



ECONOMIC WRAP-UP

Southern Africa

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Economic Service from June 10 to 21 2024

THE KEY FIGURE

23%

of South African households
where the grant is the primary
source of income - StatsSA

Focus on: The South African President Cyril Ramaphosa re-elected for a second 5-year term at the helm of the country (SAnews)

Cyril Ramaphosa has been re-elected president for a second 5-year term at the helm of South Africa on Friday, June 14 in Cape Town during the first session of the seventh post-apartheid South African Parliament. This re-election by parliament follows the South African general elections held on Wednesday, May 29 (elections for the 400 National Parliamentarians and Parliamentarians from the country's 9 Provinces) where the ANC (*African National Congress*) suffered a major electoral setback. Indeed, the ANC, in power since 1994, lost the absolute majority for the first time, receiving only 40.2% of the vote (compared to 57.7% in 2019), translating to 159 seats in Parliament.

The *Democratic Alliance* (DA - center-right) retains its position as the leading opposition party with 21.8% of the vote (equivalent to 87 seats), an increase from 20.8% and 84 seats in 2019. In third place, the new party of former President Jacob Zuma, *Umkhonto Wesizwe* (MK), has reshaped the South African political landscape with unexpected results (14.6%, 58 seats). It surpasses the *Economic Freedom Fighters* (EFF, radical left-wing party) who received 9.5% of the votes (39 seats), compared to 10.8% and 44 seats previously. At the provincial level, the ANC's decline is evident, having been soundly defeated in Kwazulu Natal (17.6% - where MK scored 46%) and losing the absolute majority in Gauteng (36.4%) and the Northern Cape (49.3%). Meanwhile, the DA retains its majority in the Western Cape (53%).

To secure his re-election, President Cyril Ramaphosa and the ANC reached a historic agreement with the predominantly white DA opposition party, as well as with the Inkatha Freedom Party (traditional Zulu party) which garnered 3.8% of the vote (17 seats), the Patriotic Alliance (far-right with support in the coloured population) with 2.1% of the vote (9 seats), and Good (center-left, 1 seat). Rise Mzansi, Al Jamah-ah, the Pan Africanist Congress (PAC), Freedom Front Plus (FF+) and the United Democratic Movement have later joined. This 'Government of National Unity' (GNU) did not include the EFF and MK, but still facilitated President Ramaphosa's re-election with 283 parliamentary votes compared to 44 for Julius Malema, leader of the EFF. Other smaller parties may join this coalition in the coming days.

President Ramaphosa's inauguration is scheduled for Wednesday, June 19, 2024 at the Union Buildings in Pretoria. The announcement of the government's formation is expected in the coming days, likely including several ministers from allied parties with the ANC, including the DA. The prospect of the DA, known for its pro-business stance, participating in the government, along with holding the position of Deputy Speaker of Parliament, has contributed to a recent increase in the rand's value (+5% against the dollar over the past ten days).

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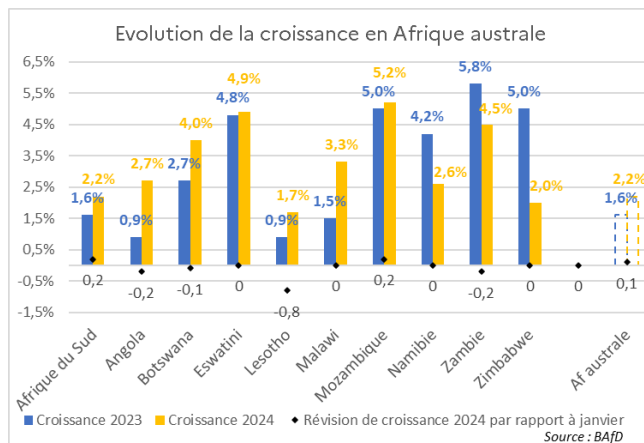
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Southern Africa

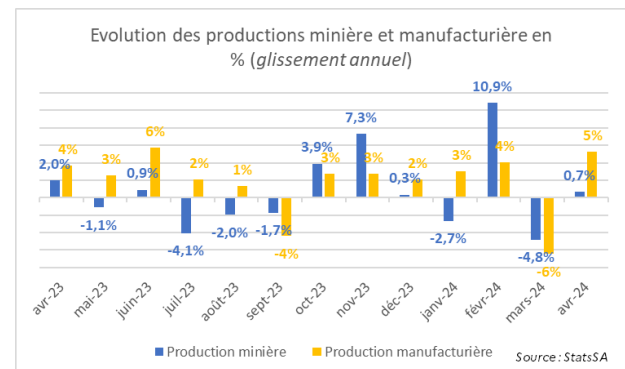
BafD updates its growth forecasts (Resbank)



