



Africa Weekly: Oil falls as OPEC agreed 9-month extension

Politics

South African President Jacob Zuma reportedly defeated a no-confidence motion against him at a meeting of top ANC officials. Zuma continues to face mounting pressure within the ruling party, opposition parties and civil society following his dismissal of former Finance minister Pravin Gordhan back in March, a move that triggered credit rating downgrades from two of the three top rating agencies.

Economy

Nigeria's real GDP contracted for a fifth consecutive quarter after falling 0.52% YoY in 1Q17 (vs. 1.73% in 4Q16). This was mostly due to a contraction in the oil sector (the sixth straight quarter of declines) and slower growth in agriculture. **Ghana's** government will ask the IMF for an extension of its current three-year support program to December 2018, from April 2018 currently, as it hopes to restore macroeconomic stability. An extension would also likely bring in additional IMF funds from the existing US\$918mn loan package. This is being viewed as a change in course after the government stated back in January, when it came into power, that it wanted the program to end on time. **South Africa's** inflation slowed to 5.3% in April from 6.1% in the previous month, beating market expectations of 5.55% and falling within the central bank's target range of 3-6%. **Mozambique's** central bank forecasts that inflation will be between 12.5% and 14.5% this year and that real GDP growth will be 3-4% in the same period.

Central Banks

South Africa's central bank left its key interest rate unchanged at 7%, in line with analyst expectations, and signaled that no rate cut was imminent despite the latest inflation figures. **Nigeria's** central bank kept its benchmark rate at 14%, a record high level. The central bank also announced that it will increase dollar sales to support the local economy and strengthen the naira. The Bank of **Ghana** lowered its key interest rate to 22.5% from 23.5%. This cut was more than expected, as the average forecasts pointed to a rate reduction to 22.75%.

Commodities

OPEC and its partners decided to extend the current oil production cut agreement for another nine months beyond the existing end-June deadline. The cartel also decided that Nigeria and Libya will remain exempt from making cuts while Iran, which was allowed to increase production under the current agreement, will retain the same output target. The decision to extend the current accord until March 2018 came on the back of its failure to lower oil inventories to their five-year average targeted by OPEC ministers. Oil prices fell slightly soon after the decision, as some investors were expecting that OPEC would announce some additional actions like implementing deeper cuts. The latest data indicates that compliance levels stood above 100% for OPEC members, but were only at around 50% for non-members.

Credit

South Africa's Finance minister, his deputy and other ministers met with ratings agencies S&P's and Moody's in an effort to avoid a further rating downgrade after both S&P's and Fitch recently cut the country's rating to "junk". S&P's is due to make another ratings announcement on June 2 while Moody's has placed South Africa under review for a downgrade. **Kenya's** Treasury is reportedly considering selling a Eurobond this year to refinance maturing debt. The Eurobond is among several options being considered, as a two-year US\$750mn syndicated loan matures in October.

Capital Markets

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Stock Markets Index (Country)	29/05/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Africa							
FTSE/JSE All Share (South Africa)	53,829.65	-1.16%	0.02%	-0.51%	6.26%	48,935.90	54,716.53
EGX 30 (Egypt)	13,244.29	2.08%	0.53%	73.12%	7.29%	6,831.59	13,544.42
Gaborone Domestic Index (Botswana)	9,348.78	-0.03%	0.11%	-8.33%	-0.55%	9,005.95	10,198.04
Nairobi SE All Share (Kenya)	147.07	5.46%	10.35%	1.05%	8.14%	119.62	147.50
All Share Index (Nigeria)	29,064.52	3.38%	12.80%	0.56%	8.15%	24,547.37	31,073.32
Ghana Stock Exchange (Ghana)	1,923.53	0.39%	1.45%	8.46%	13.88%	1,507.84	1,923.95
Namibia Overall Index (Namibia)	1,056.77	-0.29%	-2.46%	6.56%	-1.07%	924.79	1,143.91
Tanzania All Share Index (Tanzania)	2,117.10	-7.50%	-4.69%	-16.00%	-3.70%	1,978.68	2,829.99
Americas							
Dow Jones Industrial Avg. (USA)	21,080.28	1.32%	0.67%	17.94%	6.67%	17,063.08	21,169.11
S&P 500 (USA)	2,415.82	1.43%	1.33%	15.09%	7.91%	1,991.68	2,418.71
Nasdaq (USA)	6,210.19	2.08%	2.69%	25.88%	15.36%	4,574.25	6,217.34
Ibovespa (Brazil)	64,085.41	2.31%	-2.01%	30.65%	6.41%	48,066.67	69,487.58
Europe							
Euro Stoxx 50 (Europe)	3,573.68	-0.10%	0.40%	16.09%	8.61%	2,678.27	3,666.80
FTSE 100 (UK)	7,547.63	0.65%	4.77%	20.36%	5.67%	5,788.74	7,554.21
DAX (Germany)	12,594.26	-0.21%	1.26%	22.44%	9.68%	9,214.10	12,841.66
PSI 20 (Portugal)	5,226.83	0.99%	3.84%	5.35%	11.77%	4,175.28	5,291.59
IBEX 35 (Spain)	10,886.70	0.99%	1.59%	19.54%	16.44%	7,579.80	11,184.40
CAC (France)	5,324.59	0.07%	1.09%	17.94%	9.51%	3,955.98	5,442.10
SMI (Switzerland)	9,018.41	-0.15%	2.33%	8.75%	9.72%	7,475.54	9,136.95
Asia							
Nikkei 225 (Japan)	19,682.57	0.02%	2.53%	16.92%	2.97%	14,864.01	19,998.49
Topix (Japan)	1,570.21	0.16%	2.51%	16.32%	3.40%	1,192.80	1,590.70
Hang Seng (Hong Kong)	7,492.85	1.98%	4.72%	25.36%	17.02%	5,753.10	7,501.71
Shanghai All Share (China)	3,257.06	1.12%	-1.40%	10.30%	0.23%	2,925.11	3,456.92
CSI 300 (China)	3,480.43	2.03%	1.18%	13.65%	5.15%	3,033.97	3,583.72

