

The credit crisis



Deleveraging in China, global growth concerns

March 30, 2016 6:53 pm

China's \$2bn of copper stocks spark debate

Free exchange

Red ink rising

China cannot escape the economic reckoning that a debt binge brings

Global oil glut set to worsen, says IEA

Xi Jinping, China's debt time bomb, and the art of saying nothing

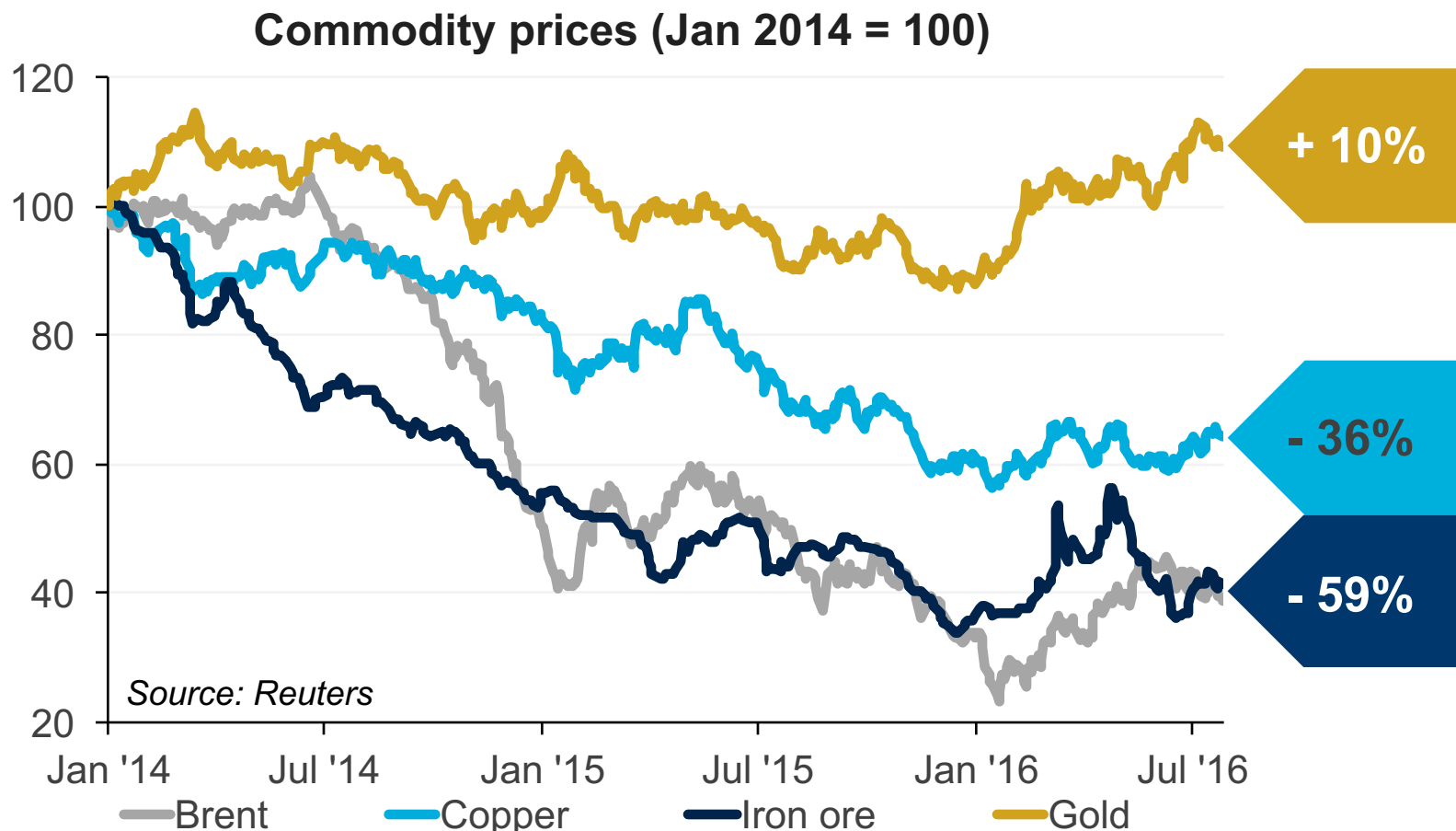
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COMMENT

