



AfDB

Chief Economist Complex

Africa Economic & Financial Brief

Market Brief
Volume 5 • Issue 1
For the period of
Dec 30, 2013-03 Jan, 2014

The findings of this brief reflect the opinions of the authors and not those of the African Development Bank, its Board of Directors or the countries they represent.

Mthuli Ncube
Chief Economist
& Vice President
ECON
m.ncube@afdb.org
+216 7110 2062

Charles Leyeka Lufumpa
Director
Statistics Department
ESTA
c.lufumpa@afdb.org
+216 7110 2175

Steve Kayizzi-Mugerwa
Director
Development Research
Department
EDRE
s.kayizzi-mugerwa@afdb.org
+216 7110 2205

Victor Murinde
Director
African Development
Institute
EADI
v.murinde@afdb.org
+ 216 7110 2072

Supervised by
Steve Kayizzi-Mugerwa and
Abebe Shimeles
a.shimeles@afdb.org
Tel.: +216 7110 2420
Manager - Research
Partnerships Division

Prepared by the following
staff :

Adeleke Oluwole Salami
a.salami@afdb.org
Tel.: +216 7110 2551

Gilbert Galibaka
g.galibaka@afdb.org
Tel.: +216 7110 1647

Dawit Birhanu
d.birhanu@afdb.org
Tel.: +216 7110 1725

Nesrine Ressaisi
n.nesrine@afdb.org
Tel.: +216 7110 1520

Key Points

- **Weekly theme: Gender and Asset Ownership: Recent Agriculture Development Interventions in Africa**
- **Investors pulled out an estimated US\$ 3.8 billion out of South Africa's stocks and bonds since Nov. 2013.**

Gender and Asset Ownership: Recent Agriculture Development Interventions in Africa

The path out of poverty in agrarian countries in Africa lies in their ability to provide equitable access to productive assets—land, credit, livestock, health and education to name a few. No less important is the duty of policymakers to examine gendered differences in the use, control and ownership of these same assets. Current estimates show that around 50 percent of economically active women in African countries earn their livelihoods in agriculture. Yet, in Africa women constitute a meager 15 percent of land use rights and 1 percent of land ownership. It is also estimated that women receive only 5 percent of agriculture extension services, and receive less than 10 percent of available credit ^[1].

It is now widely believed that increasing women's control over assets—specifically financial and physical assets such as land—has positive impacts on food security, child nutrition, education, and women's own well-being ^[2]. There is a growing body of evidence outlining gender disparities in asset ownership and use, typically favouring men over women and, furthermore, showing uneven effects on men's and women's assets from well intentioned agricultural development programs ^[3]. While in the past agriculture interventions paid no heed to these gendered difference in use and control of property, recent agriculture development interventions in many parts of Africa are doing a great deal to stem the tide.

For instance an impact evaluation of a two-year Enhanced-Homestead Food Production (E-HFP) program in Burkina Faso showed that men owned about 2.5 times as many agricultural assets as women at baseline in both intervention and control villages and the average number of agricultural assets increased between the baseline and end-line surveys in 2011 and 2012. Women in intervention villages had a statistically significant greater increase in the average number of agricultural assets owned than did women living in control villages. These changes resulted in a decrease in the ratio between men's and women's ownership of agricultural assets ^[4] in intervention villages (baseline = 2.6, end-line = 1.7), while the ratio stayed the same for those in control villages (baseline = 2.4, end-line = 2.4) ^[5].

In many parts of rural Africa, households depend on rain-fed agriculture. In these settings, irrigation can have a significant positive impact by putting more land under cultivation and reducing the vulnerability of households to climate variability. Several programs on the continent have earned recognition for using market based approaches to disseminate technologies such as motorized pumps and human power pumps to expand access to water throughout farming seasons. One such program by KickStart International in Kenya and Tanzania has provided small holder farmers with treadle and hand-operated pumps since the mid-2000s. Although women are among the beneficiary groups, until now very little was known about the extent to which women benefit from the irrigation technologies. A recent study examining sales data showed that between 2005 and 2013, while pump sales to women in Tanzania and Kenya was 6 percent and 18 percent respectively, households that adopted the pumps reported a general improvement in overall household well-being ^[6].

