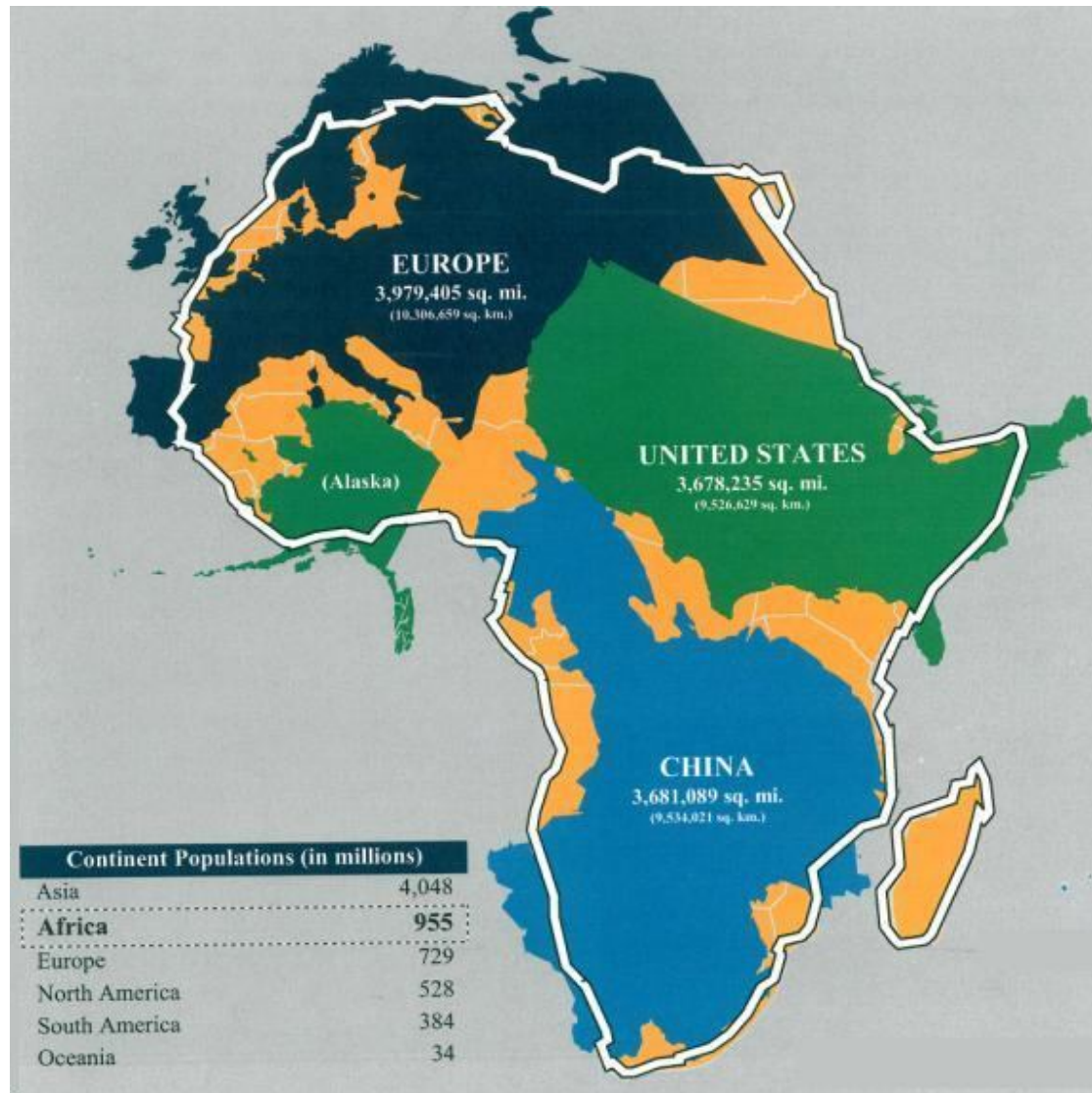


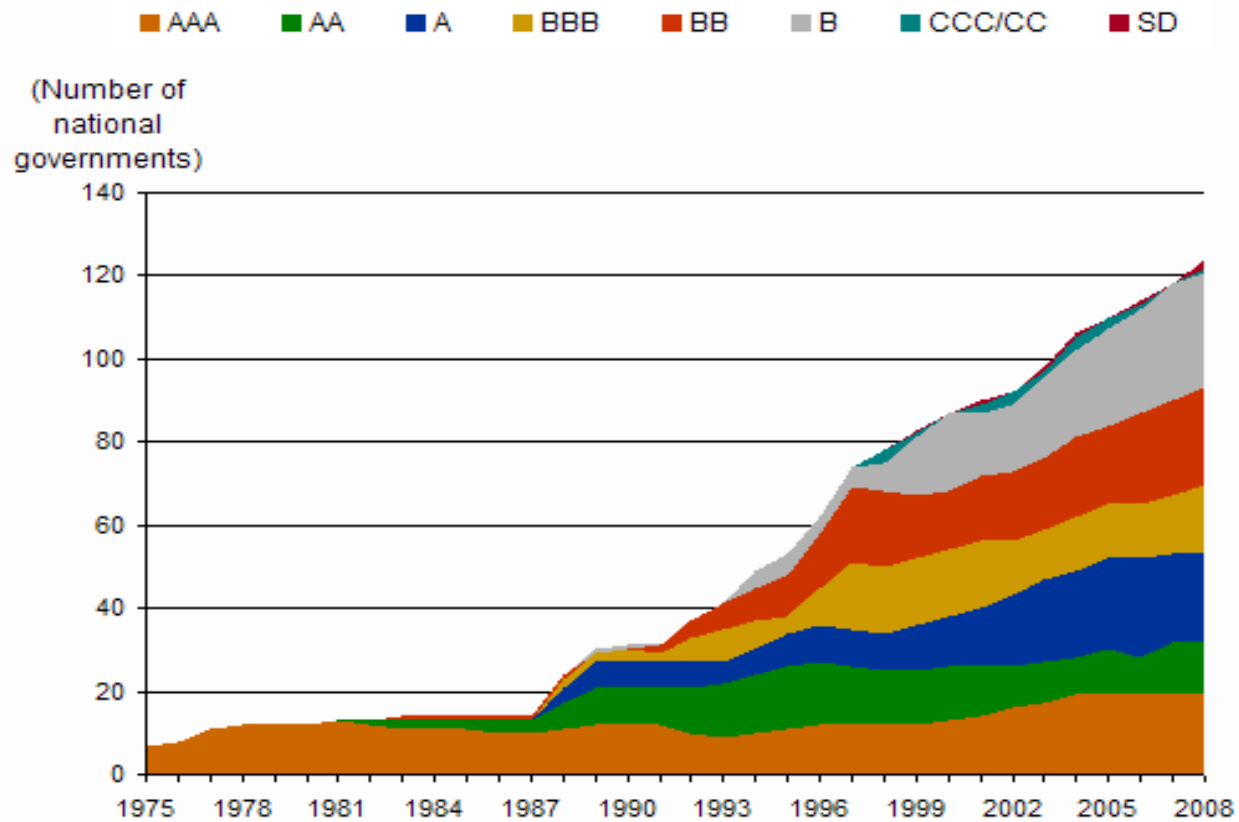
# Sub-Saharan Africa Capital Markets

Konrad Reuss

S&P Johannesburg



## Distribution Of Foreign-Currency Sovereign Credit Ratings



Ratings are implied senior debt ratings through 1995 and sovereign credit ratings thereafter. Ratings as of year-end. Source: Standard & Poor's CreditPro® 7.2 Sovereign (Foreign) Ratings (<http://creditpro.standardandpoors.com>).

© Standard & Poor's 2009.

