

Recent Developments and Outlook



International Monetary Fund
May 2017

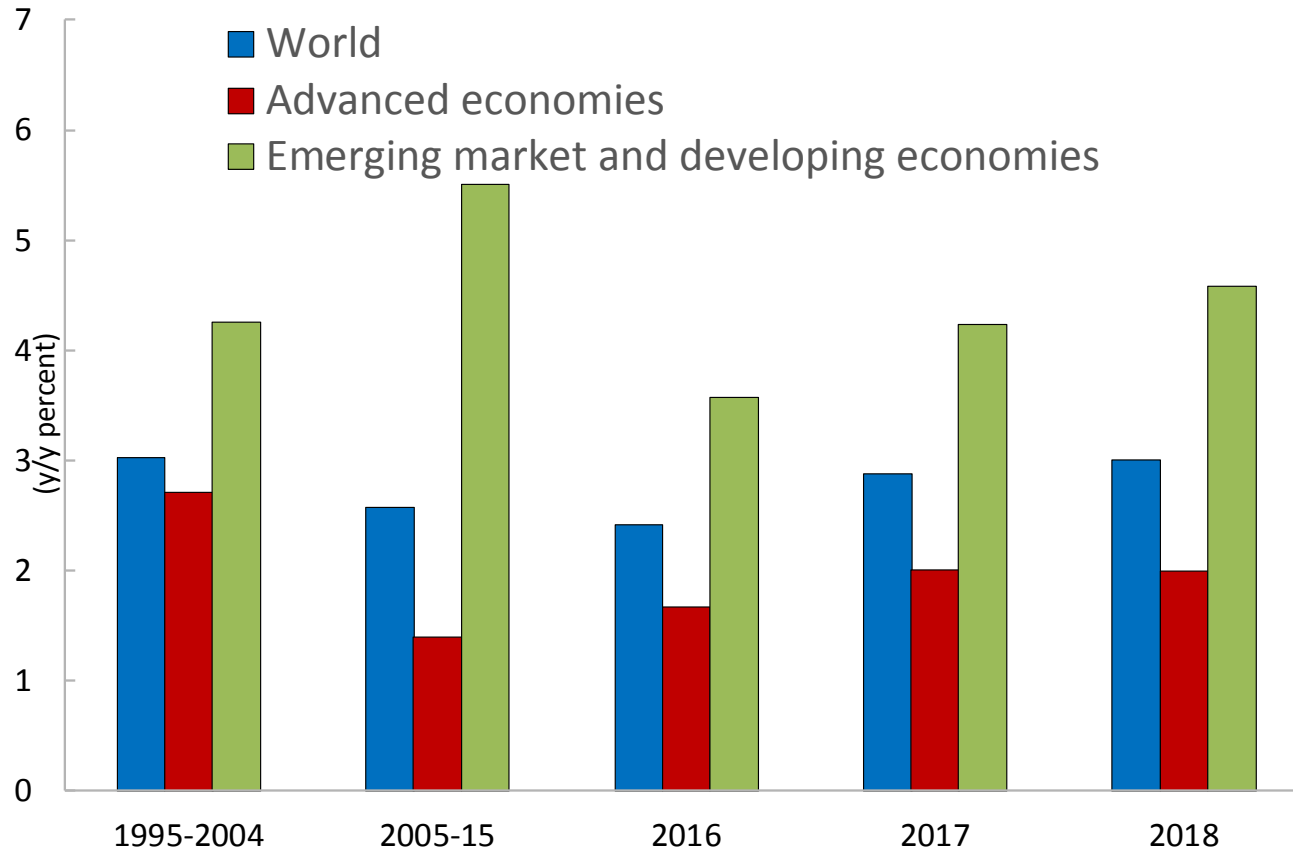


World

Global growth is projected to gradually recover



World Economic Growth





Global growth projections



| | World | Advanced Economies | U.S. | Euro Area | China | Emerging Market and Developing Economies | Sub-Saharan Africa |
|-----------------------------------|------------|--------------------|------------|------------|------------|--|--------------------|
| 2016 | 3.1 | 1.7 | 1.6 | 1.7 | 6.7 | 4.1 | 1.4 |
| 2017 | 3.5 | 2.0 | 2.3 | 1.7 | 6.6 | 4.5 | 2.6 |
| Change from Oct. 2016 projections | 0.1 | 0.2 | 0.1 | 0.2 | 0.4 | -0.1 | -0.2 |
| 2018 | 3.6 | 2.0 | 2.5 | 1.6 | 6.2 | 4.8 | 3.5 |
| Change from Oct. 2016 projections | 0.0 | 0.2 | 0.4 | 0.0 | 0.2 | 0.0 | -0.1 |

Sources: IMF, *World Economic Outlook* October 2016 Update; and IMF, *World Economic Outlook* April 2017.



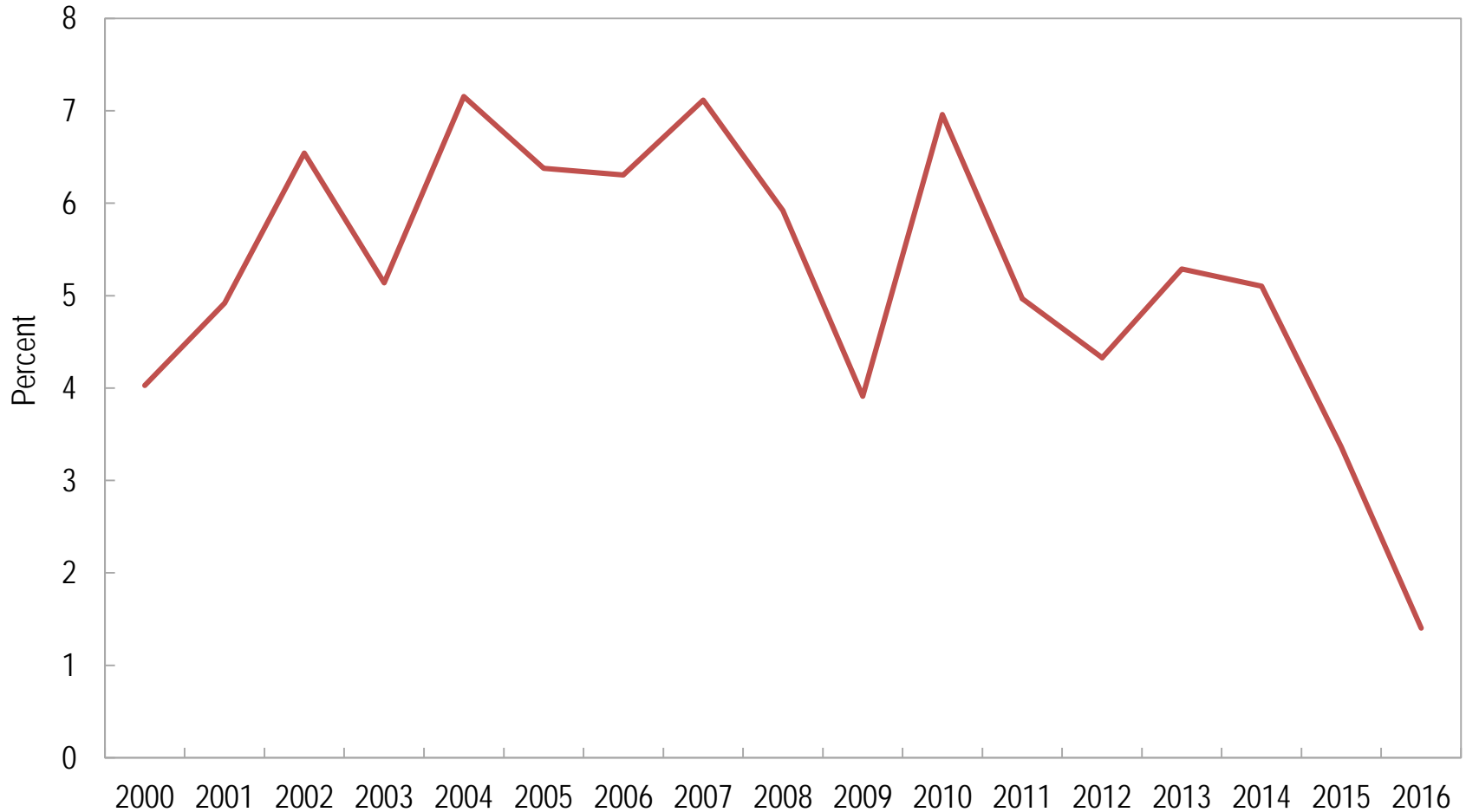
Sub-Saharan Africa (SSA)



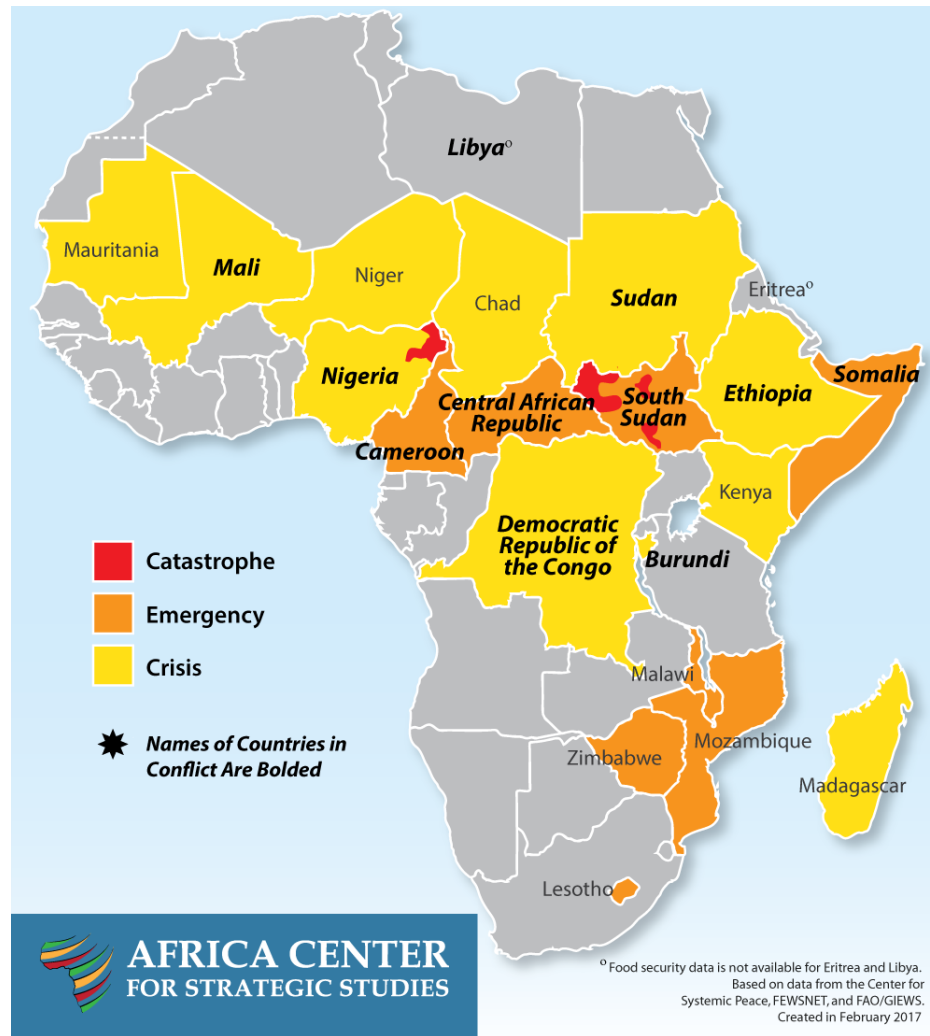
SSA growth has weakened substantially



Real GDP Growth for SSA



...and in some cases, compounded by rising food insecurity.

