

HIGHLIGHTS

Key Movements in Fixed Income and Currency Markets in January 2017

- In January 2017, bond yields in Kenya increased only on 3- and 5-year tenor, mainly due to government's efforts to lure foreign investors. Bond yields in Nigeria remained unchanged across tenors as activity dried up considerably.
- In January 2017, most currencies depreciated against the US dollar. The Kenyan shilling depreciated to KES 103.9 against the US dollar, primarily due to increased month-end dollar demand from importers. The Tanzanian shilling depreciated to TZS 2,234.4 against the US dollar due to higher dollar demand. The Nigerian naira appreciated marginally to reach NGN 305.5 per dollar in January, mainly due to improved forex reserves and increased dollar sales by international money transfer agents. The Ugandan shilling depreciated to reach UGX 3,590 per dollar, mainly due to stable dollar demand from banks. The Ghanaian cedi depreciated against the US dollar to GHS 4.4, mainly due to a shortage of US dollars. (refer to pages 7 and 8 for details).
- Among the money markets, interbank rates in Kenya rose to 7.4% towards the end of January 2017, while Nigeria's three-month interbank offered rate remained flat at 10.5%. (details on page 6).

January Bond Market Summary

	3-yr	5-yr	10-yr	20-yr
Kenya 31-Jan yield (%)	13.0%	13.7%	14.0%	14.5%
Chg from 1-Jan 17 (bps)	-28	-45	8	34
Nigeria 31-Jan yield (%)	15.7%	16.0%	15.7%	16.2%
Chg from 1-Jan 17 (bps)	0	0	0	0

Movement of Key Currencies versus US Dollar in January 2017

	Average	End Value	MTD	YTD
Kenyan Shilling	103.8	103.9	-1.4%	-1.4%
Ugandan Shilling	3,605.5	3,590.0	-0.3%	-0.3%
Nigerian Naira	313.9	305.5	3.0%	3.0%
Tanzania Shilling	2,220.2	2,234.4	-2.5%	-2.5%
Ghanaian Cedi	4.3	4.4	-1.2%	-1.2%

Kimondo's Corner

I & M Bank Rwanda launches an IPO in Rwanda

The third largest Bank by assets in Rwanda, I & M Bank Rwanda is set to list in the Rwanda Stock Exchange this March.

The Government of Rwanda is offering its holding of 19.8% in the Bank to the public, and hoping to raise RWF 8.9B (USD 10.8M) at a price of RWF 90 (USD 0.11) per share. The other Shareholders in the Bank include I&M Holding Ltd (55%), DEG (12.5%) and PROPARCO (12.5%)

Rwanda has 17 banks controlling USD 2.9B in assets with the top four banks controlling more than 60% of these.

Rwanda Stock Exchange has seven listed companies including four that are cross listed, with the primary listing being on the Nairobi Securities Exchange.

The offer closes on 10th March 2017 (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

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Michael Kimondo (Africa)

+ 254 705 738 460

mkimondo@fusiongroupafrica.com



James Maclean (UK and Europe)

+ 44 7815 780 076

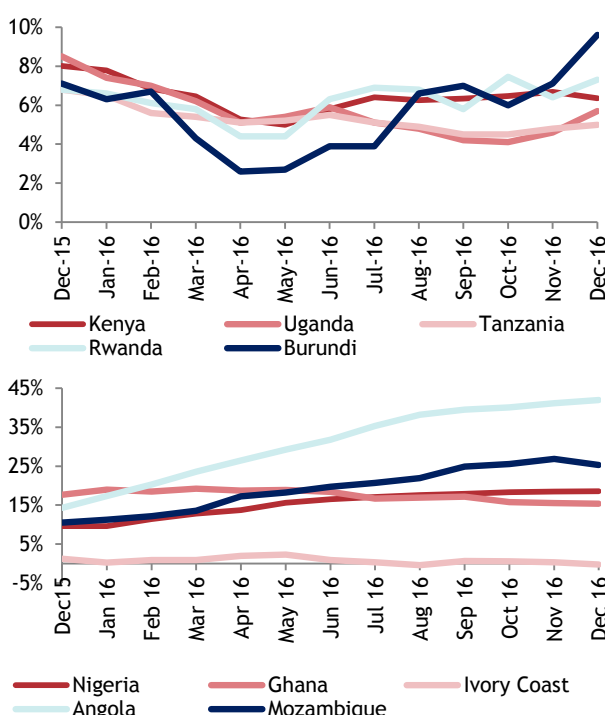
jmaclean@fusiongroupafrica.com

HIGHLIGHTS

Activity Across Africa: Economy and Politics

- The World Bank has predicted SSA's economy to grow by 2.9% in 2017, which is marginally above the global growth rate of 2.7%, supported by the region adjusting to lower commodity prices and further growing 3.6% in 2018.
- In January 2017, the central banks in **Nigeria, Kenya, Ghana** and **Uganda** did not change their benchmark interest rates. Most of these countries are trying to prevent their currencies from depreciating further by maintaining high benchmark rates.
- In December 2016, inflation increased in the majority of the SSA. In **Kenya**, inflation decreased to 6.4% YoY in December 2016 from 6.7% YoY in November 2016, in spite of an increase in food and non-alcoholic beverages. In **Uganda**, inflation rose to 5.7% YoY in December 2016 from 4.6% YoY in November 2016. The increase was primarily due to an increase in food and non-alcoholic beverages. In **Ghana**, consumer inflation eased to 15.4% YoY in December 2016 compared with 15.5% YoY in November 2016. In **Nigeria**, CPI moved up to 18.6% YoY in December 2016 from 18.5% YoY in November 2016, which is the highest in over 11 years. The increase was mainly driven by higher prices for food and non-alcoholic beverages, alcoholic beverages, clothing and footwear. In **Mozambique**, Consumer inflation eased to 25.3% YoY in December 2016 from 26.6% YoY in November 2016. The slowdown in growth was fuelled by a slowdown in prices for food and non-alcoholic beverages. In **Tanzania**, inflation rose to 5.0% YoY in December 2016 from 4.8% YoY in November, largely caused by a surge in food and non-alcoholic beverages prices (details on pages 3 and 4).

