

## HIGHLIGHTS

### Key Movements in Fixed Income and Currency Markets in July 2014

- Kenyan bond yields declined across all maturities in July 2014, largely due to high liquidity in the markets, coupled with rising investor confidence in the local debt market. Nigerian bond yields fell across most maturities due to higher liquidity on maturing treasury bills worth NGN 114 bn (details on page 5).
- In July 2014, most currencies were under pressure against the US dollar. The Kenyan shilling depreciated, primarily due to high liquidity in the market, coupled with demand for the dollar from importers attempting to meet month-end obligations, whereas the Tanzanian shilling fell on sustained dollar demand from oil and manufacturing firms. The Ghanaian cedi, down 12.2% in the month, remained the worst performing currency in the month. In contrast, the Nigerian naira appreciated 0.5% due to month-end dollar sales from oil companies and offshore funds buying the local currency to participate in government bond auctions (more on pages 7 and 8).
- In money markets, Kenya's interbank rates declined to 7.7% towards the end of July, primarily due to high shilling liquidity in the markets. Similarly, Nigeria's interbank rates decreased to 13.3% due to increased liquidity in the markets (more on page 6).

### July Bond Market Summary

	3-yr	5-yr	10-yr	20-yr
<b>Kenya 24-July yield (%)</b>	11.2%	11.7%	11.9%	13.1%
<b>Chg from 1-July 14 (bps)</b>	-28	-13	-51	-19
<b>Nigeria 24-July yield (%)</b>	11.0%	11.2%	12.2%	12.3%
<b>Chg from 1-July 14 (bps)</b>	-48	-28	-7	4

### Movement of Key Currencies vs. the US Dollar in July

	Average	End Value	MTD	YTD
<b>Kenyan Shilling</b>	87.8	87.9	-0.3%	-1.8%
<b>Ugandan Shilling</b>	2,632.8	2,635.0	-1.3%	-3.9%
<b>Nigerian Naira</b>	162.3	162.2	0.5%	-1.1%
<b>Ghanaian Cedi</b>	3.4	3.8	-12.2%	-38.7%
<b>Tanzanian Shilling</b>	1,662.6	1,661.0	-0.7%	-4.3%

### Kimondo's Corner

#### Nairobi Securities Exchange finally goes public

The Nairobi Stock Exchange ('NSE') has now joined the Johannesburg Stock Exchange ('JSE') to become the second African exchange to demutualise and self-list.

The NSE sought to raise Kes 627Million (USD 7.2Million) which will be applied in new infrastructure to support various expansion initiatives, namely: reduce mortgage debt; and provide seed capital for the settlement guarantee fund for futures.

The listing provides an avenue for the NSE to show its commitment to good corporate governance, in addition to building investors' confidence in the NSE brand. This may in turn further boost the current good run of performance across the counters listed in the NSE.

(See more on page 11)



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Source: Bloomberg and respective central banks

### Fusion Portfolio Management Service

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This service is available only to professional Investors. Any investment through this service is at risk, including loss of capital. For more information, please visit our website [www.fusioninvestafrica.com](http://www.fusioninvestafrica.com), or contact:



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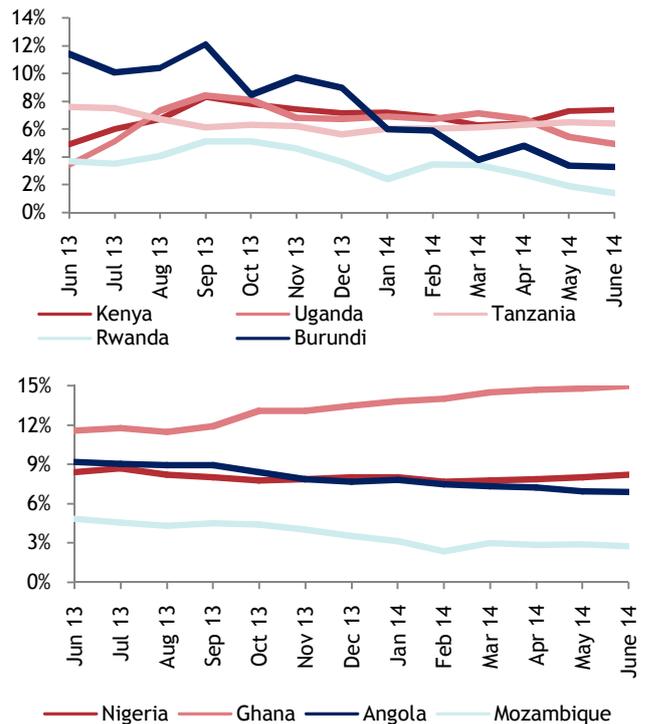
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## HIGHLIGHTS

### Activity Across Africa: Economy and Politics

- Kenya's GDP expanded 4.1% YoY in 1Q'2014, decelerating from 5.2% YoY growth in the same period in 2013. The economy was impeded by slower growth in the country's farming, hospitality and tourism sectors. Meanwhile, Standard and Poor's affirmed Uganda's B credit rating, with a stable outlook, based on increasing and continued investments in infrastructure (details on page 3).
- In July 2014, Ghana's central bank raised its benchmark interest rate to 19.0%, the highest since 2004, from 18.0% to control inflation and support the Ghanaian cedi. Conversely, Kenya, Nigeria and Mozambique retained policy rates at 8.5%, 12.0% and 8.3%, respectively (more on pages 3 and 4).
- Inflation in Africa was varied in June 2014. In Kenya, inflation advanced to a seven-month high of 7.4% YoY in June 2014 from 7.3% YoY in May 2014, owing to higher prices of housing, water and electricity and gas as well as transport costs. In Nigeria, inflation rose to 8.2% YoY, whereas that in Ghana increased to a four-year high of 15.0% YoY. In Uganda, inflation eased to 4.9% YoY in June 2014 from 5.4% YoY in May 2014 due to lower prices of goods and services and food items (more on pages 3 and 4).

