

Sub-Saharan Africa Monthly Outlook

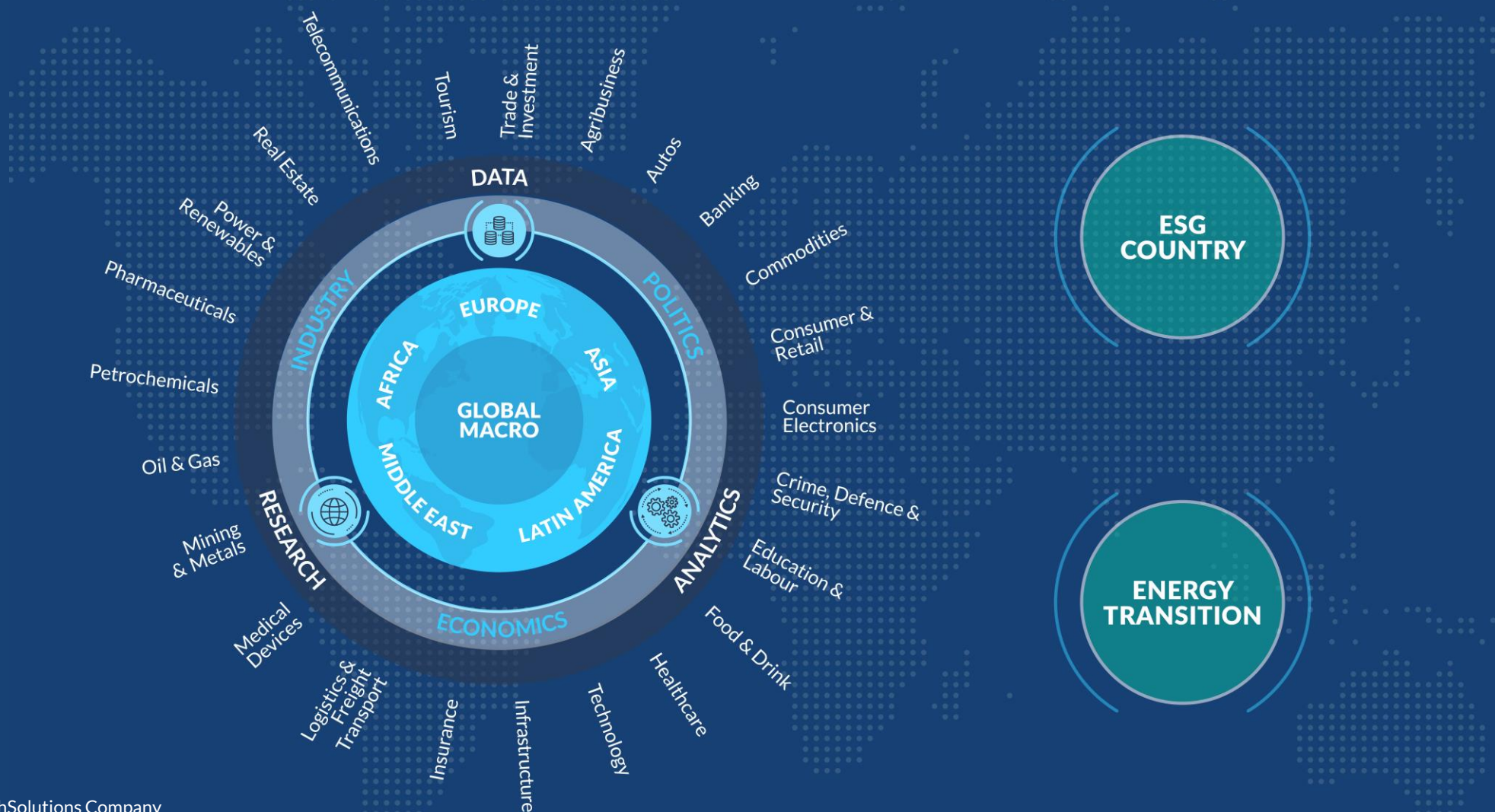
Sub-Saharan Africa Macro Key Themes
For 2025

January 2025

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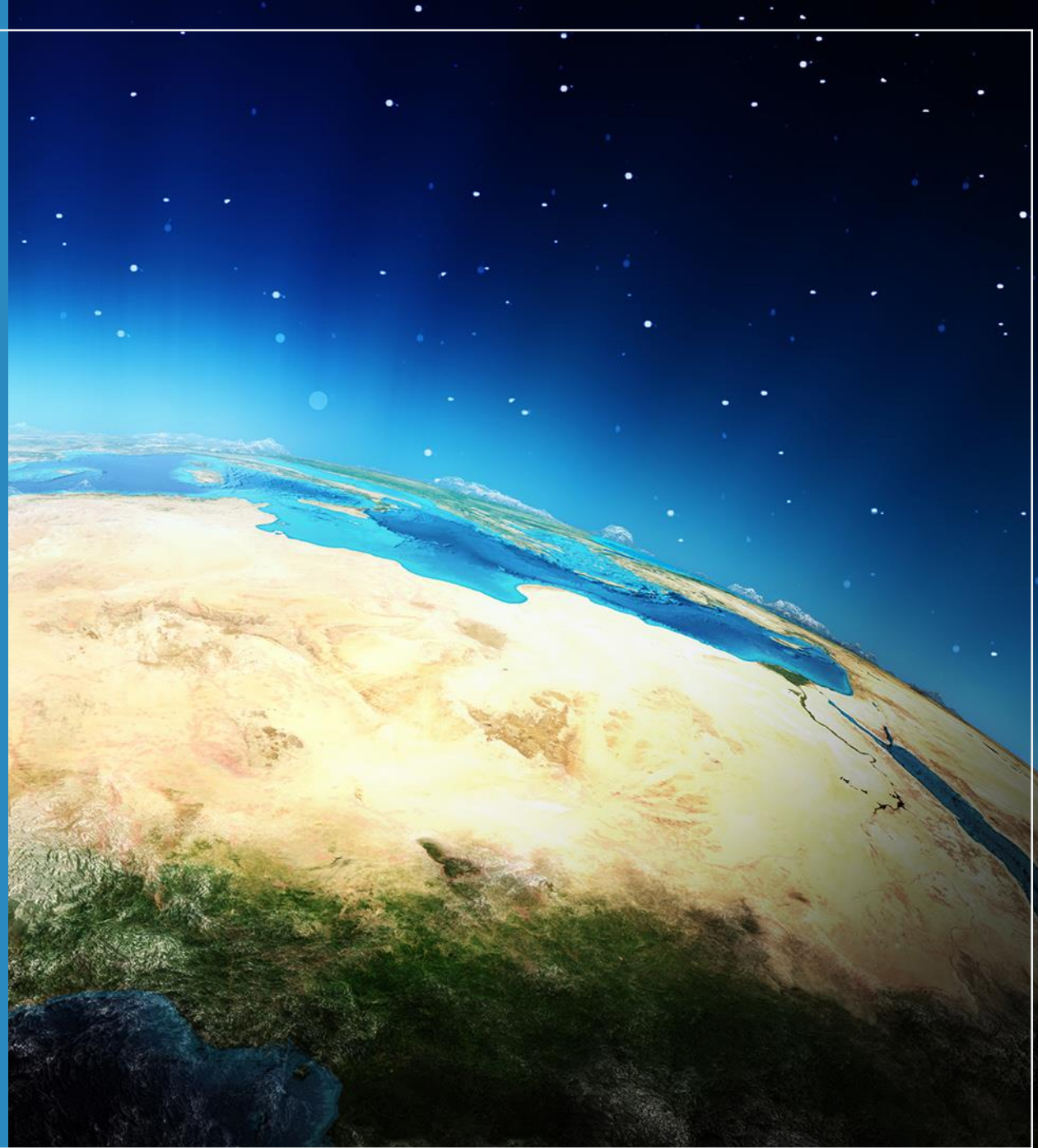
Connected Thinking Across Sectors and Markets



