AFREXIMBANK

Monthly Developments in the African Macroeconomic Environment

Afreximbank Research

June 2025

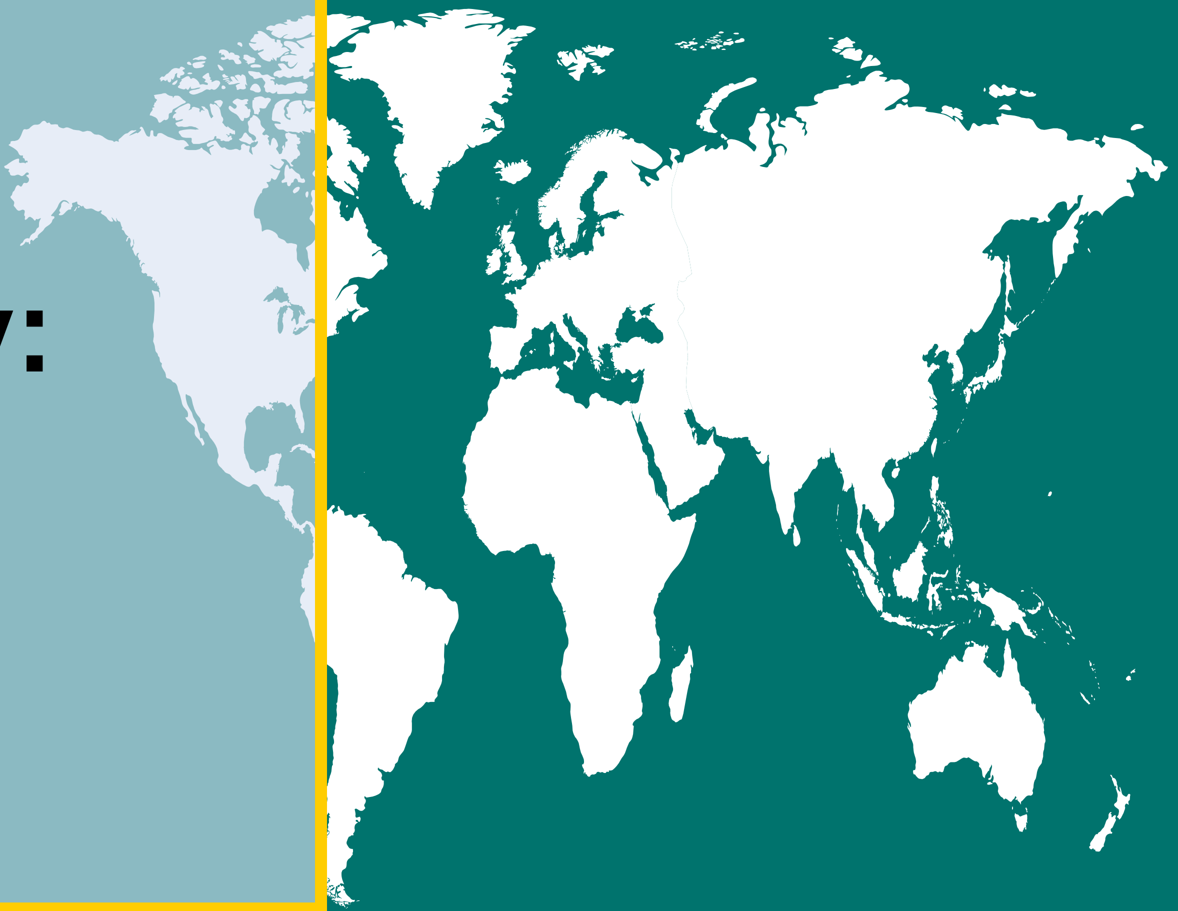
African Export-Import Bank
Banque Africaine D'Import-Export

Transforming Africa's Trade

Report Content

01

Executive Summary:



Executive Summary:1/2

Global Environment

01

Stagflation Concerns:
While global inflation has remained relatively stable, it continues to hover at elevated levels. At the same time, recent declines in the Purchasing Managers' Index (PMI) across several major economies point to a slowdown in manufacturing and services activity. This simultaneous persistence of high inflation alongside weakening economic momentum has reignited concerns about stagflation—a challenging macroeconomic condition characterized by stagnant growth, rising unemployment, and sustained inflation.

02

Mounting Fiscal Strains Globally:
Governments around the world are showing increasing signs of fiscal stress, driven by a combination of slowing economic growth, elevated debt levels, and rising interest rates. Many advanced and emerging economies are grappling with widening budget deficits, growing debt service burdens, and constrained fiscal space—limiting their ability to respond to new shocks or invest in long-term development priorities. These pressures are further exacerbated by persistent inflation, geopolitical tensions, and the rising cost of climate adaptation and social protection.

03

Notable De-escalation in China–U.S. Trade Tensions:
Recent signs of easing trade tensions between China and the United States mark a significant development in the global economic landscape. After years of escalating tariffs and strategic rivalry, both sides have shown a willingness to re-engage through high-level dialogues and targeted policy adjustments. While structural differences remain, this de-escalation signals a shift toward more pragmatic engagement, reducing immediate risks to global supply chains, investor sentiment, and trade flows—particularly for emerging markets caught in the crossfire of earlier disputes.

04

Ongoing Volatility in Commodity Markets:
Commodity markets continue to experience significant volatility, with pronounced downward pressures observed in May across key segments such as energy, metals, and agricultural products. This trend reflects a complex interplay of factors, including weaker-than-expected global demand, particularly from China; rising interest rates; shifts in investor sentiment; and geopolitical uncertainties. While some commodities remain supported by structural supply constraints, overall price fluctuations underscore the fragility of global market conditions and the heightened sensitivity of commodity-dependent economies to external shocks.

05

Rising Geopolitical Tensions Amid Israel–Iran Conflict:
The ongoing conflict between Israel and Iran is intensifying geopolitical tensions in an already fragile global environment. Beyond its regional implications, the confrontation poses broader risks to global economic stability, particularly through potential disruptions to energy markets, heightened investor uncertainty, and increased defense spending. Escalation could further strain diplomatic relations among major powers, unsettle financial markets, and undermine already fragile post-pandemic recovery efforts—especially in energy-importing and conflict-exposed economies.

Executive Summary: 2/2

African Environment

Resilient but Uneven Growth Across Africa:

Africa's economic recovery remains broadly on track, showing resilience amid global headwinds. However, growth is uneven—resource-rich and reform-driven economies are outperforming, while others face setbacks from political instability, fiscal pressures, or climate shocks. Targeted reforms remain essential to ensure more inclusive and sustained progress.

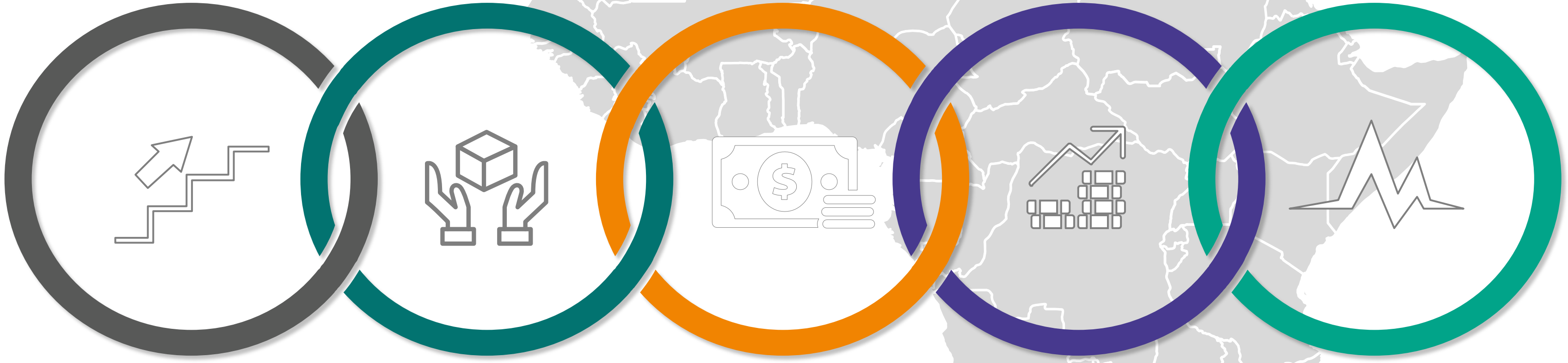
Improved Credit Ratings Support Resilience:

Upgraded credit ratings in several African countries have strengthened investor confidence and enhanced access to capital markets.

These improvements reflect sounder macroeconomic fundamentals and have helped countries better navigate global financial volatility and tightening conditions.

Overall Stability Amid Uneven Progress:

Although Africa maintains broad economic stability, the balance of risks underscores that progress remains uneven across countries and sectors, with some regions facing more significant challenges than others.

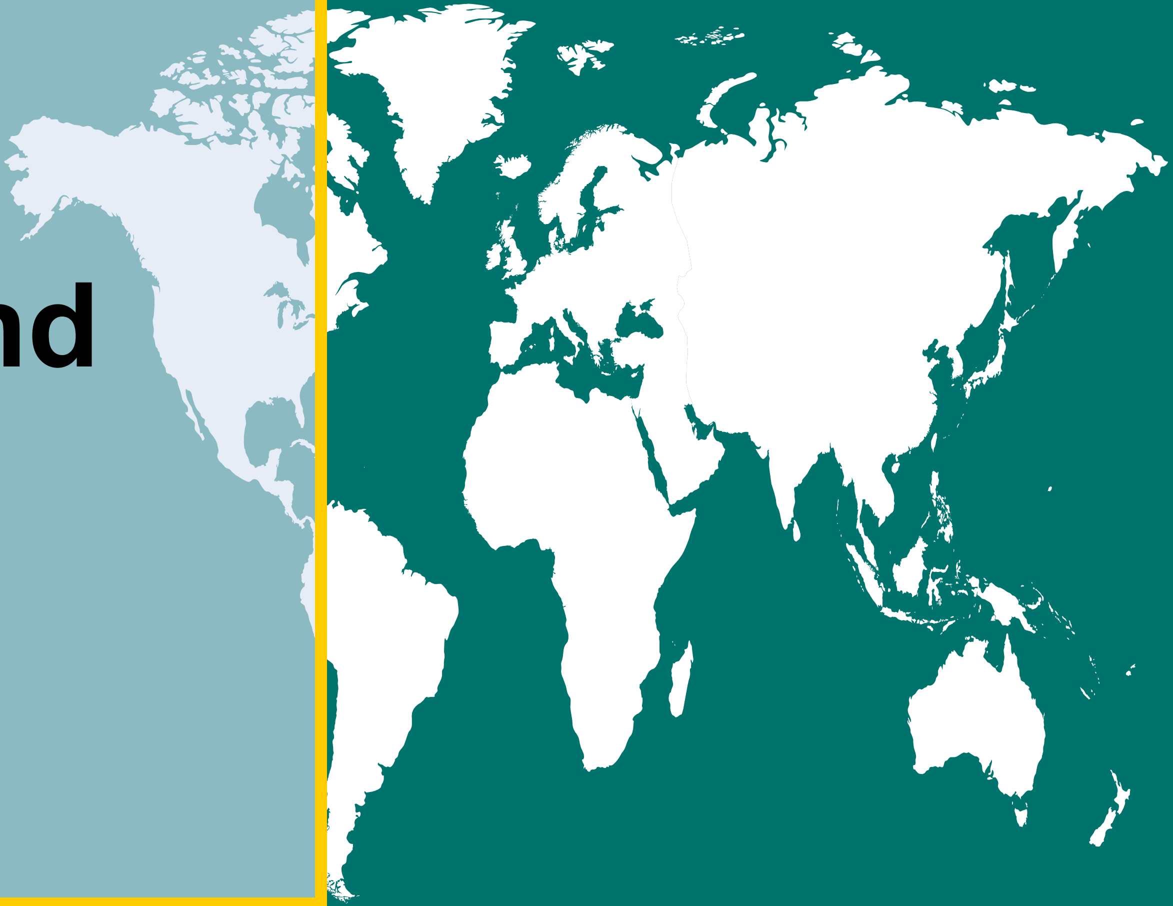


Most African currencies have been steadily developing.

Trade in Africa remains strong, even in the face of global challenges.

02

Emerging Trends and Shifts in the Global Macroeconomic Landscape



Recent themes in the Global Macroeconomic Environment

AFREXIMBANK @ 30
Delivering the Vision
Building Prosperity for Africans

Growth

Stagflation
Inflation remained globally stable and above, but PMI has declined recently amid rising uncertainty. J.P. Morgan PMI fell to 50.8 in April from 52.0 in March, signaling global expansion continues, though at the slowest pace in 18 months

Inflation

Fiscal strain
Heightened spending pressures are resulting in significant fiscal challenges globally; the bond markets are becoming increasingly volatile; and certain economic activities are beginning to adapt to the new standard.

United States

US Economy
- US economic growth is currently facing headwinds from higher oil prices, increased tariffs, the resumption of student loan payments, and higher long-term interest rates associated with the fiscal situation.
- Dampens prospects of global economy

Geopolitics

Geopolitical tensions
Israel-Iran conflict is exacerbating geopolitical tensions, which could have significant repercussions for the global economy, especially with the recent direct involvement of the US.

Policy

Monetary policy
- Monetary policy direction saw a mixed sentiment as growth and inflation risks caused some centrals banks to cut while others maintained a hold on policy rates in the May-June period.

Commodity

Commodity market volatility
Commodity markets are experiencing continued volatility, with downward pressures observed in May.

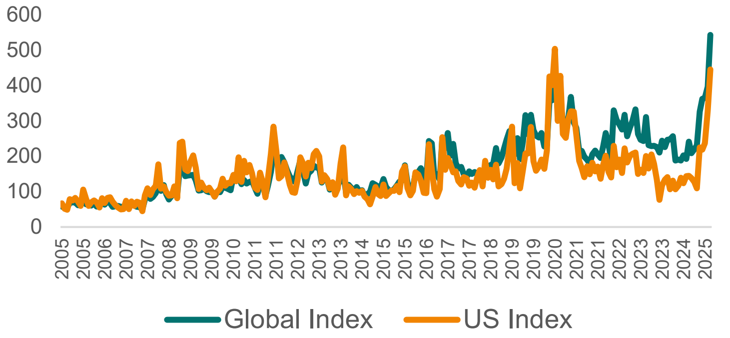
Trade

De-escalation of trade tensions (China-US)
The temporary rollback of US tariffs on Chinese imports from 145% to 30% and China tariffs on US goods from 125% to 10% represented a substantial de-escalation of trade tensions.

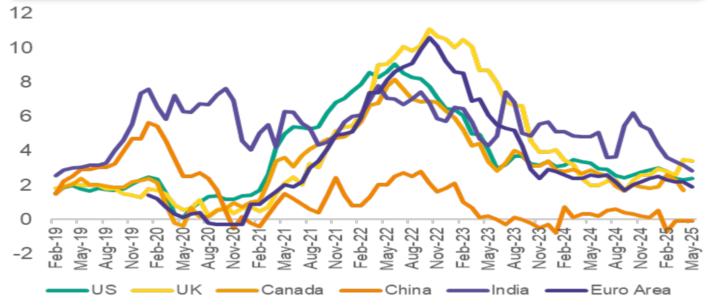
Risks

Balance of Risks on the Downside
Global trade growth is projected to slow substantially in 2025 and then pick up in 2026–27. Merchandise trade to plunge due to new tariffs and heightened policy uncertainty.

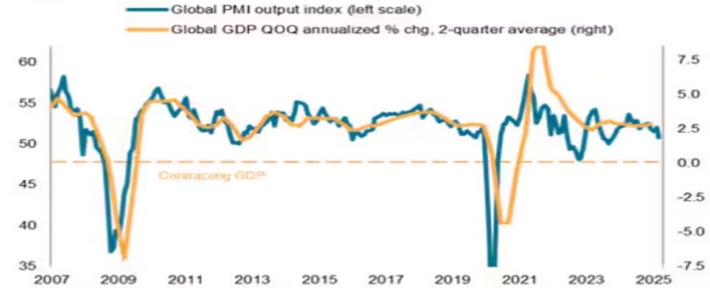
Economic uncertainty stays elevated



Inflation in major economies



J.P. Morgan Global PMI slowing in 2025



Data compiled May 6 including PMI data to April 2025.
PMI (Purchasing Managers' Index) value of 50 = no change on prior month.
Source: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.
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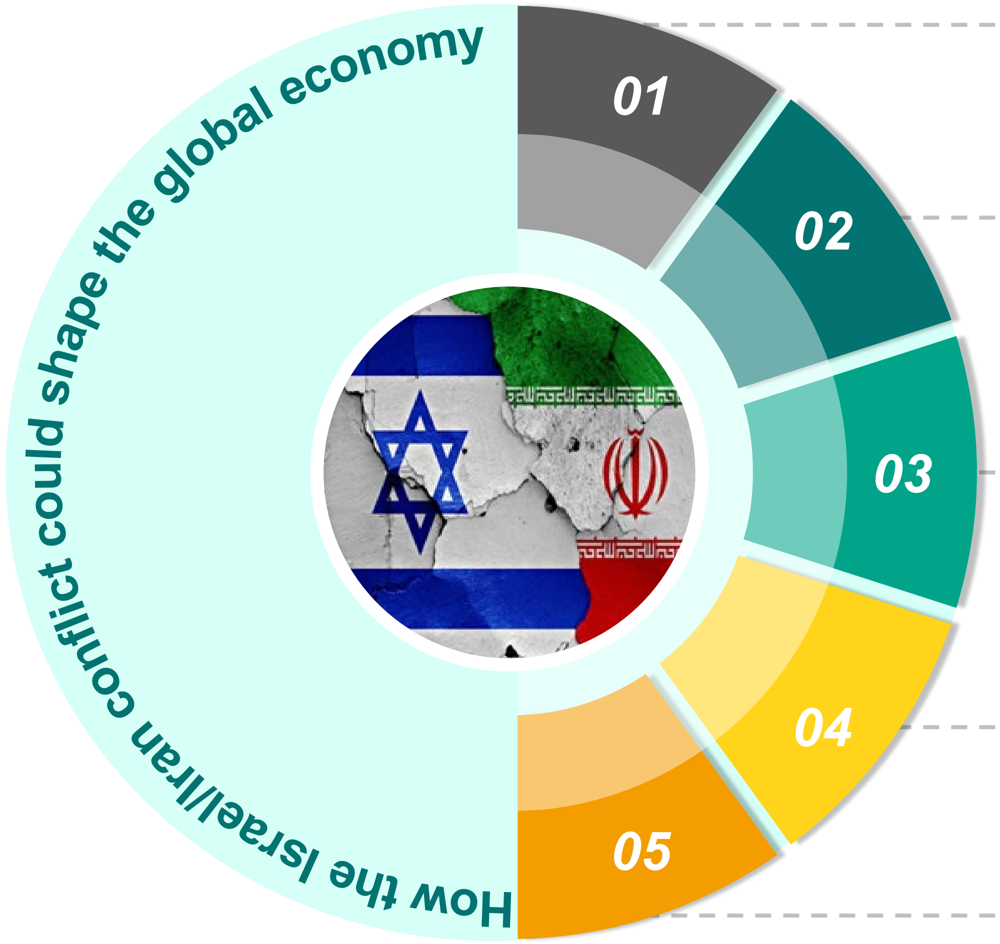
Sources: Central Banks, S&P Global, World Trade Uncertainty

Israel/Iran Conflict and the Global Economy



Pressure on oil prices

Rising geopolitical tensions between Iran and Israel have triggered a sharp increase in oil prices, as markets react to the heightened risk of supply disruptions across the Middle East. Investors are pricing in potential shocks to global energy flows, reflecting growing uncertainty in one of the world's most strategically critical regions.

Heightened Risks to Key Trade Routes

Geopolitical tensions have placed critical trade corridors—particularly the Strait of Hormuz—at increased risk, with potentially far-reaching economic implications. Concerns over security are prompting some vessels to reroute around the Cape of Good Hope, adding one to two weeks to transit times and increasing shipping costs by as much as $1 million per voyage. These disruptions could further strain global supply chains and contribute to inflationary pressures.

Rising Shipping Insurance Costs May Fuel Inflation

Amid growing geopolitical risks, shipping insurance premiums are expected to rise sharply as underwriters reassess exposure to high-risk routes. These higher costs will likely be passed on through global supply chains, ultimately raising prices for consumers and adding to existing inflationary pressures—particularly in import-dependent economies.

Potential Oil Price Spike and Dollar Strength if Tensions Escalate

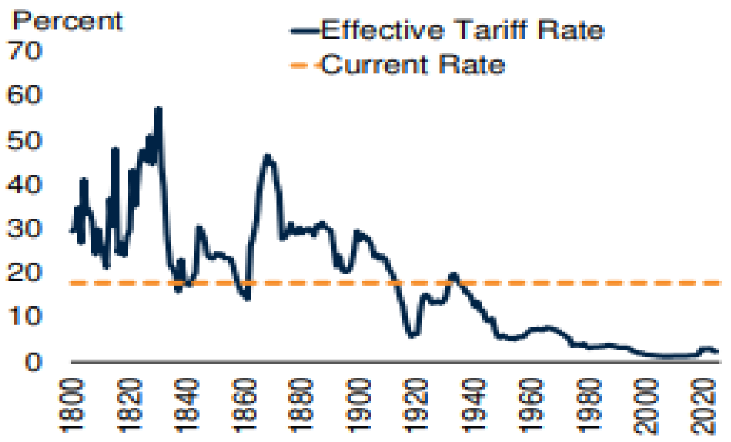
If Iranian-Israeli tensions escalate, oil prices might exceed $80, leading to a stronger U.S. dollar. A full-scale U.S. involvement could see oil price soar above this mark.

Escalating Tensions Could Drive Oil Prices and Strengthen the Dollar:

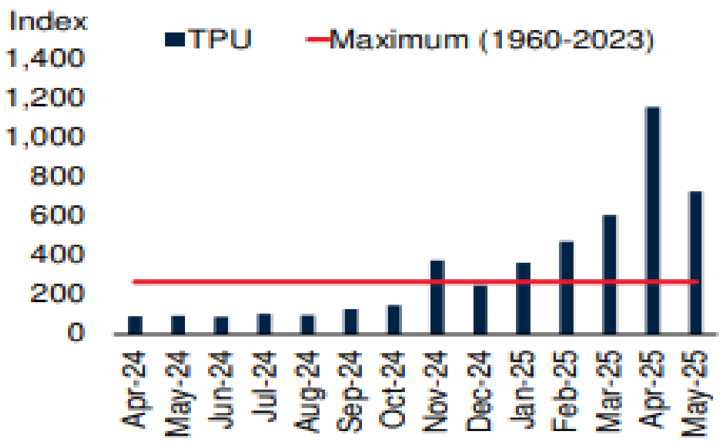
If Iranian–Israeli tensions escalate, oil prices could breach the $80 mark, driven by fears of supply disruptions. A full-scale U.S. involvement could push prices even higher, while heightened geopolitical risk may also strengthen the U.S. dollar as investors seek safe-haven assets.

Global Trade Uncertainty

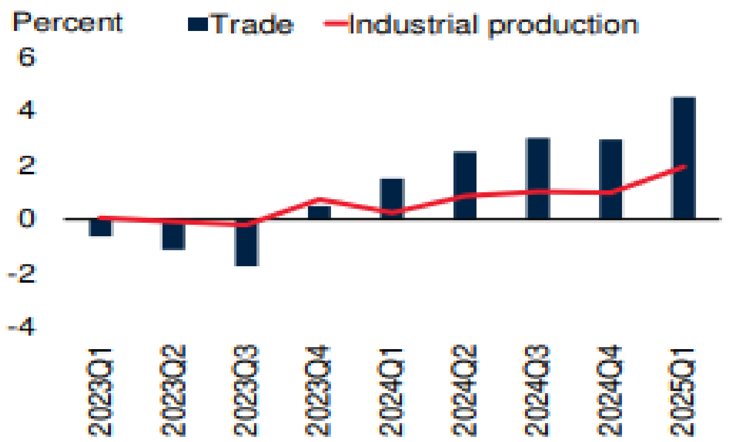
A. Effective U.S. tariff rate



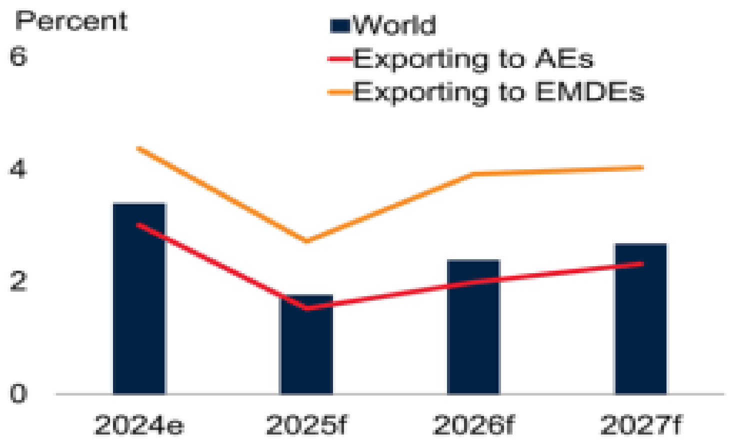
B. Global trade policy uncertainty



C. Growth in goods trade and industrial production



D. Global trade growth



U.S. Effective Tariff Rate Hits Historic High:

In 2025, the effective U.S. tariff rate has surged to its highest level in nearly a century, reflecting a sharp escalation in trade protectionism. This marks a significant shift in U.S. trade policy, with potential implications for global supply chains, inflation, and trade relations—particularly with key partners such as China and emerging markets.

Trade policy uncertainty reached new highs

Global trade policy uncertainty has surged to unprecedented levels in 2025, heightening volatility in international markets. Part of the recent growth in global goods trade reflects precautionary inventory build-ups by firms anticipating new tariff measures, rather than underlying demand strength—underscoring the fragile and reactive nature of current trade dynamics.

Setback for Global Trade Outlook

Global trade growth is expected to decelerate sharply in 2025, reflecting rising protectionism, geopolitical tensions, and weakening demand. However, a modest recovery is projected for 2026–27, contingent on improved policy certainty, easing trade barriers, and a rebound in global investment and consumption.

Source: World Bank, Economic Prospects, June 2025

Commodity: Continued Volatility with downward pressures in May

Commodity prices weaken Amid Trade Tensions

Commodity prices have fallen due to increased trade tensions and policy uncertainty.

Metals Market Outlook

The metals index is projected to drop by 5 per cent in 2025 and drift lower in 2026 before stabilizing

Agricultural commodities

Agricultural commodity prices are forecast to decrease slightly in 2026-27.

Gold Price Outlook

Average gold prices are expected to reach a record high this year before plateauing in 2026-27

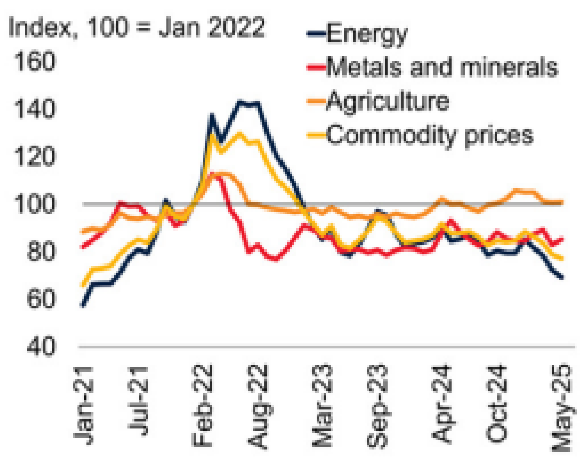
Energy Prices Set to Decline on Rising Supply:

Energy prices are forecast to decrease by 15 per cent this year due to increases in oil production from OPEC+

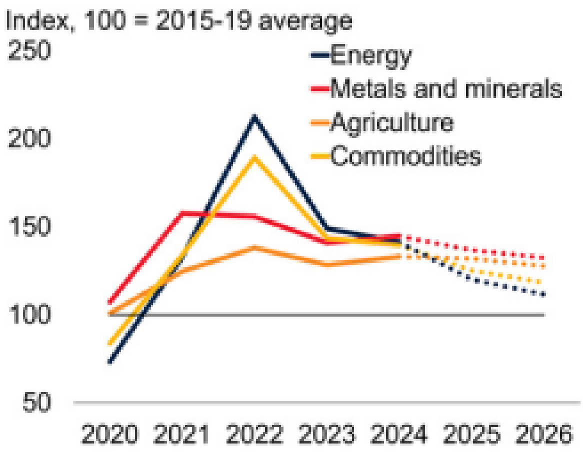
Commodities Price Forecast

Annual average prices are expected to decline significantly in 2025 and further in 2026.

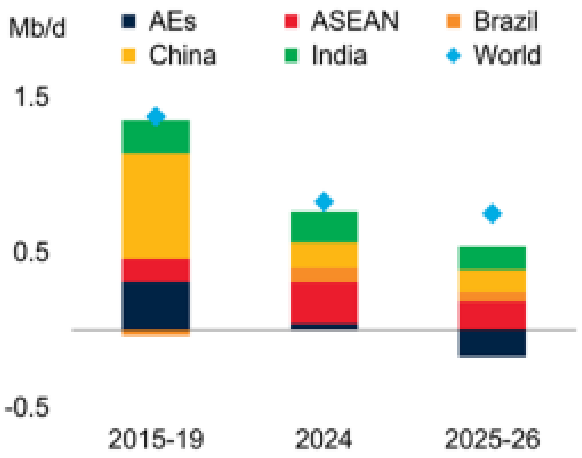
A. Commodity prices



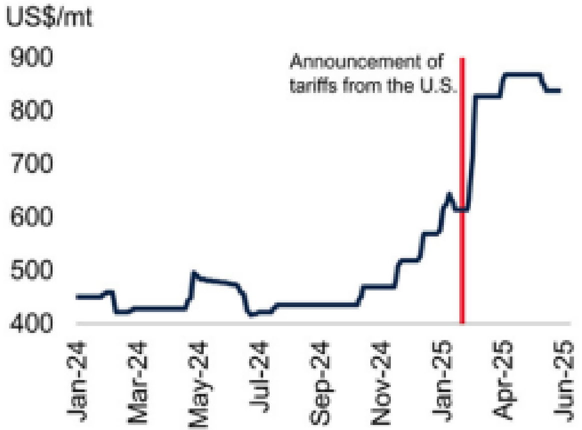
B. Commodity price forecasts



C. Change in global oil demand



D. U.S. Midwest premium for aluminum



Highlights from select major economies

United States

Tepid Outlook

Growth outlook

- U.S. growth is expected to decelerate sharply in 2025, to 1.4%
- Consumer sentiment has fallen sharply amid declines in equity markets and risk appetite. In addition, U.S. consumer inflation expectations have risen markedly
- Investment goods is anticipated to be disproportionately impacted by tariffs

Inflation rate

- Inflation remains above target at 2.4%.

China

Slowing growth

Growth outlook

- Growth is forecast to slow from 5 per cent in 2024 to 4.5 per cent this year
- Export growth is expected to slow as the impact of U.S. tariff increases materializes
- A soft labor market and a subdued property sector are expected to weigh on consumption
- Imports were sluggish, held back by continued tepid domestic demand
- Falling food and energy prices led to decreasing consumer prices earlier in 2025
- Producer prices fell due to declining global commodity prices

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Eurozone

Trade tensions and global uncertainty taint growth

Growth outlook

- In a significant development, Germany has surpassed Japan for the first time in 34 years to become the world's largest creditor nation, fueled by a substantial trade surplus and currency fluctuations.
- Growth in the euro area is projected to slow in 2025, to 0.7 per cent, and remain a touch below its trend of about 1 per cent, averaging 0.9 per cent over 2026-27
- Inflation is expected to hover near the ECB's medium-term target, although price pressures could arise from increased trade barriers and additional government spending
- The European Central Bank has reduced interest rates by 25 basis points. While inflation has moderated and the euro area has shown resilience, the ECB emphasized that maintaining this resilience is crucial in the face of escalating trade tensions.

Japan

Subdued Consumption Weighing on the Economy

Growth outlook

- Growth is expected to increase by 0.7 per cent from an estimated 0.2 per cent in 2024, underpinned by a rebound in consumption and the reopening of automobile plants from 2024 shutdowns
- From 2026-27, growth is forecast to average 0.8 per cent
- Persistent inflation is expected to warrant continued gradual policy interest rate increases
- The policy rate is projected to increase gradually to 1¼ per cent by the end of 2026, as core inflation stabilizes around 2% and a negative output gap gradually closes
- Japan's underlying primary deficit is projected to narrow by 0.9% of potential GDP in the two years to 2026.

United Kingdom

Growth on the Upside but to Slowdown in 2026

Growth outlook

- Growth is projected at 1.3% in 2025 and 1.0% in 2026, as trade tensions and elevated uncertainty persist
- Inflationary pressures to linger due to higher import prices and robust wage growth in 2025
- The labour market continues to cool, as falling vacancies are bringing the vacancy-to-unemployment ratio back to pre-pandemic levels.
- Bank Rate is projected to be lowered gradually from its current value of 4.25% and reach a terminal value of 3.5% in the second quarter of 2026
- Fiscal tightening will continue, with consolidation of about 1.2% of potential GDP between 2024 and 2026

Monetary and financial conditions- Growth/inflation risks produce mixed sentiments

Global Central Bank Policy Rates

Country	Rate	Central Bank Rate (Today)	CPI YoY	Real Central Bank Rate	YoY CPI Trend vs. Prior Reading	Last Move in CB rate	Last Move Month
US	Fed Funds	4.50%	2.3%	2.2%	Lower	Hold	May-25
Canada	Overnight	2.75%	1.7%	1.0%	Lower	Hold	Jun-25
Mexico	Overnight Rate	8.50%	4.4%	3.9%	Higher	Cut	May-25
Eurozone	Deposit Rate	2.15%	1.9%	0.2%	Lower	Cut	Jun-25
UK	Bank Rate	4.25%	3.5%	0.7%	Higher	Cut	May-25
Norway	Deposit Rate	4.50%	3.0%	1.5%	Higher	Hold	May-25
Denmark	Deposit Rate	1.60%	1.6%	0.0%	Higher	Cut	Jun-25
Poland	Repo Rate	5.25%	4.1%	1.1%	Lower	Cut	Jun-25
Switzerland	Target Rate	0.25%	-0.1%	0.4%	Lower	Hold	May-25
Czech Republic	Repo Rate	3.50%	2.4%	1.1%	Higher	Cut	May-25
Sweden	Repo Rate	2.25%	0.2%	2.0%	Lower	Hold	May-25
Turkey	Repo Rate	46.00%	35.4%	7.8%	Lower	Hold	May-25
China	Loan Prime Ra	3.00%	-0.1%	3.1%	Unchanged	Cut	May-25
India	Repo Rate	5.50%	3.2%	2.3%	Lower	Cut	Jun-25
Japan	Policy Rate Bal	0.50%	3.2%	-2.6%	Unchanged	Hold	May-25
Saudi Arabia	Repo Rate	5.00%	2.3%	2.6%	Unchanged	Hold	May-25
Russia	Key Policy Rate	20.00%	10.2%	8.9%	Lower	Cut	Jun-25
Indonesia	Repo Rate	5.50%	1.6%	3.8%	Lower	Cut	May-25
Taiwan	Discount Rate	2.00%	1.6%	0.4%	Lower	Hold	May-25
Thailand	Policy Rate	1.75%	-0.6%	2.3%	Lower	Hold	May-25
Malaysia	Policy Rate	3.00%	1.4%	1.6%	Unchanged	Hold	Jun-25
South Korea	Repo Rate	2.50%	1.9%	0.6%	Lower	Cut	Jun-25
Hong Kong	Base Rate	4.75%	2.0%	2.7%	Higher	Hold	May-25
Philippines	Key Policy Rate	5.50%	1.3%	4.1%	Lower	Hold	May-25
Argentina	Overnight Repo	29.00%	47.3%	-12.4%	Lower	Hold	May-25
Brazil	Target Rate	14.75%	5.5%	8.7%	Higher	Hike	May-25
Chile	Base Rate	5.00%	4.4%	0.6%	Lower	Hold	May-25
Peru	Policy Rate	4.50%	1.7%	2.8%	Higher	Cut	May-25
Colombia	Repo Rate	9.25%	5.1%	4.0%	Lower	Hold	May-25
Australia	Cash Rate	3.85%	2.4%	1.4%	Unchanged	Cut	May-25
New Zealand	Cash Rate	3.25%	2.5%	0.7%	Higher	Cut	Jun-25
South Africa	Repo Rate	7.25%	2.8%	4.3%	Higher	Cut	May-25

Sources: Afreximbank Research, Trading Economics

Global Central Bank Policy Shifts Amid Evolving Inflation Dynamics

- Between May and June 2025, a majority of central banks—including those in Mexico, the Eurozone, Poland, Russia, India, South Korea, and China—have implemented interest rate cuts. This wave of monetary easing reflects a broader global shift toward accommodative policy as disinflationary trends gain traction alongside slowing economic growth.
- However, this easing stance is not uniform. Central banks in countries where inflation remains persistently elevated or has increased—such as the United Kingdom and Brazil—have taken a more cautious approach, opting either to maintain existing rates or to implement further hikes.
- This divergence underscores the uneven inflationary pressures across regions and the delicate balancing act faced by monetary authorities worldwide as they navigate the trade-offs between supporting growth and containing inflation.

Emerging Market Currency Performance and Yields

Currency	Spot Returns vs. USD (%) 1-Mo.	YTD	1Y	3Y	5Y	Spot Returns vs. EUR (%) 1-Mo.	YTD	1Y	3Y	5Y	Local Interest Rates (%) 1Y
Europe											
Czech Koruna (CZK)	-0.20	10.58	3.51	1.64	1.94	-0.07	0.86	-1.01	-0.31	1.52	3.09
Hungarian Forint (HUF)	-0.03	11.63	0.96	1.35	-2.64	0.11	1.82	-3.45	-0.59	-3.03	6.17
Polish Zloty (PLN)	0.48	10.31	5.14	4.53	1.35	0.62	0.62	0.54	2.52	0.94	4.26
Romanian Leu (RON)	-1.80	7.74	2.79	1.15	-0.49	-1.67	-1.73	-1.71	-0.79	-0.89	6.74
Russian Ruble (RUB)	4.29	39.59	14.94	-7.12	-2.12	4.43	27.32	9.92	-8.90	-2.52	--
Turkish New Lira (TRY)	-1.99	-9.89	-17.92	-25.26	-29.53	-1.86	-17.81	-21.51	-26.69	-29.81	42.67
Middle East and Africa											
Ghanaian Cedi (GHS)	37.56	43.41	43.90	-8.76	-10.81	37.74	30.81	37.61	-10.51	-11.17	17.90
Israeli Shekel (ILS)	3.41	3.54	5.72	-1.83	-0.09	3.54	-5.56	1.09	-3.71	-0.50	4.24
Kenyan Shilling (KES)	0.15	0.12	1.01	-3.31	-3.74	0.29	-8.68	-3.41	-5.16	-4.13	10.00
Moroccan Dirham (MAD)	0.08	9.55	7.59	2.20	1.11	0.21	-0.08	2.89	0.24	0.70	2.17
Nigerian Naira (NGN)	0.86	-2.83	-4.97	-36.08	-24.63	0.99	-11.37	-9.13	-37.30	-24.93	22.12
South African Rand (ZAR)	3.04	4.50	4.26	-4.79	-0.48	3.18	-4.68	-0.30	-6.62	-0.88	7.91
Ugandan Shilling (UGX)	0.71	1.73	4.76	1.25	0.78	0.85	-7.21	0.18	-0.69	0.37	15.50
Zambian Kwacha (ZMK)	4.32	4.72	-2.25	-13.43	-7.22	4.46	-4.48	-6.53	-15.09	-7.59	14.50

Sources: Trading Economics.

Morgan Stanley, the Beat, June 2025

Global Economic Outlook

01

Global Growth Outlook Revised Downward

- The International Monetary Fund (IMF) has revised its global growth projections downward, now expecting growth to slow to 2.8% in 2025 and modestly recover to 3.0% in 2026. These figures mark a significant downgrade from the more optimistic 3.3% forecast made at the start of the year and fall well below the historical average growth rate of 3.7% recorded during the 2000–2019 period. The revision reflects mounting headwinds including trade tensions, geopolitical uncertainties, and persistent inflationary pressures.

- Similarly, the Organisation for Economic Co-operation and Development (OECD) has lowered its global growth forecast to 2.9% for both 2025 and 2026. The OECD attributes this moderation to the continued rise of trade barriers, ongoing policy uncertainty, and sustained inflation. Moreover, the organization warns of escalating fiscal and financial vulnerabilities, particularly among developing economies that face heightened debt burdens and limited fiscal space to respond to emerging shocks.

- Together, these assessments paint a cautious picture of the near-term global economic trajectory, emphasizing the need for coordinated policy efforts to support growth and stability.

02

Global Inflation Outlook

- According to the IMF's April 2025 projections, global headline inflation is expected to decline more gradually than initially anticipated earlier this year. Inflation is forecasted to moderate to 4.3 percent in 2025 and further ease to 3.6 percent in 2026.
- Notably, the IMF has revised its inflation outlook upward for advanced economies in 2025, reflecting persistent price pressures and tighter labor markets in these regions.
- In contrast, emerging market and developing economies are expected to experience a slight downward revision in inflation rates for 2025, due in part to improving supply conditions and easing commodity prices.
- These divergent trends highlight the uneven inflationary dynamics shaping the global economy and the continuing challenges policymakers face in balancing growth and price stability.

03

Monetary policy Outlook

- Central banks are expected to maintain a cautious approach as they navigate a complex and uncertain economic landscape.
- Persisting trade tensions, geopolitical risks, and uneven inflation trends require policymakers to carefully balance the goals of supporting growth while containing inflation, often under conditions of heightened volatility and limited policy space.
- This cautious stance reflects the ongoing challenges in calibrating monetary policy amid evolving global dynamics.

04

Trade Outlook

- World trade volume forecasts for 2025 and 2026 have been modestly revised downward.
- This adjustment primarily reflects the sharp rise in trade policy uncertainty, which is expected to disproportionately impact investment decisions among trade-intensive firms.
- As businesses grapple with unclear and shifting trade rules, hesitancy to commit capital may lead to slower expansion and dampened trade activity, further constraining global economic growth prospects.

03

Current Trends and Transformations in Global Africa's Macroeconomic Landscape

Geopolitical tensions in Africa continue to impact policy outcomes

Guinea
Unclear political transition

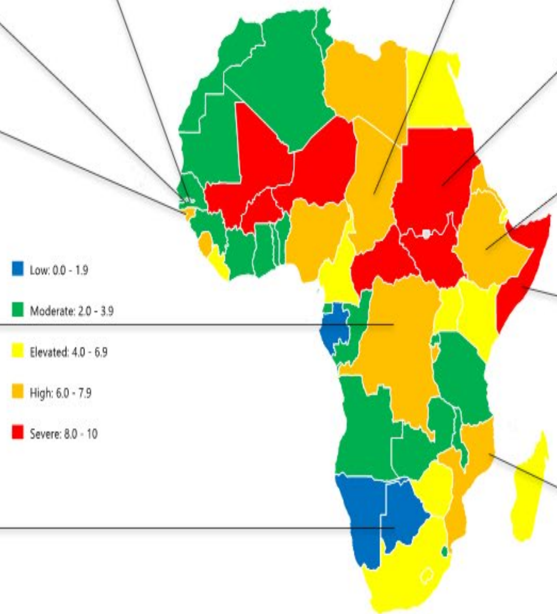
Senegal
violence in Senegal legislative elections.

Chad
Political coup and Military risk

Sudan
Conflict, mass displacement, an economic crisis

Guinea-Bissau
Presidential election in November.

