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DaMina Advisors Periscope: Top Risks for 2015

January 2, 2015

DaMina Advisors 2015 TOP GLOBAL FORECASTS

- I. **The historic US-Israel 'special relationship' set to rupture irreparably:** The historic 66-year 'special relationship' between the US and Israel is on course to rupture irreparably in 2015. Each country is yielding to strong domestic oppositional centrifugal political and intellectual forces pulling apart at the basic paternalistic bargain undergirding the relationship. Deepening disagreements over several irreconcilable issues will finally see the US-Israel relationship rupture in 2015. The impending US nuclear détente with Iran vs. Israel's counter vow to prevent a 'nuclear Iran' with a military strike; popular new settlements in the West Bank vs. US opposition to them; growing international recognition of the state of Palestine; continued US support for the 'two-state solution' vs. growing widespread broad-spectrum elite Israeli opposition to the non-viable two-state solution; and racially charged arguments over the controversial Jewish Nationality Bill will finally make it impossible for the two countries to maintain their historic special relations in peace. Despite the recent US veto at the UN against Palestinian statehood, President Barack Obama will ultimately recognize the state of Palestine before he leaves office in 2016. Prime Minister Benjamin Netanyahu, supported by an increasingly scared, diplomatically isolated and emotionally terrorized Israeli public and boosted by revanchist right-wing parties will also officially in 2015 abandon the non-workable 1993 Oslo 'two state solution' and chart an 'independent' foreign policy path for Israel.
- II. **Several LTCM-type non-bank major global financial firms will collapse:** Despite the Dodd-Frank Act and other recent post-2008 financial sector reforms, the sudden, largely unexpected 2014 price dislocations in the oil and currency markets, in addition to the growing divergence in monetary policy stances by major central banks such as the BOJ, BOE and US Fed, has severely impacted the balance sheets of several major global non-bank financial firms. 2015 will expose many as near-dead zombies, whose sudden collapse will shock the global capital markets. The unexpected overnight collapse of these firms much like happened with Long-Term Capital Management (LTCM) in 1998 will trigger major capital markets gyrations far afield from the geography of the wreckage.
- III. **Restless Asian powers drift towards armed conflict:** With no real multilateral security architecture, or mechanism to resolve their contending and overlapping emotionally charged territorial claims, counter historical claims, and with many key states still itching to still redraw the post WW II map of the region, 2015 may yet produce an armed conflict in Asia. With Japan's economy on tenterhooks and China's economy slowing, the temptation for populist politicians to ferment external conflicts to strengthen their domestic political postures is high. With Afghanistan's future still unclear, and Pakistan's nuclear tipped political system still unstable, amidst growing geopolitical rivalries and competition between the US, China, Russia and India, the region is seeding with the possibility of conflict. From Thailand, to Myanmar, from Philippines, to Vietnam, Taiwan, Hong Kong and the Korean peninsula, sabre rattling, naval skirmishes, an arms race buildup and cross-border tensions are growing with no real effective multilateral mechanism to resolve them. A provocative ill-judged military act by any country could tip the region into a conflict.

DaMina Advisors 2015 TOP AFRICA FORECASTS

- I. **Gen (Rtd) Mohammad Buhari to defeat President Goodluck Jonathan in surprise upset:** Capitalizing on widespread middle class discontent with President Goodluck Jonathan's epochal failure to defeat the terror group Boko Haram and rescue the 200 kidnapped Chibok school girls, and facing increasing defections from the ruling party led by his former mentor, former President Olusegun Obasanjo, who has slammed Jonathan for incompetence and covering up corruption, the 72-year old stern former military head of state and anti-corruption fighter former General Mohammad Buhari is poised to defeat Jonathan in a surprise upset at the February 2015 general elections. Buhari will marshal strong support from the Muslim north and the western Yoruba ethnic groups as well as from Lagos. Buhari's running mate is an anti-corruption lawyer, who doubles as a charismatic pastor at one of Nigeria's largest churches. Jonathan's reelection while drawing support from the south-south and south east will nationally fall short arithmetically.
- II. **Ghana-IMF deal in early 2015 unlikely:** Unable to agree on a comprehensive reform program, fearing the reaction of labor unions to stiff IMF demands for large public sector wage and headcount cuts ahead of critical 2016 elections, amidst squabbling between the leader of the government negotiating team and the finance ministry, Ghana's hopes for an early 2015 January IMF deal is unlikely. A breakdown in the IMF negotiations may see the president firing the finance minister and possibly the central bank governor.
- III. **Mugabe still faces threat of the 'Bourguiba treatment' despite elevating trusted aides to #2 position:** Despite the fanfare and histrionics around the late 2014 firing of vice president Joyce Mujuru by longtime Zimbabwean leader Robert Mugabe, and the placement of longtime hardliner security apparatchik Emmerson Mnangagwa as Mugabe's number 2, the ailing 90-year old Mugabe still faces the real prospect of being shunted aside in a Habib Bourguiba style. In 1987 longtime Tunisian leader and father of the nation, Habib Bourguiba, then, 84 years was removed from office on grounds of medical incompetency by his chosen heir, Abidine Ben Ali, who was later himself in 2011 chased out of power by the Arab Spring. Mugabe faces a similar fate in 2015.
- IV. **Ebola to re-ignite:** Despite the successful containment of the Ebola outbreak in Liberia and Guinea, the disease has yet to be fully contained in Sierra Leone. Moreover the underlying conditions relating to poor health infrastructure and personnel in West Africa which allowed the virus to spread wildly have yet to be comprehensively tackled. It is therefore very likely that in 2015, Ebola will again re-emerge and possibly spread geographically to other hitherto non infected countries in West Africa.
- V. **Tanzania opposition alliance to take power in historic shift:** Tanzania's main opposition party alliance headed by the Chadema party will rout the longtime ruling Chama Cha Mapinduzi (CCM) party which has been in power since independence in 1961 in the scheduled October 2015 polls. CCM faces accusations of widespread corruption, incompetence and electoral complacency.
- VI. **Egypt's Muslim Brotherhood turns jihadist:** Egypt's Muslim Brotherhood, which after decades of patiently waiting to gain power peacefully through the ballot box lost power in a Western acquiesced military coup will in 2015 transform its suppressed underground structures into militant armed cells to fight the regime of Field Marshal Al Sisi.
- VII. **Ivory Coast's President Alassane Ouattara will win easy reelection if his health holds up:** However his final term rather than focusing attention on his bold economic reform agenda will degenerate into intraparty and cross party squabbles over his succession.

AFRICA DUE DILIGENCE, RESEARCH, POLITICAL, GEOPOLITICAL, REGULATORY RISK ADVISORY SERVICES

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ABOUT THE COMPANY

DaMina is a preeminent independent frontier markets risk advisory, research and consulting firm.

With a special focus on African capital markets, DaMina provides exclusive, objective, highly-tailored, 360-degree and around-the-clock regulatory and political risk advisory and consulting services to a range of marquee global companies and investment firms.

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