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Sub-Saharan Africa: Economic Outlook

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May 2015

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The macroeconomic backdrop

Potential investment returns remain high, but short-term risks have risen

- Major challenges
 - Geopolitical instability
 - Boko Haram in Nigeria
 - Al Shabab in Kenya
 - Rebels in Mali
 - Macroeconomic pressures
 - Low commodity prices are hurting export earnings and investment
 - However, net oil importers are benefitting from low oil prices
- However, these hindrances are of a short-term nature

The main drivers of economic growth in Africa

African economies are more diversified than previously estimated, less dependent on mining and agriculture

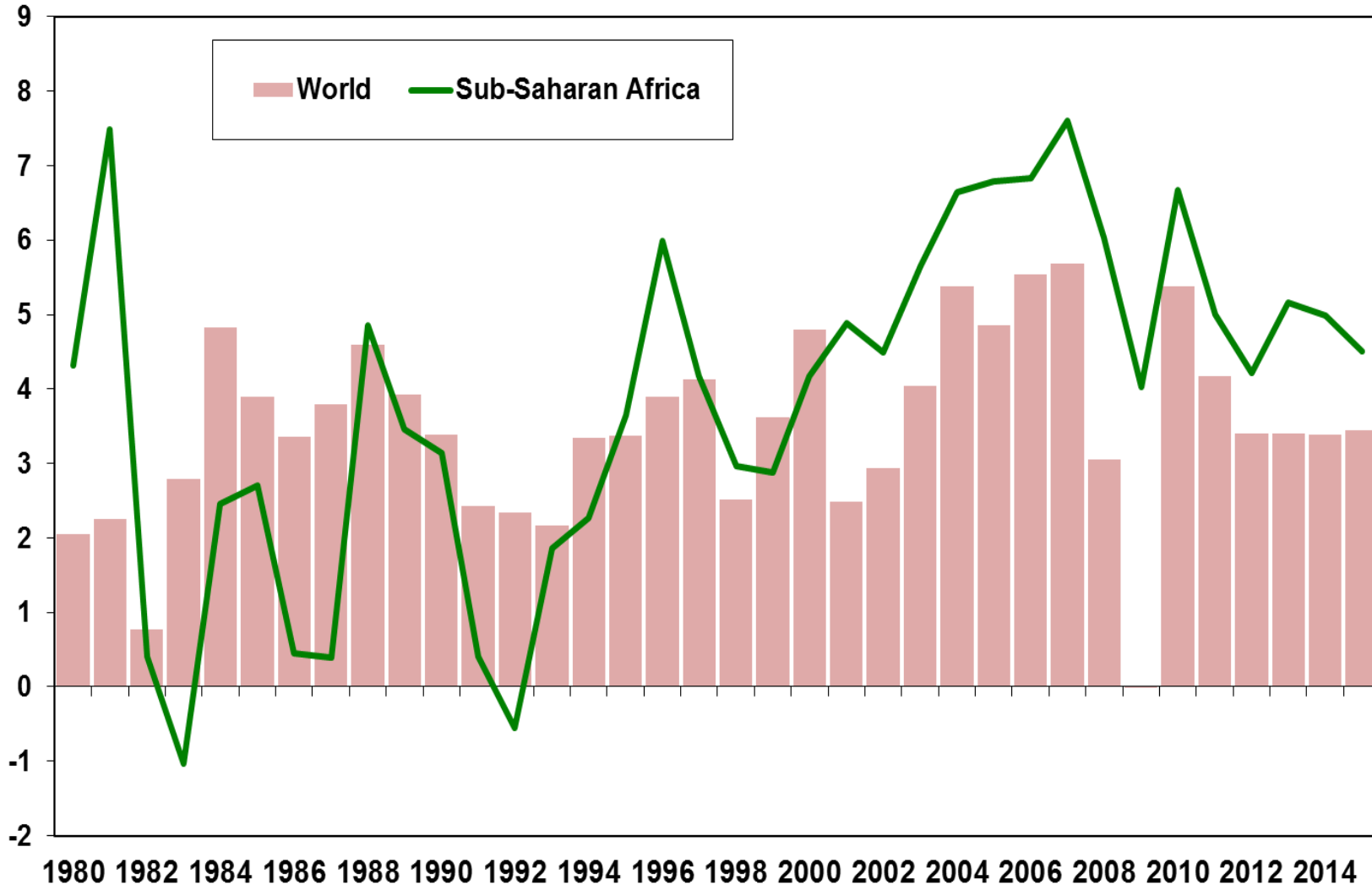
- Infrastructure development
 - Trade infrastructure
 - Social infrastructure
- Growing populations & rising urbanisation
 - Africa's population to triple by 2050
 - Rising urbanisation
 - Africa: 40% of total population was urbanised in 2014, to rise to 56% by 2050 (*source: UNDESA 2014*)
 - Expanding labour force
 - A growing consumer market
- Harmonisation of regulation and trade laws