Inflation (YoY)



Recovery possible for sub-Saharan Africa

- Over the last three years, GDP growth in sub-Saharan Africa (SSA) has been on the downtrend due to a crash in commodity prices, weak external demand, drought, and security problems.
- However much of East Africa and other oil-importing economies recorded expansion of 6-8% in 2016.
- According to the Global Economic Prospects January 2017 report by World Bank, SSA is expected to expand at 2.9% in 2017, marginally above the global growth rate of 2.7%, and further growing 3.6% in 2018. This is ascribed to the expectation of the region adjusting to lower commodity prices.
- The World Bank expects growth among oil exporters to steady in 2017 as oil prices continue to stabilize amid improving security conditions.
- Some governments in SSA are attempting to bring further transparency in regulatory procedures to boost investor confidence. A rise in commodity prices, coupled with enhanced trust in the political system, is likely to render the region a favorable trade and investment destination, thereby aiding growth.

Real GDP growth (%)

Country	2016(e)	2017(f)	2018(f)	2019(f)
Kenya	5.9	6.0	6.1	6.1
Uganda	4.6	5.6	6.0	6.0
Tanzania	6.9	7.1	7.1	7.1
Rwanda	6.0	6.0	7.0	7.0
Burundi	-0.5	2.5	3.5	3.5
Nigeria	-1.7	1.0	2.5	2.5
Ghana	3.6	7.5	8.4	8.4
Angola	0.4	1.2	0.9	0.9
Mozambique	3.6	5.2	6.6	6.6

Source: World Bank Global Economic Prospects January 2017
Note: e- estimates; f- forecasts

Source: Individual News websites

ACTIVITY ACROSS AFRICA: ECONOMY AND POLITICS

East African Community

Kenya

- Inflation in Kenya declined slightly to 6.4% YoY in December 2016 from 6.7% YoY in November 2016, in spite of an increase in food and non-alcoholic beverages (up 11.2 % YoY in December 2016 vis-à-vis 11.1% YoY in November 2016), and notable increase in restaurant and hotels prices, up 5.0% YoY in December 2016. The inflation is still well within the central bank's medium-term target of 2.5-7.5%.
- Kenya's current account deficit shrank 10.4% YoY to USD 983.9 Mn in Q3 2016, helped by an improved performance of the tourism sector (up 13.8%), increased remittance inflows, and low oil prices.

Uganda

- The rebased consumer price index (CPI) rose to 5.7% YoY in December 2016 from 4.6% YoY in November 2016. The increase was primarily due to an increase in food and non-alcoholic beverages (up 7.3 % YoY in December 2016 vis-à-vis 5.2% YoY in November 2016), clothing and footwear (up 5.87% YoY in December 2016 vis-à-vis 5.2% YoY in November 2016) and increase in transport cost (up 5.2% YoY in December 2016 from 2.9% YoY in November 2016).

Tanzania

- Tanzania's annual headline inflation rose to 5.0% YoY in December 2016 from 4.8% YoY in November. The increase was largely caused by a surge in food and non-alcoholic beverages prices, which forms major part of the inflation basket (up 7.0% YoY in December 2016 vis-à-vis 6.2% YoY in November 2016).

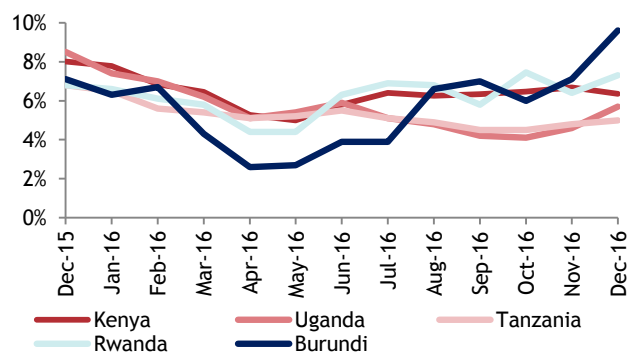
Rwanda

- Rwanda's CPI rose to 7.3% YoY in December 2016 from 6.4% YoY in November 2016 (above the Central Bank's 5% target). The increase can be largely attributed to increase in prices of food and non-alcoholic beverages, housing, water, electricity, gas & other fuels, up by 16.4%, 1.4% and 7.7% YoY, respectively.

