



## Sub-Saharan Africa

### Robust (but slowing) growth outlook

The IMF released its latest World Economic Outlook (WEO October 2015) this week, downgrading its projections for global growth to 3.1% in 2015 (0.2% below its updated forecasts in July and 0.4% lower than projected in the WEO April). It has also lowered its growth forecasts for 2016 to 3.6%. For Sub-Saharan Africa (SSA), the Fund now expects real GDP growth of 3.8% this year and 4.3% in 2016. These projections are also below the ones expected in July (-0.6% and -0.8%, respectively) and April (-0.7% and -0.8%, respectively).

Growth in SSA is being impacted by the end of the high commodity price cycle, the slowdown in China and tightening global financial conditions. In particular, oil-exporting countries are being significantly affected by the sharp drop in oil prices of the last 15 months or so. Lower proceeds from the oil sector are having serious repercussions on government finances and international reserves, leading the local authorities to tighten fiscal and monetary policies to avoid a further deterioration in fiscal accounts and a depreciation of the local currencies that would lead to an inflationary spiral. The widening of fiscal deficits is also leading government debt levels to increase in several countries.

We present in the annex tables the IMF's revised projections for real GDP growth, inflation, fiscal and external accounts included in its latest WEO. We believe these indicators best reflect the impact of the current oil crisis. We include figures for Angola, Mozambique, Nigeria, South Africa and SSA. We compare these forecasts to the ones of the previous report issued in April. In terms of GDP growth, we note that (1) Angola and Nigeria suffered the biggest revisions to their forecasts (Angola is now expected to average 4.1% growth in 2015-20F whereas in April the IMF expected 5.1% (4.6% and 5.4%, respectively for Nigeria)), (2) the forecasts for Mozambique were revised upwards (average of 9.4% for 2015-20F vs. previous 8.7%), (3) Angola and Nigeria are expected to expand at a much slower rate during 2015-20F vs. 2007-14 and (4) Mozambique is expected to expand at a faster rate.

Consumer price inflation was significantly revised upwards in Angola for the period 2015-20F. Angola is now expected to record double-digit inflation in the next three years as opposed to previous estimates suggesting that inflation would continue to decline and remain in single-digits in the years ahead. Inflation in other countries is expected to remain contained and at similar levels than in 2007-14. Regarding public finances, the IMF expects Angola to disclose lower budget deficits in the next few years. This is probably due to a significant reduction in public expenditures in the foreseeable future and also the likelihood of the country resorting to debt markets (both domestic and international) as seen in the large upward revision in the gross debt forecasts. Fiscal accounts are expected to deteriorate in all countries during 2015-20F vs. the levels recorded in 2007-14. External accounts are also anticipated to worsen further than previously foreseen in April. The current account deficit is expected to increase significantly in Mozambique during 2015-20F as a result of the effects of the LNG industry.

All in all, growth in SSA remains strong but is expected to slow in the foreseeable future. The IMF sees further headwinds to impact economic activity and recognizes that for the time being the balance of risks remains tilted to the downside.

