



Africa Weekly: South Africa is not in “recession territory”

Top Political News

South Africa's anti-corruption watchdog has reportedly interviewed FinMin Pravin Gordhan and his deputy Mcebisi Jonas as part of an investigation into whether President Jacob Zuma was influenced by the Gupta family in appointing government officials that would lead to breach of the executive code of conduct. The Public Protector has also allegedly interviewed Gordhan's predecessor, Nhlanhla Nene and will interview at least 20 other top officials and members of Zuma's cabinet. **Ghana's** President recently outlined the ruling party's plans for the next four years in the hope of establishing policy credibility ahead of an expected tight electoral race in December. This included details of the government's plans to grow the economy, particularly the vital cocoa, oil and gold sectors, while also containing proposals for the industry, energy, infrastructure, health and education sectors. The US has lifted economic sanctions imposed on **Ivory Coast** more than 10 years ago during a civil war, citing a successful presidential election last year and progress on fighting illegal trafficking of natural resources as the main reasons for this decision.

Top Economic News

South Africa's current account deficit narrowed more than expected in Q2, standing at 3.1% of GDP, better than the 3.6% predicted by analysts and down from 5.3% in Q1. Meanwhile, FinMin Pravin Gordhan stated that the country is not in “recession territory” and there is a more than 50% chance ratings agencies will not downgrade it to “junk” status this year. Consumer prices in **Angola** increased 3.3% MoM in August. This is slower than the 4.04% monthly increase in July. However, yearly inflation reached 38.18%, higher than the 35.3% YoY in July. Recall that the government recently set an inflation target of 38% for 2016. The EIU expects economic growth in **Mozambique** to reach around 3.6% in 2016, from an annual average of 7.2% over the last decade. The expected slowdown is due to a sharp fall in government spending, a weak export performance amid low global commodity prices and weather-related disruptions to agricultural production. The EIU also expects growth to accelerate after this year to an annual average of 5.1% in 2017-20.

Commodities

The **IEA** lowered its global oil demand forecasts by about 100k barrels a day (bpd) for this year and 200k bpd in 2017, predicting that demand will grow by 1.3mn bpd this year and 1.2mn in 2017. The IEA also expects the oversupply in the oil market to persist at least until the end of the first half of 2017, longer than it thought a month ago when it suggest that a balance between demand and supply could occur until the end of this year. According to the **OPEC**, Angola was the largest African oil producer for the sixth month in a row in August, with 1.775mn bpd. Nigeria was second with 1.468mn barrels, which is significantly lower than the 1.853mn at the start of 2016 when the country held the top-ranking in Africa. The latest OPEC report also notes that China once again bought less oil in June and July and that Angola returned as China's leading supplier in July, overtaking Saudi Arabia and Russia. A recent IEA report forecasted that Angola will remain Africa's largest oil producer until 2020. **Qatar Petroleum** will join Exxon Mobil to buy part of Eni's gas operation in Mozambique, as the Italian company plans to sell 50% of its stake in Area 4 of the Rovuma basin (with estimated gas reserves of 85 trillion cubic meters). Recall that Eni sold 20% of Area 4 to China National Petroleum Corp for US\$4.2bn in 2013. **Mozambique's** “Northern Corridor” is expected to increase the transport capacity of coal from 8mn tons to 22mn tons starting in 2018 and ensure the viability of investments of over US\$ 3bn already made by concession-holders.