Growth has been impressive since the early 2000s

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Economic growth in Sub-Saharan Africa versus world growth



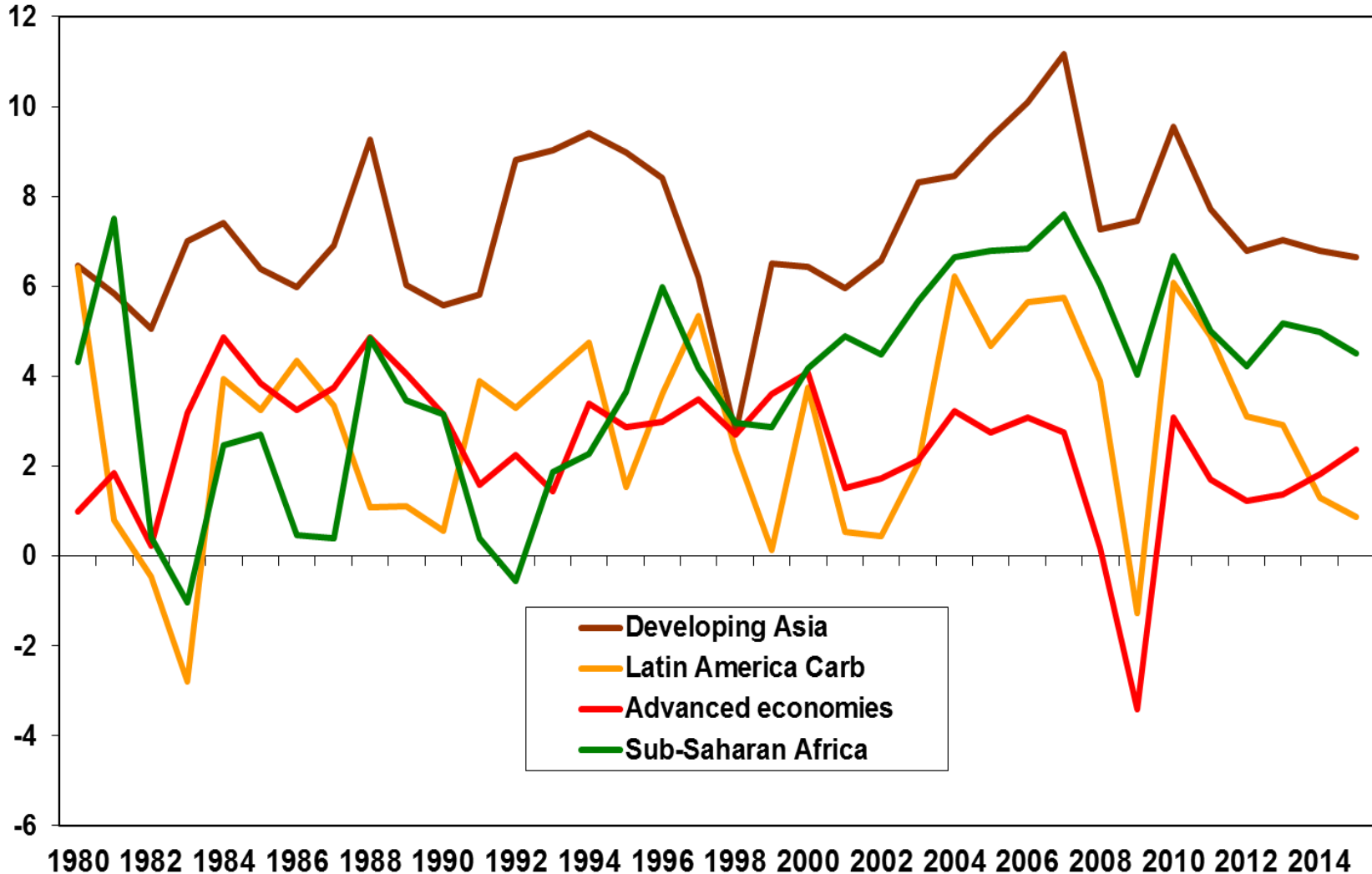
Source: IMF World Economic Outlook April 2015

