



MONTHLY MARKET UPDATE

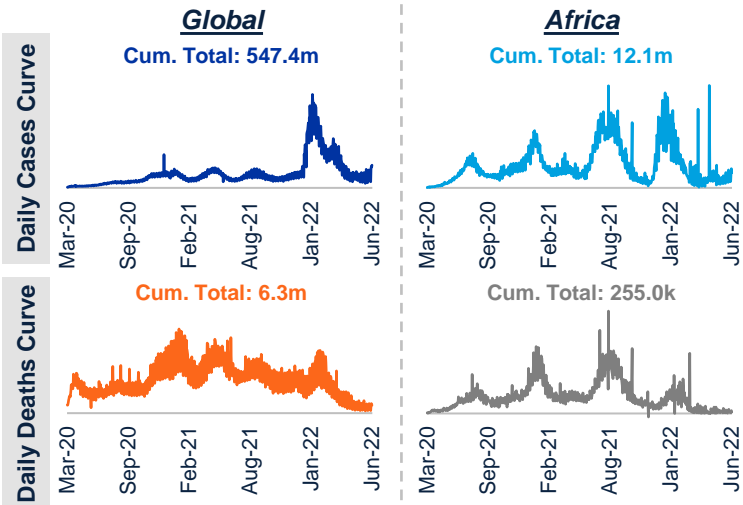
June 2022



MARKET SNAPSHOT



Total COVID-19 cases reached c.547.4m and deaths surpassed 6.3m

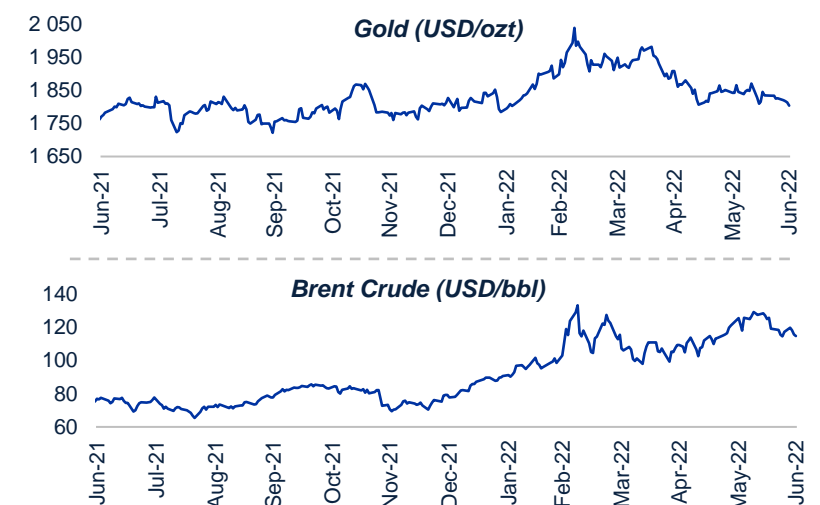


GDP Trends⁽¹⁾

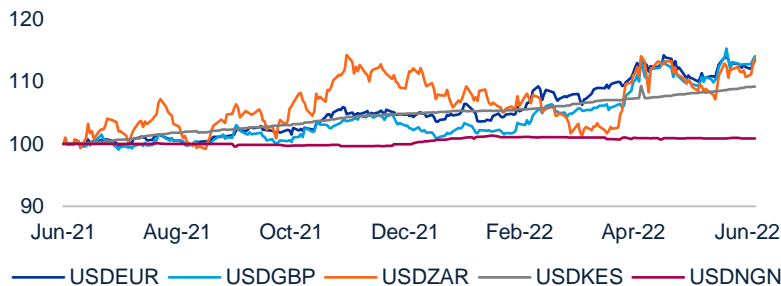
Country (USDbn)	Recent QE	YoY chg	Expts. (% GDP)	Tax Rev. (% GDP)
South Africa	108.7	8.4%	29.1%	26.3%
Mozambique	4.6	4.1%	37.3%	-
Kenya	28.4	11.9%	6.4%	12.7%
Tanzania	18.7	7.3%	8.1%	11.7%
Uganda	11.6	10.9%	5.2%	13.2%
Angola	33.9	4.5%	42.1%	-
Nigeria	121.4	13.3%	11.5%	4.4%
Ghana	21.3	20.7%	17.4%	14.3%

- 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 remains above USD110 level mark; gold consolidating around USD1,800



Currency Performance



- USD strengthened as the Federal Reserve** signals its intention to continue raising interest rates in an effort to curb inflation

Key Equity and Volatility Indices

Equity Indices	LCP ⁽²⁾	1m chg.	5 days chg.
S&P500	3,785.38	(9.0%)	(0.3%)
JSE All Share	66,223.3	(8.0%)	1.4%
S&P Africa 40	143.4	(15.0%)	0.0%

Benchmark Rates	LCP	1m chg.	5 days chg.
CBOE VIX	28.6	6.3%	(1.5%)
EU STOX 50 Volatility	29.8	24.9%	2.0%

US Treasuries Yield



- US Treasury yields** climbed as investors accessed the prospect of the US Fed implementing more interest rate hikes to curb soaring inflation
- South African bond yields continue to see foreign investors** piling on bonds, enticed by two year high yields amid power crisis and global sell off

/ Monthly Market Update

Source: WHO, Central Bank Websites, FactSet as of 30 June 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

COVID-19, STOCKS AND COMMODITIES MOVEMENTS



COVID-19 [Jun'22]⁽¹⁾

Region	#Cases	New	#Deaths	New
Global Δ m-o-m ⁽²⁾	547.4m	17.7m ▲3.3%	6.3m	43,188 ▼0.7%
Africa	12.1m	178,315 ▼1.5%	255,035	959 ▼0.4%
South Africa	4.0m	35,667 ▼0.9%	101,764	574 ▼0.6%
Nigeria	257,290	1,262 ▲0.5%	3,144	1 ▲0.0%
Kenya	333,694	8,718 ▲2.7%	5,651	5,652 ▲0.0%
Zambia	325,857	4,078 ▲1.3%	4,006	19 ▲0.5%
Uganda	167,719	3,353 ▲2.0%	3,621	19 ▲0.1%
Mozambique	227,919	2,165 ▲1.0%	2,212	9 ▲0.4%
Zimbabwe	255,586	3,188 ▼1.3%	5,555	52 ▲0.9%
Angola	101,320	1,559 ▲1.6%	1,900	0 ▼0.0%

- Global cases reached c.547.4m, while the death toll touched over 6.3m
- The US, India and Brazil continued to be top three most infected countries with 163.5m cases, accounting for c.30% of the global caseload
- Africa recorded c.255k total deaths, with 959 deaths in Jun'22
- Total cases in South Africa were c.4.0m in Jun'22, accounting for c.33.1% 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 limited fifth wave was dissipating

International Indices Movement

Index	LCP	1m chg. ⁽²⁾	5 days chg.	1 day chg.
↓ S&P500	3,785.4	(9.0%)	(0.3%)	(0.9%)
↓ FTSE 100	7,169.3	(5.7%)	2.1%	(2.0%)
↓ Nikkei 225	26,393.0	(3.6%)	0.8%	(1.5%)
↓ JSE 40	60,109.0	(8.0%)	1.8%	(2.3%)
↓ Nigeria NSE All Shares	51,817.6	(3.6%)	0.4%	(0.0%)
↓ FTSE Kenya 15 ⁽³⁾	165.3	(5.3%)	3.0%	0.0%
↓ Zambia LuSE All-Share	6,799.0	(1.8%)	0.1%	0.0%

- S&P 500 entered in bear phase, due to factors such as higher inflation, higher interest rates, a slowing economy and aggressive interest rate hikes from the US Fed stoking fears of possible recession
- FTSE 100 recorded its first quarterly drop since Sep'20, as concerns grew that prolonged inflationary pressures would force central banks to act aggressively, leading to a global economic downturn
- The Nikkei 225 dropped after factory output fell the most in two years in May'22, as well as concerns over a possible recession in the US
- South African equities followed global peers with the JSE ALSI losing 8.1% in Jun'22 and only the industrial sector to end in the green
- Nigeria equity market ended on a bearish note, as the market begins to feel the pressure of the hike in interest rate by the Central Bank of Nigeria (CBN) and surging inflation

Commodity Price Movement

Index	LCP	1m chg. ⁽²⁾	5 days chg.	1 day chg.
↓ WTI (\$/bbl)	105.76	(8.1%)	1.4%	(3.7%)
↓ Brent (\$/bbl)	114.81	(5.3%)	0.3%	(0.8%)
↓ Gold (\$/oz)	1,804.10	(2.5%)	(1.2%)	(0.5%)
↓ Copper (\$/t)	8,245.00	(12.1%)	(3.9%)	(2.4%)
↓ Cocoa (\$/t)	2,291.00	(6.9%)	(3.7%)	(1.1%)
↑ Corn (\$/bu)	8.09	1.5%	3.3%	(3.2%)
↓ Wheat (\$/bu)	8.26	(26.1%)	(7.7%)	(5.4%)

- Oil prices dropped in Jun'22, amid a push by the US President Joe Biden to bring down soaring fuel costs, and expectancy of recession adversely impacting the demand
- Gold remained firm as four of the G7 nations plans to ban imports of the metal from Russia for its invasion of Ukraine, signalling potentially tighter supplies of bullion
- Copper prices collapsed amid mounting concerns that inflationary pressures in western economies which is likely to morph into recession
- Cocoa prices declined pressured by USD strength and abundant inventory amid the lower demand due to recession fears
- Wheat prices endured a multi-month fall, weighed down by the recession, advancing winter wheat harvest and declining export sales due to the rising USD