#### Research

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#### Economics

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ECONOMIC FORECASTS							Average	
	2015F	2016F	2017F	2018F	2019F	2020F	2007-14	2015-20F
<b>REAL GDP GROWTH</b>								
<b>IMF WEO - October 2015</b>								
Angola	3.5%	3.5%	3.8%	4.2%	4.7%	5.2%	7.9%	4.1%
Mozambique	7.0%	8.2%	7.9%	8.0%	7.9%	17.6%	7.0%	9.4%
Nigeria	4.0%	4.3%	4.5%	4.7%	4.9%	5.1%	7.1%	4.6%
South Africa	1.4%	1.3%	2.1%	2.5%	2.6%	2.6%	2.4%	2.1%
Sub-Saharan Africa	3.8%	4.3%	4.9%	5.0%	5.0%	5.1%	5.5%	4.7%
Brazil	-3.0%	-1.0%	2.3%	2.4%	2.5%	2.5%	3.4%	0.9%
Russia	-3.8%	-0.6%	1.0%	1.5%	1.5%	1.5%	2.5%	0.2%
<b>IMF WEO - April 2015</b>								
Angola	4.5%	3.9%	5.1%	5.3%	5.6%	5.8%	7.8%	5.1%
Mozambique	6.5%	8.1%	7.8%	8.0%	7.6%	14.5%	7.0%	8.7%
Nigeria	4.8%	5.0%	5.3%	5.5%	5.8%	6.0%	7.1%	5.4%
South Africa	2.0%	2.1%	2.4%	2.7%	2.8%	2.8%	2.4%	2.5%
Sub-Saharan Africa	4.5%	5.1%	5.3%	5.3%	5.2%	5.4%	5.5%	5.1%
Brazil	-1.0%	1.0%	2.3%	2.3%	2.4%	2.5%	3.4%	1.6%
Russia	-3.8%	-1.1%	1.0%	1.5%	1.5%	1.5%	2.5%	0.1%
<b>Change (October vs. April)</b>								
Angola	-1.0%	-0.4%	-1.4%	-1.0%	-1.0%	-0.7%	0.1%	-0.9%
Mozambique	0.5%	0.1%	0.1%	0.0%	0.3%	3.1%	0.0%	0.7%
Nigeria	-0.8%	-0.7%	-0.7%	-0.8%	-0.9%	-0.8%	0.0%	-0.8%
South Africa	-0.6%	-0.8%	-0.3%	-0.2%	-0.2%	-0.2%	0.0%	-0.4%
Sub-Saharan Africa	-0.7%	-0.8%	-0.4%	-0.3%	-0.3%	-0.2%	0.0%	-0.4%
Brazil	-2.0%	-2.0%	0.0%	0.1%	0.0%	0.0%	0.0%	-0.7%
Russia	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
<b>CONSUMER PRICE INFLATION</b>								
<b>IMF WEO - October 2015</b>								
Angola	10.3%	14.2%	12.4%	11.4%	10.4%	9.5%	11.6%	11.4%
Mozambique	4.0%	5.6%	5.6%	5.6%	5.6%	5.6%	6.7%	5.3%
Nigeria	9.1%	9.7%	8.8%	7.7%	7.2%	7.0%	10.4%	8.3%
South Africa	4.8%	5.9%	5.6%	5.5%	5.5%	5.5%	6.6%	5.5%
Sub-Saharan Africa	6.9%	7.3%	6.7%	6.1%	6.0%	5.8%	8.5%	6.5%
Brazil	8.9%	6.3%	5.2%	5.0%	4.8%	4.6%	5.5%	5.8%
Russia	15.8%	8.6%	7.3%	5.0%	4.0%	4.0%	8.7%	7.4%
<b>IMF WEO - April 2015</b>								
Angola	8.4%	8.5%	7.7%	7.2%	6.7%	6.5%	11.6%	7.5%
Mozambique	4.0%	5.6%	5.6%	5.6%	5.6%	5.6%	6.7%	5.3%