Source: BMI, a FitchSolutions Company

Contents

4. SSA Key Themes For 2025
5. Theme 1: Stronger Growth Driven By Non-Resource-Intensive Markets In 2025
6. Theme 2: Monetary Easing Ahead, But Inflation Will Stay High In Some Markets
7. Theme 3: Structural Constraints Will Keep Fiscal Improvements Slow In 2025
8. Theme 4: More Multi-Polar Engagement With SSA As Superpowers Lose Ground
9. Theme 5: No Honeymoon Period For Newly-Elected Governments
10. BMI Versus Bloomberg Consensus
12. Data Pack



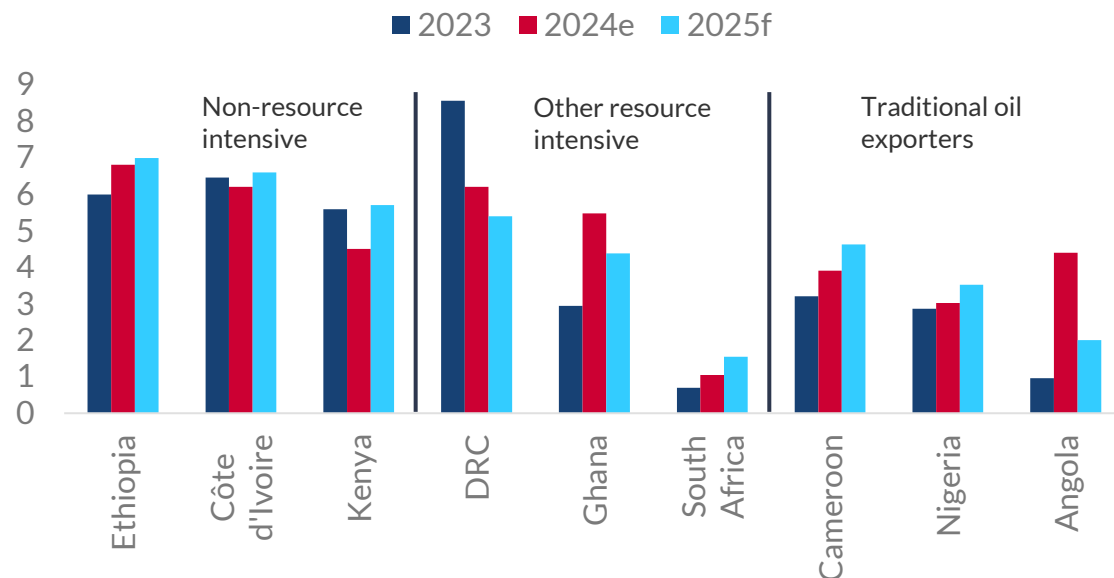
SSA Key Themes For 2025

Theme	View
1. Stronger Growth Will Be Driven By Non-Resource-Intensive Markets	We expect that non-resource-intensive economies will outperform their peers (especially traditional oil producers) in 2025. Lower oil prices will support private consumption and fixed investment for net oil importers, while producers of commodities deemed critical for the global energy transition (such as copper and cobalt) will benefit from increasing global demand.
2. Monetary Policy Easing Across SSA, But Idiosyncratic Factors Will Keep Inflation Elevated In Some Markets	We expect that lower average inflation will see central banks across the region start or continue their monetary easing cycles, leading to greater monetary policy convergence in SSA. That said, we note that idiosyncratic factors in large markets (notably Nigeria and Ethiopia) will see regional inflation remain above the 2014-2023 average of 11.4%.
3. Structural Constraints Will Keep Fiscal Improvement Efforts Slow In 2025	Fiscal consolidation efforts in SSA will gain renewed focus in 2025, but progress will be constrained by persistent structural challenges. While the average SSA budget deficit will shrink from estimated 4.3% of GDP in 2024 to 3.9% in 2025, it will remain well above the 2010-2019 average of 3.2%.
4. More Multi-Polar Engagement With SSA As Superpowers Lose Ground	We expect that traditional superpowers will lose influence in SSA in 2025, as foreign engagement with the region becomes more multi-polar. The election of Donald Trump will perpetuate the US's declining influence, given his isolationist 'America First' approach. While Mainland China will remain a key player in SSA, we note risks to its influence as African markets look to reduce reliance on a single economic power.
5. No Honeymoon Period For Newly Elected Governments As Structural Issues Persist	In 2024, 13 countries held presidential and/or parliamentary elections. Five of these are expected to have new or, in the case of South Africa, materially different governments by year-end. However, we anticipate that persistent structural issues will limit the new administrations' political capital, keeping risks to social stability and policymaking elevated across the region.

