

HIGHLIGHTS

Key Movements in Fixed Income and Currency Markets in July 2015

- Bond yields in **Kenya** continued to rise in July, as liquidity remained tight after the Central Bank hiked the Central Bank rate by 150 bps to 11.5% to curb the rising inflation. Yields on **Nigerian** bonds slipped across most tenors, as investors resorted to heavy buying to cover their oversold short positions after the treasury issued bonds with less-than-expected value in July.
- In July 2015, most currencies weakened against the US dollar. The **Ugandan** shilling declined to UGX3,420.0 due to the dollar demand from energy and manufacturing companies. The **Tanzanian** shilling depreciated against the US dollar to TZS2,095.0 on 28 July 2015 due to strong demand for the dollar from importers. The **Kenyan** shilling weakened to settle at KES102.3 on July 28 due to continued losses in forex earnings from a decline in tourism. The **Nigerian** naira remained relatively steady in July after the Central Bank implemented new measures to curb speculation on the currency. The **Ghanaian** cedi surged to GHS3.74 on July 28 against the dollar due to massive foreign exchange infusion by the Central Bank (refer to pages 7 and 8 for related information).
- In the money markets, the interbank rate in **Kenya** and **Tanzania** rose to 17.0% and 26.9%, respectively, towards the end of July 2015. The interbank rate in **Nigeria** was relatively stable in July (details on page 6).

July Bond Market Summary

	3-yr	5-yr	10-yr	20-yr
Kenya 24 July yield	12.9%	13.2%	13.3%	13.6%
Chg from 1 July 15 (bps)	153	101	0	0
Nigeria 24 July yield	14.6%	14.8%	14.8%	14.3%
Chg from 1 July 15 (bps)	-11	-10	15	-50

Movement of Key Currencies vs. US Dollar in July 2015

	Average	End Value	MTD	YTD
Kenyan Shilling	101.2	102.3	-2.9%	-11.4%
Ugandan Shilling	3,350.4	3,420.0	-3.5%	-19.0%
Nigerian Naira	198.7	199.3	-0.3%	-7.9%
Tanzania Shilling	2,114.7	2,095.0	-3.0%	-17.3%
Ghanaian Cedi	3.6	3.7	16.6%	-14.1%

Kimondo's Corner

Investment Opportunities Galore as Global Economic Summit 'GES' Comes to Kenya

The 6th Global Entrepreneurship Summit was recently held in Nairobi in an event co-hosted by Kenyan President Kenyatta and the President of the US, President Obama.

The summit offered an opportunity for entrepreneurs to engage with educationalists, policymakers, thought leaders and investors from across the globe.

During the summit there were pledges in new commitments of more than USD1 bn from banks, foundations and philanthropists which will mostly go towards SMEs, the youth and women.

The visit by President Obama will help to showcase opportunities in Kenya while offering a helping hand to the battered tourism industry. (More details on page 11.)



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Source: Bloomberg and respective central banks

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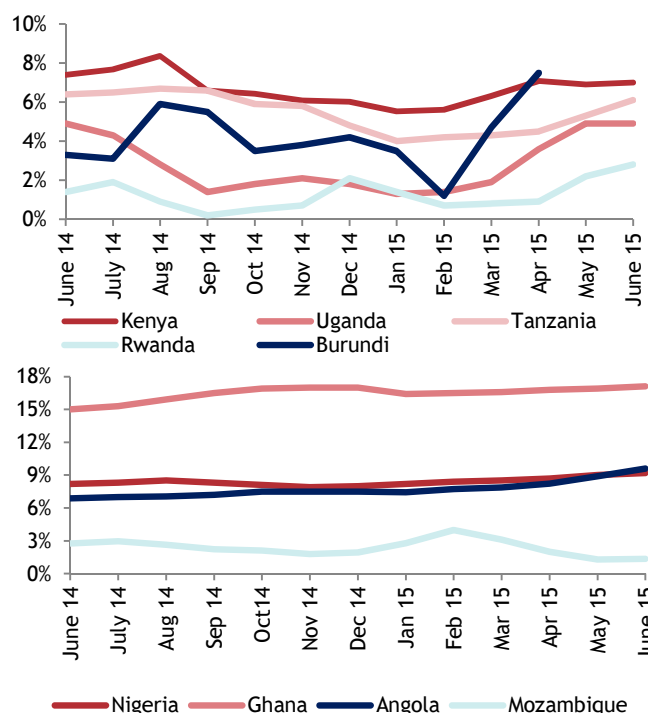


HIGHLIGHTS

Activity Across Africa: Economy and Politics

- **Kenya's** economy expanded 4.9% YoY in Q1 2015, compared with 4.7% YoY in Q1 2014. It was supported by robust growth in most sectors including construction, utilities, information and communication, trade and transport. The nation introduced key reforms to improve the ease of doing business and enhance global attractiveness. As a result, business names can be reserved via phone and building plans can be approved online. The time it takes to set up a company is expected to reduce (details on page 3).
- In July 2015, the central banks of **Ghana** and **Nigeria** retained their benchmark policy rates at 22% and 13%, respectively. However, the central banks of **Kenya** and **Uganda** increased their benchmark rates by 150 bps each to 11.5% and 14.5%, respectively, and Angola hiked its rate by 50 bps to 9.75% to rein in the rising inflation (details on pages 3 and 4).
- In June 2015, inflation rose in most sub-Saharan African countries. In **Tanzania**, inflation rose to 6.1% YoY in June 2015 from 5.3% YoY in May 2015 due to increased prices of food and non-alcoholic beverages. In **Ghana**, inflation moved up to 17.1% YoY in June 2015 from 16.9% YoY in May 2015. In **Nigeria**, inflation reached 9.2% YoY in June 2015 from 9.0% YoY in May 2015. Meanwhile, inflation in **Kenya** inched up to 7.0% YoY in June 2015 from 6.9% YoY in May 2015 due to an increase in fuel prices (details on pages 3 and 4).

