

Economic Growth Projection

International Monetary Fund (IMF) revised down growth forecast for Sub-Saharan Africa by 0.2 percentage points, while retaining growth estimates for Nigeria and South Africa in 2017. Precisely, growth rate forecast for Africa was reduced from 2.8 percent in January 2017 forecast to 2.6 percent in April 2017 forecast while growth estimates were retained at 0.8 percent for both South Africa and Nigeria¹. In contrast, global economic growth outlook was increased by 0.4 percentage points from 3.1 percent to 3.5 percent within the same period. Growth in Sub-Saharan Africa is hampered by adverse cyclical and supply side factors, weak fiscal buffers and rising public debt amongst non-commodity exporters as well as severe drought was experienced in Eastern and Southern Africa. However, a modest recovery is foreseen in 2017, as the recent forecast (2.6 percent) remained above 2016 growth estimates of 1.4 percent. The resurgence in growth in the region is heavily reliant on the recovery of large economies like Nigeria, South Africa and Angola. It is advisable for commodity exporters to implement policies that will help them adjust to lower commodity revenue, as commodity prices remain low despite the recent rally.



Business

Business activities in Africa continue to expand in April 2017 following improved business confidence in the region. Sales Managers Index (SMI) for Africa – an assessment of business condition in Pan-African Economy – improved by 1.5 index points from 54.2 points in January 2017 to 55.7 points in April 2017². Nigeria and South Africa – which account for 35 percent of the continental business activity – registered improvements in business activities within the period. The growth was driven by improvements in business confidence and market growth indices which outweighed the decline in Price Charged index. In contrast, another business performance indicator, the manufacturing Purchasing Managers' Index (PMI) contracted in South Africa and Kenya while remaining below the 50-threshold in Nigeria despite slight improvement in the month of March. Specifically, manufacturing PMI declined in South Africa (to 44.7 from 52.2 percentage points), Kenya (to 48.5 from 50.1 percentage points), but expanded to 47.7 from 44.6 percentage points in Nigeria³. The improvement of Nigeria's PMI maybe a reflection of recovery in oil price/production and improved performance in the agricultural sector⁴. Contraction in Kenya's PMI may have been triggered by a fall in output which was driven by weak demand⁵. Going forward, governments in the region need to fast-track their economic recovery efforts to boost business activities in their respective economies.



Inflation

Available data shows that in March 2017 consumer prices grew and remained high in most countries in the region. Specifically, headline inflation rate increased in Sudan (33.5 percent), Egypt (30.9 percent), Burundi (21.1 percent), Mozambique (21.57), and Ethiopia (8.5 percent), while it eased in South Africa (6.1 percent), Ghana (12.8 percent), Nigeria (17.78 percent), Uganda (6.4 percent) and Namibia (7 percent). Seychelles (-1.2 percent) remained in deflation while inflation rate in Mauritius remained unchanged at 1.3 percent within the review period³. Food component of inflation remained the major driver of inflation in the region. Inflation rate increased the most in East Africa, with Kenya, Ethiopia and Burundi experiencing price increases since the beginning of 2017. The increased inflationary pressure may be attributed to worsened drought condition in the region. The International Monetary Fund (IMF) projects an ease in inflationary pressure in 2017 (10.7 percent) relative to 2016 (11.4 percent)¹. However, inflation rates in sub-Saharan Africa is expected to remain in double digits in 2017 due to the pass through of large currency depreciations among other factors.



Stock Market

The All-Share Index (ASI) of major bourses across Africa continued to improve in the review period relative to March, 2017. Precisely, ASI increased in Uganda (4.63 percent), Kenya (3.45 percent), Zambia (3.31 percent), Malawi (3.30 percent), Ghana (3.31 percent), South Africa (1.83 percent), and Nigeria (0.04 percent). In contrast, ASI declined the most in Namibia (3.92 percent)⁶. Along with Namibia, Bourse Régionale des Valeurs Mobilières (BRVM) (3.32 percent), Morocco (1.80 percent), Egypt (0.99 percent) and Rwanda (0.12 percent) were the only countries that experienced depreciation in ASI in the review period. ASI of the Johannesburg Stock Exchange appreciated due to improvements in financial and industrial indices⁶. Appreciation in the Malawi ASI is attributed to an increase in Domestic Stock Index and a steady Foreign Share Index⁷. The decline experienced in the Egypt Stock Exchange maybe attributed to divestment by Egyptian investors following terror attacks that led to the declaration of a 3-months state of emergency across the country⁸. African states need to channel more efforts towards improving their economic fundamentals in order to boost investor confidence. Also, monetary authorities across the region should avoid crowding out investment in other aspects of the economy in their efforts to curb inflation, as investors try to balance risk and reward in their portfolio holding.



DATA SUMMARY

Selected Market	Index Name	Average ASI		% Change
		Mar-17	Apr-17	
Bostwana	BSE DCI	9,180.81	9,291.42	1.20
BRVM	BRVM-CI	284.89	275.43	-3.32
Egypt	EGX 30	13,003.62	12,874.37	-0.99
Ghana	GSE-CI	1,878.37	1,890.58	0.65
Kenya	NSE ASI	129.24	133.70	3.45
Mauritius	SEMDEX	1,925.70	1,990.17	3.35
Morocco	MASI	11,604.02	11,394.65	-1.80
Malawi	MSE ASI	14,428.58	14,904.65	3.30
Namibia	NSX OI	1,105.20	1,061.89	-3.92
Nigeria	NGSE ASI	25,541.48	25,551.10	0.04
Rwanda	RSE ASI	127.85	127.70	-0.12
South Africa	JSE ASI	52,141.12	53,093.87	1.83
Tanzania	DSE ASI	2,287.15	2,303.33	0.71
Tunisia	TUNINDEX	5,555.44	5,627.82	1.30
Uganda	USE ASI	1,492.42	1,561.54	4.63
Zambia	LuSE ASI	4,375.58	4,520.24	3.31
Zimbabwe	ZSE Ind.	137.84	141.55	2.69