Ethiopia
Inside Ethiopia's Amhara rebellion

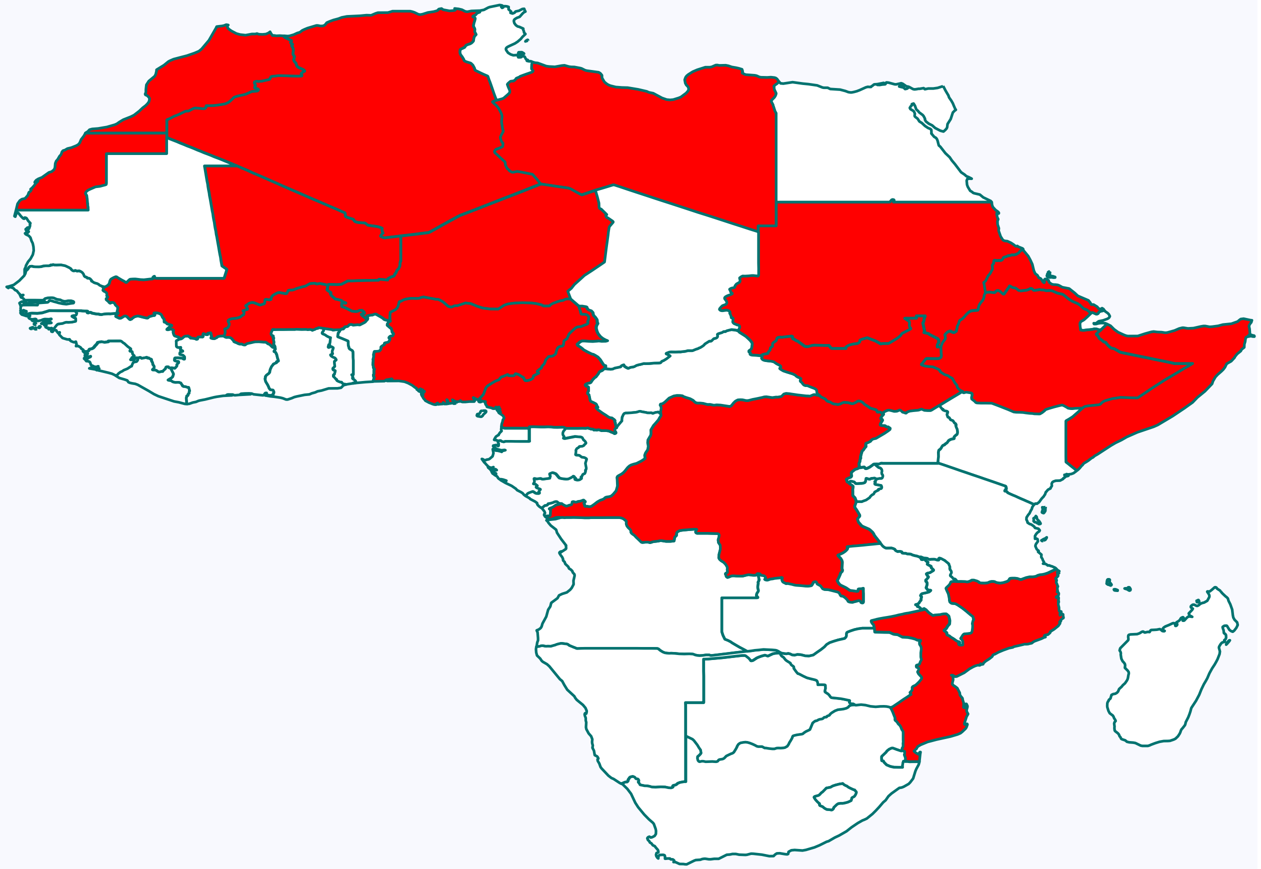


DRC
Vilonce and social unrest

Somali
Increased military threat amid conflicts

Botswana
Post election social unrest

Mozambique
post-vote violence



Parliamentary elections

- Burundi.
- Cameroon
- Central African Republic
- Comoros
- Egypt
- Gabon
- Cote d'Ivoire
- Malawi
- Niger
- Seychelles
- Tanzania
- Togo

Presidential elections

- Cameroon
- Côte d'Ivoire

Territorial Disputes

- Algeria – Morocco
- Democratic Republic of the Congo – Rwanda

Civil Wars and Armed Conflicts

Ethiopia, Libya, Somalia, Sudan, Mozambique

Terrorism

- Burkina Faso, Cameroon, Niger, Nigeria, Mali, Somali, Sudan

African Growth Resilience is On Track, Despite Uneven Progress and challenges

	2025 (f) - October 2024	2025 (f) - April 2025	Difference	2025 (f) - October 2024 (Afreximbank)	Q3-2024 (YoY)	Q4-2024 (YoY)
Libya	13.7	17.3	3.7	6.7		
Senegal	9.3	8.4	-0.9	8.5	10.0	11.6
Rwanda	6.5	7.1	0.6	7.2	8.1	8.0
Guinea	5.7	7.1	1.4	6.3		
Ethiopia	6.5	6.6	0.1	6.8		
Niger	7.3	6.6	-0.7	6.6	7.3	14.4
Benin	6.5	6.5	0.0	6.0	6.6	6.8
Côte d'Ivoire	6.4	6.3	-0.1	6.8	5.6	6.5
Zambia	6.6	6.2	-0.4	5.0	3.0	8.6
Uganda	5.9	6.1	0.2	6.8	6.7	5.3
Zimbabwe	6.0	6.0	0.0	3.8		
Tanzania	6.0	6.0	0.0	6.0	5.9	5.2
Djibouti	6.0	6.0	0.0	5.7		
The Gambia	5.8	5.9	0.2	5.7	5.0	
Liberia	5.8	5.3	-0.5	6.1		
Togo	5.3	5.3	0.0	5.5	6.3	5.1
Eswatini	4.2	5.1	0.9	3.5	2.8	2.1
Guinea-Bissau	5.0	5.1	0.1	4.8	5.2	5.3
Cabo Verde	4.7	5.0	0.3	5.0	3.4	6.7
Mali	4.4	4.9	0.5	4.2	4.7	4.4
Kenya	5.0	4.8	-0.2	5.3	4.2	5.1
Democratic Republic of the Congo	5.0	4.7	-0.3	6.0		
Sierra Leone	4.5	4.7	0.1	4.4		
Mauritania	4.2	4.4	0.2	5.5	6.0	
Burkina Faso	5.8	4.3	-1.5	4.4	4.9	5.5
Ghana	4.4	4.0	-0.3	4.4	7.2	3.6
Madagascar	4.6	3.9	-0.7	4.6		
Morocco	3.6	3.9	0.3	3.7	4.3	3.7
Namibia	4.2	3.8	-0.4	3.6	3.2	3.1
Egypt	4.1	3.8	-0.3	4.1	3.5	4.3
Cameroon	4.2	3.6	-0.6	4.6	3.0	
Seychelles	3.9	3.5	-0.4	4.0	10.2	7.2
Malawi	4.0	3.5	-0.5	3.4		
Algeria	3.0	3.5	0.5	3.1	2.3	4.2
Republic of Congo	3.7	3.3	-0.4	4.1		
São Tomé and Príncipe	3.3	3.1	-0.2	3.2		
Nigeria	3.2	3.0	-0.1	3.4	3.5	3.8
Mauritius	4.0	3.0	-1.0	4.6	5.2	4.8
Central African Republic	2.9	2.9	0.0	2.8		
Gabon	2.6	2.8	0.1	2.6		
Mozambique	4.3	2.5	-1.8	5.4	3.7	-4.9
Angola	2.8	2.4	-0.4	3.1	2.6	3.5
Burundi	3.5	1.9	-1.7	5.2		
Chad	3.8	1.7	-2.1	3.3		
Lesotho	2.3	1.5	-0.8	2.2	4.6	3.6
Tunisia	1.6	1.4	-0.2	2.1	1.8	2.4
South Africa	1.5	1.0	-0.5	1.6	0.4	0.8
Botswana	5.2	-0.4	-5.6	4.3	-4.2	-2.0
Sudan	8.3	-0.4	-8.7	0.5		
Equatorial Guinea	-4.8	-4.2	0.6	-3.0		

Factors Influencing Africa's Economic Performance in 2025

01 Monetary Policy Transition

02 Abating Inflation Trends

03 Impact of U.S. retaliatory tariffs.

04 Exchange Rate Volatility

05 Global Economic Trends

06 Political Stability & Security

07 Volatility of Commodity Prices

08 Infrastructure & Investment

Source: Trading Economics

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Most African currencies have developed steadily, but nearly half have shown signs of depreciation.

Exchange Rate Dynamics recorded in May 2025:

01 **Currency appreciation**

Ghana, South Africa, Namibia, Eswatini

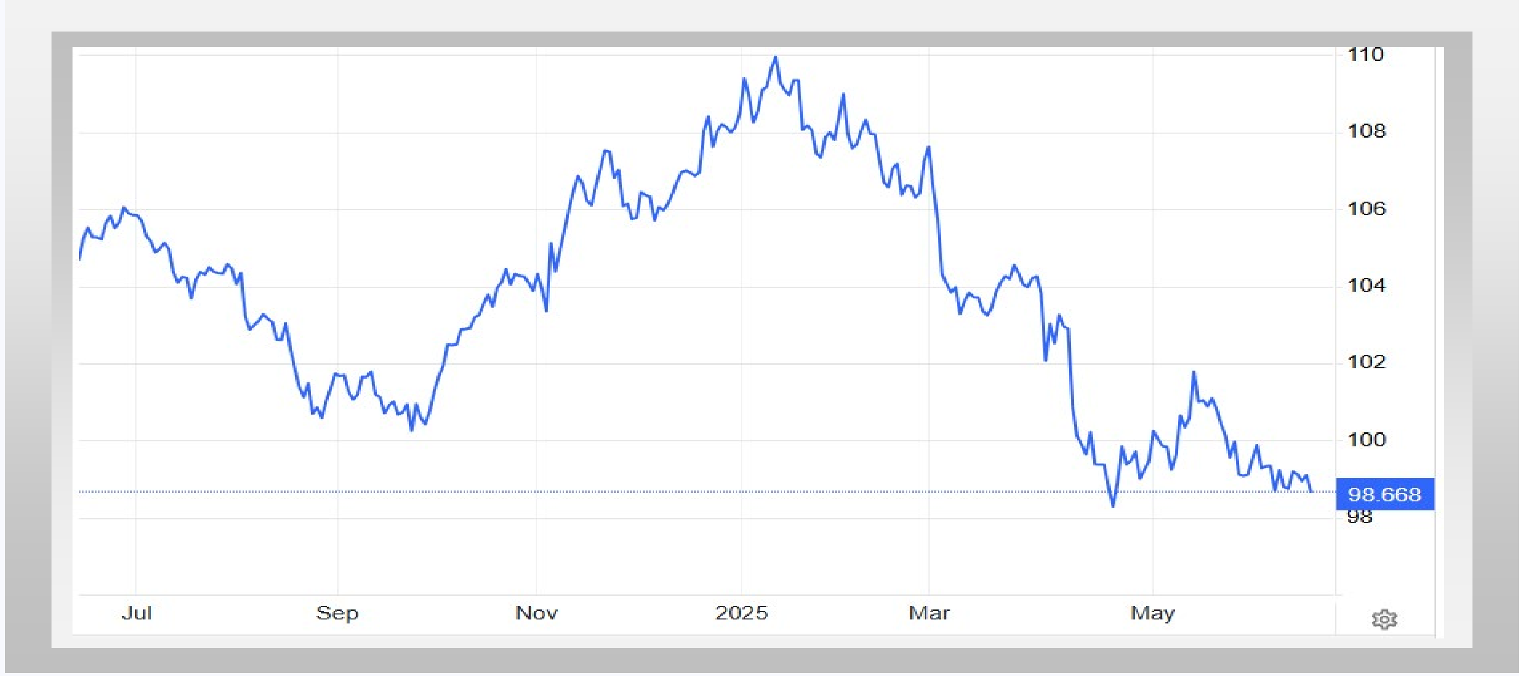
02 **Currency stability**

Countries like Kenya and Liberia have experienced periods of stability

03 **Currency depreciation**

10 countries experienced significant currency depreciations during this period.

U.S. Dollar Index



	Today Price	last Month Price	MoM Change	YoY Change	last Year Price
Ghana	10.3	12.2	-21.5	-10.6	13.9
South Africa	17.8	18.1	-8.2	-0.7	18.3
Namibia	17.8	18.1	-7.9	-6.1	18.5
Swaziland	17.8	18.1	-7.9	-6.0	18.5
Lesotho	17.8	18.1	-7.9	-6.0	18.5
Zambia	24.8	27.0	-3.4	-3.0	27.1
CEMAC	573.7	581.6	-3.3	3.4	609.2
Morocco	9.2	9.3	-3.3	-100.0	-
Cape Verde	96.9	98.2	-3.3	1.2	102.7
Botswana	13.4	13.5	-3.0	-2.7	13.6
Madagascar	4,531.9	4,496.5	-2.9	-4.0	4,445.0
Comoros	431.5	436.2	-2.8	1.8	456.9
Sao Tome and Principe	21.7	21.9	-2.3	3.1	23.2
Tunisia	3.0	3.0	-2.2	2.2	3.1
Egypt	49.5	50.2	-2.2	-7.1	47.7
Uganda	3,587.4	3,653.4	-1.7	1.3	3,765.1
WAEMU	573.7	581.6	-1.7	1.7	609.2
Libya	5.5	5.5	-0.9	-12.1	4.9
Algeria	131.4	132.7	-0.3	1.1	134.6
Congo	2,905.5	2,901.4	-0.2	-4.2	2,785.0
Kenya	129.3	129.3	0.0	3.2	133.5
Liberia	199.5	200.0	0.0	-3.5	193.0
Djibouti	178.1	177.7	0.1	0.1	177.7
Sudan	600.5	600.4	0.3	0.0	598.8
Zimbabwe	27.0	26.9	0.3	-48.5	13.8
Mauritania	39.5	39.8	0.3	0.7	39.9
Eritrea	15.0	15.1	0.5	0.0	15.0
Seychelles	14.7	14.4	0.5	-5.4	13.6
Sierra Leone	22,576.4	22,743.3	0.6	-0.4	22,529.9
Gambia	72.8	72.7	0.6	-6.3	67.8
Guinea	8,665.0	8,661.7	0.6	-0.2	8,595.0
Somalia	571.7	571.5	0.6	0.0	568.0
Angola	918.7	920.5	0.9	-7.6	842.7
Malawi	1,734.0	1,733.7	1.0	1.3	1,740.0
Mozambique	63.9	63.9	1.0	0.5	63.6
South Sudan	4,521.9	4,496.5	1.0	-64.6	1,576.6
Tanzania	2,605.0	2,694.2	1.1	-3.0	2,585.0
Rwanda	1,419.4	1,417.5	1.1	-7.4	1,298.0
Mauritius	45.5	45.6	1.4	2.7	46.2
Burundi	2,977.2	2,975.5	1.6	-1.9	2,873.0
Nigeria	1,543.5	1,598.2	2.1	-11.5	1,386.5
Ethiopia	136.5	134.9	4.3	-55.8	57.2

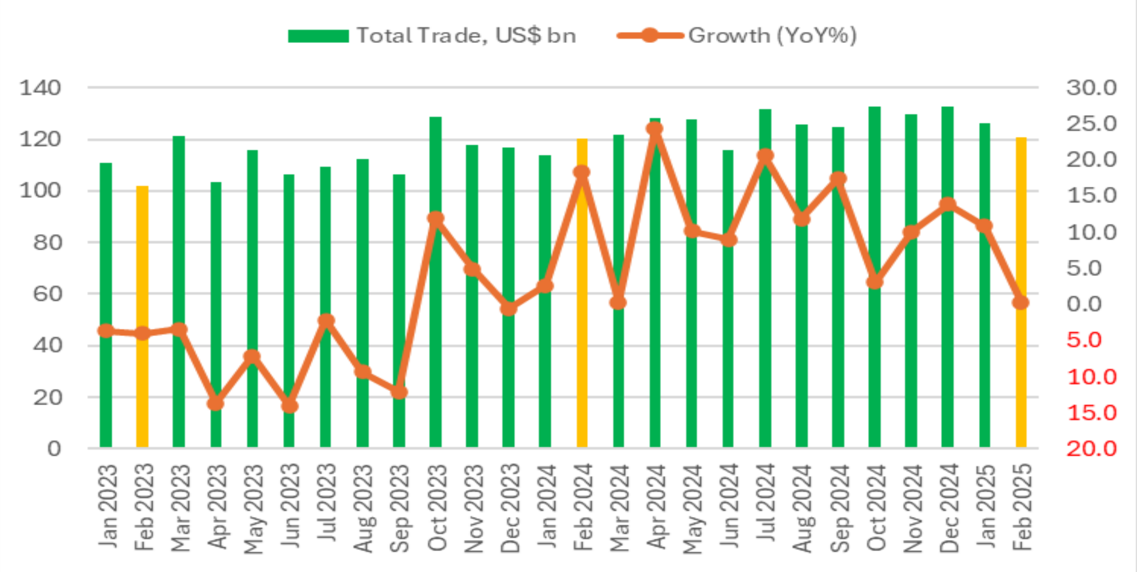
Sources: Afreximbank Research, Trading Economics

Source: Trading Economics

African Trade remains resilient despite global challenges.

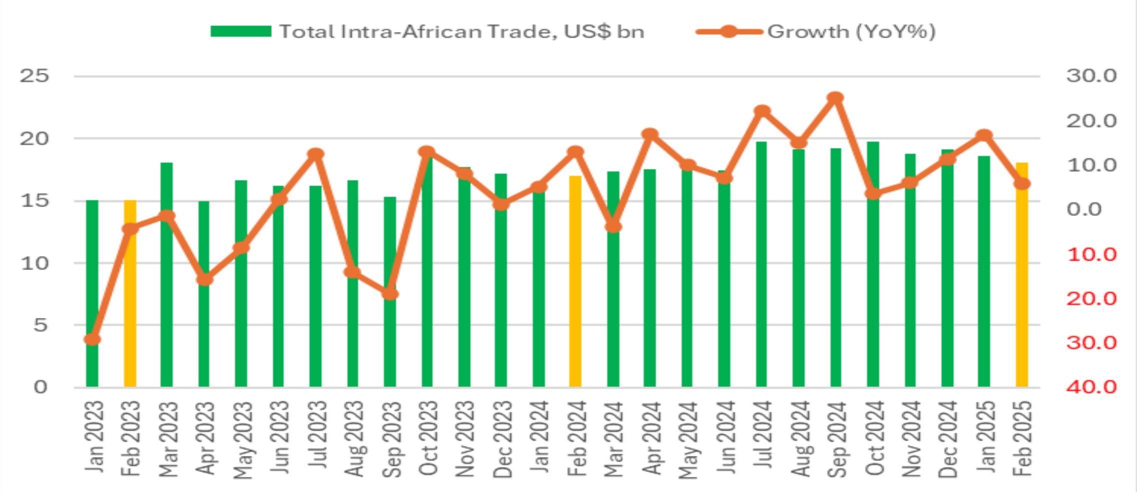
Total Trade

In February 2025, total African trade decreased to US$120.8 billion, down from US$125.9 billion in January. However, it exhibited a slight growth of 0.3% compared to the same period last year.



Intra-African Trade

In line with global developments, intra-African trade also fell to US$18 bn in February 2025, having reached US$18.6 in the previous month. However, this represents a 5.6% improvement compared to the same period in the year prior.



Key highlights: Improved rating upgrades, allowing countries to enter the financial volatility with strong fundamentals.

Sovereign	Moody's			S&P			Fitch		
	Previous	*Current*	*Direction*	*Previous*	*Current*	*Direction*	*Previous*	*Current*	*Direction*
UPGRADES									
Nigeria	Caa1 (stable)	B3 (stable)	↑				B- (pos)	B (stable)	↑
Ghana				SD	CCC+(stable)	↑			
Togo				B (positive)	B+ (stable)	↑			
Zambia	Caa3 (stable)	Caa2 (positive)	↑						
Total	**2**			**2**			**1**		
UNCHANGE IN CREDIT RATING OUTLOOKS									
Egypt							B(stable)	B(stable)	
Lesotho							B (stable)	B (stable)	
Namibia							BB- (stable)	BB- (stable)	
Angola							B- (stable)	B- (stable)	
Cabo Verde							B (stable)	B (stable)	
Total							**5**		
NEGATIVE CHANGE IN CREDIT RATING OUTLOOKS									
Cameroon							B (stable)	B (negative)	↓
Egypt				B- (positive)	B- (stable)	↓			
Rwanda	B2 (stable)	B2 (negative)	↓				B+ (stable)	B+ (negative)	↓
Botswana	A3 (stable)	A3 (negative)	↓						
Total	**2**			**1**			**2**		

Sources: Afreximbank Research

Key highlights: Improved rating upgrades, allowing countries to enter the financial volatility with strong fundamentals (2/2)

Africa’s credit landscape is evolving due to fiscal reforms, improvements in governance, and resilient economic growth

Nigeria

Nigeria has received upgrades from Fitch and Moody's, indicating progress in institutional reforms. As a result, the Eurobond yields due in June 2031 have decreased by 250 basis points, reflecting renewed investor confidence.

South Africa

South Africa's rating has been maintained. S&P has kept it at BB- but issued a clear warning: “Grow faster, fix your fiscal issues, or remain stuck.”

Rating

Ghana

Ghana has been upgraded to CCC+ by S&P. After experiencing a Selective Default last year, Ghana has successfully restructured its Eurobonds and demonstrated visible improvements in its fiscal outlook.

Benin

Benin has received an upgrade to BB- from S&P, marking a significant achievement for this small country. Strong fiscal performance and discipline have contributed to this positive change.

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Market access: slowdown in issuance.

Improved outlook and rating upgrade

African countries experienced improved outlooks and rating upgrades, with resumed market access and lower key interest rates from major central banks.

Market return of African countries

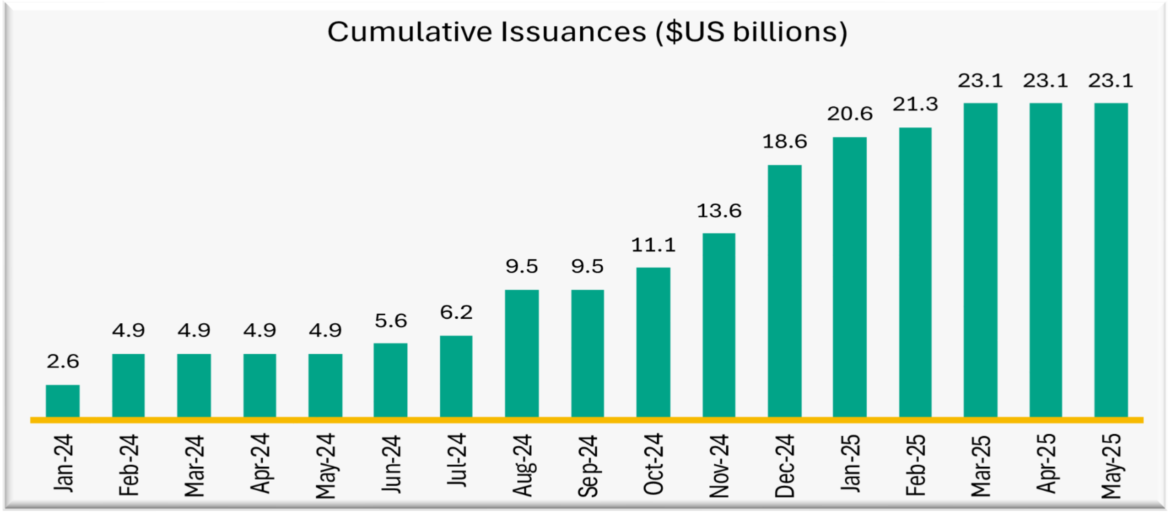
Several African countries, including Angola, Egypt, Nigeria, Côte d'Ivoire, Senegal, and Morocco, issued Eurobonds, taking advantage of favorable market conditions following earlier foreign debt success.

Dollar-bond offering by Benin, Egypt and Gabon

In 2025, Benin, Egypt, Gabon, and Cote d'Ivoire launched a dollar-bond offering, making them the first African sovereign issuers.

Eurobonds Issuance, Africa

	Issuances (US$ billion)	Rates (Percent)	Maturity (Years)	Date	Rating
	1.1	7.875	9	Jan-24	Moody's: Ba3, + outlook
Côte d'Ivoire	1.5	8.5	13	Jan-24	Moody's: Ba3, + outlook
Benin	0.75	8.375	14	Feb-24	Moody's: B1, stable outlook
Kenya	1.5	10.375	7	Feb-24	Moody's: B3, - outlook
Senegal	0.75	7. 75	7	Jun-24	Moody's: B1, stable outlook
					Fitch: B, - outlook
Cameroon	0.55	10.75	7	Jul-24	S&P: B-, stable outlook
Senegal	0.3	7. 75	7	Nov-12	Moody's: B1, stable outlook
Nigeria	2.2	7. 75	7		Fitch: B-, + outlook
South Africa	3.5	7.1-7.9	45843	Nov-13	S&P: BB-, + outlook
Angola	1.5	9.5	1	Dec-24	S&P: B-, stable outlook
Egypt	2	8.6-9.45	2	Jan-25	S&P:B- + Outlook
Gabon	0.7	6.5	5	Feb-25	S&P:CCC, stable Outlook
Côte d'Ivoire	1,75	6.45			S&P: BB, stable outlook



Source: Trading Economics

Balance of Risks in Africa: Overall Stability, but Uneven Progress (1/2)

Overall, Africa is stable, but the level of stability varies significantly across different regions. Inflation remains a key risk, policy rates remain tightening, and trade performance varies by region.

North Africa

Improving performance despite inflation in Egypt and Tunisia. Mixed exchange rates; stability in Morocco and Algeria. Trade improvements boost outlook. Cautious policy rates remain unchanged.

West Africa

Benin and Guinea have stabilized trade, while Mali and Nigeria struggle with inflation. Higher rates to control inflation hinder growth, leading to mixed trade outcomes.

Central Africa

Challenging economic conditions persist, with increased risks and unstable monetary policies in countries like Cameroon and Gabon, which face inflationary pressures and exchange rate volatility.

East Africa

The region shows modest resilience with growth only in Tanzania , stable inflation.

Southern Africa

Economic disparities: Growth rises in Angola, Namibia and South Africa and declines in Seychelles and Malawi, with inflation concerns in the latter. Angola and Lesotho show better trade. Tight policy rates hinder growth.

Balance of Risks in Africa: Overall Stability, but Uneven Progress (2/2)

	Growth	Inflation	Policy	Exch.	Trade	Risk	Overall
North Africa							
Algeria	Improving	Deteriorating	Stable	Improving	Deteriorating	Deteriorating	Stable
Tunisia	Improving	Deteriorating	Improving	Improving	Improving	Improving	Improving
Egypt	Improving	Improving	Stable	Stable	Improving	Deteriorating	Stable
Morocco	Improving	Improving	Improving	Stable	Stable	Improving	Improving
Mauritania	Improving	Improving	Stable	Improving	Improving	Improving	Improving
Libya	Improving	Improving	Stable	Improving	Improving	Improving	Improving
West Africa							
Benin	Improving	Deteriorating	Stable	Improving	Improving	Improving	Stable
Guinea	Improving	Deteriorating	Stable	Improving	Improving	Improving	Stable
Burkina Faso	Improving	Improving	Stable	Stable	Improving	Deteriorating	Stable
Sierra Leone	Improving	Improving	Stable	Stable	Deteriorating	Improving	Stable
Cote d'Ivoire	Stable	Improving	Stable	Stable	Deteriorating	Improving	Stable
Ghana	Stable	Improving	Stable	Deteriorating	Stable	Improving	Stable
Liberia	Improving	Improving	Stable	Stable	Improving	Deteriorating	Stable
Mali	Stable	Deteriorating	Stable	Stable	Stable	Improving	Stable
Niger	Improving	Deteriorating	Stable	Deteriorating	Stable	Stable	Stable
Guinea Bissau	Deteriorating	Improving	Stable	Stable	Deteriorating	Improving	Stable
Cabo Verde	Improving	Deteriorating	Stable	Stable	Deteriorating	Deteriorating	Stable
Gambia	Improving	Deteriorating	Stable	Deteriorating	Deteriorating	Deteriorating	Stable
Nigeria	Stable	Improving	Stable	Stable	Stable	Improving	Stable
Senegal	Improving	Improving	Stable	Stable	Stable	Improving	Stable
Togo	Deteriorating	Deteriorating	Stable	Stable	Improving	Improving	Stable
Central Africa							
Cameroon	Deteriorating	Deteriorating	Stable	Stable	Improving	Improving	Stable
Central African Republic	Improving	Improving	Stable	Stable	Deteriorating	Improving	Stable
Chad	Stable	Improving	Stable	Stable	Improving	Improving	Improving
Sao Tome and Principe	Deteriorating	Improving	Stable	Stable	Stable	Deteriorating	Stable
Gabon	Improving	Improving	Stable	Deteriorating	Improving	Deteriorating	Stable
East Africa							
Burundi	Deteriorating	Deteriorating	Stable	Stable	Deteriorating	Deteriorating	Deteriorating
Tanzania	Stable	Improving	Stable	Stable	Deteriorating	Deteriorating	Stable
Ethiopia	Improving	Improving	Stable	Deteriorating	Improving	Deteriorating	Stable
Rwanda	Stable	Improving	Improving	Stable	Deteriorating	Deteriorating	Stable
South Sudan	Stable	Stable	Stable	Stable	Improving	Improving	Stable
Uganda	Stable	Stable	Deteriorating	Stable	Improving	Deteriorating	Stable
Somalia	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Djibouti	Deteriorating	Stable	Stable	Deteriorating	Improving	Improving	Stable
Kenya	Deteriorating	Stable	Stable	Improving	Improving	Deteriorating	Stable
Southern Africa							
Angola	Improving	Improving	Stable	Stable	Improving	Deteriorating	Stable
Namibia	Improving	Stable	Stable	Stable	Deteriorating	Deteriorating	Stable
Eswatini	Stable	Stable	Stable	Stable	Improving	Improving	Stable
Lesotho	Stable	Deteriorating	Improving	Stable	Improving	Deteriorating	Stable
Mauritius	Improving	Stable	Stable	Deteriorating	Deteriorating	Deteriorating	Stable
Mozambique	Improving	Improving	Improving	Stable	Deteriorating	Improving	Improving
Madagascar	Improving	Deteriorating	Stable	Improving	Stable	Deteriorating	Stable
Malawi	Deteriorating	Deteriorating	Improving	Stable	Stable	Deteriorating	Stable
Botswana	Stable	Deteriorating	Stable	Stable	Improving	Improving	Stable
Seychelles	Deteriorating	Stable	Stable	Stable	Deteriorating	Stable	Stable
South Africa	Improving	Improving	Stable	Stable	Stable	Improving	Improving
Zambia	Improving	Stable	Stable	Deteriorating	Stable	Improving	Stable
Africa	Improving	Stable	Stable	Stable	Stable	Stable	Stable

Deteriorating | Stable | Improving

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Africa's Economic Outlook: What lies ahead?

Growth

Africa's growth outlook has been revised downward to 3.9 percent in 2025 and 4.0 percent in 2026, reflecting the impact of persistent external shocks and rising global uncertainty driven by tariffs. Despite this modest downgrade, growth in 21 African countries is still expected to exceed 5 percent in 2025. Economic reforms, diversification, and better macro management drives the resilience to withstand global shocks and sustain growth.

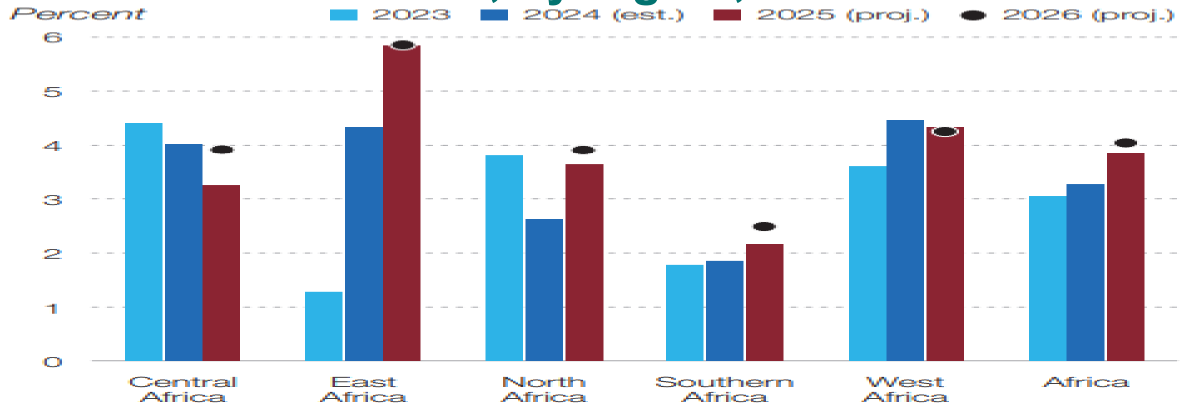
Inflation

Average inflation in Africa is projected to ease to 13.8 percent in 2025 and 9.9 percent in 2026, marking the first return to single digits since the pandemic. Easing inflationary pressures largely driven by improved food supply, particularly in countries previously affected by climate-related shocks such as droughts and floods in 2024.

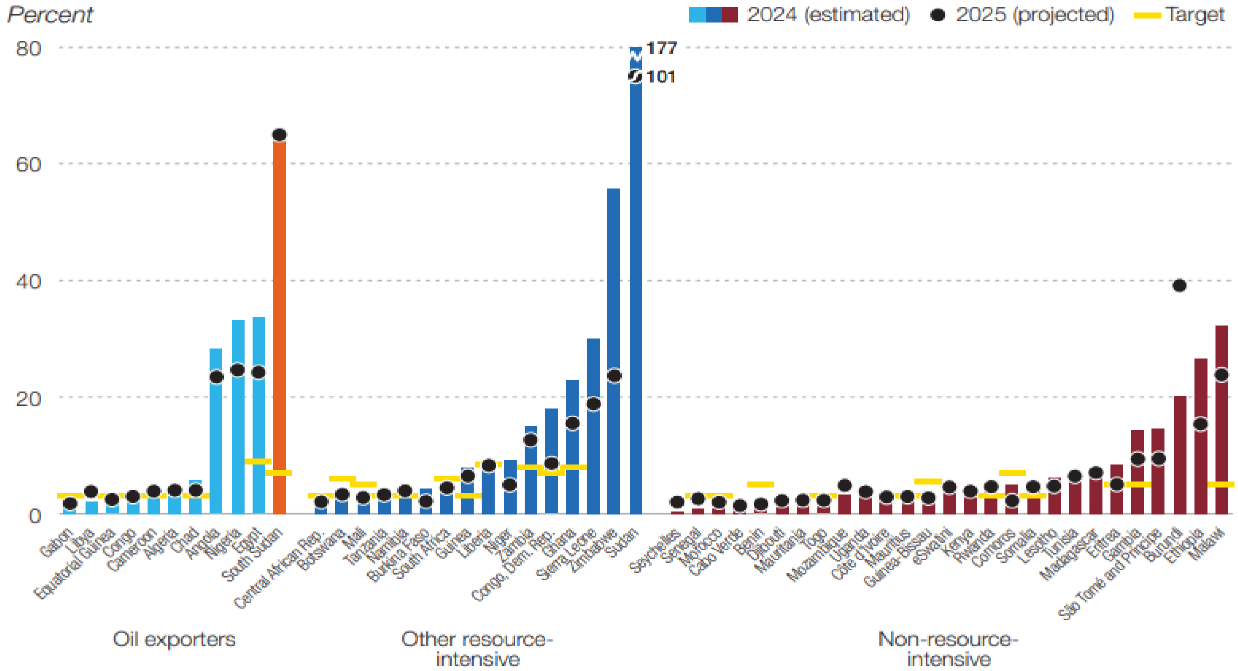
Trade

Africa's average current account deficit is projected to widen from 1.8 percent of GDP in 2024 to 2.6 percent in 2025–26. This deterioration will be driven by a broader trade deficit, reflecting expected declines in export demand due to a weakening global economy.

GDP Growth in Africa, by region, 2023–26



Consumer prices inflation, 2024–25



Source: AfDB's African Economic Outlook 2025

Note: Values for Sudan have been truncated for better visibility of other countries

North Africa

Key themes in Northern African countries

Trade Deficit & Industrial Policy-Morocco
Morocco announced talks to renegotiate its FTA with Turkey after a $3 bn four-month bilateral deficit. The effort signals a strategic shift to protect domestic manufacturing and rebalance trade

Monetary Policy Adjustment
Egypt's central bank cut policy rates by 100bps in May, bringing the deposit rate to 24%. The move follows a 5% Q1 GDP growth and earlier inflation easing. While aimed at stimulating investment, inflation uncertainty may limit further easing.

Tunisia | Morocco | Morocco | Egypt | Algeria

Monetary Policy & Inflation – Tunisia
Tunisia's central bank held its key policy rate steady at 7.5% in May, following a cut from 8% in March—its first adjustment in five years—as inflation eased to a **five-year low of 5.6% in April**, down from 5.9% in March.

Inflation Decline
Consumer inflation in eased sharply to 0.4% in May from 0.7% in April, reflecting improved food and energy price controls.

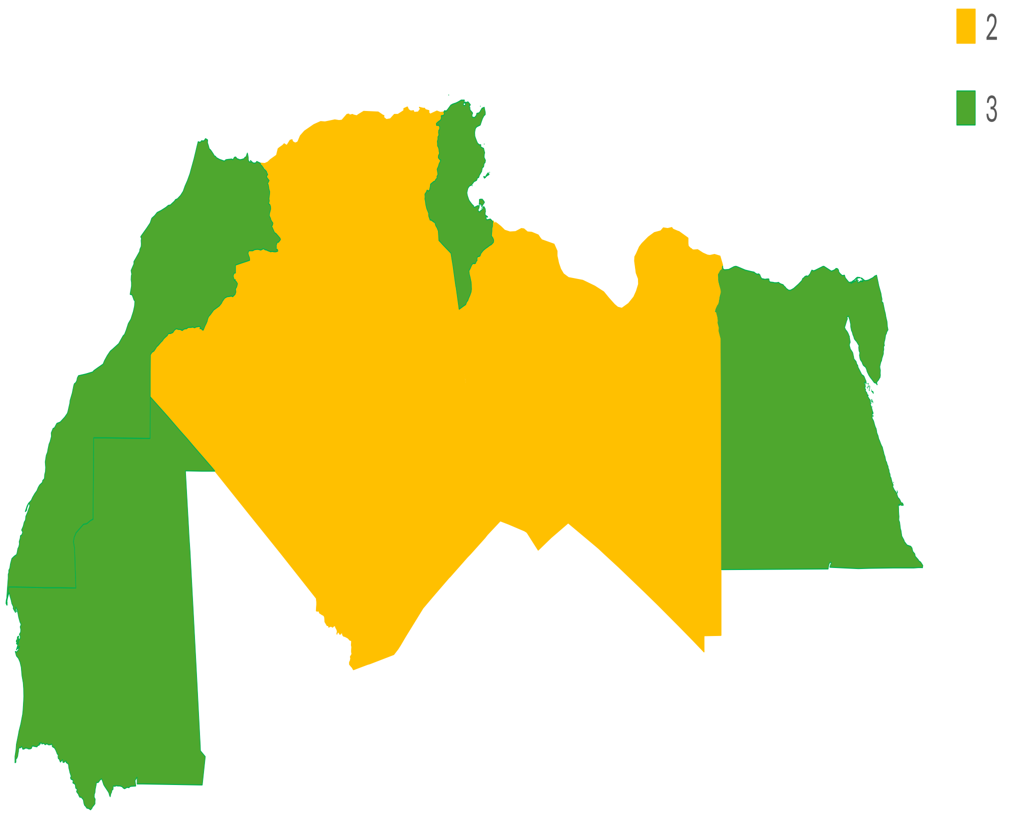
Structural Investment in Hydrocarbons
Algeria annnounced a **$7 billion investment plan** to expand its hydrocarbon processing capabilities. Key projects include a new 5 million-tonnes-per-year refinery at Hassi Messaoud (due 2027), a naphtha cracking plant at Arzew, and a fuel-oil cracker in Skikda (2029). This will raise Algeria's conversion rate from raw hydrocarbons to value-added products from 32% to 50%—a strategic structural shift

North Africa: All countries are characterized by stable or enhancing macroeconomic fundamentals.

North Africa

	Growth	Inflation	Policy Rate	Exch. Rate	Trade	Risk	Overall Scoring
Algeria	G	R	Y	G	R	R	Y
Egypt	G	R	G	G	G	G	G
Libya	G	G	Y	Y	G	R	Y
Mauritania	G	G	G	Y	Y	G	G
Morocco	G	G	Y	G	G	G	G
Tunisia	G	G	Y	G	G	G	G

R	Deteriorating	
Y	Stable	
G	Improving	



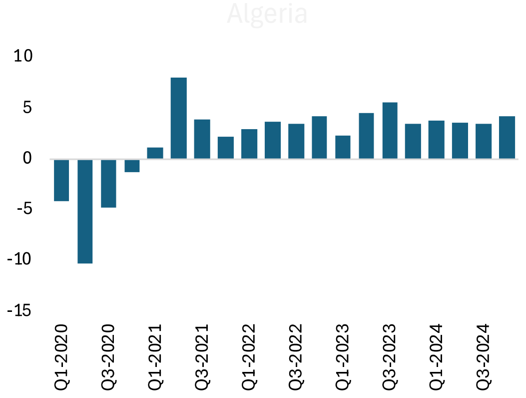
Source: Afreximbank Research

Algeria

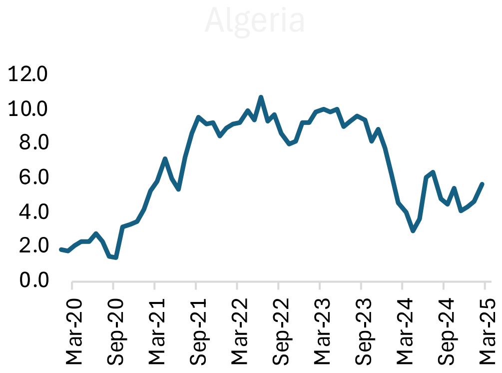
Key Macroeconomic Indicators

The real growth rate is set to slow to 3.6% in 2025 and to 3.4% in 2026, due to reduced external demand and lower hydrocarbon production.

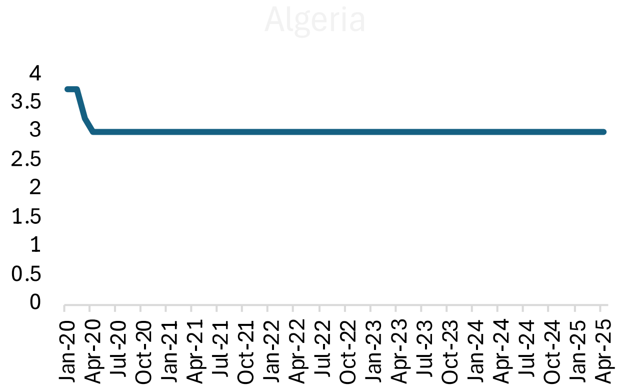
Growth rate



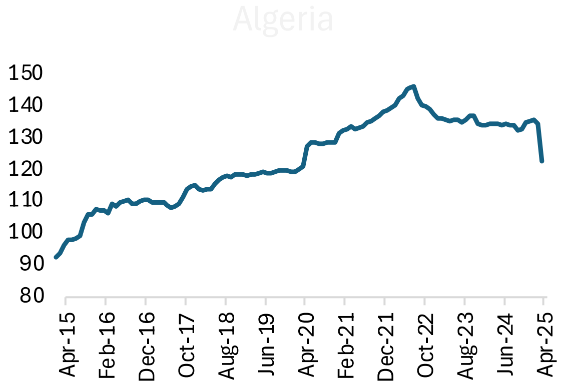
Inflation rate



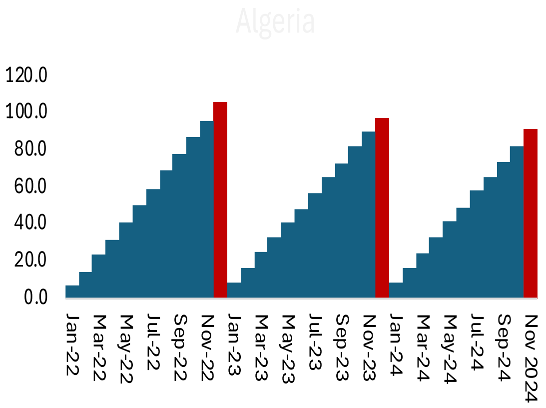
Policy rate



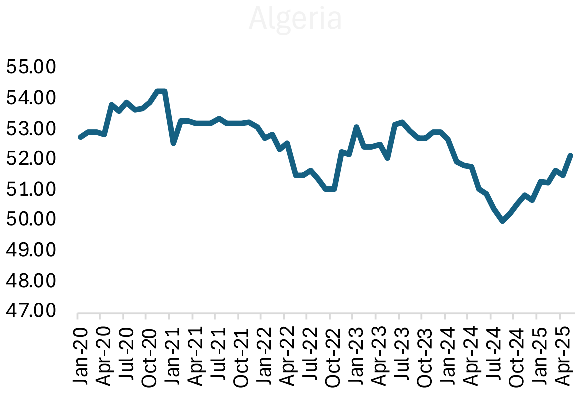
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Source: Afreximbank Research.

