

HIGHLIGHTS

Key Movements in Fixed Income and Currency Markets in March 2015

- Yields on **Kenyan** bonds rose across most maturities, except the 20-year maturity (declined 12 bps). The yields on Kenyan bonds are expected to be under pressure amidst robust demand for local debt. The yields on **Nigerian** bonds fell across most maturities during the month. The yields are anticipated to rise in the near term, mainly led by a possible sell-off from some offshore investors and the impact of Nigeria's rating downgrade by S&P (details on page 5).
- Most currencies were under pressure against the US dollar in March 2015. The **Tanzanian** shilling depreciated due to strong demand for the US dollar from the oil and manufacturing sectors. Moreover, **Ghana's** currency cedi has been under pressure in 2015, largely due to rising demand for the dollar. The **Ugandan** shilling declined on increasing demand for the dollar from the manufacturing and energy sectors. The **Kenyan** shilling reached a three-year low of 92.30 on 16 March 2015. However, the **Nigerian** naira appreciated, led by US dollar sales from the central bank and oil companies (more on pages 7 and 8).
- In money markets, **Kenya's** interbank rate increased to 7.6% and **Tanzania's** interbank rate rose to 8.04% towards the end of March 2015. **Nigeria's** interbank rate eased to 16.6% towards the end of March 2015 (details on page 6).

March Bond Market Summary

	3-yr	5-yr	10-yr	20-yr
Kenya 24-Mar yield (%)	11.4%	11.8%	12.8%	13.2%
Chg from 1-Mar 15 (bps)	11	19	8	-12
Nigeria 24-Mar yield (%)	16.0%	16.1%	16.0%	16.2%
Chg from 1-Mar 15 (bps)	-53	11	0	-56

Movement of Key Currencies vs. US Dollar in March

	Average	End Value	MTD	YTD
Kenyan Shilling	91.7	91.9	-0.5%	-1.4%
Ugandan Shilling	2,941.1	2,980.0	-3.0%	-7.0%
Nigerian Naira	199.5	199.3	1.8%	-7.9%
Ghanaian Cedi	3.6	3.7	-6.1%	-25.9%
Tanzanian Shilling	1,837.9	1,850.0	-0.7%	-6.3%

Kimondo's Corner

The Entrenchment of Democracy in Africa: the Nigeria Election

The electorate of Nigeria went to polls on 28th March 2015 in a presidential election pitting the incumbent Goodluck Jonathan and challenger Muhammadu Buhari. The election was largely peaceful and the challenger defeated the incumbent, a rare occurrence in Africa.

The peaceful elections and subsequent acceptance of defeat by the sitting president shows the maturity of democracy in Africa and offers hope for upcoming elections elsewhere on the continent.

The peaceful election conducted by the Africa's biggest economy, will go a long way in promoting stability and security in Africa and this will help in attracting foreign direct investment.

More details on page 11



Author: Michael Kimondo - Head of Treasury Operations at Fusion

For any further information, please contact:
 Michael mkimondo@fusiongroupafrica.com
 or Moses mkorir@fusiongroupafrica.com

Source: Bloomberg and respective central banks

Fusion Portfolio Management Service

Is a portfolio management service, managed by Fusion Investments Limited. Fusion Portfolio Management helps professional investors select and manage a portfolio of financial assets to meet pre-defined and agreed investment objectives.

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, or contact:



Kenneth Muchina (Africa)

+ 254 721 294 680

kmuchina@fusiongroupafrica.com



James Maclean (UK and Europe)

+ 44 7815 780 076

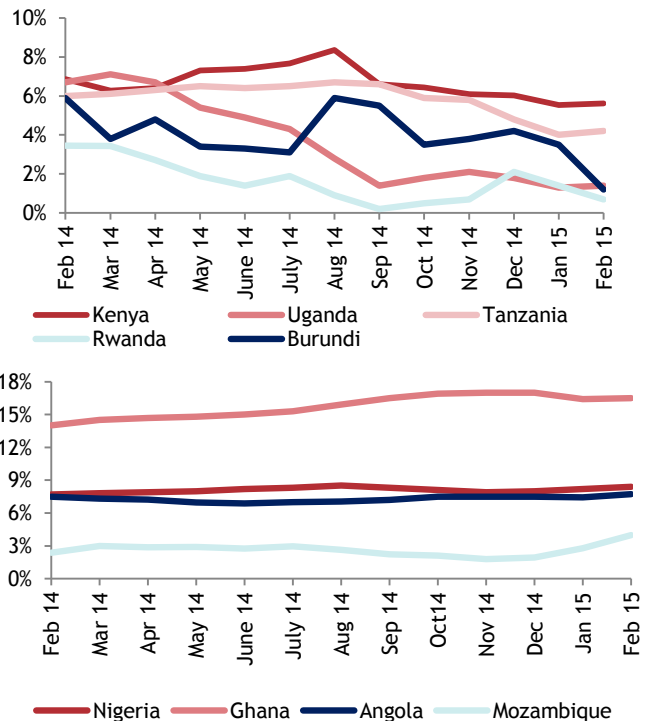
jmaclean@fusiongroupafrica.com

HIGHLIGHTS

Activity Across Africa: Economy and Politics

- The World Bank expects Kenya's economy to grow 6.0% in 2015, mainly driven by the country's infrastructural developments in the energy and transport sectors. Meanwhile, Standard & Poor's downgraded Nigeria's rating to B+ from BB- due to the recent decline in oil prices, along with significant political risk arising from the elections in March and April 2015 (details on page 4).
- In January 2014, the central banks of **Nigeria** and **Mozambique** kept their benchmark policy rates at 13.0% and 7.5%, respectively. However, **Angola's** central bank raised the benchmark interest rate to 9.25% from 9.00% due to rising inflation (more on pages 3 and 4).
- Inflation increased in most sub-Saharan African countries. In **Kenya**, inflation accelerated to 5.6% YoY in February 2015 after reaching a 19-month low of 5.5% YoY in January 2015. In **Uganda**, inflation rose to 1.4% YoY in February 2015 from 1.3% YoY in January 2015, largely due to an increase in core inflation. **Nigeria's** inflation edged up to a six-month high of 8.4% YoY in February 2015 from 8.2% YoY in January 2015. However, inflation in **Rwanda** eased to 0.7% YoY in February 2015 from 1.4% YoY in January 2015, mainly driven by lower inflation in food and non-alcoholic beverages (details on pages 3 and 4).

