

Economic Growth

In the fourth quarter of 2016, available data on Gross Domestic Product (GDP) (year-on-year) shows improvement in most countries in Africa, amidst decline in growth in Southern Africa. Mauritius and Cape Verde grew by 4.1 percent and 4.6 percent respectively.¹ Ongoing recession in Nigeria eased slightly in 2016Q4 with a -1.3 percent growth rate compared to -2.24 percent recorded in 2016Q3, following improved performance in the oil sector.² Growth declined in South Africa and Botswana recording -0.3 percent and 4.2 percent in 2016Q4 compared to 0.4 percent and 6.9 percent recorded in 2016Q3, respectively. The decline in growth in both countries can be attributed to poor performance of the mining and quarrying sectors.^{3,4} Improvement in economic growth in Nigeria was driven by the oil sector, as crude oil price and production increased within the period under review while Mauritius experienced growth in all sectors of its economy⁵. As commodity prices rebalance and the global economy resurges, African economies are expected to witness general improvement in 2017. More so, if policy makers in commodity exporting countries press on with economic reforms; prudently adjusting to the new landscape of low commodity prices.



Inflation

Available data shows that headline inflation rates increased and remained high in most countries in the region in February 2017. Specifically, inflation rate increased in Egypt (30.2), Burundi (20.9 percent), Kenya (10.28), and Ethiopia (8.5 percent), while it eased in Nigeria (17.78 percent), Ghana (13.2 percent), South Africa (6.3 percent), and Namibia (7.8 percent). Seychelles (-0.6 percent) remained in deflation while Sudan (32.86 percent) and Tunisia (4.6 percent) had unchanged inflation rates within the review period¹. Increased cost of food continued to plague the region as food component of inflation remained the major driver of inflation. Drought in East Africa continues to compound price pressure in the region. Inflation rates in Burundi⁶, Kenya⁷ and Ethiopia increased by 8, 3.29, and 2.4 percentage points respectively, signifying the three highest price increase in the review period. Major oil producers (Nigeria and Angola) as well as Ghana experienced reduced inflation as initial inflationary pressures arising from depreciating exchange rates and price deregulation are easing after a 12-month cycle. Maintenance of tight monetary policy by central banks around the region may support their price stability goals, barring negative shocks to the global economy or commodity prices.



Monetary Policy

Available data show that most Monetary Policy Committees (MPC) in Africa retained or lowered their interest rates in meetings held in March. Precisely, South Africa and Namibia repurchase rates remained unchanged at 7 percent per annum, Nigeria Monetary Policy Rate (MPR) was maintained at 14 percent, Kenya Central Bank Rate was retained at 10 percent, Egypt and Morocco interest rates were also maintained at 14.75 percent and 2.25 respectively¹. In contrast, Ghana⁸, Uganda⁹, Malawi¹⁰ and Mozambique lowered their interest rate to 23.5 percent, 22 percent, 11 percent and 22.75 percent respectively. Interest rates may have been lowered due to favorable inflationary trends/prospect in Ghana, Malawi and Mozambique. However, the various MPCs took into consideration the influence of global and domestic uncertainty in their various decisions, arising from Brexit, volatile commodity prices and new US administration.