1. Margolis, A., and E., Buckingham (2013). Agriculture and Nutrition Global Learning and Evidence Exchange (AgN-GLEE), Joint USAID & SPRING conference, Guatemala City, Guatemala from March 5-7, 2013.
2. Quisumbing A. R. (2003); Smith et al. (2003); World Bank (2001).
3. Quisumbing, A., R. Meinzen-Dick, J. Njuki, and N. Johnson (2013). Learning from Eight Agricultural Development Interventions in Africa and South Asia. International Food Policy research Institute, Gender Agriculture & Assets Project.
4. Asset ownership refers to changes in the amount and value of household durables, small animals, and large livestock held by men and women between the baseline and end-line.
5. van den Bold, Mara et. al. (2013). Can Integrated Agriculture-Nutrition Programs Change Gender Norms on Land and Asset Ownership? Evidence from Burkina Faso, International Food policy Research Institute, IFPRI Discussion Paper 01315.
6. de Brauw, A., P. Eozenou, D. Gilligan, N. Kumar, and J. V. Meenakshi. 2012. "Biofortification, Crop Adoption and Health Information: Impact Pathways in Mozambique and Uganda." Unpublished, International Food Policy Research Institute, Washington, DC.



Across the two countries, participants saw significant reduction in time spent carrying water and enjoyed higher incomes. The low uptake by women was, particularly, ascribed to three main factors: lack of awareness, lack of financial resources to purchase pumps, and cultural norms that limit women's ownership of assets. Many were unaware of the benefits of the pumps since women in these rural areas tend to be less educated and have less access to information. Women also tend to hold fewer financial resources to purchase pumps whose prices are determined by market fundamentals^[7]. The relevance of the socio-cultural context of interventions is highlighted by women's low preference towards leg-operated pumps.

As of 2012, at least 20 countries in Africa had recognized customary land rights and gender equity – the number has doubled in 2012. However, only very few agriculture interventions have proved promising in providing gender equity in land use and ownership. A recent study shows that elements of Ethiopia's land certification process could serve as a model for other African countries to quickly scale up implementation of land legislation, the innovative provisions of which have thus far been largely ineffective^[8]. The study shows that Ethiopia has achieved comparatively gender-equitable levels of landownership as a result of recent government land policies—specifically, community land registration programs that provide for joint registration. In 2005, the proportion of land registered to women and men were approximately 11 percent, and 36 percent, respectively. The same proportions in 2011 were 23 percent and 54 percent, respectively, indicating a decline in female to male ratio of ownership from 3.3 to 2.3. At the opposite end, the percentage of land managed by men and women in Niger stood at 93 percent and 7 percent, respectively.

The review of sample interventions demonstrate that agricultural projects can improve women's asset ownership and control and can alter perceptions of and opinions about gender norms. These changes could have longer-term positive impacts on food security, child nutrition, education, and women's own well-being. At the same time, the studies clearly show the need to acknowledge cultural norms when designing interventions geared toward bridging gendered inequities.

-
7. KickStart's basic premise was that the provision of technology alone will encourage its use irrespective of gender considerations. This approach, inadvertently, ignored the gender differentiation in financial assets.
 8. Deininger, Klaus, Daniel Ayalew, Stein Holden, and Jaap Zevenbergen (2007). Rural land certification in Ethiopia: Process, initial impact, and implications for other African countries. International Society for New Institutional Economics 2007, Reykjavik.

Stock Markets

Global Markets

Global financial markets closed the week with mixed performance. A report published by the US Institute for Supply Management (ISM), showed that manufacturing activity fell slightly. The PMI index for the U.S. manufacturing declined to 57.0 from 57.3 in November. Contrastingly, the construction sector in the UK grew for the eighth consecutive month in December 2013-rising to a six year high. The PMI index for the UK remained high at 62.1 in December compared to 62.6 in November. The DJIA and the FTSE-100 contracted by 0.1 percent and 0.7 percent, respectively, while the Nikkei 225 edged up 0.69 percent.