1. Stronger Growth Driven By Non-Resource-Intensive Markets In 2025

Non-Resource Intensive Markets Will Grow Faster In 2025

Selected SSA Markets – Real GDP Growth, %

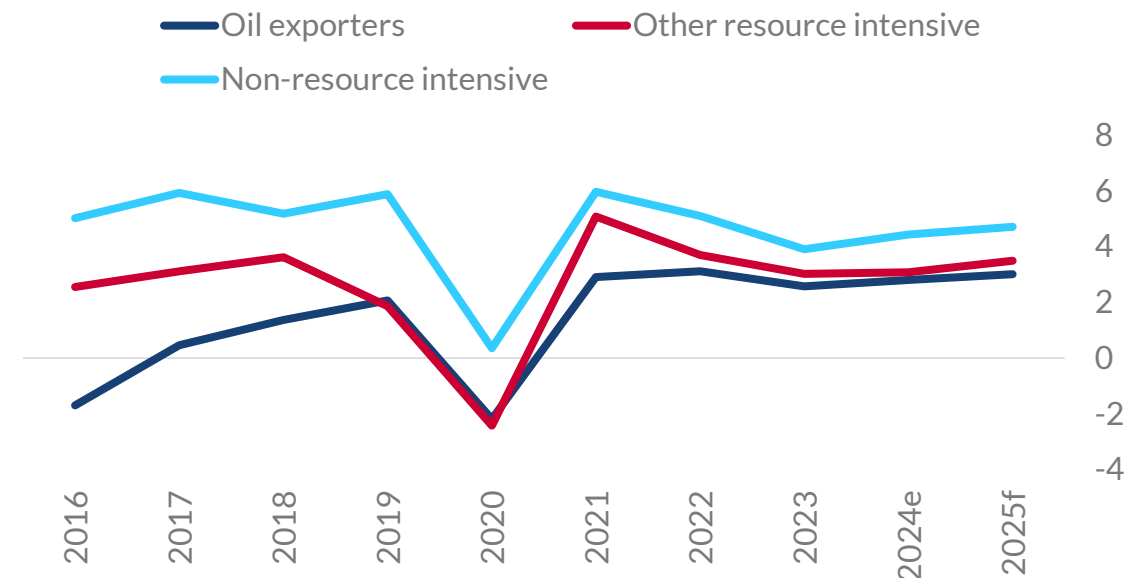


- Non-resource-intensive economies like Ethiopia, Côte d'Ivoire, and Kenya will benefit from lower global oil prices and easing external pressures, as they tend to import most of their energy needs.
- Non-oil resource-intensive economies, producing critical commodities for the global energy transition are set to perform well.

e/f = BMI estimate/forecast. Source: National sources, UN, BMI

Traditional Oil Economies Will Underperform In 2025

SSA – Real GDP Growth, %



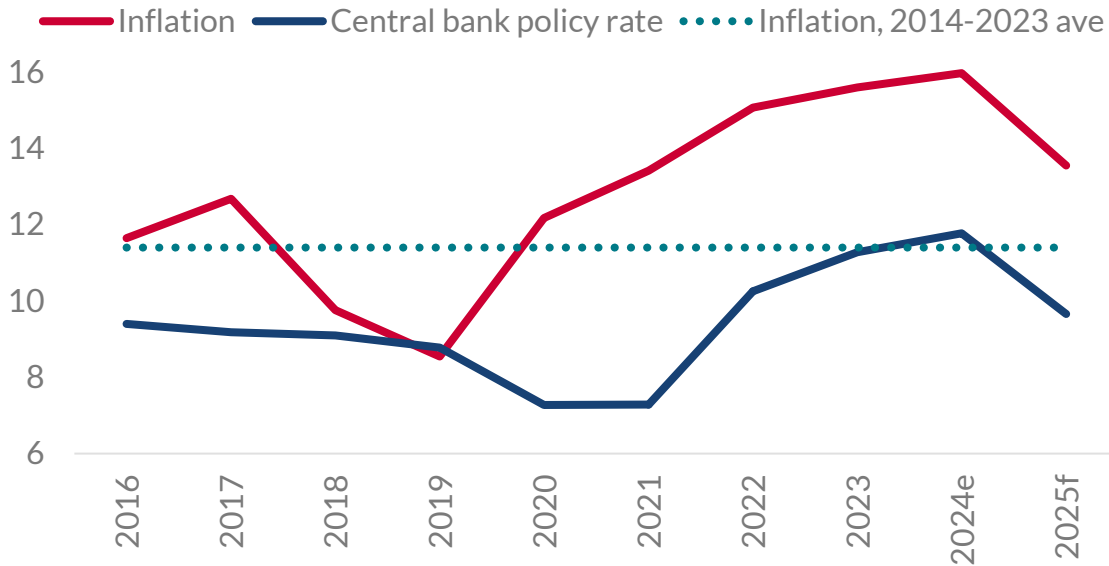
- SSA's traditional oil producers will continue to struggle in 2025, reflecting a lack of investment in new infrastructure and lower global oil prices.
- Growth in Angola, for example, will fall from 2.2% in 2024 to 1.1% in 2025, while Nigeria will see growth of just 3.5%.