# S&P Sovereign Ratings in Africa (foreign currency ratings)

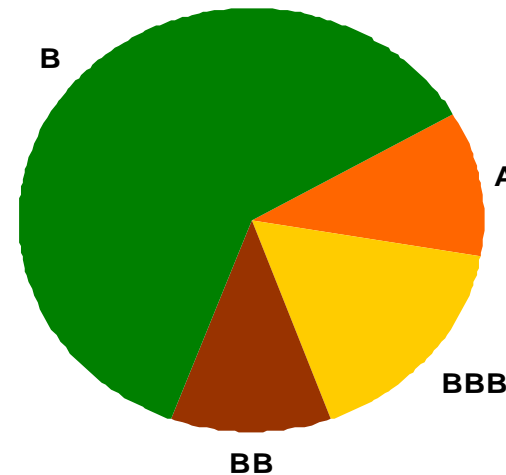
## Sub-Saharan Africa

- Angola (BB-/Stable)
- Benin (B/Stable)
- Botswana (A-/Stable)
- Burkina Faso (B/Stable)
- Cameroon (B/Stable)
- Cape Verde (B+/**Negative**)
- Gabon (BB-/Stable)
- Ghana (B/Stable)
- Kenya (B+/Stable)
- Mozambique (B+/Stable)
- Nigeria (B+/Stable)
- Senegal (B+/Stable)
- South Africa (BBB+/Stable)
- Uganda (B+/Stable)
- Zambia (B+/Stable)