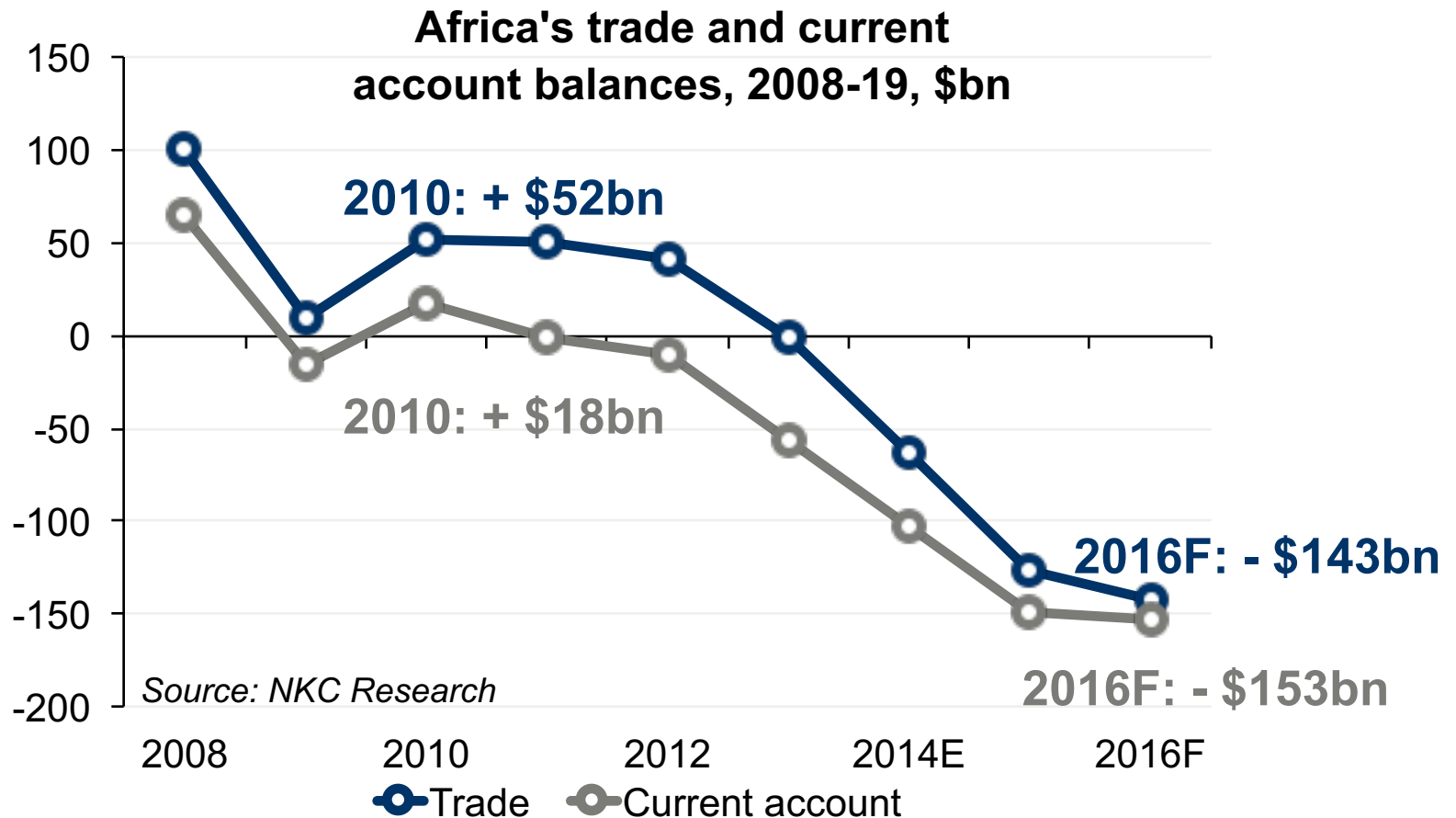


Reuters

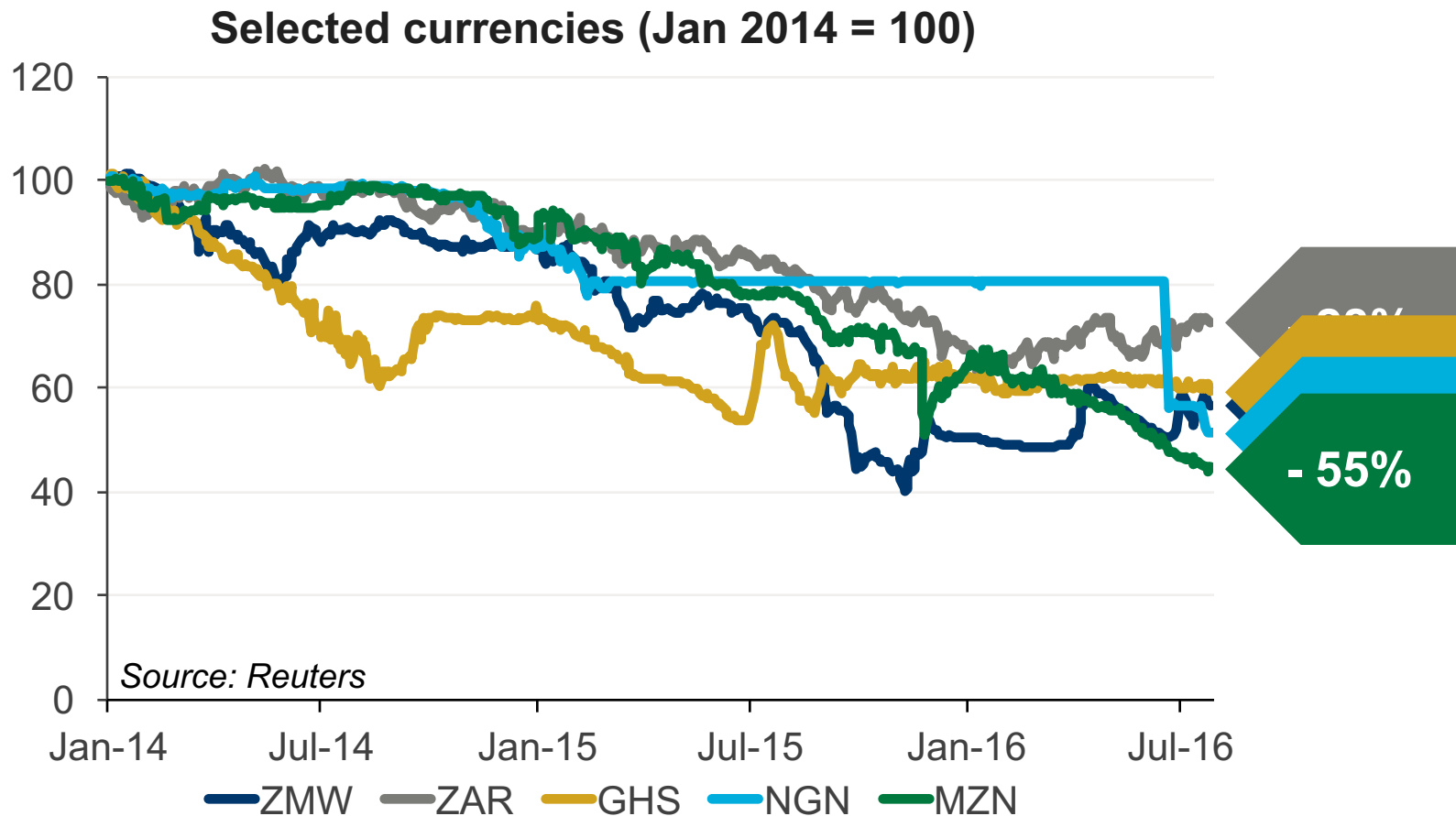
Commodities



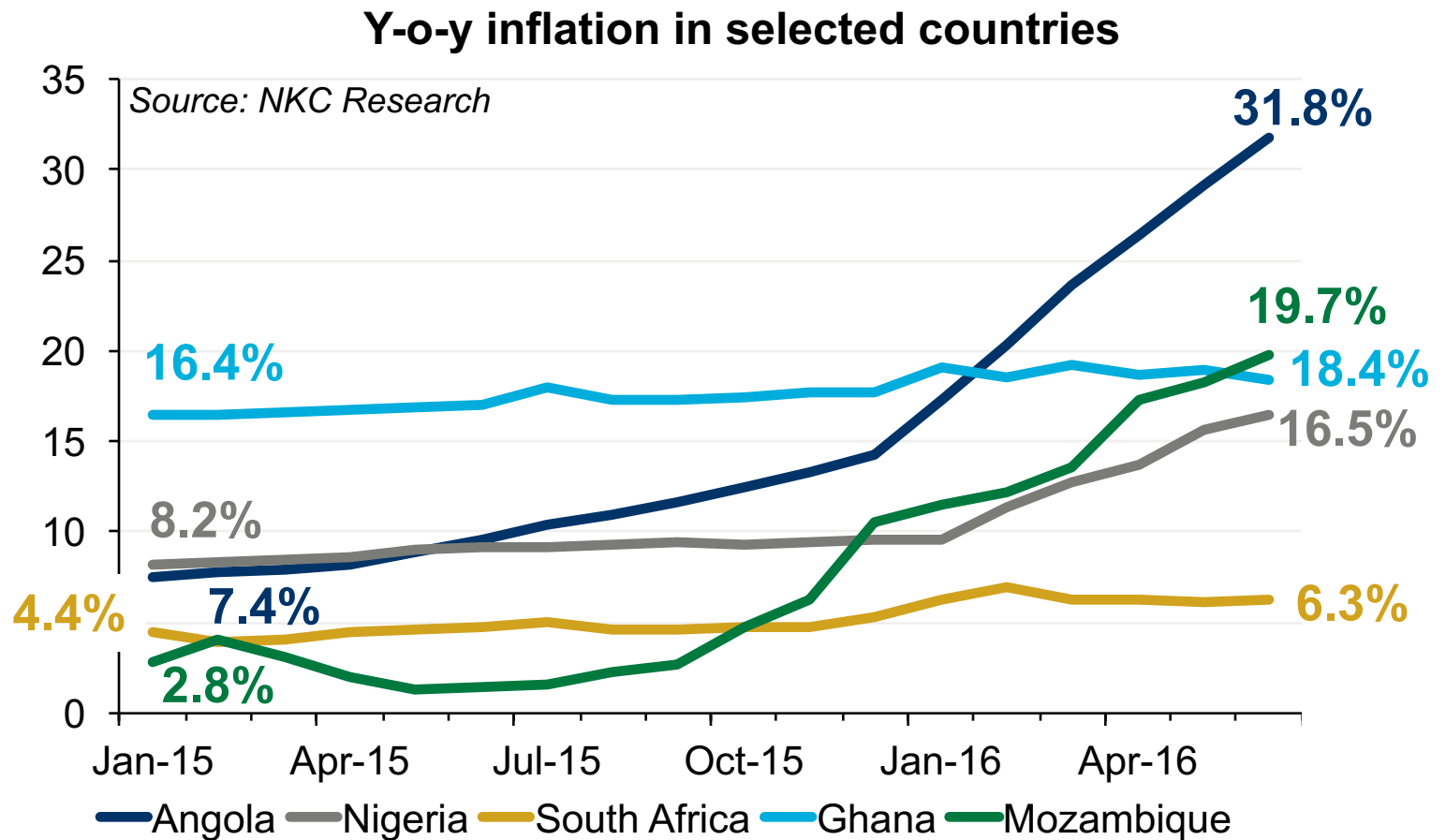
Trade balances



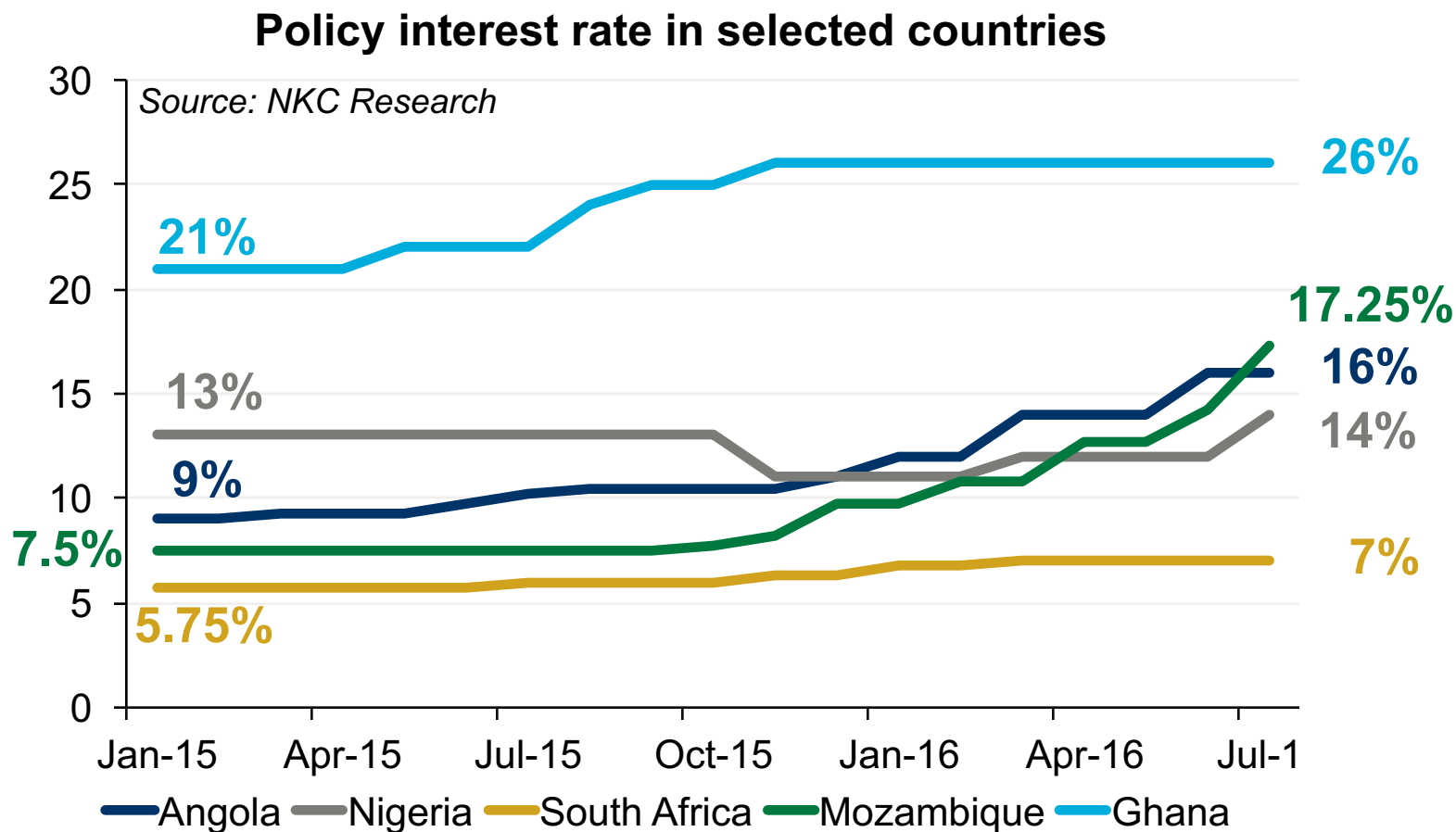
Currencies