Capital Markets

19 September 2016

Tiago Bossa Dionísio

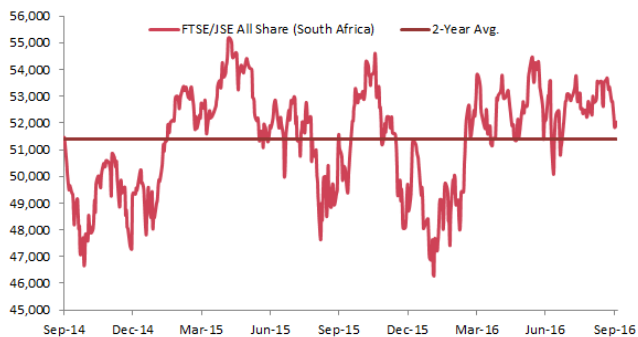
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Stock Markets Index (Country)	19/09/2016	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Africa							
FTSE/JSE All Share (South Africa)	52,042.79	-1.44%	-1.38%	1.96%	2.66%	45,975.78	54,760.91
EGX 30 (Egypt)	7,916.41	-2.82%	-4.82%	8.93%	12.99%	5,526.02	8,481.13
Gaborone Domestic Index (Botswana)	9,635.48	0.21%	1.38%	-10.71%	-9.12%	9,504.24	10,818.03
Nairobi SE All Share (Kenya)	131.58	0.07%	-10.34%	-10.61%	-9.69%	129.65	148.32
All Share Index (Nigeria)	27,858.48	1.22%	0.75%	-8.16%	-2.74%	22,330.96	31,256.16
Ghana Stock Exchange (Ghana)	1,784.97	-0.35%	-1.43%	-12.89%	-10.52%	1,746.42	2,049.22
Namibia Overall Index (Namibia)	1,004.57	-1.22%	-4.49%	-2.46%	16.07%	766.67	1,072.14
Tanzania All Share Index (Tanzania)	2,445.81	0.03%	-8.97%	-4.82%	4.80%	2,172.97	5,004.67
Americas							
Dow Jones Industrial Avg. (USA)	18,123.80	0.21%	-2.31%	10.61%	4.01%	15,450.56	18,668.44
S&P 500 (USA)	2,139.16	0.53%	-2.05%	9.25%	4.66%	1,810.10	2,193.81
Nasdaq (USA)	5,244.57	2.31%	0.12%	8.65%	4.74%	4,209.76	5,287.61
Ibovespa (Brazil)	57,079.76	-1.59%	-3.42%	20.77%	31.67%	37,046.07	60,310.50
Europe							
Euro Stoxx 50 (Europe)	2,964.96	-1.59%	-0.11%	-6.09%	-9.26%	2,672.73	3,524.04
FTSE 100 (UK)	6,795.05	1.41%	-0.93%	11.32%	8.85%	5,499.51	6,955.34
DAX (Germany)	10,360.48	-0.68%	-1.74%	4.48%	-3.56%	8,699.29	11,430.87
PSI 20 (Portugal)	4,536.36	-2.07%	-3.51%	-10.62%	-14.62%	4,175.28	5,625.06
IBEX 35 (Spain)	8,713.40	-1.73%	3.11%	-11.51%	-8.70%	7,579.80	10,631.60
CAC (France)	4,386.05	-1.21%	-0.33%	-3.30%	-5.41%	3,892.46	5,011.65
SMI (Switzerland)	8,190.82	-0.19%	0.78%	-6.28%	-7.11%	7,425.05	9,080.56
Asia							
Nikkei 225 (Japan)	16,519.29	-2.63%	-0.16%	-8.58%	-13.21%	14,864.01	20,012.40
Topix (Japan)	1,311.50	-2.41%	1.22%	-10.32%	-15.24%	1,192.80	1,609.76
Hang Seng (Hong Kong)	6,795.95	-2.62%	1.32%	4.31%	4.77%	5,261.43	7,072.10
Shanghai All Share (China)	3,167.63	-2.26%	-3.18%	0.62%	-14.49%	2,760.92	3,856.74
CSI 300 (China)	3,263.12	-2.29%	-3.84%	3.52%	-12.54%	2,821.22	3,926.69

Sources: Bloomberg and Eaglestone Securities.

JOHANNESBURG STOCK EXCHANGE ALL SHARE INDEX



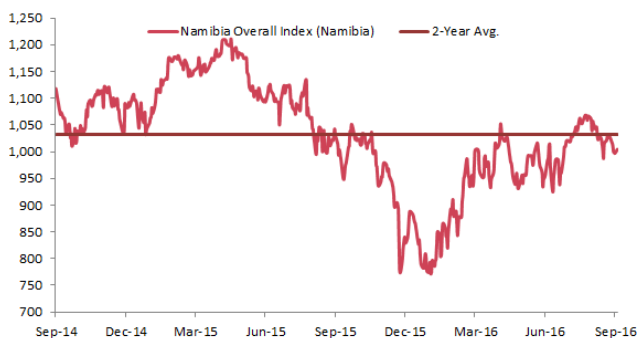
Sources: Bloomberg and Eaglestone Securities.

