 71.0   | 72.0    | 70.0    | 71.0    | 71.5    |
| <b>Prices</b>   |        |        |        |        |        |        |        |        |        |         |         |         |         |
| CPI (average % YoY)   | 5.4    | 11.5   | 12.6   | 13.7   | 10.8   | 12.2   | 8.5    | 8.4    | 8.2    | 15.6    | 16.6    | 12.5    | 11.3    |
| CPI (year-end % YoY)  | 6.6    | 15.1   | 13.9   | 11.8   | 10.9   | 12.0   | 8.0    | 8.1    | 9.6    | 18.6    | 15.4    | 11.3    | 11.0    |
| <b>Fiscal balance (% of GDP)</b>                              |        |        |        |        |        |        |        |        |        |         |         |         |         |
| Federal government balance                                    | -0.3   | 0.6    | -1.9   | -2.5   | -1.7   | -1.5   | -1.4   | -0.9   | -2.5   | -3.2    | -2.5    | -2.8    | -2.5    |
| Total public debt   | 8.5    | 7.5    | 9.6    | 9.6    | 10.2   | 10.4   | 10.4   | 10.6   | 11.5   | 14.3    | 20.0    | 20.5    | 21.0    |
| <b>External balance</b>                                       |        |        |        |        |        |        |        |        |        |         |         |         |         |
| Exports (\$bn)  | 54.8   | 86.3   | 56.8   | 78.5   | 97.2   | 94.3   | 95.1   | 82.6   | 45.9   | 34.7    | 41.1    | 49.3    | 50.0    |
| Imports (\$bn)  | 32.7   | 40.1   | 31.1   | 46.8   | 62.2   | 53.4   | 51.4   | 61.6   | 52.3   | 35.2    | 33.0    | 37.0    | 41.2    |
| Trade balance (\$bn)  | 22.1   | 46.2   | 25.7   | 31.8   | 35.0   | 40.9   | 43.8   | 21.0   | -6.4   | -0.5    | 8.1     | 12.3    | 8.8     |
| Trade balance (% of GDP)                                      | 8.9    | 14.6   | 9.7    | 8.6    | 13.5   | 8.9    | 8.6    | 3.8    | -1.3   | -0.1    | 2.2     | 3.2     | 2.0     |
| Current account balance (\$bn)                                | 31.1   | 32.6   | 14.0   | 14.6   | 12.7   | 18.9   | 20.1   | 1.3    | -15.4  | 2.7     | 8.7     | 11.1    | 8.0     |
| Current account balance (% of GDP)                            | 12.5   | 10.3   | 5.3    | 4.0    | 3.1    | 4.1    | 4.0    | 0.2    | -3.2   | 0.7     | 2.4     | 2.8     | 1.8     |
| Net FDI (\$bn)  | 6.0    | 5.5    | 7.1    | 5.2    | 8.1    | 8.1    | 4.4    | 3.1    | 1.6    | 3.1     | 2.2     | 2.4     | 2.5     |
| Net FDI (% of GDP)  | 2.4    | 1.7    | 2.7    | 1.4    | 2.0    | 1.7    | 0.9    | 0.6    | 0.3    | 0.8     | 0.6     | 0.6     | 0.6     |
| Current account balance plus FDI (% of GDP)                   | 14.9   | 12.0   | 8.0    | 5.4    | 5.1    | 5.8    | 4.8    | 0.8    | -2.9   | 1.5     | 3.0     | 3.5     | 2.4     |
| Exports (% YoY, value)  | -7     | 58     | -34    | 38     | 24     | -3     | 1      | -13    | -44    | -24     | 18      | 20      | 1       |
| Imports (% YoY, value)  | 44     | 23     | -22    | 50     | 33     | -14    | -4     | 20     | -15    | -33     | -6      | 12      | 11      |
| Foreign exchange reserves (ex. gold, \$bn)                    | 51.3   | 53.0   | 44.8   | 32.3   | 32.4   | 44.2   | 43.6   | 34.5   | 29.1   | 25.8    | 38.7    | 45.0    | 48.0    |
| Import cover (months of merchandise imports)                  | 18.9   | 15.9   | 17.3   | 8.3    | 6.3    | 9.9    | 10.2   | 6.7    | 6.7    | 8.8     | 14.1    | 14.6    | 14.0    |
