Global signals every African asset owner should act on now

Sourced from market intelligence, US Federal Reserve, IMF, World Bank, World Gold Council, USTR, Bloomberg, and Reuters · Pension funds · SWFs · Insurers · Reserve managers · Family offices · Endowments

US FED FUNDS RATE **3.50–3.75%** → Held again; hawkish dot plot intact, hikes still priced for 2026	BRENT CRUDE **$72.95/bbl** ↓ Down 21% in a month as Hormuz reopens to ≈75% of pre-war flow	GOLD **≈$4,040/oz** ↓ Fourth straight weekly decline as the dollar firms
US DOLLAR INDEX (DXY) **101.36** ↑ +0.55% this week; firmest since Warsh's hawkish debut	US 10-YEAR TREASURY **4.37%** ↓ Eased to a multi-week low even as the Fed signals more hikes	AFRICA GDP GROWTH (2026F) **4.3%** ↓ IMF cut from January's 4.6%; still the world's fastest-growing region
AGOA STATUS **Renewed to Dec '26** → Shortest reauthorization in the programme's history	RED SEA / SUEZ DIVERSION **Cape routing persists** → Houthi pause holds; freight rates still 25–40% elevated	SSA MEDIAN INFLATION **≈5% (2026f)** ↑ IMF sees climb from 3.4% on Mideast-driven cost shock

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PART ONE · GLOBAL MONETARY ANCHORS

01 Three hikes still priced for 2026 — the Fed's hawkish turn isn't fading, it's hardening

The Federal Reserve held its benchmark rate at 3.50–3.75% for a second straight meeting, and futures markets now imply roughly a 62% probability of a hike as soon as September — confirmation that Kevin Warsh's hawkish debut dot plot last month was the start of a policy regime, not a one-meeting surprise.

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- A 62% September hike probability is firm enough that African debt management offices should now treat a tightening Fed, not an easing one, as the working base case for the remainder of 2026 — the rate-cut narrative several offices priced into this year's funding plans has not just stalled, it has reversed
- The hawkish path is increasingly self-reinforcing: each hold-with-hawkish-guidance meeting pushes market pricing further toward an actual hike, which in turn keeps the dollar and the front end of the curve firm — a feedback loop African reserve managers should expect to persist into autumn
- For sovereigns and corporates with 2026 Eurobond issuance still on the calendar, the practical question has shifted from "when does the Fed cut" to "how many hikes land before year-end" — a materially different funding-cost planning assumption than the one most models carried into this year
- None of this is happening in isolation from the energy story this brief has tracked all year — Brent's round trip through $140 earlier in 2026 is the proximate cause of the inflation persistence keeping the Fed cautious, even as oil itself has since retraced sharply

MODEL THIS
Treat a September Fed hike as the base case, not a tail scenario, for 2026 dollar funding cost models. Re-confirm Eurobond issuance timing assumptions against a tightening, not easing, policy path.

02 The dollar firms while the 10-year eases — a curve signal worth reading carefully

The US Dollar Index pushed to 101.36 this week, up 0.55%, even as the 10-year Treasury yield eased to 4.37% — a multi-week low. The combination complicates the simple "hawkish Fed means a stronger dollar and higher yields together" assumption several African reserve managers have been working from this year.

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- A firming dollar alongside an easing long bond suggests the market is pricing near-term Fed tightening (which supports the front end and the currency) while simultaneously pricing a softer medium-term growth or inflation path (which pulls the long end down) — two views that can coexist but rarely get equal attention in African funding cost models
- For African issuers, the easing in the 10-year benchmark is the more immediately useful number: it is the rate against which new dollar-denominated sovereign paper is priced, and a move down from the 4.50% level this brief flagged in prior weeks is a modest tailwind for anyone bringing a deal to market now
- The dollar's separate strength is the more painful number for reserve managers and importers — it is the mechanism through which existing dollar debt and import bills get more expensive in local-currency terms, regardless of what the Treasury benchmark itself is doing
- Allocators should not assume these two moves will keep tracking together — if the curve story (easing 10-year) and the dollar story (firming DXY) start to diverge further, that is itself a signal about whether markets are pricing a hike, a slowdown, or both at once

WATCH
Decompose the dollar move and the 10-year move separately when repricing African funding costs this quarter — they are not currently telling the same story, and treating them as one signal will misread either the currency risk or the benchmark rate risk.