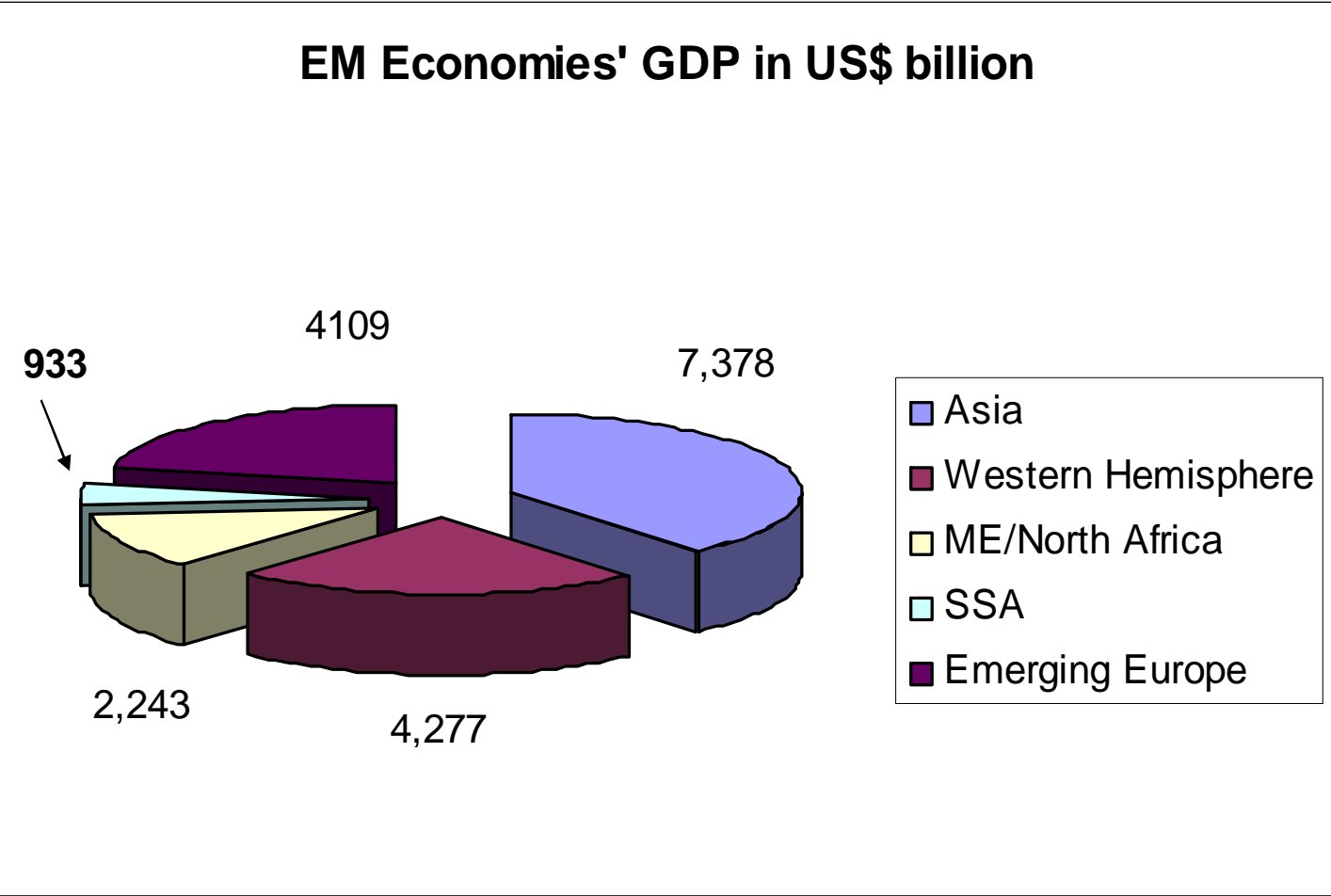
## North Africa

- Egypt (BB/neg)
- Libya (suspended)
- Morocco (BBB-/Stable)
- Tunisia (BBB-/Neg)

