



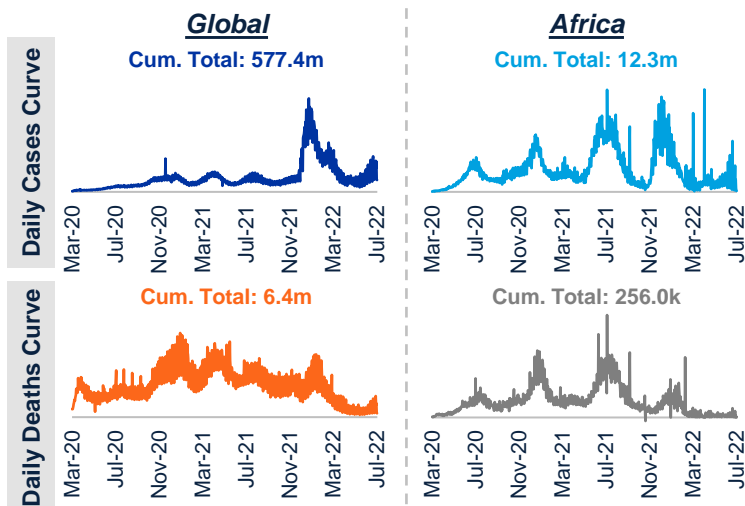
MONTHLY MARKET UPDATE

July 2022

MARKET SNAPSHOT



Total COVID-19 cases reached c.577.4m and deaths surpassed 6.4m

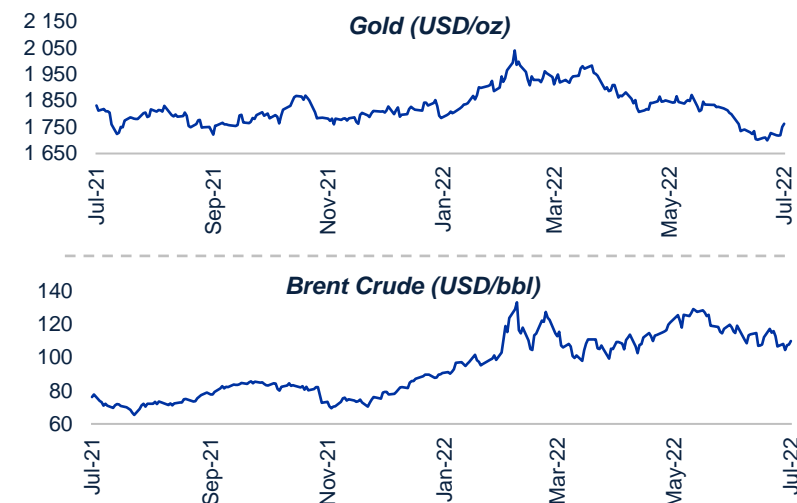


GDP Trends⁽¹⁾

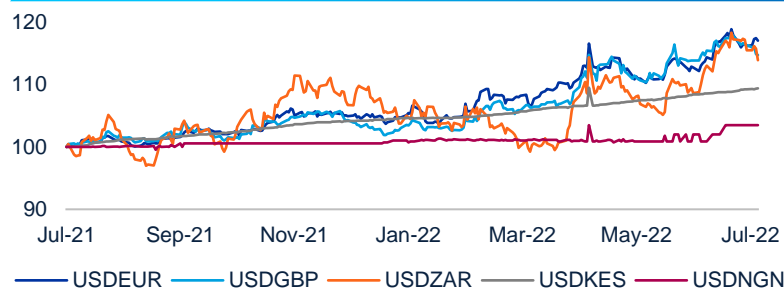
Country (USDbn)	Recent QE	YoY chg	Expts. (% GDP)	Tax Rev. (% GDP)
South Africa	108.7	8.4%	29.1%	26.3%
Mozambique	4.6	4.1%	37.3%	–
Kenya	28.4	11.9%	6.4%	12.7%
Tanzania	18.7	7.3%	8.1%	11.7%
Uganda	11.6	10.9%	5.2%	13.2%
Angola	33.9	4.5%	42.1%	–
Nigeria	121.4	13.3%	11.5%	4.4%
Ghana	21.3	20.7%	17.4%	14.3%

- Sub-Saharan Africa economies are looking for fiscal consolidation through increasing their exports receipts, tax revenue collection and reduction in capex programmes, but the lag in COVID-19 vaccination drives could derail the economic sustainability

Oil declines on recession; gold consolidating at USD1,700



Currency Performance



- Currency depreciation against dollar hitting various economies due to degrading global trade activity highly impacted by Russia-Ukraine war; slowing global economic growth, higher inflation and impact of Brexit (Europe and Britain)

/ Monthly Market Update

Source: WHO, Central Bank Websites, FactSet as of 29 July 2022, Central Bank Website, Statistical Bureaus, Refinitiv, Press

Note: (1) Figures represent latest quarterly information available: South Africa, Mozambique, Kenya, Tanzania, Angola, Uganda as of QE Mar'22; Nigeria, Ghana as of QE Dec'21 (2) Last Close Price

Key Equity and Volatility Indices

Equity Indices	LCP ⁽²⁾	1m chg.	5 days chg.
S&P500	4,130.3	8.2%	4.3%
JSE All Share	68,934.0	1.8%	1.3%
S&P Africa 40	148.2	1.1%	4.1%
Benchmark Rates	LCP	1m chg.	5 days chg.
CBOE VIX	23.4	(17.4%)	(8.2%)
EU STOX 50 Volatility	22.3	(20.7%)	(7.3%)

US Treasuries Yield



- US Treasury yields declined as the contraction in GDP growth for the last two quarters led investors to speculate that the US Fed will not increase rates aggressively
- South African government bond yields fluctuated widely along an upward trend in H1'22, tracking movements in the value of the ZAR

COVID-19, STOCKS AND COMMODITIES MOVEMENTS



COVID-19 [Jul'22]⁽¹⁾

Region	#Cases	New	#Deaths	New
Global $\Delta m-o-m^{(2)}$	577.4m	29.6m ▲5.4%	6.4m	60,958 ▲1.0%
Africa	12.3m	194,737 ▲1.6%	256,031	996 ▲0.4%
South Africa	4.0m	11,111 ▼0.3%	101,982	218 ▼0.2%
Nigeria	260,977	3,687 ▲1.4%	3,147	3 ▲0.1%
Kenya	337,622	3,928 ▼1.2%	5,672	20 ▲0.4%
Zambia	329,483	3,626 ▼1.1%	4,015	9 ▼0.2%
Uganda	169,230	1,511 ▼0.9%	3,628	7 ▼0.2%
Mozambique	229,580	1,661 ▼0.7%	2,215	3 ▼0.1%
Zimbabwe	256,378	792 ▼0.3%	5,577	22 ▼0.4%
Angola	102,301	981 ▼1.0%	1,912	12 ▲0.6%

- Global cases reached c.577.4m, while the death toll touched over 6.4m
- The US, India and Brazil continued to be top three most infected countries with 169.2m cases, accounting for c.29% of the global caseload
- Africa recorded c.256k total deaths, with 996 deaths in Jul'22
- Total cases in South Africa were c.4.0m in Jul'22, accounting for c.32.7% of the entire continent
 - The country accounted for c.40% of the total deaths in the continent
- South Africa has repealed COVID-19 related restrictions as the authorities noted a decline in cases, hospitalisations and deaths and concluded that a fifth wave was dissipating

International Indices Movement

Index	LCP	1m chg. ⁽²⁾	5 days chg.	1 day chg.
▲ S&P 500	4,130.3	8.2%	4.3%	1.4%
▲ FTSE 100	7,423.4	1.5%	2.0%	1.1%
▲ Nikkei 225	27,801.6	3.7%	(0.4%)	(0.0%)
▲ JSE 40	62,473.8	1.5%	1.1%	0.5%
▼ Nigeria NSE All Shares	50,370.3	(2.8%)	(3.1%)	1.4%
▲ Kenya All Share	141.1	14.8%	3.3%	0.4%
▲ Zambia LuSE All-Share	6,889.7	0.6%	0.0%	(0.0%)

- S&P 500 reported its best monthly performance of the year in Jul'22, as companies reported strong results beating estimates, signaling that they are better placed to weather the inflation and rate hike impact
- FTSE 100 marked its strongest monthly performance of 2022 as a jump in commodities and upbeat earnings reports from companies outweighed economic slowdown worries
- The Nikkei 225 performed positively, due to easing of restrictions and rising factory output in China
- South African equities ended the month in positive, mirroring the major indices globally and good performance of local companies
- Nigeria equity markets declined, as investors moved their assets to the fixed income markets after the recent hike in the benchmark monetary policy rate

Commodity Price Movement

Index	LCP	1m chg. ⁽²⁾	5 days chg.	1 day chg.
▼ WTI (\$/bbl)	98.62	(10.2%)	4.1%	2.3%
▼ Brent (\$/bbl)	110.01	(8.9%)	3.0%	2.0%
▼ Gold (\$/oz)	1,762.90	(2.8%)	2.1%	0.7%
▼ Copper (\$/t)	7,800.50	(7.6%)	5.8%	1.1%
▲ Cocoa (\$/t)	2,323.00	0.3%	1.1%	0.3%
▼ Corn (\$/bu)	7.04	(15.7%)	7.0%	(0.9%)
▼ Wheat (\$/bu)	7.68	(12.1%)	7.2%	(1.2%)

- Oil prices steadily dropped in Jul'22, with increased oil production, easing demand and broader recession fears
- Gold continues to report monthly losses as the Fed tightening and a stronger dollar dim its allure as a haven, overshadowing concerns about inflation and a slowdown
- Copper prices declined amid growing concerns that inflationary pressures will continue in major economies, which is likely to morph into recession
- Cocoa prices stabilized as Ghana and Ivory Coast announced to raise the premium that chocolate makers and traders pay for their beans as they step up efforts to tackle farmer poverty
- Wheat prices declined on the back of an agreement signed between Ukraine and Russia to resume exports of grain through the Black Sea and better-than-expected crop harvests

/ Monthly Market Update

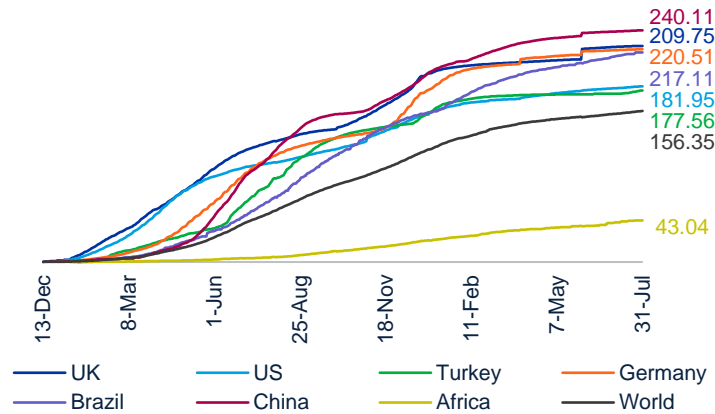
Source: FactSet as of 29 July 2022, press

Note: (1) New cases and deaths are calculated from 30 Jun to 31 Jul; ▲/▼ shows the increase or decrease in the rate of growth in Jul'22 in comparison to Jun'22, (2) Reflects the m-o-m change, (3) Sourced from Refinitiv