EGIPT EGX 30 INDEX



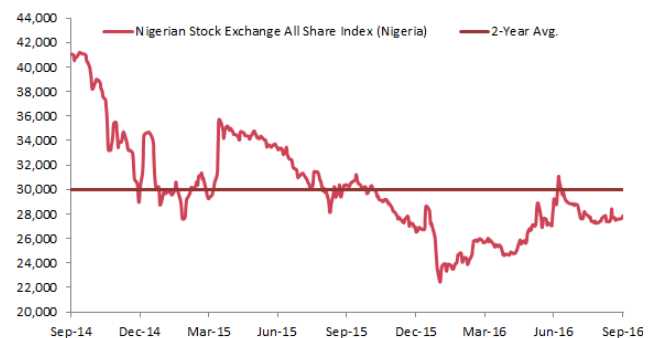
Sources: Bloomberg and Eaglestone Securities.

NAMIBIA OVERALL INDEX



Sources: Bloomberg and Eaglestone Securities.

NIGERIA ALL SHARE INDEX

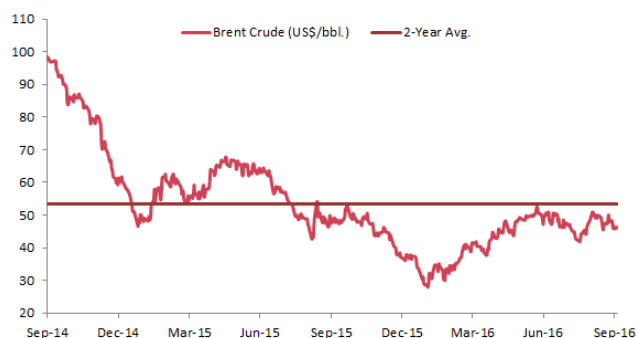


Sources: Bloomberg and Eaglestone Securities.

Commodities	19/09/2016	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Energy							
WTI Crude (US\$/bbl.)	43.68	-5.64%	-9.98%	-2.24%	17.93%	26.05	51.67
Brent Crude (US\$/bbl.)	46.30	-4.18%	-9.00%	-2.46%	24.20%	27.10	54.05
Natural Gas (US\$/MMBtu)	2.93	0.48%	13.35%	12.44%	25.33%	1.61	3.00
Gasoline (US\$/gal.)	145.62	4.77%	-3.75%	7.37%	14.92%	89.75	166.64
Coal (US\$/ton)	60.20	-2.11%	-1.47%	11.90%	25.81%	42.65	61.75
Precious Metals							
Gold (US\$/oz.)	1,315.90	-0.43%	-1.83%	15.62%	24.12%	1,046.20	1,377.50
Silver (US\$/oz.)	19.08	0.85%	-1.25%	25.87%	38.19%	13.64	21.09
Platinum (US\$/oz.)	1,028.21	-3.22%	-7.99%	5.60%	15.33%	810.75	1,194.64
Other Metals							
Copper (US\$/lb.)	213.70	1.96%	-1.38%	-10.85%	0.09%	193.55	243.75
Aluminum (US\$/MT)	1,575.50	-0.19%	-6.94%	-3.14%	4.55%	1,432.50	1,709.00
Zinc (US\$/MT)	2,215.00	-3.34%	-1.86%	26.50%	37.66%	1,444.50	2,372.00
Tin (US\$/MT)	19,100.00	-1.04%	3.80%	21.85%	31.23%	13,085.00	19,670.00
Agriculture							
Cocoa (US\$/MT)	2,803.00	0.32%	-7.83%	-14.20%	-12.71%	2,731.00	3,422.00
Coffee (US\$/lb.)	147.10	-1.90%	7.06%	29.26%	16.10%	111.05	153.70
Sugar (US\$/lb.)	21.69	7.16%	9.71%	97.90%	42.32%	10.80	22.20
Cotton (US\$/lb.)	69.17	3.29%	2.37%	15.57%	9.31%	55.66	77.80
Corn (US\$)	339.50	3.11%	1.57%	-10.01%	-5.37%	301.00	439.25
Wheat (US\$)	407.25	6.26%	-4.63%	-16.33%	-13.35%	359.50	531.50
Soy (US\$)	978.00	-0.66%	-4.77%	12.77%	12.25%	844.25	1,208.50