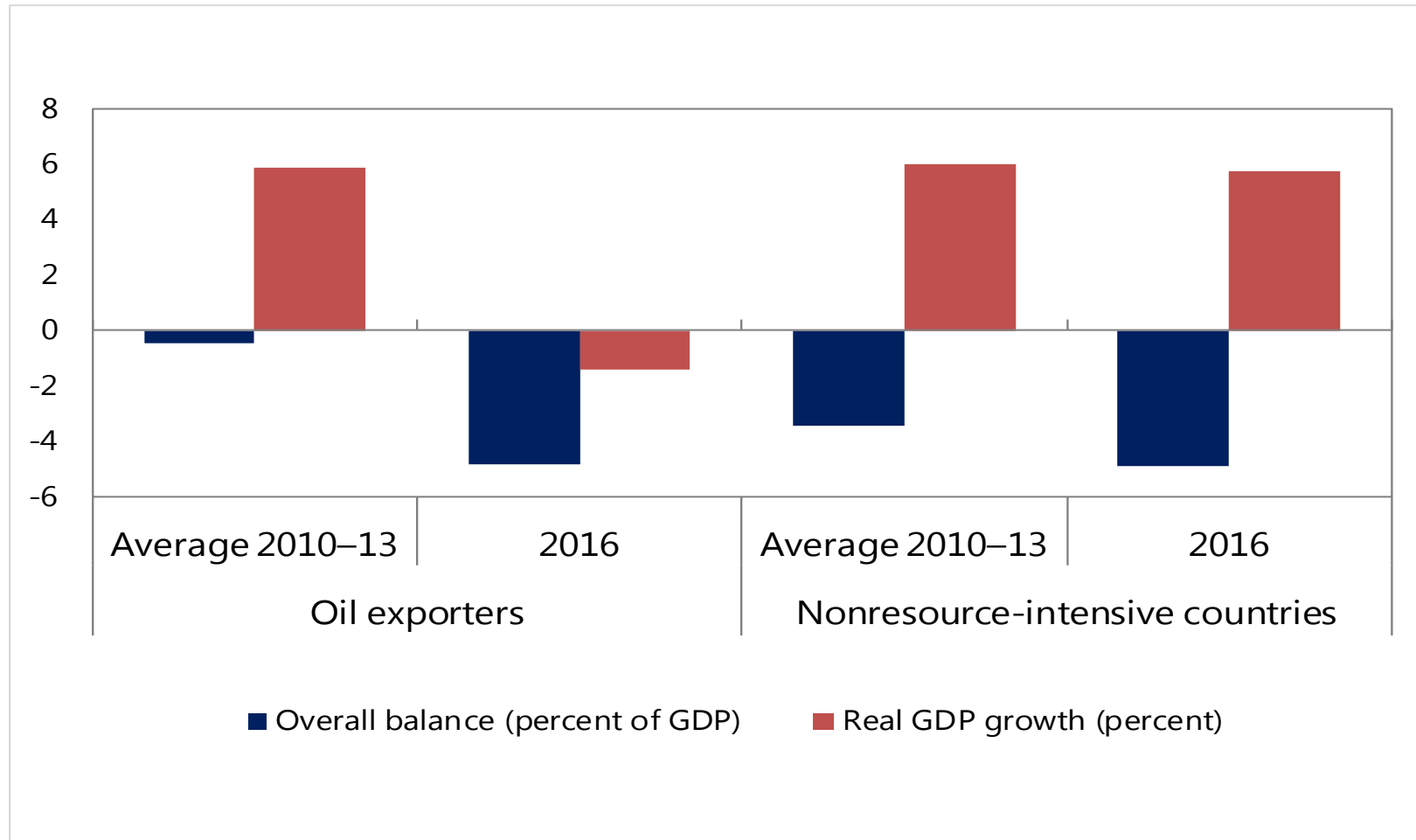


Rwanda, Uganda, and Tanzania also had food security problems.

Fiscal deficits have widened among hardest-hit countries and remain elevated elsewhere.



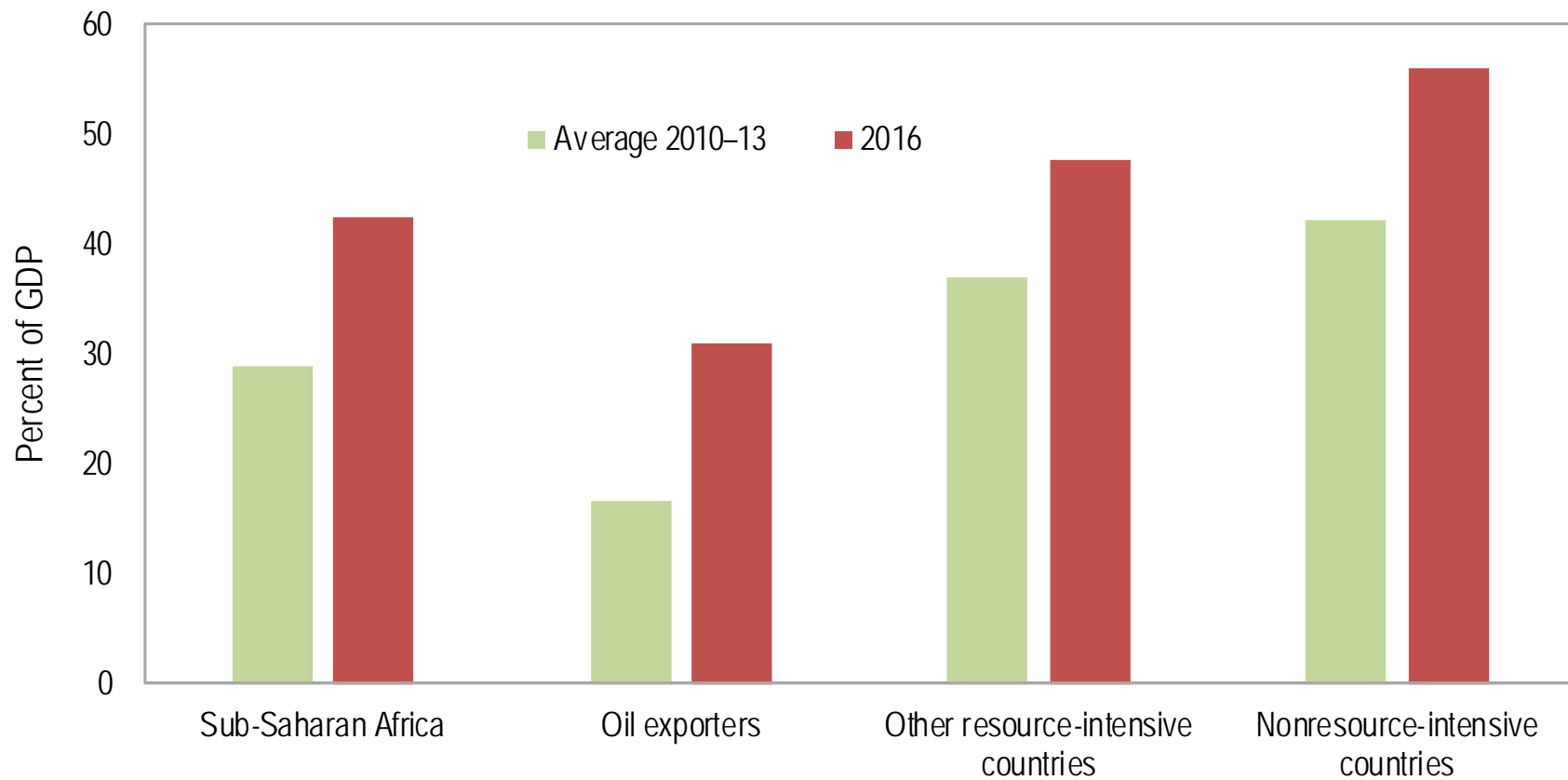
Fiscal Balance and Real GDP Growth, 2010–16





Debt levels are on the rise across SSA.

