



Africa Weekly: South Africa cut to “junk” by S&P’s

Top Political News

South Africa’s President Jacob Zuma survived calls for him to resign after gaining the support of the ANC in a no-confidence debate in parliament set for April 18 and requested by the main opposition parties. The ANC said it won’t vote against Zuma, which means that a potential motion would fail to go through. Zuma has come under increased pressure to resign following the dismissal of the Finance minister Pravin Gordhan, with several members of the ANC and the country’s biggest labor union (Cosatu) calling for him to quit. **Mozambique**’s Council of Ministers announced it was calling municipal elections for 10 October 2018. Renamo has promised that, unlike in 2013, it will contest these elections, meaning the political landscape in the country could change significantly one year before the general elections due in 2019.

Top Economic News

South Africa’s business confidence index dropped to 93.8 in March from 95.5 in the previous month. Despite the fall, this performance does not yet reflect the full impact of the uncertainty created from the latest political developments in the country. **Nigeria**’s government approved a 21-year, US\$1.3bn loan with the World Bank, African Development Bank and other institutions at a rate of 2%. The funds will be used for long-term funding to small businesses by the Development Bank of Nigeria.

Central Banks

Mozambique’s central bank lowered its key rate from 23.25% to 22.75%, its first cut in more than two years, and introduced an interbank rate, known as MIMO, at 21.75% to improve the mechanism of forming interest rates in the economy. It also raised banks’ minimum capital requirements from 70 million meticaais to 1.7 billion meticaais as well as the minimum solvency ratio from 8% to 12%. These capital and solvency requirements are to be implemented over the next three years.

Commodities

Oil prices continued to recover last week and reached their highest level in nearly a month. Crude has been supported by the latest supply disruptions in Libya, increased odds of an extension of the supply cut agreement beyond the agreed June deadline and the latest comments made by OPEC’s secretary-general that the oil market is already rebalancing. Anadarko is reportedly expected to make a final investment decision on its **Mozambique** natural gas project in April/June 2018, with the two processing plants with capacity of 12mn tons/year likely to become operational in 2022/2023. The partners in the project already signed contracts for 8mn tons/year, but it was necessary to reach at least 9.6mn tons/year (80% of capacity) to secure the funding required to make a final investment decision. **Coking coal** prices continue to surge as a result of cyclone Debbie in Queensland (Australia), which supplies nearly 50% of the world’s seaborne coking coal and is a major supplier to China.

Sovereign Ratings

South Africa lost its investment grade credit-rating from S&P’s for the first time since 2000 after the ratings agency lowered its foreign currency rating on the country to BB+. The outlook was left unchanged at negative, meaning that further reductions could occur in the future. S&P’s stated that this decision reflected the risk to policy continuity following the latest changes in the government, which has raised the likelihood that economic growth and fiscal outcomes could suffer. Meanwhile, Moody’s said the scheduled publication of its rating review for April 7 was not going ahead and that a downgrade review could take 30-90 days. Moody’s and Fitch have had an investment grade rating on South Africa since 1994. Both currently have a negative outlook on the country, meaning that a downgrade could be imminent.