| <b>Debt indicators</b>  |        |        |        |        |        |        |        |        |        |         |         |         |         |
| Gross external debt (\$bn)                                    | 3.9    | 4.1    | 4.5    | 5.6    | 5.9    | 6.5    | 8.9    | 11.5   | 47.2   | 44.5    | 53.5    | 58.0    | 60.0    |
| Gross external debt (% of GDP)                                | 1.5    | 1.3    | 1.7    | 1.5    | 1.4    | 1.4    | 1.7    | 2.1    | 9.8    | 11.2    | 14.6    | 14.9    | 13.8    |
| Gross external debt (% of exports)                            | 7      | 4.8    | 8.0    | 7.2    | 6.0    | 6.9    | 9.3    | 13.9   | 102.9  | 128.2   | 130.3   | 117.7   | 120.0   |
| Total debt service (\$bn)                                     | 1.0    | 0.4    | 0.4    | 0.3    | 0.4    | 0.3    | 0.5    | 0.5    | 2.3    | 2.0     | 2.4     | 3.0     | 2.8     |
| Total debt service (% of GDP)                                 | 0.4    | 0.1    | 0.2    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.5    | 0.5     | 0.7     | 0.8     | 0.6     |
| Total debt service (% of exports)                             | 1.8    | 0.5    | 0.8    | 0.4    | 0.4    | 0.3    | 0.5    | 0.5    | 5.0    | 5.9     | 5.8     | 6.1     | 7.1     |
| <b>Interest &amp; exchange rates</b>                          |        |        |        |        |        |        |        |        |        |         |         |         |         |
| Monetary policy rate (MPR), % year-end                        | 9.5    | 9.8    | 6.0    | 6.3    | 12.0   | 12.0   | 12.0   | 13.0   | 13.0   | 14.0    | 14.0    | 12.0    | 12.0    |
| Broad money supply (% YoY)                                    | 58.1   | 58.0   | 17.1   | 7.1    | 15.8   | 12.0   | 14.7   | 16.0   | 18.2   | 16.0    | 0.0     | 4.0     | 8.0     |
| Credit to the private sector (% YoY)                          | 97.1   | 59.4   | 26.0   | -4.4   | 46.2   | 6.8    | 6.9    | 11.9   | 3.3    | 23.0    | 0.0     | 7.5     | 8.0     |
| 3-month interest rate (T-bill year-end %)                     | 7.8    | 6.9    | 4.3    | 7.5    | 14.1   | 11.7   | 10.9   | 10.8   | 5.7    | 21.0    | 14.0    | 12.0    | 11.5    |
| 3-month interest rate spread over \$-Libor (ppts)             | 1.8    | 4.1    | 3.7    | 6.7    | 13.0   | 11.2   | 10.4   | 10.2   | 4.9    | 19.6    | 12.3    | 9.9     | 11.5    |
| 5Y yield (% year-end)   | 9.5    | 10.5   | 9.4    | 12.0   | 11.2   | 11.8   | 13.5   | 13.8   | 13.1   | 13.3    | 16.0    | 15.5    | 15.0    |
| Exchange rate (NGN/EUR) year-end                              | 172    | 195    | 214    | 203    | 206    | 206    | 221    | 222    | 219    | 332     | 392     | 439     | 486     |
| Exchange rate (NGN/EUR) annual average                        | 172    | 175    | 209    | 200    | 217    | 202    | 212    | 217    | 221    | 283     | 367     | 432     | 463     |
| Exchange rate, NGN/\$ year-end                                | 118    | 140    | 150    | 152    | 159    | 156    | 160    | 183    | 199    | 315     | 332     | 360     | 389     |
| Exchange rate (NGN/\$) annual average                         | 126    | 119    | 150    | 151    | 156    | 157    | 159    | 165    | 198    | 257     | 329     | 360     | 375     |

