

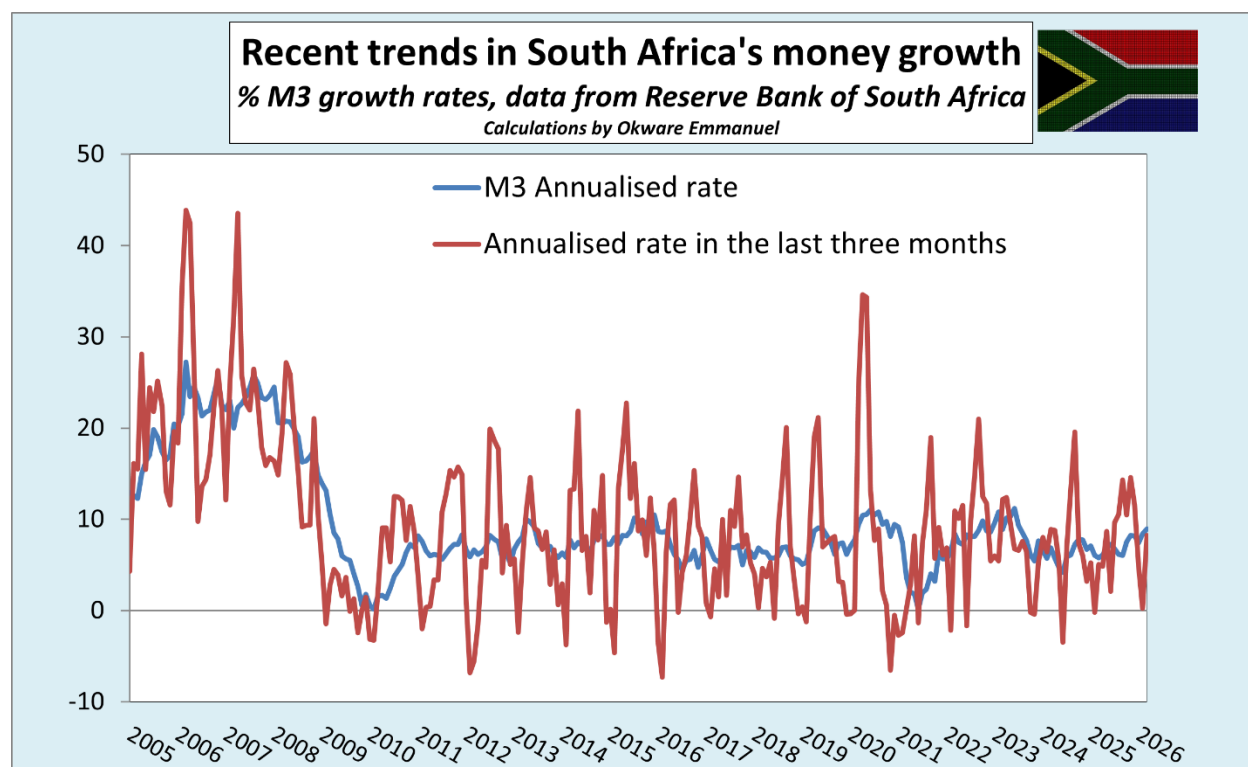
## March 2026 Money updates across the African continent

Dear monetary economists, especially central bankers, every month I provide charts and pointers on the money situation, particularly through a broad money monetarist lens, reviewing selected African nations. This March is a first of its kind, as I provide an update that I hope adequately sums up the financial situation across the African continent. And I intend to provide these updates regularly for as long as I live.

These updates will cover the major monetary jurisdictions of the African continent, i.e., South Africa, Egypt, and Nigeria, as well as a bloc of the West African Economic and Monetary Union (UEMOA). They will conclude with an analysis of my home country, Uganda. My work has been greatly inspired by the work of the Institute of International Monetary Research at the University of Buckingham in the UK and by Prof. Tim Congdon, Prof. John Hearn, Prof. Juan Castenada, Prof. Steve Hanke, and Senior Researcher of the IIMR, John Petley.

In this first piece, the analysis of the monetary situation in Africa presents a dynamic picture, with some regions facing deflation risks (UEMOA), Nigeria and Egypt facing high inflation, and South Africa's inflation picking up, while Uganda's inflation remains stable. The monetary aggregates remain generally supportive in the respective countries.

