



ECONOMIC WRAP-UP Southern Africa

A publication from the Pretoria Regional
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Unemployment reaches 33.2% in Q2 2025 (StatsSA)

According to the latest StatsSA publication on the labor market (Quarterly Labour Force Survey), the number of unemployed people increased by 140,000 in the second quarter, reaching 8.4 million. The unemployment rate thus rose by 0.3 percentage points compared to the previous quarter, to 33.2% of the labor force, still more than 3 points above its March 2020 level, before the onset of the Covid-19 crisis. Over the same period, total employment slightly increased (+19,000), bringing total employment to 16.8 million.

The publication also highlights an improvement in employment conditions: informal employment declined (-19,000 jobs), mainly in community and social services (-46,000), finance (-37,000), and manufacturing (-25,000), while formal employment grew (+34,000 jobs), driven by manufacturing (+19,000), trade (+16,000), finance (+13,000), mining (+10,000), and community and social services (+4,000).

Outlook for the labor market remains uncertain. While the easing of logistical constraints, greater stability in electricity supply, and improved household consumption are expected to partially support employment, the anticipated deterioration in global trade conditions is likely to constrain its growth.

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Southern Africa

China strengthens its presence in Africa

Chinese exports to Africa reached USD 122 billion in the first half of 2025, up 25% year-on-year, in a context marked by declining Chinese exports to the United States. Chinese exports to Africa (mainly to Nigeria, South Africa, and Egypt) had already surpassed the total recorded for the entire year 2020 by mid-year and could exceed USD 200 billion for the first time in 2025. These exports are mainly composed of machinery and electronic products, vehicles, iron and steel, textiles, and finished goods. China is benefiting from the continent's infrastructure needs, while the depreciation of the yuan strengthens the competitiveness of its products. At the same time, rising U.S. protectionism facilitates African countries' access to Chinese goods.

South Africa

Manufacturing and mining production increase (June data) (StatsSA)

According to the national statistics agency (StatsSA), manufacturing production rose 1.9% year-on-year in June (after a 0.7% increase in May). The main positive contributions came from "food and beverages" (+6.0%, contributing +1.4 points) and "petroleum, chemical, rubber, and plastic products" (+1.9%, contributing +0.4 points). While the annual increase may seem encouraging, it is primarily a base effect (low production last June, in the context of elections and before the formation of the GNU), and manufacturing production remains down 1.7% on average over the first months of 2025.

Meanwhile, mining production increased 2.4% year-on-year in June (after +0.3% in May). It was mainly driven by platinum group metals (+3.0%, contributing +1.0 point), coal (+3.7%, +0.8 point), and chrome ore (+9.0%, +0.5 point). In the short term, persistent volatility in global markets, linked to the U.S. tariff regime, could support the prices of certain minerals and, consequently, production in these

subsectors. In the medium term, reforms to improve port and rail efficiency and capacity remain essential to boost activity.

Retail and automotive sales rise (June data) (StatsSA)

According to StatsSA, retail sales increased 1.6% year-on-year in June 2025. This rise was mainly driven by "textiles, clothing, footwear, and leather goods," which grew 4.6% (contributing 0.8 points to total growth), and "DIY, paint, and glassware," which increased 5.4% (contributing 0.4 points). This growth occurs in a favorable economic context for consumers, marked by moderate inflation and the beginning of monetary easing.

StatsSA also reported a 3.1% increase in vehicle sales in June 2025 compared with the previous year. The main positive contributors were accessory sales (+10.3%, contributing 2.0 points), new vehicle sales (+6.8%, 1.6 points), and used vehicle sales (+4.8%, 1.0 point). The main negative contributors were workshop revenues (-11.1%, -0.6 point) and fuel sales (-1.9%, -0.5 point).

Annual inflation accelerates in July (StatsSA)

According to StatsSA, annual consumer price inflation reached 3.5% year-on-year in July, up from 3.0% in June, exceeding the prospective target of 3% unilaterally announced by the Governor of the South African Reserve Bank (SARB) in July (with the Finance Minister noting that the official target range of 3–6% remains in place until the consultation process involving the National Treasury, Cabinet, and the Presidency is completed).

The increase in inflation is mainly due to rising food and non-alcoholic beverage prices (+5.7%, contributing 1.0 point) linked to supply constraints, as well as housing and utilities (+4.3%, also contributing 1.0 point), with strong increases supported by annual adjustments in municipal tariffs. In contrast, transport prices declined (-0.5%, -0.2 point). These price pressures are considered transitory and are not expected to lead to changes in central bank monetary policy.

