



Africa Weekly: IMF significantly lowers growth outlook

Top Political News

South Africa's Finance Minister, Pravin Gordhan, said the current police enquiry into him was nothing but "political mischief" and will be resolved soon. On this topic, the Deputy President, Cyril Ramaphosa, also said that this police probe should be conducted in a way that doesn't destabilize the economy. This followed reports in August that Gordhan was being investigated by the police for overseeing the set-up of an allegedly illegal investigative unit when he led the Revenue Service between 1999 and 2009.

Top Economic News

Pravin Gordhan suggested that the worst of **South Africa's** economic downturn may be over and that the country could grow by more than 1% in 2017. He declined to make any forecasts about this year's growth. Recall that real GDP expanded by 3.3% in Q2 after a contraction of 1.2% in the first three months of 2016. Meanwhile, the IMF stated in its latest World Economic Outlook that it expects South Africa to grow by 0.8% next year (vs. a 1% forecast in July). The IMF also lowered its forecasts for Angola and Mozambique in 2016-17. It expects flat growth in **Angola** this year and 4.5% in **Mozambique** while, in 2017, it forecasts 1.5% and 5.5%, respectively. On the other hand, **Nigeria** is likely to contract 1.7% this year and expand 0.6% in 2017, less than the 1.1% the IMF had forecasted earlier. The country's National Bureau of Statistics (NBS) also lowered its 2016 estimate and expects the economy to shrink 1.3% as a result of the sharp depreciation of the naira after the dollar peg was dropped in June. This would be the first year Nigeria faces a recession in the last 25 years. The NBS had previously predicted the economy to grow 3.8% in 2016.

Commodities

South Africa will announce preferred bidders for two gas-to-power projects located at the ports of Richards Bay and Coega, near Port Elizabeth, at the end of March 2017 as part of its efforts to diversify electricity production from coal plants. The local authorities hope to add more than 3,000 MW (2,000 MW in Richards Bay and 1,000 MW in Coega) to current gas power production capacity of 42,000 MW. The total investment in these two ports is expected to stand at US\$ 3.7 billion. A separate 600 MW gas-fired power plant is also reportedly being developed. **Mozambique's** state energy company ENH said that the country and Italy's Eni signed a 20-year deal to sell LNG to BP. ENH added that Mozambique and Eni are expected to reach a final investment decision on a project to build a floating offshore platform with a capacity to produce 3.3 million tons a year of LNG from gas in the Coral South field by the end of 2016. Recall that Eni recently met with bankers in London to discuss project financing to develop the Coral field.

Credit Ratings

Pravin Gordhan stated that the **South African** authorities are putting a lot of hard work to ensure that a ratings downgrade does not happen this year. South Africa is at the threshold of an investment grade rating from S&P's and Fitch. Both agencies hold a "negative" outlook and are expected to announce the next round of reviews in December. S&P's revised **Cape Verde's** sovereign credit outlook from "negative" to "stable, as the ratings agency anticipates the country's public debt levels to gradually decline after peaking in 2018. The country's current rating is "B".

Eurobonds

Nigerian officials have reportedly been on a one-week roadshow to Britain and the US to promote a planned US\$ 1 billion in a Eurobond deal expected to take place by mid-December. This is part of the local authorities' plans to raise funds domestically and abroad to finance this year's budget deficit.

