Monthly Developments in the African Macroeconomic Environment

Afreximbank Research

June 2024

African Export-Import Bank
Banque Africaine D'Import-Export

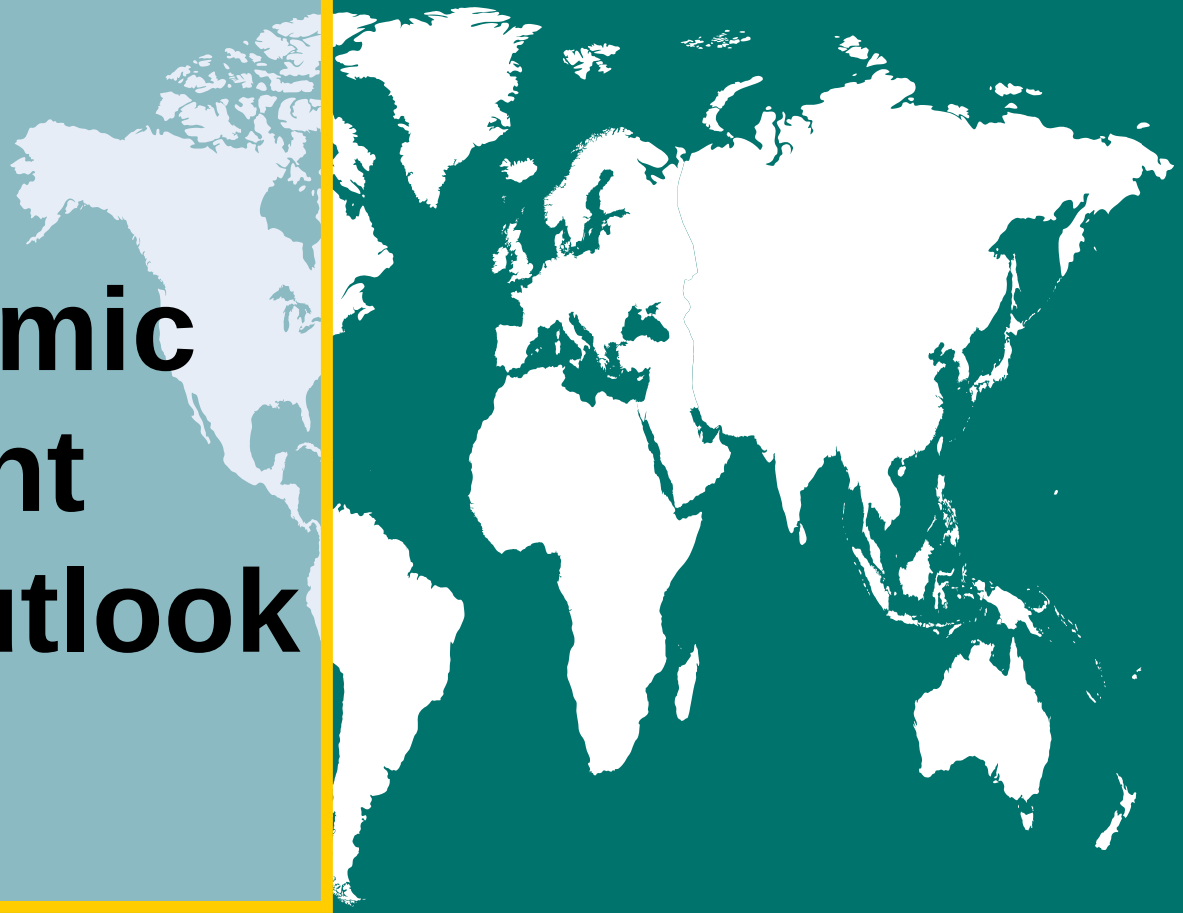
Transforming Africa's Trade

Outline

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01

Global Macroeconomic Environment: Recent Developments & Outlook



Global Macroeconomic Environment: Recent Developments

Sticky inflation: mixed news

Slight easing in the US, less than expected in the UK, no change in the Eurozone, slower growth in Japan, and a slight increase in China.

Tight credit conditions, but improving

Credit conditions are tight due to high inflation in developed economies. Most central banks, like the Fed and ECB, are holding rates to assess inflation before considering a cut.

Global growth remains sluggish

Stabilizing and expanding despite high interest rates and geopolitical risks, led by the strong US economy. Other regions are less dynamic but not in a downturn. Global PMI data shows a slight leveling off in growth.



Geopolitical fragmentation is accelerating in 2024

Ukraine, Russia, Middle East conflicts, US-China, and US elections.
Geopolitical risks will lead to economic fragmentation, policy divergence, and supply chain elongation.

Death of an Iranian president

Any new Tehran government will likely prioritize engagement with Africa due to Iran's strategic foothold there, following recent Houthi militant attacks on shipping in the Red Sea disrupting supply chains.

US elections looming

Confirmed Trump vs. Biden rematch. Policy implications are crucial for sectors, with no one-party sweep likely.

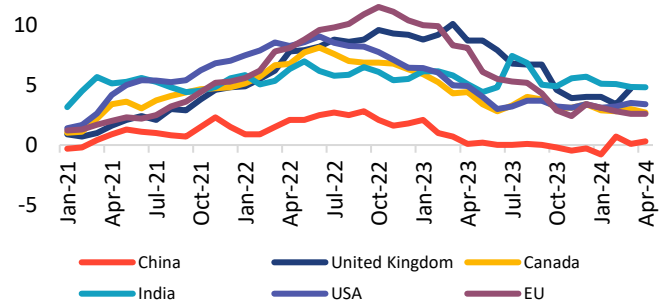
Bullish commodity/precious metals markets

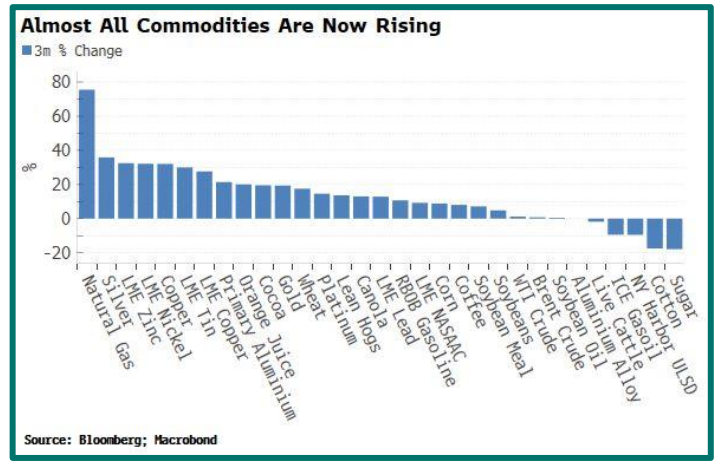
Cocoa prices decreased but remained high, coffee futures surged but stabilized, gold prices hit all-time highs, copper is rallying, and silver reached an 11-year high. Crude oil prices are expected to average over $80 per barrel in 2024-25.

Adverse climatic conditions

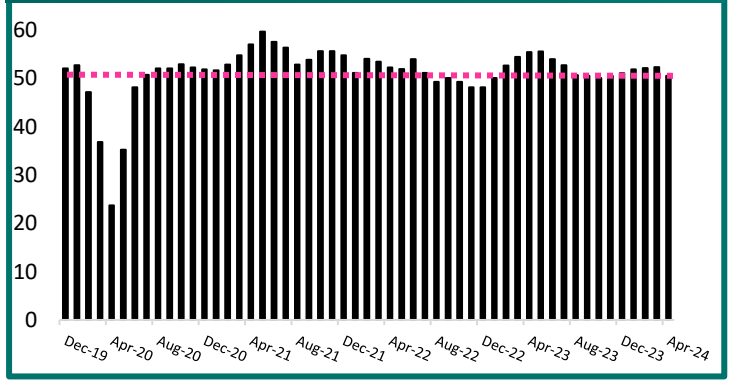
Adverse conditions caused by El-Nino and La Nina causing flood, drought and heatwaves have continued to affect food and water security, and Africa and the Middle East have been particularly vulnerable.

Inflation in major economies





JP Morgan global PMI slowing in 2024



Source: Trading Economics, Central Banks

Snapshot of Major Global Economies

United States

- **Declining growth momentum.** The U.S. economic growth in Q1 2024 was weaker than expected, coming in at 1.6% compared to the anticipated 2.4%. This marked a decrease from the 3.4% growth seen in Q4 2023. The decline was attributed to a drop in business inventories, reduced government purchases, and the adverse effect of increased imports on GDP.
- **Sticky but cooling inflation.** In April 2024, the annual inflation rate in the US eased to 3.4% from 3.5% in March in line with market forecasts. The US inflation problem is linked to the tight labor market producing huge wage gains. Feds may keep the rate unchanged for longer, but slower growth suggests it might still be this year.

United Kingdom

- **Upside growth momentum**. First-quarter real GDP growth exceeded expectations, and the United Kingdom's composite PMI reached a 12-month high, surpassing other major developed economies and confirming the end of the brief recession seen late last year.
- **Stronger than anticipated inflation.** There was stronger-than-expected inflation in the UK. In April, UK consumer prices rose by 2.3% in annual terms.

Europe

- **Faster growth in the Eurozone.** The Eurozone economy grew in Q1 2024 after a prolonged period of stagnation. Real GDP was up 0.3% from the previous quarter, marking its strongest growth since the third quarter of 2022. PMI struck an 11-month high, signaling a gathering recovery from the malaise seen late last year.
- On a quarter-to-quarter basis, real GDP grew by 0.2% in Germany and France, 0.3% in Italy, and 0.7% in Spain. The most notable sharp rebound was recorded in Germany, whose real GDP declined by 0.5% in the previous quarter. Germany's Q1 2024 rebound was attributed to strong business investment and exports.