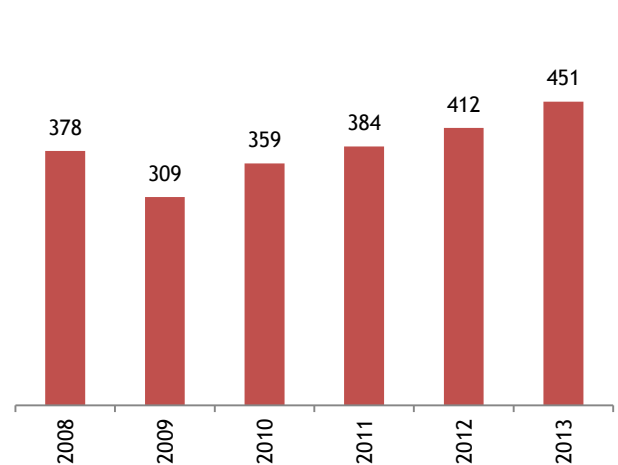
Inflation (YoY)



US-EAC sign trade agreement - A major step forward

- On 26 February 2015, the East African Community (EAC) signed a trade agreement with the US. The deal is expected to increase trade in the EAC region.
- The agreement is set to boost EAC-US trade and increase the volume of exports to the US. Also, it will provide the EAC access to US technological expertise, which will help it increase food security and create additional export opportunities for products manufactured in the region.
- The agreement shows the EAC's commitment to attracting foreign direct investment (FDI). This will enable easier business environment in the region, thus raising the economic standard.
- The success of the agreement will depend on how well the individual activities of the deal are executed. In addition, the agreement should be treated as an important stepping stone towards a free trade agreement between the US and the EAC that would eliminate barriers to trade for EAC and US exports entirely.

Total EAC Exports to USA (USD Mn)



Source: Individual news websites

ACTIVITY ACROSS AFRICA: ECONOMY AND POLITICS

East African Community

Kenya

- The World Bank expects Kenya's economy to grow 6.0% in 2015 followed by 6.6% in 2016 and 7.0% in 2017. The key factors for the bank's projections include Kenya's infrastructural developments in the energy and transport sectors and the country's expansive fiscal policy, which allowed financing of major infrastructure projects without straining domestic capital.
- Kenya's inflation accelerated to 5.6% YoY in February 2015 after declining to a 19-month low of 5.5% YoY in January 2015. This was primarily driven by higher inflation in food (8.7% YoY in February 2015 vis-à-vis 7.7% in January 2015) and clothing and footwear (4.53% YoY in February 2015 vis-à-vis 4.36% YoY in January 2015). However, transport cost fell to 3.42% YoY in February from 5.31% YoY in January 2015.

Uganda

- Uganda's annual headline inflation rose to 1.4% YoY in February 2015 from 1.3% YoY in January 2015, largely due to a 3.0% YoY increase in core inflation during the month from 2.7% YoY in January 2015. The gain in core inflation, which excludes food, fuel, electricity and metered water, was ascribed to rising prices of items such as cement and education.

Tanzania

- Tanzania's annual headline inflation increased to 4.2% YoY in February 2015 from 4.0% YoY in January 2015, mainly due to an increase in the prices of housing, water, electricity and gas (6.6% YoY in February 2015 vis-à-vis 4.9% YoY in January 2015), and clothing and footwear (3.4% YoY in February 2015 vis-à-vis 3.1% YoY in January 2015). Inflation remained unchanged for food and non-alcoholic beverages (4.9% YoY), and furnishing, housing equipment and routine maintenance (1.5% YoY).

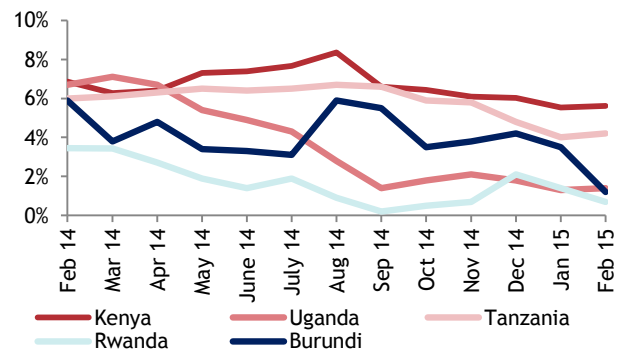
Rwanda

- Inflation in Rwanda eased to 0.7% YoY in February 2015 from 1.4% YoY in January 2015, led by deflation in food and non-alcoholic beverages (deflation of 0.3% YoY in February 2015 vis-à-vis inflation of 1.1% YoY in January 2015), and lower inflation in clothing and footwear (2.9% YoY in February 2015 vis-à-vis 4.3% YoY in January 2015).