African Markets

African markets closed the week stronger. Nigeria's All Share Index (NGSE) firmed 3.0 percent largely driven by gains in financial services. The financial services sector continued to dominate the activity chart through the first week of 2014 recording 241 million in traded shares valued at N2.4 billion in 3129 deals – the highest level in the third quarter. South Africa's composite index (JASH:IND) edged up by 1.0 percent boosted by mining shares benefiting from a weaker rand. A weaker Rand is expected to further support mining stocks and rand hedge stocks in 2014 with a significant expected rebound in the US dollar.

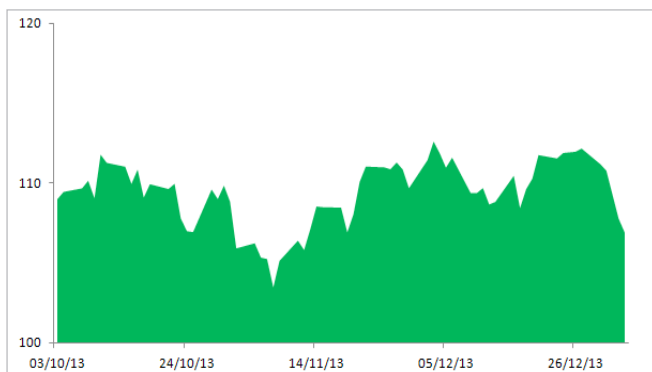


Commodity Markets

Crude (Brent): Oil prices slipped 4.7 percent as a result following news that Libya expects to restore output to 650,000 barrels a day within in coming weeks, from its current 300,000 to 350,000 barrels, subsequent to the restart of the Sharara field. Protests and the closure of ports due to civil conflict have reduced the OPEC member’s output to about a fifth of its capacity.

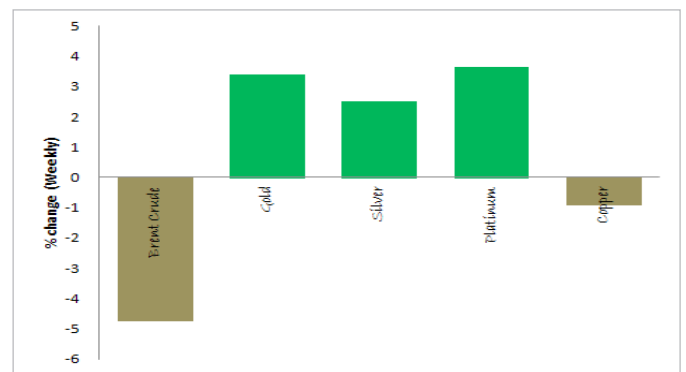
Gold & Silver: Gold and Silver edged higher (3.4 percent and 2.5 percent, respectively) gaining the most in three weeks on speculation that demand for bars and jewellery will increase in Asia. The premium for immediate delivery of gold in China was US\$23 and during the week, compared to an average of US\$16.21 in December and \$18.72 for 2014. In 2013, gold tumbled 28 percent, the most since 1981 and the first drop since 2000. Silver and Platinum had dropped 36 percent and 11 percent, respectively.

Figure 2: Price of Crude Oil



Source : Bloomberg (Nov. 2013)

Figure 3: Oil & Metals – Weekly price changes (%)

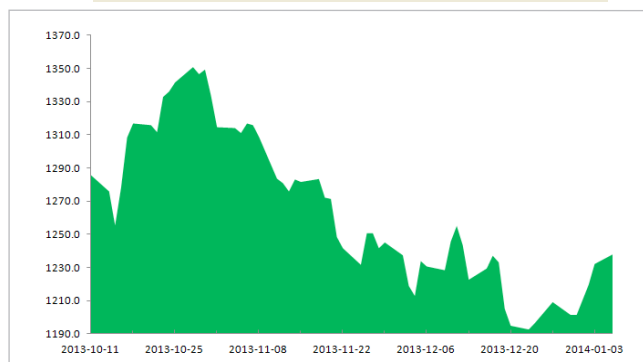


Cotton: Cotton futures dropped 2.0 percent under pressure from weak U.S. export sales data as high prices hurt demand and rebalancing of the most closely-followed commodities indexes. U.S. weekly cotton export sales were down 21 percent from the previous week at 68,100 bales (16,344 tons), showing that mill demand took a hit during the week. Brazil’s agriculture regulatory board (Conab) maintained expectations that farmers will boost cotton lint output by 25 percent to 1.63 million tonnes in 2013/14 adding to fears of oversupply and further decline in prices.