Recent developments

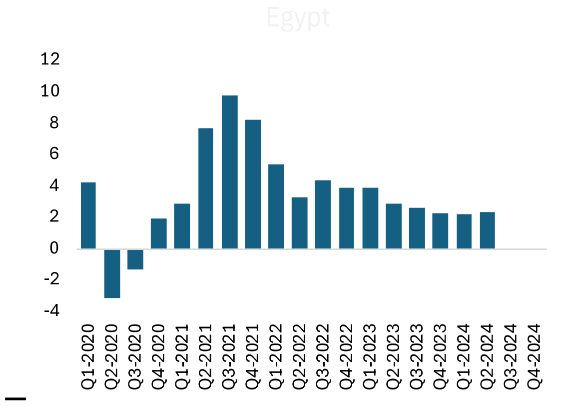
- **Growth in Algeria is forecast to slow in 2025, mainly because of weaker public investment driven by lower oil prices and revenues, despite a production increase**
- **Current account balances are expected to deteriorate with increases in imports**
- **Inflation to decelerate (4.0% in 2025 and 3.5% in 2026), with falling internal food prices and continued subsidies**

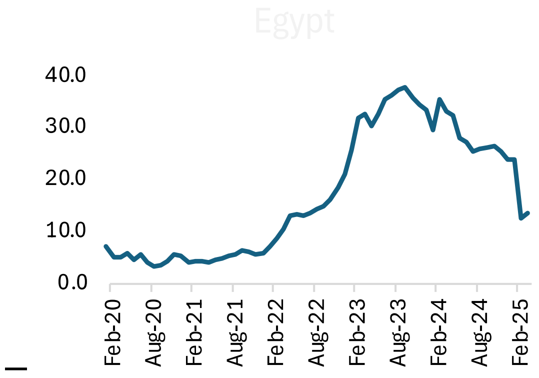
Egypt

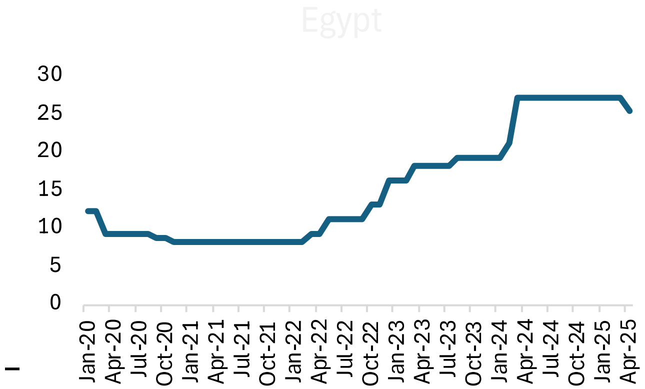
Key Macroeconomic Indicators

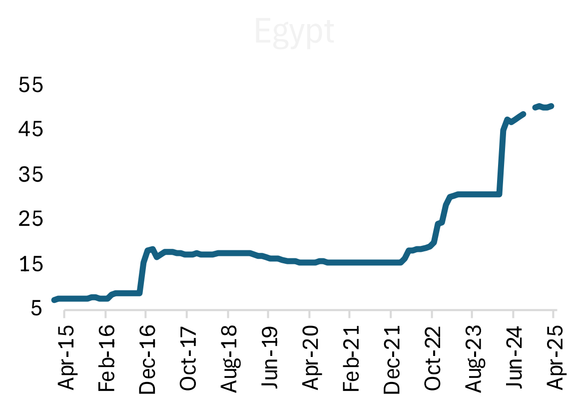
The depreciation of the national currency and the removal of energy subsidies continue putting pressure on prices

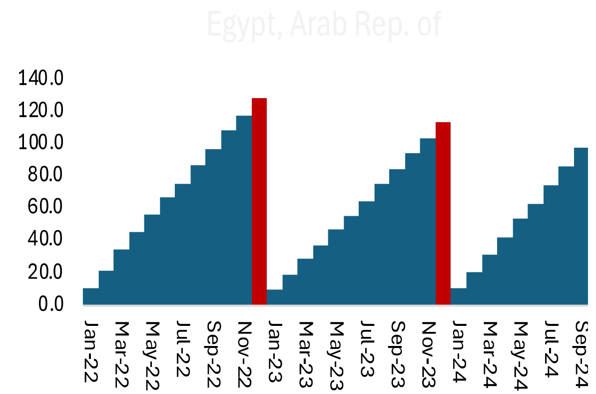
Growth rate	Inflation rate	Policy rate











Source: Afreximbank Research.

Recent developments

- **Growth is expected to rise from 3.8 per cent in FY2024/25 due to stronger private consumption, higher private investment spurred by the implementation of the investment deal with the United Arab Emirates.**
- **Poverty is also expected to remain elevated in Egypt, partly owing to persistent, though reduced, inflation, especially for food.**
- **The current account deficit is forecast to narrow in FY2025/26, partly reflecting lower oil and natural gas prices, sustained strong remittances, and a vibrant tourism sector**

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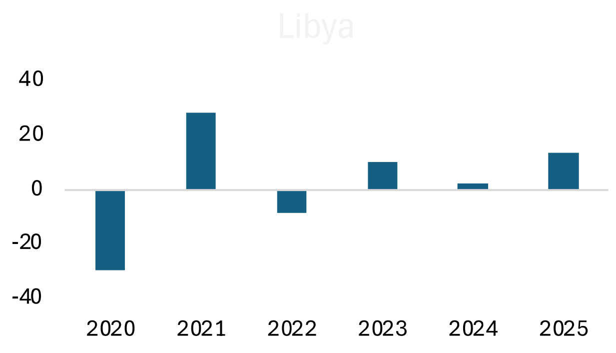
Libya

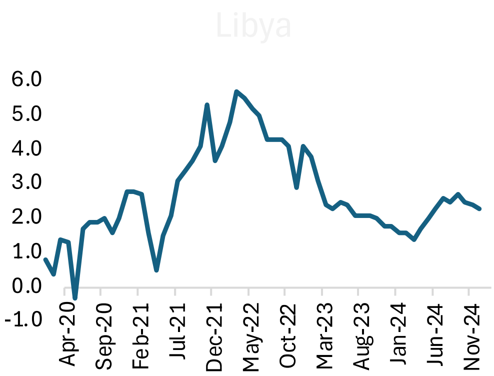
Key Macroeconomic Indicators

Stronger growth in 2025 will be driven by an expansion of oil production and oil-related investments, assuming the maintenance of political stability

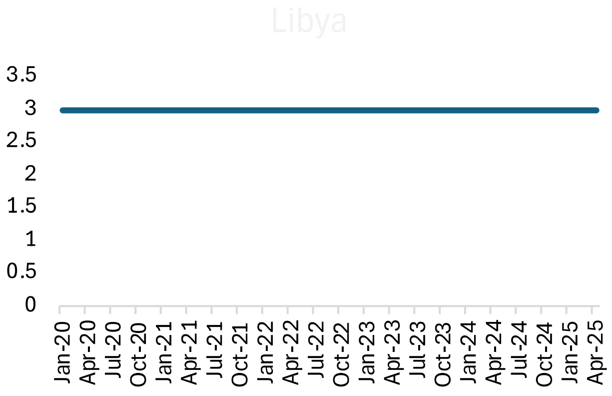
Growth rate



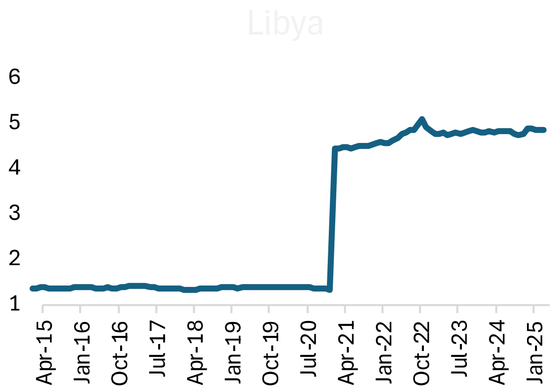
Inflation rate



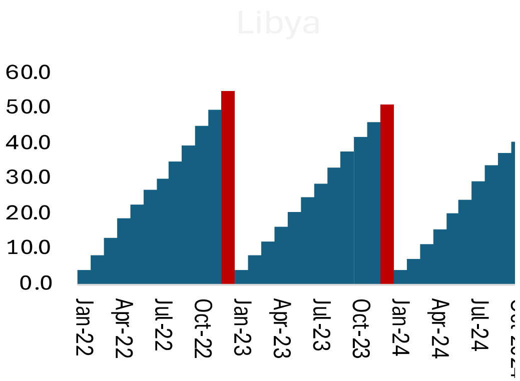
Policy rate



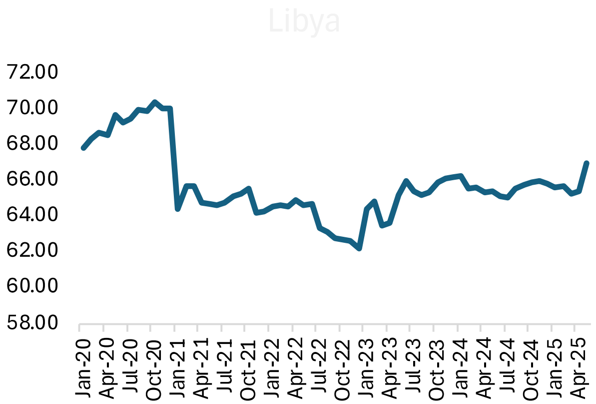
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Larger oil receipts, due to production expansion, are expected to improve fiscal balances**
- **The economic outlook for Libya is positive, with projected growth rates of 6.9% in 2025 and 2.9% in 2026, contingent on political stability and moderately rising oil production**
- **Fiscal surplus is anticipated to rise to 5.2% of GDP in 2025 and 4.1% of GDP in 2026.**
- **Inflation is forecast to rise to 3.8% in 2025 and 3.4% in 2026, following the devaluation of the dinar**

Source: Afreximbank Research.

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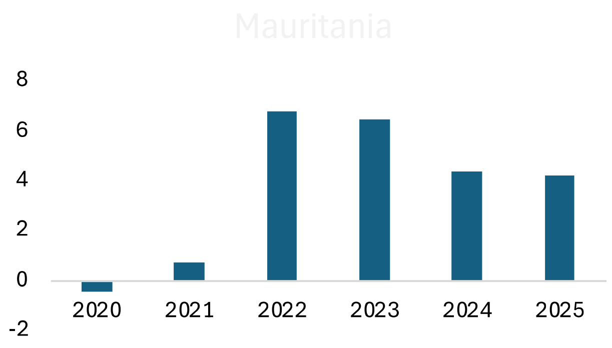
Mauritania

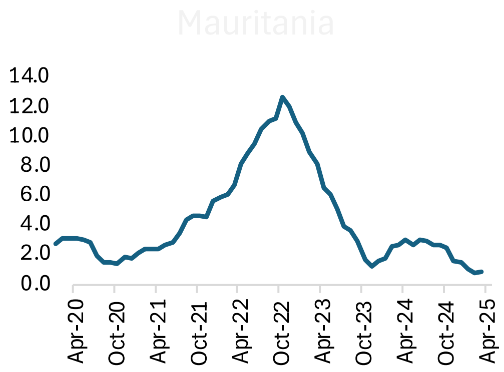
Key Macroeconomic Indicators

Economic growth is expected to slow to 4.5% in 2025, mainly due to lower iron and gold production. In 2026, activity could rebound to 5.0%, supported by the agricultural sector, recovery in the extractive sector, and increased gas activity.

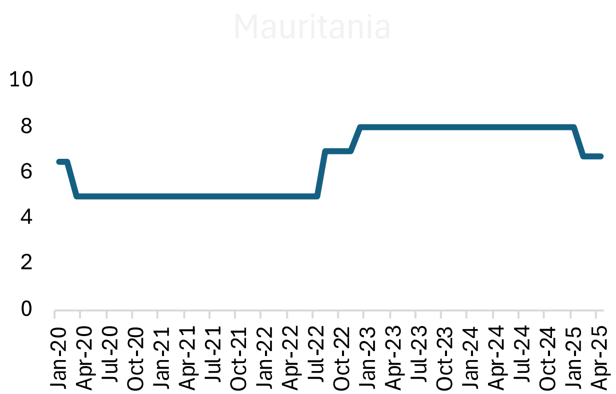
Growth rate



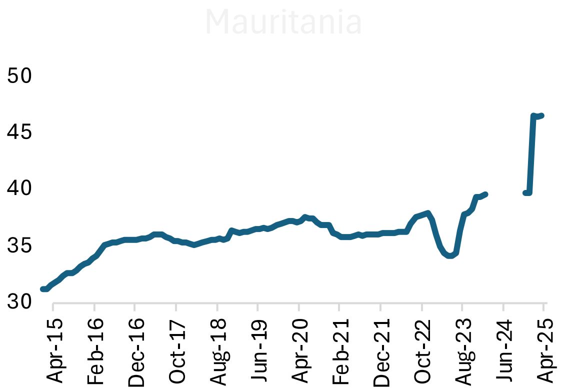
Inflation rate



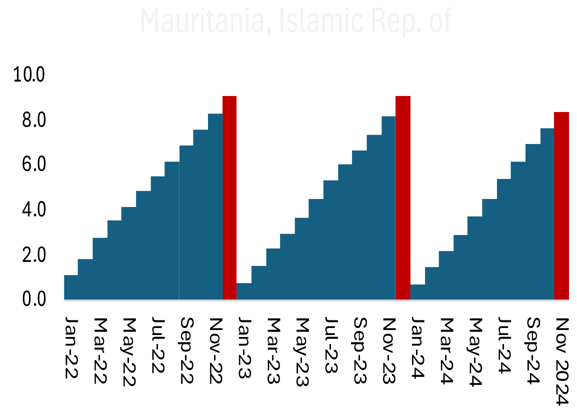
Policy rate



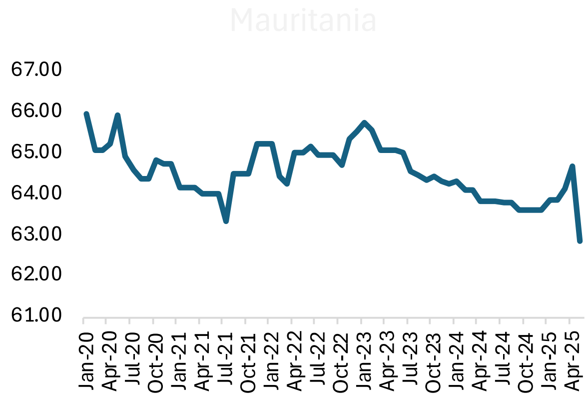
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is expected to continue falling, to 2.3% in 2025 and 2.2% in 2026.**
- **The budget deficit should stabilize to 1.1% of GDP in 2025 and 1.0% in 2026.**
- **External debt to remain stable at approximately 36.3% of GDP in 2026.**
- **The current account deficit is expected to deteriorate to 8.0% of GDP in 2025, due to lower exports from the extractive sector, before improving to 7.8% of GDP in 2026, driven by recovery in iron, gold, and gas exports.**

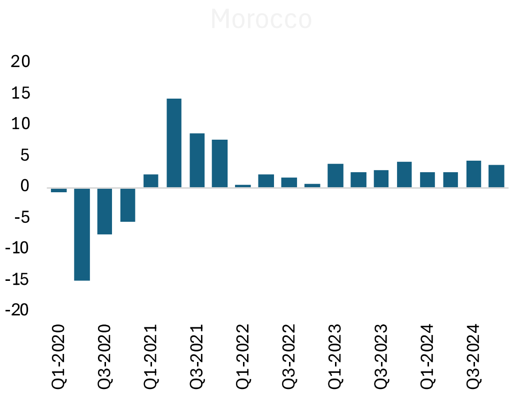
Source: Afreximbank Research.

Morocco

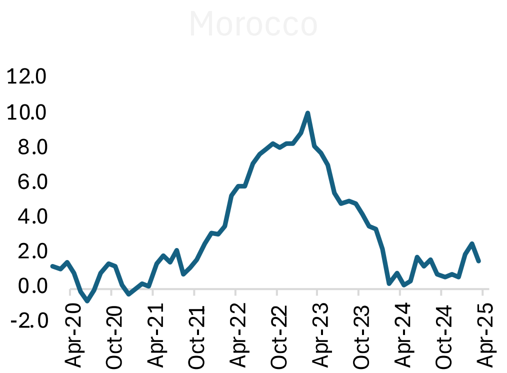
Key Macroeconomic Indicators

Growth is expected to pick up to 3.6 per cent in 2025, assuming an improvement in weather conditions that allows a recovery in agricultural production

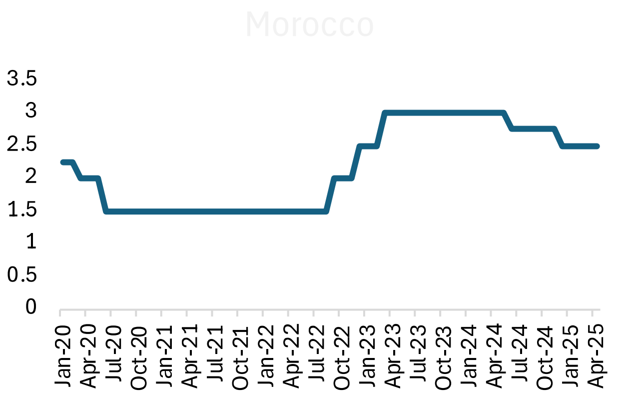
Growth rate



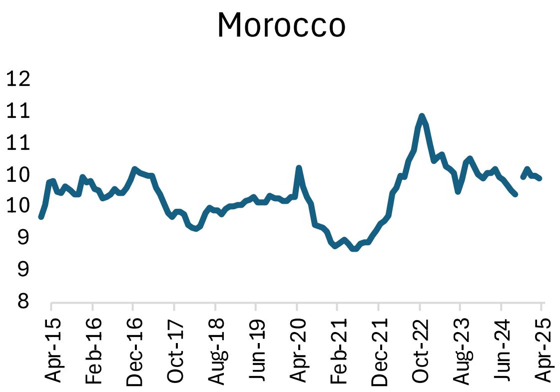
Inflation rate



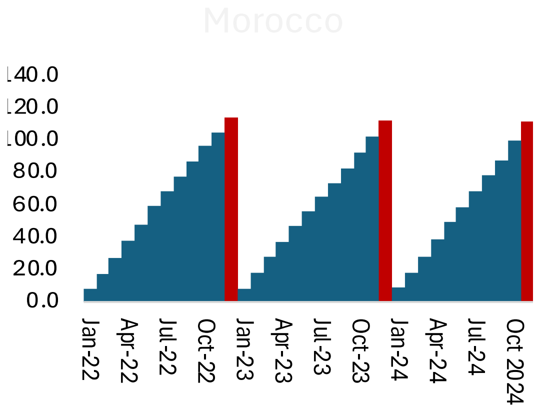
Policy rate



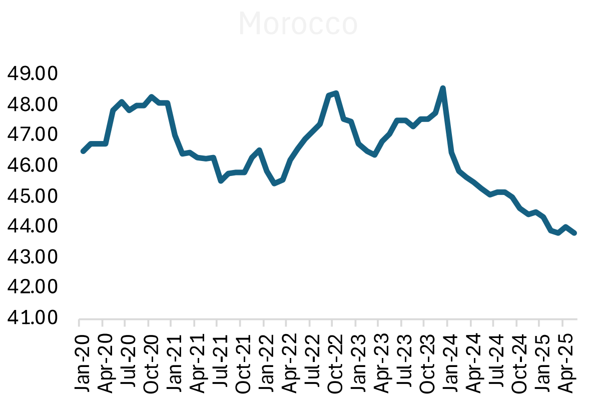
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Industrial activity is set to weaken due to lower phosphate prices amid reduced external demand**
- **Inflation to rise to 2% in 2025 and to 2.3% in 2026.**
- **The budget deficit is expected to continue to fall to 3.6% of GDP in 2025 and to 3.3% of GDP in 2026. The improvement is attributable to consolidation of tax revenues as part of current reforms and to a reduction in butane gas compensation charges.**

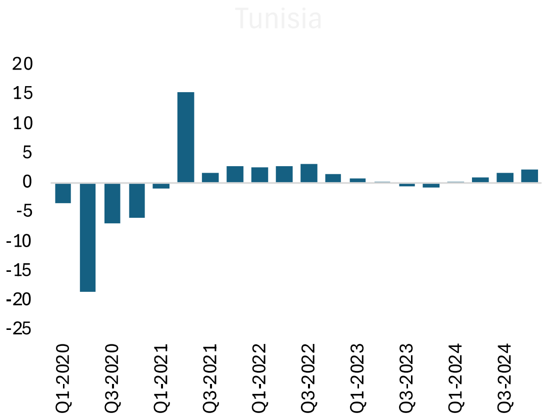
Source: Afreximbank Research.

Tunisia

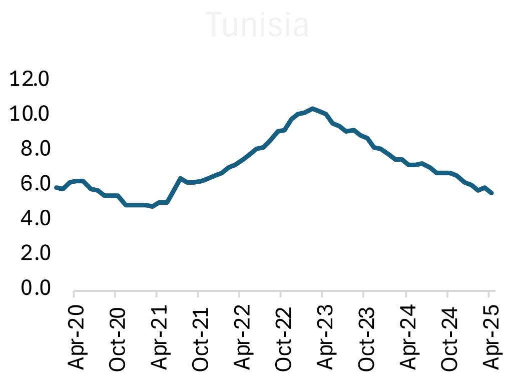
Key Macroeconomic Indicators

Economic growth is expected to accelerate slightly in the short term, reaching 1.9% in 2025 and 2.3% in 2026, due to agriculture and tourism

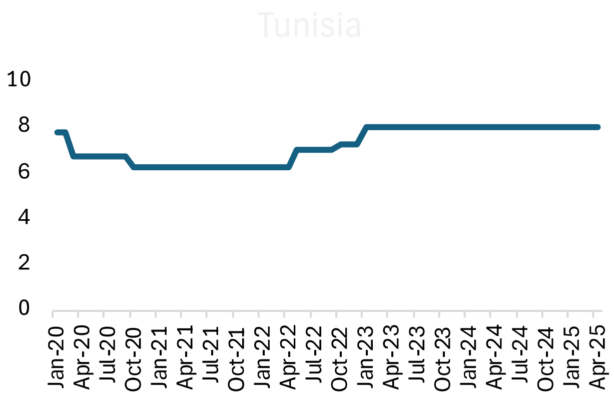
Growth rate



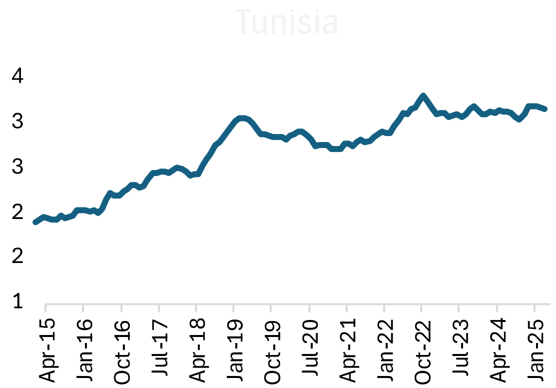
Inflation rate



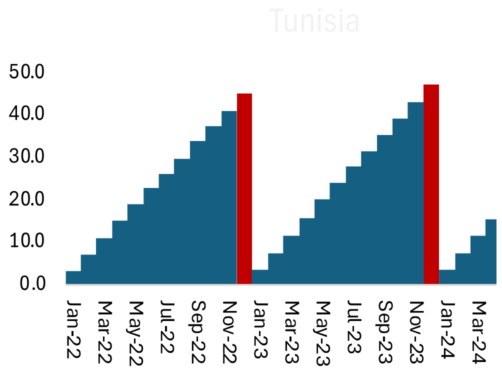
Policy rate



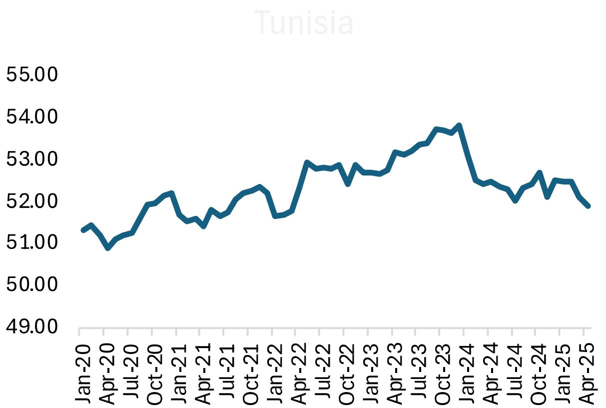
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is expected to slow to 6.4% in 2025 and 6.1% in 2026, supported by tight monetary policy.**
- **The budget deficit to gradually improve, reaching 5.3% of GDP in 2025 and 4.9% in 2026, due to fiscal consolidation efforts.**
- **The current account deficit could widen to 2.2% of GDP in 2025 and to 3.3% in 2026, due to a growing trade deficit resulting from weak exports and rising imports**

Source: Afreximbank Research.

West Africa

Key themes in Western African countries

Inflation Declines — Nigeria
Nigeria's headline consumer inflation fell for the second consecutive month to 22.97% y/y in May, down from 23.71% in April—a continuation of disinflation following the removal of fuel subsidies and naira devaluation. Food inflation also eased slightly to 21.14% y/y. The Central Bank maintained its benchmark rate, citing improving macro-conditions and laying the groundwork for sustainable disinflation

Disinflation Continues — Ghana
Ghana's CPI slowed to **18.4% y/y** in May—the lowest since February 2022—due to tight monetary and fiscal policy, a stronger Cedi, and improved confidence.

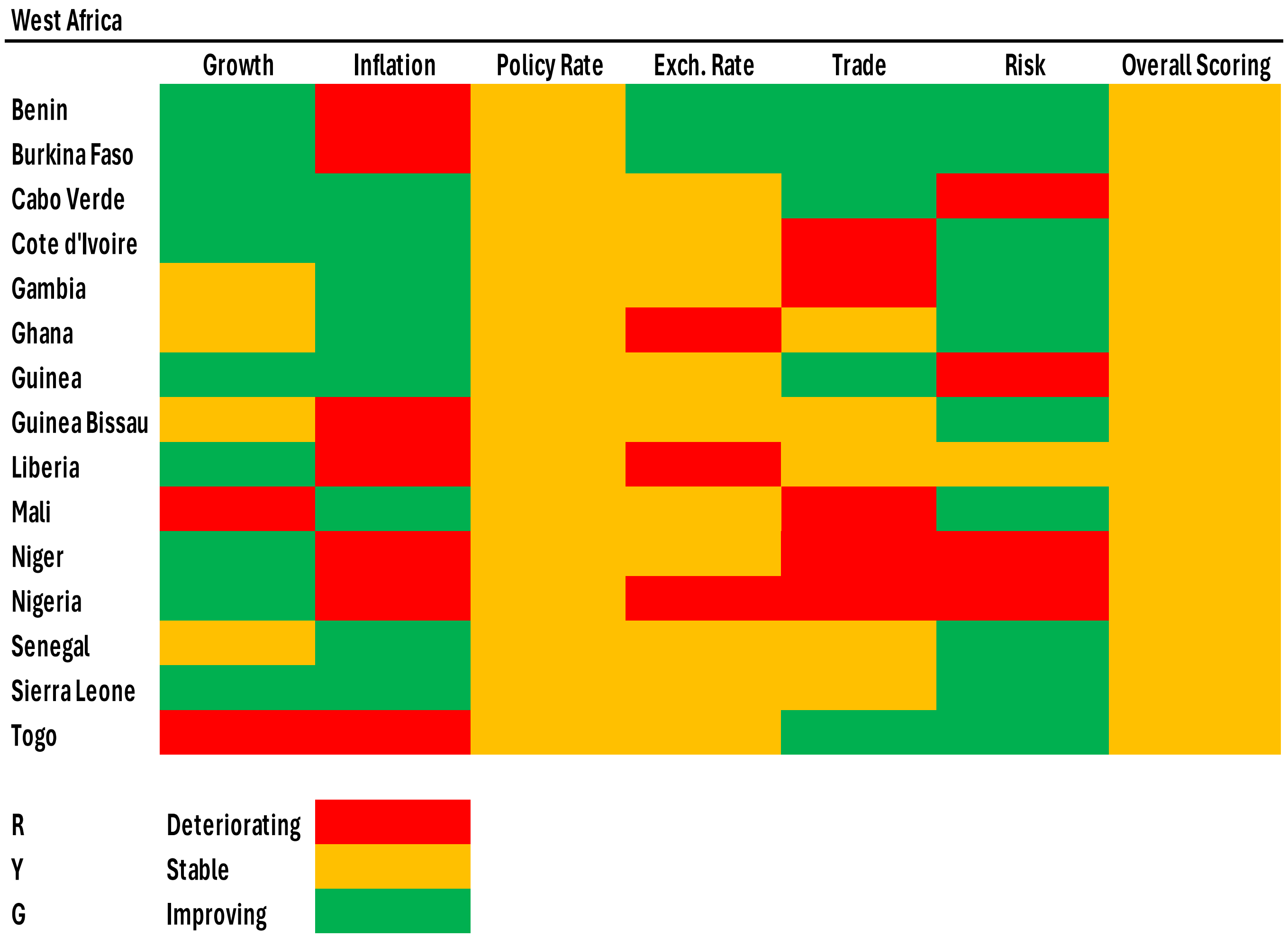
Policy Effectiveness Review — Ghana
Ghana's central bank is assessing currency movements and inflation trends before deciding on further rate cuts. With inflation still far above the 8% target, authorities aim to avoid undermining fragile growth

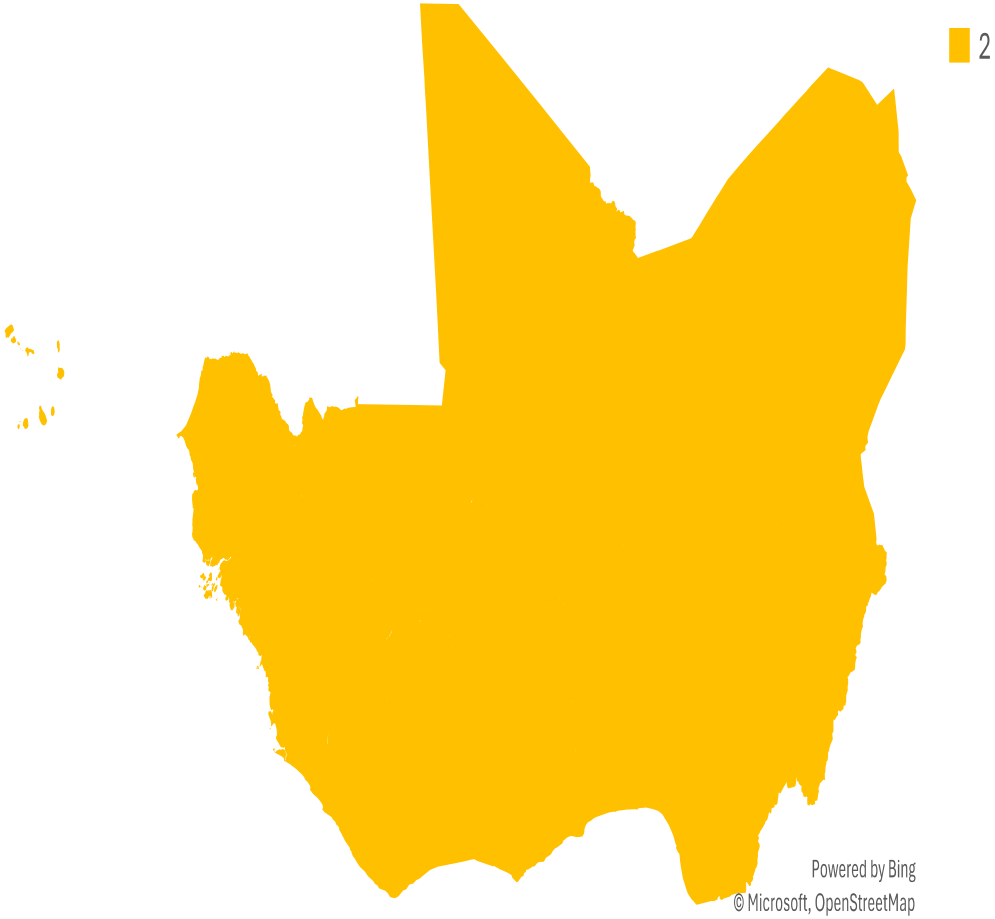
Regional Monetary Easing — WAEMU (Benin/Côte d'Ivoire etc.)
The BCEAO lowered its policy rate from 3.50% to 3.25% in June amid regional inflation easing to **2.3%** in early 2025. This move supports credit growth across member economies while keeping inflation within the 1–3% target range

Growth Outlook — WAEMU
An IMF review in May noted WAEMU growth remained strong, averaging over 6% in 2024, while inflation returned to target. Regional fiscal and debt ceilings (3% deficit, 70% public debt) were reaffirmed to maintain stability and integration

West Africa

12 out of 15 countries are characterized by stable or enhancing macroeconomic fundamentals.





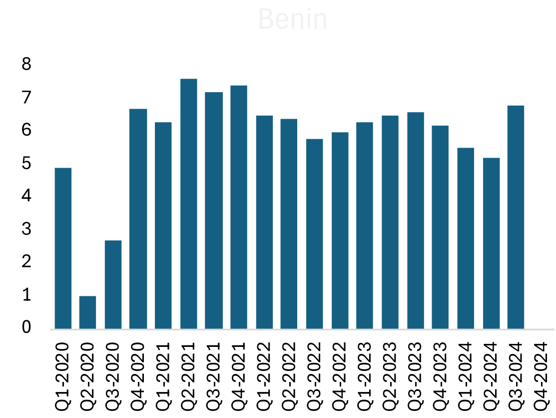
Source: Afreximbank Research

Benin

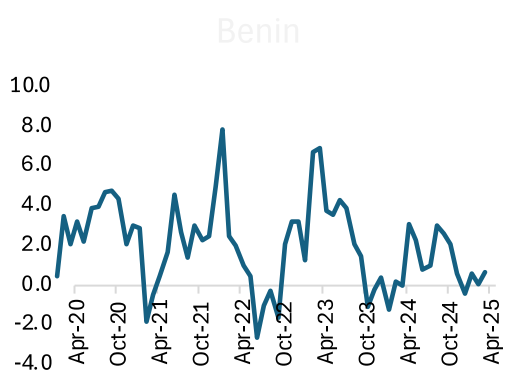
Key Macroeconomic Indicators

The economic outlook is favorable, with a projected growth rate of 6.4% in 2025, rising to 6.8% in 2026, due to dynamism in manufacturing and construction

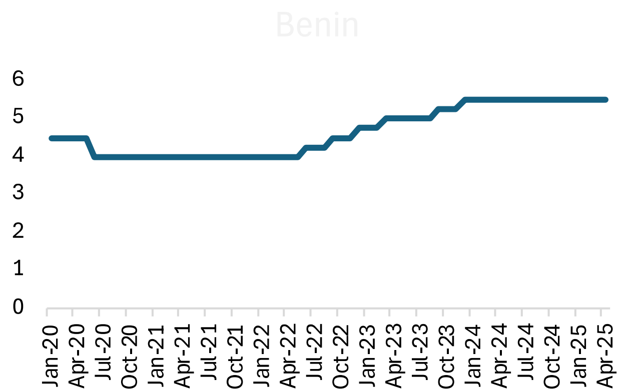
Growth rate



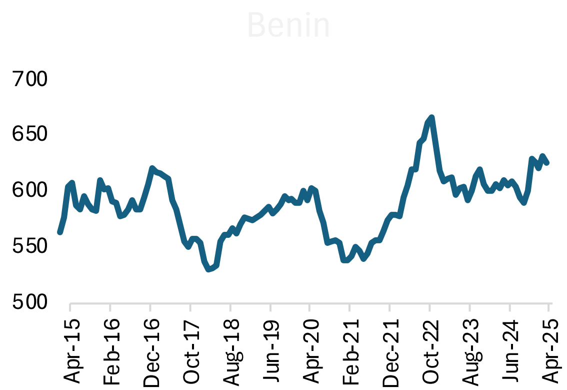
Inflation rate



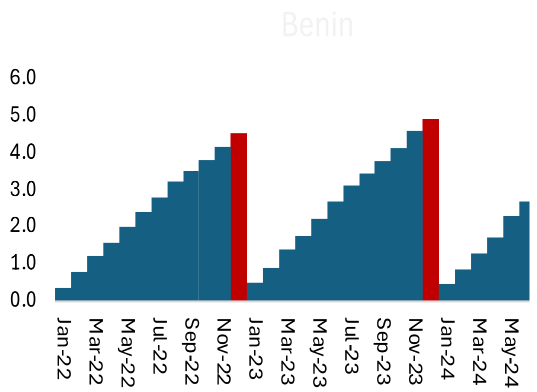
Policy rate



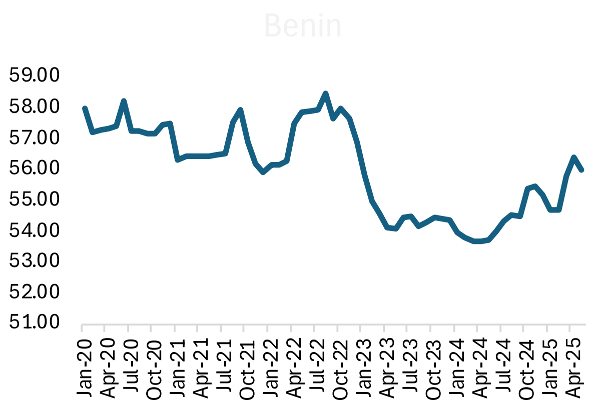
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is expected to remain low, below 2% over 2025–26.**
- **The budget deficit projected to fall to 2.3% of GDP in 2025 and to 2.4% in 2026.**
- **The current account deficit is expected to fall to 5.9% in 2025 and to 5.3% in 2026.**
- **Uncertainty continues over changing trade policies and the downward trend in development aid, on which the country is dependent.**

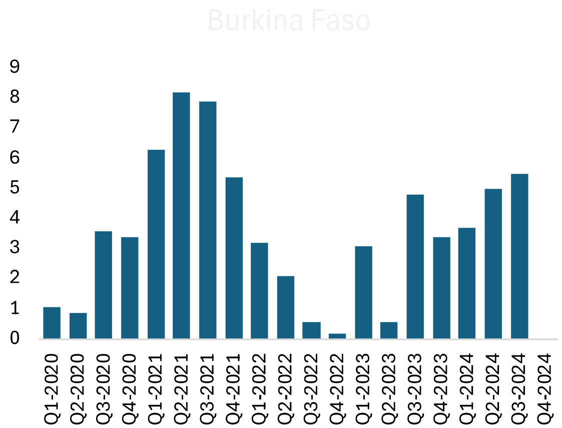
Source: Afreximbank Research.

Burkina Faso

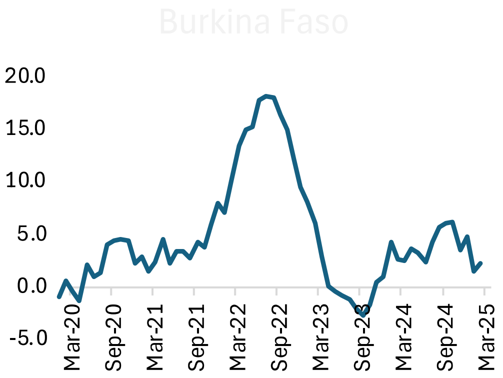
Key Macroeconomic Indicators

Real GDP growth projected to be 5.0% in 2025 and 5.7% in 2026, supported by increased agricultural and extractive production, which remains dependent on security conditions.

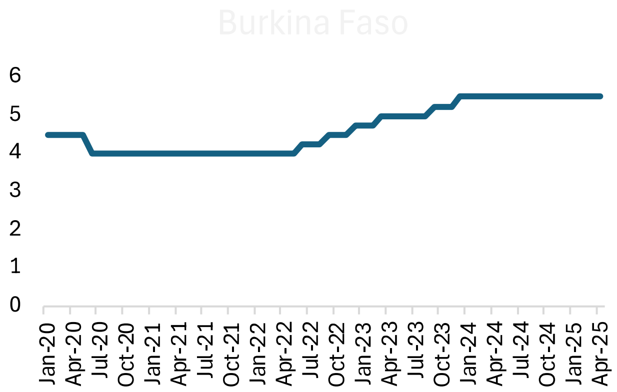
Growth rate



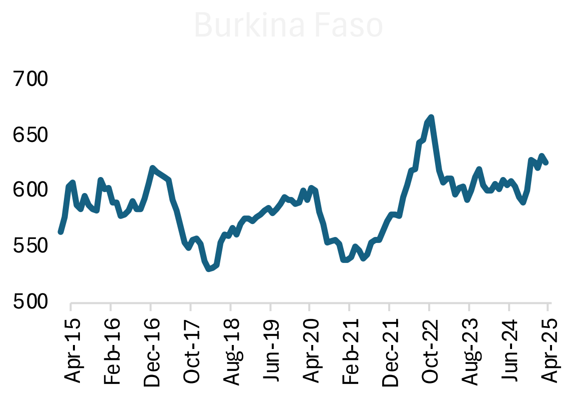
Inflation rate



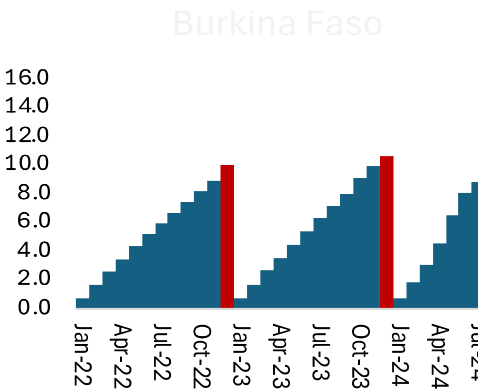
Policy rate



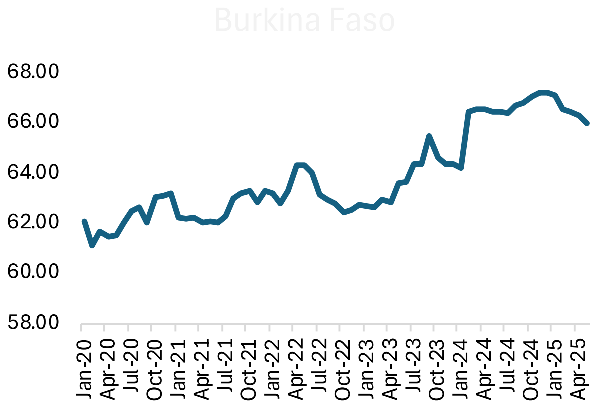
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is expected to fall to 2.1%, with good prospects for the agricultural season.**
- **The budget deficit is expected to stand at 5.3% of GDP, due to higher government expenditure.**
- **Public debt is expected to decline, as the issue of government securities eases.**
- **The current account deficit expected to improve to 5.2% of GDP in 2025 and to 5.0% of GDP in 2026, due to higher gold export revenues and lower food imports.**
- **Risks to this outlook include a deterioration in the security situation, a fall in export commodity prices, and disputes resulting from tensions between regional groups.**

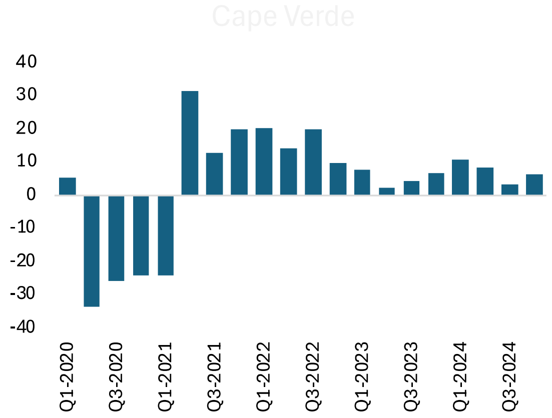
Source: Afreximbank Research.

Cabo Verde

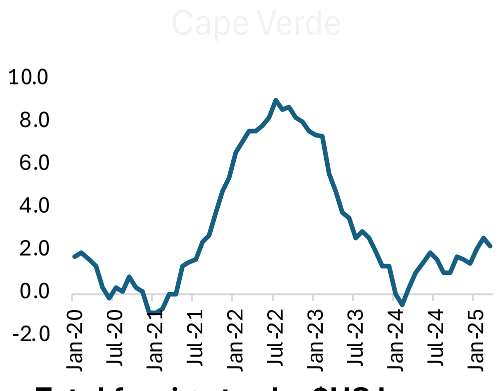
Key Macroeconomic Indicators

e GDP growth of 5.3% in 2025 and 4.9% in 2026. Growth in 2025 will be supported by continued demand for tourism services and investments in the energy sector.