African Sov Ratings



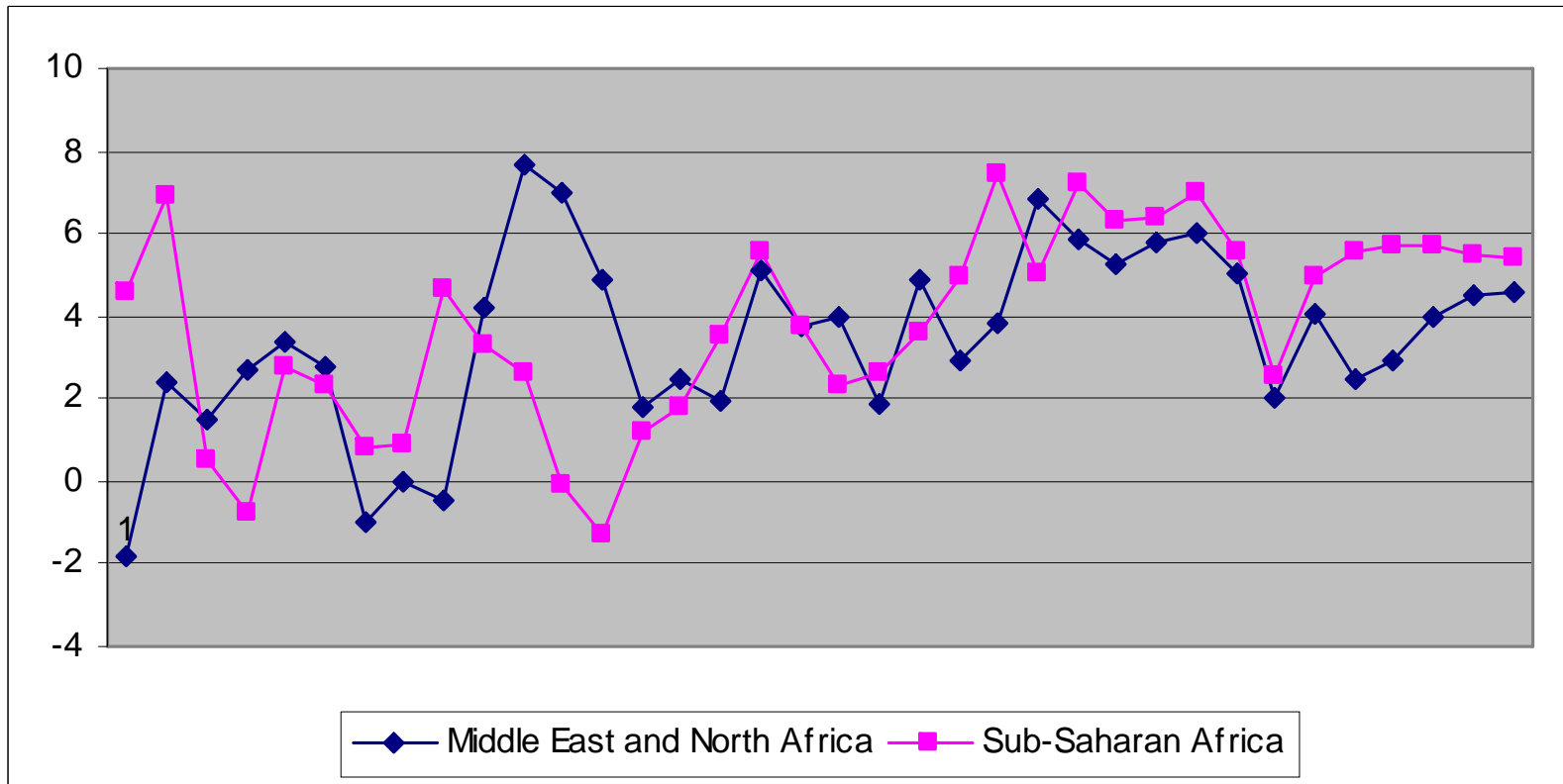
# SSA GDP still small – but after Asia second fastest growing region in the world