PART TWO · GLOBAL SIGNALS

03 Oil's retreat toward $70 keeps splitting Africa into winners and losers

Brent crude has fallen to $72.95 a barrel, down 21% over the past month, as the Strait of Hormuz reopens to an estimated 75% of pre-war flow following the regional ceasefire — though a drone strike near the strait on June 26 was a reminder that the de-escalation remains incomplete, not finished.

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- Nigeria, Angola, and other net oil exporters that banked a fiscal windfall during the March spike to $140 are now seeing that tailwind unwind quickly — $72.95 is a level several 2026 national budgets were not built around, and the retreat is now fast enough to matter for in-year fiscal planning, not just next year's
- Net oil importers across East and Southern Africa get the opposite read: a falling oil price is genuine relief on fuel and transport costs at exactly the moment several of this brief's regional editions have flagged persistent food and fertilizer inflation elsewhere
- The June 26 drone strike near Hormuz, even though it did not meaningfully disrupt flow, is the clearest evidence yet that 75% reopened capacity is not the same as a fully resolved security situation — allocators should keep treating the current price level as conditional, not settled
- With Hormuz flow still below pre-war levels and the broader ceasefire only partially tested, a renewed escalation could reverse this retracement quickly — the same asymmetry this brief flagged when Brent spiked past $140 in March applies again now, just from the other direction

DIFFERENTIATE
Keep modelling African oil-exporter and oil-importer exposure separately. A further Hormuz disruption would reverse the fiscal relief net importers are currently enjoying and reopen the windfall exporters just lost.

04 Gold's fourth straight weekly decline doesn't change the structural buying story

Gold has now fallen for four consecutive weeks, to around $4,040 an ounce, as a firming dollar and hawkish Fed repricing pull funds away from the metal — yet central banks bought a net 244 tonnes in the first quarter alone, and the World Gold Council's survey continues to show the large majority of central banks expecting reserves to keep rising.

RESERVE MANAGERS · SWFS · INSURERS

- Four straight weekly declines looks like a trend reversal on a short chart, but $4,040 an ounce remains far above anything gold traded at before 2025 — this reads as a continuation of the pullback this brief has tracked from January's $5,589 all-time high, not a new structural break
- The same dollar strength pressuring African currencies elsewhere in this brief is, mechanically, the direct driver of gold's latest leg down — the two assets are moving in their textbook inverse relationship, not breaking from it
- Central bank buying continuing through four weeks of price declines, rather than central banks waiting on the sidelines for a better entry point, is the more important signal for African reserve managers weighing their own diversification strategy — official-sector demand here looks structural, not opportunistic
- For African central banks that began gold diversification earlier in the cycle, a four-week pullback is a buying-window question, not a thesis question — the World Gold Council data still points toward broad-based official accumulation continuing through the rest of 2026

CONSIDER
Treat the fourth straight weekly decline as a price movement within a still-intact diversification trend, not a reason to defer reserve composition reviews most peer central banks are continuing to pursue.

05 AGOA's shortest-ever reauthorization keeps 32 exporters planning against a December cliff

AGOA's February 3 reauthorization, extending duty-free US market access for eligible sub-Saharan African exporters through December 31, 2026, remains the shortest renewal in the programme's history — and USTR has given no fresh indication this week of what a "modernized" successor framework would look like.

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- With roughly six months left before the current extension lapses and no published successor framework, exporters in the most duty-dependent sectors — textiles and apparel in Lesotho, Kenya, and Madagascar chief among them — are now into the part of the calendar where order books for late-2026 and early-2027 delivery would normally need certainty they still don't have
- A one-year extension, against a programme that has historically been renewed in multi-year blocks, signals AGOA itself is now a recurring annual risk event rather than a settled feature of US-Africa trade policy — treating it as permanent infrastructure was reasonable for two decades and is no longer the safe assumption
- The lack of a published modernization framework this far into the extension window is itself informative — it suggests USTR's "America First" redesign is either still being negotiated internally or deliberately being held back, neither of which gives exporters and their financiers more clarity than they had in February
- For asset owners with exposure to African export manufacturing or trade finance, the absence of news is not good news here — it is six fewer months of runway before the cliff with no new information to update planning assumptions against

PLAN FOR
Continue treating AGOA access as confirmed only through December 2026. With no successor framework published yet, stress-test the most duty-dependent export sectors and countries against a scenario where the modernized programme changes the terms materially, or doesn't arrive on time.

06 The Red Sea detour is now simply how global shipping works — and African ports keep benefiting

The Houthi pause on Red Sea shipping attacks, in place since October 2025's Gaza ceasefire, continues to hold, but renewed threats surfaced briefly in February and March and most carriers still route via the Cape of Good Hope rather than returning to Suez — with Asia-Europe freight rates still running 25–40% above pre-crisis levels.