Source: IMF, World Bank, national statistics agency, central bank, Renaissance Capital estimates

Figure 17: Rwanda – key economic forecasts

Ratings (M/S&amp;P/F) B2/B/B+

|   | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016E | 2017E | 2018E | 2019E |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Activity</b>   |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Real GDP (% YoY)  | 7.6   | 11.2  | 6.2   | 6.3   | 7.5   | 8.9   | 4.7   | 7.0   | 6.9   | 5.5   | 5.0   | 6.0   | 6.5   |
| Private consumption (% YoY)                                   | -10.5 | 24.0  | 8.0   | 7.5   | 9.3   | 7.3   | 3.8   | 4.8   | 14.5  | 1.0   | 3.0   | 3.5   | 4.0   |
| Government consumption (% YoY)                                | 2.3   | 2.5   | 4.0   | 4.8   | 13.5  | 19.8  | -0.3  | 15.5  | -12.8 | 21.0  | 15.0  | 15.0  | 16.0  |
| Investment (% YoY)  | 27.8  | 31.5  | 5.3   | 7.5   | 22.8  | 21.8  | 9.0   | 9.0   | 8.5   | 16.0  | 6.0   | 10.0  | 12.0  |
| Industry value added (% YoY)                                  | 9.5   | 15.0  | 1.8   | 8.3   | 17.8  | 8.3   | 9.8   | 5.8   | 6.5   | 4.0   | 3.0   | 4.0   | 5.0   |
| Nominal GDP (RWFbn)   | 2,092 | 2,658 | 3,057 | 3,367 | 3,897 | 4,494 | 4,929 | 5,466 | 5,956 | 6,618 | 7,548 | 8,505 | 9,544 |
| Nominal GDP (EURbn)   | 2.7   | 3.2   | 3.8   | 4.2   | 4.3   | 4.7   | 5.4   | 6.0   | 6.7   | 7.7   | 8.1   | 8.0   | 8.2   |
| Nominal GDP (\$bn)  | 3.7   | 4.7   | 5.2   | 5.6   | 6.3   | 7.1   | 7.1   | 7.9   | 8.6   | 8.4   | 9.0   | 9.6   | 10.1  |
| Population (mn)   | 9.4   | 9.6   | 9.8   | 10.0  | 10.2  | 10.5  | 10.7  | 11.0  | 11.3  | 11.5  | 11.8  | 12.1  | 12.4  |
| GDP per capita (\$)   | 399   | 489   | 533   | 559   | 622   | 676   | 665   | 719   | 758   | 731   | 762   | 794   | 818   |
| Gross national saving (% of GDP)                              | 7.2   | 10.1  | 6.6   | 6.4   | 4.9   | 7.3   | 10.5  | 8.6   | 8.7   | 7.6   | 10.8  | 10.5  | 9.9   |
| Stock of bank credit to corporate/household sector (RWFbn)    | 254   | 335   | 349   | 391   | 502   | 670   | 758   | 906   | 1,124 | 1,405 | 1,531 | 1,746 | 2,008 |
| Stock of bank credit to corporate/household sector (% of GDP) | 12    | 13    | 11    | 12    | 13    | 15    | 15    | 17    | 19    | 21    | 20    | 21    | 21    |
| Loan to deposit ratio (%)                                     | 71    | 89    | 91    | 86    | 87    | 94    | 88    | 87    | 88    | 90    | 90    | 90    | 90    |
| <b>Prices</b>   |       |       |       |       |       |       |       |       |       |       |       |       |       |
| CPI (average % YoY)   |       |       |       | 3.8   | 3.1   | 10.3  | 6.0   | 2.4   | 2.5   | 7.1   | 8.4   | 0.5   | 5.0   |
| CPI (year-end % YoY)  |       |       |       | 4.5   | 7.4   | 9.2   | 5.1   | -0.4  | 6.8   | 11.0  | -0.2  | 4.5   | 5.0   |
| <b>Fiscal balance (% of GDP)</b>                              |       |       |       |       |       |       |       |       |       |       |       |       |       |
| General government budget balance (incl. grants)*             | -1.8  | 0.9   | 0.3   | 0.4   | -1.2  | -5.0  | -4.0  | -4.9  | -4.6  | -4.4  | -4.7  | -4.3  | -4.3  |
| Total public debt   | 27.0  | 21.3  | 22.9  | 20.0  | 20.1  | 21.7  | 28.7  | 29.3  | 36.4  | 44.5  | 47.6  | 49.2  | 49.8  |
| <b>External balance</b>                                       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Exports (\$bn)  | 0.2   | 0.3   | 0.2   | 0.3   | 0.5   | 0.6   | 0.7   | 0.7   | 0.7   | 0.7   | 1.0   | 1.1   | 1.3   |
| Imports (\$bn)  | 0.6   | 0.9   | 1.0   | 1.1   | 1.6   | 2.0   | 1.9   | 2.0   | 2.0   | 2.0   | 1.9   | 2.1   | 2.3   |
| Trade balance (\$bn)  | -0.4  | -0.6  | -0.8  | -0.8  | -1.1  | -1.4  | -1.1  | -1.3  | -1.3  | -1.3  | -0.9  | -1.0  | -1.0  |