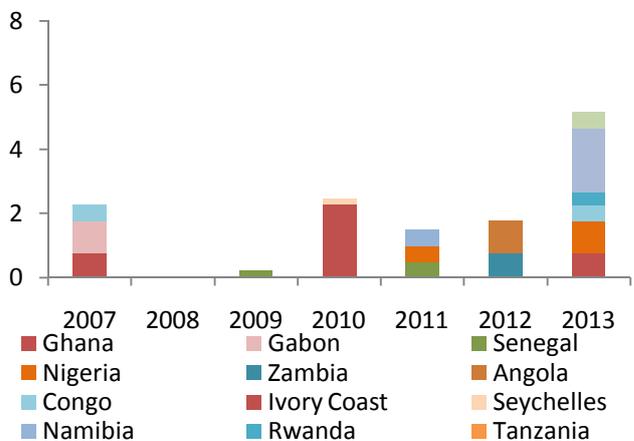
#### Inflation (YoY)



### Sub Saharan Africa: The Eurobond market boom

- Eurobond issuances have surged in the SSA region, especially during the last couple of years.
- SSA countries are primarily exhibiting increasing interest in issuing Eurobonds due to lower interest costs on Eurobonds as compared with local debt. In addition, Eurobonds allow SSA countries to diversify their lender base as well as provide an opportunity to establish a benchmark for the region's domestic debt markets.
- Global investors are confident about the SSA economy and are increasingly purchasing SSA Eurobonds to benefit from higher yields, amidst low returns in mature markets. Higher confidence is also due to improved availability of credit information associated with Eurobond issuances.
- The pace of SSA Eurobond issuances is set to increase as countries such as Zambia and Senegal plan to return to tap markets in 2014. Furthermore, Uganda, Cameroon and Ethiopia are scheduled to issue Eurobonds for the first time.

#### Eurobond Issuance (USD bn)



Source: Respective central banks, Growing Allure of Eurobonds, Deutsche Bank, Individual news websites

## ACTIVITY ACROSS AFRICA: ECONOMY AND POLITICS

### East African Community

#### Kenya

Kenya's economy expanded 4.1% YoY in 1Q'2014, slowing from 5.2% YoY growth in the same period in 2013. This can largely be attributed to slower growth in the country's farming sector (-25.0% contribution to GDP) and a 3.0% decline in the hospitality sector. Furthermore, deceleration in the tourism industry, due to rising security concerns, restrained the economy.

The CBK maintained its benchmark policy rate at 8.5% in July 2014, citing stable inflationary pressures. The bank also announced that the new Kenya Banks' Reference Rate (KBRR), the basis for banks to price their commercial loans, would be set at 9.13%.

In Kenya, inflation advanced marginally to 7.4% YoY in June 2014 from 7.3% YoY in May 2014. The increase was primarily ascribed to the housing, water, electricity, gas and other fuels index, which rose 0.7%, due to increased prices of kerosene, charcoal, electricity and rent. This was followed by the transport index, which advanced 0.4%, owing to the higher cost of diesel and public transport.

#### Uganda

In July 2014, Standard and Poor's affirmed Uganda's B credit rating with a stable outlook, citing high GDP growth rates, political stability and infrastructure investments.

Uganda's annual headline inflation decreased to 4.9% YoY in June 2014 from 5.4% YoY in May 2014, largely due to lower inflation in goods and services (2.7% YoY in June 2014 vis-à-vis 3.3% YoY in May 2014) and food prices (7.1% YoY in June 2014 as compared with 8.2% YoY in May 2014).

#### Tanzania

Tanzania's headline inflation eased, for the first time in four months, to 6.4% YoY in June 2014 from 6.5% YoY in May 2014. This can primarily be ascribed to the slower rise in the prices of food and non-alcoholic beverages (8.1% YoY in June 2014 vis-à-vis 8.7% YoY in May 2014).

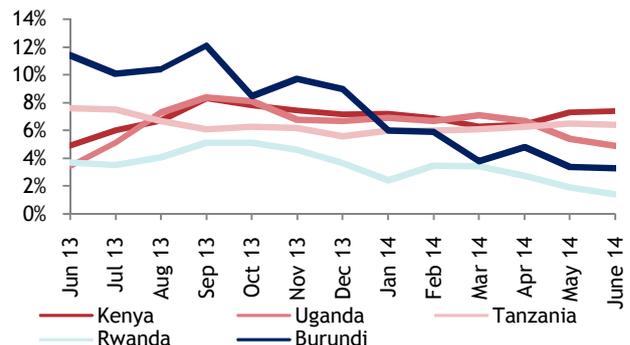
#### Rwanda

Inflation in Rwanda eased to 1.4% YoY in June 2014 from 1.9% YoY in May 2014. This can largely be ascribed to lower inflation in prices of food and non-alcoholic drinks (1.9% YoY in June 2014 from 3.0% YoY in May 2014) and higher deflation in transport costs (3.4% YoY in June 2014 from 0.7% in May 2014).

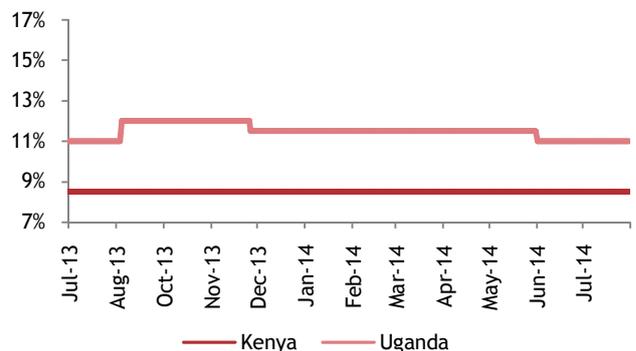
#### Burundi

Burundi's inflation fell to 3.3% YoY in June 2014 from 3.4% YoY in May 2014. Food inflation rose to 1.8% in June 2014 from 1.7% in May 2014.