The 2nd strongest performing region after Developing Asia

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Economic growth in various regions



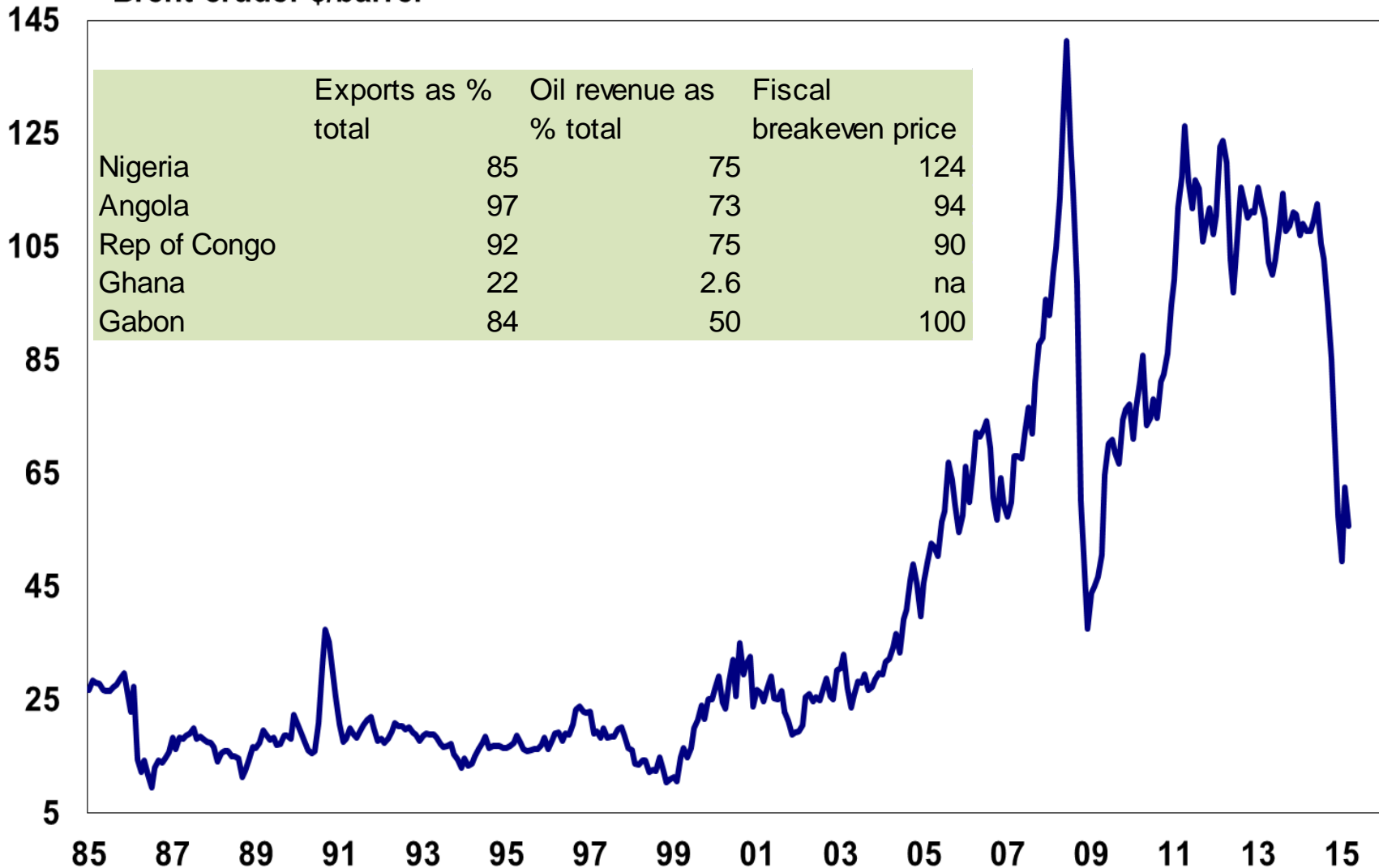
Source: IMF World Economic Outlook April 2015

