

Gross Domestic Product (GDP)



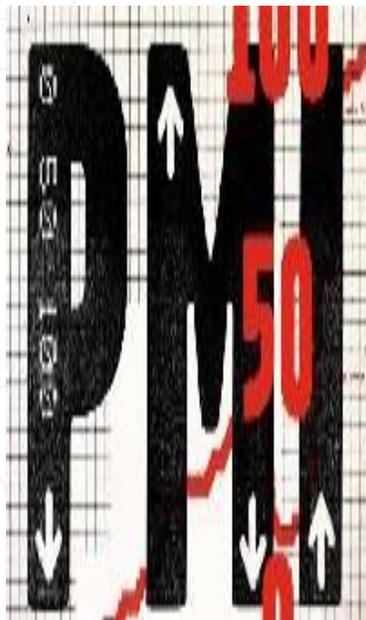
Economic growth in Africa's largest economies improved in the second quarter of 2017 (2017Q2) relative to the preceding quarter (2017 Q1), as Nigeria and South Africa exited recession. Specifically, GDP growth rate was 0.55 percent and 1.1 percent for Nigeria¹ and South Africa² in 2017Q2, compared to -0.91 percent and -0.7 percent in 2017Q1, respectively. The increased growth in Nigeria's economy was driven by improved performance in the oil sector (increased crude oil price and production) which offset the decrease in non-oil sector growth. South Africa's emergence from recession is supported by growth in its agriculture sector complimented by growth in finance, real estate, business service, mining and quarrying sectors. Despite the increased growth recorded in both countries within the review period, the pace of recovery may be affected by political concerns in South Africa and a distortion in crude oil production and/or a fall in crude oil price might negatively impact growth in Nigeria. Going forward, Nigeria needs to implement policies that will improve non-oil sector performance and diversify the revenue base to limit exposure to oil-related shocks while South Africa needs to strengthen its economic fundamentals, especially employment, to sustain economy-wide growth.

Inflation



Inflationary pressure continued to ease in most African countries with available data in July 2017 relative to June 2017,³ with the exception of Egypt (33.0 percent), Ethiopia (9.4 percent) and Tunisia (5.6 percent). Precisely, consumer prices decreased in Nigeria (16.05 percent), Ghana (11.9 percent), South Africa (4.6 percent), Tanzania (5.2 percent), Kenya (7.47 percent), Burundi (13.6 percent), and Rwanda (8.1 percent). The reduction in headline inflation in East Africa is a reflection of reduced food prices as the effect of drought dissipates,⁴ with Ethiopia the only country in the region plagued with food-induced price increase in the review period. Consumer prices decreased in all West African countries with available data. Inflationary pressure eased in Nigeria as core sub-index continued to offset the increase in food sub-index⁵, while the decrease experienced in Ghana was driven by exchange rate stability⁶. Also, all Southern African countries with available data experienced price decrease. The decrease in headline inflation in South Africa is driven by decrease in food, housing and transport components of inflation⁷. Price decrease in Malawi is attributable to decrease in food and non-food components of inflation⁸. By contrast, consumer prices continued to increase in Egypt following the increase in fuel prices since June⁹. Also, the price increase in Tunisia is driven by the recent reduction of fuel subsidy by the government in an attempt to trim its budget deficit¹⁰. Going forward, crucial investment is needed in Africa's agricultural value chain to enhance crop resistance and yield, as well as improve infrastructure to reduce the upward pressures food prices put on inflation.

Business



Business conditions in Africa deteriorated in August 2017 relative to July 2017. The Purchasing Managers' Index (PMI) – an assessment of business conditions in the manufacturing sector – declined in most African countries with available data except Egypt (48.9 index points)¹¹, where it rose marginally but failed to reach the 50 index-point threshold. Specifically, PMI contracted but remained above the 50 index-point threshold in Uganda (54.1 index points)¹², Zambia (51.8 index points)¹³, and Nigeria (53.6 and 54.1 index points for manufacturing and non-manufacturing PMI respectively)¹⁴. Conversely, PMI contracted and remained below the 50 index-points threshold in South Africa (49.8 index-points)¹⁵ and Kenya (42 index-points)¹⁶. The decline recorded in Kenya was driven by fall in business activities, which may be reflective of the annulled general elections held in August. The deterioration in business conditions in South Africa was driven by fall in output and new orders sub-components which offsets the gains in employments and other sub-components. Despite slight decrease, PMI in Nigeria, Uganda and Zambia remained above 50 index-points signaling ongoing improvements in business conditions in these countries. Business activities in Egypt's non-oil private sector further improved despite remaining in contractionary territory, as growth in new export order and output sub-components were insufficient to raise PMI above 50 index points. Going forward, African economies need to raise aggregate demand to levels that can ensure business growth, especially by creating more employment opportunities.