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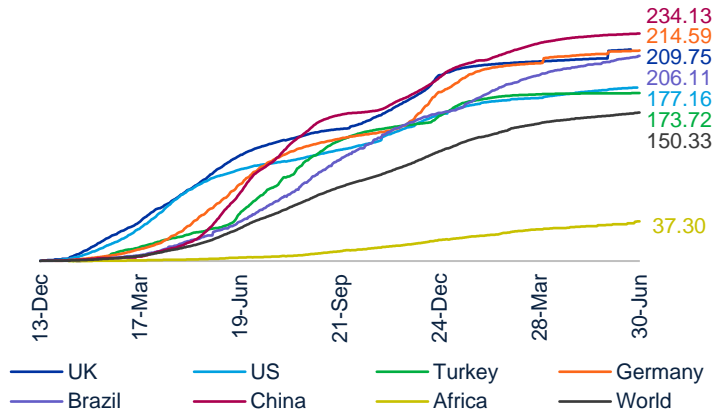
Source: FactSet as of 30 June 2022, press

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

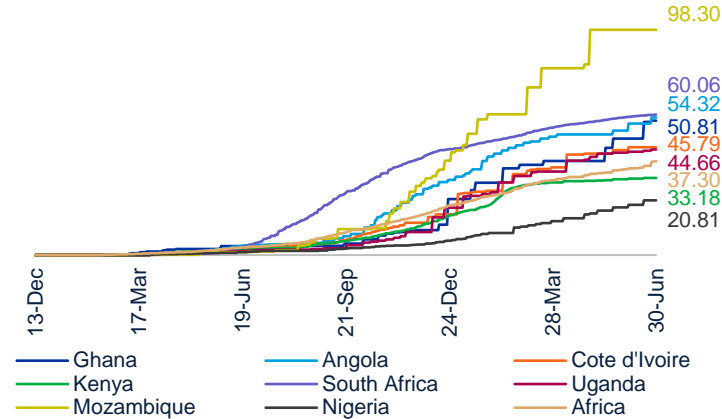
COVID-19 VACCINATION STATUS



Cumulative COVID-19 Vaccine Administered per 100 people



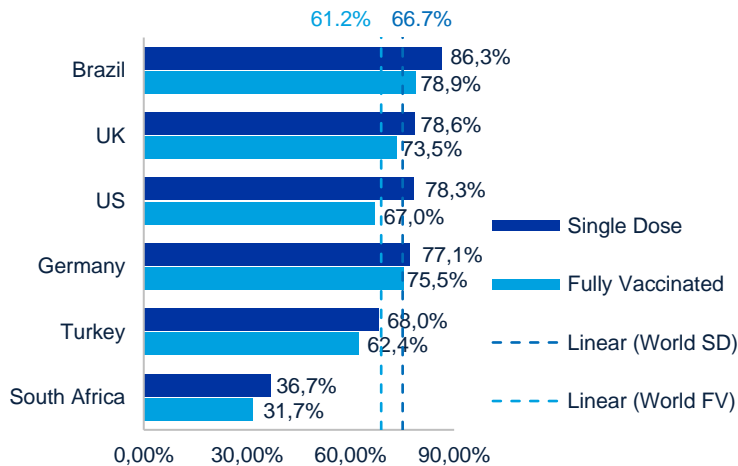
Cumulative COVID-19 Vaccine Administered per 100 people in Africa



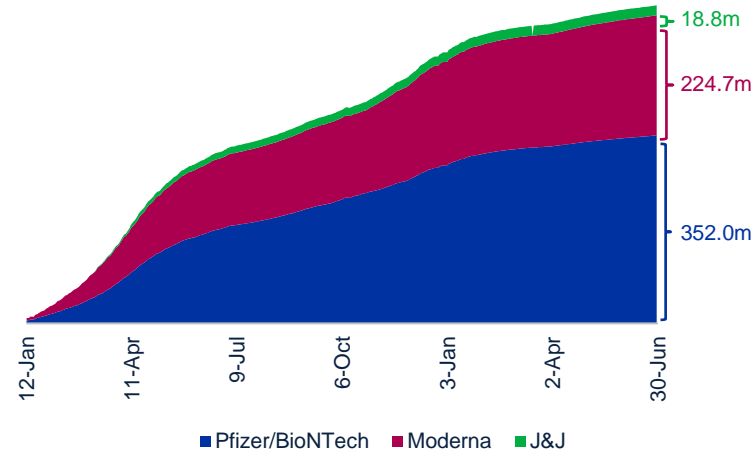
Global Vaccination Update

- **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**
- **86 out of 206 countries** had less than 40% of their population immunized
 - Only **10.0% of people in low-income** countries have received at least one dose
- **53 out of 54 countries** commenced the **COVID-19 vaccination drive** in Africa
- **The target for achieving full vaccination rates of 40% of the population in every country by the end of Dec'21 was missed across most of Africa**
 - The WHO has set a further target of 70% coverage for all countries by Jun'22, but this is also expected to be missed across Africa
 - **It is expected that the world will fall far short of the target** by the deadline, as the funding from the US dried up and both governments and donors turning to other priorities
- **The World Bank has approved a loan of EUR454.4m (USD474.4m) to help South Africa fund COVID-19 vaccine purchases**, this project will retroactively finance the procurement of 47m COVID-19 vaccine doses by the Government of South Africa

Share of Population Vaccinated




Types of Vaccines Administered in the US





Global Peers 	
Americas	<ul style="list-style-type: none"> The US Fed raised its benchmark lending rate by 75bps, highest increase since 1994 as a move to curb spiraling inflation US real GDP decreased at annual rate of 1.6% in Q1'22 slightly more than earlier estimates, as the adjustment accounted for corporate profits which fell more than originally estimated US consumer price index (CPI) increased by 8.6% in May'22 y-o-y, as the prices of gas, food and other goods and services rose, raising inflation to a new four-decade high The US trade deficit decreased by 19% in Apr'22 to USD87.1bn as imports fell for the first time in nine months, signaling that trade won't weigh as heavily on the economy's growth in Q2'22 against Q2'21 The US budget deficit narrowed to USD66bn in May'22, keeping it on track to fall below USD1tn in FY'22 for the first time since the start of the pandemic; most of the drop-off reflects the end of federal stimulus payments to businesses and individuals
Europe and Middle East	<ul style="list-style-type: none"> Eurozone economy grew at a faster pace of 0.6% in Q1'22, despite the spread of the Omicron coronavirus variant and the war in Ukraine Eurozone unemployment fell to 6.6% in May'22, as the widespread increase in employment is cushioning the negative impact of the Ukraine war and inflation on the economy and is expected to soften the blow to GDP in Q2'22 Eurozone inflation rose to a record high of 8.1% in May'22, driven by post-pandemic supply shortages as well as soaring energy and food prices following Russia's invasion of Ukraine Ukraine has requested USD500m loan from Israel to help its severely damaged economy following Russia's war in Ukraine
Asia	<ul style="list-style-type: none"> India's economy is expected to grow by 7.5% in FY'23, making it the fastest growing major economy and the growth of India's digital economy is expected to reach USD1tn by 2025 China provided USD2.5bn loan to Pakistan in assistance to prop up the fast-depleting foreign exchange reserves The Reserve Bank of India (RBI) has raised India's inflation forecast to 6.7% for the financial year 2022-23 from an earlier estimate of 5.7% Germany's central bank, has lowered its 2022 growth forecast for the country's GDP to 1.9% from its previous projection of 4.2% growth in Dec'21

South and Central Africa 	
South Africa	<ul style="list-style-type: none"> South Africa's economy grew by 1.9% q-o-q in Q1'22, compared with the revised growth of 1.4% in Q4'21 indicating economic recovery to pre-pandemic levels South Africa's headline consumer inflation surged more than expected to 6.5% y-o-y in May'22 from 5.9% in Apr'22, due to the rising food prices, as pressure mounts in the wake of the Ukraine war The World Bank has approved a loan of EUR454.4m (USD474.4m) to help South Africa fund COVID-19 vaccine purchases; this project will retroactively finance the procurement of 47m COVID-19 vaccine doses by the Government of South Africa South Africa posted a larger current surplus at ZAR143m in the Q1'22 compared with the ZAR132m in Q4'21 The South African Revenue Service (SARS) trade statistics indicated a preliminary trade surplus of ZAR28.4bn for May'22 attributable to ZAR179.5bn in exports and ZAR151.1bn in imports
Angola	<ul style="list-style-type: none"> Fitch Solutions revised its growth forecast for Angola's economy from 3.8% to 3.5% of GDP for 2022, anticipating a further slowdown to 1.8% in 2023 The US Government has facilitated a new partnership between two American firms and the government of Angola to invest USD2bn in building new solar projects in Angola Angolan Government is expected to spent EUR40m to modernize public television and has authorized the acquisition of technology and equipment for Angolan Public Television
Zambia	<ul style="list-style-type: none"> Zambia's economy grew by 1.4% in Q1'22 with the annual inflation reported at 9.7% in Jun'22 from 10.2% in May'22, due to the price decrease in both food and non-food items China urged the IMF to approve and disburse USD1.4bn bailout package for Zambia, as Zambia is struggling with a debt burden that reached 120% of its GDP in late 2020 and its external debt exceeded USD17bn at the end of 2021, a third of which was owed to China
Mozambique	<ul style="list-style-type: none"> The World Bank forecasted that the Mozambique economy is expected to grow by 5.7% on average between 2022 and 2024 as demand recovers and the economy benefits from the start of LNG production in 2022 Mozambique reported annual inflation at 9.31% in May'22, on the backdrop of high oil and fuel prices caused by supply chain disruptions related to the Ukraine war and the Covid-19 pandemic

