

Monthly Developments in the African Macroeconomic Environment

Presented by:
Research and International Cooperation
Afreximbank

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Markets League Tables





Outline of presentation

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01

Global Macroeconomic Environment: Recent Developments & Outlook



Global Macroeconomic Environment: Recent Developments

Growth remains fragile

Global growth remains slow and fragile with offsetting results recorded in some major economies. Although the US economy expanded in Q4 2023 and the Japanese economy remained resilient, UK's economy plunged into a technical recession while the Euro Area stagnated

High Inflation and rate pause

Inflation remains elevated at high levels and may be further stoked in 2024 by the attacks in the Red Sea & Russia decision to withhold gas exports for 6 months, potentially dashing hopes of a rate cut by central banks.

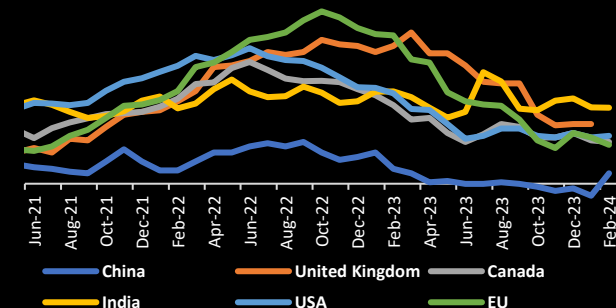
Already, there are evidence of inflation re-accelerating in some major economies or the pace of deceleration slowing

El-Nino

Climate change and El Niño which are set to peak by mid-2024 continue to threaten food and water security in Africa, Middle East, causing flood, drought and heatwaves.

A Trump win and Climate Change Developments?

Inflation in major economies



Deepening geopolitical tensions

Continuing and deepening tensions in Russia/ Ukraine, USA/China, China/Taiwan, Israel/Palestine, USA/Russia, Israel/Egypt, Red Sea and many conflicts in Africa

A Trump win and Implications for de-globalisation and Geopolitical Tensions?

The re-emergence of Putin and Trump

The return of Putin for his 5th term in office means the Ukraine war would drag for longer. This with the prospects of a Trump reemergence after Supreme Court declaration are major political developments for 2024.

EU sanctions on Russia

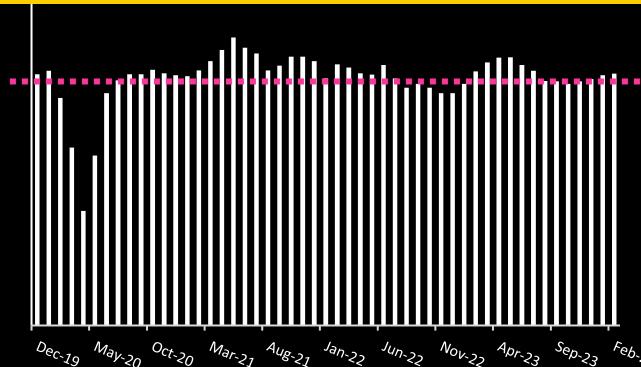
The war in Russia/Ukraine is poised to further cripple the global economy in 2024 as the EU starts targeting entities supporting Russia's war in Ukraine as it unveils its 13th package sanction, with more focus on Chinese and Indian businesses.

Possibilities of retaliation by Russia, China and India?

Japan dumps negative interest rate policy

The Bank of Japan recently announced its return to a normal monetary policy framework that targets short-term interest rates, hiking its policy rate for the first time in 17years.

JP Morgan global PMI slowing in 2024





Snapshot of major global economies



Japan

- **Revised Q4 2023 growth**

Contrary to the 0.4% contraction reported in initial figures, Japan's economy grew by 0.4% in the last quarter of 2023, avoiding a technical recession. This was driven by capital expenditure while sluggish consumption remains a concern for growth. However, Japan's stock markets continued to boom fuelled by strong corporate profits, currency depreciation, and increased shareholder returns. To ensure balanced growth in the real sector, companies need to raise wages to stimulate domestic demand.

- **Change in interest rate policy**

The Bank of Japan recently announced its return to a normal monetary policy framework that targets short-term interest rates, marking its first rate hike in 17 years as the bank sets its new short-term rate target in 0-0.1% range.

United States

Producer prices rises



In the US, growth remains strong, but inflation remains above Feds target though generally slowing.

The uptick in US producer prices in February is a risk to inflation and suggests rate cuts may be delayed if the trend continues as the Feds has no incentive to cut rates.

Rate cuts won't be before June 2024 as the Feds decision on rate cuts will depend on economic fundamentals.

China

Boosts to property sector



China's new property prices declined while second-hand housing market rebounded (14% month-on-month), an early indication that recent policies to boost the sector may be achieving desired results.

European Union

ECB holds on rate cuts



EU consumer prices were up 2.8% y-o-y in February 2024, dashing earlier hopes of rate cuts in March/April as the ECB may need more evidence of inflation nearing the 2% target before slashing rates.

Evidence Inflation is more of a concern than growth an employment?

Russia

Ban on gasoline exports



Russia declares 6 months ban on gasoline exports starting in March to stabilize domestic prices. Countries reliant on Russian gasoline imports, especially major African importers like Nigeria, Libya and Tunisia, are set to be affected.

Energy Inflation and reversal of general inflation deceleration?



Outlook for 2024



Growth

Heightened risks of geopolitical tensions continue to support expectations of slowdown in the global economy (2.3% from 3.0%) .



Developed economies

In developing markets, earlier forecasts remain as growth is expected to remain about same levels recorded in 2023 or drop slightly in 2024.



Interest rates

Interest rates are unlikely to be cut until sometime in Q2 2024. However, risks of rate hikes are now emerging.



Inflation

Inflation is expected to continue easing in 2024, although at a slower pace in most countries. However, the attacks in the Red Sea remains an important downside risks to this outlook.



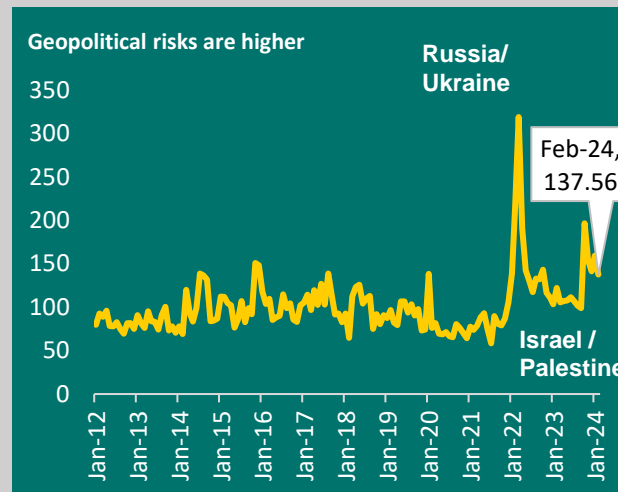
Oil prices

Escalation of geopolitical tensions in the Middle East and the Red Sea may cause oil prices to rally higher.