Sources: Bloomberg and Eaglestone Securities.

JOHANNESBURG STOCK EXCHANGE ALL SHARE INDEX



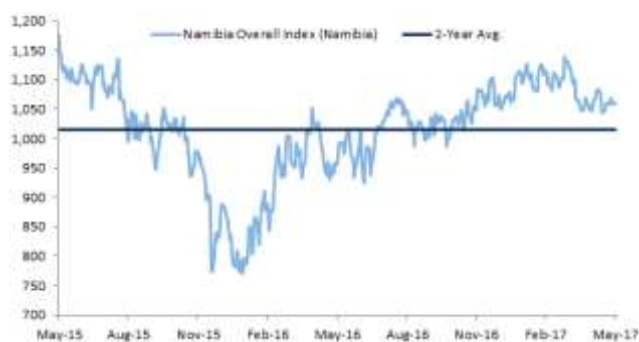
Sources: Bloomberg and Eaglestone Securities.

NIGERIA STOCK EXCHANGE INDEX



Sources: Bloomberg and Eaglestone Securities.

NAMIBIA OVERALL INDEX



Sources: Bloomberg and Eaglestone Securities.

TANZANIA ALL SHARE INDEX

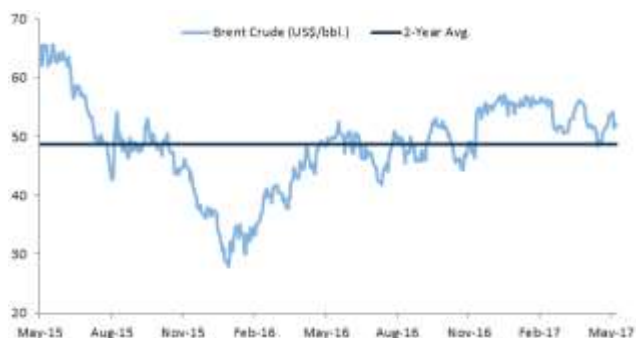


Sources: Bloomberg and Eaglestone Securities.