Capital Markets

11 April 2017

Tiago Bossa Dionísio

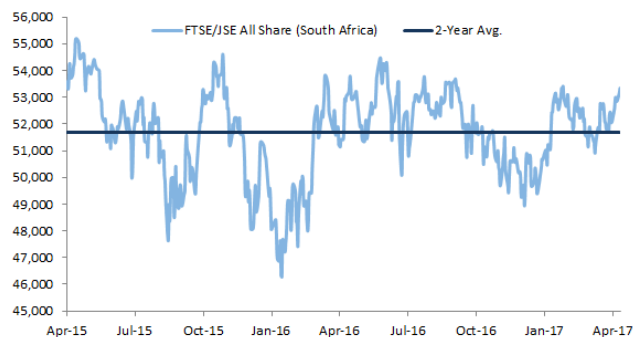
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Stock Markets Index (Country)	11/04/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Africa							
FTSE/JSE All Share (South Africa)	53,332.42	1.28%	4.02%	3.70%	5.29%	48,935.90	54,704.22
EGX 30 (Egypt)	12,848.56	-3.14%	-0.04%	74.99%	4.08%	6,831.59	13,544.42
Gaborone Domestic Index (Botswana)	9,251.09	0.28%	1.43%	-9.95%	-1.59%	9,005.95	10,317.66
Nairobi SE All Share (Kenya)	133.30	1.61%	8.84%	-8.49%	-0.03%	119.62	147.55
All Share Index (Nigeria)	25,626.37	1.40%	1.54%	3.96%	-4.64%	24,547.37	31,073.32
Ghana Stock Exchange (Ghana)	1,886.03	1.13%	0.60%	-1.04%	11.66%	1,507.84	1,909.98
Namibia Overall Index (Namibia)	1,049.92	-1.46%	-3.77%	9.18%	-1.75%	924.79	1,143.91
Tanzania All Share Index (Tanzania)	2,318.79	-0.51%	4.80%	-5.43%	5.48%	1,978.68	2,829.99
Americas							
Dow Jones Industrial Avg. (USA)	20,658.02	0.04%	-1.17%	17.67%	4.53%	17,063.08	21,169.11
S&P 500 (USA)	2,357.16	-0.07%	-0.65%	15.43%	5.29%	1,991.68	2,400.98
Nasdaq (USA)	5,880.93	-0.23%	0.33%	21.67%	9.25%	4,574.25	5,936.39
Ibovespa (Brazil)	64,649.82	-0.86%	-0.04%	28.87%	7.34%	48,066.67	69,487.58
Europe							
Euro Stoxx 50 (Europe)	3,470.73	-0.31%	1.59%	18.69%	5.48%	2,678.27	3,508.11
FTSE 100 (UK)	7,369.19	0.65%	0.36%	18.86%	3.17%	5,788.74	7,447.00
DAX (Germany)	12,178.84	-0.84%	1.80%	25.78%	6.08%	9,214.10	12,375.58
PSI 20 (Portugal)	4,962.72	0.13%	7.27%	1.73%	6.06%	4,175.28	5,125.03
IBEX 35 (Spain)	10,398.30	0.36%	3.92%	22.37%	11.19%	7,579.80	10,534.50
CAC (France)	5,100.36	-0.02%	2.14%	18.27%	4.90%	3,955.98	5,135.28
SMI (Switzerland)	8,608.64	-0.44%	-0.71%	11.06%	4.73%	7,475.54	8,710.26
Asia							
Nikkei 225 (Japan)	18,747.87	-0.33%	-4.37%	19.03%	-1.92%	14,864.01	19,668.01
Topix (Japan)	1,495.10	-0.63%	-5.01%	16.82%	-1.55%	1,192.80	1,578.51
Hang Seng (Hong Kong)	7,060.85	-1.06%	2.03%	16.14%	10.27%	5,715.15	7,322.13
Shanghai All Share (China)	3,444.26	2.06%	2.38%	8.48%	5.99%	2,910.50	3,456.92
CSI 300 (China)	3,516.89	1.76%	2.60%	8.88%	6.25%	3,027.44	3,583.72

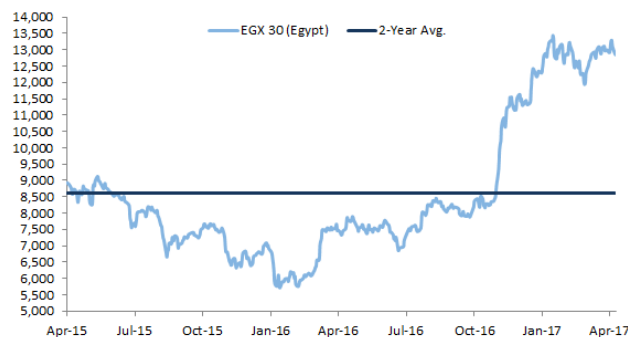
Sources: Bloomberg and Eaglestone Securities.

JOHANNESBURG STOCK EXCHANGE ALL SHARE INDEX



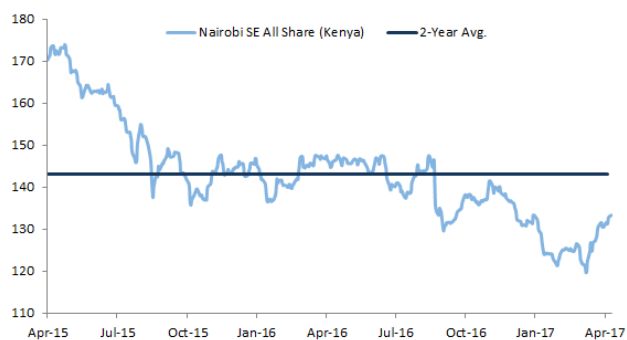
Sources: Bloomberg and Eaglestone Securities.