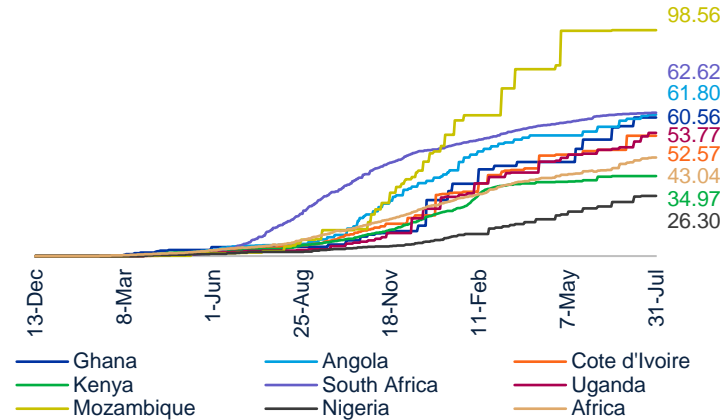
COVID-19 VACCINATION STATUS



Cumulative COVID-19 Vaccine Administered per 100 people



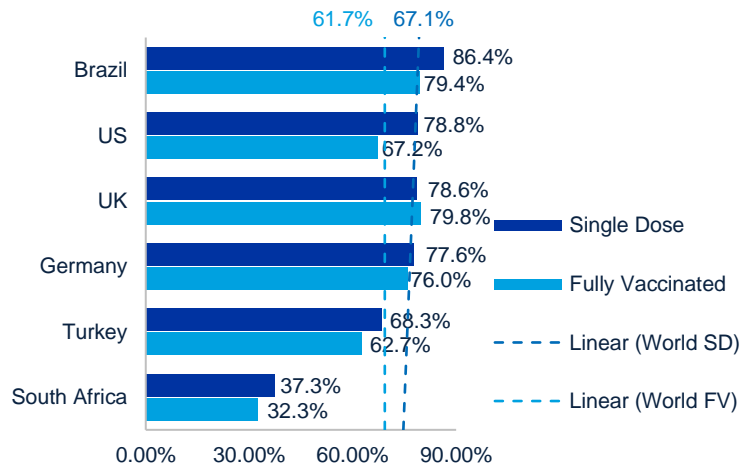
Cumulative COVID-19 Vaccine Administered per 100 people in Africa



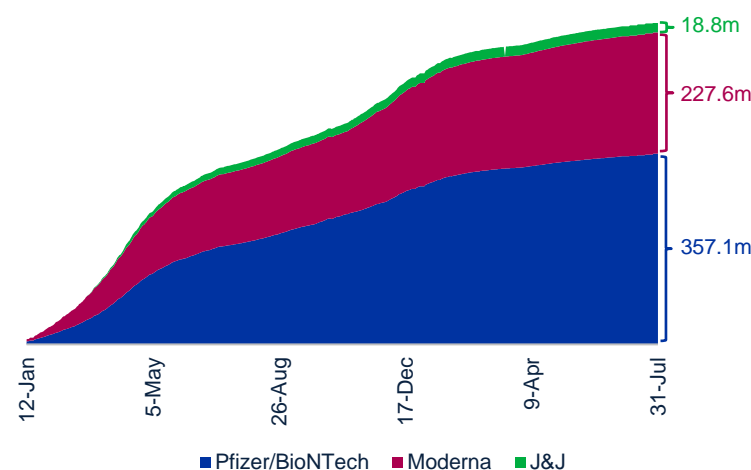
Global Vaccination Update

- 11.8bn doses have been administered globally, and 23.5m are now administered each day
- Several different vaccines have been developed at record speed on the back of years of research on related viruses and billions of dollars in investment
- According to the head of Pfizer, an annual COVID-19 vaccine would be preferable to more frequent booster shots in fighting the pandemic
- Most vaccines require two or more doses to acquire immunity, and only some vaccines, such as **Janssen Pharmaceutical**, aim to confer immunity in a single dose
- 53 out of 54 countries commenced the COVID-19 vaccination drive in Africa
- According to the WHO, the administered COVID-19 doses rose by 74% in June 2022 compared to the previous month after a sustained three-month decrease between March-May 2022
 - This is due to mass COVID-19 vaccination campaigns in 16 countries in June 2022 and 19 mass vaccination campaigns are being implemented in July 2022
 - The dramatic rise in vaccines doses administered has pushed 6 countries beyond the critical benchmark of having more than 10% of their total population completing their primary series of vaccine doses and has reduced the number of countries in the below 10% category from 14 to 8
 - Among countries that stepped-up vaccination campaigns in June 2022 are Tanzania where vaccination coverage for a completed primary series rose from 1.8% to 15.8%, while South Sudan rose from 2.0% to 11.0%

Share of Population Vaccinated



Types of Vaccines Administered in the US



JULY 2022 GLOBAL AND AFRICA HEADLINES (1/2)



Global Peers	
Americas	<ul style="list-style-type: none"> The US Fed raised its benchmark interest rate again in Jul'22 by 75bps, to reduce liquidity with the objective of bringing down CPI inflation to about 2% The US reported annual inflation of 9.1% in Jun'22, a 41-year high on account of high prices for gas, food and rent The US economy shrank in Q2'22, contracting at 0.9% y-o-y due to decline in consumer spending amid Federal Reserve interest hike The US economy added 372,000 jobs in Jun'22 while the unemployment rate remained 3.6% for the fourth consecutive month The US trade deficit shrank by 1.3% in May'22 reflecting a decrease in the goods deficit of USD2.9bn and a drop in the services surplus of USD1.7bn The US budget deficit shrank 49% to USD89.0bn in Jun'22 from USD174.0bn in Jun'21, reflecting the end of COVID-19 relief spending and an increase in tax revenue
	<ul style="list-style-type: none"> The Eurozone economy grew at 0.7% in Q2'22, mainly driven by the tourism sector rebound The Eurozone's annual inflation rose to 8.9% in Jul'22 from 8.6% in Jun'22 due to the increase in energy prices fueled by the war in Ukraine The European Central Bank (ECB) raised its key benchmarking rates from -0.5% to 0.0% to combat the increase of annual consumer prices inflation The Eurozone trade deficit drop slightly to USD26.5bn in May'22 from USD12.0bn in May'21 The UK economy grew by 0.5% in May'22 while the economy is still set to face further challenges amid political turmoil and raging inflation The European Commission reduced the Eurozone economic growth forecast for 2023 to 1.5% from 2.3% stating that the war in Ukraine has put the bloc on a path of lower growth and higher inflation
Asia	<ul style="list-style-type: none"> The IMF has lowered Asia's economic forecast to 4.6% amid the Chinese economic downturn and the continued spillover from Russia's war in Ukraine China's economy declined by 2.6% in Q2'22 due to the forced lockdown in Shanghai and other cities majorly affected by COVID-19 outbreaks The Asian Development Bank dropped India's economic forecast to 7.2% for FY'23 from 7.5% projected in Apr'22 due to negative impact on the economy of the war in Ukraine and the Omicron variant

South and Central Africa	
South Africa	<ul style="list-style-type: none"> The South Africa Reserve Bank raised the repo rate by 75bps bringing it to 5.5%, to curb surging inflation triggered by spiraling food and fuel prices South Africa's inflation rate increased to a 13-year high of 7.4% in Jun'22 from 6.5% in May'22. The acceleration in the inflation rate was largely driven by rising transport and food prices South Africa recorded a trade surplus of ZAR24.4bn in Jun'22 down from revised surplus of ZAR30.9bn in May'22 Fitch ratings affirmed South Africa's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) at 'BB-' with a Stable Outlook South Africa's state-owned rail company, Transnet, signed a USD1.5bn loan with International banks and the proceeds will be used to fund its expansion projects and refinancing existing debt
	<ul style="list-style-type: none"> Angola's Ministry of Transport awarded a USD333m tender to Trafigura consortium to operate and expand rail infrastructure to speed up commodity imports from Democratic Republic of Congo Angola produced 103.6m barrels of oil, of which-USD11.8bn worth of oil was exported in Q2'22 Fitch Ratings revised Angola's outlook to 'Positive' from 'Stable' while affirming its Long-Term Foreign-Currency Issuer Default Rating at 'B-', citing a large fiscal balance and decline in government debt
Zambia	<ul style="list-style-type: none"> Zambia's annual inflation stood at 9.9% in Jul'22 from 9.7% in the previous month due to an increase in the prices of fuel, food and non-food The African Development Bank approved a USD14.4m loan to Zambia to enhance food security Zambia's Ministry of Finance plans to cancel USD2bn projects to reduce the risk of accumulating more non-concessional debt
Mozambique	<ul style="list-style-type: none"> The Bank of Mozambique kept its monetary policy rate (MIMO) unchanged citing that inflation will slow down to one digit in the medium term The World Bank approved a USD300m grant in support of the Mozambique Institutions and Economic Transformation Development Policy Financing (DPF) operation

JULY 2022 GLOBAL AND AFRICA HEADLINES (2/2)



East Africa



Kenya

- **Kenya's economy grew by 6.8% in Q1'22 compared with 2.7% in Q1'21**, the growth was driven by a recovery in most economic activities that contracted significantly in Q1'21, due to COVID-19
- **Kenya's inflation rose to 7.9% in Jun'22 from 7.0% in May'22**, mainly due to higher food and fuel prices
- **Kenya's Central Bank kept its key lending rate unchanged at 7.5%** as it expects domestic inflationary pressures to ease in the near-term
- **The IMF has approved the disbursement of KES28bn** as a loan to Kenya which will be part of the third installment of a 38-month budget support program
- **The African Development Bank approved a USD1.5bn loan for upgradation** of 190km on Kenya's Rift Valley highway

Tanzania

- **The IMF approved a USD1.04bn 40-month financing package to assist Tanzania's economic recovery efforts**, as well as help to address some of the economic issues the country has faced since the war in Ukraine began
- **Tanzania's current account deficit reached USD7.3bn in May'22** up from USD1.7bn in May'21 mainly attributed to "higher imports relative to exports" as a result of high commodity prices in the agriculture-based economy
- **Tanzania's Rural Water and Sanitation Agency is implementing a USD1bn water project** to end water services scarcity in the areas

Uganda

- **The Central Bank of Uganda increased its Central Bank rate to 8.5% from 7.5%** as a step to control rising inflation and to maintain stability in the economy
- **Uganda's inflation rate rose to 7.9% in Jul'22 from 6.8% in Jun'22** due to the increase in prices of food crop and transport fare

Ethiopia

- Fitch solution **forecasted Ethiopia's current account deficit** to widen from 4.4% in 2021 to 4.9% in 2022
- Ethiopia's **revenue tax collection increased by over ETB57bn** to over ETB336bn in FY'22
- Ethiopia's **annual inflation fell to 34.0% in Jun'22** from 37.2% in May'22

West Africa



Nigeria

- **Nigeria's Central Bank raised its benchmark lending rate to 14.0% from 13.0%** to control surging inflation and warned of further tightening of rates if inflation continue to rise
- **Nigeria's inflation grew to 18.6% in Jun'22** from 17.7% in May'22 largely due to increases in energy and food prices
- **The African Development Bank approved a USD134m loan** for the National Agriculture Growth Scheme – Agro Pocket program in Nigeria to scale up food production and boost livelihood resilience
- **The US International Development Finance Corporation signed a commitment letter for USD280m** in financing for Access Bank in Nigeria, where the loan will help address the financing gap for SMEs and advance financial inclusion in Nigeria, including through the bank's commitment to supporting women-owned and -led businesses
- Nigeria's **debt service cost surpassed its revenue** in the first four months in 2022, debt service consumed NGN1.94tn between Jan'22 and Apr'22, against a retained revenue of NGN1.63tn