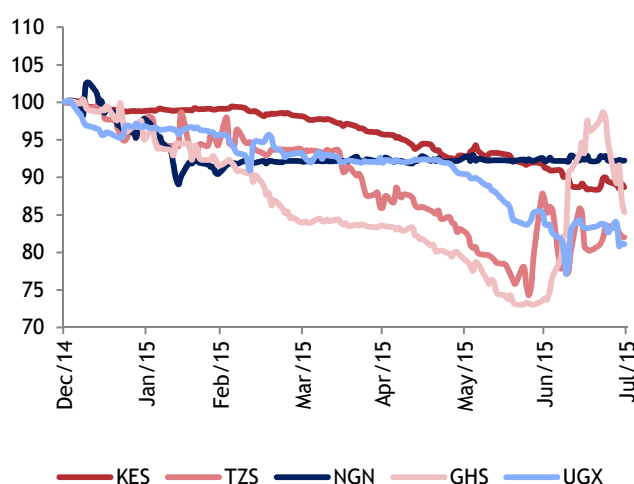
Inflation (YoY)



Weakening currencies in Africa could derail economic growth

- The currencies of most African countries have plummeted in 2015. Large current account deficits and a strengthening US dollar have caused most currencies to slip. Weak oil prices and a decline in tourism adversely affected the currencies of Nigeria and Kenya, respectively.
- The weakening of local currencies forced most central banks in Africa to draw down on their meagre forex reserves to support their currencies. Also, most central banks raised interest rates to tame the high inflation levels and arrest further decline in currencies.
- The weakening currencies provide an opportunity for the countries affected to boost exports due to their increased competitiveness in pricing in the international market. It could also incentivize the domestic production of goods, which could boost employment. However, high prices pose challenges for importers. Thus, importers need to hedge against any further price rise.
- The decline in currencies and the resultant high interest rates will likely slow down credit flow in these economies and weigh on economic growth.

African currencies vs. US dollar (rebased to 100)



Source: Individual news websites

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ACTIVITY ACROSS AFRICA: ECONOMY AND POLITICS

East African Community

Kenya

- Inflation inched up to 7.0% YoY in June 2015 from 6.9% in May 2015, mainly due to an increase in the prices of petrol, diesel and kerosene. This increased the cost incurred on cooking fuels and transport, resulting in a higher cost of living. Despite a slight dip in food prices in June, the stubborn price rise in fuels, and clothing and footwear maintained upward pressure on price levels.
- Kenya's economy expanded 4.9% YoY in Q1 2015 from 4.7% YoY in Q1 2014, mainly due to strong growth in most sectors including construction, utilities, information and communication, trade and transport.
- Kenya implemented some key reforms to improve the ease of doing business and enhance global attractiveness. As a result, business names can be reserved over phone and building plans can be approved online. The time it takes to set up a company is expected to reduce.
- On 7 July 2015, the Central Bank of Kenya raised the benchmark lending rate by 150 bps to 11.5% to control inflation and support the Kenyan shilling. On 5 August 2015, the Central Bank left its benchmark interest rate unchanged at 11.5%.

Uganda

- Inflation remained steady at 4.9% YoY in June 2015, unchanged from May 2015. The rise in prices of electricity, fuel and utilities to 1.9% in June from 1.6% in May was offset by fall in food prices. Food inflation slipped to 6.3% YoY in June from 6.6% YoY in May, due to a dip in the prices of milk, fish and vegetables.
- On 13 July 2015, the Central Bank of Uganda raised the benchmark policy rate by 150 bps to 14.5% due to expectations of higher inflation and the rapid depreciation of the Uganda shilling.

Tanzania

- The annual headline inflation increased to 6.1% YoY in June 2015 from 5.3% YoY in May 2015, as prices of food and non-alcoholic beverages moved up to 10.1% YoY in June from 8.5% YoY in May.

Rwanda

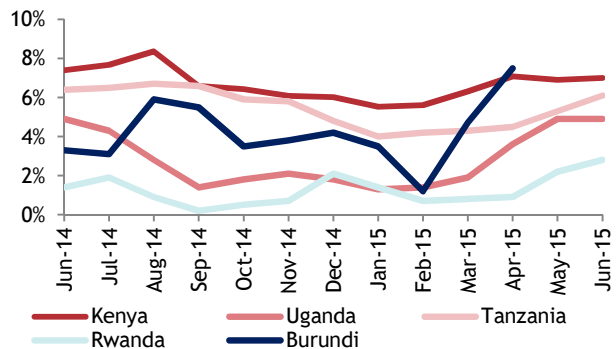
- Inflation rose to 2.8% YoY in June 2015 from 2.2% YoY in May 2015. This rise was mainly due to increased prices of food, housing, utilities and transport.

Burundi

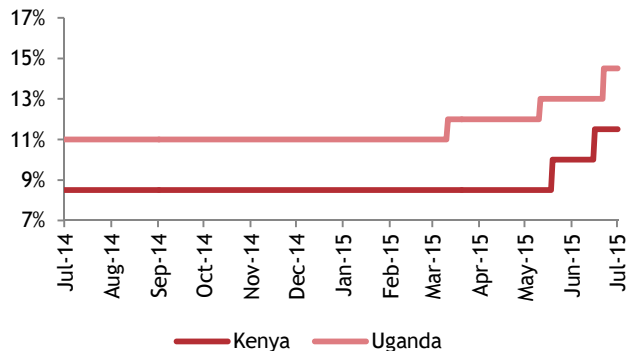
- Inflation expanded to 7.5% YoY in April 2015 from 4.7% YoY in March 2015 and 1.2% YoY in February 2015.