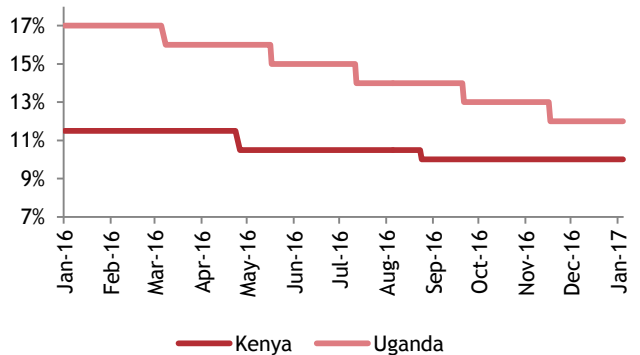
Burundi

- Inflation in Burundi rose to 9.6% YoY in December 2016 from 7.1% YoY in November 2016. Food inflation rose to 13.8% in the year to December 2016 from 9.1% in the previous month, as per the Institute of Economic Studies and Statistics (ISTEEBU).
- Burundi's business and other economic activities has been affected by several months of political crisis after President Pierre Nkurunziza decided to run for a third term in April 2015. The IMF expects Burundi's economy to grow by 2% in 2017, as against 0.5% in 2016.

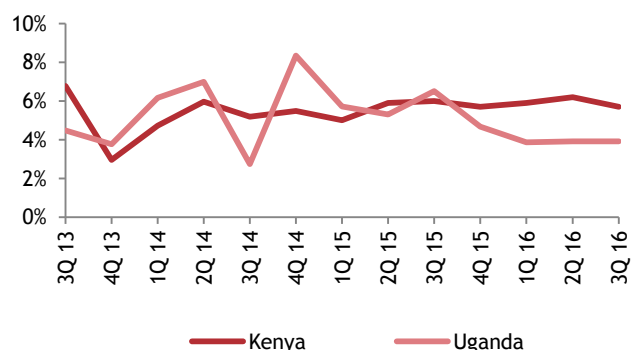
Inflation (YoY)



Movement of Central Banks' Key Rates



GDP Growth in Kenya and Uganda (YoY)



Source: Bloomberg, individual news websites, respective central banks

ACTIVITY ACROSS AFRICA: ECONOMY AND POLITICS

Rest of Sub-Saharan Africa

Nigeria

- The CPI accelerated to 18.6% YoY in December 2016 from 18.5% YoY in November 2016, which is the highest in over 11 years. The increase was mainly driven by higher prices for food and non-alcoholic beverages, alcoholic beverages, clothing and footwear. In December 2016, the food sub-index registered an 17.4% YoY rise, up from 17.2% in November 2016. Housing, Water, Electricity, Gas & Other Fuels, Clothing and Footwear, and Education, increased at 27.3%, 21.6% and 17.8% percent respectively.
- Foreign exchange reserves rose to a 10-month high of USD 27.89 Bn on 31 January 2017 from USD 25.72 Bn in previous month. The increase was primarily due to slight recovery in oil prices as well as positive measures taken by the fiscal authority.

Angola

- Inflation continued the upward trend in Angola as the CPI increased to 42.0% YoY in December 2016 from 41.2% YoY in November 2016.
- Foreign exchange reserves stood at USD 22 Bn by the end of 2016, which would likely cover the country's 8 months of imports. The Angolan government has pegged a budget deficit of 5.8% of GDP for 2017, and economic growth of 2.1%.

Ghana

- Consumer inflation eased to 15.4% YoY in December 2016 compared with 15.5% YoY in November 2016. Prices of food and non-alcoholic beverages rose 9.7% YoY in December 2016 as compared to that of 9.3% YoY in November 2016. Non-food inflation declined to 18.2% YoY in December 2016 from 18.7% YoY in November 2016, primarily driven by a lower growth in the communications sub-group.

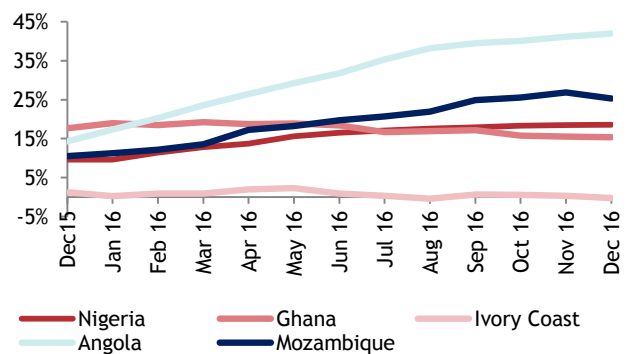
Mozambique

- Consumer inflation eased to 25.3% YoY in December 2016 from 26.6 % YoY in November 2016. The slowdown in growth was fuelled by a slowdown in prices for food and non-alcoholic beverage.
- The central bank has maintained its benchmark lending rate which it had raised by 600 basis points to 23.25% from 17.25% in October 2016, with a view to stabilise the exchange rate and control high inflation.

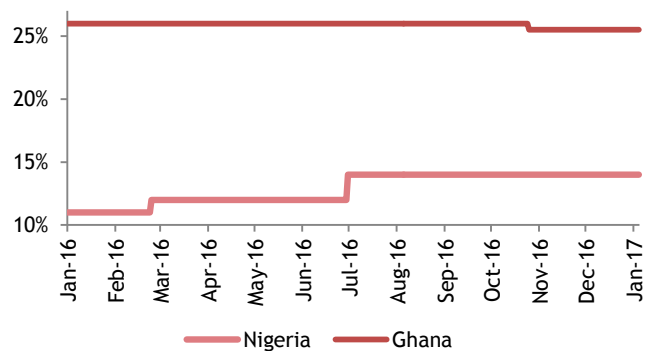
Ivory Coast

- The CPI eased to -0.2% YoY in December 2016 as against 0.4 % YoY in November 2016. The fall can be attributed to lower growth in housing and utility prices which rose 0.7% YoY in December 2016 as against 0.8% YoY in the month of November.

