



# Cytonn 2020 Markets Outlook

## Sub Saharan Africa Regional Market Outlook

In 2020, Sub Saharan Africa (SSA) is expected to register economic growth of 2.9%, higher than 2.4% expected in 2019 and 2.6% recorded in 2018, according to the World Bank in their **Sub Saharan Economic Prospectus 2020**. This is on the assumption that investor confidence improves in some large economies such as South Africa and Angola, a pickup in oil production and robust growth among agricultural commodity exporters such as Ethiopia. The forecast is lower than the initial 3.3% projection, mainly reflecting the expected softer demand from key trading partners such as China, and lower commodity prices. Nigeria's economic growth is expected to come in at 2.1%, 0.1% points lower than the 2.2% expected in 2019. The slower growth will mainly be as a result of foreign exchange restrictions especially on the importation of food items and high persistent inflation which averaged 11.6% in 2019. South Africa's GDP growth is expected to come in at 0.9% in 2020 from (2.6%) in 2019 assuming the new administration's reform agenda gathers pace, policy uncertainty wanes, and investment gradually recovers. The slower pace of growth is mainly attributed to the infrastructure constraints majorly in electricity supply and weak export momentum hindered by weak external demand. Other countries expected to drive growth in 2020 are Rwanda, Ghana, Senegal and Kenya with expected economic growth rates of 8.1%, 6.8%, 6.8% and 6.0%, respectively, as per the World Bank Sub Saharan Economic Prospectus 2020. Despite the expected growth, the regional economic growth still faces downside risks, which include:

- Lower export revenues and investments mainly due to a sharp deceleration in major trading partners such as China, US, and the Eurozone countries,
- High levels of public debt in most economies in the region and sharp increases in interest burden, raising concerns about debt sustainability,
- Insecurity, conflicts, and insurgencies mainly in the Sahel region expected to weigh down economic activity in the affected region, and,
- Erratic weather patterns posing a significant downside risk to the agricultural sector, which is the backbone of many economies in the region