Stock Market



The All-Share Index (ASI) of major bourses across Africa continued to improve in August 2017 relative to June 2017.¹⁷ Specifically, All-Share Index (ASI) increased in Malawi (18.27 percent), Ghana (13.89 percent), Nigeria (12.04 percent), Zimbabwe (11.50 percent), Uganda (9.11 percent) and Kenya (8.95 percent). In contrast, Bourse Régionale des Valeurs Mobilières (BRVM) (3.59 percent), Egypt (3.22 percent), Botswana (2.85 percent), Tanzania (2.37 percent) and Rwanda (0.47 percent) experienced depreciation in ASI in the review period. Malawi's ASI appreciated the most courtesy of an increase in both its Domestic and Foreign Share Indices.¹⁸ Appreciation in Nigeria's ASI is attributable to improved liquidity in the FOREX market and a strong mid-year performance by listed companies.¹⁹ Positive investors' sentiment may be responsible for the improvements in Kenya's ASI. In contrast, the decline in ASI in the Egypt Stock Market may be attributable to sessions of sluggish trade²⁰ as well as US decision to deny and delay over \$250 million in aids to the country.²¹ Going forward, economies in the region must sustain investor confidence to maintain improvements in the stock market, particularly by prudently managing their economies and maintaining credibility in FOREX management.

DATA SUMMARY

Selected Market	Index Name	Average ASI		% Change
		Jul-17	Aug-17	
Bostwana	BSE DCI	9,226.04	8,963.42	-2.85
BRVM	BRVM-CI	254.46	245.32	-3.59
Egypt	EGX 30	13,596.24	13,158.73	-3.22
Ghana	GSE-CI	2,038.69	2,321.93	13.89
Kenya	NSE ASI	152.69	166.36	8.95
Mauritius	SEMDEX	2,146.89	2,189.28	1.97
Morocco	MASI	12,331.00	12,293.16	-0.31
Malawi	MSE ASI	16,131.58	19,078.81	18.27
Nigeria	NGSE ASI	32,860.42	36,817.56	12.04
Rwanda	RSE ASI	124.40	124.99	0.47
South Africa*	JSE ASI	53,636.04	55,765.02	3.97
Tanzania	DSE ASI	2,181.67	2,129.93	-2.37
Tunisia	TUNINDEX	6,187.38	6,264.21	1.24
Uganda	USE ASI	1,659.93	1,811.07	9.11
Zambia	LuSE ASI	4,750.62	4,851.34	2.12
Zimbabwe	ZSE Ind.	198.17	220.96	11.50
Source: African-markets.com				
*Johannesburg Stock Exchange				

Inflation Rate (%)				
Countries	Apr-17	May-17	Jun-17	Jul-17
Nigeria	17.24	16.25	16.1	16.05
Egypt	31.5	29.7	29.8	33
South Africa	5.3	5.4	5.1	4.6
Angola	34.8	32.58	30.51	27.29
Malawi	14.6	12.3	11.3	10.2
Kenya	11.48	11.7	9.21	7.47
Ethopia	8.6	8.7	8.8	9.4
Tanzania	6.4	6.1	5.4	5.2
Tunisia	5	4.8	4.8	5.6
Ghana	13	12.6	12.1	11.9
Ivory Coast	0.1	-0.4	1.6	0.8
Zambia	6.7	6.5	6.8	6.6
Burundi	19.4	18.8	15.1	13.6
Uganda	6.8	7.2	6.4	5.7
Mozambique	21.27	20.24	18.1	16.17
Botswana	3.4	3.5	3.5	3.4
Zimbabwe	0.48	0.75	0.31	0.14
Mauritius	2.9	5.9	6.4	5.3
Namibia	6.7	6.3	6.1	5.4
Rwanda	12.9	11.7	9.4	8.1
Seychelles	-0.78	3.18	3.69	3.16
Source: Trading Economics				

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