Japan

- **Continued momentum.** Japan's economic recovery has also improved, as indicated by the au Jibun Bank PMI reaching an eight-month high.
- **Rising CPI trend.** Japan's inflation numbers are in focus due to increased cost pressures and a potential rate hike expectation.

China- Not business as usual

China recorded a **faster-than-expected** growth of 5.3% in Q1 2024, while its industrial production increased in March. Chinese exports climbed by 1.5% in April after initially crashing by 7.5% year-on-year in March. This gain was driven by demand for automobiles and other high-tech products offset by weak demand for steel and apparel. Due to increased demand for AI-related equipment, Chinese imports were up 8.4% in April.

However, the **economic climate remains gloomy**. Deflation lurks amid depressed consumer spending and weak, cautious investments. The prevailing conditions will hurt cash-strapped local governments that depend on land sales and the growth of the real estate sector.

The **cornerstone of China's decades-long growth miracle seems to be wobbling** as its workforce shrinks (forecast to lose 20% by 2050) and the property sector (20% of its GDP) shifts from a boom to a bust. Labor shortages are occurring in the manufacturing sector, and a significant portion of migrant workers in urban areas are over 50 years old.

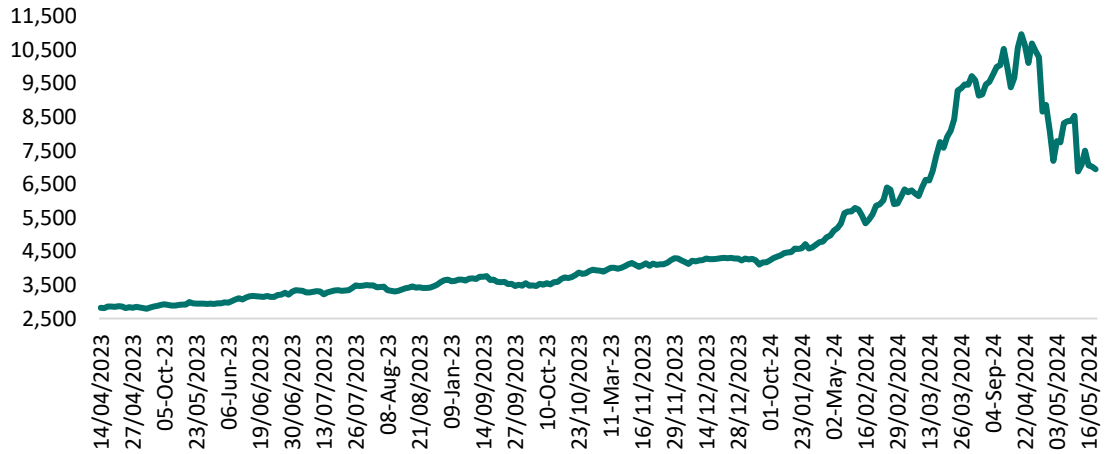
The **free trade** on which its growth miracle rode is also being **disintegrated amidst deglobalization** and decoupling of the East and West.

Emerging global growth engine -India

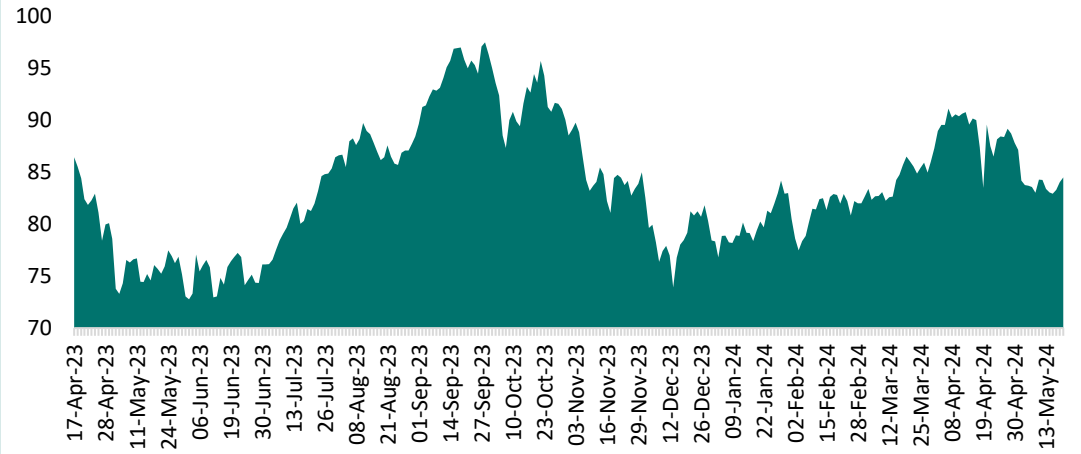
India may displace China as the global growth engine by 2028. With a population of about 1.4 billion people, India's economy continues to record an influx of foreign investment and a stock market boom as the rivalry between China and the West continues to shift trade away from the former. India has seen increasing trade deals with governments.

Mostly bullish commodity markets

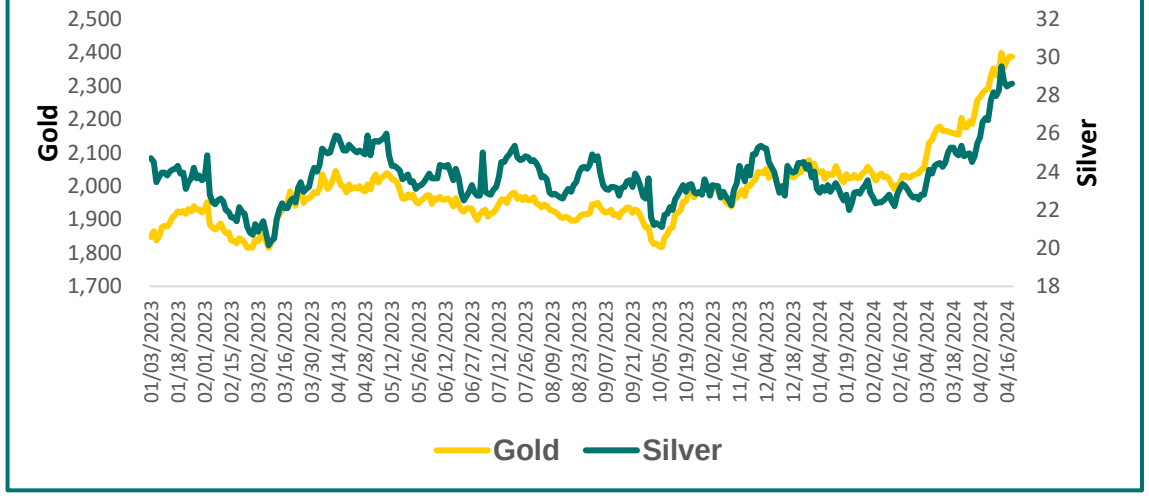
Cocoa Price (US$/tonne)



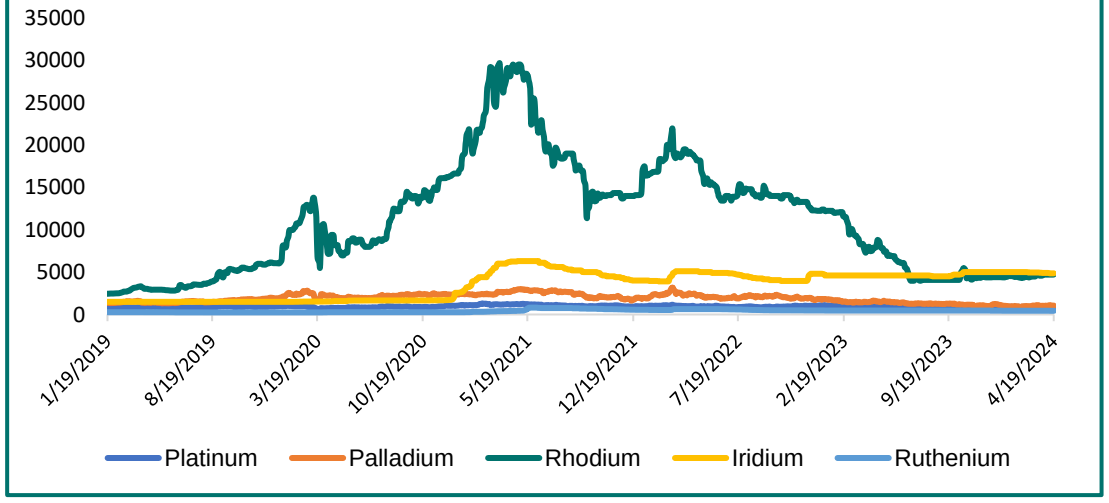
Crude Oil Price (US$/barrel)



Gold and Silver (US$/troy ounce)

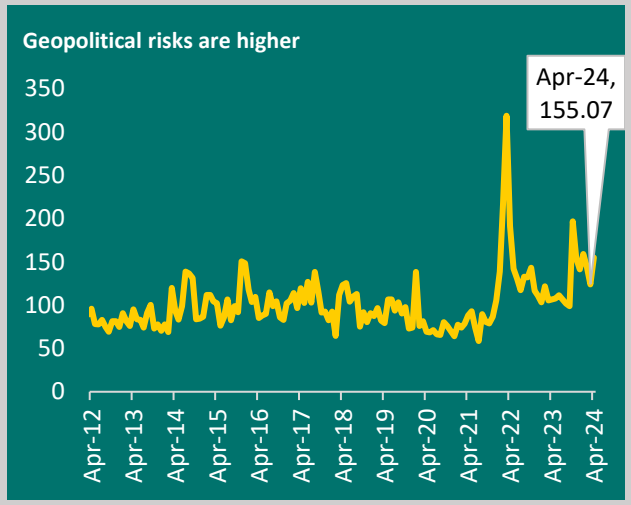


Platinum Group Metals Prices (US$/troy oz)