Africa's collective GDP is roughly equal to Russia's or Brazil's

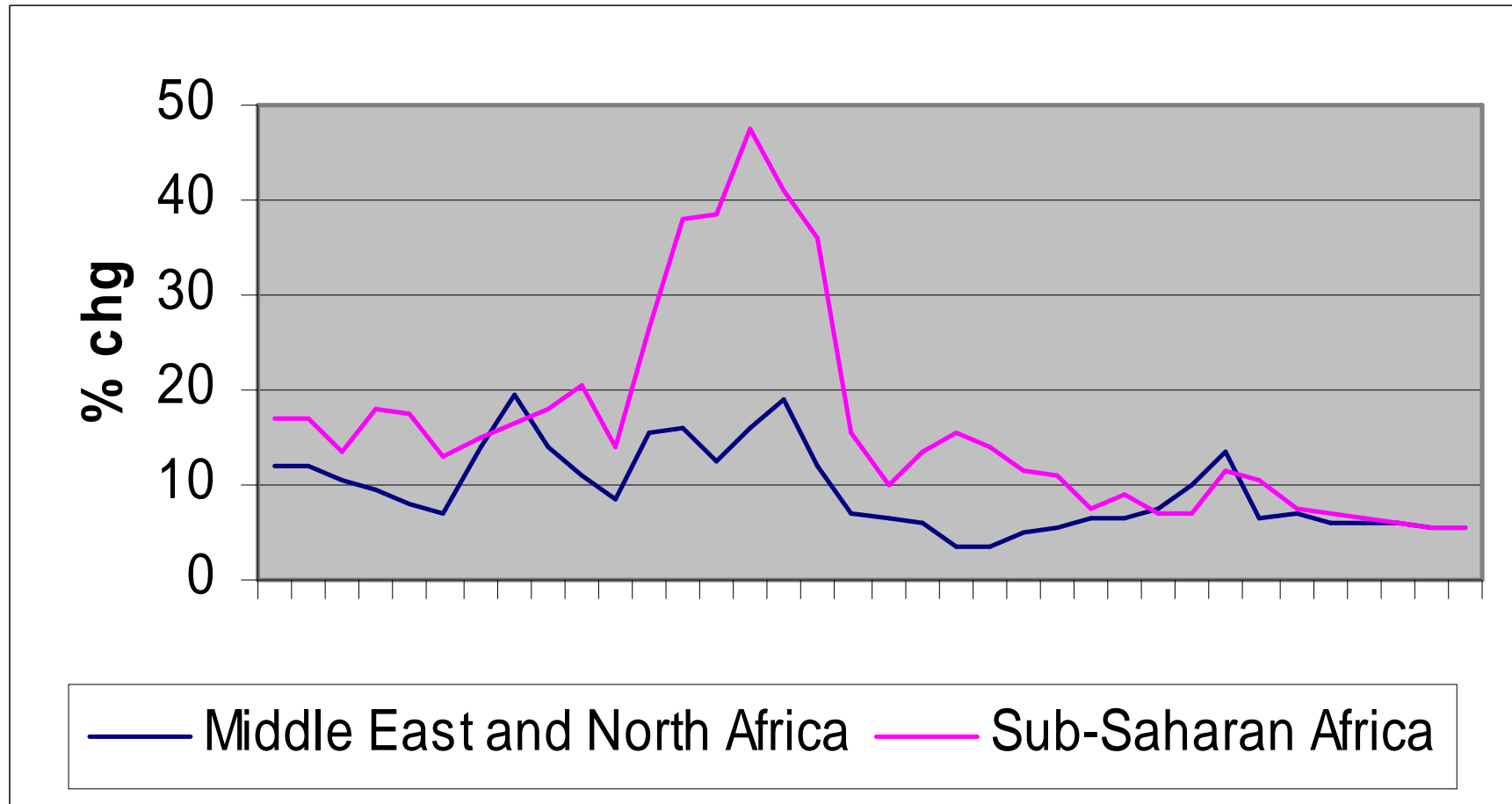
# Real GDP Growth 1980 – 2015

SSA after Asia has become second fastest growing region in the world, while growth has become more sustainable and less volatile