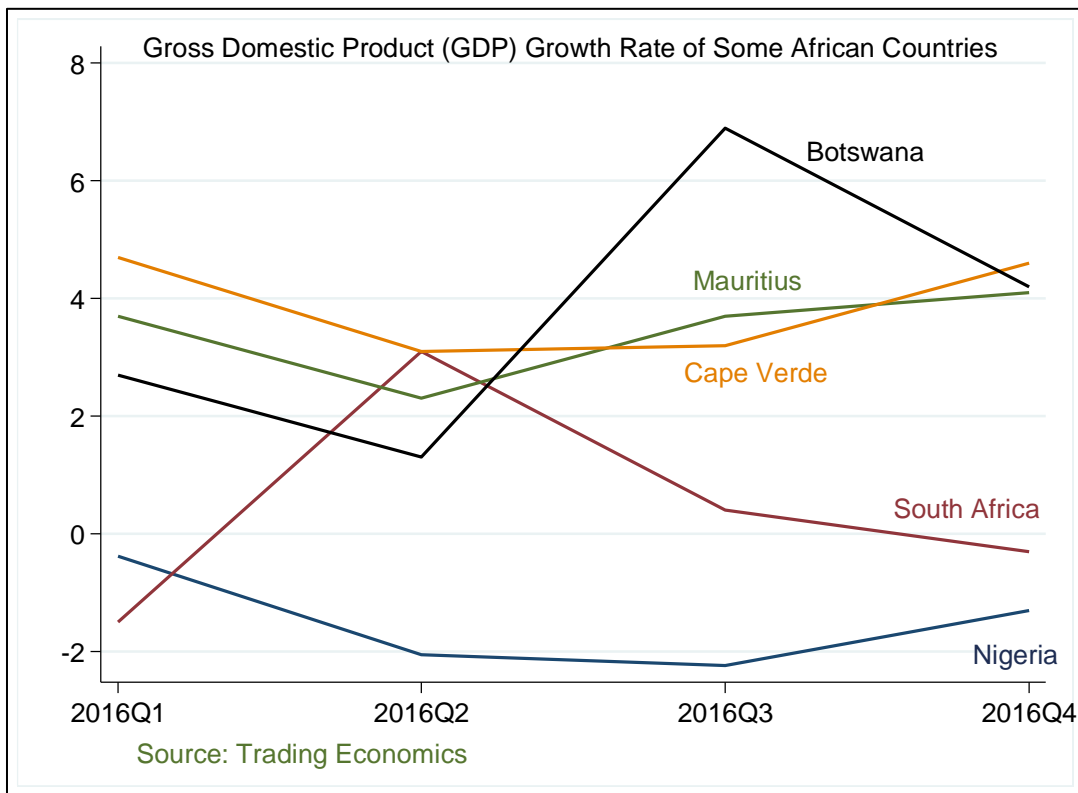


Stock Market

The All-Share Index (ASI) of major bourses across Africa improved in the review period relative to February, 2017. Precisely, ASI increased in Malawi (7.14 percent), Uganda (6.82 percent), Zambia (6.42 percent), Kenya (3.17 percent), Ghana (3.31 percent), Egypt (2.36 percent), and Nigeria (0.82 percent)¹¹. Malawi ASI appreciated the most due to increase in its domestic stock index¹². Improvement in ASI of Egypt Stock Exchange (EGX-30) is attributable to the stability of the Egyptian pound against the dollar and the recovery of the tourism sector¹³. Increase in Ghana ASI resulted from investors' response to the government's incentive of removing capital market gains tax and exempting the market from stamp duties for 2 years.¹⁴ In contrast, ASI declined the most in Morocco (4.11 percent). Along with Morocco, South Africa (0.11 percent) and Zimbabwe (0.05 percent) were the only countries that experienced depreciation in ASI in the review period. The decline experienced in the Johannesburg Stock Exchange maybe attributed to uncertain in the economy amid cabinet shuffle¹⁵. African governments need to pursue policy options that guarantee more investor confidence in their capital markets rather than pursuing political interests at their economies' expense.



DATA SUMMARY



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.

All-Share Index (points)				
Selected Market	Index Name	Average ASI		% Change
		Feb-17	Mar-17	
Bostwana	BSE DCI	9,073.58	9,180.81	1.18
BRVM	BRVM-CI	282.67	284.89	0.79
Egypt	EGX 30	12,703.36	13,003.62	2.36
Ghana	GSE-CI	1,818.26	1,878.37	3.31
Kenya	NSE ASI	125.28	129.24	3.17
Mauritius	SEMDEX	1,902.97	1,925.70	1.19
Morocco	MASI	12,101.33	11,604.02	-4.11
Malawi	MSE ASI	13,466.72	14,428.58	7.14
Namibia	NSX OI	1,093.96	1,105.20	1.03
Nigeria	NGSE ASI	25,333.21	25,541.48	0.82
Rwanda	RSE ASI	127.48	127.85	0.29
South Africa	JSE ASI	52,196.46	52,141.12	-0.11
Tanzania	DSE ASI	2,232.32	2,287.15	2.46
Tunisia	TUNINDEX	5,512.89	5,555.44	0.77
Uganda	USE ASI	1,397.18	1,492.42	6.82
Zambia	LuSE ASI	4,111.76	4,375.58	6.42
Zimbabwe	ZSE Ind.	137.91	137.84	-0.05