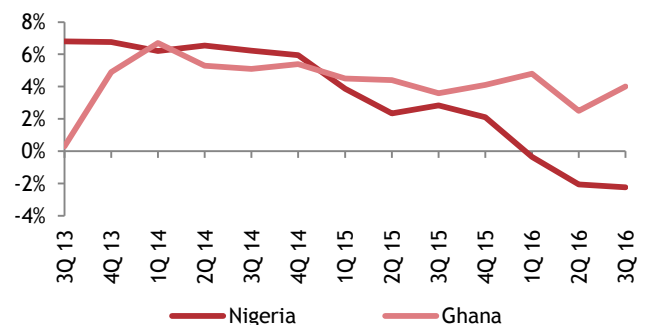
Inflation (YoY)



Movement of Central Banks' Key Rates



GDP Growth in Nigeria and Ghana (YoY)



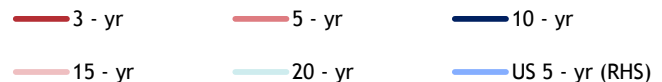
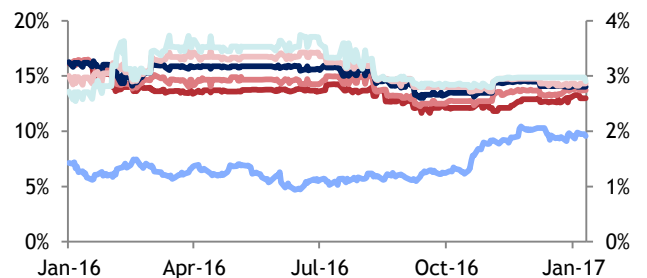
Source: Bloomberg, individual news websites, respective central banks

ACTIVITY ACROSS AFRICA: BOND MARKETS

Kenya

- In January 2017, yields on 3- and 5-year Kenyan bonds registered an increase of 28 bps and 45 bps respectively. However, yield on 10- and 20-year bond declined during the month, while yield on 15-year bond remained unchanged.
- The yield on Kenya's benchmark 10- and 20-year bonds declined by 8bps, and 34bps respectively in the month of January 2017, as issues around volatility in the markets compelled domestic investors to invest more in bonds over equities. Yields on 15-year remained unchanged as activity dried up considerably.
- The central bank maintained its benchmark interest rate at 10.0% to support the shilling and control inflation.
- Kenya has become an associate member of the Council of the Islamic Financial Services Board (IFSB), which will give a boost to the Treasury's intention of floating a Islamic bond, or sovereign Sukuk al Ijara.

Bond Yield Daily Movement



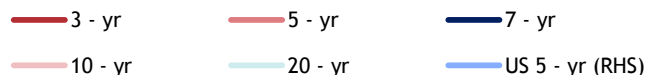
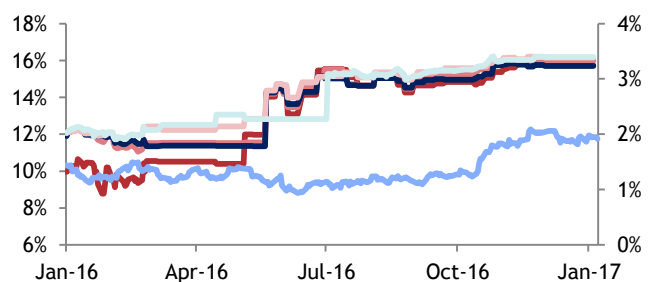
Summary Statistics

	3-yr	5-yr	10-yr	15-yr	20-yr
31-Jan yield (%)	13.0%	13.7%	14.0%	14.3%	14.5%
Chg from 1-Jan17 (bps)	-28	-45	8	0	34
Chg from 1-Jan 16 (bps)	167	71	-15	109	377

Nigeria

- In January 2017, yields on 3-, 5-, 10-, 15- and 20-year Nigerian bonds remained unchanged.
- The Central Bank of Nigeria kept its benchmark interest rate unchanged at 14% for the third time in a row, in a bid to stabilise rising inflation.
- In January 2017, the government auctioned 5-year, 14.5%, July 2021 bonds worth NGN 34.95 Bn, 10-year, 12.5%, January 2026 bonds worth NGN 74.9 Bn, and 20-year, 12.4%, March 2036 bonds worth NGN 150.1 Bn. The government received subscriptions worth NGN 39.15 Bn for the five-year bonds, NGN 83 Bn for the 10-year bonds and NGN 112.9 Bn for the 20-year bonds.
- Nigeria's economy has significantly contracted due to reduction in oil production and a restrictive foreign exchange policy.

