

Pan African Monitor

Weekly Wrap & Outlook

South Africa's Credit Rating Postponement: A breather?

Last Friday, market and media attention in South Africa was directed towards Moody's scheduled rating update for South Africa. Being the last of the three big rating agencies to give South Africa an investment-grade rating, capital market participants were divided on the ability of the country to retain its Baa3 - the lowest rung of investment grade. Interestingly, Moody's opted to defer any rating action on the Country till 1st of November, likely in view of the Presidential Election scheduled for May 2019, while providing the country with some breathing space in the meantime. This was welcomed with great cheer as the rating agency decided to give a credit opinion instead.

Accordingly, the rand (ZAR) recorded its strongest rally in five months on Monday and government bond yields hit their lowest level since May-18. Though, the next big risk for bond investors is the general election set for May 8 and its implication for government policies. We believe bond investors will continue to lap up higher interest rate currently offered by the government. Thus, providing near-term support for the rand. More importantly, we believe post-election reforms that would stimulate the economy, especially in relation to its debt-ridden power sector, and fiscal policy, would be important in ensuring that the S/African economy -Africa's most industrialized market - sustains its only investment-grade rating (only by Moody's), come Nov-19.

Top African Stories

- Africa Growth at 7-Year High, No Thanks to Its Major Economies:** Growth in Africa's two largest economies may be sputtering along but that won't stop the continent's gross domestic product from expanding at the fastest pace since at least 2012. [Reuters](#)
- Territory Dispute Clouds \$1.1 Billion S. Africa-Morocco Deal:** The South African government's support for a political movement some 4,500 miles away could complicate a \$1.1 billion deal. [Bloomberg](#)
- Egypt offers euro-denominated bonds on London stock exchange - bank document:** Egypt aims to raise 2 billion euros (\$2.2 billion) in six-year and 12-year euro-denominated bonds in a sale starting on Thursday, according to a document by one of the banks leading the deal. [Reuters](#)
- South Africa's Eskom chairman wants debt to be \$18 bln lower:** The chairman of South Africa's struggling power firm Eskom said on Wednesday that he would like the company's debts to be roughly 250 billion rand (\$18 billion) lower than where they are now. [Reuters](#)
- Kenya forecasts 6.3% economic growth in 2019:** Kenya's economy should grow an improved 6.3% in 2019, President Uhuru Kenyatta said on Thursday, citing an improved business environment and his government's push to boost manufacturing, food production and access to housing. [Reuters](#)

