

Africa's Shifting Financial Sands: Inflation Surges, Reserves Fluctuate, and Debt

African Finance · Answer Key · 8 Questions

1. In April 2026, Nigeria's annual inflation rate rose to 15.69%, marking a five-month high. What was the primary driver cited for this increase, despite a slowdown in monthly inflation growth?

- A) A significant increase in food and non-alcoholic beverage prices.
- B) Rising energy costs, partly attributed to global geopolitical events.**
- C) A surge in housing, water, electricity, gas, and other fuel costs.
- D) Increased import duties on manufactured goods.

2. Kenya's foreign exchange reserves experienced a notable increase following its return to the international sovereign bond market. As of March 12, 2026, what was the approximate level of these reserves, providing cover for how many months of imports?

- A) USD 12.5 billion, covering 5.3 months of imports.
- B) USD 14.46 billion, covering 6.2 months of imports.**
- C) USD 18.75 billion, covering 7.0 months of imports.
- D) USD 10.2 billion, covering 4.5 months of imports.

3. The South African Reserve Bank (SARB) has made consecutive interest rate adjustments. In January 2025, the repo rate was reduced by 0.25% to 7.5%. What was the primary rationale cited by SARB for this decision amidst a challenging economic landscape?

- A) To combat persistent high inflation and stabilize the rand.
- B) To stimulate economic growth by making borrowing more affordable.**
- C) To align with global central bank policies on tightening monetary conditions.
- D) To increase liquidity in the banking sector and encourage lending.

4. Ghana has made significant progress in its debt restructuring efforts under the G20 Common Framework. By 2025, what was the status of its comprehensive debt restructuring, and what was the approximate percentage of remaining external commercial debt being negotiated?

- A) Completed, with less than 2% of total debt under negotiation.
- B) Nearly completed, with negotiations ongoing for less than 5% of total pre-restructuring debt.**
- C) Initiated, with over 20% of total debt still pending restructuring.
- D) Partially completed, with negotiations focused on domestic debt only.

5. In April 2026, Nigeria's headline inflation rate rose to 15.69%. While the overall annual inflation increased, what significant trend was observed in the month-on-month inflation rate for the same period?

A) It accelerated sharply to 4.18% from 2.13% in March.

B) It eased sharply to 2.13% from 4.18% in March.

C) It remained unchanged at 3.50%.

D) It increased to 5.00% from 4.50% in March.

6. The African Development Bank Group (AfDB) announced a significant partial credit guarantee in May 2026. What was the amount of this guarantee, and which Moroccan company was it intended to support?

A) EUR300 million to support Royal Air Maroc's fleet expansion.

B) EUR450 million to support OCP Group's industrial investment program.

C) EUR100 million to support Attijariwafa Bank's digital transformation.

D) EUR50 million to support Maroc Telecom's network upgrade.

7. According to recent reports in May 2026, Kenya's foreign exchange reserves have fallen to USD 13.65 billion. What is the primary reason attributed to this decline?

A) A significant decrease in export earnings due to global trade slowdown.

B) The Central Bank of Kenya utilizing reserves to stabilize the shilling amidst a dollar surplus.

C) A large outflow of foreign direct investment due to political instability.

D) Repayment of external sovereign debt obligations.

8. Ghana's economic program, supported by the IMF's Extended Credit Facility (ECF), has shown substantial stabilization gains. Which of the following is NOT cited as a key achievement of this program by May 2026?

A) Sharply lower inflation.

B) Higher external buffers.

C) A significant increase in public debt to GDP ratio.

D) Improved confidence in the cedi.