Nigeria	9.6%	10.7%	8.9%	7.7%	7.2%	7.0%	10.4%	8.5%
South Africa	4.5%	5.6%	5.5%	5.5%	5.5%	5.5%	6.6%	5.4%
Sub-Saharan Africa	6.6%	7.0%	6.4%	6.0%	5.8%	5.7%	8.5%	6.2%
Brazil	7.8%	5.9%	5.0%	4.7%	4.6%	4.5%	5.5%	5.4%
Russia	17.9%	9.8%	6.5%	4.5%	4.0%	4.0%	8.7%	7.8%
<b>Change (October vs. April)</b>								
Angola	1.9%	5.8%	4.7%	4.2%	3.7%	3.0%	0.0%	3.9%
Mozambique	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nigeria	-0.5%	-0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%
South Africa	0.3%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
Sub-Saharan Africa	0.3%	0.3%	0.4%	0.1%	0.2%	0.1%	0.0%	0.3%
Brazil	1.0%	0.4%	0.2%	0.3%	0.2%	0.0%	0.0%	0.4%
Russia	-2.2%	-1.2%	0.7%	0.5%	0.0%	0.0%	0.0%	-0.3%
<b>BUDGET BALANCE (% OF GDP)</b>								
<b>IMF WEO - October 2015</b>								
Angola	-3.5%	-1.4%	-2.0%	-0.7%	0.0%	0.5%	0.3%	-1.2%
Mozambique	-6.5%	-5.1%	-5.5%	-5.7%	-4.5%	-3.7%	-4.4%	-5.2%
Nigeria	-3.9%	-3.2%	-3.3%	-3.4%	-3.6%	-3.8%	-1.1%	-3.5%
South Africa	-4.1%	-3.7%	-3.4%	-3.3%	-3.3%	-3.1%	-3.1%	-3.5%
Sub-Saharan Africa	-4.2%	-3.6%	-3.4%	-3.1%	-2.9%	-2.7%	-2.0%	-3.3%
Brazil	-7.7%	-7.2%	-5.4%	-3.9%	-3.3%	4.6%	-3.1%	-3.8%
Russia	-5.7%	-3.9%	-2.2%	-1.7%	0.0%	-0.3%	0.1%	-2.3%
<b>IMF WEO - April 2015</b>								
Angola	-4.7%	-2.3%	-2.2%	-2.4%	-2.8%	-3.4%	0.8%	-3.0%
Mozambique	-6.5%	-5.5%	-5.8%	-6.2%	-5.0%	-4.1%	-4.5%	-5.5%
Nigeria	-2.0%	-1.7%	-1.8%	-1.8%	-1.6%	-1.7%	-1.2%	-1.8%
South Africa	-4.2%	-3.4%	-3.1%	-3.0%	-2.9%	-2.7%	-3.1%	-3.2%
Sub-Saharan Africa	-3.7%	-2.9%	-2.6%	-2.5%	-2.4%	-2.3%	-1.9%	-2.7%
Brazil	-5.3%	-4.7%	-4.2%	-3.5%	-3.0%	-2.6%	-3.1%	-3.9%
Russia	-3.7%	-2.6%	-1.3%	-0.4%	-0.4%	-0.5%	0.1%	-1.5%
<b>Change (October vs. April)</b>								
Angola	1.2%	0.9%	0.2%	1.7%	2.9%	3.9%	-0.4%	1.8%
Mozambique	-0.1%	0.4%	0.3%	0.5%	0.5%	0.4%	0.0%	0.3%
Nigeria	-1.8%	-1.4%	-1.5%	-1.6%	-1.9%	-2.1%	0.1%	-1.7%
South Africa	0.1%	-0.2%	-0.3%	-0.3%	-0.4%	-0.5%	0.0%	-0.3%
Sub-Saharan Africa	-0.6%	-0.7%	-0.7%	-0.6%	-0.5%	-0.4%	0.0%	-0.6%
Brazil	-2.4%	-2.5%	-1.2%	-0.4%	-0.3%	7.2%	0.0%	0.1%
Russia	-2.0%	-1.3%	-1.0%	-1.3%	0.4%	0.2%	0.0%	-0.8%