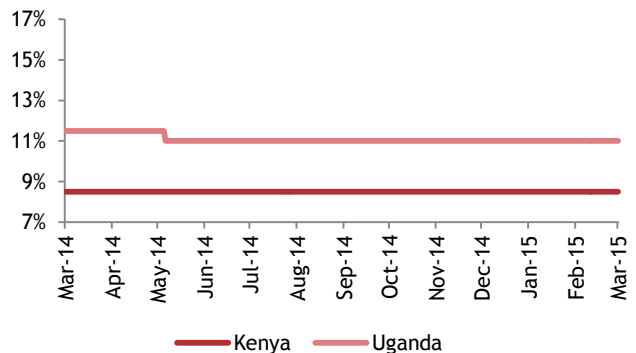
Burundi

- Burundi's inflation fell to 1.2% YoY in February 2015 from 3.5% YoY in January 2015, largely led by lower inflation for housing, water and electricity (0.8% YoY in February 2015 vis-à-vis 8.3% YoY in January 2015).

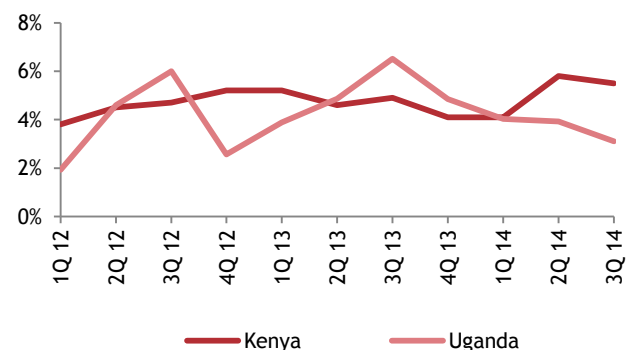
Inflation (YoY)



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

- Standard & Poor's downgraded Nigeria's rating to B+ from BB- due to the decline in oil prices in the last seven months, which affected the country's external position and external vulnerability. Moreover, significant political risk arising from the March and April 2015 elections also resulted in the downgrade.
- Nigeria's inflation rose to a six-month high of 8.4% YoY in February 2015 from 8.2% YoY in January 2015, led by an increase in food inflation (9.4% YoY in February 2015 vis-à-vis 9.2% YoY in January 2015); housing, water, electricity and gas (6.5% YoY from 9.2% YoY in January 2015); and clothing and footwear (8.2% YoY vis-à-vis 8.0% YoY in January 2015).
- In March 2015, Nigeria's central bank maintained its benchmark policy rate at 13.0%. The bank had raised the policy rate by 1.0% in November 2014.

Angola

- Inflation in Angola increased to 7.73% YoY in February 2015 from 7.44% YoY in January 2015. On a MoM basis, inflation was up 0.76% in February 2015 from 0.72% in January 2015.
- In March 2015, Angola's central bank raised its benchmark interest rate for the first time since October 2014 to 9.25% from 9.00% due to rising inflation and weakening of the national currency, the Kwanza.

Ghana

- Inflation in Ghana increased marginally to 16.5% YoY in February 2015 from 16.4% YoY in January 2015, mainly due to a slight rise in food inflation (7.0% YoY in February 2015 vis-à-vis 6.9% YoY in January 2015).

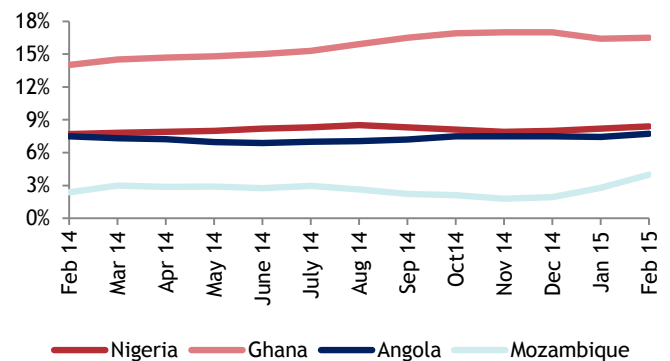
Mozambique

- Inflation in Mozambique increased to 3.99% YoY in February 2015 from 2.79% YoY in January 2015 due to the impact of floods, which inhibited the transport of products around the country.
- In March 2015, Mozambique's central bank maintained its key lending rate at 7.5%. The bank had reduced the rate in November 2014 by 75 bps from the previous rate of 8.25%.

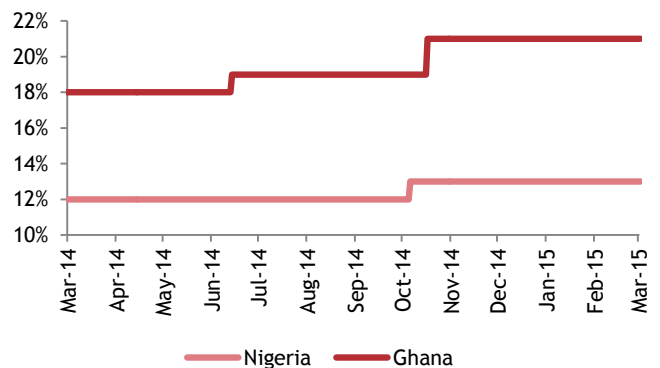
Ivory Coast

- Inflation in Ivory Coast fell to 1.3% YoY in February 2015 from 2.3% YoY in January 2015. The prices of housing & utility, communications, healthcare, and food & soft drinks rose 2.8%, 1.1%, 2.0%, and 1.2%, respectively. Transport prices declined 1.5%.

