



**MARKET UPDATE**  
**VOLUME 1**

# Monthly Developments in the African Macroeconomic Environment

**Afreximbank Research**  
**January 2025**

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

Transforming Africa's Trade

## Executive Summary 1/3

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**This market update, produced by Afreximbank Research**, provides an in-depth analysis of global and African macroeconomic developments, highlighting key trends, risks, and opportunities shaping the continent's economic landscape. By monitoring these dynamics, Afreximbank aims to support informed decision-making, enhance economic resilience, and foster sustainable growth across Africa.

The **January 2025 edition** examines the evolving global economic environment and its implications for African economies, assessing trade patterns, inflation trends, exchange rate movements, and policy responses.

### **Global Economic Landscape: Uncertainty Amidst Moderation**

The global economy is projected to grow at 3.3% in 2025, a slight improvement from 2024 but still below the historical average. While inflation is receding—expected to decline from 4.2% in 2025 to 3.5% in 2026—rising trade and policy uncertainties pose significant risks. Major central banks, including the U.S. Federal Reserve and the European Central Bank, have begun easing interest rates, but this could be offset by disruptions from the protectionist policies of the re-elected Trump administration.

China's economic slowdown, geopolitical tensions, and commodity market volatility further cloud the outlook. The U.S.-China trade conflict, OPEC+ production adjustments, and climate-related supply shocks could pressure African economies, particularly those reliant on commodity exports. These external risks set the stage for how African nations must navigate their economic strategies in 2025.

### Africa's Economic Performance: Growth Amidst Challenges

Against this backdrop, Africa's economic trajectory is expected to improve, with growth forecasted to rise from 3.4% in 2024 to 3.7% in 2025 and 4.0% in 2026. This positive outlook is driven by recoveries in major economies such as Nigeria, Egypt, and South Africa, as well as deeper integration under the African Continental Free Trade Area (AfCFTA).

Inflation remains a concern but is showing signs of easing. The continent's average inflation rate, which stood at 8.6% in 2024, is projected to decline to 7.2% in 2025, helped by stabilizing global supply chains and domestic monetary adjustments. However, currency fluctuations, driven by the strong U.S. dollar and shifting global capital flows, remain a key risk for many African economies.

### Regional Highlights: Differing Fortunes Across the Continent

- West Africa is undergoing profound economic and geopolitical shifts. The formal exit of Mali, Burkina Faso, and Niger from ECOWAS marks a significant political realignment. Nigeria is grappling with soaring inflation (34.8%), naira depreciation, and proposed tax reforms, while Ghana continues its debt restructuring and benefits from surging gold exports. Côte d'Ivoire, meanwhile, has secured \$10 billion in offshore oilfield investments, strengthening its energy sector.
- East Africa presents a mixed picture. Ethiopia launched its first securities exchange, signaling deeper financial market development. Uganda anticipates double-digit GDP growth (10.8%) by 2026, supported by commercial crude oil production. However, Ethiopia faces mounting inflationary pressures, expected to peak at 25% in 2025, alongside currency volatility.
- Central Africa remains a region of contrasts. Angola's economy is expected to grow by 4.1% in 2025, but inflation remains elevated at 28.4%. Gabon faces fiscal strain, with the World Bank suspending disbursements due to debt arrears, while the Central African Republic struggles with economic stagnation.

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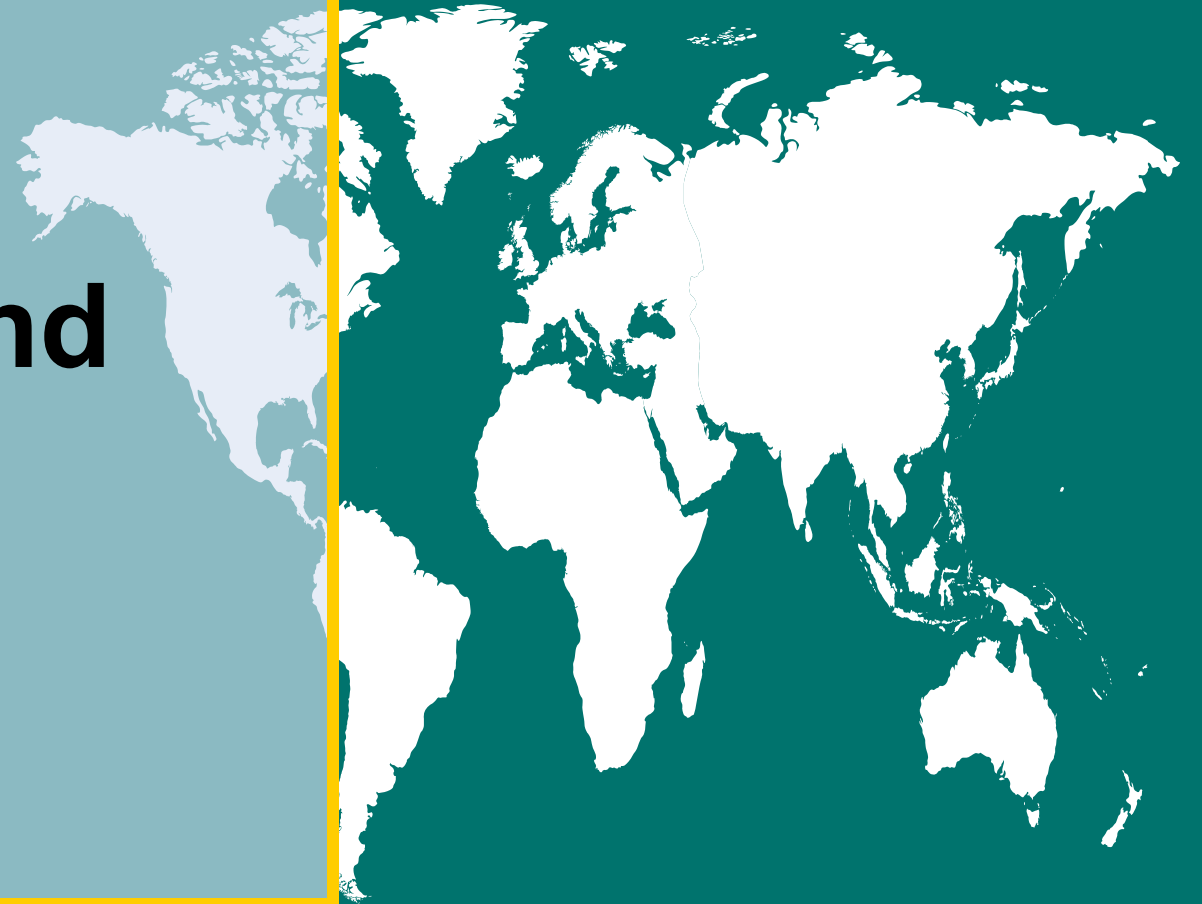
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01

# Emerging Trends and Shifts in the Global Macroeconomic Landscape



# Key Megatrends Shaping the Global Macroeconomic Landscape



**Growth**

## Divergent Growth Trajectories for 2025.

Global growth is projected at 3.3%, but trade uncertainties may impact the US, Europe, and China.

**Policies**

## Financial easing cycle

Major central banks across the world, including the U.S. Fed and the ECB, have started lowering interest rates as inflation continues to moderate

**Election**

## Donald Trump wins US presidential election

In 2023, U.S. investments in Africa topped \$22 billion, alongside \$3.7 billion in aid. Trump's protectionism sparks fears of trade rollbacks and aid cuts but may sustain support to counter Russia.

**Trade**

## Trump's tariffs would reorder trade flows, raise costs, draw retaliation

Trump's re-election signals renewed "America First" trade policy and protectionism, with proposed 60% tariffs on Chinese goods and 10%+ tariffs on all U.S. imports, threatening global supply chains.

**Geopolitics**

## Unsettled Geopolitical Relationships

Tensions are rising over Trump's dealings in Greenland, Canada, and Panama. US-China trade risks persist, and the Ukraine-Russia conflict affects global stability.

**Commodity**

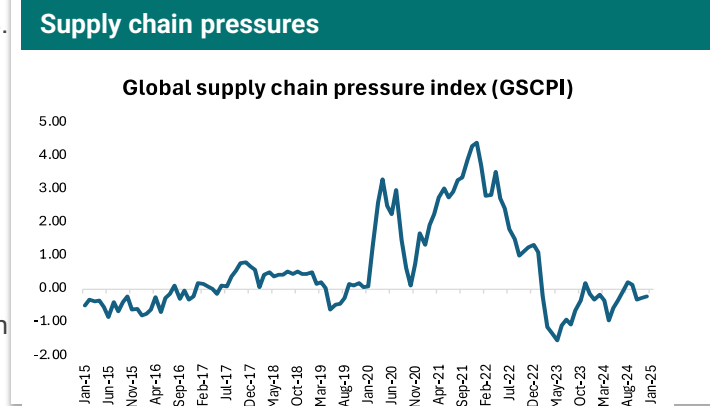
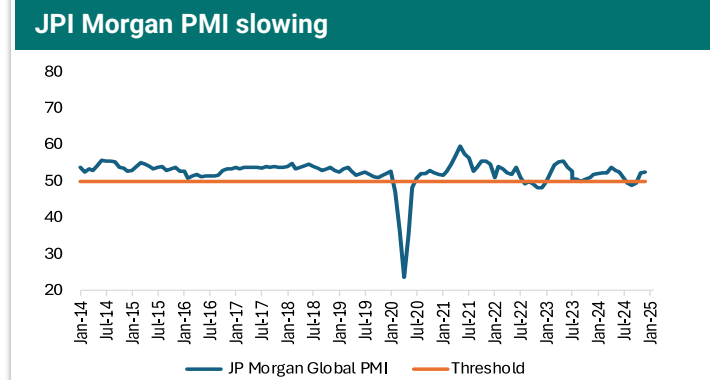
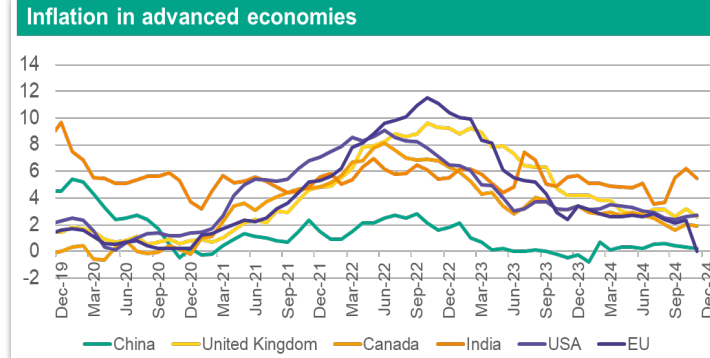
## Commodity market volatility

Metals and cocoa thrived in 2024. Key factors for 2025 include Trump 2.0, US tariffs, a strong dollar, China's slowdown, and OPEC+ cuts.

**Climate**

## Climate change crisis

Spates of natural disasters were recorded in 2024 on account of climate change—extreme weather, rising sea levels, and wildfires with severe regional impacts in Africa, Asia, North America, and Australia, highlighting the urgent need for climate action and resource allocation to safeguard vulnerable communities globally.



Source: Trading Economics, Central Banks

## Painless disinflation amidst macroeconomic pressures

Global inflation wave is in retreat, with inflation expected at 4.2% in 2025 and 3.5% in 2026. This is supported by a faster-than-expected decline in energy prices and transportation and gradually resorbed temporary sectoral bottlenecks.

**Inflation**

# Key Insights from Leading Global Economies



United States

## U.S. GDP Growth Outlook

The U.S. economy is projected to grow by 2.4% in 2024, with a slight deceleration to 1.9% in 2025, influenced by labor market dynamics, trade policies, and monetary policy.

## Inflation Stabilization Progress

Core PCE inflation ended 2024 at 2.8%, a significant decrease from the 5.6% peak in 2022. The Federal Reserve aims for a 2% target, indicating ongoing efforts to manage inflation.

## Monetary Policy Adjustments

The Federal Reserve is expected to implement two quarter-percentage-point rate cuts in 2025, adjusting interest rates to support economic stability and address inflationary pressures. (source)

## U.S. Trade War Escalation

In January 2025, President Trump initiated a trade war by imposing tariffs: 25% on goods from Canada and Mexico, and 10% on China, leading to market volatility and concerns over global economic impacts. (source)



China

## China's Economic Performance

China's GDP grew by 5% in 2024, meeting the government's target. However, growth was unbalanced, led by industry and exports, with consumption lagging due to worker uncertainties.

## Tariff dims growth outlook

China's growth may slow to 4.5% in 2025 and 4.2% in 2026, prompting policymakers to introduce stimulus measures to counter weakening demand and U.S. tariff pressures, ensuring economic stability.

## Manufacturing Sector Trends

China's factory activity growth slowed in January, with the Caixin/S&P Global manufacturing PMI dropping to 50.1 from 50.5 in December, slightly above the growth threshold of 50 on the back of trade uncertainties leading to fastest rate of staffing reductions in nearly 5 years.

## Retaliatory tariffs

China's Finance Ministry announced that it would impose levies of 15% on U.S. coal and LNG and 10% on crude oil, farm equipment, and some autos. This is in response to additional 10% tariff imposed on Chinese products by Trump.



Eurozone

## Eurozone Economic Outlook

The Eurozone's GDP growth forecast for 2025 has been revised downward to 1.5%, reflecting challenges in boosting economic expansion.

## Inflation Trends in Eurozone

In January 2025, Eurozone inflation rose to 2.5%, exceeding both analysts' expectations and December's rate, remaining above the European Central Bank's 2% target for the third consecutive month.

## ECB's Monetary Policy Stance

The European Central Bank (ECB) has implemented consecutive rate cuts, with further reductions considered plausible due to weak growth and low inflation. However, high uncertainty means precise rate guidance is unrealistic.

## Impact of U.S. Tariffs

President Trump's recent tariffs on Canadian, Mexican, Chinese, and EU goods could potentially reduce Eurozone growth by up to 0.5 percentage points in a year and fuel inflation further, impacting economic policies.



Japan

## Japan's Economic Outlook

Japan's economy is projected to grow by 1.2% in 2025, driven by increased domestic demand as wage gains outpace inflation.

## Inflation Trends in Japan

Underlying inflation in Japan is approaching the 2% target, with households experiencing higher inflation rates due to rising import prices.

## Bank of Japan's Rate Hike

The Bank of Japan raised the short-term interest rate to 0.5%, the highest in 17 years, to address rising inflation and a weakened yen.

## Manufacturing Sector Challenges

Japan's factory activity declined at its fastest pace in ten months due to sluggish demand, with business confidence falling to a two-year low.



United Kingdom

## UK Economic Growth Forecast

The UK economy is projected to grow by 1% in 2025, halving the Office for Budget Responsibility's estimate of 2%. This adjustment reflects challenges in boosting economic expansion.

## Inflation Outlook for 2025

Inflation is expected to remain above the Bank of England's 2% target until mid-2025, influenced by higher energy prices and global trade conflicts.

## Bank of England's Rate Cut

The Bank of England is anticipated to lower interest rates by a quarter point to 4.5% due to the UK's stagnating economy and potential short-term inflation rise.

## Impact of U.S. Tariffs

Trump's recent tariffs on Canadian, Mexican, and Chinese goods could have severe repercussions for the UK economy, despite no immediate direct tariffs against the UK.

# Monetary Easing Cycle Stabilizes Amid Rising Risks of a Pause

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
Japan	Policy Rate Bal	0.25%	2.5%	-2.2%	Unchanged	Hold	Oct-24
Switzerland	Target Rate	0.50%	0.6%	-0.1%	Lower	Cut	Dec-24
Taiwan	Discount Rate	2.00%	1.7%	0.3%	Unchanged	Hold	Oct-24
Thailand	Policy Rate	2.25%	0.8%	1.4%	Lower	Cut	Oct-24
Malaysia	Policy Rate	3.00%	1.8%	1.2%	Unchanged	Hold	Nov-24
Denmark	Deposit Rate	2.60%	1.6%	1.0%	Lower	Cut	Dec-24
China	Loan Prime Rate	3.10%	0.3%	2.8%	Unchanged	Hold	Oct-24
South Korea	Repo Rate	3.00%	1.2%	1.8%	Lower	Cut	Dec-24
Sweden	Repo Rate	2.50%	1.6%	0.9%	Lower	Cut	Dec-24
Eurozone	Deposit Rate	3.15%	2.1%	1.0%	Unchanged	Cut	Dec-24
Australia	Cash Rate	4.35%	2.8%	1.5%	Unchanged	Hold	Oct-24
Norway	Deposit Rate	4.50%	2.6%	1.9%	Unchanged	Hold	Oct-24
Canada	Overnight	3.25%	1.6%	1.6%	Lower	Cut	Dec-24
Czech Republic	Repo Rate	4.00%	2.8%	1.2%	Lower	Hold	Nov-24
UK	Bank Rate	4.75%	1.7%	3.0%	Lower	Hold	Oct-24
New Zealand	Cash Rate	4.25%	2.2%	2.0%	Lower	Hold	Oct-24
US	Fed Funds	4.50%	2.6%	1.9%	Lower	Hold	Oct-24
Peru	Policy Rate	5.00%	2.0%	2.9%	Lower	Hold	Nov-24
Chile	Base Rate	5.25%	4.7%	0.5%	Lower	Hold	Oct-24
Poland	Repo Rate	5.75%	5.0%	0.7%	Unchanged	Hold	Oct-24
Hong Kong	Base Rate	4.75%	2.5%	2.2%	Lower	Cut	Dec-24
Saudi Arabia	Repo Rate	5.00%	1.9%	3.0%	Lower	Hold	Oct-24
Indonesia	Repo Rate	6.00%	1.7%	4.2%	Unchanged	Hold	Oct-24
Philippines	Key Policy Rate	5.75%	2.3%	3.4%	Lower	Cut	Dec-24
India	Repo Rate	7.75%	6.2%	1.5%	Unchanged	Cut	Dec-24
South Africa	Repo Rate	8.00%	3.8%	4.0%	Unchanged	Hold	Oct-24
Brazil	Target Rate	12.25%	4.8%	7.1%	Higher	Hike	Dec-24
Colombia	Repo Rate	9.50%	4.1%	5.2%	Unchanged	Cut	Dec-24
Mexico	Overnight Rate	10.00%	4.8%	5.0%	Unchanged	Cut	Dec-24
Russia	Key Policy Rate	21.00%	8.5%	11.5%	Higher	Hike	Oct-24
Argentina	Overnight Repo	32.00%	193.0%	-54.9%	Lower	Cut	Dec-24
Turkey	Repo Rate	47.50%	48.6%	-0.7%	Unchanged	Cut	Dec-24

Source: Afreximbank Research, Trading Economics.

Country	Latest	March-25	June-25	September-25	December-25
Euro Area	3.15	2.65	2.15	2.15	1.90
India	6.50	6.25	6.25	6.00	5.75
Japan	0.25	0.40	0.40	0.40	0.40
United States	4.50	4.50	4.25	4.25	4.00
China	3.10	2.85	2.70	2.70	2.85
United Kingdom	4.75	4.50	4.25	4.00	3.75
Brazil	12.25	12.00	11.75	11.75	11.25

Goldman Sachs global and U.S. financial conditions indices, which fall as conditions loosen



Note:  
Source: Goldman Sachs  
Reuters Graphics

- The easing cycle has stabilized, with increased risks of a pause due to rising trade and policy uncertainty. So far, the likelihood of a soft landing outweighs the risks of a hard landing.
- Global financial conditions remain predominantly accommodative, although notable variations exist across different jurisdictions.

# Commodity Markets Face Mounting Pressures

## Cocoa Futures US\$ per Tonne

Cocoa (USD/T) 11167



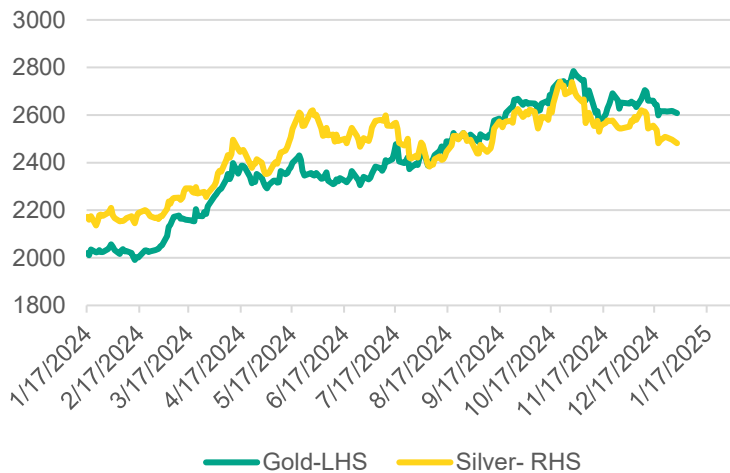
## Crude oil price (US\$)



## Five Key Events Shaping Commodity Markets in 2025

- 1. Trump 2.0:** A second Trump administration is set to boost U.S. oil production and LNG exports, temporarily driving up energy prices.
- 2. US Tariffs:** Potential new U.S. tariffs on China by 2026 could slow economic growth and impact the automotive sector.
- 3. Strong Dollar:** A robust U.S. dollar is expected to weigh on imports and depress prices of non-energy commodities.
- 4. China Slowdown:** China's economic deceleration is likely to reduce iron ore demand, pressuring commodity prices throughout 2025.
- 5. OPEC+ Cuts:** With a bullish outlook on oil demand, OPEC+ is preparing to unwind production cuts, influencing global oil markets.

## Gold vs Silver (US\$/t.oz)



## Platinum US\$/t.oz



# Global Economic Outlook: Key Forecasts and Trends

## Global Economic Landscape: Disinflation Amidst Macroeconomic Pressures and Divergent Growth Trajectories for 2025.

01

### Diverging Growth Trajectories: Economic Projections for 2025

- **Slower Growth Trend:** Global growth is projected at 3.3% in 2025 and 2026, falling below the 2000–2019 average of 3.7%.
- **U.S. Strength, Policy Risks:** The U.S. economy is expected to remain strong, but trade policy uncertainties could dampen growth in Europe, China, and the U.S. itself.
- **China's Balancing Act:** While stimulus measures may support China's economy, tariffs and a strong dollar pose significant challenges.
- **Emerging Markets' Resilience:** Stronger emerging markets are better positioned to navigate global headwinds.

02

### Disinflation Trends Persist Amid Mounting Macroeconomic Pressures"

- **Economic Deceleration:** Global growth is receding as policy uncertainty increases.
- **Inflation Outlook:** Headline inflation is projected to decline to 4.2% in 2025 and further to 3.5% in 2026.
- **Advanced vs. Emerging Markets:** Inflation in advanced economies is expected to return to target sooner than in emerging markets and developing economies
- **.Key Drivers:** This trend will be supported by stable inflation expectations and wage normalization in the services sector of advanced economies.

03

### World Trade Outlook Dims: Downward Revisions for 2025 and 2026

- **Downward Revisions:** Global trade volume estimates for 2025 and 2026 have been slightly lowered.
- **Key Driver:** The sharp rise in trade policy uncertainty is a major factor behind the revision.
- **Investment Impact:** Heightened uncertainty is expected to disproportionately affect investment among trade-intensive firms, further weighing on trade growth.

04

### Geopolitical Shifts Post-U.S. Elections: Rising Tensions and Potential Resolutions

- **Heightened Tensions:** U.S. foreign policy moves, including Trump's potential deals with Greenland, Canada, and Panama, are contributing to geopolitical frictions.
- **Evolving Conflicts:** While some tensions escalate, there are indications that conflicts such as Russia-Ukraine and Israel-Hamas-Hezbollah may be easing.
- **Global Implications:** These geopolitical shifts will have significant economic and security ramifications across regions

### Growth forecasts (%)

	2024	2025	2026
World	3.2	3.3	3.3
Advanced Economies	1.7	1.9	1.8
United States	2.8	2.7	2.1
Euro Area	0.8	1	1.4
Japan	-0.2	1.1	0.8
United Kingdom	0.9	1.6	1.5
Other Advanced Economies	2	2.1	2.3
Emerging and Developing	4.2	4.2	4.3
China	4.8	4.6	4.5
India	6.5	6.5	6.5
Low income developing	4.1	4.6	5.4

Source: IMF, 2025

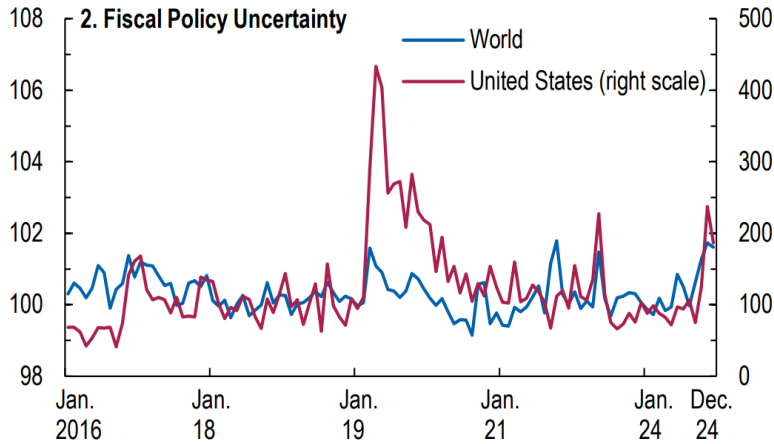
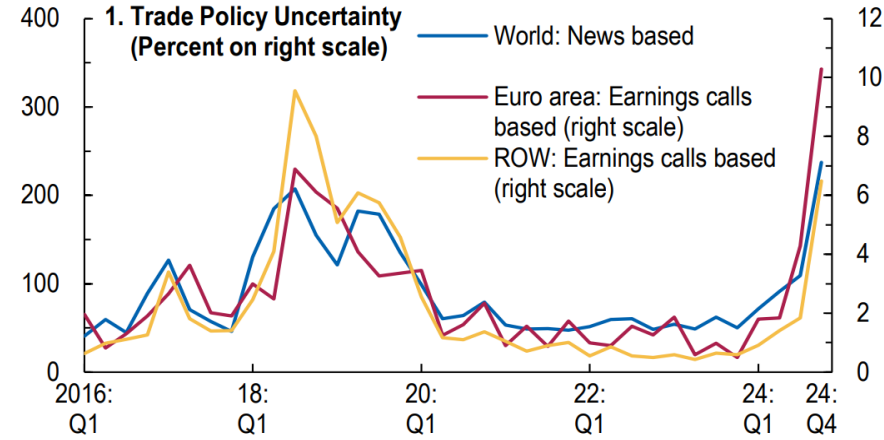
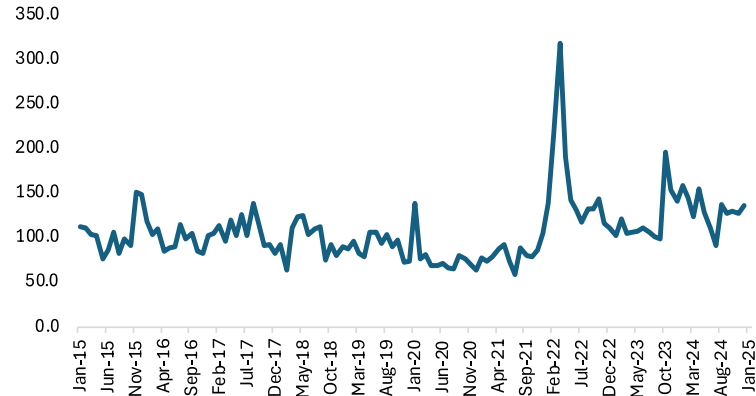
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### Post-Election Economic Policy: Shifts, Challenges, and Global Impacts

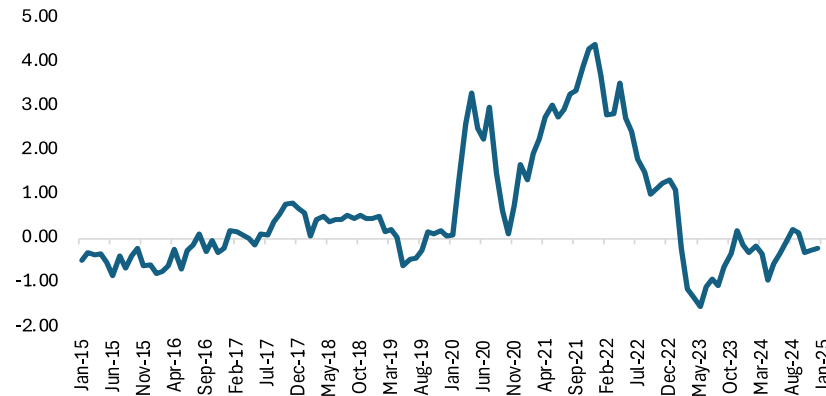
- **Limited Economic Impact:** Anticipated U.S. policy changes—including tariffs, immigration restrictions, corporate tax cuts, and deregulation—are unlikely to significantly influence economic growth or monetary policy.
- **Emerging Trade Risks:** Continued U.S.-China trade tensions could pose new risks for global markets, particularly affecting relations with Canada, Greenland, and Panama.
- **Middle East Diplomacy:** Israel-Hezbollah peace negotiations may reshape regional security dynamics if a deal is reached.
- **Ukraine-Russia War:** The ongoing conflict continues to weigh on global stability and economic conditions.

# Risks to global outlook: economic policy to be dominated by uncertainty, risks, and shocks

## Geopolitical risks



## Global supply chain pressure index (GSCPI)



## Top 4 Worldwide Risks in 2025:

01

### Geopolitical Shifts

- Overall Risk Reduction: Despite ongoing conflicts, global political risks and violence have decreased.
- Regional Tensions Persist: Unrest continues in the Middle East, Ukraine, and Southeast Asia, but escalation risks appear contained.
- Geopolitical Stability: While uncertainties remain, the overall risk environment has improved compared to previous periods.

02

### Escalating Trade War Fears Amid Rising Restrictions

- Surge in Export Controls: Export restrictions have increased fivefold, intensifying concerns over global trade tensions.
- U.S. Trade Policy: The U.S. is expected to prioritize tariffs, potentially impacting key trade partners.
- Europe's Regulatory Shift: Europe is focusing on sustainability reporting, adding new compliance challenges for businesses.
- Market Uncertainty: These shifts may disrupt global supply chains, trade flows, and economic stability in 2025 and beyond.

03

### Climate Change

- Record-Breaking Heat: 2024 was the hottest year on record, bringing severe hurricanes, floods, and wildfires.
- Escalating Global Concern: Climate change has surged into the top five global risks in recent public and expert polls.
- Growing Urgency: The increasing frequency of extreme weather events is driving policy shifts, corporate action, and public pressure worldwide.

04

### AI and Cybersecurity: The New Frontlines of Digital Warfare

- Escalating Cyber Threats: Ransomware, phishing, and AI-driven cyberattacks are becoming more sophisticated, targeting critical infrastructure and businesses.
- The AI Arms Race: Nations and corporations are competing to develop advanced AI, driving innovation but also increasing risks of misuse and security breaches.
- Information Warfare: AI-powered disinformation campaigns, deepfakes, and propaganda are reshaping global politics and public trust.
- Regulatory Challenges: Governments are racing to implement cybersecurity measures to counter threats while ensuring responsible AI development.

**Economic policy uncertainty** has escalated, particularly regarding to trade and fiscal measures, with significant variability across different nations. Uncertainties may disrupt supply chains, increasing costs and slowing the economy. Rising economic policy uncertainty will affect trade and fiscal measures, disrupt supply chains, and slow growth.

02

# Current Trends and Transformations in Africa's Macroeconomic Landscape



# Snapshot of the African economy- Growth, Inflation and Exchange rate

## Africa:

### Challenging Growth Outlook, Abating Inflation Outlook, and exchange rate dynamics

#### Dollar Index climbing



#### Growth- performance

- In 2024, African economies showed mixed performance, with 18 countries out of 29 tracked exceeding expectations.

#### Growth-outlook

- The outlook for 2025 is mixed with only 11 countries out of 29 with improving trajectory.

#### Inflation-projection

- The average inflation rate from January to November 2024 was recorded at 8.6%.
- Projections for 2025 indicate a more favorable outlook, with the expected average inflation rate decreasing to 7.2%.



#### Inflation-drivers

- Elevated global energy and food prices, disruptions in supply chains, domestic monetary policy stances, and fluctuations in exchange rates are key contributors to inflationary pressures in Africa.

#### Exchange rate-depreciation

- In December 2024, various currencies in the region experienced a significant depreciation, primarily attributed to the robust performance of the US dollar amidst mounting anxieties regarding prospective trade tariffs.

#### Exchange rate- appreciation

- Conversely, nations such as Tanzania, Seychelles, and Nigeria recorded substantial currency appreciations during this timeframe.

# Snapshot of the African economy- Other Key themes

## Stronger growth projections

Africa's economic growth is projected to accelerate from 3.4% in 2024 to 3.7% in 2025 and 4.0% in 2026, signaling a steady recovery despite global uncertainties. This upward trajectory is driven by improving macroeconomic conditions in key economies such as Nigeria, Egypt, and South Africa, where structural reforms and policy adjustments are fostering resilience. Additionally, regional integration efforts under the African Continental Free Trade Area (AfCFTA) are enhancing intra-African trade, investment flows, and industrialization, positioning the continent for more sustainable long-term growth.

## Rethinking Economic Metrics: Africa's Push for Natural Asset Valuation and a Mineral-Backed Currency

### Recalculation of GDP to include natural assets

As part of a strategic effort to enhance economic resilience, the African Development Bank (AfDB) is spearheading an initiative to recalculate GDP by incorporating natural assets such as minerals, forests, and water resources. This shift aims to provide a more accurate representation of national wealth, strengthen debt sustainability, and improve borrowing terms for African nations.

### Mineral-Backed Currency

In a complementary move, the AfDB proposed a mineral-backed currency in January 2025, leveraging critical resources like cobalt and lithium to stabilize financial markets and attract clean energy investments. If adopted, this approach could reduce currency volatility, enhance trade competitiveness, and position Africa as a key player in the global energy transition.



## Withdrawal of Three Nations from ECOWAS

Mali, Burkina Faso, and Niger have officially withdrawn from the Economic Community of West African States (ECOWAS), concluding a yearlong process. Despite their withdrawal, ECOWAS is still allowing these countries to continue benefiting from membership privileges such as free movement within the region. But this unprecedented development poses a significant challenge to ECOWAS's credibility and efforts to stabilize and democratize the region.



## West African Nations Secure \$25 Billion for Industrialization

Nigeria, Ghana, Côte d'Ivoire, and Senegal collectively secure \$25 billion to boost industrial capabilities. Ghana has signed a \$12 billion deal with the TCP-UIC Consortium for the development of a petroleum hub, Côte d'Ivoire attracted \$10 billion from ENI for offshore oilfield development, and Nigeria secured a \$3 billion AfreximBank facility to support light manufacturing.



## Challenges in Cocoa Production

Despite record prices, cocoa farmers in Ivory Coast and Ghana are abandoning the crop due to weather-related issues, failed government policies, and a devastating virus. Production has fallen significantly, with Ivory Coast and Ghana experiencing drops of 22% and 27% respectively. Many farmers are shifting to other crops such as oil palm, cassava, and maize due to their higher resilience and profitability.