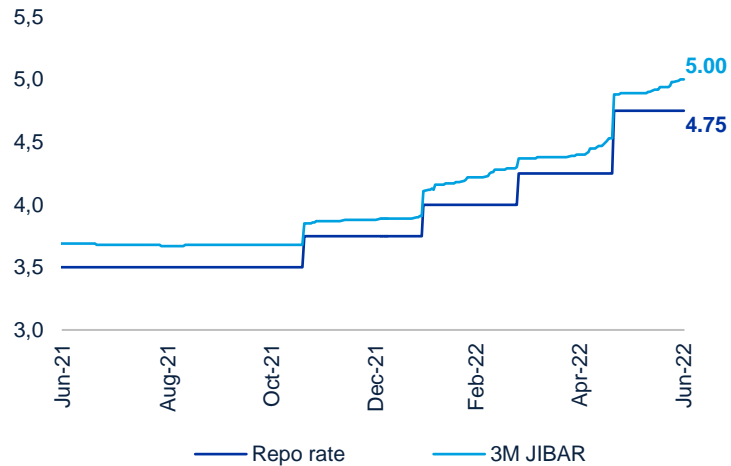


East Africa	
Kenya	<ul style="list-style-type: none"> Kenya's inflation rose to 7.1% in May'22 from 6.5% in Apr'22, mainly due to higher food and fuel prices The World Bank has projected Kenya's real GDP to grow by 5.5% in 2022 and 5.2% in 2023, compared to the growth of 7.5% in 2021, due to knock-on effects of the war in Ukraine Kenya is expected to receive KES19.8bn (USD170m) loans from the African Development Bank (AfDB) in 2022 for budgetary support and agriculture to help its economy recover from the effects of the Covid-19 pandemic and the Russia-Ukraine conflict The Senate has approved National Treasury's proposal to raise the debt ceiling to KES10tn, explained that raising the debt ceiling will allow the National Treasury to borrow KES846bn to plug the budget deficit in the fiscal year starting 1st July
Tanzania	<ul style="list-style-type: none"> Tanzania's economy is forecasted to grow by 4.7% in 2022 and 5.3% in 2023; the economy is currently recovering from the COVID-19 pandemic, however recovery is affected by the surge in prices of commodities and oil due to disruptions caused by the war in Ukraine The African Development Bank and the Tanzanian government have signed a USD125.2m loan agreement for a project that will help address water shortages in three districts in the country's Dodoma region The Tanzanian government is planning to spend TZS9.1tn (USD3.9bn) on debt servicing during FY'23
Uganda	<ul style="list-style-type: none"> Central Bank of Uganda increased its Central Bank rate to 7.5% from 6.5% as a step to control rising inflation The Private Infrastructure Development Group's Emerging Africa Infrastructure Fund has approved a USD10.6m loan for a renewable energy project in Uganda
Ethiopia	<ul style="list-style-type: none"> Ethiopia's economy is expected to grow by 9.2% in 2022-23 Ethiopia secured EUR22m loan from Italy for the development of agro-industrial parks in the country and the loan will be used to modernize its agriculture and industrialize its rural areas The World Bank has agreed to provide USD715m in grants and loans to Ethiopia to finance the improvement of the resilience of food systems and food insecurity preparedness caused by Tigray War

West Africa	
Nigeria	<ul style="list-style-type: none"> The IMF has projected Nigeria's GDP to grow at 3.4% y-o-y in 2022 while inflation is expected to remain elevated Nigeria's total debt rose to NGN41.6tn in Q1'22, representing a NGN2.1tn increase compared to NGN39.6tn recorded in Dec'21 Nigeria's debt-to-GDP ratio rose to 23.3% in Q1'22, compared to 22.5% as of Dec'21, which is lower than the self-imposed limit of 40%, however, the rate is quickening faster, due to increased borrowing and tepid economic growth Nigeria's inflation rose to its highest level in 11 months from 16.8% recorded in Apr'22 to 17.7% in May'22 due to the rise in food prices caused by the increase in prices of bread, cereal, yam, fish, meat and oil Nigeria's trade surplus recorded at NGN1.2tn for Q1'22, the improvement in Nigeria's merchandise trade was due to increases in crude oil export in the quarter under review which stood at NGN5.6tn showing an increase of 31.7% compared to NGN4.3tn recorded in Q4'21
Ghana	<ul style="list-style-type: none"> Ghana's economic growth slowed to 3.3% y-o-y in Q1'22 as Ghana is battling with a set of challenges including runaway inflation, a depreciating local currency and high public debt Ghana's inflation soars to 27.6% in May'22 from 23.6% in Apr'22 as the food inflation rose again to a record of 30.1% compared to 26.6% in the previous month, while non-food inflation stood at 25.7%, compared to 21.3% The US completed its nearly six-year USD316m investment in Ghana's energy infrastructure, supporting more reliable power for schools, hospitals, offices, and homes in Ghana with the inauguration of the Kasoa Bulk Supply Point (BSP) The Ghana Government secured USD24.9m loan for Agrimechanisation plant, to finance the establishment of a tractor and a backhoe loader after the signing ceremony between the Ministry of Finance and Export and Import Bank of Ghana The Government of Ghana secured USD7m loan from the World Bank for the Green Ghana Project to support private investment for forest plantation
Ivory Coast	<ul style="list-style-type: none"> The Ivorian government signed agreements with the EU and the French Development Agency (AFD) to provide EUR6.9m in funding to be used to finance a project aimed at electrifying rural areas Ivory Coast's government expects the economy to grow by 7.2% in 2022, which is higher than the World Bank's estimate of 5.7% growth for 2022

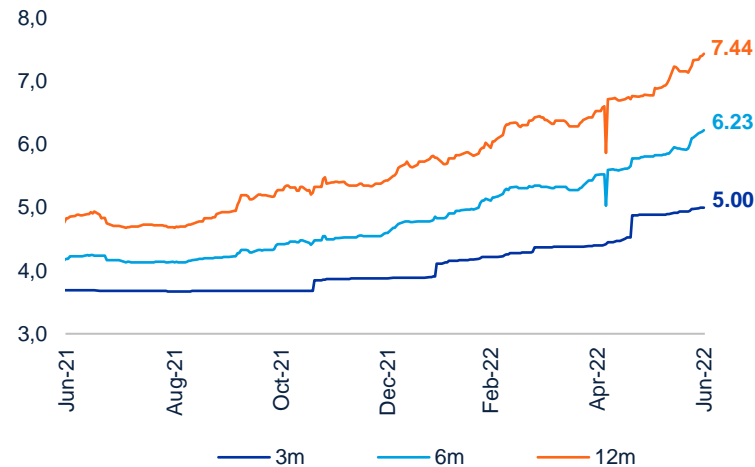


Repo Rate & JIBAR (%)



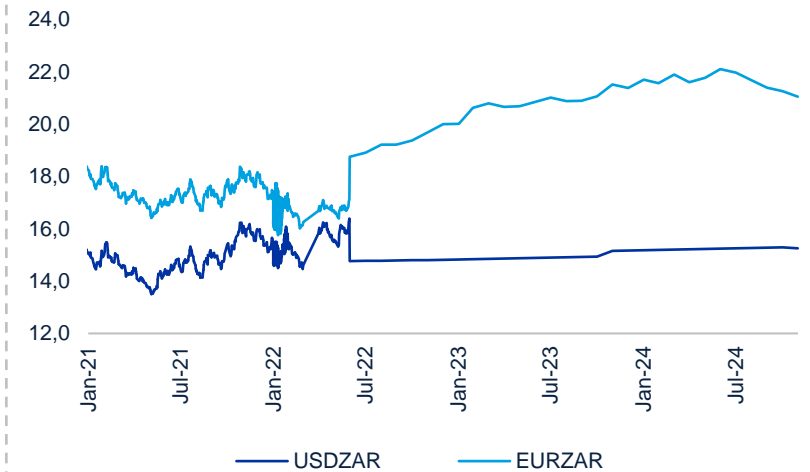
- The South African Reserve Bank (SARB) raised its repo rate for the fourth successive time by 50bps following three increases of 25bps in May'22 to 4.75% against rising global inflation
- The Bank's forecast of headline inflation for 2022 is revised to 5.9% (from 5.8%), primarily due to higher food and fuel prices
- The SARB's implied policy rate path of the Quarterly Projection Model (QPM), given the inflation forecast, indicates gradual normalisation through to 2024
- Governor Lesetja Kganyago highlighted the possibility of increasing the repo rate by 50bps in Jul'22
- The Prime Lending Rate of commercial banks increased to 8.25% in tandem with the repo rate by 50bps
- 3M JIBAR subsequently increased to 5.00% as of 30 Jun'22, an increase of 2.2% 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 167 – 399bps
- 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 an increase in repo rate, as the SARB looks to counter persisting inflation
- NCD rates were 5.00% / 6.23% / 7.44% on 30 Jun'22 for 3m / 6m / 12m compared to 4.89% / 5.81% / 6.78% on 31 May'22

