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Sub-Saharan Africa: hit but not sinking

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Sluggish global growth, characterised in particular by China's loss of momentum, shock to commodity prices... Sub-Saharan Africa has not been spared in the global tempest and seeks to maintain growth against wind and tide. The commodity producers are the most affected. The capacity to adapt to these shocks is crucial for these countries to be able to continue their journey, especially as financing conditions have deteriorated markedly. Some have taken rapid decisions and adjustments have been made via a more restrictive policy mix, but others have found it more difficult to recognise the unsustainability of their economic policies. Nigeria, for example, after unsuccessfully trying to resist the downward pressures on its currency, decided on 20 June to adopt a more flexible exchange-rate regime. But does Sub-Saharan Africa, this land of opportunity, still have wind in its sails? Are these cyclical shocks likely to continue to hinder these economies' trajectory and jeopardise their growth potential?

These adverse winds will probably persist in the short term, despite the relative stabilisation of commodity prices since the start of the year. Even though the trajectory of the "continent of the future" has been disrupted, and without denying the existence of weaknesses (infrastructure, governance, political stability, etc.), the Sub-Saharan Africa ship is far from sinking. Even the countries that have been weakened the most in the past few years have strong structural points. They could recover in the medium term, thereby providing attractive prospects for companies seeking for opportunities and which are prepared to cast off for an adventurous journey.

The private consumption potential in particular, against a backdrop of demographic power, seems very encouraging in Nigeria, Angola, Ghana and South Africa. Accordingly, it offers companies real possibilities for expansion, particularly in the retailing sectors, even though the product diversification and the move up the value chain could be quite slow. The increase in the number of shopping centres, built by African but also foreign groups, is also an indication of investor confidence. Moreover, the information and communication technology (ICT) sector, in full expansion, opens promising horizons in these very countries. Telephone networks are being developed, mobile phone penetration rates, which are on the rise but still low, point to a significant upside. The African ICT market is all the more attractive as many services are offered via mobiles (financial, trade, agricultural, etc.), thereby providing inhabitants in rural regions with the opportunity to have access to a number of services they otherwise would not be able to have. So Sub-Saharan Africa has been hit, but is not sinking!