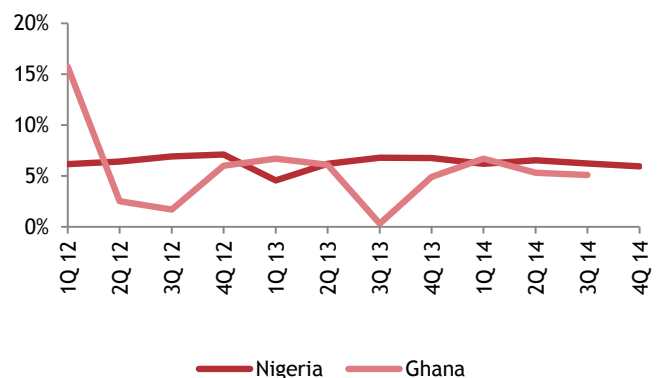
Inflation (YoY)



Movement of Central Banks' Key Rates



GDP Growth in Nigeria and Ghana (YoY)



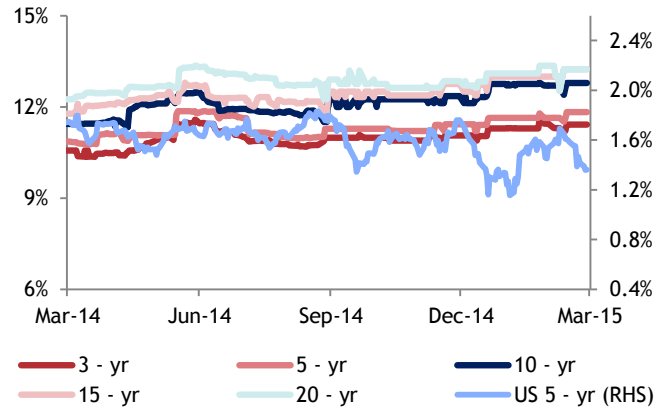
Source: Bloomberg, individual news websites, respective central banks

ACTIVITY ACROSS AFRICA: BOND MARKETS

Kenya

- In March 2015, the yields on Kenyan bonds rose across most maturities, except the 20-year maturity (fell 12 bps). The yields on bonds with 5- and 15-year tenures increased 19 bps and 23 bps to 13.2% and 11.8%, respectively.
- In the near term, the yields on Kenyan bonds are expected to be under pressure amid strong demand for local debt.
- On 30 March 2015, the Central Bank of Kenya on behalf of Government issued a 12-year infrastructure bond for a total value of KES 25 bn. Bids worth KES 51.657 bn were received and bids accepted were 823 totaling KES 25.69 bn. The auction registered a weighted average rate for successful bids of 11.556% and a market weighted average rate of 11.747%
- The FTSE NSE Kenyan Shilling Government Bond Index rose marginally by 0.5% on MTD basis in March 2015. On YTD basis, the index was almost flat.

Bond Yields' Daily Movement



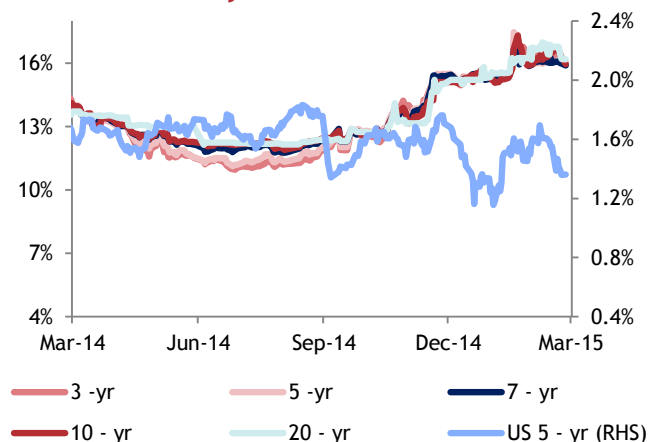
Summary Statistics

	3-yr	5-yr	10-yr	15-yr	20-yr
24-Mar yield (%)	11.4%	11.8%	12.8%	13.2%	13.2%
Chg from 1-Mar 15 (bps)	11	19	8	23	-12
Chg from 1-Jan 15 (bps)	36	40	43	48	38

Nigeria

- In March 2015, the yields on Nigerian bonds fell across most maturities. The yields on bonds with 3- and 20-year tenures fell 53 bps and 56 bps to 16.0% and 16.2%, respectively.
- However, yields on Nigerian bonds are expected to rise in the near term, as foreign investors wait for a devaluation of the naira before buying local debt. In fact, yields on benchmark naira bonds due March 2024 already climbed 61 bps in first week of April 2015, after Muhammadu Buhari of the opposition All Progressives Congress was announced the winner in Nigeria's presidential election. Furthermore, a ratings downgrade from Standard & Poor's is expected to impact investor sentiment and spur profit taking.
- On 11 March 2015, Nigeria's government auctioned 5-year NGN 35.0 bn 15.5% February 2020 bonds, 10-year NGN 30 bn 14.2% March 2024 bonds, and 20-year NGN 30 bn 12.15% July 2034 bonds. The government received subscriptions worth NGN 31.10 bn, NGN 49.01 bn and NGN 38.53 bn for 5-, 10- and 20-year bonds respectively.