The African Development Bank has published its annual economic outlook report for the African continent. According to the report, Africa's growth is expected to accelerate in 2024, reaching 3.7% (down from the previously anticipated 3.8%), after 3.1% in 2023. Overall, the AfDB's forecasts remain unchanged. Southern Africa remains the continent's least dynamic region, with activity expected to grow by 2.2% (+0.1 percentage point from the last estimates, after 1.6% in 2023). The sub-region continues to be hampered by South Africa's poor performance (1.3% in 2024, after 0.6% in 2023). Nevertheless, growth is expected to accelerate in most economies, notably in Angola (2.7%, after 0.9% in 2023), Botswana (+4%, after 2.7%), Lesotho (+1.7%, after 0.9%), and Malawi (+3.3%, after 1.5%). Mozambique is expected to again record the highest activity growth in the zone, despite a slight slowdown (+5.2%, after 5%). It should be noted that the major impact of the El Nino climate phenomenon in the sub-region has been little to not at all taken into account by the prediction model. Consequently, the expectations for Zambia and Malawi appear out of reach. Furthermore, the AfDB's projections have been particularly optimistic in recent years and are consistently more favorable than those of the IMF.

South Africa

Manufacturing and mining production rebounded in April (StatsSA)



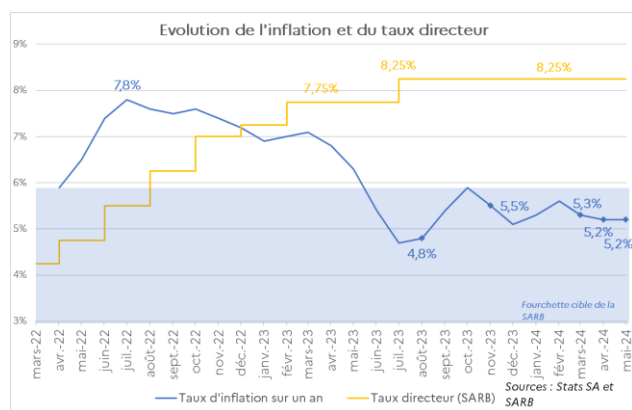
According to the national statistics agency (StatsSA), manufacturing production increased by 5.3% in April compared to the same period last year, following a 6.5% decline in March. This strong rebound, surpassing observers' expectations, was driven by robust performances across all sub-sectors, particularly in the petrochemical industry (+5.1%, contributing 1.1 percentage points to total growth), wood and paper (+9.9%, contributing 0.9 percentage points), and metallurgical industries (+4.1%, contributing 0.9 percentage points). In a smaller measure, mining production also saw an increase during the period (+0.7%), after contracting by 4.8% in March. This improvement can be attributed to significant growth in platinum group metals (+16.9%, contributing 4.3 percentage points) and chrome ore (+20.8%, contributing 0.9 percentage points), which offset notable declines in manganese ore (-22.5%, subtracting 1.8 percentage points), iron ore (-7.5%, subtracting 1 percentage point), and coal (-3.6%, subtracting 0.9 percentage points). These positive results in productive sectors were largely influenced by the absence of power cuts (load shedding) since March 26.

The Government formalises its plan to mobilise part of the Central Bank's reserves to reduce the State's debt (National Treasury)

On 13 June, the Gold and Foreign Exchange Contingency Reserve Account Defrayal Amendment Act was published in the Official Journal, formalising the government's plan to mobilise part of the Central Bank's reserves to reduce the government's debt. This reform,

announced on 21 February when the draft budget for the 2024/25 financial year was presented, will enable the government to use part of the reserves in the Gold and Foreign Exchange Contingency Reserve Account (GFECRA). This account, administered by the South African Reserve Bank, records "unrealised" gains or losses on South Africa's foreign exchange reserves, thereby isolating the SARB's results from exchange rate fluctuations. Against a backdrop of a steadily weakening rand, the GFECRA has appreciated significantly in recent years, with a balance of ZAR 524.1 billion, compared with ZAR 1.8 billion in 2006. The new law will make it possible to allocate ZAR 150 billion from the GFECRA to the State budget, including ZAR 100 billion in the current financial year and ZAR 25 billion in each of the following financial years. This operation, which aims to reduce the State's debt, should save ZAR 30.2 billion in debt servicing costs. It should not lead to a reduction in the Central Bank's reserves, as the amounts reallocated will be replaced by new deposits (bearing interest) from commercial banks.