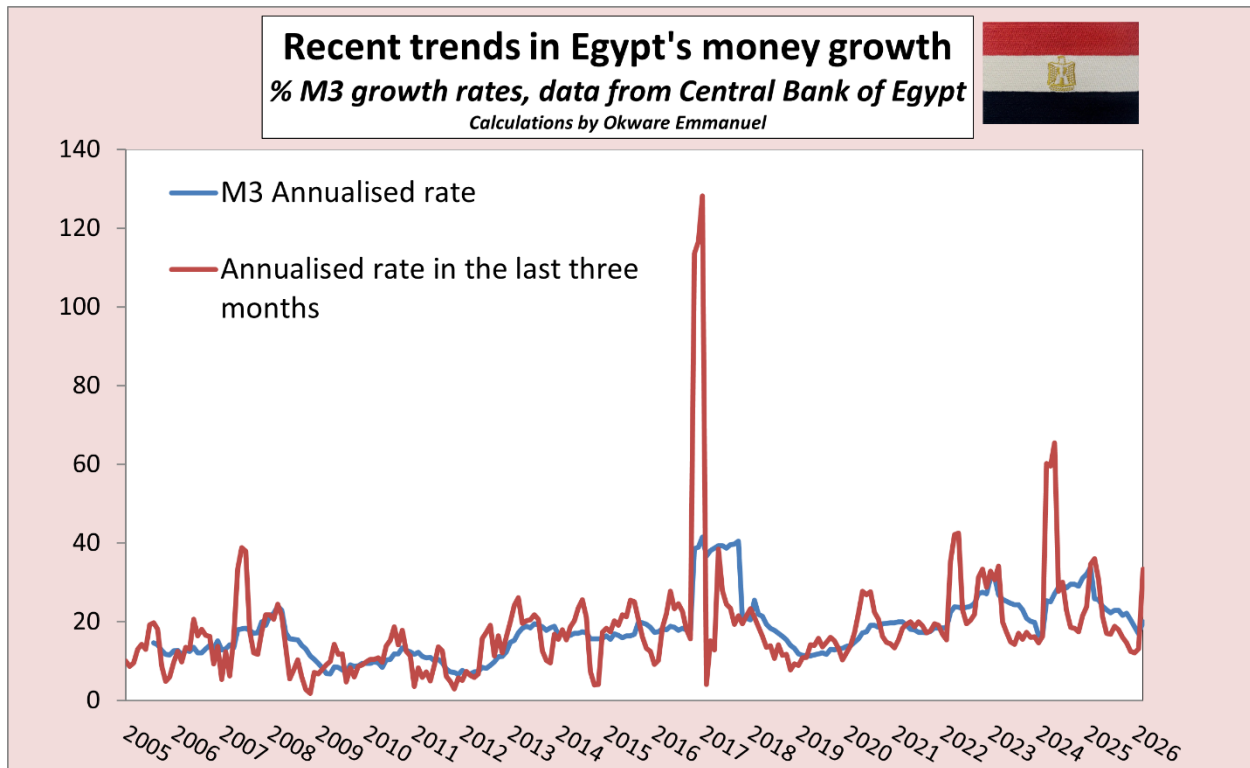
### South Africa



In South Africa, money growth has risen sharply since October 2025, continuing through March 2026, reaching 9.0% year-over-year, the highest since June 2022, about 3 years. The annualized quarterly growth rose to 8.2% for the quarter ending March, up from 0.3% the previous quarter. This recent growth sounded alarm bells for the South African Reserve Bank, which reacted swiftly by raising the policy rate by 25 basis points to 7%, up from 6.75%, effective May 29, 2026.

Although the current non-restrictive money growth may aid the fragile recovery in South Africa, the weak growth recorded over the past year might indicate underlying structural challenges. Without growth matching the recent pickup in money growth, the South African economy could end up with excessive expansion and all its consequences. Overall, the South African Reserve Bank's reaction reflects a proactive approach to managing any sustained overshoot that could feed into inflation.