Capital Markets

10 October 2016

Tiago Bossa Dionísio

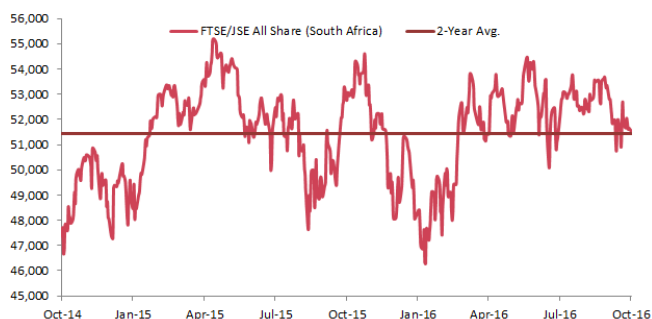
(+351) 211 214 431

tiago.dionisio@eaglestone.eu

Stock Markets Index (Country)	10/10/2016	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Africa							
FTSE/JSE All Share (South Africa)	51,531.97	-0.25%	-3.40%	-3.31%	1.65%	45,975.78	54,760.91
EGX 30 (Egypt)	8,446.08	7.17%	3.15%	12.74%	20.55%	5,526.02	8,481.13
Gaborone Domestic Index (Botswana)	9,790.02	-0.07%	1.81%	-7.51%	-7.66%	9,504.24	10,654.72
Nairobi SE All Share (Kenya)	138.17	0.01%	5.08%	-2.61%	-5.17%	129.65	147.63
All Share Index (Nigeria)	27,835.22	-1.46%	0.93%	-7.72%	-2.82%	22,330.96	31,073.32
Ghana Stock Exchange (Ghana)	1,768.04	-0.39%	-1.33%	-10.89%	-11.37%	1,746.42	2,039.44
Namibia Overall Index (Namibia)	1,034.63	0.64%	0.64%	-1.58%	19.54%	766.67	1,072.14
Tanzania All Share Index (Tanzania)	2,466.40	-2.42%	0.87%	2.35%	5.68%	2,172.97	5,004.67
Americas							
Dow Jones Industrial Avg. (USA)	18,240.49	-0.37%	0.86%	6.77%	4.68%	15,450.56	18,668.44
S&P 500 (USA)	2,153.74	-0.67%	1.22%	6.89%	5.37%	1,810.10	2,193.81
Nasdaq (USA)	5,292.41	-0.37%	3.25%	9.56%	5.69%	4,209.76	5,342.88
Ibovespa (Brazil)	61,108.98	4.70%	5.36%	23.86%	40.97%	37,046.07	61,274.57
Europe							
Euro Stoxx 50 (Europe)	2,995.91	-0.09%	-1.88%	-7.83%	-8.31%	2,672.73	3,524.04
FTSE 100 (UK)	7,035.88	0.75%	3.82%	9.66%	12.71%	5,499.51	7,121.93
DAX (Germany)	10,487.09	-0.23%	-0.82%	3.87%	-2.38%	8,699.29	11,430.87
PSI 20 (Portugal)	4,485.73	-2.46%	-4.51%	-18.72%	-15.57%	4,175.28	5,625.06
IBEX 35 (Spain)	8,599.00	-1.74%	-4.73%	-16.59%	-9.90%	7,579.80	10,631.60
CAC (France)	4,445.21	-0.19%	-1.03%	-5.45%	-4.14%	3,892.46	5,011.65
SMI (Switzerland)	8,084.15	-1.01%	-2.18%	-6.87%	-8.32%	7,425.05	9,080.56
Asia							
Nikkei 225 (Japan)	16,860.09	2.49%	-0.62%	-8.56%	-11.42%	14,864.01	20,012.40
Topix (Japan)	1,350.61	2.10%	0.50%	-10.86%	-12.71%	1,192.80	1,609.76
Hang Seng (Hong Kong)	6,882.14	2.84%	-1.38%	1.69%	6.10%	5,261.43	7,072.10
Shanghai All Share (China)	3,190.72	2.27%	-0.63%	-0.21%	-13.86%	2,760.92	3,856.74
CSI 300 (China)	3,293.87	2.29%	-0.61%	2.84%	-11.72%	2,821.22	3,926.69

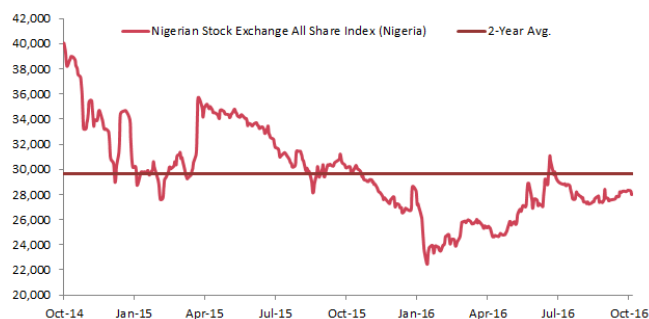
Sources: Bloomberg and Eaglestone Securities.

JOHANNESBURG STOCK EXCHANGE ALL SHARE INDEX



Sources: Bloomberg and Eaglestone Securities.

NIGERIA ALL SHARE INDEX



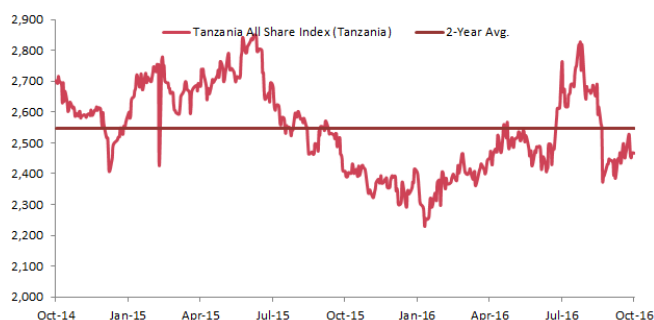
Sources: Bloomberg and Eaglestone Securities.