Inflation remains stable in May (StatsSA)



According to the national statistics agency (StatsSA), consumer price inflation (CPI) reached 5.2% year-on-year in May, unchanged from the previous month. The indicator, which has been above the 5% mark since September 2023, is thus stabilising at the upper end of the central bank's target range (3 to 6%). The main items contributing to the rise in prices remain "housing, water and electricity" (+5.8%, i.e. a positive contribution of 1.4 points to total inflation), "transport" (+6.3%, i.e. +0.9 points) and "food and beverages" (+4.7%, i.e. +0.9 points). While food prices, unchanged from April,

reached their lowest level since September 2020, in line with the downward trend on world markets, transport prices continued to accelerate, driven by rising fuel prices (+9.9% year-on-year for diesel and +9.3% year-on-year for petrol, including a further rise of 1.5% in May). It should be noted that inflation in services continues to rise (+4.7%, compared with 4.6% in the previous month), while inflation in goods remains stable (+5.7%) for the third month in a row, in line with the global trend of a shift from inflation in goods to inflation in services.

Rand and JSE reach record levels in the wake of Ramaphosa's re-election (BusinessLive)

On 19 June, the day Cyril Ramaphosa was inaugurated as President of South Africa, the rand and the JSE index reached record levels. Having won the votes of 283 of the 400 members of parliament, thanks to a government of national unity that includes the main opposition party, the Democratic Alliance (DA), the coalition led by C. Ramaphosa has reassured the markets. While the currency had depreciated significantly in the context of the election of 29 May, which resulted in the ANC losing its absolute majority for the first time since the end of Apartheid (-4% between 28 May and 5 June, reaching a parity of ZAR 18.9 to the USD 1), the dynamic gradually reversed over the following days. On 19 June, the day C. Ramaphosa was inaugurated, the rand fell below the symbolic level of ZAR18 to the dollar for the first time since the end of July 2023, closing the day at ZAR17.95 to the dollar (+5.2% between 5 and 19 June). At the same time, the Johannesburg Stock Exchange also appreciated considerably, breaking through the historic 81,000-point barrier for the first time in its history on 19 June, closing the day at 80,714 points (up 5.1% since 5 June). This momentum reflects the return of market confidence, while the risks of political instability and social unrest have not materialised. The currency also benefited from jolts in the dollar (market expectations of an easing of US key rates) and the euro (results of the European elections and the dissolution of the French National Assembly).

The central bank publishes its financial stability report (*Resbank*)

On June 5th, the South African Reserve Bank (SARB) released its semi-annual report on the stability of the South African financial system. The report identifies several key risks facing the sector, including: (i) Electricity supply challenges and logistical crises; (ii) Low growth levels; (iii) Escalating geopolitical risks; (iv) Prolonged high interest rate environment impacts; (v) Deteriorating public finances and increasing debt costs; (vi) Extended listing of South Africa on the FATF grey list. The report highlights that certain risks have intensified in recent months, particularly in the capital markets which have become less liquid and deep. This trend is driven by domestic market disinterest in South African assets, with residents increasingly turning to international markets (the share of international assets held by residents nearly doubling since 2012) and a withdrawal of foreign investors. Consequently, there is crowding-out effect and a concentration of holdings in sovereign bonds (81% of bonds in 2024, up from 60% in 2008), predominantly held by domestic actors such as local banks. Financial system risks are therefore more correlated with sovereign risk, posing a threat to overall stability in the current context. However, the institution notes that the banking sector remains robust, well-capitalized (with assets totaling 7,660 billion ZAR in March 2024, up 2.3% quarterly and 9.2% annually), and maintains satisfactory and stable prudential ratios (Tier 1 ratio at 15.05% in March 2024, compared to 15.01% in 2023). The security of depositors with domestic banks has been reinforced with the introduction of the new Deposit Insurance System (CoDI) in April 2024, which guarantees all deposits up to 100,000 ZAR (approximately 5,000 EUR).