Angola

S&P affirms sovereign rating at B- with stable outlook (unchanged since February 2022)

S&P Global Ratings has maintained Angola's sovereign credit ratings at "B-" for long-term debt and "B" for short-term debt, with a stable outlook (15 August 2025). This decision reflects improvements in external debt while highlighting vulnerability to oil prices and the need to diversify the economy.

S&P expects growth to be supported by the oil sector and improvements in non-oil activities in 2025–2026 but notes budget deterioration and high financing needs. The average budget deficit is expected to reach 3.6% of GDP over 2025–2028, compared with average surpluses of 0.2% over 2018–2022, due in particular to higher wage spending. The planned Eurobond issuance has been postponed, with reliance on domestic debt (USD 2.4 billion) and liability management operations with local banks (USD 1.9 billion, 1.5% of GDP). The next Eurobond repayment in November 2025 is secured by assets worth USD 21.4 billion (≈19% of GDP).

Oil production fell 8.5% in H1 2025 due to aging fields but is expected to stabilize at 1.1 million barrels/day until 2028, at an average price of USD 65 per barrel. General government debt, although below 2020 levels (54.6% of GDP in 2024 versus 108% in 2020), is expected to rise gradually. Inflation will remain high (20% in 2025, >10% over five years), and the banking sector remains exposed to public debt (≈30% of total assets). The stable outlook reflects the expectation that Angola has sufficient resources to meet short-term debt obligations, barring a major oil shock.

Omani-backed African Bank of Oman enters Angola's financial system

The African Bank of Oman (ABO), established in Luanda with Omani capital, is authorized by the central bank (BNA) to operate financially in Angola. It will start operations with a share capital of AOA 18,240 million (approximately USD 20

million), fully subscribed and paid in cash and company assets (the BNA minimum authorized share capital is AOA 15 million). ABO, incorporated as an Angolan public limited company, has five Omani shareholders: New Horizons Development LLC, Western Ocean Investment LLC, Southern Ocean Investment LLC, Northern Breeze Investment SPC, and Renaissance National Development LLC. ABO will have a board of 11 members with a renewable three-year term.

Relations between Angola and Oman strengthened after bilateral cooperation agreements were signed in Muscat in December 2024 covering diamonds, oil, and finance (financial instruments and sovereign debt issuance). With ABO's registration, Angola's banking system counts 22 banks again, as Russian bank VTB Africa is in liquidation following voluntary shareholder dissolution, mainly due to international sanctions against Russia. A similar "entry and exit" of Russian and Omani players recently occurred in the diamond sector, with Russian multinational Alrosa leaving the equity of Angola's two largest diamond companies—Catoca (SMC) and Luele (SML)—replaced by Omani group Taadeen (a subsidiary of the Omani sovereign fund).

Angola signs financial agreements with Japan during Presidential visit

These agreements were signed during the 9th Tokyo International Conference on African Development (TICAD9) held from 20–22 August in Yokohama. Angola's Finance Minister signed the following key agreements with Japanese institutions: i) a memorandum of understanding with the Japan Bank for International Cooperation (JBIC) to support projects in industry, energy, water, and telecommunications; ii) an agreement with Mizuho Bank on financial cooperation programs; and iii) financing agreements with the Japan International Cooperation Agency (JICA) to structure projects in television and electricity.

For television, the financial agreement is a grant to strengthen transmission systems in southern Angola and support expansion of the terrestrial digital TV network. For electricity, the funds aim to finance a new transmission line between Huíla and Namibe provinces to strengthen national transport and distribution capacity. These agreements will be implemented via bond issuance on the Japanese capital markets.

Inflation decline reverses with monthly acceleration of consumer prices

In July, for the second consecutive month, monthly inflation increased again, from 1.21% to 1.47%, an acceleration of 21%. At its last monetary policy meeting (19 July 2025), the National Bank of Angola (BNA) maintained its key interest rate at 19.5% for the seventh consecutive time to contain inflationary pressures, while annual inflation remained above 20.7% in April 2025 (continuously declining for 10 months after peaking at 31.1% in July 2024). The year-on-year curve is expected to reverse in August and start rising again (after 28.2% in 2024 and 19.5% at end-July 2025). Inflationary pressures resulting from the second diesel price increase on 4 July, which raised urban transport costs in Luanda by 50%, appear to have particularly altered the disinflation scenario, although the IMF considers the effect of fuel subsidy removal on inflation to be only temporary. In a politically increasingly tense and socially strained environment, the planned completion of the fuel subsidy reform under the current baseline has been postponed from the end of 2025 to 2028.