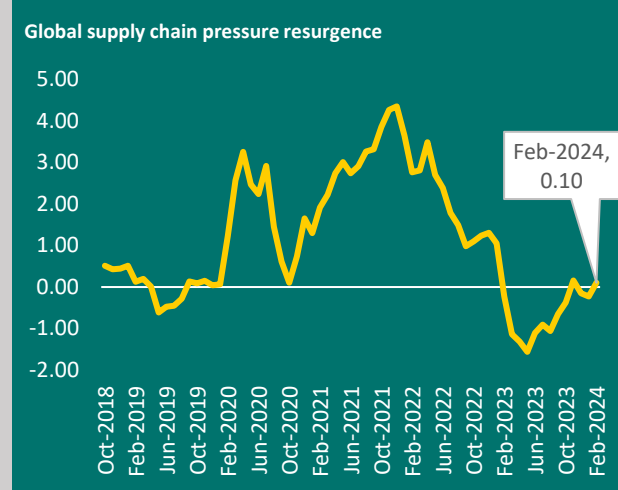
The attacks on the Red Sea and the tensions/disruptions they create remain major risks to global growth outlook and stability in general.

- *Recently, the attacks by Houthi rebels have intensified as Houthi Rebels' missile strike on international shipping in the Gulf of Aden recently killed 3 sailors and injured 5 others. Responses from the US and Indian Naval vessels as events unfold in the strategic maritime region.*
- *Also, Yemen's Houthi rebels have been alleged of sabotaging underwater telecoms cables in the Red Sea, disrupting connectivity between Asia and Europe. Israeli publication reports allege about 4 cables have been knocked-out between Saudi Arabia and Djibouti in recent months.*

The resultant pressure on inflation and cost of living further dampen earlier expectations of rate cuts by Central Banks, after the longest aggressive monetary tightening in decades since 2022. Thus, we anticipate that monetary policy will remain on hold for longer, if not tighter.



Source: Federal Reserve Board



Source: Federal Reserve Board, New York

Red Sea Alert:

Denmark's Maersk warns of prolonged Red Sea disruptions and increased supply chain costs that may drag into H2:2024 due to attacks by Houthi Rebels forcing vessels to reroute around the Cape of Good Hope. Despite the disruptions, Fitch does not anticipate structural shifts in the shipping sector. It however expects that global shipping companies will see short-term profitability gains due to increased freight rates surpassing the costs of re-routing caused by ongoing attacks on commercial vessels in the Red Sea.

02

Recent Developments in the African Macroeconomic Environment





Snapshot of the key events shaping African economies



Africa

Growing Russian Influence

Russia is aggressively expanding its influence in Africa, focusing on areas from NATO's southern borders in Libya to resource-rich parts of Central Africa. Russia's growing presence in West Africa is particularly assisted by recent coups, and reduced U.S. intervention and in countries like Niger and Mali.

Business slowdown in major economies

JP Morgan PMI data since the start of 2024 indicates a general trend of business slowdown amongst Africa's top 3 economies, with PMI mostly below the 50 threshold.

World Bank climate change research - \$40m

The World Bank is allocating \$40 million for climate research in Ethiopia, Zambia, Kenya, Mali, Senegal, and Ghana to address the critical need for data and technological solutions in agricultural development amidst severe climate change effects such as droughts and floods.

Monetary tightening amidst inflation

Inflation remains elevated in most African countries fuelled by currency depreciation and structural issues. Thus, the monetary policy environment remains tight to tame inflation and address currency depreciation. In South Africa, inflation continued to accelerate for the second month reaching 5.6% in February. In Nigeria, the CBN hiked policy rate to 22.75% as inflation reached an all-time highest of 31.7% in February 2024.

High vulnerability to climate change

Severe drought and associated diseases caused by climate change in the Horn of Africa (including Djibouti, Eritrea, Ethiopia, and Somalia) and Southern Africa continued to fuel food insecurity, endanger livelihoods, and promote economic instability. Climate support and resilience strategies are therefore pertinent. This is worsening the impact of armed conflicts and social unrests.

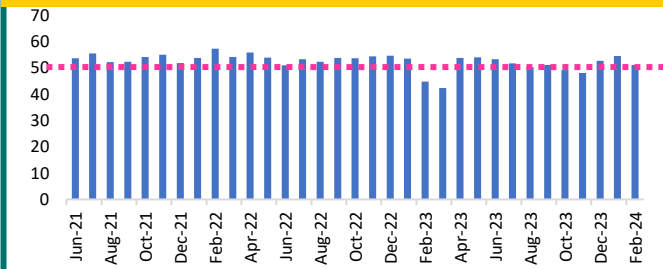
Copper race

The recent discovery of large deposits of one of the finest grades of copper in the African Copperbelt zone, which accounts for 75% of world cobalt used in Electric Vehicles (EVs) batteries, has led to a copper rush and prospects of investment influx to Zambia from the West and China.

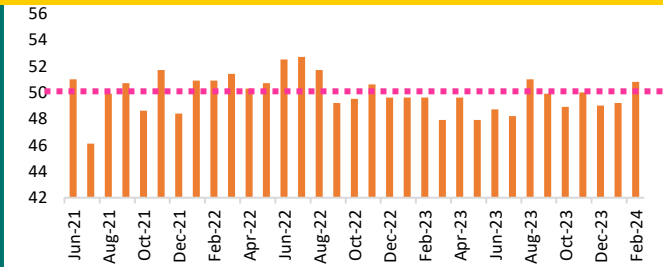
High debts & financial recalibration calls

African Finance Ministers are now clamouring for a recalibration of the global financial system to suit the continent faced with debt challenges

Nigeria's PMI



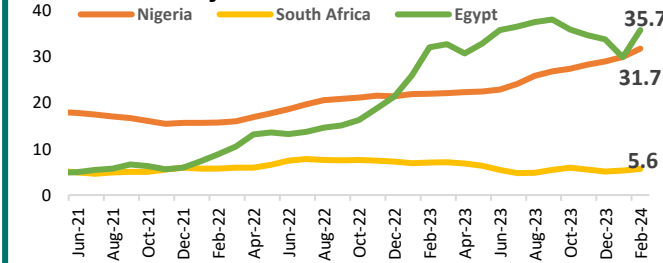
South Africa's PMI



Egypt's PMI



Inflation in major economies





Macroeconomic performance of African economies (1/2)