| Trade balance (% of GDP)                                      | -10.8 | -13.1 | -14.5 | -13.6 | -17.4 | -19.4 | -16.1 | -16.1 | -15.7 | -15.4 | -10.3 | -10.5 | -9.5  |
| Current account balance incl. official transfers (\$bn)       | -0.1  | -0.2  | -0.4  | -0.3  | -0.5  | -0.8  | -0.6  | -0.8  | -1.1  | -1.2  | -0.8  | -1.0  | -0.9  |
| Current account balance incl. official transfers (% of GDP)   | -2.2  | -4.9  | -7.3  | -5.5  | -7.2  | -11.4 | -7.8  | -10.5 | -12.8 | -14.8 | -8.7  | -9.9  | -9.0  |
| Net FDI (\$bn)  | 0.1   | 0.1   | 0.1   | 0.0   | 0.1   | 0.2   | 0.3   | 0.3   | 0.3   | 0.3   | 0.4   | 0.4   | 0.4   |
| Net FDI (% of GDP)  | 2.2   | 2.2   | 2.3   | 0.8   | 1.7   | 2.2   | 3.6   | 3.4   | 3.8   | 4.1   | 3.9   | 3.8   | 3.9   |
| Current account balance plus FDI (% of GDP)                   | 0.0   | -2.7  | -5.1  | -4.7  | -5.6  | -9.2  | -4.2  | -7.1  | -9.0  | -10.7 | -4.8  | -6.0  | -5.1  |
| Exports (% YoY value)   | 20    | 51    | -12   | 37    | 44    | 27    | 19    | 3     | -8    | 12    | 34    | 13    | 18    |
| Imports (% YoY value)   | 30    | 52    | 13    | 9     | 44    | 26    | -6    | 8     | 1     | 6     | 6     | 7     | 8     |
| Foreign exchange reserves (ex. gold \$bn)                     | 0.5   | 0.6   | 0.6   | 0.7   | 0.9   | 0.7   | 0.9   | 1.0   | 0.9   | 1.0   | 1.1   | 1.1   | 1.3   |
| Import cover (months of merchandise imports)                  | 10.7  | 8.1   | 7.6   | 7.7   | 7.2   | 4.4   | 6.1   | 6.0   | 5.4   | 5.9   | 6.8   | 6.3   | 6.7   |
| <b>Debt indicators</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Gross external debt (\$bn)                                    | 0.6   | 0.7   | 0.8   | 0.8   | 1.0   | 1.5   | 1.9   | 2.2   | 2.8   | 3.5   | 4.1   | 4.6   | 4.8   |
| Gross external debt (% of GDP)                                | 15.3  | 14.4  | 14.4  | 14.1  | 16.2  | 21.4  | 26.6  | 28.0  | 32.8  | 41.5  | 45.1  | 47.7  | 47.3  |
| Gross external debt (% of exports)                            | 324   | 253   | 319   | 244   | 222   | 257   | 270   | 306   | 423   | 469   | 409   | 408   | 362   |
| Total debt service (\$bn)                                     | 0.01  | 0.01  | 0.01  | 0.02  | 0.02  | 0.04  | 0.06  | 0.06  | 0.06  | 0.06  | 0.11  | 0.15  | 0.10  |
| Total debt service (% of GDP)                                 | 0.4   | 0.3   | 0.3   | 0.3   | 0.3   | 0.5   | 0.8   | 0.7   | 0.7   | 0.7   | 1.2   | 1.5   | 1.0   |
| Total debt service (% of exports)                             | 8.2   | 5.4   | 6.3   | 5.9   | 3.7   | 6.1   | 6.4   | 8.0   | 9.0   | 8.4   | 10.8  | 13.2  | 7.5   |
| <b>Exchange rates</b>   |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Key repo rate % year-end                                      | 12.5  | 11.3  | 6.0   | 6.0   | 7.0   | 7.5   | 7.0   | 6.5   | 6.5   | 6.3   | 6.0   | 6.0   | 6.0   |
| Credit to the private sector (% YoY)                          | 22.4  | 31.6  | 5.0   | 11.2  | 28.4  | 30.4  | 12.6  | 19.7  | 24.0  | 25.0  | 9.0   | 14.0  | 15.0  |
| Exchange rate (RWF/EUR) year-end                              | 794   | 780   | 819   | 796   | 783   | 833   | 932   | 835   | 809   | 864   | 1008  | 1114  | 1210  |
| Exchange rate (RWF/EUR) annual average                        | 750   | 804   | 792   | 774   | 837   | 790   | 894   | 902   | 793   | 864   | 935   | 1060  | 1162  |
| Exchange rate (RWF/\$) year-end                               | 544   | 559   | 571   | 594   | 604   | 631   | 676   | 690   | 745   | 822   | 854   | 913   | 968   |
| Exchange rate (RWF/\$) annual average                         | 547   | 547   | 568   | 583   | 601   | 614   | 673   | 686   | 719   | 786   | 838   | 884   | 941   |