Bond yields daily movement



Summary Statistics

	3-yr	5-yr	7-yr	10-yr	20-yr
31-Jan yield (%)	15.7%	16.0%	15.7%	16.2%	16.2%
Chg from 1-Jan17 (bps)	0	0	0	0	0
Chg from 1-Jan 16 (bps)	-729	-505	-461	-504	-500

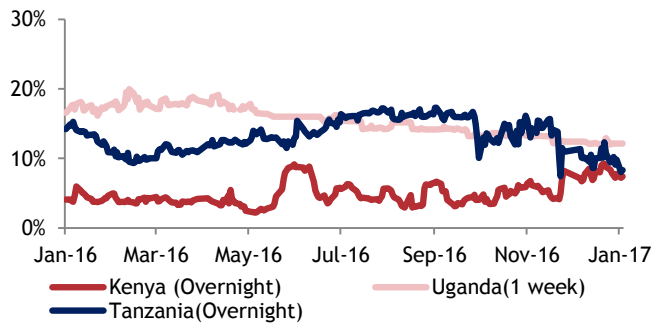
Source: Bloomberg, individual news websites

MONEY MARKETS

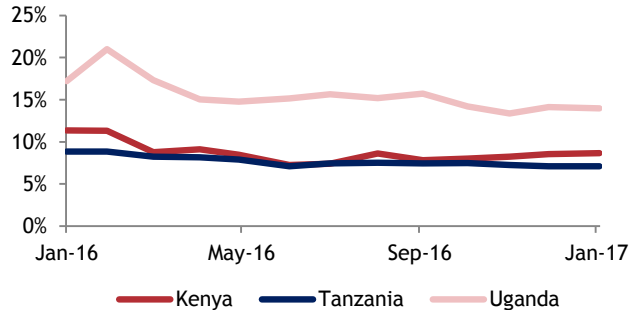
East African Community

- Kenya's interbank rate rose to 7.4% on 31 January 2017 from 7.1% at the beginning of the month, reflecting low liquidity in the money market. Tanzania's interbank rate fell to 8.3% on 31 January 2017 from about 11.3% at the beginning of the month indicating increase in liquidity in the interbank market. In Uganda, the interbank rate fell to 12.1% on 31 January 2017 from about 12.4% at the start of the month indicating increase in liquidity in the interbank market.

Interbank Rates



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



3-month Currency Deposit and T-bill Rates (Jan 2017)

	Kenya	Tanzania	Uganda
3-m curr dep	11.1%	10.6%	19.3%
91-d/3-m T-bill	8.6%	7.1%	14.1%

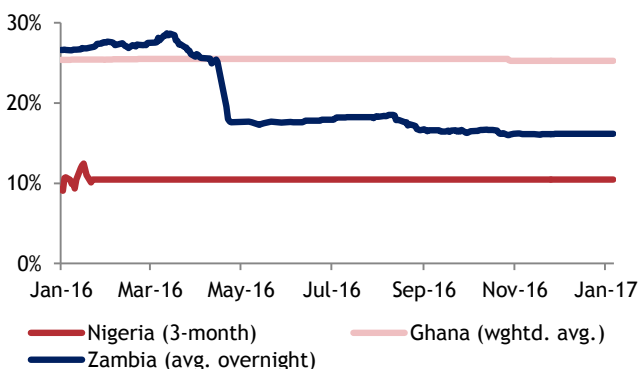
Policy and Average Interbank Rates (Jan 2017)

	Kenya (o)	Tanzania (o)	Uganda (1-w)
Policy	10.0%	12.0%	13.0%
Interbank	8.2%	10.9%	12.4%

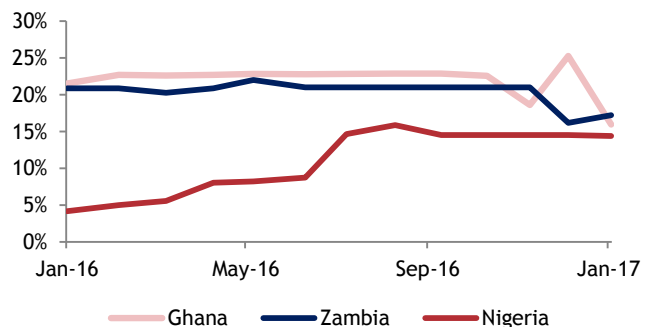
Rest of Sub-Saharan Africa

- The Nigerian Three-Month Interbank Offered Rate (NIBOR) was flat at 10.5% throughout the month of January 2017. Interbank rates have been flat for last ten months. In Ghana, the interbank rate was flat at 25.2% on 31 January 2017, as the central bank maintained its benchmark interest rates at 25.5%.

Interbank Rates



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



3-month Currency Deposit and T-bill Rates (Jan 2017)

	Nigeria	Ghana	Zambia
3-m curr dep	20.5%	23.2%	27.0%
91-d/3-m T-bill	14.5%	25.3%	16.2%

Policy and Average Interbank Rates (Jan 2017)

	Nigeria (3-m)	Ghana (wt avg)	Zambia (o)
Policy	14.0%	25.5%	15.5%
Interbank	10.5%	25.3%	16.2%

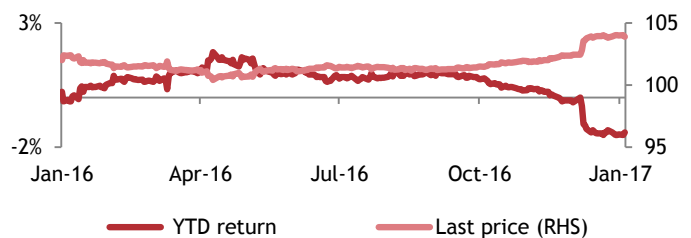
Source: Bloomberg, individual news websites, respective central banks

CURRENCY MARKETS: KENYA, TANZANIA AND UGANDA

Kenyan Shilling (KES)

- The Kenyan shilling depreciated against the US dollar to KES 103.9 as on 31 January 2017. The currency fell 1.4% on MTD basis and YTD basis.
- The shilling depreciated marginally against the dollar in January 2017, primarily due to increased dollar demand from importers, as well as increased concerns about widening current account deficit.
- The shilling is expected to remain under pressure in the coming future based on month-end pressures from importers and rising oil prices and imports of capital goods that have led to expectations of a bigger deficit.