Source: Bloomberg, individual news websites, respective central banks

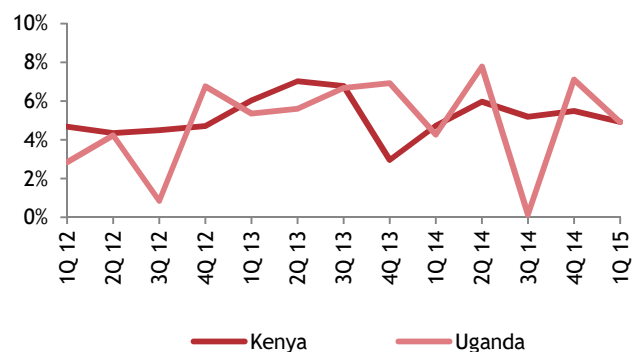
Inflation (YoY)



Movement of Central Banks' Key Rates



GDP Growth in Kenya and Uganda (YoY)



ACTIVITY ACROSS AFRICA: ECONOMY AND POLITICS

Rest of Sub-Saharan Africa

Nigeria

- Inflation reached 9.2% YoY in June 2015 from 9% YoY in May 2015. The rise was attributed to an increase in food inflation to 10% YoY in June, up 0.2% from May.
- Nigeria's foreign exchange reserves surged USD1.1 bn in the first 15 days of July 2015 to USD30.1 bn. The reserves rose after the Central Bank banned importers of 41 products, including rice and textiles, from accessing foreign exchange in the interbank market to control the depletion of the foreign exchange reserves.
- On 24 July 2015, the Central Bank maintained its benchmark interest rate steady at 13% due to concerns over rising inflation and the likely hike in US interest rates.

Angola

- Inflation increased to 9.6% YoY in June 2015 from 8.9% YoY in May 2015 and threatened the government's target of maintaining it below 9% for 2015.
- On 29 June 2015, the Central Bank of Angola raised its benchmark interest rate by 50 bps to 9.75%, after its currency was devalued, fuelling inflation.

Ghana

- Inflation increased to 17.1% YoY in June 2015 from 16.9% YoY in May 2015, as prices for both food and non-food items increased. While inflation in food and non-alcoholic beverage prices rose to 7.4% in June from 7.3% in May, inflation in non-food items inched up to 23.6% in June from 23.4% in May.
- The Central Bank left the benchmark interest rate unchanged at 22% on 15 July 2015, as the cedi's recent rise against the dollar improved the outlook on inflation.

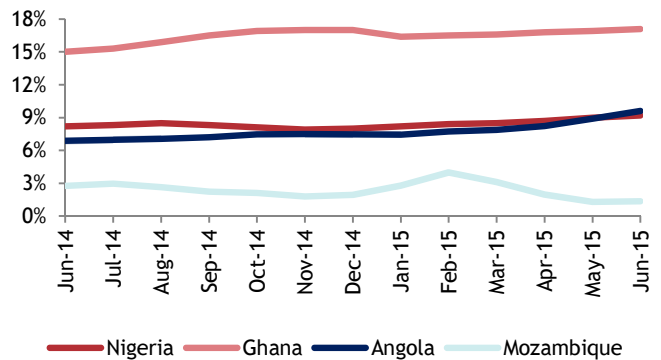
Mozambique

- Inflation rose to 1.36% YoY in June 2015 from 1.29% YoY in May 2015 due to a marginal increase in the prices of clothing and footwear (0.03%), and furniture and decoration (0.01%).
- Mozambique's economy expanded 5.9% YoY in Q1 2015 compared with 5.8% in Q1 2014, supported by growth in mining (16.6%) and electricity, gas and water (12.6%).

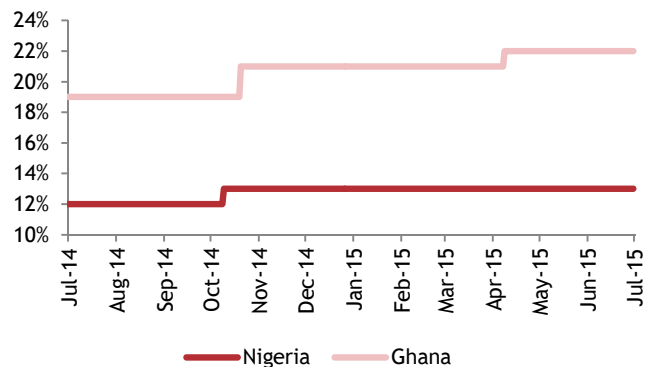
Ivory Coast

- Inflation slipped to 1.2% YoY in May 2015 from 1.4% YoY in April 2015 even though prices of housing and utilities, and food and soft drinks rose 2% and 1.7%, respectively.