\*Fiscal year to 30 June (2000 is FY00/01).

Source: IMF, World Bank, national statistics agency, central bank, Renaissance Capital estimates

Figure 18: Tanzania – key economic forecasts

Ratings (Moody's/S&amp;P/F): NR/NR/NR

|   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016E   | 2017E   | 2018E   | 2019E   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|
| <b>Activity</b>   |        |        |        |        |        |        |        |        |        |         |         |         |         |
| Real GDP (% YoY)  | 8.8    | 5.6    | 5.4    | 6.4    | 7.9    | 5.1    | 7.3    | 7.0    | 7.0    | 6.6     | 6.0     | 5.6     | 5.6     |
| Nominal GDP (TZSbn)   | 26,770 | 32,638 | 37,756 | 43,571 | 52,378 | 61,316 | 70,953 | 79,718 | 90,845 | 103,745 | 116,159 | 130,287 | 146,086 |
| Nominal GDP (EURbn)   | 15.7   | 18.5   | 20.4   | 22.8   | 23.7   | 30.1   | 33.0   | 35.0   | 38.3   | 43.2    | 45.4    | 44.5    | 45.9    |
| Nominal GDP (\$bn)  | 21.6   | 27.2   | 28.5   | 30.2   | 33.0   | 38.6   | 43.9   | 47.9   | 44.6   | 47.4    | 51.9    | 55.1    | 58.2    |
| Population (mn)   | 39.7   | 40.7   | 41.8   | 42.8   | 43.9   | 44.9   | 45.8   | 46.7   | 47.7   | 48.6    | 49.6    | 50.6    | 51.6    |
| GDP per capita (\$)   | 544    | 668    | 682    | 705    | 752    | 860    | 957    | 1,025  | 935    | 975     | 1,046   | 1,088   | 1,129   |
| Gross national saving (% of GDP)                              | 22.6   | 22.3   | 18.9   | 21.8   | 21.7   | 19.5   | 14.9   | 21.9   | 24.7   | 23.0    | 19.7    | 19.2    | 18.8    |
| Stock of bank credit to corporate/household sector (TZSbn)    | 2,976  | 4,376  | 4,806  | 5,798  | 7,399  | 8,722  | 10,153 | 12,123 | 14,111 | 16,277  | 17,580  | 19,689  | 22,643  |
| Stock of bank credit to corporate/household sector (% of GDP) | 11     | 13     | 13     | 13     | 14     | 14     | 14     | 15     | 16     | 16      | 15      | 15      | 15      |
| Loan to deposit ratio (%)                                     | 57     | 71     | 65     | 62     | 67     | 70     | 69     | 70     | 71     | 71      | 70.5    | 71      | 71      |
| <b>Prices</b>   |        |        |        |        |        |        |        |        |        |         |         |         |         |
| CPI (average % YoY)   | 7.0    | 10.3   | 12.1   | 7.2    | 12.7   | 16.0   | 7.9    | 6.1    | 5.6    | 5.2     | 5.6     | 6.5     | 5.8     |
| CPI (year-end % YoY)  | 6.4    | 13.5   | 12.2   | 5.6    | 19.8   | 12.1   | 5.6    | 4.8    | 6.8    | 5.0     | 5.4     | 6.0     | 5.5     |
| <b>Fiscal balance (% of GDP)</b>                              |        |        |        |        |        |        |        |        |        |         |         |         |         |
| General government budget balance*                            | -1.7   | -4.5   | -6.4   | -6.9   | -5.0   | -5.0   | -3.9   | -3.0   | -3.3   | -3.1    | -3.4    | -4.5    | -4.6    |
| Total public debt   | 21.6   | 21.6   | 24.3   | 27.5   | 28.0   | 29.2   | 30.9   | 33.8   | 36.7   | 37.2    | 37.4    | 38.3    | 39.5    |
| <b>External balance</b>                                       |        |        |        |        |        |        |        |        |        |         |         |         |         |
| Exports (\$bn)  | 2.2    | 3.6    | 3.3    | 4.3    | 5.1    | 5.5    | 5.5    | 5.6    | 5.7    | 5.4     | 5.4     | 5.9     | 6.5     |
| Imports (\$bn)  | 4.9    | 7.0    | 5.8    | 7.2    | 9.8    | 10.5   | 10.9   | 11.0   | 10.4   | 8.3     | 9.0     | 9.8     | 11.0    |
| Trade balance (\$bn)  | -2.6   | -3.4   | -2.5   | -2.8   | -4.7   | -5.1   | -5.4   | -5.4   | -4.7   | -2.9    | -3.6    | -3.9    | -4.5    |
| Trade balance (% of GDP)                                      | -12.2  | -12.6  | -8.9   | -9.4   | -14.3  | -13.1  | -12.3  | -11.2  | -10.5  | -6.1    | -6.9    | -7.1    | -7.7    |
| Current account balance (\$bn)                                | -1.7   | -2.6   | -1.8   | -1.9   | -4.0   | -4.5   | -4.7   | -4.6   | -3.9   | -2.2    | -2.0    | -2.9    | -3.5    |
| Current account balance (% of GDP)                            | -7.9   | -9.4   | -6.3   | -6.4   | -12.0  | -11.7  | -10.7  | -9.6   | -8.7   | -4.6    | -3.8    | -5.3    | -5.9    |