Coffee: Arabica coffee firmed up 1.9 percent on lower coffee harvest estimates for Brazil. Conab, the official Brazilian crop bureau, pegged output at 46.53m-50.15m bags, significantly lower than the 60m bag original estimates at the beginning of December. The price of Robusta slipped 5.1 percent due to increased supply from Vietnam above market expectations.

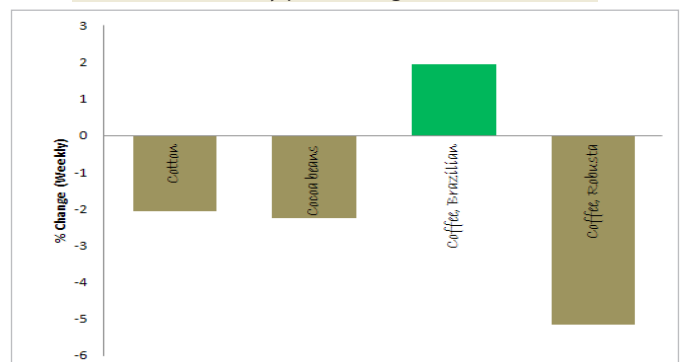
Cocoa: Cocoa bean stockpiles monitored by ICE futures U.S. are expected to see their first monthly gain since May and are reportedly at the highest level since mid-November. These expectations led to a contraction in cocoa prices by 2.2 percent: Despite the near-term boost from dry weather conditions in West Africa, cocoa supply in the longer term is expected to be tight with global demand expected to outpace supply by 70,000 metric tons in 2014.

Figure 4: Price of Gold (US\$/t.oz)



Source : Bloomberg (Nov. 2013)

Figure 5: Agricultural commodities Weekly price changes (%)



Currency Markets



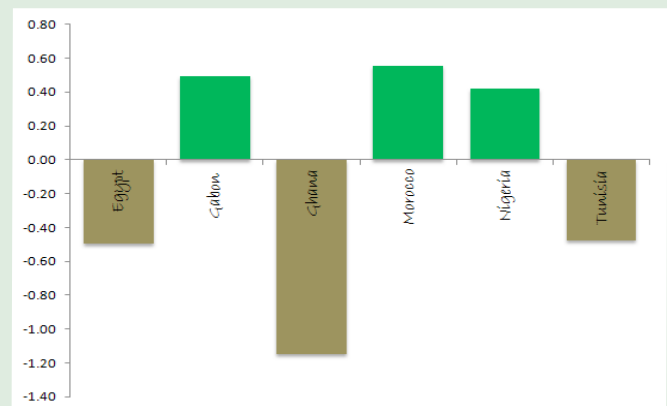
The Euro rose sharply against the US\$ following the decision by the ECB to lower the basic interest rate. ECB lowered its key interest rate by 0.25 percentage points to a record low of 0.25 percent per annum, stating concerns about an «extended period» of low inflation in the Euro-zone. The Euro was strengthened by robust industrial growth in peripheral Euro-zone countries.

Major African currencies fell against the greenback. The South African rand was 2.2 percent weaker than the US dollar following reported contraction in China's manufacturing industry. China's Purchasing Managers' Index fell to 50.5 in December from 50.8 during prior month. China is largest buyer of raw materials that are native to South Africa, which accounts for roughly 12 percent of South African exports. The rand is expected to remain vulnerable in 2014 due to short-term volatility in portfolio flows. The Kenyan Shilling weakened 2 percent against the greenback due to robust demand from the manufacturing and energy sectors. Analysis of 14-day and 50-day weighted moving averages suggest further weakening in coming weeks. The Shilling has shed about 0.4 against the US\$ since the start of 2014.