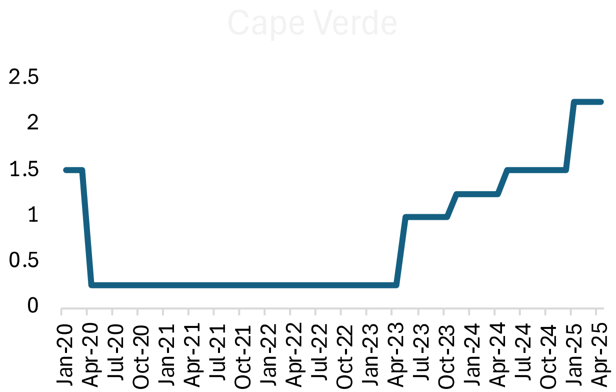
Growth rate



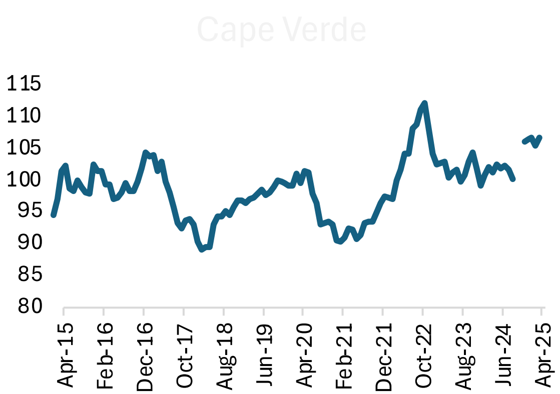
Inflation rate

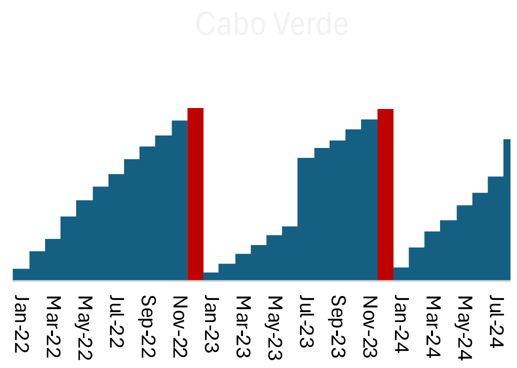


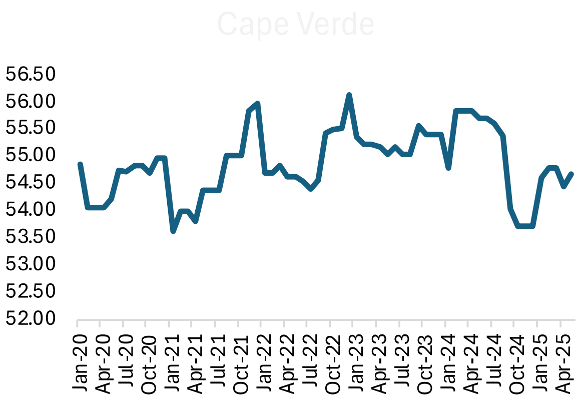
Policy rate



Total foreign trade, $US bn







Source: Afreximbank Research.

Recent developments

- **Inflation is projected to remain unchanged at 1.4% in 2025 and 1.8% in 2026 due to continued prudent macroeconomic policy.**
- **The fiscal deficit is expected to decline to 2.4% of GDP in 2025 and 1.8% in 2026 as a result of broader tax base.**
- **The current account deficit is projected to stand at 2.6% of GDP in 2025 and 3.0% in 2026.**
- **Growth might be affected by global uncertainty in international trade, which reduces global growth and thus tourism demand.**

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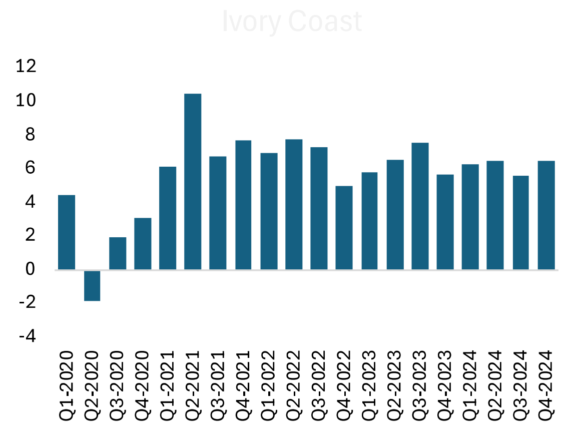
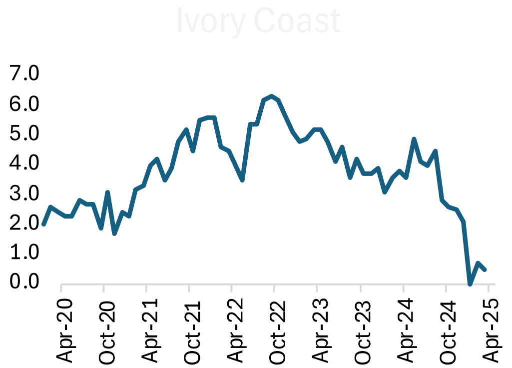
Côte d’Ivoire

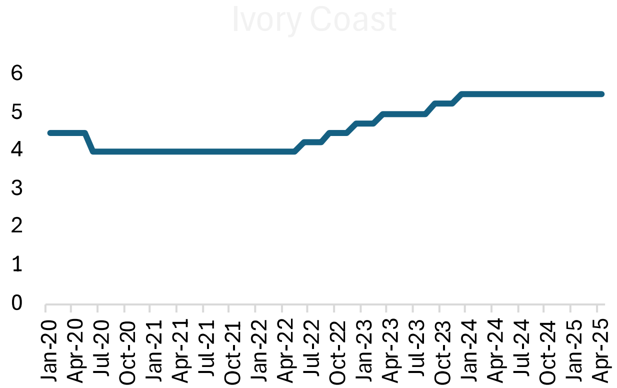
Key Macroeconomic Indicators

h real GDP growth projected to average 6.3% over 2025–26.

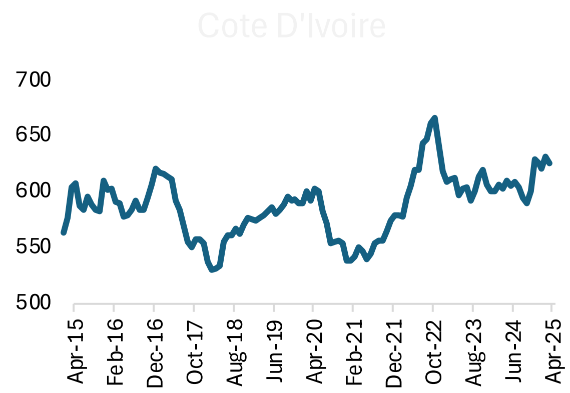
Growth rate	Inflation rate	Policy rate

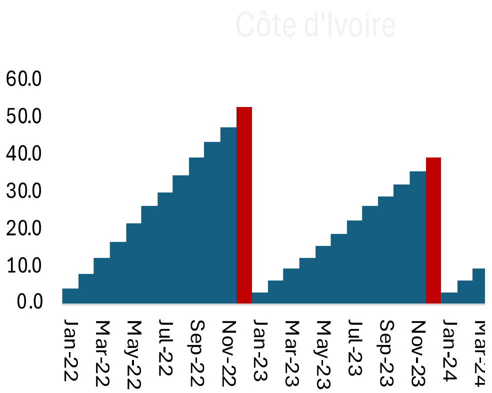


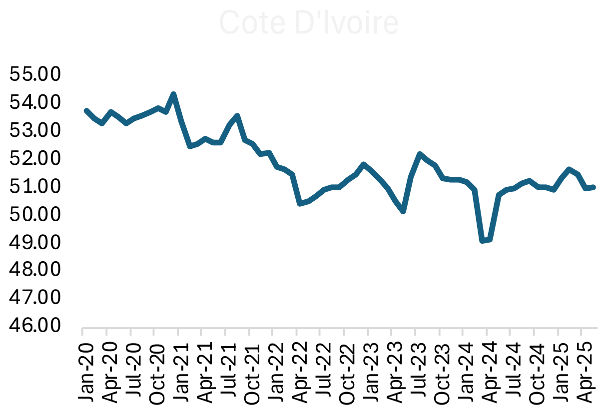




	Total foreign trade, $US bn	Country risk index







Recent developments

- Inflation is expected to fall to 2.8% in 2025 and to 2.4% in 2026, in line with the BCEAO’s target of 1–3%. This is a result of improved supply of food products, due to favorable weather conditions and stronger supply chains.

- The budget deficit is projected to be 3% of GDP in 2025 and 2026, in line with the WAEMU criterion. The current account deficit is projected to be 2.6% of GDP in 2025, due to improved terms of trade, which should be boosted by agricultural exports and increased hydrocarbon exports.

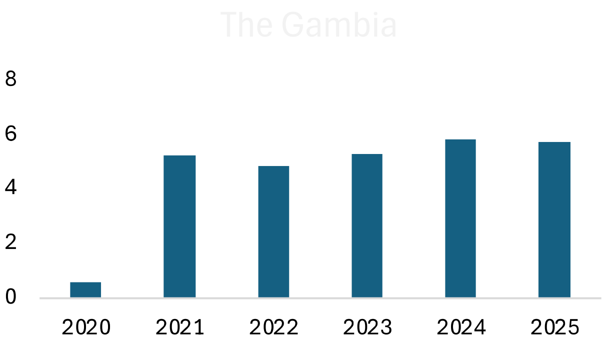
Source: Afreximbank Research.

The Gambia

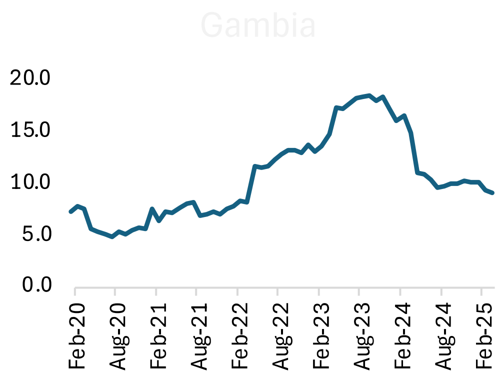
Key Macroeconomic Indicators

Real GDP is projected to grow at 5.7% in 2025 and 5.0% in 2026, with per capita gains rising.

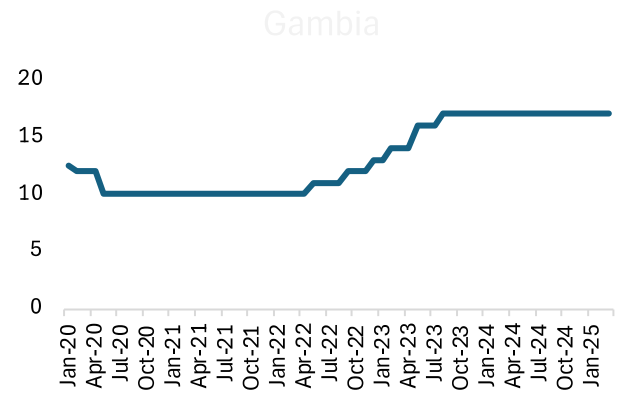
Growth rate



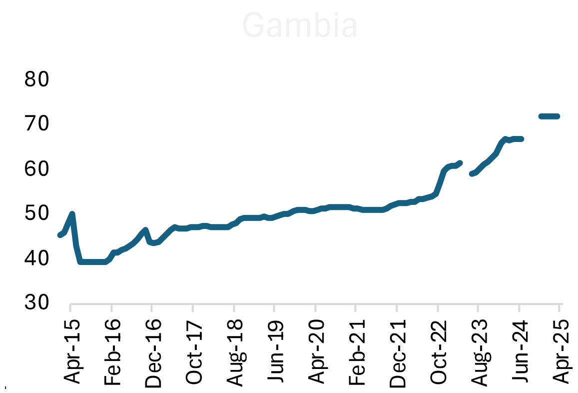
Inflation rate

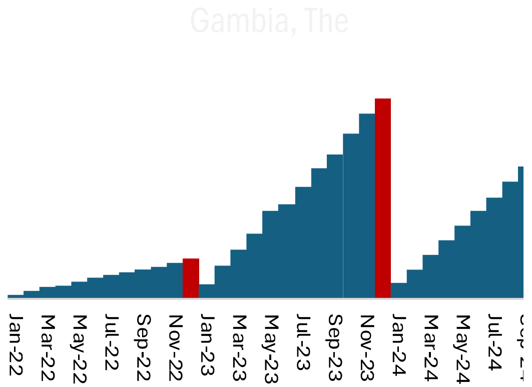


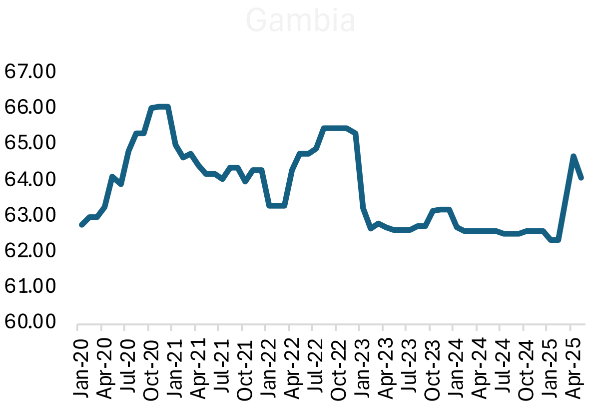
Policy rate



Exchange rate







24

Recent developments

- **Inflation is expected to moderate, falling from approximately 14.4% in 2024 to 9.4% in 2025 and 6.4% in 2026, supported by tighter monetary policy and easing food prices.**
- **Fiscal conditions are expected to improve, with the deficit narrowing progressively, while the current account balance tightens due to trade improvements.**

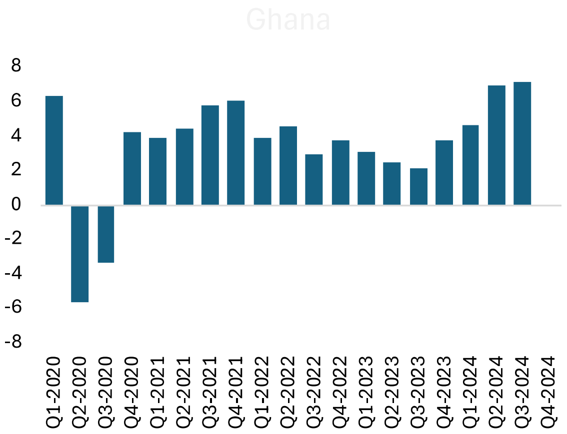
Source: Afreximbank Research.

Ghana

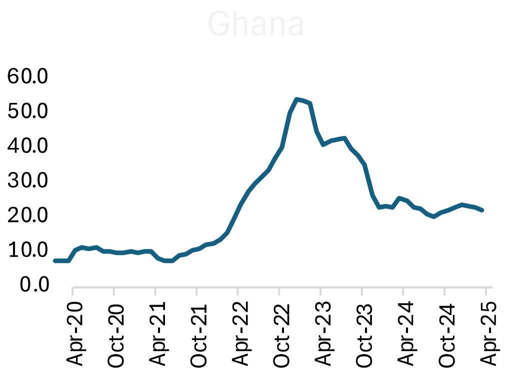
Key Macroeconomic Indicators

GDP is projected to slow to 4.5% in 2025 and 4.8% in 2026 attributed to activity in the mining sector, reduced fiscal consolidation momentum and higher interest rates.

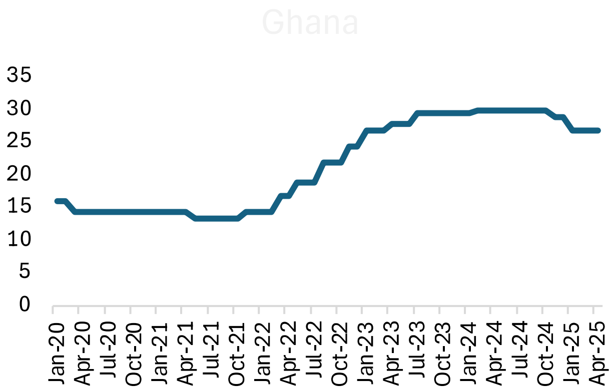
Growth rate



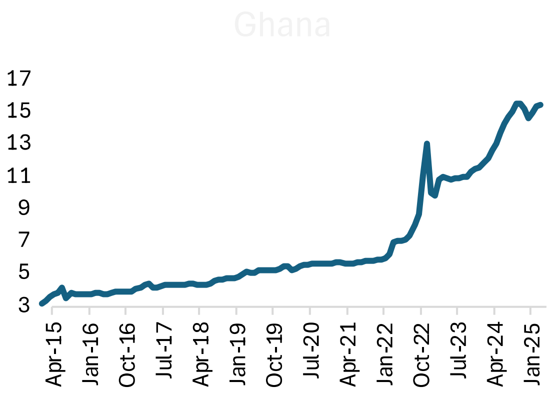
Inflation rate



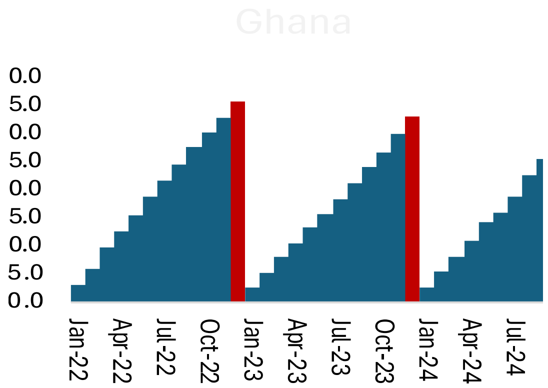
Policy rate



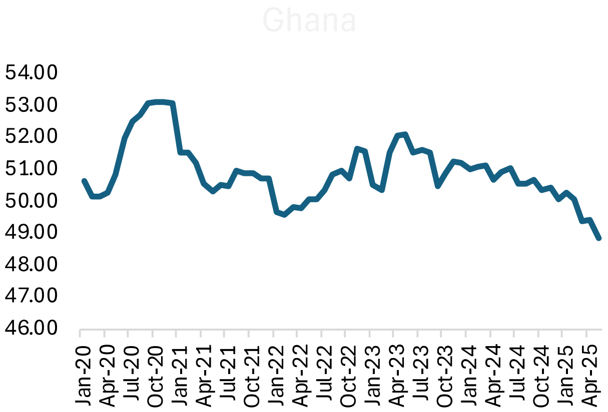
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Source: Afreximbank Research.

Recent developments

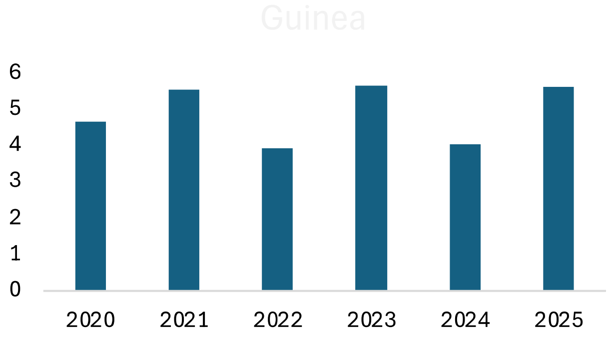
- **Inflation is projected to ease to 15.5% in 2025 and 9% in 2026 supported by tight monetary policy, reduced exchange rates depreciation, and lower food prices.**
- **The fiscal deficit is projected to narrow to 3.5% of GDP in 2025 and 3.0% in 2026 supported by the ongoing fiscal consolidation efforts and public financial management reforms including enhanced fiscal responsibility framework and new rules to tighten expenditure commitments.**
- **Public debt to GDP ratio is projected to decrease further to 66.4% in 2025 as debt restructuring with commercial creditors and revenues increase following improved tax compliance and reduced tax expenditure.**
- **The current account balance is projected at 2.6% of GDP in 2025 and 1.4% in 2026 attributed to improved exports of oil and gold export.**

Guinea

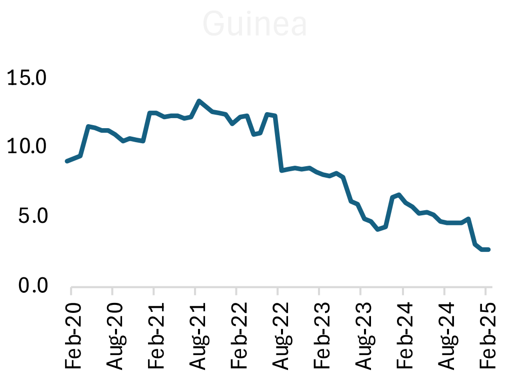
Key Macroeconomic Indicators

Growth to rebound to 5.7% in 2025 and to 5.8% in 2026, driven by the resilience of mining and agricultural production and the continued investment in Simandou infrastructure

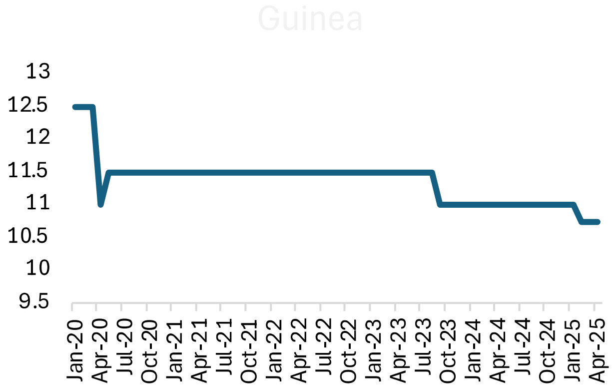
Growth rate



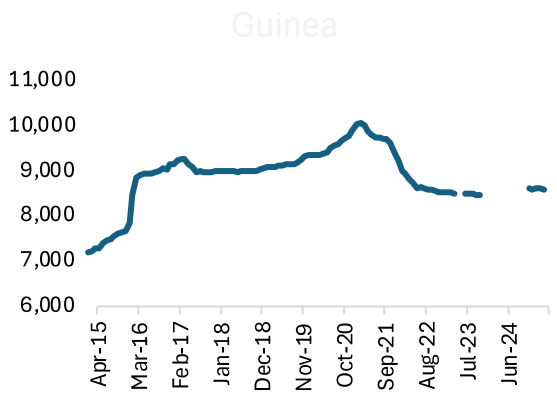
Inflation rate



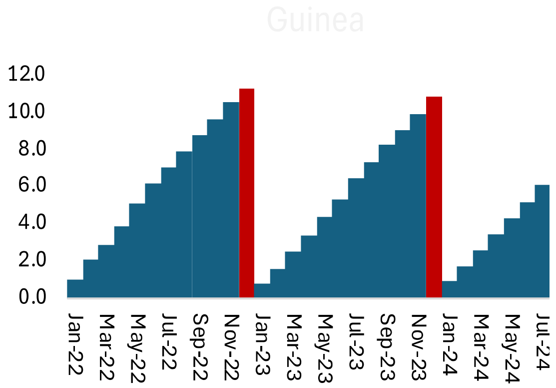
Policy rate



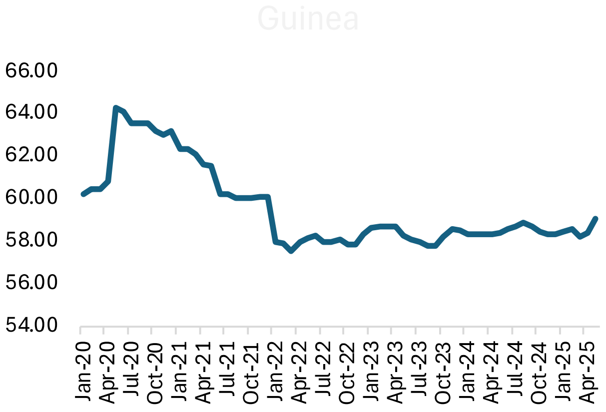
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is expected to fall to 6.4% in 2025 and to 6.5% in 2026, driven by a prudent monetary policy and recovery in local supply.**
- **The budget deficit is expected to narrow to 2.3% of GDP in 2025 and to 2.4% in 2026, due to consolidated tax revenues from digitization of tax departments, optimization of mining revenues, broadening of the tax base, recovery of state assets, reduction in emergency spending, and subsidies to mitigate the effects of the oil depot explosion.**
- **The current account deficit should gradually narrow to 9.3% in 2025 and to 9.1% in 2026.**

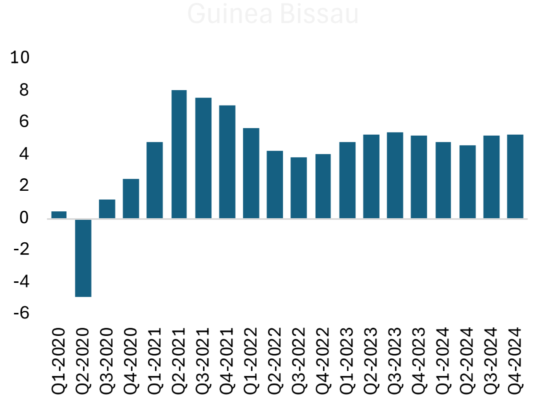
Source: Afreximbank Research.

Guinea-Bissau

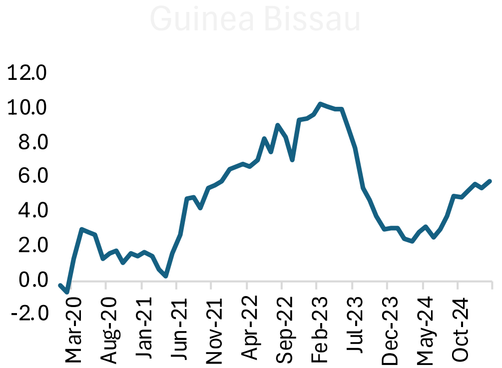
Key Macroeconomic Indicators

Projected growth rate of 5.6% in 2025 and 5.8% in 2026 is driven by a booming primary sector (4.1% and 4.3%, respectively) and an equally booming secondary sector (4.5% and 9.2%, respectively).

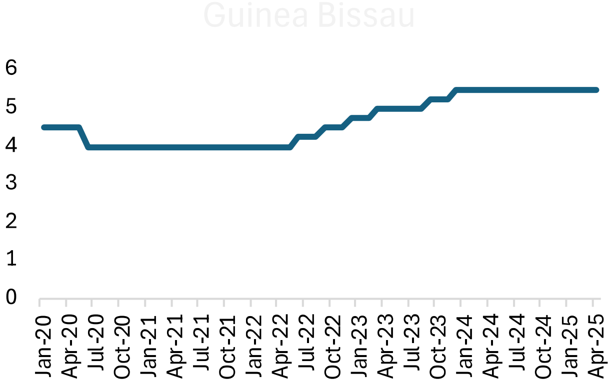
Growth rate



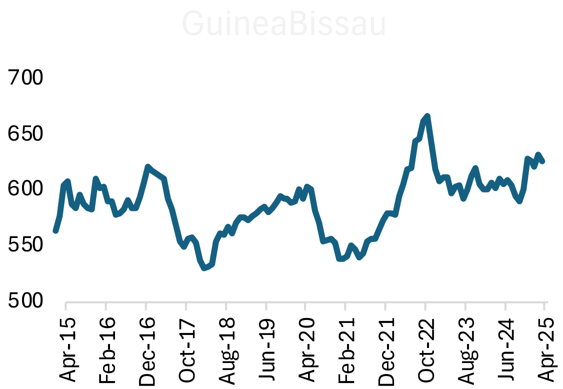
Inflation rate



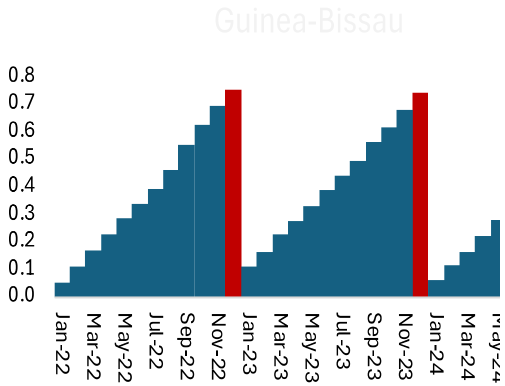
Policy rate



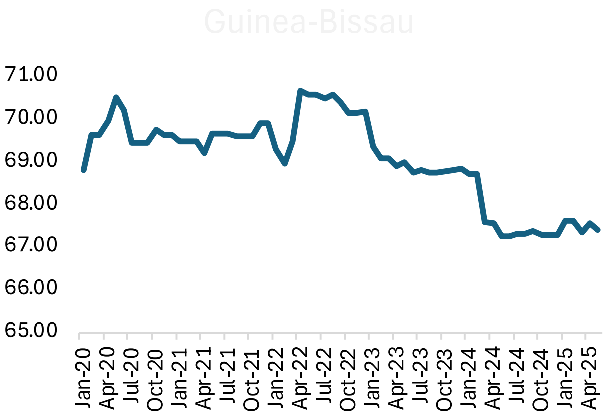
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is set to slow to 2.7% in 2025 and to 1.8% in 2026, due to stabilizing international prices.**
- **The deficit expected to gradually narrow to –3.6% of GDP in 2025 and to –1.6% in 2026, due to tighter fiscal management, reducing the debt/GDP ratio to 76.2% in 2025 and to 72.8% in 2026.**
- **The current account deficit expected to also improve, reaching –5% of GDP in 2025 and –3.9% in 2026, driven by a recovery in exports, specifically cashew nuts.**

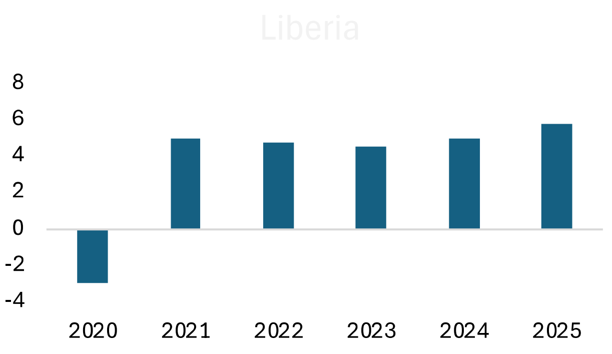
Source: Afreximbank Research.

Liberia

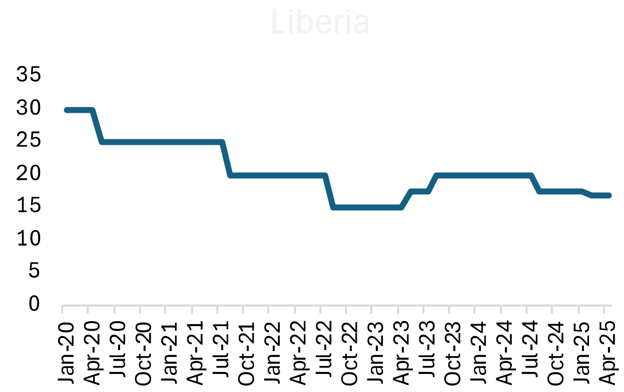
Key Macroeconomic Indicators

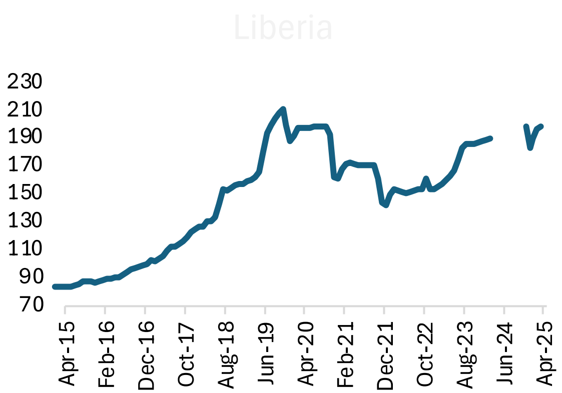
GDP growth is projected to improve to 5.3% in both 2025 and 2026, driven by expansion in mining and agriculture. Inflation is projected to increase to 8.3% in 2025 due to the impact of the global shock but will moderate to 7.4% in 2026 due to anticipated stability in the exchange rate

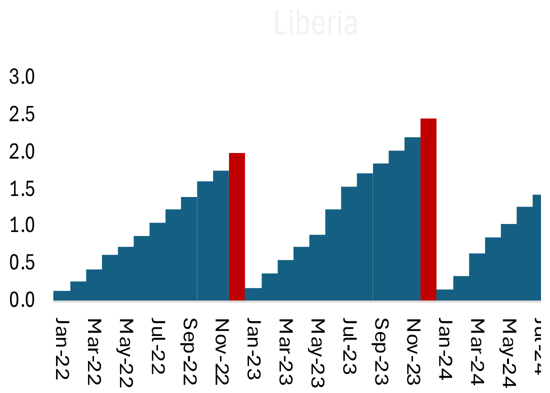
Growth rate

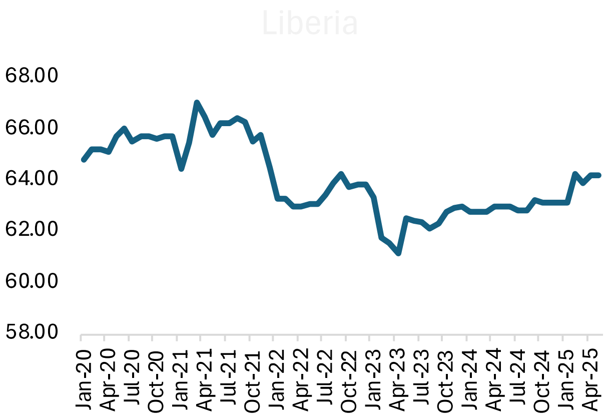


Inflation rate









Recent developments

- **The fiscal deficit is projected to widen further to 3.5% of GDP in 2025 due to increased spending pressure from reduced aid flows, but is projected to reduce to 2.6% in 2026 due to an increase in domestic revenue.**
- **The current account deficit is projected to moderate to 20.1% of GDP in 2025 and 17.4% in 2026, due to an anticipated increase in the output of major primary commodities, including gold and rubber.**

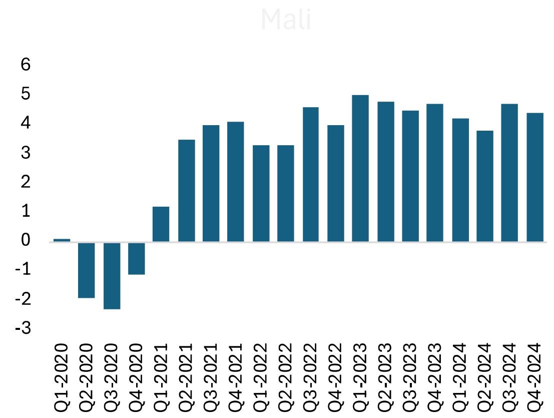
Source: Afreximbank Research.

Mali

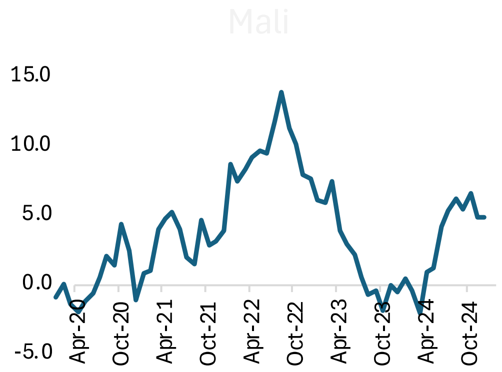
Key Macroeconomic Indicators

Real GDP growth, projected to be 5.6% in 2025 and 6.0% in 2026, will be sustained by an improved security environment; start-up of several industrial production units (gold, lithium)

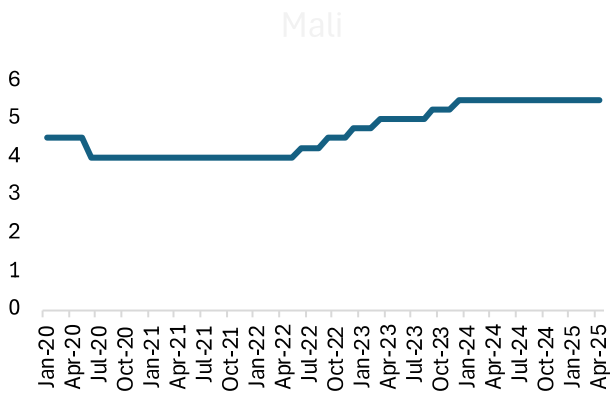
Growth rate



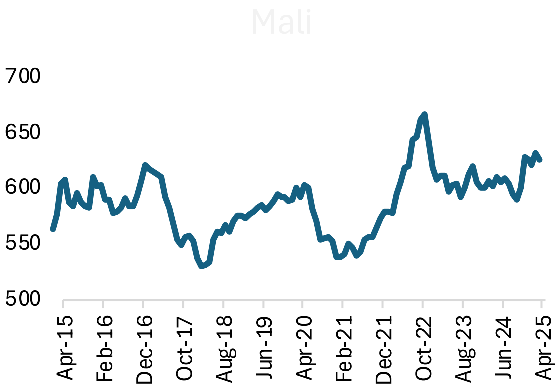
Inflation rate



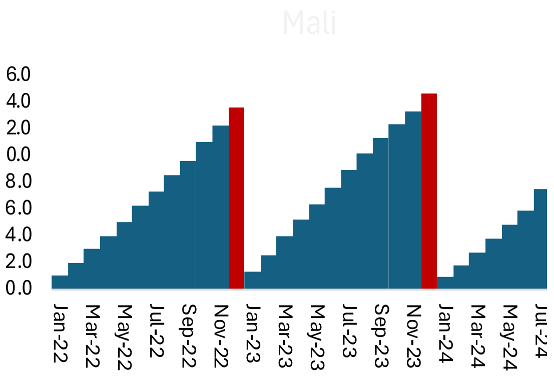
Policy rate



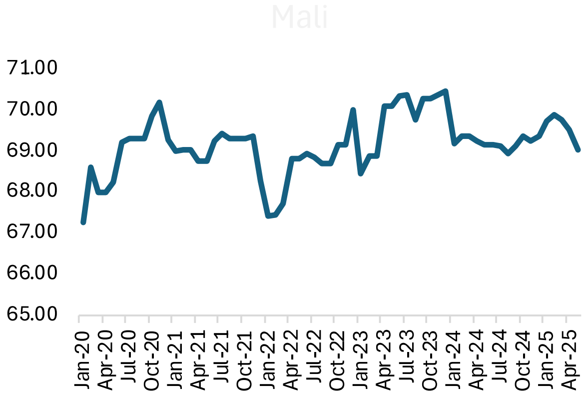
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is projected to fall to 2.8% in 2025 and to 2.3% in 2026.**
- **The budget deficit is forecast to be 2.8% of GDP in 2025 and 2.4% of GDP in 2026, due to improved domestic revenues, and financed in part by issue of government securities on the regional market.**
- **The current account balance expected to reach 5.4% of GDP in 2025 and 3.6% of GDP in 2026, supported by gold and lithium exports. The gradual increase in public investment and social spending, and reforms to improve fiscal consolidation, governance, and the business environment to also sustain the momentum of growth.**
- **Inflation is expected to fall to 2.8% in 2025 and to 2.3% in 2026, in anticipation of improved food supplies for the domestic market.**

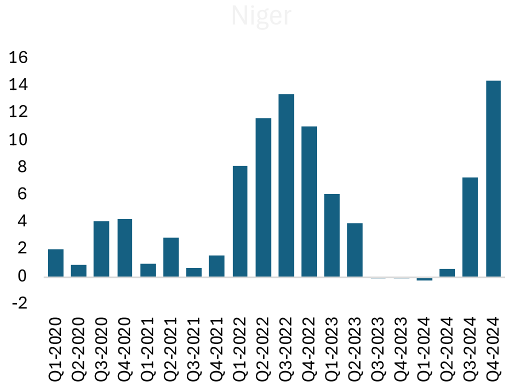
Source: Afreximbank Research.

Niger

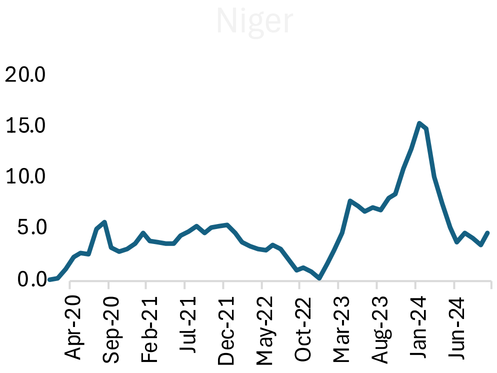
Key Macroeconomic Indicators

GDP growth projected to be 7.0% in 2025 and 6.2% in 2026, driven primarily by oil production and dynamic agricultural activity

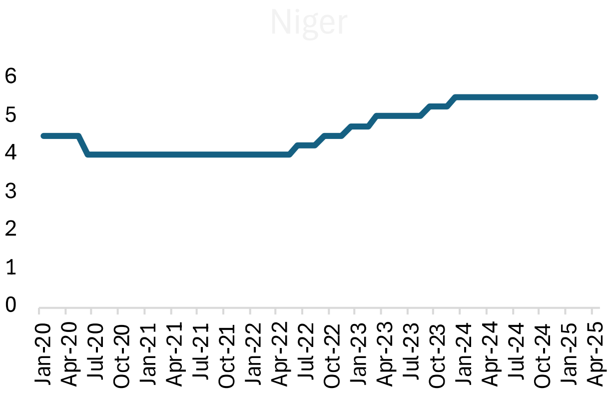
Growth rate



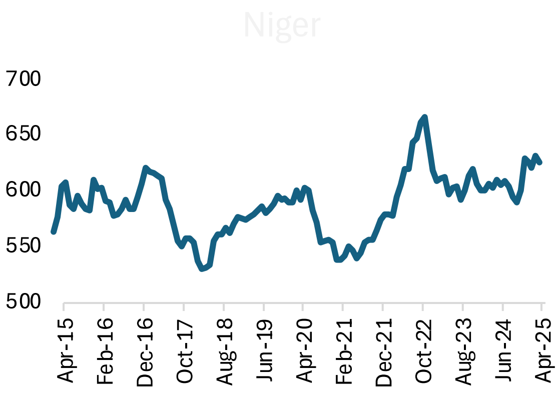
Inflation rate



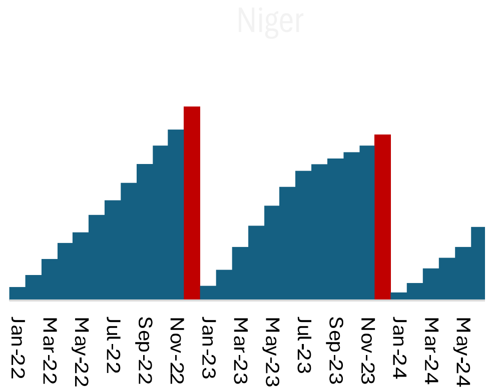
Policy rate



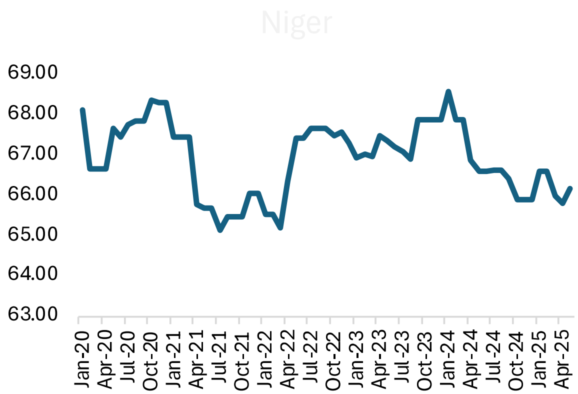
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is expected to decelerate to 4.9% in 2025 and to 3.9% in 2026, compared with 9.1% in 2024.**
- **Due mainly to reduced expenditure, the budget deficit is projected at 3.2% of GDP in 2025 and 2.6% of GDP in 2026.**
- **The current account deficit is projected at 5.7% of GDP in 2025 and 5.0% of GDP in 2026 due to an improved trade balance.**

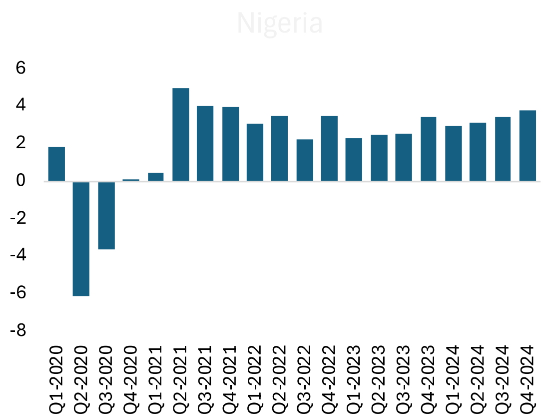
Source: Afreximbank Research.