Country	GDP (%)		Inflation (%)		Foreign reserves (US\$, mn)		Interest rate (%)		External Debt (US\$, mn)	
	Previous	Lastest	Previous	Lastest	Previous	Latest	Previous	Latest	Previous	Latest
Algeria	3.80	3.00	7.80	6.30	65,442.00	64,673.00	3.00	3.00	3,209.00	3,114.00
Angola	0.02	1.40	21.99	24.07	14,579.00	14,170.00	18.00	19.00	52,066.00	50,260.00
Benin	5.50	5.80	-1.20	0.20	1,329.70	1,755.60	5.50	5.50	8,008.10	9,362.10
Botswana	3.30	0.50	3.90	3.90	4,676.00	4,748.00	2.40	2.40	18,864.00	20,004.00
Burkina Faso	4.00	4.60	4.30	2.70	275.60	316.60	5.50	5.50	4,594.00	4,947.00
Burundi	1.80	3.40	17.59	17.77	216,714.00	347,471.00	12.00	12.00	1,793,610.00	1,834,614.00
Cameroon	4.00	2.50	5.90	5.20	5,134.10	5,402.70	5.00	5.00	16,409.40	16,982.60
Cape Verde	3.40	2.70	1.30	0.00	70,955.00	70,614.00	1.25	1.25	1,999.50	2,133.10
Central African Republic	0.50	1.00	0.98	2.32	420.50	459.20	5.00	5.00	1,070.50	1,044.20
Chad	3.40	4.10	-1.70	1.90	1,008.50	794.60	5.00	5.00	3,955.80	3,963.40
Comoros	2.60	3.20	1.80	1.10	282.70	287.20	2.87	3.08	279.10	280.70
Congo	8.90	6.20	42.50	45.80	4,611.00	4,808.00	25.00	25.00	4,868.00	5,659.00
Congo Rep.	1.50	3.20	4.70	5.00	564.50	822.80	5.00	5.00	7,176.40	7,564.10
Côte d'Ivoire	6.50	6.90	3.90	3.10	8,892.90	8,537.20	5.50	5.50	32,222.00	34,309.50
Djibouti	4.80	3.70	3.80	4.20	580.10	624.20	-	-	3,263.50	3,526.30
Egypt	2.90	2.70	29.80	35.70	35,250.00	35,311.00	21.25	27.25	165,361.00	164,728.00
Equatorial Guinea	3.80	-7.00	-1.30	5.00	1,456.70	1,540.40	5.00	5.00	1,838.50	1,868.20
Eritrea	2.50	2.30	4.50	7.50	285.20	240.40			726.80	732.50
Eswatini	7.90	3.90	4.30	4.50	9,755,266.00	9,259,408.00	7.50	7.50	16,409.00	15,891.00
Ethiopia	7.50	7.90	29.40	28.20	1,174.70	726.70	7.00	7.00	28,601.40	30,107.00
Gabon	3.00	2.30	2.30	2.25	1,411.30	1,305.00	5.00	5.00	7,844.10	7,835.70
Gambia	4.30	5.20	17.30	16.15	568.20	595.60	17.00	17.00	1,165.80	1,239.10
Ghana	3.20	2.00	23.50	23.20	5,205.00	5,094.00	29.00	29.00	28,412.00	29,185.00
Guinea	3.90	4.70	9.27	9.30	1,816.00	1,725.00	11.00	11.00	5,701.70	5,760.10
Guinea Bissau	4.50	4.50	3.00	3.10	381.60	-	5.50	5.50	-	-
Kenya	5.50	5.90	6.90	6.30	14,211.00	- 14,155.00	12.50	13.00	5,896.00	6,090.00
Lesotho	1.29	0.59	7.20	8.20	783.70	837.40	7.75	7.75	18,194.00	18,112.00
Liberia	5.00	4.80	9.96	10.14	599.70	630.60	20.00	20.00	1,173.00	1,252.00
Libya	28.30	-12.10	2.00	1.80	79,887.10	80,686.00	3.00	3.00	4,897.20	4,978.20

* External debt in BWP Million for Botswana, EUR Million for Burkina Faso, BIF Million for Burundi, KES Billion for Kenya, LSL Million for Lesotho, MWK Million for Malawi, MUR Million for Mauritius, MAD Million for Morocco, NAD Million for Namibia, SCR Million for Seychelles, SZL Million for Swaziland, and TND Million for Tunisia

* Foreign Reserves in BIF Million for Burundi, CVE Million for Cape Verde, MWK Billion for Malawi, MAD Million for Morocco, NAD Million for Namibia, SZL Thousand for Eswatini, EUR million for EU and TND Thousand for Tunisia

Macroeconomic performance of African economies (2/2)