| Net FDI (\$bn)  | 0.6    | 1.2    | 1.0    | 1.8    | 1.3    | 1.8    | 2.0    | 2.0    | 2.0    | 2.0     | 2.0     | 2.0     | 2.0     |
| Net FDI (% of GDP)  | 2.7    | 4.6    | 3.3    | 6.0    | 4.1    | 4.7    | 4.6    | 4.2    | 4.5    | 4.3     | 3.9     | 3.6     | 3.4     |
| Current account balance plus FDI (% of GDP)                   | -5.3   | -4.8   | -3.0   | -0.4   | -7.9   | -7.0   | -6.1   | -5.3   | -4.2   | -0.3    | 0.1     | -1.6    | -2.5    |
| Exports (% YoY, value)  | 16     | 61     | -8     | 31     | 18     | 7      | 1      | 2      | 2      | -5      | 0       | 9       | 10      |
| Imports (% YoY, value)  | 26     | 44     | -17    | 23     | 37     | 7      | 3      | 1      | -6     | -20     | 8       | 9       | 12      |
| Gross official reserves (\$bn)                                | 2.7    | 2.9    | 3.6    | 3.9    | 3.7    | 4.1    | 4.5    | 4.5    | 4.3    | 4.5     | 4.9     | 5.0     | 5.0     |
| Import cover (months of merchandise imports)                  | 6.7    | 4.9    | 7.3    | 6.6    | 4.5    | 4.6    | 4.9    | 4.9    | 4.9    | 6.4     | 6.5     | 6.1     | 5.5     |
| <b>Debt indicators</b>  |        |        |        |        |        |        |        |        |        |         |         |         |         |
| Gross external debt (\$bn)                                    | 5.8    | 7.0    | 8.2    | 9.6    | 10.4   | 9.5    | 11.6   | 12.9   | 12.7   | 14.5    | 16.0    | 16.5    | 17.0    |
| Gross external debt (% of GDP)                                | 27     | 26     | 29     | 32     | 31     | 25     | 27     | 27     | 29     | 31      | 31      | 30      | 29      |
| Gross external debt (% of exports)                            | 263    | 196    | 249    | 223    | 203    | 173    | 211    | 230    | 223    | 269     | 296     | 280     | 262     |
| Total debt service (\$bn)                                     | 0.4    | 0.8    | -0.2   | 0.3    | 0.6    | 0.2    | 0.2    | 0.2    | 0.2    | 0.4     | 0.5     | 0.6     | 0.6     |
| Total debt service (% of GDP)                                 | 2      | 3      | -1     | 1      | 2      | 1      | 0      | 0      | 1      | 1       | 1       | 1       | 1       |
| Total debt service (% of exports)                             | 2      | 2      | 1      | 1      | 2      | 4      | 3.6    | 3.4    | 4.3    | 7.7     | 8.6     | 9.5     | 9.2     |
| <b>Interest &amp; exchange rates</b>                          |        |        |        |        |        |        |        |        |        |         |         |         |         |
| Broad money supply, M2 (% YoY)                                | 27.2   | 24.4   | 20.8   | 21.8   | 15.0   | 16.0   | 10.9   | 17.0   | 10.0   | 12.0    | 9       | 11      | 14      |
| Credit to the private sector (% YoY)                          | 42.2   | 47.0   | 9.8    | 20.6   | 27.6   | 17.9   | 15.3   | 19.4   | 16.4   | 15.4    | 8       | 12      | 15      |
| 3-month interest rate (T-bill year-end %)                     | 9.9    | 11.2   | 6.1    | 5.2    | 12.6   | 11.9   | 13.6   | 13.2   | 10.8   | 7.0     | 5       | 7       | 9       |
| 3-month interest rate spread over \$-Libor (ppts)             | 3.9    | 8.4    | 5.5    | 4.5    | 11.5   | 11.4   | 13.1   | 12.6   | 10.0   | 5.6     | 3.3     | 4.9     | 9.0     |
| 5Y yield (% year-end)   | 17.6   | 16.4   | 13.5   | 11.6   | 13.2   | 14.9   | 15.4   | 14.6   | 17.5   | 14.1    | 14      | 13.8    | 13.4    |
| Exchange rate (TZS/EUR) year-end                              | 1,683  | 1,838  | 1,920  | 1,987  | 2,050  | 2,091  | 2,192  | 2,013  | 2,214  | 2,300   | 2,641   | 2,887   | 3,136   |
| Exchange rate (TZS/EUR) annual average                        | 1,701  | 1,764  | 1,849  | 1,914  | 2,209  | 2,040  | 2,148  | 2,280  | 2,371  | 2,399   | 2,561   | 2,926   | 3,185   |
| Exchange rate (TZS/\$) year-end                               | 1,154  | 1,318  | 1,340  | 1,484  | 1,582  | 1,585  | 1,590  | 1,733  | 2,149  | 2,181   | 2,295   | 2,438   | 2,579   |
| Exchange rate (TZS/\$) annual average                         | 1,241  | 1,199  | 1,326  | 1,442  | 1,586  | 1,587  | 1,617  | 1,664  | 2,039  | 2,187   | 2,238   | 2,367   | 2,509   |

