



PANGEA-RISK

AFRICA & MIDDLE EAST FORECASTING



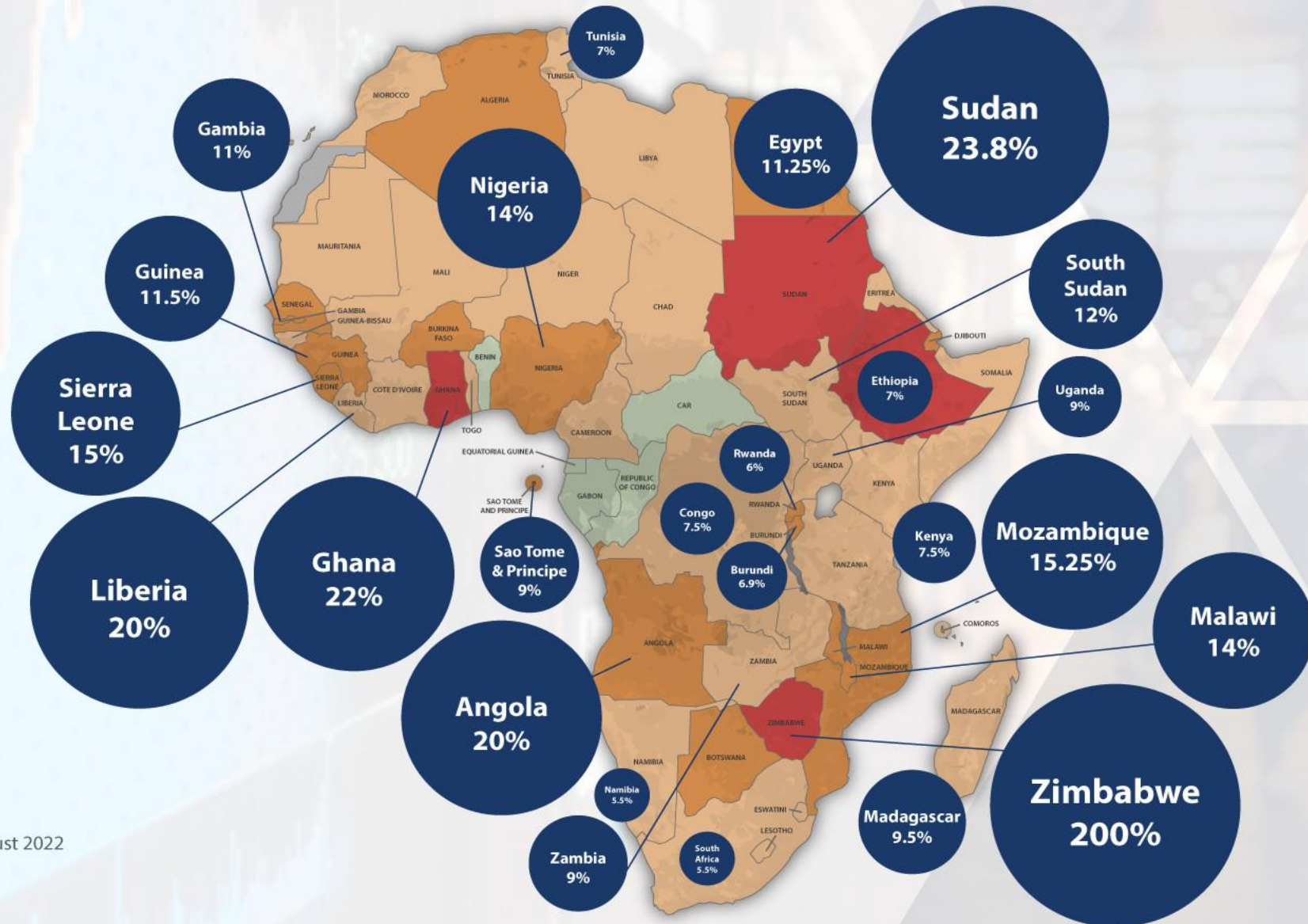
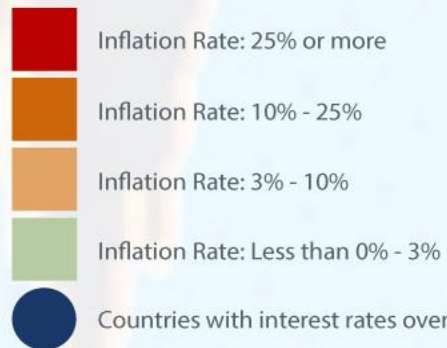
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WAR IN EUROPE: TWO COMMODITY GIANTS GO TO WAR

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Africa's GDP growth rate will dip to 4.1 percent in 2022 from 6.9 percent in 2021 (AfDB)