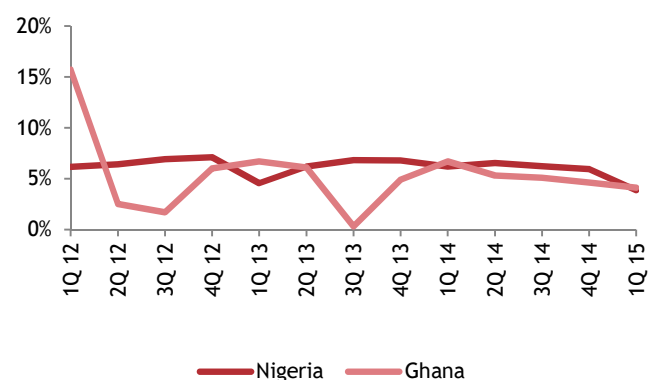
Inflation (YoY)



Movement of Central Banks' Key Rates



GDP Growth in Nigeria and Ghana (YoY)



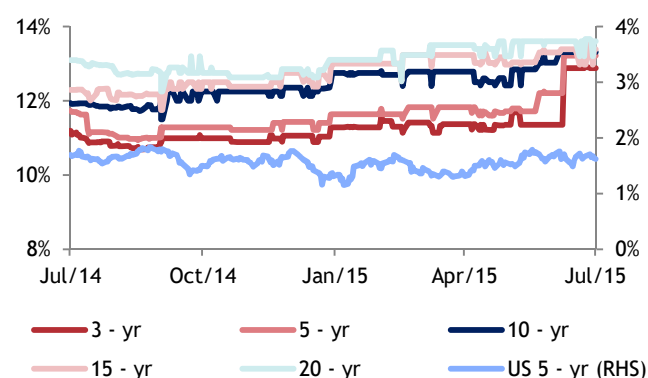
Source: Bloomberg, individual news websites, respective central banks

ACTIVITY ACROSS AFRICA: BOND MARKETS

Kenya

- In July 2015, Kenyan bond yields rose 153 and 101 bps for three-year and five-year tenors, respectively. However, the yields remained flat across 10-year, 15-year and 20-year tenors.
- Bond yields continued to rise in July as liquidity remained tight after the Central Bank raised the Central Bank rate by 150 bps to 11.5% during the month to rein in the rising inflation and support the Kenyan shilling.
- On 22 July 2015, the CBK, on behalf of the government, auctioned five-year 13.2% treasury bonds with weighted average yield of 14.3%. The CBK received subscriptions totalling KES12.9 bn and allocated bids worth KES12.0 bn for the five-year bonds. The proceeds are expected to be used to support the budget.

Bond Yields' Daily Movement



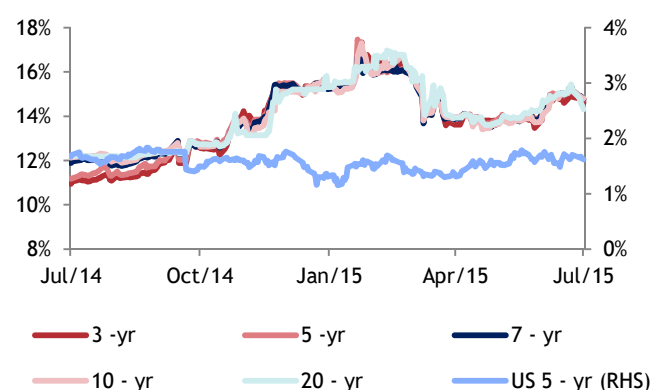
Summary Statistics

	3-yr	5-yr	10-yr	15-yr	20-yr
24-July yield	12.9%	13.2%	13.3%	13.4%	13.6%
Chg from 1-July 15 (bps)	153	101	0	0	0
Chg from 1-Jan 15 (bps)	182	179	96	63	75

Nigeria

- In July 2015, the yields on Nigerian bonds declined across most tenors, except for the 7- and 10-year bonds. The yields on 3-, 5- and 20-year bonds slipped 11 bps, 10 bps and 50 bps to 14.6%, 14.8% and 14.3%, respectively. On the contrary, yields on 7- and 10-year bonds rose 6 bps and 15 bps to 14.8% and 14.8%, respectively.
- Yields on Nigerian bonds slipped across most tenors, as investors resorted to heavy buying to cover their oversold short positions after the treasury issued bonds with less-than-expected value in July (bonds worth NGN44.0 bn were issued against an expected NGN70.0 bn). This decline comes despite the rising inflation in the economy.
- On 15 July 2015, the government auctioned 5-year NGN40.0 bn 15.5% February 2020 bonds and 20-year NGN30.0 bn 12.1% July 2034 bonds. It received subscriptions of NGN77.06 bn and NGN42.48 bn, and made allotments worth NGN28.0 bn and NGN16.0 bn for the 5- and 20-year bonds, respectively.

Bond Yield Daily Movement



Summary Statistics

	3-yr	5-yr	7-yr	10-yr	20-yr
24-July yield	14.6%	14.8%	14.8%	14.8%	14.3%
Chg from 1-July 15 (bps)	-11	-10	6	15	-50
Chg from 1-Jan 15 (bps)	-34	-31	-30	-21	-89

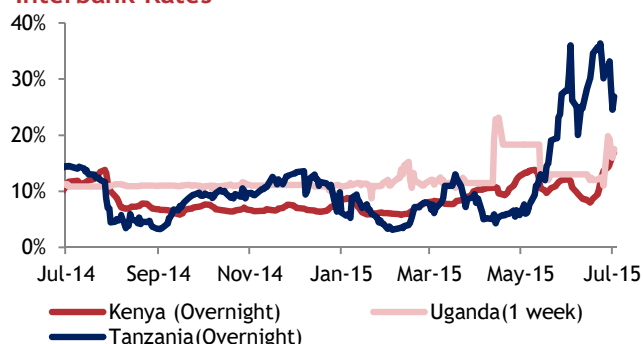
Source: Bloomberg, individual news websites

MONEY MARKETS

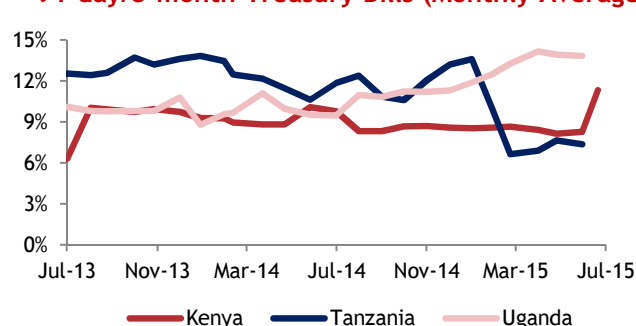
East African Community

- The interbank rate in Kenya increased to 17.0% on 24 July 2015 from 9.8% at the beginning of the month. During the month, the Central Bank raised the Central Bank rate by 150 bps to curb the rising inflation, which resulted in tighter liquidity in the market. Meanwhile, the interbank rate in Tanzania inched up 26.9% on 24 July 2015 from 25.1% at the start of the month, as the tight monetary policy maintained by the Central Bank continued to squeeze liquidity.