The Bank of China Limited has been sanctioned by the South African Reserve Bank (*Resbank*)

On June 7, the South African Reserve Bank (SARB) announced administrative sanctions against Bank of China Limited for non-compliance with provisions of the Financial Intelligence Center Act following an inspection conducted in 2021. The financial institution identified four shortcomings.

The Chinese bank has been issued with a reprimand and a total financial penalty of 30.5 million ZAR (1.5 million EUR). However, the Reserve Bank clarified that these lapses do not pertain to money laundering or terrorism financing, and Bank of China has shown a collaborative and constructive approach in addressing the issues.

Stellantis may consider producing electric vehicles in South Africa (*TechCentral*)

Stellantis, which will begin construction of its first automobile factory in South Africa in Port Elizabeth this month, may consider entering the production of electric vehicles in South Africa in the medium term. Stellantis is a multinational automotive group created in 2021 by the merger of PSA Group and Fiat Chrysler Automobiles. The group owns numerous brands including Peugeot and Citroën. Mike Withfield, Stellantis' South Africa director, stated that the group was considering launching electric vehicles within 5 years if a domestic market emerged. The production of electric vehicles is a major issue for the entire South African automotive industry (~5% of GDP but ~20% of exports), which, amidst the transition of major markets to electric vehicles, is still entirely focused on thermal vehicles.

Since January 2024, oil flows around the Cape of Good Hope have increased by 47% (*US Energy Information Administration*)

The amount of crude oil and petroleum products circulating around the Cape of Good Hope, located at the southern tip of Africa, increased by nearly 50% in the first five months of 2024 compared to the average in 2023. This dramatic increase is due to rerouting these flows from the Red Sea to South Africa, in order to avoid attacks by Houthi Shiite rebels against Western vessels, in retaliation for their support of Israel. The Houthis, in civil war since 2014, have posed a threat from Yemen on the Bab el-Mandeb Strait, the most direct maritime route for hydrocarbons from the Middle East to Europe. Thus, the volume of crude oil and petroleum products circulating around the Cape of Good Hope (in both directions) reached 8.7 million barrels per day (b/d) in

the first five months of 2024, compared to an average of 5.9 million b/d in 2023. The Cape of Good Hope route, safer than that passing through the Bab el-Mandeb Strait, significantly increases costs as it is twice as long (15 to 30 days).

Cape Town is the worst container port in the world! South African ports rank at the bottom of the list established by the World Bank (*World Bank*)

The container port performance index by the World Bank and S&P Global for 2023 named Cape Town the least performing and least competitive port in the world in 2023, out of 405 evaluated ports. The port of Ngqura is second to last, while Durban is 399th and Port Elizabeth is ranked 391st. Regionally, Walvis Bay, Namibia's main port, ranks 382nd, Luanda in Angola 392nd, and Nacala in Mozambique 366th. This abysmal ranking of ports in Southern Africa and especially South Africa is not surprising, as Durban, the main port in sub-Saharan Africa, finished last in the previous report dating from 2021. Indeed, South Africa, which possesses the most developed port infrastructure on the African continent, faces major logistical difficulties due to a lack of investment and maintenance and a dysfunctional institutional framework, particularly the state monopoly of Transnet. To address this situation, a gradual opening of South African ports to the private sector through concessions is planned. However, the first attempt at private concession, a 25-year partnership between the Philippine shipper ICTSI and Transnet, which was supposed to begin in April 2024 at Durban's Terminal 2, the country's main terminal, is under dispute and has not yet commenced.

Partnership between the city of Tshwane (Pretoria) and the South African Ministry of Water on city water infrastructure development (*EngineeringNews*)

The city of Tshwane (Pretoria) and the South African Ministry of Water and Sanitation have formalized a partnership (Memorandum of Understanding) to address the city's water challenges. The MoU stipulates that the parties will collaborate on various strategic areas such

as infrastructure planning and development, water resource planning, infrastructure solutions, and capacity building for ministry officials. This is expected to enable the municipality to receive technical and financial support from DWS on numerous challenges such as pollution in the Hennops River, malfunctioning wastewater treatment facilities in Rooiwal, and insufficient human resources through the deployment of engineers to the city. It should be noted that the country and the Gauteng province, which includes Pretoria, are facing a serious water crisis (massive water leaks, underinvestment, poor governance...) that led Rand Water Services, the national water supplier, to warn last March of a serious risk of total collapse of Tshwane's drinking water system.