Source: AfDB and national sources
Data last updated on 1 September 2022





SUB-SAHARAN AFRICAN SOVEREIGNS TO WATCH FOR DEFAULT RISKS

ANGOLA
 Public debt/GDP: 57.9%
 Debt service ratio: 39.3%
 Inflation: 21.4%

ETHIOPIA
 Public debt/GDP: 20.9%
 Debt service ratio: 25.8%
 Inflation: 33.5%

GAMBIA
 Public debt/GDP: 80.4%
 Debt service ratio: 17.8%
 Inflation: 12.4%

GHANA
 Public debt/GDP: 84.6%
 Debt service ratio: 44%
 Inflation: 31.7%

KENYA
 Public debt/GDP: 70.3%
 Debt service ratio: 27.8%
 Inflation: 8.3%

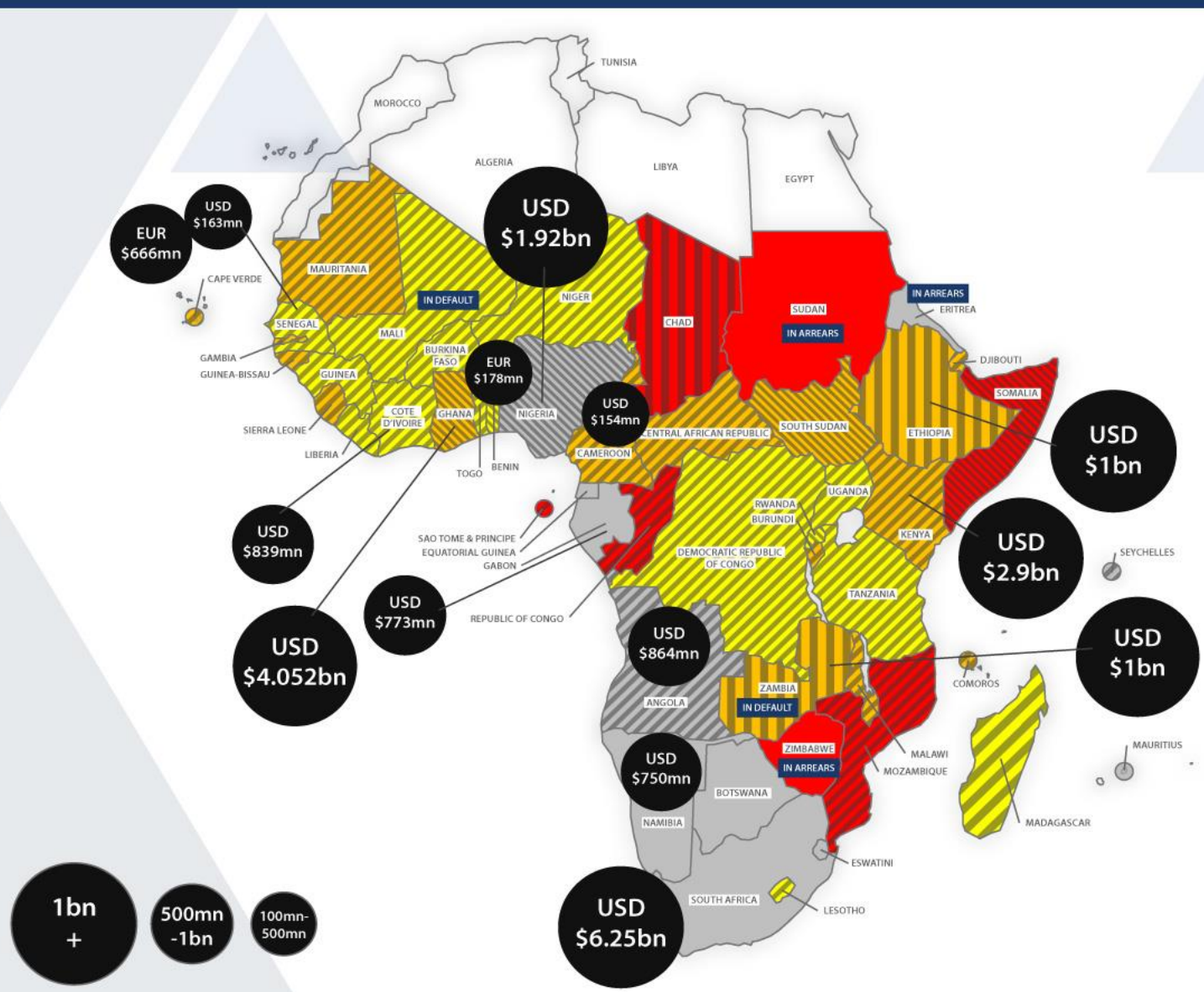
MAURITIUS
 Public debt/GDP: 98.9%
 Debt service ratio: 26.3%
 Inflation: 11%

MOZAMBIQUE
 Public debt/GDP: 102%
 Debt service ratio: 34%
 Inflation: 11.77%

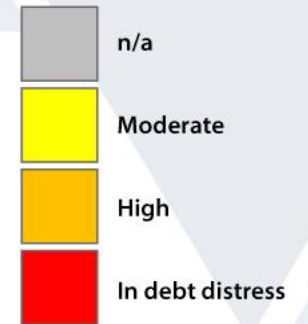
SIERRA LEONE
 Public debt/GDP: 75%
 Debt service ratio: 8.9%
 Inflation: 28%

SOUTH AFRICA
 Public debt/GDP: 70.2%
 Debt service ratio: 28.2%
 Inflation: 7.8%

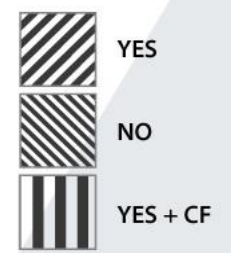
ZAMBIA
 Public debt/GDP: n/a
 Debt service ratio: 47.2%
 Inflation: 8.9%



IMF DEBT DISTRESS OVERALL RATING
 Reflects published DSA ratings as of 30 April 2022 (IMF)



DSSI / COMMON FRAMEWORK PARTICIPANT
 Debt Service Suspension Initiative (DSSI) participants and applicants to the Common Framework (CF) for Debt Treatments. Data derived from IMF/World Bank.