Ghana

- **The Bank of Ghana maintained its policy rate at 19.0%** to tame the unprecedented rise in prices of goods and services
- **Ghana's inflation rose to 29.8% in Jun'22** from 27.6% in May'22 due to the increase in food prices
- **Ghana's Government revised gross GDP growth rate from 5.8% to 3.7%** due to a significant change of the macroeconomic environment over the first six months of 2022
- Ghana **recorded a trade surplus of USD1.43bn** in H1'22 higher than USD886m recorded in H1'21
- **Ghana's Parliament approved a loan facility agreement between the government of Ghana and African Export-Import Bank (Afreximbank)** for an amount of USD750m to finance capital growth-related expenditures in the 2022 budget
- **Ghana's Parliament also approved a USD1.3bn syndicated loan** to finance the purchase of cocoa for the 2022-23 season

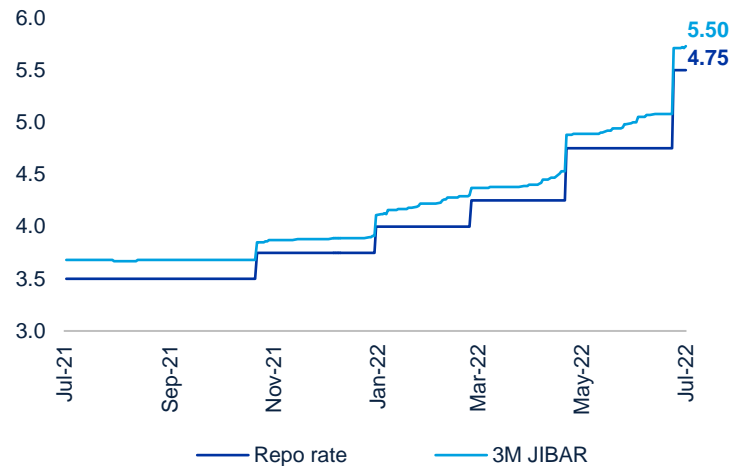
Ivory Coast

- **Standard Chartered announced EUR104m of Social Loan Financing** for the Republic of Cote d'Ivoire to rehabilitate a critical transport route in the South of the West-African country
- **Ivory Coast signed a seven-year EUR336m Africa Trade Insurance (ATI) wrapped loan** which will be used for social projects

MACROECONOMIC UPDATE (1/3)

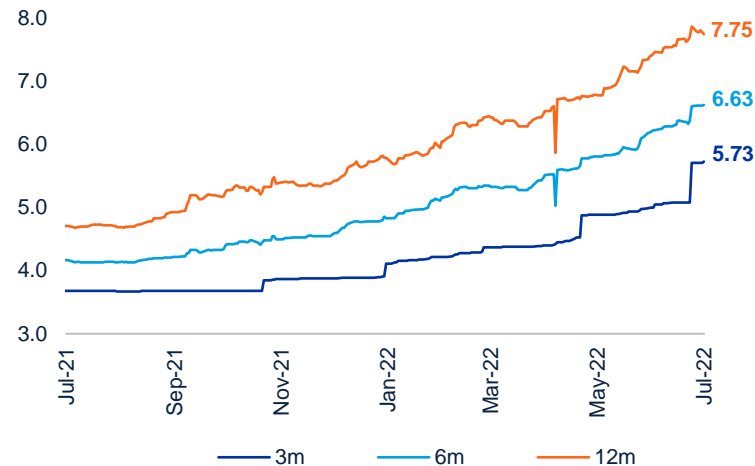


Repo Rate & JIBAR (%)



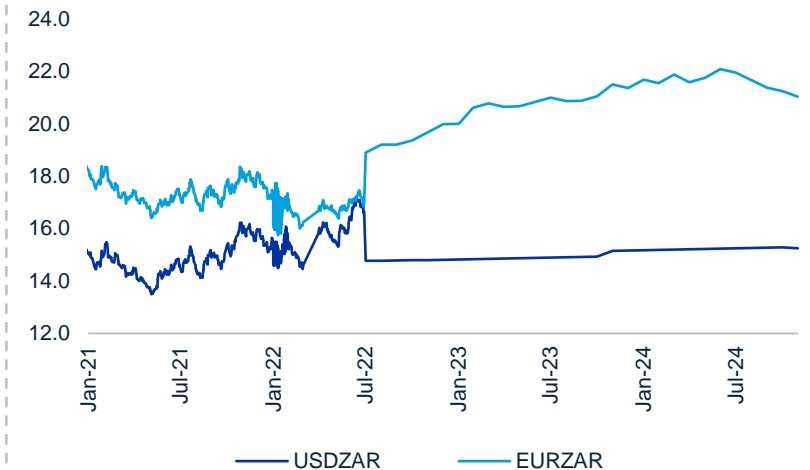
- The South African Reserve Bank (SARB) **raised its repo rate by 75bps in Jul'22**, the steepest hike in a decade, following total hikes of 125bps from Nov'21 to May'22 to counter rising inflation
- **The Bank's forecast of headline inflation for 2022 is revised to 6.5%** (from 5.9%), primarily due to higher food and fuel prices
 - Global producer food price inflation continued to be higher in recent months
- **The economy was expected to grow by 2.0%** (from 1.7%), however, flooding in KZN and more extensive load-shedding are expected to result in a contraction of 1.1% in Q2'23
- The **Prime Lending Rate** of commercial banks increased to 9.00% in tandem with the repo rate hike by 75bps
- **3M JIBAR subsequently increased to 5.73% as of 31 Jul'22 from 5.00% as of 30 Jun'22**, an increase of 14.6% m-o-m

ZAR NCD Rates (%)



- **The Negotiable Certificates of Deposits (NCDs) rates have steadily increased** since South Africa was severely impacted by COVID-19 in early 2020
- Since the lows in Oct'20, the NCDs rates have increased in the range of 333 – 345bps
- **The 12m NCD rate has increased at a much faster pace** compared to 3m & 6m rates
- This **reflects that investors' confidence has been steadily increasing** in the secondary market for financial assets
- NCD rates are **likely to move upwards in tandem with increases in repo rate**, as the SARB looks to counter persisting inflation
- NCD rates were **5.73% / 6.63% / 7.75%** on 29 Jul'22 for 3m / 6m / 12m compared to **5.00% / 6.23% / 7.44%** on 30 Jun'22

High FOREX Movement Credit

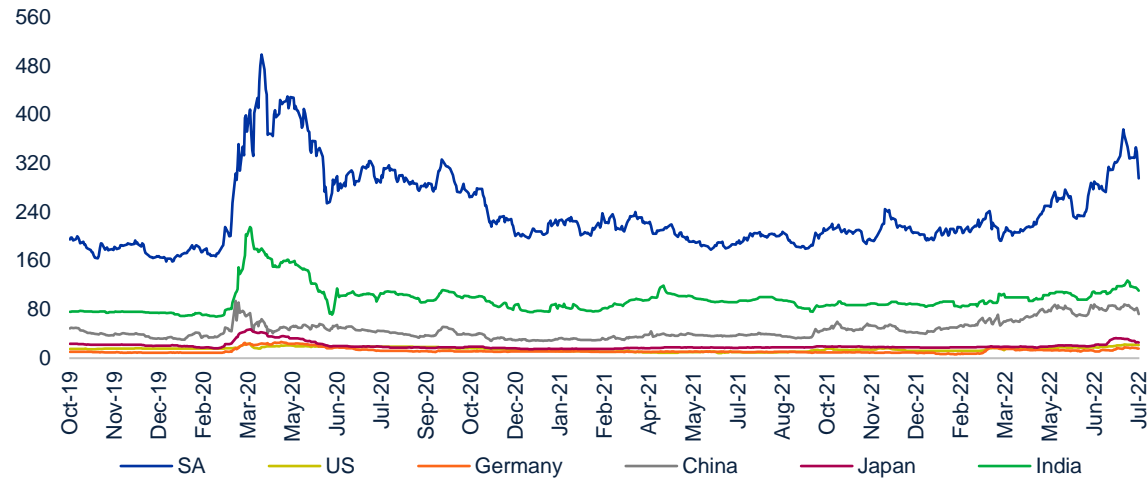


- **The ZAR plunged 1.7% against the USD in July'22 (m-o-m)** and closed the month at ZAR16.66/USD, impacted by logistical disruptions caused by Ukraine - Russia war, negative impact of load shedding, higher imports in July and the fear of recession further weakening the currency
- **Inflation continue to remain higher** than the SARB's level of comfort
- **South Africa's current-account surplus as a ratio of GDP** rose slightly to 2.2% in Q1'22 from 2.1% in Q4'21
- ZAR was trading at **ZAR16.66** against the USD on 29 Jul'22



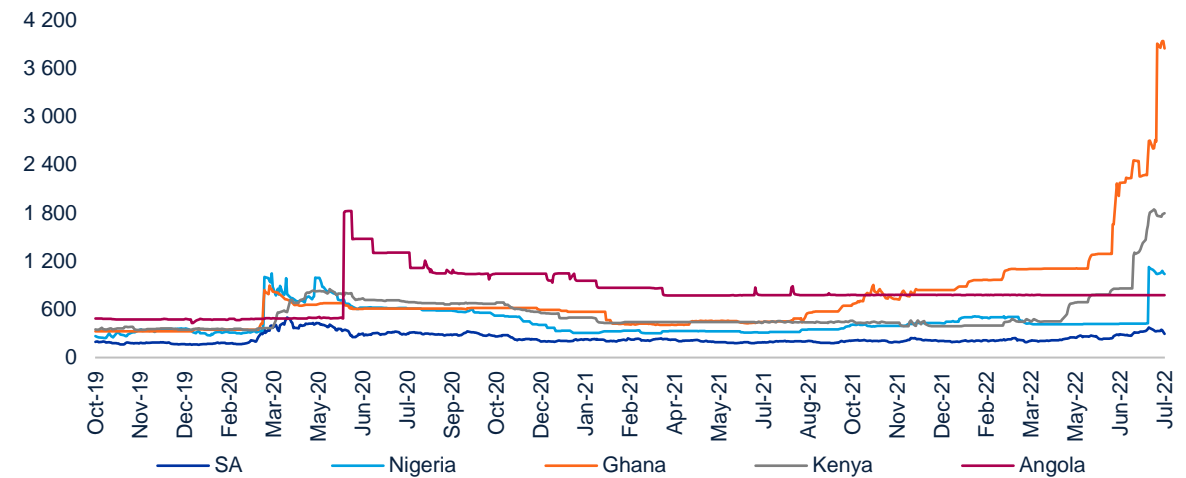
5 Yr CDS Spreads

Global Peers



- **Russia's invasion of Ukraine has dealt a blow to the global economy** by weakening the post pandemic recovery and aggravating already-high inflation
 - The war's economic damage will depend on the persistence of high inflation and adverse economic impact over the medium to long term
- **The US Federal Reserve announced a 75bps rate hike in Jul'22**, and doubled down on its most aggressive economic tightening campaign in nearly three decades to help temper the nation's stubbornly high inflation
 - **The US Federal Reserve resolved in its battle against the most intense breakout of inflation in the US** since the 1980s even if that means a "sustained period" of economic weakness and a slowing jobs market
- **The ECB raised interest rates for the first time in more than 11-years by 50bps**, as it tried to control the soaring Eurozone inflation, which reached 8.9% in Jul'22
- **The IMF has reduced the global growth rate estimates for 2022 and 2023 to 3.2% and 2.9% respectively** in Jul'22, a decline of 40bps and 70bps from Apr'22, with sharp slowdown in China and moderation in India's economic growth