Shein and Temu to pay 45% import tax to restore competitive conditions (*Gauteng News*)

From 1 July 2024, the South African Revenue Service (SARS) will be applying higher taxes on imported parcels delivered by e-commerce platforms, in particular products imported from China by Shein and Temu. The latter, very popular in South Africa thanks to their low prices, are formidable competitors to South Africa's Takealot and the new entrant Amazon. Until now, parcels delivered via Shein and Temu were exempt from 45% import tax and value added tax (VAT - around 20%) on their products manufactured in China, thanks to the "de minimis" rule. This rule allows parcels of clothing worth less than ZAR500 (around EUR25) to be cleared through customs with an import duty of 20% and VAT of 0% instead of an import tax of 45%. SARS has therefore decided to end this customs exception from 1 July 2024, forcing Shein and Temu to pay customs duty of 45%, in addition to VAT, for their products exported to South Africa.

Environment Minister Barbara Creecy authorises Eskom to keep five coal-fired power stations open until 2030 without any pollution limits (*EngineeringNews*)

The Minister for the Environment, Barbara Creecy, has granted Eskom's request to

suspend the minimum emission standard (MES) limits at five of its oldest coal-fired power stations. As a result, these power stations (Hendrina, Grootvlei, Arnot, Camden and Kriel) will be able to continue operating without any pollution limits until 31 March 2030, enabling Eskom to retain around 30 GW of electricity generation capacity, almost exclusively thermal power stations. Under the original plan, the power stations were to be decommissioned between 2023 and 2027. Eskom is undertaking a Just Energy Transition (JET) strategy and is gradually decommissioning its old coal-fired power stations in order to begin the country's energy transition. However, in view of its electricity production deficit, which is leading to numerous episodes of load shedding, it has been decided to extend the deadline for decommissioning these power stations.

Proparco invests in low-emission data centres in South Africa (ITWeb Africa)

Proparco, the private sector financing arm of Agence Française de Développement (AFD), and the International Finance Corporation (IFC), its counterpart in the World Bank Group, have announced a partnership to jointly raise more than USD 50m, including USD 10m from the IFC and USD 20m from Proparco, to finance data centres in three African countries, including South Africa. More specifically, the financing consists of loans to Mauritian cloud operator West Indian Ocean Cable Company (WIOCC), which will enable it to develop low-carbon data centres in the DRC, Nigeria and South Africa. The company also intends to continue rolling out its terrestrial fibre optic networks. In this way, Proparco is supporting the development of sustainable digital infrastructures in sub-Saharan Africa, helping to reduce the digital divide and develop economic opportunities for the countries in the region.

The Angolan National Bank (BNA) considers that there is a "high risk" of money laundering in the national banking system (BNA)

The BNA has carried out an assessment of the crime prevention system in the national banking sector and has concluded that there is a "high risk" of money laundering and a medium risk of crime financing. Under the agreement with the official committee of bondholders adopted last June, Zambia exchanged its previous international bonds, on which the country had defaulted since November 13, 2020, for these new securities. This operation involved a direct haircut of 22% on the initial amount owed of USD 3.89 billion and now ties the repayment profile (interest rates and maturity) to economic performance. Under these new conditions, Fitch estimates that Zambia's public debt should decrease from 128% of GDP in 2023 to 110% in 2024 and further to 99% in 2025. However, Fitch has revised its growth forecasts for 2024 downward to 2% (down from 4% previously) due to the impact of an unprecedented drought affecting agricultural production and the energy sector (where 95% of the country's energy mix relies on hydroelectric sources). In response to this crisis, Fitch anticipates an increase in agricultural subsidies in 2024, leading to a widening of the primary deficit to 0.3% of GDP in 2024. To bridge the financing gap, Zambian authorities have requested increased support from the IMF under the Extended Credit Facility program, seeking an additional USD 400 million (approximately 1.5% of estimated 2024 GDP), which would increase total FEC financing from USD 1.3 billion to USD 1.7 billion.