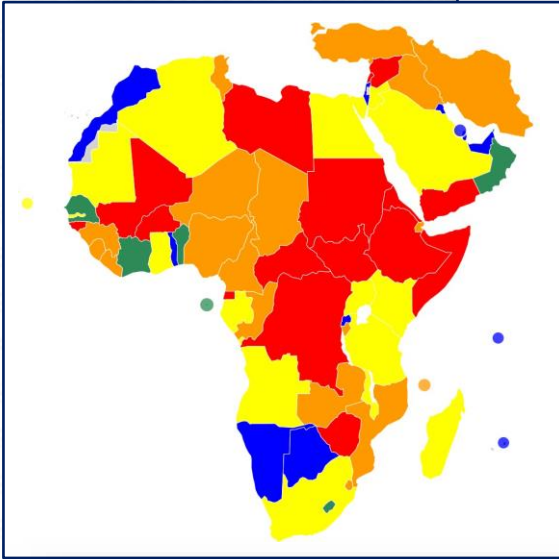
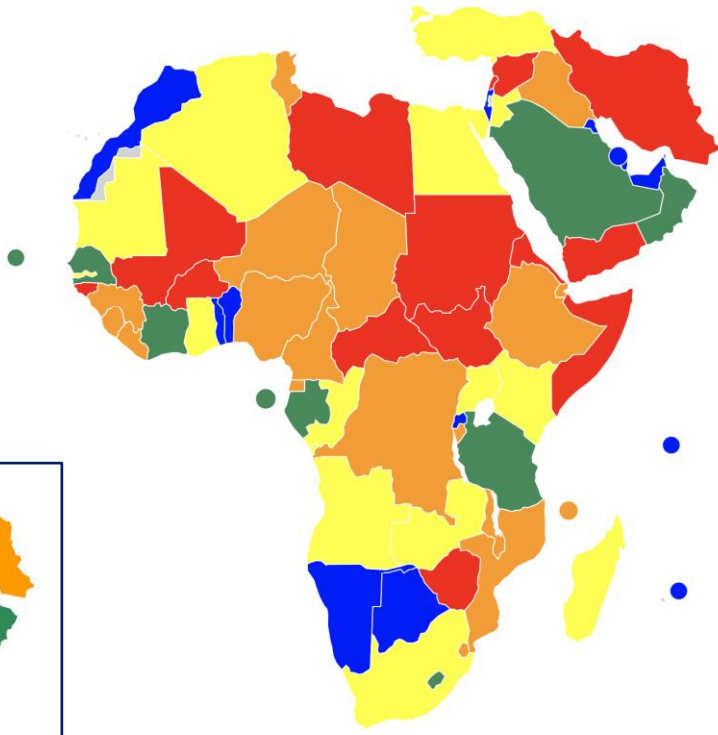


EUROBOND 5-YEAR MATURITY
 Amount of Eurobond repayments due in five-year outlook (May 2022 to May 2027). Data derived from Bloomberg.



PROBABLE DEFAULT SCENARIOS IN MAJOR MARKETS LIKE GHANA, KENYA, AND ETHIOPIA

RISK RATING BY DEFAULT HIGHEST RISK SCORE (2022 Q3)

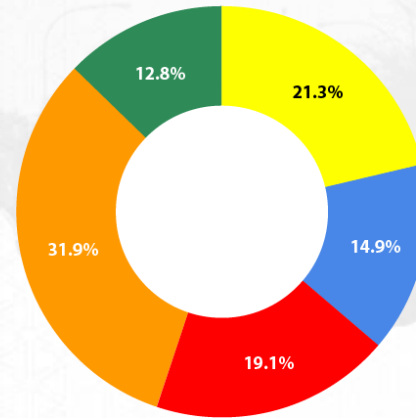


RISK RATING BY DEFAULT HIGHEST RISK SCORE (2022 Q2)

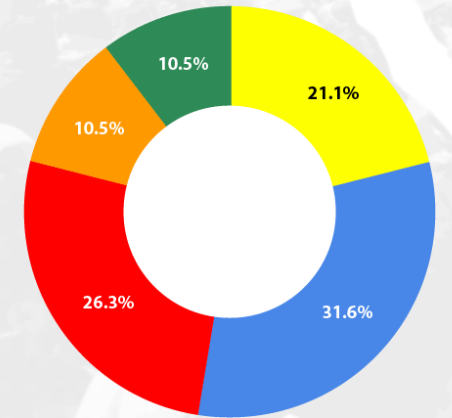
8 - 10 SEVERE	6 - 7.9 HIGH	4 - 5.9 ELEVATED	2 - 3.9 MODERATE	0 - 1.9 LOW

CURRENT DEFAULT HIGH RISK RATING AVARAGES (2022 Q3)

SUB-SAHARAN AFRICA

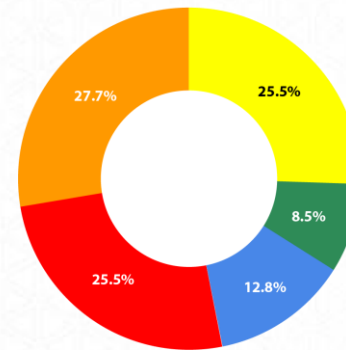


MIDDLE EAST & NORTH AFRICA

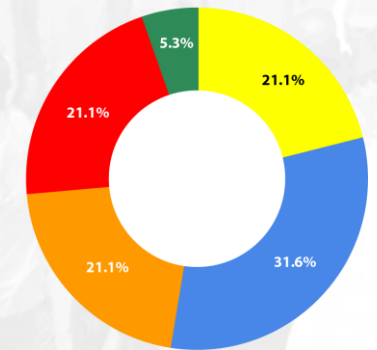


CURRENT DEFAULT HIGH RISK RATING AVARAGES (2022 Q2)