Bond Yields' Daily Movement



Summary Statistics

	3-yr	5-yr	7-yr	10-yr	20-yr
24-Mar yield (%)	16.0%	16.1%	15.9%	16.0%	16.2%
Chg from 1-Mar 15 (bps)	-53	11	-12	0	-56
Chg from 1-Jan 15 (bps)	101	100	82	93	153

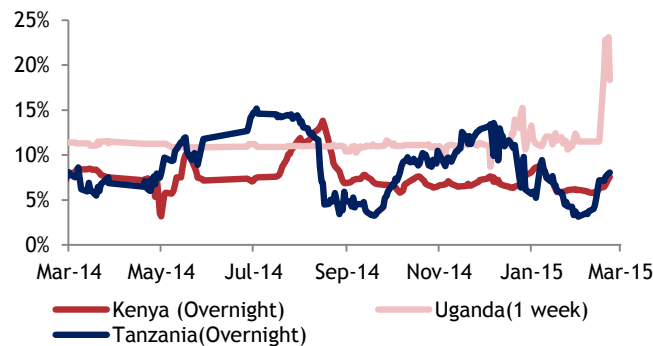
Source: Bloomberg, individual news websites

MONEY MARKETS

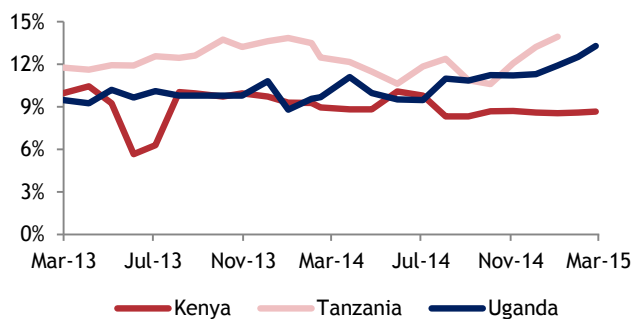
East African Community

- Kenya's interbank rate rose to 7.6% towards the end of March 2015 from 6.1% at the start of the month, indicating reduced liquidity in the market. This can be ascribed to the CBK's frequent mopping of liquidity from the market (around KES 156 bn) during the month. Tanzania's interbank rate increased to 8.04% towards the end of March 2015 from 3.4% at the start of the month, indicating tightening liquidity in the market.

Interbank rates



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



3-month currency deposit and T-bill rates (Mar 2015)

	Kenya	Tanzania	Uganda
3-m curr dep	8.3%	8.1%	NA
91-d/3-m T-bill	8.6%	13.9% (Jan)	13.3%

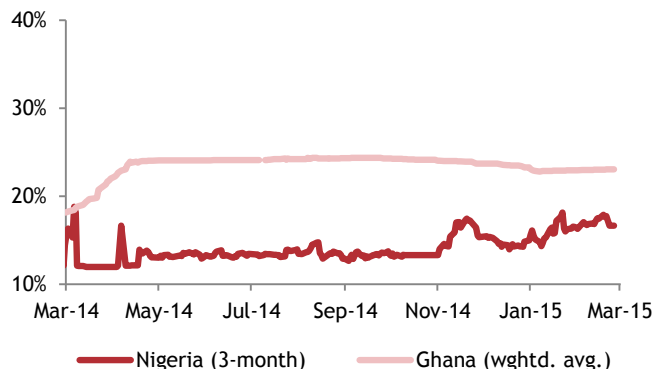
Policy and average interbank rates (Mar 2015)

	Kenya (o)	Tanzania (1-w)	Uganda (o)
Policy	8.5%	12.0%	11.0%
Interbank	7.6%	8.0%	18.3%

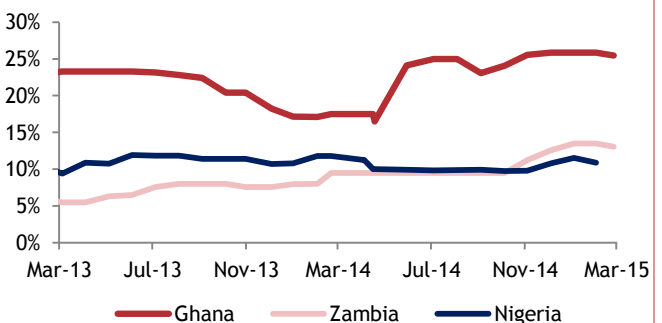
Rest of Sub-Saharan Africa

- The Nigerian Interbank Offered Rate (NIBOR) rose to 17.9% in mid-March 2015 from 16.9% at the start of the month, mainly led by lower liquidity (NGN 260 bn) following the purchases of Treasury bills and foreign exchange. However, the interbank rates eased to 16.6% in the anticipation of monthly budgetary allocations to government agencies and expected payment of interest on bonds to some investors.

Interbank rates



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



3-month currency deposit and T-bill rates (Mar 2015)

	Nigeria	Ghana	Zambia
3-m curr dep	16.1%	23.8%	23.9%
91-d/3-m T-bill	10.9%	25.5%	13.1%

Policy and average interbank rates (Mar 2015)

	Nigeria (3-m)	Ghana (wt avg)	Zambia (o)
Policy	13.0%	21.0%	12.5%
Interbank	16.6%	23.1%	12.9%

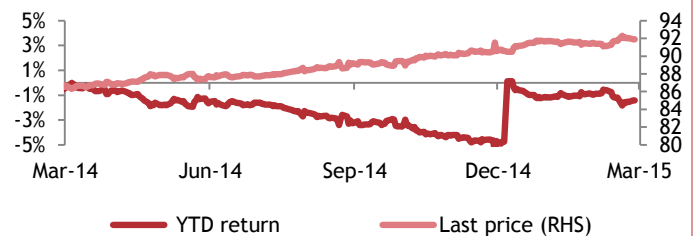
Source: Bloomberg, individual news websites, respective central banks.