Inflation



Interest rates



The oil-reliant economies: Nigeria, Angola

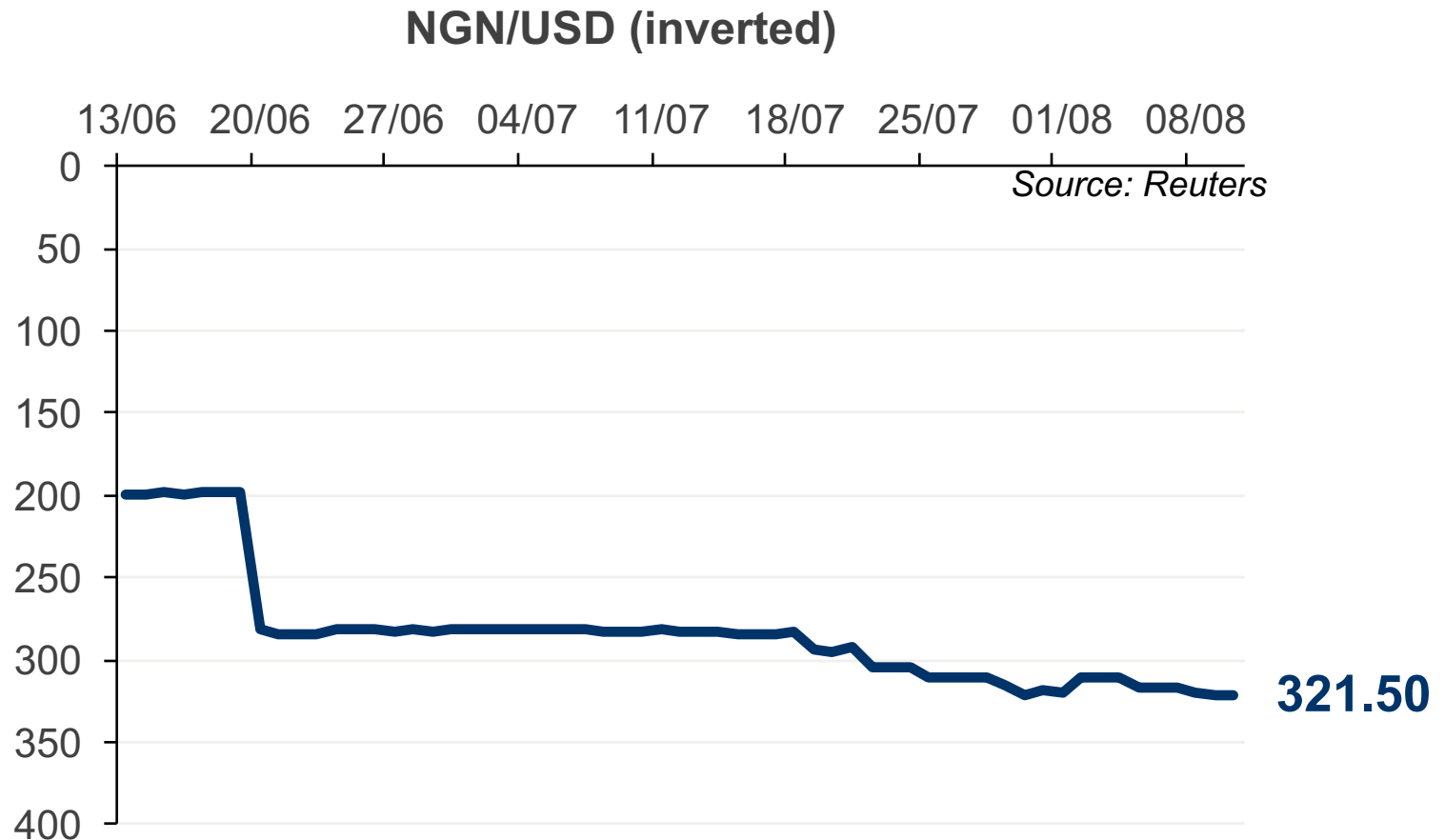
- **Nigeria**

- Naira 'float'
- Delta insurgency: output squeeze
- Corruption
- Low debt levels