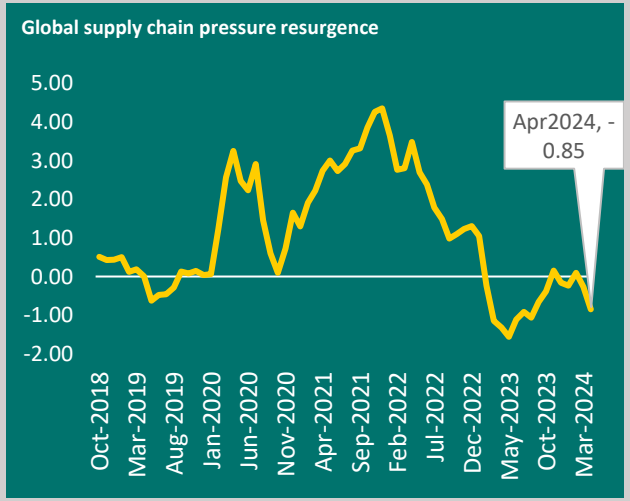


Source: OPEC, International Cocoa Organisation, Johnson Matthey

Outlook for 2024



Source: Federal Reserve Board



Source: Federal Reserve Board, New York

Growth

Growth is expected to remain steady at 3.2% in 2024 and 2025, from 3.5% in 2023. Advanced economies are expected to improve, and developing economies are expected to stabilize or decelerate in 2024.

Inflation

Inflation is forecast to decline steadily, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025. Core inflation is generally projected to decline more gradually.

Interest rate

Interest rates are unlikely to be cut until the second half of 2024. In fact, geopolitical tensions and a sustained increase in oil price raise the risk of a possible rate hike.

Geopolitical tensions

Heightened risks of escalation of geopolitical tensions that may drive oil prices higher.

Geopolitical risk continues to weigh on the global economy's outlook. Underlying geopolitical risks will lead to economic fragmentation, policy divergence, and supply-chain elongation.

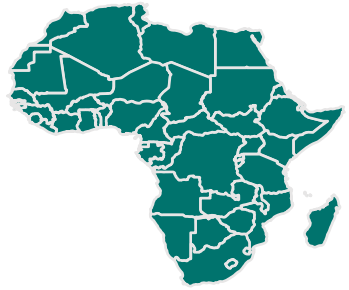
Also, the bullish run of most commodity prices complicates the anti-inflation efforts of monetary authorities, further derailing the prospects for rate cuts any time soon.

02

Recent Developments in the African Macroeconomic Environment



Snapshot of Key Events Shaping African Economies



Regional growth outlook

Growth forecast- 3.5%

IMF retained its initial growth forecast of 3.5% for the region in 2024, up from 3.2% in 2023. This outlook is predicated on a rebound in regional activity, as the supply side improves and the negative effects of past weather shocks decline.

Low cocoa output in Ivory Coast and Ghana

Cocoa beats the $10,000 mark

Cocoa prices moderated but remained historically high above $10,000 per tonne before retreating slightly, driven by shortages caused by poor cocoa harvests in Ivory Coast and Ghana that jointly account for close to 70% of world output. In New York, cocoa futures hit $10,080, more than twice the price two months ago.

Tight monetary policy stance in Q2)

The central banks of several African countries, including South Africa, Kenya, Ghana, and Mauritius, have decided to keep interest rates unchanged at current levels from late March to early April. It is highly likely that there will be a continued tight monetary policy in the second quarter due to above-target inflation in several countries and currency depreciation adding to inflationary pressures. In recent monetary policy meetings, Botswana and Namibia kept their interest rates unchanged, while Angola increased theirs. Namibia is expected to start easing its monetary policy this year with a 50bps reduction to 7.25%.

Debt restructuring – wins and setbacks

Case of Zambia and Ghana

After more than 3 years of failed negotiations with Paris, Zambia sealed an agreement with its private creditors in late March to restructure its $3bn debt in Eurobonds.

However, Ghana failed to secure a debt deal with two bondholder groups in its push to restructure $13 billion of international bonds, a setback to its moves to avoid a debt default and economic crisis. The IMF cited debt sustainability parameters misalignment.

Benin-Niger pipeline. After China CNPC mediation, Benin lifted its ban on crude oil exports from Niger and agreed to a meeting to address pipeline project issues after the 2023 coup.

Political instability in DRC. M23 rebels captured a mining town, escalating tensions in the east. The army foiled a coup in Kinshasa and arrested several perpetrators, including foreigners, after a deadly shootout near a prominent politician's residence.

Critical mineral battle. Africa's next commodities boom will be driven by minerals for renewable energy instead of oil, with China having already secured much of the critical mineral supply.

Elections. In 2024, Africa saw crucial elections with Chad's interim leader winning the presidential election and Togo's ruling party securing a majority in the legislative election. Burkina and Mali are postponing elections after

Gulf Countries Join the Investment Scramble for Africa

UAE dominates Gulf Nations' Investments

The UAE, the fourth largest source of FDI to Africa with about $60bn in investment may soon challenge the EU, US and China because of higher investment in the region, including the recent Emirati Fund deal with Egypt valued at $35bn.

Target sectors:

- Infrastructure
- Energy
- Transport
- Logistics

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Leading Investment entities:

- **Energy:** Abu Dhabi Future Energy Company (Masdar), AMEA Power.
- **Sovereign wealth funds:** Abu Dhabi-based ADQ
- **Others:** Abu Dhabi Ports, Emirates Global Aluminium, Mudabala DP World

Saudi trails UAE in African Investments

Saudi is also intensifying efforts in Africa with commitments valued at $25bn and economic agreements

Target sectors:

- Energy
- Transport
- Health sectors

Strategic focus of investments:

- Green energy
- Counter-terrorism
- Climate change mitigation initiatives.

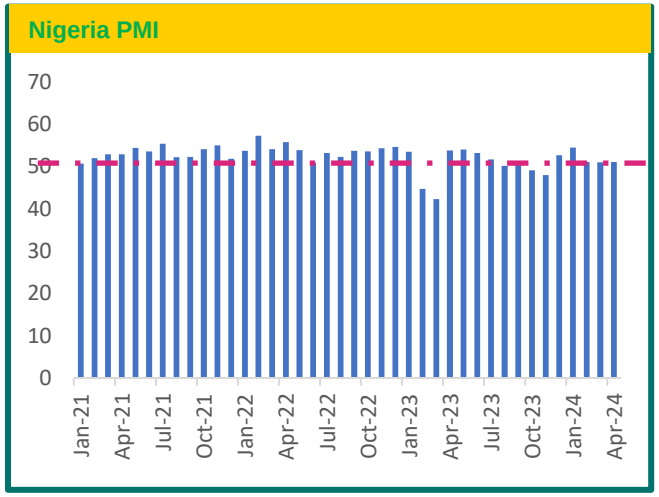
Leading Investment entities:

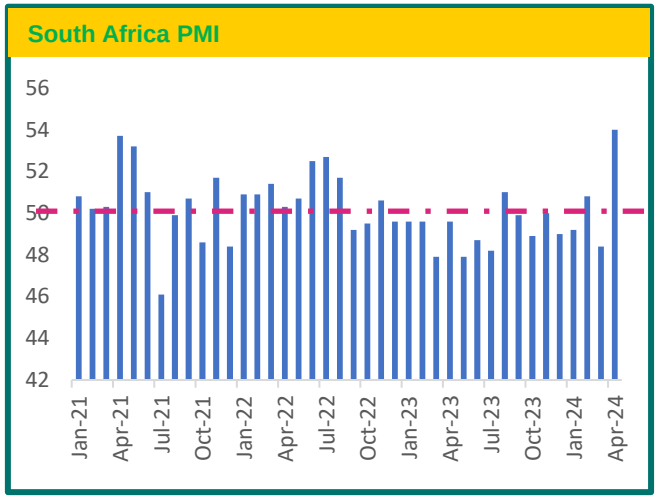
Saudi Public Investment Funds (PIF) created a new mining company that's currently assessing the potential of up to 45 mining sites across Africa. US/Saudi strategic collaboration in mining could see Saudi investments spread across DR Congo, Guinea and Namibia rise to $15bn

