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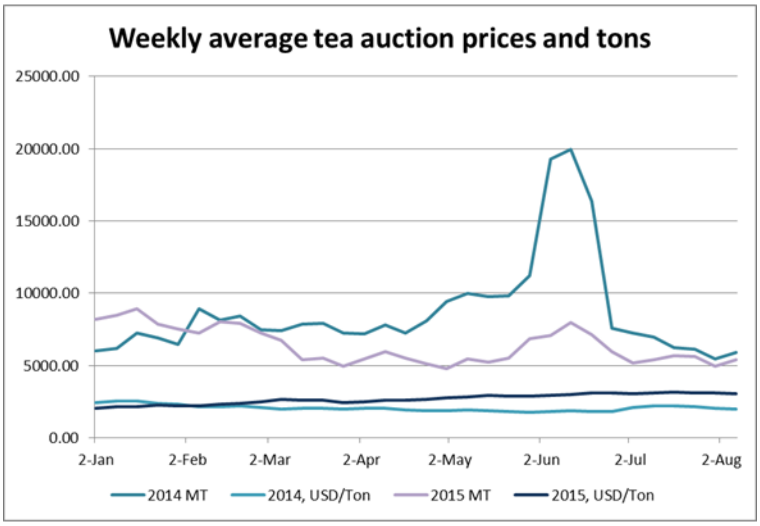
Kenya



Agriculture accounts for more than half of Kenya's GDP. Over the last year the Kenyan Shilling has gradually depreciated against the US dollar. This depreciation could drive a higher inflation in the long term, however in August, inflation slowed down to 5.84% from 6.62% in July as a result of the decrease in food prices. As a result of unfavourable weather, the yields of maize and wheat were lower year on year in the food basket of the Rift Valley. In October El Niño rains are expected to occur which could negatively affect the maize crops. The last El Niño phenomenon to hit the country was experienced in 1997/1998.

In the coming weeks the Nairobi Securities Exchange intends to set up a futures market for grains. PXAfrica Ltd which is a subsidiary of PanXchange, Inc. recently went live with an online platform for local grain trading of wheat and maize; they have attracted 20 users to date which represent 35% of the Kenyan grain market.

The African Agricultural Technology Foundation and the Kenya Agriculture and Livestock Research Organisation have submitted an application for the release of GMO maize that has been on trial for commercial production after the 3 year ban in 2012. The lifting of the ban on GMO's will potential lead to increased yields.

A potential worry to numerous Kenyan producers is the outbreak of African Swine Fever in southern Kenya at the beginning of September. Local production could then decrease. This is the first reported outbreak since 2012.

For the 2013/14 year, 850 000 60kg bags of Arabica coffee was produced. Production in the 2014/15 season is expected to be higher and prices have remained high in comparison to previous years. As Brazil's Coffee harvest comes into the market, coffee prices are expected to move sideways to downwards. Colombia is also expected to put pressure on prices as they have realised the their best harvest in 20 years. Colombia is the second largest exporter of Arabica coffee. Domestically the Kenyan consumers prefer tea to coffee however this trend is shifting. Kenya's tea prices have been dropping over the last few months and tea production in Kenya was nearly 18% lower year on year in the first half of 2015 as a result of adverse weather conditions.

Possible new levies on shipping containers that could earn the country nearly Sh60 billion was recently announced by the Mombasa County Government. The national government and Kenyan ports authority are opposing this levy because the speed of clearance could decrease, port users will pay double tax. The Tanzanian harbour that is expanding on a multi-billion shilling plan will gain a competitive advantage on Mombasa's port as a result. It was recently published that the Chinese-financed railway track linking the port in Mombasa and Nairobi will be running by June 2017. This track is intended to replace the current track in order to improve trade and reduce transport costs. Ultimately this track will be extended to Uganda and other land-locked countries. As phase 1 of the Eastern Africa Agricultural Productivity Project (EAAPP) successfully comes to an end this year, Kenya along with Ethiopia, Uganda and Tanzania have appealed to the World Bank for an extension for phase 2. The EAAPP project was a 5 year project that started in 2010 focusing on wheat, dairy industry, rice, research and cassava sub-sectors.