EGYPT STOCK EXCHANGE INDEX



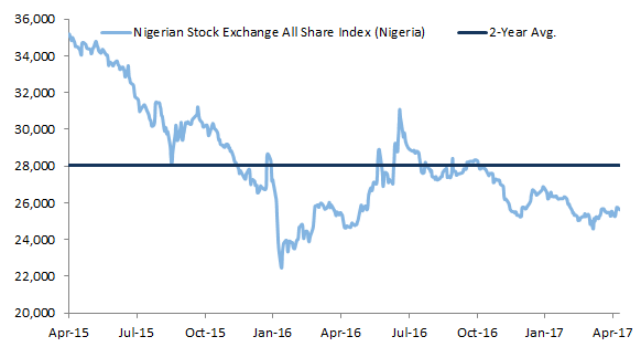
Sources: Bloomberg and Eaglestone Securities.

NAIROBI ALL SHARE INDEX



Sources: Bloomberg and Eaglestone Securities.

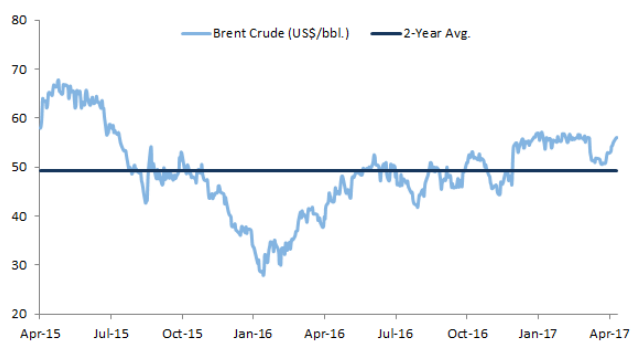
NIGERIA STOCK EXCHANGE INDEX



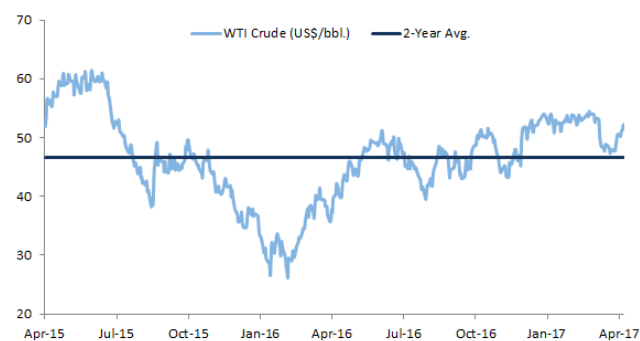
Sources: Bloomberg and Eaglestone Securities.