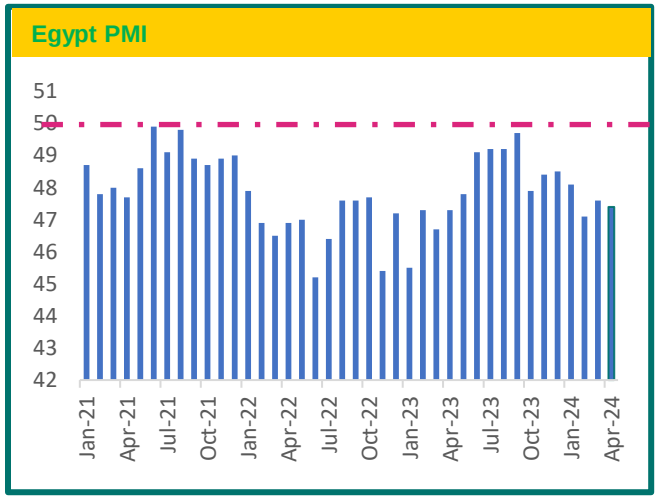
Qatar targets African Investments

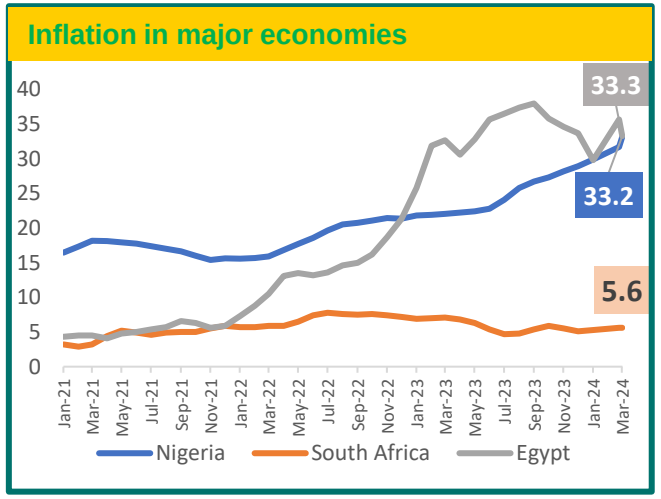
Qatar follows UAE and Saudi Arabia to become the third largest Gulf investor in Africa targeting aviation (Rwanda) and renewables (South Africa and Zambia)

Recent Ratings and Performance of Africa's Main Economies









Recently adjusted Moody's credit rating

Country	Previous		Latest	
	Rating	Outlook	Rating	Outlook
Egypt	Caa1	negative	Caa1	positive
Namibia	B1	stable	B1	positive
Niger	Caa2	negative	Caa3	stable
Tanzania	B2	positive	B1	stable
Tunisia	Caa2	negative	Caa2	stable

Source: Trading Economics, Central Banks, Stanbic IBTC, Moody's

Macroeconomic Performance of African Economies (1/2)

Country	GDP (%)		Inflation (%)		Interest rate (%)		Foreign reserves (US$, mn)		External Debt (US$, mn)	
	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Algeria	3.80	3.4	6.30	4.07	3.00	3.00	64,390	64,574	3,209	3,114
Angola	1.50	1.40	24.07	28.2	18.00	19.5	14,585	14,170	52,066	50,260
Benin	6.10	6.50	0.20	3.1	5.50	5.50	1,330	1,756	8,008	9,362
Botswana	0.50	1.90	3.90	3.1	2.40	2.40	4,748	4,831	***18,864	***20,004
Burkina Faso	4.50	4.90	2.70	3.7	5.50	5.50	276	317	4,594	4,947
Burundi	1.80	3.40	17.59	14	12.00	12.00	**347,471	**271,244	***1,793,610	***1,834,614
Cameroon	4.00	3.1	5.90	5	5.00	5.00	5,134	5,403	16,409	16,983
Cape Verde	2.60	6.60	-0.50	1	1.25	1.25	**70,614	**75,509	2,000	2,133
Central African Republic	0.50	1.00	0.95	-1.12	5.00	5.00	421	459	1,071	1,044
Chad	3.40	4.10	4.30	6.4	5.00	5.00	1,009	795	3,956	3,963
Comoros	2.60	3.20	1.80	-2	2.87	3.08	283	287	279	281
Congo	8.90	6.20	45.80	46.80	25.00	25.00	4,808	5,131	4,868	5,659
Congo Rep.	1.50	3.20	4.70	5.00	5.00	5.00	565	823	7,176	7,564
Côte d'Ivoire	6.50	6.90	3.90	3.10	5.50	5.50	8,893	8,537	32,222	34,310
Djibouti	3.70	5.70	3.80	4.20	-	-	580	624	3,264	3,526
Egypt	2.90	2.3	35.70	32.5	21.25	27.25	35,311	40,361	165,361	164,728
Equatorial Guinea	3.80	-7.00	-1.30	5.00	5.00	5.00	1,457	1,540	1,839	1,868
Eritrea	2.30	2.90	4.50	7.50	-	-	285	240	727	733
Eswatini	7.90	3.90	4.50	4.30	7.50	7.50	**8,969,518	**7,646,027	***16,409	***15,891
Ethiopia	7.50	7.90	28.20	23.3	7.00	7.00	1,175	727	28,601	30,107
Gabon	3.00	2.30	2.30	2.25	5.00	5.00	1,411	1,305	7,844	7,836
Gambia	5.20	5.60	16.15	14.94	17.00	17.00	568	596	1,166	1,239
Ghana	2.00	3.80	23.20	25.80	29.00	29.00	5,205	5,094	28,412	29,185
Guinea	4.00	5.90	9.27	8.8	11.00	11.00	1,816	1,725	5,702	5,760
Guinea Bissau	4.50	4.50	3.10	2.50	5.50	5.50	-	-	-	-
Kenya	5.50	5.1	6.30	5	13.00	13.00	14,211	14,155	***6,090	***6,190
Lesotho	0.88	1.81	8.20	7.40	7.75	7.75	784	837	***18,194	***18,112
Liberia	4.80	4.70	9.96	10.52	20.00	20.00	600	631	1,173	1,252
Libya	-3.70	12.60	2.00	1.4	3.00	3.00	79,887	80,686	4,897	4,978

*** External debt in BWP Million for Botswana, EUR Million for Burkina Faso, BIF Million for Burundi, KES Billion for Kenya, LSL Million for Lesotho, and SZL Thousand for Eswatini ** Foreign Reserves in BIF Million for Burundi, CVE Million for Cape Verde & SZL Thousand for Eswatini

Source: Trading Economics

Macroeconomic Performance of African Economies (2/2)

Country	GDP (%)		Inflation (%)		Interest rate (%)		Foreign reserves (US$, mn)		External Debt (US$, mn)	
	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest
Madagascar	4.20	4.00	7.44	7.4	9.50	9.50	2,160	2,382	5,810	6,109
Malawi	1.20	1.50	33.50	32.3	26.00	26.00	**979	**902	***2,021,553	***2,812,734
Mali	4.10	5.8	-0.40	0.9	5.50	5.50	1,053	1,125	6,559	7,339
Mauritania	7.10	4.70	1.80	3	8.00	8.00	7,126	7,229	4,397	4,320
Mauritius	5.30	7.30	6.20	3.4	4.50	4.50			79,518	83,784
Morocco	2.80	4.10	2.30	0.20	3.00	3.00	**356,577	**358,168	***694,237	***676,819
Mozambique	5.92	5.36	4.00	3.30	16.50	15.75	3,025	3,084	64,021	63,750
Namibia	3.20	4.40	5.00	4.80	7.75	7.75	**55,793	**55,391	***37,542	***37,305
Niger	4.00	2.10	6.88	10.99	5.50	5.50	1,495	827	5,403	5,688
Nigeria	3.46	2.98	31.70	33.69	22.75	26.25	33,520	34,260	43,159	41,595
Rwanda	7.50	10.00	3.20	-0.5	7.50	7.50	1,726	1,610	6,053	6,256
Sao Tome and Principe	0.90	0.50	17.00	18.90	10.00	10.00	65	57	308	318
Senegal	4.50	3.70	2.30	2.30	5.50	5.50	3,935	4,430	32,414	33,311
Seychelles	-7.00	-3.20	-0.25	-0.14	2.00	1.75	705	736	***8,297	***8,074
Sierra Leone	3.50	3.40	52.16	41.65	22.25	23.25	625	600	2,390	2,378
Somalia	2.40	2.80	6.19	5.21	-	-	-	-	4,698	4,730
South Africa	-0.70	1.20	5.30	5.20	8.25	8.25	61,653	62,323	156,096	158,081
South Sudan	-2.90	-0.40	0.80	22.5	12.00	12.00	-	-	-	-
Sudan	-1.00	-12.30	83.60	63.30	27.30	28.30	486	243	36,040	35,687
Tanzania	5.20	5.30	3.00	3.10	5.50	6.00	5,177	4,939	32,501	32,679
Togo	6.60	6.50	3.50	2.60	5.50	5.50	2,114	1,992	3,114	3,133
Tunisia	-0.20	0.20	7.50	7.20	8.00	8.00	**26,527,220	**27,816,557	***129,053	***129,435
Uganda	5.30	5.50	3.40	3.20	10.00	10.25	3,582	3,493	19,873	21,408
Zambia	5.10	8.00	13.50	13.80	12.50	13.50	3,034	3,313	8,274	7,925
Zimbabwe	6.50	4.50	47.60	57.5	130.00	20.00	589	215	14,324	13,325
Russia	5.50	4.40	7.70	7.80	16.00	16.00	582,636	590,374	322,000	317,000
United States	2.90	3	3.20	3.40	5.50	5.50	36,439	36,077	25,649,607	25,984,649
China	5.20	5.30	0.70	030	3.45	3.45	3,225,817	3,245,657	2,452,800	2,447,500
United Kingdom	0.20	0.20	4.00	2.30	5.25	5.25	183,952	186,403	7,553,717	7,572,360
EU	0.00	0.30	3.10	2.40	5.00	4.5	874,000	874,000	-	-

*** External debt in MWK Million for Malawi, MUR Million for Mauritius, MAD Million for Morocco, NAD Million for Namibia, SCR Million for Seychelles, and TND Million for Tunisia
** Foreign Reserves in MWK Billion for Malawi, MAD Million for Morocco, NAD Million for Namibia, and TND Thousand for Tunisia