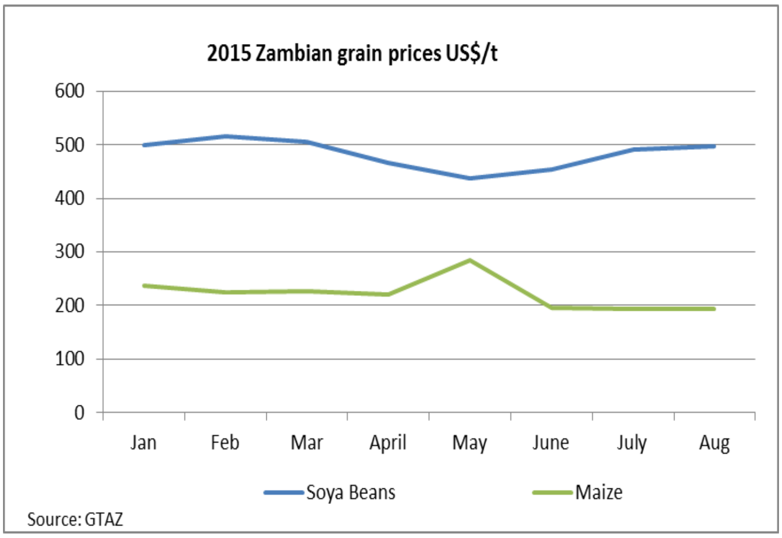
Uganda

Agriculture employs 80% of the total population and nearly 48.7% of the country's population is under the age of 15 years. Uganda has the world's 2nd youngest population after Niger. The Ugandan shilling has depreciated by nearly 24% this year, however over the last month it remained stable as a result of the central bank's aggressive tightening of the monetary policy. The Bank of Uganda has increased its policy rate to 16% this year through the addition of 500 basis points. Ranked according to value, Uganda's third largest agricultural export commodity is tea. This sector has performed below normal as a result of the poor coordination of activities. Only 14% (28,000 hectares) of the hectares suitable for tea production is currently utilised by small holder and estate owners. On average 93% of tea products are exported while the remaining portion is consumed domestically. Tea farmers are currently taking stain as prices are low. Main season harvests in Karamoja are anticipated to begin in September which is three months later than normal.

Angola

The low international oil prices have had a severe impact on the economies of the main oil producing countries in Africa, namely Nigeria, Angola and Algeria. In order to reduce their exposure to the volatile oil market new sugar projects are being initiated in Angola. The expansion into the sugar industry will also diversify Angola's economy away from the low oil price industry. Oil currently constitutes 90% of Angola's exports and 50% of the GDP. This expansion into the sugar industry will gradually reduce Angola's dependence on imports from Zambia.

Zambia



Zambia has seen increases in sugar production in the last decade, mainly driven by a growing demand. For 2014/15, production should increase marginally, in spite of the move by the government to reduce fertilizer subsidies in recent months. The long term outlook for Zambian sugar production is positive as the government plans to develop ethanol production, a move which would encourage the production of sugar. Zambia has become an important regional maize exporter, as local production has gradually increased. Prices have been supported by the high demand from neighbouring countrie namely Zimbabwe and Malawi and should continue to support prices through to December. The possibilities of an ongoing El Nino event through 2015/16, which is generally associated with below-average rainfall in southern Zambia, could increase the likelihood of negative effects on planting and early crop performance.

Zimbabwe

Over the last three years farmers have moved away from the traditional crops such as maize and cotton to the renewed tobacco industry which is the biggest foreign exchange earner. However due to the dry conditions and limited skills and knowledge on the tobacco industry, farmers have incurred severe losses this year. Zimbabwe is expected to export over $600 million worth of tobacco this year, which is significantly lower than last year's levels as a result of lower production due to unfavourable weather conditions. This has caused the country to miss its 220 million kg tobacco target for this year. China remained the country's biggest buyer of Tobacco.

An outbreak of foot and mouth disease (FMD) has been confirmed in Zimbabwe, this has led to a ban on cattle movements in the southern part of the country near the South African border. Analysts have indicated that conditions following a drought meant cattle had to move long distances in search of water and pasture, which made it difficult to control the disease. This will risk the countries' efforts to revive beef exports to the European Union (EU), which was suspended in 2001 after an outbreak of FMD bringing about trade restrictions.