EGIPT STOCK EXCHANGE



Sources: Bloomberg and Eaglestone Securities.

TANZANIA ALL SHARE INDEX

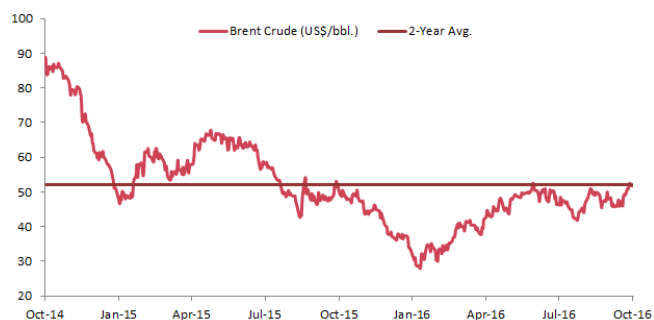


Sources: Bloomberg and Eaglestone Securities.

Commodities	10/10/2016	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Energy							
WTI Crude (US\$/bbl)	49.58	1.58%	8.06%	-0.10%	33.86%	26.05	51.67
Brent Crude (US\$/bbl)	51.79	1.77%	7.87%	-1.63%	38.92%	27.10	53.31
Natural Gas (US\$/MMBtu)	3.16	8.11%	12.98%	26.30%	35.22%	1.61	3.22
Gasoline (US\$/gal.)	147.31	0.18%	8.23%	3.98%	16.26%	89.75	166.64
Coal (US\$/ton)	76.30	5.83%	26.74%	47.16%	59.46%	42.65	77.00
Precious Metals							
Gold (US\$/oz.)	1,259.40	-3.79%	-5.36%	8.92%	18.79%	1,046.20	1,377.50
Silver (US\$/oz.)	17.74	-5.98%	-8.00%	12.15%	28.52%	13.64	21.09
Platinum (US\$/oz.)	972.15	-3.47%	-7.92%	-2.41%	9.04%	810.75	1,194.64
Other Metals							
Copper (US\$/lb.)	217.60	-0.73%	4.19%	-9.86%	1.92%	193.55	243.70
Aluminum (US\$/MT)	1,675.00	0.12%	5.15%	6.21%	11.15%	1,432.50	1,709.00
Zinc (US\$/MT)	2,324.00	-2.23%	0.04%	37.27%	44.44%	1,444.50	2,418.00
Tin (US\$/MT)	20,000.00	-0.12%	2.30%	24.61%	37.41%	13,085.00	20,150.00
Iron Ore (US\$/ton)	55.86	0.00%	-4.45%	5.12%	28.21%	38.30	70.46
Agriculture							
Cocoa (US\$/MT)	2,785.00	0.87%	-5.08%	-9.55%	-13.27%	2,708.00	3,422.00
Coffee (US\$/lb.)	148.00	-2.34%	-3.80%	17.41%	16.81%	111.05	160.90
Sugar (US\$/lb.)	23.34	2.96%	16.76%	62.76%	53.15%	12.45	23.90
Cotton (US\$/lb.)	68.02	-1.03%	-1.25%	10.40%	7.49%	55.66	77.80
Corn (US\$)	341.25	-1.37%	3.41%	-10.84%	-4.88%	301.00	439.25
Wheat (US\$)	399.25	0.95%	6.18%	-21.60%	-15.05%	359.50	530.75
Soy (US\$)	953.25	-2.03%	-4.41%	7.62%	9.41%	844.25	1,208.50

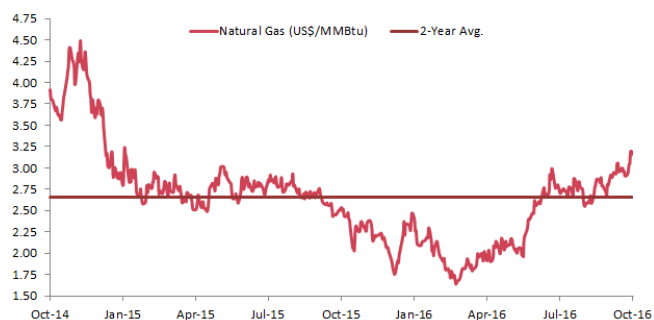
Sources: Bloomberg and Eaglestone Securities.