Regional Peers

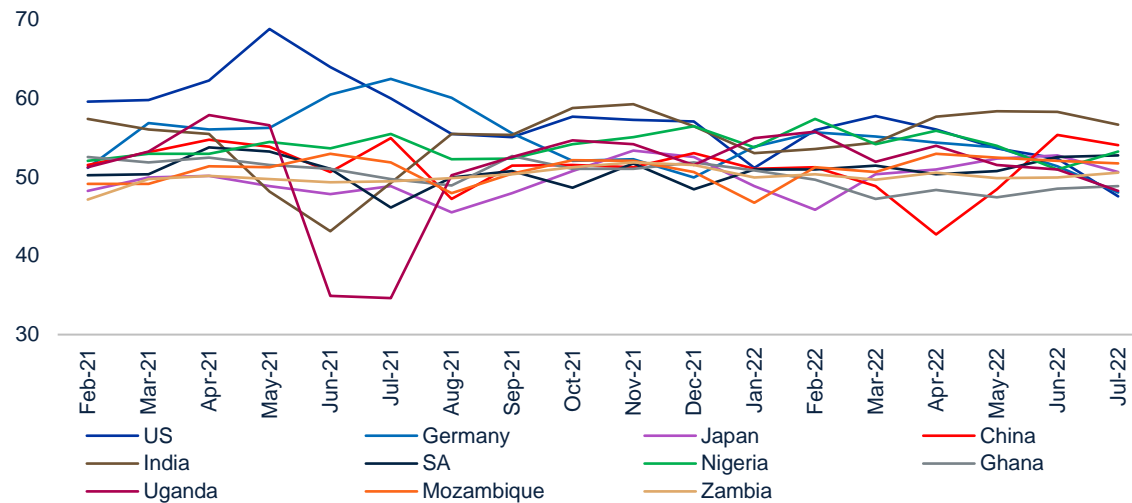


- **Sub-Saharan Africa's recovery from the pandemic is expected to decelerate in 2022** amid a slowdown in global economic activity, continued supply constraints and high inflation
 - The IMF has reduced the real GDP growth **forecast in Sub-Saharan Africa** to 3.8% in 2022
 - **The Russia Ukraine war is inducing inflation** in key African economies through food and fuel channels
- Further, the policy rate hikes in the US has led to fears of recession in the world's largest economy and reduced rate spread will make it difficult to attract foreign capital
- **South Africa's 5Y CDS increased by 2% m-o-m in Jul'22 and was 295bps at 29 Jul'22**
- **Ghana's CDS has climbed on the fears of debt structuring**, as the country's net forex reserves dwindled to USD3.6bn in Jun'22 and the under-negotiation IMF programme is expected to call for such measures
- **Similarly, Kenya's CDS has risen** after the yields increased for its Eurobonds after the rate hikes by major economies and speculation of the USD shortage in the country
- **Nigeria's CDS is also increasing as the NGN is free falling against the USD in the parallel market**, due to lack of foreign investments

MACROECONOMIC UPDATE (3/3)

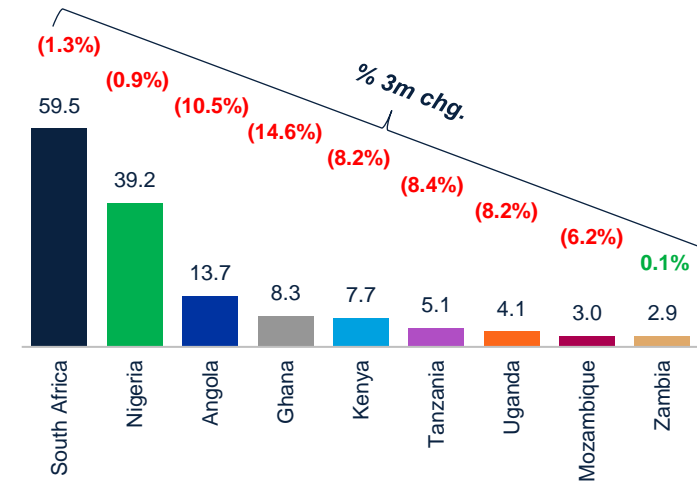


Global Peers PMI Index



- Jul'22 saw the rate of global economic growth ease to its weakest during the current 25-month sequence of expansion. The slowdown was mainly centred on developed nations, where output contracted (on average) for the first time since Jun'20
- The US PMI figure declined to 47.5 in Jul'22 as the private sector business activity contracted. However, the rate of cost inflation dampened to the slowest for six months and hikes in input prices continued to be passed through to customers
- Germany's PMI, declined to 48.1, as a slight fall in service sector business activity at the start of Q3'22 coincided with a deepening downturn in manufacturing production
- Japan reported PMI of 50.6 in Jul'22 highlighting a broad stagnation in private sector output and the slowdown came amid a sharp moderation in services activity growth and the first reduction in manufacturing output since Feb'22
- South African PMI increased to 52.7, up slightly from 52.5 in Jun'22, to signal a solid improvement in the health of the private sector economy and a strengthening of business conditions for seven consecutive months
- Nigeria PMI reported at 53.2 in Jul'22, as the output supported the latest improvement in business conditions

Regional Peers FX Reserves (USDbn)⁽¹⁾



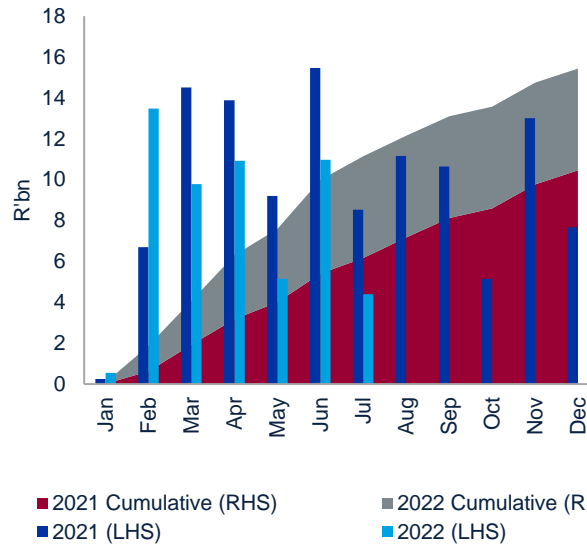
Country	Import Cover	3m chg
South Africa	5.3	0.0%
Nigeria	8.5	(1.8%)
Angola	7.6	(10.1%)
Ghana	3.7	(15.9%)
Kenya	4.5	(11.0%)
Tanzania	4.6	(17.9%)
Uganda	3.8	(9.5%)
Mozambique	4.6	(2.1%)
Zambia	3.6	(18.2%)

- The FX reserve and the import cover levels have improved for most of the peers in the SSA region since last year due to the contribution from the IMF SDR to combat the effects of the COVID-19 pandemic
 - However, in the last 3m period, due to higher import costs and currency depreciation, FX reserves and import covers are on a declining trend
- South Africa's forex reserve increased to USD59.5bn due to liquidity management swaps and matured sterilisation foreign exchange swaps, as well as benefit from valuation adjustments due to asset price movements
- Nigeria forex reserves reduced to USD39.2bn as weak oil receipts and low capital inflow into Nigeria continue to mount pressure on foreign reserves in the coming months
- Ghana forex reserves reduced to USD8.3bn as foreign portfolio continues to flow out of the country and USD demand has increased for imports after reopening of the economy
- Kenya reserves decreased to USD7.7bn as it is declining since Nov'21 due to KES facing pressure against the USD amid global crises like the Russia-Ukraine conflict, which has disrupted major exports such as tea, reducing inflows

SOUTH AFRICAN DEBT CAPITAL MARKET UPDATE



Bond Issuances & Recent Bond Issuances

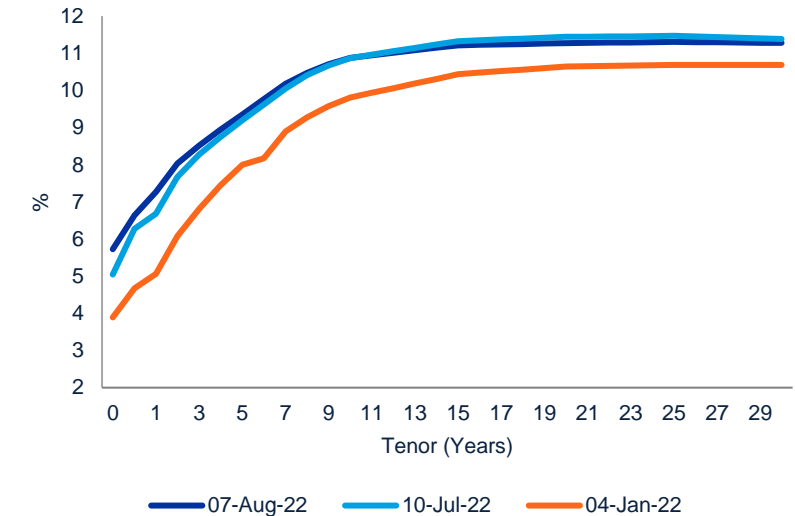


Settlement date	Issuer Name	Amount (R'bn)	Tenor	*Spread (bps)
19-Jul-22	Life Healthcare	0.500	3yr	135
		0.500	5yr	154
12-Jul-22	Standard Bank	2.000	5yr	370
12-Jul-22	Barloworld	0.315	3yr	145
		0.785	5yr	165
12-Jul-22	Super group	0.200	1yr	110
		0.300	3yr	133

* Spread is benchmarked against 3-Month JIBAR, unless otherwise stated

- Primary market activity decreased significantly in Jul'22, with total bond issuance of R4.2bn down 63% m-o-m and down 49% y-o-y. Corporates issued R2.4bn of bonds in Jul'22, followed by Financials (R2.0bn), and Securitisation (R20m). R200m of CP was issued during Jul'22 compared to R2.9bn in Jun'22. Issuance could be boosted by refinancing activity in Aug'22, based on scheduled redemptions and calls totalling R13.2bn (Jul'22 – R6.9bn) split across Corporates (R3.8bn), CP (R3.1bn), Securitisation (R3.1bn), Financials (R2.5bn) and SOEs (R0.7bn)
- Standard Bank Group was the largest gross issuer and placed R2bn (R4.3bn bids) of AT1 paper through a well-supported auction on 7 July. Bidding was aggressive compared to pricing guidance with most bids (R3.5bn) placed below the bottom end of pricing guidance (380 – 400 bps)
- Life Healthcare came to market on 14 July with their inaugural issuance, raising R1.0bn across a 3-year and 5-year tenor. The book was well received, with a 4.8x subscription cover ratio and the spreads cleared at the bottom end of price guidance for the 3-year at 135bps, while the 5-year cleared through guidance at 154bps
- Barloworld privately placed a 3-year and 5-year Note with a total issuance of R1.1bn, with a clearing spread of 145bps and 165bps respectively. Their previous 3-year note that was placed privately cleared at R186-100bps

Government Yield Curve Movement (%)