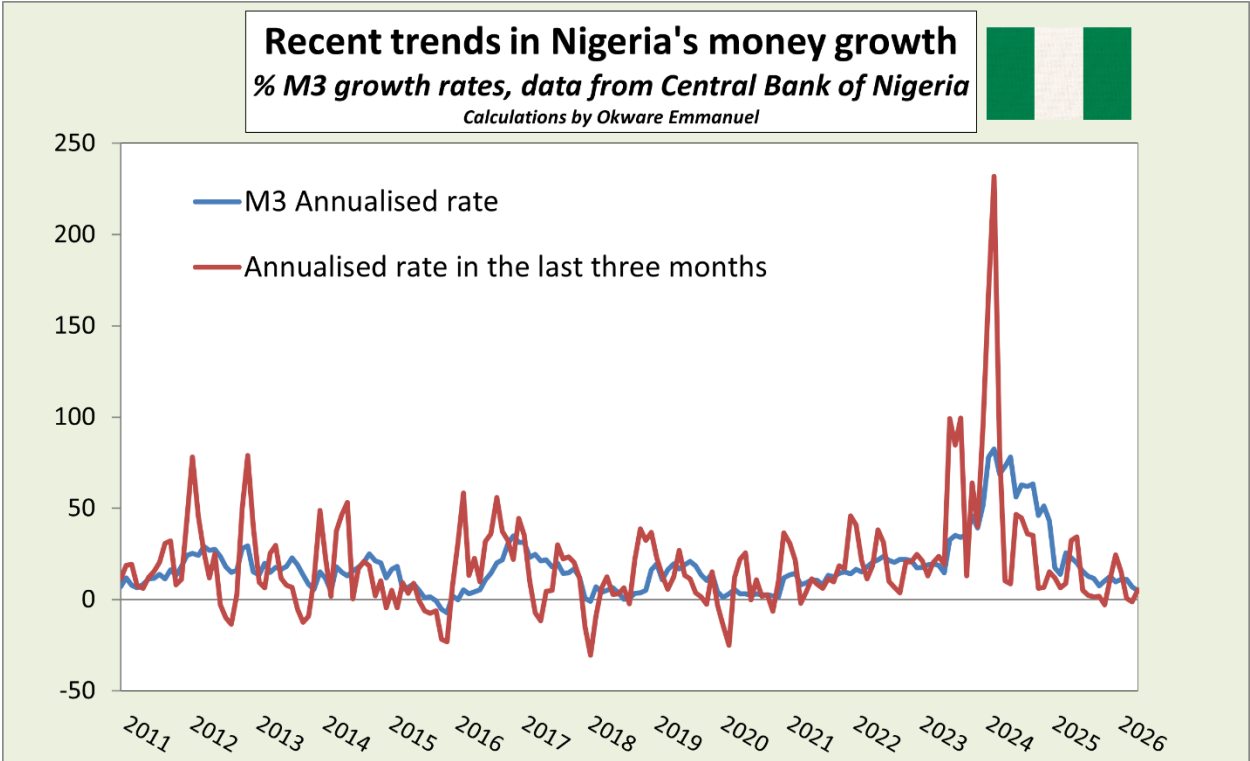
## Egypt



In Egypt, the annualized growth rate of money accelerated to 20.0% in March, up from 16.9% in February 2026. This broad money growth is well above the optimal range of about 11.7% year-over-year, consistent with low and stable inflation in Egypt. The re-acceleration of the annualized three-month rate to 33.4% signals that monetary conditions are loosening again; unless quickly checked, this will tend to rekindle inflation and weaken the currency.

Such money growth supports nominal GDP expansion and will therefore provide a short-term boost to real GDP growth through higher nominal demand, liquidity, and spending. However, given supply-side constraints, large fiscal deficits, and a history of exchange rate pressures, the bulk of this impulse is likely to appear as higher inflation rather than sustained real GDP growth. In conclusion, for price stability and a durable recovery in real GDP, a further deceleration in M3 growth toward the mid-teens would be preferable.