AFREXIMBANK

Exchange rates of selected economies

(Currency/US$)

Country (Currency)	31-Dec-23	03-Feb-24	23-Feb-24	19-Mar-24	18-Apr-24	18-May-24	% change
Angola (AOA)	828.80	828.80	840.00	836.98	841.34	850.50	1.08
Burkina Faso (XOF)	589.19	599.29	602.25	601.50	614.28	603.53	-1.75
Burundi (BIF)	2878.96	2884.14	2887.22	2845.14	2871.00	2,880	0.31
Cameroon (XAF)	594.54	608.03	606.13	603.68	614.28	604.3	-1.62
Egypt (EGP)	30.83	30.96	30.90	47.00	48.55	46.73	-3.74
Ethiopia (ETB)	56.56	56.75	57.53	56.51	57.06	57.26	0.35
Ghana (GHS)	11.88	12.30	12.39	12.95	13.46	14.46	7.42
Mali (XOF)	589.19	599.29	602.25	601.50	614.28	603.53	-1.75
Mozambique (MZN)	63.69	63.25	63.23	63.16	63.50	63.50	0
Niger (XOF)	589.19	599.29	602.25	601.50	614.28	1,471.4	139.53
Nigeria (NGN)	899.89	1368.25	1489.40	1476.25	1150.27	1,477.64	28.46
Senegal (XOF)	589.19	599.29	602.25	601.50	614.28	603.53	-1.75
South Africa (ZAR)	18.29	18.63	19.32	18.93	19.07	18.14	-4.87
Tunisia (TND)	3.07	3.12	3.11	3.11	3.16	3.11	-1.58
Zambia (ZMW)	25.44	27.21	23.00	25.73	25.57	25.82	0.97

Source: Trading Economics, Central Banks

West Africa – Nigeria

Macroeconomic developments

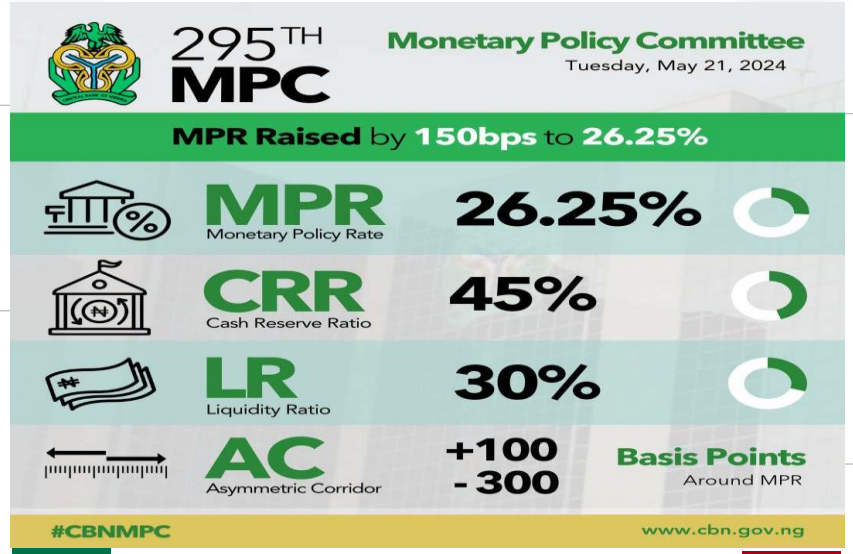
CBN forecasts 3.38% economic growth in 2024. PMI indicates continued economic expansion. Headline inflation rose to 33.69% in April 2024 from 33.20% in March, driven by both the food and core components.

Fiscal policy

Nigeria plans to refinance $3.4 billion debt with bonds and has already raised 75% of its 2024 borrowing target.

Monetary policy

The Central Bank of Nigeria has tightened monetary policy to combat high inflation and support the naira, leading to tighter credit conditions for domestic companies and a rise in local bond yields.



Crude oil

Nigeria is once again Africa's largest crude oil producer, with an average daily production of 1.28 million barrels daily in April, marking a 4.07% increase from March.

Gasoline prices

In some areas, Nigerian gasoline prices are soaring due to shortages, with prices exceeding 850 naira. The government-owned oil firm NNPC Ltd sells at an average price of 617 naira and faces logistical challenges and debt issues.

FX inflows

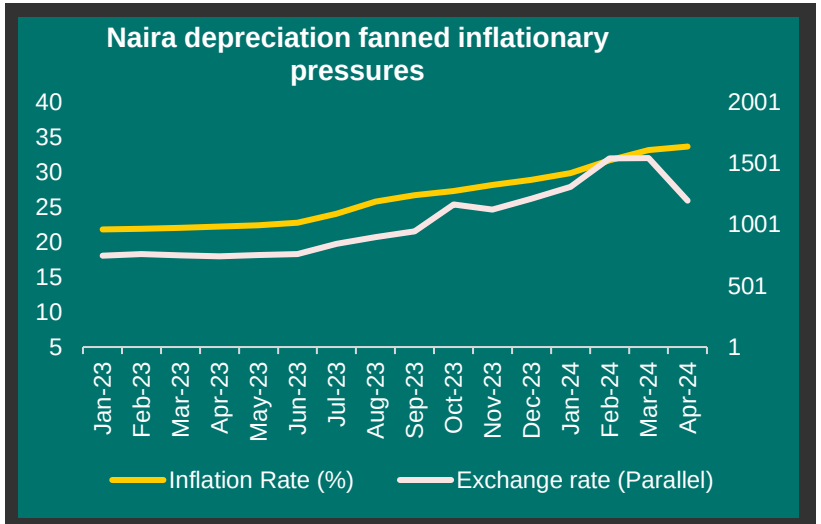
The World Bank plans to disburse a $2.5 billion loan to Nigeria earlier than scheduled, possibly as early as June, to support the nation's economic recovery. Nigeria plans to reintroduce telecom taxes and excise duties to meet the requirements for a $750 million loan from the World Bank.

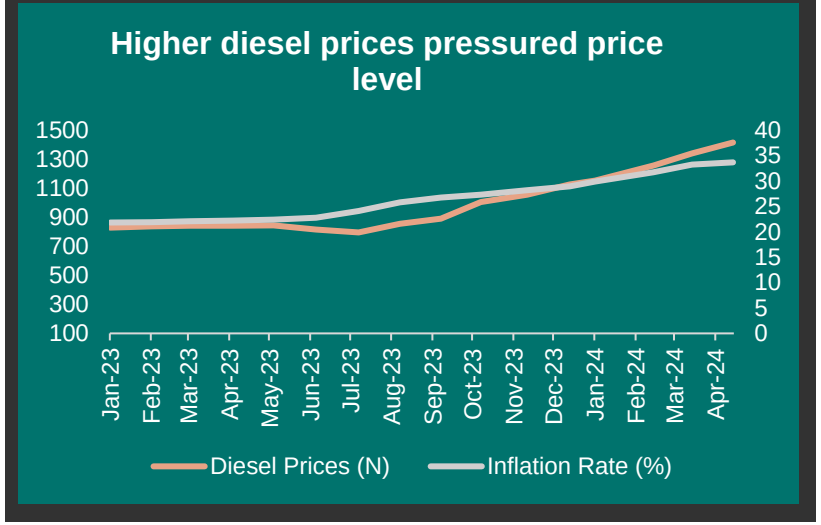
Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr-24	20.may-2024
Nigeria	2.54	3.46	31.70	33.69	22.75	26.25	1150.27	1,477.64

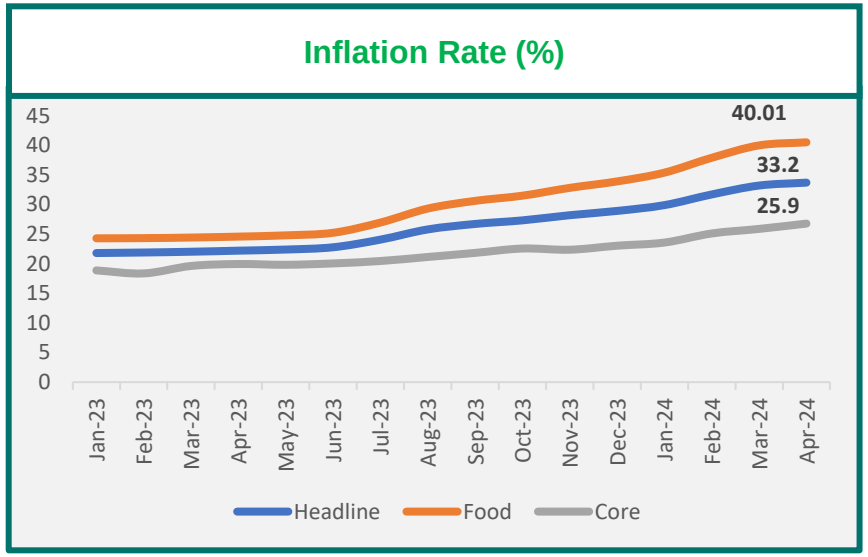
Nigeria's inflation problem: A synopsis

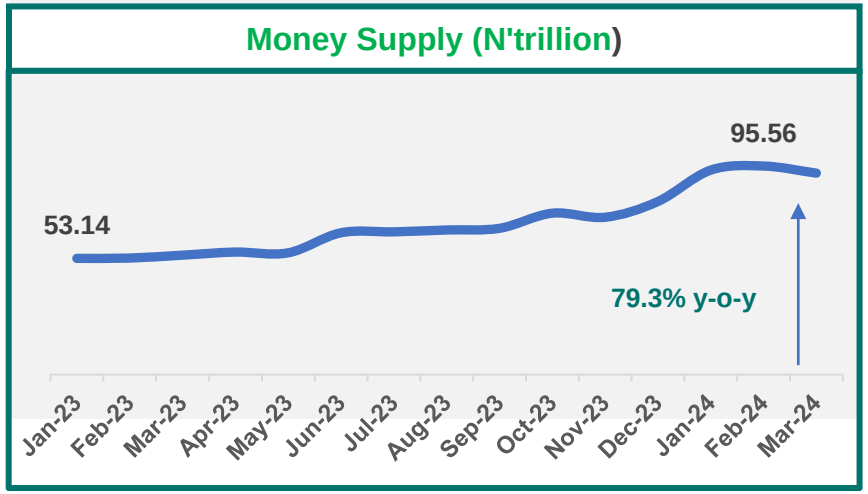
2.98%

- Real GDP grew by 2.98% in Q1'24 from 3.46% in Q4'24
- Positive but sluggish growth









