

# ECONOMIC WRAP-UP

## Southern Africa

A publication from the Pretoria Regional Economic  
Service from November 9 to 15, 2024

### DATA OF THE WEEK

# +32,1%

The official unemployment rate  
decreased by 1.4 points in the  
third quarter of 2024, according  
to StatsSA

### The Central Bank of Malawi publishes its monthly economic review (RBM)

In September 2024, Malawi's economy displayed a mixed picture, characterized by ongoing challenges alongside modest signs of recovery. Inflation saw a slight rise to 34.3% year-on-year (up from 33.9% in August), primarily driven by increasing food prices, which surged by 43.5% year-on-year (+1.5 percentage points). In contrast, non-food inflation eased to 21.8% year-on-year (-0.9 percentage points), supported by declining prices in housing, utilities, and sectors related to hospitality.

Foreign exchange reserves experienced a slight increase, reaching USD 560.3 million (up from USD 544.8 million in August 2024). However, reserves remain low at just 2.2 months of import coverage, below the USD 641.1 million recorded in September 2023. Concurrently, the Malawian kwacha continued to depreciate against major currencies, falling by 1.8% against the British pound, 0.5% against the euro, and 4.5% against the South African rand, while holding steady against the US dollar at MWK 1,750.37/USD.

On the external accounts front, the trade balance deficit widened to USD 193 million (compared to USD 129.9 million the previous month and USD 179.8 million a year earlier). This worsening was fueled by a 32.9% drop in exports, which fell to USD 123.4 million, while imports saw a slight increase (+0.8%), totaling USD 316.4 million, largely due to higher fuel, fertilizer, and machinery purchases.

Public finances remain under strain despite efforts to boost revenue and control expenditures. The budget deficit rose to MWK 149.6 billion in September, significantly surpassing the level seen in the same period of 2023 (MWK 35.5 billion).

## Summary:

### South Africa

- Official unemployment rate drops to 32.1% in Q3 2024 (*StatsSA*)
- Mining production increases while manufacturing production continues to decline in September (*StatsSA*)

### Angola

- Angola and Russia sign a cooperation agreement in the digital sector

### Botswana

- Central Bank maintains its policy rate at 1.9% (*Bank of Botswana*)

### Mozambique

- Post-election protests: Apparent waning of the movement

### Namibia

- Annual inflation decreases to 3.0% in October (*NSA*)

### Zambia

- Central Bank raises its policy rate to 14% in response to persistent inflation (*Bank of Zambia*)
- Agreement reached in principle for the disbursement of the fifth tranche of the IMF program (*IMF*)

## South Africa

### Official unemployment rate drops to 32.1% in Q3 2024 (StatsSA)

According to the results of the Quarterly Labour Force Survey (QLFS), the official unemployment rate decreased by 1.4 percentage points in the third quarter of 2024, from 33.5% in the second quarter to 32.1%. The number of employed persons increased by 294,000 over the quarter, reaching a total of 16.9 million, while the number of unemployed people decreased by 373,000, stabilizing at 8.0 million. This trend was marked by job growth in six of the ten sectors. The largest job gains were seen in the community and social services (+194,000), construction (+176,000), and trade (+109,000) sectors. However, notable job losses were recorded in some sectors, including finance (-189,000), domestic work (-32,000), manufacturing (-20,000), and transport (-18,000). Year-on-year, the number of jobs also increased (+201,000 people), particularly in manufacturing (+127,000), transport (+81,000), trade (+79,000), and mining (+75,000). In contrast, finance, community services, and agriculture suffered job reductions, with losses of -120,000, -62,000, and -21,000 positions respectively, highlighting persistent structural tensions in certain sectors of the economy.

### Mining production increases while manufacturing production continues to decline in September (StatsSA)

According to the national statistics agency (StatsSA), mining production increased by 4.7% in September compared to the same period last year, following a 0.3% rise the previous month. This increase, which exceeded observers' expectations (around +2.2%), is due to both a base effect (low production last year during the same period) and the alleviation of the energy crisis (no load shedding since March 26). The increase was mainly driven by platinum group metals (+6.7%, contributing 2.1 percentage points), iron ore (+13.5%, contributing 1.3 percentage points), and manganese (+13.5%, contributing 0.9 percentage points). In contrast, coal and gold production decreased (respectively -4.4%, contributing -1.0 percentage points,

and -3.7%, contributing -0.5 percentage points). Meanwhile, manufacturing production fell by 0.8% compared to the same period last year, marking a second consecutive month of decline (-1.2% in August) due to continued demand pressures from high prices and interest rates, logistical difficulties, and supply chain disruptions. The automotive sector was the main negative contributor to the decline in manufacturing production (-18.7%, contributing -1.7 percentage points) due to weak domestic demand (-4.1% vehicle sales in September). However, increases were observed in the production of "oil and chemicals" (+3.1%, contributing 0.6 percentage points) and "food and beverages" (+1.2%, contributing 0.3 percentage points).

## Angola

### Angola and Russia sign a cooperation agreement in the digital sector

This agreement, signed on the sidelines of the first ministerial conference of the Russia-Africa Partnership Forum held in Sochi, Russia, from November 9 to 10, aims to strengthen cooperation between the two countries in the field of the digital economy. It covers several sectors, including information technology and telecommunications, with provisions for expanding high-speed internet networks, developing fiber-optic infrastructure, and establishing a satellite telecommunications program. In 2023, Angola had already signed similar agreements, one with China to fund a national broadband project (USD 294 million) and another with the Abu Dhabi Exports Office (ADEX) on a project worth approximately USD 90 million to support the country's digital transition through green financing. In September 2023, Angola also announced the creation of a cybersecurity academy to train qualified professionals in this field and enhance the security of the country's digital infrastructure.