- **Angola**

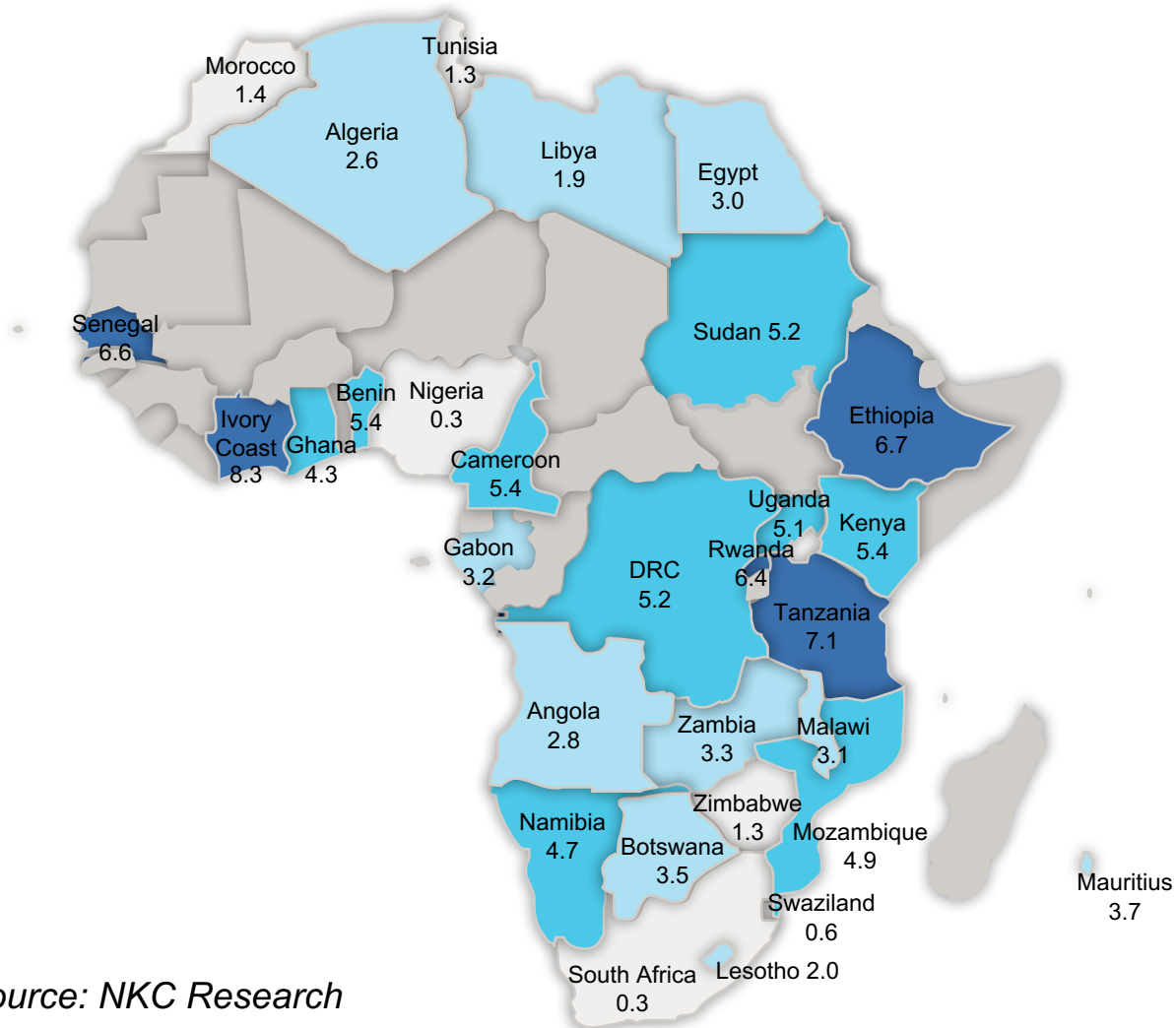
- Forex liquidity tight
- Bilateral arrangements in preference to IMF deal, rapid increase in debt levels
- No improvements in transparency
- MPLA extremely sensitive