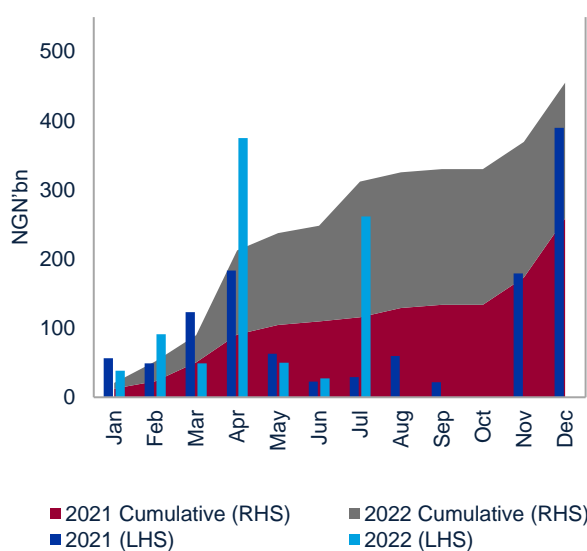


- The SARB continued its acceleration in monetary policy tightening through a 75bps rate hike, in an attempt to curb inflation. The SARB is expected to hike the repo rate by a further 75bps before year-end
- According to National Treasury data, foreigners' holdings of SA (fixed-rate) government bonds fell by R16.6bn m-o-m in Jul'22. YTD, foreigners sold a cumulative R13.5bn of SA government bonds
- The difference in spread between the 2-year and 10-year SA Govt Bond is currently 284bps, tighter than the movement seen in Jun'22 (328bps)
- The R186 has been steady throughout Jul'22, with levels ranging between 10.36% - 11.09% and is currently at 10.26% (37bps tighter than a month ago)
- The US FOMC has unanimously hiked the Fed funds rate by 75bps, as expected, to curb surging inflation. The FOMC remains strongly committed to returning inflation to the 2% objective and noted that further increases in the Fed funds rate "will be appropriate" in the coming months
- The yield on the benchmark 10-year Treasury note traded 2bps lower at 2.66%, and the yield on the 30-year Treasury bond fell 2bps to 3.02%

NIGERIAN DEBT CAPITAL MARKET UPDATE



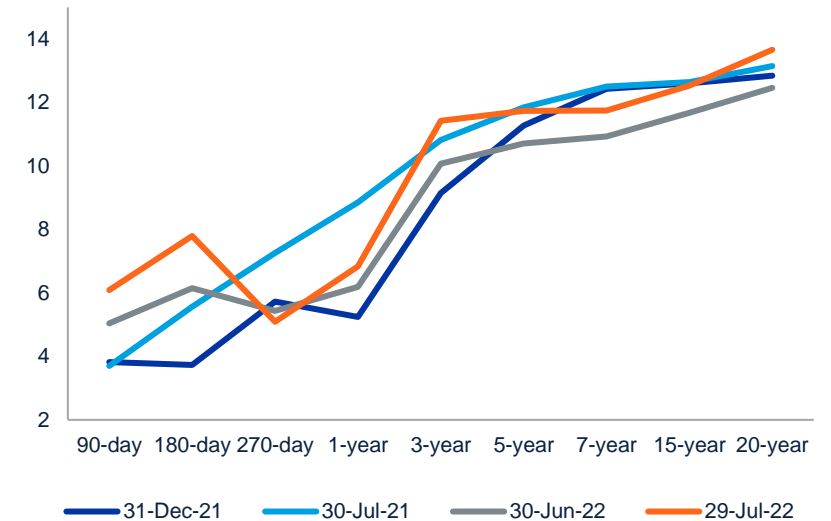
Bond Issuances & Recent Bond Issuances



Settlement Date	Issuer Name	Amount (NGN'bn)	Tenor	Issue Yield (%)	Spread* (bps)
Jul-22	Geregu Power PLC	40.000	7yrs	14.50%	290
Jul-22	Trustbanc Holdings Limited	7.000	180d 268d	13.00% 14.00%	441 859
Jul-22	Dangote Industries Funding PLC	10.500 177.100	7yrs 10yrs	12.75% 13.50%	170 145
Jul-22	Family Homes Fund	10.000	7yrs	13.00%	195
Jul-22	Mixta Real Estate PLC	2.450	270d	13.00%	759
Jul-22	Lekki Gardens Estate Limited	3.490	270d	16.24%	1,083
Jul-22	Daraju Industries Limited	2.460 7.500	180d 270d	13.50% 14.00%	487 858
Jul-22	Veritasi Homes & Properties Limited	1.000	270d	16.87%	1,145

*Spread against secondary market Federal Government of Nigeria instruments of similar tenors

Government Yield Curve Movement (%)



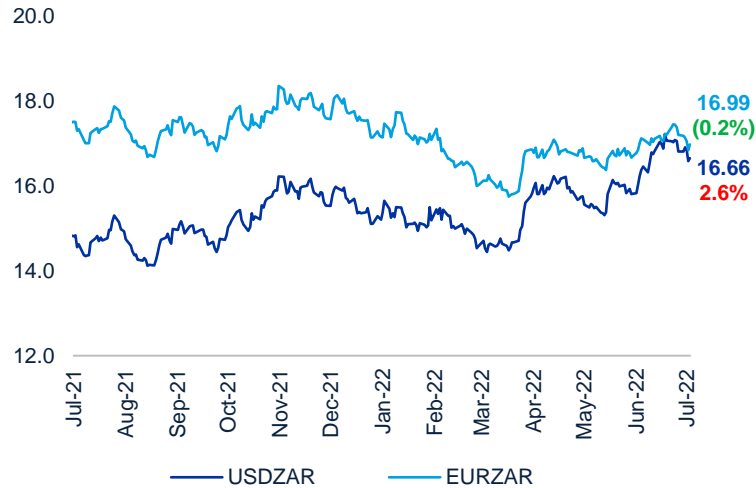
- Gross issuance of bonds and CPs totalled NGN261.5bn in Jul'22, up 792% y-o-y from NGN29.31bn in Jul'21, and up 854% m-o-m from NGN27.4bn in Jun'22. An increase in issuance size within the month was largely supported by the NGN187bn bond issuance by Dangote Industries Funding PLC, for which Stanbic IBTC Capital acted as a joint lead issuing house. This transaction represents the largest Debt Issuance in the history of the Nigerian Debt Capital Markets
- The Federal Government of Nigeria ("FGN") Bonds Primary Market Auction ("PMA") in Jul'22 saw NGN142.29bn issued across 3yr, 10yr and 20yr tenors at stop rates of 11.00%, 13.00% and 13.75% respectively, representing a 90bps, 50bps and 60bps yield increase from the Jun'22 auction for those tenors
- The Treasury Bill Auction in Jul'22 reflected the market appetite for an increase in rates on short-term papers, forcing the Debt Management Office ("DMO") to raise NGN264bn at higher levels compared to the Jun'22 auction. The stop rates for all tenors on offer printed higher, with the 91-day at 2.80%, the 182-day at 4.10% and the 364-day paper at 7.00%
- Moderate corporate activity is expected in Aug'22 in light of the further uptick in policy rates and general investor appetite for higher yields. Smaller corporates are expected to access the debt capital markets with the hopes of raising funds at lower levels to support funding cost being impacted by existing debt benchmarked to the MPR

- Jul'22 saw an uptick in yields across most tenors on the yield curve, with a retracement at the 270-day tenor. Yields at the mid to long end climbed further compared to Jun'22 yield levels. Tight liquidity prompted more selloffs at the mid to long end of the curve, with the Bonds market settling upwards following the 100bps hike in the policy rate at the Jul'22 MPC meeting. From a y-o-y perspective, there remains a contraction across most tenors on the yield curve
- Headline inflation rose by 89bps to 18.60% y-o-y in Jun'22, representing the highest inflation in 65 months. The inflationary pressures are expected to persist in July as rising energy and food prices continue to impact the core inflation bucket

PERFORMANCE OF REGIONAL CURRENCIES (1/3)



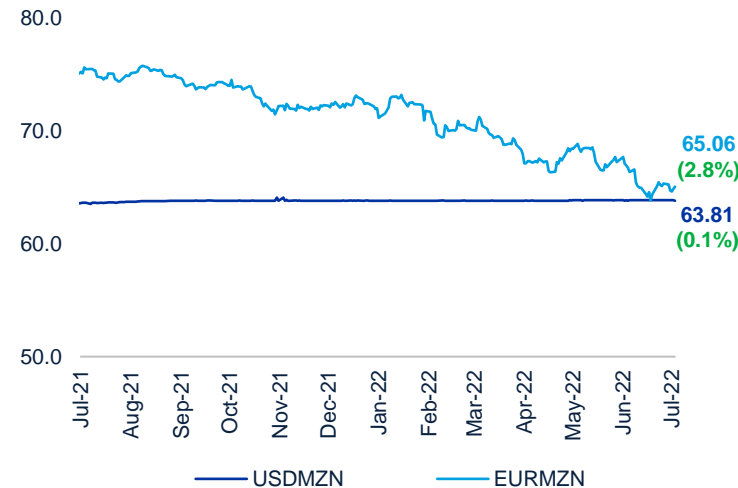
South Africa



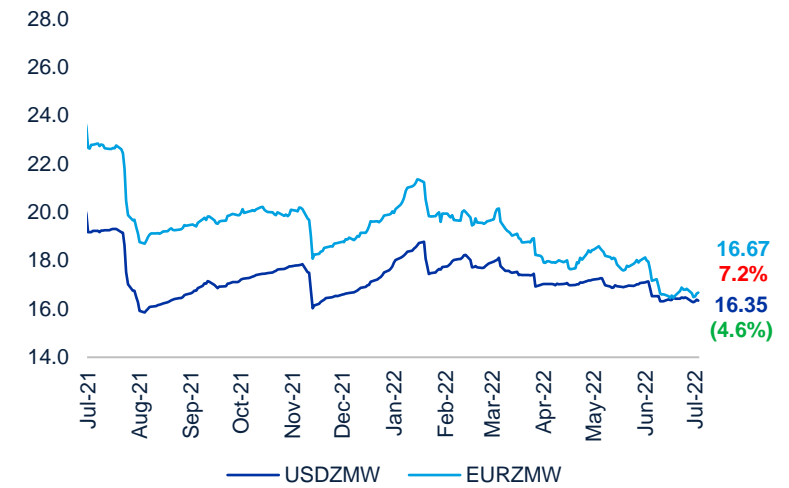
Note: Currency rate changes shown are on a monthly basis



Mozambique



Zambia



Regional Forex Market Update

South Africa

- **ZAR depreciated by 2.6% to ZAR16.66 in Jul'22**, after reaching ZAR17.19, the lowest level in 23-months, after the US Fed raised the policy rates by 75bps and not the speculated 100bps raise
- The currency was also impacted by capital outflow by foreign investors as the yields are increasing in the developed markets after rate hikes

Mozambique

- **MZN kept appreciating** as a result of greater fluidity in the foreign exchange market, as well as monetary policy measures taken by the Central Bank in Jan'22, which included the adjustment of reference interest rates
- **Mozambique's current account deficit is expected to remain elevated** as LNG investment, which carries a large import component, advances

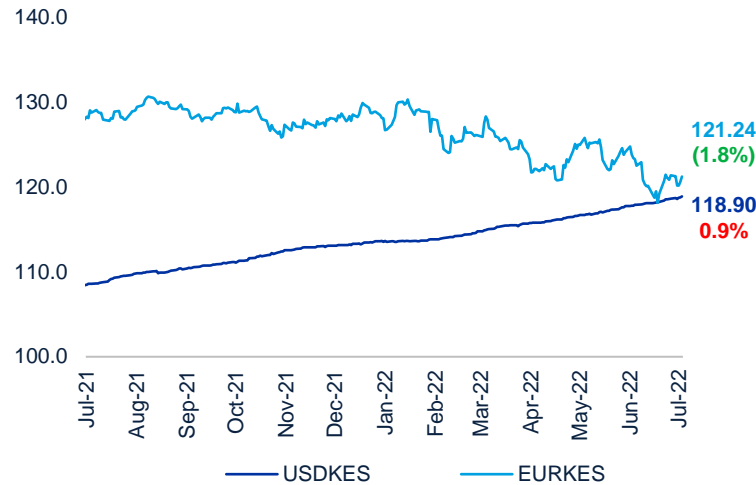
Zambia

- **ZMW strengthened in Jul'22 as Zambia's official creditors, led by China and France agreed to negotiate a restructuring of their debts** and subsequently, the country got final approval from the IMF for a USD1.4bn bailout
- **ZMW is likely to hold steady** as buyers of foreign exchange stay away from the market in anticipation of lower rates

