



Cytonn 2022 Markets Outlook

Sub Saharan Africa Regional Market Outlook

According to the World Bank's Global Economic Prospectus - 2022, the Sub Saharan Africa region is expected to register an economic growth of 3.6% in 2022, 0.1% higher than the estimated 3.5% in 2021, supported by elevated commodity prices as activities continue to rebound in the region's main trading partners. The elevated commodity prices is attributable to higher oil prices which is expected to support growth in Nigeria and Angola while high coffee and cotton prices will support near-term recovery in Kenya, Tanzania and Ethiopia. Additionally, the ongoing inoculation of COVID-19 vaccines coupled with ease of travel restrictions across the region is expected to support the recovery of the tourism sector. However, possible emergence of COVID-19 variants such as Omicron and slow rollout of vaccines in the region is likely to weigh down on the pace of recovery. The forecast is higher than the initial 3.5% projected, mainly reflecting the expected growth as economies rebound, on the back of ease of restrictions supporting exports and tourism and as such propelling growth.

Despite the expected growth, risks to the regional outlook abound and they include:

- Slow COVID-19 vaccines rollout on the back of emergence of new and more transmissible variants,
- Increasing food prices attributable to supply bottlenecks and erratic weather conditions, leading to high cost of living and a surge in inflation rates,
- Insecurity, Social Unrest and Political Tensions in some countries causing uncertainty, slow structural reforms, slow vaccine inoculation and decline in private investments,
- High debt-levels leading to debt distress and high debt service costs,
- Decline in global investor sentiments and policy support owing to rising debt levels, and,
- Limited fiscal space on the back of declined government revenue.

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