Source: African-markets.com

Bourse Régionale des Valeurs Mobilières (BRVM) is the region stock market for 8 member countries. These countries include: Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

Inflation Rate (%)					
Countries	Jan-17	Feb-17	Mar-17	Projection	
				2017	2018
Nigeria	18.72	17.78	17.26	17.4	17.5
Egypt	28.1	30.2	30.9		
South Africa	6.6	6.3	6.1	6.2	5.5
Angola	39.66	38.32	36.52	27	17.8
Sudan	32.86	32.86	33.5		
Kenya	6.99	9.04	10.28		
Ethiopia	6.1	7	8.5	6.3	7.5
Tanzania	5.2	5.5	6.4	5.1	5
Tunisia	4.6	4.6	4.8		
Ghana	13.3	13.2	12.8	12	9
Ivory Coast	1.1	1.5	0.4	1.5	2
Zambia	7	6.8	6.7	9	8
Uganda	5.9	6.7	6.4	6.3	6
Mozambique	20.56	20.88	21.57		
Botswana	3.1	3.4	3.5		
Zimbabwe	-0.65	0.06	0.21		
Senegal	1.8	2	2.4	1.9	2
Mauritius	1.8	1.3	1.3		
Namibia	8.2	7.8	7		
Rwanda	12	13.4	13		
Burundi	12.9	20.9	21.1		
Seychelles	-0.6	-0.6	-1.2		

Source: Trading Economics & IMF WEO, April 2017

Real GDP Growth Rate of sub-Saharan African Economies			
	Estimates	Projections	
	2016	2017	2018
Sub-Saharan Africa	1.4	2.6	3.5
Oil Exporters	-1.7	0.7	1.9
Nigeria	-1.5	0.8	1.9
Angola	0	1.3	1.5
Gabon	2.3	1	2.7
Chad	-6.4	0.3	2.4
Republic of Congo	-2.7	0.6	8.8
Middle-Income Countries	1.9	2.5	3.5
South Africa	0.3	0.8	1.6
Ghana	4	5.8	9.2
Cote d'Ivoire	7.5	6.9	7.2
Cameroon	4.4	3.7	4.3
Zambia	3	3.5	4
Senegal	6.6	6.8	7
Low-Income Countries	5.4	5.5	5.8
Ethiopia	8	7.5	7.5
Kenya	6	5.3	5.5
Tanzania	6.6	6.8	6.9
Uganda	4.7	5	5.8
Madagascar	4.1	4.5	4.8
Dem. Republic of Congo	2.4	2.8	3.5

Source: IMF World Economic Outlook, April 2017

Oil Exporters Includes Equatorial Guinea and South Sudan.

Middle-Income Countries includes Botswana, Cabo Verde, Lesotho, Mauritius, Namibia, Seychelles, and Swaziland.

Low-Income Countries Includes Benin, Burkina Faso, Burundi, the Central African Republic, Comoros, Eritrea, The Gambia, Guinea, Guinea-Bissau, Liberia, Malawi, Mali, Mozambique, Niger, Rwanda, São Tomé and Príncipe, Sierra Leone, Togo, and Zimbabwe.

- ¹International Monetary Fund (2017). "World Economic Outlook April 2017". Retrieved from, <http://www.imf.org/~media/Files/Publications/WEO/2017/April/pdf/text.ashx?la=en>
- ²World Economics (2017). "Pan-African Economic Growth Picks Up Pace in April". Accessed on April 20, 2017. <http://www.worldeconomics.com/SMI/Africa-SalesManagersIndex.efp>
- ³Trading Economics (2017). "Data on African Countries". <http://www.tradingeconomics.com/>
- ⁴Focus Economics (2017). "Nigeria PMI March 2017". Accessed on April 30, 2017. <http://www.focus-economics.com/countries/nigeria/news/pmi/nigerian-pmi-reaches-15-month-high-in-march>
- ⁵Focus Economics (2017). "Kenya: PMI falls into contractionary territory in March". Accessed on April 30, 2017. <http://www.focus-economics.com/countries/kenya/news/pmi/pmi-falls-into-contractionary-territory-in-march>
- ⁶African Markets (2017). "AM Weekly Market Commentary- April 7-30, 2017". Accessed on May 3, 2017. <https://www.african-markets.com/en/stock-markets/commentary/am-weekly-market-commentary-april-13-2017>
- ⁷Fin 24. "JSE Rises as Market Favourite Macron Wins French poll". Accessed on April 28, 2017. <http://www.fin24.com/Markets/Equities/jse-rises-as-market-favourite-macron-wins-french-poll-20170424>
- ⁸Malawi Stock Exchange (2017). "Listed Share Information 21th April, 2017". Retrieved from, [http://www.mondovisione.com/assets/files/MSE_wklystockApril2117\(1\).pdf](http://www.mondovisione.com/assets/files/MSE_wklystockApril2117(1).pdf)
- ⁹African Markets (2017). "AM Weekly Market Commentary - April 13, 2017". Accessed on May 3, 2017. <https://www.african-markets.com/en/stock-markets/commentary/am-weekly-market-commentary-april-13-2017>