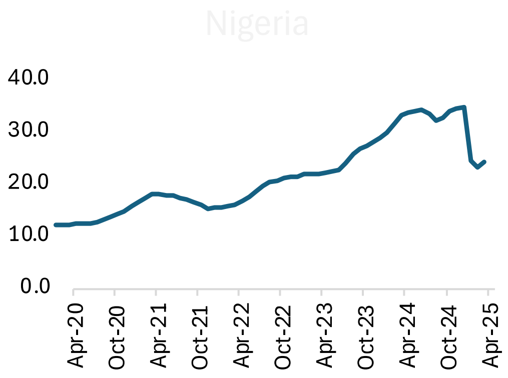
Nigeria

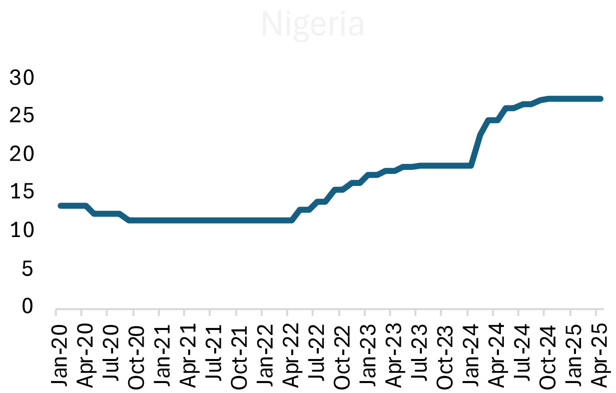
Key Macroeconomic Indicators

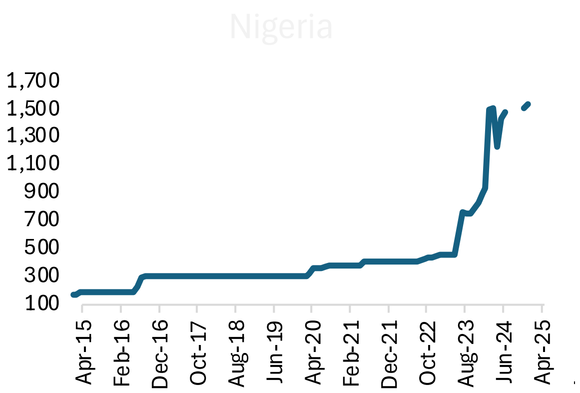
Growth in Nigeria is forecast to strengthen to 3.6 percent in 2025 and to an average of 3.8 percent in 2026-27

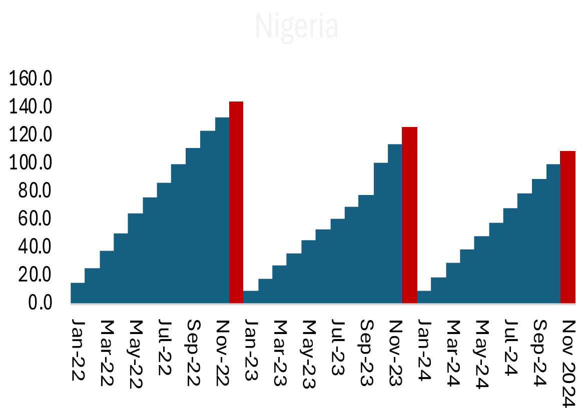
Growth rate | **Inflation rate** | **Policy rate**

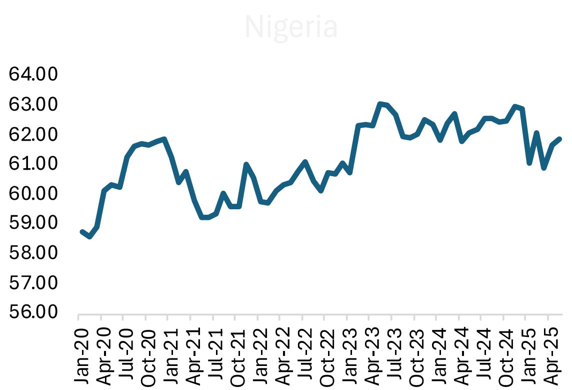












Recent developments

- **Inflation is projected to moderate to 24.7% in 2025 and 17.3% in 2026, supported by tight monetary policy.**
- **The fiscal deficit is projected to remain at 4.0% of GDP.**
- **The current account surplus is projected to narrow to 4.7% of GDP in 2025 and 3.9% in 2026, as imports start to normalize.**

Source: Afreximbank Research.

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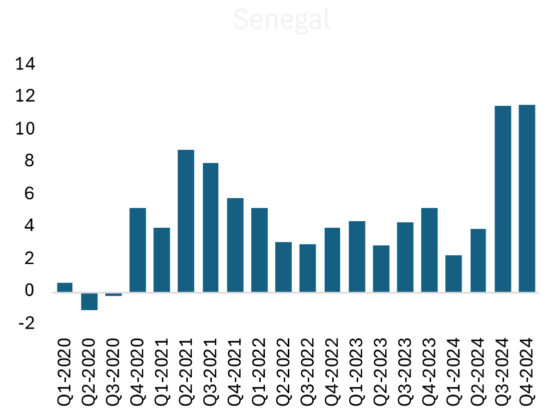
Delivering the Vision
Building Prosperity for Africans

Senegal

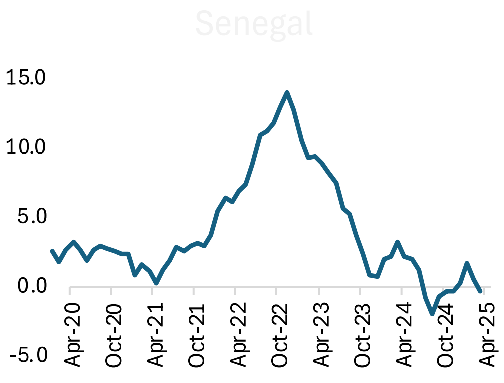
Key Macroeconomic Indicators

Real GDP growth is projected to be 10.3% in 2025 and 7.1% in 2026, driven by increased oil production and the effective start-up of gas production.

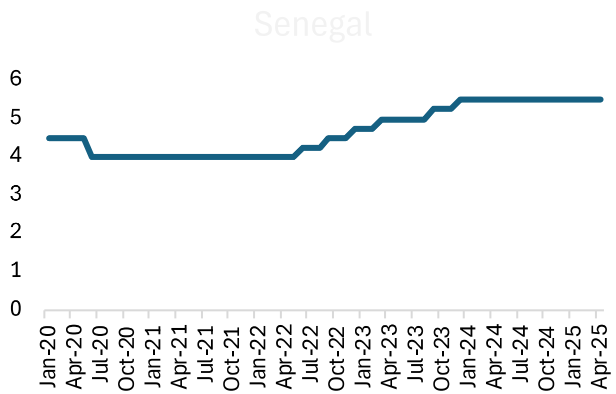
Growth rate



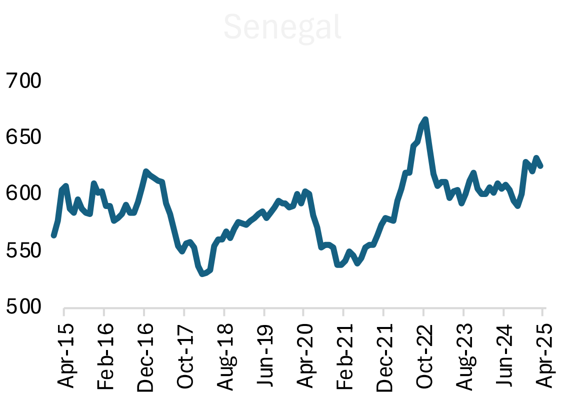
Inflation rate



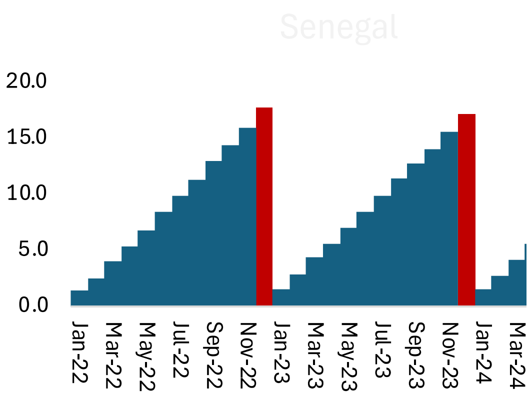
Policy rate



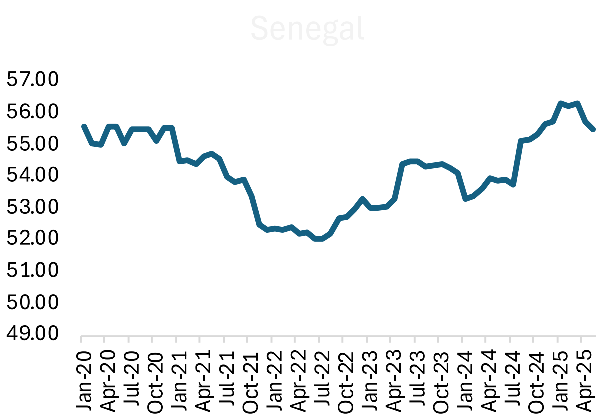
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is projected to be 2.6% in 2025 and 2.1% in 2026, contained by food and electricity subsidies.**
- **The budget deficit is expected to fall to –7.7% of GDP in 2025 and to –7.1% of GDP in 2026, due to selective investment spending.**
- **The current account deficit should narrow to –10% in 2025 and to –8.2% in 2026, due to lower imports from the oil and gas industries.**

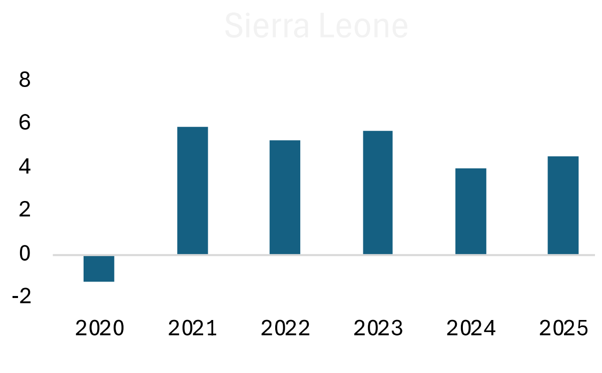
Source: Afreximbank Research.

Sierra Leone

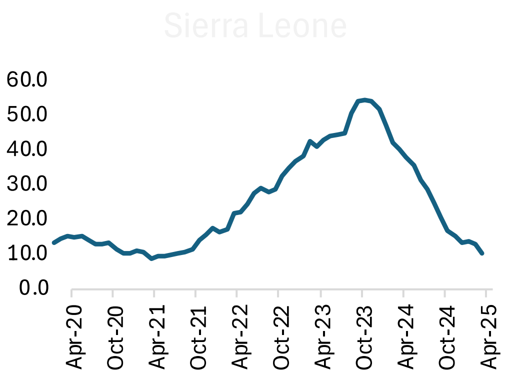
Key Macroeconomic Indicators

GDP growth is projected to increase to 4.4% in 2025 and 4.8% in 2026, driven by services, mining, and agriculture on the supply side, and by consumption and investments on the demand side.

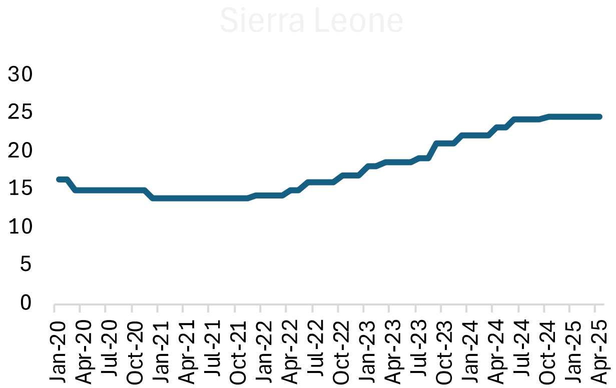
Growth rate



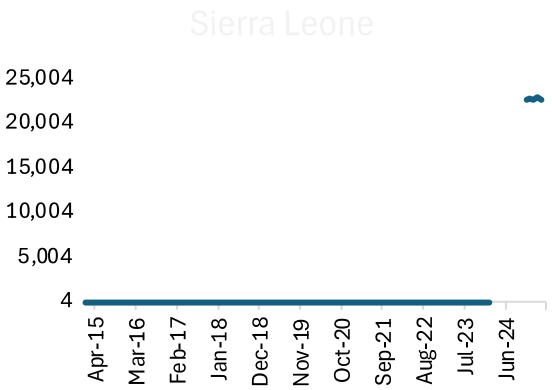
Inflation rate



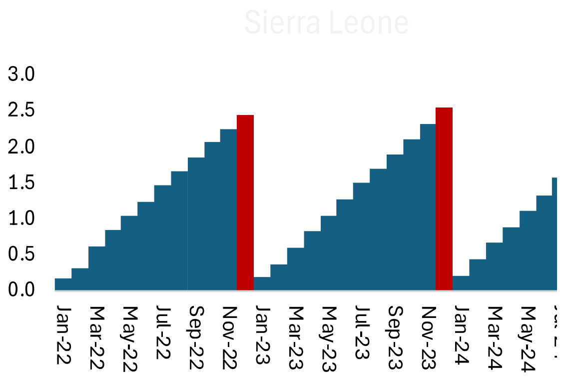
Policy rate

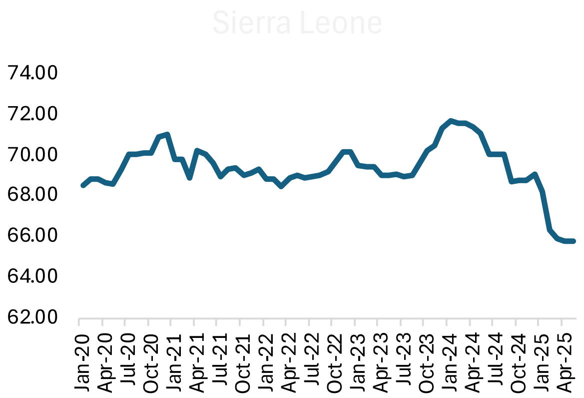


Exchange rate



Total foreign trade, $US bn





Recent developments

- **The fiscal deficit is projected at 4.6% of GDP in 2025 and 2.3% in 2026—driven by high financing needs, low domestic revenue, and high debt service obligations—and will be financed by domestic and external borrowing.**
- **The current account deficit is projected to widen to 4.7% of GDP in the medium term and will be financed mainly by external borrowing.**

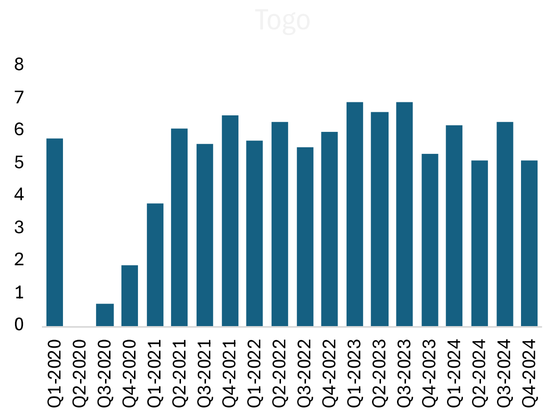
Source: Afreximbank Research.

Togo

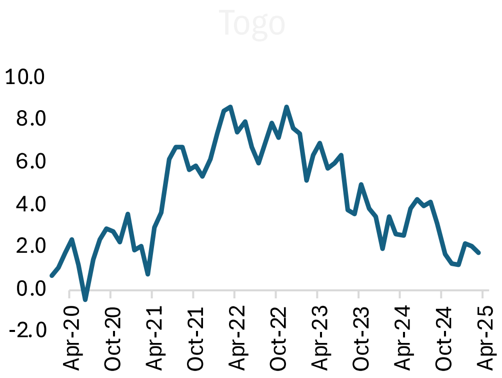
Key Macroeconomic Indicators

real GDP growth projected to be 5.8% in 2025 and 5.9% in 2026. Economic activity will be driven by higher agricultural production, increased mining, and industrial production at Adétikopé.

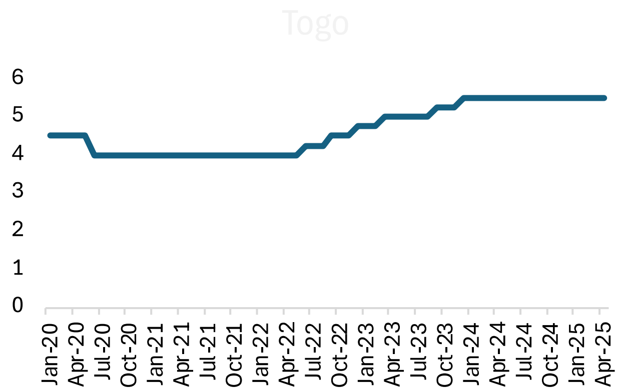
Growth rate



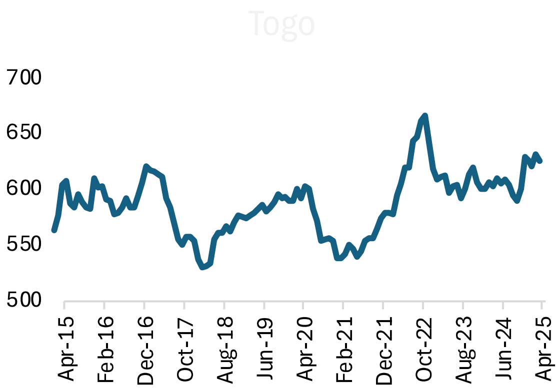
Inflation rate



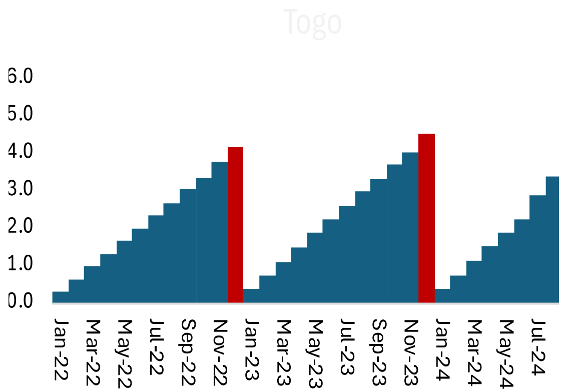
Policy rate



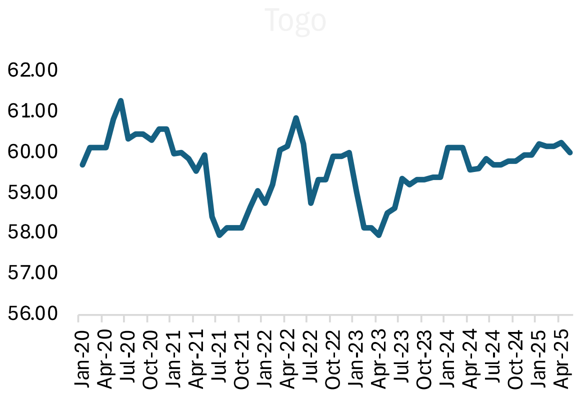
Exchange rate



Total foreign trade, $US bn



Country Risk Index



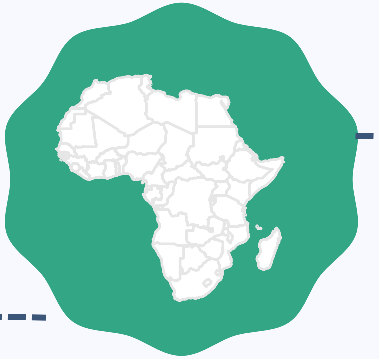
Recent developments

- **On the demand side, economic activity will be driven by private consumption (8%), private investment (11.2%) and exports (6%).**
- **Real GDP per capita is expected to grow at an average of 3.6% between 2025 and 2026. Over this period, inflationary pressures are expected to moderate to an average of 2.2%.**

Source: Afreximbank Research.

Central Africa

Key themes in Central African countries



Republic of Congo: IMF Projects Continued Economic Resilience Amidst Regional Challenges

The Republic of Congo's economy demonstrated resilience with a growth rate of 6.5% in 2024 and is projected to maintain growth above 5% in 2025. However, escalating armed conflict in the eastern part of the country has placed significant strain on the budget, alongside severe humanitarian and social impacts. The IMF emphasizes the importance of continued structural reforms and prudent fiscal management to sustain economic stability.

Equatorial Guinea: ICJ Ruling Secures Sovereignty Over Oil-Rich Islands

The International Court of Justice (ICJ) ruled in favor of Equatorial Guinea in its territorial dispute with Gabon over three oil-rich, largely uninhabited islands in the Gulf of Guinea. The court determined that a 1900 treaty between Spain and France is the authoritative agreement governing the islands' ownership. This decision secures control of the disputed territories for Equatorial Guinea, potentially boosting its oil exploration and revenue prospects.

IMF Reaches Staff-Level Agreement with São Tomé and Príncipe on the First Review under the Extended Credit Facility Arrangement

IMF staff and the São Toméan authorities have reached a staff-level agreement on the first review of the economic policies underpinned by the 40-month ECF-supported program. Most quantitative targets for the first review have been met and significant progress was made on a range of macro-structural issues.

Democratic Republic of Congo: Negotiations with U.S. for Critical Minerals Deal Linked to Eastern Peace Efforts

The Democratic Republic of Congo (DRC) is in advanced talks with the United States to finalize a landmark agreement by the end of June 2025. The deal would grant U.S. companies access to DRC's rich deposits of critical minerals such as lithium, cobalt, and coltan in exchange for infrastructure investment and support in resolving conflict in the eastern regions plagued by Rwandan-backed M23 rebel forces. The initiative aims to reduce China's dominance in the Congolese mining sector and promote transparency in resource management

Chad reaches staff-level agreement with the IMF for a prospective four-year Extended Credit Facility program worth $630 million to support economic reforms

Chad has secured a four-year Extended Credit Facility (ECF) arrangement with the International Monetary Fund (IMF) worth approximately $630 million. The program aims to support Chad's National Development Plan, "Chad Connection 2030," amid challenges such as declining oil revenues, regional instability, and reduced development aid.

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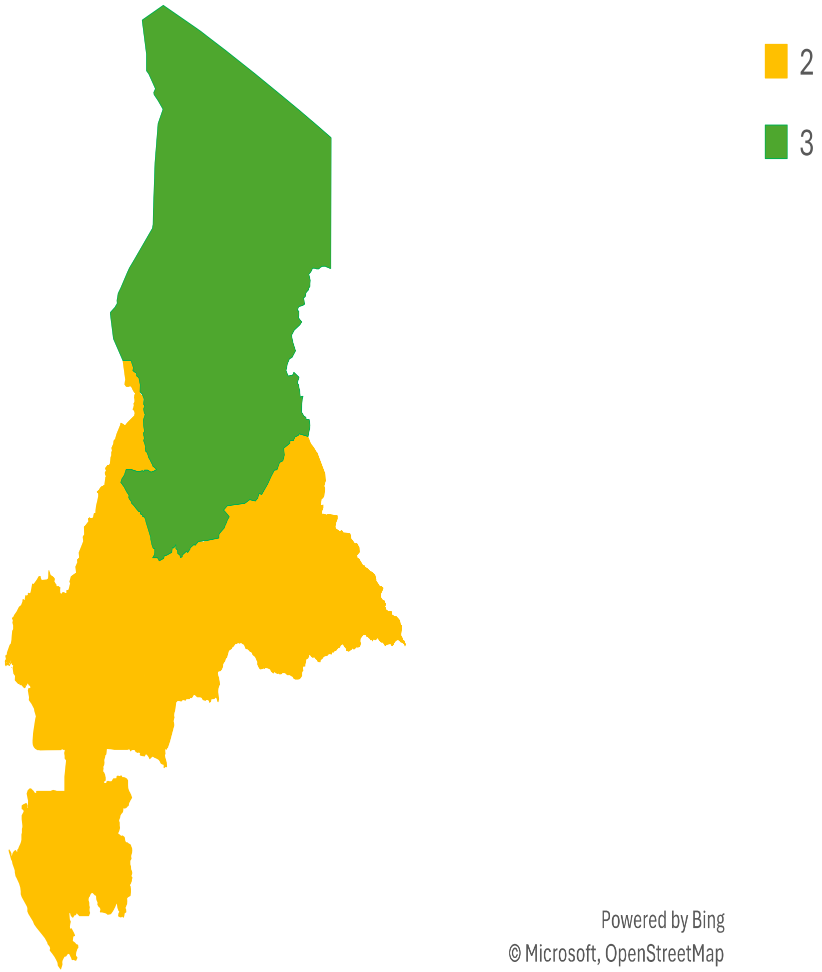
Central Africa

All countries are characterized by stable or enhancing macroeconomic fundamentals.

Central Africa

	Growth	Inflation	Policy Rate	Exch. Rate	Trade	Risk	Overall Scoring
Cameroon	R	R	Y	Y	G	G	Y
Central African Republic	G	G	Y	Y	R	G	Y
Chad	Y	G	Y	Y	G	G	Y
Gabon	R	G	Y	Y	Y	R	Y
Sao Tome and Principe	G	G	Y	R	G	R	Y

R	Deteriorating	(red)
Y	Stable	(yellow)
G	Improving	(green)



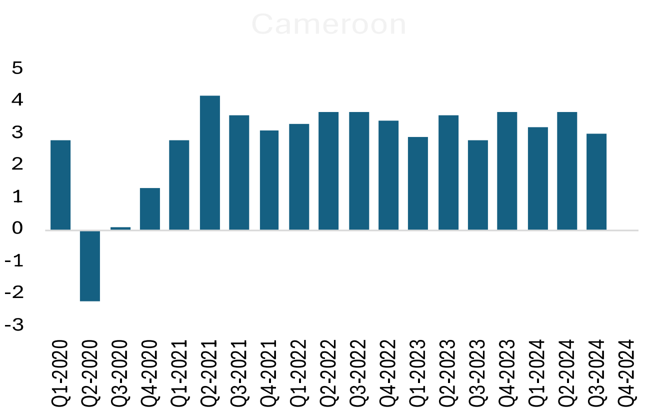
Source: Afreximbank Research

Cameroon

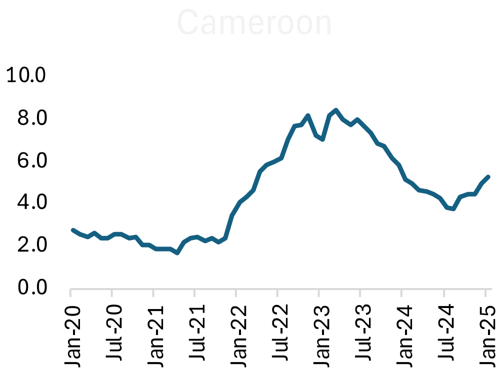
Key Macroeconomic Indicators

Growth of 3.7% in 2025 and 4.1% in 2026, supported by iron and gas production and public investment, including major investment projects in transport and energy infrastructure.

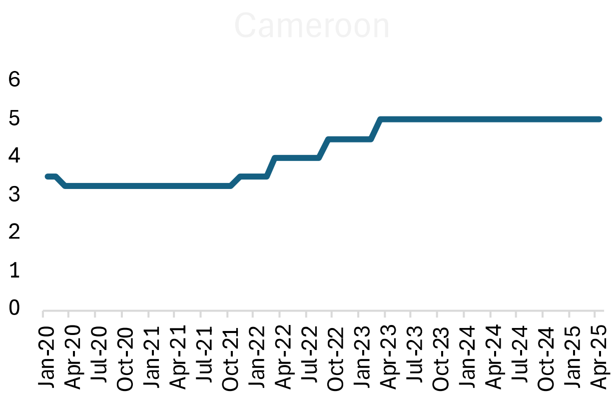
Growth rate

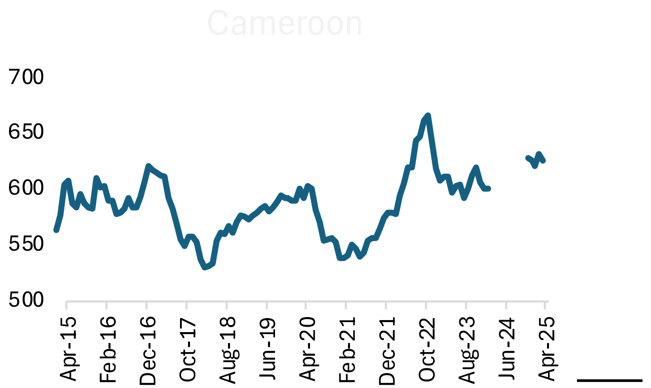


Inflation rate

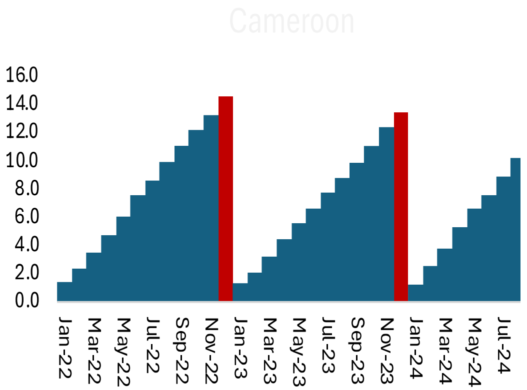


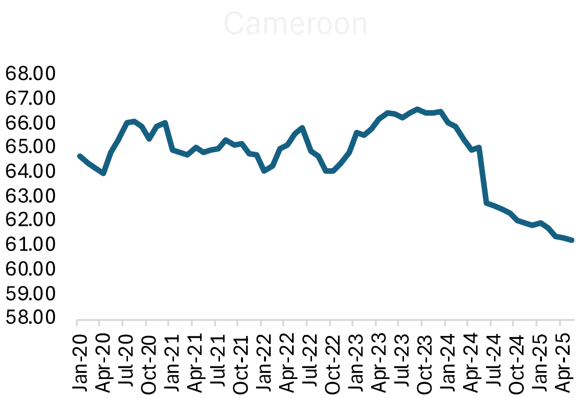
Policy rate





Total foreign trade, $US bn





Recent developments

- **The inflation rate is expected to fall to 3.9% in 2025 and to 3.6% in 2026, as prices of agricultural products and crude oil decline.**
- **The budget deficit is expected to deteriorate to 0.6% of GDP in 2025, due to lower oil revenues, but expected to improve to 0.3% of GDP in 2026.**
- **The current account deficit should improve to 2.7% of GDP in 2025, but deteriorate slightly to 2.9% in 2026, depending on the implementation rate of the import-substitution plan.**

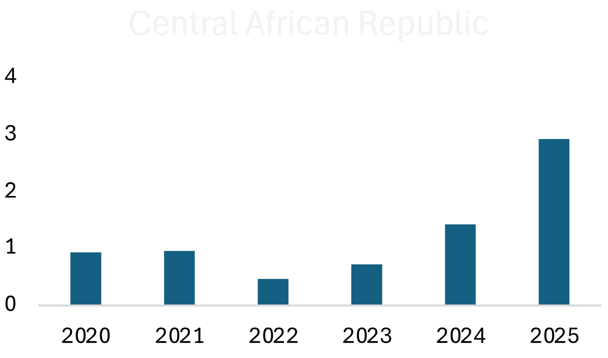
Source: Afreximbank Research.

Central African Republic

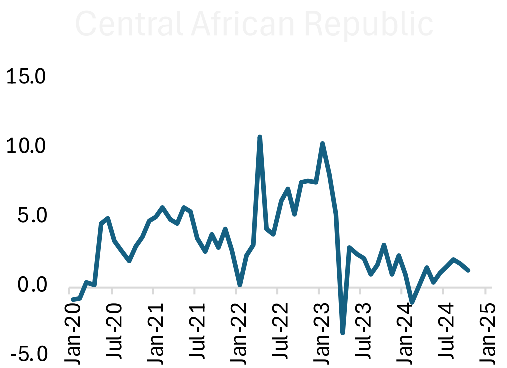
Key Macroeconomic Indicators

Real GDP growth projected to be 1.6% in 2025 and 2.9% in 2026 from logging, mining, and manufacturing

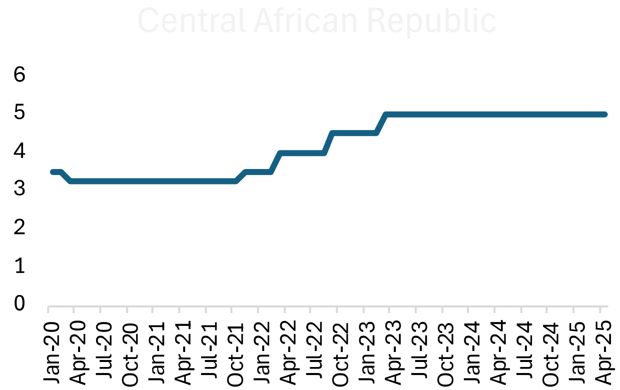
Growth rate



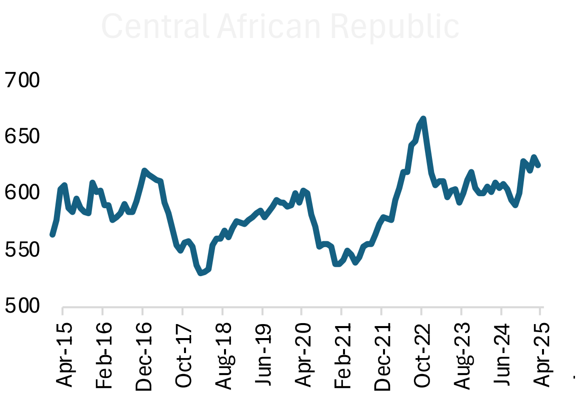
Inflation rate



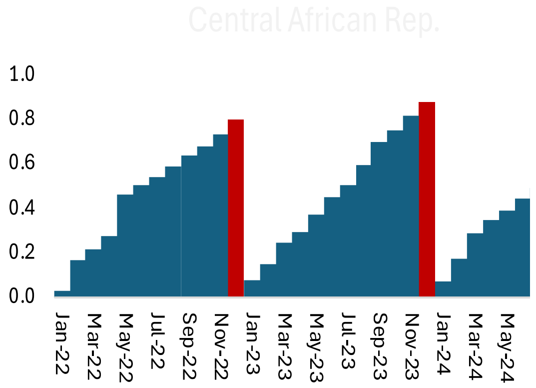
Policy rate

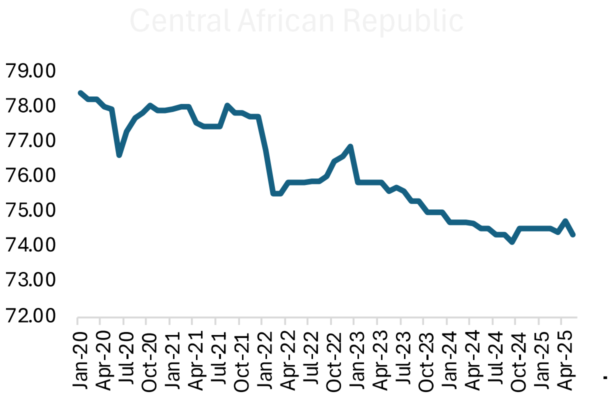


Exchange rate



Total foreign trade, $US bn





Recent developments

- **Inflation is expected to remain below 3%; at 2.1% in 2025 and 2026, due to tighter monetary policy, improved food production, and a more regular supply of petroleum products.**
- **The budget balance is expected to improve to –2.9% of GDP in 2025 and to –2.1% in 2026, in line with implementation of tax administration reforms and anti-corruption measures.**
- **The current account deficit expected to improve to 6.9% of GDP in 2025 and to 6.5% in 2026, benefiting from recovery in gold production and upward momentum in gold prices.**

Source: Afreximbank Research.

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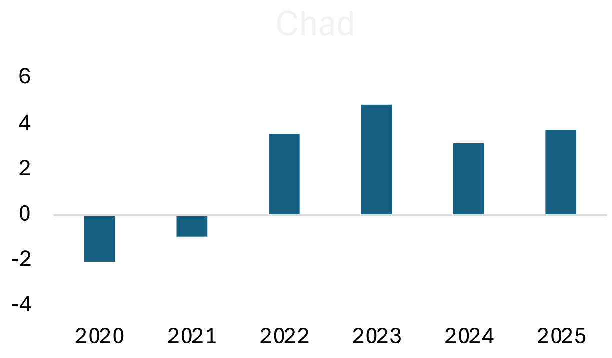
Chad

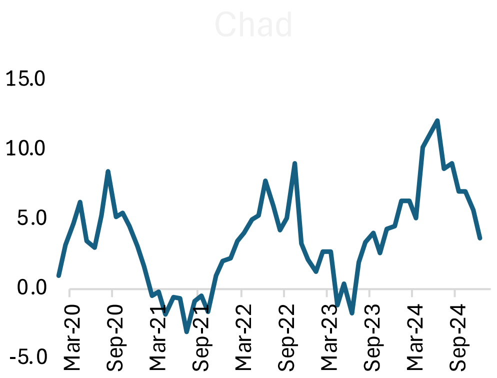
Key Macroeconomic Indicators

Growth is expected to resume in 2025 (1.6% of real GDP), supported by recovery in the agricultural sector

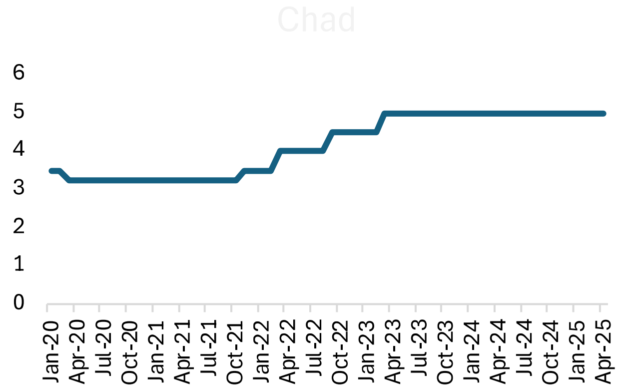
Growth rate



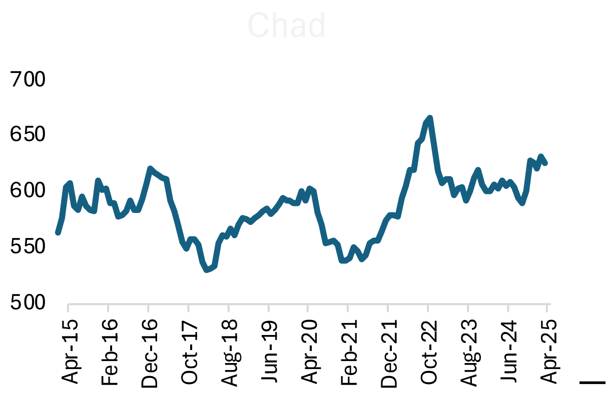
Inflation rate



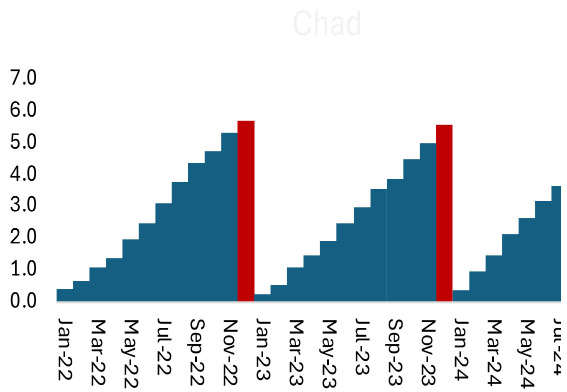
Policy rate



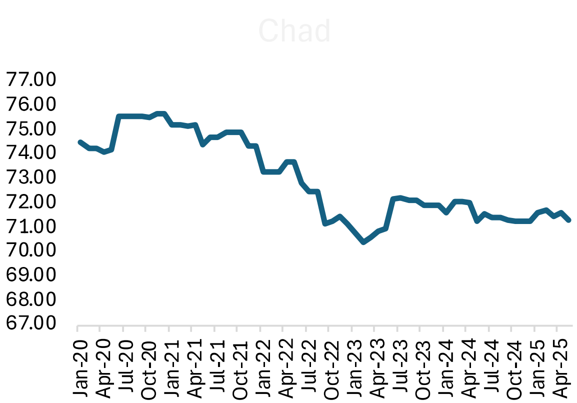
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation could fall to 4.0% in 2025 and to 3.7% in 2026) due to increased agricultural production.**
- **Oil production could decline, following weak recovery in necessary foreign investment, due to aging oil fields.**
- **As a result, the external current account could remain in deficit (–9.4% in 2025 and –8.9% in 2026).**

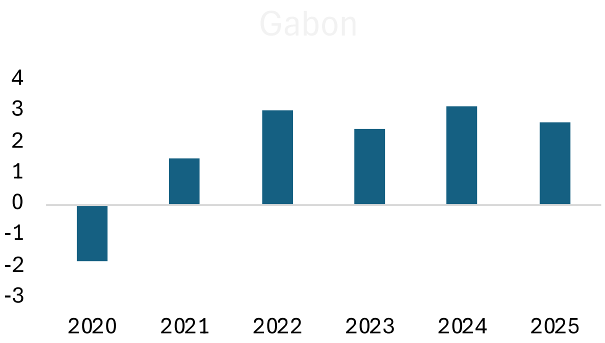
Source: Afreximbank Research.

Gabon

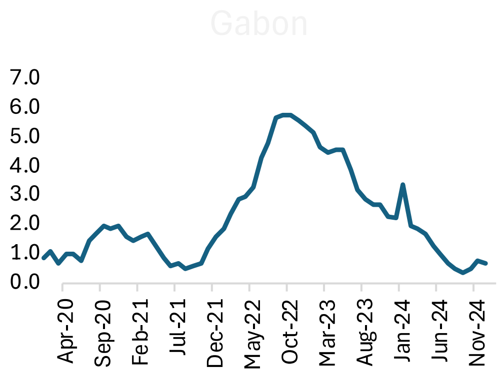
Key Macroeconomic Indicators

Gabon's economy is set to slow, with growth rates projected to be 2.3% in 2025, and 2.1% in 2026, due to the decline in oil production (–2.1% in 2025 and –4.7% in 2026) from aging oil fields

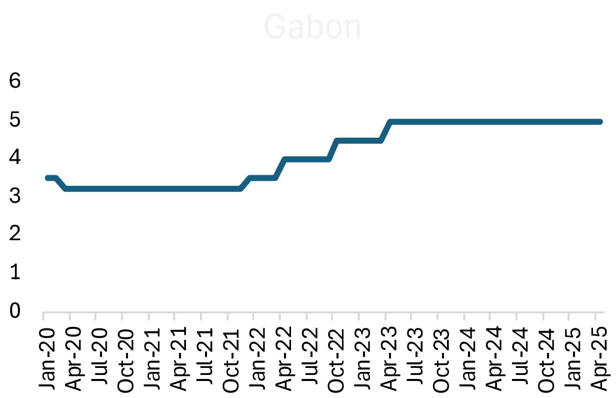
Growth rate



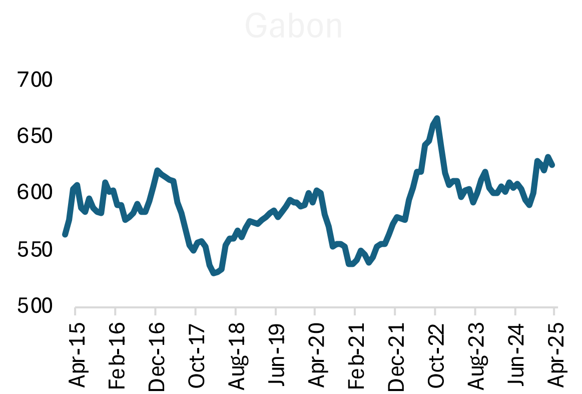
Inflation rate



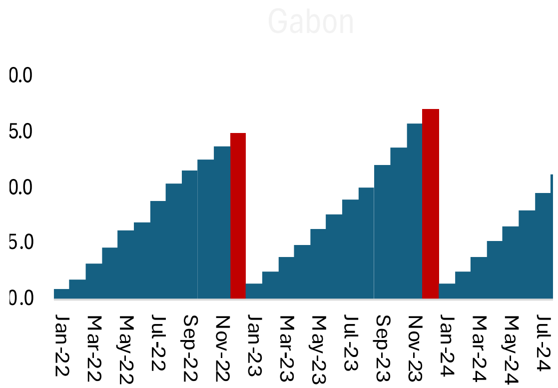
Policy rate



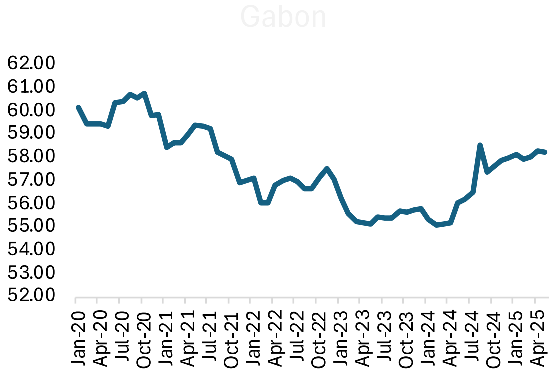
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Non-oil GDP to increase due to dynamism in agriculture (timber and palm oil), mining (manganese), construction, and domestic demand.**
- **Anti-inflationary measures will keep inflation down to 1.7% in 2025 and to 2.3% in 2026.**
- **The budget deficit will widen as a result of higher public expenditure and lower oil revenues. The current account surplus will shrink to 2% in 2025 and to 1.3% in 2026.**

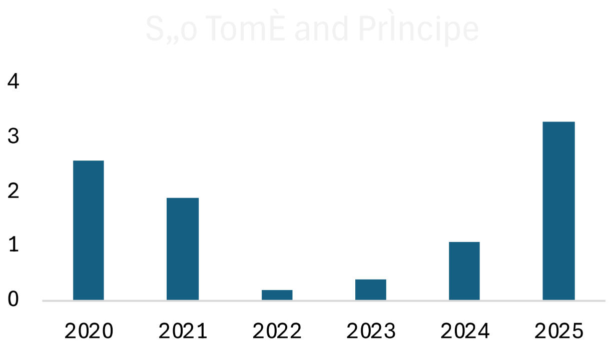
Source: Afreximbank Research.