Country	GDP (%)		Inflation (%)		Foreign reserves (US\$, mn)		Interest rate (%)		External Debt (US\$, mn)	
	Previous	Lastest	Previous	Lastest	Previous	Latest	Previous	Latest	Previous	Latest
Madagascar	5.70	4.20	7.44	7.10	2,159.90	2,381.50	9.50	9.50	5,810.00	6,109.40
Malawi	1.20	1.50	34.50	35.00	990.00	1,415.00	26.00	26.00	2,021,553.00	2,812,734.00
Mali	4.10	5.20	0.50	-0.40	1,052.90	1,125.20	5.50	5.50	6,559.10	7,339.00
Mauritania	2.40	7.10	1.80	2.60	1,605.00	1,689.00	8.00	8.00	4,397.00	4,320.00
Mauritius	6.80	4.80	5.20	6.20	7,152.00	7,126.00	4.50	4.50	79,518.00	83,784.00
Morocco	2.30	2.80	3.40	2.30	359,410.00	354,526.00	3.00	3.00	694,237.00	676,819.00
Mozambique	5.92	5.36	4.19	4.00	3,025.00	3,084.00	17.25	16.50	64,021.20	63,750.40
Namibia	5.50	7.20	5.45	5.05	54,858.00	55,793.00	7.75	7.75	37,545.00	37,542.00
Niger	4.00	3.30	7.18	6.88	1,494.70	827.00	5.50	5.50	5,403.30	5,688.40
Nigeria	2.54	3.46	29.90	31.70	33,370.00	33,520.00	18.75	22.75	43,159.00	41,595.00
Rwanda	7.50	10.00	3.10	3.20	1,726.00	1,610.30	7.50	7.50	6,053.00	6,256.00
Sao Tome and Principe	1.90	0.90	17.00	17.00	64.50	56.70	10.00	10.00	307.80	318.40
Senegal	3.20	4.50	2.10	2.30	3,935.00	4,430.00	5.50	5.50	32,414.40	33,310.70
Seychelles	1.00	-12.00	-2.02	-0.25	681.00	682.00	2.00	2.00	8,235.00	8,297.00
Sierra Leone	3.50	3.40	52.16	47.42	624.60	600.00	22.25	22.25	2,389.70	2,378.30
Somalia	3.30	2.40	6.59	6.19	-	-	-	-	4,698.40	4,729.80
South Africa	-0.70	1.20	5.30	5.60	61,188.00	61,653.00	8.25	8.25	155,565.00	156,096.00
South Sudan	-2.30	-2.90	0.80	5.80	-	-	12.00	12.00	-	-
Sudan	-1.90	0.70	83.60	63.30	486.40	243.20	27.30	28.30	36,039.90	35,687.10
Tanzania	5.20	5.30	3.00	3.00	8,919.70	8,409.60	5.50	5.50	33,777.00	33,737.00
Togo	5.00	5.60	2.00	3.50	2,114.30	1,992.20	5.50	5.50	3,113.50	3,132.80
Tunisia	-0.20	-0.20	7.80	7.50	26,527,220.00	27,816,557.00	8.00	8.00	129,053.00	129,435.00
Uganda	5.40	5.30	2.80	3.40	3,808.00	3,685.00	9.50	10.00	19,872.60	21,408.20
Zambia	5.70	5.10	13.20	13.50	2,889.00	3,034.00	11.00	12.50	8,274.00	7,925.00
Zimbabwe	8.50	6.50	34.80	47.60	588.80	215.30	130.00	130.00	14,324.00	13,325.00

Russia	4.90	5.50	7.40	7.70	582,636.00	582,636.00	16.00	16.00	322.00	327.00
United States	2.90	3.10	3.10	3.20	37,316.00	36,439.00	5.50	5.50	25099063.00	25649607.00
China	4.90	5.20	-0.80	0.70	3,219,320.00	3,225,817.00	3.45	3.45	27466.00	24528.00
United Kingdom	0.20	-0.20	4.00	4.00	185,469.00	183,952.00	5.25	5.25	7235456.00	7394049.00
EU	0.00	0.20	3.10	2.80	874,000.00	874,000.00	4.50	4.50	-	-

* External debt in BWP Million for Botswana, EUR Million for Burkina Faso, BIF Million for Burundi, KES Billion for Kenya, LSL Million for Lesotho, MWK Million for Malawi, MUR Million for Mauritius, MAD Million for Morocco, NAD Million for Namibia, SCR Million for Seychelles, SZL Million for Swaziland, and TND Million for Tunisia

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Exchange rates of selected economies against the USD



Country	31-Dec-23	03-Feb-24	23-Feb-24	19-Mar-24	% change
Angola		828.80	828.80	840.00	836.98-0.36%
Burkina Faso		589.19	599.29	602.25	600.50-0.29%
Burundi		2878.96	2884.14	2887.22	2845.14-1.46%
Cameroon		594.54	608.03	606.13	603.68-0.40%
Egypt		30.83	30.96	30.90	47.0052.12%
Ethiopia		56.56	56.75	57.53	56.51-1.78%
Ghana		11.88	12.30	12.39	12.954.49%
Mali		589.19	599.29	602.25	601.50-0.12%
Mozambique		63.69	63.25	63.23	63.16-0.11%
Niger		589.19	599.29	602.25	601.50-0.12%
Nigeria		899.89	1368.25	1489.40	1476.25-0.88%
Senegal		589.19	599.29	602.25	601.50-0.12%
South Africa		18.29	18.63	19.32	18.93-2.03%
Tunisia		3.07	3.12	3.11	3.11-0.27%
Zambia		25.44	27.21	23.00	25.7311.91%

Source: Trading Economics

West Africa – Nigeria



“ Nigeria

• CBN clears legitimate FX backlogs

Nigeria's apex bank recently announced that it had cleared all valid FX backlogs, leading to a strengthening of the Naira.

• Regulation of parallel market

Nigeria continues to tighten regulations on street trading of FX while raising the capital requirements for BDC operators to stabilise the FX market.

• Aggressive monetary tightening

The CBN recently raised the MPR by 400bps to 22.75%, the highest in the history of the apex bank. The move was aimed at stemming inflation which hit its all-time highest of 31.7% in February 2024.

• Labour threats and protests

There are elevated risks of strikes, coordinated labour actions, and protests.

• Worsening food scarcity

While some argue food scarcity isn't the issue but rather affordability, rising insecurity worsens the situation as farmers pay bandits for access to farms, impacting food prices

>> Soaring inflation amidst currency crisis

Nigeria's currency crisis caused inflation to soar to as high as 31.7% (y-on-y) in February. The devaluation of the naira and heavy import dependency have made essential goods unaffordable for many. Despite central bank efforts, high demand for dollars persists, hampering monetary policy effectiveness. To address this, the government must enact reforms to boost exports and attract foreign investment.

>> Skyrocketing food prices

As Ramadan starts, Nigeria faces over 35% food inflation. Despite government efforts like distributing aid and releasing grain reserves, prices continue to rise sharply, with staple foods jumping by 50-100% in a month. Ramadan may worsen the situation as demand spikes. Insecurity, especially in Northern Nigeria, compounds the problem as farmers abandon their fields, disrupting food supplies further.

>> Insecurity and food insecurity

Disruptions in agricultural activities due to insecurity have contributed to food supply challenges, while reports of looting and abductions further destabilize communities. Despite government efforts to curb food exports and ensure domestic sufficiency, insecurity remains a critical barrier to efficiently addressing Nigeria's food price crisis.

>> Decision to join BRICS

Nigeria plans to join BRICS, aiming to strengthen its relationship with Russia. Officials hinted on this move in 2023 emphasizing that Nigeria's intention to join BRICS would not be influenced by Western powers.

>> Border reopening and lifted sanctions

Nigeria has reopened its borders with Niger and lifted other sanctions. This follows the decision of ECOWAS' Heads of States and Governments to lift restrictions on Niger, Mali, and Guinea, signaling a move towards regional cooperation and normalization within the ECOWAS community. However, the decision by Burkina Faso, Mali, and Niger to quit ECOWAS is a major risk to the bloc.

>> Banks' earnings outlook hit by central bank policy shift

CBN shift to orthodox policy may shrink the earnings for Nigerian banks, especially forex-dependent ones. Analysts anticipate major banks facing earnings contraction in 2024, highlighting the challenge of adapting to regulatory and market changes.

