

PORTUGUESE-SPEAKING AFRICAN COUNTRIES AND TIMOR-LESTE ECONOMIC DEVELOPMENTS



BANCO DE PORTUGAL
EUROSYSTEM

Angola

The marked fall in oil prices across international markets, which started in the second half of 2014, had a pronounced negative impact on the Angolan economy. That same year, the economic growth trend in place since 2009 slowed, and is likely to slow even further in 2015. For the second time in the past decade, the economy has posted twin deficits, mirroring the importance of oil revenue to achieve a fully balanced set of public and external accounts. In this adverse scenario, the kwanza depreciated, giving rise to inflationary pressures that interrupted the disinflation process started in mid-2011.

	2012	2013	2014	2015
	Est.	Est.	Est.	Proj.
Real GDP (annual % change)	5.2	6.8	4.4	3.5
Inflation (year-on-year % change)	9.0	7.7	7.5	9.0
Broad money (annual % change)	5.7	13.2	16.2	...
Current account (% of GDP)	12.2	6.7	-2.9	-17.6
Fiscal balance (% of GDP)	6.7	0.3	-2.8	-6.8
External public debt (% of GDP)	19.9	22.7	28.1	36.1

Cabo Verde

Economic growth in Cabo Verde in 2014 was slowed by the weak economic recovery in Europe and the indirect effect of the ebola outbreak on the African mainland. The consequent fall in gross revenue from tourism led to the deterioration of the external current account. However, the resurgent FDI, repayment of external loans granted by the banks and disbursements of foreign public loans helped to strengthen foreign exchange reserves. In the absence of inflationary pressures, the central bank was able to maintain an accommodative monetary stance, aimed at boosting credit to the economy. The limited economic activity affected public revenue, forcing new containment of the investment programme in order to sustain the State's financing needs, but not without increasing public debt.

	2012	2013	2014	2015
	Est.	Est.	Est.	Proj.
Real GDP (annual % change)	1.1	1.0	1.8	3.0
Inflation (year-on-year % change)	4.1	0.1	-0.4	2.0
Broad money (annual % change)	6.0	11.0	7.3	3.8
Current account (% of GDP)	-13.3	-4.5	-7.8	-9.3
Official reserves (months of imports)	3.8	4.8	5.5	5.1
Fiscal balance (% of GDP)	-10.3	-9.4	-7.3	-8.61
Public debt, excl TCMF (% of GDP)	91.1	101.6	114.2	...

Guinea-Bissau

The installation of a democratically elected government enjoying strong popular support was crucial to improving economic conditions in 2014. These political developments have renewed optimism, which led to the resumption of support from traditional donors, contributing to an improvement in external accounts. As for public finances, the deficit worsened slightly, which is partly explained by one-off expenditures (incurred with the elections). The economy slipped into deflation in the first half of the year, but the start of 2015 seems to point to a reversal of this trend. Owing to the return of political instability this summer, the projections for 2015 need to be interpreted with caution.

	2012	2013	2014	2015
	Est.	Est.	Est.	Proj.
Real GDP (annual % change)	-2.2	0.9	2.9	4.7
Inflation (year-on-year % change)	1.7	-0.1	-0.1	2.0
Broad money (annual % change)	-6.0	14.8	31.0	10.9
Current account (% of GDP)	-7.8	-4.5	-1.8	-1.6
Fiscal balance (% of GDP)	-2.1	-1.6	-2.0	-2.2
External public debt (% of GDP)	28.2	28.2	29.6	...

Mozambique

Growth in Mozambique continued at a rate over 7 per cent in 2014, driven mainly by mining and quarrying, agriculture and trade, along with a contribution from large-scale projects. The current account deficit continued to be high, due to large imports of goods and services, although at a lower level than in the previous year. Foreign direct investment (despite declining) and the external indebtedness of the State and the private sector have partly offset current account financing needs. Intervention by Banco de Moçambique to sustain the metical has hampered the build-up of official reserves. With inflation under control, the monetary policy stance has remained accommodative, allowing for an expansion of credit to the economy and to general government, which had been subject to pressures on expenditure.

	2012	2013	2014	2015
	Est.	Est.	Est.	Proj.
Real GDP (annual % change)	7.2	7.1	7.2	7.0
Inflation (year-on-year % change)	2.2	3.0	1.1	5.5
Broad money (annual % change)	29.4	16.3	22.2	17.1
Current account (% of GDP)	-41.0	-38.8	-33.2	-39.0
Official reserves (months of imports)	2.7	3.3	3.1	2.7
Fiscal balance (% of GDP)	-3.8	-4.6	-7.8	-5.5
Public debt (% of GDP)	36.7	42.1	46.8	...

São Tomé and Príncipe

The economic development of São Tomé and Príncipe continues to be strongly conditioned by the reduced size of the economy, the costs caused by insularity and the lack of resources, namely financial. Economic growth in 2014 was slightly higher than in the previous year thanks to better export performance in terms of goods (cocoa) and services (tourism). Greater political stability (as a result of elections in October 2014) is expected to consolidate more dynamic growth, leading to improvements in social and economic well-being.

	2012	2013	2014	2015
	Est.	Est.	Est.	Proj.
Real GDP (annual % change)	4.5	4.0	4.5	5.0
Inflation (year-on-year % change)	10.4	7.1	6.4	5.2
Broad money (annual % change)	20.0	14.3	16.5	15.0
Current and capital acc. (% of GDP)	-23.4	-17.9	-23.0	-15.0
Fiscal balance (% of GDP)	-10.9	-2.0	-6.4	-8.9
Domestic primary bal. (% of GDP)	-3.3	-2.7	-3.6	-2.7
External public debt (% of GDP)	83.3	75.4	72.3	...

Timor-Leste

In 2014, the economy of Timor-Leste (non-oil sector) recovered some of the dynamism lost in 2013. The exploitation of energy resources continued the downward trajectory which started in 2012 as a result of a reduction in production volumes, compounded more recently by the marked fall in the oil price. Despite this, the value of the Petroleum Fund has continued to rise, albeit with a clear deceleration, limiting its capacity to remain the main source of financing for the high levels of public expenditure which have sustained consumption (and consequent imports).

	2012	2013	2014	2015
	Est.	Est.	Est.	Proj.
Non-oil real GDP (annual % change)	7.8	5.4	6.6	6.8
Total real GDP (annual % change)	-10.4	-10.7	-2.8	-12.3
Inflation (year-on-year % change)	11.7	4.0	-0.1	...
Broad money (annual % change)	26.4	23.1	20.2	...
Current account (% of non-oil GDP)	210	172	73	...
Fiscal balance (% of non-oil GDP)	228	141	67	55
Petroleum Fund (% of non-oil GDP)	927	1074	1104	1113

Sources: Portuguese-speaking African countries and Timor-Leste Central Banks, Ministries of Finance and National Statistical Offices, and the International Monetary Fund.