Sao Tome and Principe

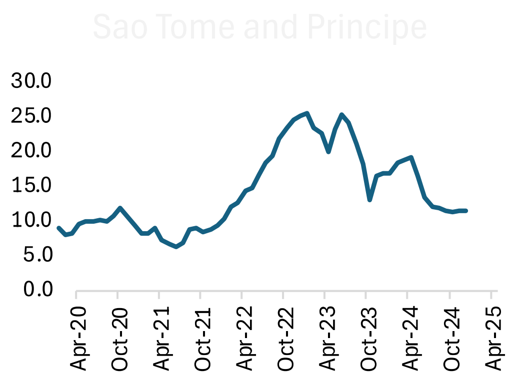
Key Macroeconomic Indicators

growth projected at 2.7% in 2025 and 4.4% in 2026, supported by relatively high cacao prices, tourism, public works, and programmed infrastructure investments

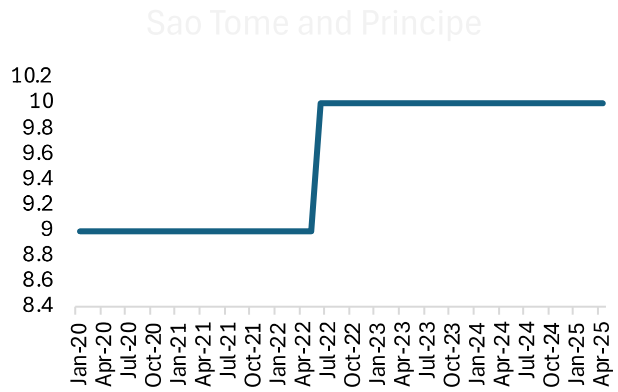
Growth rate



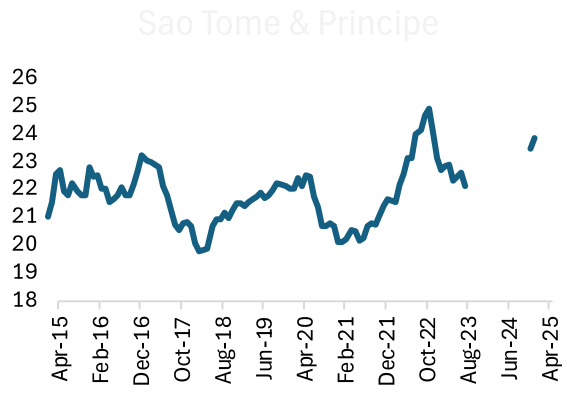
Inflation rate



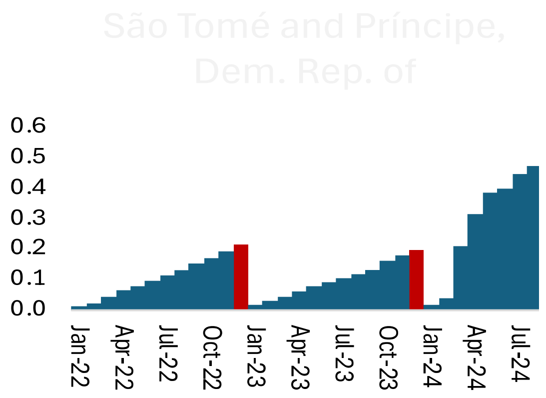
Policy rate



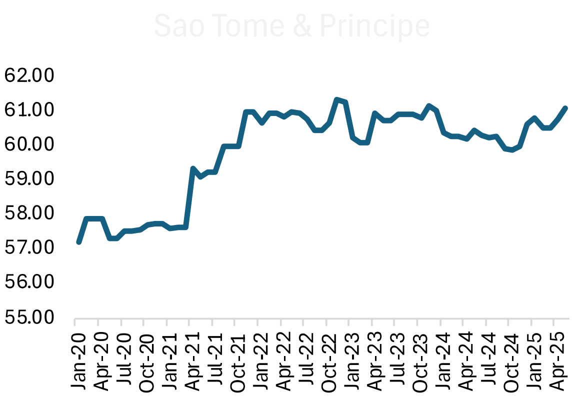
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation to continue falling and reach 7.0% by 2026, which will improve household purchasing power.**
- **The overall fiscal deficit is projected to decline to 2.5% in 2025 and 1.4% of GDP in 2026. Incentivized by the IMF’s Extended Credit Facility, fiscal discipline should help reduce public debt below 55% of GDP by 2027.**
- **The current account deficit is projected to improve in 2025–26, driven by high cocoa prices, tourism and moderate oil prices.**

Source: Afreximbank Research.

East Africa

Key themes in Eastern African countries

Kenya – Inflation easing supports policy space
Kenya's annual consumer price inflation decelerated to **3.8%** in May, down from 4.1% in April, keeping it comfortably within the Central Bank's 2.5–7.5% target

Kenya – Sixth consecutive interest-rate cut
In June, the Central Bank of Kenya reduced its policy rate by 25 bps to **9.75%**, completing its sixth cut since August 2024, citing sustained low inflation and modest growth.

Kenya – Private-sector activity contracts in May
Kenya's PMI dropped to **49.6** in May—the first contraction in seven months—amid slowing activity in construction, trade, and services.

Rwanda – Regional bloc exit introduces trade uncertainty
Rwanda announced its departure from the Economic Community of Central African States (ECCAS) in June, citing external political dynamics. As trade integration remains vital, this pivot may disrupt import–export channels, particularly for commodity sectors

Ethiopia – FX liberalisation and monetary reform
Ethiopia's central bank implemented sweeping reforms: liberalizing FX, moving to interest-rate based policy, and halting direct government financing. IMF data shows this is part of a wider $3.4 billion IMF Extended Credit Facility, aiming to resolve FX shortages and tame inflation

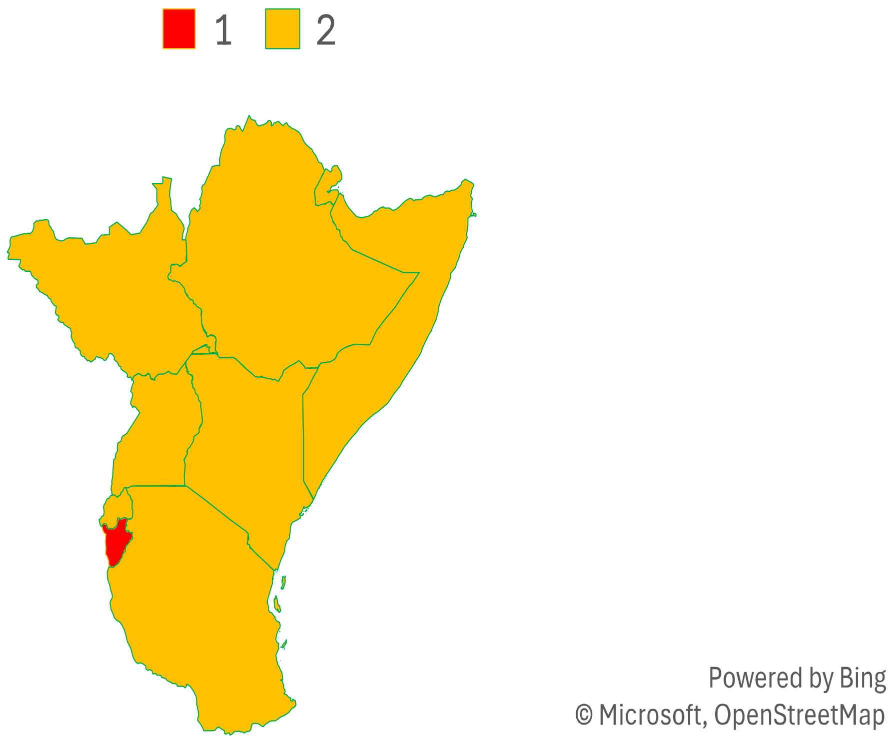
East Africa

5 out of 9 countries are characterized by stable or enhancing macroeconomic fundamentals.

East Africa

	Growth	Inflation	Policy Rate	Exch. Rate	Trade	Risk	Overall Scoring
Burundi	R	R	Y	Y	R	R	R
Djibouti	Y	G	Y	Y	R	R	Y
Ethiopia	G	G	Y	R	G	R	Y
Kenya	Y	G	G	Y	R	R	Y
Rwanda	Y	Y	Y	Y	G	G	Y
Somalia	Y	Y	R	Y	G	R	Y
South Sudan	Y	Y	Y	Y	Y	Y	Y
Tanzania	R	Y	Y	R	G	G	Y
Uganda	R	Y	Y	G	G	R	Y

R	Deteriorating	(red)
Y	Stable	(yellow)
G	Improving	(green)



Source: Afreximbank Research

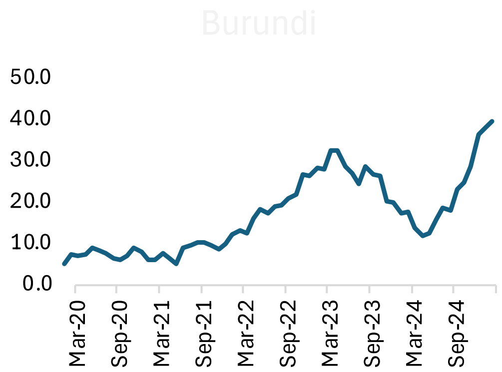
Burundi

Key Macroeconomic Indicators

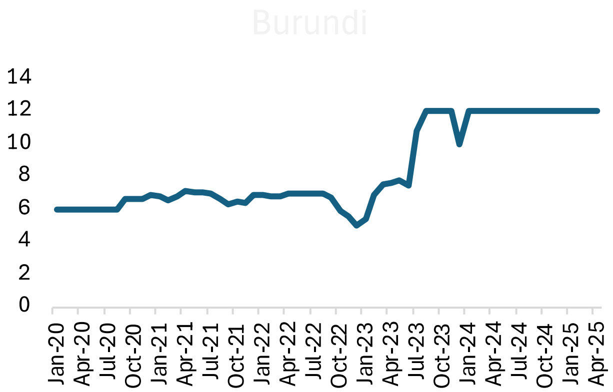
Real GDP growth rates projected at 3.7% in 2025 and 3.9% in 2026. This performance is driven by export-oriented agriculture, mining, power generation and construction, and public spending

Growth rate

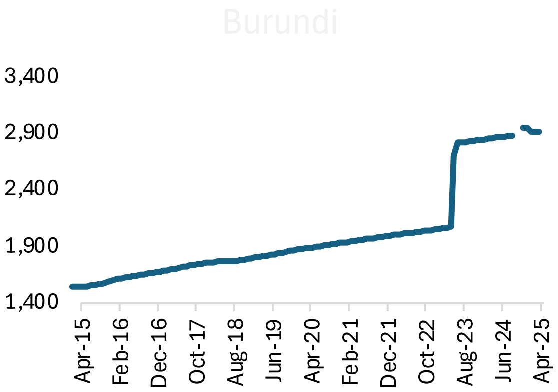
Inflation rate



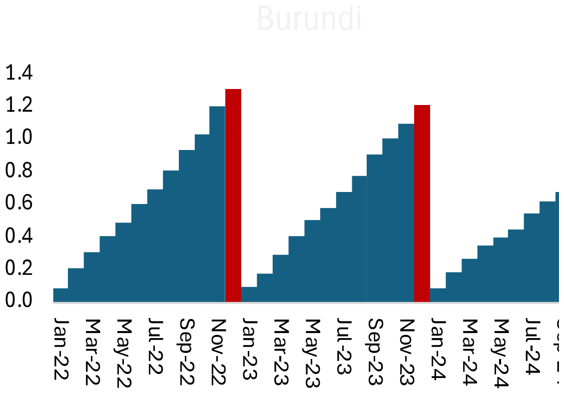
Policy rate



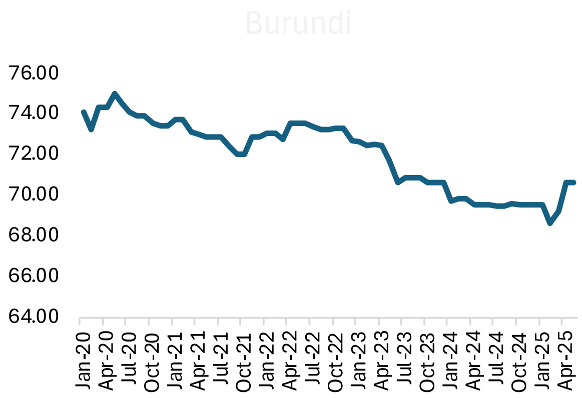
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is expected to be 39.1% in 2025 and 30.9% in 2026, due to escalating trade tensions and the monetization of the budget deficit.**
- **The deficit is expected to rise to 5.1% of GDP in 2025, before improving to 4.4% of GDP in 2026, following greater revenue digitization.**
- **The current account deficit should deteriorate to 8.7% in 2025, and 8.3% of GDP in 2026, due to fewer transfers and a deteriorating trade balance**

Source: Afreximbank Research.

Djibouti

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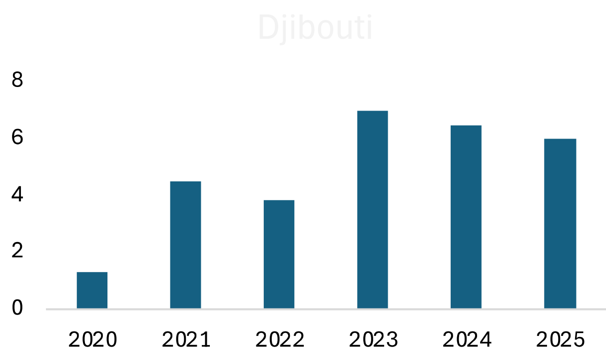
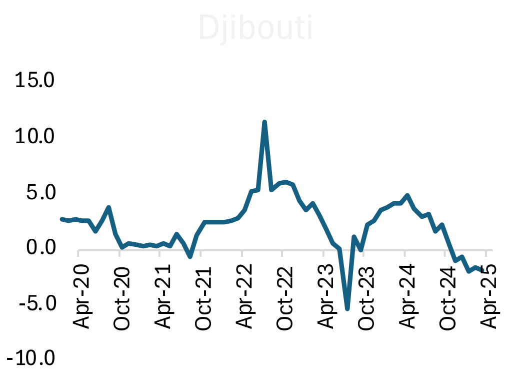
Key Macroeconomic Indicators

growth forecast at 6.3% in 2025 and 6.6% in 2026, supported by continued transshipment operations and a recovery in construction.

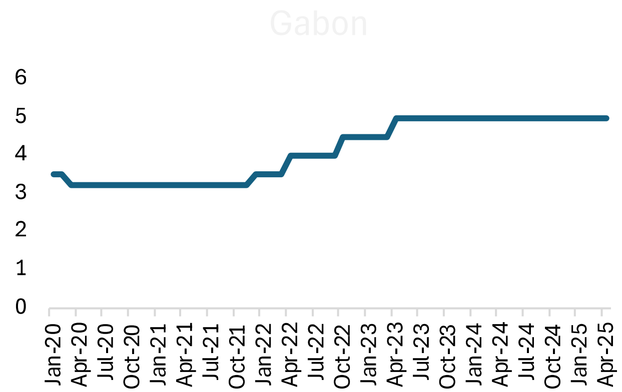
Growth rate



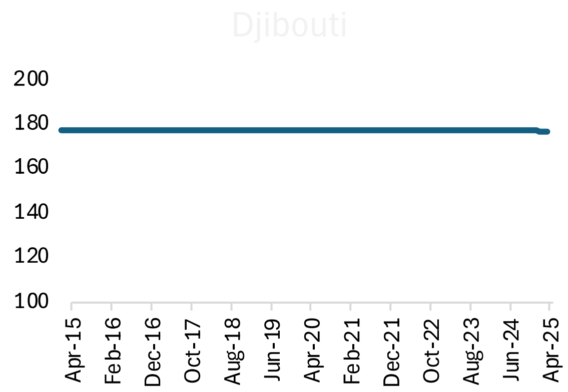
Inflation rate



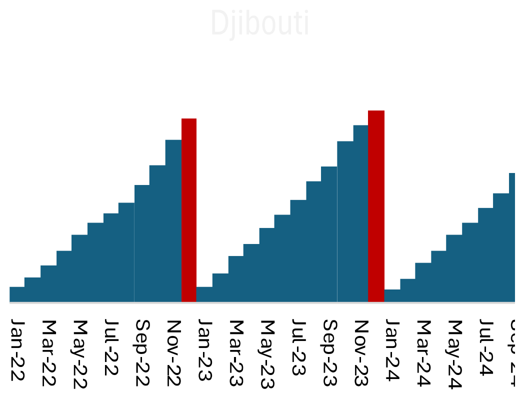
Policy rate



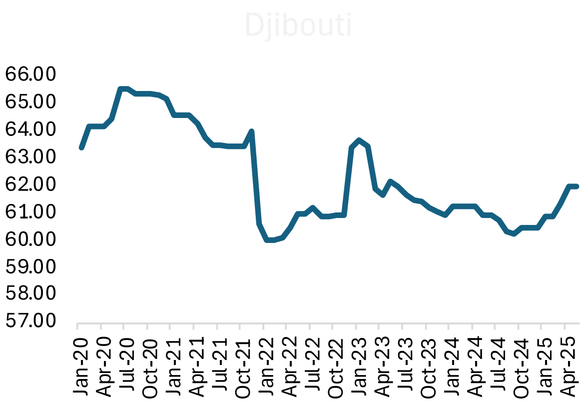
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is expected to increase to 2.2% in 2025 and 2026. Tight management of public finances to result in a small budget surplus of 0.1% of GDP in 2025, followed by a budget deficit of 0.2% in 2026.**
- **The current account surplus should remain stable at around 21% of GDP in 2025–26, due to robust merchandise re-exports.**

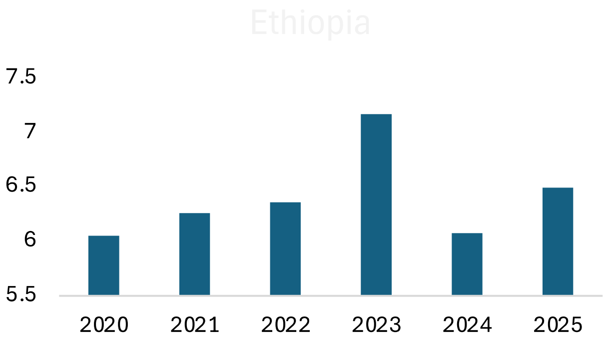
Source: Afreximbank Research.

Ethiopia

Key Macroeconomic Indicators

Growth is expected to be robust at 7.0% in 2025/26 owing to ongoing reforms, expected external debt treatment, resumption of external financing, and greater domestic stability

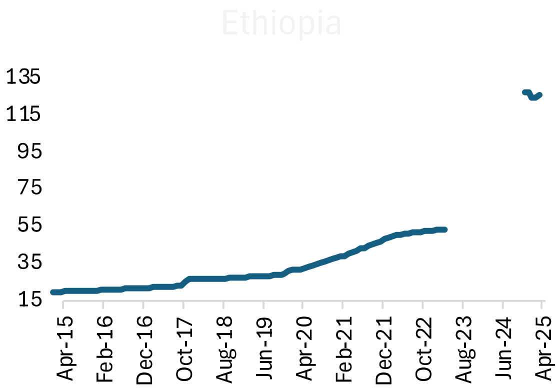
Growth rate



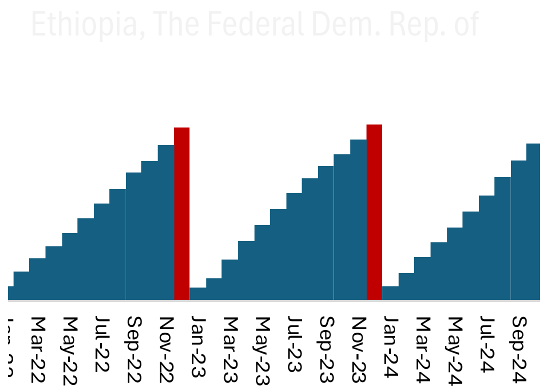
Inflation rate

Policy rate

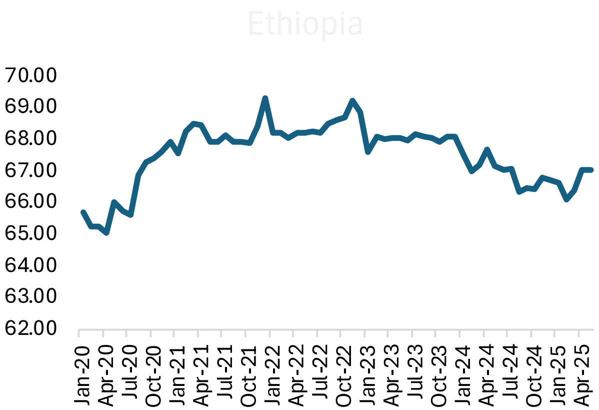
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **The restrictive monetary policy stance is also expected to tame inflationary pressure to about 11.7% in 2025/26.**
- **On the fiscal front, the deficit is expected to remain stable at 1.9% of GDP in 2025/26, owing to ongoing fiscal consolidation efforts.**
- **The current account deficit is expected to marginally improve to –1.5% in 2025/26 owing to the reforms the country is in and a shift towards an export favorable exchange rate regime.**

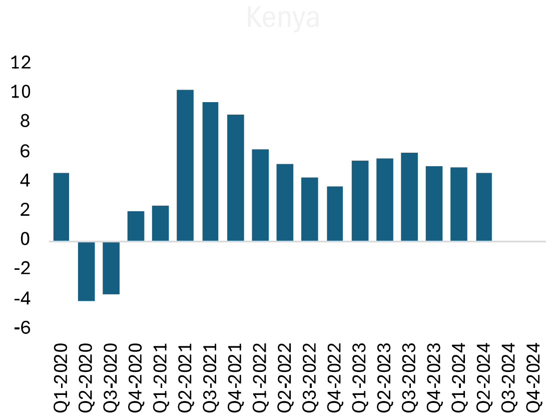
Source: Afreximbank Research.

Kenya

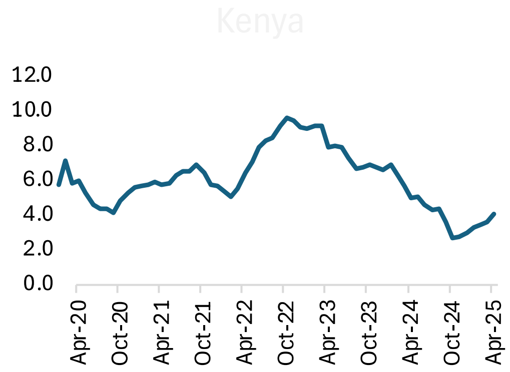
Key Macroeconomic Indicators

Real GDP growth projected at 5.0% supported by stronger agriculture and key services.

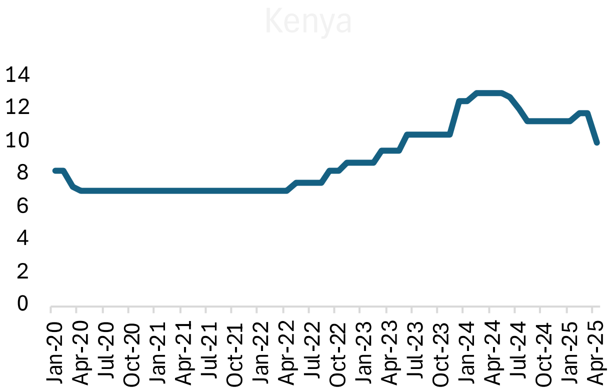
Growth rate

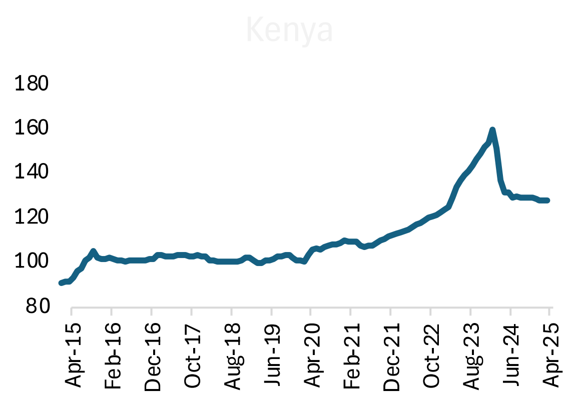


Inflation rate

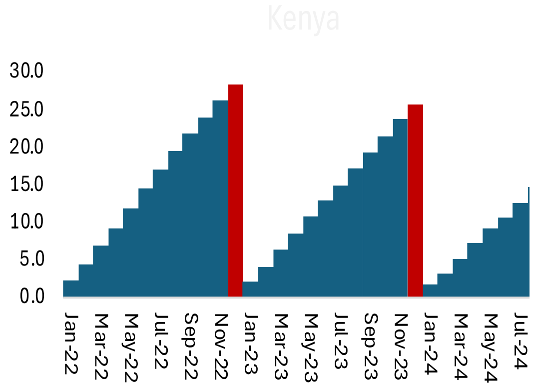


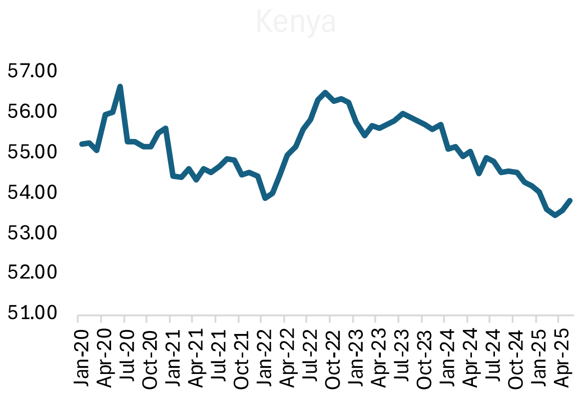
Policy rate





Total foreign trade, $US bn





Recent developments

- **The fiscal deficit is expected to narrow to 5.0% of GDP.**
- **The public debt-to-GDP ratio is projected to decline toward the debt anchor of 55% as the government adheres to its fiscal consolidation path.**
- **With lower global oil prices, inflation and the current account deficit are forecast to decline to 3.9% and 3.0% respectively.**

Source: Afreximbank Research.

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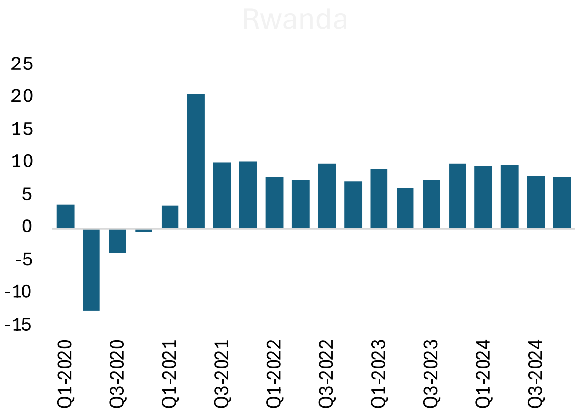
Rwanda

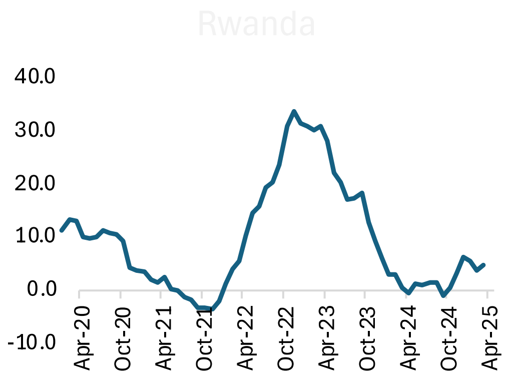
Key Macroeconomic Indicators

The average real GDP growth is projected at 7.8% (2025) and 7.5% (2026), driven by agriculture and services on the supply side and public sector construction on the demand side.

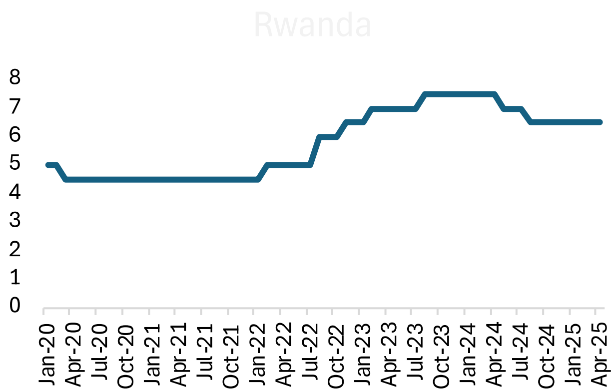
Growth rate



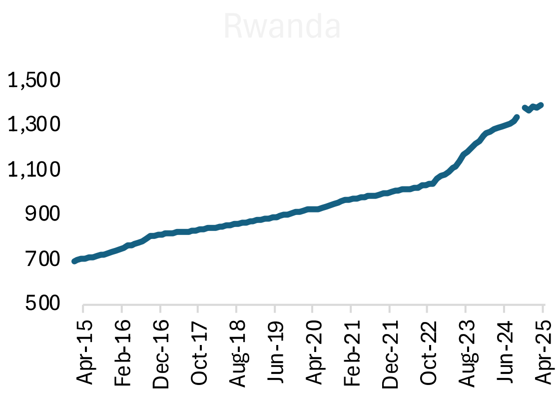
Inflation rate



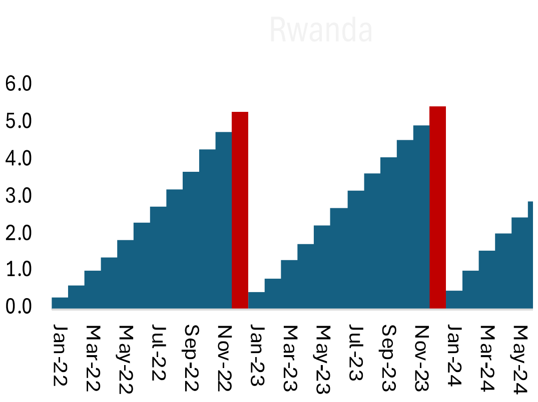
Policy rate



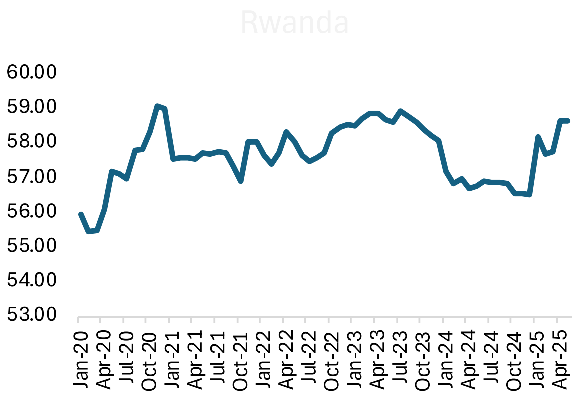
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Headline inflation is expected to ease to 4.6% (2025) and 4.9% (2026), reflecting stabilized supply chains and sustained monetary policy tightening.**
- **The fiscal deficit is projected to decline to 5.6% of GDP (2025) and 3.8% (2026), supported by public expenditure rationalization and enhanced tax revenue mobilization.**
- **The current account deficit is expected at 12.3% of GDP in 2025 and 11.9% in 2026 due to continued global uncertainties affecting import prices.**

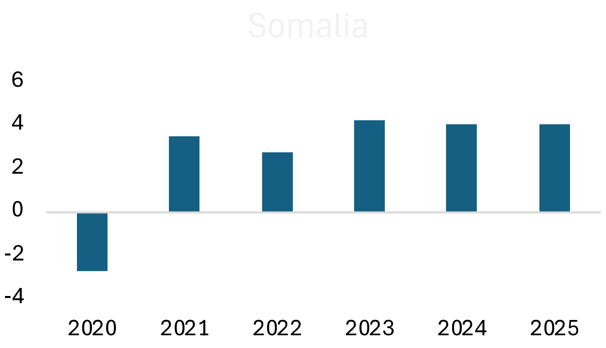
Source: Afreximbank Research.

Somalia

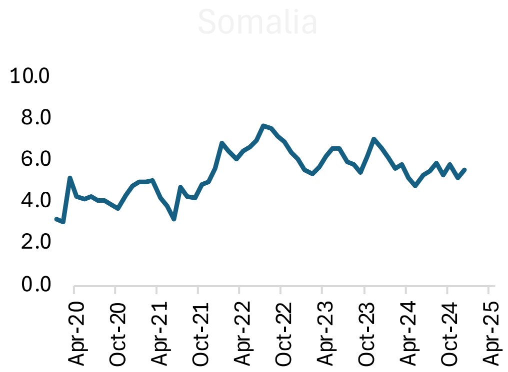
Key Macroeconomic Indicators

The economy is expected to grow at 3.9% in 2025 and 4.0% in 2026, driven by agriculture, favorable rains, strong household consumption, and increased investments from both the private and public sectors.

Growth rate

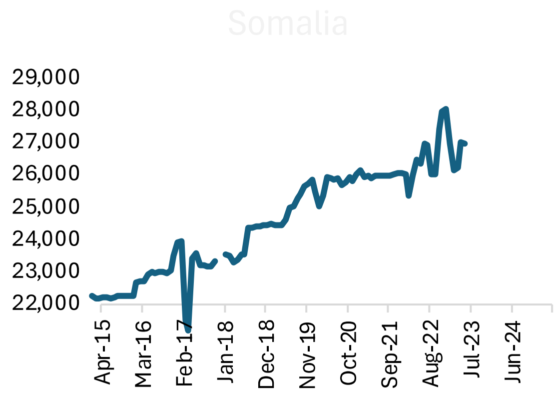


Inflation rate

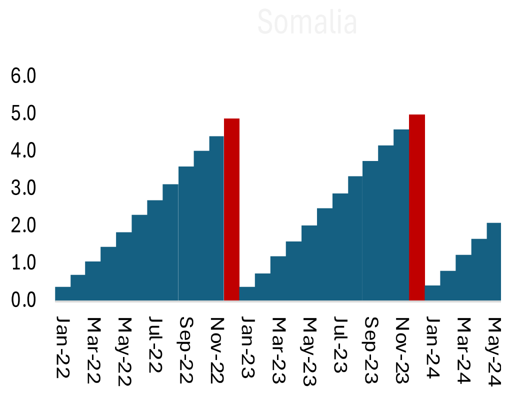


Policy rate

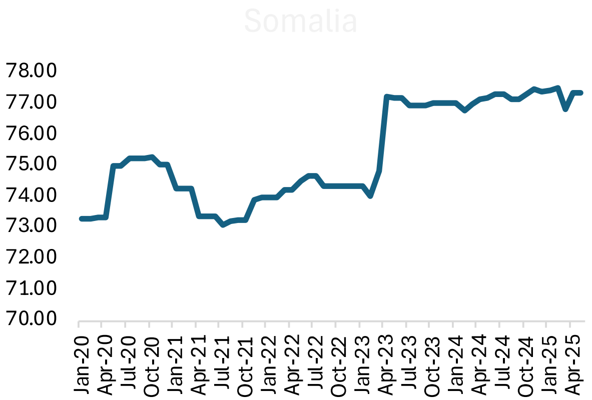
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is projected to fall from 4.1% in 2025 to 3.6% in 2026.**
- **On the fiscal front, the deficit is expected to widen to 0.4% of GDP in 2026 due to a gradual decline in ODA inflows, especially USAID funding cuts.**
- **But the current account deficit is projected to narrow to 8.3% of GDP in 2026 from 8.7% in 2024 supported by continued growth in remittances, and lower imports explained by the potential supply chain disruptions from the effects of the US trade wars.**

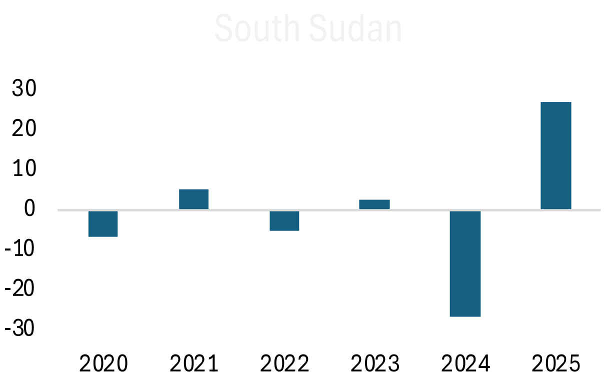
Source: Afreximbank Research.

South Sudan

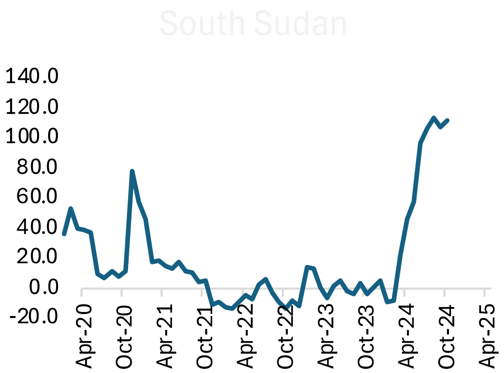
Key Macroeconomic Indicators

Real GDP is projected to grow by 4.0% in 2024/25 and 12.1% in 2025/26, supported by improved economic activity on account of increased oil production and exports on the supply side. On the demand side, growth will be supported by an increase in public and private consumption and investment.

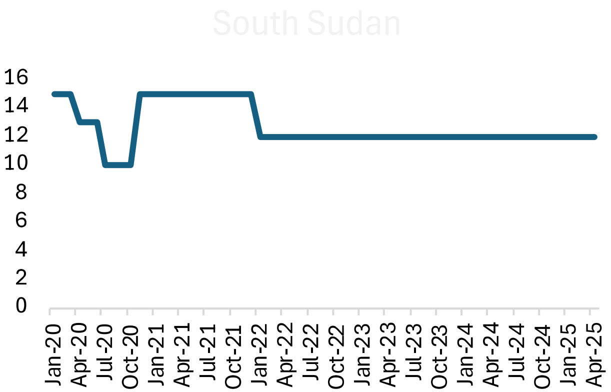
Growth rate



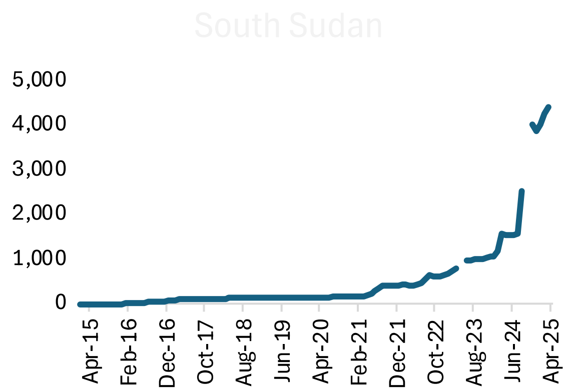
Inflation rate



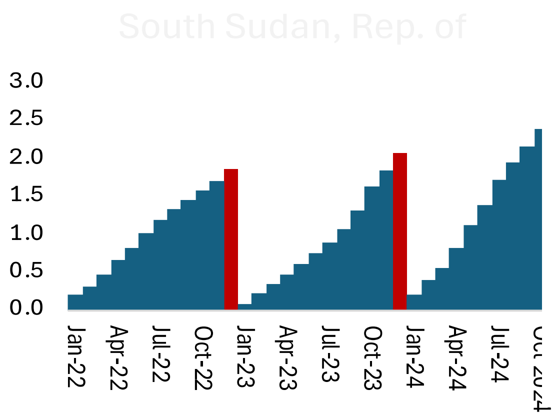
Policy rate



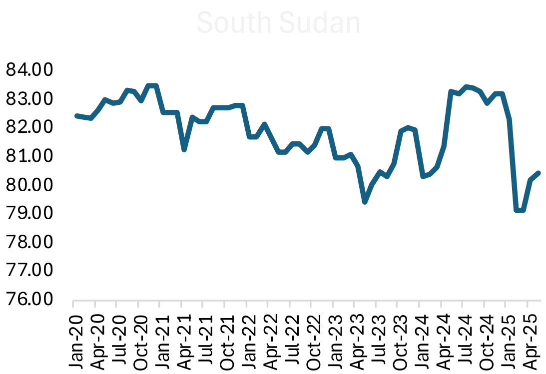
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is projected at 65% in 2024/25 and decelerate to 8.3% in 2025/26 on the account of improved monetary policy framework, increased foreign exchange reserves, and strengthened local currency and stable exchange rate.**
- **Due to expected increase in oil revenues, fiscal balance is projected at 2.0% of GDP in FY2024/25 and 1.9% in 2025/26.**
- **With expected increase in government spending, current account balance is projected to deteriorate to 6.5% and 2.6% of GDP in 2024/25 and 2025/26, respectively.**

Source: Afreximbank Research.

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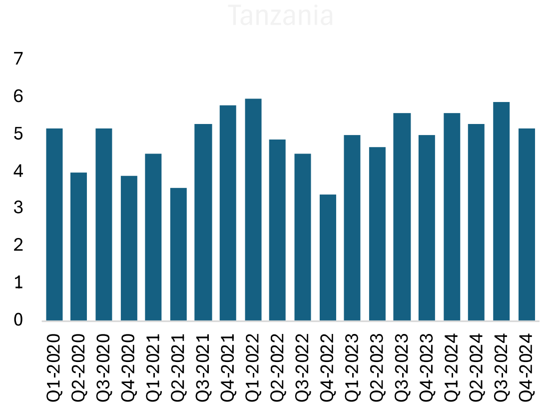
Tanzania

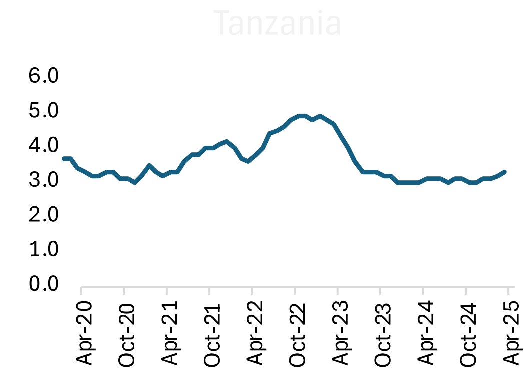
Key Macroeconomic Indicators

Real GDP growth is projected at 5.9% in 2025 and 6.0% in 2026, supported by increased economic activity due to ongoing structural reforms and improvements in the business environment

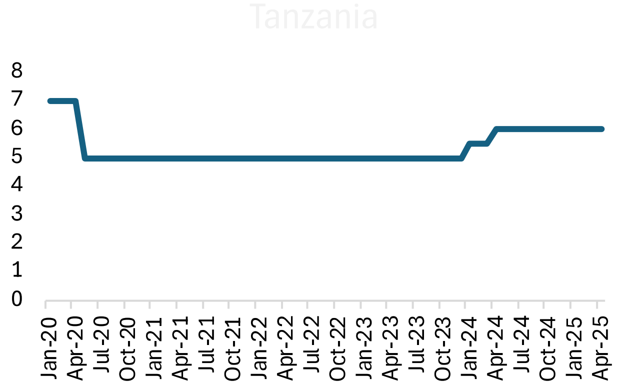
Growth rate



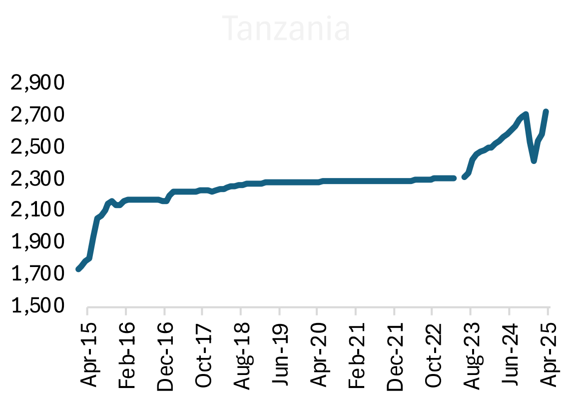
Inflation rate



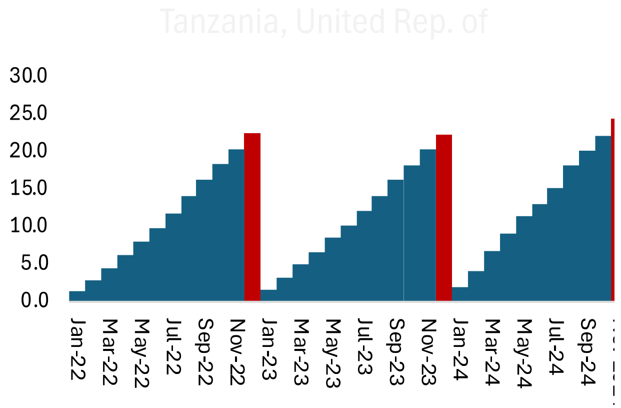
Policy rate



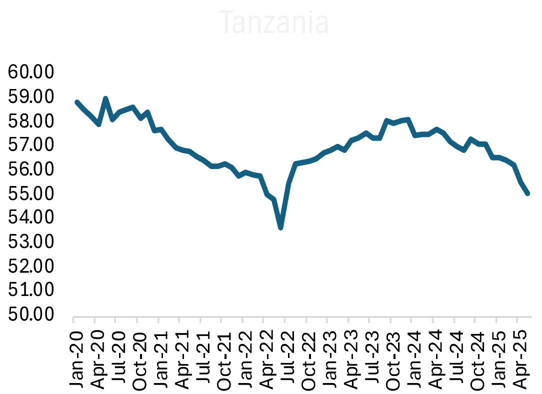
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is projected to remain stable at 3.2% in 2025 and 3.4% in 2026, supported by stability in food supply and energy situation, despite the current global economic uncertainties.**
- **Fiscal deficit is projected at 3.5% of GDP for both 2025 and 2026, due to expected improvements in revenue performance.**
- **The current account deficit is projected at 3.1% of GDP in 2025 and 2.9% in 2026, supported by strong performance in tourism and nontraditional exports, especially minerals.**

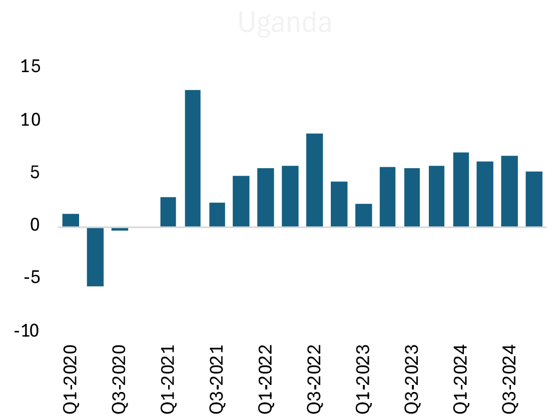
Source: Afreximbank Research.