Commodities	11/04/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Energy							
WTI Crude (US\$/bbl.)	53.09	4.04%	9.49%	31.54%	-1.17%	37.61	55.24
Brent Crude (US\$/bbl.)	56.04	3.45%	9.09%	30.84%	-1.37%	40.10	58.37
Natural Gas (US\$/MMBtu)	3.24	-1.49%	7.85%	69.67%	-12.89%	1.87	3.99
Gasoline (US\$/gal.)	175.99	2.22%	9.99%	16.73%	5.69%	126.68	176.60
Coking Coal (US\$/ton)	281.25	48.96%	78.99%	222.39%	21.86%	82.56	308.80
Precious Metals							
Gold (US\$/oz.)	1,255.40	0.03%	4.49%	-0.10%	9.00%	1,123.90	1,377.50
Silver (US\$/oz.)	17.95	-2.04%	6.32%	12.36%	12.26%	15.37	21.09
Platinum (US\$/oz.)	944.24	-1.73%	0.47%	-4.61%	4.56%	889.73	1,194.64
Other Metals							
Copper (US\$/lb.)	260.15	-0.40%	0.58%	24.44%	3.83%	201.30	282.30
Aluminum (US\$/MT)	1,926.50	-1.31%	2.47%	26.74%	13.79%	1,500.50	1,981.00
Zinc (US\$/MT)	2,618.00	-3.32%	-3.22%	48.96%	1.63%	1,748.50	2,985.00
Tin (US\$/MT)	20,275.00	1.12%	4.78%	20.33%	-4.02%	15,425.00	22,000.00
Iron Ore (US\$/ton)	74.71	-8.38%	-13.85%	38.28%	-5.27%	48.18	94.86
Agriculture							
Cocoa (US\$/MT)	1,955.00	-7.21%	-0.61%	-31.93%	-8.04%	1,881.00	3,237.00
Coffee (US\$/lb.)	139.85	1.45%	0.14%	16.11%	2.04%	118.70	176.00
Sugar (US\$/lb.)	16.61	2.78%	-8.84%	17.39%	-14.86%	14.00	23.90
Cotton (US\$/lb.)	75.40	0.73%	-2.45%	24.20%	6.72%	59.17	78.89
Corn (US\$)	367.00	1.10%	2.51%	2.87%	4.26%	301.00	439.25
Wheat (US\$)	428.25	0.29%	1.30%	-4.25%	4.96%	359.50	524.00
Soy (US\$)	944.00	0.67%	-5.24%	1.70%	-5.27%	915.50	1,208.50

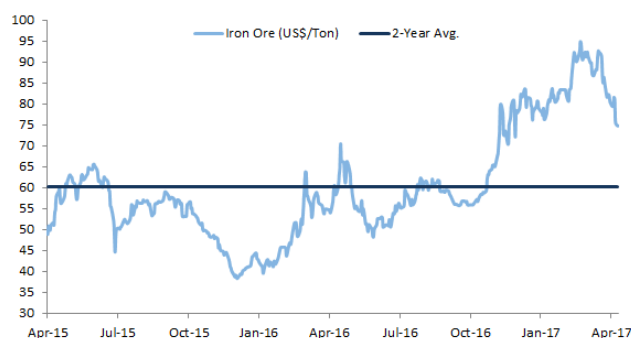
Sources: Bloomberg and Eaglestone Securities.

BRENT CRUDE (US\$/BARREL)

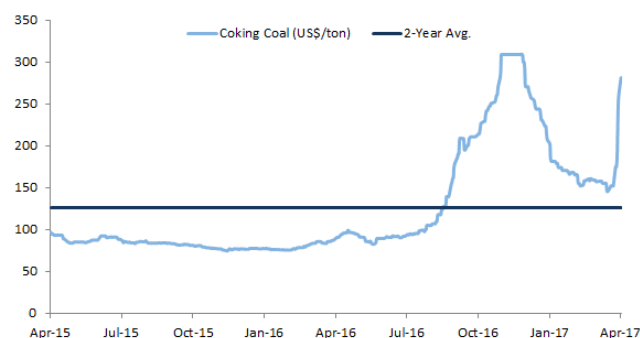
Sources: Bloomberg and Eaglestone Securities.

WTI CRUDE (US\$/BARREL)

Sources: Bloomberg and Eaglestone Securities.

IRON ORE (US\$/TON)

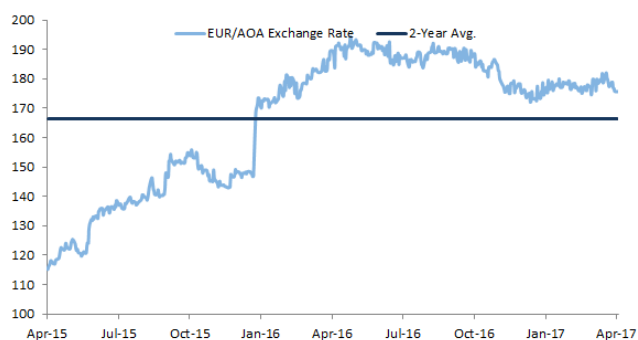
Sources: Bloomberg and Eaglestone Securities.