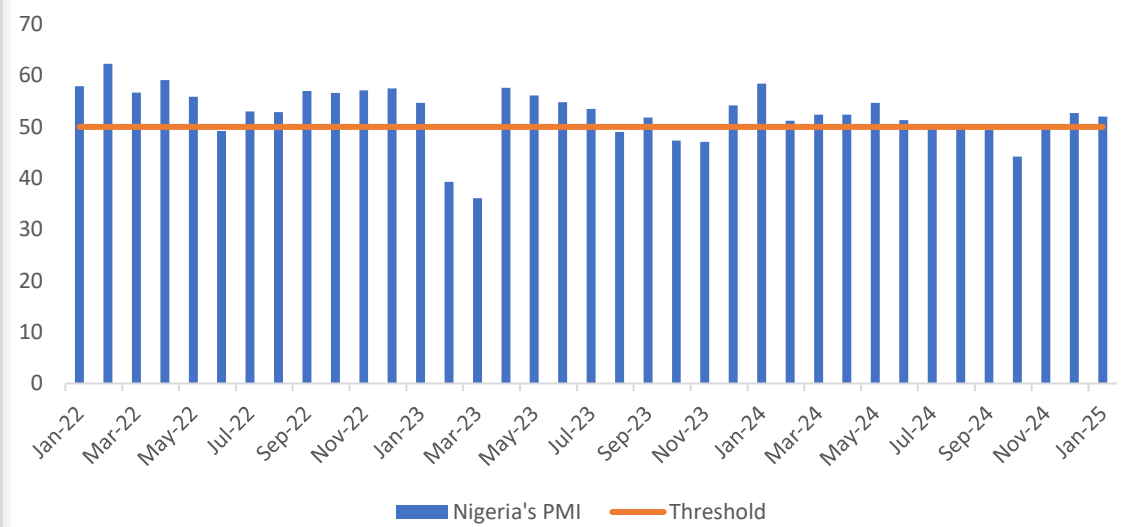


## East Africa Anticipates Drier Conditions

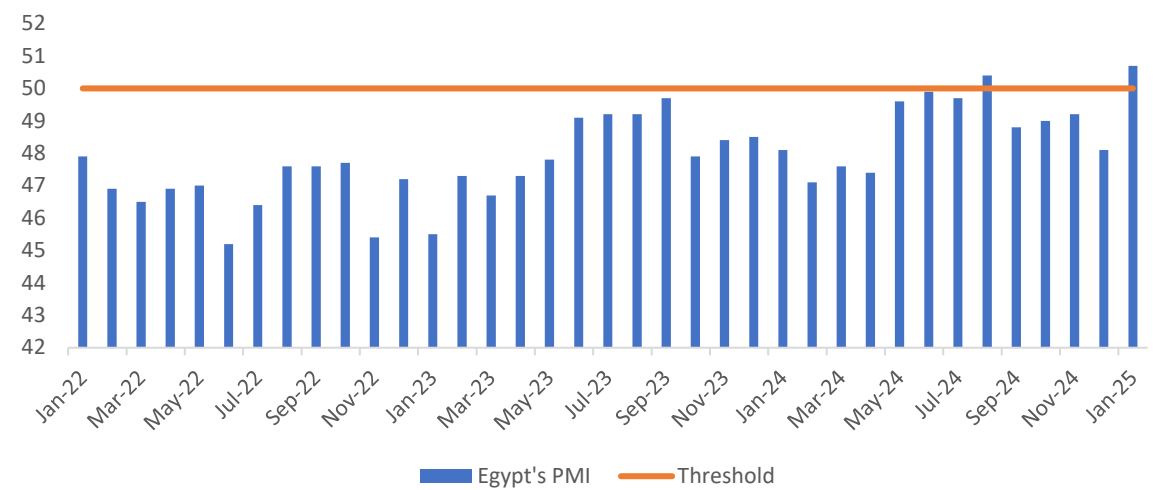
Forecasts indicate that East Africa will experience drier-than-usual weather from January to March 2025, potentially impacting agriculture and water resources. This is despite the African Development Bank projecting East Africa's GDP to grow by 5.7% in 2025, driven by infrastructure investments and economic reforms in countries like Ethiopia and Tanzania.

# Performance of Africa's Main Economies

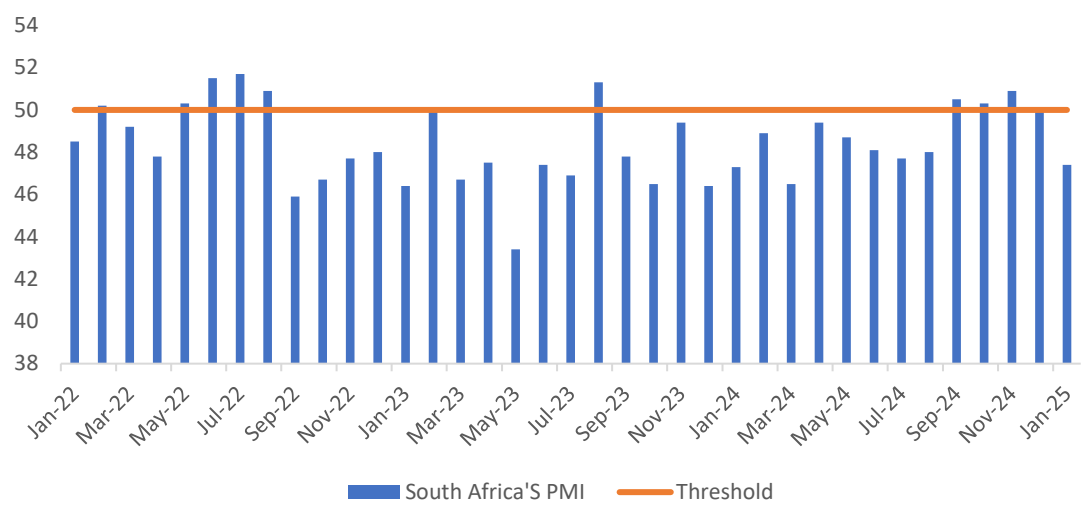
### Nigeria's PMI



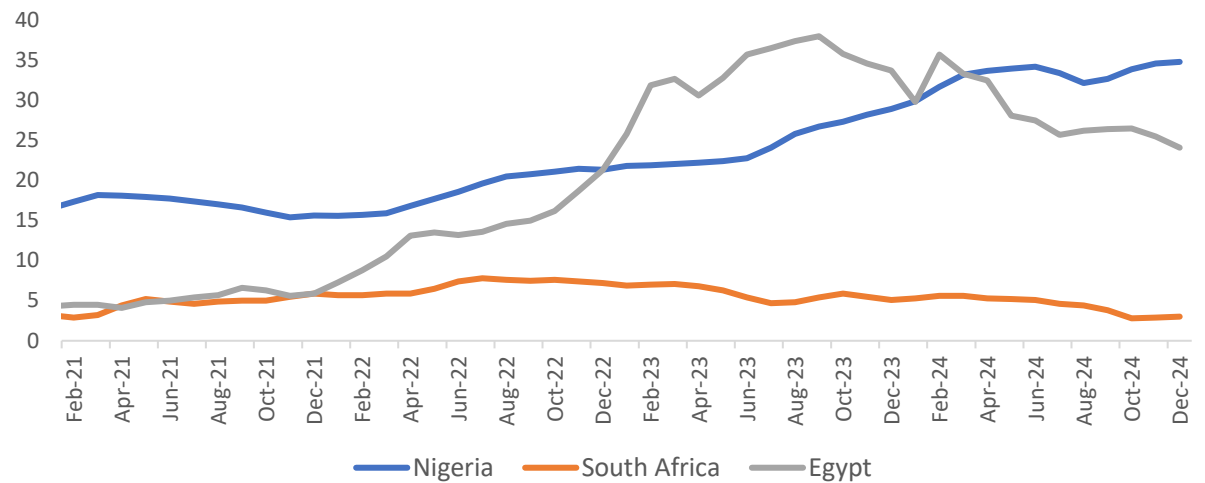
### Egypt's PMI



### South Africa's PMI



### Inflation in major economies



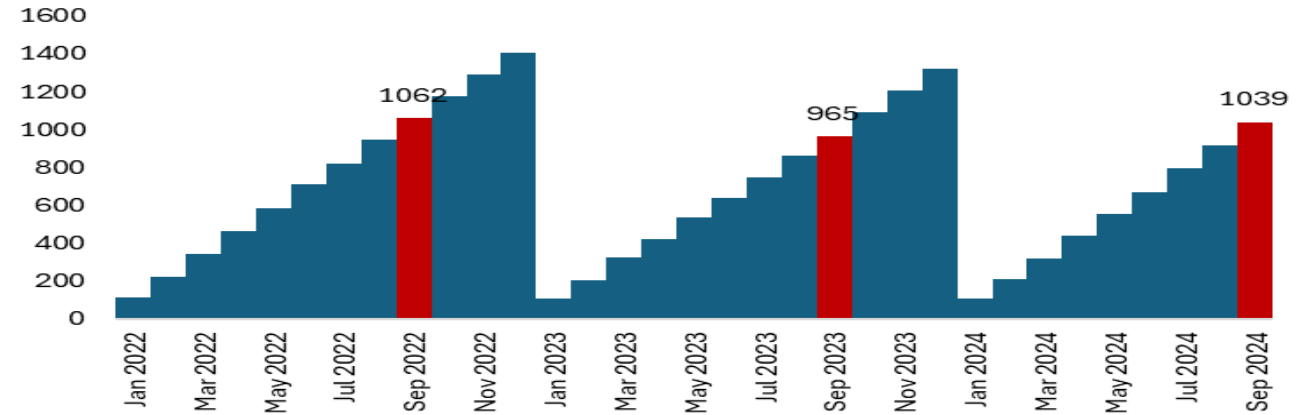
# Snapshot of the African economy-Trade

## Africa:

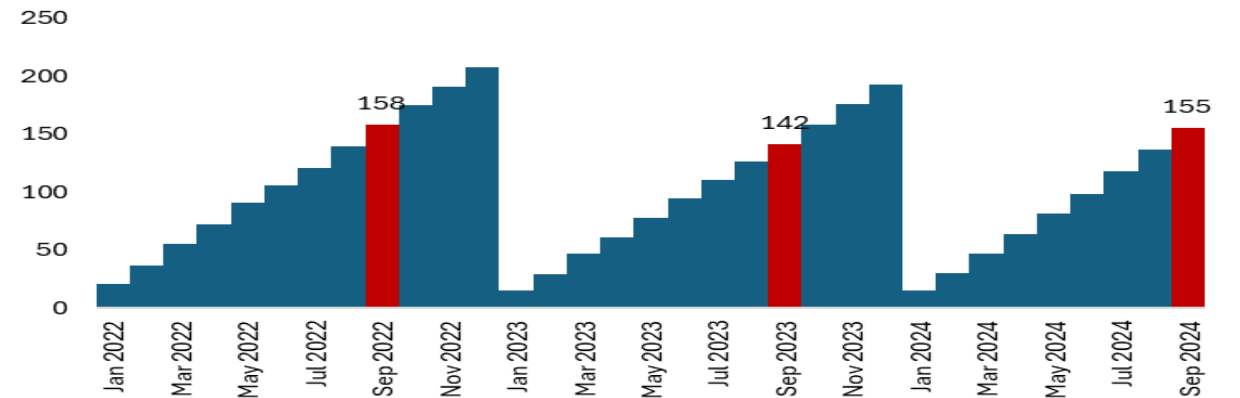
### Monthly Africa-World and Intra-Africa Trade

- Both Extra African and Intra-African trade surpassed their 2023 metrics as of September.
- After a decline earlier in the year, extra African trade rebounded, reaching \$1,039 bn in September 2024, up from \$965 bn.
- Similarly, intra-African trade rose to \$155 bn in September 2023, an increase from \$142 bn.

Africa's total trade with world, \$US bln



Intra-Africa's total trade, \$US bln



# Snapshot of the African economy- Growth, Inflation and Exchange rate

## Africa:

### Exchange rate performance for select economies

Country	Jan-25	Nov-24	Jan-24	YTD change	MOM change
Tanzania	2510	2603	2425	-3.4	↑ 3.7
Seychelles	15	15	14	-2.5	↑ 2.8
Nigeria	1550	1575	1544	-0.4	↑ 1.6
Angola	914	919	923	1.0	↑ 0.6
Gambia	72	72	72	0.9	↑ 0.6
Congo	2857	2860	2857	0.0	↑ 0.1
Mozambique	64	64	64	0.0	↑ 0.0
Ghana	15	15	15	-0.5	↓ -0.1
Madagascar	4701	4692	4692	-0.2	↓ -0.2
Kenya	130	129	129	-0.7	↓ -0.3
Malawi	1741	1736	1734	-0.4	↓ -0.3
Burundi	2969	2959	2957	-0.4	↓ -0.4
Sudan	601	599	599	-0.4	↓ -0.4
Morocco	10	10	10	0.7	↓ -0.4
Eritrea	15	15	15	-0.5	↓ -0.5
Guinea	8678	8631	8602	-0.9	↓ -0.5
Djibouti	179	178	178	-0.7	↓ -0.7
Mauritius	47	47	47	-0.4	↓ -0.8
Zimbabwe	26	26	26	-0.2	↓ -0.8
Sierra Leone	22977	22750	22876	-0.4	↓ -1.0
Egypt	51	50	51	0.2	↓ -1.0
Somalia	574	568	568	-1.0	↓ -1.0
Uganda	3706	3668	3673	-0.9	↓ -1.0
Rwanda	1401	1383	1369	-2.3	↓ -1.3
Ethiopia	129	127	128	-1.1	↓ -1.6
Algeria	136	133	135	-0.3	↓ -1.7
Libya	5	5	5	-1.1	↓ -1.8
Cameroon	632	620	640	1.3	↓ -1.8
Cape Verde	107	105	107	-0.1	↓ -1.9
Tunisia	3	3	3	-0.6	↓ -2.0
Zambia	28	27	28	-0.4	↓ -2.3
Botswana	14	14	14	0.4	↓ -2.7
Ivory Coast	638	620	627	-1.7	↓ -2.7
Sao Tome Anc	24	23	24	0.4	↓ -2.7
Comoros	479	466	474	-1.1	↓ -2.8
Swaziland	19	18	19	1.2	↓ -2.9
Namibia	19	18	19	1.2	↓ -3.0
Lesotho	19	18	19	1.2	↓ -3.0
Liberia	186	180	185	-0.8	↓ -3.5
Mauritania	42	40	40	-4.2	↓ -4.6
South Africa	19	18	19	0.7	↓ -5.0
South Sudan	4005	3713	3883	-3.0	↓ -7.3

# Exchange rates of selected economies

(Currency/US\$)

Country (Currency)	31-Dec-24	31-Jan-25	% change
Algeria (DZD)	135.24	134.8	-0.33%
Burkina Faso (XOF)	627.27	626.47	-0.13%
Benin (XOF)	627.27	626.47	-0.13%
Cote D'voire (XOF)	627.27	626.47	-0.13%
Egypt (EGP)	50.68	50.23	-0.89%
Ghana (GHS)	14.71	15.3	4.01%
Kenya (KES)	129.24	129.44	0.15%
Libya (LYD)	4.9	4.9	0.00%
Niger (XOF)	627.27	626.47	-0.13%
Nigeria (NGN)	1535.8	1478.22	-3.75%
Rwanda (RWF)	1371.50	1378.40	0.50%
Senegal (XOF)	627.27	626.47	-0.13%
South Africa (ZAR)	18.8	18.63	-0.90%
Zimbabwe (ZiG)	25.98	26.52	2.08%

# Geopolitical tensions in Africa continue to impact policy outcomes.



## Territorial Disputes

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



## Civil Wars and Armed Conflicts

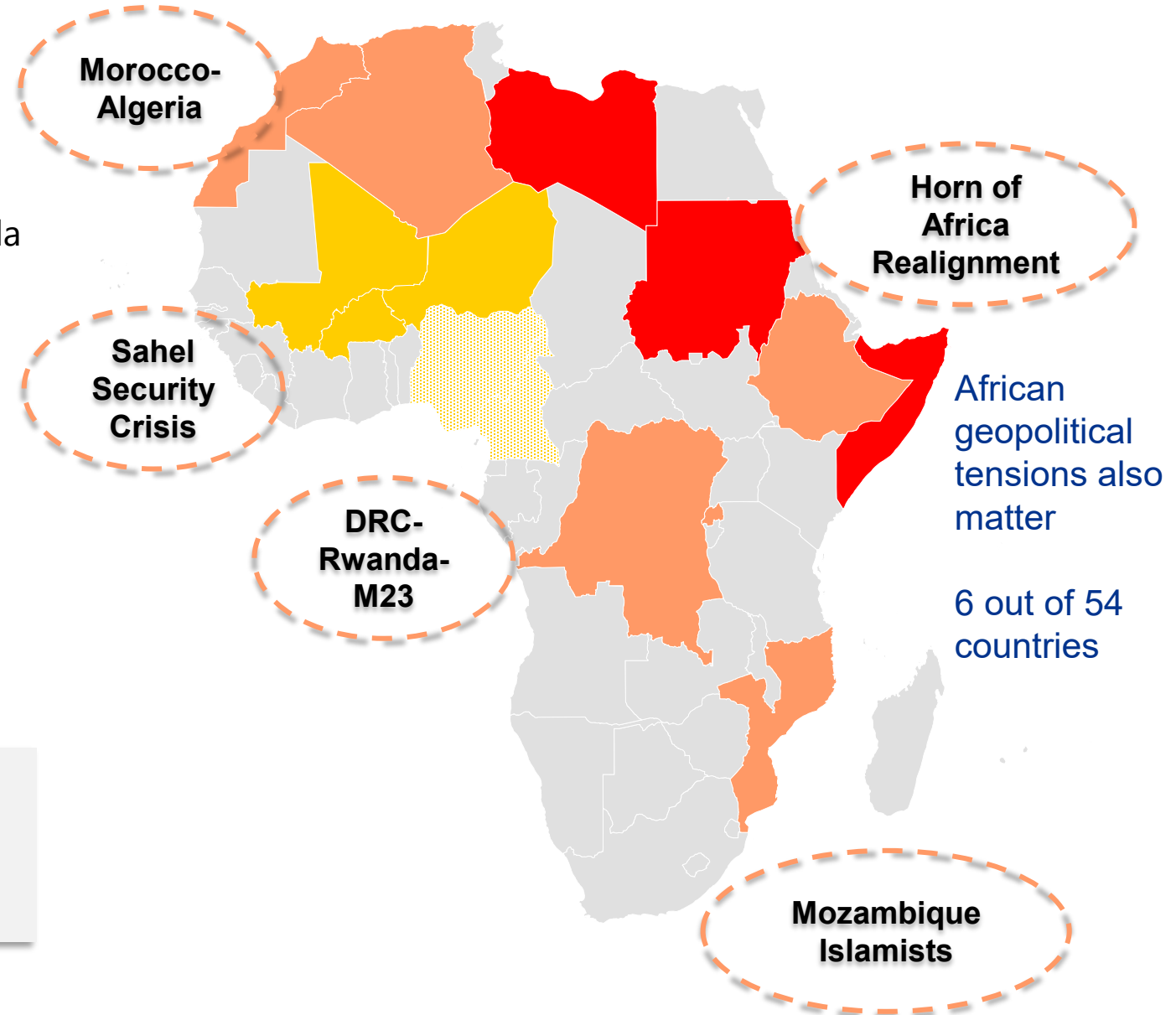
Ethiopia, Libya, Somalia, Sudan, Mozambique



## Terrorism

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

- Libya: **Civil Wars and Armed Conflicts and Terrorism**
- Somalia: **Civil Wars and Armed Conflicts and Territorial Disputes**
- Sudan: **Civil Wars and Armed Conflicts and Territorial Disputes**



## Key highlights: Improved rating upgrades and market access resumption.

Sovereign	Moody's			S&P			Fitch		
	Previous	Current	Direction	Previous	Current	Direction	Previous	Current	Direction
<b>UPGRADES</b>									
Benin				BB- (stable)	BB- (pos)	↑			
Cameroon				B- (stable)	B- (pos)	↑			
Cabo Verde							B- (Stable)	B (stable)	↑
Cote d'Ivoire				BB- (stable)	BB (pos)	↑			
Tanzania	B2 (pos)	B1 (stable)	↑						
Zambia	Ca (stable)	Caa2 (stable)	↑						
<b>Total</b>		<b>2</b>			<b>3</b>			<b>1</b>	
<b>DOWNGRADES</b>									
Niger	Caa2 (Neg)	Caa3 (stable)	↓						
Gabon	Caa1 (Neg)	Caa2 (stable)	↓						
Uganda	B2 (Neg)	B3 (stable)	↓						
<b>Total</b>		<b>3</b>							
<b>POSITIVE CHANGES IN CREDIT RATING OUTLOOKS</b>									
Cote d'Ivoire				BB- (stable)	B- (pos)	↑			
Egypt	Caa1 (Neg)	Caa1 (pos)	↑	B- (stable)	B- (pos)	↑	B- (Stable)	B- (pos)	↑
Gabon							B- (Neg)	B- (Stable)	↑
Morocco				BB+ (stable)	BB+ (pos)	↑			
Namibia	B1 (stable)	B1 (pos)	↑						
Seychelles							BB- (stable)	BB- (pos)	↑
Tunisia	Caa2 (Neg)	Caa2 (stable)	↑						
Nigeria							B- (Stable)	B- (pos)	↑
<b>Total</b>		<b>3</b>			<b>3</b>			<b>4</b>	

Source: Afreximbank Research

# Market access is back: Improved rating upgrades and market access resumption

## 01 Improved outlook and rating upgrade

In 2024H2, African countries had improved outlooks and rating upgrades by major agencies. Market access has resumed, and major central banks cut key rates.

## 02 Returned to the market

Several African countries returned to the markets (Angola, Egypt, Nigeria, Côte d'Ivoire, Senegal, and Morocco) issuing Eurobonds, capitalizing on favorable market conditions after African nations successfully secured foreign debt earlier this year.

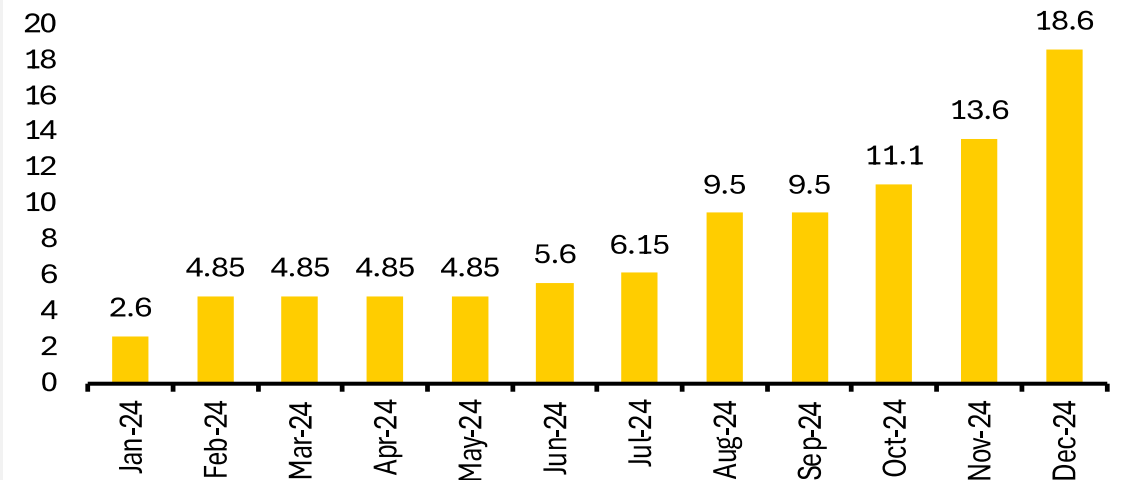
## 03 Benin leads sovereign issuance in 2025

Benin launched a dollar-bond offering, becoming the first sovereign issuance out of Africa this 2025.

Eurobonds Issuance, Africa

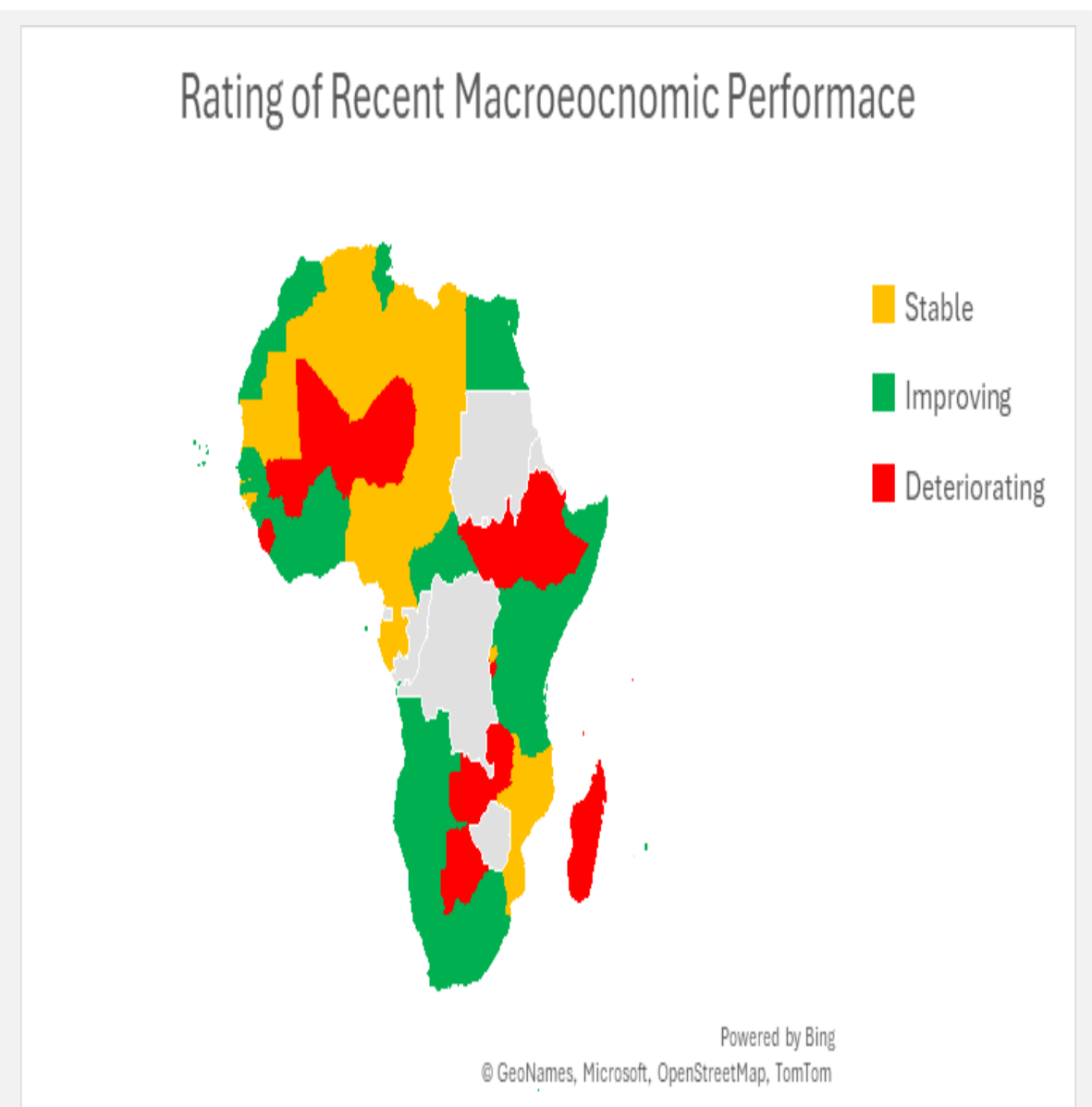
	Issuances (US\$ billion)	Rates (Percent)	Maturity (Years)	Date	Rating
	1.1	7.875	9	Jan-24	Moody's: Ba3, + outlook
Côte d'Ivoire	1.5	8.5	13	Jan-24	Moody's: Ba3, + outlook
Benin	0.75	8.375	14	Feb-24	Moody's: B1, stable outlook
Kenya	1.5	10.375	7	Feb-24	Moody's: B3, - outlook
Senegal	0.75	7.75	7	Jun-24	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

Cumulative Issuances (\$US billions)



# The majority of nations are characterized by stable or enhancing macroeconomic fundamentals, indicating a generally positive outlook for economic performance across various indicators.

Country	Scoring	Country	Scoring
Algeria	Stable	Gabon	Stable
Egypt	Improving	Sao Tome and Principe	Improving
Libya	Stable	Burundi	Deteriorating
Mauritania	Stable	Djibouti	Deteriorating
Morocco	Improving	Ethiopia	Deteriorating
Tunisia	Improving	Kenya	Improving
Benin	Improving	Rwanda	Stable
Burkina Faso	Improving	Somalia	Improving
Cabo Verde	Improving	South Sudan	Deteriorating
Cote d'Ivoire	Improving	Tanzania	Improving
Gambia	Stable	Uganda	Improving
Ghana	Improving	Angola	Improving
Guinea	Improving	Botswana	Deteriorating
Guinea Bissau	Stable	Eswatini	Improving
Liberia	Improving	Lesotho	Improving
Mali	Deteriorating	Madagascar	Deteriorating
Niger	Deteriorating	Malawi	Stable
Nigeria	Stable	Mauritius	Improving
Senegal	Improving	Mozambique	Stable
Sierra Leone	Deteriorating	Namibia	Improving
Togo	Improving	Seychelles	Deteriorating
Cameroon	Stable	South Africa	Improving
Central African Republic	Improving	Zambia	Deteriorating
Chad	Stable		
Improving	24	51%	
Stable	12	26%	
Deteriorating	11	23%	
Total tracked	47		



# Snapshot of the African economy- Growth, Inflation and Exchange rate

## Africa:

### Growth Outlook for select economies

	2023	2023				2024			2025	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3		
Algeria	4.1	2.4	4.6	5.7	3.5	3.8	3.8	3.6	3.0	
Angola	1.0	0.3	0.1	1.5	2.0	2.4	4.6	4.1	5.5	2.8
Benin	6.4	6.3	6.5	6.6	6.2	6.5	5.5	5.2		6.5
Botswana	2.7	5.7	3.8	1.1	2.3	1.0	-5.2	-0.4	-4.3	5.2
Burkina Faso	3.1	3.1	0.6	4.8	3.4	5.5	3.7	5.0		5.8
Cameroon	3.2	2.9	3.6	2.8	3.7	3.9	3.2			4.2
Cape Verde	5.1	7.8	2.6	4.5	7.0	4.7	10.9	8.5		4.7
Egypt	3.8	3.9	2.9	2.7	2.3	2.7	2.2	2.4		4.1
Ghana	2.9	3.1	2.5	2.2	3.8	3.1	4.7	7.0	7.2	4.4
Guinea Bissau	5.2	4.8	5.3	5.4	5.2	5.0	4.8	4.6		5.0
Ivory Coast	6.2	5.8	6.6	7.6	5.7	6.5	6.3	6.5		6.4
Kenya	5.6	5.5	5.6	6.0	5.1	5.0	5.0	4.6		5.0
Lesotho	2.2	1.4	4.2	-1.2	3.0	2.8	2.1	0.5		2.3
Mali	4.4	5.0	4.8	4.5	4.7	3.8	4.2	3.8		4.4
Mauritius	7.0	6.6	7.5	3.9	4.9	6.1	5.4	4.5	6.3	4.0
Morocco	3.4	3.9	2.5	2.8	4.1	2.8	2.5	2.4		3.6
Mozambique	5.4	6.6	5.9	4.4	4.8	4.3	3.2	4.5	3.7	4.3
Namibia	4.2	5.1	3.4	3.1	5.1	3.1	4.4	2.7	2.8	4.2
Niger	2.4	6.1	4.0	-0.1	-0.1	9.9	-0.2	0.6		7.3
Nigeria	2.9	2.3	2.5	2.5	3.5	2.9	3.0	3.2	3.5	3.2
Rwanda	8.2	9.2	6.3	7.5	10.0	7.0	9.7	9.8	8.1	6.5
Senegal	4.6	4.4	2.9	4.3	5.2	6.0	2.3	3.9	11.5	9.3
Seychelles	3.2	9.6	0.5	-8.5	-6.6	3.1	-7.4	1.5		3.9
South Africa	0.7	0.5	1.8	-0.9	1.4	1.1	0.5	0.3	0.3	1.5
Tanzania	5.1	5.0	4.7	5.6	5.0	5.4	5.6	5.3		6.0
Togo	5.6	6.9	6.6	6.9	5.3	5.3	6.2	5.1		5.3
Tunisia	0.0	0.9	0.3	-0.4	-0.6	1.6	0.3	1.0	1.8	1.6
Uganda	4.6	2.2	5.7	5.6	5.8	5.9	7.1	6.2	6.7	7.5
Zambia	5.4	4.0	5.3	5.7	8.5	2.3	2.2	1.9	2.5	6.6

# Snapshot of the African economy- Growth, Inflation and Exchange rate

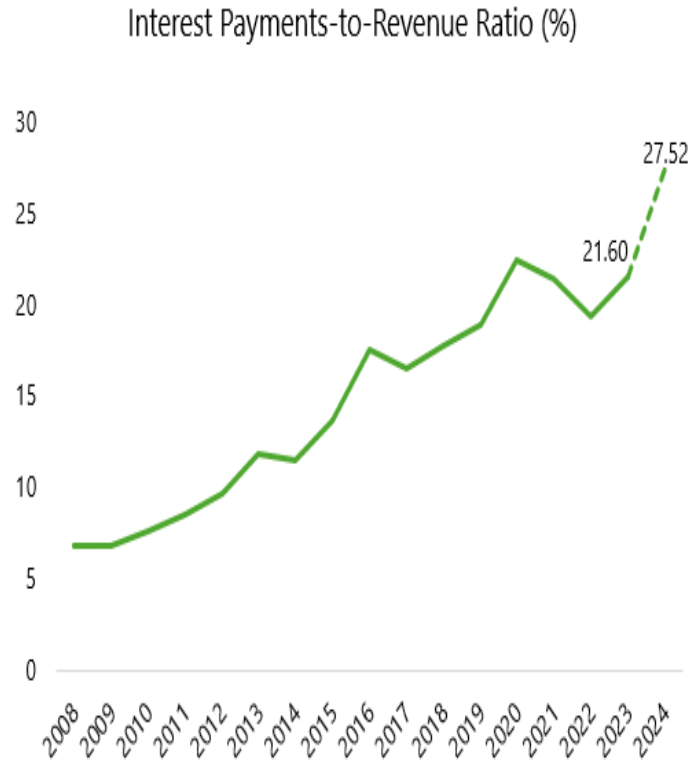
## Africa:

### Inflation Outlook for select economies

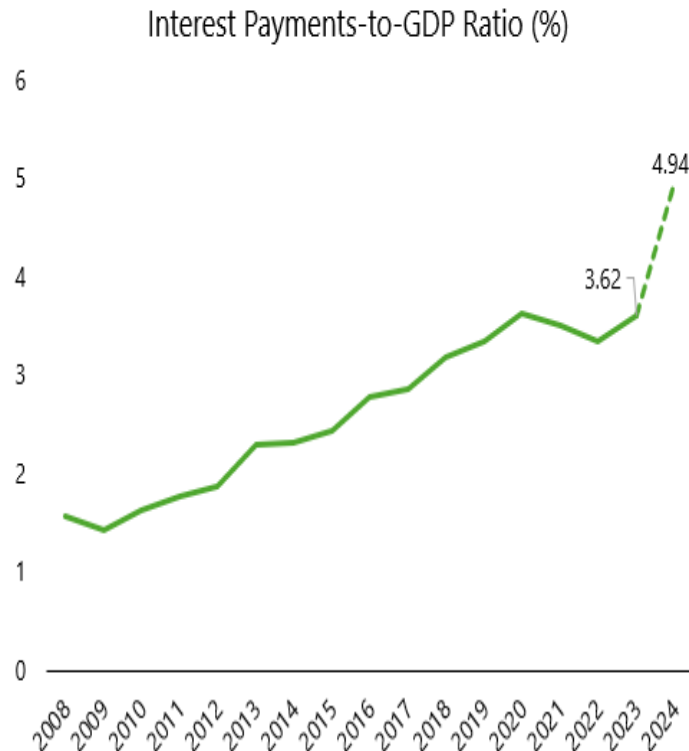
	2024	Average from Jan to Nov 2024	2025	On Track	Is the outlook for 2025 positive?		2024	Average from Jan to Nov 2024	2025	On Track	Is the outlook for 2025 positive?
Algeria	5.3	4.9	5.2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Malawi	30.6	32.7	15.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Angola	28.4	28.2	21.3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Mali	2.5	3.0	2.0	<input type="checkbox"/>	<input type="checkbox"/>
Benin	2.0	1.3	2.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Mauritania	2.7	2.7	4.0	<input type="checkbox"/>	<input type="checkbox"/>
Botswana	3.8	3.1	4.5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Mauritius	3.5	3.6	3.5	<input type="checkbox"/>	<input type="checkbox"/>
Burkina Faso	2.1	4.1	2.0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Morocco	1.7	1.0	2.3	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Burundi	20.0	17.5	25.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Mozambique	3.5	3.1	4.3	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cameroon	4.4	4.5	3.5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Namibia	4.6	4.3	4.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Cape Verde	2.0	1.0	2.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Niger	7.8	9.5	3.6	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Central African Republic	4.7	0.9	4.7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Nigeria	32.5	33.0	25.0	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Chad	4.9	8.7	3.7	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Rwanda	4.9	1.4	5.1	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Djibouti	1.4	2.8	1.5	<input type="checkbox"/>	<input type="checkbox"/>	Sao Tome and Principe	17.1	16.0	10.8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Egypt	33.3	28.8	21.2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Senegal	1.5	0.9	2.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ethiopia	23.9	21.5	23.3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Seychelles	0.8	0.2	2.5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gabon	2.1	3.4	2.2	<input type="checkbox"/>	<input type="checkbox"/>	Sierra Leone	36.6	31.2	18.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Gambia	14.4	12.8	9.8	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Somalia	5.0	5.5	4.2	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ghana	19.5	22.8	11.5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	South Africa	4.7	4.6	4.5	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Guinea	11.0	5.3	10.2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	South Sudan	120.6		79.3	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Guinea Bissau	4.2	3.3	2.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Swaziland	4.8	4.1	4.8	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ivory Coast	3.8	3.6	3.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Tanzania	3.2	3.0	4.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Kenya	5.1	4.7	5.2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Togo	2.7	3.0	2.0	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lesotho	6.7	6.3	6.1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Tunisia	7.1	7.1	6.7	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Liberia	7.7	8.8	6.0	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Uganda	3.5	3.3	4.4	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Libya	2.0	2.1	2.3	<input type="checkbox"/>	<input type="checkbox"/>	Zambia	14.6	14.8	12.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Madagascar	7.4	7.5	7.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Zimbabwe	635.3		23.6	<input type="checkbox"/>	<input type="checkbox"/>

# Africa's Debt Outlook 2024-2025: Borrowing cost have risen significantly

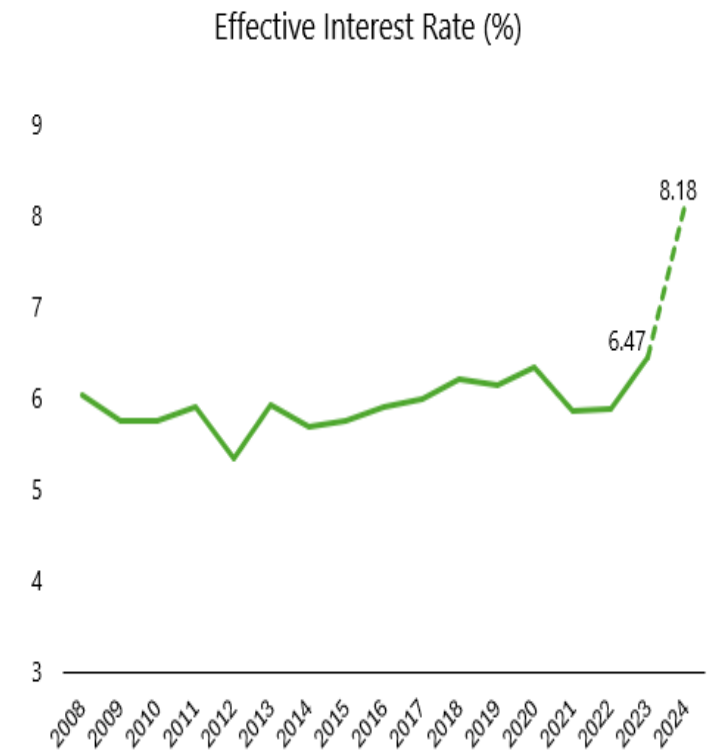
## Cost of borrowing on African Debt, 2008-2028 (Percent of GDP)



Source: Afreximbank Research based on IMF WEO, April 2024



Source: Afreximbank Research based on IMF WEO, April 2024



Source: Afreximbank Research based on IMF WEO, April 2024

The increase highlights mounting debt servicing obligations, which are placing significant pressure on national budgets and restricting fiscal capacity for essential investments in infrastructure and social services. This growing burden raises concerns about long-term debt sustainability and economic resilience.