Sovereign Debt Issues in Africa

African yield spreads exhibited mixed signs. Large external and fiscal deficits in South Africa continue to put upward pressure on bond yields. The yield on the 2026 government bond inched up 10 basis points to 8.3 percent while that on the 2015 paper was up 12.5 basis points at 6.2 percent. Yields on Nigerian government bonds were mixed. The 10-year benchmark bond, which is listed in the JP Morgan emerging market government bond index (GBI-EM), closed flat at 13.01 percent. The 20-year bond yield rose marginally to 13.6 percent on from 13.49 percent in the previous week.

Figure 6: Weekly % Changes of Selected African Yield Spreads



Source : AfDB (Jan, 2014)

Food Security: Round-ups

Central Africa Republic: Latest statistics compiled by the Commission movement de population, shows that there are some 902,000 internally displaced people (IDPs) in the Central African Republic (CAR) with 478,383 IDPs in Bangui. While most of the IDPs in the capital are spread across 70 sites, some 77,000 that have fled conflict are living with host families.

Development Partnerships

African Development Bank: The African Development Bank (AfDB) has approved a US\$17.52 million emergency power infrastructure rehabilitation project phase II (EPIRP II) aimed at providing reliable electricity in Zimbabwe. EPIRP II involves electricity supply to critical social infrastructure facilities and to the inhabitants of seven targeted areas of Zimbabwe. Utilised installed capacity will rise from 1237 MW in 2013 to 1960 MW by 2016.



Countries in Focus

Africa: Tighter global financing conditions, and declining commodity prices could weaken growth prospects for 2014. The tapering of asset purchases by the Federal Reserve is expected to lead to a rise in base interest rates and spreads limiting the options for deficit financing. The MSCI African Frontier Markets Index, a broad gauge of performance of 8 African countries (Botswana, Kenya, Ghana, Mauritius, Morocco, Nigeria, Tunisia and Zimbabwe) is up 24 percent year-to-date, its performance over Q3 2013 (2.9 percent) has been sub-par compared to FM Asia Index or FM Latin America Index that grew at 4.2 percent and 5.3 percent, respectively.

Egypt: Egypt's headline inflation rose 12.5 percent on an annual basis in December, dipping from November's three-year record high at 14.2 percent. Headline inflation declined 1.3 percent month-to-month in December due to a drop in the prices of vegetables and fruits. Many emerging market currencies dropped significantly against the U.S. dollar in 2013 including South Africa's rand.

Updates on African Economic Indicators

Nigeria: Nigeria's inflation rate increased for a second consecutive month to 8 percent in December from 7.9 percent in November boosted by rise in non-food costs. Further price pressure is expected as the government raises spending in the lead up to elections in 2015. The Central Bank is planning on narrow its inflation target range to 6-9 percent in 2014.

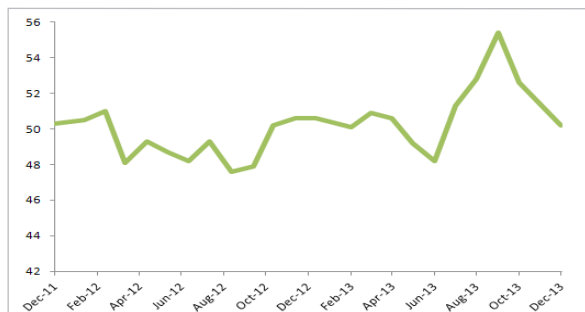
Kenya: Kenya's economy grew by 4.4 percent between June and September which is slightly lower than 4.5 percent recorded in the last quarter of 2012. Seasonally adjusted growth, which tracks performance in consecutive quarters indicate that the third quarter grew by 1.6 percent compared to a growth of 0.8 percent in Q2 of 2012. Inflation edged upward to an average of 6.99 percent in the third quarter of 2013 from an average of 6.38 percent experienced during the same period in the previous year.