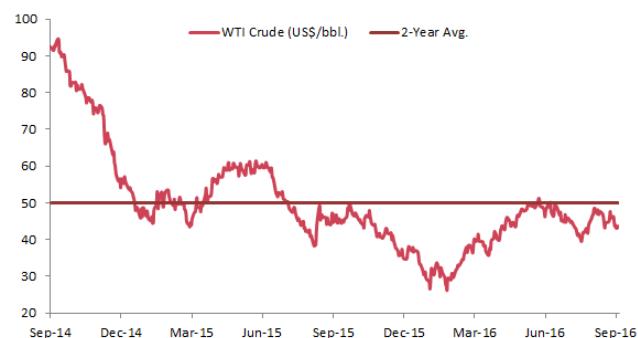
Sources: Bloomberg and Eaglestone Securities.

BRENT CRUDE (US\$/BARREL)



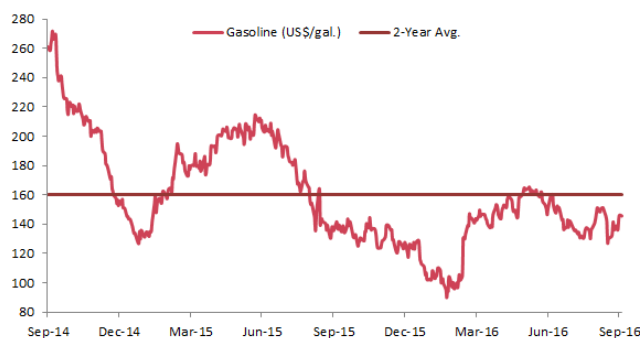
Sources: Bloomberg and Eaglestone Securities.

WTI CRUDE (US\$/BARREL)



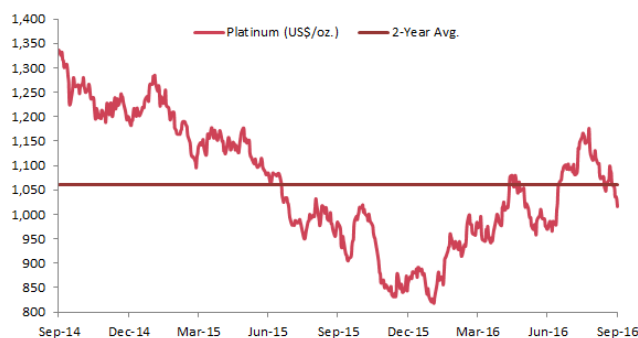
Sources: Bloomberg and Eaglestone Securities.

GASOLINE (US\$/GAL.)



Sources: Bloomberg and Eaglestone Securities.

PLATINUM (US\$/OZ.)

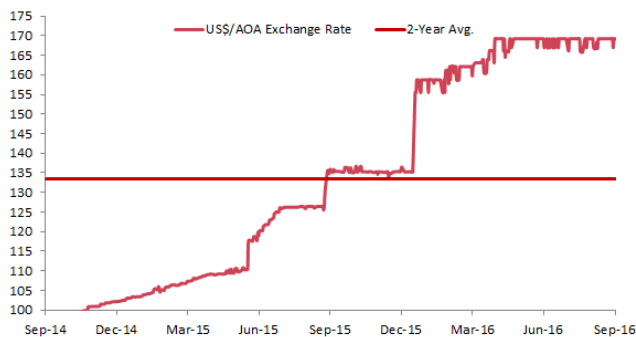


Sources: Bloomberg and Eaglestone Securities.