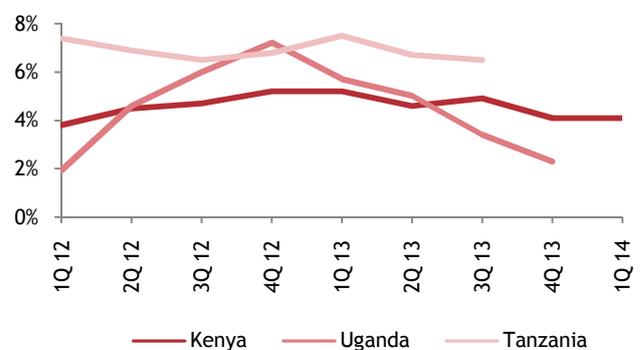
#### Inflation (YoY)



#### Movement of Central Banks' Key Rates



#### GDP Growth in Kenya, Uganda and Tanzania (YoY)



Source: Bloomberg, individual news websites, respective central banks

## ACTIVITY ACROSS AFRICA: ECONOMY AND POLITICS

### Rest of Sub-Saharan Africa

#### Nigeria

~ In July 2014, Nigeria's central bank retained the country's monetary policy rate at 12.0%, amid rising inflation. The bank stated it intends to reduce the policy rate in a phased manner over the next five years.

~ The country's inflation accelerated for the fourth consecutive month to 8.2% YoY in June 2014 from 8.0% YoY in May 2014. This can largely be attributed to a 9.8% YoY rise in food prices in June 2014 from 9.7% YoY in May 2014.

#### Angola

~ Inflation in Angola decelerated for the fifth consecutive month to 6.89% YoY in June 2014 (lowest inflation rate on record) from 6.95% YoY in May 2014. Inflation eased due to lower increases in prices of food and non-alcoholic beverages (0.4% in June 2014 vis-à-vis 0.5% in May 2014), transport (0.6% in June 2014 as compared with 0.7% in May 2014), recreation and culture (0.4% in June 2014 from 0.7% in May 2014) and hotels, cafes and restaurants (0.8% in June 2014 from 0.9% in May 2014).

#### Ghana

~ In July 2014, Ghana's central bank raised its benchmark interest rate to 19.0%, the highest level since 2004, from 18.0% to control inflation and support the Ghanaian cedi.

~ Inflation in Ghana increased for the tenth consecutive month to 15.0% YoY in June 2014, a four-year high, from 14.8% YoY in May 2014. This was primarily driven by the housing, water, electricity, gas and other fuel subgroup, which recorded the highest rate of inflation (53.6%) during the month. The transport sub-sector was the second highest contributor, recording 24.6% inflation owing to increased transport fares.

#### Mozambique

~ In July 2014, Mozambique's central bank retained its policy rate at 8.3%, stating the current rate is appropriate, given the uncertainties prevailing in the domestic and international economy.

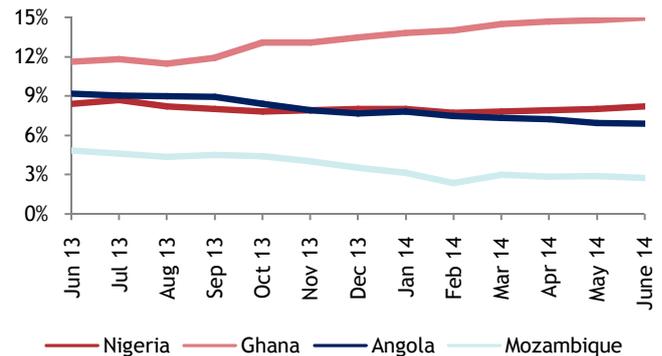
~ Inflation in Mozambique eased slightly to 2.75% YoY in June 2014 from 2.91% YoY in May 2014, largely due to lower prices of food and non-alcoholic drinks.

#### Ivory Coast

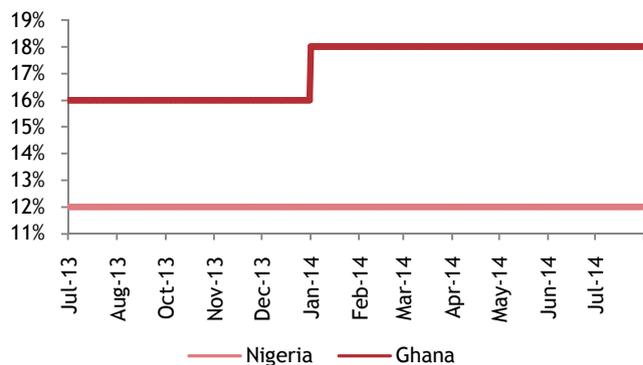
~ Inflation in Ivory Coast decreased to 0.6% YoY in June 2014 vis-à-vis 0.9% YoY in May 2014. Housing and utility and communications prices rose 0.8% and 1.1%, respectively, whereas food and soft drink prices decreased 1.3%. Transport costs remained unchanged.