Uganda

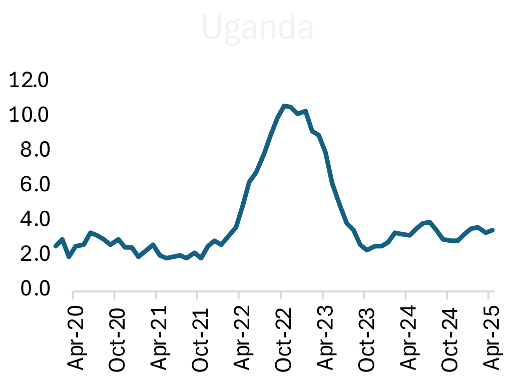
Key Macroeconomic Indicators

Growth is forecast to remain buoyant in 2025, at 6.2%, supported by robust industry and agriculture sector performance. In 2026, growth is projected to climb above 7%, propelled by agriculture, services, and anticipated oil production in 2026.

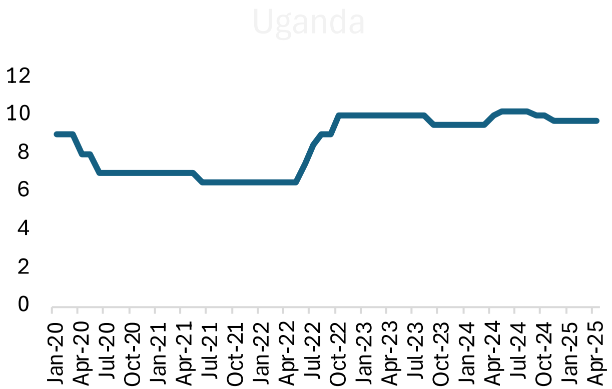
Growth rate



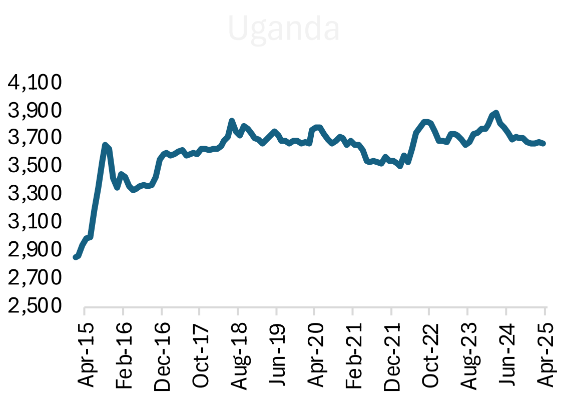
Inflation rate



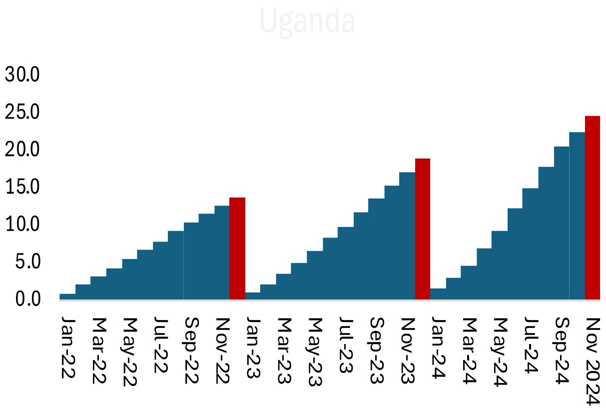
Policy rate



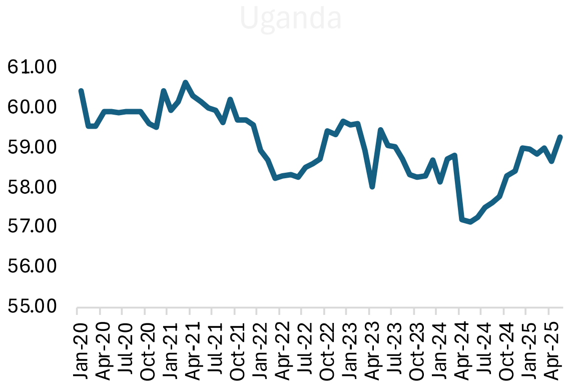
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **The fiscal deficit is projected to widen to 6.2% of GDP in FY2024/25 due to escalating debt interest payments, increased public spending and revenue shortfalls.**
- **The fiscal deficit is projected to narrow in FY2025/26 due to continued implementation of the domestic revenue mobilization strategy, projected to generate additional tax revenue, including anticipated oil revenue.**
- **Inflation is expected to remain below the central bank’s target of 5%, supported by prudent monetary policy and a stable exchange rate.**

Source: Afreximbank Research.

Southern Africa

Key themes in Southern African countries

Mozambique – Aggressive interest-rate cut
In its ninth consecutive cut, the Bank of Mozambique slashed its main rate by **75 bps to 11%**, signaling confidence in single-digit inflation and an effort to stimulate growth despite ongoing macro headwinds

Angola – Monetary policy on hold amid changing oil dynamics

Angolan central bank kept its key rate unchanged for the sixth straight meeting. Amid falling oil prices, inflation was trending downward and the IMF had cut growth forecasts to **2.4%**, increasing the likelihood of future policy easing or external financing needs

Botswana – Neutral monetary stance to cushion downturn
Botswana's central bank held its policy rate at **1.9%** in June for a fifth consecutive meeting, citing weak economic conditions and falling inflation—down to 1.9% y/y in May from 2.3%. The move aims to support the economy amid a prolonged slump in global diamond markets

South Africa – Monetary easing and inflation ambitions

The South African Reserve Bank (SARB) cut its repo rate by 25 bps to **7.25%**, marking a shift toward pursuing a lower inflation target around 3%, down from the midpoint of the current 3–6% band.

The move was justified by subdued inflation, a stronger rand, and diminished fiscal uncertainties. GDP growth forecasts for 2025 were revised down from 1.7% to 1.2% while inflation projections were trimmed from 3.6% to 3.2%

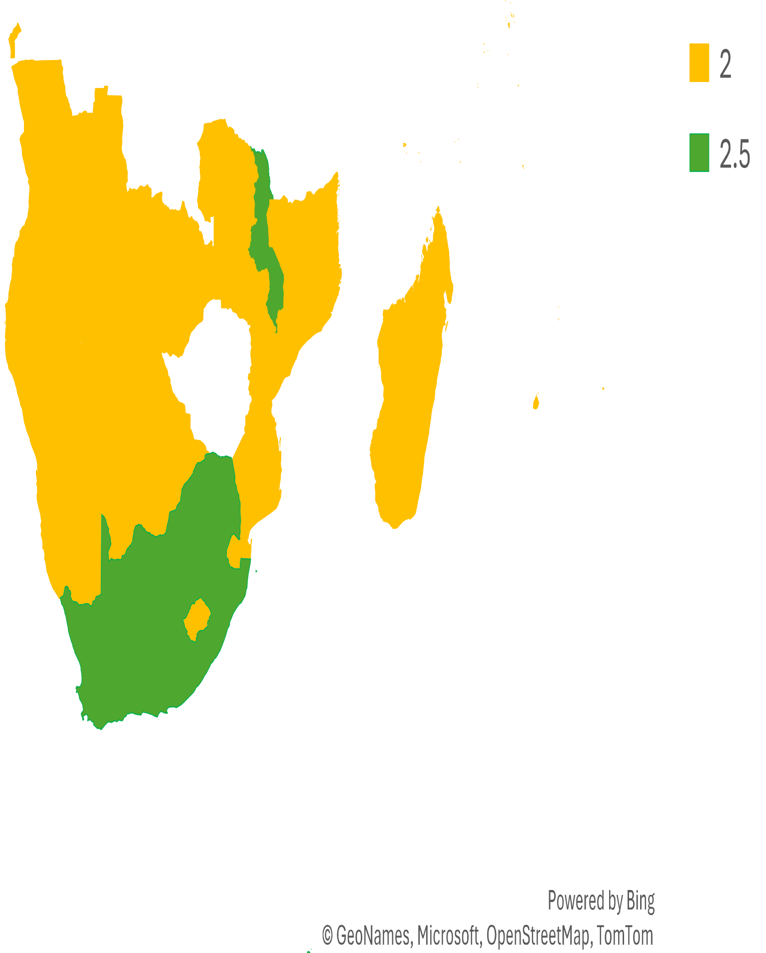
Southern Africa

8 out of 12 countries are characterized by stable or enhancing macroeconomic fundamentals.

Southern Africa

	Growth	Inflation	Policy Rate	Exch. Rate	Trade	Risk	Overall Scoring
Angola	G	G	Y	Y	G	R	Y
Botswana	G	Y	Y	Y	R	R	Y
Eswatini	Y	Y	Y	Y	G	G	Y
Lesotho	Y	R	G	Y	G	R	Y
Madagascar	G	Y	Y	R	R	R	Y
Malawi	G	G	G	Y	R	G	G
Mauritius	G	R	Y	G	Y	R	Y
Mozambique	R	R	G	Y	Y	R	Y
Namibia	Y	R	Y	Y	G	G	Y
Seychelles	R	Y	Y	Y	R	Y	Y
South Africa	G	G	Y	Y	Y	G	G
Zambia	G	Y	Y	R	Y	G	Y

R	Deteriorating	
Y	Stable	
G	Improving	



Source: Afreximbank Research

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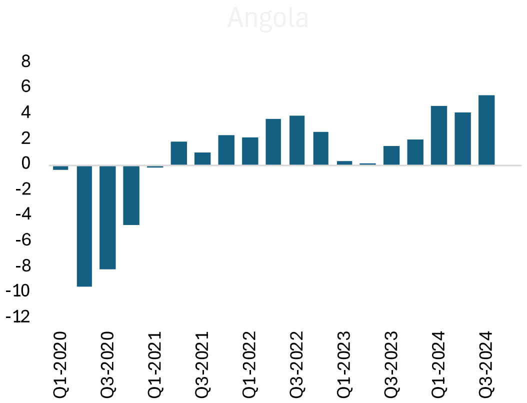
Angola

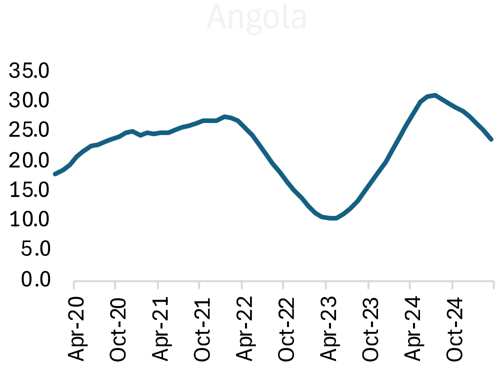
Key Macroeconomic Indicators

The country's macroeconomic outlook is challenging. Combined effects of falling global oil prices below the $70/barrel state budget and the potential impact of U.S. reciprocal 32% tariffs will reduce revenues and curtail GDP growth to 3.0% in 2025 and 3.6% in 2026, below the baseline of 4.0%.

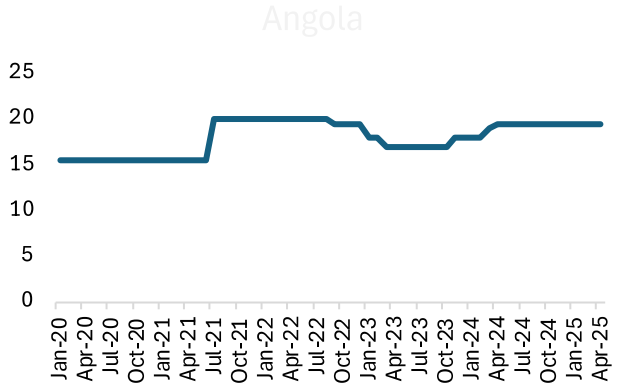
Growth rate



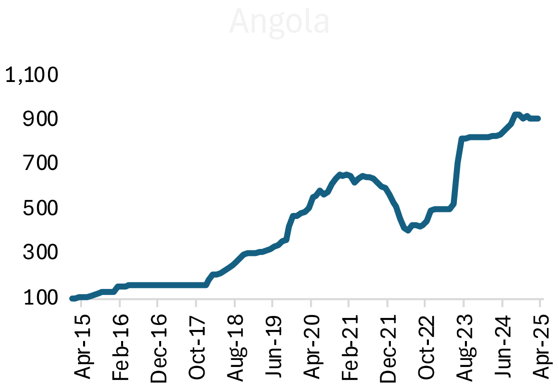
Inflation rate



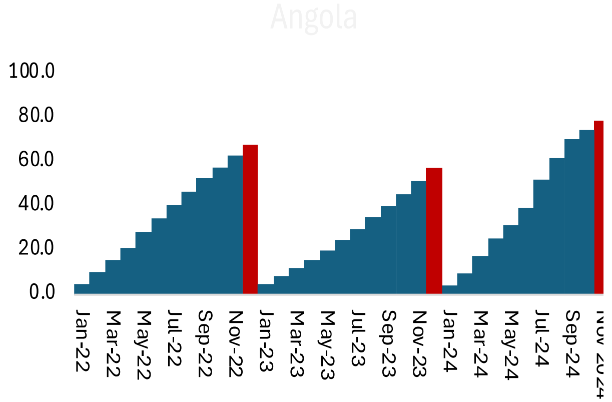
Policy rate



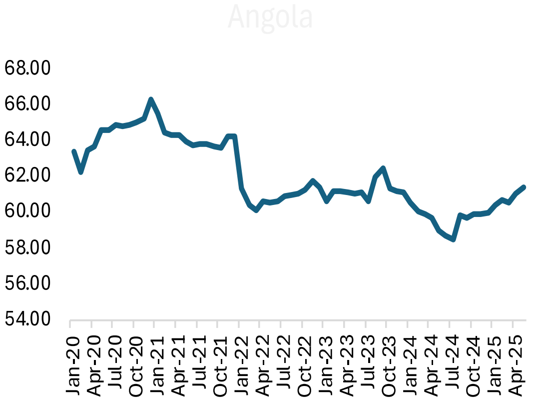
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is expected to remain high at 23.4% in 2025, driven by food prices and currency depreciation, but could decline to 17.7% in 2026 as supply constraints normalize.**
- **The fiscal deficit will rise from 1.7% of GDP in 2025 to 2.1% in 2026, reflecting increased spending to revitalize the economy and ahead of the 2027 elections.**
- **Public debt, though rising to 63.9% of GDP in 2025, remains sustainable on a forward-looking basis and below the IMF's threshold of 70%.**
- **Falling oil output and prices will weigh on exports, lowering the current account surplus below 3.0% of GDP in 2025–26.**

Source: Afreximbank Research.

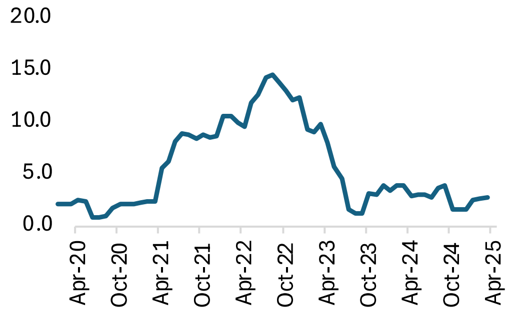
Botswana

Key Macroeconomic Indicators

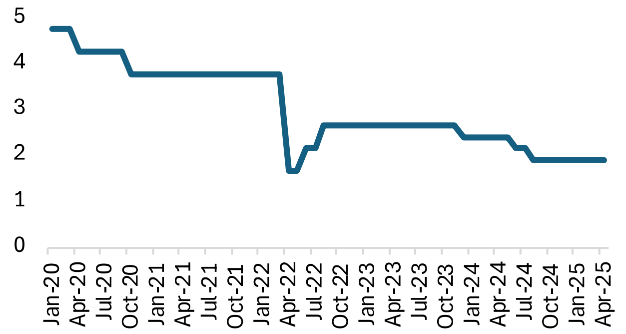
Growth is projected at 0.8% and 2.5% in 2025 and 2026, respectively, on account of economic reforms. The fiscal deficit is projected to deteriorate from 8.9% of GDP in 2024 to 9.3% in 2025 and 8.7% in 2026, due to weak growth and revenue from diamonds.

Growth rate

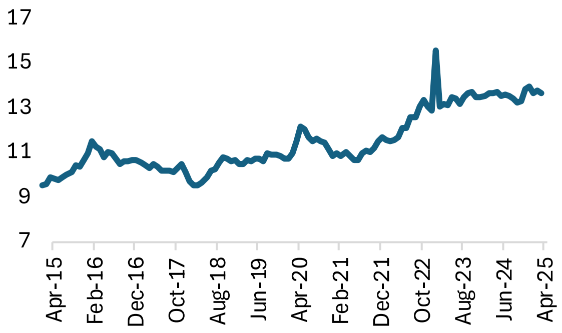
Inflation rate



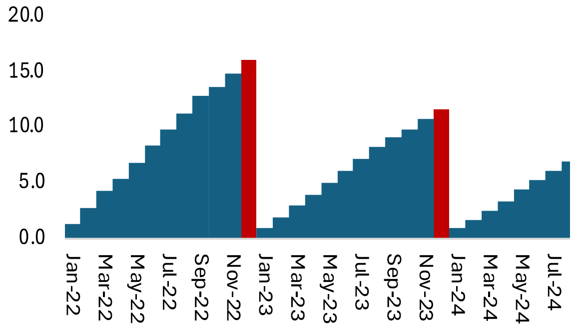
Policy rate



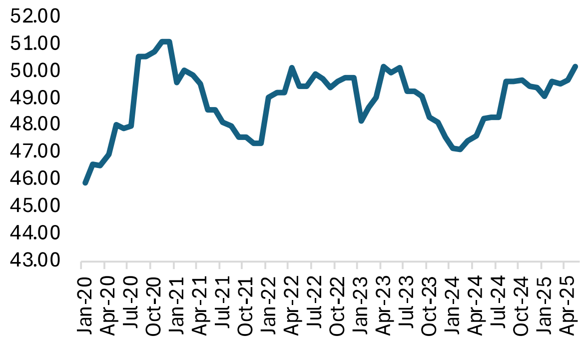
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Source: Afreximbank Research.

Recent developments

- **Inflation is forecast to rise modestly to 3.3% in 20255 and 3.4% 2026, influenced by fiscal stimulus and infrastructure spending.**

- **The current account is projected to deteriorate to 7.6% of GDP in 2025 and 7.3% in 2026, driven by declining diamond exports.**

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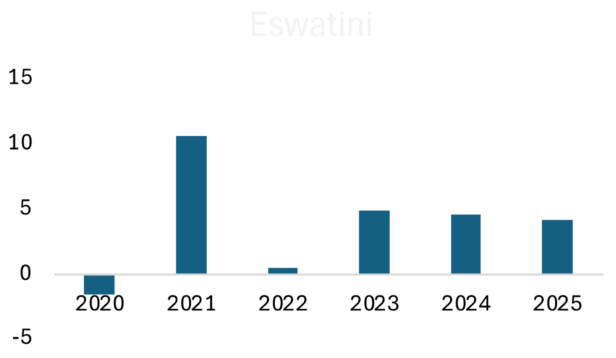
Eswatini

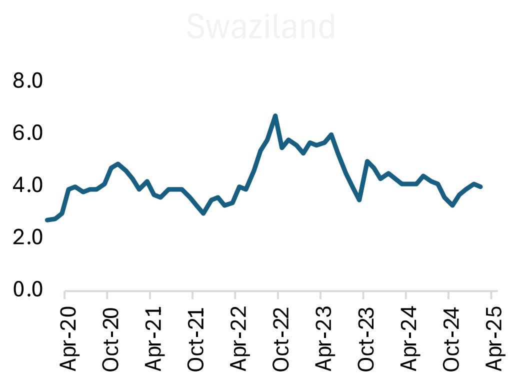
Key Macroeconomic Indicators

Real GDP growth is projected at 6.5% for 2025, driven by investments in\ the Lower Usutu Smallholder Irrigation Project; energy and mining (coal and quarrying) projects; infrastructure development, including the construction of various dams

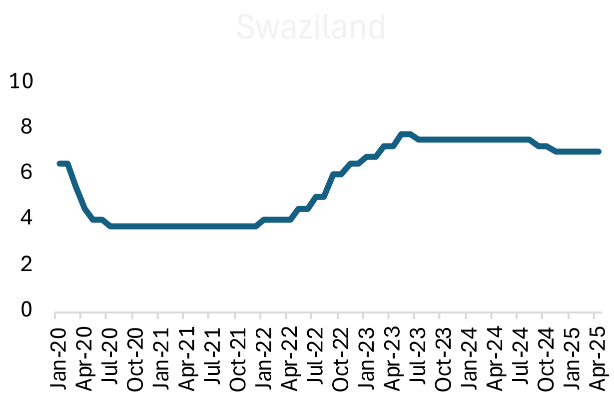
Growth rate



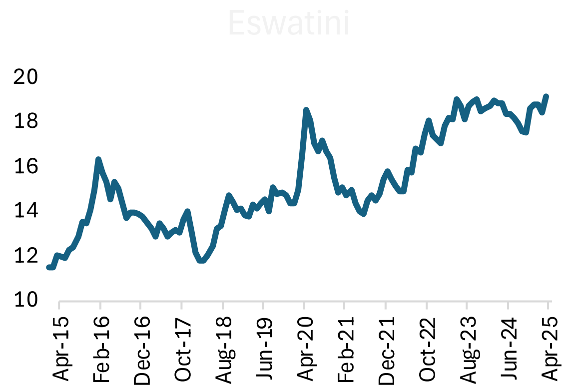
Inflation rate



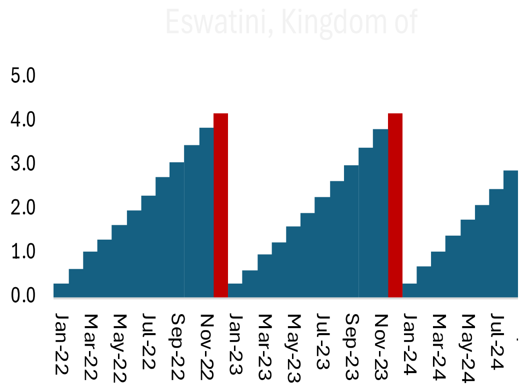
Policy rate



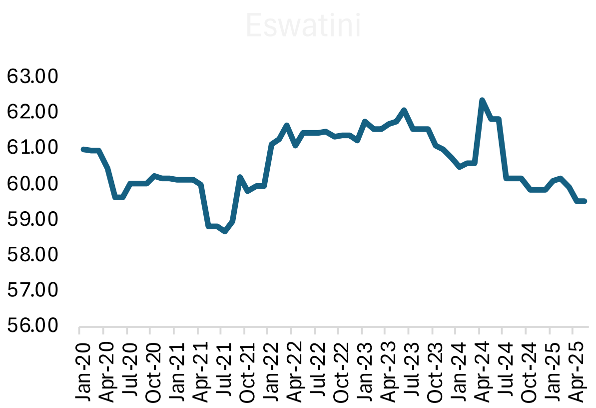
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is expected to rise in 2025, driven by higher food and administered utility prices, as well as the depreciation of the exchange rate.**
- **The fiscal deficit is projected to widen in 2025 and 2026, influenced by a drop in SACU revenues.**
- **The current account surplus is expected to fall in 2025, with outflows expected.**

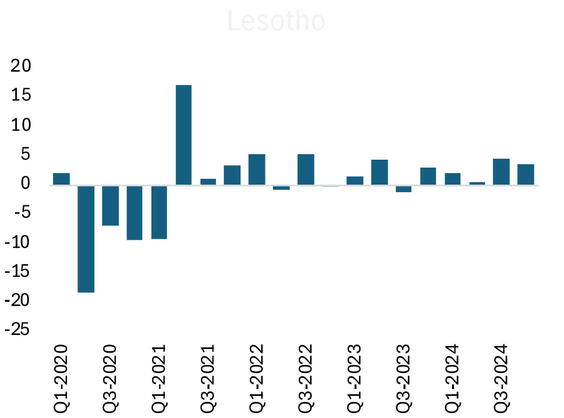
Source: Afreximbank Research.

Lesotho

Key Macroeconomic Indicators

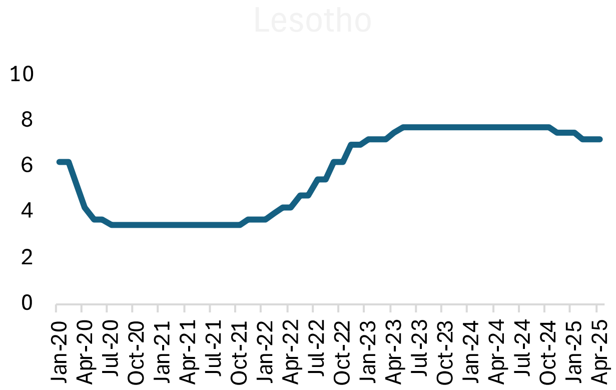
Real GDP growth is projected to slow to 1.1% in 2025, before declining further to 0.5% in 2026

Growth rate



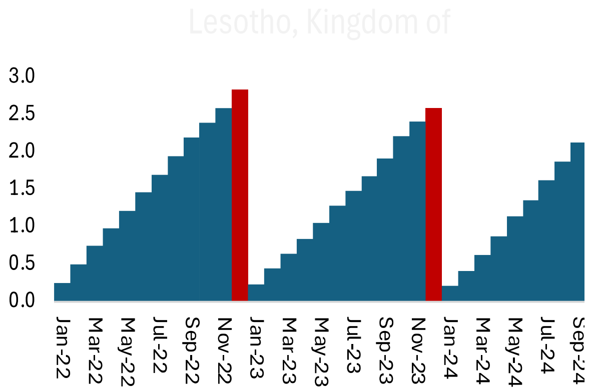
Inflation rate

Policy rate



Exchange rate

Total foreign trade, $US bn



Country risk index

Recent developments

- **Inflation is expected to ease to 4.7% in 2025 and 5.0% in 2026, reflecting lower fuel prices.**
- **Due to slightly lower SACU revenues, cuts in Official Development Assistance (ODA), and increased capital spending, the fiscal balance is expected to deteriorate to a deficit of 0.3% of GDP in 2025, before rebounding to a surplus of 0.3% in 2026.**
- **Meanwhile, the current account deficit is projected to widen to 5.1% of GDP in 2025 and 6.5% in 2026.**

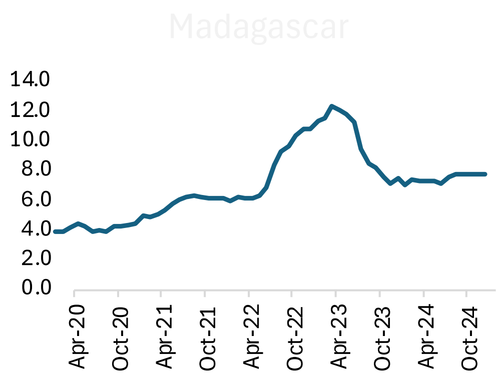
Source: Afreximbank Research.

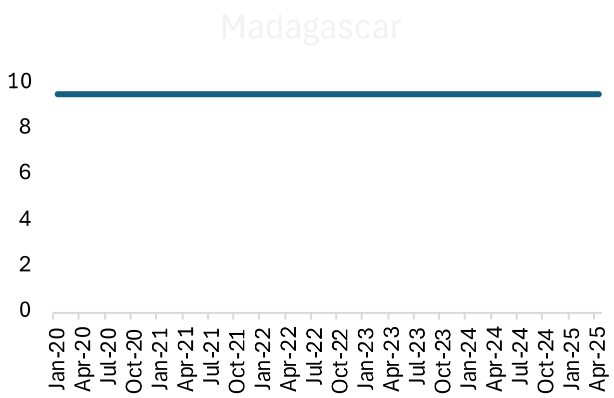
Madagascar

Key Macroeconomic Indicators

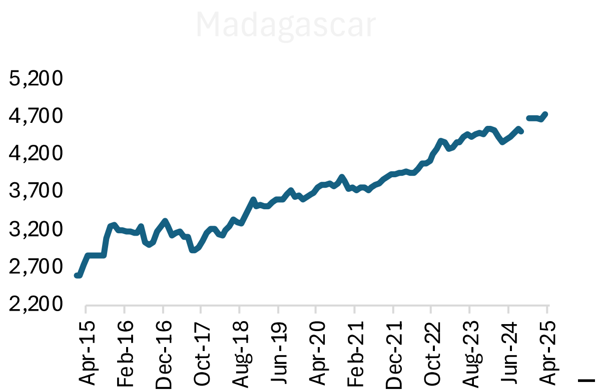
Real GDP is expected to grow by 3.8% in 2025 and 4.0% in 2026, supported by agriculture, extractive industries, tourism and telecommunications.

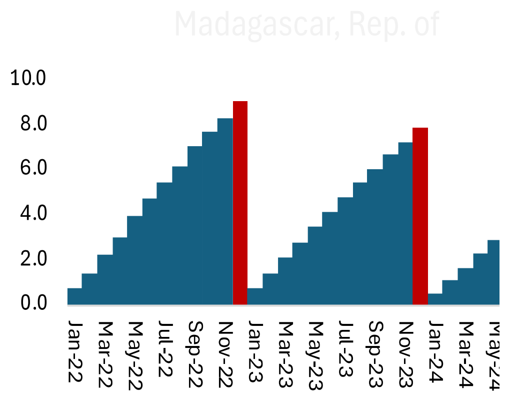
Growth rate | **Inflation rate** | **Policy rate**

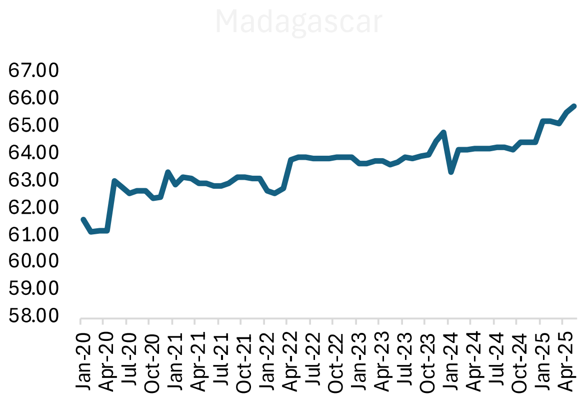




Exchange rate | **Total foreign trade, $US bn** | **Country Risk Index**







Recent developments

- **The inflation rate should continue to fall, reaching 7.0% in 2025, and 6.7% in 2026.**
- **The overall budget deficit is expected to increase to 3.9% in 2025 and 4% of GDP in 2026.**
- **Public debt would rise to 52.9% of GDP in 2025, then 53.5% in 2026.**
- **The current account deficit is expected to widen to 6.1% of GDP in 2025, and 6.4% in 2026.**

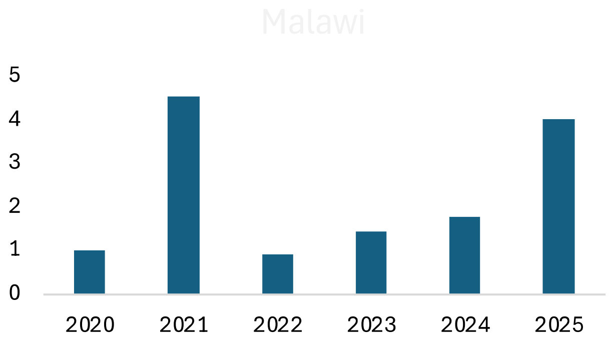
Source: Afreximbank Research.

Malawi

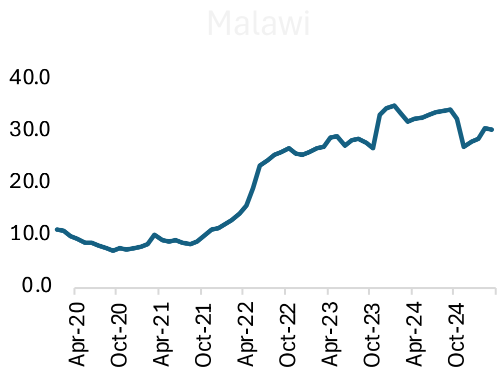
Key Macroeconomic Indicators

Real GDP growth projected to rise to 3.0% in 2025 and 3.8% in 2026, driven by a recovery in agriculture and tourism, alongside gains from mining investments. On the demand side, growth will be bolstered by a rebound in exports and improved real incomes, supporting consumer spending and investment.

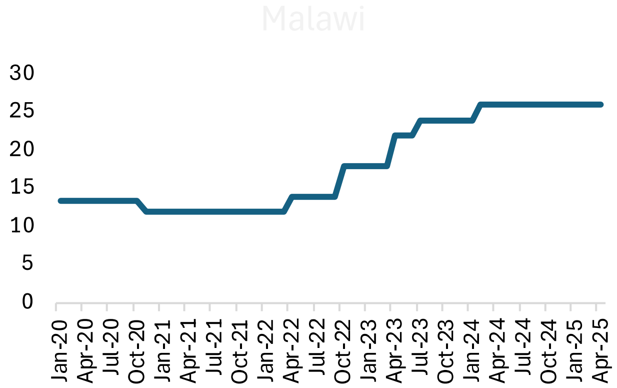
Growth rate



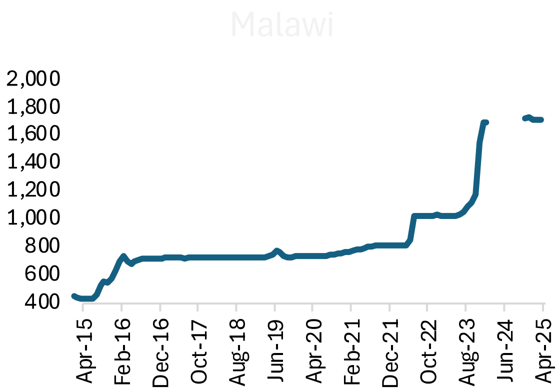
Inflation rate



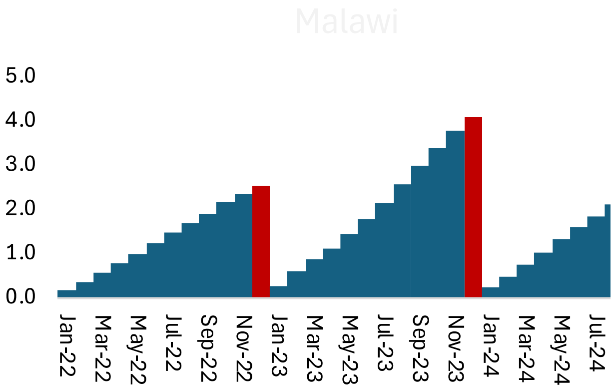
Policy rate



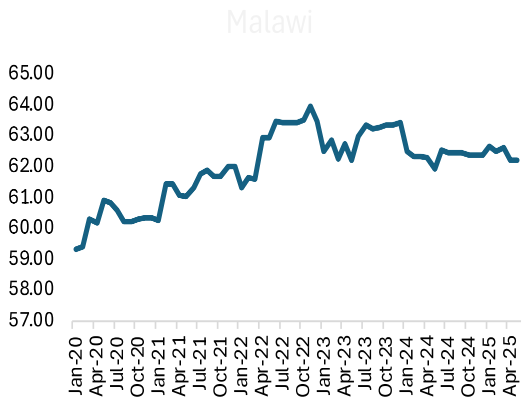
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Source: Afreximbank Research.

Recent developments

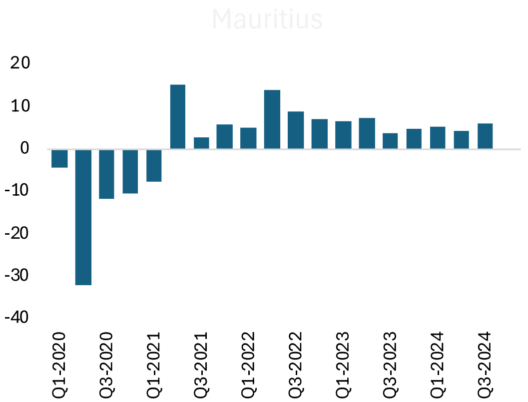
- **Inflation is expected to decline to 23.8% by 2026, reflecting better food supply conditions.**
- **The fiscal deficit is projected to widen to 9.3% of GDP in 2025 before narrowing to 8.6% in 2026, as strict expenditure controls offset the underperformance of public revenues.**
- **Although stronger economic activity and higher consumer demand are likely to increase imports, the current account deficit is projected to shrink to 17.9% of GDP in 2025 and 16.9% in 2026, supported by higher export earnings.**

Mauritius

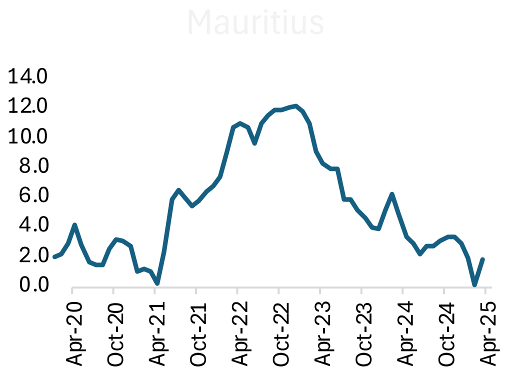
Key Macroeconomic Indicators

The Mauritius economy is projected to grow at 3% in both 2025 and 2026, driven by expansion in agriculture and manufacturing.

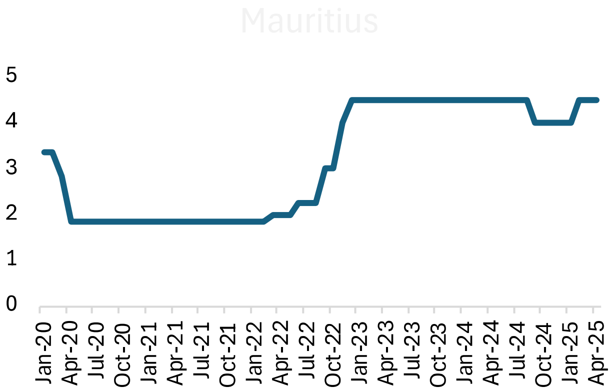
Growth rate



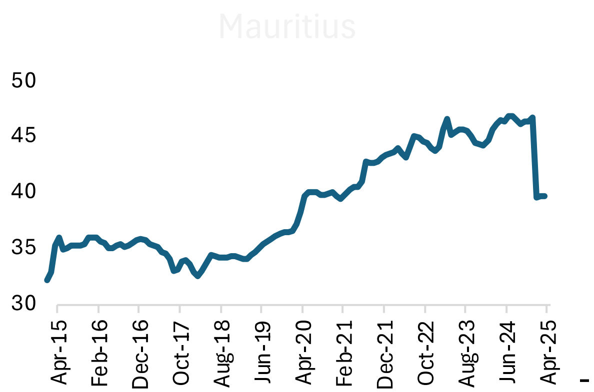
Inflation rate

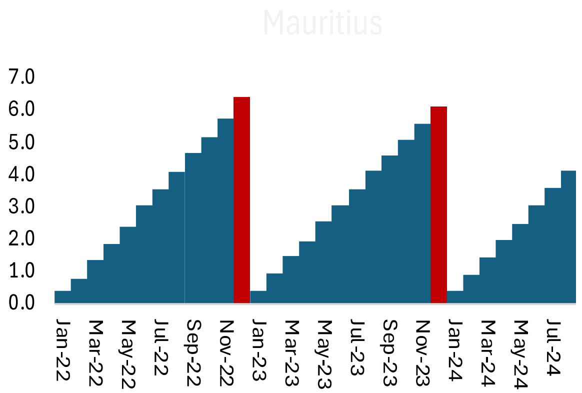


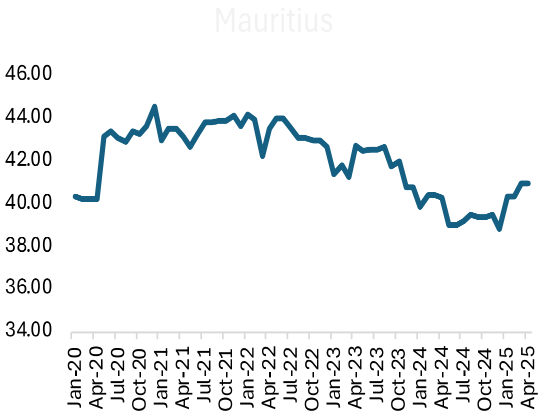
Policy rate



Total foreign trade, $US bn







Source: Afreximbank Research.

Recent developments

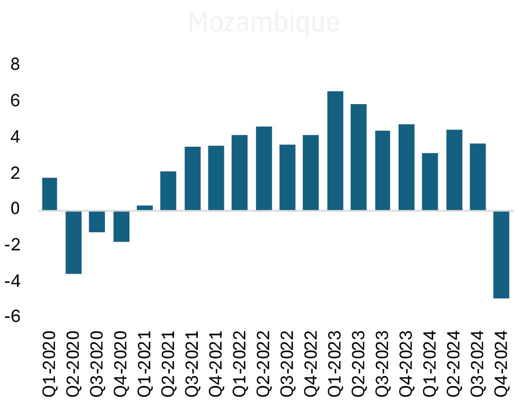
- **Inflation is expected to decline to 2.9% in 2025 and 2.8% in 2026, benefiting from the easing of global commodity prices.**
- **While the fiscal deficit is anticipated to peak at 6.8% of GDP in 2025 due to wage increases and expanded social security spending, it is projected to improve to 4.7% in 2026 as fiscal consolidation measures and enhanced revenue collection strategies are implemented.**
- **The current account deficit is projected to narrow to 4.9% of GDP in 2025 and 4.8% in 2026, supported largely by strong performance in the tourism sector.**

Mozambique

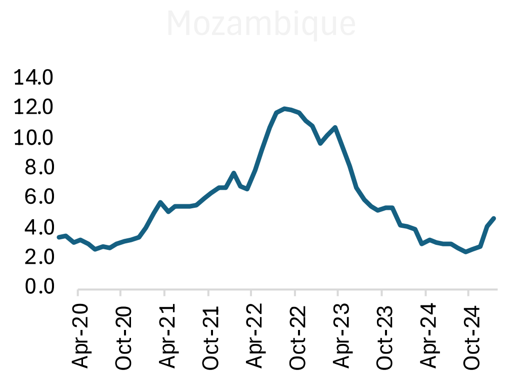
Key Macroeconomic Indicators

Real GDP growth is projected to increase to 2.7% in 2025 and 3.5% in 2026, pushed by a rebound in extractive sector activities.