The floating (?) naira



An uneven story

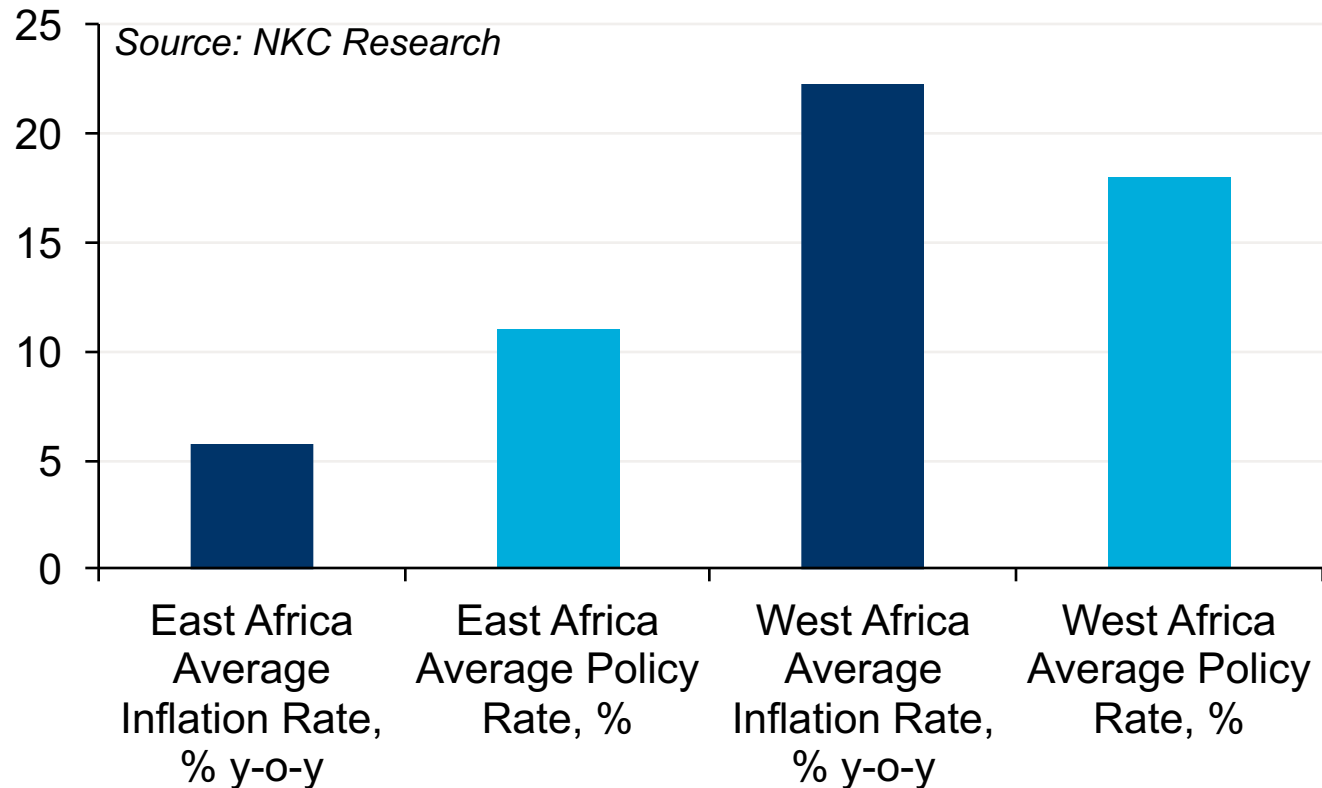
- 2016F real GDP growth



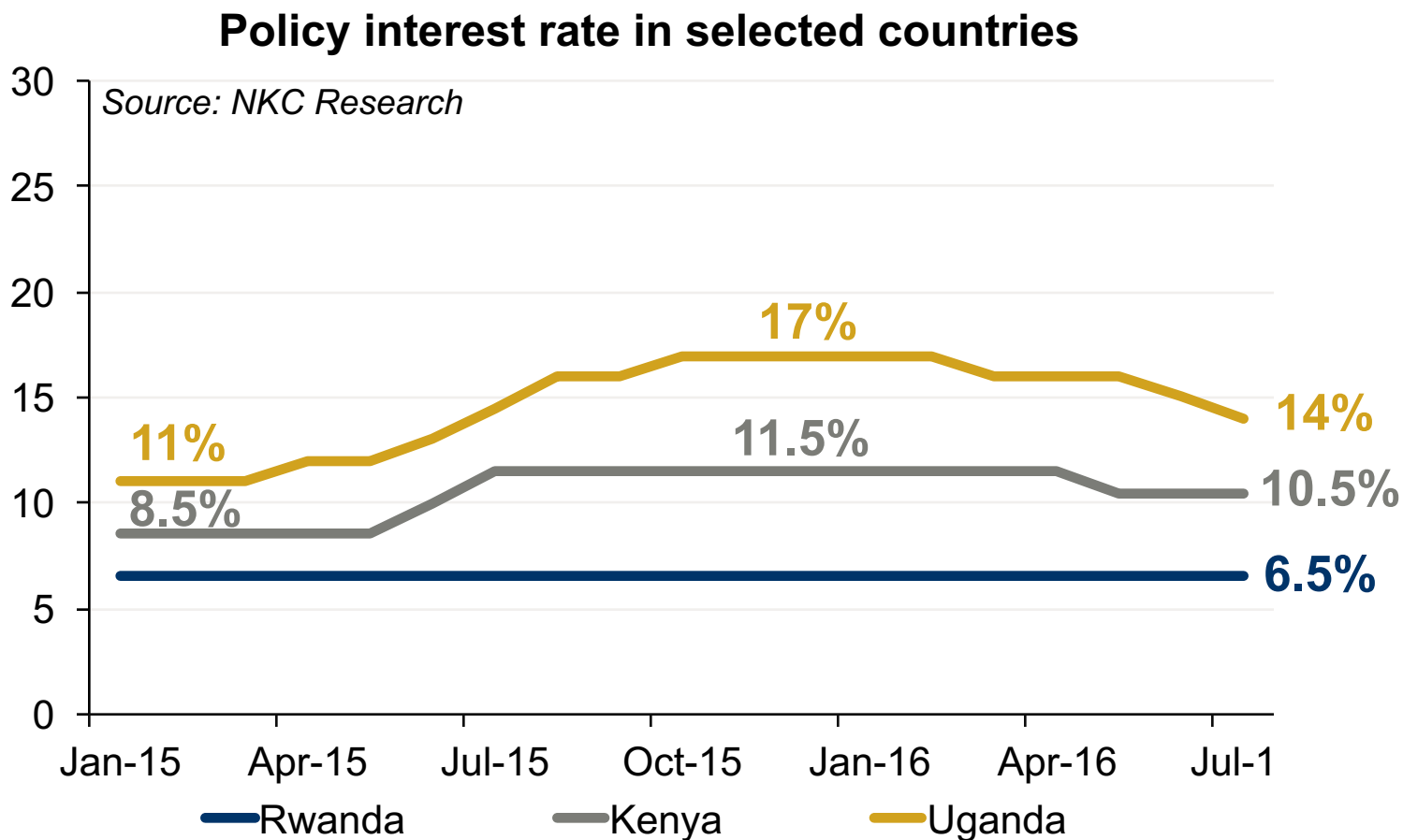
Source: NKC Research

An uneven story

East vs. West Africa, inflation and policy rates

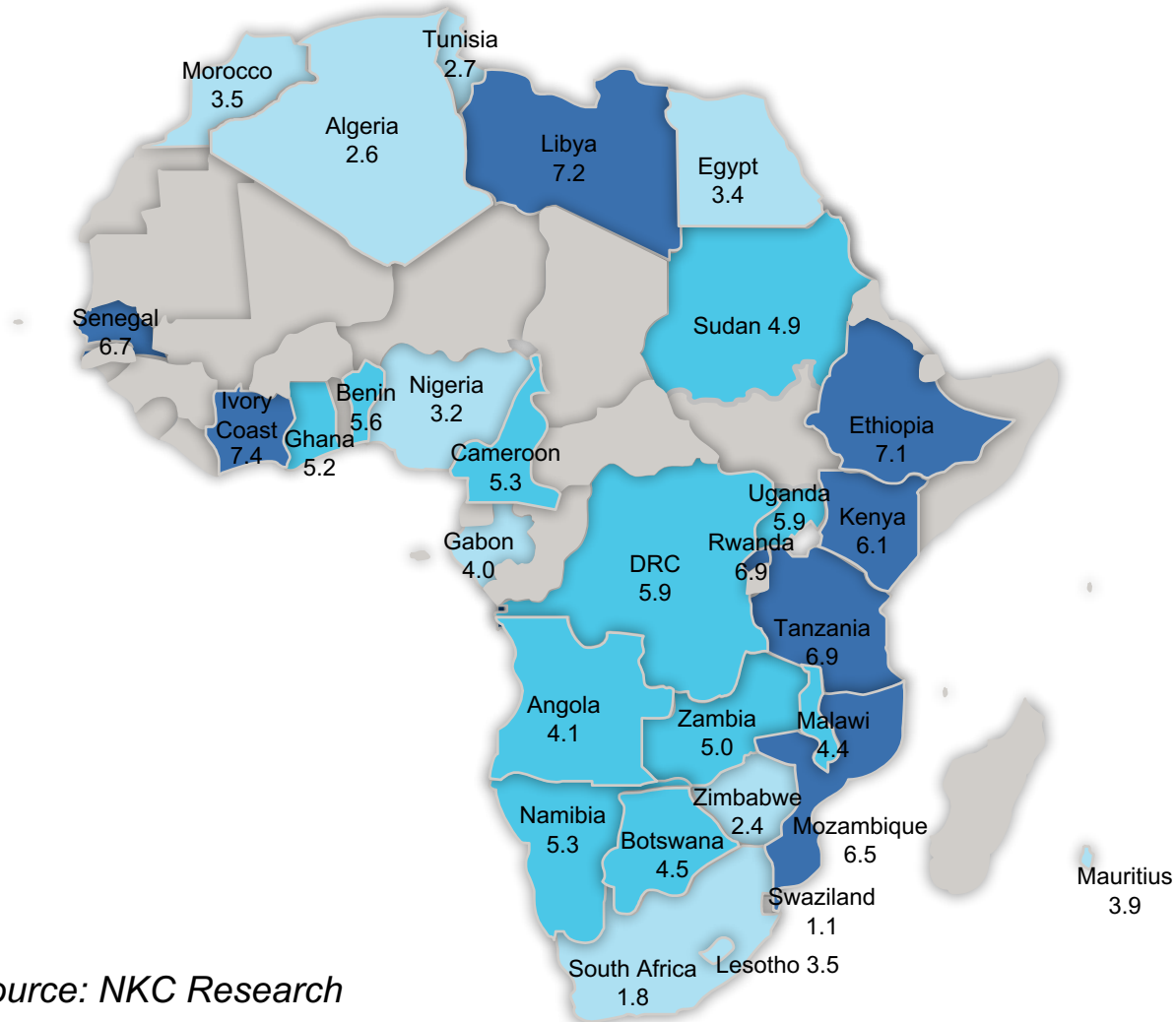


Interest rates



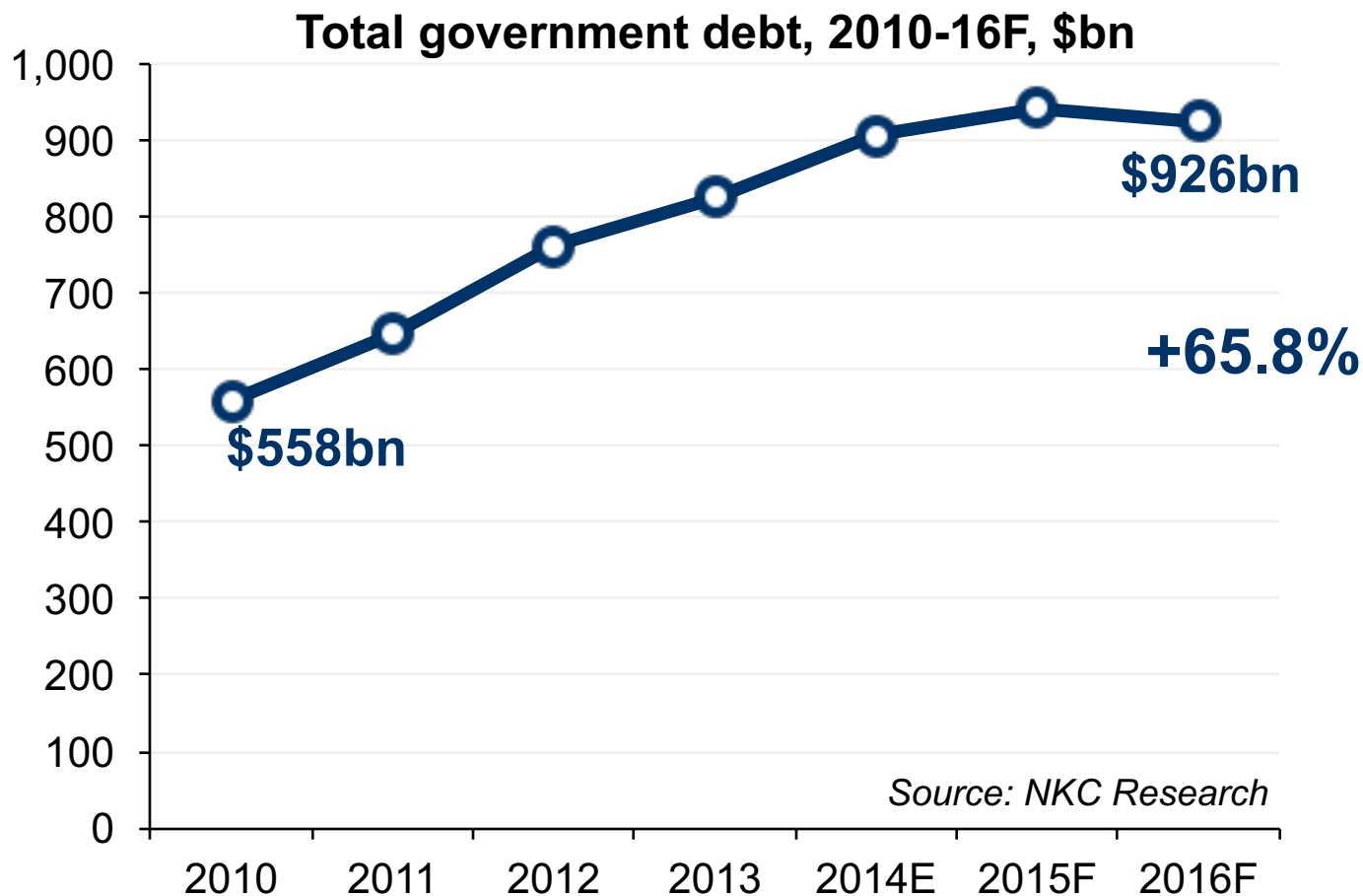