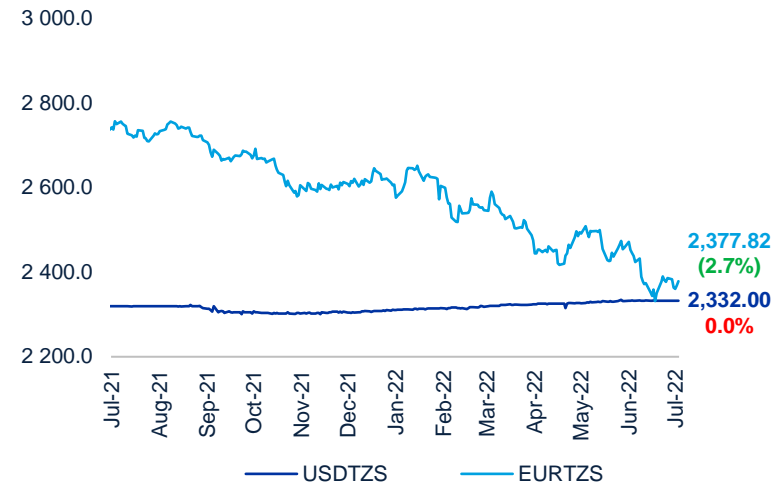
PERFORMANCE OF REGIONAL CURRENCIES (2/3)



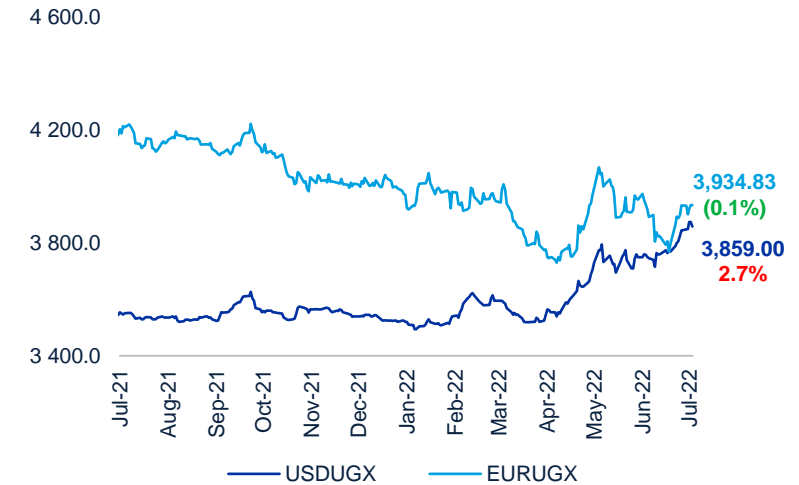
Kenya



Tanzania



Uganda



Note: Currency rate changes shown are on a monthly basis

Regional Forex Market Update

Kenya

- **KES is expected to weaken against the USD** because of dollar demand from the manufacturing sector in excess of inflows from remittances and tea exporters
- **KES edged down in Jul'22 due to increased importer dollar demand** especially from oil marketing companies as most of the players are looking to secure USD heading to elections including oil retailers and importers of commodities

Tanzania

- **TZS is expected to weaken in 2022**, ending Dec'22 at TZS2,321 to TZS2,333, due to a deeper trade deficit, dividend repatriations and external debt repayments
- **TZS is expected to hold steady as the USD inflows** from companies' operations match demand from importers for short term period

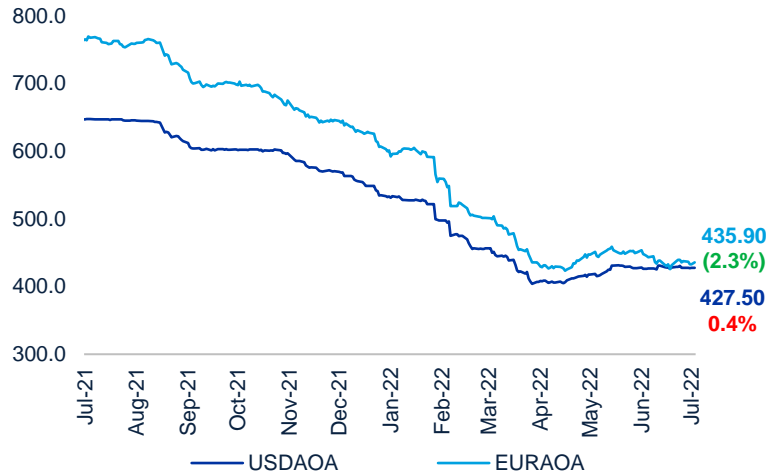
Uganda

- **UGX declined persistently against the USD**, due to increased demand by offshore investors coupled with intensified demand by oil importers
- **The Bank of Uganda (BOU) intervened aggressively** by selling FX to commercial banks in Q1'22 to mitigate volatility and this strategy seems likely to continue over the coming year, thereby likely limiting any material upside

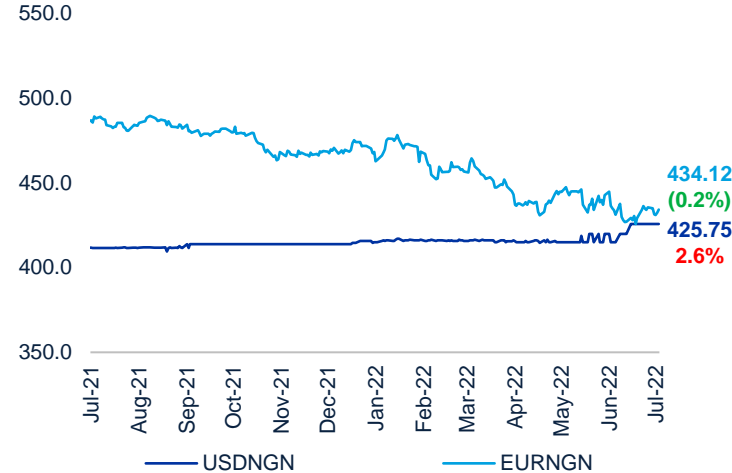
PERFORMANCE OF REGIONAL CURRENCIES (3/3)



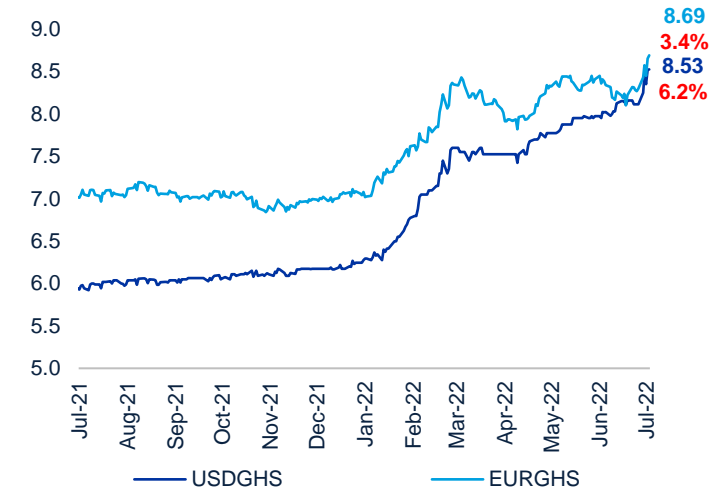
Angola



Nigeria



Ghana



Note: Currency rate changes shown are on a monthly basis

Regional Forex Market Update

Angola

- AOA has appreciated consistently since the beginning of 2022, driven by the rise in oil prices and the likelihood that the National Bank of Angola (BNA) will continue to raise interest rates
- The BNA intervened in the FX market on Apr'22, purchasing USD600m at an FX rate of AOA400 to reduce excess FX liquidity; this cooled the pace of AOA appreciation

Nigeria

- NGN has fallen to record lows on the parallel market due to the USD scarcity since Jul'21 after the Central Bank stopped forex sales to retail currency traders to ease pressure on reserves and support the official market
- Nigeria's Senate passed a motion to summon Central Bank Governor Godwin Emefiele over the "free fall of the Naira" and called on the central bank to urgently intervene

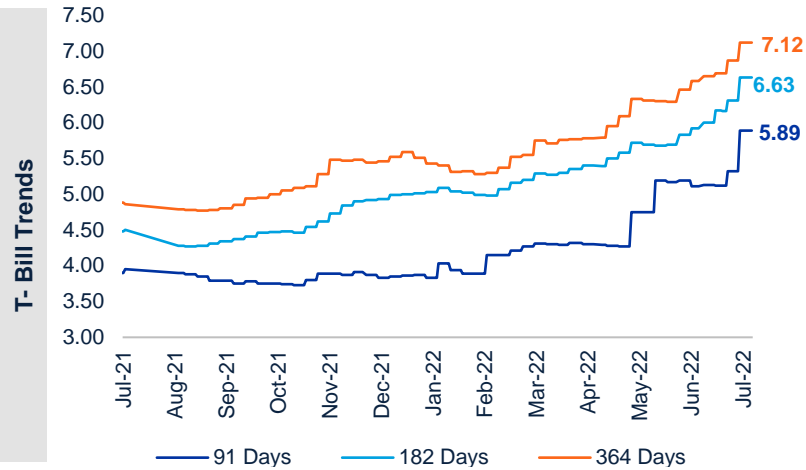
Ghana

- GHS lost over c.6% in value to the USD in Jul'22, taking the YTD depreciation to 20.5% on the interbank market, which was led by the high demand for the USD, coupled with other factors such as weak balance of payment position of the country and liquidating of investments in government bonds by some foreign investors
- Further, as the Central Bank has reduced the sizes on the bi-weekly auction where the size has been reduced by 50% to USD25m per auction, which is unable to cover the demand for USD

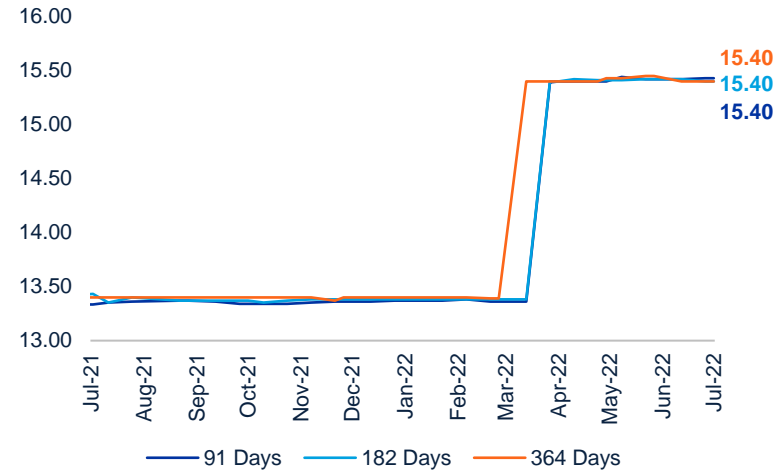
T-BILL & REFERENCE RATE TRENDS (1/3)