BRENT CRUDE (US\$/BARREL)



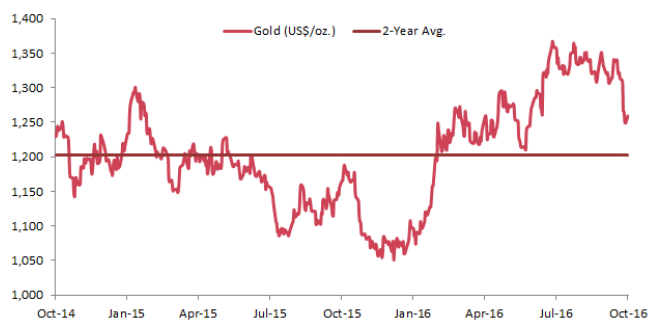
Sources: Bloomberg and Eaglestone Securities.

NATURAL GAS (US\$/MMBtu)



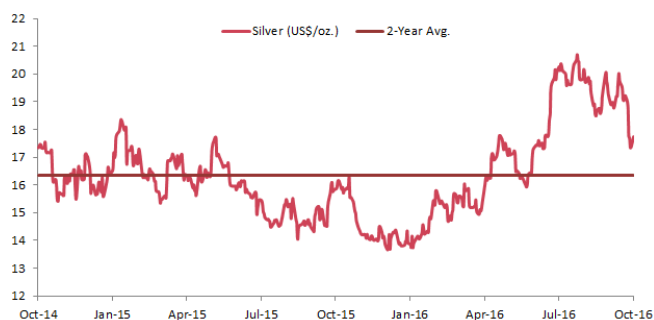
Sources: Bloomberg and Eaglestone Securities.

GOLD (US\$/OZ.)



Sources: Bloomberg and Eaglestone Securities.

SILVER (US\$/OZ.)

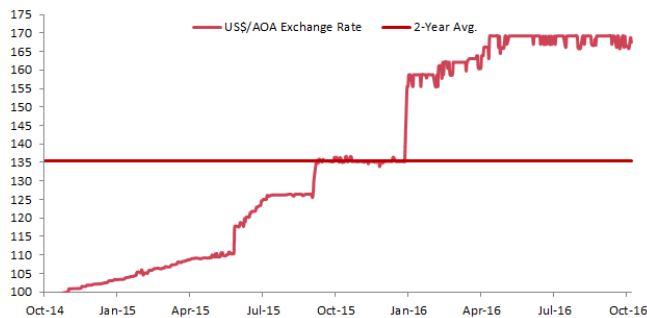


Sources: Bloomberg and Eaglestone Securities.

Currencies	10/10/2016	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Kwanza (Angola)							
Dollar (USA)	167.48	-0.32%	1.04%	-18.57%	-19.26%	133.90	169.43
Euro	185.45	0.43%	2.53%	-17.03%	-20.83%	141.65	196.44
Sterling (UK)	205.73	3.69%	9.70%	1.07%	-3.13%	198.23	253.90
Rand (South Africa)	12.03	1.56%	-1.12%	-15.47%	-27.36%	8.43	12.82
Real (Brazil)	51.50	0.48%	1.14%	-30.13%	-33.70%	33.50	54.37
Metical (Mozambique)							
Dollar (USA)	77.50	1.29%	-0.79%	-42.58%	-38.06%	42.42	78.78
Euro	86.52	1.72%	-0.15%	-43.45%	-39.76%	46.69	89.22
Sterling (UK)	95.95	5.06%	6.88%	-31.16%	-26.28%	62.67	104.52
Rand (South Africa)	5.62	2.73%	-3.83%	-40.57%	-44.80%	0.48	5.79
Rand (South Africa)							
Dollar (USA)	13.79	-1.40%	3.16%	-3.39%	12.16%	13.01	17.92
Euro	15.42	-1.12%	3.67%	-1.83%	9.10%	14.77	19.59
Sterling (UK)	17.10	2.12%	10.94%	19.53%	33.34%	16.63	26.02
Real (Brazil)	4.28	-1.06%	2.29%	-17.34%	-8.73%	3.29	4.69
Naira (Nigeria)							
Dollar (USA)	312.25	0.88%	1.04%	-36.25%	-36.17%	196.48	350.25
Euro	349.63	3.33%	-0.22%	-35.34%	-38.12%	162.80	390.34
Euro							
Dollar (USA)	1.12	-0.29%	-0.50%	-1.58%	2.92%	1.05	1.16
Sterling (UK)	0.90	-3.16%	-6.56%	-17.91%	-18.25%	0.70	0.94
Franc (Switzerland)	1.09	-0.30%	-0.25%	-0.11%	-0.60%	1.06	1.12
Yen (Japan)	115.38	-1.23%	-0.82%	18.17%	13.23%	109.57	136.94