An uneven story

- Average real GDP growth 2016-2020F



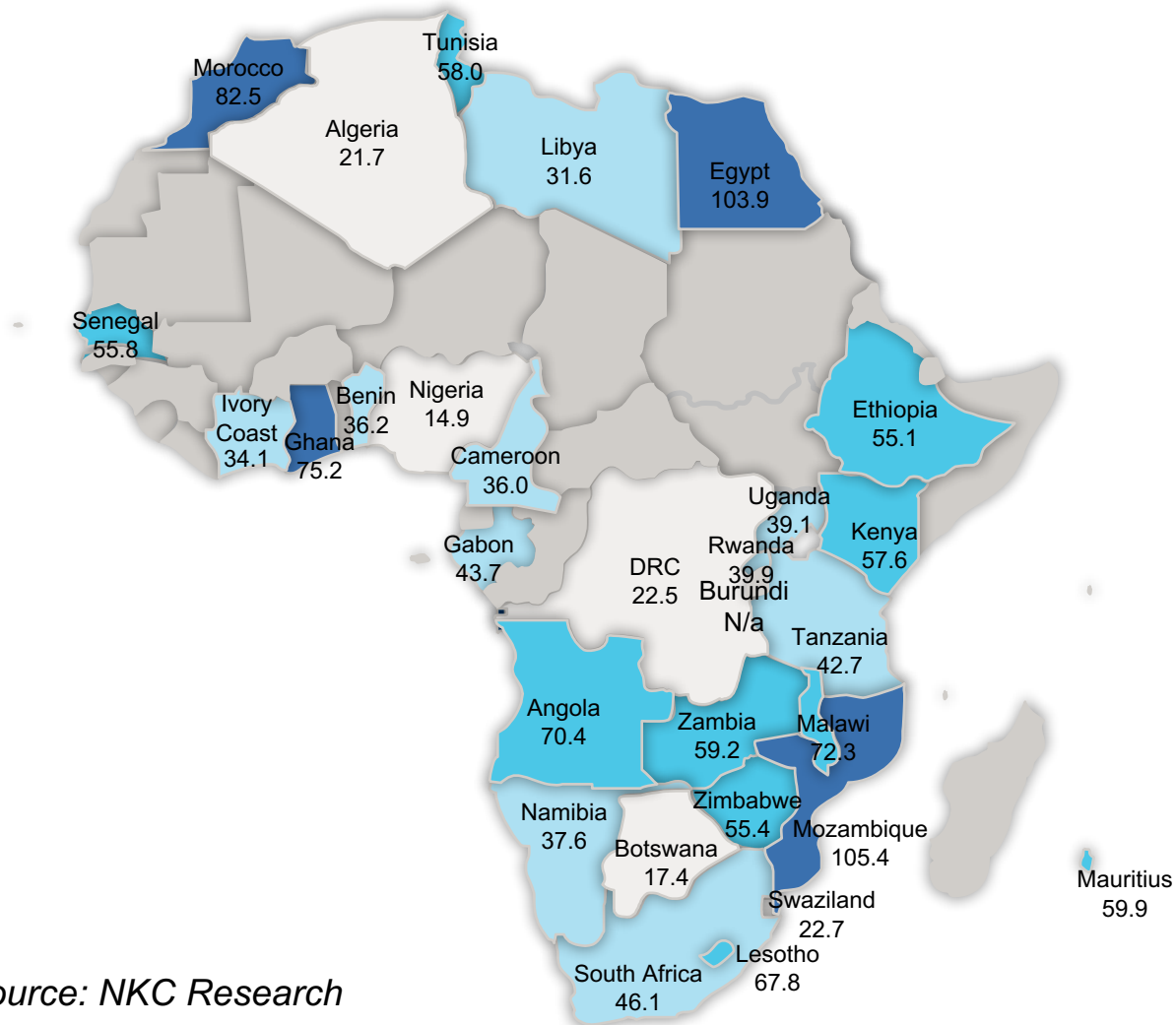
Source: NKC Research

Debt issues



Debt issues

- Government debt as % of GDP, 2016F



Source: NKC Research

Debt issues

- **Some issuers now priced out of the market...**
 - Ghana
- **...or facing downgrades**
 - South Africa
 - Mozambique
- **Others look like good debt plays**
 - Nigeria

Politics: presidential elections

- **Zambia: August 11**
 - More tension than ever before
- **Gabon: August 28**
 - Divisive campaign, result in little doubt
- **DRC: date not fixed**
 - Fluid situation, conflict risk
- **Ghana: December 7**
 - Policy uncertainty, risk of fiscal slippage