- *Headline inflation rose to 33.69% in April 2024 from 33.20% in March, driven by both the food and core components.*
- *Inflation largely due to cost-push factors linked to higher fuel prices and exchange rate unification*
- *Furthermore, the money supply continued growing (**79.3% y-o-y** in February 2024) and has since been positively correlated with inflation, necessitating CBN monetary tightening.*
- *Naira continues to strengthen against the dollar from the low recorded in February, with its consequent domestic price correction underway.*

Source: National Bureau of Statistics, Central Bank of Nigeria

West Africa – Senegal

Birth of a new era

After years of unrest in Senegal, the emergence of Faye as Senegal's 5th President and the promise of transformative changes signals hope for a new era. The appointment of opposition leader Ousmane Sonko as prime minister also marks a significant shift in the country's political landscape.

Drags from economic realities and political limits

The new leadership's ideology is rooted in radical state interventionist approach to the economy and the renegotiation of energy contracts with foreign investors. However, current fiscal tightropes and strict creditor conditions will impose reality checks. Also, political inexperience and the lack majority in the parliament may pose setbacks. Similarly, a departure from the ECOWAS and CFA currency blocs is not immediately probable.

Contract Renegotiation

Faye's campaign was centred on radical economic reforms, such as abandoning the CFA Franc, and auditing/renegotiating of oil and gas contracts with foreign operators. However, the delicate political and economic ramifications make it unlikely that commercial contracts in the mining and hydrocarbons sectors will be renegotiated, although high risk of review and cancellation of public procurement deals remain.

Fossil fuel leadership rating

Senegal, once a major importer of petroleum products, is now poised to emerge as a top fossil fuel producer in Africa with the launch of GTA and Sangomar. Initial forecasts from Dakar suggest that the ramp-up of the two fields could produce 700bn CFA francs ($1.1bn) in annual revenue over 30 years.

Tax reform and transparency agenda

- Diomaye/Sonko's government will prioritize the expansion of domestic revenue mobilisation and enhancement of transparency in the public sector.
- While creditors like the IMF will favour tax increase, they may resist initiatives that require higher spending commitments. Specifically, the IMF may oppose the continuation of costly energy subsidies.

Upgraded country risk rating

The conclusion of elections and orderly political transitions formed the basis for the upgrade in the risk rating of Senegal.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr-24	20-May-24
Senegal	4.50	3.70	2.30	2.30	5.50	5.50	614.28	603.53

The emergence of Faye as Senegal's new President, along with opposition leader Ousmane Sonko as prime minister, marks a hopeful new chapter after years of unrest. The country's upgraded risk rating reflects stable political transitions. Faye's agenda for economic reforms, including contract renegotiations and tax reforms, faces challenges amid economic realities and political constraints. However, Senegal's potential as a top fossil fuel producer signals economic growth prospects, despite hurdles ahead.

West Africa – Côte d'Ivoire

Oil discovery and OPEC Membership

Côte d'Ivoire is actively pursuing membership in OPEC following significant oil discoveries offshore, with Italy's ENI reporting a potential 1.5 billion barrels of oil equivalent. This marks a transformative shift for the nation, potentially transitioning from an oil importer to a net exporter.

Improvement in Credit Rating

Moody's upgraded the country's sovereign rating from Ba3 to Ba2, with a stable outlook. S&P Global also raised its outlook to positive. Yields on the nation's dollar bonds fell to five-week lows.

Hike in cocoa farmgate prices

In a move to better reflect surging cocoa prices on local growers and disincentivize bean smuggling, President Ouattara announced a significant 50% increase in the cocoa farmgate price to 1,500 CFA francs ($2.47) per kg. The announcement followed earlier deliberations proposing between 1,100 to 1,200 CFA francs per kg.

The discovery of crude oil offshore and the move towards OPEC membership would change the economic landscape of Côte d'Ivoire via greater foreign reserves accretion, FX stability, and stronger currency.

West Africa – Guinea

Power cuts worsen

Guinea's state-owned power utility, Electricite de Guinee, has cited plans to deepen ongoing power cuts due to depleted energy sources linked to water deficit affecting hydropower dams, a fuel-depot explosion, and breakdowns at thermal power stations.

Simandou iron ore project optimism

Following decades of delays, disputes, and scandals, the construction on the world's largest iron ore mine is now set to begin this year. The achievement of export success by the project by 2025 would revolutionize Guinea's mining and infrastructure sectors economically.

IMF emergency financing

The IMF Executive Board has approved US$71 million in emergency financing support and concluded the 2024 Article IV Consultation with Guinea.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr-24	20-May-24
Côte d'Ivoire	6.50	6.90	3.90	3.10	5.50	5.50	614.28	603.7
Guinea	4.00	5.90	9.27	8.8	11.00	11.00	8742.0	8595

West Africa – Ghana

Expediting debt restructuring

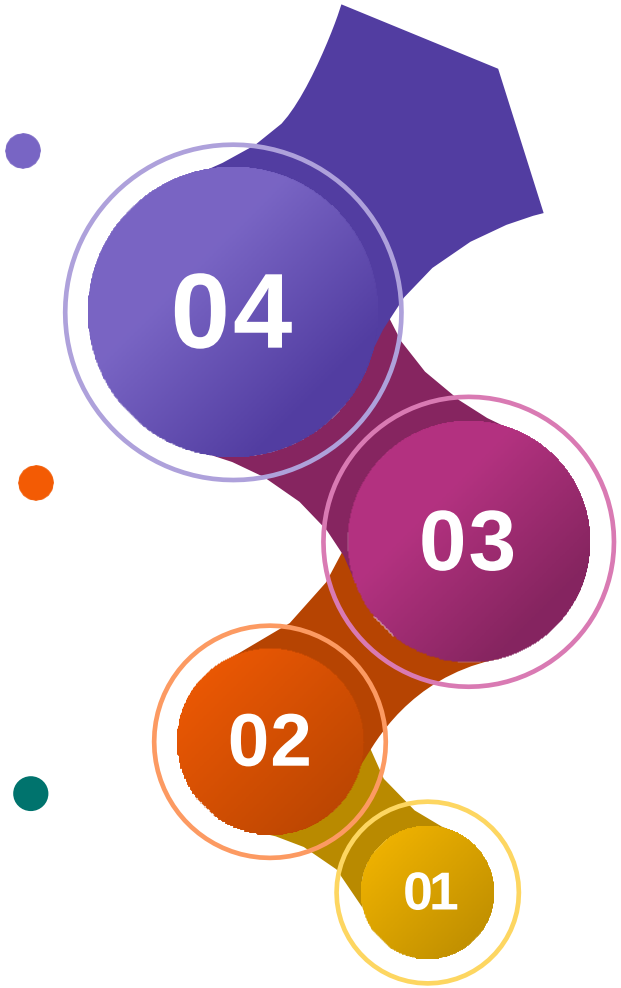
Ghana’s plan to restructure $13 billion of Eurobond debt, rejected last month by the International Monetary Fund, is back on track, thanks to stronger-than-expected economic growth in the West African nation.

Depreciation fanning inflation

The cedi slump will likely keep the Ghana rate steady despite slowing inflation. The cedi is down 13.7% against the dollar this year.. Low cocoa production caused by adverse weather and declining sentiments on Ghana’s economy caused by delays in debt restructuring are major drivers of its currency depreciation.

Declining port traffic

Concerns are emerging amongst importers and exporters over declining port traffic in Ghana, particularly from the Tema Port to Togo's Lomé Port, contrasting Lomé's notable growth from 300,000 to 1.5 million containers annually since the early 2000s with Tema's slower progress to 1.2 million containers.



Waning appetite for T-bills

Ghana's government's Treasury Bill borrowing dropped by 68% in April 2024 due to reduced demand and possibly a new BoG directive on CRR.

Cooling inflation?

Ghana's inflation slowed in April to 25% from 25.8% in March due to a favorable base effect, the impact of a weakening cedi, and rising fuel prices.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr-24	20-May-24
Ghana	2.00	3.80	23.20	25.80	29.00	29.00	13.46	14.46

West Africa – Togo, Gambia, Mali

Togo

Risks of civil unrest

Togo's ruling party secured a sweeping majority in the legislative election amid contestations.

Reputational risks for the economy

Political crisis in Togo could lead to anti-government demonstrations, violence, and increased scrutiny of foreign investors. This could worsen northern militancy risks and debt sustainability concerns.