High FOREX Movement Credit

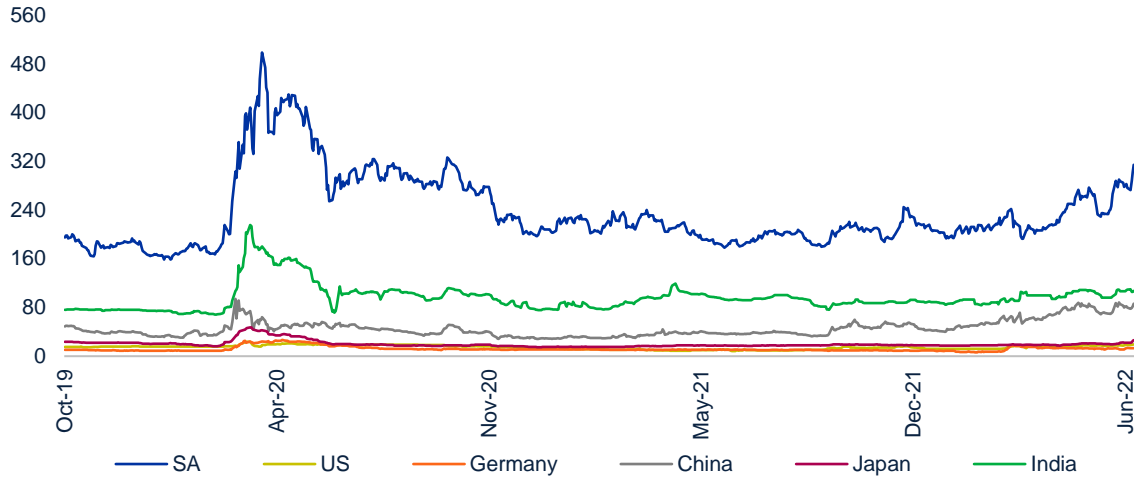


- ZAR weakened against the USD in Jun'22 as wary investors looked for safety amid rising interest rates and the risk of a global recession, while extended power cuts apprehended them for South Africa's business outlook
- Further rate hikes are expected in coming MPC meetings as the US Fed is hawkish about increasing the interest rates coupled with rising global inflation
- 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
- The recent US Fed rate hike and expectation of further increases, have increased the volatility in the global financial markets, but supports ZAR as the prices of the commodities are spiking
- ZAR was trading at ZAR16.38 against the USD on 30 Jun'22



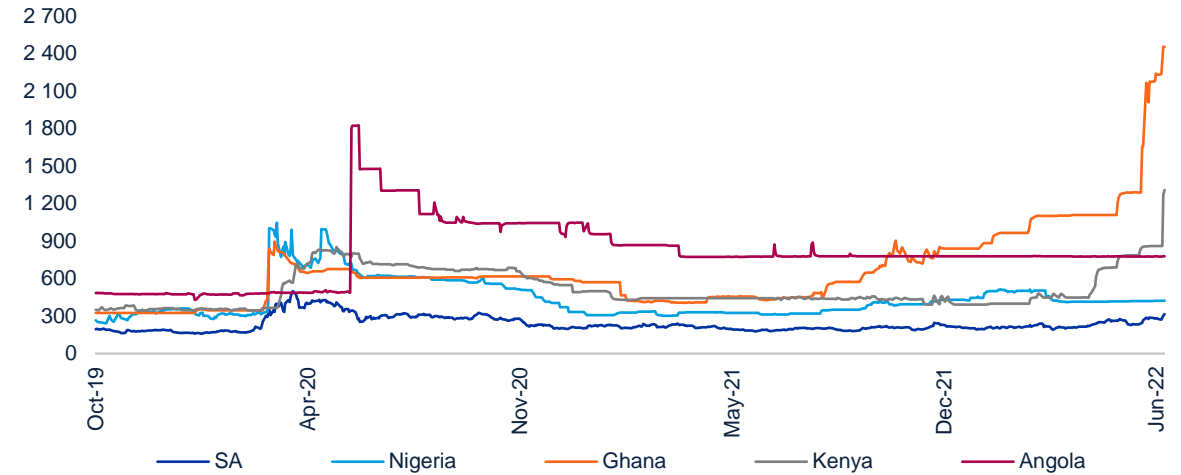
5 Yr CDS Spreads

Global Peers



- **The US Federal Reserve announced a 75bps hike in Jun'22**, the largest in more than two decades, as part of its escalating campaign to battle stubborn high inflation
 - Further, the US Fed Chair Jerome Powell provided a guidance about a further rise of 50 or 75 bps likely in Jul'22, bringing the total increase for 2022 to 2.00-2.25%
- **The Eurozone inflation hit 8.6% in Jun'22** as the ECB is expected to raise the interest rate for the first time in 11 years by 25bps in Jul'22 and further rate hikes in Sep'22 onwards
- **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 World Bank reduced its global GDP growth projection for 2022 to 2.9% from 4.1% projected in Jan'22**, the narrowing down of growth outlook is attributed to surging energy and food prices, the effects of the war in Ukraine on supply and trade, and rising policy interest rates intended to cool inflation

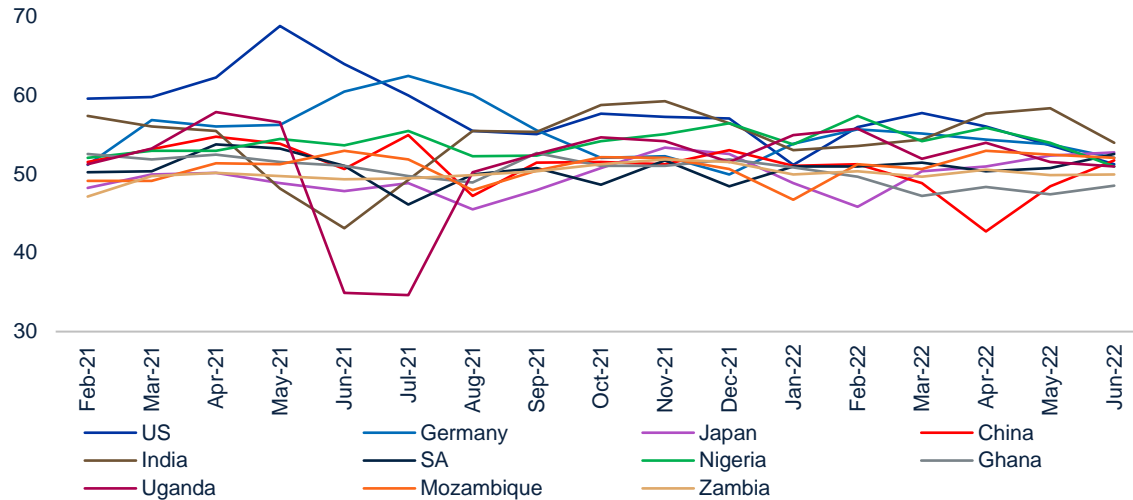
Regional Peers



- **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 growth in Sub-Saharan Africa to reach 3.8% in 2022
- **The Russia-Ukraine conflict is inducing inflation** in key African economies through food and fuel channel
 - **Ghana inflation surged to 18 year peak of 27.6% in May'22** and GHS has lost more than 21% since the start of the year, as analysts warn of a looming debt crisis
- As the US Fed cleared its intentions to hike interest rates to make sure inflation is contained, **the key economies see rising financial risks** due to high and increasingly vulnerable debt levels
- **South Africa's 5Y CDS increased by 34% m-o-m in Jun'22 and was 314bps at 30 Jun'22**
- The fight against the hot headline inflation rate is getting tougher in the frontier and emerging markets as **regulators in Africa are responding swiftly with interest rate hikes**
- According to a report by the S&P, **a growing group of countries are likely to see their credit ratings come under pressure** as rising global interest rates hit already stretched finances including Ghana

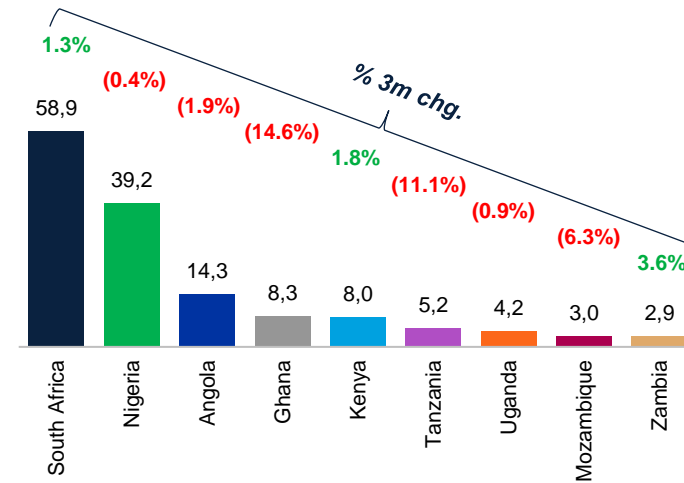


Global Peers PMI Index



- **The global factory output returned to growth in Jun'22** as COVID related restrictions eased in China, however, headwinds including tapering of new orders, lower business confidence, elevated inflation and stretched global supply chains, continue to dominate
- **The US PMI figure declined to 52.4 in Jun'22** as business activity in the manufacturing sector expanded at a much weaker pace in early June. The pace of US economic growth has slowed sharply in June, with deteriorating forward-looking indicators setting the scene for an economic contraction in Q3'22
- **Germany's PMI, declined to 52.0 in Jun'22**, as manufacturing and services sectors slowed their pace of expansion in June amid falling exports and high inflation
- **Japan reported PMI of 52.7 in Jun'22** highlighting slow output growth amid near stagnation in new orders due to increase in prices of goods at sharpest pace
- **South African PMI increased to 52.5 in Jun'22**, as the private sector expanded at the fastest pace in Jun'22 underpinned by strengthening client demand, rising employment and renewed stockpiling despite woes of inflationary pressures amid a surge in global fuel prices and supply-side challenges
- **Nigeria PMI reported at 50.9 in Jun'22**, as the private sector remained in growth territory in Q1'22, although recent challenges around cash shortages led to weaker new order growth and a renewed decline in output