**Nigeria**

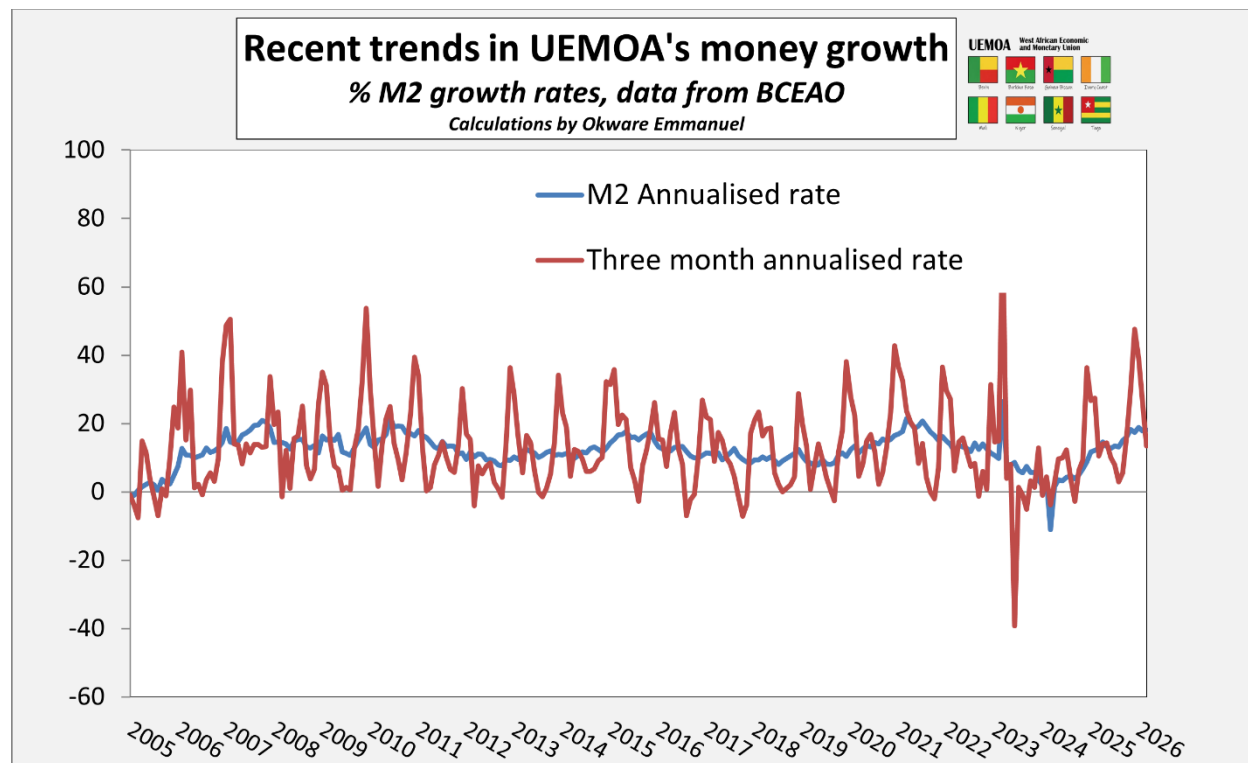


In Nigeria, both the annualized rate and the annualized quarterly rate of money growth continued to decelerate in March 2026, a trend that began in early 2025. The annualized rate stood at 7.1% in March, down from 11.2% in February. The annualized quarterly growth fell into negative territory, at 1.2% in March, a further decline from 0.7% in February 2026. The recent 7.1% money growth in March is relatively restrained by Nigeria’s historical standards. Combined with real GDP growth of about 3.9%, this suggests that, if sustained, further disinflation is likely ahead.

This retrain in broad money growth suggests that the recent tightening is successfully slowing broad money growth, which is the correct policy direction for sustained disinflation. I am cautiously optimistic that continued restraint in broad money, aligned more closely with real GDP and a moderate inflation target, should allow inflation to moderate further toward the low teens or below over the next 1-2 years, assuming no

major new monetary expansion. However, relaxing policy prematurely, focusing on interest rate policy without monitoring monetary aggregates, would risk the reverse.