Gambia

IMF support

IMF and The Gambia agreed on a credit facility for US$98.4 million, pending final approval.

Mali

IMF support

The IMF has reached a staff-level agreement with Mali for $120 million in emergency financing. Rising food insecurity caused by increased import costs for essential goods is causing this.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr-24	20-May-24
Togo	6.60	6.50	3.50	2.60	5.50	5.50	614.28	603.7
Gambia	5.20	5.60	16.15	14.94	17.00	17.00	67.7	67.7
Mali	4.10	5.8	-0.40	0.9	5.50	5.50	614.28	603.53

West Africa – Niger

Oil export blockade dims economic outlook

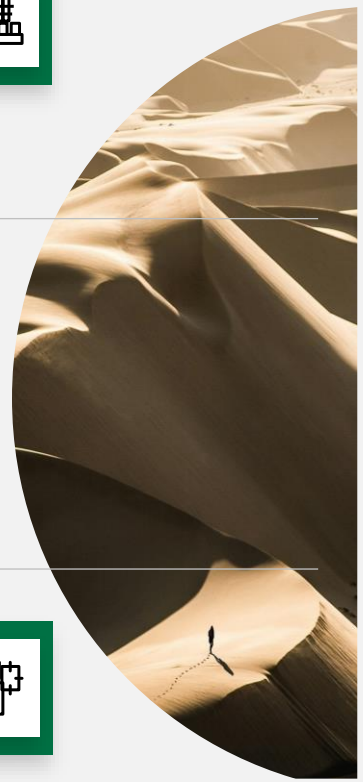
As insecurity worsens, Benin's retaliatory blockade of Niger’s oil export pipeline dims the latter’s economic outlook with renewed possibility of delayed repayment of arrears on sovereign loans.

Withdrawal of US troops

The US has announced a full troop withdrawal from Niger amid a diplomatic dispute with its military authorities. The arrival of Russian forces is unlikely to offset the loss of US military assets, potentially weakening Nigerien security forces' ability to combat Islamist militants.

Niamey’s risky strategy

Investment experts have continued to express concerns around the high rates offered by Niamey to investors. Niamey defaulted on loans for several months, necessitating high-interest rates payments to investors targeting the struggling Nigerien government. Niger is currently repaying loans at 6% with loans at 9%, which could further strain its economy.





Post-deal with CNPC

Niger’s move into the regional market comes two weeks after signing a contract with the China National Petroleum Corporation (CNPC). The Chinese state-owned company has agreed to pay an advance of $400m on Niger's future oil sales.

Return to regional financial market

In its first return since ECOWAS lifted sanctions against it, Niger recently raised $733m on the West African Economic and Monetary Union's (WAEMU) financial market to pay off its debt arrears which Moody’s estimates at over $500m.

High interest rate fuel fears

However, there are fears that the associated high interest rates could worsen the country's economic situation. Niger obtained CFA304.7 billion ($497 million) in treasury bill bids at a weighted average yield of 9.3%, although it sought CFA419 billion ($683 million). Additionally, the country aimed to raise nearly CFA840 billion ($1.3 trillion) through bonds with two different maturities.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Lastest	Previous	Lastest	Previous	Latest	18-Apr-24	20-May-24
Niger	2.40	2.10	8.50	10.99	5.50	5.50	614.28	603.5

Central Africa- Cameroon, Congo (DRC) and Gabon

Cameroon

Cocoa windfall

Shipping cocoa and its derivatives to the international market brought the Cameroonian government CFA512 billion in revenue last year. This marks a 10.4% increase compared to the CFA463.6 billion collected the previous year.

SG divestment

Societe Generale (SG) is exiting the Cameroonian market and selling its assets in Tunisia and Ghana. Previously, SG sold its subsidiaries in Burkina Faso and Mozambique and announced its withdrawal from Congo, Mauritania, Equatorial Guinea, and Chad.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr	20-May-24
Cameroon	4.00	3.1	5.90	5	5.00	5.00	614.28	604.15
Gabon	3.00	2.30	2.30	2.25	5.00	5.00	614.28	615
Congo	8.90	6.20	45.80	46.80	25.00	25.00	614.28	614.28

Gabon

Market access/Eurobond

Gabon is seeking investors as bond losses mount. Gabon met with fixed-income investors to address fiscal and political risks affecting the bond market.

New hydrocarbon discovery

Oil and gas discovery in an offshore well in Gabon. Preliminary estimates indicate recoverable reserves of 5-6 million barrels of oil.

Congo (DRC)

Political instability in DRC.

M23 rebels captured a mining town, escalating tensions in the east. The army foiled a coup in Kinshasa and arrested several perpetrators, including foreigners, after a deadly shootout near a prominent politician's residence.

IMF support

DRC. The DRC received a positive review from the IMF, moving closer to completing its first-ever IMF loan program. IMF staff are set to recommend the approval of the last disbursement of Congo's three-year $1.5 billion extended credit facility.

LNG exports improve outlook

DR Congo has successfully diversified its hydrocarbon sector, with the first shipment of liquefied natural gas leaving the country in early March. This is positive news for the country's economy and fiscal stability, which is facing dwindling oil revenues and historical vulnerability to oil price shocks.

Despite the effect of the diversification of DRC's hydrocarbon sector on its fiscal stability in the coming years, its government could continue to face significant budgetary pressure amid efforts to manage a high public debt burden.

East Africa – Kenya, Ethiopia, South Sudan and Uganda

South Sudan

Oil output dip, pipeline woes

South Sudan's economy is teetering on the edge of a cliff due to decreased oil output and pipeline problems. A pipeline rupture in Sudan has halted crude oil exports. Up until February, South Sudan produced 150,000 b/d of crude oil when it declared force majeure on crude loadings from Port Sudan. Some 90% of government revenues and most of its foreign exchange come from oil exports.

Kenya

Sluggish growth ahead

Economic growth in 2023 accelerated to 5.6%, up from 4.9% the previous year. This was driven by a strong recovery in agriculture due to improved rainfall and a rebound in tourism, with visitor numbers exceeding pre-pandemic levels. The Fund expects Kenya's growth to decelerate to 5% in 2024 from 5.5% last year but expects a rebound to 5.3% in 2025.

Fiscal strains

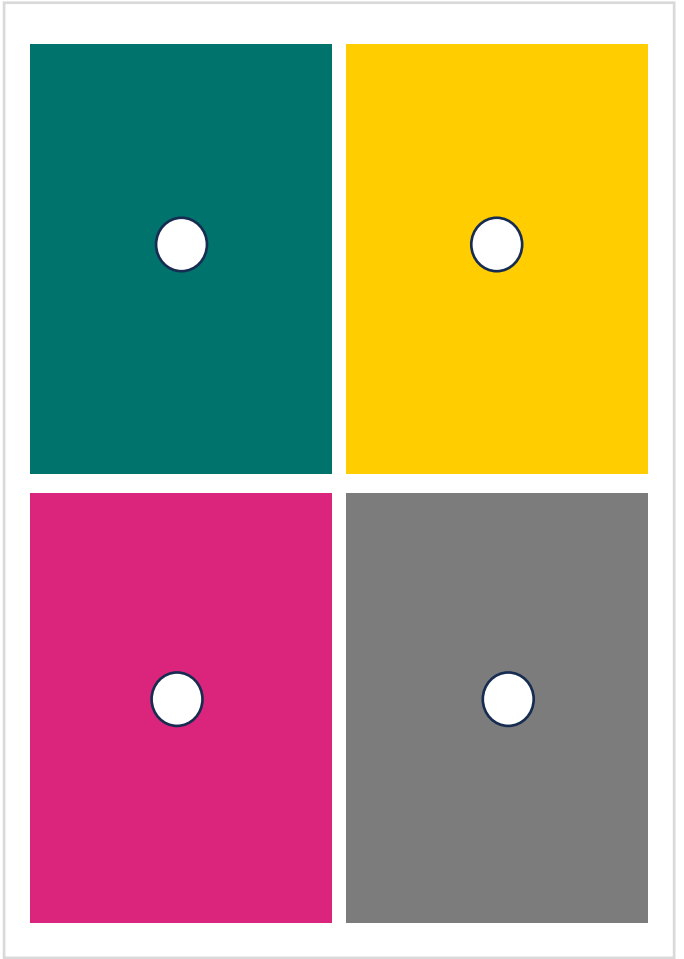
Kenya's total debt service value is USD 13.4 billion, with USD 1.8 billion due by the end of June. In 2023, two-thirds of Kenya's tax revenues went to servicing its mounting debt obligations. The government is focused on increasing tax revenues to reduce the need for borrowing.

Rea sea attacks affecting the flower sector

The flower trade is currently facing turmoil as a result of the Red Sea crisis. This has caused a decrease in exports and a rise in shipping costs. The industry directly employs over 500,000 people and indirectly supports over 2 million livelihoods, generating 1.3% of the GDP.

FDI

Microsoft and the UAE's G42 are partnering to construct a $1 billion geothermal-powered data center in Kenya to boost cloud computing in East Africa.



Ethiopia

Debt freeze

Ethiopia only paid 10% of the $512 million it owed in the first nine months of the year due to debt suspension deals reached last year. The nation repaid only $52.1 million through March as bilateral creditors agreed to a two-year debt freeze.

Tourism is back

Ethiopia has reported a total of $3.2 billion in tourism revenue. In May 2023, the Ministry of Tourism indicated that Ethiopia earned $3.06 billion from the tourism sector in the nine months leading up to May 2023. This suggests a strong rebound in the industry.