# Macroeconomic Performance of African Economies (1/2)

Country	GDP (%)		Inflation (%)		Interest rate (%)		Foreign reserves (US\$, mn)		External Debt (US\$, mn)	
	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous
Algeria	3.60	3.80	-1.50	4.18	3.00	3.00	64,574	64,390	3,293	3,186
Angola	5.50	4.10	27.50	28.41	19.50	19.50	15,611	14,599	50,260	52,066
Benin	5.20	5.50	-0.40	0.60	5.50	5.50	4,759	4,898	9,362	8,008
Botswana	-4.30	-0.40	1.70	1.70	1.90	1.90	3,941	4,198	◆ 20,004	18,864
Burkina Faso	5.00	3.70	4.90	3.60	5.50	5.50	317	276	◆ 4,992	4,660
Burundi	2.80	1.80	36.50	28.80	12.00	12.00	◆ 332,771	354,622	◆ 1,886,572	1,879,631
Cameroon	3.20	3.70	5.00	4.50	5.00	5.00	73,113	76,309	16,983	16,409
Cape Verde	3.30	8.50	1.40	1.60	2.25	1.50	◆ 72,923	71,390	2,133	2,000
Central African Republic	1.00	0.50	1.20	1.70	5.00	5.00	459	421	1,044	1,071
Chad	4.10	3.40	7.00	9.00	5.00	5.00	795	1,009	3,963	3,956
Comoros	3.20	2.60	2.00	4.50			287	283	281	279
Congo	6.20	8.90	16.36	22.20	25.00	25.00	6,001	5,748	6,845	5,659
Djibouti	7.50	3.70	-0.60	-1.00			624	580	3,526	3,264
Egypt	3.50	2.40	24.10	25.50	27.25	27.25	47,109	46,954	152,885	160,607
Equatorial Guinea	-7.00	3.80	2.50	5.00	5.00	5.00	1,540	1,457	1,868	1,839
Eritrea	2.90	2.30	6.40	7.50			240	285	733	727
Ethiopia	7.90	7.50	17.00	16.90	7.00	7.00	727	1,175	30,107	28,601
Gabon	2.30	3.00	0.70	0.80	5.00	5.00	1,305	1,411	7,836	7,844
Gambia	5.60	5.20	10.27	10.03	17.00	17.00	596	568	1,239	1,166
Ghana	7.20	7.00	23.50	23.80	27.00	27.00	7,881	7,683	31,970	31,024
Guinea	5.90	4.00	3.10	5.00	11.00	11.00	1,725	1,816	5,760	5,702
Guinea Bissau	4.60	4.80	5.30	4.90	5.50	5.50				
Ivory Coast	6.50	6.30	2.50	2.60	5.50	5.50	8,537	8,893	34,310	32,222
Kenya	4.00	4.60	3.30	3.00	11.25	12.00	16,024	16,391	◆ 5,188	5,176
Lesotho	3.65	0.66	3.70	4.40	7.50	7.50	837	784	◆ 17,741	17,894
Liberia	4.70	4.80	7.20	7.70	17.00	17.00	631	600	1,496	1,498
Libya	12.60	-3.70	2.30	2.40	3.00	3.00	80,686	79,887	4,978	4,897
Madagascar	4.00	4.20	7.80	7.80	9.50	9.50	2,382	2,160	6,109	5,810
Malawi	1.90	0.90	28.10	27.00	26.00	26.00	◆ 905	908	◆ 5,887,049	3,310,069

◆ External debt in BWP Million for Botswana, EUR Million for Burkina Faso, BIF Million for Burundi, KES Billion for Kenya, EUR Million for Burkina Faso, LSL Million for Lesotho, and SZL Thousand for Eswatini

◆ Foreign Reserves in BIF Million for Burundi, CVE Million for Cape Verde & SZL Thousand for Eswatini

This item is classified as Public

Source: Trading Economics



# Macroeconomic Performance of African Economies (2/2)

Country	GDP (%)		Inflation (%)		Interest rate (%)		Foreign reserves (US\$, mn)		External Debt (US\$, mn)	
	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous	Latest	Previous
Mali	3.80	4.20	4.90	4.90	5.50	5.50	1,125	1,053	4,320	4,397
Mauritania	4.70	7.10	1.50	1.60	6.75	8.00	7,229	7,126	4,210	4,320
Mauritius	6.30	4.50	2.90	3.40	4.50	4.00	8,512	8,389	◆ 92,020	85,460
Morocco	4.30	2.40	0.70	0.80	2.50	2.75	◆ 369,413	375,234	◆ 676,819	694,237
Mozambique	3.70	4.50	4.15	2.84	12.25	12.75	3,682	3,704	63,750	64,021
Namibia	2.80	2.70	3.40	3.00	7.00	7.25	◆ 63,009	60,831	◆ 36,036	38,084
Niger	0.60	-0.20	4.70	3.80	5.50	5.50	827	1,495	5,688	5,403
Nigeria	3.46	3.19	34.80	34.60	27.50	27.50	39,770	40,870	42,900	42,160
Republic of the Congo	3.20	1.70	1.80	2.10	5.00	5.00	823	565	7,564	7,176
Rwanda	8.10	9.80	6.40	3.40	6.50	6.50	1,610	1,726	6,256	6,053
Sao Tome and Principe	0.50	0.90	11.50	11.40	10.00	10.00	57	65	318	308
Senegal	11.50	3.90	0.80	-0.20	5.50	5.50	4,430	3,935	33,311	32,414
Seychelles	10.20	3.10	1.71	1.34	1.75	1.75	773	752	◆ 9,124	9,220
Sierra Leone	3.40	3.50	15.41	16.92	24.75	24.75	600	625	2,378	2,390
Somalia	2.80	2.40	5.57	5.20			-	-	4,730	4,698
South Africa	0.30	0.30	3.00	2.90	7.50	7.75	65,459	65,859	176,314	163,852
South Sudan	-0.40	-2.90	0.00	107.00	12.00	12.00				
Sudan	-12.30	-1.00					243	486	35,687	36,040
Swaziland	4.80	0.50	3.70	3.30	7.00	7.00	◆ 8,792,956	12,641,318	◆ 16,492	15,533
Tanzania	5.90	5.30	3.10	3.00	6.00	6.00	4,939	5,177	30,202	31,323
Togo	5.10	6.20	1.20	1.30	5.50	5.50	1,992	2,114	3,133	3,114
Tunisia	1.80	1.00	6.20	6.60	8.00	8.00	◆ 29,231,916	27,414,930	◆ 128,856	128,760
Uganda	6.70	6.20	3.60	3.30	9.75	9.75	3,402	3,382	21,408	19,873
Zambia	2.50	1.90	16.70	16.70	14.00	14.00	4,133	3,855	8,024	8,077
Zimbabwe	4.50	6.50	57.50	55.30	35.00	35.00	215	589	13,325	14,324
China	5.40	4.60	0.10	0.20	3.10	3.10	3,202,000	3,266,000	2,447,500	2,452,800
Russia	3.10	4.10	9.50	8.90	21.00	21.00	609,100	616,486	309,000	315,000
United Kingdom	0.90	0.70	2.50	2.60	4.75	4.75	189,228	194,098	◆ 7,857,133	7,803,453
United States	2.50	2.70	2.90	2.70	4.50	4.50	35,805	36,337	26,467,035	25,984,649
EU	1.10	1.00	2.70	2.50	5.00	5.00			-	-

◆ External debt in MWK Million for Malawi, MUR Million for Mauritius, MAD Million for Morocco, NAD Million for Namibia, SCR Million for Seychelles, and TND Million for Tunisia  
 This Item is classified as Public Foreign Reserves in MWK Billion for Malawi, MAD Million for Morocco, NAD Million for Namibia, and TND Thousand for Tunisia

Source: Trading Economics



# West Africa



# West Africa - Nigeria

## Proposed Tax Reforms

Nigeria plans to reform its tax system by nearly doubling the value-added tax (VAT) to 12.5% by 2026 while exempting essential items like food and medicine. The government believes this will lower costs for most households and curb inflation.

## GDP and CPI rebasing:

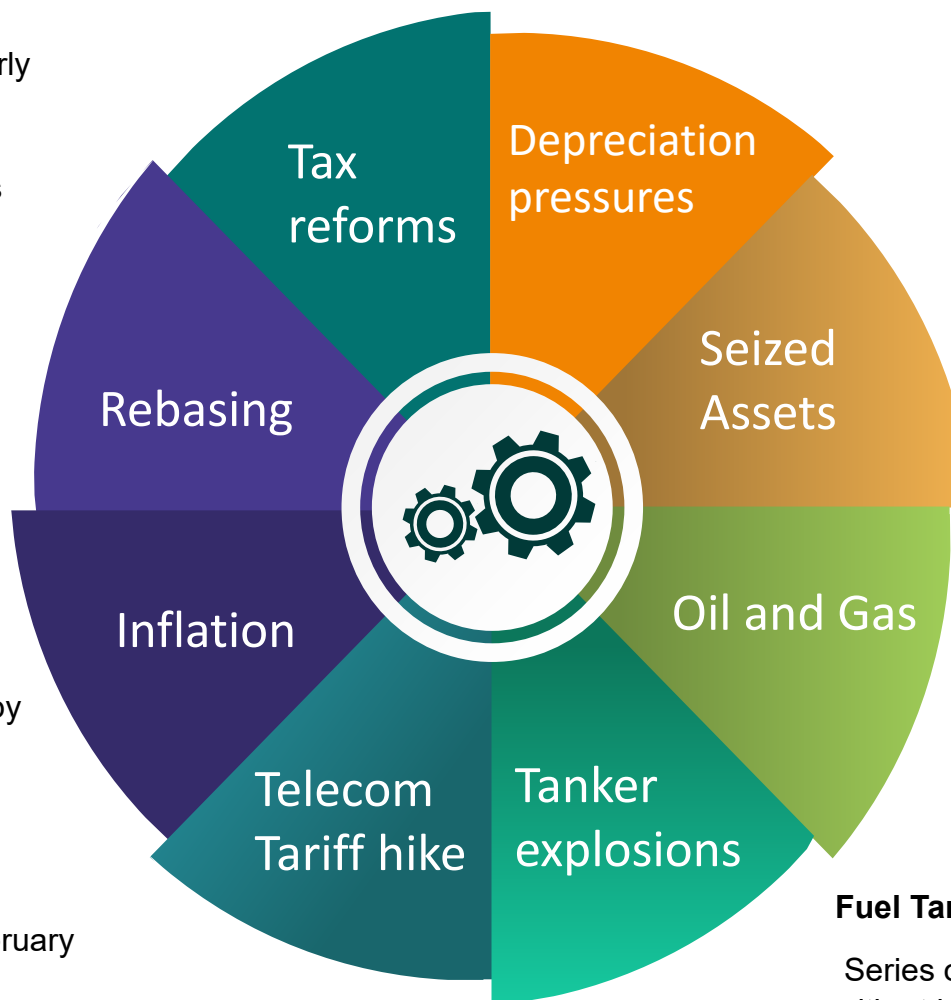
NBS plans to rebase the country's GDP and CPI, modifications to the GDP and CPI baskets likely resulting in higher economic size and lower inflation levels

## Inflation Rate Climbs

December 2024 inflation hit 34.80%, driven by rising food and energy costs.

## Telecom Tariff Increase Sparks Protest

Labour union plans nationwide protest on February 4 against a 50% hike in telecom tariffs.



## Naira Depreciation

Naira ends 2024 at N1,541.75/\$1, marking a 70% decline over the year.

## U.S. Returns Seized Assets

U.S. to return \$52.88 million linked to former oil minister Diezani Alison-Madueke.

## Shell's Investment Conditional on Asset Sale

Shell ties \$5 billion offshore investment to approval of its onshore asset sale.

## Fuel Tanker Explosions

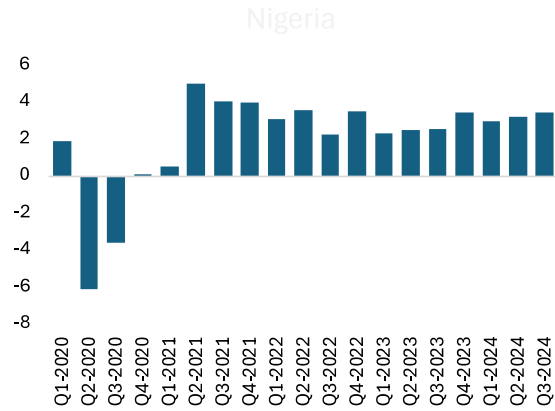
Series of fuel tanker explosion incidents rocked the nation with at least 18 killed in Enugu state after a gasoline tanker explosion.

# West Africa – Nigeria: Economic and Security Landscape: Signs of Recovery Amid Persistent Challenges

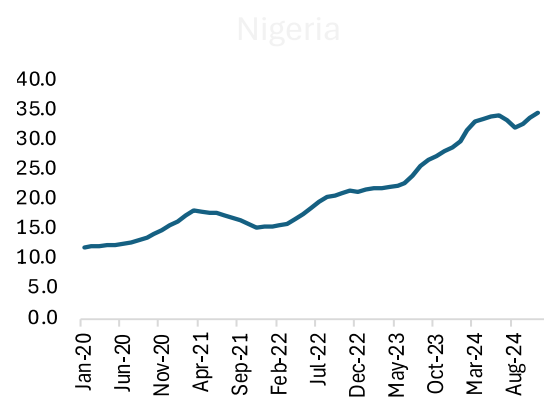
## Key Macroeconomic Indicators

The economy is growing moderately at 3.19% but faces high inflation of 34.6%. The policy rate is 27.5%. Foreign trade is strong at \$90.3 bn, though a risk index of 62.91 suggests moderate economic risks.

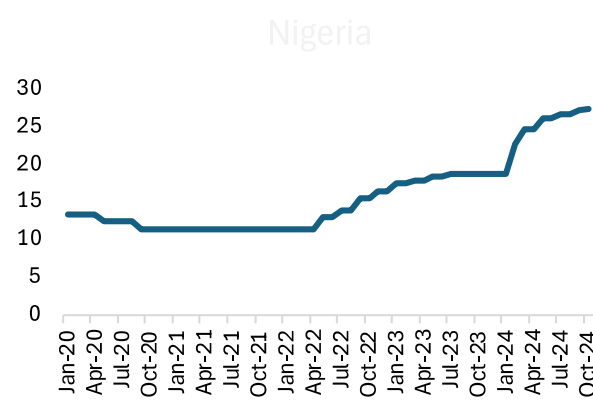
Growth rate



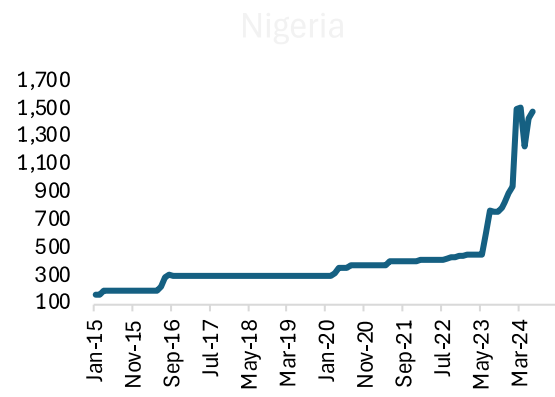
Inflation rate



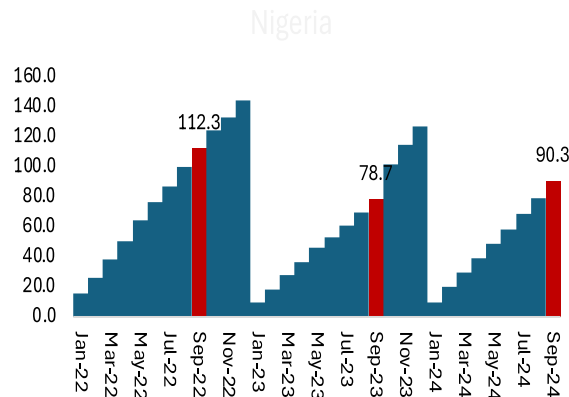
Policy rate



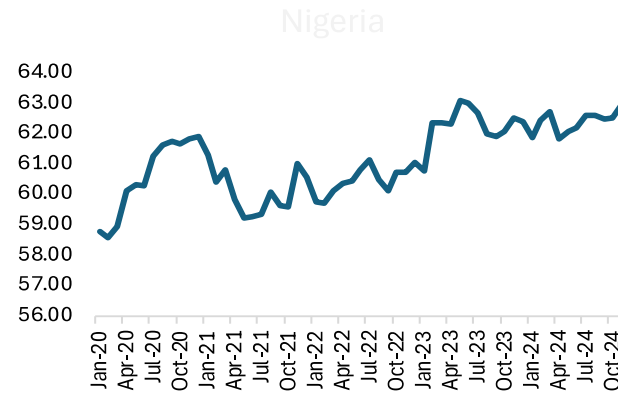
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

- **PMI Rebound Signals Growth:** Nigeria's Purchasing Managers' Index (PMI) rose to 52.7 in December 2024, up from 49.6 in November, marking a return to private sector expansion after five months of contraction. All key sectors reported higher output, rising new orders, and increased employment, reflecting improved business confidence.
- **Inflationary Pressures Persist:** Inflation surged to a 30-year high of 34.6% in November 2024, up from 33.9% in October, with food inflation hitting 39.93% due to rising staple prices. Currency weakness and fuel costs remain major drivers of inflationary pressure.
- **Boosting Economic Growth:** The Nigerian government is set to launch a credit guarantee firm aimed at stimulating investment and economic expansion, potentially improving access to finance for businesses.
- **Security Developments:** The military has launched an offensive against a newly emerging rebel group, signaling ongoing security challenges that could impact stability and investor confidence.

# West Africa – Ghana Economic Outlook: Debt Relief, Growth Prospects, and Strategic Reforms

## Debt Restructuring Progress:

Ghana signed a memorandum with official creditors to formalize its debt restructuring agreement, securing substantial debt-service relief that will ease fiscal pressures and support economic stability.

## Inflation Rate Rises

Inflation rose to 23.8% in December 2024, up from 23.0% in November, largely due to higher food prices.

However, the IMF projects inflation to decline to 8% by end-2025, aligning with the government's target..

## Economic Growth Projections

The World Bank projects that Ghana's economy will expand by 4.8% in 2024 and 5.1% in 2025, driven by strong private consumption and investment, positioning Ghana alongside other West African nations expected to record similar economic performance during this period.



## Establishment of Gold Board

Ghana has unveiled plans to establish a Gold Board to regulate and streamline gold purchases from small-scale miners, aiming to boost export earnings, enhance transparency, and curb smuggling. This initiative is expected to formalize the artisanal mining sector, improve gold revenue collection, and strengthen Ghana's position as a leading gold producer in Africa.

## Ghana's Gold Exports Surge

In 2024, Ghana's gold exports surged to \$11.64 billion, providing a major boost to the country's trade surplus. This growth reflects strong global demand, higher production levels, and improved export frameworks, reinforcing Ghana's position as one of Africa's top gold producers. The increase in gold earnings also supports foreign exchange reserves and enhances macroeconomic stability amid ongoing economic reforms.

## Diageo Divests Majority Stake in Guinness Ghana to Castel Group

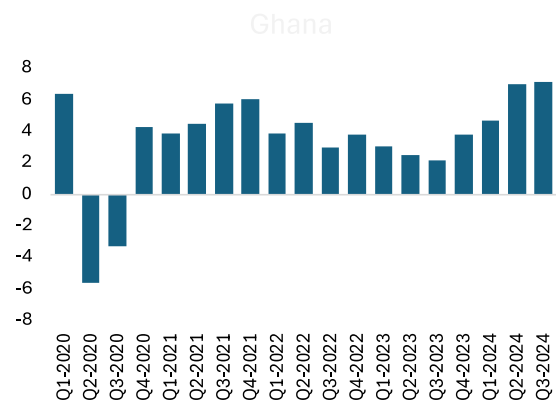
Diageo has sold its 80% stake in Guinness Ghana Breweries to France's Castel Group for \$81 million, marking a strategic shift in its African operations. Despite the divestment, Diageo will retain brand ownership, ensuring continued presence in Ghana's beverage market. The deal reflects ongoing consolidation in the African beer industry, with Castel leveraging its regional expertise to expand market share while Diageo focuses on asset-light strategies and global brand management.

# West Africa - Ghana

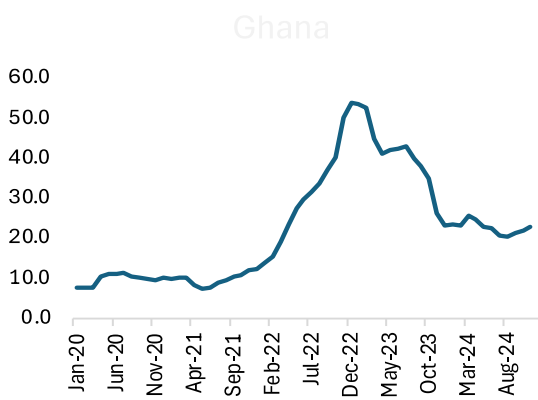
## Key Macroeconomic Indicators

The economy is growing at 7% but faces high inflation of 23% and a policy rate of 29%. Trade is robust at \$25.6 bn, and the risk index stands at 50.08, indicating moderate economic risks.

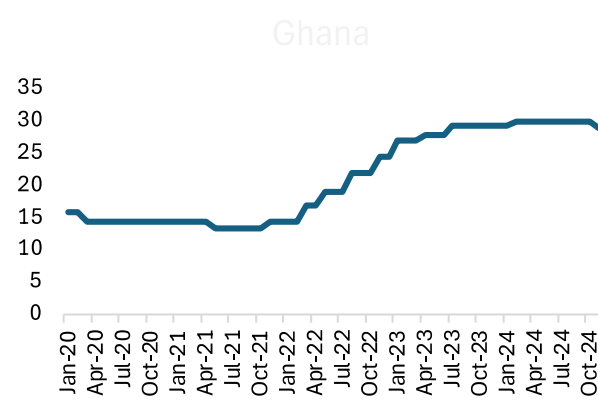
Growth rate



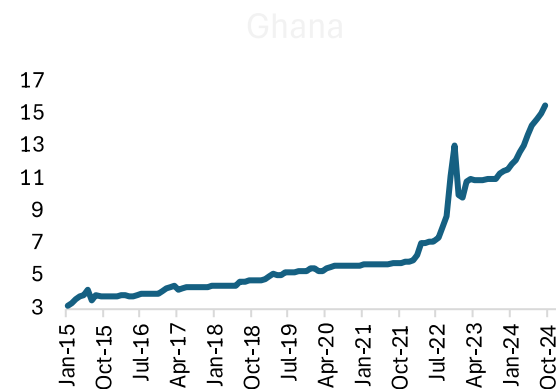
Inflation rate



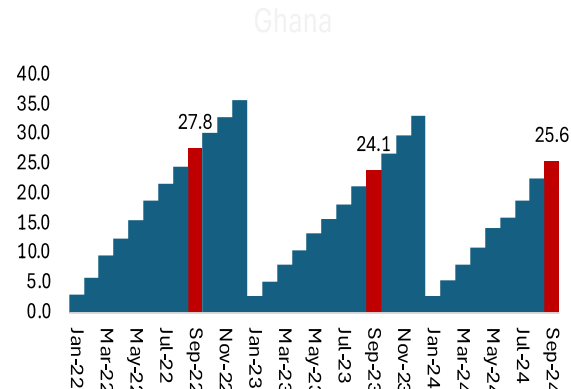
Policy rate



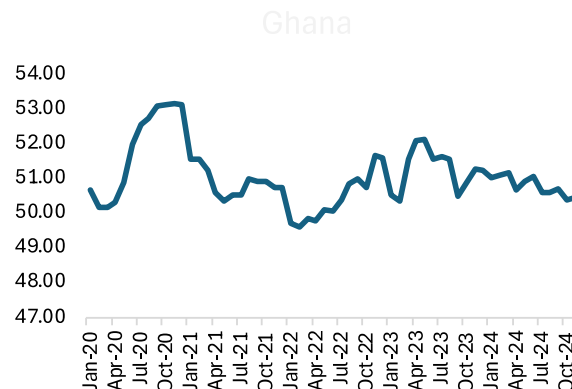
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

- **Private Sector Contraction:** Ghana's Purchasing Managers' Index (PMI) fell to 49.4 in December 2024, down from 52.5 in November, signaling a contraction in private sector activity due to election-related disruptions. While business activity declined for the first time in three months, new orders saw modest growth as the cedi strengthened. Employment continued to rise for the eleventh straight month, albeit at a slower pace.
- **Rising Inflationary Pressures:** Consumer inflation reached 23% in November 2024, up from 22.1% in October, hitting its highest level since May. The surge was primarily driven by higher food prices, adding to economic concerns.
- **Regional Integration Initiative:** In a significant policy shift, Ghana has opened visa-free travel to all Africans, reinforcing its commitment to continental integration and free movement of people under the African Continental Free Trade Area (AfCFTA).
- Election Outcome:** Ghana's Electoral Commission declared ex-President John Mahama the winner of the 2024 elections, marking a potential shift in policy direction and economic governance.

# West Africa - Cote d'Ivoire, Senegal, Mali, Burkina Faso and Niger

## Mali, Burkina Faso, and Niger Exit ECOWAS

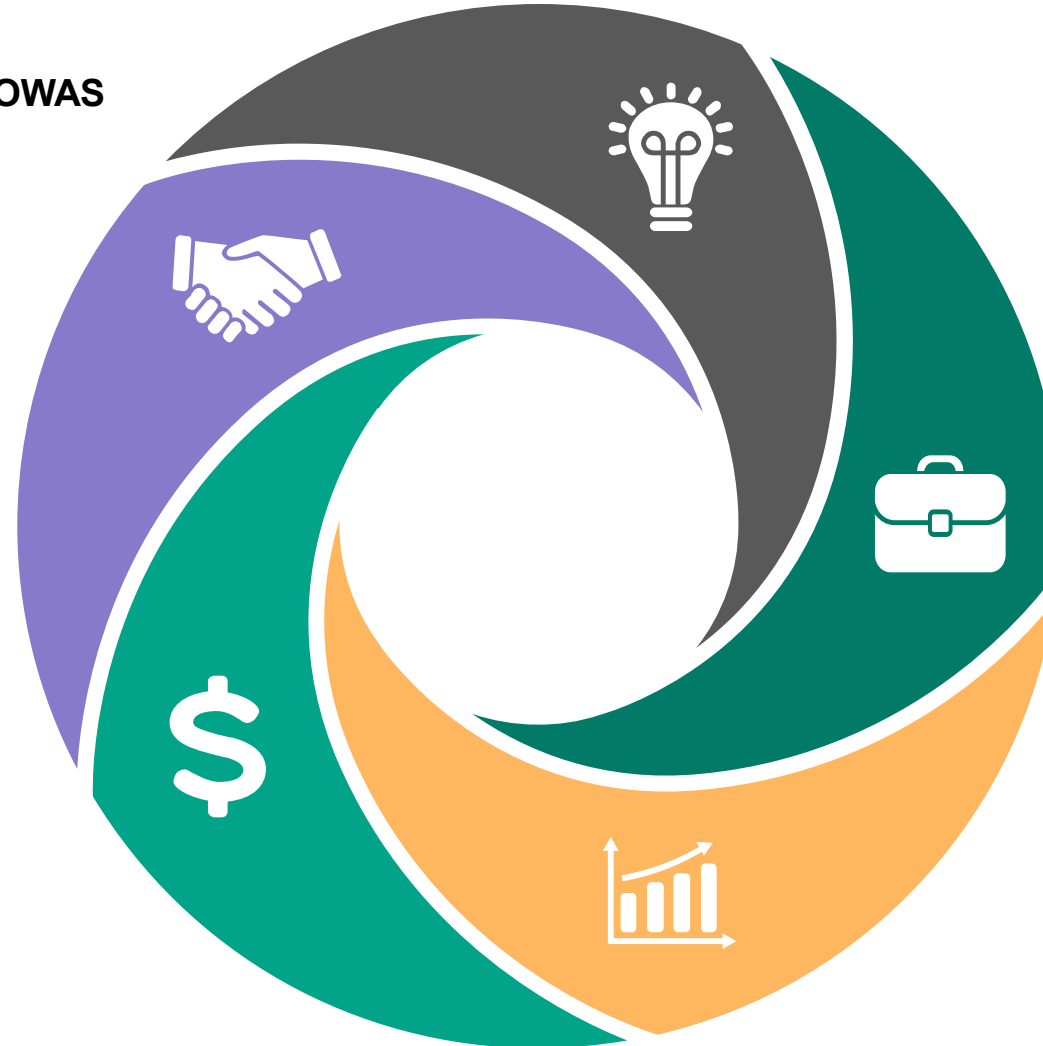
The three junta-led nations formalize their withdrawal from the Economic Community of West African States.

## Cote d'Ivoire Secures \$10 Billion Investment

Côte d'Ivoire attracts \$10 billion from ENI for offshore oilfield development, enhancing its energy sector.

## Mali's Tax Dispute with Barrick Gold

Mali demands \$200 million in back taxes from Barrick Gold, seizing gold assets and detaining executives amid negotiations.



## Ivory Coast Refinances Debt

Ivory Coast collaborates with the World Bank to refinance nearly €400 million in bonds, aiming to reduce debt service costs.

## Inflation rises in Senegal

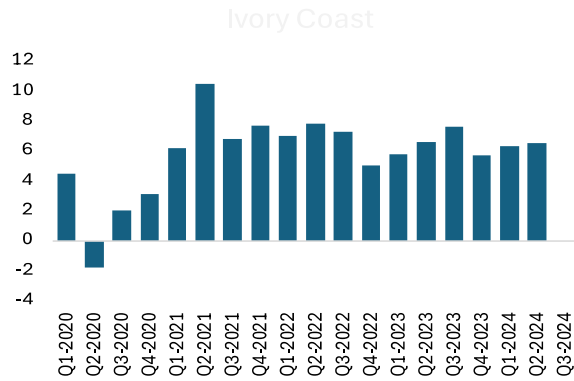
Consumer prices in Senegal rose by 0.8% year-on-year in December 2024, following five consecutive months of decreases.

# West Africa - Cote d'Ivoire Evolving Economic and Strategic Shifts

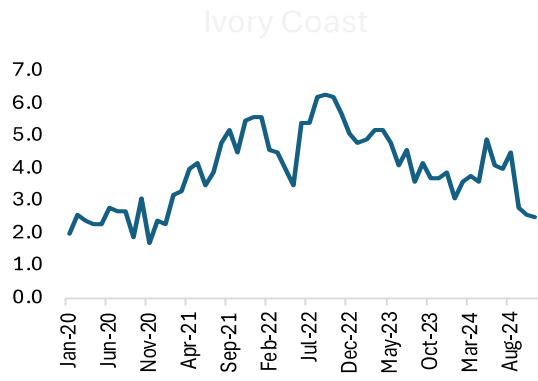
## Key Macroeconomic Indicators

The economy is growing strongly at 6.5% with low inflation of 2.5%. The policy rate is 5.5%. Trade activity is healthy at \$27.6 bn, but a risk index of 50.95 indicates moderate risks that could affect future stability.