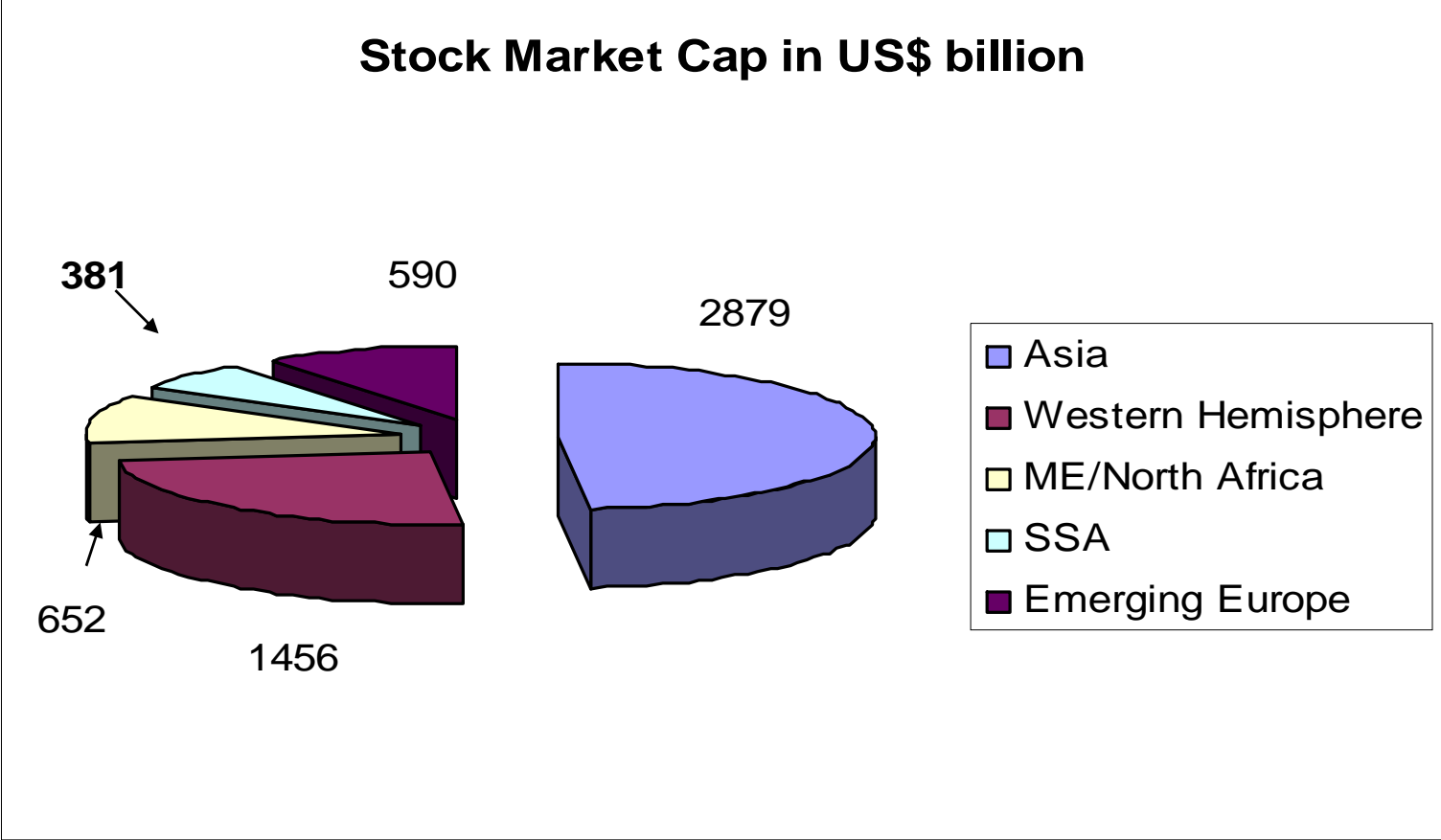


## Average CPI 1980-2015

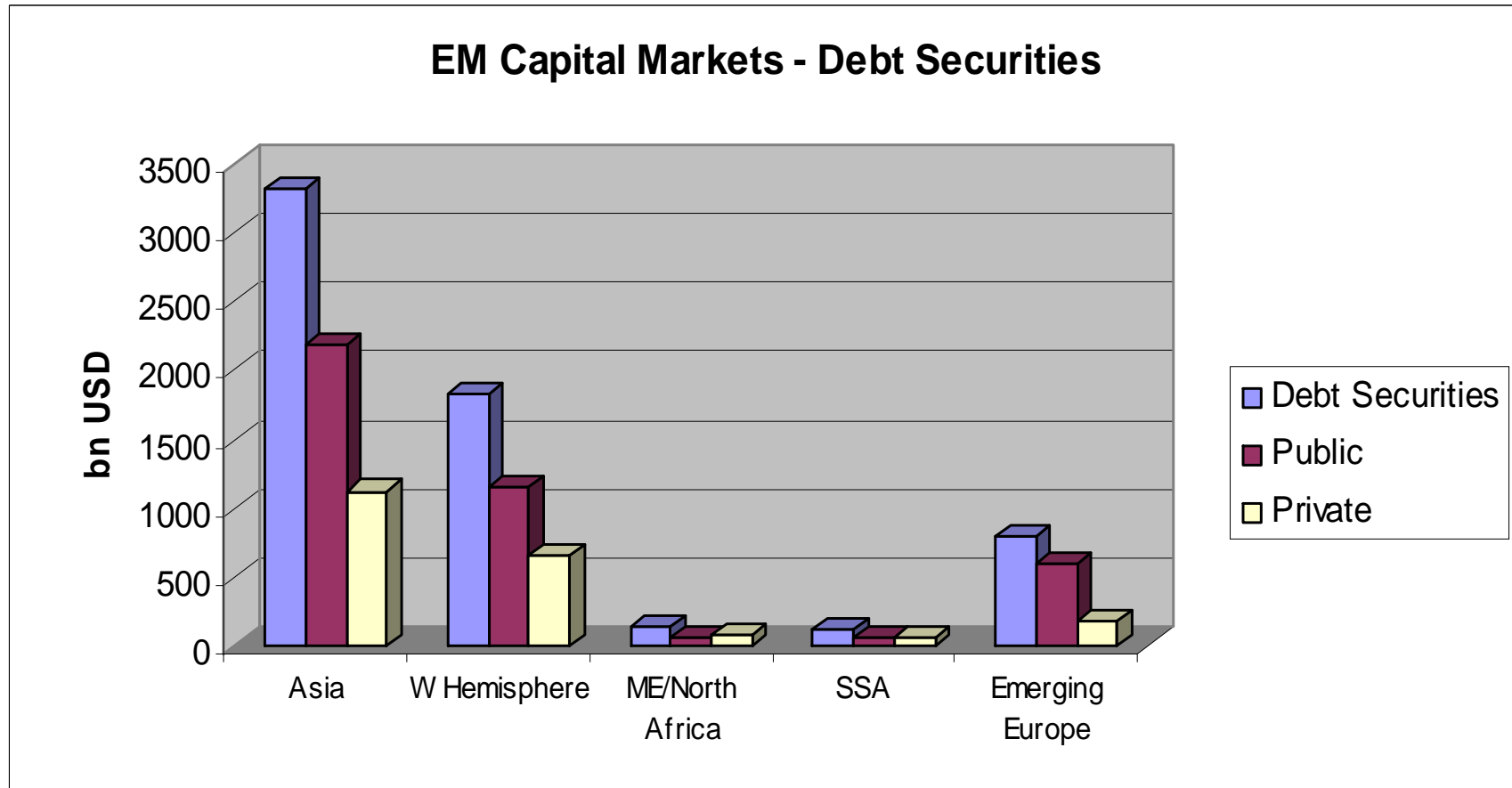
Achieved macro stability in SSA bodes well for sustainable development and growth