Uganda

Debt strains

Uganda plans to reduce commercial loans after its public debt nearly doubled to 93.4 trillion shillings ($24.7 billion) by the end of last year.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr-24	20-May-24
South Sudan	-2.90	-0.40	0.80	22.5	12.00	12.00	1,577.10	..
Kenya	5.50	5.1	6.30	5	13.00	13.00	133.07	131.49
Ethiopia	7.50	7.90	28.20	23.3	7.00	7.00	57.06	57.27
Uganda								

Southern Africa - South Africa

Unlocking supply-side constraints

The government is implementing reforms in the electricity, rail, water, and telecommunication industries. The Electricity Regulation Amendment Bill aims to promote competition and transition to a low-carbon energy system. The Economic Regulation of Transport bill aims to foster competition in the logistics industry and establish the first transport regulator.

Election anxiety waning

Investor confidence is rising in South Africa ahead of a critical election, driven by expectations of the ruling ANC maintaining market-friendly policies.



Cooling inflation

In April, South Africa's inflation rate dropped to 5.2% year on year from 5.3% in March, but it remains above the central bank's preferred level.

An initial small rate cut in South Africa will boost consumption and confidence. However, the latest SARB Monetary Policy Review warned that reaching the inflation target midpoint has become more challenging. As a result, markets anticipate that South Africa’s policy rate will remain unchanged this year.

Weak rand fuels rush for safe-haven assets

The rand continues to weaken amid geopolitical tensions and diminished expectations of a Federal Reserve interest rate cut, leading to increased demand for safe-haven assets like the dollar and gold while negatively impacting stock and bond markets.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr-24	20-May-24
South Africa	-0.70	1.20	5.30	5.20	8.25	8.25	19.07	18.14

Southern Africa - Malawi

Climate change shocks.

In March 2023, Malawi was hit by Tropical Cyclone Freddy damaging critical infrastructure and affecting over 2.2 million people after facing its deadliest cholera outbreak in 2022. The consequences of these climate shocks underscore the need for increased support to strengthen disaster preparedness and climate resilience.

Balancing emergency aid with sustainable solutions

In 2023, the Central Emergency Fund provided $4 million to mitigate the effect of extreme weather on people and recently added $13.5 million for further support. However, there is need for a balance between emergency aid and sustainable solutions to address vulnerabilities to support communities to build a resilient and food-secure future.

Funding gaps limit recovery

Despite the Malawian government's call for support for its national irrigation strategy targeting 54,000 hectares of land, funding shortages remain a major constraint as only 40% of the required funds for 2023 were secured.

Urgent need for international support

Some nine million people in Malawi are suffering from the devastating effects of El Niño-induced floods and drought, which are decimating harvests and escalating hunger to crisis levels. Experts from international organizations emphasized the critical need for increased international support for the drought-stricken nation.

El-Nino-induced national disaster

Drought induced by El Niño is forecast to lead to a 45% decline in this season's maize harvest compared to average of the last five years, possibly heightening food insecurity challenges as around 40% of the population may face acute hunger by year-end. Additionally, floods and landslides in the north have displaced about 14,000 people, giving rise to the declaration of a national disaster with the National Response Plan funding need estimated at $449 million. Similar drought-related challenges have led to the declaration of national emergencies in neighbouring Zambia and Zimbabwe.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr-24	20-May-24
Malawi	1.20	1.50	31.80	32.30	26.00	26.00	1,735.40	1,728.30

Southern Africa – Angola, Mozambique, Zambia, and Zimbabwe

Zimbabwe

Development of the ZiG

--There is a mixed picture for the Zig. Zimbabwe's gold reserves backing its new bullion-linked currency are increasing, and the higher price of the precious metal is also boosting the stockpile's value.

--Zimbabwe faces its worst drought in four decades, which has slashed maize output by 72%. This has prompted plans to import 1.4 million tons of maize by July.

Mozambique

FDI in the gas sector

The UAE's main oil company purchased a 10% stake in a natural gas project in Mozambique and secured a share of liquefied fuel production. The company paid $650 million initially, with an additional $500 million in contingent payments.

Zambia

Revised growth forecast

--Zambia's growth projection for 2024 has been revised down from 5.0% to 4.7% due to persistently low rainfall linked to El Nino, causing widespread crop failures.

--Zesco to impose load shedding, adversely affecting Zambia's crucial mining sector and forcing firms to reduce copper production.

Inflation and currency vows

--The Bank of Zambia's Monetary Policy Committee raised the MPR by 100 basis points to 13.5%. This is expected to increase production costs and fuel higher inflation.

--Zambia's kwacha hit a record low of 27.3 against the U.S. dollar due to currency shortages and a severe drought, while debt restructuring faced challenges.

Angola

Policy rate stayed put

--The BoA expects inflation to decrease to 23.4% in 2024H2. To cool persistent inflation pressures, the BoA raised interest rates.

--Angola made a deal with China to unlock cash and pay off a crucial loan.
Total Energies and its partners approve a $6 billion deep-water oil project off the coast of Angola.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr-24	20-May-24
Zambia	5.10	8.00	13.50	13.80	12.50	13.50	26.7	26.56
Zimbabwe	6.50	4.50	47.60	57.5	130.00	20.00	13.2	13.52
Angola	1.50	1.40	24.07	28.2	18.00	19.5	843.05	857.8
Mozambique	5.92	5.36	4.00	3.30	16.50	15.75	63.58	63.5

North Africa – Egypt, Tunisia, Mauritania, Morocco

Egypt

Easing inflation, tight financing conditions

Egypt's inflation continued to decrease in April 2024 to 32.50 percent from 33.30 percent in March 2024 due to greater availability of foreign exchange following a recent currency flotation.

Egypt maintains a record-high benchmark interest rate of 27.25%. As authorities await further inflation slowdown, they aim to boost investor confidence after March's pound devaluation.

Credit rating upgrade.

Egypt’s outlook has been upgraded by Fitch following a $57 billion global bailout from the UAE, EU, IMF, and WB.



Tunisia

The sluggish growth in 2024Q1

The economy grew by 0.6% in Q1 2024 due to contractions in the manufacturing, mining, and energy sectors. The agricultural sector increased by 1.6% compared to Q1 2023, contributing 0.1 points to the overall growth rate. The World Bank forecasts 2.4% growth in 2024 and 2.3% in 2025-26, assuming the easing of drought conditions and progress in fiscal and pro-competition reforms.

FX loan to shore up public companies.

The Islamic Development Bank's International Trade Finance Corporation (ITFC), based in Saudi Arabia, will provide Tunisia a $1.2 billion loan. The aid is mainly intended for the country's heavily indebted public companies.

Mauritania

Stronger growth prospects

Despite being projected to grow by 4.3% in 2024, Mauritania is expected to achieve Africa's highest growth rate of 14.5% by 2025% as the west African country taps into newly found gas, phosphates, and uranium resources, according to the IMF.

Extractive economy to support growth

The stellar growth of Mauritania will be supported by the beginning of production in the Grand Tortue Ahmeyim (GTA) gas field, which targets initial production of 2.5 million tons of liquefied natural gas (LNG) annually. The field plans to increase production to 5 million tons per year in 2027 and 10 million tons in 2030. In 2025, gas alone would represent 11.5% of the Mauritanian GDP.

Morocco

Morocco-Nigeria-Europe pipeline

The Morocco-Nigeria gas pipeline project is advancing, with a final investment decision expected in 2025. This $25 billion project will span 13 countries and will enhance regional energy access and export capabilities to Europe.

Bond issuance

Morocco is considering issuing international bonds in 2024 for the first time in over a year.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	18-Apr-24	20-May-24
Egypt	2.90	2.3	35.70	32.5	21.25	27.25	48.55	46.73
Tunisia	-0.20	0.20	7.50	7.20	8.00	8.00	3.16	3.11
Mauritania	7.10	4.70	1.80	3	8.00	8.00	39.59	39.77
Morocco	2.80	4.10	2.30	0.20	3.00	3.00	10.13	10.11



03

Conclusion

Conclusion

The changing global economic landscape, including shifting demands and increasing geopolitical tensions, has led to the need for new strategic partnerships and alliances in Africa. This has positioned the continent as an attractive investment destination with opportunities across different regions and sectors.



Challenging macroeconomic environment

--Global growth remains sluggish with sticky inflation and tight credit conditions.
--Strong Q1 growth than expected in key markets (except the US)
--Bullish commodities markets.
--Geopolitical risk escalates in 2024, leading to economic fragmentation, policy divergence, and supply-chain elongation.
--Climate change impacts food and water security in Africa and the Middle East through El Niño and La Niña.



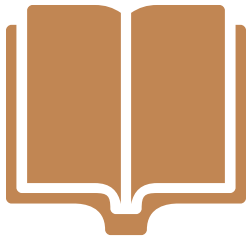
African economic outlook: Positive economic outlook but challenging.

--Africa's economic outlook is positive, and growth will be driven by improved commodity prices and investments in infrastructure projects.
--Regional geopolitical tensions affect economic outcomes (Benin-Niger, DRC, influence over critical minerals, elections).
--Tight monetary policy stance in Q2 in most part of Africa
--Countries benefiting from commodity rallies.
--Fiscal challenges: "two steps forward, one step back" in debt restructuring, rising IMF supports, improving perceptions of credit rating agencies.



Targeting of high-growth sectors by government

--Africa is a continent of opportunities. Government policies must target areas with strong growth and employment potential and attract private investments.
--Africa remains a continent where its natural resources are underutilized, its agricultural endowment is largely untapped, and its human resources are underequipped.



Thank You