Source: Bloomberg, individual news websites, respective central banks

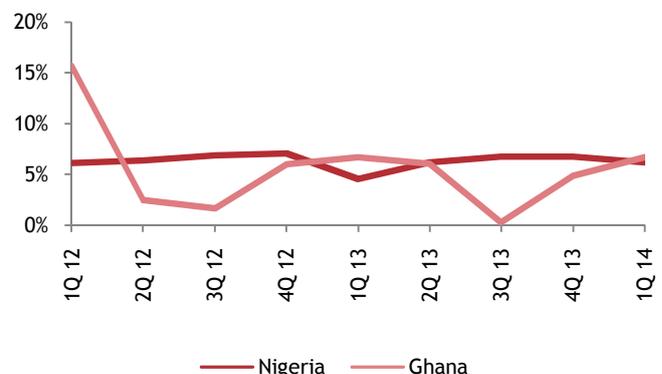
#### Inflation (YoY)



#### Movement of Central Banks' Key Rates



#### GDP Growth in Nigeria and Ghana (YoY)

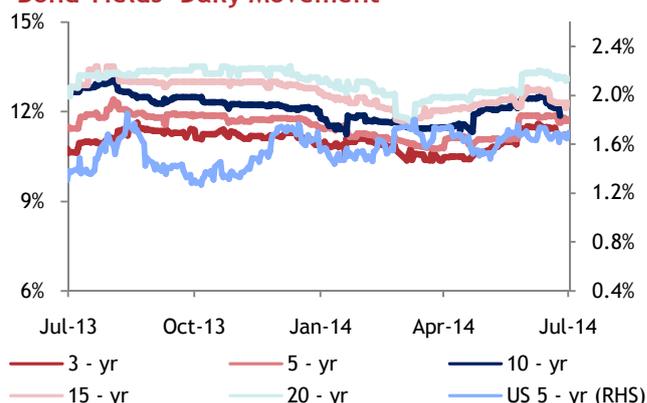


## ACTIVITY ACROSS AFRICA: BOND MARKETS

### Kenya

- “ In July 2014, yields on Kenyan bond fell across all maturities. Yields on bonds with 10- and 15-year tenures fell 51 bps and 42 bps, respectively, to 11.9% and 12.3%.
- “ Bond yields decreased, primarily due to high liquidity in the markets, coupled with rising demand for local debt among investors.
- “ On 23 July 2014, Kenya’s government auctioned two-year bonds with a coupon rate of 10.793%, expiring in 2016. The auction was oversubscribed and the central bank received bids worth KES 20.248 bn. The bank had offered KES 10.0 bn in total; bids worth KES 7.87 bn were accepted.
- “ The FTSE NSE Kenyan Shilling Government Bond Index rose 0.2% MTD in July 2014. On a YTD basis, the index advanced 2.0%.

#### Bond Yields’ Daily Movement



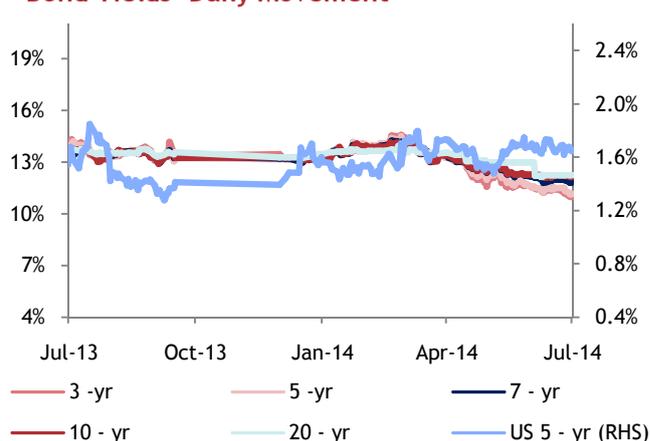
#### Summary Statistics

	3-yr	5-yr	10-yr	15-yr	20-yr
<b>24-July yield (%)</b>	11.2%	11.7%	11.9%	12.3%	13.1%
<b>Chg from 1-July 14 (bps)</b>	-28	-13	-51	-42	-19
<b>Chg from 1-Jan 14 (bps)</b>	-11	-3	-16	-61	-41

### Nigeria

- “ In July 2014, Nigerian bond yields fell across most maturities, except the 20-year bond, which rose 4 bps. Yields for bonds with three- and five-year tenures declined the most by 48 bps and 28 bps, respectively, to 11.0% and 11.2%, respectively.
- “ This decrease in Nigerian bond yields can largely be ascribed to increased liquidity in markets, primarily as treasury bills worth NGN 114 bn (USD 704 mn) matured during the month. Moreover, liquidity further improved due to treasury bills worth NGN 134 mn maturing during the last week of July, coupled with disbursement of monthly budgetary allocations to government agencies.
- “ On 16 July 2014, the Nigerian government auctioned two-year NGN 15 bn 13.05% August 2016 bonds, 10-year NGN 50 bn 14.2% March 2024 bonds and 20-year NGN 35 bn 12.15% July 2034 bonds. All three were oversubscribed with NGN 47.87 bn in subscriptions for two-year bonds, NGN 114.58 bn in subscriptions for 10-year bonds and NGN 101.46 bn for 20-year bonds.

#### Bond Yields’ Daily Movement



#### Summary Statistics

	3-yr	5-yr	7-yr	10-yr	20-yr
<b>24-July yield (%)</b>	11.0%	11.2%	11.9%	12.2%	12.3%
<b>Chg from 1-July 14 (bps)</b>	-48	-28	-14	-7	4
<b>Chg from 1-Jan 14 (bps)</b>	-220	-198	-128	-110	-103

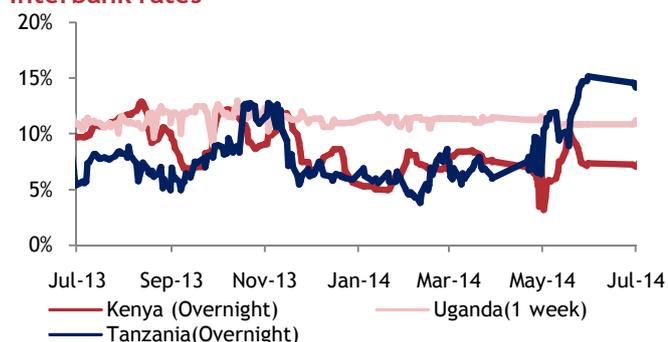
Source: Bloomberg, individual news websites

## MONEY MARKETS

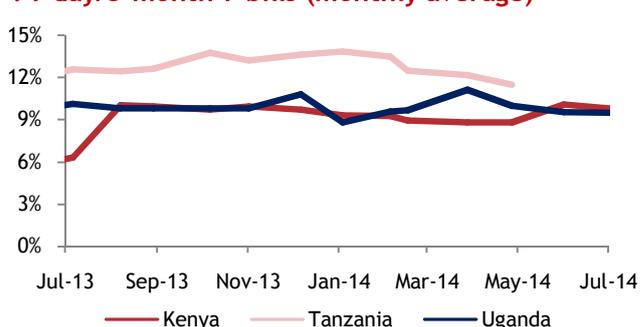
### East African Community

Kenya's interbank rate decreased to 7.7% towards the end of July 2014, as compared with 10.0% at the end of June 2014, primarily due to high shilling liquidity in the markets. In contrast, Tanzania's interbank rates increased to 14.4% towards the end of July 2014 vis-à-vis 11.8% at the end of June, indicating a liquidity squeeze in the market.