3.46%

2.54%

GDP Growth

31.70%

29.9%

Inflation Rate

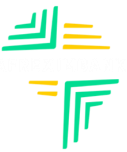
22.75%

18.75%

Interest Rate

₦1,476.25

Exchange Rate



West Africa - Sierra Leone, Benin

Benin

Trade and Eurobond boost economic outlook

Benin's economic outlook received a positive boost following its return to the international bond market and the lifting of regional sanctions in the Sahel. The opening of the Niger-Benin oil pipeline facilitates diversification from cotton-based economy, with investments in transit trade and the knowledge economy. Although risks of civil unrests will remain low until 2026, more military support is needed to address insurgency risks in the northern region.

Debut Eurobond Issue- \$750m

Republic of Benin issued its inaugural dollar-denominated bond, amounting to \$750 million. This bond was oversubscribed, exceeding \$5 billion. The debut 14-year bonds were issued with an interest rate of 8.375%.

Sierra Leone

Financial support from China - \$9 million

Beijing extended a \$9 million support to Sierra Leone. Critics consider the support late as Sierra Leone's debt to China stands at \$78 million. Sierra Leone is in the middle of economic turmoil due to widening government revenue gap and financial instability amid corruptions and sluggish growth.

Poor diversification and low private investments

Sierra Leone faces economic woes worsened by poor diversification and low private investments channeled into high-growth potential sectors of its economy such as agriculture, agro-processing and fish farming.

5.80%

5.50%



GDP Growth

0.20%

-1.20%



Inflation Rate

5.50%

5.50%

Interest Rate

CFA601.5

Exchange Rate

3.40%

3.50%



GDP Growth

47.42%

52.16%



Inflation Rate

22.25%

22.25%

Interest Rate

Le47.0



Exchange Rate

West Africa – Senegal



March election announcement

Senegal's presidential election is now scheduled for March 24th, comes after President Macky Sall's earlier decision to postpone it, which sparked widespread protests. Despite accusations of a constitutional coup, Sall has reassured he won't run for a third term in office. Senegal, known for its stable democracy, has never experienced a military coup, setting it apart in West Africa.



Bond rallies amidst boosted investor confidence

President Macky Sall's commitment to relinquish power at the end of his tenure, after initial moves to extend his term, bolstered investor confidence and caused the bond rally



Economic ambitions amidst political turmoil

Senegal's aspirations to become Africa's next economic powerhouse face challenges amidst persistent political instability. Despite its resources and infrastructure, the country grapples with fundamental issues that hinder its progress. President Macky Sall's tenure has witnessed significant infrastructure development, yet the next leader must prioritize transparency in the private sector to bolster economic growth.



Hydrocarbon revenues and climate change concerns

Senegal anticipates revenues from hydrocarbon projects, including the Sangomar oil project. However, project delays and climate change effects, such as flooding, threaten Senegal's economic stability. Adaptation measures are essential to mitigate these risks and ensure sustainable development.



GDP to grow substantially

Senegal's GDP growth rate is projected at 8..5% from now till 2029, but significant demographic growth may pose new challenges. The IMF recommends that the government focuses on enabling the business sector through access to finance, and infrastructure development. Also, while the informal sector dominates Senegal's economy, structural reforms are necessary to broaden the tax base and enhance state finances.



Release of opposition leaders

Senegal has released top opposition leader Ousmane Sonko and ally Bassirou Diomaye Faye from prison. Their release triggers celebrations as the country prepares for elections following the postponement of the presidential vote to March 24.

4.50%

3.20%



GDP Growth

2.30%

2.10%



Inflation Rate

5.50%

5.50%

Interest Rate

CFA601.5



Exchange Rate



West Africa – Ghana

>> Bondholders demand Suriname's model in restructuring \$13bn debt

Discussions have started on debt restructuring, but Ghana risks missing a repayment deadline as it faces resistance from Eurobond holders demanding a better offer for restructuring the country's \$13 billion debt. Investors want interest payments linked to future economic growth, following Suriname's model. However, Ghana's finance minister opposes this, risking delays in securing IMF payments in March

>> Gold-for-oil-program recording success

The success of the gold-for-oil program has helped to reduce FX pressures on bulk energy storage, transportation, and bulk imports. The program has created room for the negotiation of competitive premiums with suppliers and stabilizing fuel prices. According to the Ghanaian President, premium oil price dropped from \$180 to 200 metric tonnes to \$70.

>> Poor gains from elevated cocoa prices

FX revenues remain subdued by output drop caused by Cocoa Shoot Virus and extreme weather which limit the ability of Ghana to reap the benefits of higher cocoa prices.

>> Concerns over cedi devaluation amid forex trading suspension

Ghana's central bank suspends forex trading licenses of major banks, sparking fears of cedi devaluation despite recent stability. The action reveals gaps in forex trading law compliance, which may engender currency volatility, promote economic instability and weaken investor confidence if not addressed.

2.0%

3.20%

23.2%

23.5%

29.0%

29.0%

¢12.95

GDP Growth

Inflation Rate

Interest Rate

Exchange Rate

West Africa – Mali

>> Commercial gold mining threatened by attacks

- Attacks in Southern and Western Mali continue to pose threats to commercial gold mining operations. There have been recent ambush targeting gold mine workers and mine convoys in southern Mali.
- Russian paramilitaries' potential deployment could worsen risks, especially with a planned gold refinery. Artisanal mines face the highest threat from both militants and Russian forces.

>> Mali/Russian ties deepen with mega projects

To establish National railway and airline infrastructure. Secured deal for construction of state-of-the art gold refinery in Bamako over 4 years.

5.20%

4.10%

GDP Growth

-0.40%

0.50%

Inflation Rate

5.50%

5.50%

Interest Rate

CFA 601.50

Exchange Rate

Ghana's fiscal consolidation may face challenges due to donor backlash against anti-LGBTQ legislation, risking a possible loss of \$3.8bn in World Bank financing and affecting budgetary support and FX stability. Additionally, politically-driven spending ahead of the December 2024 elections poses another threat to fiscal efforts.



North Africa – Egypt

• Red Sea attacks devastates economy

The Red Sea attack has caused almost 50% loss in revenue from the Suez Canal which typically contributes about \$10bn to the economy as one of the 3 lifewires of the Egyptian economy. Others include remittances and tourism which contributed about \$22bn and \$14bn, respectively, in the 2022-2023 financial year.