e/f = BMI estimate/forecast. Source: National sources, UN, BMI

2. Monetary Easing Ahead, But Inflation Will Stay High In Some Markets

Inflation Will Fall In 2025, But Remain Above Trend

SSA – Central Bank Policy Rate, % & Inflation, % y-o-y

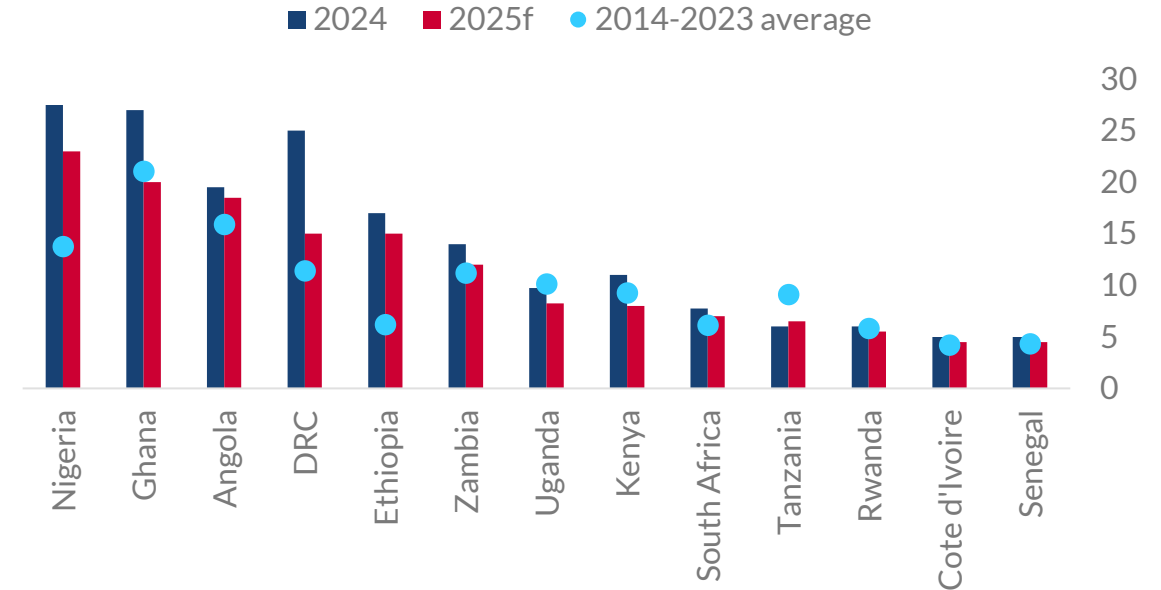


- Lower inflation will enable central banks in SSA to begin or continue monetary easing, leading to greater monetary policy convergence.
- Developed market rate cuts will support SSA monetary easing by narrowing real interest rate differentials and moderating capital outflow risks.

e/f = BMI estimate/forecast. Source: National sources, BMI

Cautious Monetary Easing Ahead In 2025

Select Markets – Central Bank Policy Rate, %



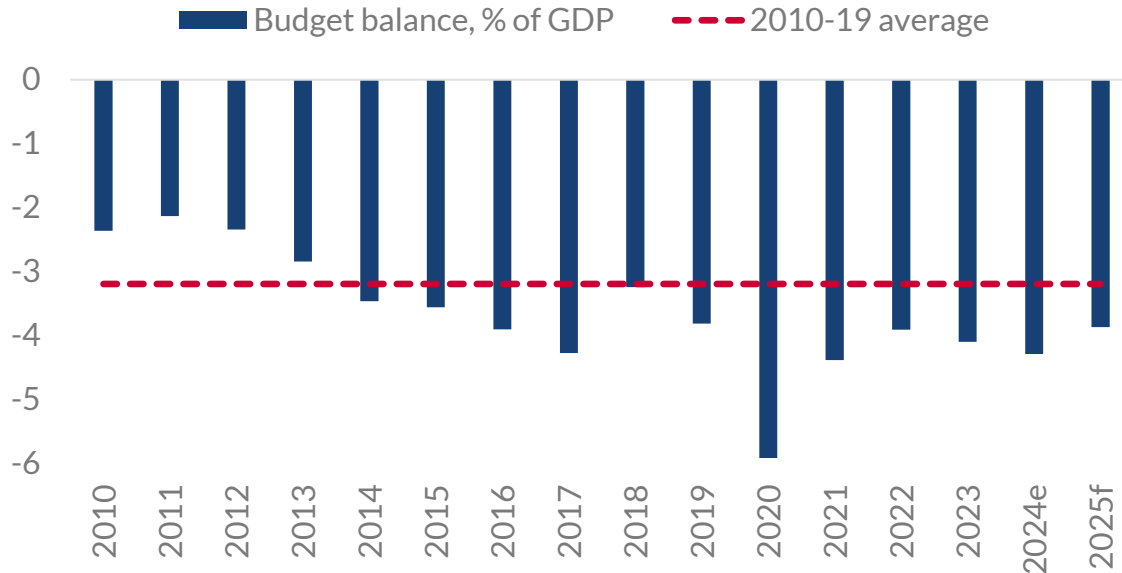
- Idiosyncratic factors in large markets will keep regional inflation above the 2014-2023 average, despite broader monetary easing.
- This is reflected in our policy rate forecasts, where almost every major SSA market will lower policy rates in 2025 but, in a majority, rates will remain above the 10-year average.