#### Interbank rates



#### 91-day/3-month T-bills (monthly average)



#### 3-month currency deposit and T-bill rates (July 2014)

	Kenya	Tanzania	Uganda
3-m curr dep	7.0%	12.0%	8.6%
91-d/3-m T-bill	9.8%	11.5%(May*)	9.5%

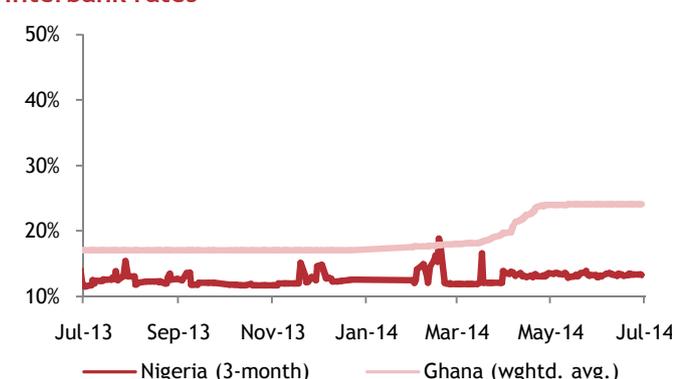
#### Policy and average interbank rates (July 2014)

	Kenya (o)	Tanzania (1-w)	Uganda (o)
Policy	8.5%	12.0%	11.0%
Interbank	7.7%	14.4%	10.9%

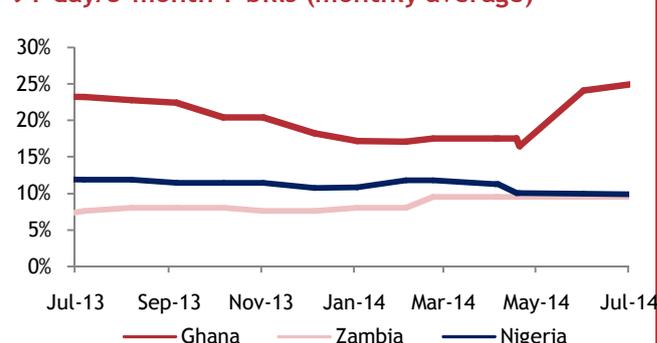
### Rest of Sub-Saharan Africa

The Nigerian Interbank Offered Rate (NIBOR) fell marginally to 13.3% towards the end of July 2014 from 13.4% at the start of the month. This can be ascribed to increased liquidity in markets, largely from retired treasury bills (worth NGN 114 bn). Liquidity further improved due to treasury bills worth NGN 134 mn maturing in the last week of July, along with disbursement of budgetary allocations to government agencies.

#### Interbank rates



#### 91-day/3-month T-bills (monthly average)



#### 3-month currency deposit and T-bill rates (July 2014)

	Nigeria	Ghana	Zambia
3-m curr dep	10.5%	24.0%	21.1%
91-d /3-m T-bill	9.8%	25.0%	9.5%

#### Policy and average interbank rates (July 2014)

	Nigeria (3-m)	Ghana (wt avg)	Zambia (o)
Policy	12.0%	19.0%	12.0%
Interbank	13.3%	24.1%	15.0%

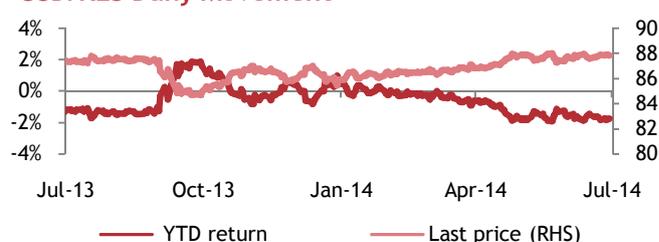
Source: Bloomberg, individual news websites, respective central banks; Note: \*Provisional

## CURRENCY MARKETS: KENYA, TANZANIA AND UGANDA

### Kenyan Shilling (KES)

- “ The Kenyan shilling depreciated 0.3% to KES 87.85 against the US dollar in July 2014. On a YTD basis, the currency fell 1.8% against the dollar.
- “ The currency was under pressure against the dollar, primarily due to high liquidity in the shilling, coupled with demand for the dollar from importers attempting to meet month-end obligations.
- “ The shilling is expected to trade in the range of 87.50-88.00 against the US dollar in the near term, as the central bank has previously indicated that it is willing to intervene by supplying dollars to curb the local currency’s movement at 88.00.

