



# Cytonn 2019 Markets Outlook

## Regional Market Outlook

In 2019, Sub Saharan Africa (SSA) is expected to register economic growth of 3.4%, higher than 2.7% expected in 2018 and 2.6% recorded in 2017, according to the World Bank. This is due to expectations of easing drought conditions, which will boost agricultural production and improved growth in commodity driven countries such as Nigeria and Angola, which are expected to grow by 2.2% and 2.9% in 2019, up from 1.9% and (1.8%) expected in 2018, respectively. Nigeria's economic growth is expected to be propelled by growth in the Agriculture and Services sector and on the back of an improved outlook for oil prices despite the restrained oil production and political uncertainty ahead of February's general elections. Angola's economic growth is expected to return to expansion in 2019, bolstered by support from the IMF, which approved a USD 3.7 bn credit facility in December 2018 to support structural and economic reforms and help the country restore external and fiscal sustainability. Angola's dependence on the volatile oil sector remains the key downside risk to the outlook. South Africa's GDP growth is also expected to improve to 1.3% in 2019 from 0.9% in 2018, despite political uncertainty ahead of the country's elections scheduled in May 2019. Other countries expected to drive growth in 2019 are Ethiopia, Ghana and Kenya with expected economic growth rates of 8.8%, 7.3% and 5.8%, respectively. Despite the expected growth, the regional economic growth still faces downside risks, mainly:

- i. Difficult business conditions and poor infrastructure,
- ii. High levels of public debt in most economies in the region and sharp currency declines, which will make the servicing of foreign currency-denominated debt a concern,
- iii. Political uncertainties in some countries like Nigeria and South Africa ahead of the elections scheduled for February and May 2019, respectively, and,
- iv. Escalating trade tensions involving major economies in the world