



# ECONOMIC WRAP-UP

## Southern Africa

A publication from the Pretoria Regional  
Economic Service from September 9 to 13, 2024

### DATA OF THE WEEK

8%

interest rate after the Monetary  
Policy Committee on 19  
September - *Resbank*

### Sibanye Stillwater is considering a takeover of New Caledonian nickel and cobalt producer Prony Resources (*les Nouvelles Calédoniennes*)

LSouth African mining group Sibanye Stillwater is reportedly considering a takeover of New Caledonian nickel and cobalt producer Prony Resources. This potential takeover would come two years after the acquisition from Eramet of a hydrometallurgical processing plant based at Saindouville, near Le Havre in the Seine-Maritime region, with an annual production capacity of 12,000 tonnes of nickel.

For Sibanye Stillwater, this new move would mean controlling the entire nickel production value chain, from extraction to delivery. Nickel is an essential mineral for electric vehicle batteries.

This desire to take over would be good news for Prony Resources, whose production has been at a standstill since the outbreak of violence in New Caledonia on 13 May 2024. **In March, the French government signed a EUR 140 million loan** and a EUR 40 million energy subsidy to keep the plant running until March 2025, while a buyer is found.

**The project also provides for a redistribution of shares in the plant**, with the Swiss group Trafigura (19%) leaving and 30% of the shares of the Compagnie financière de Prony and 25% of the 30% of the Société de participations minières du Sud calédonien (SPMSC), representing the island's three provinces, being placed in a trust. This arrangement should enable a potential buyer to hold up to 74% of the complex's capital.

## Summary:

### Southern Africa

- Contrasting inflation trends in August (StatsSA, INE, StatsBots, INE, Reserve Bank of Malawi, Namstats)

### South Africa

- The central bank cuts its interest rate by 0.25 points to 8% as inflation slows to 4.4% (Resbank, StatsSA)
- Electricity and Energy Minister Ramokgopa supports the development of nuclear power as an integral part of the energy transition (Mail&Guardian)
- Fitch Rating maintains its sovereign rating at 'BB-' (Fitch)
- Consumer confidence index reaches its highest level in five years (FNB/BER)
- Airbus announces a new support centre for African airlines, based in Johannesburg (IOL)
- Google begins deployment of an undersea cable between South Africa and Australia (ITWeb)
- South Africa announces new points-based work visa system (MoneyWeb)
- Gauteng province threatened by water restrictions (MoneyWeb)
- The Premier of Gauteng Province, Panyaza Lesufi, announces an ambitious project to expand the Gautrain network (BusinessTech)
- Lactalis to buy Cremora from Nestlé (BusinessLive)

### Angola

- Angola's oil production set to rise by 4% this year (Oxford Economics)
- The informality rate in the economy fell by 1.7% in the 2nd quarter of 2024

### Botswana

- Botswana grants first licence for battery-grade manganese mining project (Reuters)

### Malawi

- Tobacco sales revenue up 40% (Malawi Tobacco Commission)

### Namibia

- GDP rises by 3.5% in the second quarter (NamStats)

## Southern Africa

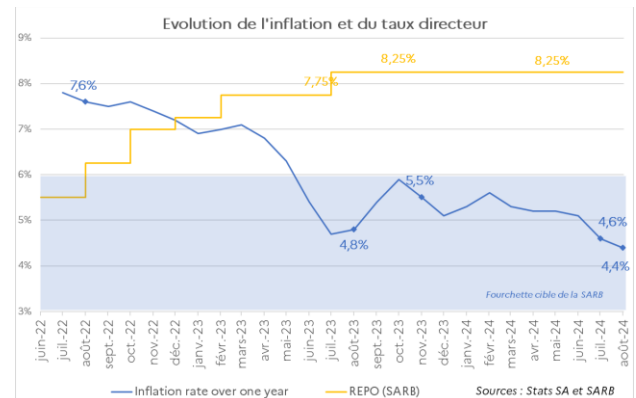
### Contrasting inflation trends in August (StatsSA, INE, StatsBots, INE, Reserve Bank of Malawi, Namstats)