f = BMI forecast. Source: National sources, BMI

3. Structural Constraints Will Keep Fiscal Improvements Slow In 2025

Fiscal Consolidation To Rise In 2025

SSA – Regional Fiscal Balance, % Of GDP

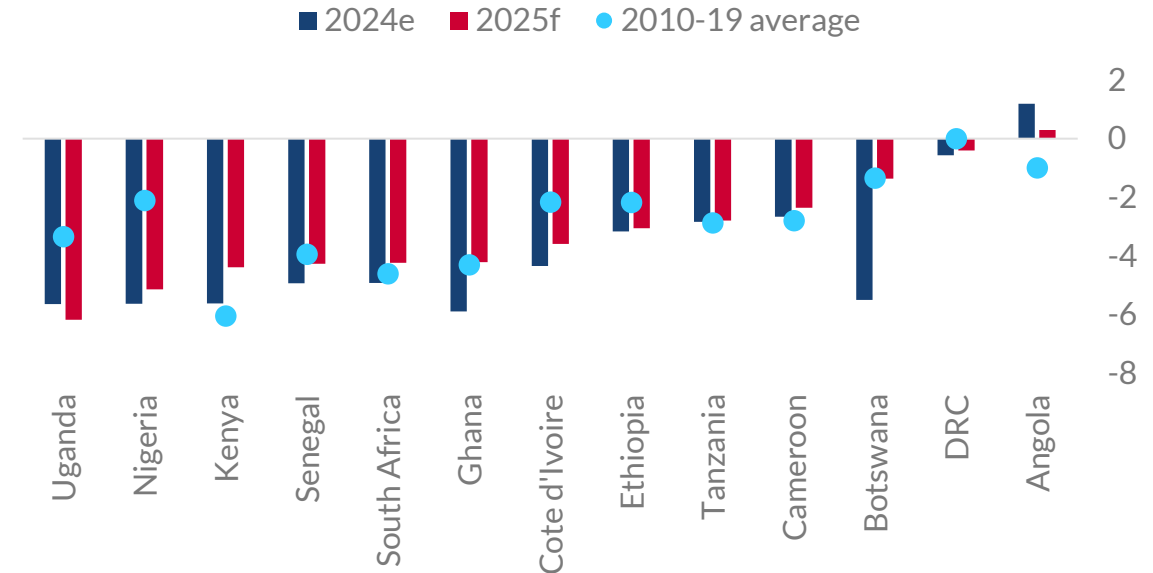


- Fiscal consolidation in SSA will gain focus in 2025, but persistent structural challenges will hinder significant progress in key economies.
- With elections over and cost pressures easing, authorities will strive for fiscal consolidation, reducing deficits from 4.3% to 3.9% of GDP.

e/f = BMI estimate/forecast. Source: National sources, BMI

Progress Will Be Slow For Some Markets

Selected SSA Markets – Fiscal Balance By Market, % Of GDP



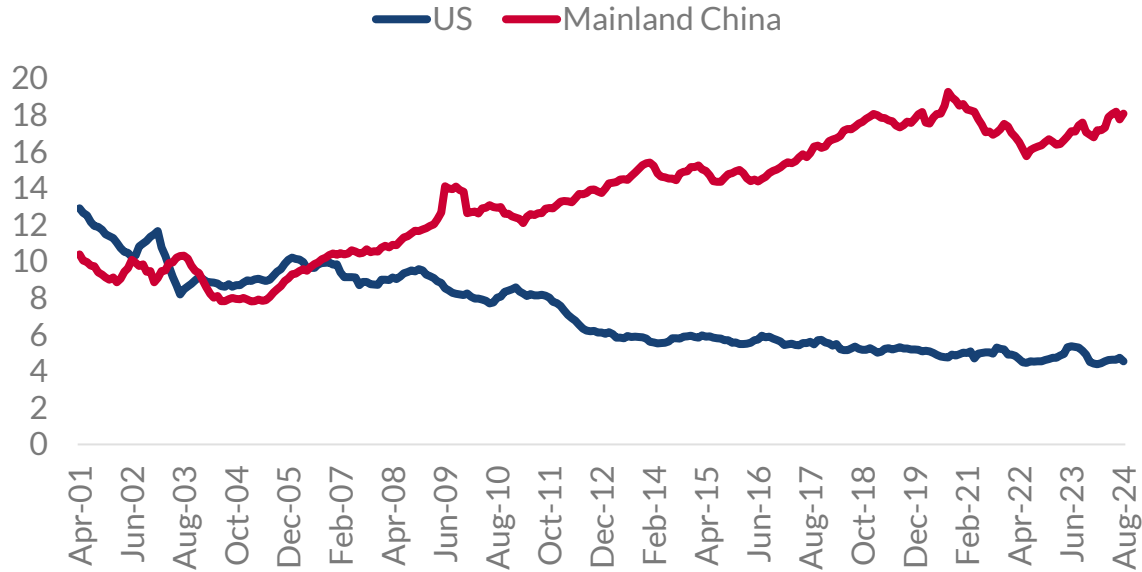
- Elevated public discontent will make it harder for government to introduce new revenue generation measures, as seen in protests across Nigeria and Kenya in mid-2024.
- High interest and military spending, due to past monetary tightening and rising insecurity respectively, will slow consolidation across SSA.