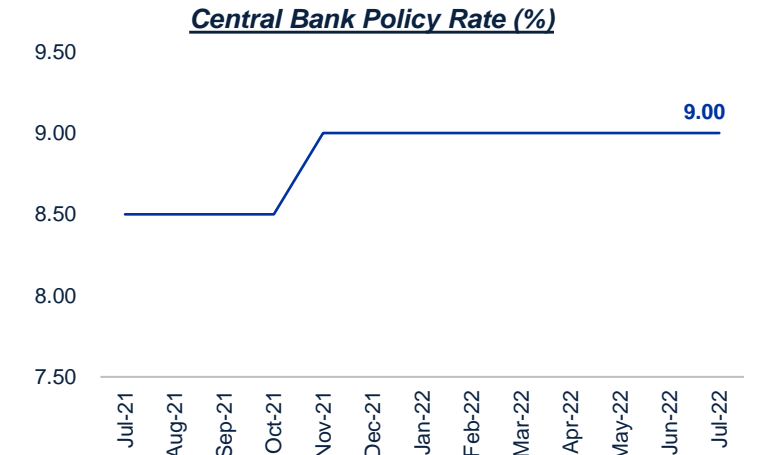
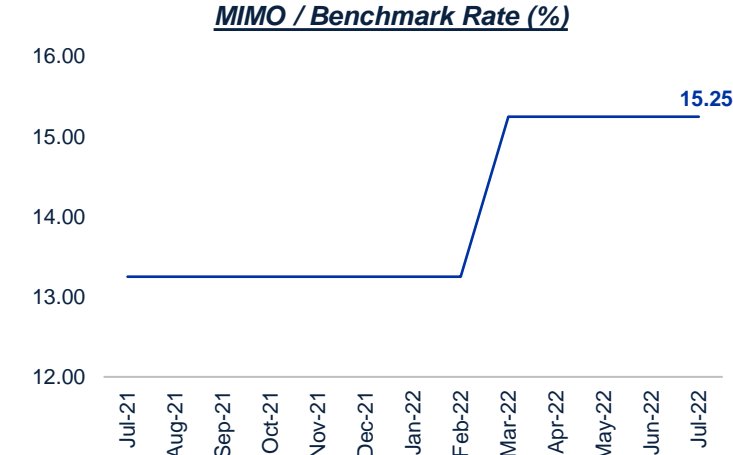
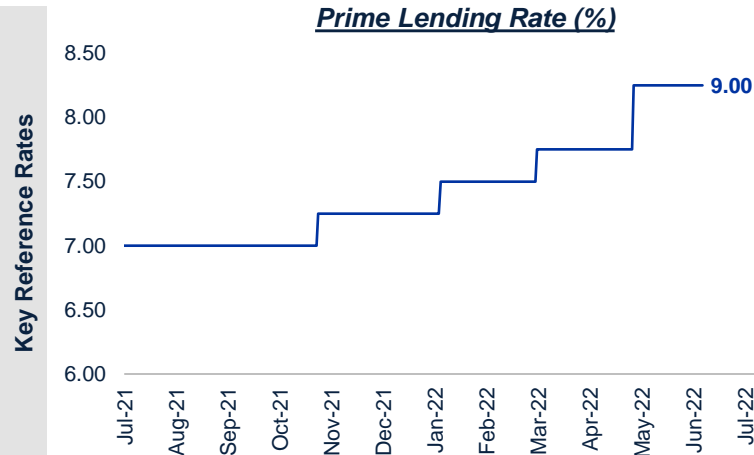
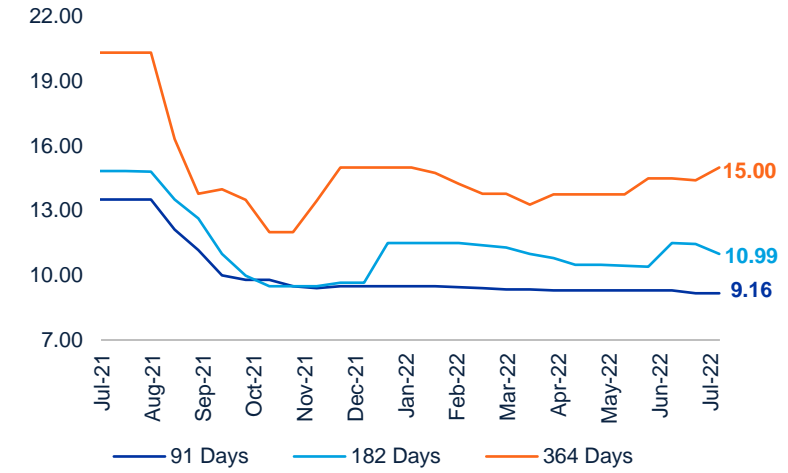
South Africa



Mozambique



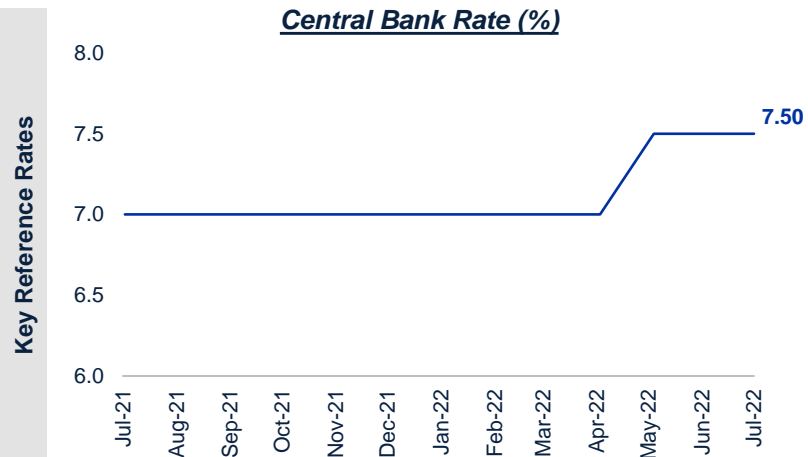
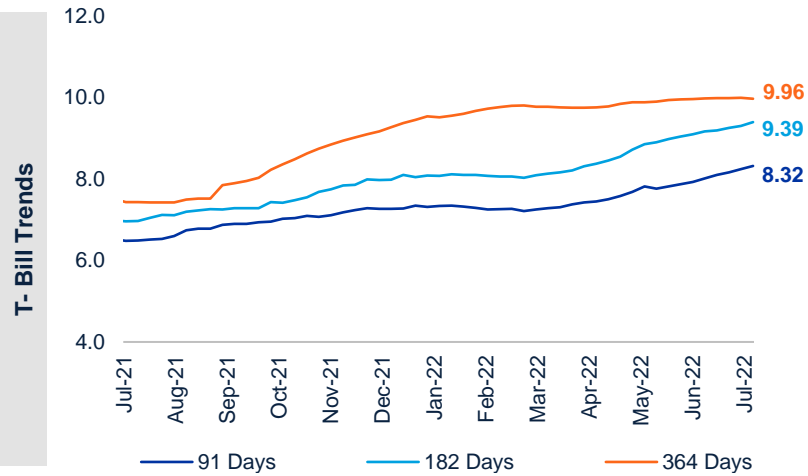
Zambia



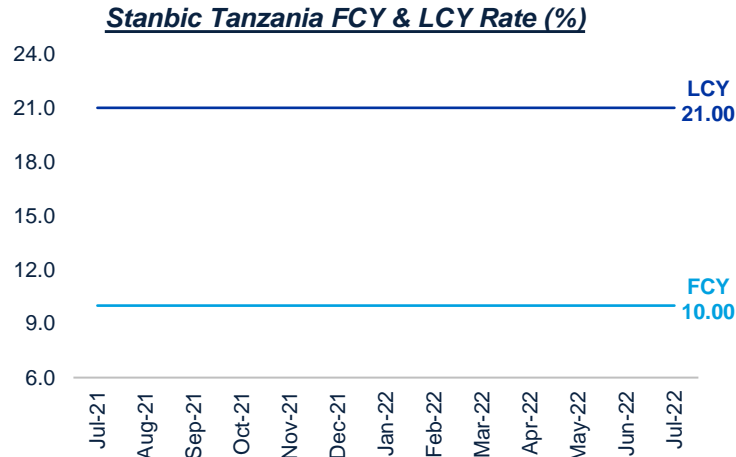
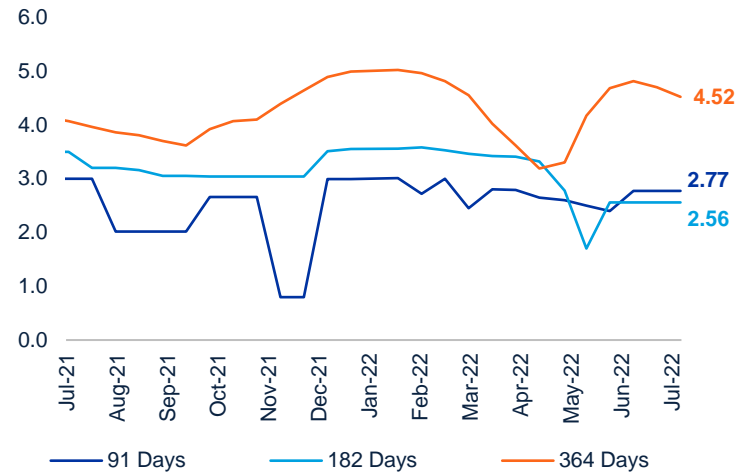
T-BILL & REFERENCE RATE TRENDS (2/3)



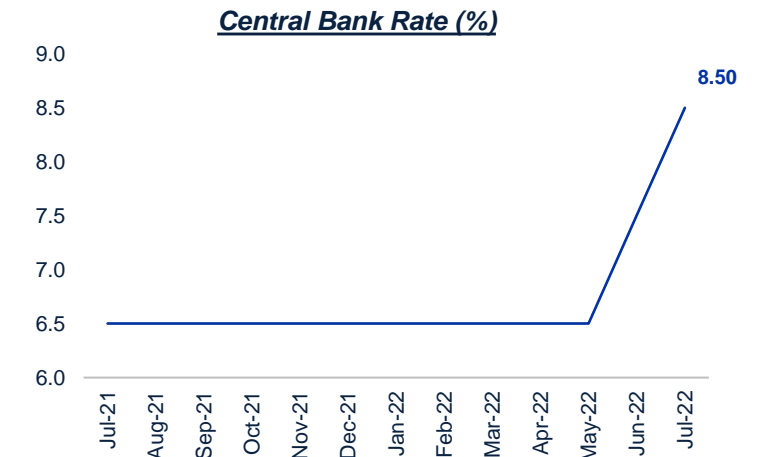
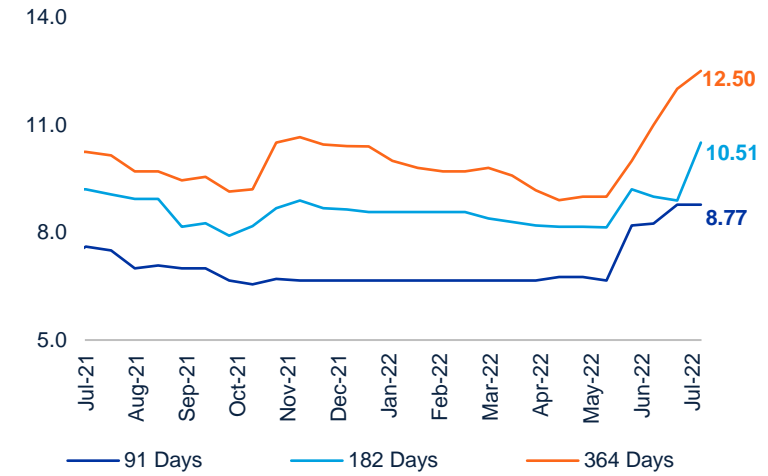
Kenya