Several national statistics agencies in the sub-region (StatsSA - South Africa, INE - Angola, StatsBots - Botswana, INE - Mozambique, Reserve Bank of Malawi - Malawi, NamStats - Namibia) published their inflation data for August this week, showing contrasting trends. In [Angola](#), price rises slowed for the first time after fifteen consecutive months of increases, with the indicator reaching +30.5% year-on-year, after +31.1% in the previous month. Inflation is mainly imported, against a backdrop of depreciation of the local currency against the US dollar (-11.1% year-on-year to reach a parity of AOA 929.5 to USD 1 on 19 September, after an initial depreciation of almost 40% in May-June 2023). It should be noted that at the monetary policy committee meeting on 19 September, the Central Bank decided to maintain its key rate at 19.5%, unchanged since May 2024. In [Namibie](#), the rise in prices is also slowing (+4.4% year-on-year in August, compared with +4.6% in July, identical to the figures for neighbouring South Africa, see below). This is the third consecutive month of decline for the indicator, which has reached its lowest level since November 2021. The main items contributing to the rise in prices remain 'food' (+5.2%, i.e. a positive contribution of 1 point), 'housing, water and electricity' (+4.1%, i.e. +1 point), and 'transport' (+6.1%, i.e. +0.9 point). In [Mozambique](#), inflation continues to fall for the fourth consecutive month, with the indicator reaching +2.8% year-on-year, its lowest level since November 2020. The year-on-year rise in prices continues to be driven by 'food' (+5.3%, i.e. a positive contribution of 1.4 points), 'restaurants, hotels and cafés' (+3.9%, i.e. +0.4 points) and 'housing, water and electricity' (+2.1%, i.e. +0.3 points). On the other hand, inflation has temporarily rebounded in [Botswana](#) (3.9% year-on-year, compared with 3.7% in July). This rebound, mainly due to a base effect, should fade over the coming months. The year-on-year rise in prices continues to be driven by 'transport' (+5.8%, i.e. a positive contribution of 1.5 points) and 'food'

(+5.1%, i.e. +0.7 points). Prices are also rising in [Malawi](#) (+33.9% year-on-year in August, compared with +33.7% in July). The indicator, which has been rising steadily for five months and is largely driven by 'food' inflation (+42% year-on-year), has reached its highest level since January.

## South Africa

### The central bank cuts its interest rate by 0.25 points to 8% as inflation slows to 4.4% (Resbank, StatsSA)



At its meeting on 19 September, the Monetary Policy Committee of the South African Reserve Bank (SARB) unanimously decided to cut its key rate by 0.25 percentage points to 8%.

This announcement came on the heels of the US Federal Reserve's decision to cut its key interest rate by 0.5 percentage points. The central bank, which had considered the possibility of a deeper cut, chose to err on the side of caution, preferring a sustained fall in inflation to a shock to investment. Investment, which has contracted over the last four quarters, should nevertheless benefit from the easing of monetary policy, which is set to continue over the coming months. According to the national statistics agency (StatsSA), consumer price inflation (CPI) reached 4.4% year-on-year in August, after 4.6% in July.

The indicator, down for the sixth consecutive month, thus reaches the bottom of the central bank's inflation target range (3% to 6%) for the first time since April 2021. The main items contributing to the rise in prices continue to be 'housing, water and electricity' (+4.8%, i.e. a positive contribution of 1.1 points to total inflation), 'food, beverages and tobacco' (+4.7%, i.e. +0.9 points), and 'transport' (+2.8%, i.e. +0.4 points), where inflation has nevertheless reached its

lowest level for ten months, in line with the fall in prices at the pump. The Central Bank, which expects price rises to continue to slow over the medium term (forecast of +3.6% in Q4 2024), has revised its annual inflation forecast downwards (forecast of +4.6% in 2024, i.e. -0.3 points). The next Monetary Policy Committee meeting will be held on 21 November.

### **Electricity and Energy Minister Ramokgopa supports the development of nuclear power as an integral part of the energy transition (Mail&Guardian)**

South Africa's Minister for Electricity and Energy, Dr Ramokgopa, reiterated his support for the development of nuclear power as an integral part of the country's energy transition at the Nuclear Energy Summit in Pretoria on Thursday 12 September. He also reiterated his desire for an additional 2,500 megawatts of nuclear energy capacity, pointing out that the country's energy strategy (IRP 2023) was currently being revised, in particular to take greater account of the role of nuclear power.

As a reminder, the invitation to tender for the acquisition of 2,500 MW of new nuclear capacity was published in January 2024 by the Minister of Energy and Mineral Resources, Gwede Mantashe, before being withdrawn in August by Minister Ramokgopa, who took over the energy portfolio. This withdrawal should enable new public consultations to be held in order to prepare the tender procedure in a transparent manner.