Public Debt, 2010–13 and 2016

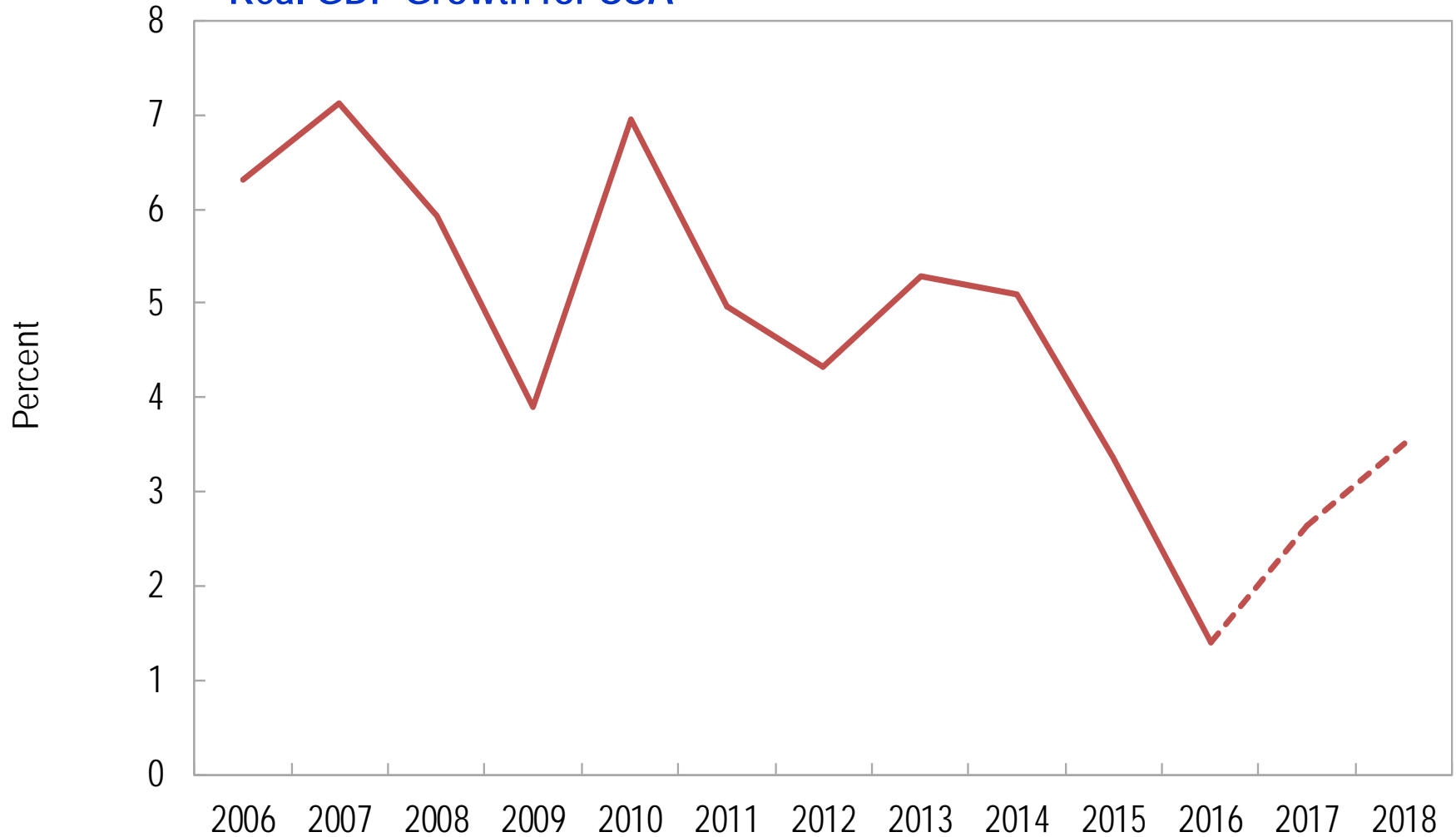




The growth outlook for SSA shows a modest recovery.



Real GDP Growth for SSA

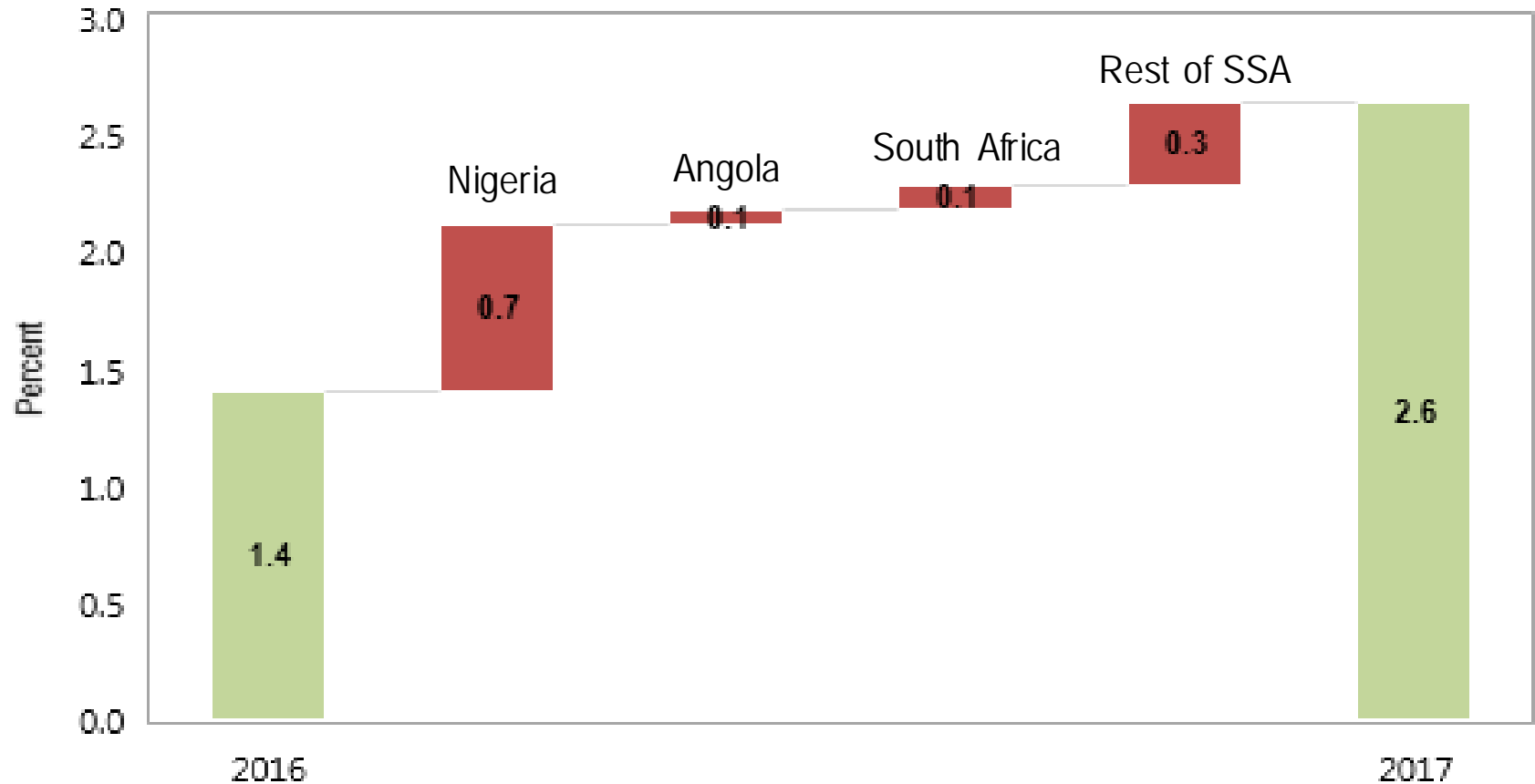




...and driven by the three largest economies.