Tanzania: In its latest report the Bank of Tanzania indicated monetary growth in Q3 2013 could trigger a rise in inflation in coming month. According to the report, broad money supply (M3) grew at 14 percent compared to 96 percent in the same period in the previous year.

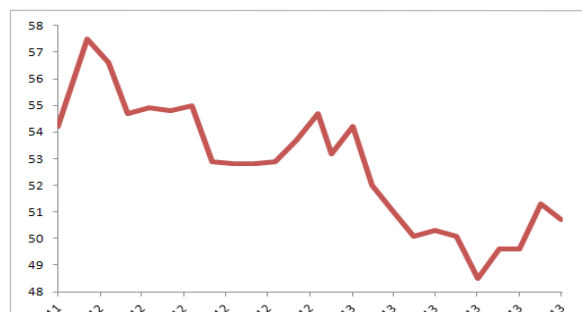
South Africa: Recent reports showed that the rand fell nearly 25 percent against the dollar in 2013 as investors fled South Africa and its emerging-market peers in anticipation of an eventual winding down of the US Federal Reserve's stimulus efforts. Investors have pulled US\$3.8 billion out of South Africa's stocks and bonds since the beginning of November, and the country's current account deficit, a broad measure of its trade balance has grown to 6.8 percent of gross domestic product in Q3 2013.

Global Economic Leading Indicators

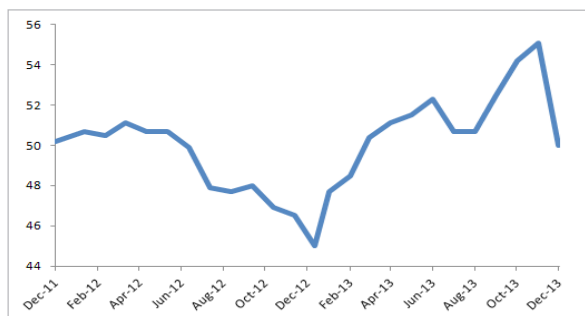
Chinese Purchasing Managers' Index (PMI)



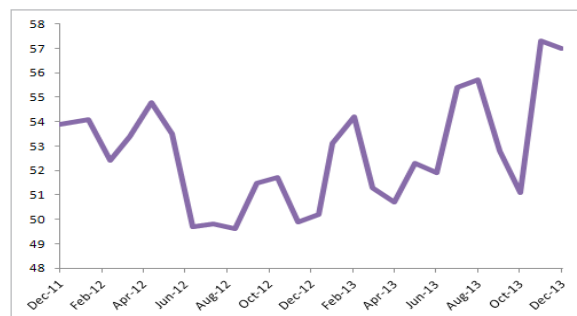
India Purchasing Managers' Index (PMI)



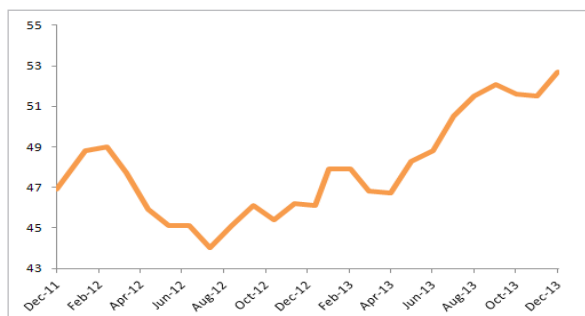
Japan Purchasing Managers' Index (PMI)



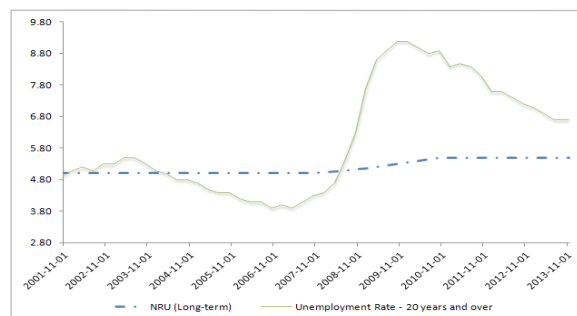
USA Purchasing Managers' Index (PMI)