### **Fitch Rating maintains its sovereign rating at 'BB-' (Fitch)**

On 13 September, Fitch Rating maintained South Africa's sovereign rating at BB- with a stable outlook, three places below investment grade. In a press release, the agency warned of low growth expectations (+0.9% in 2024 and +1.5% in 2025 according to the rating agency), while activity remains constrained by the logistics crisis, high levels of unemployment and inequality, and a lack of investment. On the other hand, the energy crisis has largely abated and no longer represents a major risk, according to Fitch. While Fitch still expects public debt to rise over the next three

years, it will be lower than anticipated in January 2024, following the announcement of the use of *Gold and Foreign Exchange Contingency Reserve Account* (GFECRA) reserves when the 2024/25 budget was presented. Public debt as a percentage of GDP would still reach 76% in fiscal 2024, 77.8% in 2025 and 78% in 2026, well above the median of 55% for 'BB' rated countries. Finally, the agency predicts that the public deficit will remain at 4.7% for the current fiscal year (with civil servants' salaries and debt servicing accounting for 49% of expenditure). On the positive side, South Africa continues to have solid institutions, a credible monetary policy and a balanced debt service structure. The risk of political instability has also been reduced following the formation of a government of national unity. Fitch considers that the priorities of the ANC and the DA are relatively aligned, particularly as regards growth, and that the reforms initiated by *Operation Vulindlela* should continue.

### **Consumer confidence index reaches its highest level in five years (FNB/BER)**

The consumer confidence index developed by FirstNational Bank and the Bureau of Economic Research (BER), which ranges from -100 to +100, reached -5 in the third quarter of 2024, after -10 in the previous quarter. This is the third consecutive quarter in which the indicator has risen, reaching its highest level for five years (Q2 2019). This rebound, a sign of households' renewed appetite for consumption, bodes well at a time when the country's economy is largely driven by consumption. This renewed confidence can be explained by the formation of a government of national unity, a guarantee of political stability that is reassuring the population, the disappearance of power cuts over the last quarter (since 26 March), and the appreciation of the rand (up 8% against the US dollar on 19 September since the end of Q1 2024, reaching a parity of ZAR 17.5 to the US dollar). Confidence has returned in particular among the most affluent households (over ZAR 20,000/month). Among the sub-indicators, the 'household financial outlook' shows the most notable improvement. The pressure on household budgets, particularly those of the most disadvantaged, is easing with the fall in inflation, lower fuel prices and the

anticipated cut in key interest rates (see above). At the same time, the introduction of the new two-pot retirement system, which should allow workers to withdraw part of their savings, will give them immediate access to additional resources. Caution is still called for, however, as the majority of consumers feel that it is premature to invest in durable goods.

### **Airbus announces a new support centre for African airlines, based in Johannesburg (IOL)**

Airbus has announced the opening of a new technical support centre based in Johannesburg. The new centre will help strengthen the local presence of Airbus, already present through its helicopter subsidiary, and support the growth of the African ecosystem. Serving as a hub for customers in the region, the new office will provide support to African airlines in conjunction with Maintenance, Repair, and Operations (MRO) based on the continent. The support centre will help to develop existing local capabilities, guaranteeing access to maintenance and training resources, while encouraging a stronger, more collaborative ecosystem in the region. By supporting the growth of the local aviation industry, Airbus aims to empower airlines and strengthen their autonomy.

### **Google begins deployment of an undersea cable between South Africa and Australia (ITWeb)**

On Wednesday 18 September 2024, the US group announced the start of deployment of the Umoja (Swahili for unity) submarine cable between South Africa and Australia. Google indicates that the project should be completed in early 2026. Anchored in Kenya, the Umoja cable will pass through Uganda, Rwanda, the Democratic Republic of Congo, Zambia, Zimbabwe and South Africa, before crossing the Indian Ocean to Australia.

This project, which is part of the Google Africa Connect initiative, follows on from the Equiano cable. For this new project, Google has teamed up with Liquid Intelligent Technologies, one of the leaders in digital infrastructure in sub-Saharan Africa. The Equiano cable, due for completion in 2022, will link Portugal to Southern Africa (Melkbosstrand, South

Africa), with branches along the way linking Togo, Nigeria, the island of St Helena and Namibia.

The companies contracted to build these various sections have not yet been announced, although the French company Alcatel Submarine Networks (ASN) has considerable experience in the area.

### **South Africa announces new points-based work visa system (MoneyWeb)**

South African Home Affairs Minister Leon Schreiber (Democratic Alliance) announced on Tuesday 17 September that a new points-based system for issuing work visas and special permits for digital nomads would be introduced over the next 30 days.

For digital nomads, a facilitated procedure should make it possible to settle in South Africa for up to six months a year, by registering as a foreign tax resident. Details of the points-based system for work permits have not yet been announced, but the main criteria should be age, qualifications, language skills, professional experience, job offer and salary.