Contributions to SSA Real GDP Growth, 2016-17

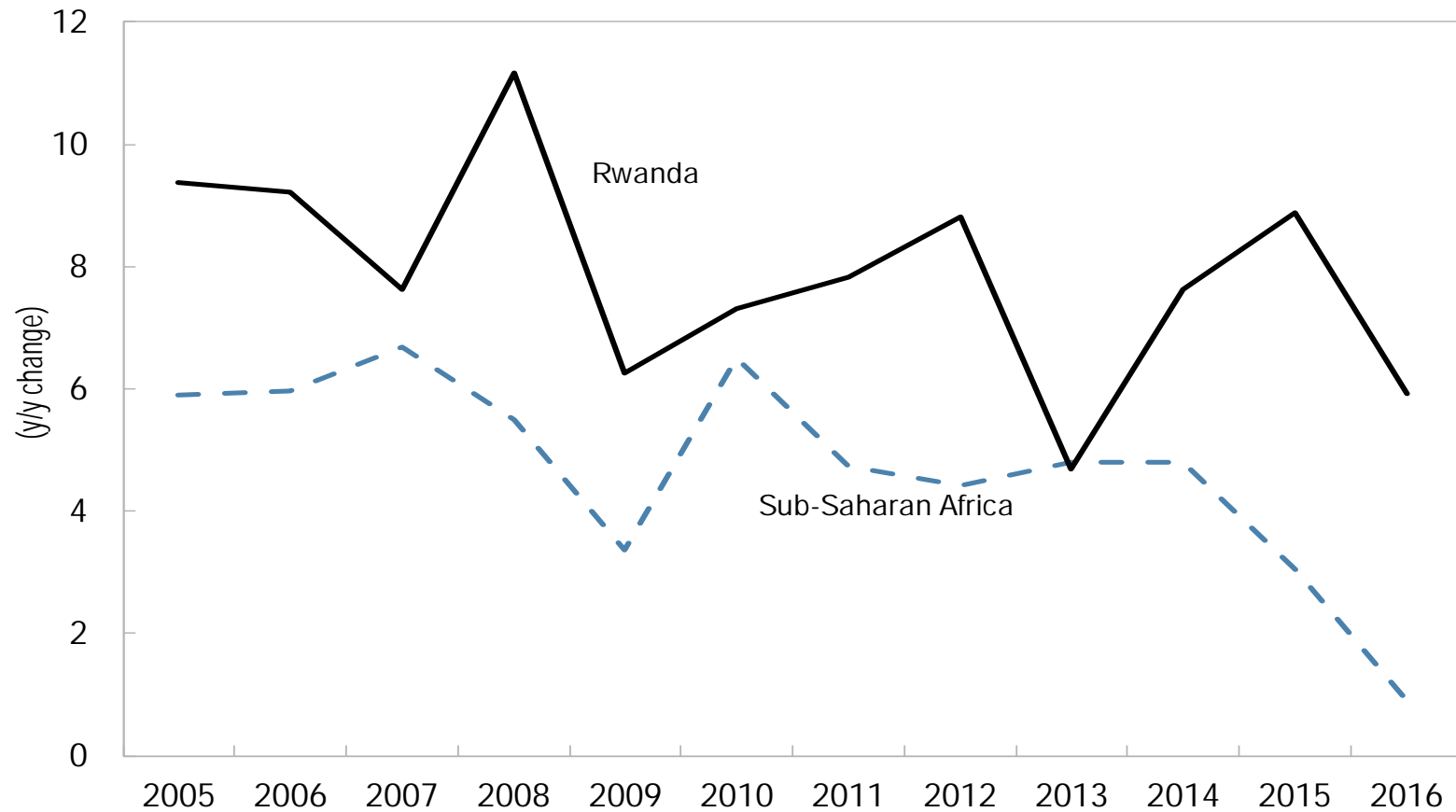




Rwanda



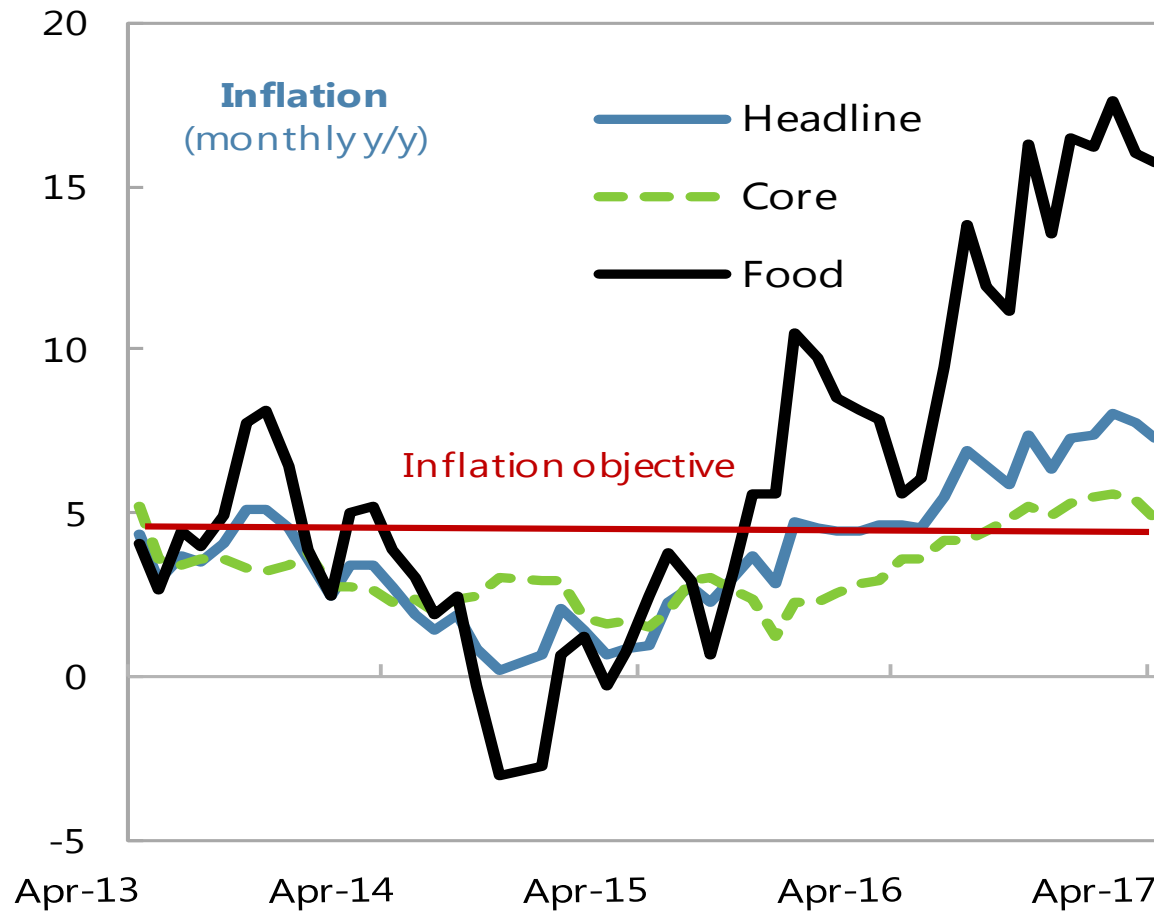
Growth in Rwanda has outpaced peers



Source: IMF, *World Economic Outlook*, April 2017.

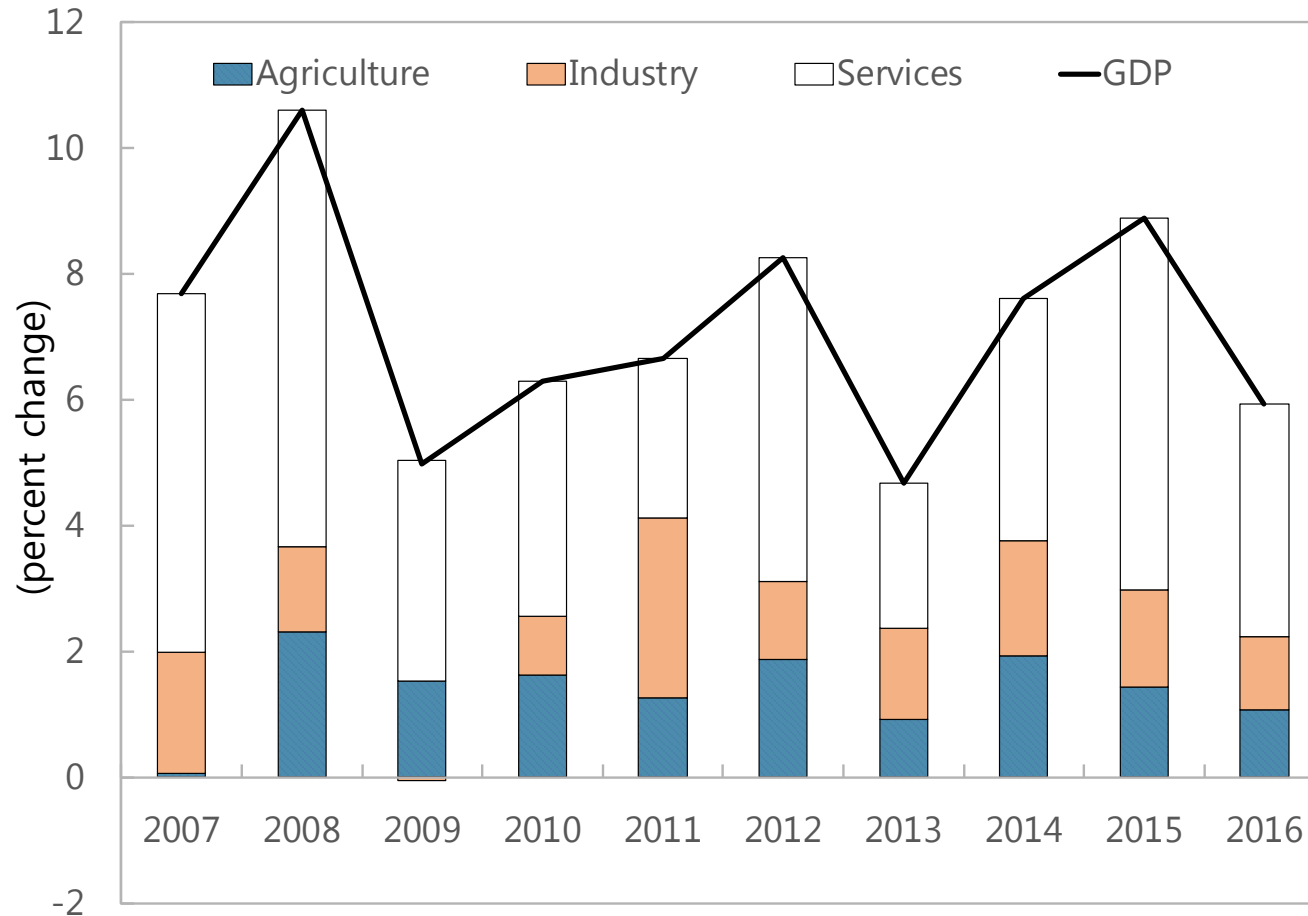


At the same time, inflation has been rising.

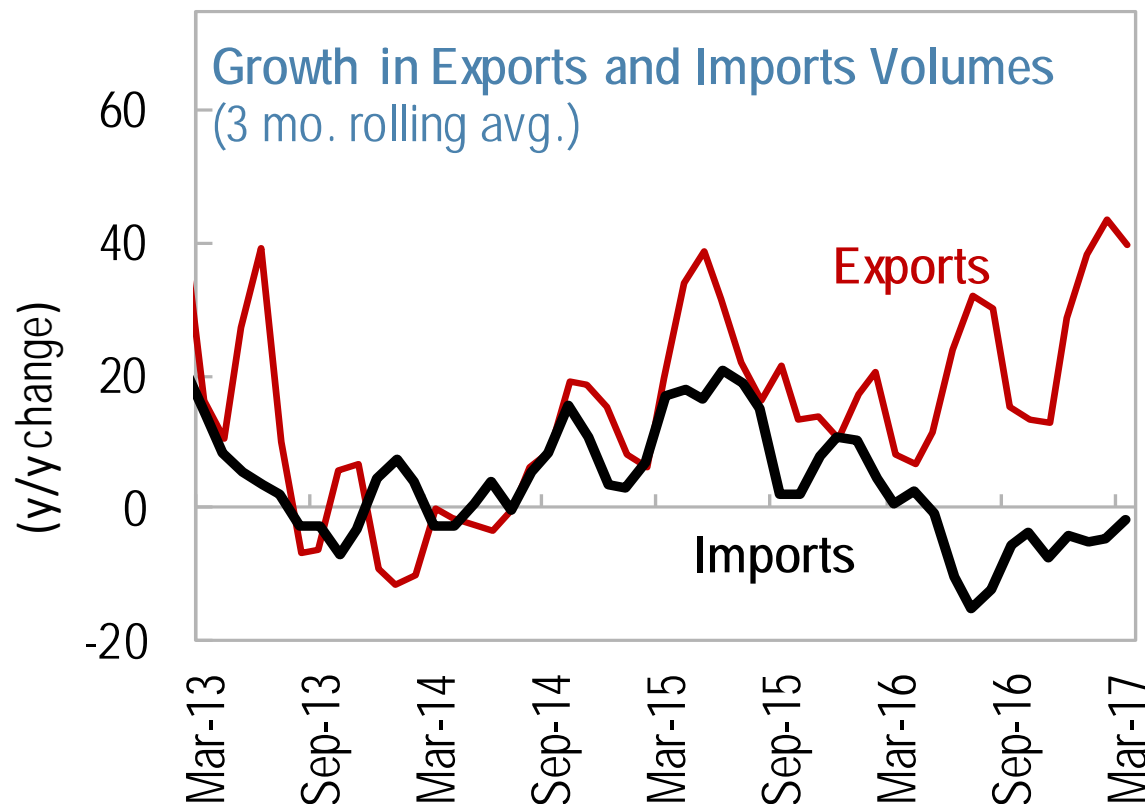




With a slowdown in 2016, as elsewhere...