Commodities	29/05/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Energy							
WTI Crude (US\$/bbl.)	49.65	-2.21%	0.11%	4.12%	-7.70%	39.19	55.24
Brent Crude (US\$/bbl.)	52.01	-3.61%	0.24%	7.14%	-8.65%	41.51	58.37
Natural Gas (US\$/MMBtu)	3.24	-1.43%	4.57%	57.98%	-13.16%	1.91	3.99
Gasoline (US\$/gal.)	163.64	-1.62%	-0.47%	0.08%	-1.73%	126.68	177.10
Precious Metals							
Gold (US\$/oz.)	1,269.90	1.16%	-1.33%	1.35%	10.16%	1,123.90	1,377.50
Silver (US\$/oz.)	17.35	3.43%	-2.63%	4.98%	8.34%	15.70	21.09
Platinum (US\$/oz.)	958.30	2.07%	-0.26%	-5.12%	6.03%	889.73	1,194.64
Other Metals							
Copper (US\$/lb.)	256.20	-0.06%	0.97%	24.47%	2.26%	201.30	282.30
Aluminum (US\$/MT)	1,951.00	0.39%	2.51%	26.18%	15.18%	1,532.00	1,981.00
Zinc (US\$/MT)	2,640.00	0.92%	3.59%	41.56%	2.47%	1,809.00	2,985.00
Tin (US\$/MT)	20,425.00	0.12%	3.15%	23.68%	-3.31%	15,425.00	22,000.00
Agriculture							
Cocoa (US\$/MT)	1,911.00	-5.77%	1.31%	-35.67%	-10.38%	1,805.00	3,237.00
Coffee (US\$/lb.)	131.20	-0.68%	-4.96%	5.89%	-4.29%	120.80	176.00
Sugar (US\$/lb.)	15.05	-8.06%	-8.31%	-12.16%	-24.16%	15.12	23.90
Cotton (US\$/lb.)	72.79	-7.72%	-7.86%	20.19%	3.93%	61.10	87.18
Corn (US\$)	374.25	0.00%	4.83%	-5.13%	6.32%	301.00	439.25
Wheat (US\$)	438.25	-0.06%	8.21%	-6.31%	7.42%	359.50	524.00
Soy (US\$)	926.50	-3.19%	-2.56%	-14.10%	-7.15%	929.75	1,208.50

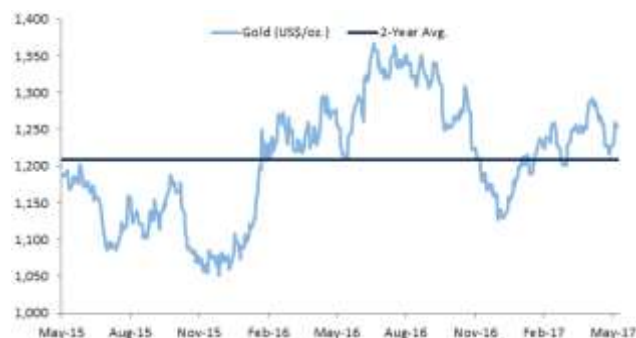
Sources: Bloomberg and Eaglestone Securities.

BRENT CRUDE (US\$/BARREL)



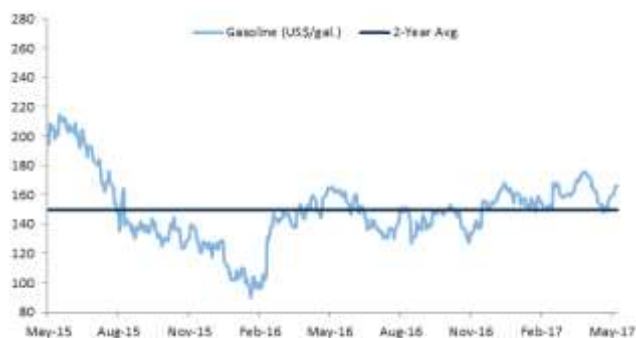
Sources: Bloomberg and Eaglestone Securities.

GOLD (US\$/OZ)



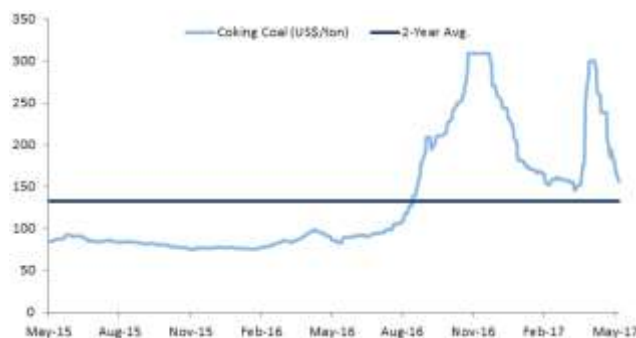
Sources: Bloomberg and Eaglestone Securities.

GASOLINE (US\$/GAL)



Sources: Bloomberg and Eaglestone Securities.

COKING COAL (US\$/TON)

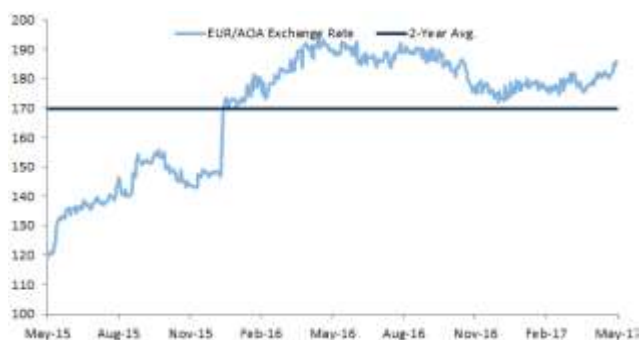


Sources: Bloomberg and Eaglestone Securities.