PENSION FUNDS · SWFS · FAMILY OFFICES

- The February-March threat resurgence, even though it did not escalate into renewed attacks, is the clearest evidence yet that carriers' continued Cape routing is an active risk assessment, not historical caution left over from 2024 — the Bab el-Mandeb Strait threat classification has not been fully downgraded
- Ports along the Cape route in South and West Africa continue to see elevated vessel traffic as carriers use them as waypoints — a structural shipping-revenue benefit for those ports that has now persisted long enough to be a multi-year feature, not a temporary windfall
- The 25–40% freight rate premium is a direct, quantifiable cost for any African importer relying on the Asia-Europe corridor — a cost that has now been embedded in trade economics for the better part of two years with no clear near-term resolution
- Industry consensus continues to expect Cape routing to remain the default through at least 2027, particularly given how quickly threats resurfaced earlier this year — allocators should keep treating any full Suez recovery as a positive surprise to monitor, not the base case to plan around

POSITION
Continue modelling African port and logistics exposure on Cape of Good Hope routing persisting through at least 2027. The February-March threat resurgence argues for more caution on a near-term Suez recovery, not less.

07 The IMF trims Africa's 2026 growth forecast — still the world's fastest, but the gap is narrowing

The IMF's April Regional Economic Outlook cut its 2026 sub-Saharan Africa growth forecast to 4.3%, down from January's 4.6%, while raising its median inflation forecast toward roughly 5% by year-end from 3.4% at the end of 2025 — the Middle East war's commodity shock now showing up directly in the Fund's own numbers.

PENSION FUNDS · SWFS · INSURERS · ENDOWMENTS

- A 30-basis-point growth downgrade alongside a roughly 160-basis-point inflation upgrade in the same forecast round is a meaningfully worse combination than either figure read alone — the Fund is not just trimming growth, it is simultaneously raising the cost of capital African policymakers will need to manage that growth with
- Africa remains the fastest-growing region globally even after the downgrade — the structural growth story this brief has tracked all year, anchored by Ethiopia, Rwanda, Uganda, Guinea, and Benin all still projected near or above 7%, has not been erased, just trimmed at the margin
- Fuel and fertilizer cost pass-through from the Middle East war remains the IMF's named transmission channel for the inflation revision — the same imported, geopolitically-driven cost-push dynamic this brief's regional editions have flagged repeatedly this year, now confirmed at the continental level by the Fund's own data
- For allocators, the practical takeaway is to hold both numbers simultaneously rather than letting one crowd out the other — a downgraded but still-fastest growth rate and a meaningfully upgraded inflation path are not contradictory, they are the same shock showing up on both sides of the ledger

HOLD BOTH VIEWS
Treat Africa's trimmed but still-leading 4.3% 2026 growth forecast and the IMF's nearly 5% inflation forecast as two halves of the same Middle East commodity shock, not separate stories to be modelled independently.

08 The 10-year's quiet retreat to 4.37% is a small but real tailwind for new African Eurobonds

The US 10-year Treasury yield has eased to 4.37%, a multi-week low, even as the Fed's own dot plot and futures pricing point toward further hikes — a benchmark move that modestly lowers the floor under new African sovereign issuance, just as several issuers return to the Eurobond market this quarter.

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- African sovereign Eurobonds price as a spread over the relevant Treasury benchmark, so a move from the 4.50% level this brief flagged in recent weeks down to 4.37% is a genuine, if modest, reduction in the floor under any issuer's all-in coupon, independent of that issuer's own credit story
- This benchmark easing is happening at the same time as the Fed funds rate path is getting more hawkish, not less — a reminder that the front end (Fed policy) and the long end (10-year yield) of the curve are currently sending different signals, and African debt offices should price against the actual benchmark, not assume it moves in lockstep with Fed guidance
- For debt management offices with issuance still planned for the second half of 2026, this is a window worth watching closely — a benchmark that has eased modestly, even briefly, can be the difference between a deal priced at the margin of budget assumptions and one that clears comfortably inside them
- Allocators evaluating relative value across African sovereign credit should keep separating benchmark-driven yield moves from issuer-specific credit spread moves — a bond yield easing because the Treasury benchmark eased is a different signal than one easing because the market is repricing that issuer's own risk favourably

SEPARATE THE SIGNAL
When assessing any African Eurobond yield move this quarter, decompose it into the Treasury benchmark component, now easing to 4.37%, and the credit spread component before drawing conclusions about issuer-specific risk.