CURRENCY MARKETS: KENYA, TANZANIA AND UGANDA

Kenyan Shilling (KES)

- The Kenyan shilling depreciated against the US dollar in March 2015 and reached a three-year low of 92.30 on 16 March 2015. The currency was down 0.5% MTD and 1.4% YTD.
- The Kenyan shilling was under pressure around mid-March due to high demand for the US dollar. However, the shilling later rose marginally against the greenback as offshore investors needed the local currency to bid for the sale of a government infrastructure bond to be held during the last week. Moreover, the central bank sold an undisclosed amount of US dollar after the shilling hit its lowest level since November 2011.
- The shilling is expected to be under pressure and trade at 91.70-92.50 per dollar in the near term, largely due to rising demand for the dollar to meet regular end-of-month payments.

USD/KES Daily Movement

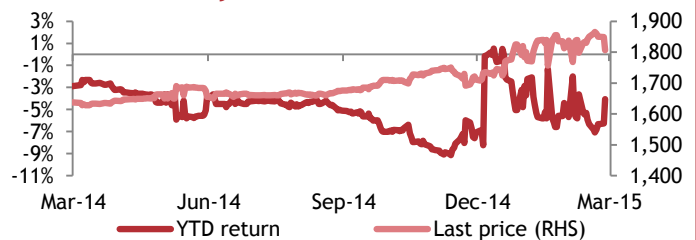


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	91.7	91.9	92.3	91.1	-0.5%	-1.4%
EUR	99.2	100.3	102.3	96.3	2.0%	9.2%

Tanzanian Shilling (TZS)

- The Tanzanian shilling declined against the US dollar in March 2015 to reach an all-time low of 1865 on 17 March 2015. The currency was down 0.7% MTD and 6.3% YTD.
- The local currency weakened against the US dollar, mainly due to strong demand for the dollar from oil and manufacturing sectors.
- The shilling is expected to remain under pressure against the US dollar in the near term due to the sustained demand for the dollar. However, the shilling may find some support from traders that require the local currency to settle some month-end statutory obligations.

USD/TZS Daily Movement

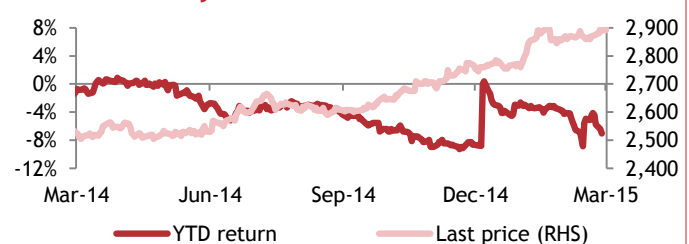


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	1,837.9	1,850.0	1,865.0	1,768.5	-0.7%	-6.3%
EUR	1,983.7	2,021.0	2,036.3	1,933.3	1.8%	3.7%

Ugandan Shilling (UGX)

- The Ugandan shilling depreciated 3.0% against the greenback in March 2015. The currency fell 7.0% YTD.
- The Ugandan shilling weakened against the US dollar, mainly due to demand for the dollar from the manufacturing and energy sectors. Furthermore, The Bank of Uganda (BoU) increased liquidity in the market via the 'Lombardi Window', which allows commercial banks to borrow funds of various tenors from the central bank.
- The local currency is expected to remain under pressure against the US dollar in the near term, largely due to expected demand from companies that plan to pay dividends and the normal end-of-month demand. In addition, manufacturers normally increase the demand for the dollar at the end of every month, buying the currency to stock up on raw material imports.

USD/UGX Daily Movement



	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	2,941.1	2,980.0	3,040.0	2,890.0	-3.0%	-7.0%
EUR	3,194.8	3,250.0	3,294.4	3,075.9	-0.4%	3.2%

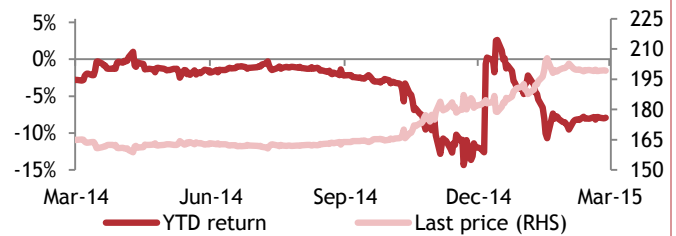
Source: Bloomberg, individual news websites

CURRENCY MARKETS: NIGERIA, RWANDA AND GHANA

Nigerian Naira (NGN)

- The Nigerian naira appreciated 1.8% MTD against the greenback in March 2015. However, the currency was down 7.9% YTD.
- The naira appreciated largely due to dollar sales from the central bank and oil companies. In February 2015, the central bank scrapped its bi-weekly forex auctions and fixed its clearing rate at 198 naira to the dollar so as to curb speculation on the local currency.
- In the near term, the naira is likely to remain under pressure against the dollar as the monetary policy is expected to be tightened only after the outcome of the election is clear.

USD/NGN Daily Movement

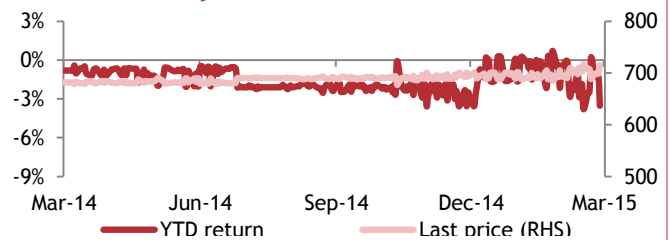


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	199.5	199.3	200.3	199.0	1.8%	-7.9%
EUR	215.9	217.4	226.0	209.4	3.7%	1.8%

Rwandan Franc (RWF)

- The Rwandan franc depreciated 3.1% MTD against the US dollar in February 2015. The franc was down 2.8% YTD.
- The franc has been under pressure against the dollar due to high demand for the greenback to finance imports amid widening current account deficit. As per Rwanda's central bank, demand for the dollar from importers is rising rapidly compared with the increase in dollar inflows due to the country's fast economic growth.
- The local currency is likely to remain weak against the dollar due to persistent demand for the dollar to finance imports.