## UEMOA zone



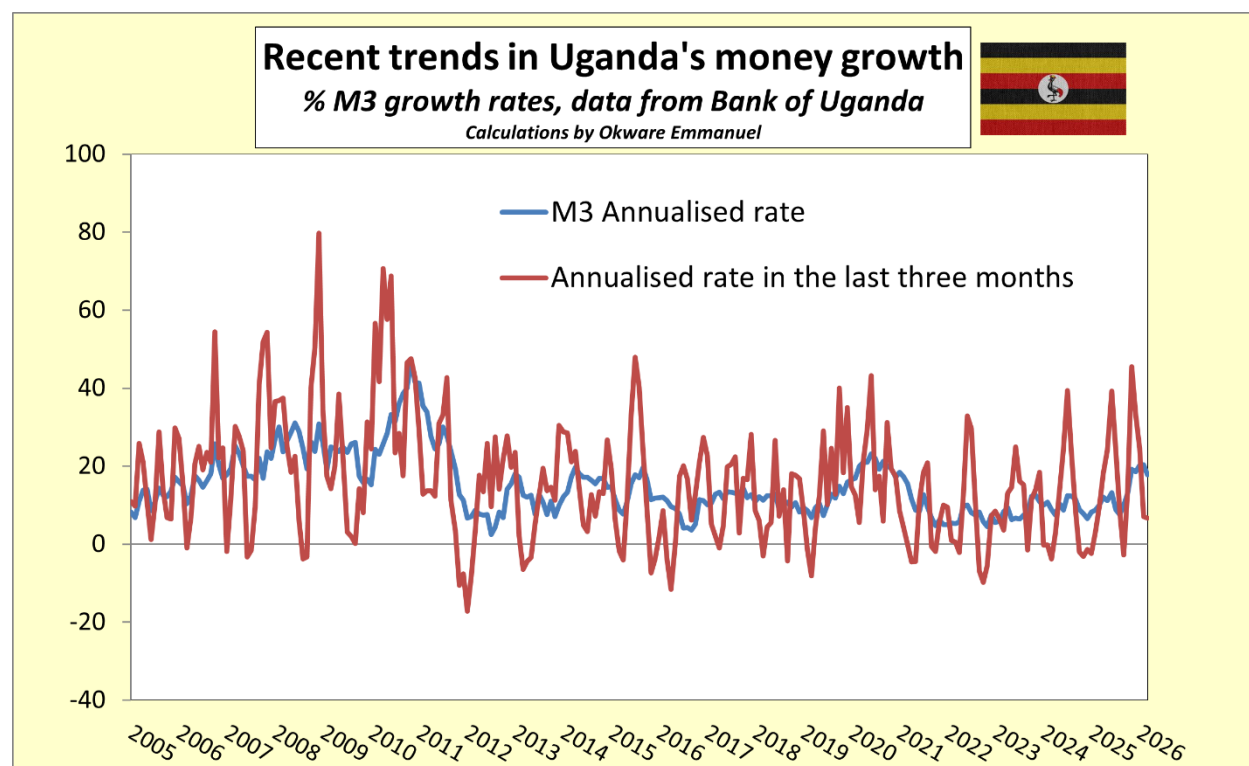
As of March 2026, the UEMOA Zone's annualized quarterly growth stood at 13.5%, the lowest in six months, and could signal the start of monetary restraint. The upturn in money growth in the UEMOA Zone, which began in early 2024, has continued, reaching an annualized rate of 18.1% in March, up from 17.9% in February 2026. This reflects substantial increases in domestic claims, reaching XOF 65,392 billion, and net foreign assets, reaching XOF 15,948 billion.

This level of money growth remains supportive of growth across the UEMOA Zone and is much more important for reversing the current deflationary pressures. In April, the zone recorded a year-on-year inflation rate of 0%, down from 0.1% in March. Overall, recent money growth is supportive across the UEMOA Zone, although the most serious concern remains high short-term volatility.

## Uganda

As I conclude my March 2026 update on money across the African continent, I return the focus to Uganda, where I have written more recently than about the other jurisdictions

covered in this update. You can read my previous February MPC comments for [February](#) and [May](#), [Excess money supply](#): Prospects for prices and spending growth in Uganda.



The story has shifted course, as the steep growth in money that had persisted since November 2025 did not continue through March 2026. The annualized rate of money growth fell slightly in March to 17.8%, down from 20.3% in February. Meanwhile, the annualized quarterly growth continued to decline, from 7.0% in February to 6.7% in March 2026.

This moderation in M3 growth could be tied to private-sector credit, which has remained feeble and sluggish, growing only about 11.9% year-over-year in March 2026, with loans growing even more slowly at 11.0% year-over-year in March 2026. This sluggishness was offset by heavier securities holdings, not just the recent rise in the cash reserve requirement from 9.5% to 11% in March. In March, I wrote an article, "[Recent Broad Money growth in Uganda](#)," explaining that the growth was not the outcome of increased bank lending to the private sector but rather the outcome of monetary financing of the Ugandan government's budget deficit through the banking system. In addition, Net Foreign Assets have plummeted into negative territory in both the quarters ending in February and March 2026.

More generally, recent money growth, which has outpaced nominal GDP growth, appears to create positive monetary conditions that support spending, investment, asset prices, and

overall economic momentum, consistent with recent strong GDP growth outturns of 8.5% year-over-year in Q2 FY2025/26. The weak private-sector credit mentioned above means that, while aggregate monetary support is strong, it is less effective at directly financing productive private investment and consumption than if driven primarily by private credit creation. One might still argue that this money growth supports growth via wealth effects and government spending, even if it is not the “best” form of money growth. For now, the quantity of money growth is a tailwind for Uganda’s economy, even if the balance-sheet composition makes it a somewhat less efficient tailwind.