Interbank Rates



91-day/3-month Treasury Bills (Monthly Average)



3-month Currency Deposit and T-bill Rates (July 2015)

	Kenya	Tanzania	Uganda
3-m curr dep	9.0%	8.1%	NA
91-d/3-m T-bill	11.3%	7.4%(June)	13.8%(June)

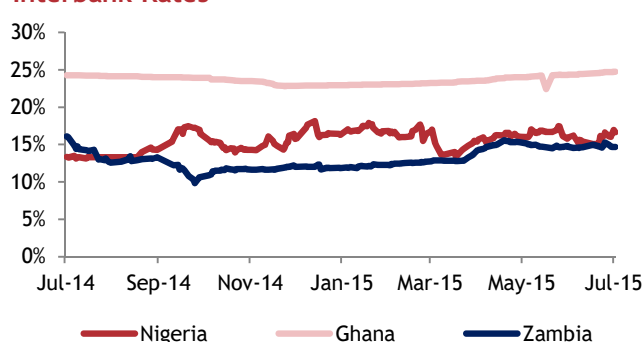
Policy and Average Interbank Rates (July 2015)

	Kenya (o)	Tanzania (1-w)	Uganda (o)
Policy	11.5%	12.0%	14.5%
Interbank	17.0%	26.9%	17.5%

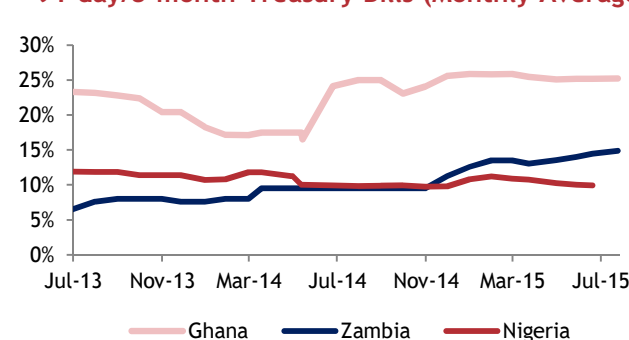
Rest of Sub-Saharan Africa

- The Nigerian Interbank Offered Rate (NIBOR) was flat at 16.6% on 24 July 2015 compared with 16.2% at the start of the month. The Central Bank continued to maintain a tight monetary regime given the high level of inflation. Furthermore, large cash withdrawal by state-owned energy company Nigeria National Petroleum Corporation (NNPC) from the banking system ensured tight liquidity.

Interbank Rates



91-day/3-month Treasury Bills (Monthly Average)



3-month Currency Deposit and T-bill Rates (July 2015)

	Nigeria	Ghana	Zambia
3-m curr dep	16.9%	25.4%	17.5%
91-d/3-m T-bill	10.0% (June)	25.2%	14.9%

Policy and Average Interbank Rates (July 2015)

	Nigeria (3-m)	Ghana (wt avg)	Zambia (o)
Policy	13.0%	22.0%	12.5%
Interbank	16.6%	24.7%	14.7%

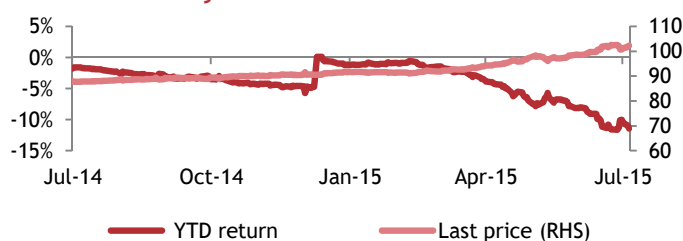
Source: Bloomberg, individual news websites, respective central banks.

CURRENCY MARKETS: KENYA, TANZANIA AND UGANDA

Kenyan Shilling (KES)

- The Kenyan shilling depreciated against the US dollar, crossing the 100-KES mark to settle at KES102.3 on 28 July 2015. The currency was down 2.9% on an MTD basis and 11.4% on a YTD basis.
- The shilling continues to weaken even after the Central Bank raised the benchmark interest rate by 150 bps to 11.5% to tame the rising inflation. The strengthening dollar and a widening current account deficit continued to exert downward pressure on the shilling. Furthermore, the recent militant attacks in the nation have discouraged inbound tourism, a major foreigner exchange generator for Kenya, leading to the loss of forex earnings.
- The shilling is expected to remain under pressure unless measures are taken to support it.