Regional Peers FX Reserves (USDbn)⁽¹⁾

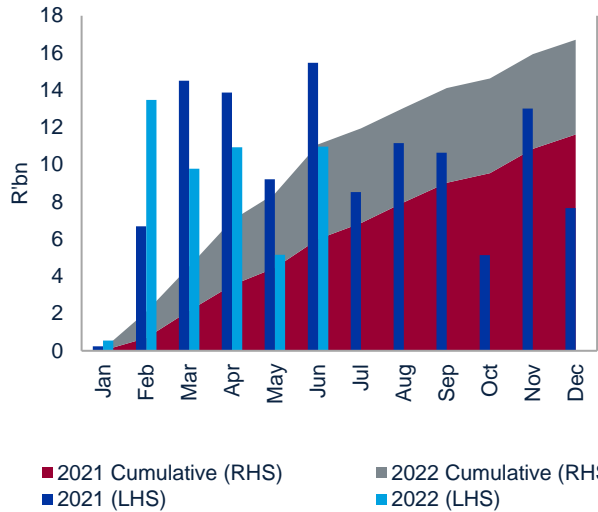


Country	Import Cover	3m chg
South Africa	5.3	0.0%
Nigeria	8.5	(1.8%)
Angola	7.8	(1.8%)
Ghana	3.7	(15.9%)
Kenya	4.7	1.7%
Tanzania	4.7	(23.0%)
Uganda	4.0	(2.4%)
Mozambique	4.5	(11.8%)
Zambia	4.4	0.0%

- **The FX reserves 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 reserves decreased to USD58.9bn** due to a decrease in the value of gold, SDRs and forward position after raising the proceeds of USD3bn from Eurobond sales in Apr'22
- **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 USD8.0bn and has been declining since Nov'21** due to higher dividend repatriations by corporates, and increased external debt repayments by the government
- **Tanzania reserves declined to USD5.2bn and has been declining since Nov'21**, due to elevated prices for key commodities and high imports requirements, as well as debt repayment by the government



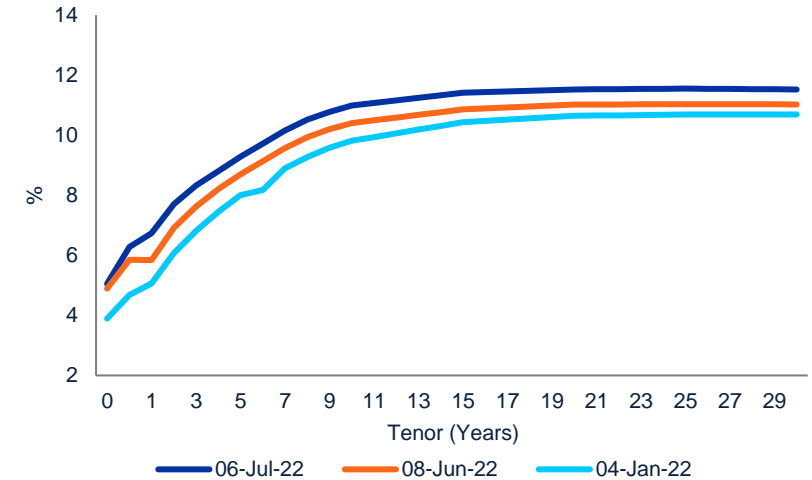
Bond Issuances & Recent Bond Issuances



Settlement date	Issuer Name	Amount (ZAR'bn)	Tenor	*Spread (bps)
28-Jun-22	Daimler Truck	0.410	1yr	92
		1.090	3yr	109
27-Jun-22	Absa	0.439	3yr	120
		1.098	5yr	143
		1.032	7yr	155
24-Jun-22	Bidvestco	0.456	3yr	120
23-Jun-22	Old Mutual	0.626	5yr	139
21-Jun-22	Discovery	1.110	5yr	155
21-Jun-22	Discovery	0.792	5yr	173
13-Jun-22	BNP	0.226	7yr	180
14-Jun-22	BNP	2.000	91 days	65
14-Jun-22	BNP	0.500	73 days	80
10-Jun-22	Growthpoint	0.250	3yr	128
		0.550	5yr	155
03-Jun-22	eThekweni	0.500	10yr	R2 032 + 74
03-Jun-22	eThekweni	0.500	15yr	R2 037 +145
01-Jun-22	SANRAL	1.000	13.2yr	R209

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

Government Yield Curve Movement (%)

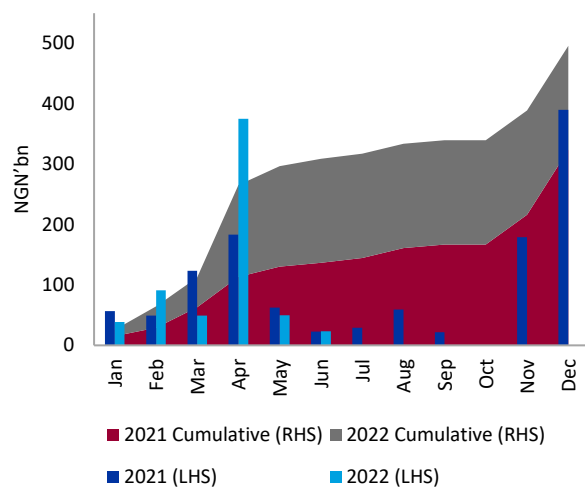


- Gross issuance of bonds and CP totalled R13.54 in Jun'22 up 80.53% m-o-m and down 13.98% y-o-y. The corporate sector accounted for R5.93bn (or 44%) of all issuances, where BNP led the issuances with a R2.5bn issuance in a private placement. The financial sector accounted for R4.70bn (or 35%) of all the issuances, where Absa led the issuances with a R2.57bn Green bond. The Notes were oversubscribed between 1.3x - 2.4x, 1.9x (received total bids of R4.27bn)
- Discovery placed 2 senior unsecured Notes in the market, across the 5 and 7-year tenors, raising R1.01bn. The 5-year cleared at 173bps which was 18bps wider than the DSY02 tap issuance in Nov'19, while the 7-year cleared at 180bps which was 5bps wider than DSY04 tap issuance in Nov'19
- Bidvestco came back to market, after their last auction in Oct'19, achieving a subscription cover ratio of 4.12x. From a pricing perspective the 3-year cleared at 120bps in 2022 vs 117bps in 2019, and 5-year cleared at 139bps in 2022 vs 132bps in 2019. It must be noted that Moody's did upgrade their long-term rating in Apr'22 from Aa1.za to Aaa.za
- Daimler Truck Southern Africa came to market with their inaugural issuance, raising R1.5bn across a 1-year and 3-year. The book was well received, with a 2.5x subscription cover ratio and the spreads cleared at the bottom end of price guidance for the 1-year at 92bps, while the 3-year cleared through guidance at 109bps. Similar to MBSA, bank participation was also a key feature with the bid/allocation proportion being 33%/37%

- Both the Rand and bonds have buckled under global pressure recently, but the Rand weakened broadly in line with peers while longer-dated bonds underperformed peers and fair value estimates
- The risk has now increased of the SARB accelerating rate hikes, with a 75bps increase plausible at the July MPC meeting. The committee's discussion of and views on inflation expectations will be particularly important
- The difference in spread between the 2-year and 10-year SA Govi Bond is currently 328bps, tighter than the movement seen in May'22 (332bps)
- The R186 has returned to the steady levels from the significant increases seen in May'22 and is currently at 8.78% (118bps tighter than a month ago)
- U.S. Treasury yields slipped as the Federal Reserve and central banks around the world indicated they would get more aggressive in their bid to curb rising inflation. The yield on the benchmark 10-year Treasury note rose over 6bps to 2.98%, while the yield on the 30-year Treasury bond was up 4bps to 3.17%
- Fed frontloaded its tightening by announcing a 75bps rate hike (the biggest jump since 1994) after disappointing inflation data. The Fed has flagged either a 50bps or 75bps hike in the next FOMC meeting in Jul'22



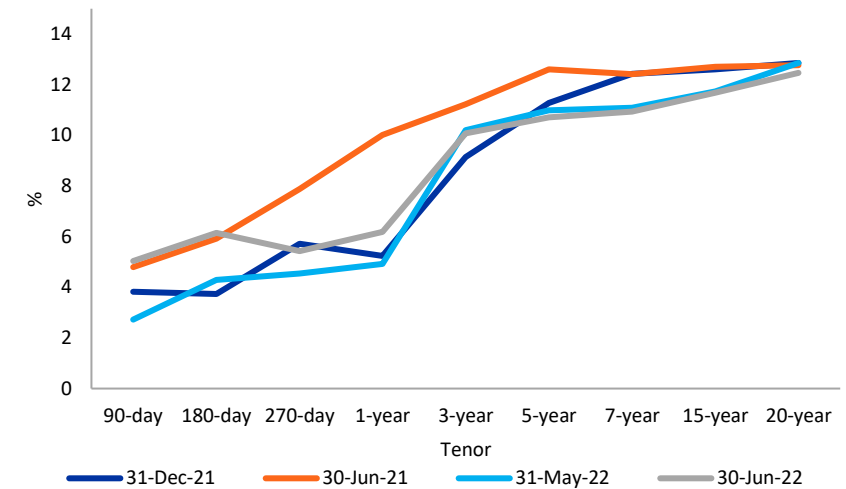
Bond Issuances & Recent Bond Issuances



Settlement Date	Issuer Name	Amount	Tenor	Issue Yield (%)	Spread*
		(NGN'bn)			(bps)
20-Jun-22	Fidson Healthcare Plc	2.00	270d	12.00%	628
15-Jun-22	Eunisell Limited	4.00	270d	13.00%	732
07-Jun-22	TrustBanc Holdings Limited	2.11	180d	12.00%	811
		3.74	270d	13.50%	730
07-Jun-22	Valency Agro Nigeria Limited	5.64	269d	14.00%	930
01-Jun-22	Neveah Limited	2.14	180d	14.50%	1,021
		3.58	231d	17.00%	1,246