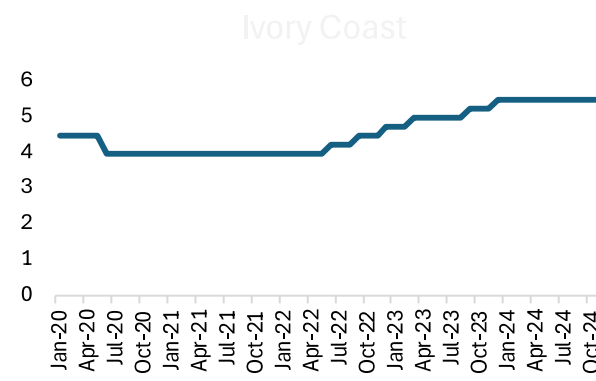
Growth rate



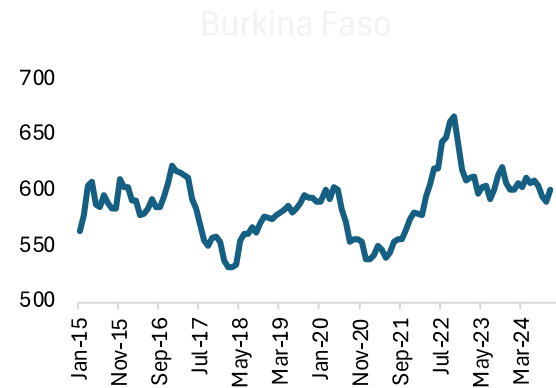
Inflation rate



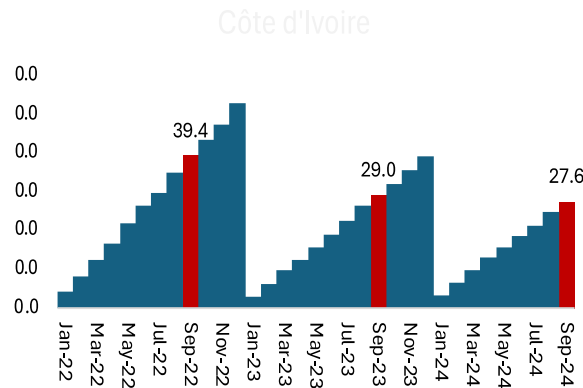
Policy rate



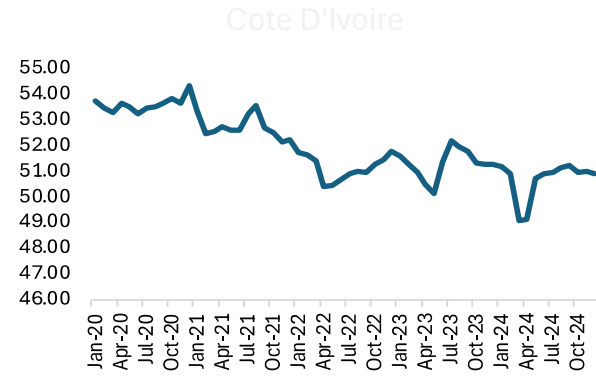
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

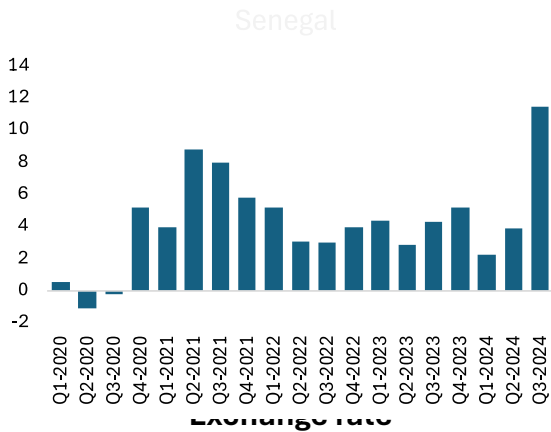
- **Inflation at a Three-Year Low: Annual inflation fell to 2.5% in November 2024, down from 2.6% in October, marking the lowest level since January 2021. This decline was driven by the slowest food price increase since October 2019, easing cost-of-living pressures.**
- **Geopolitical Realignment: Côte d'Ivoire is redefining its military alliances, formally requesting the withdrawal of French forces as part of a broader shift in its security strategy.**
- **Cocoa Market Volatility: Cocoa prices have dropped sharply due to strong shipment volumes from Côte d'Ivoire, highlighting the country's dominant role in global cocoa supply and the impact of supply dynamics on commodity markets.**
- **Expanding Energy Production: The Baleine oil and gas field, located 70 kilometers off Abidjan, is set to produce 75,000 to 85,000 barrels of oil daily, along with 80 to 85 million cubic feet of gas, positioning Côte d'Ivoire as an increasingly significant player in West Africa's energy sector.**

# West Africa – Senegal Economic and Strategic Shifts: Industrial Slowdown, Military Realignment, and Energy Collaboration

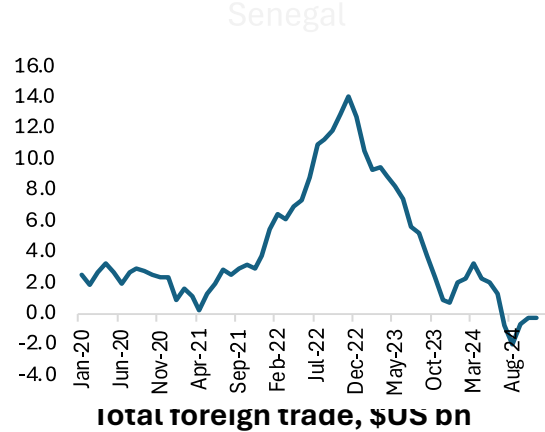
## Key Macroeconomic Indicators

The economy is growing moderately at 11.5% with mild deflation at -0.2%. The policy rate is 5.5%, and foreign trade amounts to \$13 bn. A risk index of 55.76 indicates moderate economic risks despite the positive growth and low inflation.

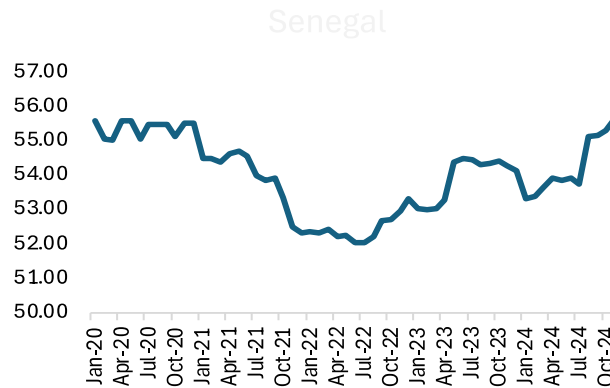
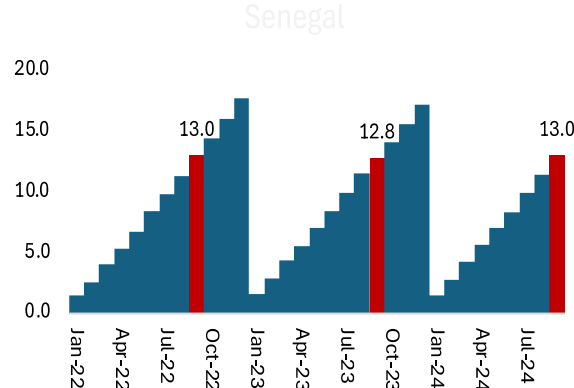
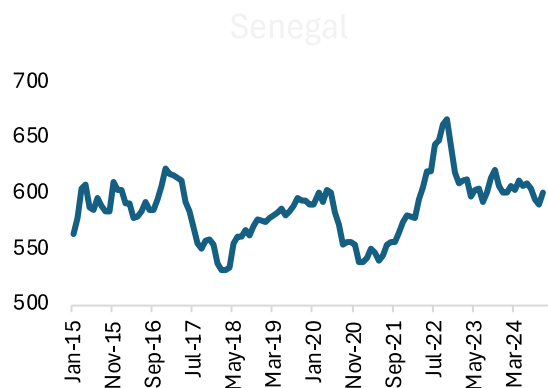
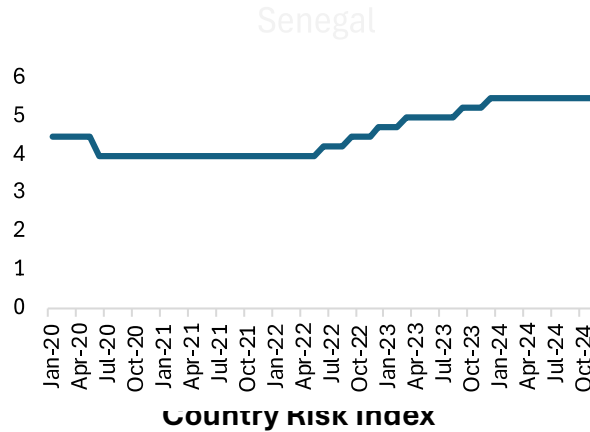
Growth rate



Inflation rate



Policy rate



## Recent developments

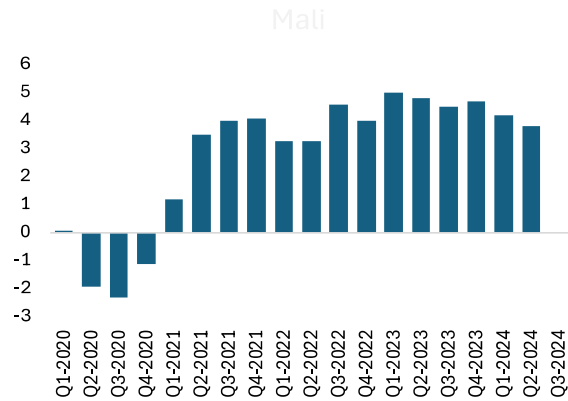
- **Industrial Output Decline:** Senegal's industrial production fell by 2.4% year-over-year in September 2024, following a 1.1% decline in August, reflecting ongoing challenges in key sectors. The extractive industry recorded a sharp 9.5% drop, while manufacturing slipped by 0.2%. However, environmental industries grew by 5.2%, and the electricity, gas, and water sector expanded by 2%, signaling resilience in select areas. On a monthly basis, industrial output declined by 3.4%, deepening the previous month's 1.7% contraction.
- **Military Realignment:** Senegal has announced plans to close all foreign military bases, a move primarily targeting French forces. This decision aligns with a broader regional shift toward security self-reliance and reflects changing geopolitical dynamics in West Africa.
- **Energy Sector Collaboration:** Senegal and Mauritania are advancing joint offshore gas production initiatives, reinforcing their strategic partnership in energy development. This collaboration is expected to boost natural gas output, attract investment, and enhance energy security for both nations.

# West Africa – Mali: Security, Diplomacy, and Mining Sector at a Crossroads

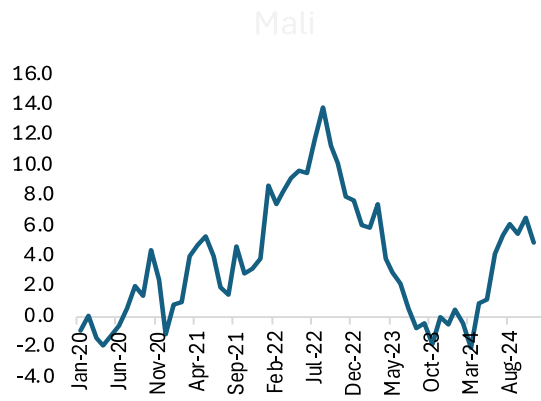
## Key Macroeconomic Indicators

The economy is growing at 3.8% with inflation at 4.9%. The policy rate is 5.5%, and trade activity stands at \$10 bn. However, the risk index of 69.39 suggests higher economic uncertainty.

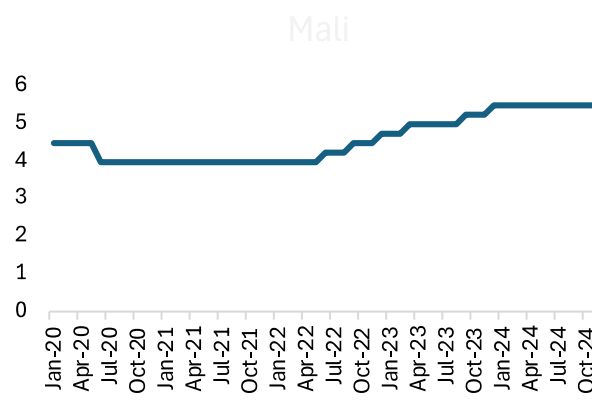
Growth rate



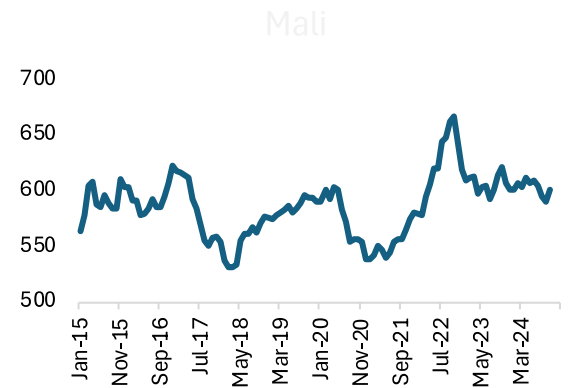
Inflation rate



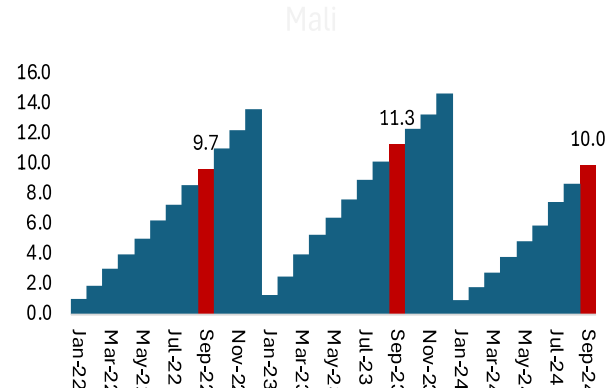
Policy rate



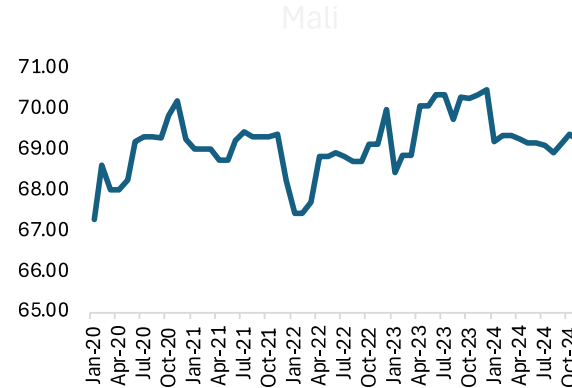
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

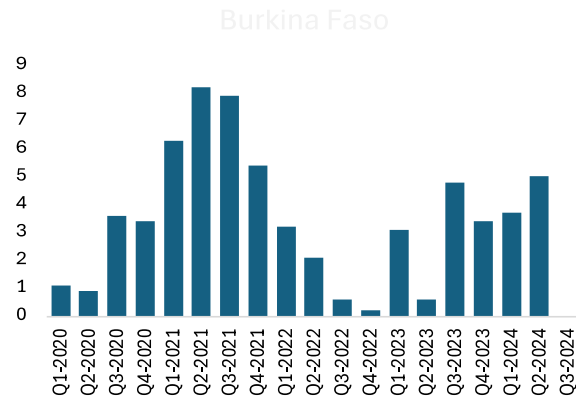
- **Strengthening Military Ties:** Egypt and Mali are deepening military cooperation to counter terrorist threats, highlighting regional security concerns and efforts to bolster counterterrorism capabilities.
- **Counterterrorism Efforts:** Mali's army announced the arrest of an Islamic State leader, marking a significant development in its ongoing fight against extremist groups operating in the Sahel.
- **Diplomatic Tensions with Algeria:** Mali and Algeria are at odds over security strategies, with disagreements straining diplomatic relations. The divergence underscores regional challenges in addressing terrorism and border security.
- **Mining Dispute with Barrick Gold:** Barrick Gold has threatened to freeze its operations in Mali, escalating tensions between the government and mining firms over policy changes and fiscal demands.
- **Mining Sector Revenues Surge:** Mali is poised to receive 750 billion CFA francs (\$1.2 billion) from mining companies in Q1 2025, following a revamp of its mining sector. This follows a 500 billion CFA franc payment in late December, reinforcing the industry's critical role in Mali's economy.

# West Africa - Burkina Faso

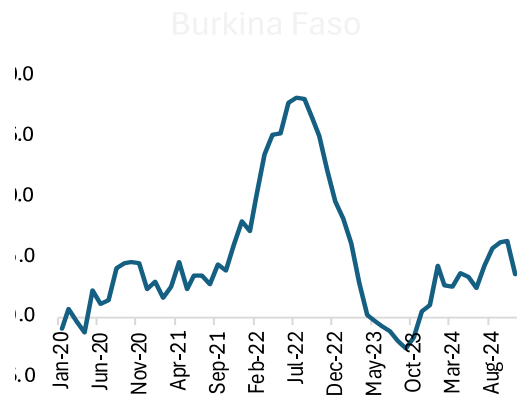
## Key Macroeconomic Indicators

The economy is growing at 5% with moderate inflation at 3.6%. The policy rate is 5.5%. Trade is strong at \$11.8 bn, but a higher risk index of 67.21 suggests notable economic uncertainties.

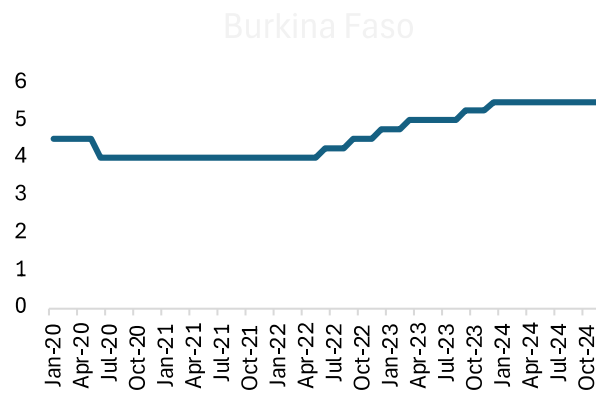
Growth rate



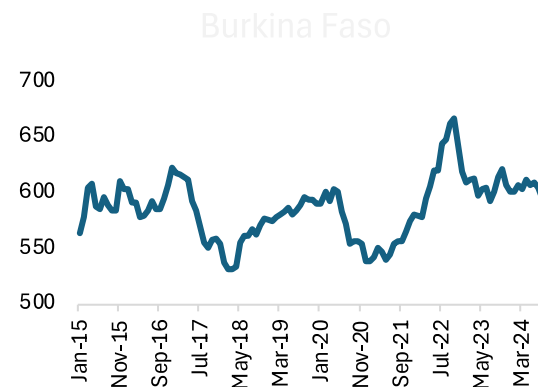
Inflation rate



Policy rate



Exchange rate



# West Africa

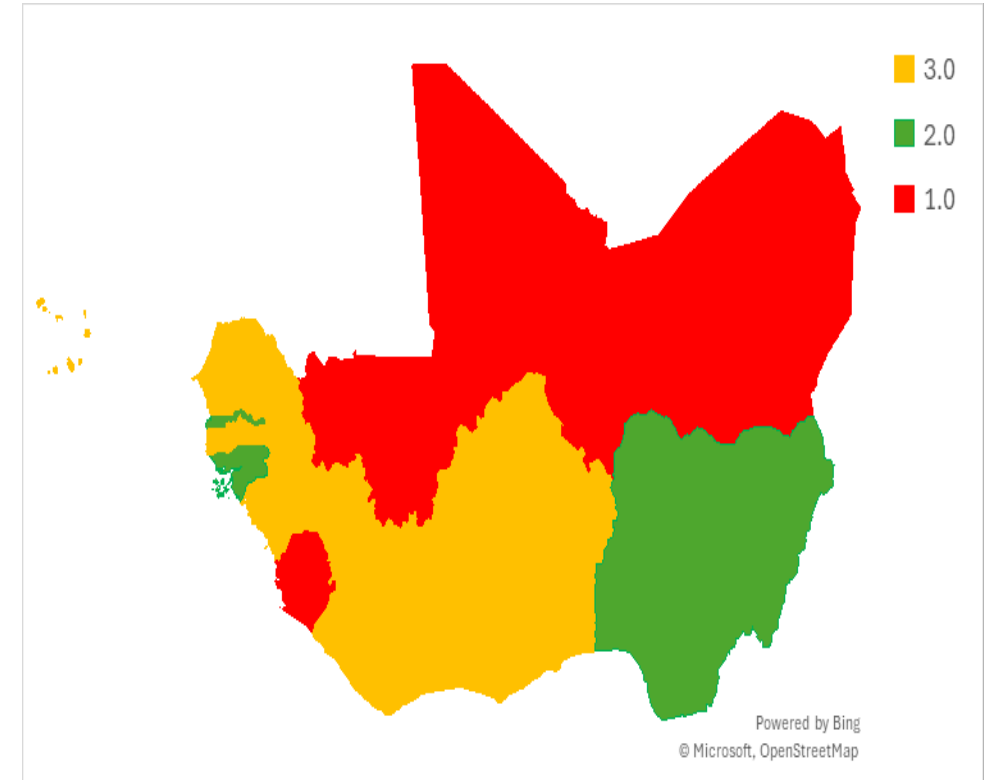


12 out of 15 countries are characterized by stable or enhancing macroeconomic fundamentals.

## West Africa

	Growth	Inflation	Policy Rate	Exch. Rate	Trade	Risk	Overall Scoring	Overall Scoring
Benin	1	3	2	2	3	3	2.3	3.0
Burkina Faso	3	3	2	2	3	1	2.3	3.0
Cabo Verde	2	2	2	3	2	2	2.2	3.0
Cote d'Ivoire	3	3	2	2	1	2	2.2	3.0
Gambia	3	3	2	1	1	2	2.0	2.0
Ghana	3	1	3	1	3	3	2.3	3.0
Guinea	1	3	2	2	3	3	2.3	3.0
Guinea Bissau	2	2	2	2	2	2	2.0	2.0
Liberia	3	3	2	1	2	2	2.2	3.0
Mali	1	3	2	2	1	1	1.7	1.0
Niger	1	3	2	2	1	2	1.8	1.0
Nigeria	3	1	1	2	3	2	2.0	2.0
Senegal	3	2	2	2	3	1	2.2	3.0
Sierra Leone	2	3	2	1	2	1	1.8	1.0
Togo	1	3	2	2	3	2	2.2	3.0

R	Deteriorating	1
Y	Stable	2
G	Improving	3



# East Africa



## World Bank Lowers Growth Forecast

The World Bank revised Kenya's 2024 GDP growth projection to 4.7%, down from 5.0%, citing fiscal challenges and external factors.

## Inflation accelerates

In January 2025, Kenya's headline inflation increased to 3.3% from 3.0% in December 2024, remaining below the Central Bank's midpoint target.

## Private Sector Growth Slows

December 2024 saw a slowdown in private sector activity, attributed to rising input costs and inflationary pressures.



## Tax Laws Amended

On December 11, 2024, Kenya enacted the Tax Laws (Amendment) Act, 2024, introducing significant changes to tax procedures and regulations.

## Kenya Seeks UAE Railway Funding

After China halted infrastructure financing, Kenya is negotiating with the UAE to fund the completion of its regional railway project.

## Declining Fertility Rates

Kenya's fertility rate has decreased from nearly eight children per woman in the 1970s to just above three, influenced by improved education and economic opportunities for women.

# East Africa – Kenya Economic Trends and Political Tensions: Growth, Bond Yields, and Civil Unrest

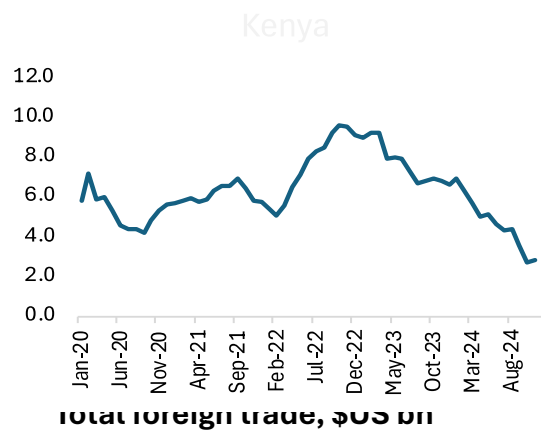
## Key Macroeconomic Indicators

The economy is growing at 4.6% with low inflation of 2.8%. The policy rate is 11.25%, trade activity stands at \$16.7 bn, and a risk index of 54.21 indicates moderate economic risks in a stable environment.

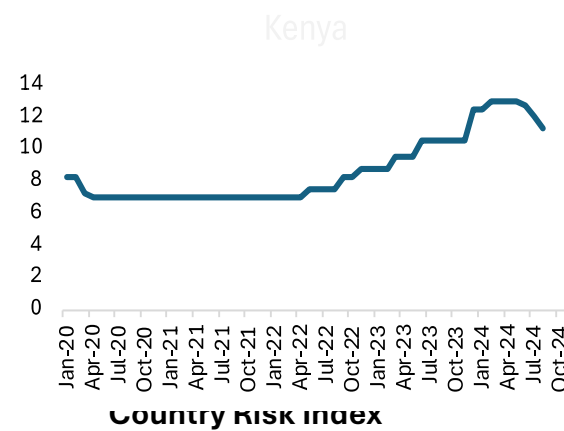
Growth rate



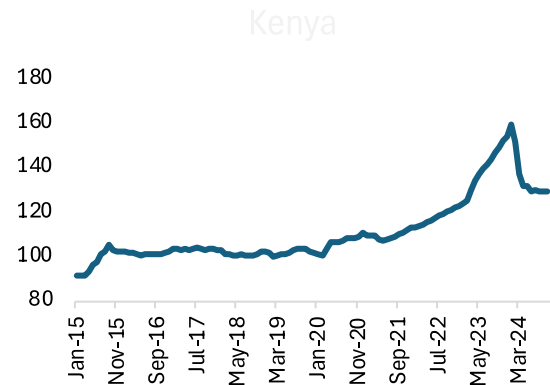
Inflation rate



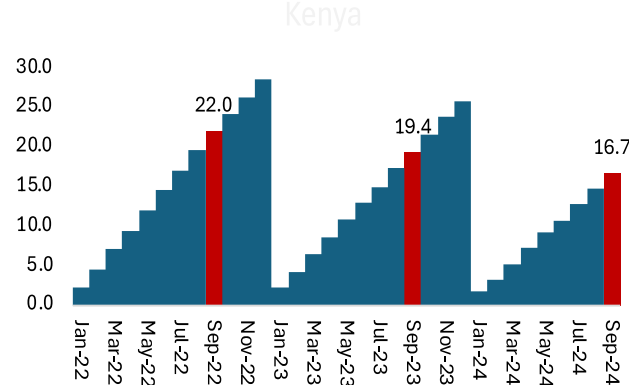
Policy rate



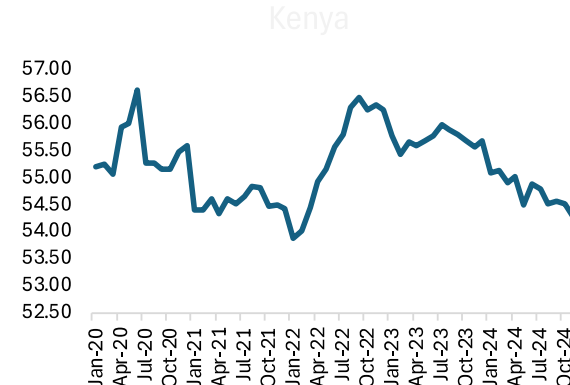
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

- **Sustained Private Sector Growth Amidst Slower Expansion:** Kenya's Purchasing Managers' Index (PMI) edged down to 50.6 in December 2024, from 50.9 in November, marking the third consecutive month of expansion. Growth was supported by rising output, new orders, and employment, though job creation remained subdued. Improved customer purchasing power and effective marketing strategies contributed to business gains.
- **Declining Bond Yields Signal Easing Financial Pressures:** Kenya's 10-Year Government Bond Yield dropped to an 18-month low of 14.43%, reflecting improving investor confidence and lower borrowing costs. Over the past month, the yield fell by 116 basis points, and over the past year, it declined by 194 basis points, pointing to stabilizing fiscal conditions.
- **Escalating Protests Despite Political Unity Efforts:** Kenya continues to face widespread protests, despite efforts to foster political cohesion. Demonstrations intensified over alleged government abductions, with police resorting to tear gas to disperse crowds. In response, President William Ruto has pledged to end enforced disappearances, addressing growing public concerns over human rights and security.

## Launch of Stock Exchange

On January 10, 2025, Ethiopia inaugurated its first securities exchange, the Ethiopian Security Exchange (ESX), listing Wegagen Bank and anticipating 90 companies in the next decade.

## Projected Economic Growth

The government anticipates an 8.4% economic growth rate for the 2024/2025 fiscal year, driven by significant expansions in the industrial and agriculture sectors.

## U.S. Aid Suspension Affects Malnutrition Programs

In January 2025, the U.S. halted foreign aid, impacting Action Against Hunger's efforts to feed malnourished children in Ethiopia's Gambella region.



## \$500 Million Climate Investment Plan

In December 2024, the Climate Investment Funds approved a \$500 million initiative to combat land degradation and enhance food security in Ethiopia.

## Mining Sector Challenges

In late 2024, incidents involving armed forces at mining sites highlighted increasing risks in Ethiopia's mining industry.

## Inflation to peak in 2025

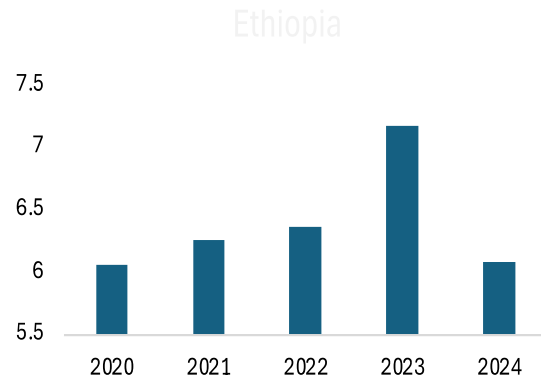
Ethiopia's inflation is projected to peak at 25% in mid-2025 due to currency depreciation, supply chain disruptions, and global commodity price volatility.

# East Africa – Ethiopia Disaster Response, Diplomacy, and Economic Milestones

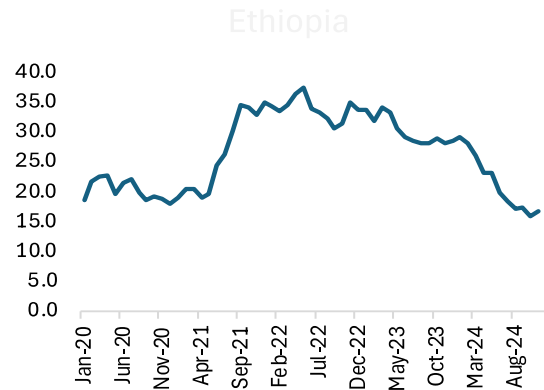
## Key Macroeconomic Indicators

The economy is growing at 7%, but inflation is high at 16.9%. The policy rate is 7%, with foreign trade at \$15.7 bn. A risk index of 66.75 indicates moderate to high economic risks due to inflation and external vulnerabilities.

Growth rate



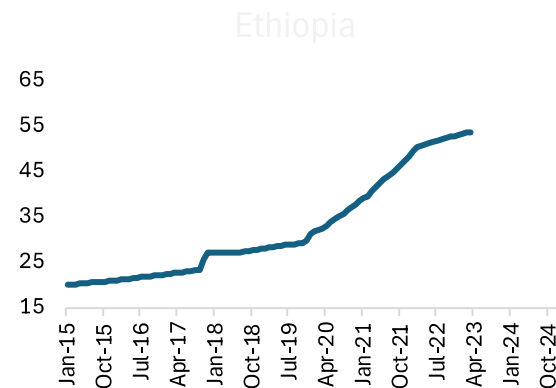
Inflation rate



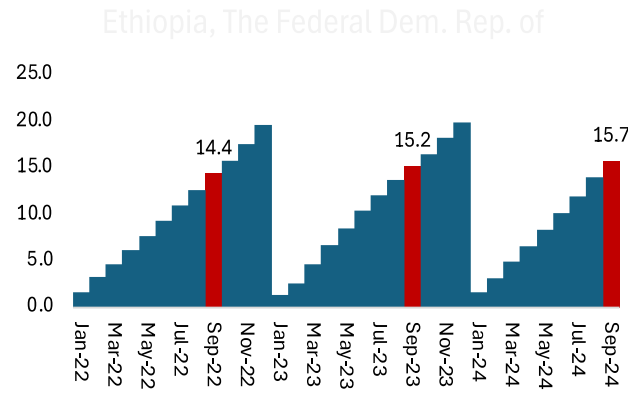
Policy rate



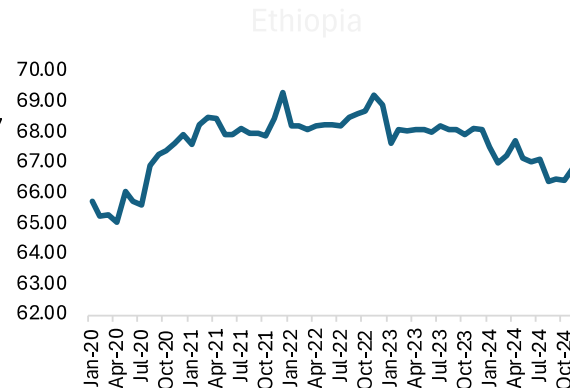
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

- **Earthquake Evacuations and Volcanic Threats:** Ethiopia has evacuated 80,000 people following a series of earthquakes amid fears of a volcanic eruption, highlighting natural disaster risks in the region.
- **Diplomatic Breakthrough with Somalia:** Ethiopia and Somalia have reached a compromise agreement to resolve tensions, signaling a step toward regional stability following recent disputes.
- **Religious Leaders Call for Peace:** As Ethiopia prepared for Christmas, Ethiopian bishops urged national unity and peace, reflecting ongoing concerns over internal conflicts.
- **Aviation and Trade Expansion:**
  - Air Arabia launched new direct flights to Ethiopia, boosting connectivity and economic ties.
  - The U.S. Department of Transportation fined Ethiopian Airlines and Etihad Airways over carrier code violations, signaling regulatory scrutiny.
- **Ethiopia Revives Its Stock Market:** Ethiopia has launched the Ethiopian Securities Exchange (ESX)—its first stock exchange in 50 years—with a goal of attracting 90 companies over the next decade. This marks a major step in economic modernization, aiming to enhance investment flows and financial sector development.