USD/KES Daily Movement

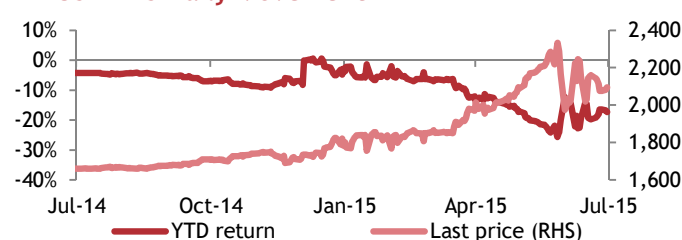


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	101.2	102.3	102.6	99.4	-2.9	-11.4
EUR	111.3	113.1	113.7	109.8	-2.9	-3.1

Tanzanian Shilling (TZS)

- The Tanzanian shilling depreciated against the US dollar to reach TZS2,095.0 on 28 July 2015. The currency was down 3.0% on an MTD basis and 17.3% on a YTD basis.
- The strong demand for the dollar from importers that outweighed agro- and institutional dollar inflow has weakened the shilling.
- The sustained efforts by the Central Bank to support the shilling, the expected inflow from agricultural exports, and the increased earnings from tourism will likely improve the currency's position in the medium term.

USD/TZS Daily Movement

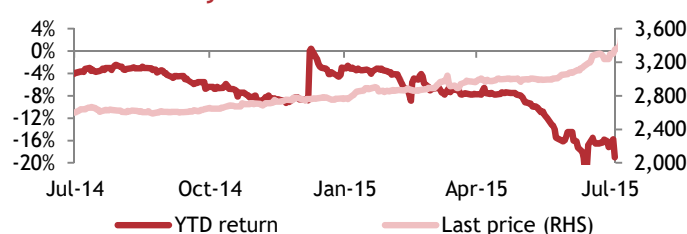


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	2,114.7	2,095.0	2,245.0	2,013.0	-3.0	-17.3
EUR	2,305.2	2,317.1	2,486.8	2,222.0	-3.1	-9.5

Ugandan Shilling (UGX)

- The Ugandan shilling declined against the US dollar to settle at UGX3,420.0 on 28 July 2015. The currency depreciated 3.5% on an MTD basis and 19.0% on a YTD basis.
- The continued demand for the dollar from energy and manufacturing companies exerted downward pressure on the shilling. Furthermore, the large current account deficit and increased public spending before next year's presidential elections continue to weaken the currency.
- The shilling is expected to remain weak, as some banks are likely to take positions in dollar. Further, the relatively weak macro-economic fundamentals are likely to weaken the currency.

USD/UGX Daily Movement



	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	3,350.4	3,420.0	3,575.0	3,280.0	-3.5	-19.0
EUR	3,694.9	3,765.8	4,017.9	3,588.4	-3.1	-11.0

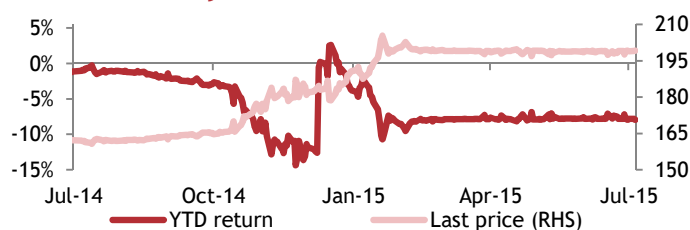
Source: Bloomberg, individual news websites

CURRENCY MARKETS: NIGERIA, RWANDA AND GHANA

Nigerian Naira (NGN)

- The naira declined marginally by 0.3% on an MTD basis and 7.9% on a YTD basis against the dollar to NGN199.3 on 28 July 2015.
- The naira remained relatively steady during the month after the Central Bank deployed new measures to curb speculation on the currency. Furthermore, the Central Bank's decision to ban the import of certain commodities and to keep the benchmark interest rate unchanged at 13% prevented a steep decline of the currency.
- Low forex earnings from oil exports due to weak oil prices are likely to weaken the naira. The Central Bank's measures to support the naira could fuel demand for the dollar in the black market.

USD/NGN Daily Movement

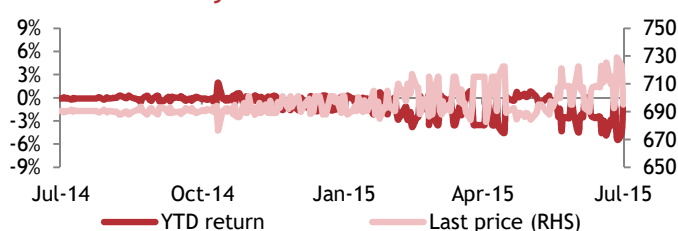


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	198.7	199.3	199.3	197.5	-0.3	-7.9
EUR	218.7	220.4	222.1	215.4	-0.4	0.4

Rwandan Franc (RWF)

- The Rwandan franc stood at RWF695.0 against the US dollar on 28 July 2015. It rose 1.4% on an MTD basis, but slipped 0.7% on a YTD basis.
- The local currency strengthened after the World Bank's forecast of a higher growth rate for the economy in 2015 and 2016, and a decline in poverty rate.
- The local currency is expected to remain under pressure against the US dollar, as the country continues to face a large trade deficit. However, the country's exports will likely receive a huge boost from the nation's efforts to diversify into two important cash crops, tea and coffee. In the medium term, this could provide a fair degree of stability to the currency.