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

Government Yield Curve Movement (%)



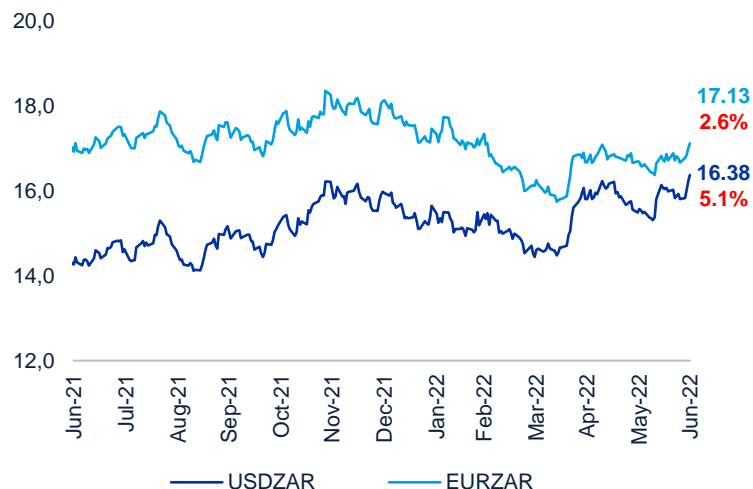
- Gross issuance of bonds and CP totalled NGN23.21bn in Jun'22, up 2.75% y-o-y from NGN22.59bn in Jun'21, and down 53.48% m-o-m from NGN49.49bn in May'22. A decline in issuance size compared to May'22 is due to the repricing in yields following the monetary policy rate hike in May'22. Large frequent issuers in the Nigerian Debt Capital Markets have also accessed the market in Q1 – Q2'22 ahead of their expectation of higher yields in the Fixed Income Market
- The Federal Government of Nigeria (“FGN”) Bonds Primary Market Auction (“PMA”) in Jun'22 saw NGN226.13bn issued across 3yr, 10yr and 20yr tenors at stop rates of 10.10%, 12.50% and 13.15% respectively, representing a 10bps, 5bps and 15bps increase from the May'22 auction for those tenors
- The Treasury Bill Auction in Jun'22 reflected the desire of the Debt Management Office (“DMO”) to curtail short term rates, despite the policy rate adjustment. The stop rates for all tenors on offer printed lower from the May'22 auction, with the 91-day at 2.40%, the 182-day at 3.79% and the 364-day paper at 6.07%
- Moderate corporate activity is expected in Q3'22 in light of the uptick in yields and higher investor appetite for yields. Corporates who seek to finalise their debt capital market activities are expected to actively take action in Jul'22 ahead of any further unexpected policy rate adjustment to curb the rising inflation

- Jun'22 saw an uptick in yields at the short end of the curve, with a slight retracement at the mid to long end when compared to May'22 yield levels. Tight liquidity prompted selloffs at the shorter end, while the Bonds market settled following pricing in of the policy rate hike in May'22. From a YTD and y-o-y perspective, there remains a contraction across most tenors on the yield curve
- Headline inflation rose by 89bps to 17.71% y-o-y in May'22, representing the highest inflation since Jun'21. The inflationary pressures are expected to persist in June as rising energy prices continue to impact the core inflation bucket

PERFORMANCE OF REGIONAL CURRENCIES (1/3)



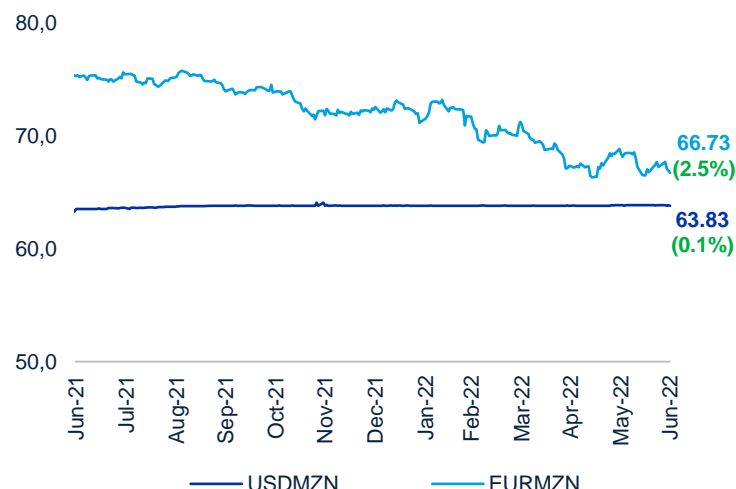
South Africa



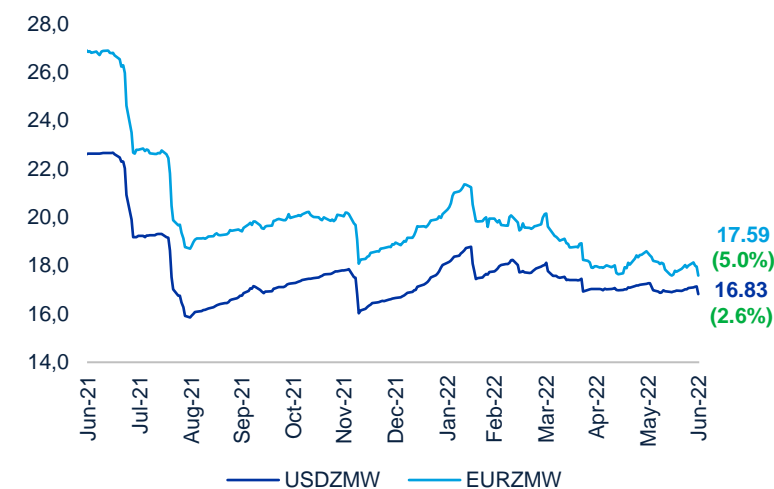
Note: Currency rate changes shown are on a monthly basis



Mozambique



Zambia



Regional Forex Market Update

South Africa

- **ZAR depreciated by 5.1% against the USD to 16.38 its lowest in 19 months in Jun'22**, as Eskom implemented Stage 6 loadshedding following multiple plant breakdowns due to labour protests over wages
- **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

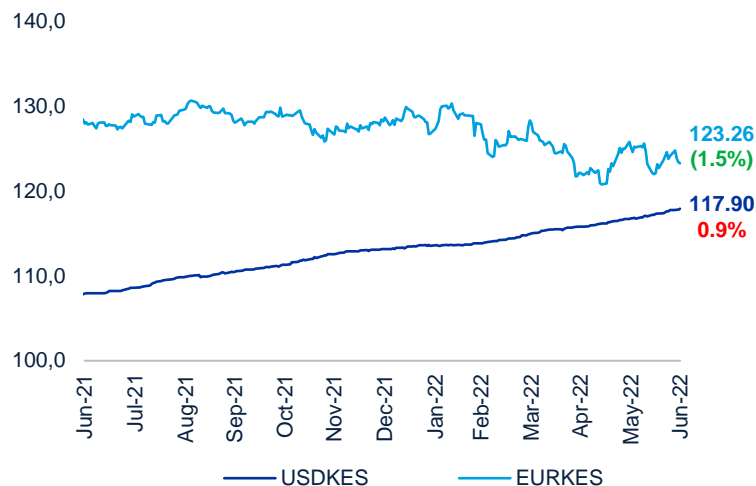
Zambia

- **ZMW has appreciated recently**, partly driven by China committing to join a creditors' committee to restructure c.USD17.3bn of Zambia's external debt
- **ZMW is likely to remain range-bound** supported by improved supply of dollars from exporters and the central bank

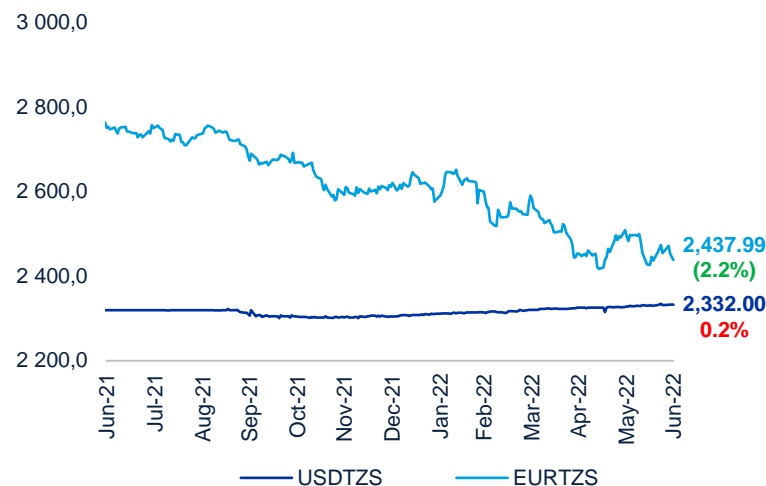
PERFORMANCE OF REGIONAL CURRENCIES (2/3)