### Strong FDI and GDP Growth

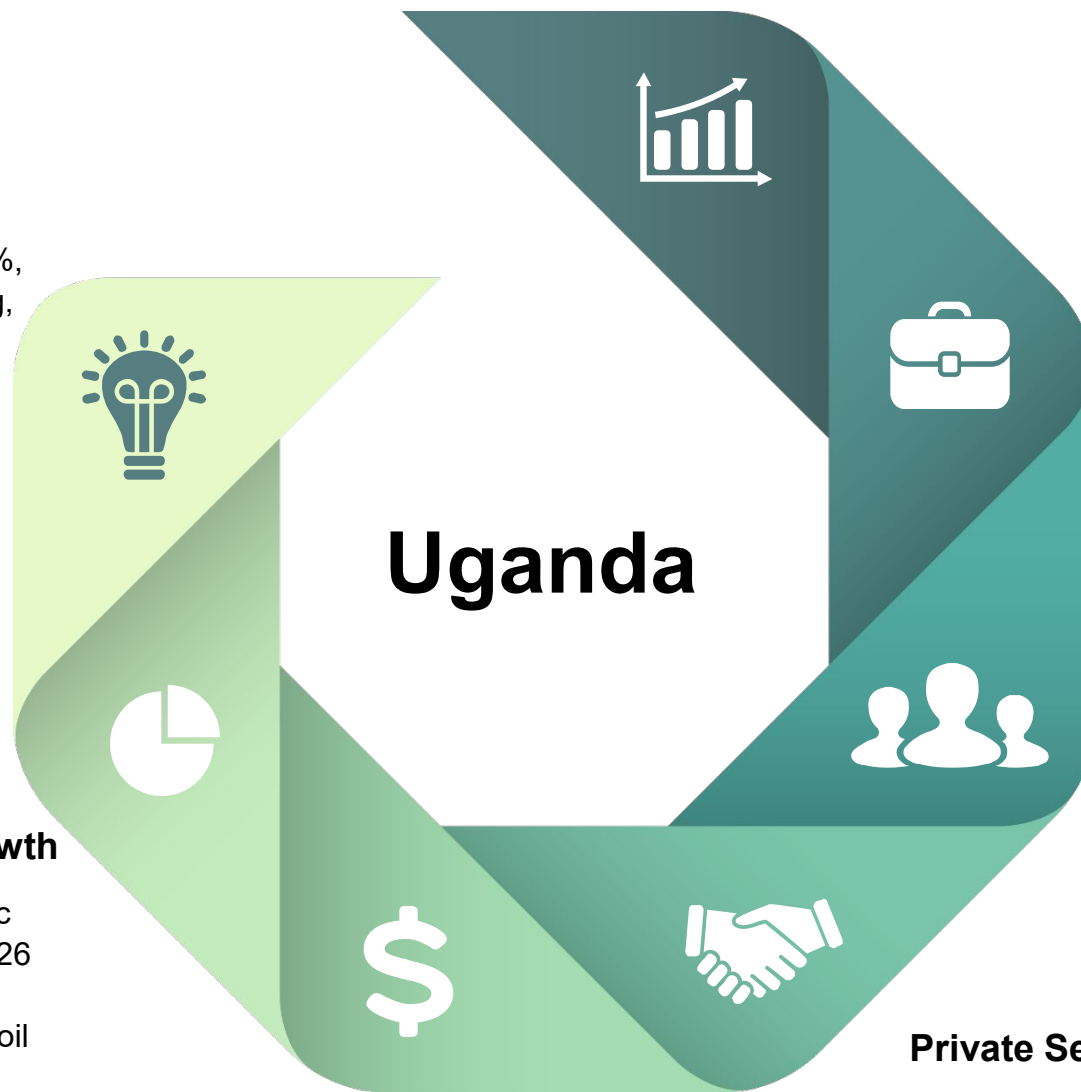
In the first quarter of the 2024/25 financial year, Uganda experienced a 25.4% increase in foreign direct investment and a GDP growth of 6.7%, driven by agriculture, agro-processing, and construction sectors.

### Inflation Rises to 3.6%

In January 2025, Uganda's annual headline inflation increased to 3.6%, up from 3.3% in December 2024.

### IMF Projects Double-Digit Growth

The IMF forecasts Uganda's economic growth to reach 10.8% in the 2025/2026 fiscal year, propelled by the commencement of commercial crude oil production.



### Fourth National Development Plan

On January 7, 2025, the government presented the Fourth National Development Plan (NDPIV) to the Parliamentary Committee on Budget in January 2025

### \$176 Billion Financing Scheme for Large-Scale Farmers

On January 16, 2025, Uganda launched a Shs 176 billion financing scheme to support private large-scale commercial farmers, aiming to boost agricultural productivity.

### MTN Uganda Secures \$100 Million Loan

On December 31, 2024, MTN Uganda obtained a \$100 million syndicated loan to expand its network infrastructure, reflecting lender confidence in the company's growth.

### Private Sector Growth Sustained

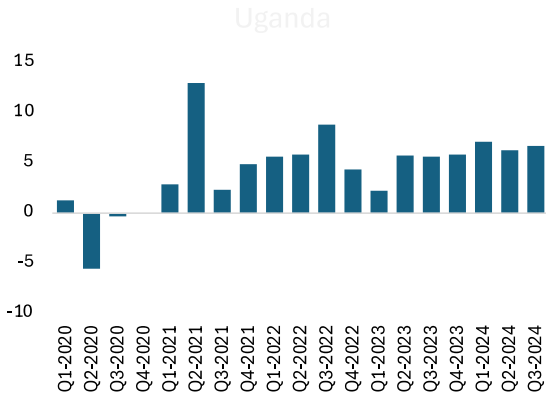
December 2024 data from Stanbic Bank Uganda PMI indicated continued strong private sector growth, with businesses optimistic about current and future conditions.

# East Africa – Uganda Business Resilience and Regional Tensions

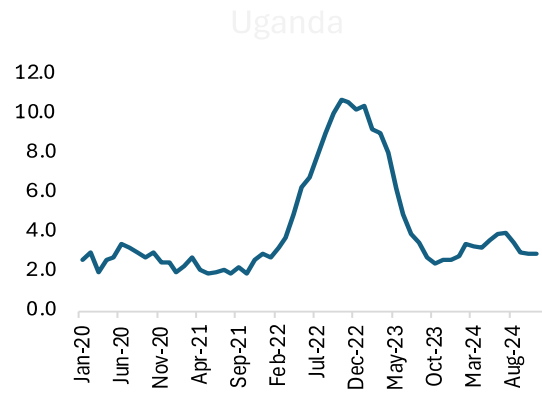
## Key Macroeconomic Indicators

The economy is growing at 6.2% with inflation at 2.9%. The policy rate is 9.75%, trade stands at \$20.5 bn, and a risk index of 59.01 indicates moderate economic risks.

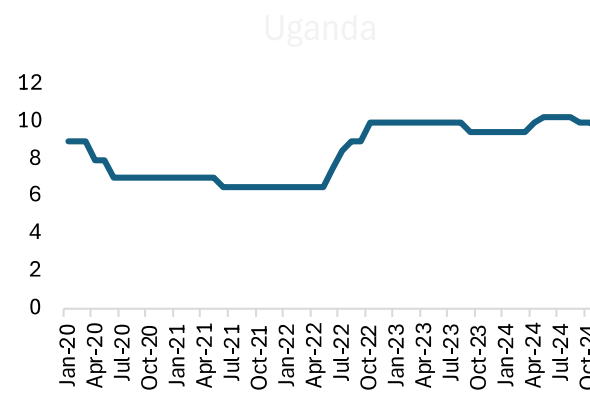
Growth rate



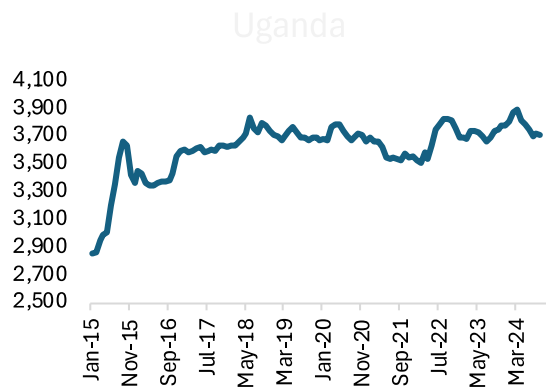
Inflation rate



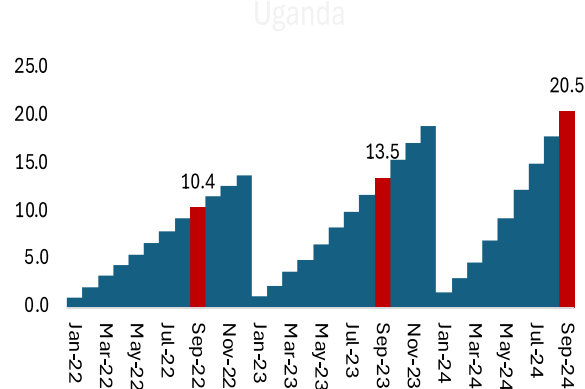
Policy rate



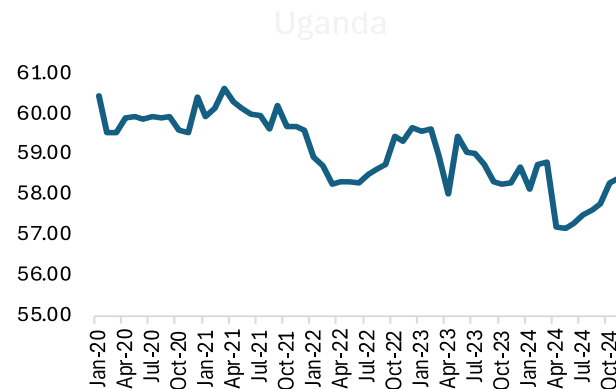
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

- **Private Sector Growth Slows but Remains Strong: Uganda's Purchasing Managers' Index (PMI) fell to 53.1 in December 2024, down from November's three-month high of 55.7.** While the slowdown reflects moderating growth, the index remains above the historical average (52.7), signaling continued business expansion for the ninth consecutive month. Increased output and new orders, supported by new client acquisitions, have sustained momentum.
- **Military Tensions with Sudan: A senior Ugandan general has reiterated threats to seize Khartoum, despite issuing an apology for previous remarks.** This underscores lingering tensions between Uganda and Sudan, with potential regional diplomatic implications.

# East Africa - Tanzania, Somalia, Burundi, South Sudan & Rwanda

## Tanzania- World Bank forecasts 5.2% growth

The World Bank projects Tanzania's economy to grow by 5.2% in 2025, driven by investments in infrastructure and the mining sector.

## Somalia- IMF Approves Financial Support

In December 2024, the IMF approved a \$100 million loan to Somalia to support economic reforms and strengthen fiscal management.

## Burundi- Coffee Exports Increase

Burundi reported a 15% rise in coffee exports in January 2025 compared to the same period in the previous year, boosting foreign exchange earnings.

## South Sudan- Economic Crisis Intensifies

South Sudan faces a severe economic downturn, with halted government operations, unpaid civil servants, and heavy taxation on international aid, exacerbating the humanitarian situation.

## Rwanda-Inflation Rate Declines

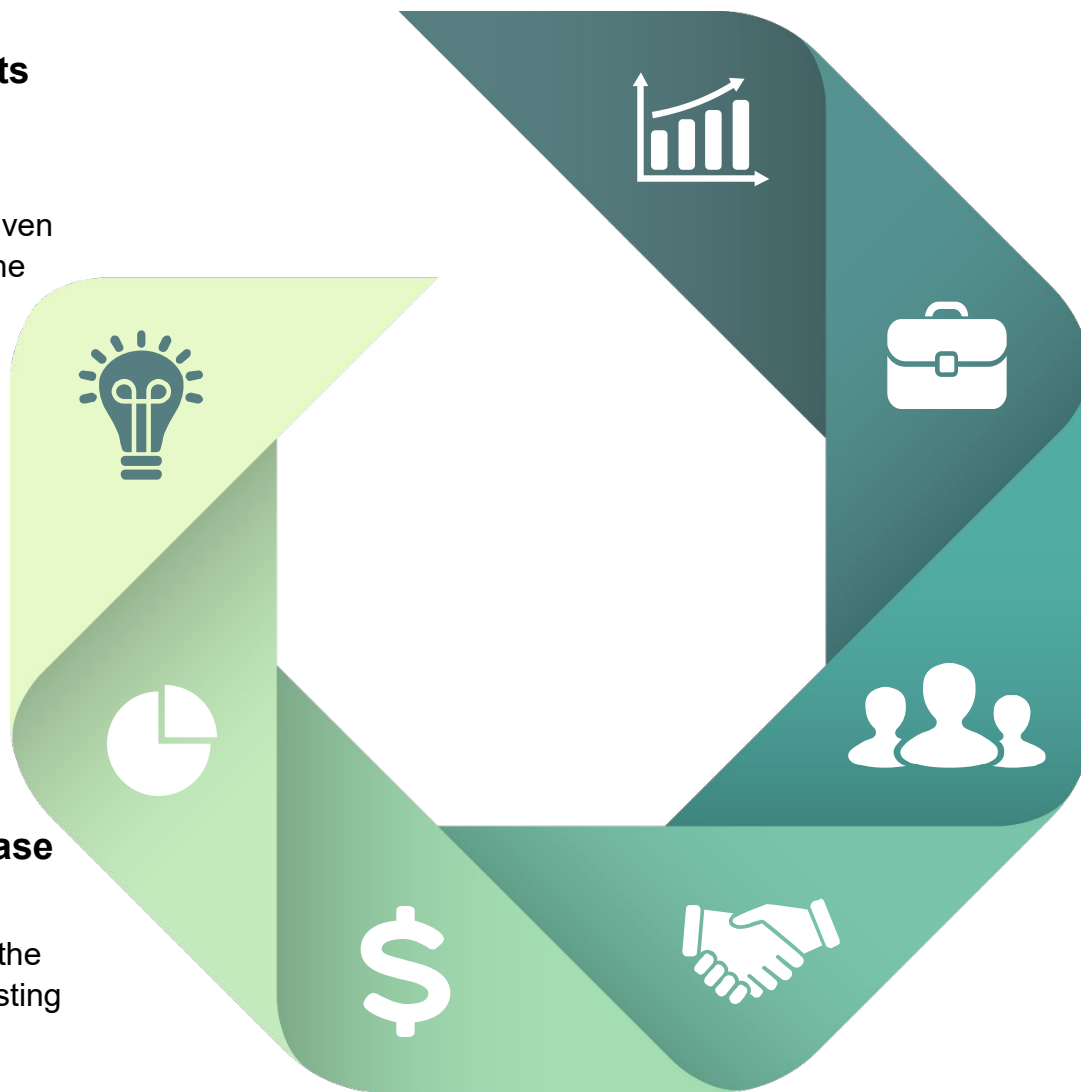
Rwanda's inflation rate decreased to 6.8% in December 2024, down from 8.5% in November, attributed to lower food and energy prices.

## Rwanda- Pressure on EU-Rwanda Minerals Deal

The EU faces calls to suspend a minerals agreement with Rwanda due to concerns over its involvement in the DRC conflict.

## Rwanda- Rising Influence Amid Regional Tensions

Despite backing rebels in eastern Congo, Rwanda faced limited international financial pressure, attributed to its significant economic and military roles in Africa.

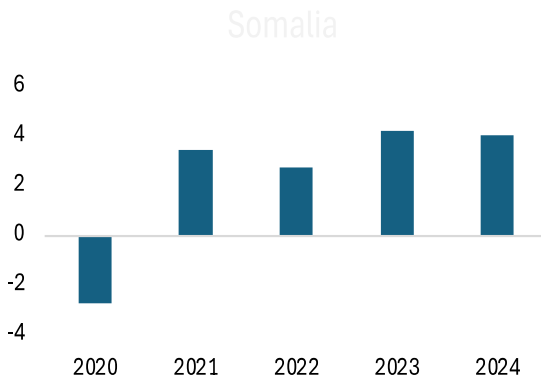


# East Africa – Somalia Security, Diplomacy, and Regional Shifts

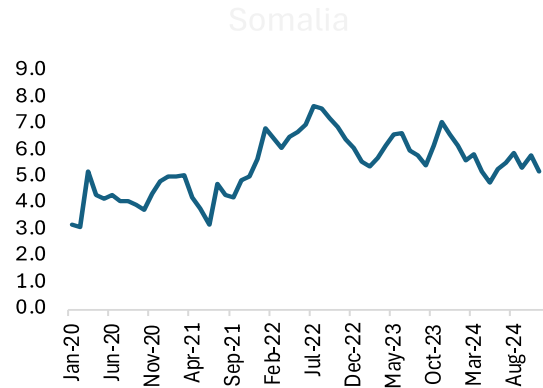
## Key Macroeconomic Indicators

The economy is growing at 4% with inflation at 5.2%. Trade activity is \$4.1 bn, but a high-risk index of 77.39 indicates potential instability due to inflation and exchange rate fluctuations.

Growth rate

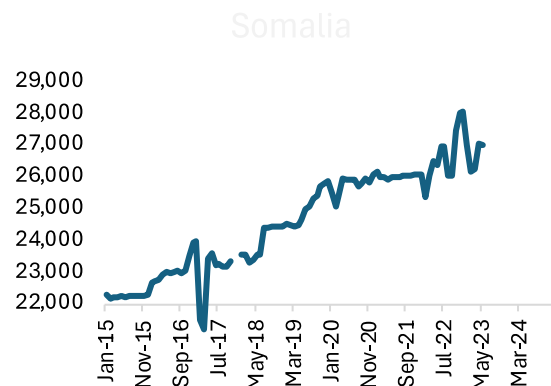


Inflation rate

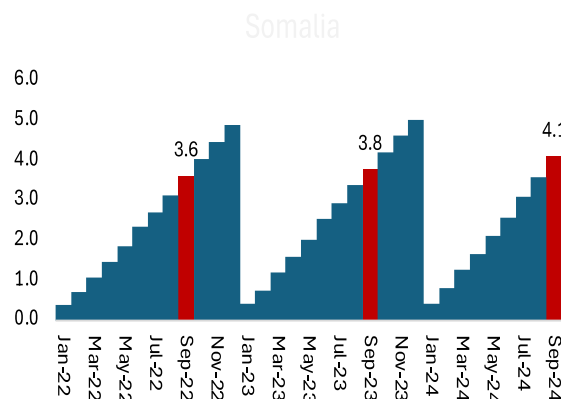


Policy rate

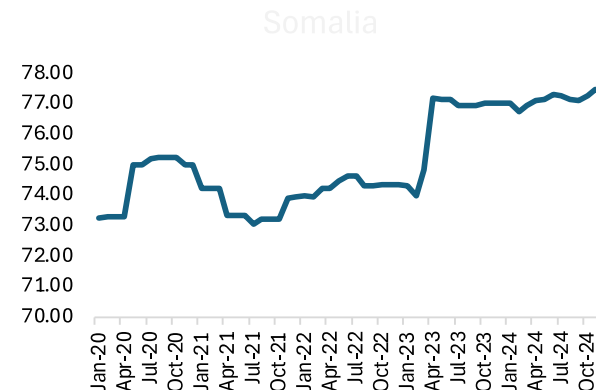
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

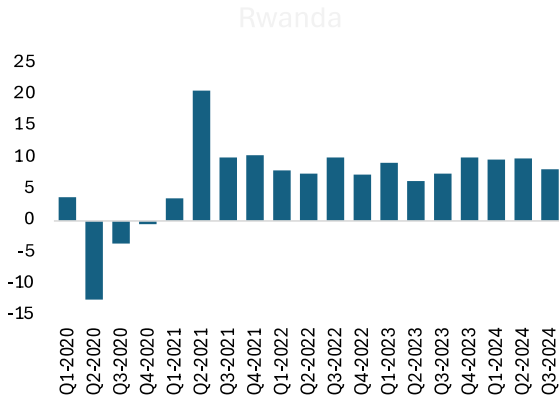
- **Diplomatic Talks Over Somaliland Dispute:** The Somali president and Ethiopian prime minister have scheduled talks to address ongoing tensions over Somaliland, following recent disputes over port access. A Turkish-brokered agreement has helped de-escalate tensions between the two nations.
- **Egypt Expands Military Presence in Somalia:** Egypt has deployed troops via air and sea as part of a new African Union (AU) force aimed at strengthening regional security.
- **Counterterrorism Efforts Intensify:**
  - Somali security forces repelled multiple suicide attacks, highlighting ongoing threats from militant groups.
  - A U.S. airstrike killed two senior Al-Shabaab members, including a top commander, in a continued effort to weaken the group's leadership.
  - The United Nations has approved a new AU force to take on Al-Shabaab, reinforcing international and regional commitment to counterterrorism in Somalia.

# East Africa – Rwanda: Economic Expansion and Regional Tensions

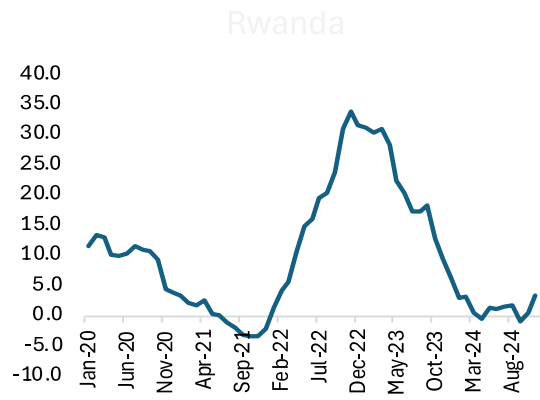
## Key Macroeconomic Indicators

The economy is growing at 9.8% with inflation at 3.4% and a policy rate of 6.5%. Trade stands at \$4.2 bn, while the risk index is at 56.51, indicating moderate risks.

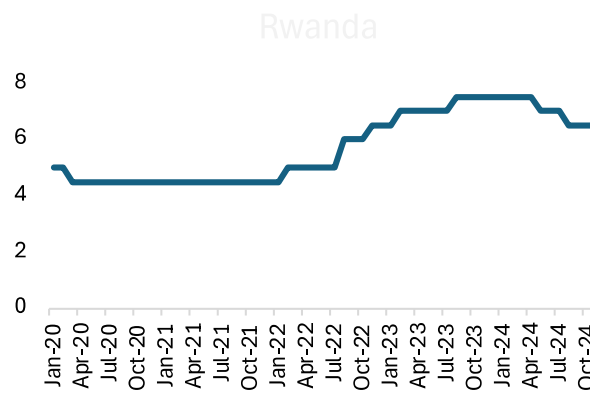
Growth rate



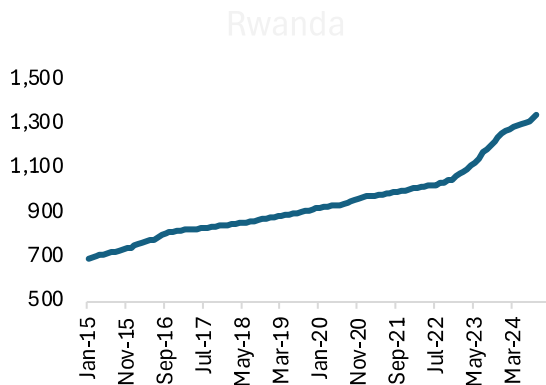
Inflation rate



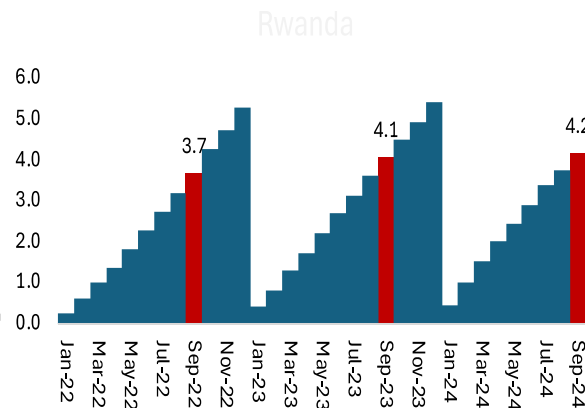
Policy rate



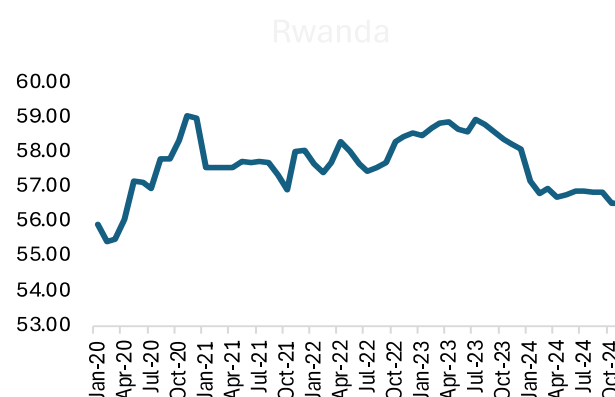
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

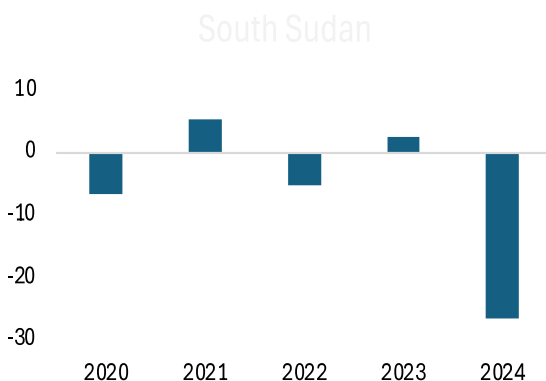
- **Boosting Local Fish Production:** Rwanda has launched a fish breeding center aimed at reducing dependency on imports, enhancing food security, and supporting local aquaculture development.
- **Escalating Conflict in Eastern DR Congo:** Rwanda-backed M23 rebels have seized a key town in eastern DR Congo, further intensifying regional tensions and raising concerns over stability in the Great Lakes region.
- **New Investment Agreement:** The Abu Dhabi Fund for Development has signed a 92 million AED loan agreement with Rwanda, signaling continued foreign investment in the country's economic growth initiatives.

# East Africa - South Sudan Humanitarian Crisis and Economic Recovery Amid Regional Turmoil

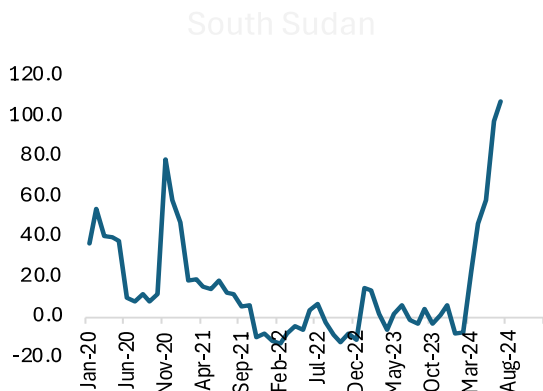
## Key Macroeconomic Indicators

The economy is experiencing a severe contraction, with a growth rate of -27% and inflation at 107%. The policy rate stands at 12%, trade activity is low at \$2.2 bn, and the high-risk index is at 83.24, indicating significant economic instability.

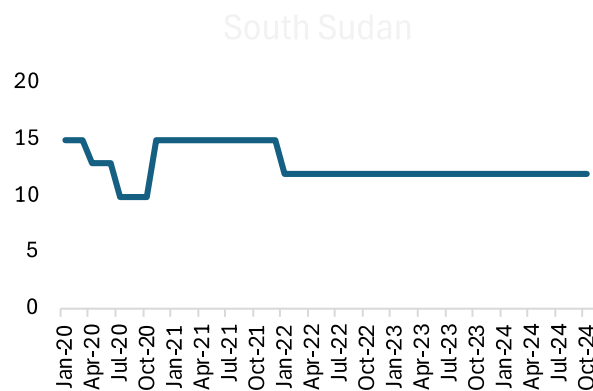
Growth rate



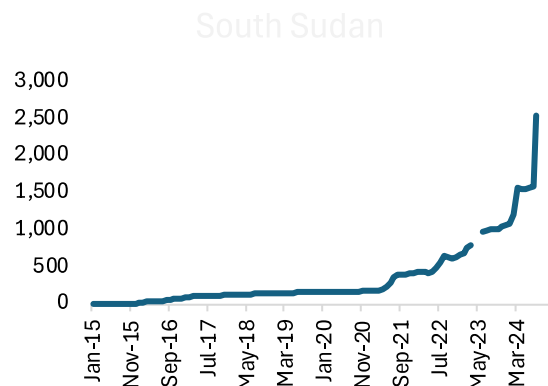
Inflation rate



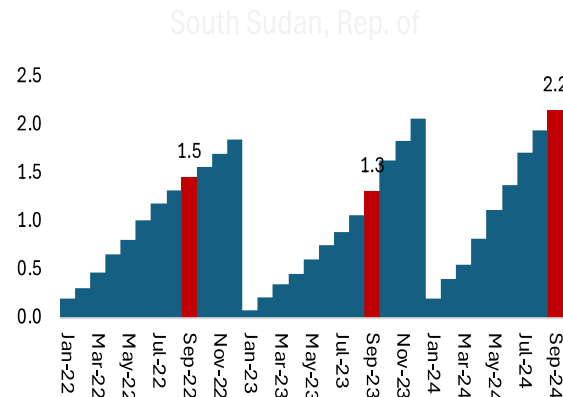
Policy rate



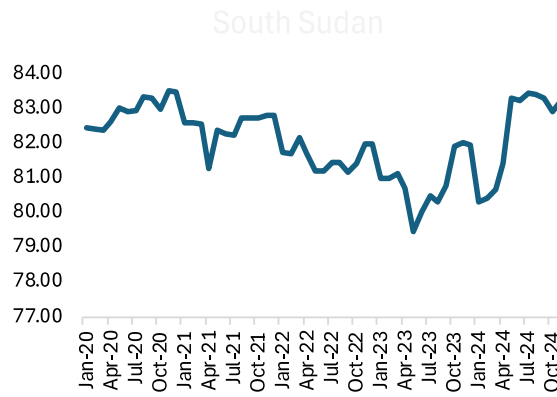
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

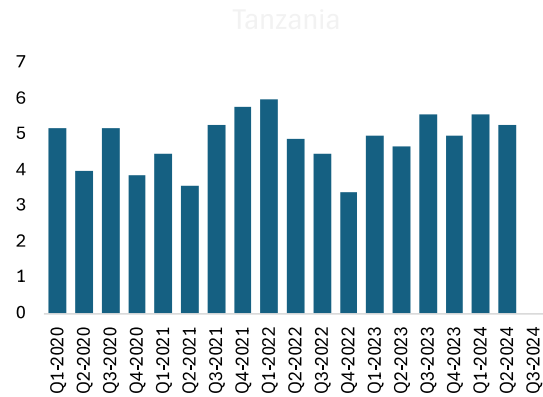
- **Urgent Humanitarian Appeal:** Aid organizations have called for \$1.7 billion to assist 5.4 million people in South Sudan, as the country struggles with conflict, food insecurity, and a worsening refugee crisis. The World Food Programme (WFP) is also seeking \$404 million to provide critical food aid.
- **Resumption of Oil Exports:** After nearly a year-long halt, South Sudan will resume oil exports via Sudan on Wednesday, providing a much-needed boost to government revenues.
- **Sudan Conflict Spills Over:**
  - Dozens of civilians have been killed in two days of intense fighting in Sudan, escalating instability in the region.
  - The war has displaced over 900,000 people into South Sudan, straining resources and humanitarian capacity.
  - South Sudan is now facing a deadly cholera crisis as refugee numbers surge, exacerbating public health and sanitation challenges.

# East Africa – Tanzania Infrastructure Expansion and Environmental Challenges

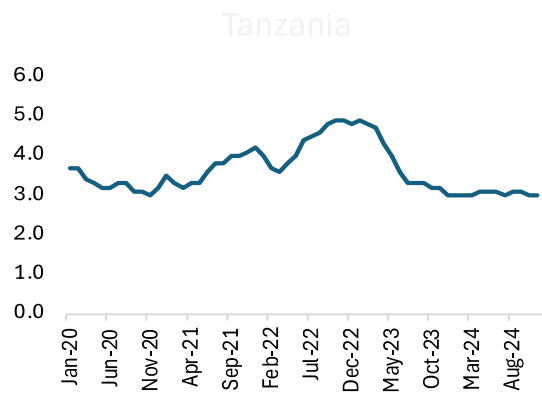
## Key Macroeconomic Indicators

The economy is growing at 5.3% with moderate inflation at 3%. The policy rate is 6%, trade activity stands at \$20.2 bn, and the risk index is 56.57, indicating moderate economic risks.

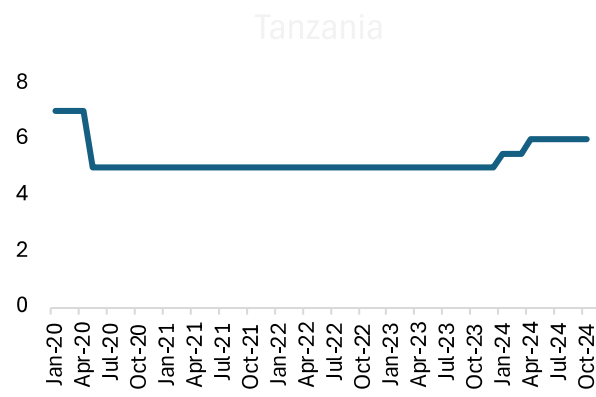
Growth rate



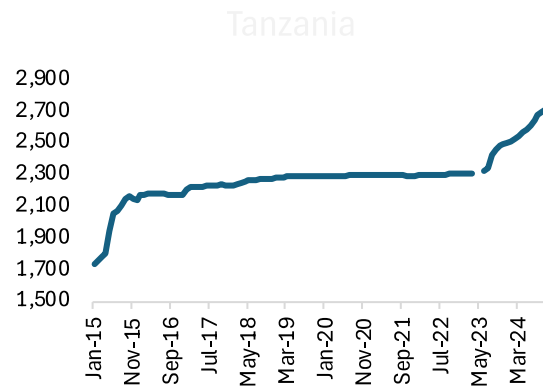
Inflation rate



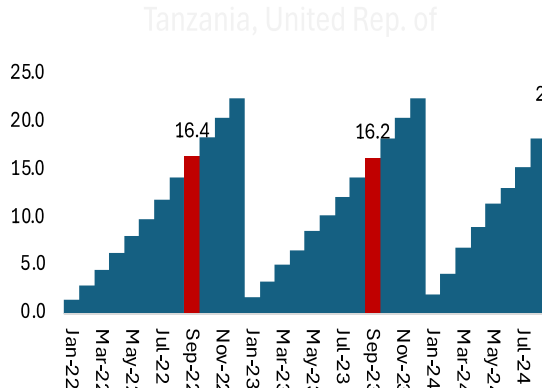
Policy rate



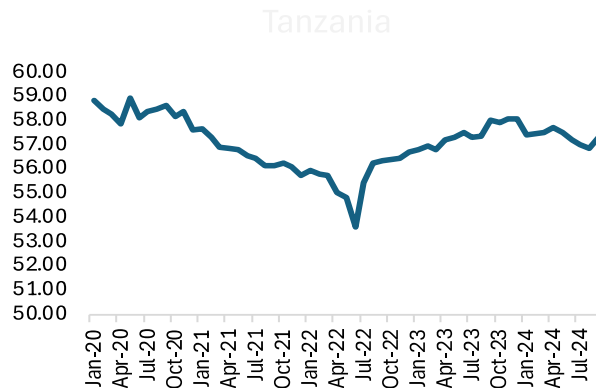
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

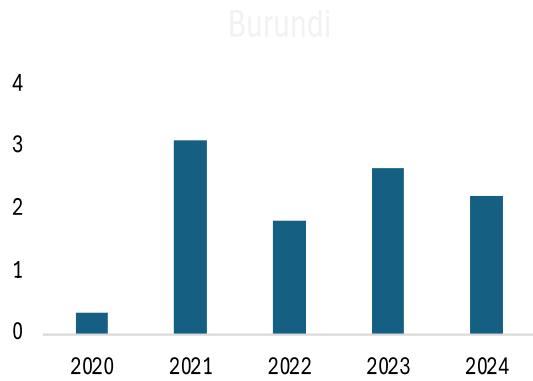
- **Advancing Rail Transport:** Tanzania has received 264 Chinese-made cargo wagons for its Standard Gauge Railway (SGR) electric trains, enhancing freight capacity and regional trade connectivity.
- **Aviation Setbacks:** The European Union (EU) has added Air Tanzania to its list of banned airlines, citing safety concerns, a move that could impact the country's aviation sector.
- **Rising Environmental Threats:** Communities around Lake Victoria are struggling with rising water levels, leading to displacement, infrastructure damage, and threats to livelihoods.
- **Government Fleet Expansion:** Tanzania has taken delivery of a new Gulfstream G700, reinforcing state transport capabilities.
- **Tourism and Conservation Efforts:** Tanzania is pioneering new strategies to balance tourism growth and conservation, aiming to boost sustainable economic development while preserving its natural heritage.