Looking Forward

Egypt

Mar-19 (CPI) Inflation- April 10th
 Feb-19 Trade balance - April 18th

Ghana

Mar-19 (CPI) Inflation-April 10th

Kenya

Q4-18 GDP Data-April 23rd
 Apr-19 (CPI) Inflation-April 30th

Mauritius

Mar-19 (CPI) Inflation-April 5th
 Mar-19 Gross Reserves- April 5th

Morocco

Mar-19 (CPI) Inflation-April 22nd
 M3 Money Supply-April 29th

Nigeria

Mar-19 (CPI) Inflation-April 15th

South Africa

Mar-19 (CPI) Inflation-April 17th
 Mar-19 Private Sector Credit-April 30th

Tanzania

Mar-19 (CPI) Inflation- April 8th

Tunisia

Apr-19 (CPI) Inflation- May 3rd

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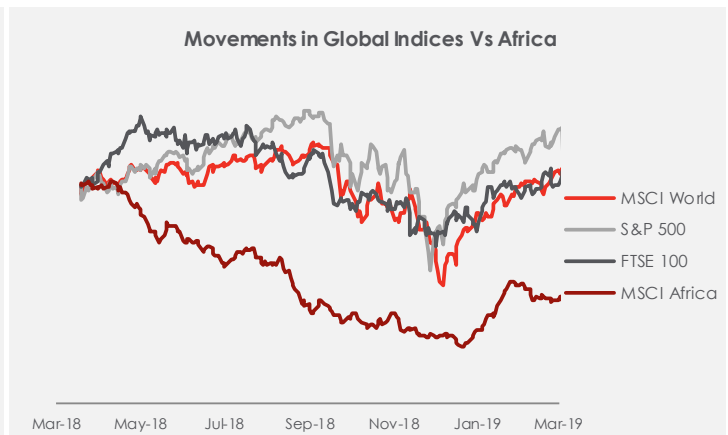
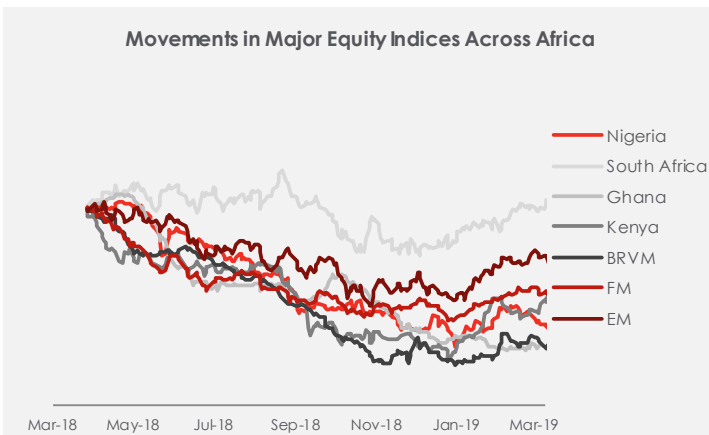
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Equities	Level	Mcap (\$'b)	WTD (local)	YTD (local)	P/E	P/B	Div. Yield
BRVM	169.3	8.9 ▼	-0.6% ▲	9.7%	8.6	2.0	6.9%
Egypt	14,815.2	51.9 ▲	1.0% ▲	17.0%	16.5	1.5	3.2%
Ghana	2,401.9	4.2 ▼	-0.6% ▼	-3.9%	22.5	1.9	1.5%
Kenya	159.6	23.1 ▲	1.2% ▲	13.6%	12.5	1.8	5.4%
Mauritius	2,166.1	9.1 ▲	0.1% ▼	-2.4%	19.5	0.9	na
Morocco	23,077.6	58.8 ▲	0.9% ▼	-3.1%	na	na	na
Nigeria	29,553.1	31.1 ▼	-4.8% ▼	-6.0%	7.5	1.3	5.8%
South Africa	57,711.0	479.9 ▲	2.2% ▲	9.4%	17.5	1.9	4.0%
Tunisia	6,940.4	7.6 ▲	1.1% ▼	-4.6%	17.8	2.4	2.2%
Zimbabwe	405.2	0.0 ▼	-0.1% ▼	-16.8%	18.1	1.9	2.5%
Global Market	2,143.0	79,889.2 ▲	1.7% ▲	13.8%	17.7	2.4	2.6%
Frontier Market	550.6	-- ▲	0.4% ▲	6.7%	10.7	1.7	5.1%
Emerging Market	1,079.8	-- ▲	2.0% ▲	11.8%	13.2	1.6	3.0%



Currencies (vs. USD)		Spot Rate	WTD	MTD	YTD	6M Forward	12M Forward
Egypt	EGP:Pound	17.3 ▲	0.1% ▲	0.1% ▲	3.5%	18.2	19.1
Ghana	GHS:Cedi	5.6 ▼	-0.5% ▲	5.6% ▼	-5.9%	5.7	6.1
Kenya	KES: Shilling	100.7 ▲	0.1% ▲	0.1% ▲	1.0%	na	na
Mauritius	MUR: Rupee	34.9 ▲	0.0% ▲	0.0% ▼	-1.8%	na	na
Morocco	MAD: Dirham	9.7 ▲	0.1% ▲	0.1% ▼	-1.1%	9.6	9.7
Nigeria	NGN: Naira	359.7 ▲	0.1% ▲	0.1% ▲	0.8%	370.0	384.3
South Africa	ZAR: Rand	14.1 ▲	2.6% ▲	2.6% ▲	1.5%	14.5	14.8
Tanzania	TZS: Shilling	2,319.3 ▼	-0.4% ▼	-0.4% ▼	-0.9%	na	na
Tunisia	TND: Dinar	3.0 ▼	-0.2% ▼	-0.2% ▼	-0.4%	na	na
Zimbabwe	ZWL: Dollar	3.1 ▼	0.0 ▼	0.0	--	na	na

Commodities	Spot Rate	WTD	MTD	YTD	52 Week High	52 Week Low
Brent Crude	69.7 ▼	-1.9% ▲	2.0% ▲	29.6%	86.7	49.9
Gold	1,289.9 ▲	0.2% ▼	-0.5% ▲	0.4%	1,365.4	1,161.4
Copper	294.9 ▼	-0.4% ▼	-0.8% ▲	10.7%	331.6	254.3
Cocoa	2,376.0 ▼	-4.0% ▲	6.1% ▼	-1.2%	2,840.0	2,023.0

Macro & Fixed Income	10Yr Bnd Yld	Inflation	Real Return	Policy Rate	*GDP (\$'b)	**GDP Growth	Reserves (\$'b)
Egypt	16.8%	14.4%	2.4%	16.8%	235.4	5.3%	44.1
Ghana	19.0%	9.2%	9.8%	16.0%	59.0	7.4%	5.2
Kenya	12.4%	4.4%	8.0%	9.0%	79.3	6.0%	8.5
Mauritius	5.4%	-0.9%	6.3%	3.5%	13.3	4.1%	6.5
Morocco	3.1%	0.0%	3.1%	2.9%	109.7	2.9%	23.6
Nigeria	14.7%	11.3%	3.4%	13.5%	375.7	2.4%	44.7
South Africa	9.1%	4.1%	5.0%	6.8%	348.9	1.1%	50.8
Tanzania	15.1%	3.2%	12.0%	12.0%	52.1	7.7%	5.0
Tunisia	9.5%	7.1%	2.4%	7.8%	40.0	2.3%	na
Zimbabwe	na	59.4%	na	na	22.0	4.7%	0.1

Sources: Bloomberg, United Capital Research

*GDP (\$'b): Annual GDP by World Bank
 ** GDP Growth: Latest Quarterly GDP Growth