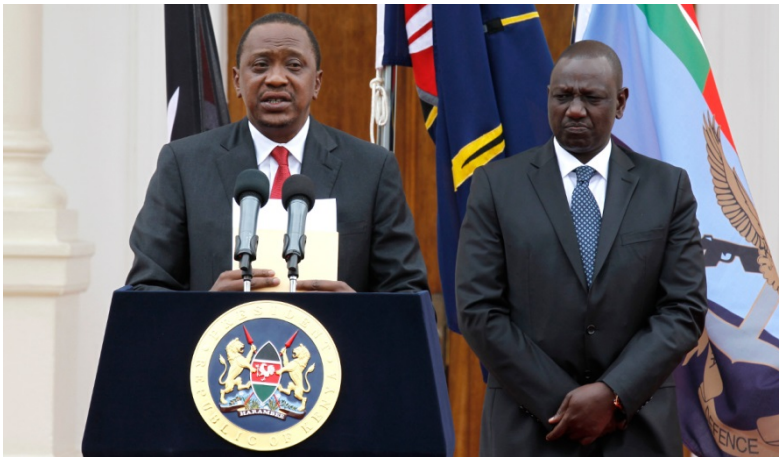
Getty



News Ghana

Politics: presidential elections

- **Kenya: August 2017**
 - Strained coalitions, ethnic issues
- **Angola: August 2017**
 - MPLA faces little threat, but government nonetheless sensitive
- **Rwanda: 2017**
 - Tight restrictions, but structure gradually becoming more fragile



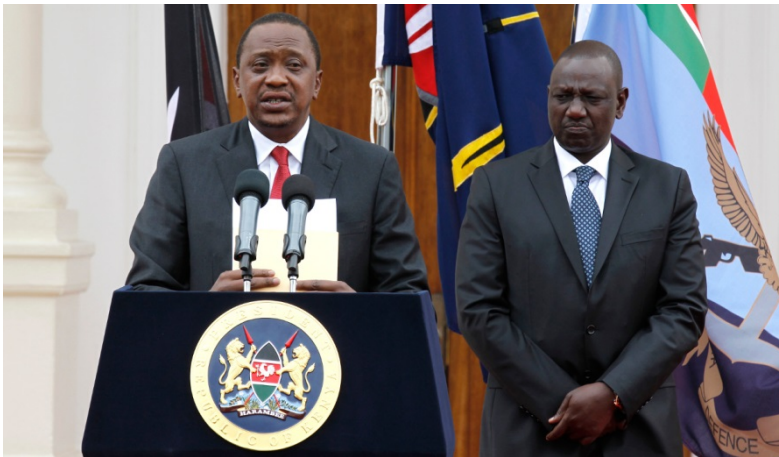
Kenya Communications Ministry



EPA, Paulo Novais

Politics: presidential elections

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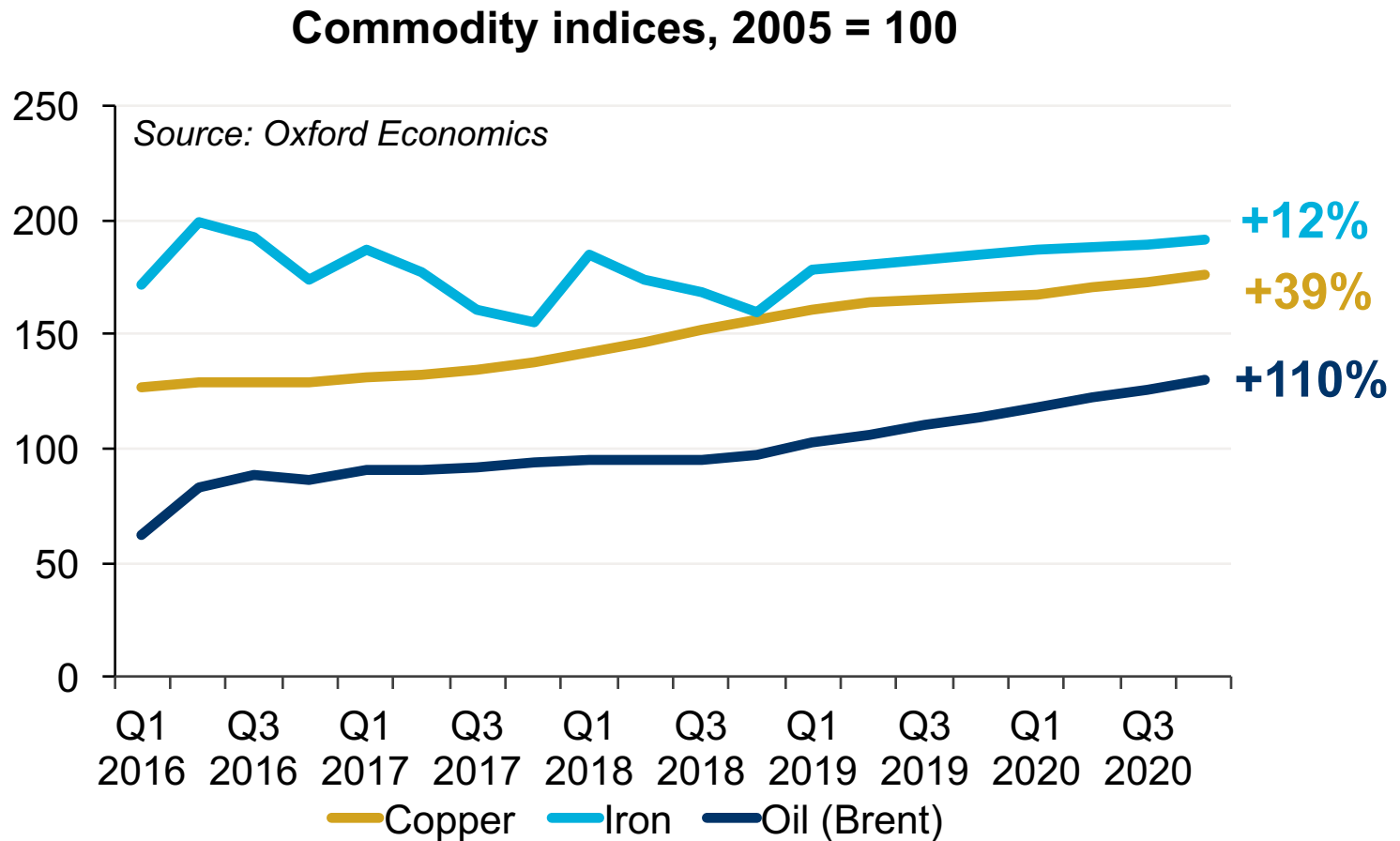


Kenya Communications Ministry



EPA, Paulo Novais

Outlook: Commodities



Outlook: Brexit and other global shocks

- **Short-term knocks in South Africa**

- ZAR lost 8% overnight, JSE down 3.6%, gold mining up 11.4%

- **Trade**

- Uncertain
- On current indicators, likely to be slight

- **Portfolio flows**

- Cautious money leaves, but other investors seek returns
- Growth in Africa remains attractive

Thank you

Contact details

For questions related to this presentation:

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