## Botswana

### Central Bank maintains its policy rate at 1.9% (*Bank of Botswana*)

The Monetary Policy Committee of the Bank of Botswana, which met on November 7, decided to keep its policy rate unchanged at 1.9%. This decision is based on moderate inflation forecasts (2.8% in 2024 and 3.1% in 2025) and a contraction in GDP (-0.5% in Q2 2024), indicating an economy operating below full capacity. The ongoing weakness in the global diamond market continues to weigh on the country's growth (the diamond sector accounts for about 20% of Botswana's GDP and over 90% of export revenues). Economic growth is expected to peak at 1.0% in 2024 (IMF) and could even turn negative (World Bank). The low policy rate is expected to encourage investment in infrastructure and industry, which are crucial for diversifying the economy.

## Mozambique

### Post-election protests: Apparent waning of the movement

While the country is still awaiting the Constitutional Court's decisions on the opposition's appeals following the general elections on October 9, Venâncio Mondlane, who claims to have won the presidential election based on parallel counting, is attempting to maintain pressure by calling for a new three-day general strike and protests this week. Public mobilization seems to be gradually weakening, and despite sporadic unrest, the city of Maputo has experienced a noticeable recovery in activity. The main issue remains the repeated blockage of the Ressano Garcia border, the main crossing connecting South Africa to Maputo and its port. Other Mozambican corridors and ports have remained operational. The economic impact of the post-election protests is still difficult to assess, especially since the situation remains highly volatile, with additional protests emerging, such as those by teachers demanding better working conditions and payment for overtime, and by displaced populations in areas of large natural gas projects. In

response, Standard Bank has lowered its GDP growth forecast for 2025 to +3.3% year-on-year, down from +3.8% in its June review, due to the likelihood of prolonged protests, further delays in the restart of TotalEnergies' LNG plant construction in Cabo Delgado, and an increased probability of Mozambique defaulting on its domestic debt next year.

## Namibia

### Annual inflation decreases to 3.0% in October (*NSA*)

According to the Namibia Statistics Agency, consumer prices increased by 3.0% in September compared to the same period last year, down from 3.4% in August. Inflation, which peaked at 7.3% in August 2022, has now reached its lowest level since 2020. The main contributors to the rise in prices are the "housing, water, electricity, and fuel" sectors (+4.4%, contributing 1.1 points), food (+5.1%, contributing 1.0 points), despite the less significant impact of drought on prices than expected), and "alcoholic beverages and tobacco" (+4.7%, contributing 0.7 points). The hospitality and restaurant sector also recorded a significant increase (+5.4%, contributing 0.1 points). On the other hand, the transport sector saw a decrease in prices (-2.9%, contributing -0.5 points) due to the drop in oil prices (-6.9% in October) and a base effect (significant price increases a year ago). These positive results could lead the Central Bank of Namibia to continue lowering its key interest rate, which was already reduced to 7.25% in October.

## Zambia

### Central Bank raises its policy rate to 14% in response to persistent inflation (*Bank of Zambia*)

The Monetary Policy Committee of the Bank of Zambia has raised its policy rate by 50 basis points to 14%, in response to persistent inflation that remains well above the target range of 6 to 8%. In October 2024, year-on-year inflation slightly increased to 15.7%, compared to 15.6% in

September, driven by a low supply of maize, fish, and vegetables, as well as higher demand for solid fuels due to power cuts.

The continuous rise in prices, coupled with the ongoing depreciation of the kwacha, has led the central bank to revise its inflation forecast for 2025 upwards, with inflation now expected to reach 13.9%, up from the previous forecast of 12.7%. For 2026, inflation is expected to reach 9% by the end of the third quarter, still above the central bank's target range of 6 to 9%. Inflation is therefore expected to remain a major challenge for the country's economy in the medium term.

The central bank has also revised down its 2024 GDP growth forecast from 2.3% to 1.2%. This economic slowdown is mainly attributed to the prolonged effects of the drought, which has severely impacted electricity production, significantly increasing energy costs and food prices.

### **Agreement reached in principle for the disbursement of the fifth tranche of the IMF program (IMF)**

On Monday, November 11, the IMF mission chief in Zambia announced that an agreement had been reached with the Zambian authorities for the disbursement of a new tranche of USD 185.5 million under the ongoing program. To recall, the financing program (Extended Credit Facility - ECF) adopted on August 31, 2022, supports the Zambian government with USD 1.7 billion (of which USD 1.1 billion has already been disbursed), aiming to strengthen the country's economic stability and foster inclusive growth. This agreement follows the IMF mission held in Lusaka from October 2 to 15, and still needs to be approved by the institution's board of directors.

	Exchange rates	Change in USD exchange rates (%)			
	24/10/2024	Over a week	Over a month	Over a year	Since 1st of January
South Africa	17,70 ZAR	-0,1%	-1,9%	6,6%	3,3%
Angola	909,2 AOA	0,1%	1,7%	-9,1%	-8,8%
Botswana	13,2 BWP	-0,1%	-1,2%	2,9%	0,6%
Mozambique	63,2 MZN	0,0%	0,0%	0,0%	0,0%
Zambia	26,5 ZMW	0,0%	-0,2%	-17,4%	2,8%

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

Source : OANDA (2024)

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