# East Africa – Burundi Coffee Growth, Regional Trade Decline, and Military Shift

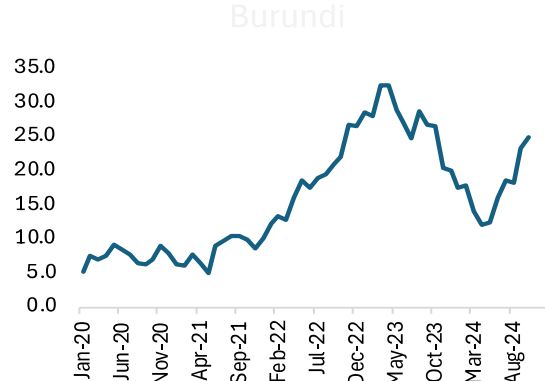
## Key Macroeconomic Indicators

The economy is growing at 2% with high inflation at 24.9%. The policy rate is 12%, trade is low at \$0.7 bn, and a risk index of 69.58 indicates elevated economic risks due to inflation and weak trade.

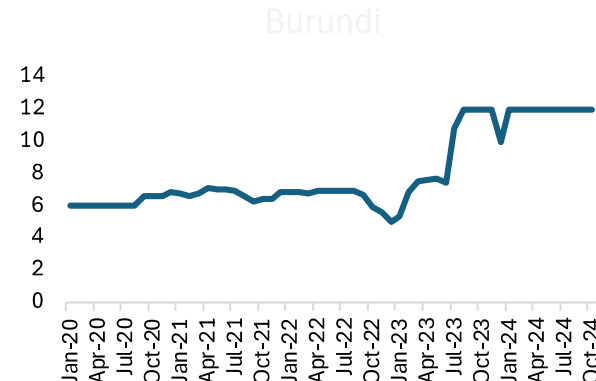
Growth rate



Inflation rate



Policy rate



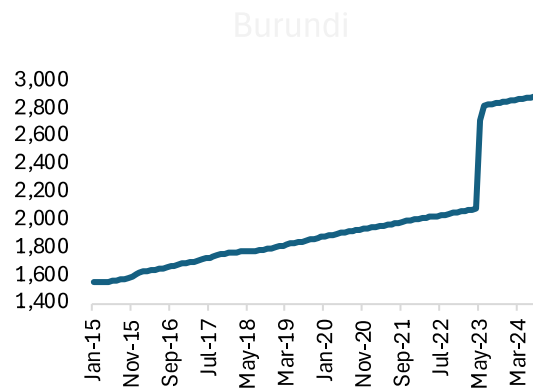
## Recent developments

**Boosting Specialty Coffee: JNP Coffee** has partnered with USAID to enhance Burundi's specialty coffee industry, supporting farmers, exports, and global market access.

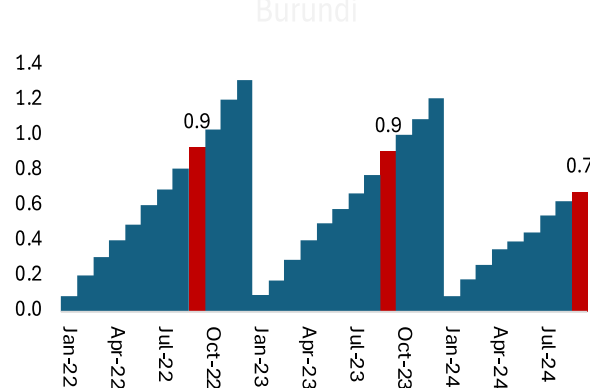
**Military Withdrawal from Somalia:** Burundi has decided to withdraw from the new African Union Mission in Somalia (ATMIS), signaling a shift in its regional security strategy.

**Declining Cross-Border Trade:** Trade between Rwanda and Burundi has dropped by over 40%, reflecting regional economic challenges and ongoing political tensions.

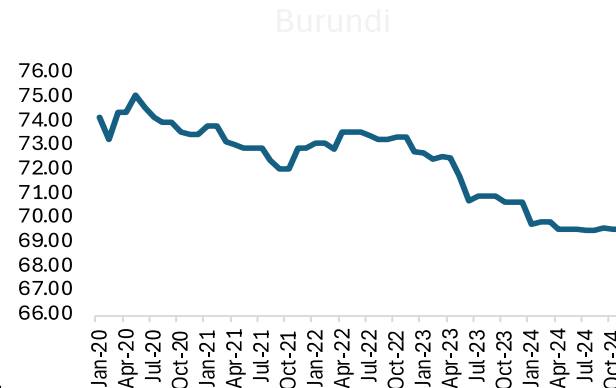
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



# East Africa

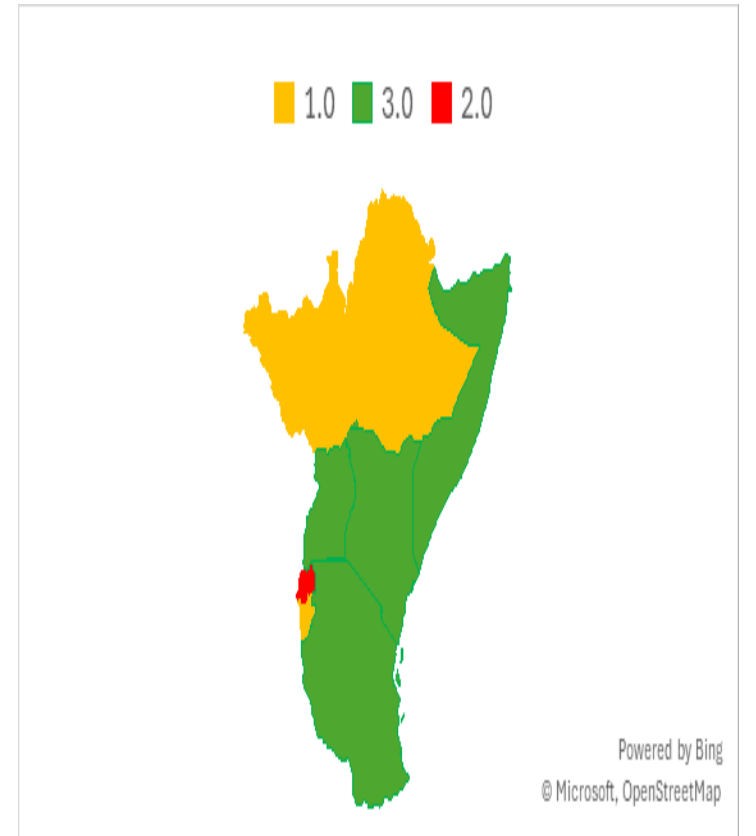


5 out of 9 countries are characterized by stable or enhancing macroeconomic fundamentals.

## East Africa

	Growth	Inflation	Policy Rate	Exch. Rate	Trade	Risk	Overall Scoring	Overall Scoring
Burundi	1	1	2	1	1	2	1.3	1.0
Djibouti	1	1	2	1	1	2	1.3	1.0
Ethiopia	1	1	2	1	3	3	1.8	1.0
Kenya	2	3	3	2	1	3	2.3	3.0
Rwanda	2	1	2	1	3	3	2.0	2.0
Somalia	2	3	1	3	3	3	2.5	3.0
South Sudan	1	1	2	1	3	2	1.7	1.0
Tanzania	3	3	2	1	3	3	2.5	3.0
Uganda	3	2	3	3	3	1	2.5	3.0

R	Deteriorating	1
Y	Stable	2
G	Improving	3



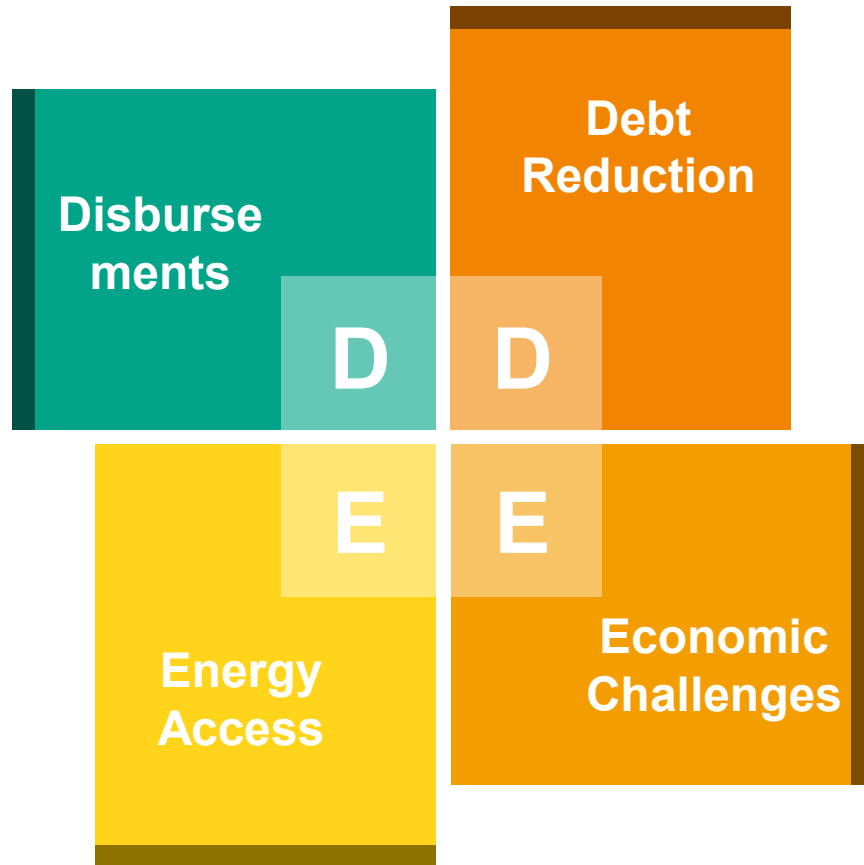
Source: Afreximbank Research

# Central Africa



# Central Africa - Gabon, Congo Republic & Central African Republic

## Central Africa



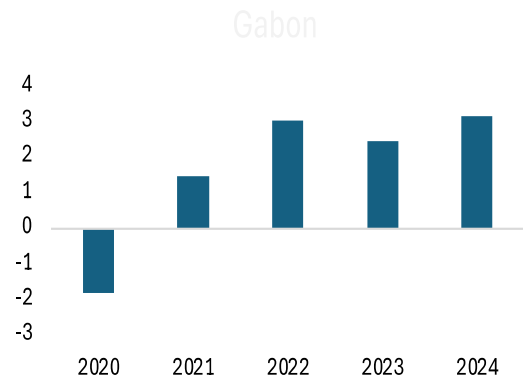
- **Gabon - World Bank Suspends Disbursements**  
In January 2025, the World Bank halted disbursements to Gabon due to \$27 million in debt arrears, citing insufficient resource mobilization.
- **Republic of Congo - New Finance Minister Targets Debt Reduction**  
Appointed in January 2025, Finance Minister Christian Yoka aims to reduce the debt-to-GDP ratio from 96% to 70% within five years through diversified economic strategies.
- **Central African Republic - Ministers Endorse Energy Access Declaration:**  
In December 2024, ministers from the Central African Republic and neighboring countries endorsed the Freetown Declaration to boost distributed renewable energy solutions, aiming to end energy poverty and foster job creation.
- **Central African Republic - Economic Challenges**  
The Central African Republic faced economic stagnation due to a 13% decrease in reported gold production in early 2024 and delays in fuel import transportation.

# Central Africa – Gabon Economic, Environmental, and Security Developments

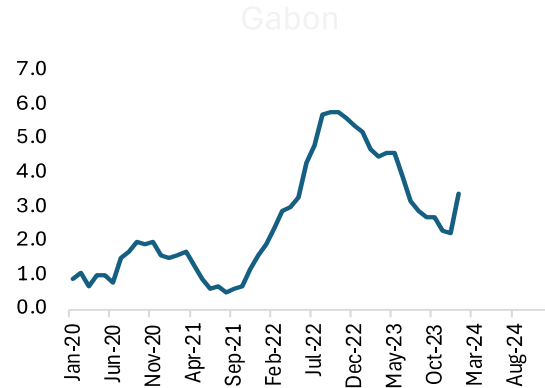
## Key Macroeconomic Indicators

The economy is growing at 3%, with inflation at 3.1% and a policy rate of 5%. Trade stands at \$12.4 bn, while a risk index of 57.99 suggests moderate economic risks from inflation and exchange rate depreciation.

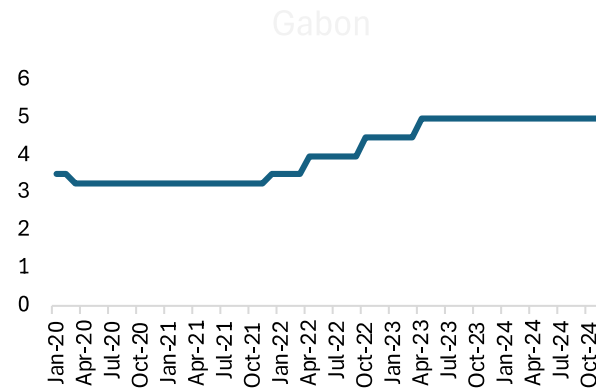
Growth rate



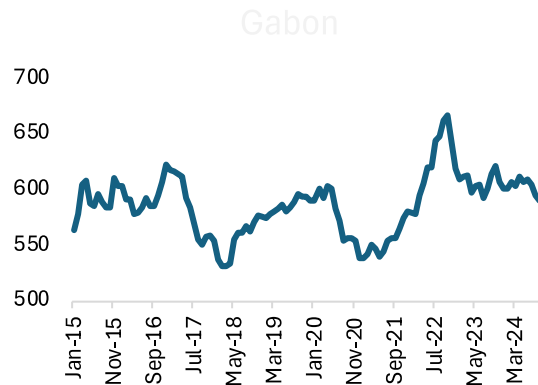
Inflation rate



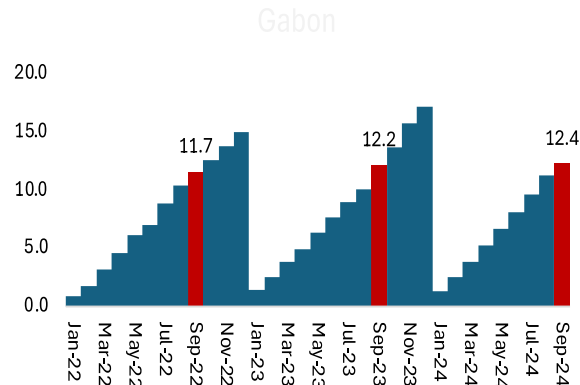
Policy rate



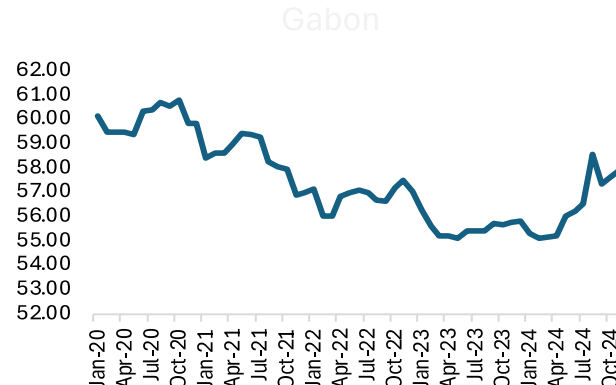
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

**Green Financing Through Carbon Tax:** Gabon plans to fund environmental projects by introducing a carbon tax on aviation and maritime industries, reinforcing its commitment to sustainability.

**Government Gains Control Over Timber Industry:** Gabon's military-led government now has direct oversight of the \$620 million timber sector, a key driver of the economy.

**Security Crackdown:** Authorities have detained eight officers following the torture-related death of a soldier, signaling efforts to address human rights concerns.

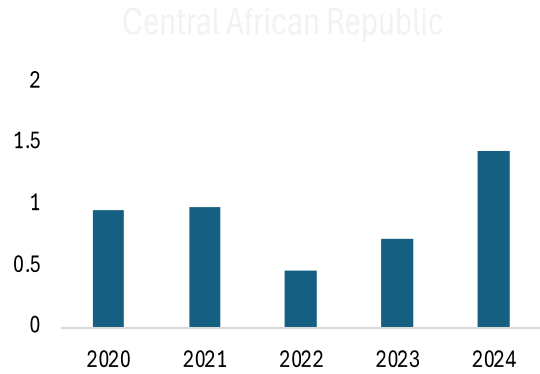
**Energy Expansion:** VAALCO Energy has secured a drilling platform for its 2025/2026 offshore oil campaign, aiming to boost Gabon's petroleum output.

# Central Africa - Central African Republic Mounting Crises Amid Climate and Political Turmoil

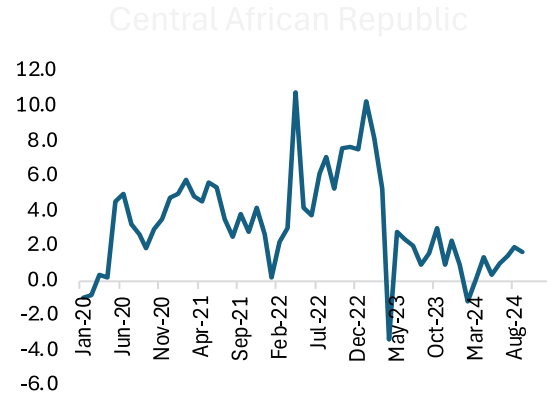
## Key Macroeconomic Indicators

The economy is growing weakly at 1.5%, with low inflation at 1.7%. The policy rate is 5%, and trade is minimal at \$0.6 bn. A risk index of 74.55 indicates significant vulnerabilities and high risks for future stability.

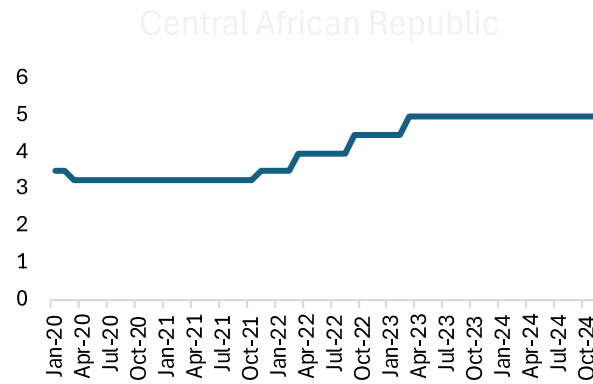
Growth rate



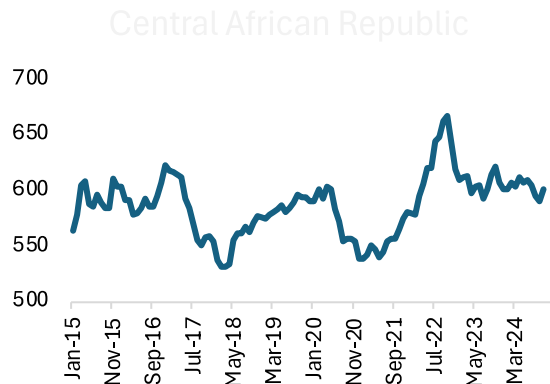
Inflation rate



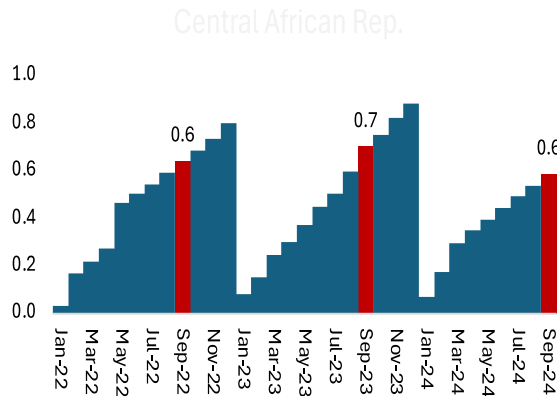
Policy rate



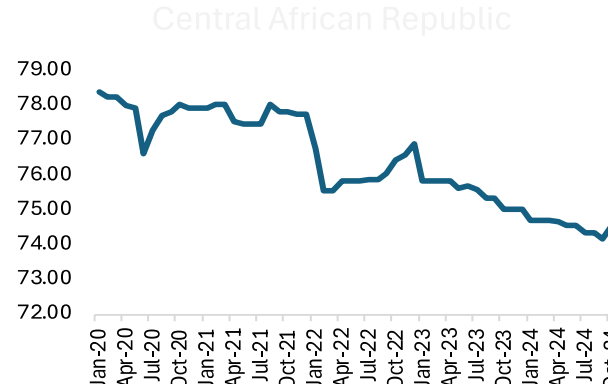
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

**Escalating Climate and Humanitarian Crises:** Central Africa continues to grapple with severe climate shocks, deepening humanitarian emergencies, and political instability, straining governance and economic stability.

**UN Targets Hate Speech in the CAR:** The United Nations is set to impose sanctions on individuals responsible for inciting violence and ethnic divisions in the Central African Republic (CAR), highlighting growing concerns over social unrest.

# Central Africa – Angola High Interest Rates Amid Inflation and Economic Pressures



## Central bank maintains policy rate

On January 21, 2025, Angola's central bank held its key interest rate at 19.5%, citing persistent high inflation, which stood at 27.5% in December 2024.



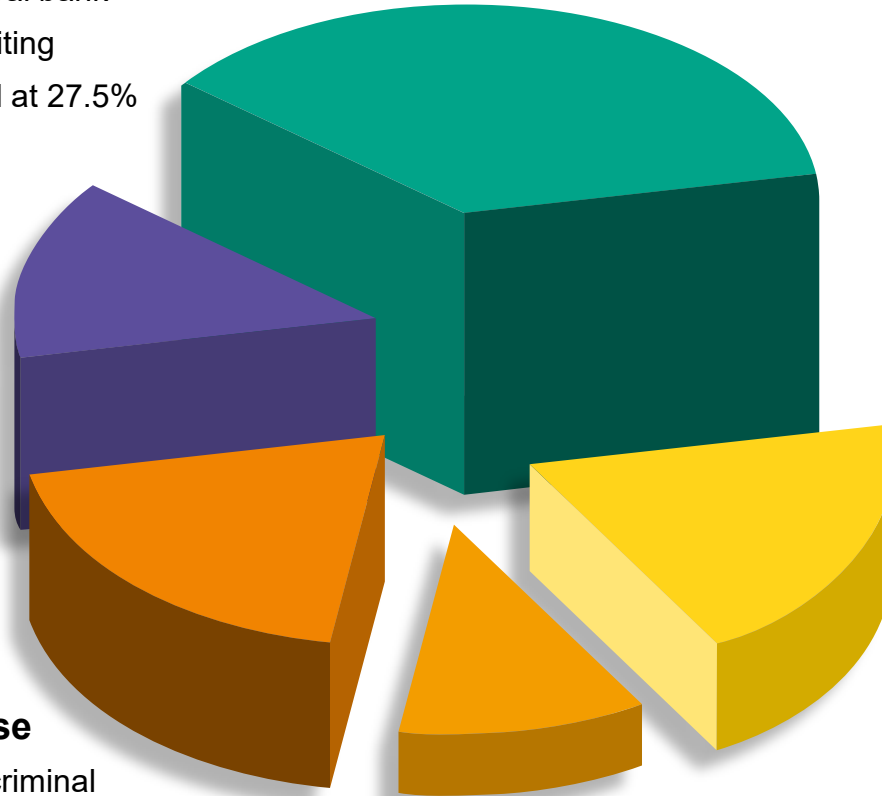
## Fitch Affirms Angola's 'B-' Rating

In December 2024, Fitch Ratings affirmed Angola's 'B-' credit rating with a stable outlook, noting a current account surplus of 6.0% of GDP in 2024.



## Trafigura fined in Bribery Case

In January 2025, Switzerland's top criminal court fined commodities trader Trafigura 3 million Swiss francs for bribing an Angolan official to secure oil contracts.



## Economic Growth Projections

The central bank forecasts 3.5% economic growth for 2025, driven by oil production.



## Angola's inflation eases

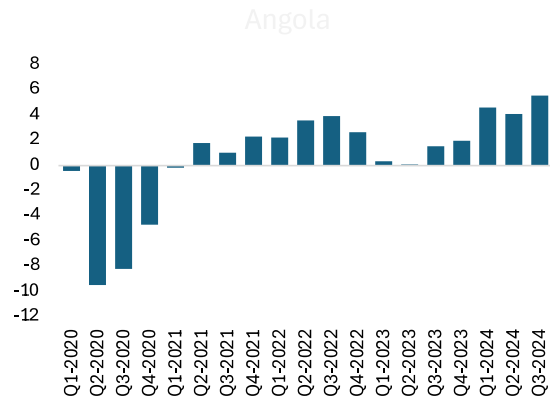
Inflation decreased to 27.5% in December 2024 from 28.41% in November, remaining above the central bank's year-end target of 23.0%.

# Central Africa – Angola: Expands Economic and Diplomatic Partnerships

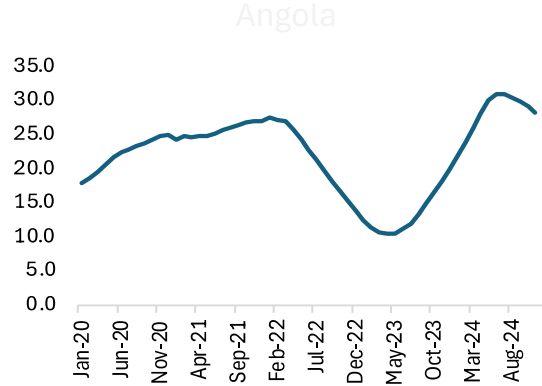
## Key Macroeconomic Indicators

The economy is growing at 4.1% with high inflation at 28.4%. The policy rate is 19.5%, and foreign trade is strong at \$69.7 bn. However, a risk index of 60.05 indicates moderate to high economic risks from inflation and exchange rate depreciation.

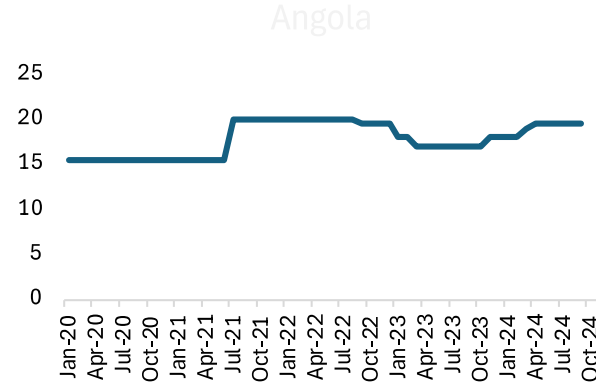
Growth rate



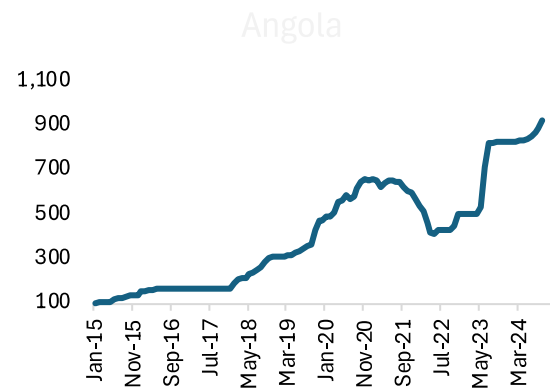
Inflation rate



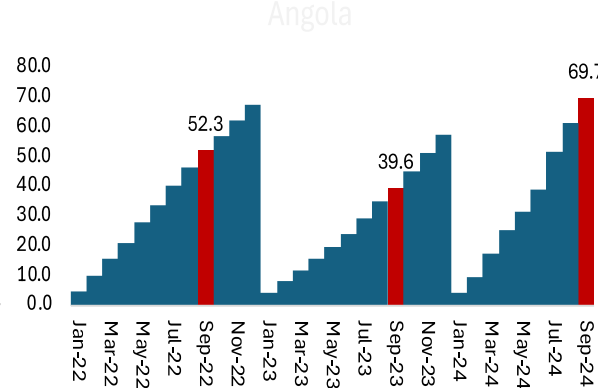
Policy rate



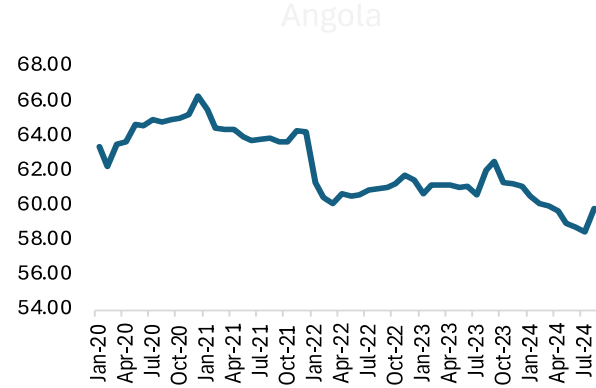
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

- **Fly Angola Expands Regional Connectivity:** Angola's aviation sector is set for growth as Fly Angola prepares to launch flights to Namibia, enhancing regional trade and mobility.
- **Chevron's Offshore Milestone:** Chevron's Sanha Lean Gas Connection Project has successfully achieved first gas production, strengthening Angola's position in the LNG sector.
- **Oman-Angola Strategic Ties Deepen:** Angola and Oman signed new cooperation agreements in energy and mining, signaling a push for diversified investments and strategic partnerships.
- **Cuba-Angola Relations Strengthen:** Both countries reaffirm their commitment to enhanced cooperation, building on long-standing diplomatic and economic ties.

# Central Africa – Cameroon Strengthens Economic and Infrastructure Development



## EU Backs Infrastructure Expansion

In December 2024, the European Union pledged a \$96 million loan to enhance infrastructure and attract foreign investment over the next three years.



## Regional Energy Integration:

In December 2024, Nigeria's Dangote Refinery made its first petrol export to Cameroon, marking a significant step toward regional energy integration.



## Boosting the Fishing Industry

Prime Minister Joseph Dion Ngute inaugurated the Youpwé Landing and Fish Market in Douala, a key infrastructure project to support the fishing sector.



## IMF Staff-Level Agreement

In January 2025, the IMF reached a staff-level agreement on key financial reviews under the Resilience and Sustainability Facility, Extended Credit Facility, and Extended Fund Facility.



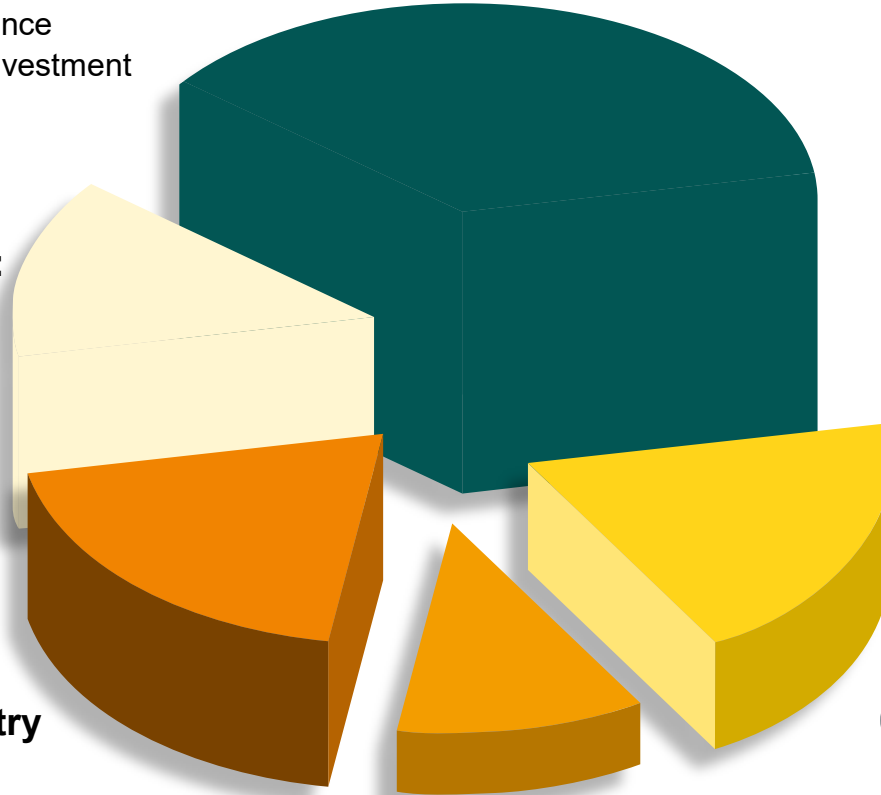
## CEMAC Economic Risks

President Paul Biya recently cautioned that without urgent action, Central African Economic and Monetary Community countries could face disastrous consequences due to declining external reserves.



## President Biya's Economic Vision

At the end of 2024, President Biya outlined plans to accelerate economic development in 2025, focusing on agriculture, mining, energy, industry, and road infrastructure.

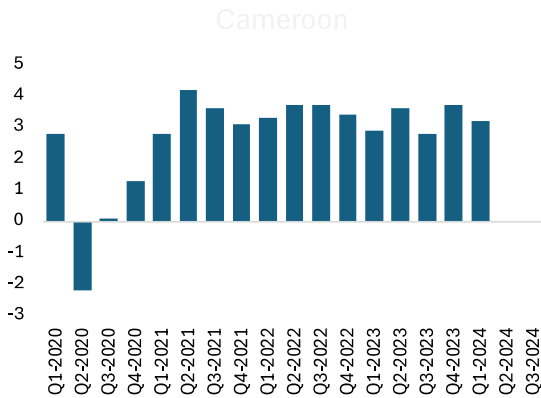


# Central Africa – Cameroon Confronts Security Challenges While Advancing Economic and Telecom Development

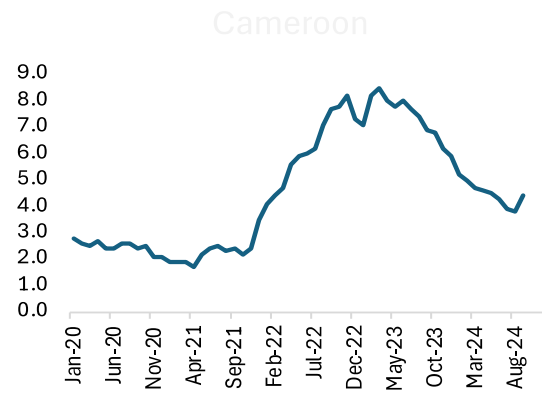
## Key Macroeconomic Indicators

The economy is growing at a rate of 3%, with moderate inflation at 4.4%. The policy rate is set at 5%. Foreign trade is solid at \$12 bn, while the risk index of 61.85 indicates moderate economic risks, primarily from inflation and the potential impact of exchange rate fluctuations.