Currencies	29/05/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Kwanza (Angola)							
Dollar (USA)	166.75	-0.52%	-0.26%	1.49%	0.92%	163.78	169.65
Euro	186.50	-0.61%	-3.12%	1.81%	-5.11%	171.73	193.36
Sterling (UK)	214.13	0.53%	-0.63%	14.38%	-3.03%	198.78	253.90
Rand (South Africa)	12.85	-2.13%	-0.50%	-16.54%	-4.68%	10.66	13.58
Real (Brazil)	51.15	-0.29%	3.96%	-7.45%	1.07%	46.13	54.88
Metical (Mozambique)							
Dollar (USA)	59.19	3.24%	11.25%	-5.62%	20.60%	49.25	79.38
Euro	66.20	3.13%	7.22%	-5.35%	13.40%	54.98	89.22
Sterling (UK)	76.01	4.31%	9.81%	6.05%	15.89%	71.74	104.52
Rand (South Africa)	4.56	1.55%	11.07%	-21.97%	13.92%	0.48	5.82
Rand (South Africa)							
Dollar (USA)	12.98	1.67%	0.31%	20.82%	5.87%	12.31	15.87
Euro	14.52	1.57%	-2.51%	21.22%	-0.45%	13.38	17.75
Sterling (UK)	16.67	2.73%	-0.01%	35.74%	1.73%	15.45	23.21
Real (Brazil)	3.98	1.88%	4.41%	10.38%	6.03%	3.92	4.69
Naira (Nigeria)							
Dollar (USA)	324.77	-3.17%	-5.89%	-39.87%	-2.91%	197.00	350.25
Euro	363.26	-3.10%	-5.08%	-39.65%	-8.71%	220.58	390.34
Euro							
Dollar (USA)	1.12	0.11%	2.91%	-0.31%	6.26%	1.03	1.14
Sterling (UK)	0.87	1.14%	-0.23%	-8.92%	2.04%	0.76	0.94
Franc (Switzerland)	1.09	-0.09%	-0.83%	1.73%	1.59%	1.06	1.11
Yen (Japan)	124.55	0.23%	-3.78%	-1.14%	1.07%	109.57	125.82

Sources: Bloomberg and Eaglestone Securities.

EUR/AOA EXCHANGE RATE



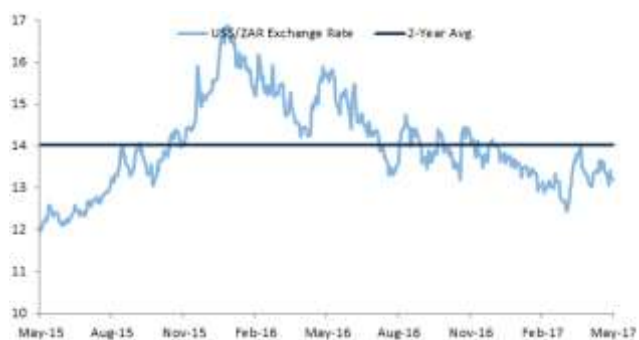
Sources: Bloomberg and Eaglestone Securities.

US\$/MZN EXCHANGE RATE



Sources: Bloomberg and Eaglestone Securities.

US\$/ZAR EXCHANGE RATE



Sources: Bloomberg and Eaglestone Securities.

ZAR/MZN EXCHANGE RATE

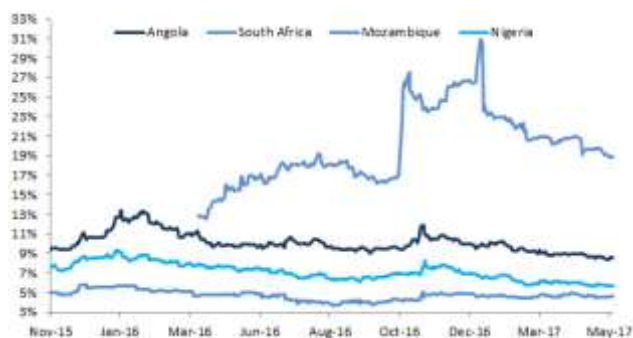


Sources: Bloomberg and Eaglestone Securities.