• Debt distress

Egypt was Africa's second largest economy in 2022 with a GDP of \$475bn. Since the start of the Russian/Ukraine, the external debt of the largest importer of wheat has climbed to 49% in 2024 while public debt has hit an unsustainable high of 90% of GDP. IMF-supported economic reforms to be replaced by unpopular austerity measures that will further weigh on the population.

• Weakest global currencies

The depreciation of Egypt's currency by over 50% in 2 years places it in the category of countries with the weakest currencies such as Nigeria, Turkey, Argentina and Venezuela, all of which are confronted with difficult task of currency stabilization amidst elevated debt levels and high inflation. In Egypt, inflation continues to shrink consumer purchasing powers while raising production costs and undermining the competitiveness of domestic products. Recent devaluations is linked to several years of persistent political and economic instability in Egypt.

Although Moody's notes that interest payments may gulp 65% of revenue in 2024, it maintains that this may reduce overtime in response to devaluation efforts.



First tranche of \$35bn UAE deal

Egypt has received the first tranche of \$5mn with another to follow soon in a property development deal with UAE sovereign fund ADQ worth \$35bn. This is aimed at development projects, including Ras El-Hikma. This will bolster FX reserves and support the transition to a floating exchange rate system.



Expanded \$8bn IMF agreement

Egypt has also entered into an expanded \$8bn agreement with the IMF, building on the previous \$3bn deal from December 2022. The North African country is also set to receive a \$1.2bn loan to promote its environmental sustainability.



Some IMF conditions implemented

- FX unification in official and parallel market that brought exchange rate to LE50 from LE30.9 in official markets
- Hike in interest rate by 600bps to 27.25% and 28.25% for overnight deposits and lending.
- Agreed to slowdown infrastructure spending and end preferential tax treatments for public sector entities.



Restored investor confidence

- Greater appetite for domestic debt reflected in the oversubscription for one-year Tbills by four times.
- Improved sentiment seen in Moody's and Fitch's ratings and positive outlook. Unfolding against the backdrop of significant official and bilateral supports announced as well as supporting policies that Egypt implemented in recent weeks.



Positive Moody's Outlook

Moody's changed Egypt's outlook from negative to positive and affirmed the Caa1 long-term foreign and local currency issuer ratings. The rating agency also affirmed the country's foreign currency senior unsecured ratings at Caa1, and its foreign-currency senior unsecured MTN program rating at (P)Caa1.



Other developments

- Heightened risks of cross-border security incidents in Egypt's Sinai Peninsula due to Israel's impending invasion of Southern Gaza Strip
- Tensions rise between Ethiopia and Egypt as the latter suspends negotiations around the Grand Ethiopian Renaissance Dam (GERD) on grounds of intransigence by Ethiopia

It is expected that the transition to a managed float regime and inflation targeting framework would ease FX pressures and spur remittances via official channels in addition to boosting foreign portfolio and direct investments. These moves are expected to help ease inflation which stood at 35.7% in February and support Egypt's macroeconomic rebalancing. External reserves have since doubled and the new liquidity is sufficient to meet Egypt's external financing gaps until 2026.

2.70%

2.90%



GDP Growth

35.70%

29.80%



Inflation Rate

27.25%

21.25%



Interest Rate

E£47.0



Exchange Rate



North Africa –Tunisia, Morocco and Algeria

Tunisia



Morocco



Algeria



Mauritania



◆ State restriction of foreign funding

In Tunisia, a new law requires state approval for NGO funding to combat money laundering and terrorism. However, civil society organisations are concerned that this may be intended to restrict foreign funding

◆ Protests against economic conditions

Protests rock Tunis on the back of the country's cost of living crisis, shortages of essential items, and the government's perceived preference for debt servicing over public welfare amidst stalled growth and rising unemployment.

◆ Fully floating exchange rate

Bank Al-Maghrib (BAM) is moving towards a fully floating dirham, supported by favorable conditions including improved balance of payments and reduced inflation.

Since 2014, when Morocco secured a \$3 billion IMF Precautionary and Liquidity Line, BAM has been gradually increasing dirham flexibility. The bank established a $\pm 2.5\%$ trading band in 2018 around a daily reference rate based on a currency basket consisting of 60% Euro and 40% US dollar and widened it to $\pm 5\%$ in March 2020.

◆ “United Maghreb” Union

Algeria is leading efforts to form a "United Maghreb" alliance, excluding Morocco but including Tunisia and Libya. This initiative aims to revive regional cooperation after the original Maghreb Union collapsed. Mauritania remains reluctant to join the union despite pressures from Algeria. While Tunisia's economic woes and social instability could cause it to lose its Arab Spring democratic progress, Libya's economy remains subdued by turmoil amidst major divides.

◆ Immigration agreement with EU

Mauritania and the European Union have signed a migration deal to help Mauritania contain the surge in number of illegal migrants trying to cross to Europe.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Latest	Previous	Latest	Previous	Latest	23-Feb-24	19-Mar-24
Algeria	3.80	3.00	7.80	6.30	3.00	3.00	134.24	134.32
Mauritania	2.40	7.10	1.80	2.60	8.00	8.00	39.77	39.75
Morocco	2.30	2.80	3.40	2.30	3.00	3.00	10.05	10.03
Tunisia	-0.20	-0.20	7.80	7.50	8.00	8.00	3.11	3.11



Central and East Africa – Equatorial Guinea, DR Congo and Burundi

Equatorial Guinea

Diversification amidst oil sector slump

- Enhanced drive to improve revenue mobilization through economic diversification (especially its mining sector), tax reforms and greater FDI attraction on the heels of a slump its oil sector
- Stimulating foreign investments by leveraging competition between the US and Russia. Concerns around contract risks, corruption and human rights violations may slow down realization.

DR Congo

Escalation of armed conflict

Numerous civilian casualties have been recorded in the east due to escalation of armed conflicts, pressuring strained healthcare according to the International Committee of the Red Cross.

Disruption of mining areas

M23 rebels offensive in eastern DRC threatens to expand into mining areas and disrupt mining activities.

Burundi

Risks of armed violence

Heightened risks of armed violence on the back of recurrent cross-border attacks in Western Burundi.