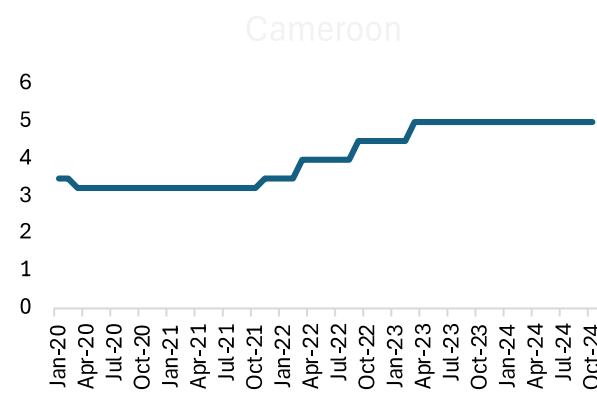
Growth rate



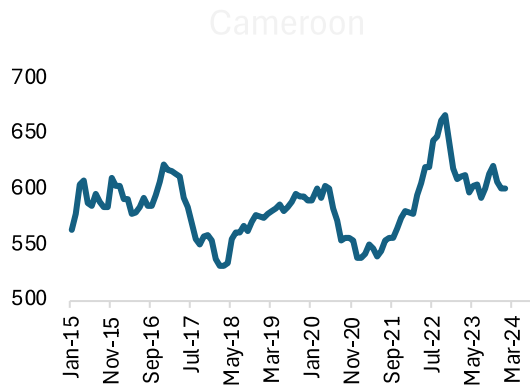
Inflation rate



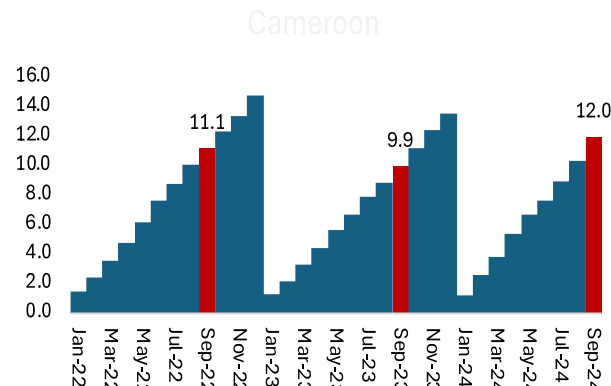
Policy rate



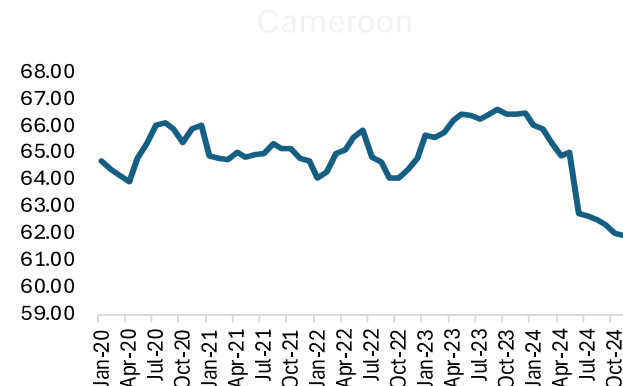
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

- **Security Concerns:** The Cameroonian government reported casualties after a Nigerian militant attack targeted government troops, highlighting ongoing regional security threats.
- **Infrastructure Boost:** The African Development Bank approved a €330 million loan to enhance the Douala-Ndjamena economic corridor, a vital trade route linking Cameroon and Chad.
- **Telecom Investment:** MTN Group announced a \$308 million investment in Cameroon's telecom infrastructure over the next three years, aiming to expand connectivity and digital services.

# Central Africa

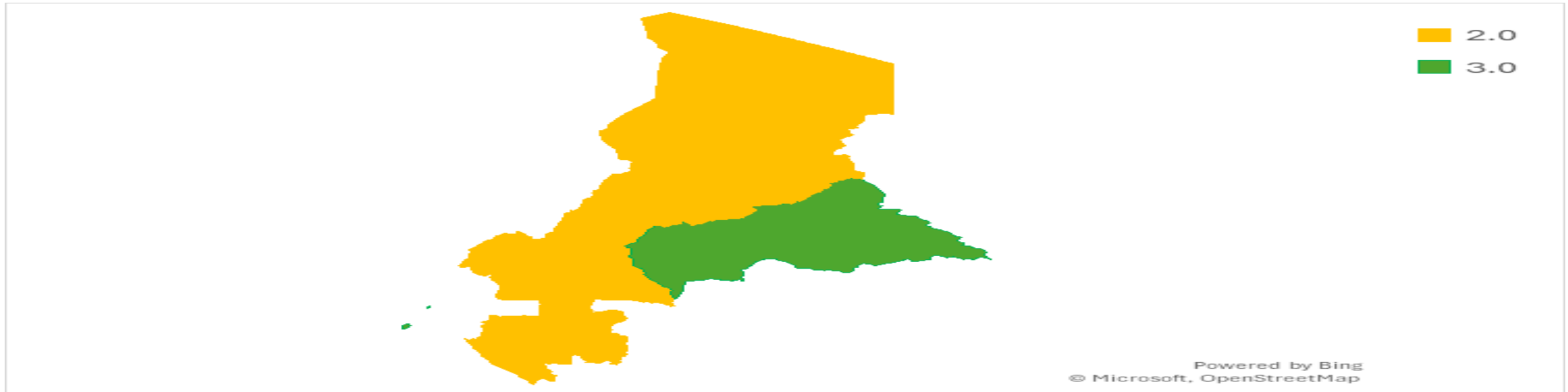


All countries are characterized by stable or enhancing macroeconomic fundamentals.

## Central Africa

	Growth	Inflation	Policy Rate	Exch. Rate	Trade	Risk	Overall Scoring	Overall Scoring
Cameroon	2	1	2	2	2	3	2.0	2.0
Central Africa	3	3	2	1	3	3	2.5	3.0
Chad	1	3	2	2	2	2	2.0	2.0
Gabon	2	2	2	1	2	3	2.0	2.0
Sao Tome and Principe	2	1	3	3	3	3	2.5	3.0

R	Deteriorating	1
Y	Stable	2
G	Improving	3



Source: Afreximbank Research

# Southern Africa



# Southern Africa - South Africa Economic Struggles Amid Growth and Inflation Uncertainty

## Economic Contraction:

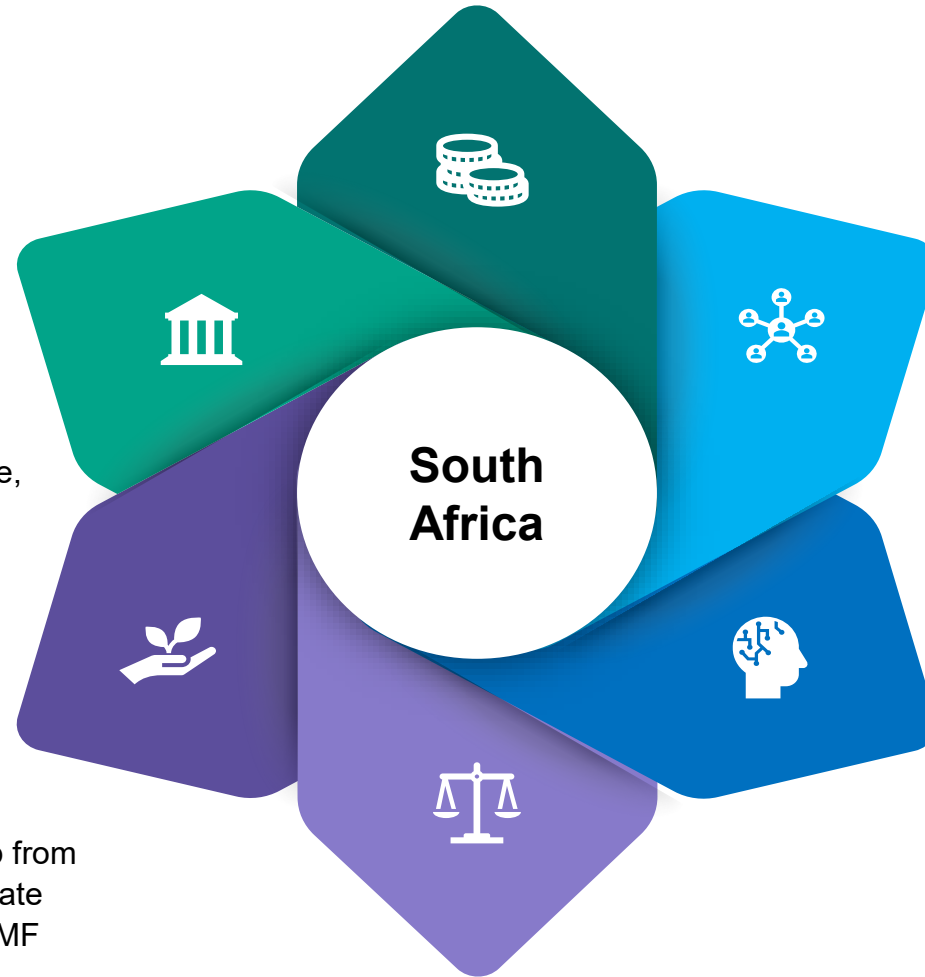
Real GDP shrank by 0.3% in Q3 2024, reversing the 0.3% growth in Q2, with agriculture being the primary drag on performance.

## Manufacturing Slump:

The Absa PMI fell to 45.3 in January 2025, marking the third consecutive monthly decline, signaling continued weakness in the manufacturing sector.

## South Africa's inflation accelerates

Annual inflation rose to 3.0% in December, up from 2.9% in November, fueling expectations of a rate cut by the South African Reserve Bank. The IMF projects inflation to stabilize at 4% in 2025.



## IMF's Inflation Projection

The IMF projects South Africa's inflation to average 4% in 2025, stabilizing at the midpoint of the South African Reserve Bank's target range in the medium term.

## Harmony Gold's Production Outlook

Despite a first-half output dip, Harmony Gold announced in January 2025 that it expects to exceed its annual production target of 1.5 million ounces for the fiscal year ending June 2025.

## Unemployment Concerns

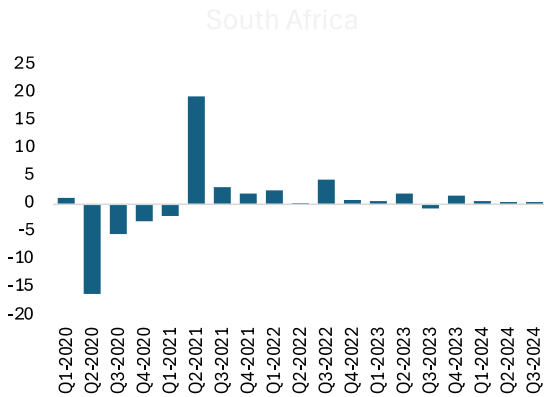
The unemployment rate is expected to rise from 32.7% in 2024 to 33.2% in 2025, with the economy forecasted to create 115,000 jobs against an anticipated 340,000 increase in the labor force.

# Southern Africa - South Africa Economy Faces Mixed Signals Amid Business Slowdown and Investment Outflows

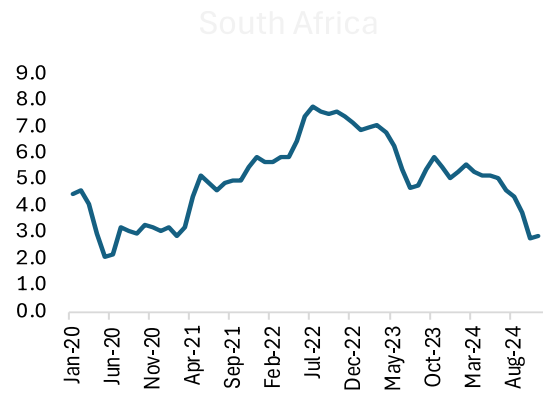
## Key Macroeconomic Indicators

The economy shows minimal growth at 0.3%, with inflation at 2.9% and a policy rate of 7.75%. Trade activity is \$161.9 billion, and the risk index stands at 53.17, indicating moderate risks.

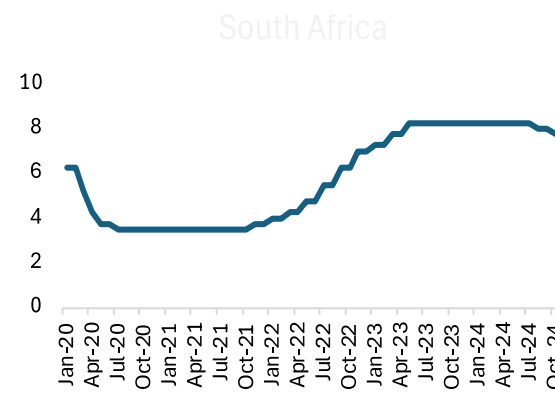
Growth rate



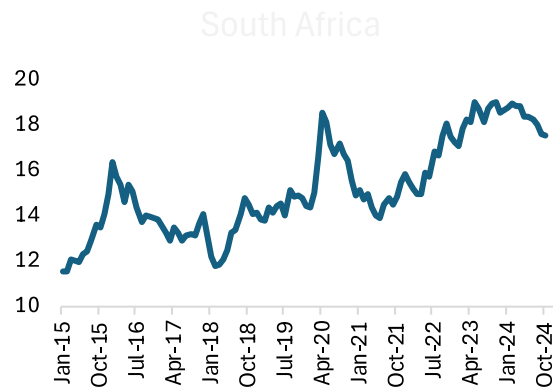
Inflation rate



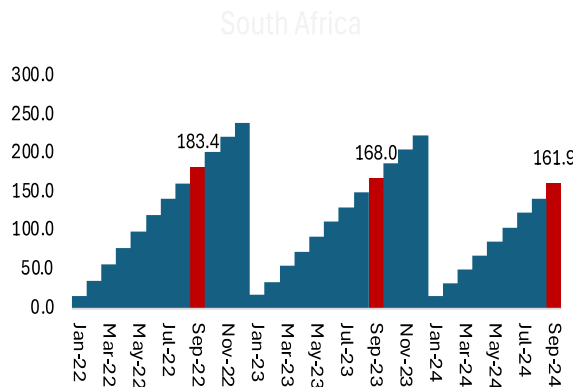
Policy rate



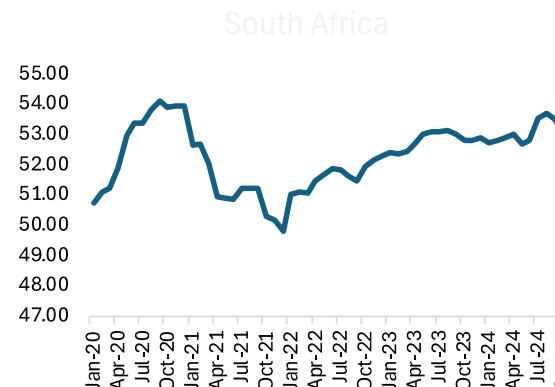
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

- **PMI Decline:** Business activity contracted in December 2024, as the PMI fell to 49.9 from 50.9, marking the first decline in four months. Muted demand and stagnant new orders weighed on output, though employment remained stable. Eased supply chain pressures allowed firms to increase input purchases.
- **Credit Growth Slows:** Private sector credit rose by 4.16% in November, slightly down from 4.26% in October, signaling moderate lending expansion.
- **Business Confidence:** The leading business cycle indicator rose by 1.1% in October, following a 1.4% increase in September, with eight out of ten components contributing to growth.
- **FDI Reversal:** Foreign direct investment (FDI) outflows of ZAR 3.2 billion in Q3 2024 reversed the ZAR 16.6 billion inflows in Q2, marking the first capital flight since Q3 2020.

# Southern Africa – Zimbabwe Economic Outlook: Growth Prospects Amid Trade and Inflation Challenges

## Economic Growth Outlook

The World Bank projects Zimbabwe's economic growth to recover to about 6% in 2025, as the effects of the 2024 drought diminish and investments boost mining and manufacturing.

## Decline in exports

Zimbabwe's exports decreased by 23.5% to \$692.4 million in December 2024, down from \$905.2 million in November, indicating challenges in the trade sector.

## Inflation rises sharply

In January 2025, Zimbabwe's U.S. dollar-based inflation rate rose sharply to 14.6% year-on-year, up from 2.5% in December, driven by increased food and housing costs.



## Land Ownership Policy Reform

In December, President Emmerson Mnangagwa introduced a policy allowing Black farmers to own, sell, and use land as collateral, aiming to empower them and stimulate agricultural growth.

## Lithium Project Partnership

In January 2025, state-owned Kuvimba Mining House planned a \$270 million lithium project with two Chinese firms, anticipating stable lithium prices due to strong electric vehicle demand.

## Mass layoffs hit sugar Industry

Tongaat Hulett Zimbabwe announced plans to lay off 1,000 workers by August, citing rising costs and currency instability affecting profitability.

# Southern Africa - Zambia

## Wider trade deficit

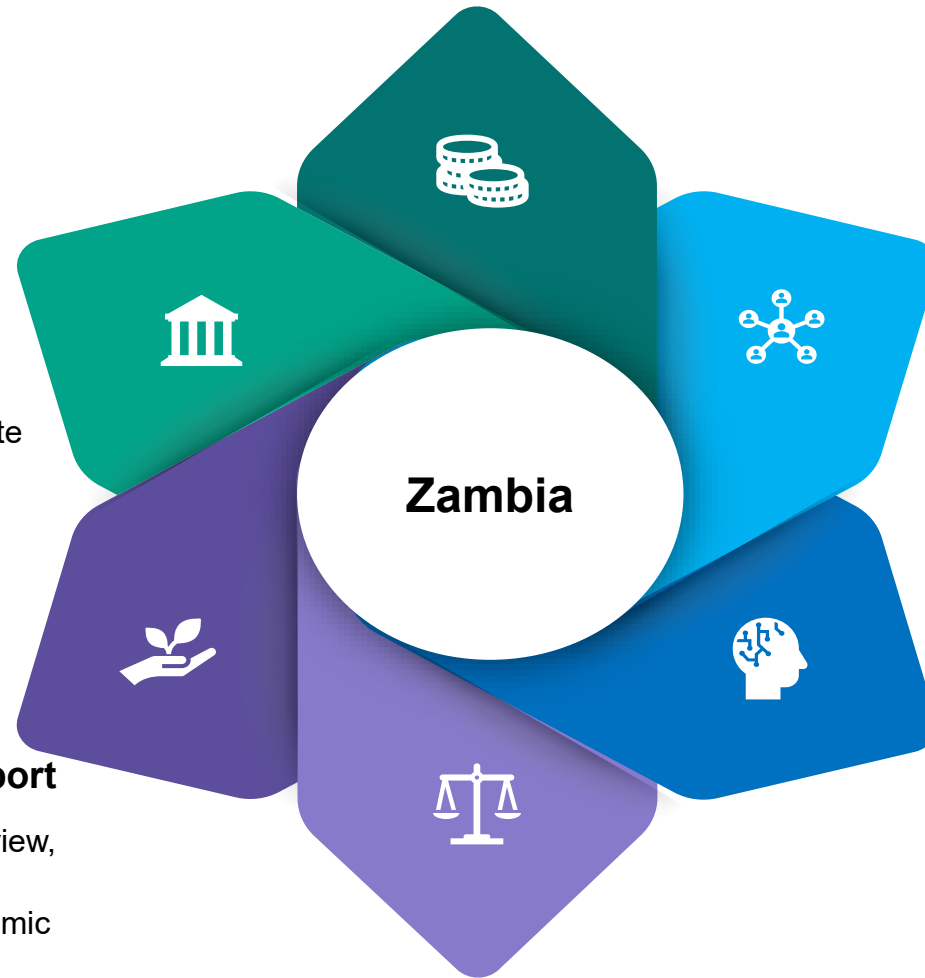
Trade Deficit in December 2024: Zambia recorded a trade deficit of K3.3 billion in December 2024, a shift from the K1.1 billion surplus in November, indicating increased imports or decreased exports.

## Steady annual inflation rate

Inflation Rate Steady: The annual inflation rate remained at 16.7% in January 2025, unchanged from December 2024, reflecting persistent price levels.

## Zambia secures IMF Financial Support

In December 2024, the IMF completed a review, granting Zambia immediate access to approximately \$184 million to support economic reforms.



## Joint metals trading unit

In December 2024, Mercuria and Zambia's Industrial Development Corporation established a joint metals trading unit to enhance Zambia's role in mineral trading.

## Zambia attracts Saudi investment interest

Saudi Arabia's Manara Minerals has expressed interest in investing in Zambia's copper assets, signaling potential foreign investment in the mining sector.

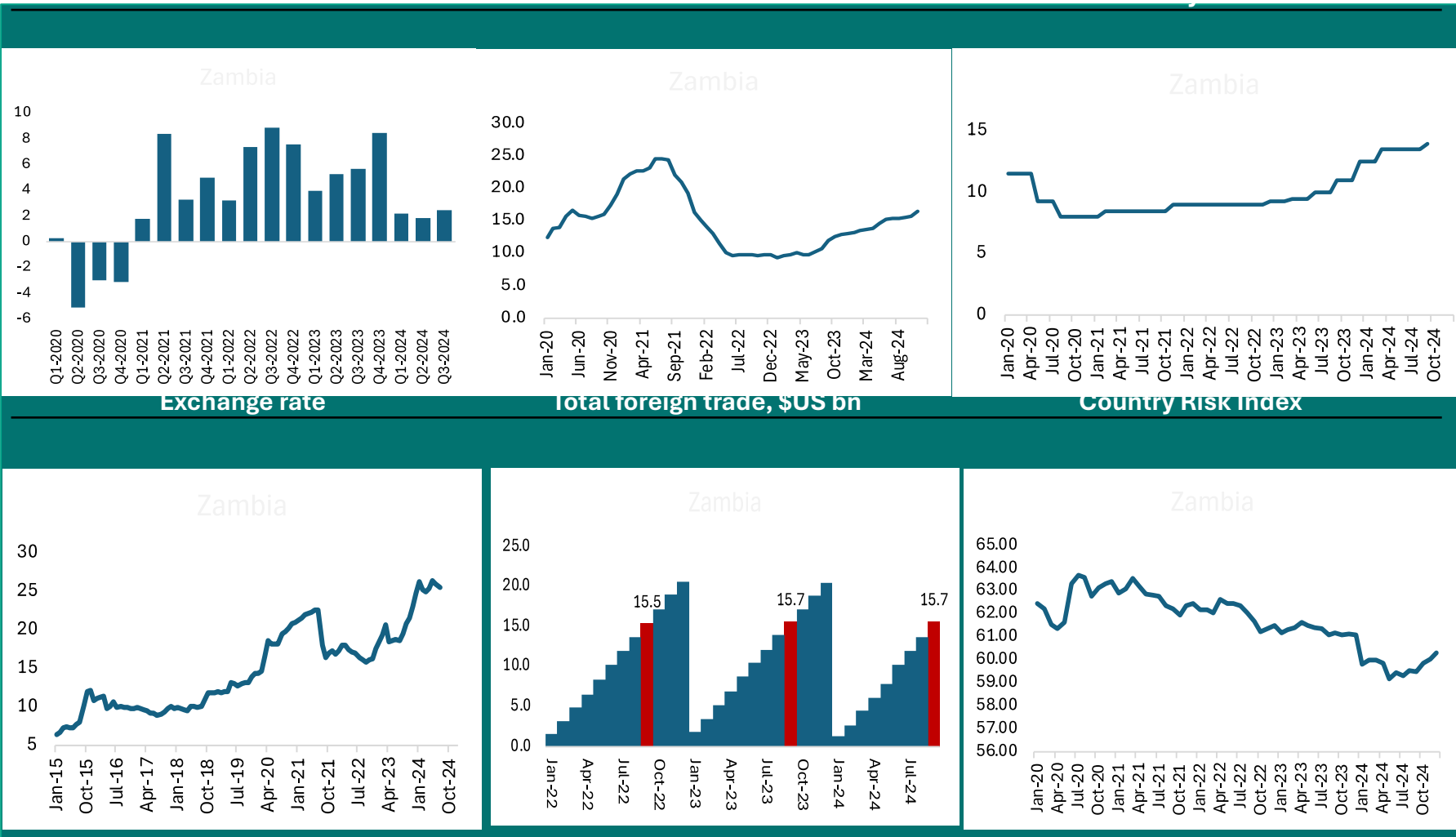
## Copper Trading Initiatives

Zambia is pursuing deals to benefit from metal trading, aiming to secure a larger share of traded copper amid rising demand.

# Southern Africa – Zambia Economic Indicators Show Recovery Amid Debt Restructuring Efforts

## Key Macroeconomic Indicators

The economy is growing at 1.9% with inflation at 16.5%. The policy rate is 14%, foreign trade is \$15.7 bn, and the risk index is 60.32, indicating moderate economic risks.



## Recent developments

- **PMI Recovery:** Zambia's Purchasing Managers' Index (PMI) rose to 50.8 in December 2024, up from 49.2 in November, reaching its highest level since July 2023. This signals a return to expansion after 12 months of contraction, driven by rising new orders, increased employment, and higher inventory levels. However, business activity continued to decline for the 13th month, albeit at a slower pace, as demand conditions improved and electricity supplies stabilized.
- **Declining Bond Yields:** Zambia's 10-year government bond yield fell to a six-year low of 22.20%, reflecting improved investor confidence. Over the past month, yields dropped by 352.40 basis points, and over the last year, they declined by 383.10 basis points.
- **Debt and Economic Governance:** The African Development Bank granted Zambia a \$108 million loan to strengthen economic governance, supporting structural reforms. Meanwhile, Zambia finalized a debt restructuring deal with Saudi Arabia, marking progress in its broader debt restructuring efforts.
- **Debt Overpayment to China:** Zambia is working to recover \$80 million in erroneous debt payments to China, highlighting challenges in debt transparency and financial oversight.

# Southern Africa - Mozambique

## Debt Challenges

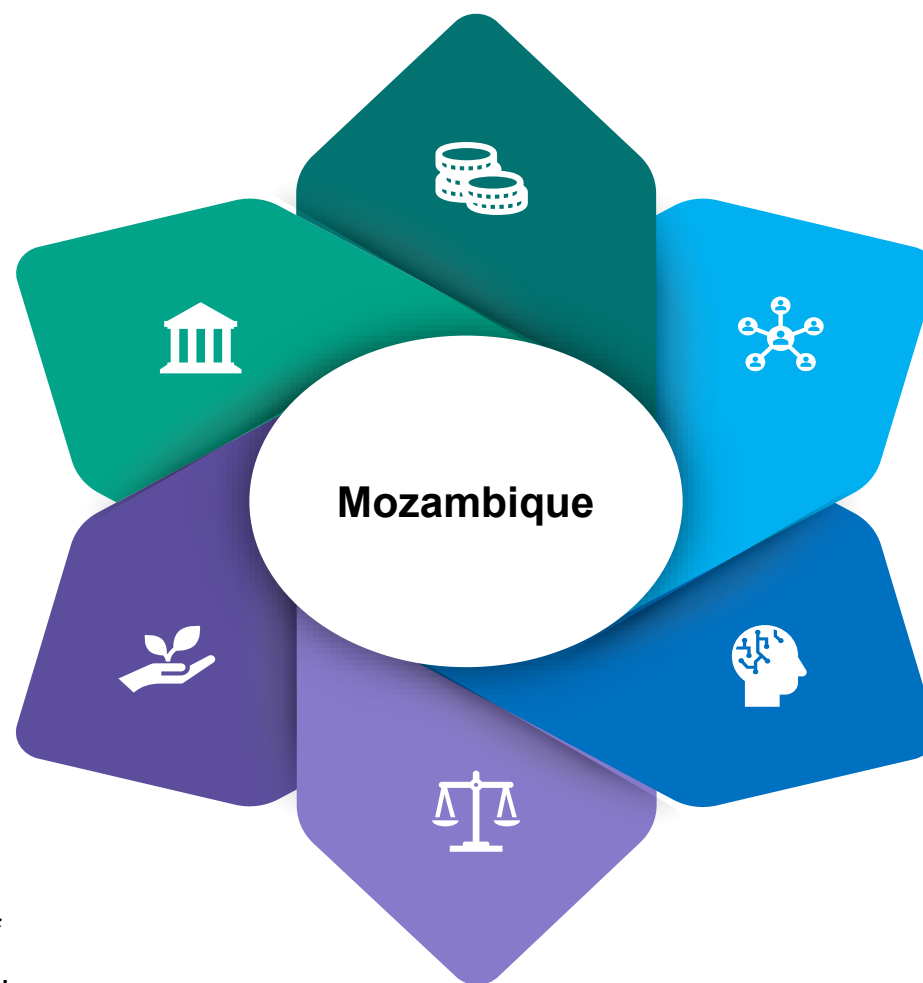
As of January 2025, Mozambique faces a financial crisis with \$900 million in bonds maturing in 2031 and external debt arrears totaling \$1.2 billion.

## Lower policy rate

Mozambique's central bank cut its policy rate for the seventh consecutive meeting in January amidst emerging fears of inflation reacceleration due to post-election protests.

## Post-Election Unrest

Following the October 2024 elections, Mozambique experienced significant unrest, leading to anticipated downward revisions of the 4.3% economic growth forecast for 2024.



## IMF Engagement

The IMF conducted a Public Investment Management Assessment in Mozambique In December 2024 with a views to identifying strengths and areas for improvement in public investment processes.

Resumption of the \$20 billion LNG project

President Daniel Chapo met with TotalEnergies' CEO to discuss resuming the \$20 billion LNG project in January, the project had been stalled since 2021 due to security concerns.

## Humanitarian Gaps

By the end of 2024, significant gaps in humanitarian service delivery persisted in Mozambique's drought response.



# Southern Africa

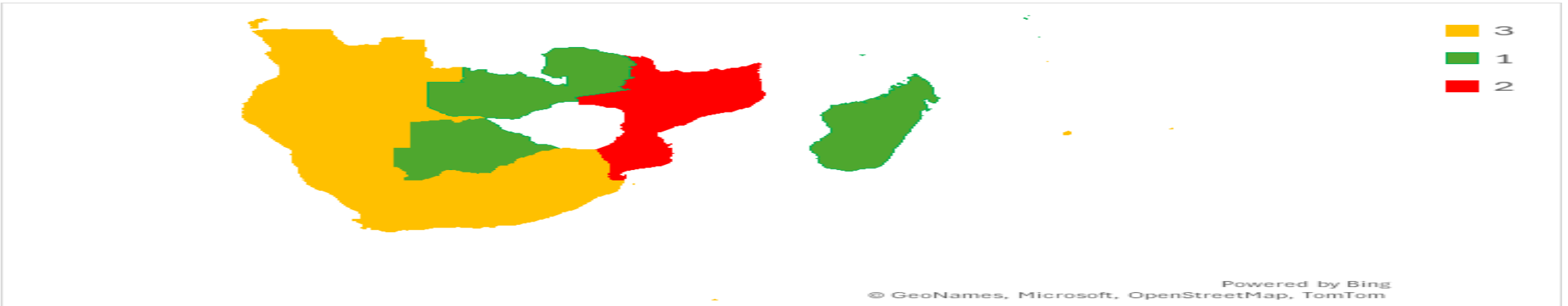


8 out of 12 countries are characterized by stable or enhancing macroeconomic fundamentals.

## Southern Africa

	Growth	Inflation	Policy Rate	Exch. Rate	Trade	Risk	Overall Scoring	Overall Scoring
Angola	3	3	2	3	3	1	2.5	3
Botswana	1	2	2	2	1	3	1.8	1
Eswatini	2	3	3	3	3	2	2.7	3
Lesotho	1	3	3	3	3	2	2.5	3
Madagascar	3	2	2	1	1	2	1.8	1
Malawi	3	3	2	1	1	2	2.0	2
Mauritius	3	1	2	2	2	3	2.2	3
Mozambique	2	1	3	2	3	1	2.0	2
Namibia	1	3	3	3	3	1	2.3	3
Seychelles	1	1	2	1	2	3	1.7	1
South Africa	1	3	3	3	1	2	2.2	3
Zambia	1	1	1	2	2	1	1.3	1

R	Deteriorating	1
Y	Stable	2
G	Improving	3



Source: Afreximbank Research

# North Africa





### Annual inflation cools

Egypt's annual inflation rate declined to 23.4% in December 2024, down from 25% in November, indicating a gradual easing of price pressures.



### Suez Canal Stability

On January 31, 2025, the Suez Canal Authority reported signs of stability returning to the Red Sea, encouraging shipping companies to reconsider their routes.



### Surge in Cement Exports

Egypt's cement exports doubled between 2022 and 2024, driven by increased production and government support for industrial growth.



### Solar Energy Expansion

In January 2025, Egypt accelerated solar power projects in response to soaring natural gas prices, aiming to increase renewable energy's share to 42% by 2030.



### IMF Agreement

On December 24, 2024, the IMF reached a staff-level agreement with Egypt on the fourth review of the Extended Fund Facility, granting access to about \$1.2 billion.



### Natural Gas Agreement

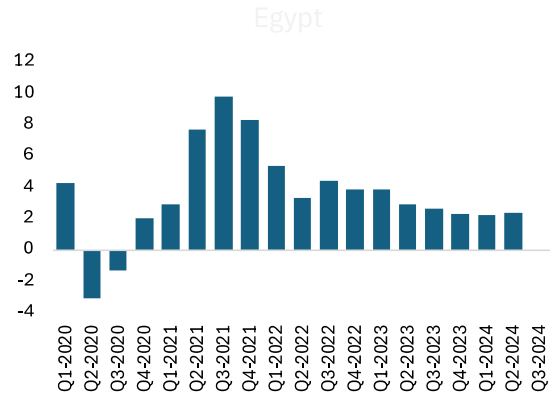
Egypt and an Eni-Total consortium are set to sign a deal to process Cypriot natural gas for export, targeting markets including Europe.

# North Africa – Egypt Economy Faces Contraction, But Reserves Reach Record High

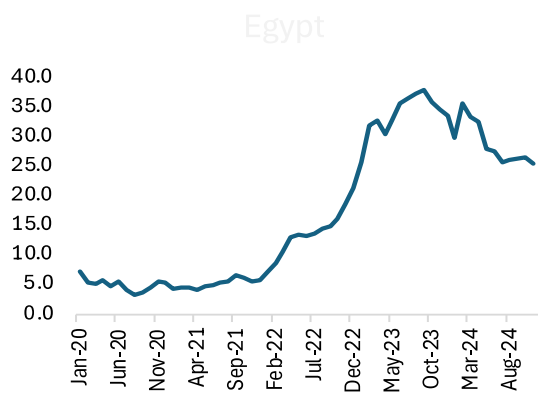
## Key Macroeconomic Indicators

The economy is experiencing slow growth at 2.4%, alongside high inflation of 25.5%. The central bank's policy interest rate is 27.25% to combat inflation. Trade remains robust at \$98 bn, although a risk index of 47.27 suggests moderate uncertainties.

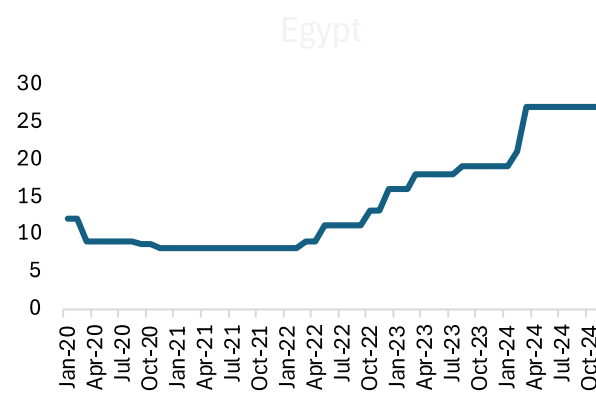
Growth rate



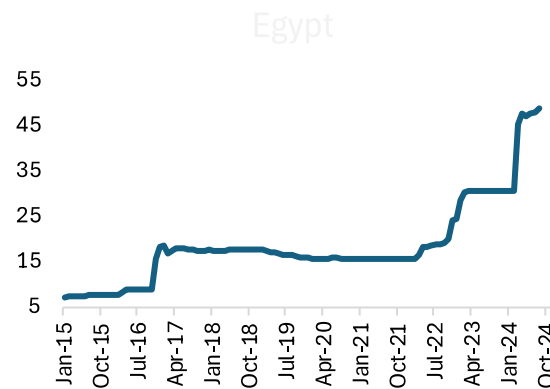
Inflation rate



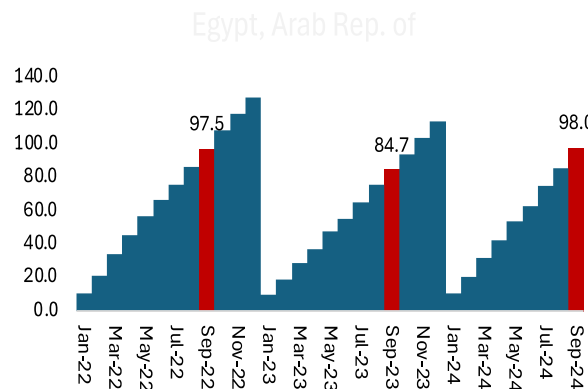
Policy rate



Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

**Economic Challenges:** Egypt's PMI fell to 48.1 in December 2024, signaling a continued contraction in the non-oil private sector due to sharp declines in output and new orders. Despite economic pressures, the Central Bank of Egypt held its benchmark interest rate at 27.25% to curb inflation.