PART THREE · THIS WEEK'S ADDITIONAL SIGNAL

09 African sovereigns are returning to the Eurobond market even as the Fed stays hawkish

Kenya's re-entry to the Eurobond market, Côte d'Ivoire's tightly-priced $1.3bn raise, and Senegal's resumed IMF talks together point to a continent-wide capital markets access story that is improving in spite of, not because of, the global rate backdrop — a genuinely counterintuitive signal worth separating from the Fed and Treasury narrative dominating this brief's other global signals.

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- Investor appetite for African sovereign paper improving even as US benchmark rates stay elevated suggests credit-specific factors — reserve accumulation, fiscal consolidation, completed restructurings — are doing more work in pricing decisions than the global rate backdrop alone, a genuinely encouraging decoupling for issuers with their own house in order
- The contrast across issuers remains stark: a tightly-priced deal for one sovereign and distressed pricing for a regional peer, often inside the same currency union, shows that "Africa risk" is being priced with real differentiation rather than as a single undifferentiated bloc — a maturing of how the asset class is assessed
- For allocators, a continent-wide pattern of returning market access, even partial and uneven, is itself information — it suggests the worst of the post-2022 African sovereign financing freeze is continuing to thaw, gradually, issuer by issuer, rather than reversing into a fresh round of closed markets
- This is also a reminder that the global macro signals dominating this brief — the Fed, the dollar, the 10-year — set the floor and the weather, but issuer-specific credit work is still what determines whether any individual African sovereign can actually access the market this year, and on what terms

TRACK
Monitor African Eurobond issuance and pricing through the second half of 2026 as a continent-wide market access indicator, separate from the Fed and Treasury benchmark signals tracked elsewhere in this brief.

CHIEF EXECUTIVE READ — THE WEEK IN ONE PARAGRAPH

The global backdrop African asset owners are operating against this week is one of a hawkish Fed that keeps hardening rather than softening, alongside a set of cross-currents that don't all point the same direction. The Federal Reserve held at 3.50–3.75% for a second straight meeting, with September hike odds now near 62% — confirmation that Kevin Warsh's debut hawkish dot plot was the start of a regime, not a one-off. Yet the price of money isn't moving in lockstep: the dollar has pushed to a fresh 101.36 on the DXY even as the US 10-year has eased to a multi-week low of 4.37%, a divergence between the front and long end of the curve that complicates simple read-throughs for African funding costs. Oil and gold both continued retreating — Brent down 21% in a month to $72.95 as Hormuz reopens to roughly 75% of pre-war flow, though a June 26 drone strike near the strait was a reminder the de-escalation isn't complete, and gold extending a fourth straight weekly decline to around $4,040 even as central banks keep buying. Trade and shipping signals stayed largely unchanged in their unresolved state: AGOA's shortest-ever reauthorization still has no published successor framework with roughly six months left on the clock, and Red Sea shipping diversion persists, sharpened by a brief but real threat resurgence in February and March. Through all of this, the IMF has trimmed its 2026 sub-Saharan Africa growth forecast to 4.3% from January's 4.6%, while raising its inflation forecast toward 5% — Africa remains the world's fastest-growing region, but the Middle East shock is now visible on both sides of the Fund's own ledger. Against that backdrop, African sovereigns are quietly returning to the Eurobond market — Kenya re-entering, Côte d'Ivoire pricing tightly, Senegal resuming IMF talks — a genuinely counterintuitive thaw happening in spite of, not because of, the global rate environment. The overriding message: the global financing weather for Africa remains mixed and occasionally contradictory, and the issuers doing their own credit work are the ones finding daylight in it regardless.

Fed policy — hawkish hold continues; September hike odds near 62%, treat as base case

Dollar & yields — DXY at 101.36 while US10Y eases to 4.37%; decompose, don't conflate, the two signals

Oil — Brent down 21% in a month to $72.95; Hormuz reopening incomplete, treat as reversible

Gold — fourth straight weekly decline to ~$4,040; central bank buying thesis intact

AGOA — shortest-ever reauthorization; no successor framework published with ~6 months left

Red Sea shipping — Cape routing persists; Feb–Mar threat resurgence argues against near-term Suez recovery

Africa growth & inflation — IMF cuts growth to 4.3%, raises inflation toward 5%; still fastest-growing region

Eurobond access — Kenya, Côte d'Ivoire, Senegal all show improving market access despite the global rate backdrop

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