USD/RWF Daily Movement

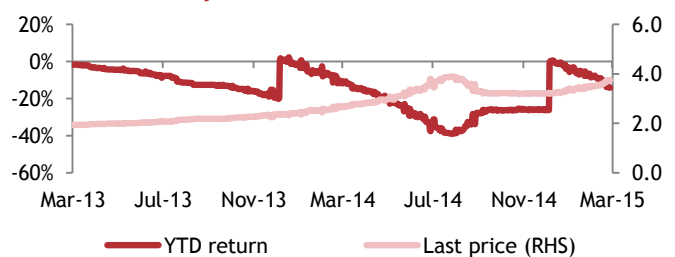


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	703.4	715.0	717.0	688.5	-3.1%	-2.8%
EUR	754.4	749.9	777.1	729.5	3.4%	11.3%

New Ghanaian Cedi (GHS)

- The Ghanaian cedi continued to decline, falling 6.1% against the US dollar in February 2015. The cedi fell 14.1% YTD.
- The local currency's depreciation has been ascribed to the current energy crisis in Ghana, also known as 'dumsor'. This has led to low business confidence, which in turn is forcing businesses, especially foreign investors, to find safe havens for their investment. As a result, there is shortage of the dollar in the system.
- The cedi is expected to remain under pressure in the near term as foreign investors, searching for safe haven for their US dollars, are anticipated to continue to engage in capital flight.

USD/GHS Daily Movement



	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	3.60	3.75	3.75	3.49	-6.1%	-14.1%
EUR	3.89	4.12	4.12	3.73	-4.6%	-5.6%

Source: Bloomberg, individual news websites

SPECIAL FOCUS

US-EAC sign trade agreement - a major step forward

US and EAC strengthen trade ties

On 26 February 2015, the East African Community (EAC) (Burundi, Kenya, Rwanda, Tanzania and Uganda) and the US signed an agreement to build capacity in trade facilitation, sanitary and phytosanitary measures, and technical barriers to trade. The agreement is expected to increase trade-related capacity in the EAC and strengthen economic ties between the EAC and the US. Moreover, it is being seen as a major step towards a full free trade agreement between the parties.

EAC to receive boost in exports, access to US technological expertise

The agreement is set to help increase EAC-US trade by reducing shipping barriers and trading costs, speeding up the movement of goods within the community, and increasing the volume of exports to the US. The deal will streamline customs-related processes and build on the steps already been taken by EAC countries. These steps include the removal of checkpoints to reduce the transit time to Kigali, Rwanda, from the port city of Mombasa, Kenya, to 6 days from 21 days. Also, the agreement provides the EAC community access to US technological expertise, which will help it increase food security and create additional export opportunities for products manufactured in the region.

EAC committed to become economic powerhouse

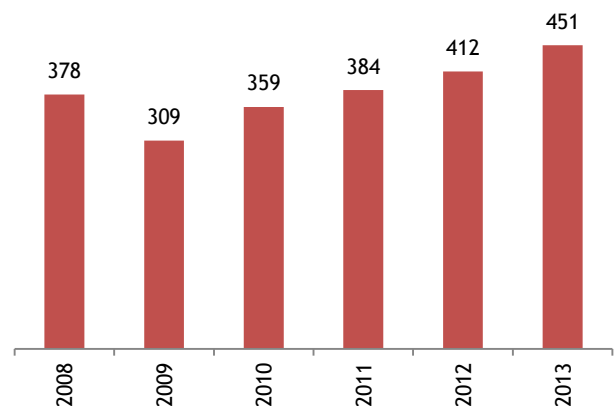
The agreement sends a clear signal to US and other foreign nations and businesses that the EAC is serious about attracting FDI, making it easier to do business in the region and raising the economic standard in the region. The deal will strengthen the EAC's trade relationship with the US and is an important step towards building a permanent investment treaty between the US and the EAC. Furthermore, it will help promote regional integration, and social and economic growth in the region, and act as an important step towards a full free trade agreement across the African continent.

Agreement success lies in details

The success of the agreement will depend on the execution of several individual activities that would contribute to a more attractive investment environment. Some of them are: 1) Establishing a new US-EAC Commercial Dialogue to bring the private sector and policymakers together and increase trade and investment opportunities 2) Operating US-EAC trade hubs that provide information, advisory services, risk mitigation and financing to encourage linkages between US and East African investors and exporters 3) Advancing the 'Doing Business in Africa' campaign to encourage US businesses to take advantage of the growing trade and investment opportunities and promote trade missions, reverse trade missions, trade shows and business-to-business matchmaking in key sectors

In addition, the agreement should be treated as an important stepping stone instead of the final destination. In fact, the goal should be to build on this toward a free trade agreement between the US and the EAC that would completely eliminate trade barriers for EAC and US exports.