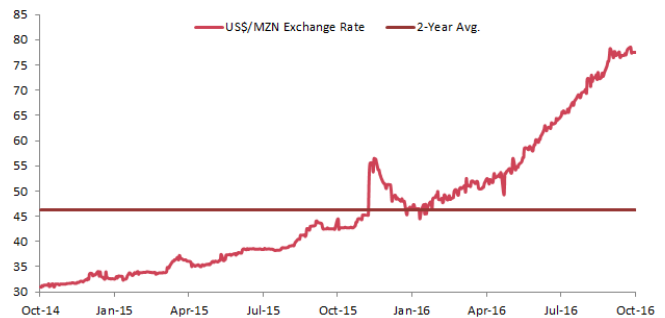
Sources: Bloomberg and Eaglestone Securities.

US\$/AOA EXCHANGE RATE



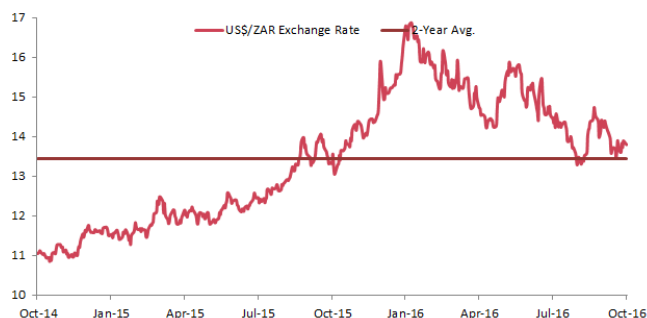
Sources: Bloomberg and Eaglestone Securities.

US\$/MZN EXCHANGE RATE



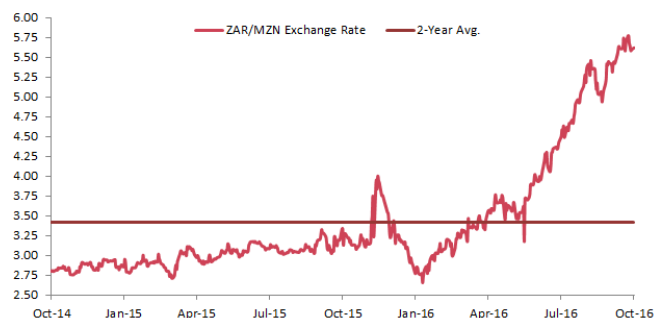
Sources: Bloomberg and Eaglestone Securities.

US\$/ZAR EXCHANGE RATE



Sources: Bloomberg and Eaglestone Securities.

ZAR/MZN EXCHANGE RATE

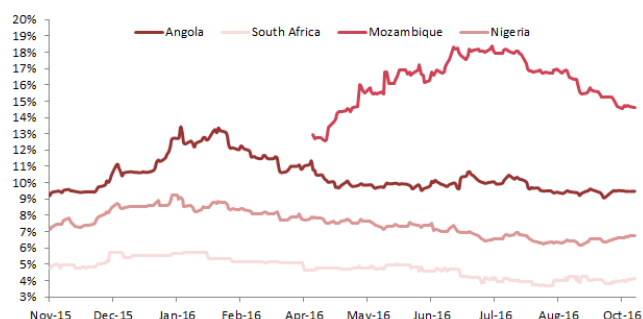


Sources: Bloomberg and Eaglestone Securities.