**Trade and Investment:** Egypt has approved a \$500 million wheat import deal with the Abu Dhabi Exports Office, ensuring food security amid rising global prices. Additionally, Egypt's total investments have reached LE 1.6 trillion, with a 98.5% implementation rate, reflecting progress in development projects.

**Strengthening Reserves:** Egypt's Net International Reserves hit a record \$47.1 billion in December 2024, providing a buffer against economic volatility and bolstering investor confidence.

**International Partnerships:** Egypt and Côte d'Ivoire are exploring environmental cooperation, reinforcing regional ties and sustainability initiatives.



### Budget Deficit Increases

By December 2024, Morocco's budget deficit rose to MAD 64.4 billion (\$6.4 billion), reflecting fiscal challenges.



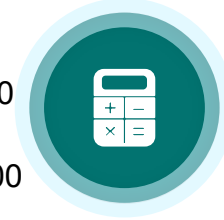
### EU Nears Migration Deal

In late 2024, the EU advanced negotiations with Morocco to enhance cooperation on reducing migration to Europe, involving financial support for stricter border controls.



### Job Market Dynamics

In 2024, the Moroccan economy added 82,000 jobs, with urban areas gaining 162,000 positions while rural areas saw a loss of 80,000 jobs.



### Rail Expansion Funding

In December 2024, Morocco's state-owned rail operator, ONCF, sought \$8.8 billion from investors to fund its ambitious expansion plan, including extending the high-speed train network to Marrakech by the 2030 World Cup.



### Feed Grain Import Suspension

On January 30, 2025, Morocco suspended imports of feed grains from Germany due to a foot-and-mouth disease outbreak, affecting livestock feed supply chains.



### Surge in tomato prices

In January 2025, tomato prices in Morocco surged, reaching 220 dirhams per wholesale box, attributed to international competition, export agreements, and market mismanagement.

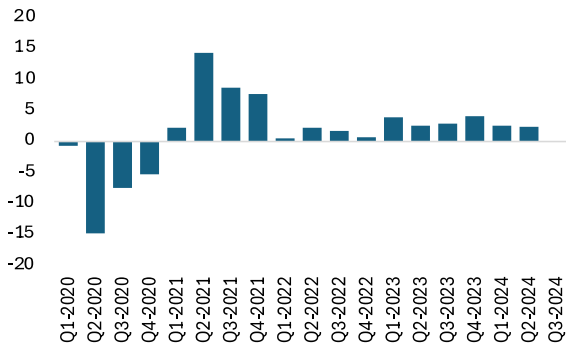
# North Africa – Morocco Cuts Interest Rates as Manufacturing Surges and Tourism Booms

## Key Macroeconomic Indicators

The economy is growing moderately at 2.4% with low inflation of 0.8%. The policy rate is 2.5%. Trade is strong at \$88 bn, and the risk index of 44.54 suggests a stable environment with manageable risks.

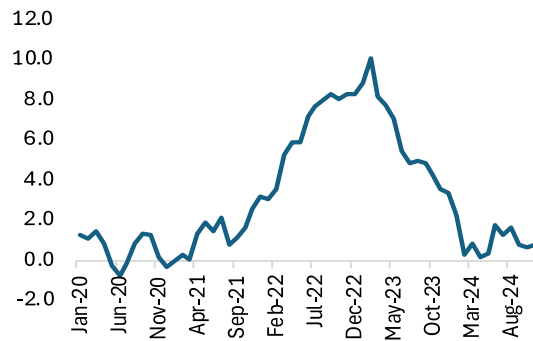
### Growth rate

Morocco



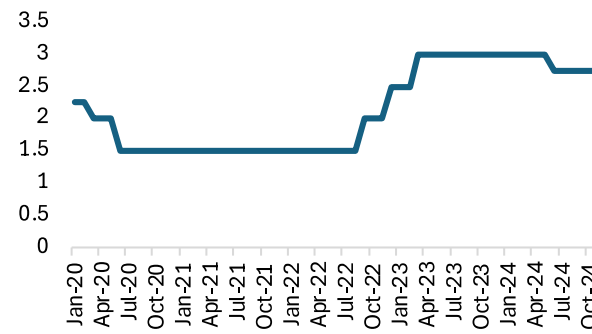
### Inflation rate

Morocco



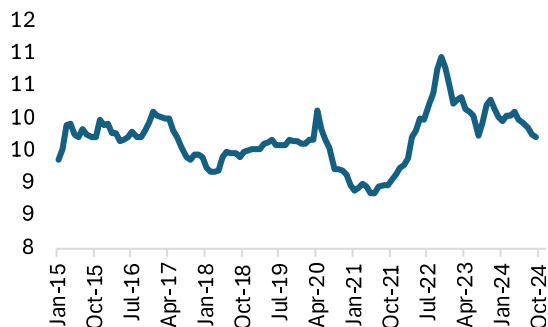
### Policy rate

Morocco



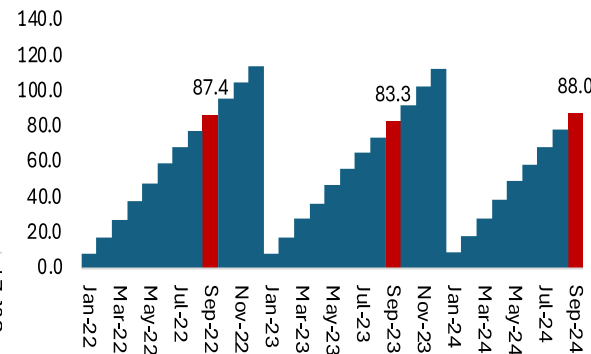
### Exchange rate

Morocco



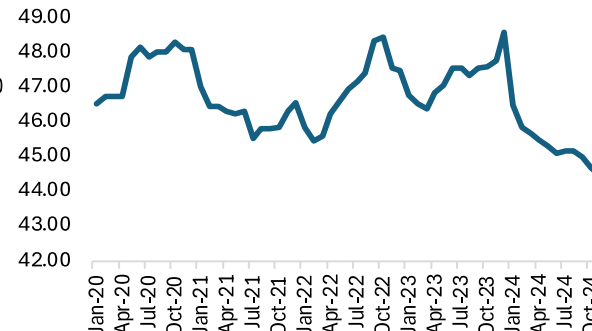
### Total foreign trade, \$US bn

Morocco



### Country Risk Index

Morocco



## Recent developments

**Monetary Policy Shift:** In December 2024, Morocco's National Bank lowered its benchmark interest rate by 25 basis points to 2.50%, the first cut since September. This move aims to stimulate economic growth amid rising unemployment.

**Manufacturing Growth:** Production surged 9.2% year-over-year in Q3 2024, the fastest expansion since mid-2021, highlighting strong industrial performance.

**Rising Unemployment:** Despite economic gains, the unemployment rate rose to 13.6% in Q3 2024, adding 58,000 more job seekers, bringing the total to 1.683 million.

**Tourism Boom:** Morocco's tourism sector hit a record 15.9 million visitors in 2024, reinforcing its status as a leading travel destination in North Africa.

# North Africa - Mauritania, Libya, Tunisia, Sudan & Algeria

## North Africa



### Mauritania Launch of GTA Gas Project

In late January 2025, BP commenced gas production from the Greater Tortue Ahmeyim (GTA) project on the Mauritania-Senegal border, aiming to transform Mauritania into a significant energy hub.



### Sudan-Gold Production Increase

In December 2024, Sudan reported a 15% rise in gold production compared to the previous year, enhancing its export revenues amid economic challenges.



### Libya-Resumption of Direct Flights

In January 2025, ITA Airways resumed direct flights from Rome to Tripoli after a decade-long hiatus, signaling improved security and potential economic revitalization.



### Algeria-Decline in French Wheat Imports

French wheat exports to Algeria significantly decreased in January due to poor French harvests, diplomatic tensions, and increased competition from Russian wheat.



### Tunisia- Recovery of Tourism Sector

By January 2025, Tunisia experienced a surge in British tourists seeking affordable alternatives to Spain, bolstering its tourism industry.



### Algeria signs US Chevron deal

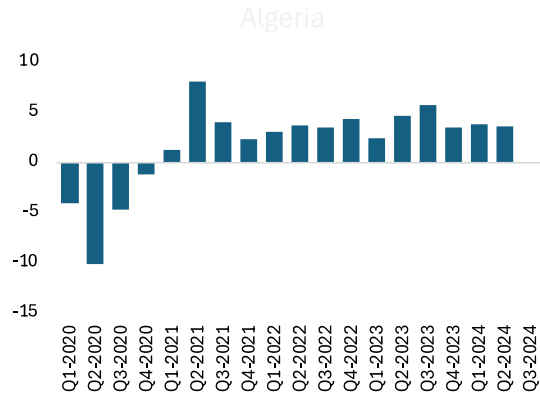
Algeria's National Development Hydrocarbon Agency (ALNAFT) signed a deal with U.S. Chevron in January for offshore cooperation, according to the energy ministry

# North Africa - Mauritania, Libya, Tunisia, Sudan & Algeria

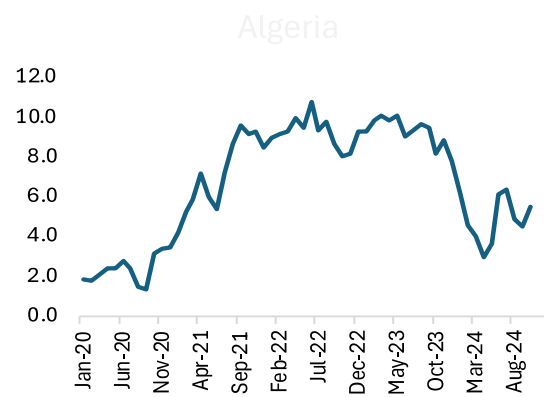
## Key Macroeconomic Indicators

The economy is growing at 3.6% with moderate inflation at 5.5% and a low policy rate of 3%. The stable exchange rate supports foreign trade worth \$73.6 bn. However, the risk index is at 50.71, suggesting moderate stability risks.

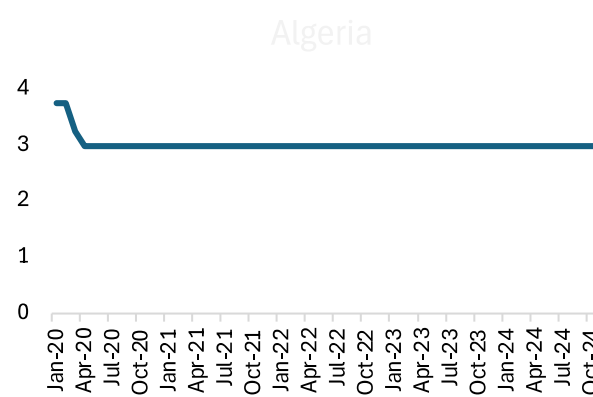
Growth rate



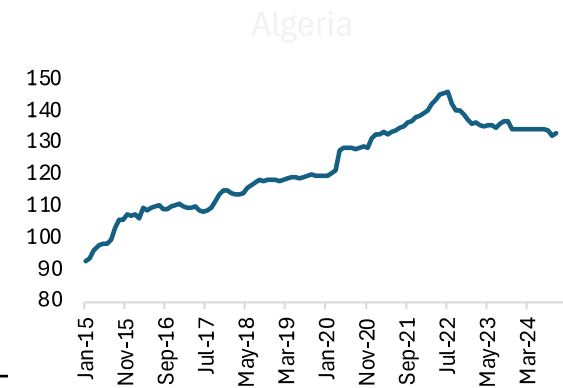
Inflation rate



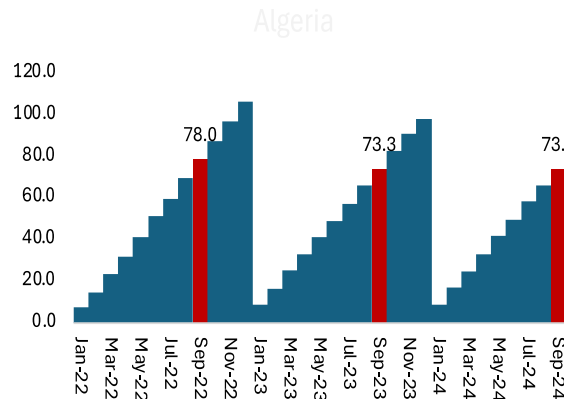
Policy rate



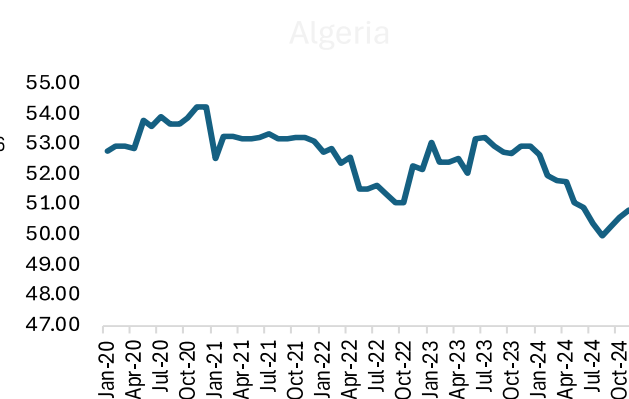
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

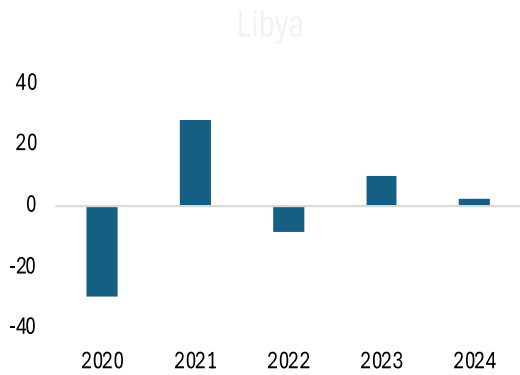
- Algeria's Finance Minister, Laaziz Faïd, announced that starting in 2025, all public banks will offer credit to agribusinesses to boost productivity.
- Algeria and Mali are at odds over security strategies amid diplomatic tensions.

# North Africa – Libya Economy: Oil Output Rises Amid Inflationary Pressures

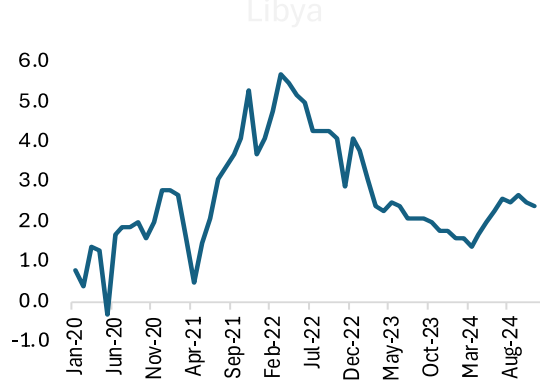
## Key Macroeconomic Indicators

The economy is growing weakly at 1% with low inflation at 2.4%. The policy rate is 3%. Trade activity is moderate at \$37.6 bn, but the high-risk index of 65.87 indicates significant economic challenges.

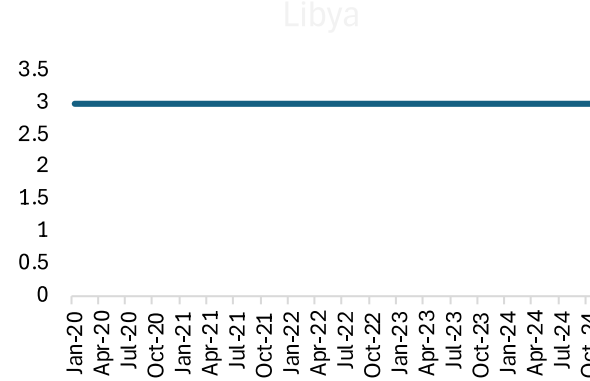
Growth rate



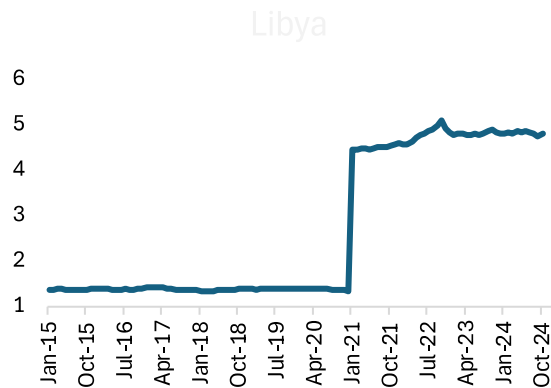
Inflation rate



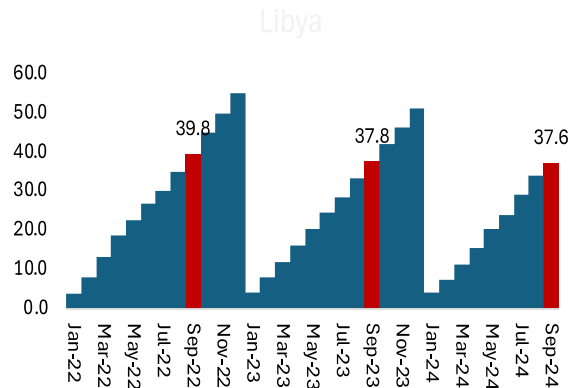
Policy rate



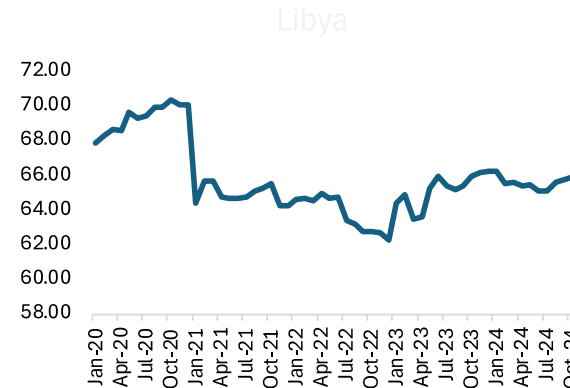
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

**Consumer Prices:** Libya's Consumer Price Index (CPI) dipped slightly by 0.07% in November 2024 compared to October, indicating moderate price stability.

**Food Inflation:** The cost of food surged 3.54% year-over-year in November, reflecting rising living costs despite overall price stability.

### Oil Industry:

**Crude oil rigs remained steady at 18** in November, signaling no expansion in drilling activity.

**Oil production surged to 1.238 million barrels per day (BBL/D)** in November, up from 1.097 million BBL/D in October, showcasing strong output growth.

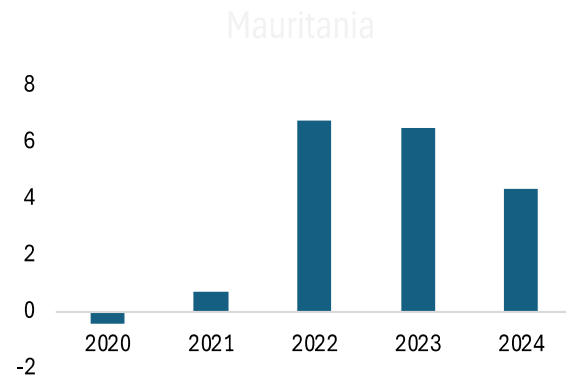
**Gold Reserves:** Libya's gold reserves held steady at 146.65 tons in Q3 2024, reflecting a stable monetary strategy.

# North Africa – Mauritania Strengthens Economy and Ties with Key Partners

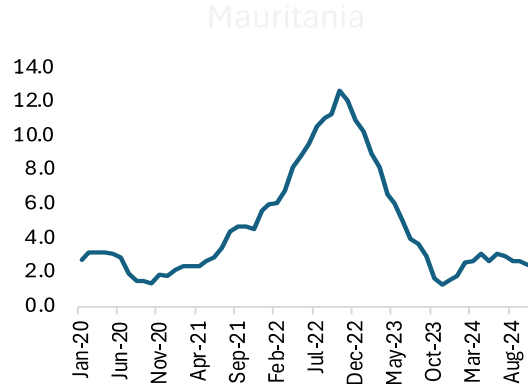
## Key Macroeconomic Indicators

The economy is growing at 4.2% with low inflation at 2.5%. The policy rate is 8%, and trade activity totals \$7 bn. A risk index of 63.63 suggests economic vulnerability ahead.

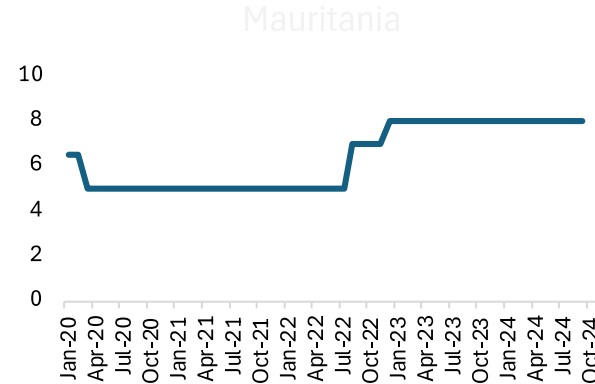
Growth rate



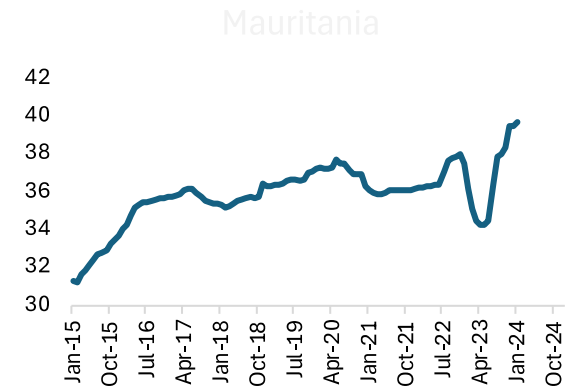
Inflation rate



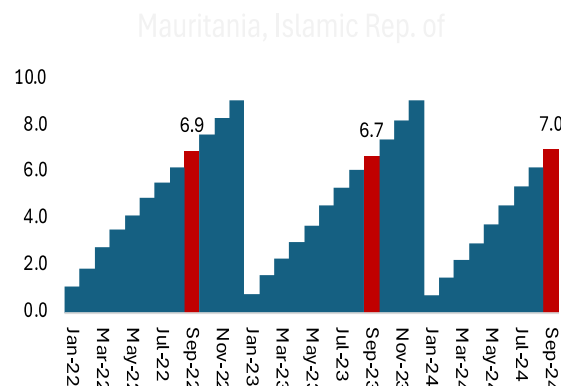
Policy rate



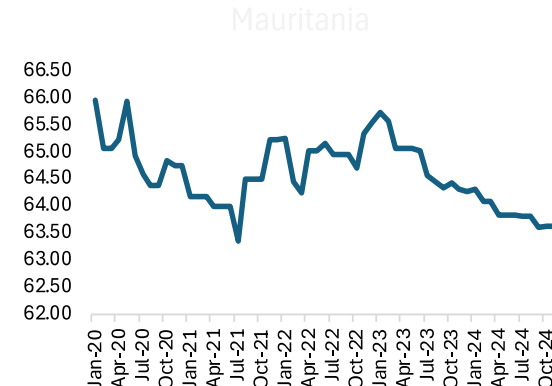
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

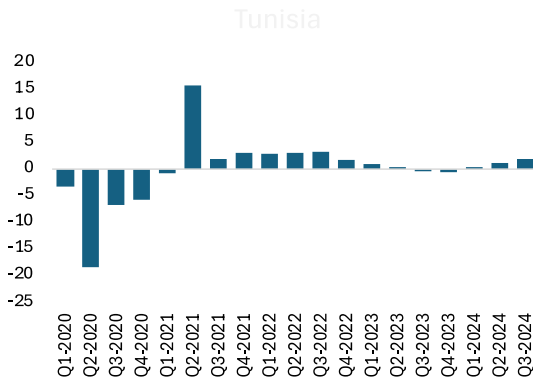
- **E-Visa Launch:** Mauritania has introduced an **electronic visa system**, streamlining entry processes to **boost tourism and foreign investment**.
- **Mining Sector Boost:** The **African Development Bank (AfDB)** granted a **\$150 million loan** to Mauritania to **expand and modernize its mining industry**, a key economic driver.
- **EU Partnership:** Mauritania and the **European Union** signed a **€100 million agreement** aimed at **development initiatives and curbing irregular migration**, reinforcing strategic cooperation.
- **Algeria-Mauritania Relations:** Algerian President Abdelmadjid Tebboune **visited Mauritania for the first time in 37 years**, signaling **strengthened diplomatic and economic ties** between the two nations.

# North Africa – Tunisia Economic Growth Amid Infrastructure and Energy Investments

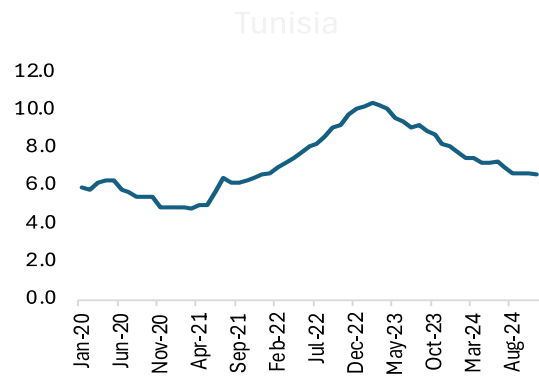
## Key Macroeconomic Indicators

The economy is growing slowly at 1% with moderate inflation at 6.6%. The policy rate is 8%. Trade activity is at \$36.9 bn, while a risk index of 52.52 indicates moderate economic risks.

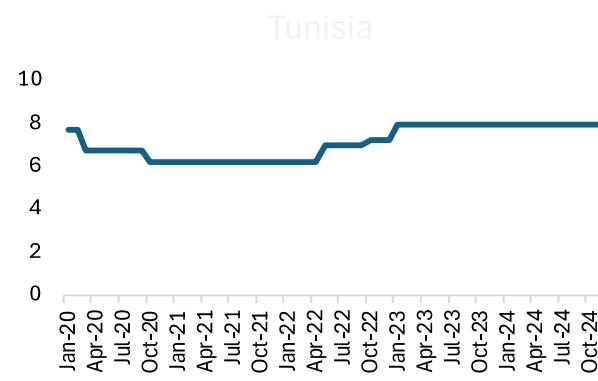
Growth rate



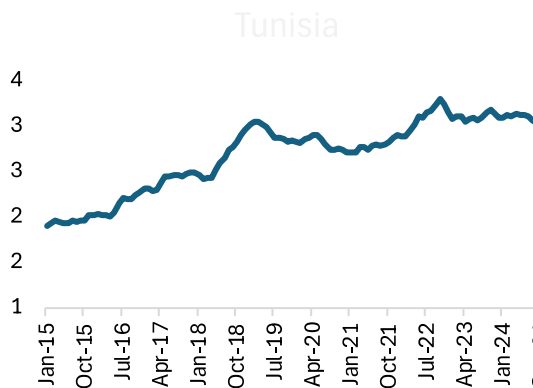
Inflation rate



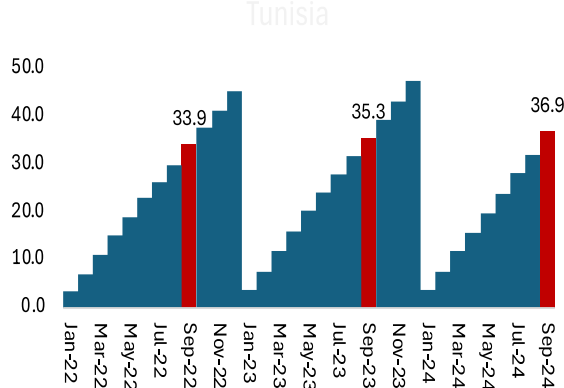
Policy rate



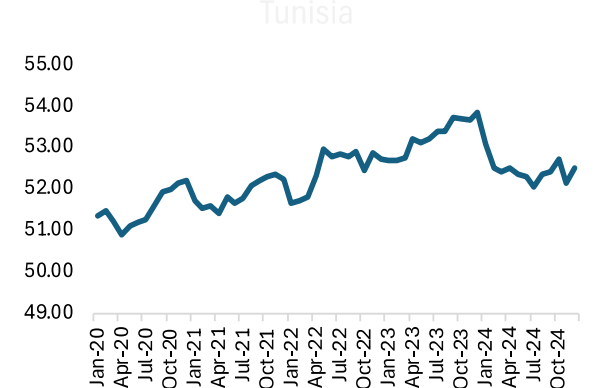
Exchange rate



Total foreign trade, \$US bn



Country Risk Index



## Recent developments

- **Lower Unemployment:** Tunisia's unemployment rate dropped to **16.0% in Q2 2024**, down from 16.2% in Q1, signaling **gradual labor market improvements**.
- **Infrastructure Development:** The **African Development Bank granted Tunisia over €80 million** to upgrade road infrastructure across seven governorates, enhancing connectivity and economic activity.
- **Renewable Energy Expansion:** Tunisia awarded **500 MW of photovoltaic solar projects**, reinforcing its commitment to **clean energy transition**.
- **Tourism Growth:** Tunisia's **tourism revenue rose by 7.8% in 2024**, with **over 10 million visitors**, further solidifying the sector's role in economic recovery.
- **Green Hydrogen Investment:** A **\$6 billion green hydrogen and ammonia project** was announced through an MOU between Tunisia and **H2 Global Energy**, positioning the country as a potential leader in **North Africa's renewable energy sector**.

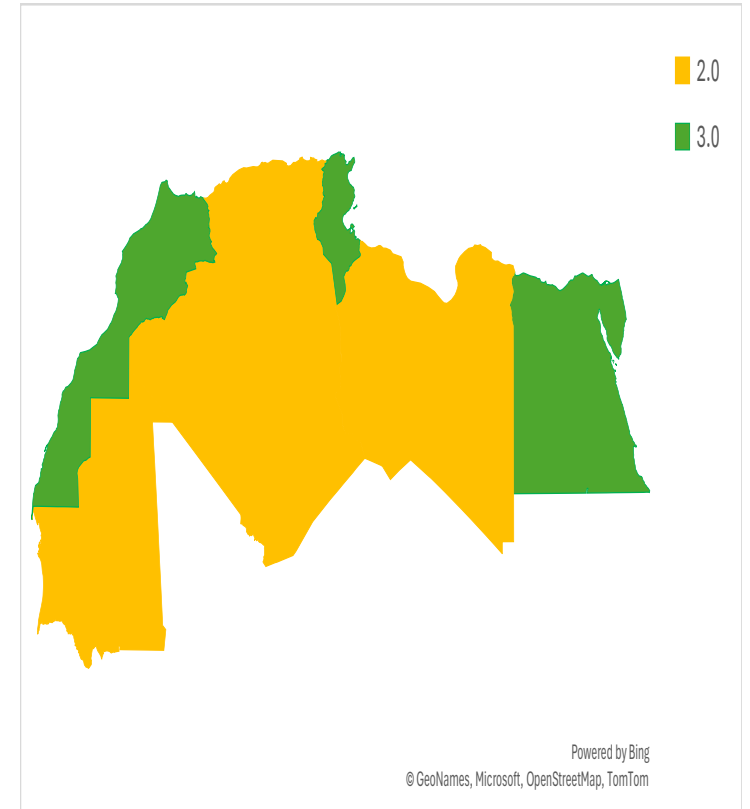
# North Africa



All countries are characterized by stable or enhancing macroeconomic fundamentals.

	Growth	Inflation	Policy Rate	Exch. Rate	Trade	Risk	Overall Scoring	Overall Scoring
Algeria	2	1	2	2	2	3	2.0	2.0
Egypt	3	3	2	1	3	3	2.5	3.0
Libya	1	3	2	2	2	2	2.0	2.0
Mauritania	2	2	2	1	2	3	2.0	2.0
Morocco	2	1	3	3	3	3	2.5	3.0
Tunisia	3	3	2	2	3	1	2.3	3.0

R	Deteriorating	1
Y	Stable	2
G	Improving	3



Source: Afreximbank Research

03

# Conclusion and Recommendation



# Conclusions and Recommendations

01



## Challenging Global macroeconomic environment

The global economic landscape is undergoing profound transformations, driven by shifting demand patterns, supply chain disruptions, and intensifying geopolitical tensions. These changes have compelled African nations to rethink their economic strategies, fostering new alliances and diversifying trade and investment partnerships. As traditional economic powerhouses reassess their global priorities, Africa is emerging as a critical hub for investment, offering vast opportunities across industries such as energy, technology, manufacturing, agriculture, and infrastructure. The continent's appeal is further strengthened by favorable demographics, ongoing economic reforms, and increased regional integration initiatives like the African Continental Free Trade Area (AfCFTA). However, investors must navigate structural challenges, including currency volatility, regulatory uncertainties, and fiscal constraints. Despite these hurdles, Africa's evolving economic landscape presents a compelling case for strategic investment, particularly for partners seeking growth markets, resource security, and resilient supply chains in an increasingly fragmented global economy.

02



## Positive but challenging economic outlook for African economies

Africa's economic outlook remains broadly positive, driven by rising investment, expanding regional trade, and a growing consumer base. However, persistent challenges such as high inflation, mounting debt burdens, and global economic uncertainties continue to weigh on growth prospects. To achieve sustained economic resilience, strategic policy reforms, enhanced fiscal discipline, and strong political commitment are essential. Governments must focus on diversifying revenue sources, improving governance, and fostering innovation-driven industries to mitigate risks and unlock long-term growth potential.

03



## Targeting of high-growth sectors by government

Africa is a continent rich with opportunities, yet unlocking its full potential requires targeted and strategic interventions. Governments must prioritize high-growth sectors such as manufacturing, technology, agribusiness, and renewable energy, while also implementing policies that foster job creation and private sector investment. Despite its vast natural wealth, Africa's resources remain underutilized, with agriculture, mining, and energy sectors offering immense yet largely untapped potential. Additionally, human capital development is critical, as many economies face skill gaps that hinder productivity. By enhancing education, infrastructure, and business-friendly policies, Africa can position itself as a competitive global economic player.

# Recommendations for debt sustainability

Africa is navigating a multifaceted debt environment. To alleviate the debt burden, policymakers should pursue several strategies, including implementing more robust fiscal policies, engaging with debt relief initiatives, promoting long-term growth policies, and advocating for the reform of the global financial architecture



## 01. Fiscal discipline

- Policymakers should focus on reducing fiscal deficits through effective public expenditure management and addressing inefficiencies and leakages
- Budget allocations must prioritize sectors that yield significant economic and social benefits while enhancing domestic revenue mobilization through tax reforms and broader tax bases.
- Public-private partnerships can also aid infrastructure development and reduce reliance on debt. Additionally, debt transparency and effective management are key to fiscal discipline
- Strengthening risk assessment capacities and establishing well-resourced debt management offices are essential for monitoring sustainability.

## 02. Leveraging Debt relief frameworks

- African countries must strategically use established frameworks for debt relief to tackle their severe debt challenges
- To negotiate effectively for debt restructuring, rescheduling, or reductions, African nations must engage with various creditors, including bilateral and multilateral institutions and private sector stakeholders
- Sovereign African states should also consider advocating temporary moratoriums on debt servicing. This would allow for the redirection of essential financial resources toward critical sectors such as healthcare, education, and economic recovery initiatives

## 03. Reforming the International Financial Architecture

- Policymakers should advocate for restructuring international financial architecture to ensure equitable treatment for creditors and debtors.
- This includes pushing for greater engagement from multilateral organizations in debt restructuring processes, advocating for improved trade conditions, and broader market access for African exports.
- There is also a need to promote global financial reforms that offer balanced treatment for creditors and debtor nations, specifically emphasizing African countries



**MARKET UPDATE**  
**VOLUME 1**

# Monthly Developments in the African Macroeconomic Environment

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**January 2025**

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Transforming Africa's Trade