USD/RWF Daily Movement

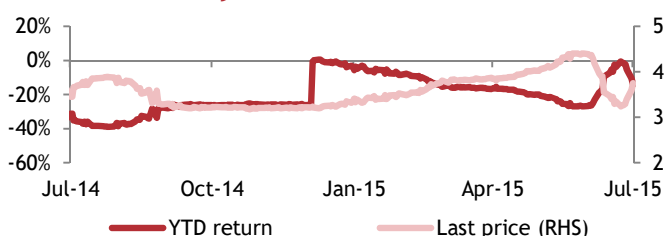


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	708.4	695.0	729.0	690.0	1.4	-0.7
EUR	783.5	768.7	806.2	757.0	4.9	8.6

New Ghanaian Cedi (GHS)

- The cedi appreciated sharply in July 2015. It firmed up to GHS3.74 against the US dollar on 28 July 2015, surging 16.6% on an MTD basis, but down 14.1% on a YTD basis.
- The cedi rebounded sharply in July due to massive foreign exchange influx by the Central Bank. The Central Bank infused around USD20 mn per day, against the daily demand of about USD14 mn.
- The cedi's strength will depend on the nation's ability to meet the terms of a bailout loan it took after the demand for its oil and cocoa exports declined. The structural issues of a large current account and budget deficits are likely to weigh on the cedi. The Central Bank's strategy to infuse substantial foreign exchange is not likely to be sustainable in the long run.

USD/GHS Daily Movement



	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	3.6	3.7	4.4	3.2	16.6	-14.1
EUR	4.0	4.0	4.8	3.5	19.2	-3.8

Source: Bloomberg, individual news websites

SPECIAL FOCUS

Weakening currencies in Africa could derail economic growth

Currencies of African countries have underperformed this year

The macroeconomic problems of the African nations are becoming more challenging with time. Already grappling with large current account deficits and high levels of inflation, the economic environment in African nations, such as Kenya, Nigeria, Tanzania, Ghana and Uganda, worsened this year, with currencies falling steeply. In the first seven months of 2015, Kenya's shilling fell 11% against the dollar, Uganda's shilling reported a 19% drop, Tanzania's shilling witnessed an 18% dip, Ghana's cedi recorded a 15% decline and Nigeria's naira posted an 8% downside.

Large current account deficits and strengthening dollar weigh on currencies

Multiple factors have contributed to the sharp decline in currencies of these countries. Militant attacks in Kenya catastrophically affected inbound tourism (contributing ~12% of the GDP), which is a major foreign exchange generator for the nation. As a result, Kenya's forex reserves dropped by more than USD1bn since the start of 2015 to a seven-month low of USD6.4 bn in July (only four months of import cover). In Nigeria, weak oil prices have eaten into the forex earnings, as crude oil accounts for more than 90% of the country's export revenue. The IMF forecasts that Nigeria's oil revenue would fall USD36 bn to USD52 bn in 2015. Apart from these specific factors, the persistent structural problems of high current account deficits in most nations (except Nigeria) have accentuated the currency declines. The general strengthening of the US dollar due to the expected hike in interest rates later this year in the US exerted downward pressure on the currencies of most African nations.

Declining currencies drag down forex reserves and boost interest rates

The weakening local currencies magnified some of the structural problems in these African nations. Most countries have large current account deficits. The falling currencies have made imports costlier, tending to push inflation further up. Inflation has been on an uptrend in most nations owing to the higher prices of food. Thus, increasing import prices would assist further inflation.

The weakening currencies have resulted in reduction of forex reserves of these nations, as central banks draw down on reserves to support their respective currencies. Kenya's reserves have declined 10% since January 2015 to a seven-month low in July 2015. Uganda's reserves slipped 17% in a year to USD2.8 bn in May 2015. This poses risks of depletion of these reserves and threatens the ability of these nations to pay for crucial imports, such as petroleum and capital goods, and to service external debt.

Kenya and Uganda have hiked benchmark interest rates by 3% and 3.5% YTD, respectively, to rein in the rising inflation and falling currencies. The rise tightened liquidity in the financial markets and thus, increased interbank lending rates in the respective countries. For instance, in Kenya, interbank rates surged to almost 18% in July 2015 from 7% at the start of the year. Similarly, government bond yields have risen in response to the expanding inflation and interest rates. This will likely boost bank lending rates, and affect retail and corporate borrowing, which in turn would impact the spending and investment in the economy.

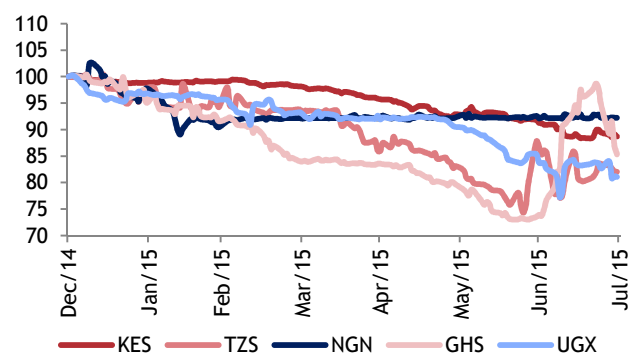
Currency fall presents opportunities and challenges

The currency decline scenario brings opportunities as well as challenges for stakeholders. The steep fall in currencies would make exports more competitive in the international markets. Investors could turn their attention to commodities, such as tea, coffee, cocoa and tobacco, which are the key export products of these nations. The currency decline provides countries such as Nigeria the option to devalue its currency and let it find its own market-driven value. This would help conserve the scarce forex reserves and promote better utilisation.

On the flip side, weakening currencies have made imports costlier. Oil and capital goods are the major imports in most countries including Kenya, Tanzania and Uganda. Importers of these goods and commodities would need to protect themselves against any price rise through appropriate hedging strategies. However, the weakening currency will likely incentivise the domestic production of goods, provide more jobs and offer lucrative deals to investors in the manufacturing sector.

The weakening of the currencies and the ensuing increase in interest rates are likely to shift investor wealth towards the high yielding fixed income financial instruments such as government bonds. As borrowing costs are expected to remain high, investments in real assets could slow down. Overall, this will likely dampen the economic growth of the region.