Eurozone Purchasing Managers' Index (PMI)



US Unemployment Rate



Source: Markit and US, Institute of Supply Management. 2014

Reference:

1. AfDB Statistics Department (2014) - Weekly Financial Market Data
2. de Brauw, A., P. Eozenou, D. Gilligan, N. Kumar, and J. V. Meenakshi. 2012. "Biofortification, Crop Adoption and Health Information: Impact Pathways in Mozambique and Uganda." Unpublished, International Food Policy Research Institute, Washington, DC.
3. Deininger, Klaus, Daniel Ayalew, Stein Holden, and Jaap Zevenbergen (2007). Rural land certification in Ethiopia: Process, initial impact, and implications for other African countries. International Society for New Institutional Economics 2007, Reykjavik
4. Quisumbing, A., R. Meinzen-Dick, J. Njuki, and N. Johnson (2013). Learning from Eight Agricultural Development Interventions in Africa and South Asia. International Food Policy research Institute, Gender Agriculture & Assets Project.
5. Margolis, A., and E., Buckingham (2013). Agriculture and Nutrition Global Learning and Evidence Exchange (AgN-GLEE), Joint USAID & SPRING conference, Guatemala City, Guatemala from March 5-7, 2013.
6. van den Bold, Mara et al. (2013). Can Integrated Agriculture-Nutrition Programs Change Gender Norms on Land and Asset Ownership? Evidence from Burkina Faso, International Food policy Research Institute, IFPRI Discussion Paper 01315.
7. Wall Street Journal - Weekly Market Watch.



Appendix Table 1: Stock Market Movements – Week ending 03 December 2013

Region/Country	Index Code	Benchmark (31/07/2008)	Value at end of last 2 Weeks (12/20/2013)	Value at end of last Week (12/27/2013)	Value at end of current Week (01/03/2014)	Market Capitalization (USD, million) (01-03-2014)	Weekly % change (01-03-2014)		
							Week under review	Previous week	
Côte d'Ivoire	BRVM CI	242.54	225.10	225.98	230.29	10,014.38 ▲	1.91 ▲	0.39	
Egypt	CASE30	9,251.19	6,604.65	6,812.51	6811.3	10,257.12 ▼	-0.02 ▲	3.15	
Ghana	GSE	10,650.70	2,130.87	2,128.45	2,126.34	24,688.31 ▼	-0.10 ▼	-0.11	
Kenya	NSE 20	4,868.27	4,913.55	4,886.52	4,901.12	1,752.99 ▲	0.30 ▼	-0.55	
Mauritius	SEMDEX	1,735.77	2,066.80	2,090.85	2110.37	6,567.02 ▲	0.93 ▲	1.16	
Morocco	MASI	14,134.70	9,315.57	9,209.80	9154.17	12,274.31 ▼	-0.60 ▼	-1.14	
Nigeria	NGSE	52,916.66	38,831.59	40,231.68	41450.48	73,968.87 ▲	3.03 ▲	3.61	
South Africa	JALSH	27,552.65	43,185.73	45,735.26	46206.09	836,851.04 ▲	1.03 ▲	5.90	
Tunisia	TUNINDEX	3,036.87	4,424.08	4,382.39	4384.9	2,423.16 ▲	0.06 ▼	-0.94	
Uganda	USE	1,032.11	1,520.53	1,510.09	1520.88	8,650.84 ▲	0.71 ▼	-0.69	
Others									
USA	DJ Index	11,378.02	15,755.36	16,478.41	16469.99	4,662,646.00 ▼	-0.05 ▲	4.59	
France	CAC40	4,392.36	4,059.71	4,277.65	4247.65	1,128,596.55 ▼	-0.70 ▲	5.37	
Japan	N225	13,376.81	15,403.11	16,178.94	16,291.31	2,897,146.71 ▲	0.69 ▲	5.04	