USD/KES Daily Movement

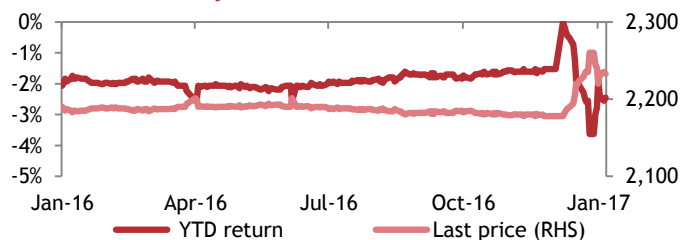


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	103.8	103.9	104.0	102.4	-1.4%	-1.4%
EUR	110.3	112.1	112.1	107.0	-4.4%	-4.4%

Tanzanian Shilling (TZS)

- The Tanzanian shilling depreciated against the US dollar to TZS 2234.4 on 31 January 2017. The currency fell 2.5% on MTD as well as YTD basis.
- In January 2017, the domestic currency depreciated against the US dollar due to a surge in demand for US dollars from energy and manufacturing sector and a slowdown in inflows for greenbacks.
- The domestic currency is expected to weaken in the coming weeks due to end of month inflows. In the long term, the Tanzanian shilling may come under pressure, if demand for the US dollar rises.

USD/TZS Daily Movement

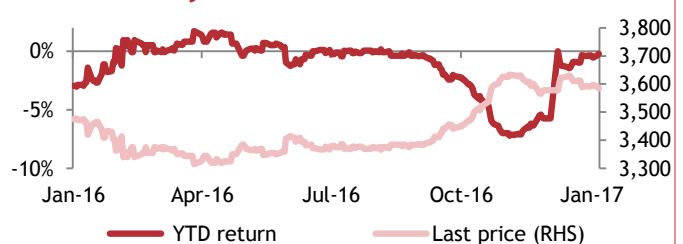


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	2,220.2	2,234.4	2,260.0	2,178.0	-2.5%	-2.5%
EUR	2,359.7	2,390.5	2,432.7	2,270.4	-4.6%	-4.6%

Ugandan Shilling (UGX)

- The Ugandan shilling depreciated against the US dollar to UGX 3,590.01 on 31 January 2017. The currency fell 0.3% on MTD as well as YTD basis.
- The Ugandan shilling depreciated marginally against the dollar in January 2017, mainly due to a stable US dollar demand from commercial banks.
- The shilling is expected to remain stable in the short term, underpinned by inflows from exporters. In the long term, the shilling is anticipated to depreciate steadily.

USD/UGX Daily Movement



	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	3,605.5	3,590.0	3,629.8	3,577.5	-0.3%	-0.3%
EUR	3,833.2	3,868.7	3,870.0	3,761.4	-2.4%	-2.4%

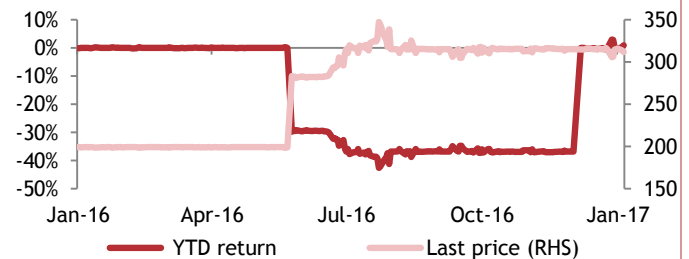
Source: Bloomberg, individual news websites

CURRENCY MARKETS: NIGERIA, RWANDA AND GHANA

Nigerian Naira (NGN)

- The Nigerian naira marginally appreciated against the US dollar to NGN 305.5 on 31 January 2017 as compared to that at the beginning of the month. The naira rose 3.0% MTD as well as YTD basis.
- The naira has remained fairly stable on the parallel market during January, based on steady dollar sales by international money transfer agents.
- The naira is expected to remain stable in the medium term based on improved foreign exchange reserves, dollar sales, and continued support from central bank. The key risk to stability is speculators and currency hoarders.

USD/NGN Daily Movement

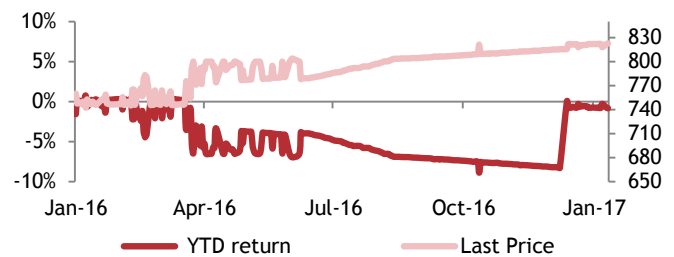


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	313.9	305.5	333.4	305.5	3.0%	3.0%
EUR	333.6	340.1	339.3	323.3	-4.9%	-4.9%

Rwandan Franc (RWF)

- The Rwandan franc weakened against the US dollar to settle at RWF 824.4 on 31 January 2017. The currency fell 1.1% on MTD and YTD basis.
- The franc continues to depreciate against the US dollar due to the pressure on foreign exchange reserves which is a result of increasing oil prices.
- Rwanda's currency is expected to depreciate in short to medium term against the US dollar due to the increasing trade deficit primarily due to high import bill against low export revenues.