SUB-SAHARAN AFRICA

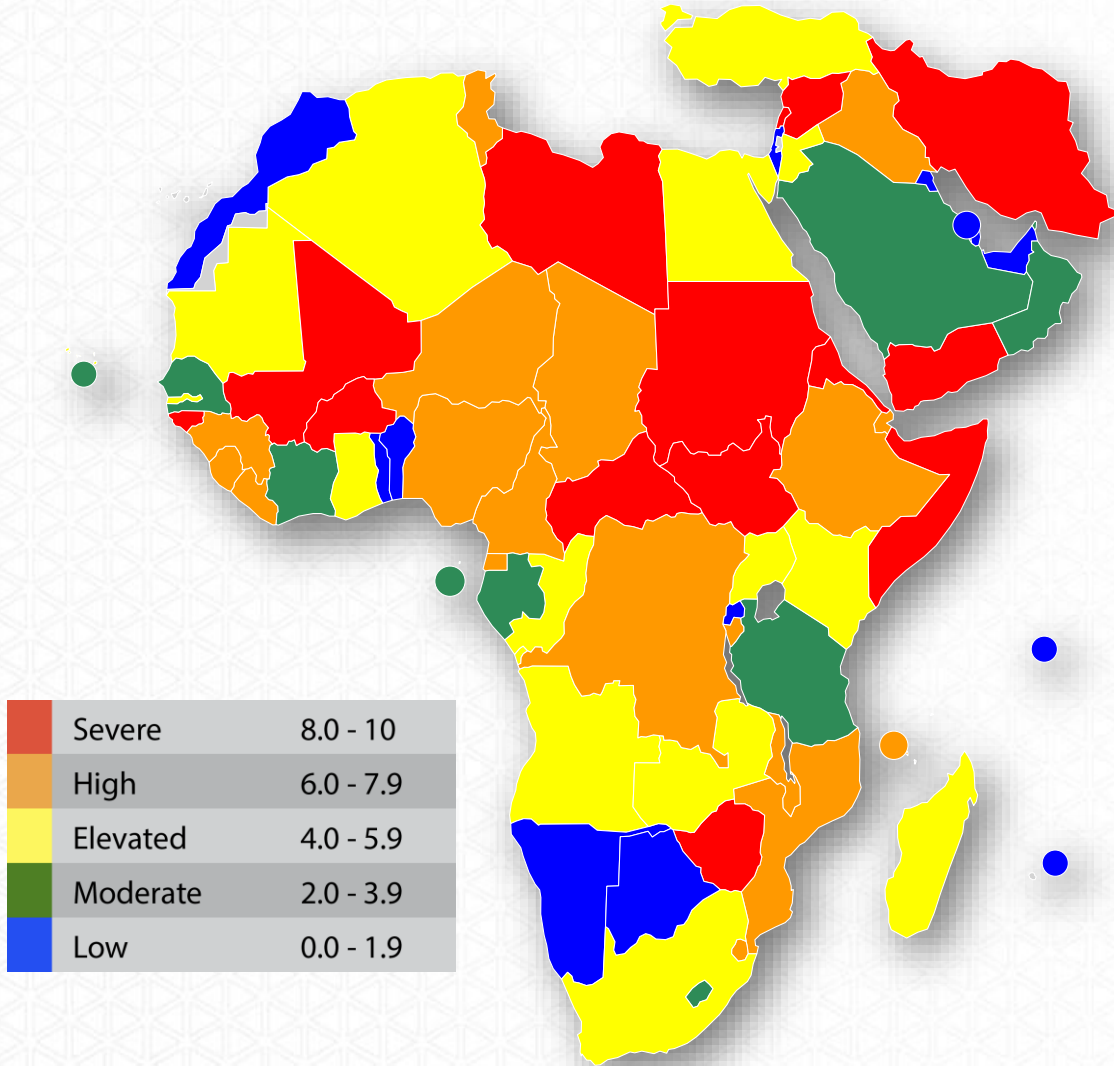


MIDDLE EAST & NORTH AFRICA



REGIONAL AND COUNTRY RISK DIVERSIFICATION

ORGANISATIONAL DIVERSIFICATION



BANKS



COMPANIES



FUNDS

ECA

EXPORT CREDIT
AGENCY



INSURANCE COVER



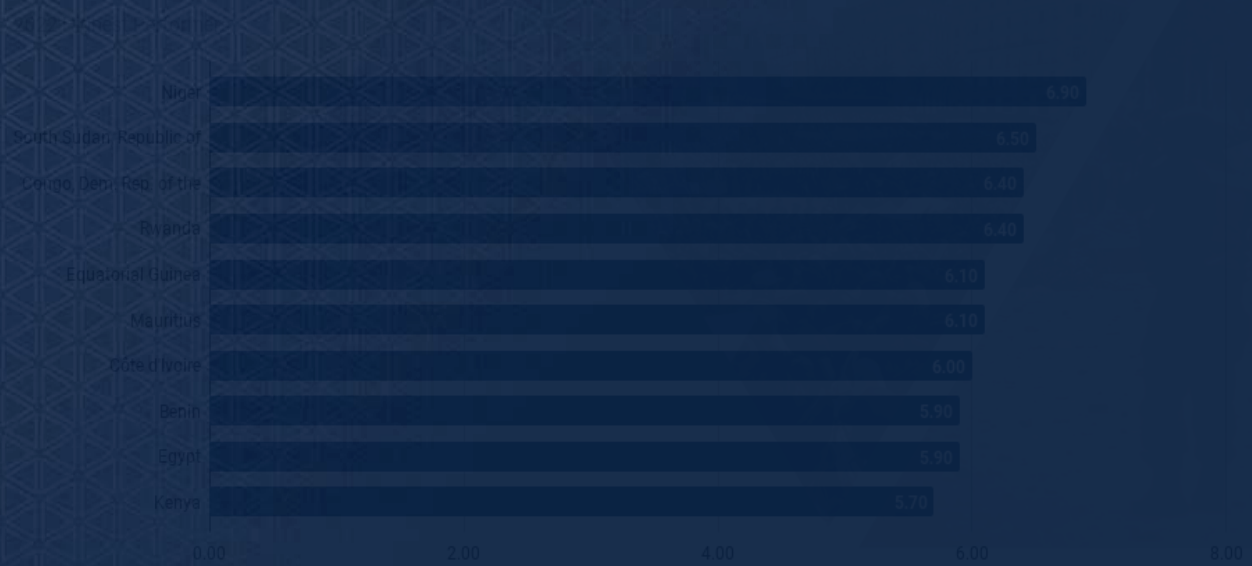
TRADING
COUNTERPARTIES

COUNTRY RISK IS MITIGATED BY DUE DILIGENCE AND
IN-COUNTRY KNOWLEDGE



OPPORTUNITIES FOR NEW INVESTMENTS

Africa: Fastest GDP growth (Annual Percent Change)



Africa: Most GDP Labor Hours (Estimated)



Source: IMF/WEDI latest dataset

Africa: General government gross debt (Percent of GDP)