Tanzania



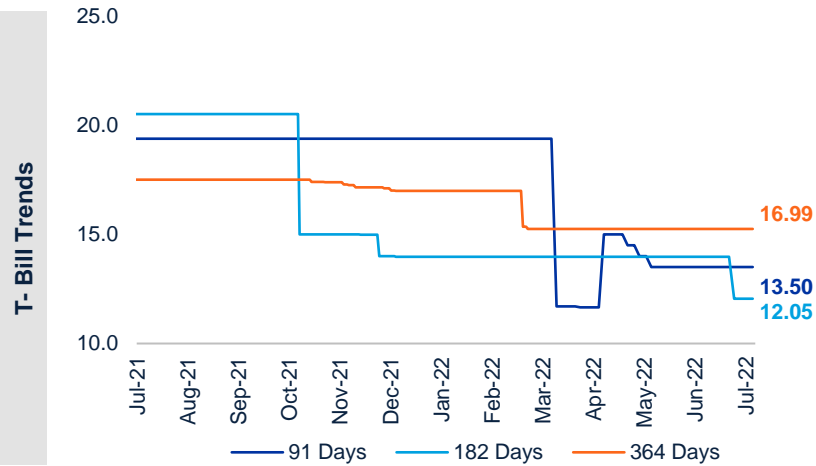
Uganda



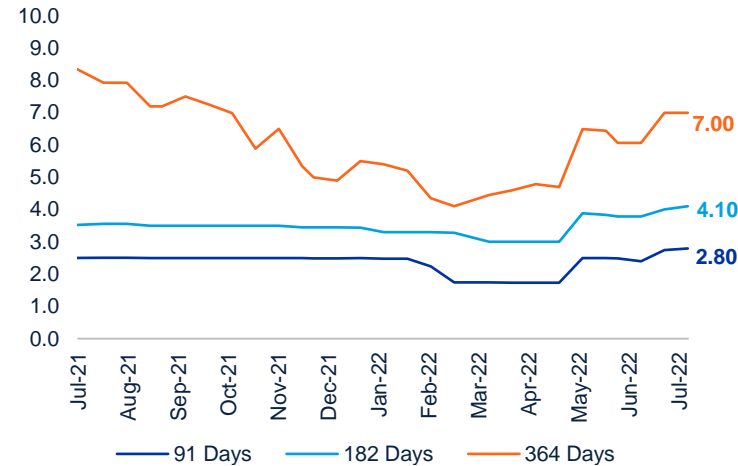
T-BILL & REFERENCE RATE TRENDS (3/3)



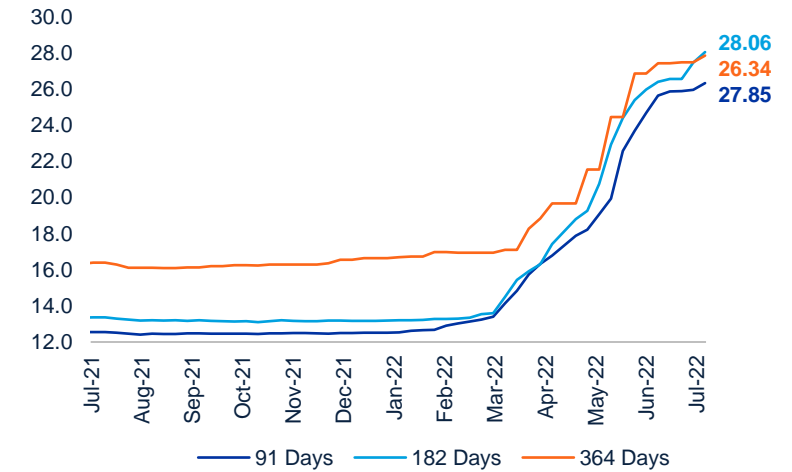
Angola



Nigeria

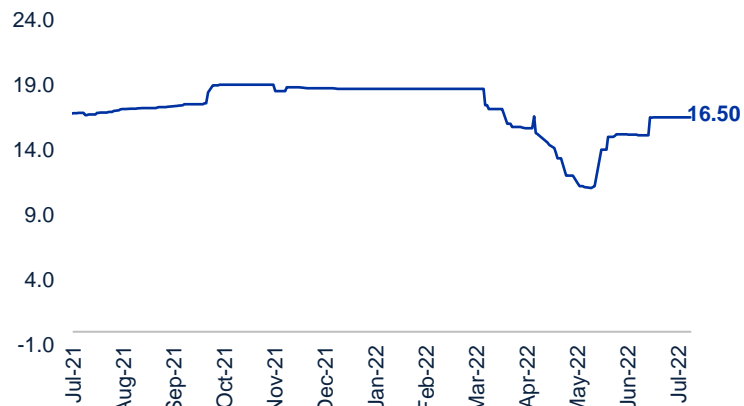


Ghana

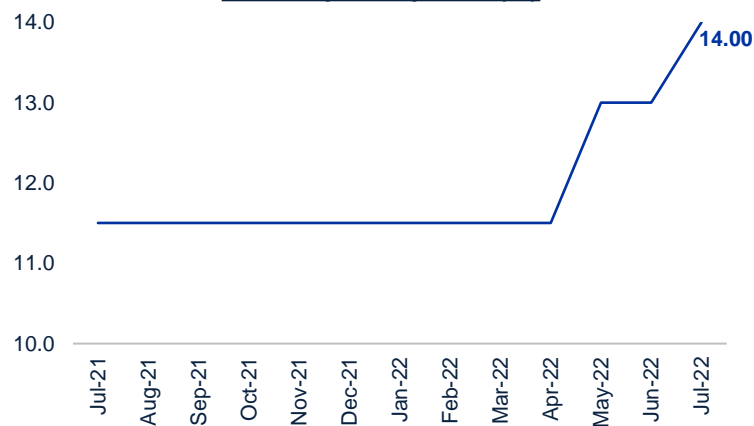


Key Reference Rates

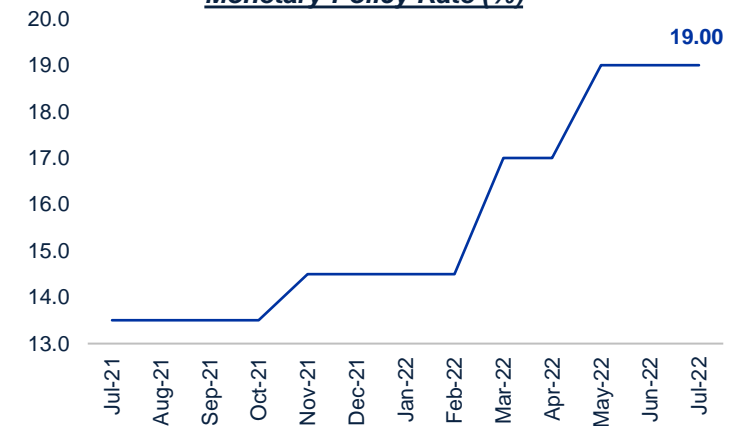
LUIBOR Overnight Rate (%)



Monetary Policy Rate (%)



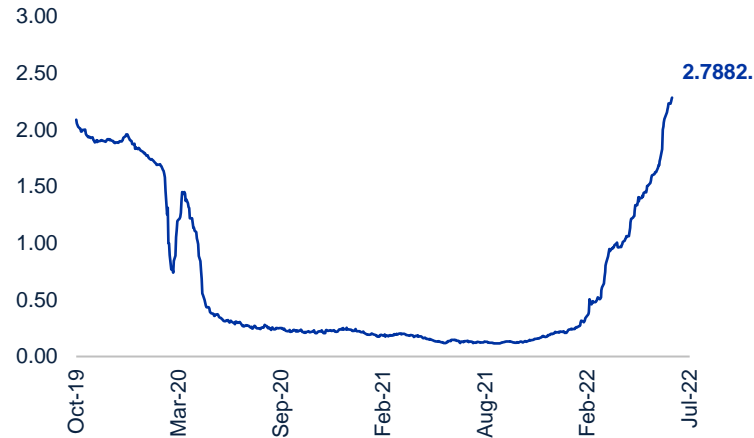
Monetary Policy Rate (%)



IBORS AND THEIR REPLACEMENT RATES



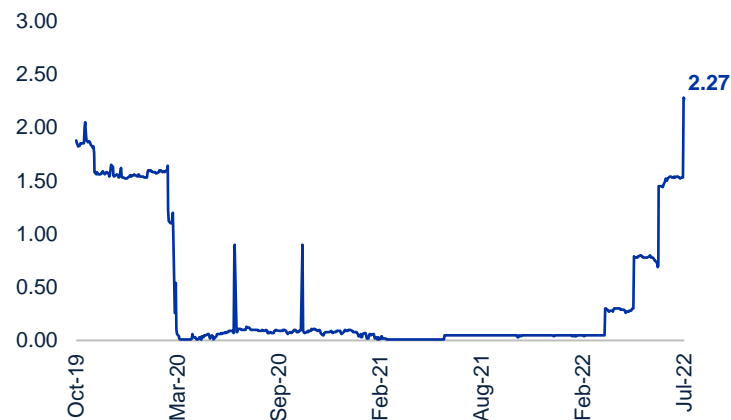
USD LIBOR



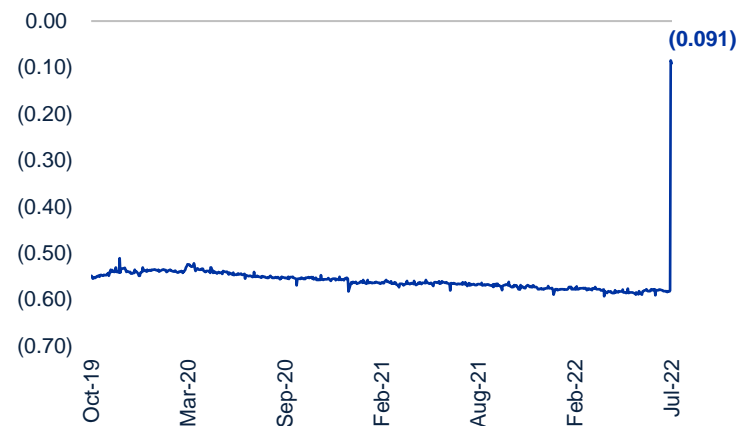
EURIBOR



SOFR



ESTR



IBOR Rate Developments

- In the US, the draft on **the Adjustable Interest Rate (LIBOR) Act** **was approved** by the House Financial Services Committee
 - This Act would supersede the earlier New York legislation, as this is a significant development and precludes litigation from affected counterparties and allows LIBOR contracts, which do not contain clearly defined fallback or replacement rates to continue to operate
- According to the Bank of England, the Financial Conduct Authority and the Working Group on GBP RFRs, **the GBP markets navigated LIBOR transition with minimal disruption** and the overnight SONIA is now fully embedded across the markets
 - During 2022, FCA will seek views on retiring 1m and 6m synthetic GBP LIBOR at the end of 2022 and on when to retire the 3m sterling synthetic LIBOR
- IFC issued a landmark USD2bn, fixed-rate five-year USD-denominated bond, helping to ease the transition to the Secured Overnight Financing Rate (SOFR)** and raising USD2bn for private sector development and job creation in emerging markets
- Bank of China Limited issued a USD917m equivalent dual-currency floating rate note, referencing new benchmarks** set to replace LIBOR, under its USD40bn medium term note programme
 - Comprising of USD500m bonds referencing the SOFR Index due 2024 and GBP300m bonds referencing the Sterling Overnight Index Average (SONIA) Compounded Index due 2023
- Trading volumes have risen sharply in derivatives tied to SOFR**, following the start of a regulatory push to accelerate the move away from USD LIBOR

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