Policies helped to reduce the trade deficit and ease foreign exchange shortages



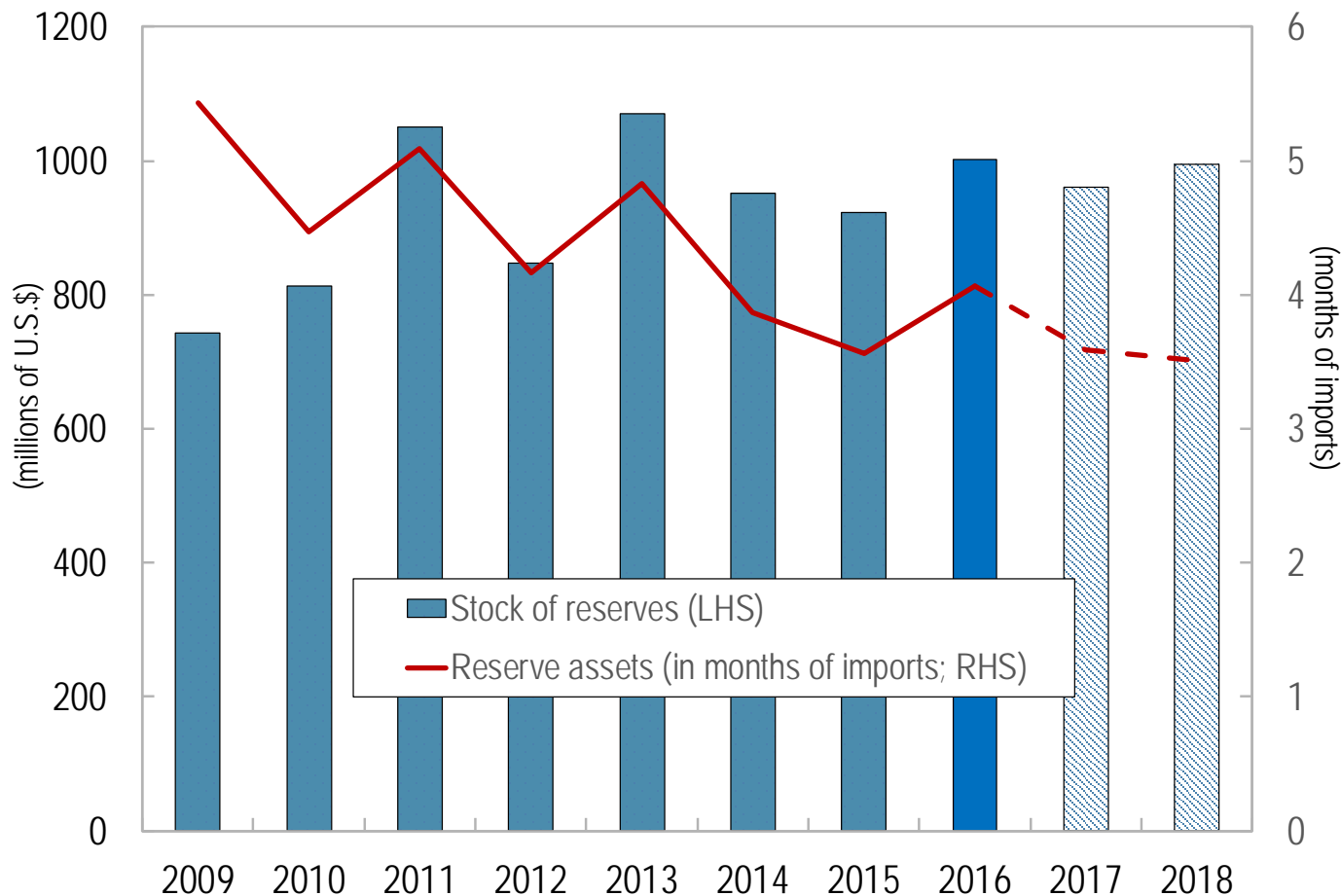
To address deficit in short term:

- *exchange rate adjustment*
- *public spending restraint*
- *prudent monetary policy*

To address deficit in long term:

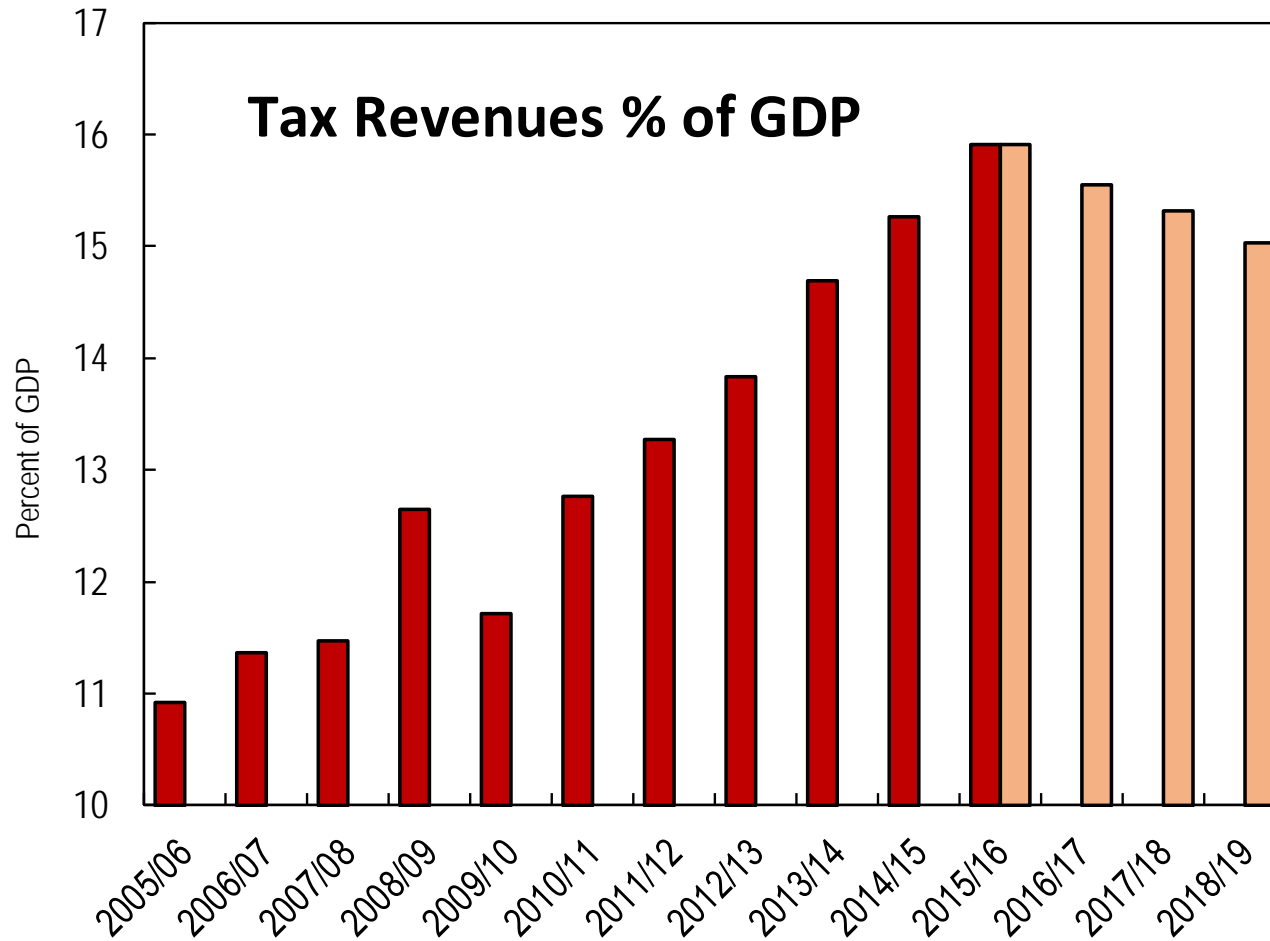
- *“Made in Rwanda”*

Foreign exchange reserves increased in 2016



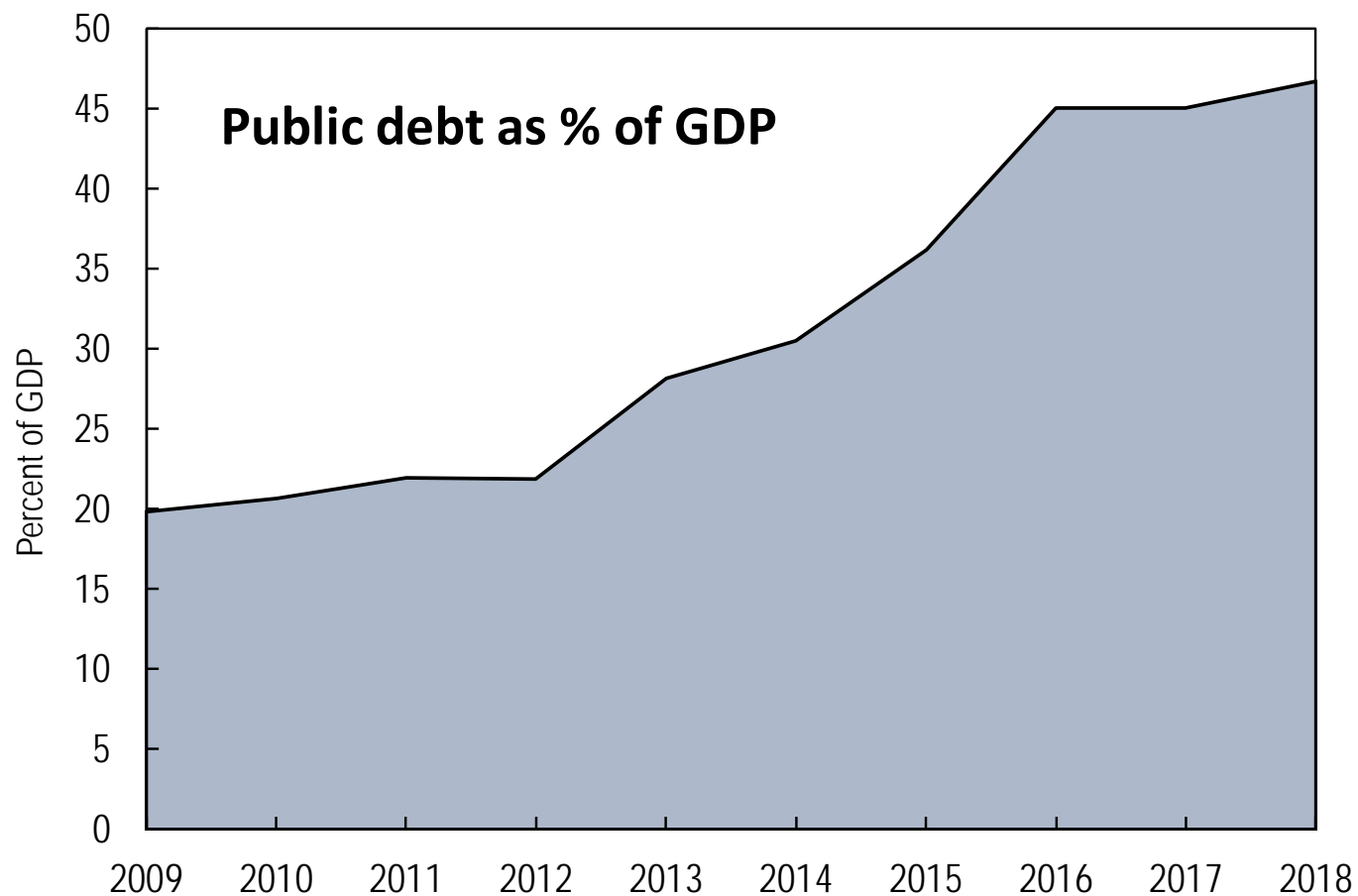
Sources: Rwandan authorities and IMF staff estimates and projections.

Tax revenues forecast affected





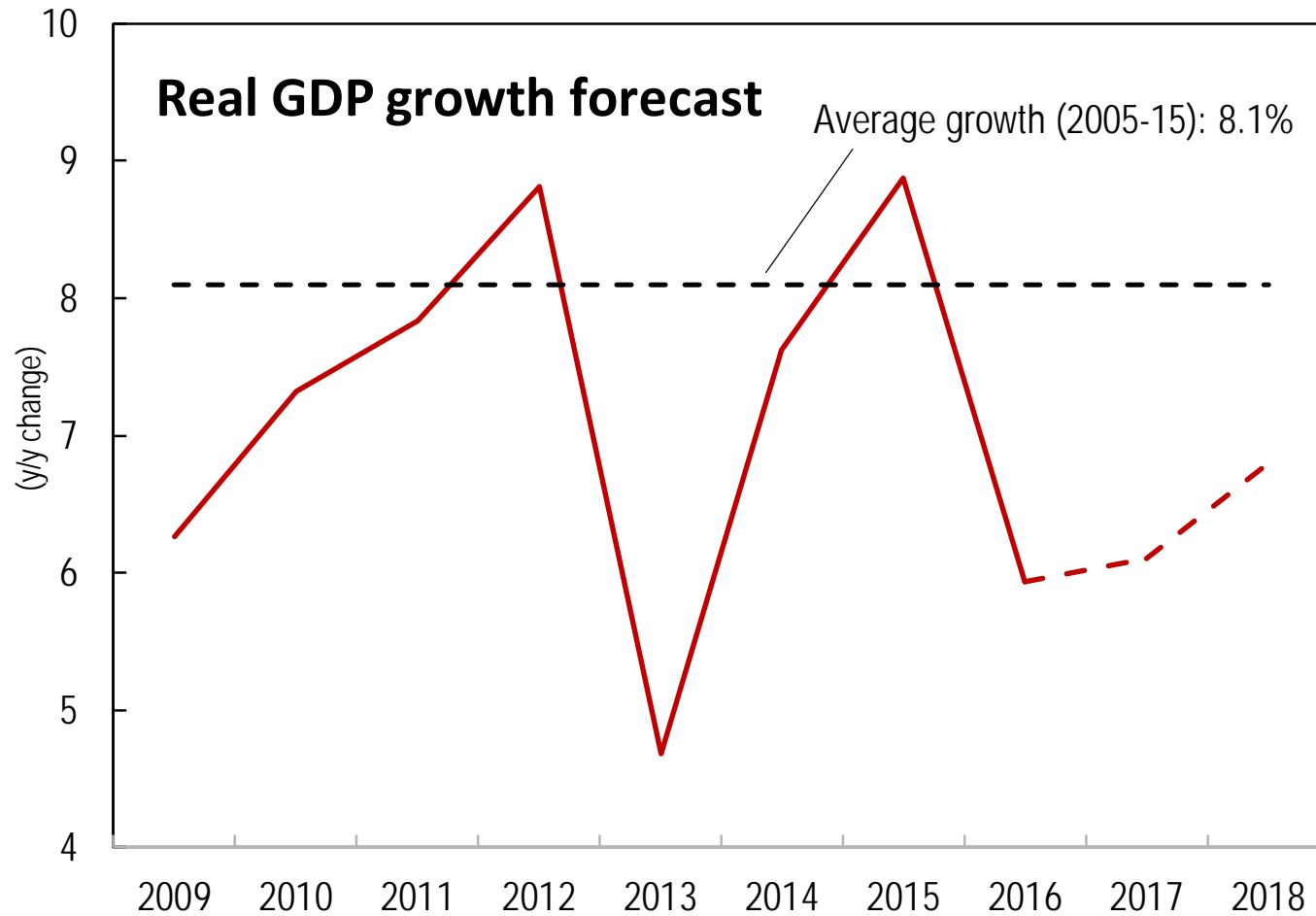
Public debt has been rising, as a function of infrastructure investment



Sources: Rwandan authorities and IMF staff estimates and projections.



Modest rebound in growth is expected in 2017-2018



Sources: Rwandan authorities and IMF staff estimates and projections.

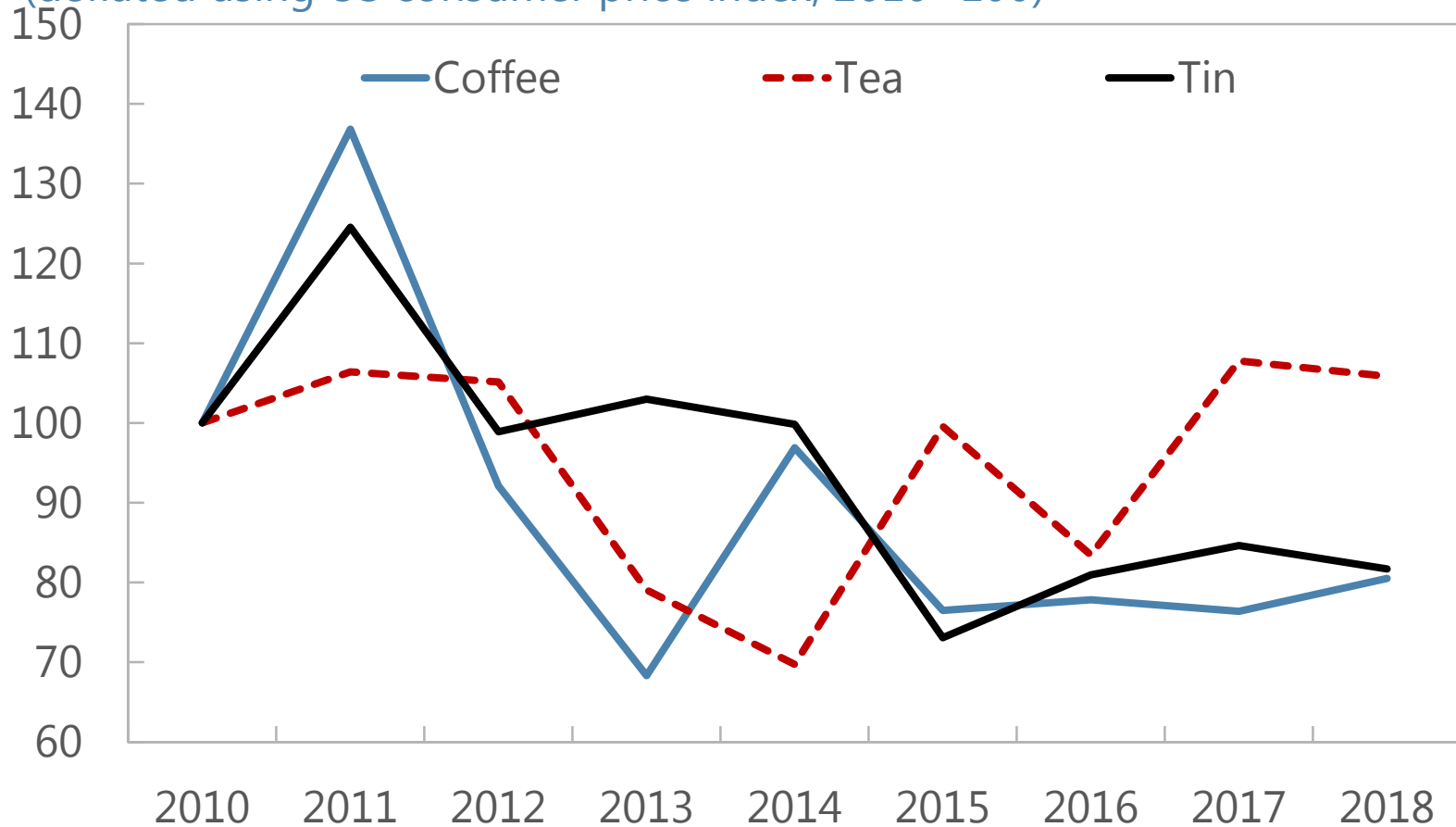


Commodity prices have recovered since early 2016, but remain below their levels in 2011-14



Real Commodity Prices

(deflated using US consumer price index, 2010=100)





Murakoze Cyane!