COKING COAL (US\$/TON)

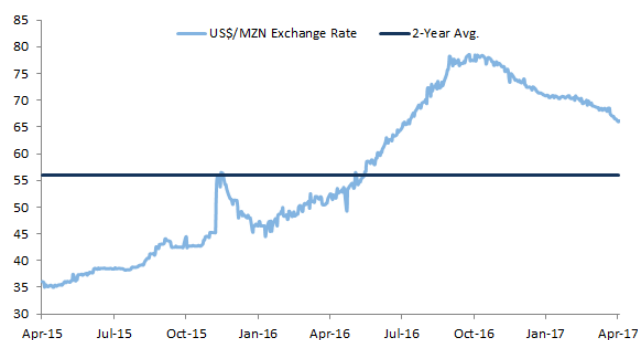
Sources: Bloomberg and Eaglestone Securities.

Currencies	11/04/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Kwanza (Angola)							
Dollar (USA)	167.65	-0.01%	-0.03%	-0.89%	0.37%	158.66	169.65
Euro	175.75	1.79%	1.58%	7.88%	-0.81%	171.73	196.44
Sterling (UK)	205.85	1.29%	-0.53%	14.93%	-0.59%	198.78	253.90
Rand (South Africa)	11.95	3.02%	6.67%	-5.65%	1.30%	10.59	13.58
Real (Brazil)	52.95	2.33%	0.37%	-10.14%	-3.78%	45.89	54.88
Metical (Mozambique)							
Dollar (USA)	66.16	1.28%	3.88%	-20.69%	7.90%	46.97	79.38
Euro	70.08	2.04%	4.46%	-14.58%	7.14%	54.98	89.22
Sterling (UK)	82.08	1.54%	2.30%	-8.98%	7.38%	70.99	104.52
Rand (South Africa)	4.77	3.29%	9.71%	-25.28%	9.41%	0.48	5.82
Rand (South Africa)							
Dollar (USA)	13.88	-1.86%	-5.37%	6.07%	-1.03%	12.31	15.98
Euro	14.71	-1.14%	-4.83%	14.22%	-1.74%	13.38	17.94
Sterling (UK)	17.22	-1.61%	-6.80%	21.83%	-1.63%	15.45	23.34
Real (Brazil)	4.43	-0.50%	-5.95%	-4.88%	-5.01%	3.92	4.69
Naira (Nigeria)							
Dollar (USA)	315.05	-0.01%	0.26%	-36.82%	0.09%	197.00	350.25
Euro	323.73	3.82%	3.90%	-29.85%	2.44%	220.58	390.34
Euro							
Dollar (USA)	1.06	-0.76%	-0.56%	-7.14%	0.72%	1.03	1.16
Sterling (UK)	0.85	0.49%	2.11%	-6.18%	-0.04%	0.76	0.94
Franc (Switzerland)	1.07	0.17%	0.52%	1.98%	0.42%	1.06	1.11
Yen (Japan)	117.15	0.90%	4.47%	5.10%	4.97%	109.57	126.47

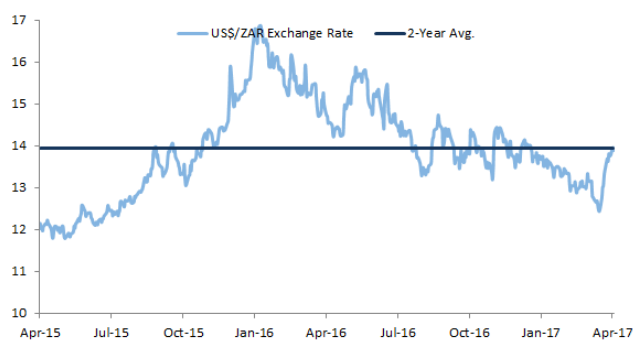
Sources: Bloomberg and Eaglestone Securities.

EUR/AOA EXCHANGE RATE

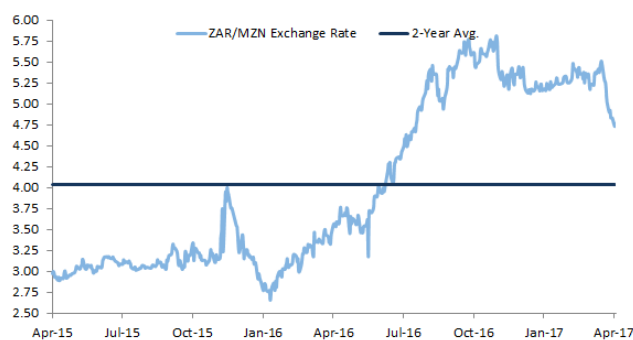
Sources: Bloomberg and Eaglestone Securities.