Currencies	19/09/2016	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Kwanza (Angola)							
Dollar (USA)	169.22	0.00%	0.00%	-20.31%	-20.09%	133.90	169.43
Euro	188.82	0.70%	0.12%	-19.93%	-22.24%	141.65	196.44
Sterling (UK)	221.05	2.10%	-1.23%	-5.21%	-9.85%	198.23	253.90
Rand (South Africa)	11.99	-0.77%	3.14%	-16.32%	-27.11%	8.43	12.82
Real (Brazil)	51.83	0.48%	0.44%	-34.57%	-34.13%	31.88	54.37
Metical (Mozambique)							
Dollar (USA)	76.88	0.01%	-6.01%	-43.25%	-37.57%	31.60	78.78
Euro	85.78	0.71%	-4.61%	-43.09%	-39.24%	46.69	89.22
Sterling (UK)	100.44	2.10%	-5.93%	-32.63%	-29.57%	62.67	104.52
Rand (South Africa)	5.45	-0.76%	-1.74%	-40.52%	-43.04%	0.48	5.69
Rand (South Africa)							
Dollar (USA)	14.12	0.78%	-4.26%	-4.56%	9.57%	13.01	17.92
Euro	15.75	1.47%	-2.89%	-4.30%	6.78%	14.77	19.59
Sterling (UK)	18.44	2.89%	-4.23%	13.29%	23.66%	17.06	26.02
Real (Brazil)	4.33	1.25%	-2.55%	-21.85%	-9.66%	3.29	4.69
Naira (Nigeria)							
Dollar (USA)	315.25	-1.51%	9.28%	-36.83%	-36.78%	196.48	350.25
Euro	351.76	-0.83%	10.92%	-36.66%	-38.49%	162.80	390.34
Euro							
Dollar (USA)	1.12	-0.69%	-1.47%	-0.29%	2.73%	1.05	1.16
Sterling (UK)	0.85	-1.36%	1.46%	-15.52%	-13.70%	0.70	0.87
Franc (Switzerland)	1.09	-0.16%	-0.65%	-0.58%	-0.51%	1.06	1.12
Yen (Japan)	113.56	0.77%	-0.04%	18.79%	15.04%	109.57	136.96

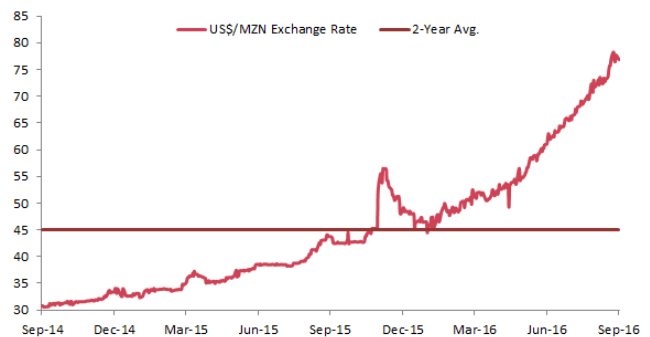
Sources: Bloomberg and Eaglestone Securities.

US\$/AOA EXCHANGE RATE



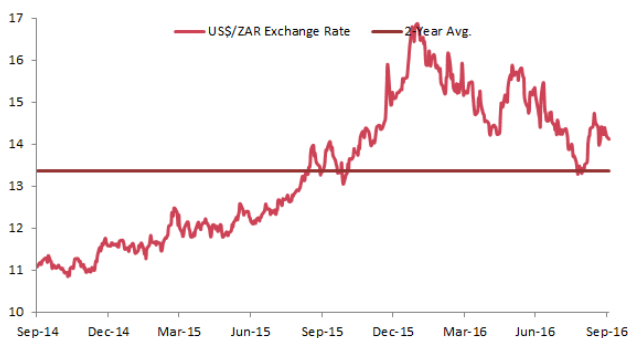
Sources: Bloomberg and Eaglestone Securities.

US\$/MZN EXCHANGE RATE



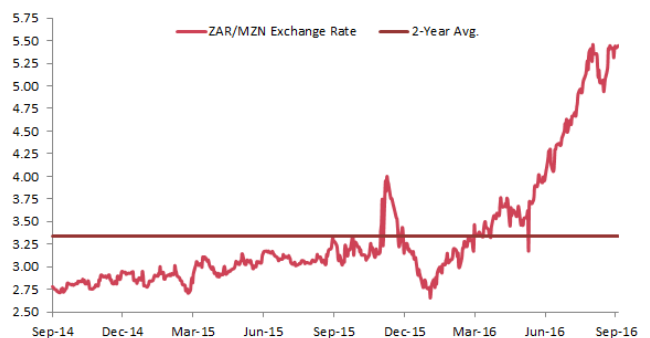
Sources: Bloomberg and Eaglestone Securities.