Additional Slides

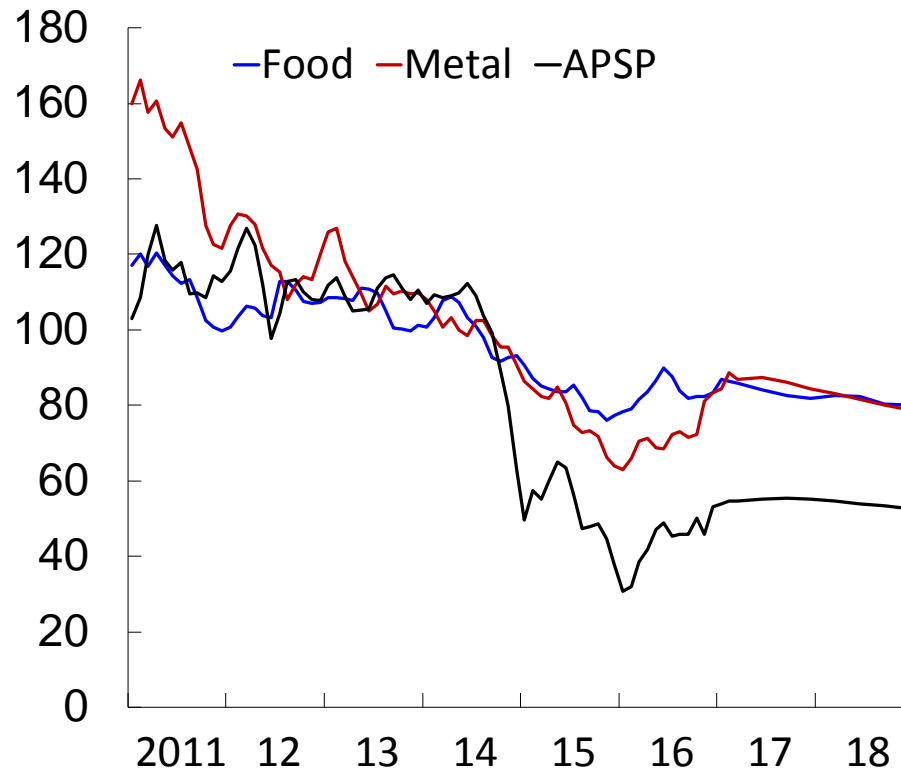


Global activity has been picking up steam and commodity prices have stopped declining.



Real Commodity Price Indices

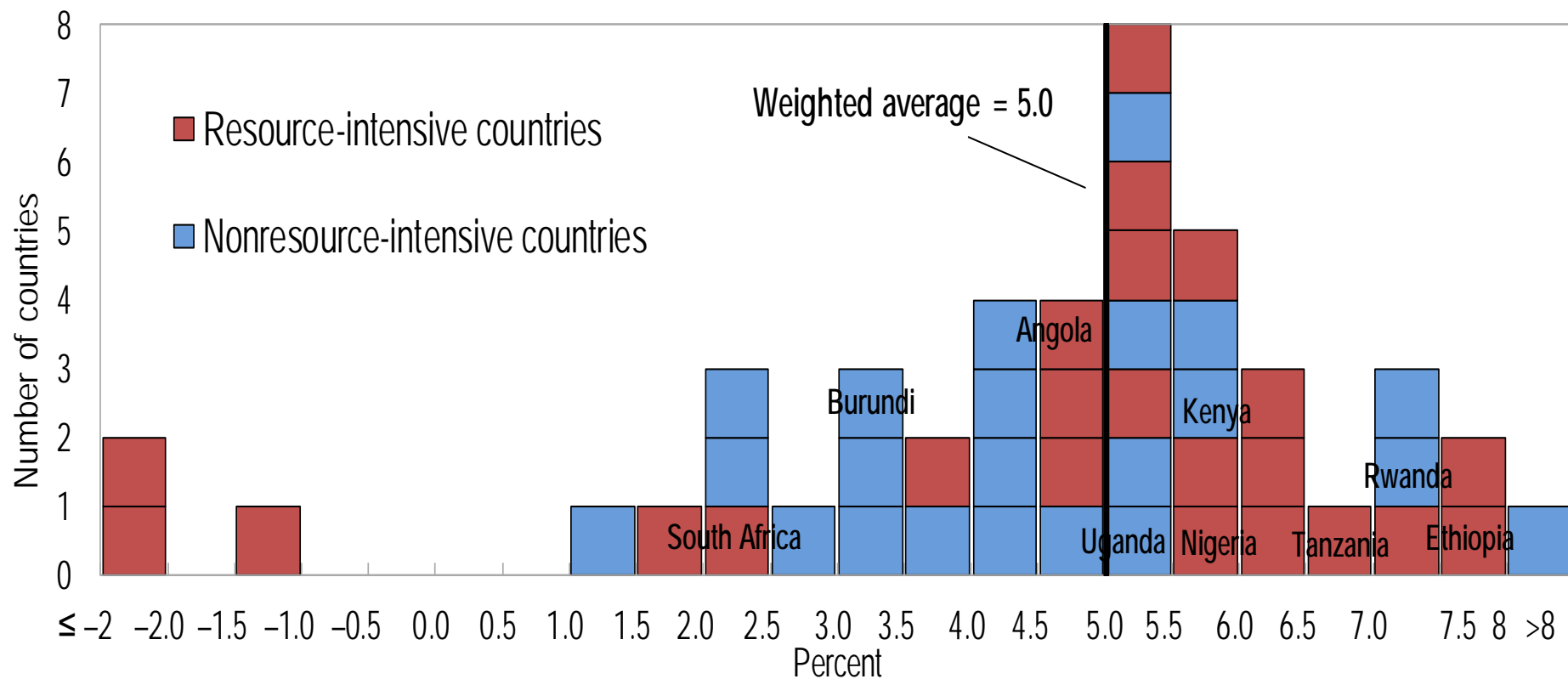
*(deflated using U.S. consumer price index;
index, 2014 = 100)*



During 2010-15 commodity exporters dominated growth in SSA...



Real GDP Growth, Average 2010–15

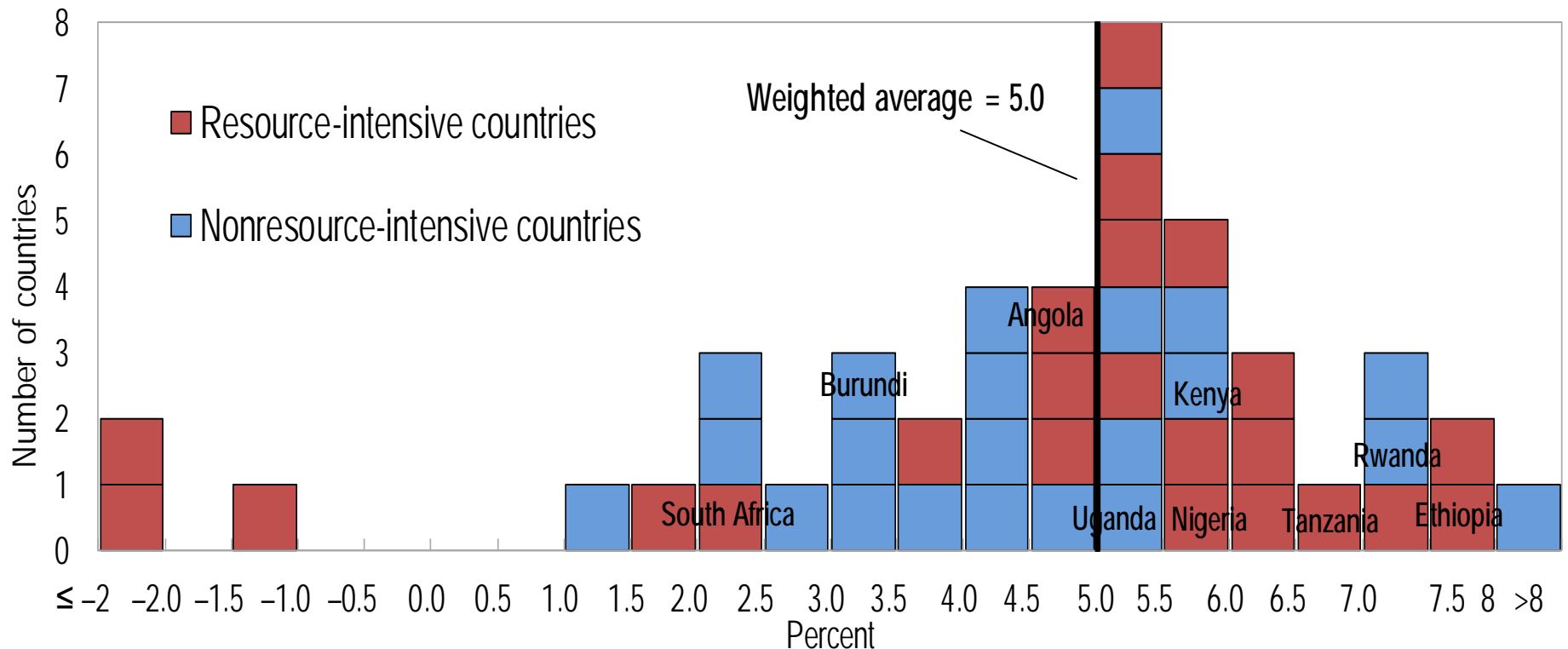




In 2016, growth slowed everywhere, with commodity exporters hardest hit...