e/f = BMI estimate/forecast. Source: National sources, BMI

4. More Multi-Polar Engagement With SSA As Superpowers Lose Ground

The US Will Continue To Lose Ground Under Trump

Mainland China & The US - Trade With SSA, % Of Total

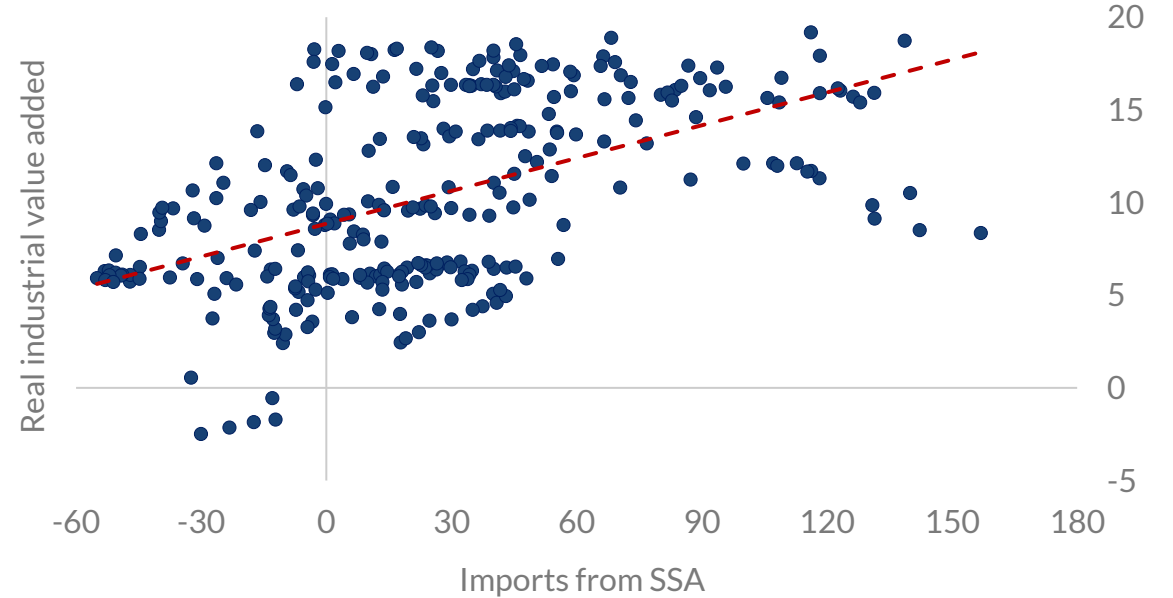


- Under Donald Trump's presidency, US influence in SSA will diminish due to tariff-heavy policies and potential foreign aid reductions to SSA.
- While Mainland China will remain a key player in SSA, African markets are likely to look to reduce reliance on a single economic power, with markets such as Turkiye, the UAE, and India ramping up investment.

Source: Haver, IMF, BMI

SSA Trade With China Likely To Decline In 2025

Mainland China - Imports From SSA & Real Industrial Value Added, % y-o-y (6mma)



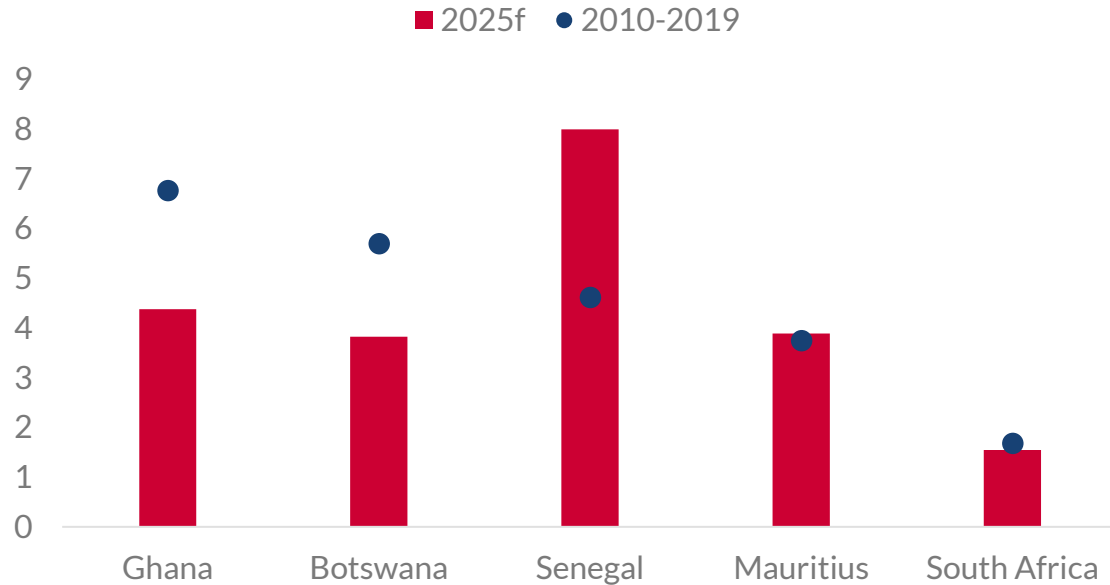
- SSA's exports to China and investments in the region are closely linked to China's economic activity. Therefore, slower growth in China in 2025 is likely to diminish its influence in SSA.
- We expect that UAE, India, and Turkiye will take advantage of the US-China vacuum, while Russia will deepen security ties in the Sahel.

Source: Haver, IMF, National Bureau of Statistics of China, BMI

5. No Honeymoon Period For Newly-Elected Governments

Structural Issues Will Present Challenges For New Leaders

Select SSA Markets - Real GDP Growth, %

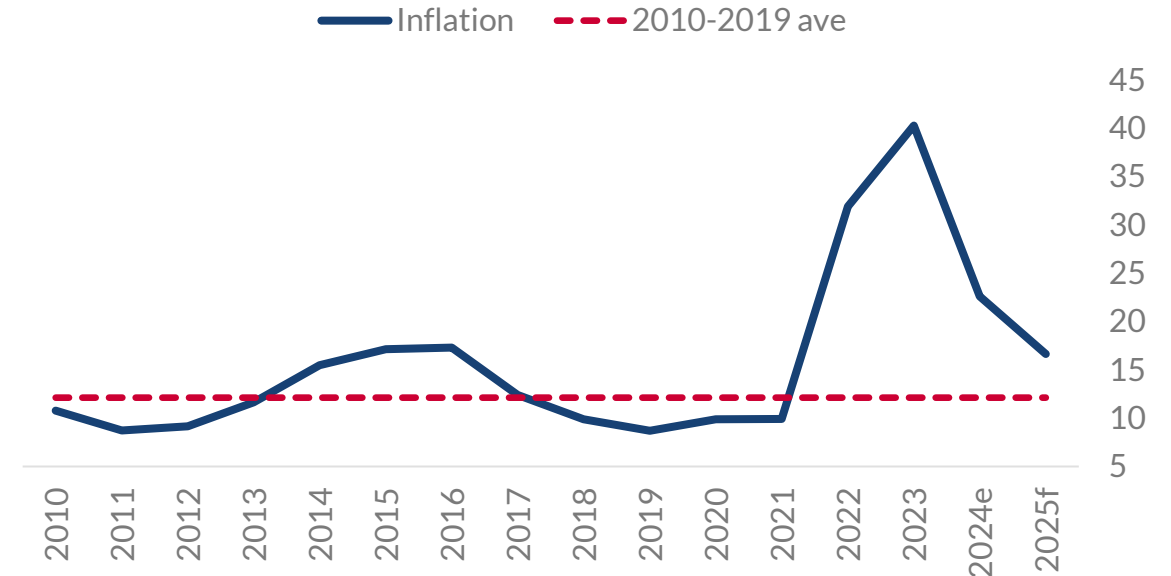


- In 2024, 13 SSA markets held elections, with five of them now having significantly different governments.
- We expect new governments in Botswana, Mauritius, and Ghana to face elevated societal pressures stemming from a combination of weak growth and elevated inflation and unemployment.