In the short term, oil exporters are particularly vulnerable to low oil prices

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Brent crude: \$/barrel



Sources: Economist Intelligence Unit, Reuters

Key economies more diversified than previously estimated

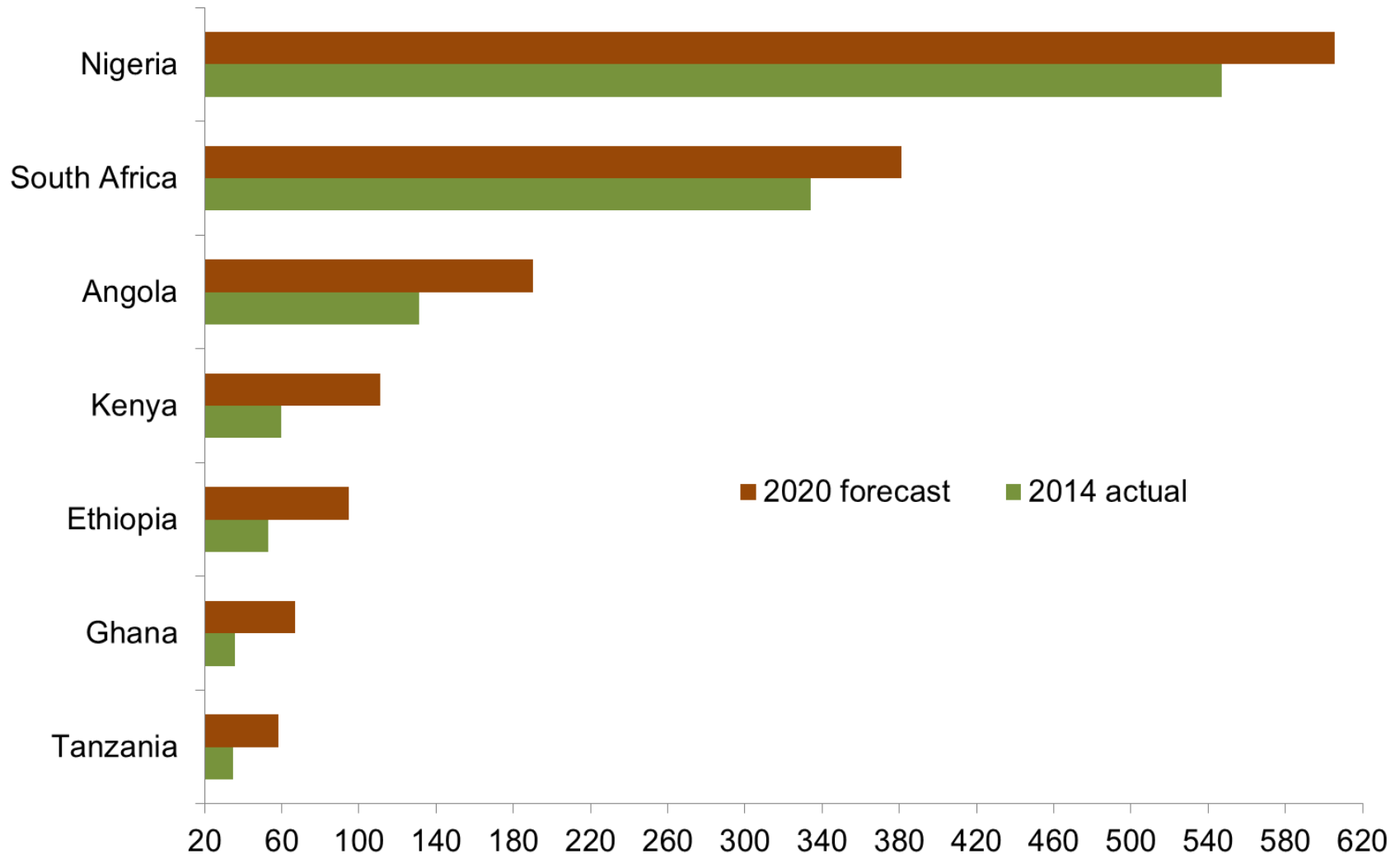
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Sector sizes in 2013	South Africa	Kenya	Nigeria
Agriculture	2.3	28.7	21.6
Mining & Quarrying	9.0	0.9	13.3
Manufact.	13.2	11.4	9.3
Electricity, gas & water	3.7	2.1	0.7
Construction	4.0	4.9	3.4
Trade & accomm.	14.8	9.9	18.4
Transport & comm.	10.0	9.6	12.1
Finance	20.3	16.9	11.6
General government	16.8	14.2	5.7
Personal services	5.9	1.4	3.8
Gross value added	100.0	100.0	100.0