Senegal and Mauritania may hold over 20 trillion cubic feet of natural gas

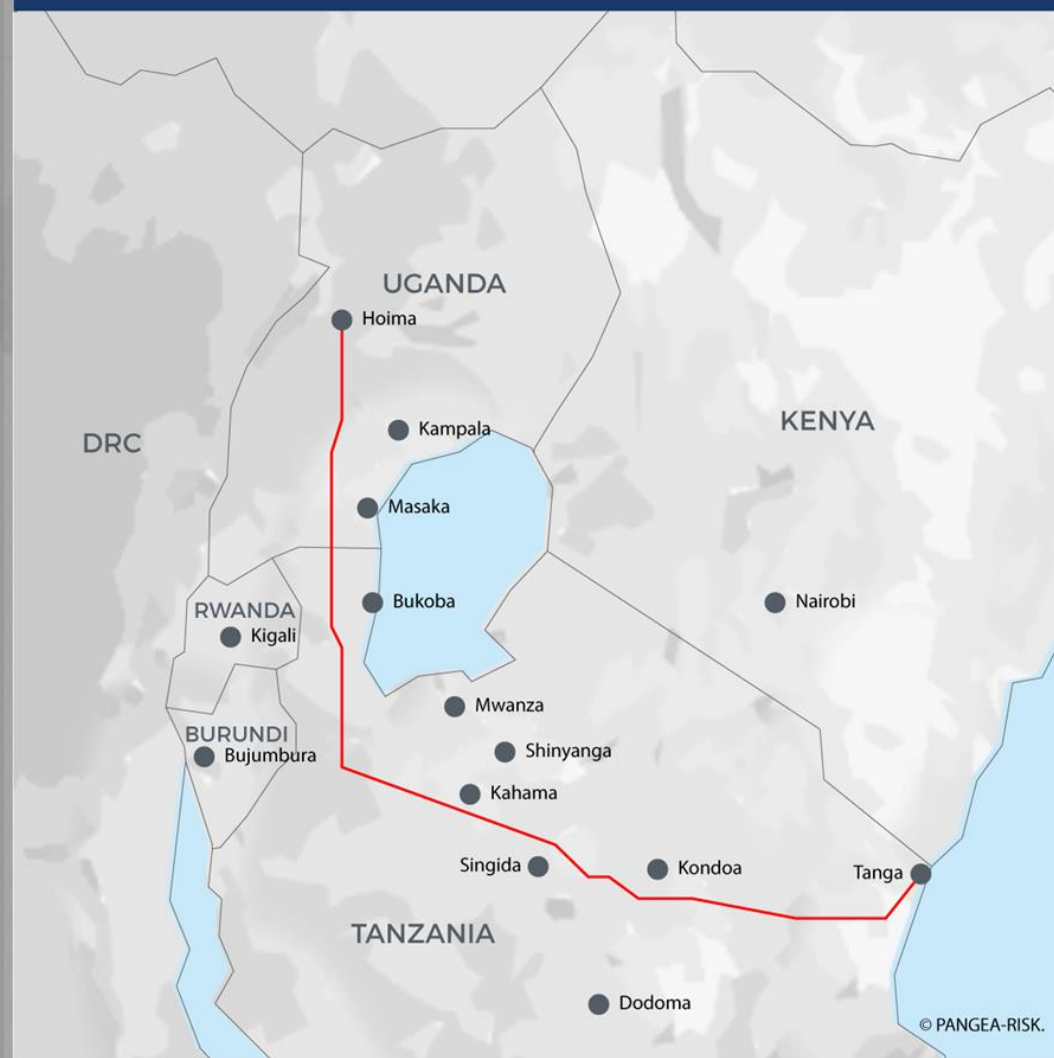
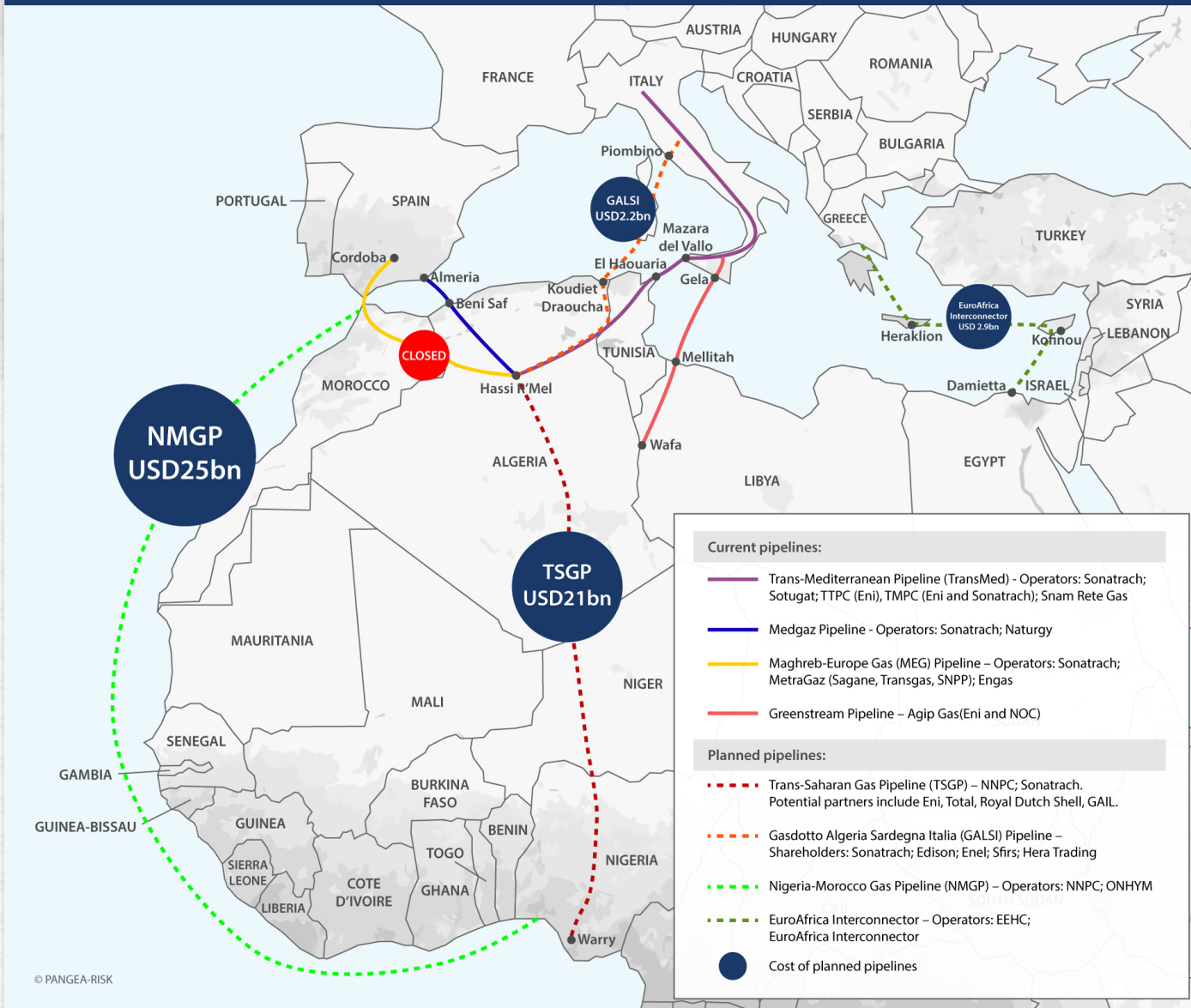
Africa will produce 73 billion cubic metres of gas in 2022, of which 50 percent is tied into binding contracts and 40 percent is tied into flexible contracts.

Dangote Industries' 650,000 bpd oil refinery, petrochemicals, and fertiliser plant to start in 2022