Cameroon

Risks of debt default and rating downgrade

Cameroon was recently an object of scrutiny due to delays in paying its external debts, raising concerns about a potential credit rating downgrade. Despite this, the IMF has extended Cameroon's financing program by a year, showing confidence in the country's authorities.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Lastest	Previous	Lastest	Previous	Latest	23-Feb-24	19-Mar-24
Burundi	1.8	3.4	17.59	17.77	12	12	2887.22	2845.14
Congo Rep.	1.5	3.2	4.7	5	5	5	2731.8	2750
Equatorial Guinea	3.8	-7	-1.3	5	5	5	602.25	601.5
Cameroon	4	2.5	5.9	5.2	5	5	602.25	601.5



East and Southern Africa – Ethiopia, Mozambique, Kenya and Somalia



Ethiopia

Withdrawal of Somalilands’s recognition

Ethiopia is considering withdrawing its recognition of Somaliland due to international backlash and concerns expressed by neighbouring countries. This has prompted Ethiopia to reconsider its agreement made in January regarding the recognition of Somaliland's sovereignty.

Extra-judicial killings and detentions

Koree Nageeenyaa, a clandestine committee seeking to quell insurgency in Ethiopia, has been linked with unlawful detentions and extrajudicial killings

Heightened tensions

Clashes between government forces and the Fano Militia in Bahir Dar has renewed tensions. This is coming on the heels of a joint operation of government forces seeking to eliminate the militants from the Amhara region’s capital.

Human rights violations

The US warns that these human rights violations, linked to the government’s moves to end insurgencies, could shut the door on Ethiopia from accessing important funding from international lenders like the IMF

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Lastest	Previous	Lastest	Previous	Latest	23-Feb-24	19-Mar-24
Ethiopia	7.5	7.9	29.4	28.2	7	7	57.533	56.51
Kenya	5.5	5.9	6.9	6.3	12.5	13	145.45	132.16
Mozam bique	5.92	5.36	4.19	4	17.25	16.5	63.23	63.16
Somalia	3.3	2.4	6.59	6.19	-	-	568	568
South Sudan	-2.3	-2.9	0.8	5.8	12	12	1344.4	1563.9



Mozambique

TotalEnergies LNG project funding

After 3 years pause due to insurgency lenders mull resumption of funding for TotalEnergies LNG project with focus on restarting a major gas export facility

Resurgence of violence

The are fears of resurgent military threats due to violence in northern Mozambique



Kenya

Suez Canal disruption affecting economy

Like Tanzania, Kenya's economy is also adversely affected by the attacks on the Red Sea disrupting the movement of vessels on the Suez Canal. Concerns have begin to emerge around the implications of the development for the nation’s cost of living.

Pressure on foreign reserves

Kenya’s reserves dipped below the \$7bn psychological threshold after reducing by \$259mn to \$6.96bn (an amount just sufficient for 3.7 months of import cover), a reversal of its recent upward trend and an indication of a narrowed space for monetary authorities to further defend the shilling.

Electricity billing in dollars

To mitigate FX losses, Kenya Power has obtained government approval to charge select customers in dollars



Somalia

Debt cancellation

Somalia achieved a significant milestone as 99% of its debt owed to Paris Club creditor nations is cancelled, totalling over \$2 billion, marking a crucial step in the country's efforts to reintegrate into the international financial market



South Sudan

Impending economic distress

Disruptions in South Sudan’s oil pipelines and ongoing conflicts threaten to push the economy to the brink of collapse

While the approval of billing of electricity utilities in dollars may be a viable option for Kenya Power to hedge against risks of FX exposures, it may spell doom for the economy over the long-run because of the associated risks of economy-wide dollarization.

East Africa – Sudan, Uganda, Djibouti



Sudan

◆ Food insecurity and economic instability

In Sudan, ongoing armed conflicts have led to hyper-inflation, exceeding 3000%, and widespread poverty as 42% or 20.3 million Sudanese are acutely food insecure and half the population- 24.7 million needs humanitarian assistance amid a catastrophic hunger crisis.

◆ Preference shifts from Gum Arabic to Sesame Cultivation

Farmers are now increasingly shifting to white sesame cultivation due to security risks and cultivation disruptions.

Sesame's shorter growth cycle and lower resource requirements make it an attractive alternative amidst conflict-induced challenges. Farmers navigate an unpredictable environment, opting for a versatile and resilient option in sesame farming. The transition underscores pragmatic economic choices amid conflict-induced disruptions.

Uganda

◆ IMF Extended Credit Facility

The IMF has approved a disbursement of \$120 million to Uganda as part of the Extended Credit Facility program. This support aims to aid Uganda's recovery from the COVID-19 pandemic and mitigate inflationary pressures. This and other funding received are expected to deliver greater growth for Uganda

◆ Online protests gather momentum

Despite the ban on street protests, widespread corruption and mismanagement have been the subject of online protests. Confidential documents released online have exposed abuse of public funds, nepotism in employment, and collusion amongst government officials in Uganda.

◆ Power trading partnership with Rwanda

Uganda's power trading partnership with Rwanda led to the latter discontinuing diesel power plants, saving up to Rwf 24 billion yearly, marking a significant milestone in regional energy collaboration.

Djibouti

◆ Red Sea trade disruptions and mounting debt distress

- Djibouti's port and logistics-dependent economic model remains under threat from tensions on the Red Sea and Gulf of Aden.
- The country's economic model is also threatened by the new Ethiopia-Somalia port deal which is set to redirect critical Ethiopian trade.

◆ Trade redirection and suspended bookings

Some of the fallouts of the developments on the Red Sea include the redirection of critical Ethiopian trade and suspension of bookings by global shipping companies, exposing Djibouti's vulnerability to geopolitical tensions amidst substantial debt burdens.

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Lastest	Previous	Lastest	Previous	Latest	23-Feb-24	19-Mar-24
Djibouti	4.8	3.7	3.8	4.2	-	-	177.59	177.41
Sudan	-1.9	0.7	83.6	63.3	27.3	28.3	599.01	598.89
Uganda	5.4	5.3	2.8	3.4	9.5	10	3934.1	3876.1

Southern Africa – Zambia



01 Discovery of large deposits of copper

Kobold Metals discovered huge deposits of one of the finest grades of copper in the world at its Mingomba mine project along the country's border with DRC.