\*Fiscal year to 30 June (2000 is FY00/01).

Source: IMF, World Bank, national statistics agency, central bank, Renaissance Capital estimates



Figure 19: Zambia – key economic forecasts

Ratings (M/S&amp;P/F): B3/B/B

|   | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016E | 2017E | 2018E | 2019E |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Activity</b>   |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Real GDP (% YoY)  | 6.2   | 5.7   | 6.4   | 7.6   | 6.8   | 7.6   | 5.1   | 5.0   | 3.0   | 3.0   | 3.5   | 3.2   | 3.5   |
| Investment (% of GDP)   | 32    | 30    | 30    | 30    | 34    | 32    | 34    | 34    | 43    | 42    | 42    | 44    | 43    |
| Nominal GDP (ZMWbn)   | 56.3  | 67.1  | 77.3  | 97.2  | 115.4 | 131   | 151   | 167   | 183   | 217   | 243   | 275   | 310   |
| Nominal GDP (EURbn)   | 10.3  | 12.2  | 11.0  | 15.3  | 17.1  | 19.9  | 21.1  | 20.6  | 19.2  | 19.1  | 23.2  | 22.8  | 23.8  |
| Nominal GDP (\$bn)  | 14.1  | 17.9  | 15.3  | 20.3  | 23.8  | 25.5  | 28.1  | 27.1  | 21.2  | 21.0  | 25.9  | 27.3  | 29.4  |
| Copper price, \$/t, year-end                                  | 7,222 | 7,245 | 5,314 | 7,538 | 8,824 | 7,971 | 7,328 | 6,861 | 5,512 | 4,867 | 6,170 | 7,000 | 7,000 |
| Population (mn)   | 12.3  | 12.6  | 12.9  | 13.3  | 13.6  | 14.8  | 15.2  | 15.7  | 16.2  | 16.7  | 17.2  | 17.8  | 18.3  |
| GDP per capita (\$)   | 1,143 | 1,418 | 1,185 | 1,528 | 1,749 | 1,727 | 1,842 | 1,724 | 1,307 | 1,257 | 1,501 | 1,539 | 1,607 |
| Gross national saving (% of GDP)                              | 30.5  | 26.3  | 36.2  | 37.4  | 38.3  | 37.1  | 33.4  | 36.1  | 38.9  | 37.3  | 38.3  | 40.8  | 41.2  |
| Stock of bank credit to corporate/household sector (ZMWbn)    | 5.8   | 8.4   | 8.0   | 9.0   | 10.8  | 15.0  | 16.9  | 19.1  | 23.1  | 20.8  | 20.8  | 22.2  | 24.5  |
| Stock of bank credit to corporate/household sector (% of GDP) | 10.4  | 12.5  | 10.3  | 9.3   | 9.3   | 11.4  | 11.1  | 11.4  | 12.6  | 9.6   | 8.5   | 8.1   | 7.9   |
| Loan to deposit ratio (%)                                     |       | 77.5  | 73.9  | 66.1  | 61.2  | 69.9  | 64.9  | 72.6  | 71.0  | 70.0  | 70.5  | 71.0  | 71.0  |
| <b>Prices</b>   |       |       |       |       |       |       |       |       |       |       |       |       |       |
| CPI (average % YoY)   | 10.7  | 12.4  | 13.4  | 8.5   | 8.8   | 6.6   | 7.0   | 7.8   | 10.1  | 16.4  | 6.6   | 7.4   | 8.5   |
| CPI (year-end % YoY)  | 8.9   | 16.6  | 9.9   | 7.9   | 9.9   | 7.3   | 7.1   | 7.9   | 21.1  | 7.5   | 6.5   | 9.0   | 8.0   |
| <b>Fiscal balance (% of GDP)</b>                              |       |       |       |       |       |       |       |       |       |       |       |       |       |
| General government budget balance                             | -1.0  | -0.7  | -2.0  | -2.4  | -1.7  | -2.8  | -6.2  | -5.9  | -9.1  | -10.0 | -7.0  | -7.3  | -6.8  |
| Total public debt   | 21.4  | 18.8  | 19.7  | 18.9  | 20.3  | 24.9  | 25.9  | 33.6  | 56.3  | 56.1  | 58.8  | 60.3  | 62.0  |
| <b>External balance</b>                                       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Exports (\$bn)  | 4.6   | 5.0   | 4.4   | 7.5   | 8.8   | 9.5   | 10.8  | 10.2  | 7.4   | 6.5   | 8.0   | 9.0   | 10.0  |
| Imports (\$bn)  | 3.6   | 4.6   | 3.4   | 4.7   | 6.5   | 7.9   | 9.2   | 8.6   | 7.4   | 6.5   | 7.5   | 8.5   | 9.5   |
| Trade balance (\$bn)  | 0.9   | 0.5   | 1.0   | 2.8   | 2.3   | 1.6   | 1.6   | 1.6   | -0.1  | 0.0   | 0.5   | 0.5   | 0.5   |
| Trade balance (% of GDP)                                      | 6.7   | 2.6   | 6.3   | 13.7  | 9.7   | 6.2   | 5.9   | 6.0   | -0.4  | -0.1  | 2.0   | 1.8   | 1.7   |
| Current account balance (\$bn)                                | 2.1   | 1.6   | 0.9   | 3.4   | 2.3   | 0.5   | 1.1   | 0.5   | -1.4  | -1.0  | -0.9  | -1.0  | -1.0  |
| Current account balance (% of GDP)                            | 14.6  | 8.8   | 6.1   | 16.7  | 9.8   | 1.9   | 3.8   | 1.7   | -6.4  | -5.0  | -3.5  | -3.5  | -3.4  |