#### USD/KES Daily Movement

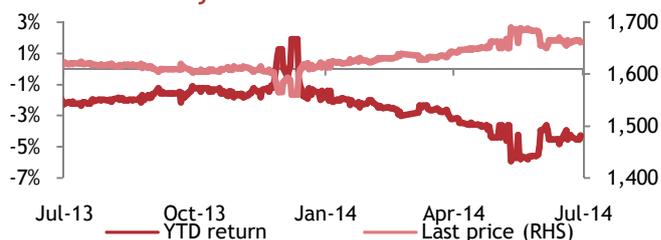


	Avg	End Val	High	Low	MTD (%)	YTD (%)
<b>USD</b>	87.8	87.9	88.0	87.6	-0.3%	-1.8%
<b>EUR</b>	119.2	118.2	120.1	118.2	1.5%	0.5%

### Tanzanian Shilling (TZS)

- “ The Tanzanian shilling continued to decline against the US dollar in July 2014, falling 0.7% MTD. On a YTD basis, the currency has shed 4.3% against the greenback so far.
- “ The local currency’s depreciation can primarily be ascribed to sustained dollar demand from oil and manufacturing firms.
- “ The shilling is forecast to improve against the greenback in the near term, largely due to month-end dollar inflows from companies and also since dollar demand from oil and manufacturing firms is anticipated to subside.

#### USD/TZS Daily Movement

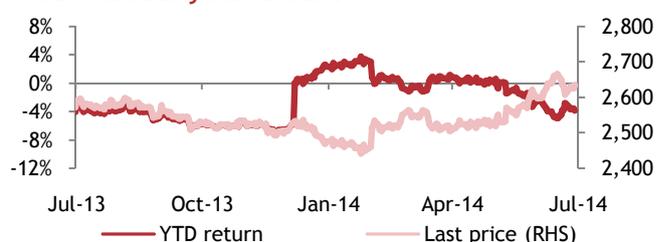


	Avg	End Val	High	Low	MTD (%)	YTD (%)
<b>USD</b>	1,662.6	1,661.0	1,670.0	1,650.0	-0.7%	-4.3%
<b>EUR</b>	2,257.6	2,237.3	2,278.1	2,237.3	1.0%	-2.4%

### Ugandan Shilling (UGX)

- “ The Ugandan shilling depreciated 1.3% against the US dollar in July 2014, despite the central bank’s efforts to intervene in the markets by selling dollars. On a YTD basis, the currency fell 3.9%.
- “ The currency has been under pressure against the US dollar, largely due to the announcement that the US would curtail aid in response to Uganda’s anti-gay law. Moreover, the local currency is under pressure due to rising demand for dollars from manufacturing firms and commercial banks.
- “ The shilling is anticipated to strengthen against the US dollar as Sweden has resumed providing aid to the country. Furthermore, dollar inflows from non-governmental organisations (NGO), who typically convert their US dollar holdings to pay salaries at month-end, will support the shilling.

#### USD/UGX Daily Movement



	Avg	End Val	High	Low	MTD (%)	YTD (%)
<b>USD</b>	2,632.8	2,635.0	2,665.0	2,600.0	-1.3%	-3.9%
<b>EUR</b>	3,575.6	3,576.3	3,628.7	3,527.1	-0.4%	-2.5%

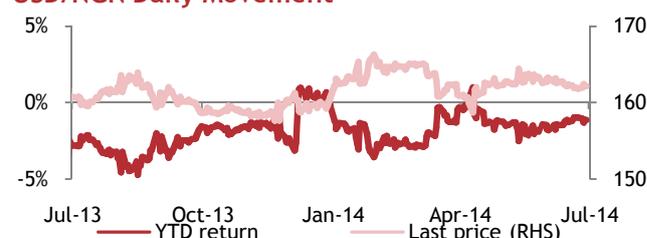
Source: Bloomberg, individual news websites

## CURRENCY MARKETS: NIGERIA, RWANDA AND GHANA

### Nigerian Naira (NGN)

- “ The Nigerian naira appreciated to a seven-month high of NGN 161.8 on 18 July 2014 and ended 0.5% higher against the US dollar at the end of July. The currency is down 1.1% YTD.
- “ The naira rose, largely due to month-end dollar sales from oil companies (USD 50 mn by ExxonMobil, USD 10 mn by Addax, USD 20 mn by ENI and USD 55 mn by Total) that buy the local currency to meet their domestic obligations. Furthermore, the naira received support from offshore funds buying the currency to participate in government bond auctions.
- “ In the near term, the naira is expected to maintain its stability and trade in the range of 161.162, owing to sluggish demand for the US dollar during the holiday period.

#### USD/NGN Daily Movement

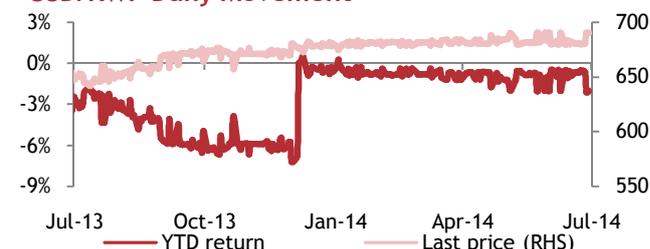


	Avg	End Val	High	Low	MTD (%)	YTD (%)
<b>USD</b>	162.3	162.2	163.2	161.8	0.5%	-1.1%
<b>EUR</b>	220.3	218.2	222.8	218.2	2.2%	0.4%

### Rwandan Franc (RWF)

- “ The Rwandan franc depreciated against the US dollar in June 2014, falling 1.4% MTD. The local currency slid 1.4% YTD.
- “ The franc has been under pressure as Rwanda’s imports continue to outpace exports. The country’s exports currently contribute less than 10.0% to GDP, as compared with an average of 32.0% in Sub-Saharan Africa.
- “ The currency is expected to remain under pressure against the US dollar in the near term due to persistent demand for US dollars by importers amid sluggish export growth.