02 North American companies return

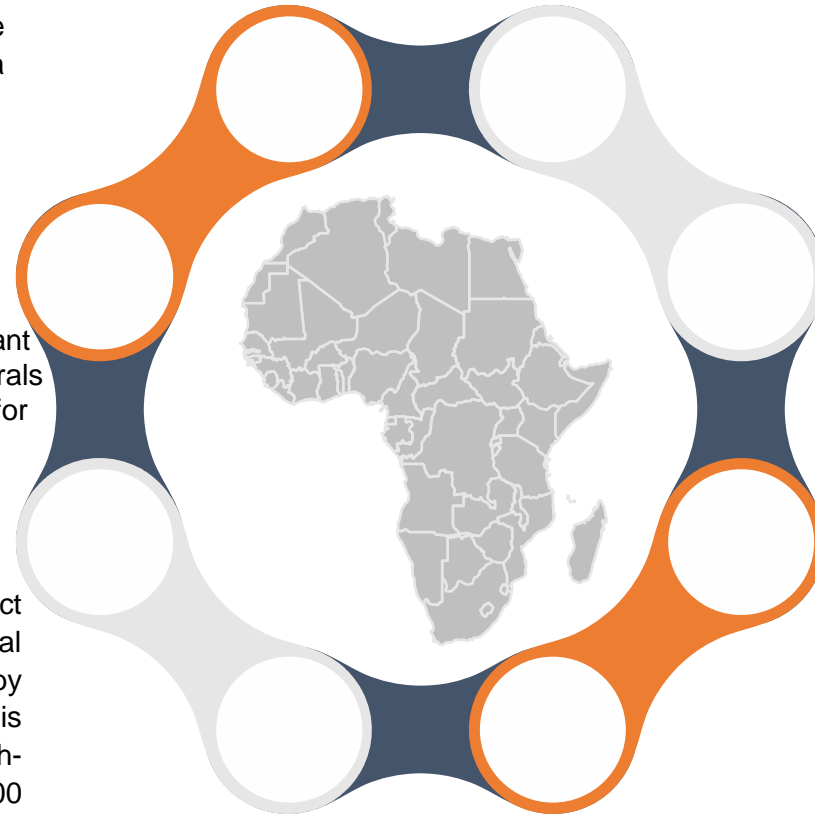
North American companies that had initially exited Zambia are gradually returning because of the abundant deposits of copper, lithium, nickel and rare earth minerals found in the African Copperbelt zone which accounts for 75% of world cobalt used in EV batteries

03 Greater Investment in the mining sector

The discovery by Kobold Metals is poised to attract greater investment to the mining sector after initial announcements of \$150mn exploration investment by Kobold in 2022. Canada's First Quantum Minerals is also constructing Africa's top nickel mine in the North-West Province of Zambia capable of generating 30,000 tonnes of nickel concentrates annually when completed. These investments will promote greater FX stability in addition to enabling growth.

The greater copper output from the discovery made by Kobold Metals which is one of the largest in 100 years could boost the weak mining sector and the economy which has been sluggish since 2021, albeit with political and diplomatic implications arising from the interests of both the US and China in copper and cobalt.

Additionally, the discovery of copper in large deposits will strengthen regional economic integration and deepen intra-African connectivity as both the US and China have announced mega railway projects, such as the Lobito Corridor, to connect Zambia, DRC and Angola



04 Prospects of \$2bn mine development investment

Kobold says it will expend up to \$2bn to develop the mine with output starting in 2026 and full production in 2032. The Mingomba mine is estimated to produce 500,000 to 600,000 tonnes at full capacity

05 Increased Chinese presence brings investment to \$3.3bn, mostly extractives

Chinese presence has grown in the Zambian mining sector. China's Nonferrous Mining Corporation (CNMC), its biggest miner, announced in late 2023 that it would invest \$1.3bn over 5 years to enhance its operations on the Copperbelt. Biggest investment since its entry to the Zambian mining sector in 2009 with an initial investment of \$400mn.

06 Acute drought and grain shortage

- Regional grain harvest declines raise food insecurity concerns, threatening Southern African maize supply chains.
- To boost maize production, the government raised prices paid to small-scale farmers by 51% last year, initiated the marketing season two months earlier, and ensured prompt payments to farmers to avoid private competition. Yet, the nation still faces challenges with border control of corn exports due to high regional demand.

5.10%
5.70%

GDP Growth

13.50%
13.20%

Inflation Rate

12.50%
11.00%

Interest Rate

ZK25.73

Exchange Rate

Southern Africa – Zambia and South Africa

Zambia

Declaration of national disaster & attraction of Rwandan farmers to boost Maize production

Zambia has declared a national disaster calling local and international partners to provide additional food and support to alleviate the situation, especially for the most vulnerable. Maize demand exceeds 2.1 million metric tonnes for human consumption and 465,000 metric tonnes for industrial and livestock purposes.

Electricity importation and rationing

The devastating economic impact of acute drought on Zambia's hydropower generation forces the country to consider importing and rationing electricity in addition to channelling budgetary resources to addressing the crisis.

Daily load shedding

Starting from March 11, ZESCO has declared 8-hour daily load shedding due to decreased water levels in key basins. This presents challenges to Zambia's power supply, with an expected monthly loss of approximately \$35 million.

Drought-induced fiscal consolidation risks

Zambia faces fiscal challenges due to regional drought which has necessitated increased spending on food and electricity imports. This may overstretch public finances, creating challenges of fiscal consolidation and further delay a debt restructuring deal



South Africa

Economic resilience

The South African economy avoided economic recession after growing by 0.1% in Q4 2023 driven by rebound in mining and manufacturing activities. However, annual growth in 2023 remained subdued at 0.6%, creating a bleak cloud for the ANC ahead of the general elections in May.

Inflation reaccelerating

South Africa's inflation again moved closer to the Central Bank's upper target with inflation rising to 5.6% in February from 5.3% in January 2024, marking the second month of increase.

Trading giants move to Mauritius

Mercuria and Trafigura, two trading giants, have shifted their refuelling services to Mauritius amid escalating attacks in the Red Sea and tax disputes leading to the shutdown of main bunkering operations in South Africa's Algoa Bay.

\$21bn grid upgrade challenge

South Africa faces a \$21 billion challenge to upgrade its grid and end years of rolling electricity outages. The plan entails expanding the national grid owned by Eskom Holdings SOC Ltd. to connect more power plants and stabilize the energy supply, crucial for economic growth and development. This is apart from the construction of a \$2.7m concrete wall along a segment of the South Africa-Mozambique border to deter individuals from crossing and curbing cross-border crime

Country	GDP (%)		Inflation (%)		Interest rate (%)		Exchange rate	
	Previous	Lastest	Previous	Lastest	Previous	Latest	23-Feb-24	19-Mar-24
South Africa	-0.7	1.2	5.3	5.6	8.25	8.25	19.32	18.93
Zambia	5.7	5.1	13.2	13.5	11	12.5	23	25.73

03

Conclusion





Conclusion

While overall outlook for Africa in 2024/2025 remains positive and clear signs of improvements in some countries/sub-regions, the overall Global economy remains uncertain and African economic environment remains fragile, with still-high inflation pressures, tight monetary policy, unstable FX regimes and elevated debt services.

More capital raising activities expected by African countries.

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