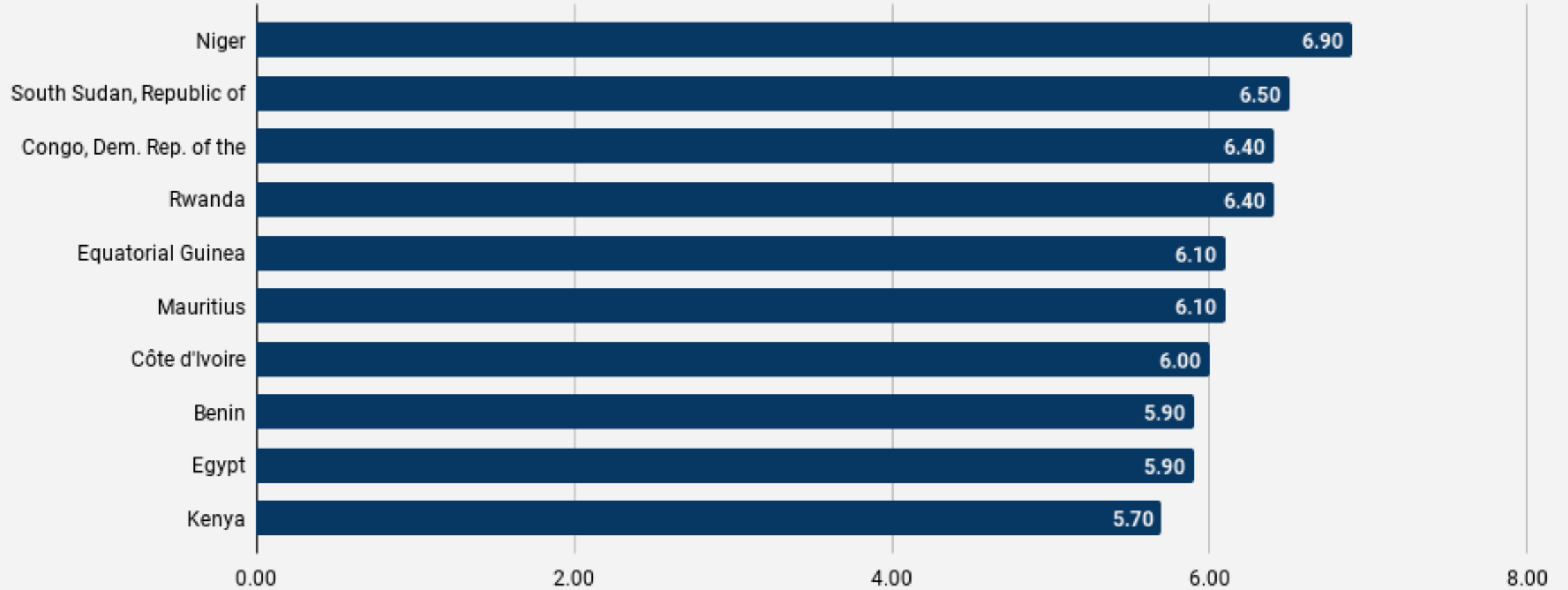
- 15 MEA countries listed with gas production above 300 MMcf
- MMcf One million cubic feet
- Five exciting future African LNG producers
- Top three EU LNG targets in Africa

Source: Rystad Energy; national sources



Africa: Real GDP Growth (Annual Percent Change)

2022 Highest Performers



Source: IMF/WEO/Latest Dataset (Excluding Libya)



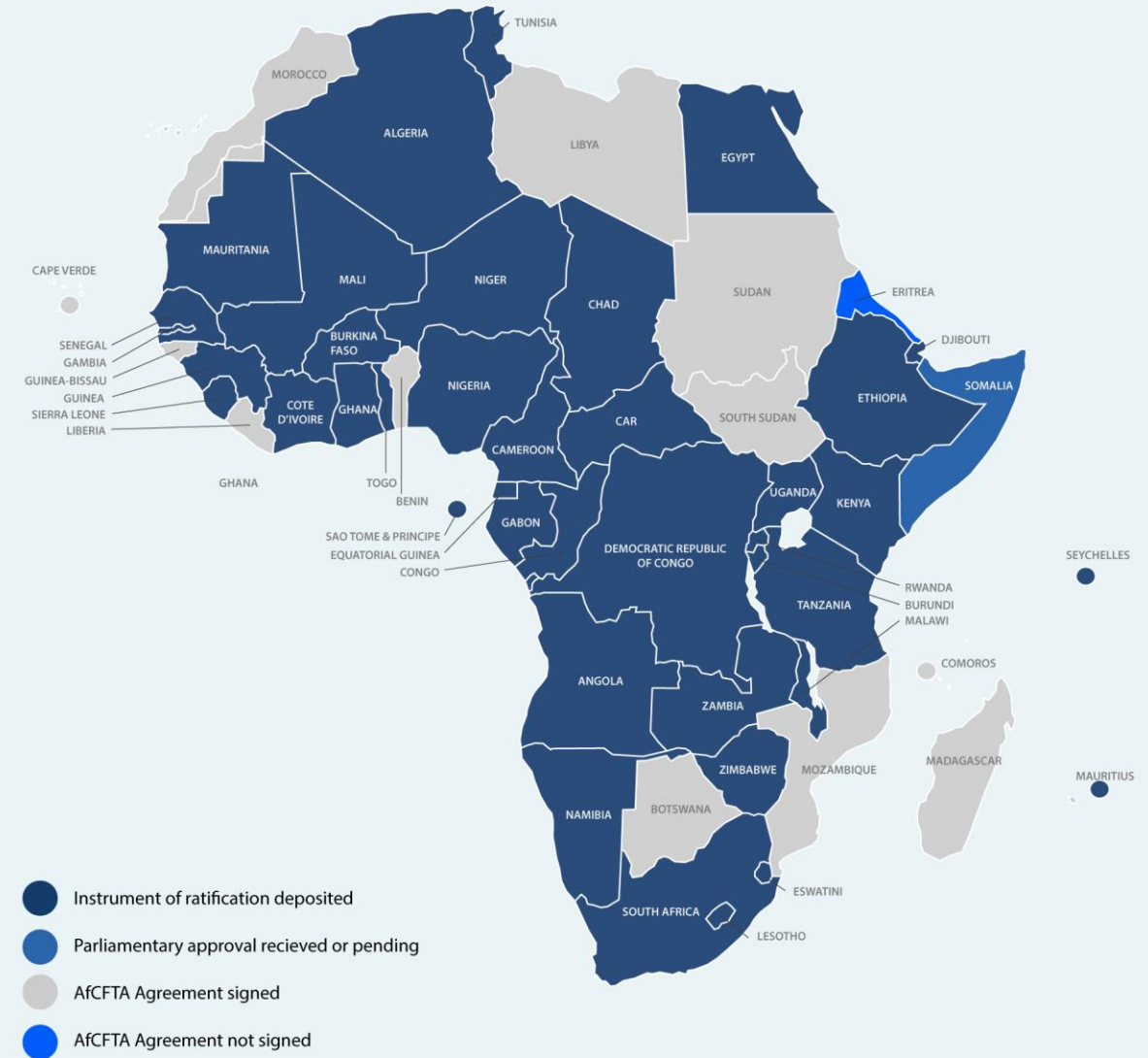
The **ACFTA** has brought together most African nations creating the world's largest free trade area and uniting 1.3 billion people under a USD 2.5 trillion economic bloc.