f = BMI forecast. Source: UN, BMI

Persistent Inflation Will Remain A Major Issue In Ghana

Ghana - Inflation, %



- While Ghana's (then) opposition National Democratic Congress party secured a win, high inflation will continue to weigh on purchasing power and sustain popular frustrations.
- We forecast stronger growth in Senegal, but if living conditions do not improve, protests akin to those in 2023 could resurface.

e/f = BMI estimate/forecast. Source: National sources, BMI

BMI Versus Bloomberg Consensus

2025 Real GDP Growth %

Market	BMI	Bloomberg Consensus	Consensus Last Month
Angola	2.03	2.40	-
Botswana	3.79	4.50	-
Cameroon	4.66	-	-
Congo (DRC)	5.41	-	-
Congo-Brazzaville	3.66	-	-
Côte d'Ivoire	6.58	6.50	-
Equatorial Guinea	-3.77	-	-
Ethiopia	7.00	6.50	-
Gabon	2.78	-	-
Ghana	4.52	4.85	-
Kenya	5.74	5.50	-
Mozambique	4.04	5.20	-
Nigeria	3.55	3.20	-
South Africa	1.51	1.70	-
South Sudan	16.99	-	-
Sudan	-0.55	-	-
Tanzania	5.97	-	-
Uganda	4.44	6.15	-
Zambia	5.45	5.55	-
Zimbabwe	4.01	-	-

End-2025 Exchange Rate Currency

Currency	BMI	Bloomberg Consensus	Consensus Last Month
AOA per USD	1,190.16	-	-
BWP per USD	14.16	-	-
XAF per USD	624.72	-	-
CDF per USD	2,950.00	-	-
XAF per USD	624.72	-	-
XOF per USD	624.72	-	-
XAF per USD	624.72	-	-
ETB per USD	130.00	-	-
XAF per USD	624.72	-	-
GHS per USD	14.00	19.00	-
KES per USD	133.00	140.00	-
MZN per USD	68.00	-	-
NGN per USD	1,628.54	1,700.00	-
ZAR per USD	18.90	18.24	-
SSP per USD	2,756.93	-	-
SDG per USD	718.56	-	-
TZS per USD	2,700.00	-	-
UGX per USD	3,799.90	3,700.00	-
ZMK per USD	28.58	-	-
ZWL per USD	60.00	-	-

Note: Last updated: January 31 2025. Revisions to BMI forecasts have since been made. Source: Bloomberg, BMI

BMI Versus Bloomberg Consensus

2025 Average Inflation

%

Market	BMI	Bloomberg Consensus	Consensus Last Month
Angola	23.50	19.85	-
Botswana	3.80	4.40	-
Cameroon	3.77	-	-
Congo (DRC)	8.30	-	-
Congo-Brazzaville	2.50	-	-
Côte d'Ivoire	2.18	2.10	-
Equatorial Guinea	3.00	-	-
Ethiopia	18.60	20.35	-
Gabon	2.30	-	-
Ghana	18.75	16.50	-
Kenya	4.30	5.00	-
Mozambique	3.41	5.65	-
Nigeria	29.82	25.45	-
South Africa	3.80	4.10	-
South Sudan	67.50	-	-
Sudan	101.50	-	-
Tanzania	3.20	-	-
Uganda	4.00	4.00	-
Zambia	13.50	12.00	-
Zimbabwe	42.50	-	-