| Net FDI (\$bn)  | 1.3   | 0.9   | 1.0   | 0.7   | 0.9   | 2.4   | 1.7   | 2.5   | 1.7   | 1.8   | 2.0   | 2.2   | 2.3   |
| Net FDI (% of GDP)  | 9.4   | 5.2   | 6.3   | 3.5   | 3.7   | 9.5   | 6.0   | 9.2   | 7.8   | 8.6   | 7.7   | 8.0   | 7.8   |
| Current account balance plus FDI (% of GDP)                   | 24.0  | 14.0  | 12.4  | 20.2  | 13.6  | 11.4  | 9.8   | 10.8  | 1.4   | 3.6   | 4.2   | 4.6   | 4.4   |
| Exports (% YoY, value)  | 14    | 10    | -13   | 71    | 17    | 9     | 14    | -6    | -28   | -12   | 23    | 13    | 11    |
| Imports (% YoY, value)  | 37    | 26    | -25   | 38    | 37    | 23    | 16    | -7    | -13   | -12   | 14    | 14    | 12    |
| Foreign exchange reserves (ex. gold, \$bn)                    | 1.1   | 1.1   | 1.3   | 1.5   | 1.7   | 2.4   | 2.1   | 2.5   | 2.4   | 2.4   | 2.1   | 2.4   | 2.5   |
| Import cover (months of merchandise imports)                  | 3.6   | 2.9   | 4.4   | 3.7   | 3.2   | 3.6   | 2.7   | 3.5   | 3.9   | 4.4   | 3.4   | 3.4   | 3.2   |
| <b>Debt indicators</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Gross external debt (\$bn)                                    | 1.1   | 1.7   | 1.5   | 3.3   | 3.9   | 4.4   | 5.6   | 6.5   | 6.9   | 7.4   | 9.1   | 9.5   | 10.0  |
| Gross external debt (% of GDP)                                | 8     | 9     | 10    | 16    | 16    | 17    | 20    | 24    | 32    | 35    | 35    | 35    | 34    |
| Gross external debt (% of exports)                            | 24    | 34    | 35    | 45    | 44    | 46    | 52    | 63    | 93    | 113   | 114   | 106   | 100   |
| Total debt service (\$bn)                                     | 0.1   | 0.1   | 0.5   | 0.3   | 0.2   | 0.5   | 0.5   | 0.5   | 0.4   | 0.3   | 0.4   | 0.5   | 0.7   |
| Total debt service (% of GDP)                                 | 0     | 1     | 3     | 1     | 1     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Total debt service (% of exports)                             | 1     | 2     | 11    | 4     | 2     | 5     | 3     | 3     | 5     | 5     | 5     | 5     | 6     |
| <b>Interest &amp; exchange rates</b>                          |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Policy rate, % year-end                                       |       |       |       |       |       | 9.25  | 9.75  | 12.5  | 15.5  | 15.5  | 10.25 | 11.0  | 10.0  |
| Broad money supply (% YoY)                                    | 26.6  | 21.8  | 8.0   | 30.8  | 21.6  | 23.1  | 12.8  | 12.6  | 22.1  | -8.0  | -2.0  | 6.0   | 9.0   |
| Credit to the private sector (% YoY)                          | 47.0  | 43.8  | -5.2  | 13.3  | 29.4  | 39.2  | 14.2  | 13.1  | 21.0  | -10.0 | 0.0   | 7.0   | 10.0  |
| 3-month interest rate (T-bill year-end %)                     | 11.5  | 13.9  | 5.1   | 6.3   | 7.1   | 7.8   | 8.0   | 13.0  | 15.0  | 14.0  | 9.0   | 8.5   | 8.0   |
| 3-month interest rate spread over \$-Libor (ppts)             | 5.5   | 11.1  | 4.5   | 5.5   | 6.0   | 7.3   | 7.5   | 12.4  | 14.2  | 12.6  | 7.3   | 6.4   | 8.0   |
| 5Y yield (% year-end)   | 15.7  | 19.0  | 17.1  | 13.0  | 15.4  | 13.5  | 16.5  | 18.7  | 25.0  | 21.0  | 17.0  | 16.0  | 16.0  |
| Exchange rate (ZMK/EUR) year-end                              | 5.63  | 6.69  | 6.65  | 6.40  | 6.64  | 6.87  | 7.61  | 7.73  | 11.95 | 10.45 | 11.45 | 12.69 | 13.38 |
| Exchange rate (ZMK/EUR) annual average                        | 5.48  | 5.51  | 7.04  | 6.37  | 6.76  | 6.61  | 7.16  | 8.11  | 9.55  | 11.35 | 10.49 | 12.06 | 13.03 |
| Exchange rate (ZMK/\$) year-end                               | 3.86  | 4.80  | 4.64  | 4.79  | 5.13  | 5.21  | 5.52  | 6.39  | 11.00 | 9.94  | 9.70  | 10.40 | 10.70 |
| Exchange rate (ZMK/\$) annual average                         | 4.00  | 3.75  | 5.05  | 4.80  | 4.86  | 5.14  | 5.39  | 6.16  | 8.65  | 10.32 | 9.40  | 10.05 | 10.55 |

Source: IMF, World Bank, national statistics agency, central bank, Renaissance Capital estimates



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