African Eurobonds	10/10/2016	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Angola (12/11/2025; 9.5%)	100.128 9.476%	0.171% -0.028%	-0.811% 0.138%	n.a. 0.274%	7.491% -1.032%	78.535 9.069%	101.892 13.425%
Dem. Republic of Congo (30/06/2029; 4.0%)	69.302 10.161%	-0.134% 0.027%	0.793% -0.055%	-17.170% 3.497%	-12.127% 2.292%	66.397 7.543%	86.569 10.556%
Ethiopia (11/12/2024; 6.625%)	99.321 6.733%	0.133% -0.019%	0.290% -0.045%	3.002% -0.404%	11.849% -1.358%	82.037 6.548%	99.664 9.666%
Gabon (16/06/2025; 6.95%)	92.580 8.157%	0.200% -0.029%	-0.899% 0.153%	6.287% -0.739%	15.805% -1.711%	69.735 7.510%	96.664 12.494%
Ghana (07/08/2023; 7.875%)	94.584 8.949%	0.673% -0.127%	1.425% -0.258%	10.059% -1.363%	19.117% -2.328%	65.595 8.740%	93.790 15.822%
Ivory Coast (31/12/2032; 5.75%)	99.452 5.829%	0.668% -0.096%	-1.142% 0.173%	10.022% -1.083%	11.442% -1.222%	83.659 5.568%	101.328 8.321%
Kenya (24/06/2024; 6.875%)	98.407 7.145%	-0.121% 0.021%	-1.423% 0.252%	5.994% -0.789%	11.947% -1.435%	83.919 6.783%	99.329 9.708%
Mozambique (18/01/2023; 10.5%)	83.399 14.593%	-0.205% 0.059%	3.877% -0.794%	n.a. 1.865%	n.a. 1.865%	69.935 12.565%	90.695 18.388%
Namibia (29/10/2025; 5.25%)	105.830 4.459%	-0.145% 0.019%	-1.481% 0.209%	n.a. -0.664%	13.093% -1.215%	88.524 4.197%	108.052 6.877%
Nigeria (12/07/2023; 6.375%)	97.894 6.766%	-0.850% 0.162%	-3.071% 0.628%	2.680% -0.379%	11.179% -1.419%	84.651 6.147%	100.607 9.253%
Rwanda (02/05/2023; 6.625%)	101.413 6.357%	-0.061% 0.014%	-0.773% 0.147%	4.537% -0.699%	5.780% -0.868%	92.349 6.084%	102.724 8.032%
Senegal (30/07/2024; 6.25%)	103.681 5.658%	-0.045% 0.006%	-0.632% 0.099%	10.705% -1.234%	15.601% -1.621%	84.764 5.360%	103.021 8.815%
Seychelles (01/01/2026; 7.0%)	101.563 7.584%	0.211% -0.030%	0.663% -0.091%	8.625% -0.953%	8.432% -0.965%	91.946 7.403%	102.712 8.849%
South Africa (16/09/2025; 5.875%)	112.750 4.150%	-0.879% 0.126%	0.513% -0.083%	n.a. -0.436%	9.732% -1.021%	98.300 3.686%	117.370 5.738%
Zambia (30/07/2027; 8.97%)	98.812 9.142%	-0.161% 0.024%	-1.677% 0.253%	21.003% -2.117%	24.755% -2.401%	65.269 8.697%	99.887 15.517%

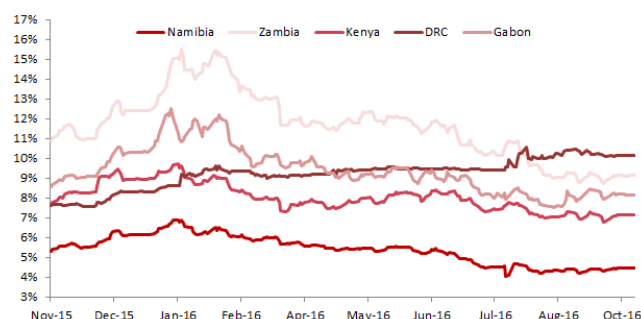
Sources: Bloomberg and Eaglestone Securities.

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

10/10/2016	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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AMSTERDAM - Herengracht 450-454 1017 CA - T: +31 20 240 31 60

CAPE TOWN - 22 Kildare Road Newlands 7700 - T: +27 21 674 0304

JOHANNESBURG - Unit 4, Upper Ground, Katherine & West 114 West Street, Sandton – T: +27 11 326 6644

LISBON - Av. da Liberdade, 105, 3rd Floor - T: +351 21 121 44 00

LONDON - 48 Dover Street - T: +44 20 7038 6200

LUANDA - Rua Marechal Brós Tito n° 35/37 - 13th Floor A - Kinaxixi, Ingombotas - T: +244 222 441 362

MAPUTO – Avenida Vladimir Lenine – Edifício Millennium Park, Torre A, n° 174, 4° andar S - T: +258 21 342 811

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.

EAGLESTONE SECURITIES

Business Intelligence

Caroline Fernandes Ferreira

(+351) 211 214 430

caroline.ferreira@eaglestone.eu

Research

Tiago Bossa Dionísio

(+351) 211 214 431

tiago.dionisio@eaglestone.eu