US\$/MZN EXCHANGE RATE

Sources: Bloomberg and Eaglestone Securities.

US\$/ZAR EXCHANGE RATE

Sources: Bloomberg and Eaglestone Securities.

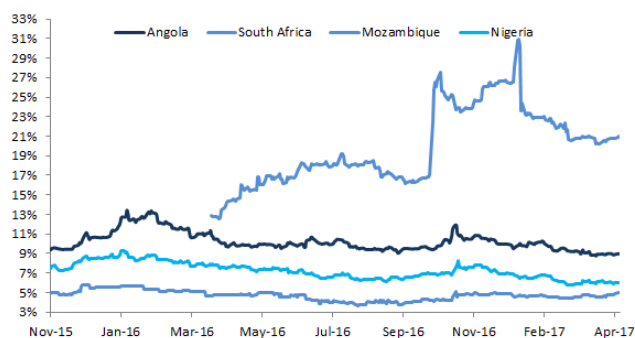
ZAR/MZN EXCHANGE RATE

Sources: Bloomberg and Eaglestone Securities.

African Eurobonds	11/04/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Angola (12/11/2025; 9.5%)	103.052 8.980%	0.020% -0.004%	0.661% -0.113%	9.435% -1.283%	5.958% -0.891%	85.813 8.748%	104.617 11.916%
Dem. Republic of Congo (30/06/2029; 4.0%)	74.636 9.492%	-0.321% 0.051%	6.020% -0.653%	0.859% 0.378%	14.966% -1.374%	63.918 9.060%	75.375 11.248%
Ethiopia (11/12/2024; 6.625%)	97.244 7.095%	1.208% -0.197%	3.360% -0.514%	6.290% -0.805%	5.025% -0.721%	87.005 6.543%	100.526 8.836%
Gabon (16/06/2025; 6.95%)	98.325 7.222%	0.685% -0.109%	0.289% -0.044%	16.938% -1.786%	4.477% -0.634%	81.096 6.808%	100.875 10.115%
Ghana (07/08/2023; 7.875%)	99.042 8.068%	1.547% -0.301%	2.149% -0.409%	27.420% -2.910%	0.178% -0.030%	76.438 7.652%	101.277 12.803%
Ivory Coast (03/03/2028; 6.375%)	99.078 6.493%	0.778% -0.099%	0.715% -0.090%	4.179% -0.459%	0.931% -0.113%	93.887 5.551%	107.735 7.145%
Kenya (24/06/2024; 6.875%)	100.140 6.848%	0.390% -0.069%	1.794% -0.301%	5.898% -0.822%	5.208% -0.786%	90.762 6.711%	101.276 8.397%
Mozambique (18/01/2023; 10.5%)	68.206 21.010%	-0.550% 0.263%	1.297% 0.088%	-24.011% 13.410%	12.896% -4.488%	53.636 12.625%	90.761 30.906%
Namibia (29/10/2025; 5.25%)	99.717 5.291%	-1.088% 0.165%	-0.779% 0.117%	2.187% -0.274%	2.064% -0.276%	97.369 4.183%	108.164 5.629%
Nigeria (12/07/2023; 6.375%)	102.161 5.953%	0.342% -0.067%	0.665% -0.130%	11.135% -1.441%	5.188% -0.839%	89.933 5.740%	103.593 8.233%
Rwanda (02/05/2023; 6.625%)	101.531 6.316%	0.357% -0.072%	0.639% -0.127%	4.917% -0.788%	1.774% -0.335%	93.364 6.052%	103.140 7.857%
Senegal (30/07/2024; 6.25%)	101.831 5.935%	0.481% -0.082%	1.031% -0.173%	9.496% -1.169%	1.635% -0.269%	91.875 5.382%	105.862 7.600%
Seychelles (01/01/2026; 7.0%)	103.031 7.411%	0.937% -0.143%	2.215% -0.324%	8.429% -0.965%	2.310% -0.313%	95.011 7.411%	103.031 8.500%
South Africa (16/09/2025; 5.875%)	106.250 4.957%	-0.932% 0.142%	-1.620% 0.190%	n.a. 0.170%	-0.701% 0.081%	105.750 3.686%	117.370 5.058%
Zambia (30/07/2027; 8.97%)	104.562 8.299%	0.030% -0.005%	0.621% -0.094%	26.515% -2.454%	5.541% -0.736%	79.351 7.975%	107.254 12.383%