Fitch maintains its rating for Angola (Fitch Ratings)

The rating agency has maintained Angola's B- sovereign risk rating with a stable outlook. Elle relève pour l'Angola l'un des niveaux les plus élevés de dépendance aux matières premières parmi les pays souverains notés et un niveau d'inflation élevé. Toutefois ces difficultés sont contrebalancées par des réserves internationales plus élevées que celles des

pairs de l'Angola, des excédents de la balance courante et des perspectives de remboursement de la dette gérables en raison de prix du pétrole toujours favorables au cours des deux prochaines années. Les réserves internationales devraient rester élevées en 2024-2025 soit 15,4 Mds USD en 2024, contre 15,2 Mds USD en 2023, avant de diminuer à 14,0 Mds USD en 2025 en raison d'importants remboursements de la dette publique. Fitch s'attend à ce que l'Angola continue d'enregistrer des excédents de la balance courante de 5,8 % du PIB et 2,2 % du PIB respectivement en 2024 et 2025, contre 4,7 % en 2023. Elle estime que les autorités poursuivront la réforme des subventions aux carburants en 2024-2025 mais le déficit budgétaire se creusera pour atteindre 2,5 % en 2025, reflétant une nouvelle diminution des recettes, principalement due à la baisse des prix du Brent. La dette publique restera supérieure à celle des pairs de l'Angola bien qu'en diminution. Le ratio dette publique/PIB passera de 72 % en 2024 à 68 % en 2025 (85,2 % en 2023).

Botswana

Botswana aims to increase its stake in De Beers ([Mining.com](#))

[Anglo American](#), which owns 85% of De Beers, announced in May its forthcoming exit from the diamond producer's portfolio, which in 2023 generated a profit of USD 72 million, compared to at least five times more on average. The Botswana government, which holds a 15% interest in De Beers and 50% in Debswana (a joint venture operating 4 mines with De Beers), wants to increase its stake in the company amidst these changes. This was stated by Botswana President Mokgweetsi Masisi during a political meeting last week, without specifying whether the country aims to become a majority shareholder. Botswana is particularly attentive to developments given the systemic importance of De Beers, the world's second-largest diamond producer by volume, and the diamond sector as a whole for the country's economy: it represents 90% of its exports and 20% of GDP. These developments are occurring against the backdrop of a diamond market disrupted by the emergence of synthetic diamonds

and the implementation of strict certification rules to exclude diamonds from Russia from G7 markets. These rules are severely disrupting flows to and from Botswana, which advocates for the establishment of several diamond certification centers, including one in Botswana, where De Beers consolidates its global diamond production, rather than a single center in Antwerp, which would unfairly penalize De Beers and Botswana.

The Central Bank of Botswana cuts its key rate to 2.15% ([Bank of Botswana](#))

[On 13 June](#), the Bank of Botswana's Monetary Policy Committee decided to cut its key rate by 0.25 points to 2.15%, following an initial cut of 0.25 points at the [December 2023 committee meeting](#). The institution justified its decision by the weakness of inflation, which has remained below 4% since November 2023, in the low range of its target (between 3% and 6%). According to data from the national statistics agency (StatsBots), inflation reached 3% in May. The main contributors to the rise in prices were transport (+2.7%, i.e. a contribution of 0.7 points to total inflation) and food (+4%, i.e. +0.6 points). The weakness of the rise in prices is due in particular to weak domestic demand, the dissipation of the effect of the VAT increase in April 2023 and the reduction in fuel prices effective from 21 December 2023.

Malawi

Death of Malawi's Vice President Saulos Chilima in a plane crash ([The State Vice President](#))

[Shortly after the discovery of the wreckage of the missing aircraft on June 10](#), President Lazarus Chakwera announced the death of [Malawi's Vice President Saulos Chilima, who was on board with nine other people](#). While en route to the funeral of a former government official, his plane, which departed from the capital Lilongwe, was prevented from landing in Mzuzu due to bad weather, and was instructed to return before disappearing from radars, according to the Malawian presidency. Elected as Vice President for the first time in 2014 alongside former President Peter Mutharika, Saulos

Chilima, 51, was popular in Malawi, especially among the youth. His Excellency Mr. Ambassador of France to Malawi David Martinon expressed his condolences.