#### USD/RWF Daily Movement

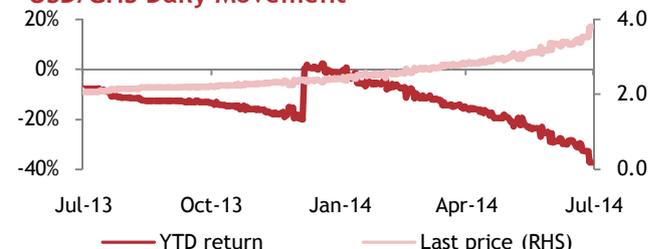


	Avg	End Val	High	Low	MTD (%)	YTD (%)
<b>USD</b>	682.8	690.0	690.5	679.5	-1.4%	-1.4%
<b>EUR</b>	927.0	931.3	938.8	919.7	0.2%	-1.5%

### New Ghanaian Cedi (GHS)

- “ The Ghanaian cedi depreciated to a record low of GHS 3.80 against the US dollar on 24 July 2014. The currency depreciated 12.2% MTD and has shed 38.7% YTD so far.
- “ The currency has been under pressure, largely due to rising dollar demand for imports and also from the Ghana government for its projects. The continuous depreciation of the cedi has led the country’s farmers to smuggle cocoa into Ivory Coast, seeking better prices.
- “ The cedi is anticipated to remain under pressure in the near term as the country continues to struggle with a budget deficit. However, the currency may receive support from the planned Eurobond sale (USD 1.5 bn) in August 2014 and dollar inflows expected from a cocoa loan syndication (USD 2 bn) in September 2014.

#### USD/GHS Daily Movement



	Avg	End Val	High	Low	MTD (%)	YTD (%)
<b>USD</b>	3.44	3.80	3.80	3.29	-12.2%	-38.7%
<b>EUR</b>	4.65	4.96	4.96	4.49	-8.1%	-35.8%

Source: Bloomberg, individual news websites

## SPECIAL FOCUS

### Sub Saharan Africa: The Eurobond market boom

#### Rising Eurobond issuance

SSA countries, attracted by low global interest rates, are increasingly keen on funding budget deficits through Eurobonds issuances. Ghana began the SSA Eurobond wave in 2007, when it became the first SSA country (other than South Africa) to issue a Eurobond (worth USD 750 mn). Since then, nine other SSA nations, including Gabon, Senegal, Ivory Coast, Angola, the Democratic Republic of the Congo, Nigeria, Namibia, Zambia and Tanzania, have issued Eurobonds. The pace increased over the past two years, with recent issues receiving significant investor interest. For example, subscription rates for issues by Kenya (500%), Rwanda (750%) and Ivory Coast (120%) substantially exceeded 100%.

#### Eurobonds offer low interest costs and diversification

SSA countries' rising interest in issuing Eurobonds is largely due to the high debt servicing costs associated with local currency-denominated debt. Eurobonds also allow SSA countries to diversify international financing beyond reliance on Western aid and concessional loans and facilitate establishing a benchmark for the region's nascent domestic debt markets. International issuances also facilitate improved transparency, market reforms and fiscal management due to enhanced scrutiny and information standards of international investors.

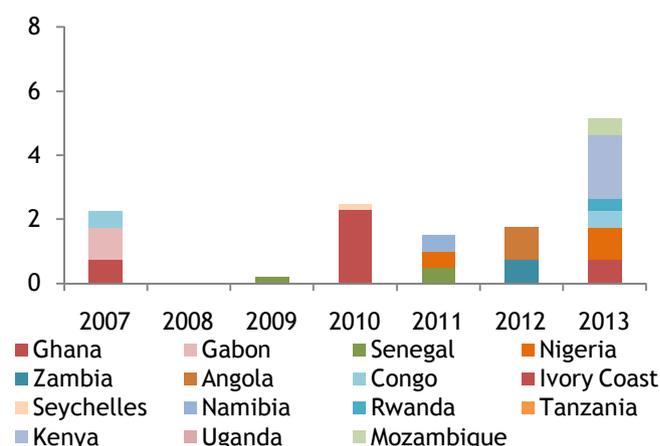
#### Investor interest driven by higher yields

Global investors have shown increasing interest in purchasing Eurobonds for higher yields, amidst low returns in mature markets. This also indicates rising investor confidence in SSA economies, which are experiencing robust economic growth amid improving fiscal policy and continued infrastructure investments. Moreover, demand has been particularly high for bonds with a clear plan to finance infrastructure projects; for example, in the case of Kenya and Rwanda. The improved availability of credit information associated with Eurobond issuances has also helped boost investor interest.

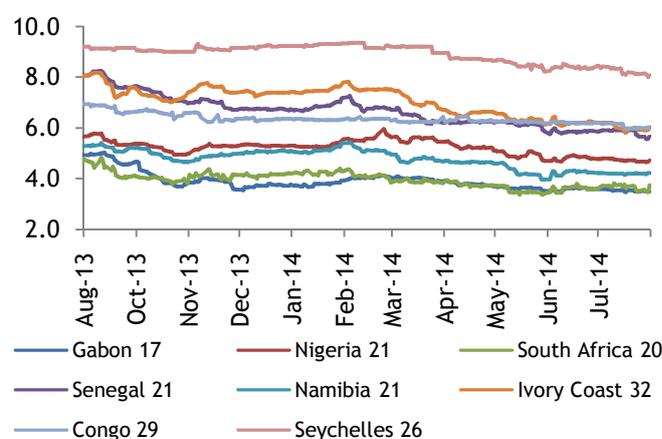
#### Eurobond market set to reach new highs

Eurobond issuances are likely to accelerate further in the near term, as several SSA countries plan to return to markets while other countries are planning their first issues. Senegal, which accessed capital markets in 2009 and 2011, plans to issue a USD 500 mn Eurobond (10-yr, 6% expected yield) in 2014, whereas Zambia plans to issue a USD 1 bn Eurobond to fund its budget deficit. Most recently, Ivory Coast issued USD 750 million 10-yr bonds at 5.625% yield, returning to international bond markets after defaulting in 2011. Kenya also announced plans to reduce its domestic borrowing by 50% and raise more debt from international markets. Cameroon and Uganda may enter the market this year. Ethiopia is also taking preparatory steps, including seeking a sovereign credit rating, for issuing its debut Eurobond.