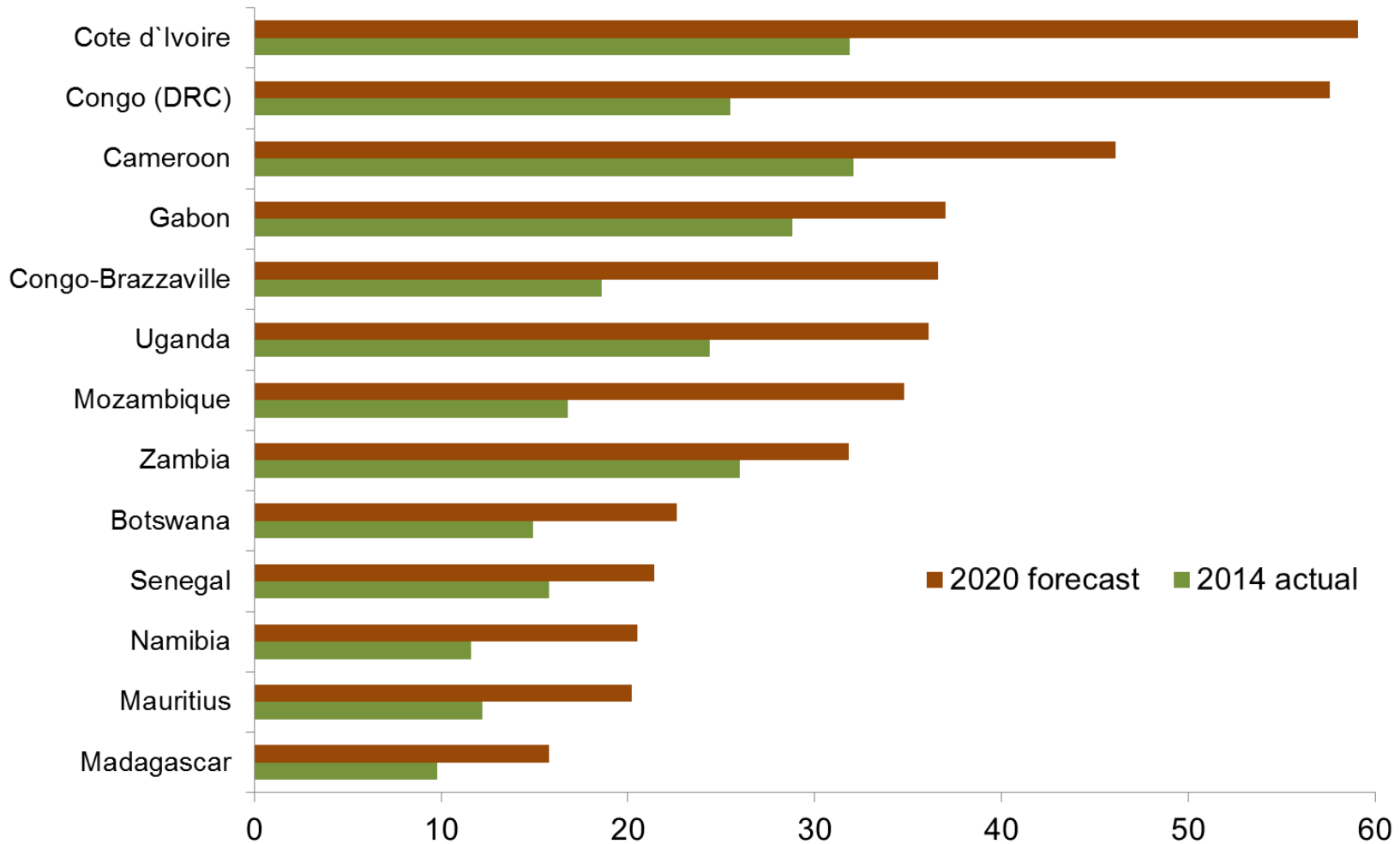
Source: National Statistical agencies

Nominal GDP, US\$ billion



Source: Business Monitor International

Nominal GDP, US\$ billion



Source: Business Monitor International