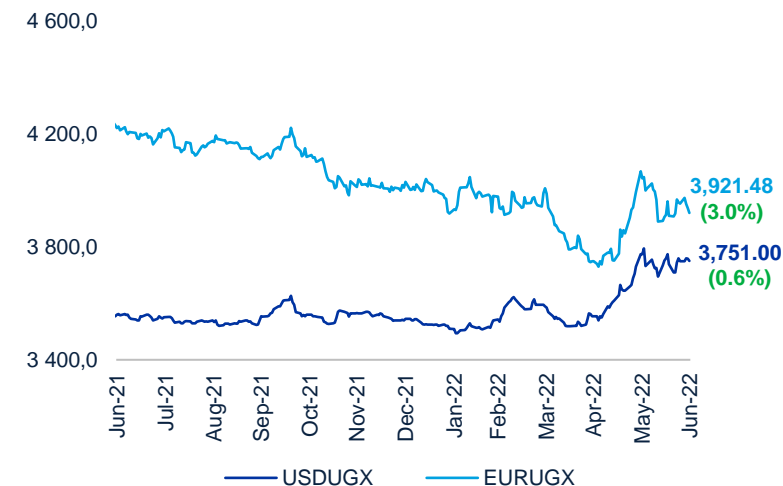
Kenya



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** due to dollar demand from the manufacturing sector in excess of inflows from remittances and tea exporters
- **KES is expected to weaken further**, ending 2022 at KES 119-121, due to a deeper trade deficit, higher dividend repatriations by corporates, and increased external debt repayments by the government

Tanzania

- **TZS is expected to weaken in 2022**, ending Dec'22 at TZS 2321-2333, due to a deeper trade deficit, dividend repatriations and external debt repayments
- **The reports of FX illiquidity are now more pronounced** and there might even be a similarly sharp depreciation in 2022 to attract USD from exporters and alleviate liquidity problems

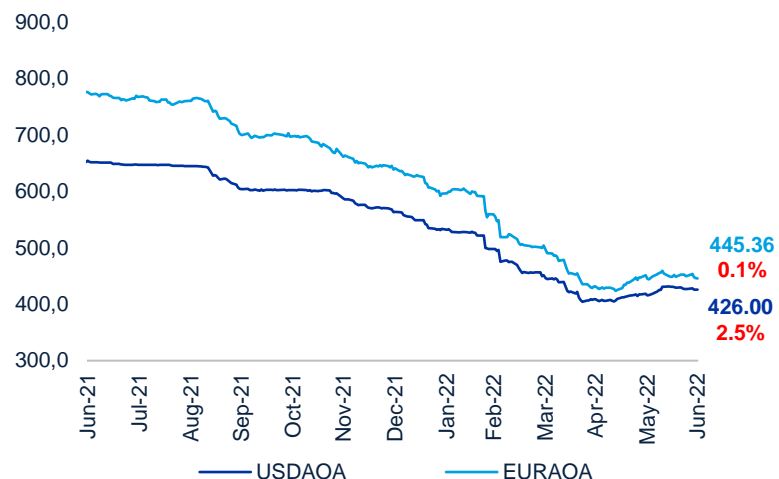
Uganda

- **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
- **Furthermore, UGX bond yields continue to rise** amidst the growing likelihood of monetary policy tightening by the BOU's MPC, which could help the foreign portfolio investment to recover by Q4'22

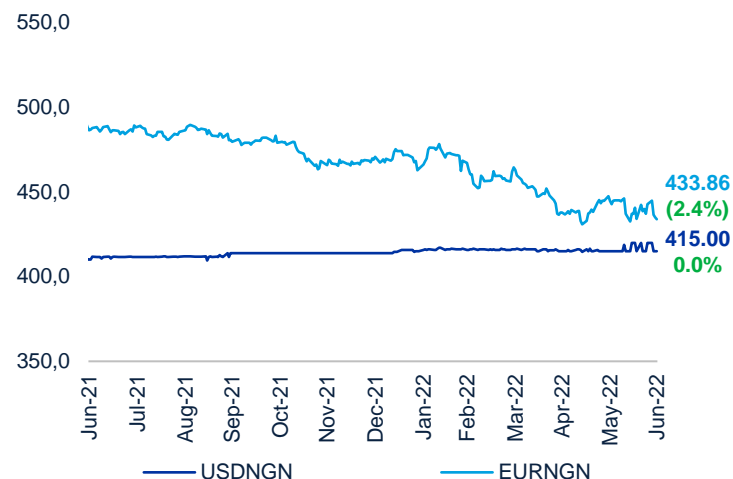
PERFORMANCE OF REGIONAL CURRENCIES (3/3)



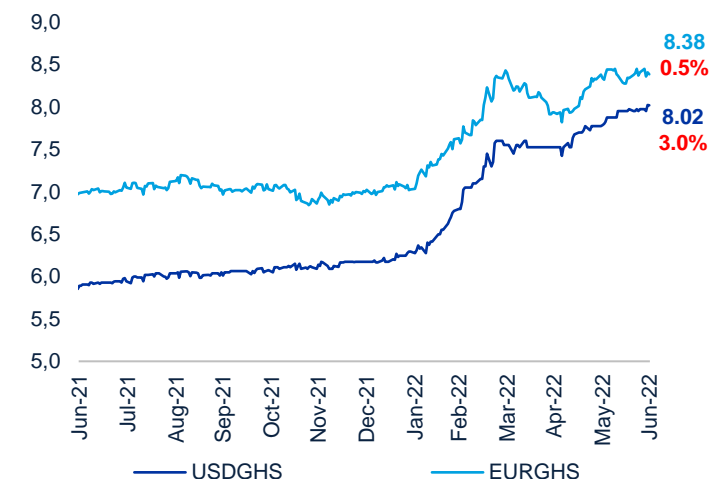
Angola



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 22 Apr, purchasing USD600m at an FX rate of AOA400 to reduce excess FX liquidity; this cooled the pace of AOA appreciation

Nigeria

- NGN is expected to remain under pressure, due to anticipated pressure on foreign exchange amid electioneering activity coupled with weak petrodollar earnings
- NGN/USD has depreciated to an all time low of NGN424 at the I&E FX window, the nation's official foreign exchange market window, amid shortage of dollars driven by increased demand

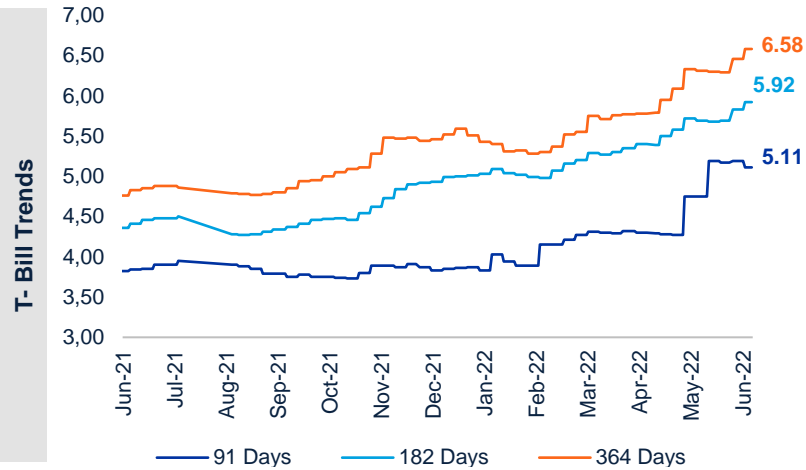
Ghana

- GHS has been under pressure, losing more than 21% since the start of 2022, as analysts warn of a looming debt crisis amid 18 years high inflation of 27.6% in May'22
- GHS seen foreign portfolio outflows since start of 2022, however, after the Mar'22 rate hike, the pair had stabilised around GHS7.50

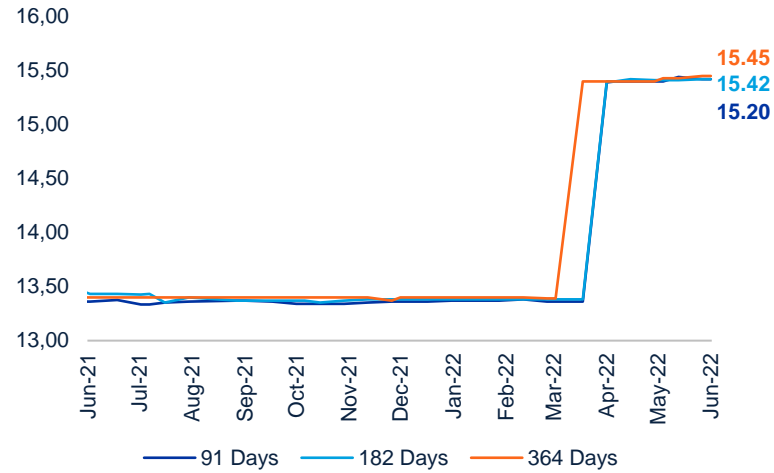
T-BILL & REFERENCE RATE TRENDS (1/3)