South Africa's visa system is notoriously complex and slow, resulting in a backlog of hundreds of thousands of applications (145,000 when Mr Schreiber is appointed in June 2024). Mr Schreiber has pledged to reform this system in order to attract skilled workers in particular, something the country lacks and which is hampering its economic growth.

### **Gauteng province threatened by water restrictions (MoneyWeb)**

The South African province of Gauteng, the country's economic and political centre (Johannesburg, Pretoria), could be subject to water restrictions next year after its water supplier Rand Water drew on more resources than it was authorised to.

Rand Water Services currently extracts 5.2 billion litres of water a day, which would exceed the authorised quantity of 4.38 billion litres. The Department of Water and Sanitation has reportedly warned the company that if it continues to extract more water from the Vaal integrated system than it is allowed, restrictions will have to be imposed. In addition, the situation could be made worse by the six-month maintenance closure of the Lesotho Highlands Tunnel, Gauteng's water supply system from the mountains of Lesotho, in

October. In addition to supply restrictions, the municipalities of Gauteng have to contend with a deficient distribution network. It is estimated that 46% of water is lost through leaks, theft or inefficient systems. This week, Gauteng municipalities introduced level 1 water restrictions until March 2025,' said Rand Water spokesperson Makenosi Maroo on 16 September 2024.

### **The Premier of Gauteng Province, Panyaza Lesufi, announces an ambitious project to expand the Gautrain network (*BusinessTech*)**

Panyaza Lesufi wants to invest EUR 1 billion to extend the Gautrain network from 80 to 230 km. The Premier of Gauteng said that the expansion of the rapid rail system would make it possible to integrate new areas, including Soweto, Fourways, Mamelodi, Atteridgeville, Vaal, Lanseria and Springs. According to him, such an extension of the Gautrain could bring in ZAR 5 billion (EUR 250 million) a year during construction and ZAR 12.4 billion (EUR 630 million) a year during operation, while improving the province's connectivity. Ultimately, the provincial government plans to make Gauteng the backbone of a rail network linking the province of Gauteng with Limpopo, to the north, where many residents of the Johannesburg metropolis originate. The Gautrain (a contraction of 'Gauteng' and 'train') is a regional express train located in the province of Gauteng in South Africa. It has several branches linking Johannesburg, Pretoria and OR Tambo International Airport. The current network was brought into service to coincide with the 2010 Football World Cup. The Gautrain stands out for its performance - train availability of over 98% - the very good condition of both the infrastructure and the rolling stock, and the safety provided for passengers on board. Bombela Operation Company (BOC), 63% owned by RATP Développement, is the company responsible for operating Gautrain. However, the network has been facing difficulties since the Covid-19 crisis - in 2022, only 6 million passengers used the Gautrain, almost three times less than in 2019.

### **Lactalis to buy Cremora from Nestlé (*BusinessLive*)**

According to a Nestlé press release dated 11 September, it has been announced that the French food giant is to buy its Nestlé Cremora cream brand from the Swiss group. Nestlé Cremora is currently produced in South Africa at two factories in Babelegi and Potchefstroom. The transaction, which is subject to regulatory approval, will enable Lactalis SA, which already operates in KwaZulu-Natal, Gauteng, the Eastern Cape and the Western Cape, to expand its production base and product range. Lactalis SA owns brands such as Parmalat, Melrose, Steri Stumpie and Bonnita. In Zimbabwe, at the Cremora factory in Harare, current production is due to cease and production lines will be redirected to other Nestlé products such as Nestlé Everyday milk powder and Cerevita cereals.

## **Angola**

### **Angola's oil production set to rise by 4% this year (*Oxford Economics*)**

Oxford Economics has raised its forecast for Angola's oil production to 1.18 million barrels per day in 2024, 4% more than in 2023.

The increase in production is thought to be due to Angola's withdrawal from OPEC at the end of 2023, following a disagreement over the production limit that OPEC intended to impose on Angola. As a reminder, the country underwent major maintenance operations in the first quarter of 2023, which led to a sharp drop in oil production at that time.

### **The informality rate in the economy fell by 1.7% in the 2nd quarter of 2024**

The National Statistics Institute estimates that the informality rate in the Angolan economy fell by 1.7% in the second quarter, compared with the previous quarter. The informal employment rate thus fell from 79.8% to 78.4%.

