

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Pros and Cons of Foreign Investment in Africa

As populations grow in developing nations, infrastructure investment follows. This is especially true in parts of Africa. We wrote about the [risks of foreign investment](#) last week. What are the pros and cons of foreign investment in Africa? *Wbug.com* writes that [booming populations](#) are attracting lots of foreign investment.

Chinese President Xi Jinping is in the United States this week for his first face-to-face meeting with President Trump.

One thing that could come up during those meetings is foreign investment in Africa. The continent's population is expected to double to 2.4 billion by 2050. Both China and the U.S. are investing heavily in emerging markets across the continent.

Countries getting the most attention are Nigeria which is expected to pass the USA in population by 2050. Ethiopia and Kenya in East Africa are also growing and potential investment destinations as they have more diversified economies than many other African nations. South Africa was one of the BRICS nations and expected to rise to the first level of nations by midcentury but the Great Recession and bust in commodities has hurt them.

South African Junk Bonds

Economic problems have resulted in a [South Africa junk rating](#) for bonds and other investments according to Bloomberg.

South Africa's rand and dollar bonds fell after Fitch Ratings Ltd. became the second company to cut the country's credit assessment to junk, triggering sales by some investors tracking investment-grade debt indexes. JPMorgan Chase & Co. said it would remove South Africa from gauges tracked by \$59 billion of funds.

President Jacob Zuma plunged South Africa into a political crisis when he fired Finance Minister Pravin Gordhan in a cabinet purge just after midnight on March 31, prompting a drop in the rand and triggering a downgrade to junk from S&P Global Ratings. The move by Fitch means the country's foreign-currency debt will now be considered sub-investment grade, and brought the local-currency assessment to the cusp of junk.

If foreigners are going to invest in a country they need to trust the system and the people running it. When the local president, premier or prime minister starts acting like a dictator it scares investors. Be careful who is running the country and make sure that the government is not only investor friendly but also that Western trained and respected individuals are in positions of authority.

Cheap Currency, Good Opportunities

Egypt is attracting more investment as its currency has weakened according to the *Financial Times*.

It was the nettle that successive Egyptian governments had consistently shied away from grasping but could no longer avoid: the full float of the currency. Finally adopted in November 2016, the Egyptian pound halved in value against the dollar overnight, catapulting the country into a new era of risk and potential.

The flotation of the pound – long overdue, according to analysts and businessmen – was the most radical of politically-sensitive measures implemented by the Egyptian government to clinch a deal with the International Monetary Fund for a \$12bn loan.

The pros here include a cheap currency and cheap labor costs. The cons include the factors such as government stability that made the Egyptian currency weak in the first place.

Educational Resources

**Click the links below to get your
FREE training materials.**

Free Weekly Investing Webinars

Don't miss these free training events!

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.