Namibia

Namibia in talks to join the Organisation of Petroleum Exporting Countries (OPEC) (*Namibia Economist*)

In anticipation of its emergence as a major player on world oil markets, Namibia has begun discussions about joining the Organisation of Petroleum Exporting Countries (OPEC). TotalEnergies is said to have discovered around 3 billion barrels of oil offshore, Shell 1.35 billion barrels and Galp Energia 3 billion barrels in the country. OPEC is an intergovernmental organisation of countries whose aim is to negotiate and regulate oil production, prices and future concession rights. It includes many of the world's leading hydrocarbon producers, such as Saudi Arabia, Iran and Iraq. By joining OPEC, Namibia, which has not yet produced a drop of oil, would be joining an influential organisation whose aim is to protect the interests of its member countries, notably by preventing sharp falls in the price of crude oil on the international market. At the beginning of 2024, Angola officially withdrew from OPEC because of the quotas imposed by the organisation, which limited its production to one million barrels a day.

The Central Bank of Namibia maintains its key rate at 7.75% (*Bank of Namibia*)

The Monetary Policy Committee of the Bank of Namibia (BoN) maintained its key rate at 7.75% at its meeting on 17 and 18 June. In a global context marked by the beginnings of monetary easing (EU, Brazil), the institution, which anticipates a slowdown in Namibian growth in 2024 (+3.7%, compared with +4.2% in 2023), points to the high risks still facing the country. Inflation has stabilised at a high level (4.9% in May, with a forecast of 4.9% in 2024). The monetary institution also notes the weak annual growth in loans (+1.7% on average over the first four months of the year, compared with +3.0% over the same period last year) in a context of high interest rates (the banks' base rate is 11.5%) and the widening trade deficit (+48.3% to

NAD 13.5 billion over the first four months of the year compared with the same period last year). Nevertheless, the level of reserves has risen slightly (3.9 months of import cover in April, after 3.7 months in February).

Zambia

Fitch Ratings assigns a CCC+ rating to the new eurobonds. (*Fitch Ratings*)

On June 10, Fitch Ratings assigned a CCC+ rating to the two new Treasury bonds issued as part of Zambia's bond restructuring, placing these bonds in the seventh tier of speculative territory. Under the agreement with the official committee of bondholders adopted last June, Zambia exchanged its previous international bonds, on which the country had defaulted since November 13, 2020, for these new securities. This operation involved a direct haircut of 22% on the initial amount owed of USD 3.89 billion and now ties the repayment profile (interest rates and maturity) to economic performance. Under these new conditions, Fitch estimates that Zambia's public debt should decrease from 128% of GDP in 2023 to 110% in 2024 and further to 99% in 2025. However, Fitch has revised its growth forecasts for 2024 downward to 2% (down from 4% previously) due to the impact of an unprecedented drought affecting agricultural production and the energy sector (where 95% of the country's energy mix relies on hydroelectric sources). In response to this crisis, Fitch anticipates an increase in agricultural subsidies in 2024, leading to a widening of the primary deficit to 0.3% of GDP in 2024. To bridge the financing gap, Zambian authorities have requested increased support from the IMF under the Extended Credit Facility program, seeking an additional USD 400 million (approximately 1.5% of estimated 2024 GDP), which would increase total FEC financing from USD 1.3 billion to USD 1.7 billion.

Presidential cabinet adopts structural resolutions (*Reuters*)

On 11 June, the President's Cabinet held an extraordinary meeting at which a number of strategic resolutions were adopted. The government undertook to present a rectifying budget aimed at strengthening

the social safety net in a context of unprecedented drought, and taking into account the country's new financial context (debt restructuring agreements and an increase of USD 386 million, to USD 1.7 billion, in the IMF's FEC programme). The government has also announced the creation of a Special Purpose Vehicle dedicated to the mining sector. The government already has a number of stakes in mining companies via ZCCM Investment Holdings. As part of the unbundling of the national electricity company ZESCO (separation of generation, transmission and distribution into three entities), the government has also announced that transmission and distribution activities will be opened up to competition.