USD/RWF Daily Movement

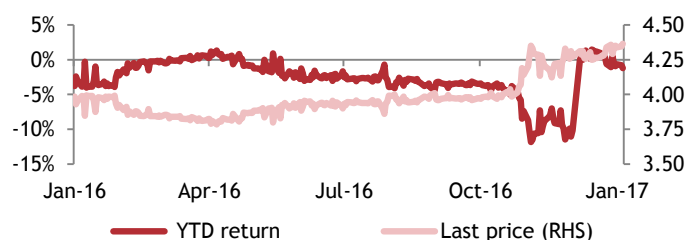


	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	821.1	824.4	822.5	815.7	-1.1%	-1.1%
EUR	871.9	885.9	888.1	855.3	-3.0%	-3.0%

New Ghanaian Cedi (GHS)

- The Ghanaian cedi depreciated against the US dollar to GHS 4.4 on 31 January 2017. The currency fell 1.2% on MTD and YTD basis.
- The cedi depreciated against the dollar in January 2017, due to a shortage of US dollars in spite of Central Bank selling USD 69 million to banks on 25 January 2017 in their renewed efforts to stabilise the cedi.
- The cedi is expected to remain under pressure as the Central Bank forex auctions failed to meet a growling dollar demand by the local businesses for their imports.

USD/GHS Daily Movement



	Avg	End Val	High	Low	MTD (%)	YTD (%)
USD	4.3	4.4	4.3	4.2	-1.2%	-1.2%
EUR	4.6	4.7	4.7	4.5	-4.3%	-4.3%

Source: Bloomberg, individual news websites

SPECIAL FOCUS

Recovery possible for sub-Saharan Africa

Over the last three years, GDP growth in sub-Saharan Africa (SSA) has been on the downtrend due to a crash in commodity prices (oil and natural resources), weak external demand, drought, and security problems. The real GDP in SSA grew at 1.5% in 2016 (the weakest since the 2008-09 global financial crisis); global expansion for 2016 was estimated at 2.3%. The GDP growth rate for SSA averaged about 6% during 2010-14, declining to 3.4% in 2015 from 5.1% in 2014.

Many of the largest economies in the region rely heavily on commodity exports. Angola, Nigeria, and South Africa together account for about 60% of SSA's GDP and are largely responsible for growth slowdown in the region. Additionally, Moody's downgraded the sovereign ratings of numerous countries to negative, reflecting the liquidity crunch faced by commodity-intensive countries, subdued economic growth, and incessant political risk.

However, growth slowdown has not been uniform across the continent as much of East Africa and various other oil-importing economies such as Cote d'Ivoire, Ethiopia, Kenya, Tanzania, Senegal, and Rwanda recorded expansion of 6-8% in 2016. Non-resource-intensive countries advanced as low oil prices favored growth, supported by conditions such as an improved business environment and increased investment in infrastructure.

Recent developments

In 2016, growth in South Africa slowed to 0.4% on low commodity prices and rising governance-related concerns. Two of SSA's largest oil exporters Angola and Nigeria advanced 0.4% and 1.7%, respectively. Other oil exporters such as Chad and Equatorial Guinea contracted 3.5% and 5.7%, respectively. Decline in metal prices affected certain countries. Democratic Republic of Congo posted gains of 2.7% and Mozambique of 3.6% in 2016.

In spite of the fall in commodity prices, increased investment in infrastructure in 2016 boosted growth among agricultural exporters such as Côte d'Ivoire (7.8%) and Ethiopia (8.4%)

Road ahead

According to the *Global Economic Prospects January 2017* report by World Bank, SSA is expected to expand at 2.9% in 2017, marginally above the global growth rate of 2.7%. This is ascribed to the expectation of the region adjusting to lower commodity prices and further growing 3.6% in 2018. Ethiopia and Ghana are forecast

to be the top performers in the region, rising 8.9% and 7.5% respectively, in 2017. Conversely, other SSA countries such as Tanzania, Kenya, Rwanda, Uganda, and Mozambique are likely to advance 7.1%, 6.0%, 6.0%, 5.6%, and 5.2%, respectively.

The World Bank expects growth among oil exporters to steady in 2017 as oil prices continue to stabilize amid improving security conditions. Improving metal prices are expected to drive growth among metal exporters in the coming year. Contrarily, growth in oil-importing economies is projected to remain strong based on large public investments and low oil prices.

The International Monetary Fund (IMF) projected improvement in SSA's growth prospects in 2017, led by robust growth momentum in oil-importing economies. The fund also expressed confidence in SSA's medium-term growth prospects.

Some governments in SSA are attempting to bring further transparency in regulatory procedures related to taxation and property to boost investor confidence. A rise in commodity prices, coupled with enhanced trust in the political system, is likely to render the region a favorable trade and investment destination, thereby aiding growth.