US\$/ZAR EXCHANGE RATE



Sources: Bloomberg and Eaglestone Securities.

ZAR/MZN EXCHANGE RATE

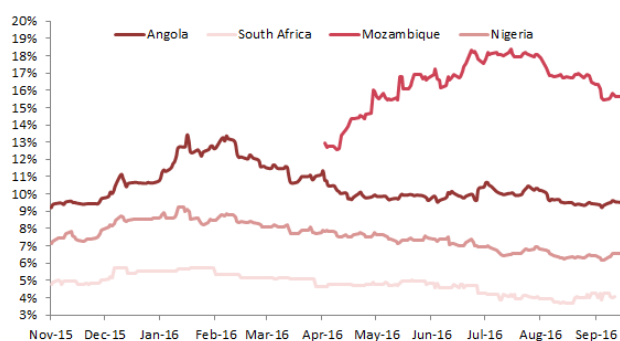


Sources: Bloomberg and Eaglestone Securities.

African Eurobonds	19/09/2016	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Angola (12/11/2025; 9.5%)	99.936 9.507%	-0.126% 0.021%	-0.064% 0.011%	n.a. 0.307%	7.285% -1.008%	78.535 9.210%	101.892 13.425%
Dem. Republic of Congo (30/06/2029; 4.0%)	68.703 10.237%	1.546% -0.178%	-1.739% 0.264%	-19.688% 4.119%	-12.886% 2.404%	66.397 7.193%	86.569 10.556%
Ethiopia (11/12/2024; 6.625%)	97.855 6.970%	-0.707% 0.116%	-0.679% 0.113%	0.853% -0.096%	10.198% -1.210%	82.037 6.678%	99.664 9.666%
Gabon (16/06/2025; 6.95%)	91.206 8.387%	-0.624% 0.102%	-4.880% 0.873%	0.979% -0.037%	14.086% -1.572%	69.735 7.510%	96.664 12.494%
Ghana (07/08/2023; 7.875%)	92.249 9.429%	0.025% -0.002%	-0.319% 0.073%	3.066% -0.372%	16.177% -2.078%	65.595 9.089%	93.790 15.822%
Ivory Coast (31/12/2032; 5.75%)	98.899 5.911%	-0.614% 0.092%	-2.331% 0.364%	8.756% -0.968%	10.822% -1.174%	83.659 5.568%	101.328 8.321%
Kenya (24/06/2024; 6.875%)	98.146 7.188%	-0.679% 0.117%	-1.118% 0.196%	1.397% -0.183%	11.650% -1.409%	83.919 6.902%	99.329 9.708%
Mozambique (18/01/2023; 10.5%)	79.767 15.599%	-0.392% 0.105%	5.290% -1.080%	n.a. 3.206%	n.a. 3.206%	69.935 12.565%	90.695 18.388%
Namibia (29/10/2025; 5.25%)	106.346 4.396%	-0.849% 0.119%	-0.899% 0.121%	n.a. -0.707%	13.644% -1.243%	88.524 4.197%	108.052 6.877%
Nigeria (12/07/2023; 6.375%)	98.892 6.577%	-1.142% 0.217%	-1.588% 0.306%	4.689% -0.664%	12.312% -1.525%	84.651 6.147%	100.607 9.253%
Rwanda (02/05/2023; 6.625%)	101.528 6.337%	-0.373% 0.071%	-0.296% 0.054%	2.498% -0.418%	5.900% -0.882%	92.349 6.093%	102.724 8.032%
Senegal (30/07/2024; 6.25%)	102.981 5.771%	-0.619% 0.101%	0.814% -0.132%	9.237% -1.101%	14.820% -1.571%	84.764 5.495%	103.021 8.815%
Seychelles (01/01/2026; 7.0%)	101.143 7.641%	0.822% -0.121%	-1.346% 0.218%	6.054% -0.673%	7.984% -0.922%	91.946 7.403%	102.712 8.850%
South Africa (16/09/2025; 5.875%)	113.750 4.035%	1.404% -0.190%	-2.381% 0.353%	n.a. -0.528%	10.706% -1.077%	98.300 3.686%	117.370 5.738%
Zambia (30/07/2027; 8.97%)	98.534 9.183%	-0.528% 0.078%	-0.249% 0.036%	10.630% -1.234%	24.404% -2.382%	65.269 8.778%	99.887 15.517%