New kimberlite deposit discovered in Angola, first in 30 years

De Beers announced the major discovery in Angola of a kimberlite field, the rock known to host diamonds. This discovery—the company's first of its kind in over three decades—follows its return to the country three years ago and was made in close

collaboration with the public diamond company ENDIAMA. The new kimberlite deposit was found in the Muconda concession in Lunda-Sul province, northeastern Angola. De Beers holds rights to 90% of the project (10% ENDIAMA) for 35 years, including five years of exploration.

The company has since conducted airborne surveys (geophysical or geological surveys from an airplane or helicopter), which led to identified drilling targets. Angola is the second-largest diamond exporter in Africa, after Botswana.

Botswana

Botswana declares a health emergency amid severe medical shortage

Botswana has declared a health emergency and implemented a BWP 5 billion plan (approximately USD 374 million) in response to a severe shortage of medicines and medical supplies. This crisis stems from economic difficulties linked to falling diamond sales, exacerbated by reductions in U.S. aid, which previously funded one-third of the fight against HIV. The Ministry of Health is facing debts exceeding BWP 1 billion (approximately USD 75 million), mainly related to patients admitted to private hospitals for care not available in the public system, while 83% of the population depends on public healthcare. To address the collapse of the supply chain, the government has also tasked the army with overseeing the emergency distribution of medicines and medical supplies.

The central bank keeps policy rate at 1.90%

At its sixth consecutive meeting without changes, the Bank of Botswana kept its policy rate unchanged at 1.90%, citing upside risks to inflation in a weakened domestic economy. Inflation, low at 1.1%, remains below the target range of 3–6%, but the bank raised its forecasts to 3.5% for

2025 and 5.9% for 2026, up from 2.7% and 4.6% in June, following the widening of the pula's fluctuation band in July.

For context, the government has also authorized an annual depreciation of 2.76% of the currency to support export competitiveness and protect foreign exchange reserves. The central bank indicated that its monetary policy is expected to remain accommodative to support the economic recovery and mitigate the impact of a weak global environment.

Namibia

Namibia keeps policy rate at 6.75% and sees benefits in adopting South Africa's inflation target

At its meeting on 11–12 August 2025, the Bank of Namibia's Monetary Policy Committee (MPC) decided to keep the policy rate at 6.75%, a measure aimed at supporting economic activity while maintaining the Namibian dollar's parity with the South African rand. Governor Johannes !Gawaxab also indicated that the Bank of Namibia saw potential benefits in adopting the lower inflation target recently proposed by the South African Reserve Bank (SARB), which aims to anchor prices at 3% (instead of the official target range of 3–6%).

As a member of the common monetary area with South Africa, alongside Lesotho and Eswatini, Namibia closely aligns its monetary policy with SARB decisions. !Gawaxab emphasized that lower and stable inflation levels would encourage investment and growth. This strategy comes in the context of modest growth forecasts and efforts to maintain macroeconomic stability amid an uncertain regional and global environment.

Zambia

Zambia authorizes export of 500,000 tonnes of surplus maize

The Zambian government has authorized the export of 500,000 tonnes of maize following a record harvest of 3.7 million tonnes, compared with less than 1.5 million tonnes in the previous season. After covering domestic demand (2.7 million tonnes) and building strategic reserves (500,000 tonnes), about 500,000 tonnes remain available for export.

This decision, which raises some concerns about drought risk, is viewed positively as it could generate nearly USD 100 million in additional revenue and strengthen the country's reserves. The measure also aims to provide better opportunities for local farmers, including smallholders, by giving them access to more lucrative export contracts, and to reinforce Zambia's position as a reliable food supplier in the region.

Central Bank keeps policy rate at 14.5% to contain inflation (Bank of Zambia)

At its August monetary policy meeting, the Bank of Zambia decided to keep its policy rate at 14.5% for the second consecutive time to consolidate progress on inflation. Although inflation slowed to 13% in July 2025, down from a peak of 16.8% in February, it remains well above the Bank's target range of 6–8%, amid ongoing uncertainties related to global trade and geopolitical tensions.

The Central Bank now expects inflation to return to the target range by Q1 2026, one year earlier than in its May forecast. It is worth noting that Zambia is also benefiting from rising copper prices, its main export product, which has led to a strong appreciation of the kwacha this year (+16%

against the USD since 1 January), helping to temper inflationary pressures.

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