Country	Real GDP growth (%)			
	2016(e)	2017(f)	2018(f)	2019(f)
Kenya	5.9	6.0	6.1	6.1
Uganda	4.6	5.6	6.0	6.0
Tanzania	6.9	7.1	7.1	7.1
Rwanda	6.0	6.0	7.0	7.0
Burundi	-0.5	2.5	3.5	3.5
Nigeria	-1.7	1.0	2.5	2.5
Ghana	3.6	7.5	8.4	8.4
Angola	0.4	1.2	0.9	0.9
Mozambique	3.6	5.2	6.6	6.6

Source: World Bank *Global Economic Prospects January 2017*
Note: e- estimates; f- forecasts

Source: Individual News websites

AUCTIONS AND EVENTS

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

Uganda's Latest Issuance: 3-yr and 5-yr Bonds (January 2017)

Issue Date	Maturity	Amt (UGX)	Bid/Cover	YTM	Coupon
25-Jan	3-yr	60 Bn	1.51	15.1%	18.6%
25-Jan	5-yr	100 Bn	1.83	16.1%	16.8%

Details of issuances in December

28-Dec	3-yr	60 Bn	1.63	16.9%	16.4%
28-Dec	15-yr	60 Bn	1.30	17.2%	17.0%

1 USD = 3,605.3 UGX (average for January 2017)

Ghana's Latest Issuance: 1-yr and 2-yr Notes (January 2017)

Issue Date	Maturity	Amt (GHS)	Type	Bid/Cover	Int. rate
6-Jan	2-yr	1.2 bn	FXR Note	1.06	21.00%
13-Jan	1-yr	204.7 mn	FXR Note	1.1	19.50%

Details of issuances in December

1-Dec	1-yr	544.2 Mn	FXR Note	1.0	22.0%
9-Dec	2-yr	1.04 Bn	FXR Note	1.0	22.5%
16-Dec	1-yr	411.4 Mn	FXR Note	1.14	21.0%
30--Dec	2-yr	355.0 Mn	FXR Note	1.0	20.5%

*Fixed rate; 1 USD = 4.3 GHS (average for January 2017)

Tanzania's Latest Issuance: 7-yr and 10-yr Bonds (January 2017)

Issue Date	Maturity	Amt (TZS)	Bid/Cover	YTM	WACY*
4-Jan	7-yr	53.1 bn	1.2	18.4%	14.9%
18-Jan	10-yr	87.7 bn	1.46	18.6%	11.4%

Details of issuances in December

8-Dec	15-yr	124.7	1.38	18.7%	13.5%
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*Weighted average coupon yield; 1 USD = TZS 2,220.2 (average for January 2017)

Kenya: There were no bonds auctioned in the month of January 2017

Issue Date	Maturity	Amt Bid (KES)	Amt Acpt (KES)	MWAR*	Coupon
Details of issuances in December					
19-Dec	2-yr	35.5 Bn	10.5 Bn	13.1%	12.5%

*Market weighted average rate; 1 USD = 103.8 KES (average for January 2017)

Upcoming Bond Auctions and Monetary Policy Meetings

- **15 February 2017:** Nigeria to sell bonds
- **22 February 2017:** Uganda to sell bonds
- **Monetary policy meetings** are scheduled to be held on:
 - **15 February 2017** (Central bank of Uganda)
 - **13 February 2017** (Central bank of Mozambique)
 - **27 February 2017** (Central bank of Angola)

Source: Bloomberg, individual news websites, respective central banks

KIMONDO'S CORNER

I & M Bank Rwanda launches an IPO in Rwanda

The third largest Bank by assets IN Rwanda, I & M Bank Rwanda is set to list in the Rwanda Stock Exchange this March. The Government of Rwanda is seeking to sell its stake of approximately 19.8% in the Bank through the capital market and list on the Rwanda Stock Exchange. The sale is in line with the Government of Rwanda's policy of divesting from public enterprises.

Rwanda stock exchange has seven listed companies including four that are cross listed, with the primary listing being on the Nairobi Stock Exchange.

Overview Of I & M Bank (Rwanda) Limited

The Bank was established in 1963, as Banque Commerciale du Rwanda Limited 'BCR' - the first bank in Rwanda to be incorporated. In December 2004, the Bank was restructured and recapitalized which resulted in Actis, a leading Private Equity Fund, acquiring 80% of the shareholding from the Government of Rwanda. In July 2012, a consortium led by I&M Holdings along with two European Development Financial Institutions, DEG and PROPARGO, acquired 80% stake from Actis and in 2013, the Bank was renamed from BCR to I&M Bank (Rwanda) Limited.

In September 2016, the Bank was ranked as the most efficient bank in the sector with a ROE of 22.17%. The Bank is ranked third in terms of total assets and fourth in terms of deposits at RWF 171.8 billion (USD 0.21B) and RWF 119.9 billion (USD 0.15B) respectively as at December 2015. It has recorded a 4 year historical CAGR of 14.1% and 9.3% in loans and deposits respectively versus the sector CAGR of 8.6% and 6.4% (respectively).

Rwanda Banking Environment

Rwanda has 17 banks controlling USD 2.9B in assets, with the top four banks controlling more than 60% of these assets. Lending is mainly to mortgages, trade and hotels sectors which account for 67.4% of total loans. Banks, however face competition on the retail end from SACCOs.

Offer details:

The offer is for 99,030,400 shares (19.8% stake of the bank), at a price of RWF 90 (USD 0.11) hoping to raise a gross of RWF 8.9B (USD 10.8M), with the minimum number of shares being 1,000 per application.

The offer opened on 14th February 2017 and closes on 10th March 2017.

Based on the Book value of equity per share as at December 2016, the offer price is 1.5X of the book value, compared to her peers in Kenya with an average PB of 1.41X and Tanzania 0.9X. Based on this factor alone (regional comparison), our view is that the offer price doesn't offer any great discount.

The other risk we see in this offer is that I & M Bank Rwanda Net Interest Margin which stood at 8.1% in 2016 was below industry average of 9.1%. This would mean that either the bank has not managed to raise enough funds through current accounts or that the bank is paying a premium for her deposits.

For more information on this offer, please visit http://www.rse.rw/site/full_article/47 for the full prospectus.

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