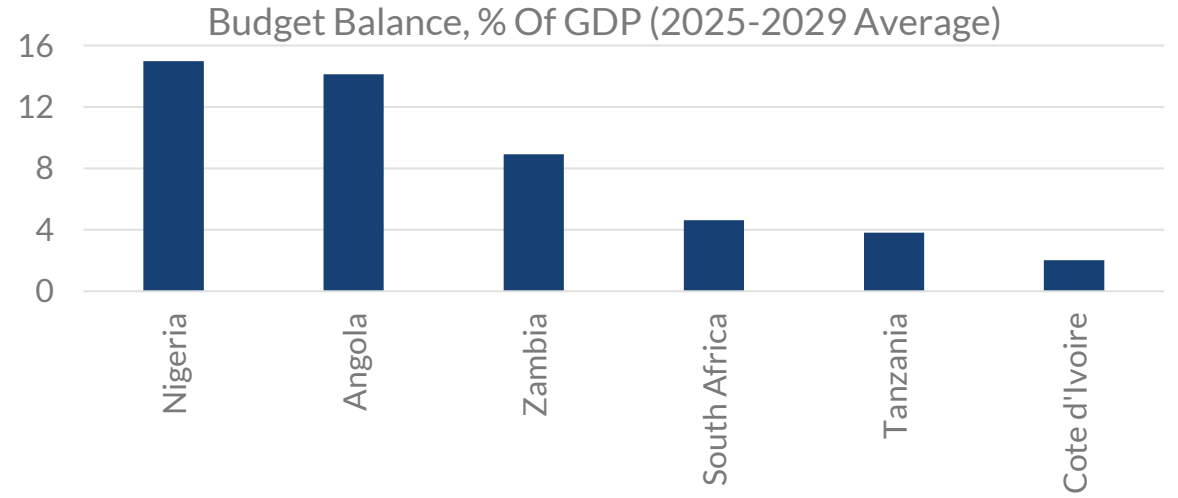
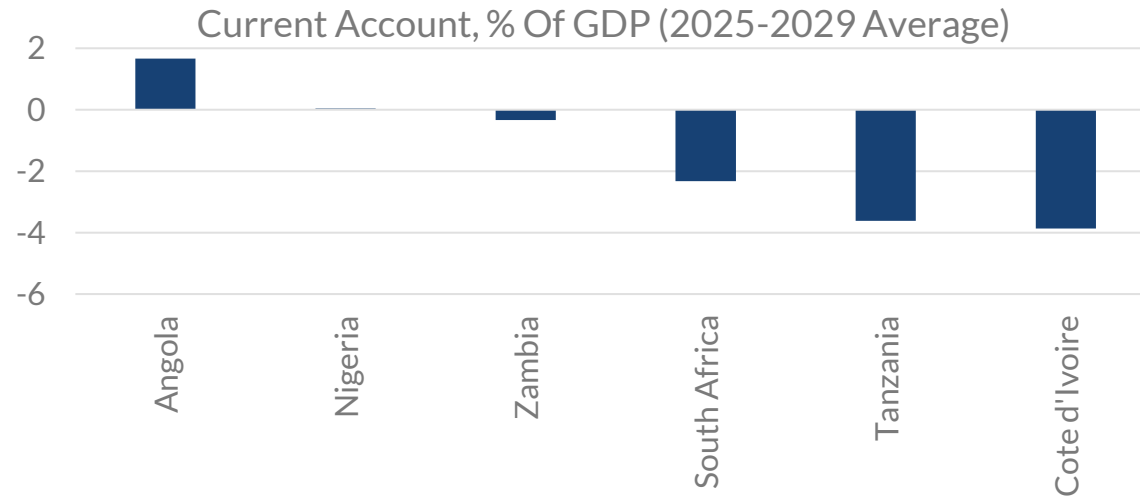
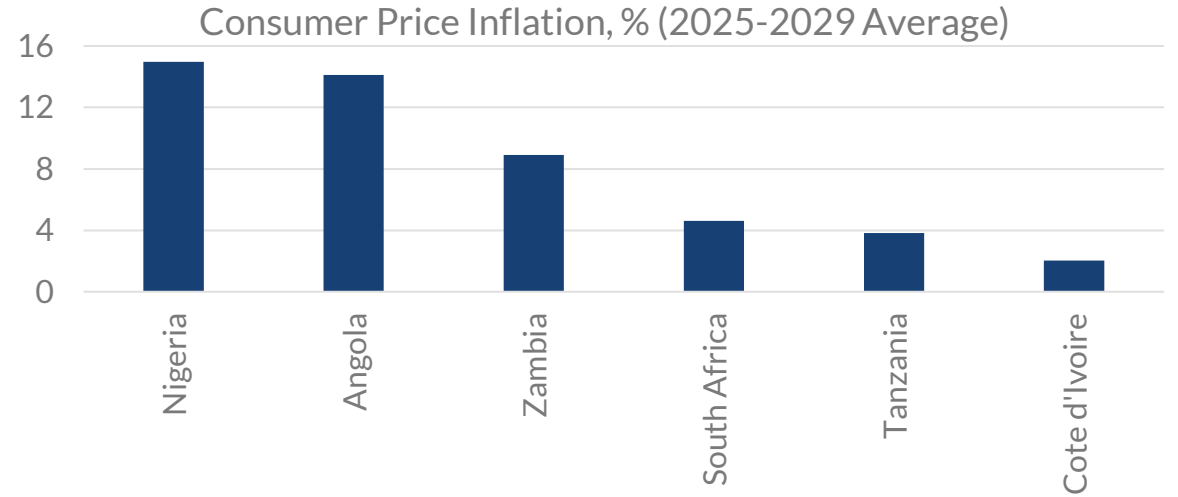
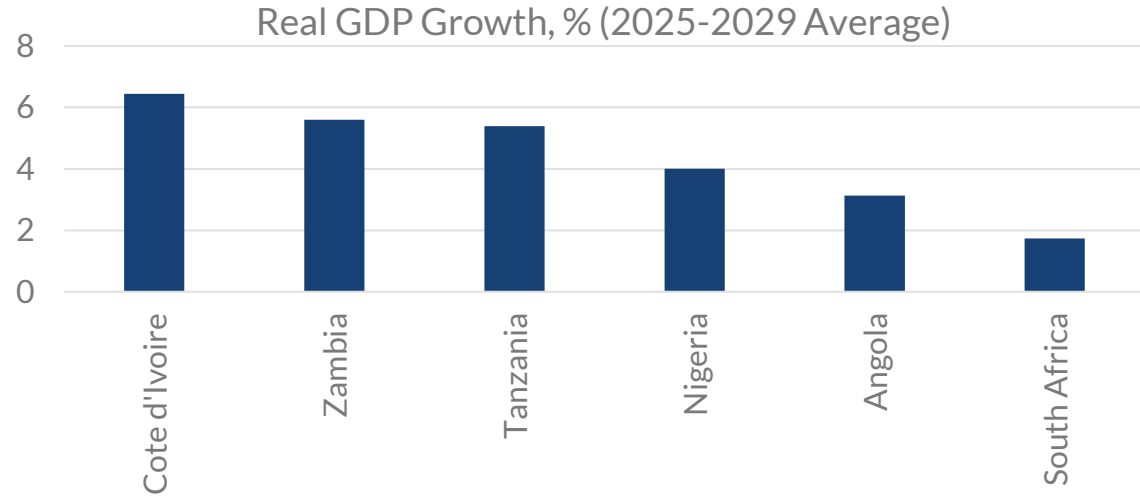
End-2025 Policy Interest Rate

%

Market	BMI	Bloomberg Consensus	Consensus Last Month
Angola	18.50	-	-
Botswana	2.15	-	-
Cameroon	2.50	-	-
Congo (DRC)	15.00	-	-
Congo-Brazzaville	4.50	-	-
Côte d'Ivoire	4.50	-	-
Equatorial Guinea	3.50	-	-
Ethiopia	15.00	-	-
Gabon	4.50	-	-
Ghana	20.00	19.50	-
Kenya	8.25	10.10	-
Mozambique	10.75	-	-
Nigeria	23.00	22.60	-
South Africa	7.00	7.00	-
South Sudan	-	-	-
Sudan	-	-	-
Tanzania	6.50	-	-
Uganda	9.00	-	-
Zambia	13.50	-	-
Zimbabwe	-	-	-

Note: Last updated: January 31 2025. Revisions to BMI forecasts have since been made. Source: Bloomberg, BMI

Data Pack



Note: All figures are BMI forecasts. Source: National sources, IMF, UN, BMI

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