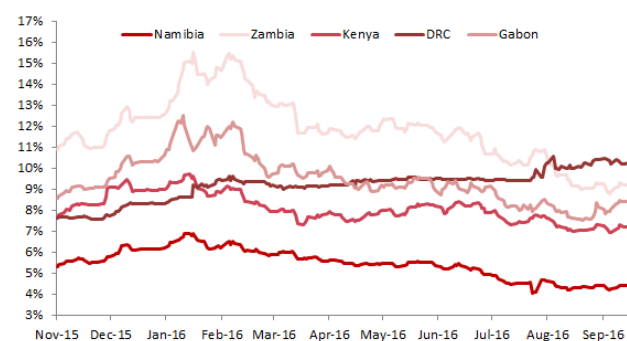
Sources: Bloomberg and Eaglestone Securities.

EUROBOND YIELDS (ANG, SA, MOZ & NIG)



Sources: Bloomberg and Eaglestone Securities.

EUROBOND YIELDS (NAM, ZAM, KEN, DRC & GAB)



Sources: Bloomberg and Eaglestone Securities.

AFRICA SOVEREIGN RATINGS

19/09/2016	FOREIGN CURRENCY LONG TERM			FOREIGN CURRENCY SHORT TERM		
	MOODYS	S&P	FTCH	MOODYS	S&P	FTCH
Angola	B1	B	B+	NR	B	B
Botswana	A2	A-	NR	NR	A-2	NR
Burkina Faso	NR	B-	NR	NR	B	NR
Cameroon	B2	B	B	NR	B	NR
Cape Verde	NR	B	B	NR	B	B
Egypt	B3	B-	B	NR	B	B
Ethiopia	B1	B	B	NR	B	B
Gabon	B1	NR	B+	NR	NR	B
Ghana	B3	B-	B	NR	B	B
Ivory Coast	Ba3	NR	B+	NP	NR	B
Kenya	B1	B+	B+	NR	B	B
Lesotho	NR	NR	B+	NR	NR	B
Mali	NR	NR	WD	NR	NR	NR
Mauritius	Baa1	NR	NR	NR	NR	NR
Morocco	Ba1	BBB-	BBB-	NR	A-3	F3
Mozambique	Caa3	CCC	CC	NR	C	C
Namibia	Baa3	NR	BBB-	NR	NR	F3
Nigeria	B1	B+	B+	NR	B	B
Republic of Congo	B3*-	B-	CCC	NR	B	C
Republic of Zambia	B3	B	B	NR	B	B
Rwanda	B2	B	B+	NR	B	B
Senegal	B1	B+	NR	NR	B	NR
Seychelles	NR	NR	BB-	NR	NR	B
South Africa	Baa2	BBB-	BBB-	P-2	A-3	F3
Tunisia	Ba3	NR	BB-	NR	NR	B
Uganda	B1	B	B+	NR	B	B

Sources: Bloomberg, Eaglestone Advisory (Rating: **Up**, **Down**, No Change, **Initial**)

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Disclosures

Eaglestone was founded in December 2011 with the aim to be a committed partner for the development of businesses located primarily in Sub-Saharan Africa and to support the development of renewable energy projects on a global basis.

The company has three business activities - financial advisory services, asset management and brokerage - and currently has offices in Amsterdam, Cape Town London, Lisbon, Luanda and Maputo

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Conduct Authority.

Eaglestone operates with a clear vision and mission to act on behalf of and in the best interests of all its stakeholders, whether they are investors, employees or users of its services.

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