Zimbabwe

The central bank releases new inflation data for the month of May (Rbz)

With the introduction of the new currency (ZiG) in April 2024, the Reserve Bank of Zimbabwe (RBZ) now publishes inflation data according to three methodologies: the inflation rate in ZiG (monthly inflation), the inflation rate in USD (year-on-year and monthly), and a combined inflation rate (monthly). In May, the inflation rate in USD compared to the same period last year reached 3.5% (up from 3.2% in April). This increase is mainly attributed to inflation in food prices (+4.3%, contributing positively by 1.3 percentage points to total inflation) and transportation costs (+13.5%, contributing by 1.1 percentage points).

Meanwhile, the index of prices in local currency (ZiG) decreased by 2.4%, while the official exchange rate of ZiG against USD appreciated by 0.7% to reach a parity of 13.7 ZiG to 1 USD by the end of the month. Using the combined inflation methodology, prices decreased by 0.6% during the period.

These new data suggest a significant moderation in inflation compared to previous calculations (which had reached 57.5% in April). However, it is crucial to interpret these figures with caution. Firstly, the formula for calculating combined inflation is not specified, and there is insufficient historical data to assess its trend accurately. Secondly, with 85% of

transactions now conducted in USD within the economy, this significantly influences economic dynamics and could impact long-term inflation trends.

The Treasury wants to introduce new tax measures to support the new currency (ZiG) (Bloomberg)

According to a publication by Zimbabwe's Finance Minister, Mthuli Ncube, on 19 June, the Treasury plans to reform the country's fiscal and monetary framework to promote the use of its new currency. This new currency, Zimbabwe Gold (ZiG), introduced on 5 April and backed by reserves of gold (2.5 tonnes) and foreign currency (USD 100 million), has replaced the Zimbabwean dollar, which depreciated by 80% in 2024 and accounted for just 20% of commercial transactions. However, the ZiG is already suffering from a crisis of confidence. In order to encourage the use of this new currency, which is not very popular, to the detriment of the US dollar, the Treasury would like to impose the settlement of at least 50% of tax payments in ZiG (since 2020, companies have been able to settle their taxes in the currency most used in their transactions). However, this new framework remains imprecise, while Zimbabwean regulations provide for quarterly tax payments (next due on 25 June).

	Taux de change au	Evolution des taux de change USD (%)			
	20/06/2024	Sur 1 semaine	Sur 1 mois	Sur 1 an	Depuis le 1 ^{er} janvier
Afrique du Sud	18,0 ZAR	2,2%	0,9%	3,7%	1,5%
Angola	851,6 AOA	0,0%	-0,8%	-7,8%	-2,7%
Botswana	13,4 BWP	1,0%	-0,2%	-1,5%	-0,7%
Mozambique	63,2 MZN	0,0%	0,0%	0,0%	0,0%
Zambie	25,6 ZMW	3,2%	0,2%	-32,5%	-0,8%

Note de lecture : un signe positif indique une appréciation de la monnaie.

Source : OANDA (2024)

	Fitch		Moody's		S&P	
	Note	Dernier changement	Note	Dernier changement	Note	Dernier changement
Afrique du Sud	BB- stable (-3)	Jan 2024	Ba2 stable (-2)	Avr 2022	BB- stable (-3)	March 2023
Angola	B- stable (-6)	Dec 2023	B3 positive (-6)	Oct 2022	B- stable (-6)	Fev 2022
Botswana	BBB+ stable (+2)	Mar 2024	A3 stable (+4)	Avr 2021	BBB+ stable (+3)	Sept 2021
Eswatini	<i>nd</i>	<i>nd</i>	B3 positive (-6)	Dec 2023	<i>nd</i>	<i>nd</i>
Lesotho	B stable (-5)	juil-23	<i>nd</i>	<i>nd</i>	<i>nd</i>	<i>nd</i>
Malawi	<i>nd</i>	<i>nd</i>	<i>nd</i>	<i>nd</i>	<i>nd</i>	<i>nd</i>
Mozambique	CCC+ n/a (-7)	Fev 2024	Caa2 stable (-8)	Sept 2023	CCC+ stable (-7)	Nov 2019
Namibie	BB- stable (-2)	Jun 2022	B1 positive (-4)	Avr 2024	<i>nd</i>	<i>nd</i>
Zambie	CCC+ (-7)	Dec 2024	Ca (-10)	Avr 2020	SD n/a (-12)	Oct 2020
Zimbabwe	<i>nd</i>	<i>nd</i>	<i>nd</i>	<i>nd</i>	<i>nd</i>	<i>nd</i>

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