

Cytonn 2023 Markets Outlook

Sub Saharan Africa Regional Market Outlook:

According to the World Bank's Global Economic Prospectus - 2023, the Sub Saharan Africa region is expected to register an economic growth of 3.6% in 2023, 0.2% points higher than the estimated 3.4% in 2022. The slightly higher growth in 2023 is partly attributable to the expected increase in oil and gas exports from the region, an expected slight ease in the cost of living following reduction in prices of key imports such as fertilizers and fuel, and expected increase in domestic demand.

However, the projections remain subject to key downward risks such as:

- Global inflationary pressures, which when persist longer than expected, global interest rates may
 rise further leading to greater deterioration of financial conditions, consequently making it
 difficult in regaining access to international borrowing markets,
- Policy tightening across the region which may pick up if commodities prices continues to soar or if
 risks of debt distress are elevated due to high global interest rates and currency depreciation,
- Food markets remain tight as a result of decline in stocks, limited imports, and erratic weather
 conditions as well as high prices of farming inputs, making food systems in the region vulnerable
 to various shocks, and,
- Limited fiscal space on the back of declined government revenue coupled with high debt-levels leading to debt distress and high debt service costs, which are expected to hinder capital flows to the region amid sharply increased credit risks.

In Nigeria, the region largest economy, growth is projected to decelerate to 2.9% in 2023, with growth momentum in oil sector likely to be restrained by the existing production and security challenges coupled with moderation in oil prices. Growth in South Africa is expected to weaken to 1.4% in 2023 attributable to weak trading activity with its major trading partners such as United Kingdom, China, Euro Area and United States. Moreover, with over 60.0% of countries in Sub Saharan Africa already in, or at high risk of debt distress, fiscal efforts to support demand and activity are likely to be constrained due to tighter access to external financing. In the East African region, the persistent unfavorable weather conditions are expected to exacerbate the adverse impact of costlier farming inputs on agricultural production.

The table below highlights the real GDP forecasts of select Sub - Saharan Africa countries;

Cytonn Report: Real GDP Forecasts of Select Sub - Saharan Africa countries

Country	2022e	2023f
Senegal	4.8%	8.0%
Rwanda	6.0%	6.7%
Uganda	4.7%	5.5%
Mauritius	5.8%	5.5%
Tanzania	4.6%	5.3%

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Country	2022e	2023f
Ethiopia	3.5%	5.3%
Kenya	5.5%	5.0%
Nigeria	3.1%	2.9%
Angola	3.1%	2.8%
Ghana	3.5%	2.7%
South Africa	1.9%	1.4%
Average	4.2%	4.6%

Note: e - estimate, f - forecast. Data Source: World Bank

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