#### Eurobond Issuance (USD bn)



#### SSA Eurobond yields (%)



#### SSA Ratings and recent Eurobond bond issues

Country	Yield at issue	Amount (USD mn)	Date Issued	Recent Credit Rating
Rwanda	6.9%	400	Apr-13	B, Stable (Fitch)
Nigeria	6.6%	500	Jul-13	BB-, Stable (Fitch)
Ghana	8.0%	750	Jul-13	B, Stable (Fitch)
Gabon	6.4%	1,500	Dec-13	BB-, Positive (Fitch)
Ivory Coast	5.6%	750	Jul-14	B, Positive (Fitch)
Kenya	6.9%	2,000	Jun-14	B+, Stable (Fitch)

Source: Growing Allure of Eurobonds, Deutsche Bank, Individual news websites

## AUCTIONS, EVENTS

### Latest Issuances of Key Government Bonds (duration greater than one year)

#### Uganda's latest issuance: 2-yr and 5-yr bonds (July 2014)

Issue Date	Maturity	Amt (UGX)	Bid/Offer	YTM	Coupon
16-July	5-yr	100.0 bn	2.03	13.715%	13.75%
16-July	2-yr	80.0 bn	1.56	12.905%	12.875%
<i>Details of issuances in June</i>					
18-June	5-yr	98.7 bn	1.48	13.785%	13.75%
18-June	2-yr	70.0 bn	1.58	12.791%	12.875%

1 USD = 2,632.84 UGX (average for July 2014)

#### Ghana's latest issuance: 2-yr note (July 2014)

Issue Date	Maturity	Amt (GHS)	Type	Bid/Cover	Int rate
28-July	2-yr	6.32 mn	FXR Note	1.0	23.00%
<i>Details of previous 2-yr issuances</i>					
21-July	2-yr	1.26 mn	FXR Note	1.0	23.00%
14-July	2-yr	1.99 mn	FXR Note	1.0	23.00%
07-July	2-yr	6.79 mn	FXR Note	1.0	23.00%

\*Fixed rate; 1 USD = 3.44 GHS (average for July 2014)

#### Tanzania's latest issuance: 5-yr and 10-yr bonds (July 2014)

Issue Date	Maturity	Amt (TZS)	Bid/Offer	YTM	WACY*
23-July	5-yr	39.1 bn	1.0	15.6842%	11.7708%
9-July	10-yr	45.2 bn	1.0	16.8200%	15.38%
<i>Details of issuances in June</i>					
25-June	7-yr	10.7 bn	5.03	15.1459%	12.83%
11-June	2-yr	30.9 bn	3.48	13.8299%	8.69%

\*Weighted average coupon yield; 1 USD = 1,662.58 TZS (average for July 2014)

#### Kenya's latest issuance: 2-yr bonds (July 2014)

Issue Date	Maturity	Amt bid (KES)	Amt acpt (KES)	MWAR*	Coupon
23-July	2-yr	20.248 bn	7.874 bn	11.034%	10.793%
<i>Details of issuances in June</i>					
23-June	20-yr	8.639 bn	8.502 bn	13.375%	12.000%
23-June	5-yr	15.265 bn	14.287 bn	12.016%	11.934%

\*Market weighted average rate; 1 USD = 87.79 KES (average for July 2014)

### Upcoming Bond Auctions, Monetary Policy Meetings

- ~ **31 August 2014:** The central bank of Uganda to sell 2 year bonds
- ~ **31 August 2014:** The central bank of Uganda to sell 10 year bonds
  
- ~ **Monetary policy meetings** are scheduled for:
  - **14 August 2014:** The Central Bank of Uganda
  - **25 August 2014:** The Central Bank of Angola

Source: Bloomberg, individual news websites, respective central banks

## KIMONDO'S CORNER

The Nairobi Stock Exchange ('NSE') has finally joined the Johannesburg Stock Exchange ('JSE') to become the second African exchange, to demutualise and to self-list. The NSE offered 66 million new shares worth Sh9.50 (USD 0.11) each to the public, with 63.5million shares reserved for the public and 2.5million for employees.

The offer which opened on 24th July 2014 and closed on 12 August 2014 sought to raise Kes 627Million (USD 7.2Million) which will be applied in new infrastructure to support various expansion initiatives, namely: reduce mortgage debt; and provide seed capital for the settlement guarantee fund for futures. The investment in Information Technology infrastructure and systems, and especially an upgrade to international Financial Information Exchange ('FIX') compliant standards will increase transparency and allow more transaction capacity at a lower marginal cost.

The NSE which is currently owned by 24 shareholders: 22 Trading Participants, the Cabinet Secretary, Treasury of Kenya and the Investor Compensation Fund Board, is expected to self-list on the Main Investment Market Segment (MIMS) on September 9, 2014.

The NSE trades approximately 20 times more value than the rest of the East Africa exchanges put together and therefore multinationals operating in the East Africa region will prefer to raise capital through the NSE as it is significantly deeper and more liquid than any of the other markets in the region

The listing provides an avenue for the NSE to show its commitment to good corporate governance, in addition to building investors' confidence in the NSE brand. This may in turn further boost the current good run of performance across the counters listed in the NSE.

### Fusion helping investors access the East Africa Listed equities

Fusion through its Fusion Growth 12 offers you exposure to the East African listed equities. Fusion Growth 12 captures the growth of the East African equity markets through Fusion's selection of 12 of the most interesting quoted equities. Fusion's selection takes account of growth prospects, downside protection, management and governance factors and stock liquidity.

In the period from 30th June 2013 to 30th June 2014, the Fusion Growth 12 yielded a return of 26.1%. By comparison the Nairobi NSE 20 (Kenya) rose 6.2% and MSCI Emerging Frontier Markets Africa ex South Africa Index rose 17.3% during the same period.

If you would like to discuss investing in the Fusion Growth 12 and receive the monthly *Fusion 12 Index* report that presents research on all the counters that comprise the Fusion 12 Growth counters, please contact us.

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