Supply chain challenges are boosting local processing and manufacturing in Africa.

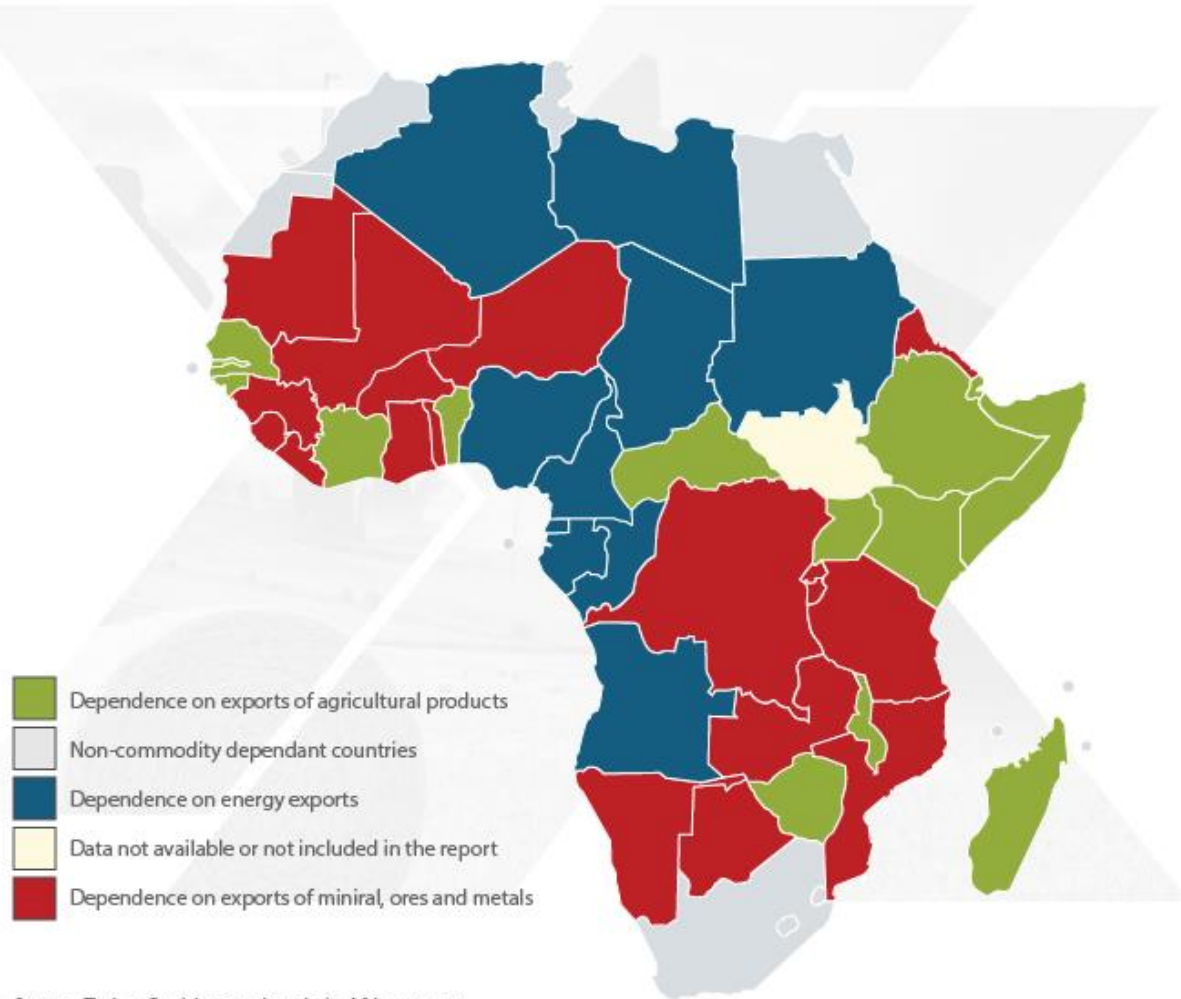
The **commodity rally** is enhancing prospects of select African markets with trading centres such as Dubai and Singapore at the centre.

Digitisation, supply chain optimisation, tariff eradication is being driven by individual countries or trade regions, not continental FTA.

Individual countries and regions are seeking **bilateral trade deals** with external parties.



Commodity dependence in Africa (2019)



Source: Tralac: Covid-19 and trade in Africa report

Africa's commodity boom is a volume vs value equation.

The upside on export revenues mitigates balance of payments risks.

Yet such gains are potentially offset by food and fuel imports, exchange rate weakness, inflation, and debt service costs.

Moreover, the commodity boom risks derailing Africa's green energy transition or delaying it indefinitely.





THE AFRICAN OPPORTUNITY



THANK YOU FOR YOUR ATTENTION!

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