African Eurobonds	22/05/2017	Change				52 Week Range	
		1 Week	1 Month	1 Year	Year to Date	Low	High
Angola (12/11/2025; 9.5%)	105.615 8.553%	-0.890% 0.154%	2.124% -0.350%	8.694% -1.214%	8.594% -1.215%	85.813 8.362%	106.813 11.916%
Dem. Republic of Congo (30/06/2029; 4.0%)	79.378 8.772%	0.702% -0.078%	5.734% -0.617%	10.356% -0.686%	22.270% -1.839%	63.918 8.754%	79.524 11.248%
Ethiopia (11/12/2024; 6.625%)	100.701 6.505%	-0.573% 0.099%	3.328% -0.511%	10.164% -1.237%	8.759% -1.147%	87.005 6.336%	101.708 8.836%
Gabon (16/06/2025; 6.95%)	100.985 6.788%	0.450% -0.073%	3.264% -0.487%	17.997% -1.855%	7.303% -0.968%	81.096 6.766%	101.138 10.115%
Ghana (07/08/2023; 7.875%)	100.290 7.811%	0.101% -0.021%	0.866% -0.173%	21.380% -2.496%	1.440% -0.277%	81.913 7.652%	101.277 11.564%
Ivory Coast (03/03/2028; 6.375%)	100.758 6.276%	0.537% -0.069%	0.884% -0.112%	6.575% -0.700%	2.643% -0.316%	94.100 5.551%	107.735 7.099%
Kenya (24/06/2024; 6.875%)	102.528 6.424%	-0.246% 0.044%	2.228% -0.373%	10.691% -1.352%	7.717% -1.089%	90.762 6.309%	103.189 8.397%
Mozambique (18/01/2023; 10.5%)	75.242 18.885%	n.a. -0.558%	n.a. -0.558%	n.a. 1.578%	-5.800% 2.158%	70.000 16.936%	79.875 20.347%
Namibia (29/10/2025; 5.25%)	101.699 5.000%	-0.509% 0.076%	1.276% -0.182%	4.085% -0.508%	4.093% -0.522%	97.369 4.183%	108.164 5.629%
Nigeria (12/07/2023; 6.375%)	103.423 5.704%	0.041% -0.010%	1.031% -0.201%	9.408% -1.291%	6.488% -1.009%	89.933 5.673%	103.648 8.233%
Rwanda (02/05/2023; 6.625%)	102.933 6.029%	0.015% -0.005%	1.285% -0.255%	5.349% -0.871%	3.180% -0.579%	93.364 5.981%	103.181 7.857%
Senegal (30/07/2024; 6.25%)	105.562 5.307%	0.625% -0.107%	3.322% -0.515%	13.152% -1.477%	5.359% -0.776%	91.875 5.237%	106.098 7.600%
Seychelles (01/01/2026; 7.0%)	104.654 7.173%	n.a. -0.179%	1.584% -0.235%	6.738% -0.798%	3.921% -0.524%	97.429 7.173%	104.655 8.101%
South Africa (16/09/2025; 5.875%)	108.700 4.602%	-0.207% 0.029%	-0.046% -0.003%	n.a. -0.334%	1.589% -0.259%	105.750 3.686%	117.370 5.058%
Zambia (30/07/2027; 8.97%)	107.026 7.948%	-0.644% 0.096%	3.033% -0.424%	32.062% -2.728%	8.029% -1.011%	80.773 7.806%	108.282 12.117%

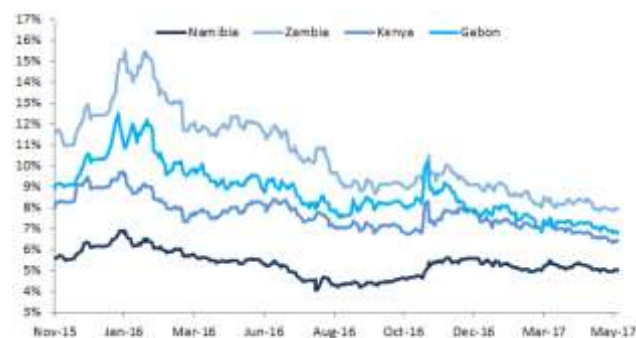
Sources: Bloomberg and Eaglestone Securities.

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

29/05/2017	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	SD	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	Ba3	B+	NR	NR	B	NR
Seychelles	NR	NR	BB-	NR	NR	B
South Africa	Baa2	BB+	BB+	P-2	B	B
Tunisia	Ba3	NR	B+	NR	NR	B
Uganda	B2	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, Johannesburg, Lisbon, London, Luanda and Maputo

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