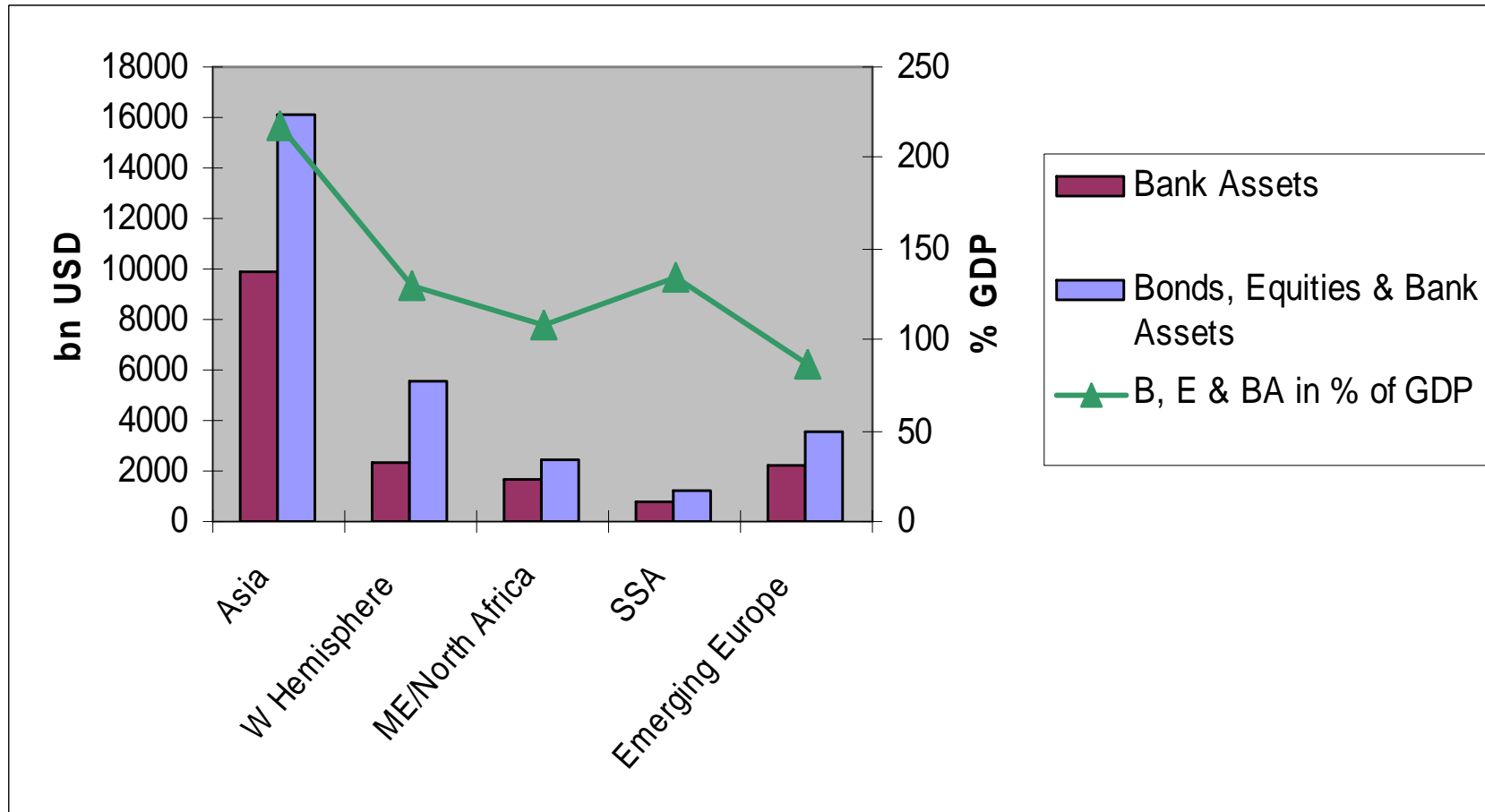
# SSA Stock Market Cap comparable with Emerging Europe in 1990s, but reforms of key markets and growth under way