Sources: IMF and Eaglestone Securities.

ECONOMIC FORECASTS (CONT.)							Average	
	2015F	2016F	2017F	2018F	2019F	2020F	2007-14	2015-20F
<b>GROSS DEBT (% OF GDP)</b>								
<b>IMF WEO - October 2015</b>								
Angola	57.4%	53.0%	50.0%	46.1%	42.3%	38.4%	32.5%	47.9%
Mozambique	61.0%	59.6%	58.3%	57.4%	55.5%	49.1%	43.5%	56.8%
Nigeria	11.9%	13.7%	15.4%	17.0%	18.7%	20.6%	9.6%	16.2%
South Africa	48.4%	49.8%	50.8%	52.5%	53.8%	54.3%	35.6%	51.6%
Sub-Saharan Africa	34.3%	35.5%	36.2%	36.7%	37.0%	37.1%	27.3%	36.1%
Brazil	69.9%	74.5%	75.8%	76.5%	76.7%	76.1%	63.2%	74.9%
Russia	20.4%	21.0%	21.9%	22.8%	23.0%	23.0%	11.8%	22.0%
<b>IMF WEO - April 2015</b>								
Angola	47.5%	44.3%	41.9%	40.1%	39.2%	38.9%	32.2%	42.0%
Mozambique	61.2%	61.7%	60.8%	59.0%	57.0%	50.8%	42.3%	58.4%
Nigeria	11.5%	11.2%	11.1%	11.0%	10.9%	11.0%	9.6%	11.1%
South Africa	47.5%	48.2%	48.8%	50.0%	50.7%	50.6%	35.6%	49.3%
Sub-Saharan Africa	32.0%	32.4%	32.3%	32.3%	32.3%	32.1%	27.3%	32.2%
Brazil	66.2%	66.2%	65.3%	65.1%	65.1%	64.2%	63.2%	65.3%
Russia	18.8%	17.1%	17.2%	17.5%	17.9%	18.2%	11.9%	17.8%
<b>Change (October vs. April)</b>								
Angola	9.9%	8.8%	8.0%	6.0%	3.1%	-0.6%	0.3%	5.9%
Mozambique	-0.2%	-2.1%	-2.5%	-1.6%	-1.5%	-1.7%	1.2%	-1.6%
Nigeria	0.4%	2.5%	4.3%	6.0%	7.8%	9.5%	0.0%	5.1%
South Africa	0.9%	1.6%	2.0%	2.5%	3.2%	3.7%	0.0%	2.3%
Sub-Saharan Africa	2.3%	3.1%	3.9%	4.4%	4.8%	5.0%	0.0%	3.9%
Brazil	3.7%	8.3%	10.5%	11.4%	11.6%	11.9%	0.0%	9.6%
Russia	1.6%	4.0%	4.8%	5.3%	5.1%	4.8%	0.0%	4.3%
<b>CURRENT ACCOUNT (% OF GDP)</b>								
<b>IMF WEO - October 2015</b>								
Angola	-7.6%	-5.6%	-4.4%	-3.0%	-2.8%	-3.0%	6.9%	-4.4%
Mozambique	-41.0%	-45.3%	-41.1%	-52.3%	-48.5%	-40.7%	-22.9%	-44.8%
Nigeria	-1.8%	-1.2%	-0.5%	-0.2%	-0.2%	-0.3%	5.0%	-0.7%
South Africa	-4.3%	-4.5%	-4.5%	-4.4%	-4.3%	-4.0%	-4.2%	-4.3%
Sub-Saharan Africa	-5.7%	-5.5%	-5.1%	-5.0%	-4.8%	-4.5%	-1.4%	-5.1%
Brazil	-4.0%	-3.8%	-3.8%	-3.8%	-3.8%	-3.8%	-2.6%	-3.8%
Russia	5.0%	5.4%	5.7%	5.4%	5.2%	4.5%	4.2%	5.2%
<b>IMF WEO - April 2015</b>								
Angola	-6.3%	-4.2%	-2.6%	-2.5%	-2.5%	-2.5%	6.9%	-3.4%
Mozambique	-41.1%	-45.6%	-41.3%	-52.6%	-48.9%	-41.0%	-22.9%	-45.1%
Nigeria	0.7%	1.3%	1.3%	1.1%	0.8%	0.6%	5.3%	1.0%
South Africa	-4.6%	-4.7%	-4.6%	-4.4%	-4.4%	-4.2%	-4.2%	-4.5%
Sub-Saharan Africa	-4.6%	-4.1%	-3.8%	-4.0%	-4.1%	-4.2%	-1.3%	-4.1%
Brazil	-3.7%	-3.4%	-3.3%	-3.2%	-3.2%	-3.2%	-2.1%	-3.4%
Russia	5.4%	6.3%	6.0%	5.3%	4.8%	4.3%	4.2%	5.3%
<b>Change (October vs. April)</b>								
Angola	-1.3%	-1.4%	-1.9%	-0.5%	-0.3%	-0.5%	-0.1%	-1.0%
Mozambique	0.2%	0.2%	0.2%	0.3%	0.4%	0.3%	0.0%	0.3%
Nigeria	-2.5%	-2.5%	-1.9%	-1.3%	-1.1%	-0.8%	-0.3%	-1.7%
South Africa	0.2%	0.2%	0.0%	0.0%	0.1%	0.2%	0.0%	0.1%
Sub-Saharan Africa	-1.1%	-1.4%	-1.3%	-1.0%	-0.8%	-0.3%	-0.1%	-1.0%
Brazil	-0.4%	-0.3%	-0.5%	-0.5%	-0.5%	-0.6%	-0.5%	-0.5%
Russia	-0.4%	-0.8%	-0.3%	0.1%	0.5%	0.2%	0.0%	-0.1%

Sources: IMF and Eaglestone Securities.

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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

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