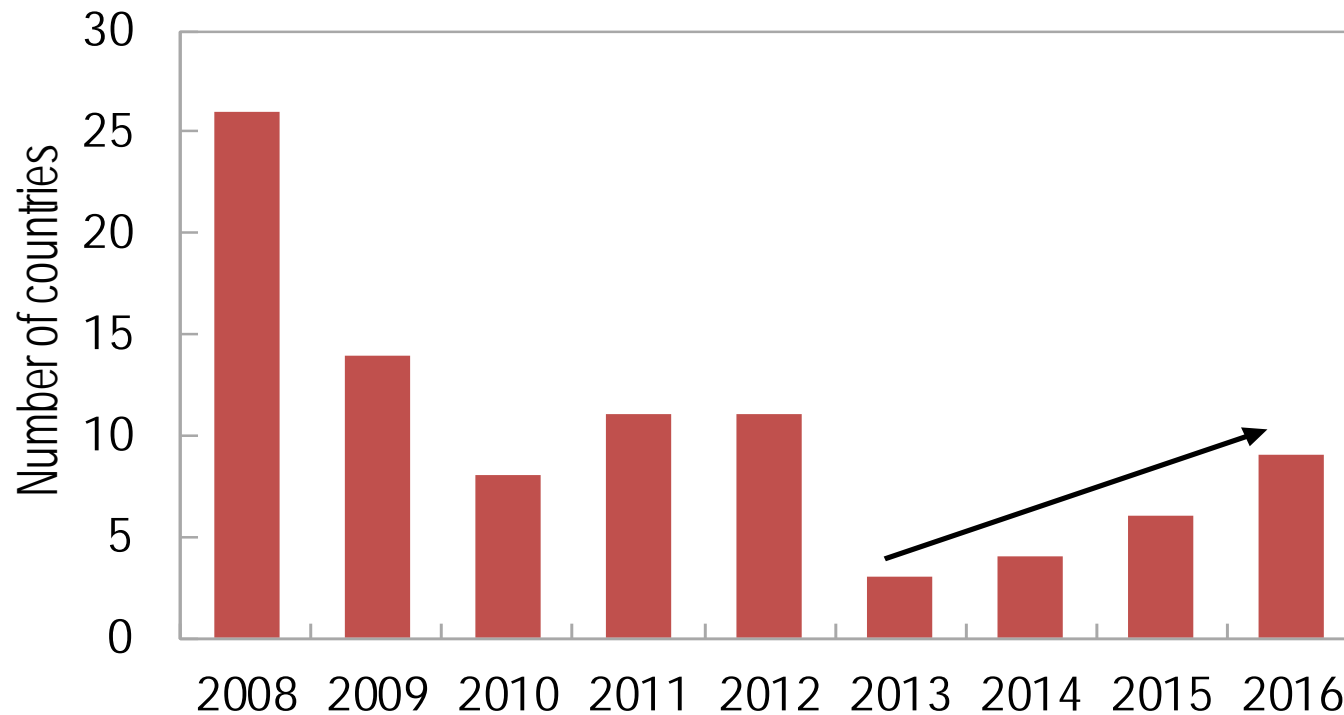
Real GDP Growth, 2016



Inflation is edging up in many countries in SSA.



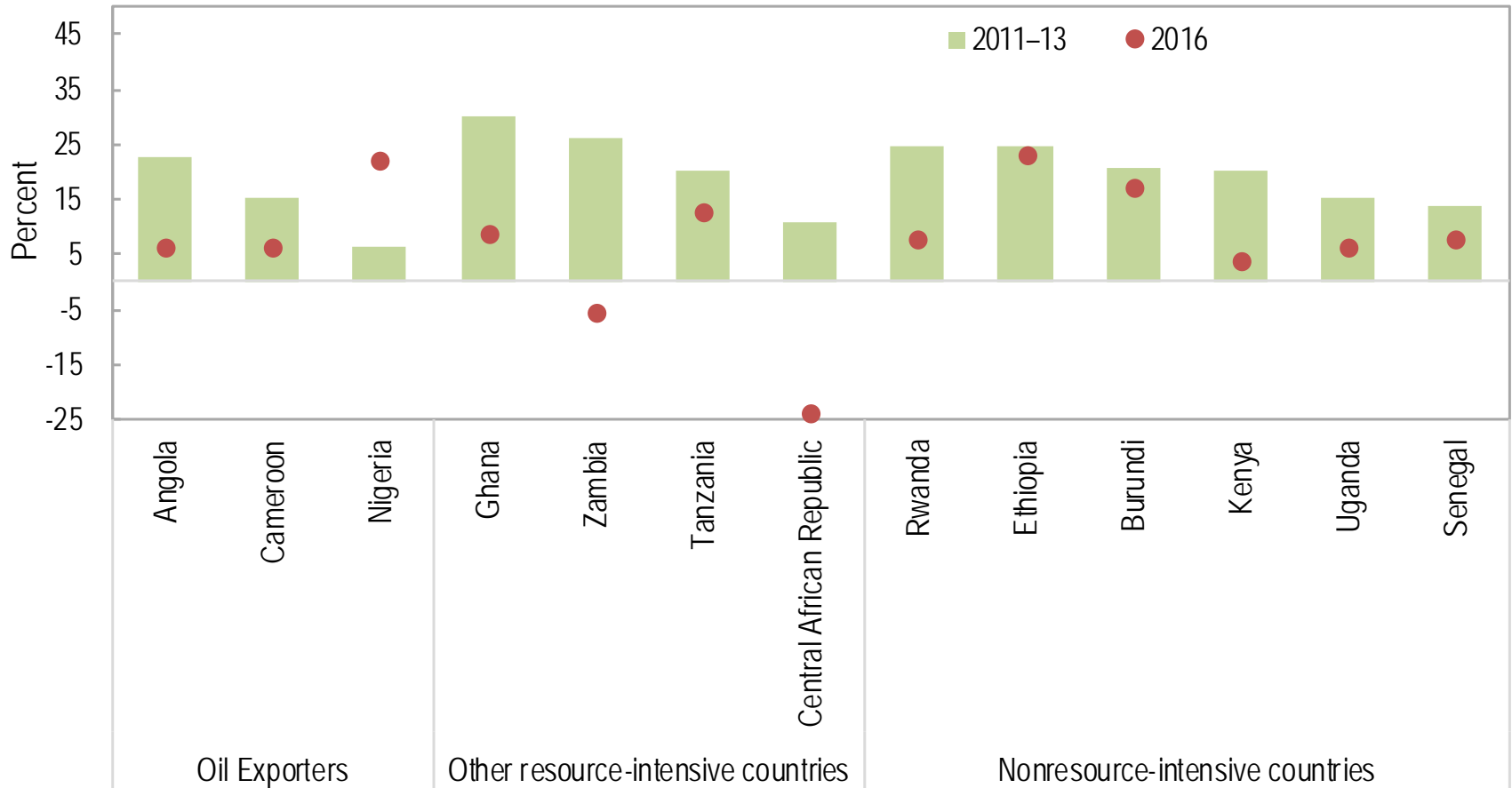
Number of Countries with Inflation Rates Greater than 10 Percent



The financial sector is feeling the pinch, with asset quality declining,...



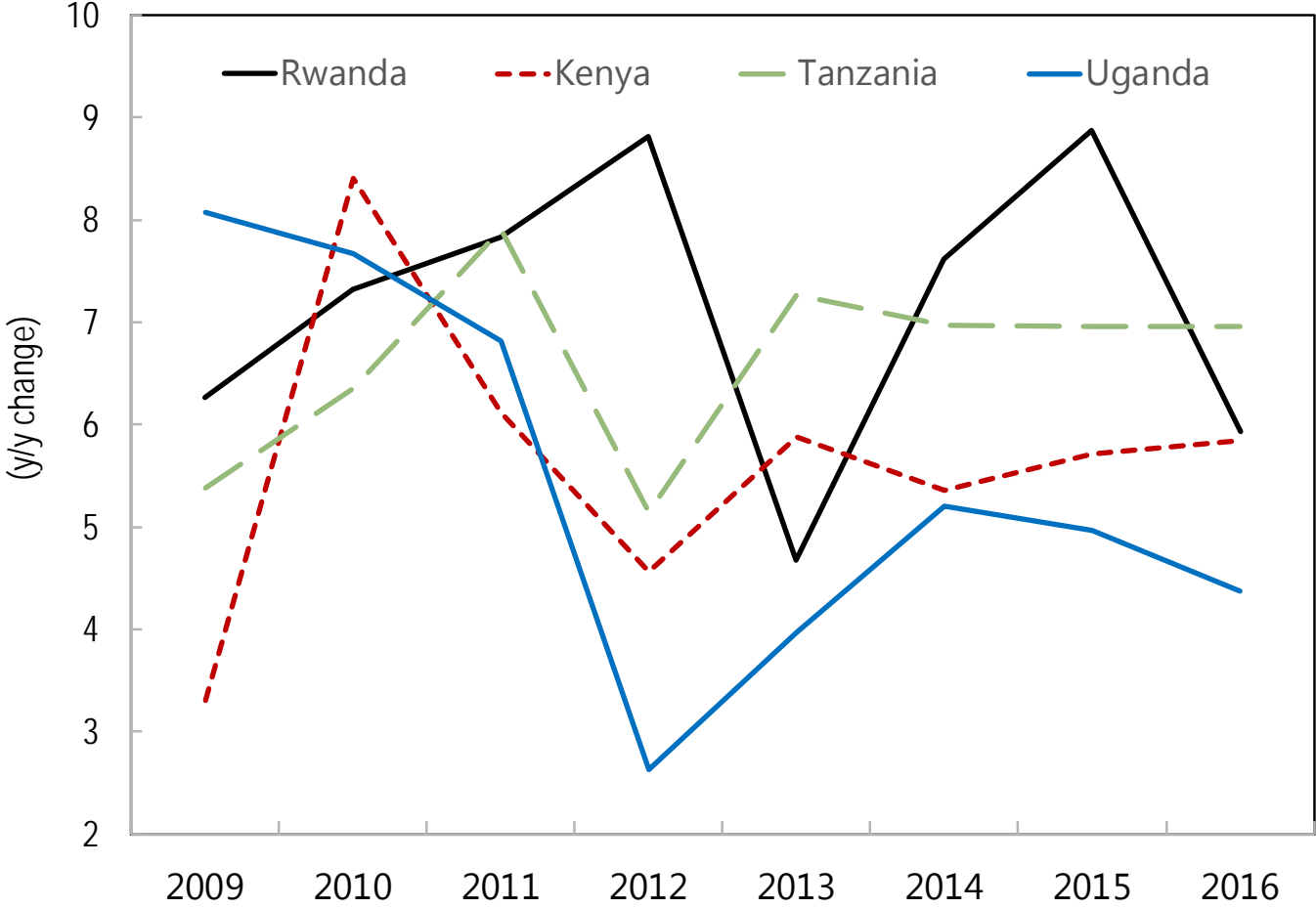
Private Credit Growth, Average 2011–13 and 2016





East African Community

Despite some slowdown in 2016, growth rates in the EAC were higher than elsewhere...



The private credit cycles also point to a downturn recently...