Total EAC Exports to USA (USD Mn)



Source: 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 (March 2015)

Issue Date	Maturity	Amt (UGX)	Bid/Offer	YTM	Coupon
25-Mar	2-yr	18.227 bn	2.60	16.705%	16.75%
25-Mar	5-yr	161.00 bn	1.23	16.971%	17.00%

Details of issuances in February

25-Feb	2-yr	80.00 bn	1.59	16.684%	1.00%
25-Feb	15-yr	100.00 bn	2.48	17.407%	14.25%

1 USD = 2,941.15 UGX (average for March 2015)

Ghana's latest issuance: 2-yr note (March 2015)

Issue Date	Maturity	Amt (GHS)	Type	Bid/Cover	Int rate
23-Mar	2-yr	19.80 mn	FXR Note	1	23.00%
16-Mar	2-yr	98.04 mn	FXR Note	1	23.00%
9-Mar	2-yr	92.63 mn	FXR Note	0.8	23.00%
2-Mar	2-yr	225.18 mn	FXR Note	1	23.00%

Details of previous 2-yr issuances

23-Feb	2-yr	12.20 mn	FXR Note	1	23.00%
16-Feb	2-yr	1.71 mn	FXR Note	1	23.00%
09-Feb	2-yr	2.55 mn	FXR Note	1	23.00%

*Fixed rate; 1 USD = 3.60 GHS (average for March 2015)

Tanzania's latest issuance: 15-yr and 2-yr bonds (March 2015)

Issue Date	Maturity	**Amt(TZS)	Bid/Offer	YTM	WACY*
4-Mar	15-yr	42.00 bn	1.68	17.5215%	17.1111%
18-Mar	2-yr	55.00 bn	3.60	12.2915%	8.4743%

Details of issuances in February

4-Feb	10-yr	20.00 bn	1.38	16.9047%	15.4484%
18-Feb	5-yr	62.00 bn	1.90	15.2600%	NA

*Weighted average coupon yield; 1 USD = 1,835.38 TZS (average for March 2015)

Kenya's latest issuance: 12-yr bonds (March 2015)

Issue Date	Maturity	Amt bid (KES)	Amt acpt (KES)	MWAR*	Coupon
30-Mar	12-yr	51.657 bn	25.695 bn	11.747%	11.000%

Details of issuances in February

18-Feb	2-yr	28.743 bn	23.592 bn	11.551%	11.470%
18-Feb	10-yr	22.388 bn	11.658 bn	13.000%	12.371%

*Market weighted average rate; 1 USD = 91.67 KES (average for March 2015)

Upcoming Bond Auctions, Monetary Policy Meetings

- **17 and 24 April 2015:** The central bank of Ghana to sell bonds
- **15 April 2015:** The central bank of Nigeria to sell bonds
- **Monetary policy meetings are scheduled for:**
 - **23 April 2015:** Central Bank of Angola

Source: Bloomberg, individual news websites, respective central banks

KIMONDO'S CORNER

The Entrenchment of Democracy in Africa: the Nigeria Election

In spite of a wave of democratisation of African politics in the 1990s, elections in a good number of African countries have until recently presented a period of concern about stability and security due to the threat of election-related violence. A number of countries in Africa have in the past experienced incidences of election-related violence. In some cases, elections that were otherwise judged free and fair still suffered incidences of violence before, during or after the election. All that seems to be changing now.

On 28th March 2015, the electorate of Nigeria went to polls in a presidential election pitting the incumbent Goodluck Jonathan and challenger Muhammadu Buhari. The election was largely peaceful and when the results were announced, the challenger had defeated the incumbent and the incumbent accepted the result. This helped to avoid post election strife that at times follows disputed elections. Conceding defeat to an opposition candidate by an incumbent, and peaceful transition of power has until recently been uncommon in Africa.

The Nigerian election outcome is a first for the country. Nigeria has had many coup d'état in its history, and civilian rule was only restored in 1999. The imminent peaceful handover of power by an incumbent president to an opposition candidate is a first for Nigeria. Observers point that if Africa's largest country by population and its largest economy too, is maturing politically alongside a host of other countries, Africa as a whole is coming of age in terms of democratic practices. Nigeria joins other African countries like Kenya, Ghana, Zambia and Senegal which have recently conducted peacefully elections and have had experienced a smooth handover of power from one government to another. All these cases reinforce the 'Africa rising' story, and Africa as the last frontier for global investments.

The peaceful elections in Nigeria are expected to make a case for increased inflow of foreign investment because of confidence built in investors that the country will experience enhanced stability and security.

A culture of peaceful elections and peaceful power handovers in Africa will also help to reduce economic drags that elections usually have on African economies due to uncertainties associated with elections outcome. As an example, the World Bank reported that Kenya's economic growth tended to be lower in elections years than other years. According to the research, Kenya's economy grew by an average of 3.4% annually since 1980 but the growth averaged 2.4% in election years. Smoothing out election year drags would enable investors - firms and individuals - to execute investment plans that are not tied to election cycles.

The conduct of peaceful of elections also means that economic costs associated with disputed elections such as post election violence are avoided. The costs can be immense. As an example, the Kenyan economy grew by 7.1% in 2007, but the growth rate dropped to 1.7% in 2008 due to post election violence that engulfed the nation following the December 2007 elections. The destruction of properties, disruption of economic activities and displacement of people causes significant economic losses which may take a long time to recover from.

DISCLAIMER

This newsletter has been prepared by Aranca, under the supervision of Fusion Group. Whilst Aranca has used reasonable endeavours to ensure that the information provided in the newsletters is accurate and up to date as at the time of issue, it reserves the right to make corrections and does not warrant that it is accurate or complete. News will change with time. Aranca and Fusion Group hereby disclaim all liability to the maximum extent permitted by law in relation to the newsletters and does not give any warranties (including any statutory ones) in relation to the news. This is a free service and therefore you agree by receiving any newsletter(s) that this disclaimer is reasonable. Any copying, redistribution or republication of Fusion Group newsletter(s), or the content thereof, for commercial gain is strictly prohibited. The content of this newsletter is not appropriate for the purposes of making a decision to carry out a transaction or trade. Nor does it provide any form of advice (investment, tax, legal) amounting to investment advice, or make any recommendations regarding particular financial instruments, investments or products.