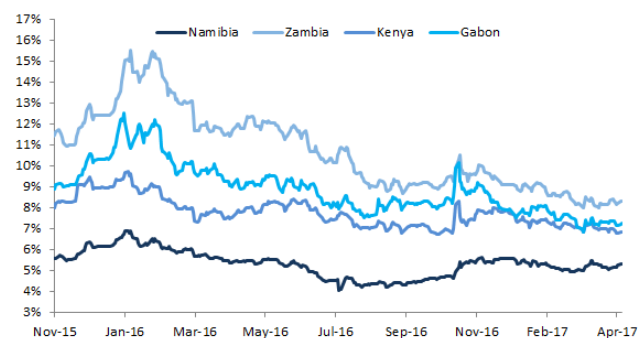
Sources: Bloomberg and Eaglestone Securities.

EUROBOND YIELDS (ANG, SA, MOZ & NIG)



Sources: Bloomberg and Eaglestone Securities.

EUROBOND YIELDS (NAM, ZAM, KEN & GAB)



Sources: Bloomberg and Eaglestone Securities.

AFRICA SOVEREIGN RATINGS

11/04/2017	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	SD	RD	NR	D	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	BB+	BBB-	P-2	B	F3
Tunisia	Ba3	NR	B+	NR	NR	B
Uganda	B2	B	B+	NR	B	B

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

AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings below these designations ('BB', 'B', 'CCC', etc.) are considered low credit quality, and are commonly referred to as "junk bonds".

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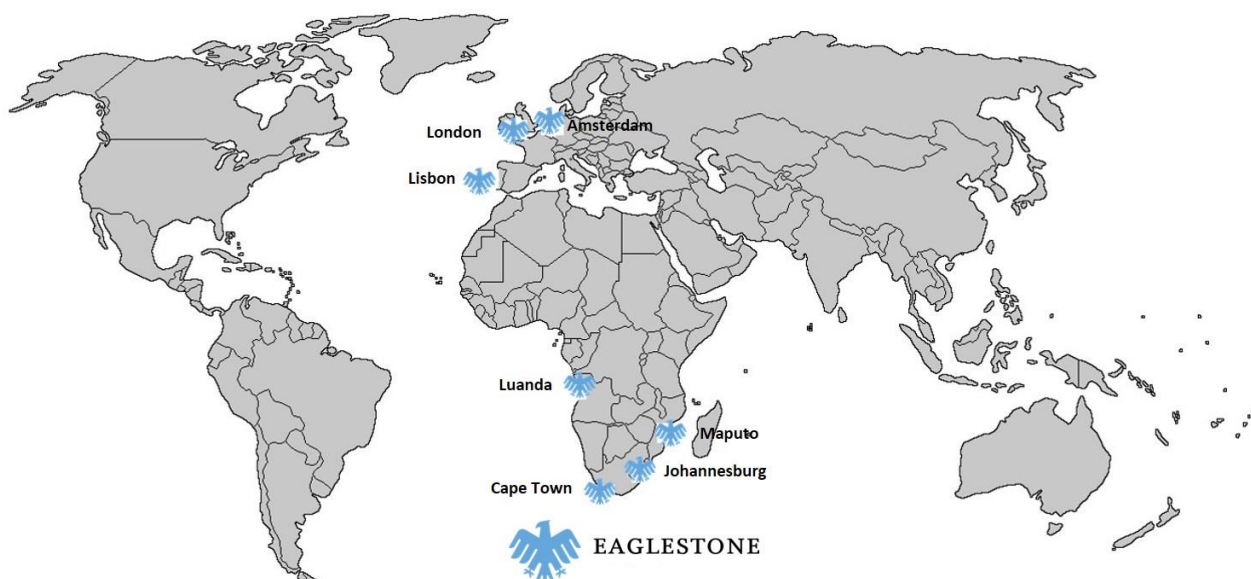
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LISBON - Av. da Liberdade, 105, 3rd Floor - T: +351 21 121 44 00

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, 4º 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, Johannesburg, Lisbon, London, 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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