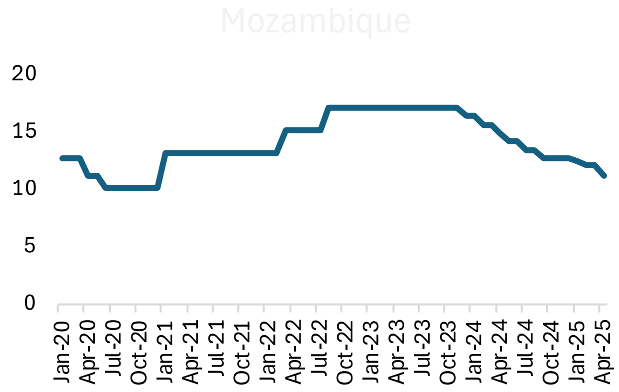
Growth rate



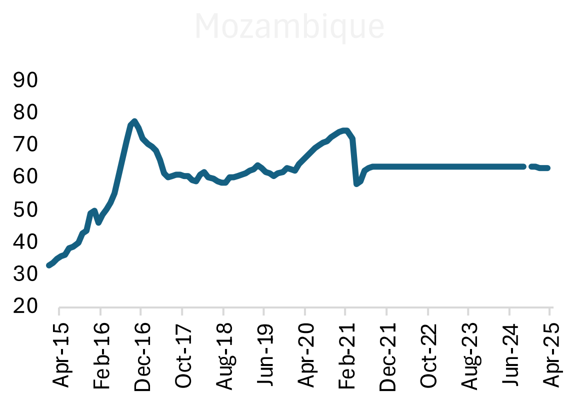
Inflation rate



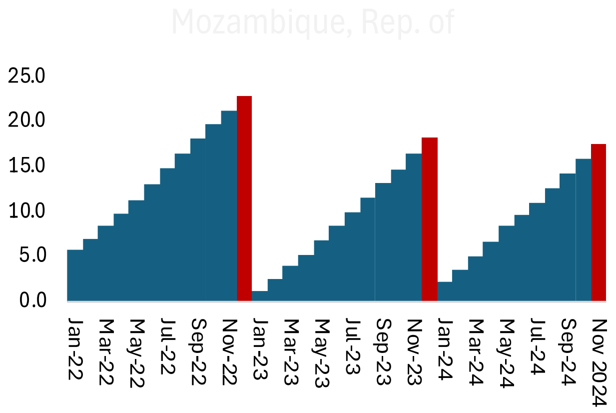
Policy rate



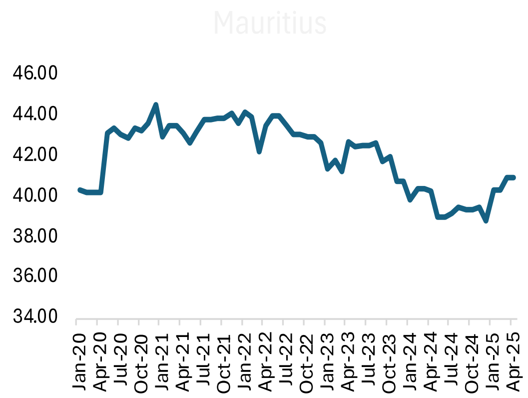
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is projected to increase to 4.8% in 2025 and further increase to 5.2% in 2026 due to increased local food prices.**
- **The fiscal deficit is projected to widen to 5.4% of GDP in 2025 and then narrow 4.5% in 2026 due to fiscal consolidation.**
- **The current account deficit is projected at 40.0% of GDP in 2025 and 36.7% in 2026, due to reduced exports of goods and services, and falling investment inflows and export revenues, thus weakening international reserves.**
-

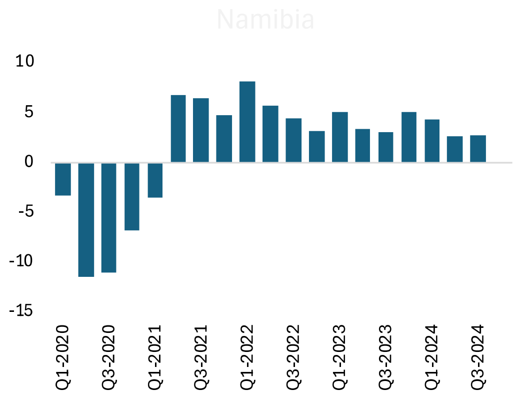
Source: Afreximbank Research.

Namibia

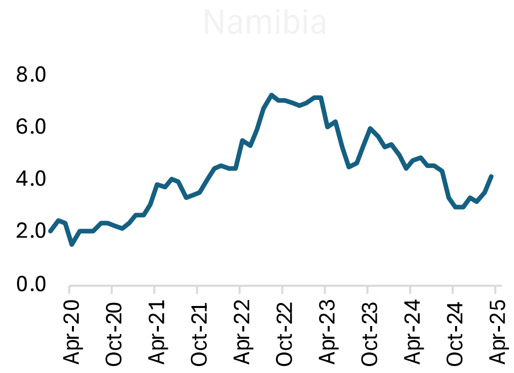
Key Macroeconomic Indicators

- Real GDP is projected to grow by 3.8% and 3.9% in 2025 and 2026, respectively, owing to investment in development projects, construction of mines and a recovery in agriculture.

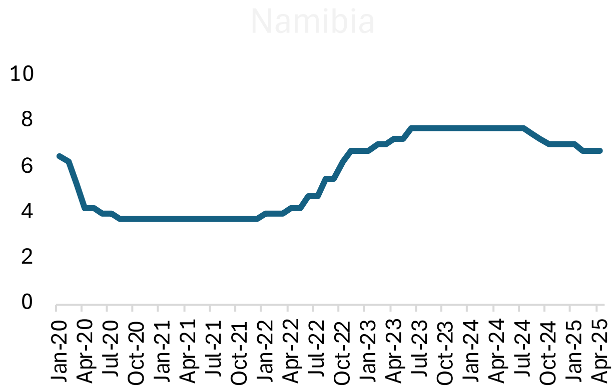
Growth rate



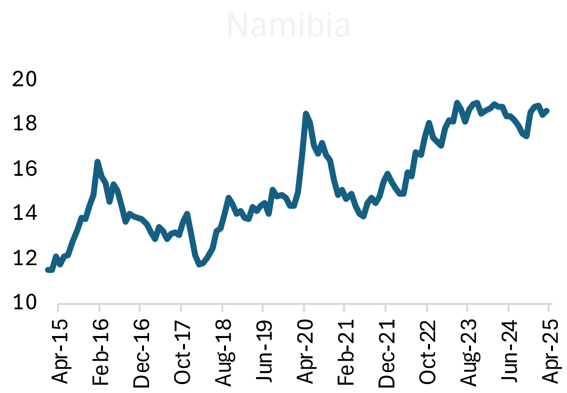
Inflation rate



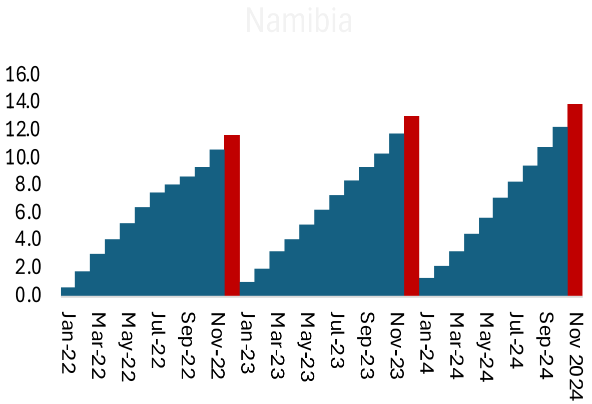
Policy rate



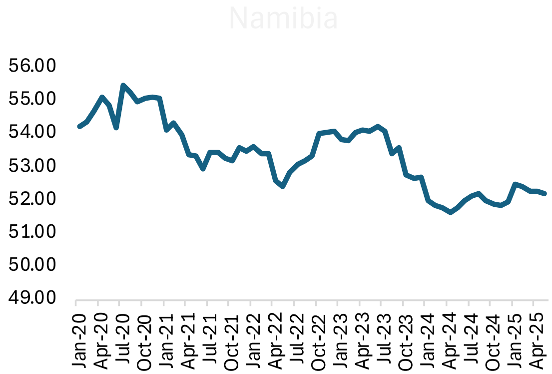
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is projected at 3.9% in 2025 and 4.1% in 2026. The fiscal deficit is projected to widen to 3.4% of GDP in 2025, before narrowing to 2.8% in 2026, driven by higher capital expenditure.**
- **The current account deficit is forecasted to remain elevated at 16.2% of GDP due to the high import content of ongoing oil and gas exploration activities**

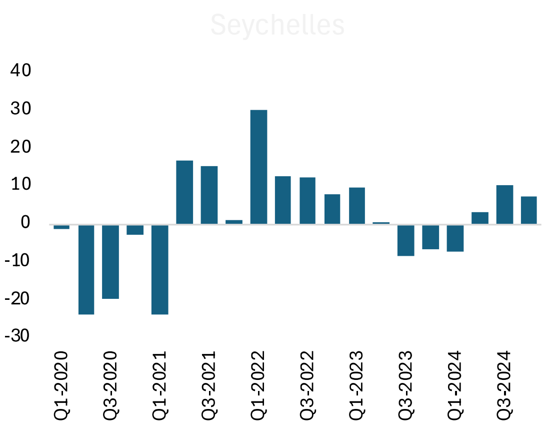
Source: Afreximbank Research.

Seychelles

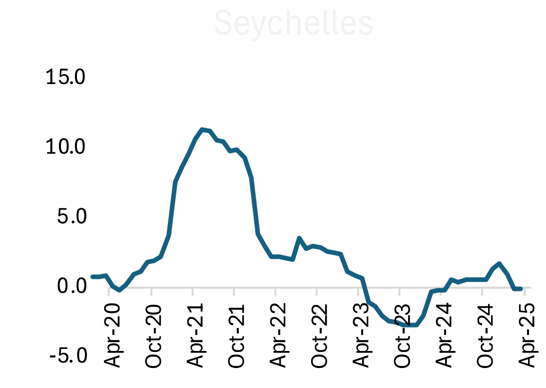
Key Macroeconomic Indicators

Real GDP growth is projected at 3.5% in 2025 and 3.7% in 2026, driven by modest growth in tourism and expansion in ICT aligned with the national digitalization strategy and increased construction activities from investment projects.

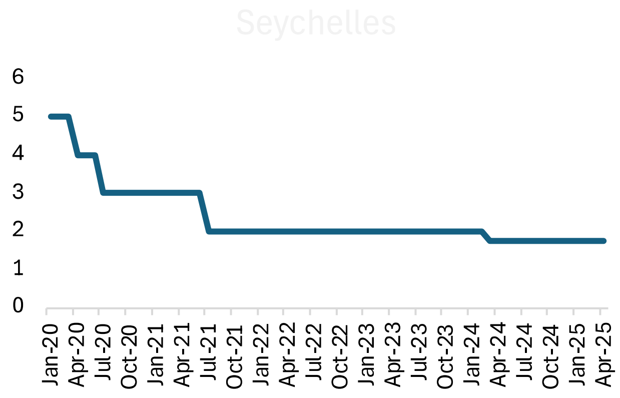
Growth rate



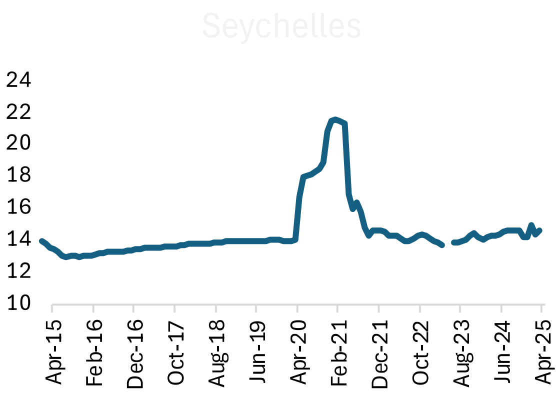
Inflation rate



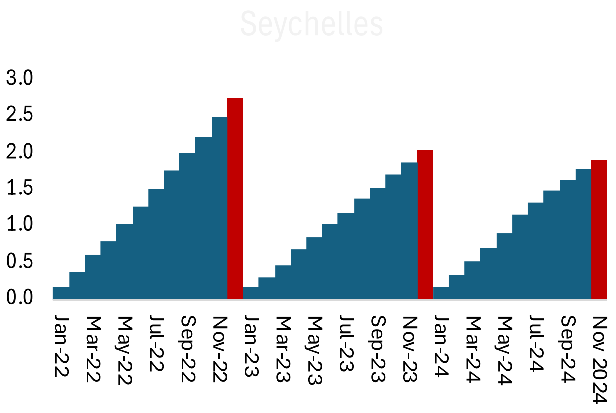
Policy rate



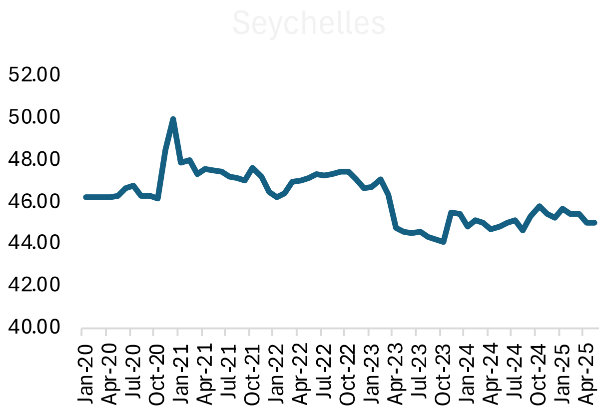
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **The monetary stance is to remain accommodative with inflation projected at 2.0% in 2025 and 2.6% in 2026 due to underlying price pressures such as increased utility tariffs, disruptions in shipping routes, and the depreciation of the rupee.**
- **The overall fiscal deficit is projected to be at 1.7% in 2025 and 0.6% in 2026.**
- **The current account is expected to widen to 9.0 in 2025 due to higher import cost and probable decline in tourism revenues amid global uncertainties.**

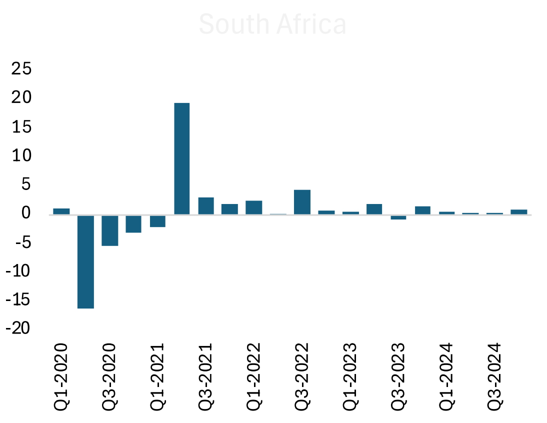
Source: Afreximbank Research.

South Africa

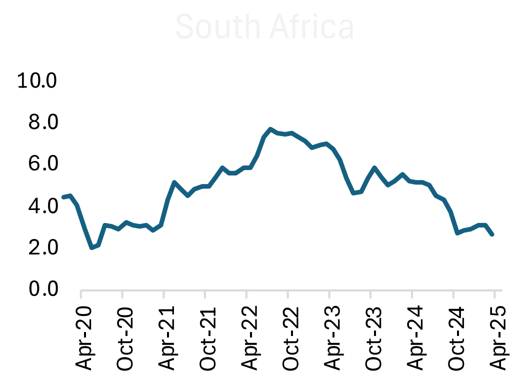
Key Macroeconomic Indicators

GDP growth is projected to remain subdued to 0.8% in 2025 and 1.2% in 2026, underpinned by improved energy supply, enhanced rail freight, and better port management. GDP per capita growth is projected to average 0.4% in 2025 and in 2026.

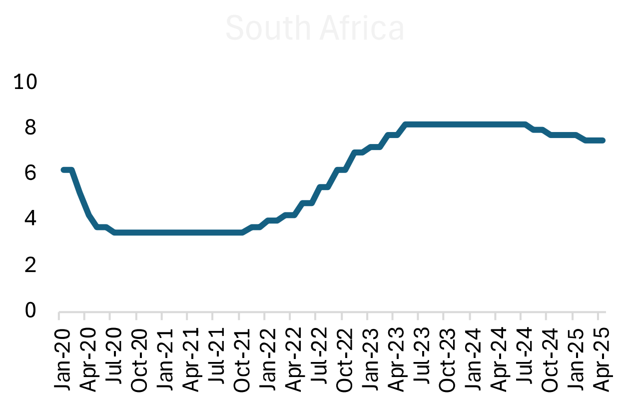
Growth rate



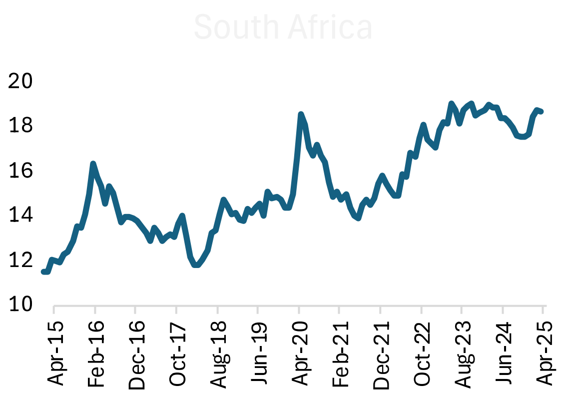
Inflation rate



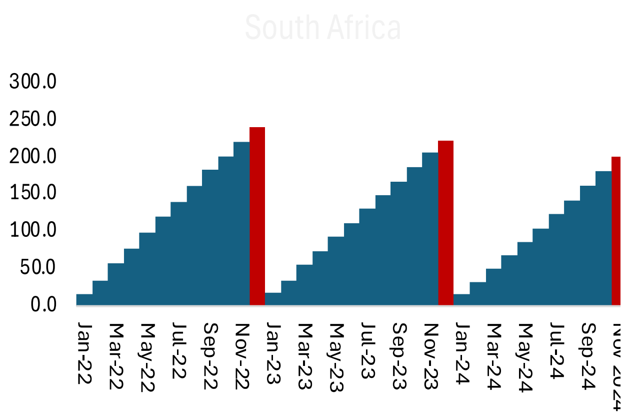
Policy rate



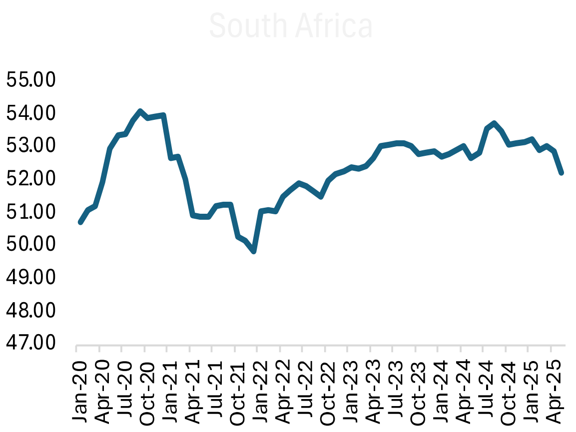
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation is forecast to average 4.5% in 2025–26, though risks remain due to potential increases in food, electricity, and water prices.**
- **The fiscal balance, including grants, is projected at 4.9% of GDP in 2025 and to narrow to 4.7% in 2026, as economic growth recovers marginally.**
- **The current account deficit is expected to widen to 2.0% of GDP in 2025 on account of lower exports to the US, before declining slightly to 1.7% in 2026.**

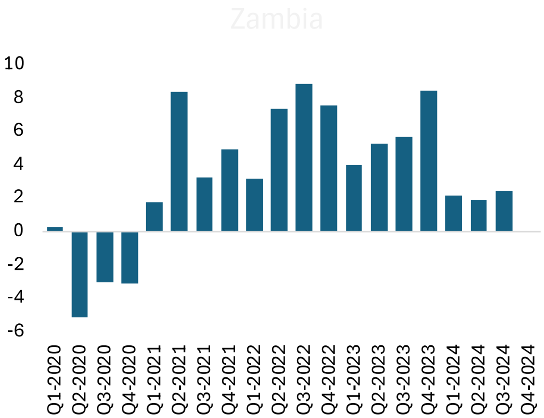
Source: Afreximbank Research.

Zambia

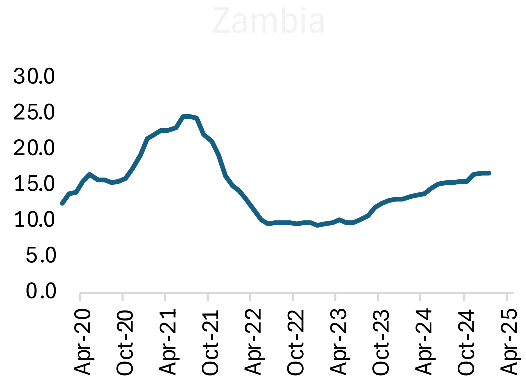
Key Macroeconomic Indicators

Growth is projected to bounce to 6.2% in 2025 and 6.0% in 2026 driven by recovery in energy agriculture and mining. Real GDP per capita is projected at 3.3% in 2025 and 3.1% in 2026

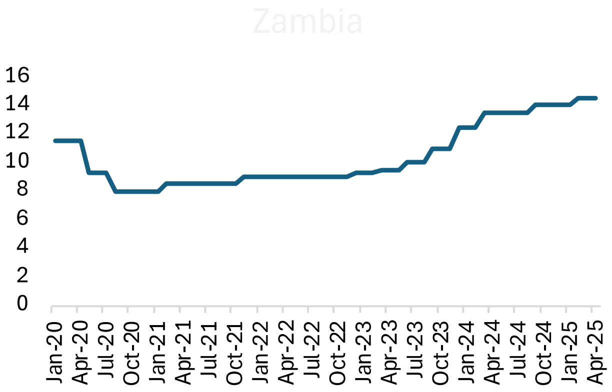
Growth rate



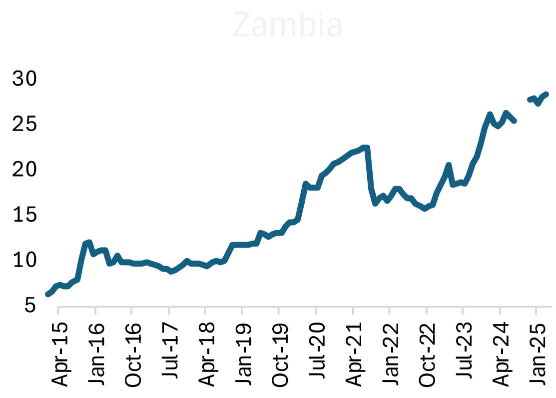
Inflation rate



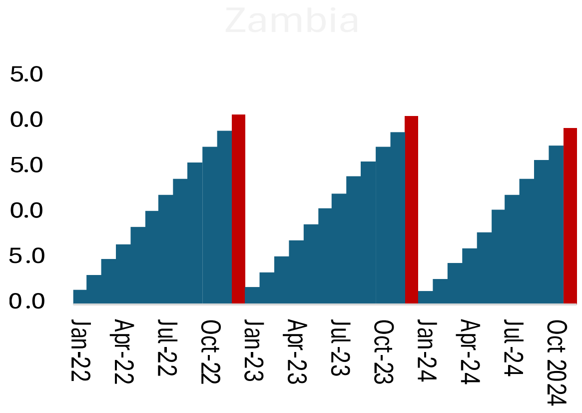
Policy rate



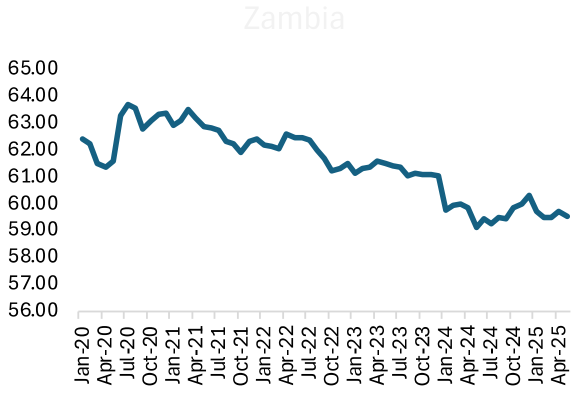
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Inflation should fall to 12.6% in 2025 and 7.1% in 2026 as agriculture recovers and food prices decline.**
- **The fiscal balance expected to stand at –3.4% of GDP in 2025 and –3.9% in 2026 due to greater revenue mobilization and better expenditure control.**
- **The current account balance expected to stand at 0.5% in 2025 and –0.7% in 2026 on account of anticipated lower copper price driven by global uncertainty.**

Source: Afreximbank Research.

04

Recent Developments in the Caribbean Macroeconomic Environment

Bahamas

Growth rate

Modest growth

GDP forecasted to be 1.1% in 2025 and 1.2% in 2026.

Inflation rate

Inflation in negative territory

In April 2025, consumer prices in the Bahamas fell by 0% compared to the previous year, following a -1% decrease in the prior month.

MPC

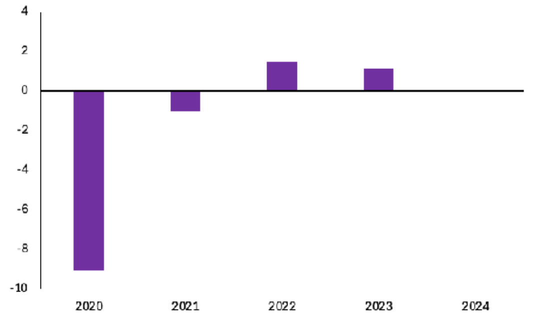
Stable interest rate

The benchmark interest rate in the Bahamas is currently 4%. From 2006 to 2024, it has averaged 4.47%, with a high of 5.25% recorded in November 2006 and a low of 4.00% observed in December 2016.

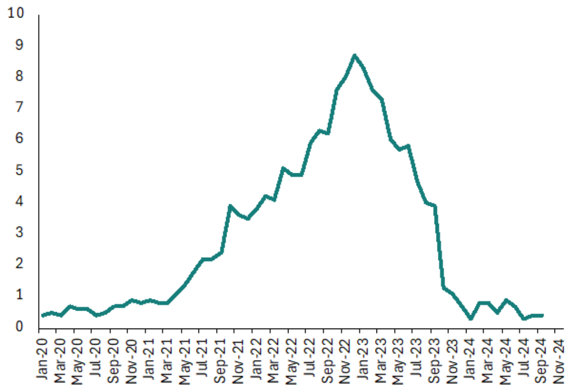
Source: Afreximbank Research.

Macroeconomic developments

Growth rate (% of change



Inflation rate (% of change)



CB policy Rate

Recent developments

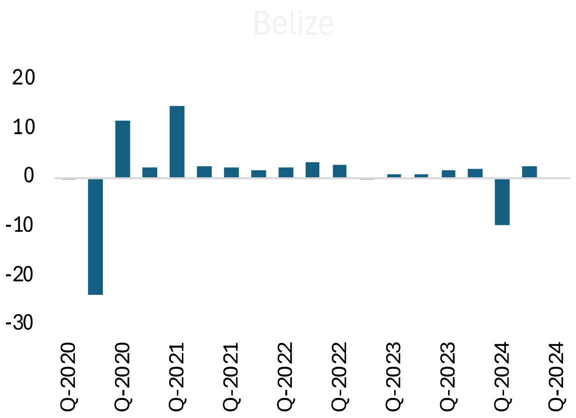
- Public finances are improving, and borrowing costs have decreased. Growth is expected to slow to its long-run potential of 1½% due to increasing capacity constraints in tourism.
- Income per capita continues to diverge from that of the U.S. Meanwhile, high electricity costs, a shortage of skilled labor, and barriers to business formation and expansion persist, hindering growth.
- Foreign air departures have decreased by 11% due to a slowdown in tourism.
- The US-based rating agency has retained The Bahamas' current 'B+' long-term credit rating with a "stable" outlook.
- Guyana, Bahamas ink new agreement for air travel

Belize

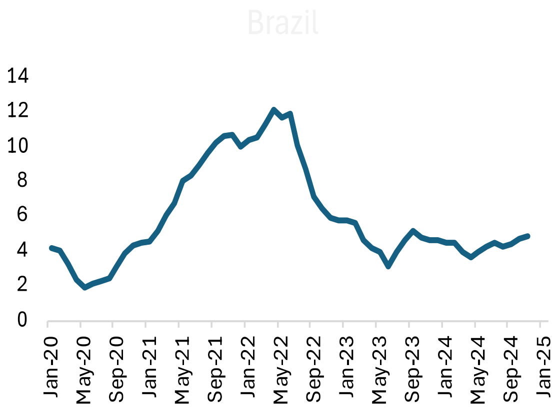
Key Macroeconomic Indicators

Belize experienced a -9.6% growth in Q2-2024 and 1.6% inflation in December. With a low policy rate of 2.25%, the economy faces challenges from a moderate-Country Risk Index of 57.41 and a low foreign trade volume of $2 bn.

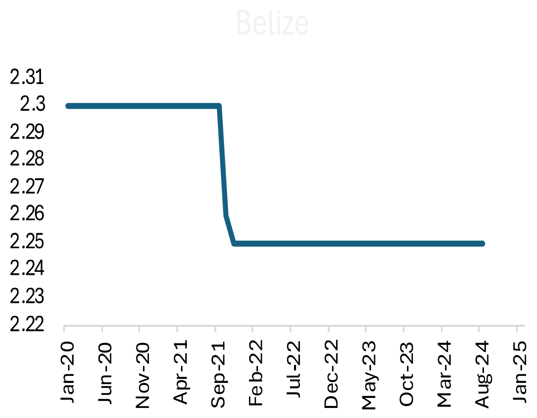
Growth rate



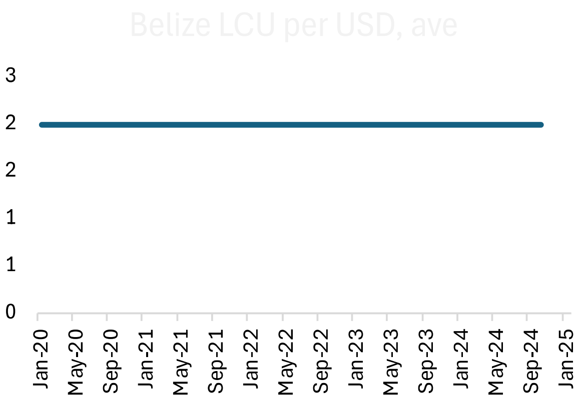
Inflation rate



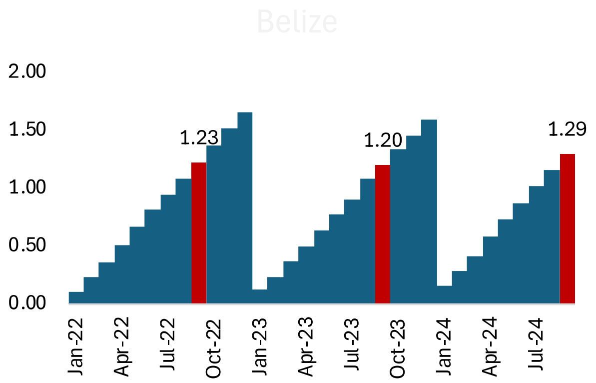
Policy rate



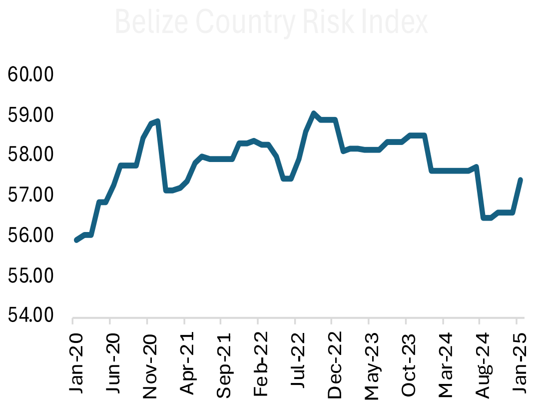
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **UK Government Invests £100,000 in Belize's Seaweed Industry.**

Source: Afreximbank Research.

Guyana

Growth rate

Guyana's GDP saw a remarkable growth of 33.2% in Q4 2024. The expansion of the Guyanese economy continued into the first quarter of 2024, primarily driven by the oil and gas sector.

Inflation rate

Steady Inflation

The annual inflation rate in Guyana rose to 4% In April 2025 , up from 3.4% the previous month.

MPC

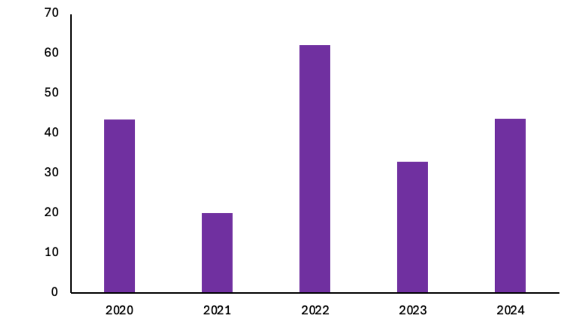
Interest rate on hold at record high

The benchmark interest rate in Guyana is currently recorded at 5%. From 2001 until 2024, the average interest rate in Guyana was 5.67%.

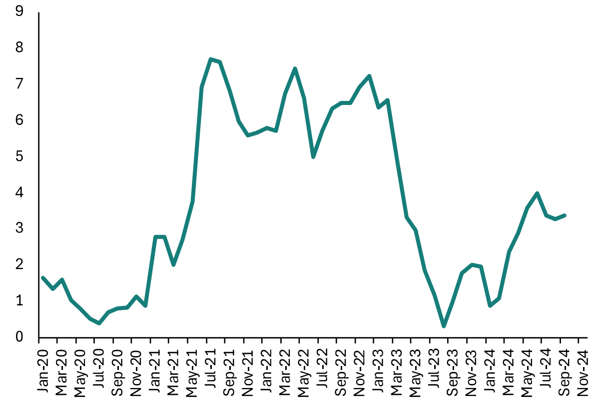
Source: Afreximbank Research.

Macroeconomic developments

Growth rate (% of change



Inflation rate (% of change)



CB policy Rate

Recent developments

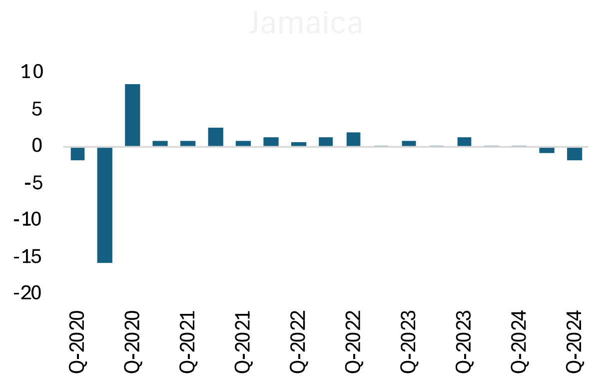
- Guyana’s real economy experienced an estimated growth of 49.7% in the first half of 2024, driven by expansion in the oil and gas industry, along with sustained growth in the non-oil sectors.
- The current account surplus in the first half of 2024 was driven by an increase in merchandise export earnings, which surpassed the rise in payments for goods and services.
- Prime Minister Modi's visit to Guyana represents a significant milestone in the relationship between India and Guyana.

Jamaica

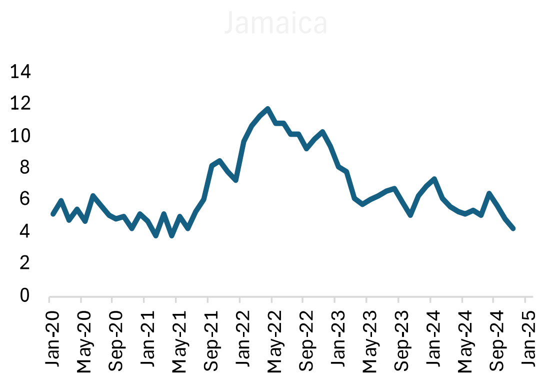
Key Macroeconomic Indicators

Growth is projected to be more tepid, at 1.7 percent on average over 2025-27 supported by reconstruction efforts, but converging to its potential growth rate.

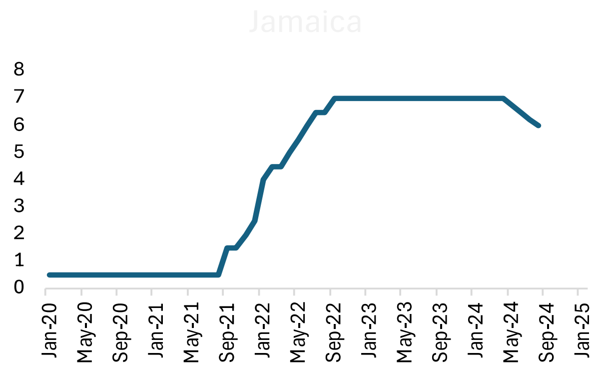
Growth rate



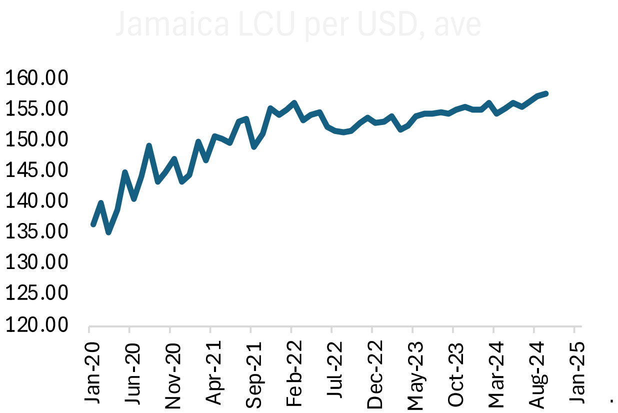
Inflation rate



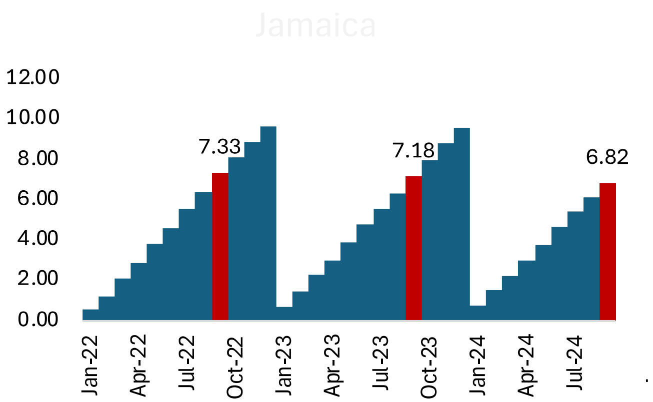
Policy rate



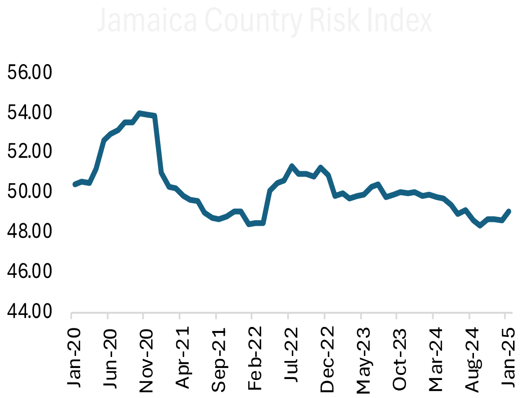
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **Wendy's has invested over $300 million in a new Whitter Village location in Jamaica.**
- **There is a strengthened economic partnership between Jamaica and India.**
- **Port Royal will benefit from an improved water supply due to the commissioning of a new $530 million pipeline system.**

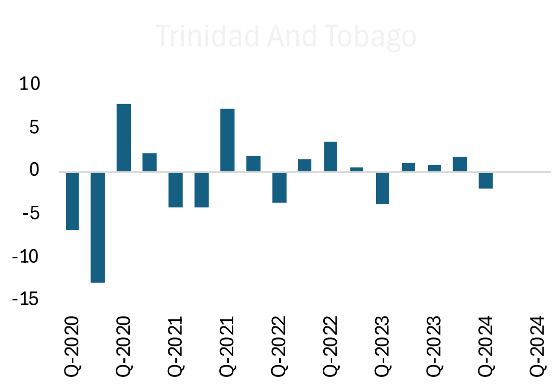
Source: Afreximbank Research.

Trinidad And Tobago

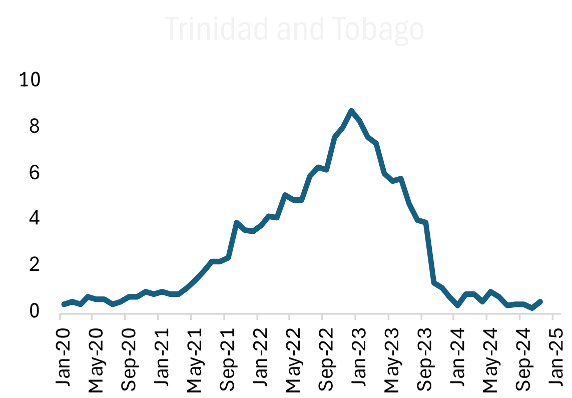
Key Macroeconomic Indicators

Trinidad and Tobago had 0.3% growth in Q2-2024, with low inflation at 0.7%. The policy rate is 3.5%, foreign trade totals $6.76 bn, and the country risk index stands at 41.19.

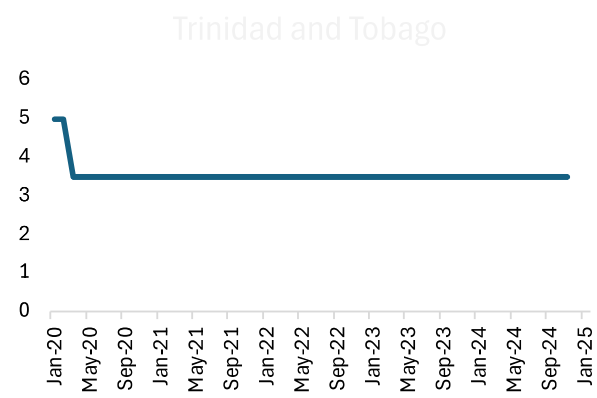
Growth rate



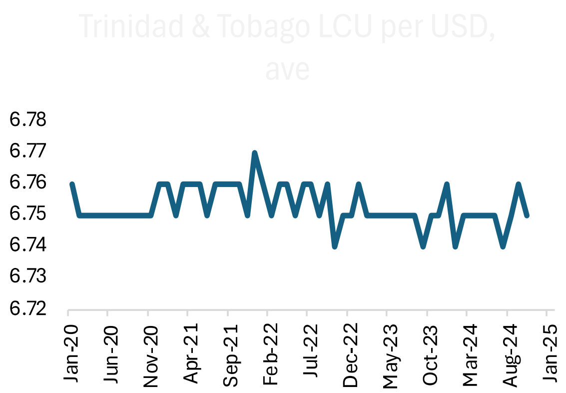
Inflation rate



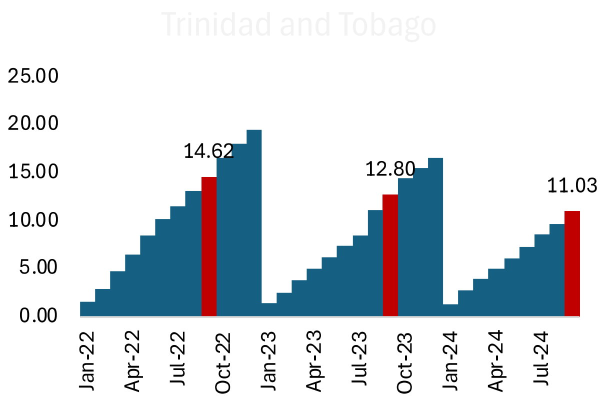
Policy rate



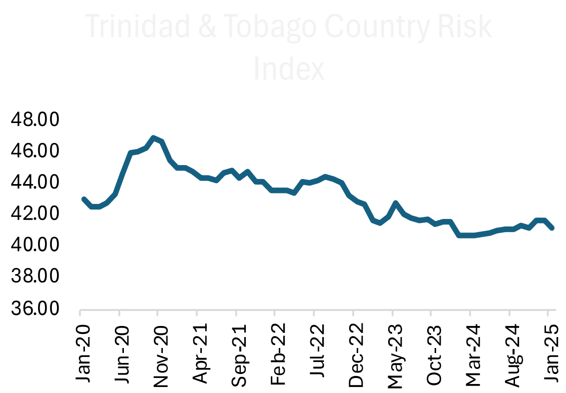
Exchange rate



Total foreign trade, $US bn



Country Risk Index



Recent developments

- **The Samoa Agreement: Focus on the Caribbean Economic Development and EU Partnership.**
- **LIAT20 makes inaugural flight to Trinidad and Tobago.**

Source: Afreximbank Research.

04

Conclusion and Recommendations

Conclusion and Recommendations

Africa’s macroeconomic resilience in mid-2025 reflects ongoing reform momentum, improved credit ratings, easing inflation in many economies, and relatively stable exchange rates.

However, the broader global context—marked by stagflation concerns, fiscal tightening, persistent geopolitical risks, and weakening trade—poses considerable downside risks. Although over half of African countries show stable or improving fundamentals, regional disparities remain, and commodity price volatility continues to weigh heavily on external balances.

Despite moderate projected growth and inflation easing, Africa remains vulnerable to external shocks. Strengthening internal policy buffers and accelerating structural transformation are critical to navigating persistent uncertainty in the global economic landscape.