# SSA debt markets comparable with MEA but could outgrow them over next 5 years

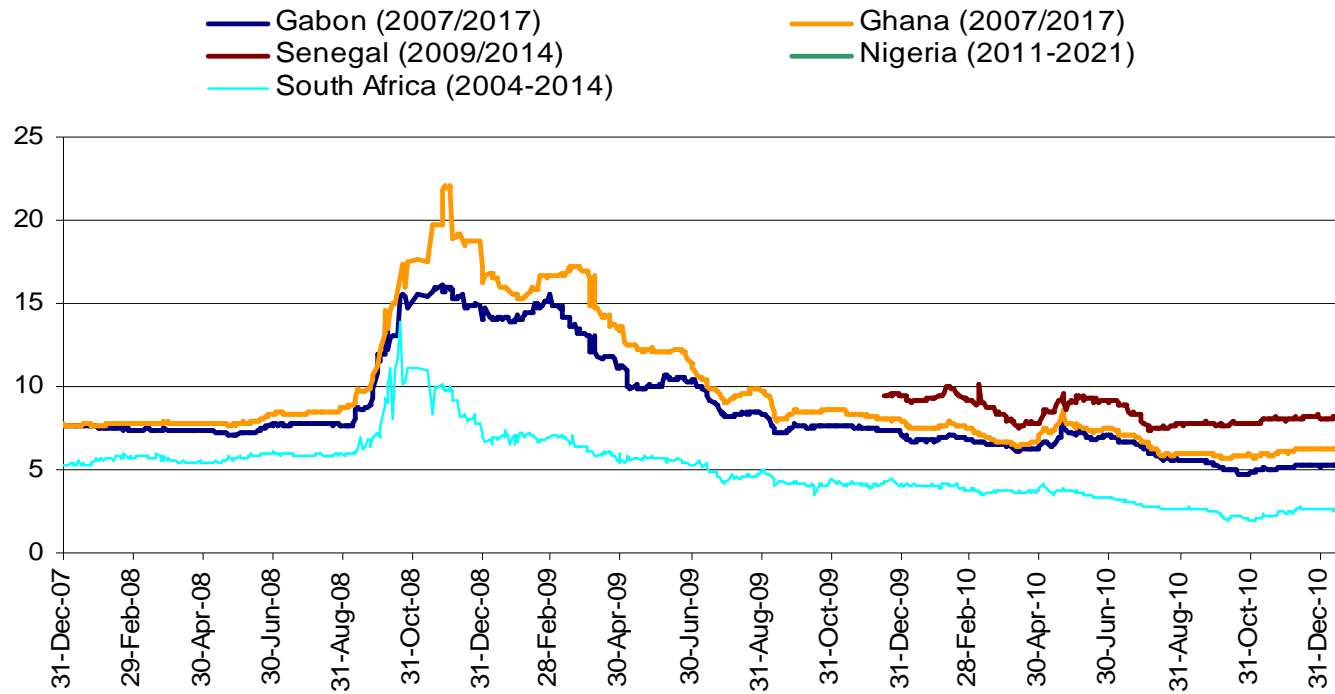


# SSA is a developing financial market with lots of risks and rewards



# African Sovereign Bonds

## Sub-Saharan African Sovereign Bond Yields



© Standard & Poor's 2010.

# **SSA's growth story is going to last:**

- Growth triggered by resource boom but also underpinned by better policies, macro stability, improved business climate
- Future growth: the race for resources, increased access to foreign capital markets, FDI
- Long term growth due to social and demographic trends like growing labor force, urbanisation, growing middle class

## **SSA's growth story is going to last (cntd.)**

- By 2040 Africa will be home to one in five of the world's young people
- By 2040 the size of Africa's labor force (1.1bn) will top China or India
- Rapid urbanization: 40% of the Africa's 1bn people live in cities (a proportion comparable to China's and larger than India's)
- Africa already has more middle-class households (defined as those with incomes of \$20,000 or above) than India
- By 2030 that share is projected to rise to 50 percent, and Africa's top 18 cities will have a combined spending power of \$1.3trillion
- Its consumer facing sectors are growing two to three times faster than those in the OECD countries
- The rate of return on foreign investment in Africa is higher than in any other developing region

*Source: McKinsey 'Lions on the move'*

## **SSA's growth story is going to last (cntd.)**

- Africa has 60% of the world's uncultivated arable land
- 10% of the world's reserves of oil, 40 percent of its gold, and 80 – 90 percent of chromium and platinum reserves
- Agro output could increase from \$280bn p/a today to \$880bn p/a by 2030 (at 2008 prices)
- Resource production from \$430bn p/a today estimated to rise to \$540bn p/a by 2020 (current prices)
- Infrastructure investment (mainly govt at the moment) is about \$272bn p/a today. Backlog requires at least additional \$46 billion per year

*Source: McKinsey 'Lions on the move'*