According to the statistics agency, 12,108,854 people of working age reported working in Q2 2024 as employees, self-employed, or in a family business. Over the same period, 5,764,313 people had no paid work or other work and were available for

work. It should be noted that in Angola, informality is a means of subsistence for many families, and is therefore seen as an alternative solution for job creation.

## Botswana

### **Botswana grants first licence for battery-grade manganese mining project (*Reuters*)**

Botswana has granted Canada's Giyani Metals a 15-year mining licence that will enable it to become the country's first producer of battery-grade manganese. Manganese is a key component in electric vehicle batteries. The Kgwakwe Hill (K.Hill) project will combine the extraction (mining) and refining of manganese oxide to produce high-purity manganese sulphate. The K. Hill mine will have an initial annual production of 80,000 metric tonnes of high purity manganese sulphate monohydrate per year over a 57 year mine life, based on a preliminary economic assessment in 2023.

## Malawi

### **Tobacco sales revenue up 40% (*Malawi Tobacco Commission*)**

According to the Malawi Tobacco Commission (TC), revenue from tobacco sales rose by 40% year-on-year to USD 396.3 million.

This good performance is due to a combination of increased production and higher tobacco prices. Despite the drought which affected other crops, particularly maize, the staple food of the Malawian population, the country produced 10% more tobacco during the season (April to August) than in the previous season, reaching 133,100 tonnes. At the same time, the average price of a kilo of tobacco rose from USD 2.35 to USD 2.98 (+26.6%), against a backdrop of a drop in the world harvest, linked to unfavourable weather conditions in the main producing countries (China, India, Brazil). Malawi is the continent's third largest producer, after Zimbabwe and Zambia. Although the country's trade balance remains in deficit, the plant is the country's most exported product, ahead of pulses and tea. It is a

major source of foreign currency and tax revenue. The situation in the country, whose growth prospects have been revised downwards by the World Bank to 2% in 2024 (i.e. less than population growth) remains dramatic, however, and access to foreign currency is particularly limited.

## Namibia

### **GDP rises by 3.5% in the second quarter (*NamStats*)**

According to the national statistics agency (NamStats), GDP rose by 3.5% in the second quarter of 2024 compared to the same period of the previous year, following a 4.3% increase in the previous quarter. Growth thus slowed for the second quarter running, but remained above 3% for the thirteenth consecutive quarter. Fifteen out of seventeen sectors recorded an increase in their activity over the year, notably financial services (+30%, i.e. a positive contribution of 2 points to growth) driven by the rise in insurance premiums, trade (+5.2%, i.e. 0.5 points), and health (+9.6%, i.e. +0.4 points). Conversely, the primary sector contracted, reflecting difficulties in the agricultural sector (4.9%, or -0.2 points, due to poor rainfall) and the mining sector (6.6%, or -0.8 points), which was weighed down by difficulties in the diamond sector (weak Chinese demand and the development of synthetic diamonds) and the fall in uranium production.

On the demand side, growth benefited from a rebound in consumption (household and business), up 11.8% (compared with -7.6% in the previous quarter). On the other hand, investment, still driven by mining exploration, slowed (+12.8% year-on-year, after +79.9% in the previous quarter). Foreign trade made a negative contribution to growth, with the trade deficit widening to NAD 12.3 billion.

	Exchange rates	Change in USD exchange rates (%)			
	19/09/2024	Over a week	Over a month	Over a year	Since 1st of January
South Africa	17,49 ZAR	2,2%	1,6%	7,6%	4,5%
Angola	926,3 AOA	-0,1%	-4,3%	-10,8%	-10,5%
Botswana	13,1 BWP	1,1%	1,1%	2,9%	1,4%
Mozambique	63,2 MZN	0,0%	0,0%	0,0%	0,0%
Zambia	26,3 ZMW	0,3%	-1,6%	-21,1%	1,9%

Note: a positive sign indicates an appreciation of the currency.

Source : OANDA (2024)

--	--	--	--	--	--

The French Treasury is present in more than 100 countries through its Economic Services.

To find out more about its missions and locations :

[www.tresor.economie.gouv.fr/tresor-international](http://www.tresor.economie.gouv.fr/tresor-international)

Head of publication : Pretoria Regional Economic Service, Luanda Economic Service

[leopold.vinot@dgtresor.gouv.fr](mailto:leopold.vinot@dgtresor.gouv.fr), [theo.courtines@dgtresor.gouv.fr](mailto:theo.courtines@dgtresor.gouv.fr)

Editor : Pretoria Regional Economic Service »

Subscribe : [leopold.vinot@dgtresor.gouv.fr](mailto:leopold.vinot@dgtresor.gouv.fr)