Source: African-markets.com

Inflation Rate (%)				
Countries	Nov-16	Dec-16	Jan-17	Feb-17
Nigeria	18.48	18.55	18.72	17.78
Egypt	19.4	23.3	28.1	30.2
South Africa	6.6	6.8	6.6	6.3
Angola	41.15	41.95	40.39	39.45
Sudan	29.49	30.47	32.86	32.86
Kenya	6.68	6.35	6.99	10.28
Ethopia	7	6.7	6.1	8.5
Tanzania	4.8	5	5.2	4.8
Tunisia	4	4.2	4.6	4.6
Ghana	15.5	15.4	13.3	13.2
Congo	15.27	31.11	39.58	36.29
Ivory Coast	0.4	-0.2	1.1	1.5
Zambia	8.8	7.5	7	6.8
Uganda	4.6	5.7	5.9	6.7
Mozambique	26.83	25.27	20.56	20.88
Botswana	2.9	3	3.1	3.4
Zimbabwe	-1.09	-0.93	-0.65	0.06
Senegal	0.2	2.1	1.8	2
Mauritius	2.2	2.3	1.8	1.3
Namibia	7.3	7.3	8.2	7.8
Rwanda	9.1	11	12	13.4
Algeria	7.31	6.95	8.21	8.3
Burundi	7.1	9.6	12.9	20.9
Seychelles	-0.4	-0.26	-0.6	-0.6

Source: Trading Economics

- ¹ Trading Economics (2017). "Data on African Countries". <http://www.tradingeconomics.com/>
- ² National Bureau of Statistics. "Nigeria Gross Domestic Product Report Q4 2016". Retrieved from, <http://www.nigerianstat.gov.ng/report/518>
- ³ Statistics Botswana (2017). "Gross Domestic Product Report Fourth Quarter of 2016". Retrieved from, <http://www.statsbots.org.bw/sites/default/files/GDP%20Q4%202016.pdf>
- ⁴ Statistics South Africa (2017). "Gross Domestic Product Report Fourth Quarter 2016". Retrieved from, <http://www.statssa.gov.za/publications/P0441/P04414thQuarter2016.pdf>
- ⁵ Statistics Mauritius (2017). "Quarterly National Accounts Fourth Quarter 2016". Retrieved from, http://statsmauritius.govmu.org/English/Publications/Documents/EI1309/QNA_4Qtr16.pdf
- ⁶ Reuters Africa (2017). "Burundi's inflation jumps to 20.7 percent in February y/y". Accessed on March 31, 2017. <http://af.reuters.com/article/investingNews/idAFKBN16T0JH-OZABS>
- ⁷ Capital Markets in Africa (2017). "Kenyan Inflation Jumps to Five-Year High as Drought Bites". Accessed on April, 4 2017. <http://www.capitalmarketsinafrica.com/kenyan-inflation-jumps-to-five-year-high-as-drought-bites/>
- ⁸ Bank of Ghana (2017). Monetary Policy Committee Press Release. Retrieved from, https://www.bog.gov.gh/privatecontent/MPC_Press_Releases/MPC%20Press%20Release%20-%20March%202017.pdf
- ⁹ Bank of Uganda (2017). "Monetary Policy Statement for April 2017". Retrieved from, https://www.bou.or.ug/export/sites/default/bou/media/press_releases/2017/Apr/Monetary-Policy-Statement-for-April-2017.pdf
- ¹⁰ Reserve Bank of Malawi (2017). "Statement of the 1st Monetary Policy Committee Meeting for 2017". Retrieved from, <https://www.rbm.mw/Home/GetContentFile/?ContentID=12249>
- ¹¹ African Markets (2017). "AM Weekly Market Commentary- February 24, 2017". Accessed on March 20, 2017. <https://www.african-markets.com/en/stock-markets/commentary/am-weekly-market-commentary-march-27-2017>
- ¹² Malawi Stock Exchange (2017). "Listed Share Information 24th March, 2017". Retrieved from, http://m.mondovisione.com/assets/files/MSE_wkly-stock-March-24--17.pdf
- ¹³ Amman Stock Exchange (2017). "Monthly Performance Report March 2017". Retrieved from, <http://www.mahfaza.com.jo/files/March%202017%20english.pdf>
- ¹⁴ Citifmonline (2017). "Analysts upbeat about boost in capital market's growth". Accessed on March 20, 2017, <http://citifmonline.com/2017/03/07/analysts-upbeat-about-boost-in-capital-markets-growth/#sthash.jVJC1hQP.dpuf>
- ¹⁵ Fin24 (2017). "Banking shares slip amid uncertainty over Gordhan's future". <http://www.fin24.com/Markets/Equities/banking-shares-slip-amid-uncertainty-over-gordhans-future-20170329>