African currencies vs. US dollar (rebased to 100)



Source: Bloomberg, Individual news websites

AUCTIONS and EVENTS

Latest Issuances of Key Government Bonds (Duration Greater Than One Year)

Uganda's Latest Issuance: 5-yr and 10-yr Bonds (July 2015)

Issue Date	Maturity	Amt (UGX)	Bid/Offer	YTM	Coupon
16 July	5-yr	60.00 bn	0.47	17.80%	14.62%
16 July	10-yr	120.00 bn	0.32	18.04%	17.00%
Details of issuances in June					
18 Jun	5-yr	118.94 bn	1.26	16.83%	17.00%
18 Jun	2-yr	31.06 bn	2.03	16.681%	16.75%

1 USD = 3,350.4 UGX (average for July 2015)

Ghana's Latest Issuance: 2-yr Notes (July 2015)

Issue Date	Maturity	Amt (GHS)	Type	Bid/Cover	Int rate
3 July	2-yr	1.50 mn	FXR Note	1	23.00%
24 July	2-yr	32.04 mn	FXR Note	1	23.00%
31 July	2-yr	1.14 mn	FXR Note	1	23.00%
Details of issuances in June					
8 Jun	2-yr	2.63 mn	FXR Note	1	23.00%
15 Jun	2-yr	0.66 mn	FXR Note	1	23.00%
22 Jun	2-yr	1.30 mn	FXR Note	1	23.00%

*Fixed rate; 1 USD = 3.62 GHS (average for July 2015)

Tanzania's Latest Issuance: 5-yr and 15-yr Bonds (July, August 2015)

Issue Date	Maturity	Amt (TZS)	Bid/Offer	YTM	WACY*
22 July	5-yr	38.84 bn	1.00	16.46%	12.11%
5 Aug	15-yr	23.50 bn	1.94	17.96%	17.52%
Details of previous issuances in June					
11 Jun	7-yr	33.68 bn	6.74	16.64%	13.72%
25 Jun	10-yr	18.88 bn	1.00	17.02%	NA

*Weighted average coupon yield; 1 USD = TZS 2,114.7 (average for July 2015)

Kenya's Latest Issuance: 5-yr Bond (July 2015)

Issue Date	Maturity	Amt bid (KES)	Amt acpt (KES)	MWAR*	Coupon
22 July	5-yr	12.90 bn	11.99 bn	14.36%	13.19%
Details of issuances in June					
29 Jun	2-yr	8.55 bn	7.19 bn	12.72%	12.63%
29 Jun	5-yr	8.30 bn	5.57 bn	13.46%	13.19%

*Market weighted average rate; 1 USD = 101.2 KES (average for July 2015)

Upcoming Bond Auctions and Monetary Policy Meetings

- **12 August 2015:** Bank of Uganda to sell bonds
- **19 August 2015:** Bank of Tanzania to sell bonds
- **Monetary policy meetings** are scheduled to be held on:
 - **28 August 2015:** National Bank of Angola

Source: Bloomberg, individual news websites, respective central banks

KIMONDO'S CORNER

Investment Opportunities Galore as the Global Economic Summit Comes to Kenya

The 6th Global Entrepreneurship Summit 'GES' was recently held in Nairobi in an event co-hosted by Kenyan President Uhuru Kenyatta and US President Barack Obama. This was the first time the summit was being held in Sub Saharan Africa, a clear indicator of Kenya's rising potential as an emerging economy power house.

The summit offered an opportunity for entrepreneurs to engage with educationalists, policymakers, thought leaders and investors from across the globe. The entrepreneurs were able to hear success stories from those who have succeeded while pitching their ideas to the investors so as to attract funding and partnerships.

During the summit, there were pledges in new commitments of more than USD1 bn from banks, foundations and philanthropists which will mostly go towards SMEs, the youth and women who are critical in offering employment and reducing poverty level. In particular, grants to youth will significantly help reduce unemployment since the majority of the population in Kenya are the youth (nearly 80% of Kenyans are less than 35 years; <http://www.undp.org>). Part of the funding will go towards training and mentorship programs, life skills training and business coaching critical in scaling up start-ups and empowering the youth and women to become entrepreneurs.

The visit by President Obama to his father's homeland, a first by sitting US president and the first time he has visited while in office, will help to showcase opportunities in Kenya while offering a helping hand to the battered tourism industry. The global media focus on Kenya will go a long way in increasing foreign direct investment while helping the tourism industry which is a key foreign exchange earner.

During the summit, a lot of investment opportunities in green energy were signed as Kenya looks to increase its share of clean and low-cost energy generation. SkyPower, the world's largest developer and owner of utility-scale solar photovoltaic (PV) energy projects, signed USD2.2 bn deal with Ministry of Energy for the development of 1 GW of world-class solar projects. The deal is critical in increasing Kenya's renewable energy sources while offering cheap energy necessary for industrial growth. The investment will create more than 25,000 jobs in Kenya and includes 200 MW of fabrication and assembly facilities, as well as a commitment of USD173 mn toward education, training, and research and development. Others like General Electric announced plans to build a 100 MW wind farm in partnership with Kipeto Energy during the summit.

The ICT sector was also another big beneficiary as the country looks to develop award-winning technology applications like M-Pesa, the mobile money transfer service and, Ushahidi, the crisis mapping application. A large number of bubbling developers pitched their ideas to investors and potential partners.

The infrastructural development also got a big short in the arm with massive investment agreement including investment of USD9.5 bn in the Lamu Port South Sudan and Ethiopia Transport Corridor 'LAPSSET' and, an additional USD7.55 bn in the projected value of exports to flow through the same corridor. The agreement was signed between the US and Kenya governments. The Lapsset project is important in increasing trade opportunities with countries north of Kenya while enhancing Kenya's reputation as the gateway to East Africa.

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