Source: Bloomberg. * value at end of 04/01/2014

Appendix Table 2 : Exchange Rate Movements – Week ending 03 January 2013

Region/Country	Currency Code	Benchmark (31/07/2008)	Value at end of last 2 Weeks (12/20/2013)	Value at end of last Week (12/27/2013)	Value at end of current Week (01/03/2014)	Weekly % change (01-03-2014)		
						Week under review	Previous week	
Algeria	DZD	63.0	78.80	78.84	78.80	▲	0.05 ▼	-0.05
Angola	AON	75.2	97.85	97.85	97.85	▲	0.00 ▼	0.00
Botswana	BWP	6.5	8.91	8.81	8.91	▼	-1.14 ▲	1.16
Burundi	BIF	1,191.5	1,566.77	1,559.66	1,566.77	▼	-0.45 ▲	0.46
Cape Verde	CVE	71.8	80.46	80.88	80.46	▲	0.52 ▼	-0.52
Comoros	KMF	316.9	360.80	360.20	360.80	▼	-0.17 ▲	0.17
Congo, Dem. Rep. of	CDF	437.0	956.39	957.00	956.39	▲	0.06 ▼	-0.06
Egypt	EGP	5.4	6.97	6.93	6.97	▼	-0.57 ▲	0.58
Ethiopia	ETB	10.0	19.30	19.30	19.30	▲	0.00 ▲	0.00
Gambia, The	GMD	21.5	38.59	38.50	38.59	▼	-0.23 ▲	0.23
Ghana	GHS	1.2	2.36	2.37	2.36	▲	0.59 ▼	-0.59
Guinea	GNF	4,653.6	7,099.50	7,096.05	7,099.49	▼	-0.05 ▲	0.05
Kenya	KES	68.7	87.93	86.14	87.93	▼	-2.04 ▲	2.08
Liberia	LRD	64.0	81.95	81.95	81.95	▲	0.00 ▲	0.00
Libya	LYD	1.2	1.26	1.26	1.26	▲	0.29 ▼	-0.36
Madagascar	MGA	1,612.9	2,273.62	2,299.40	2,273.62	▲	1.13 ▼	-1.12
Malawi	MWK	144.0	435.32	455.09	435.32	▲	4.54 ▼	-4.34
Mauritania	MRO	234.5	295.52	294.32	295.52	▼	-0.41 ▲	0.41
Mauritius	MUR	27.6	31.34	31.42	31.35	▲	0.24 ▼	-0.25
Nigeria	NGN	118.9	161.06	160.69	161.06	▼	-0.23 ▲	0.23
Rwanda	RWF	556.5	693.31	695.02	693.31	▲	0.25 ▼	-0.25
São Tomé & Príncipe	STD	14,773.4	17,969.30	18,053.20	17,969.30	▲	0.47 ▼	-0.46
Seychelles	SCR	8.0	12.79	12.76	12.80	▼	-0.32 ▲	0.26
Sierra Leone	SLL	2,997.7	4,388.00	4,390.00	4,388.00	▲	0.05 ▼	-0.05
Somalia	SOS	1,450.9	1,170.59	1,170.59	1,170.59	▲	0.00 ▲	0.00
South Africa	ZAR	7.4	10.59	10.36	10.59	▼	-2.17 ▲	2.22
Sudan	SDG	2.1	5.74	5.73	5.74	▼	-0.17 ▲	0.24
Tanzania	TZS	1,187.6	1,624.56	1,599.00	1,624.50	▼	-1.57 ▲	1.60
Tunisia	TND	1.2	1.65	1.66	1.66	▼	-0.05 ▼	-0.34
Uganda	UGX	1,671.0	2,563.18	2,536.60	2,563.18	▼	-1.04 ▲	1.05
Zambia	ZMK	3,588.9	5,328.90	5,328.90	5,328.90	▲	0.00 ▲	0.00
CFA zone Countries*	XOF	429.2	478.27	479.09	478.27	▲	0.17 ▼	-0.17
Others								
Europe	EUR	0.64	0.73	0.73	0.72	▲	1.39 ▼	-0.14
Japan	JPY	108.1	105.18	104.70	105.18	▼	-0.46 ▲	0.46

Source : ADB Statistics Department, January 2014.

* in the interbank currency market.