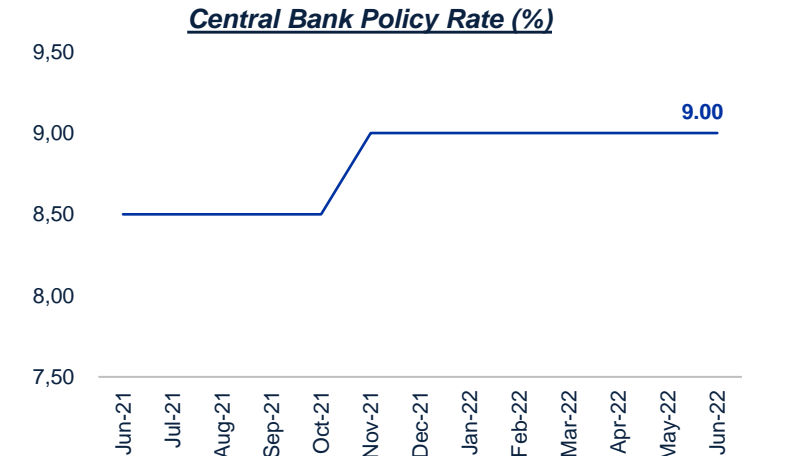
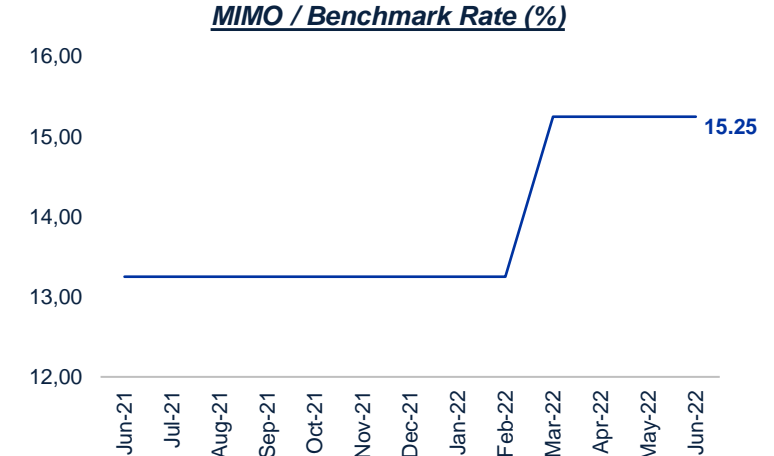
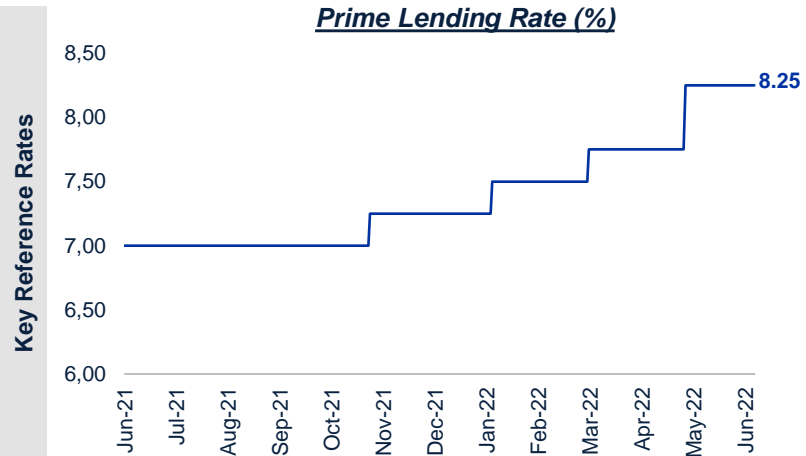
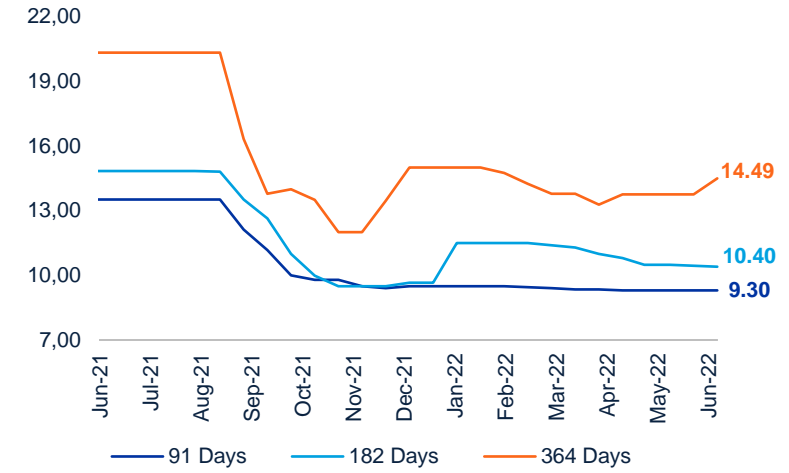
South Africa



Mozambique



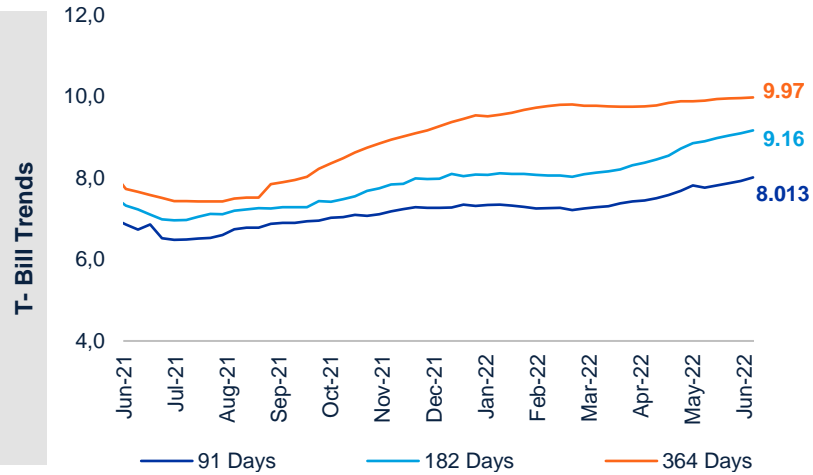
Zambia



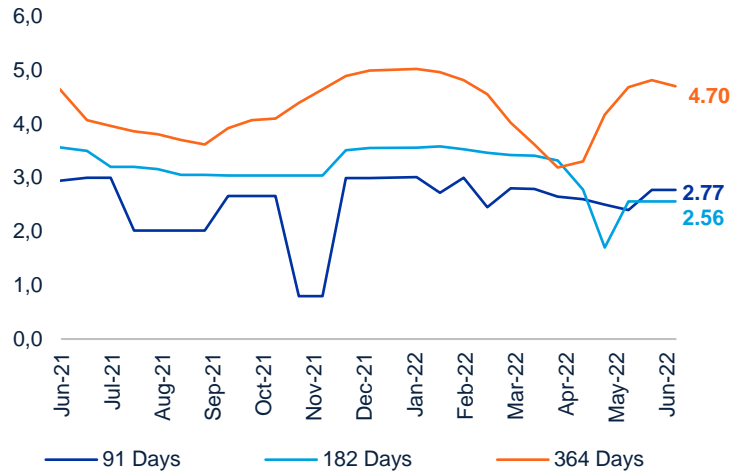
T-BILL & REFERENCE RATE TRENDS (2/3)



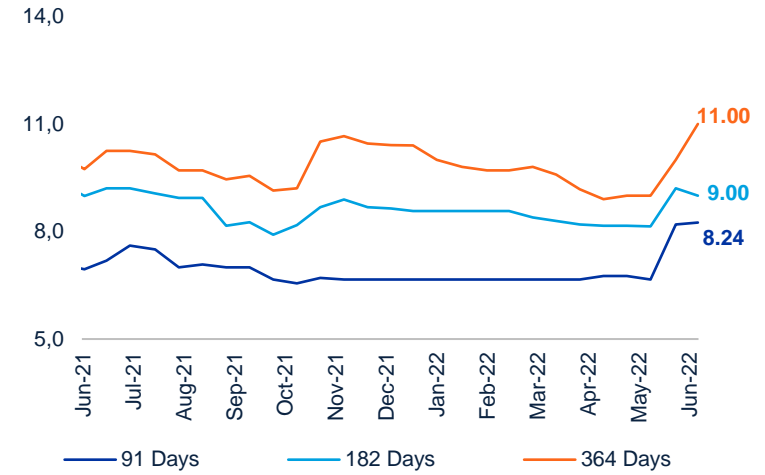
Kenya



Tanzania

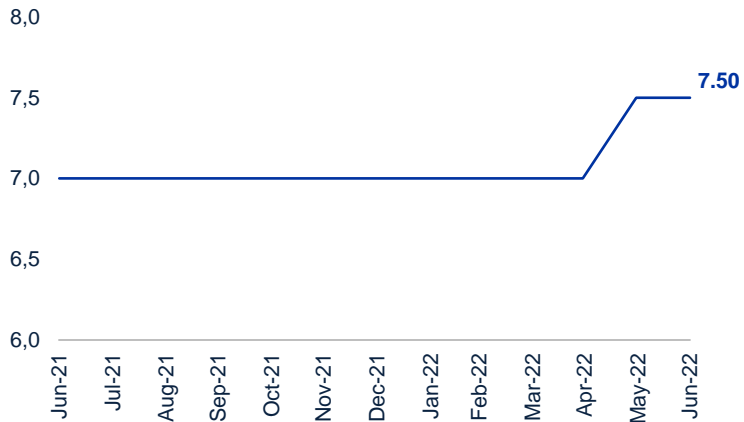


Uganda

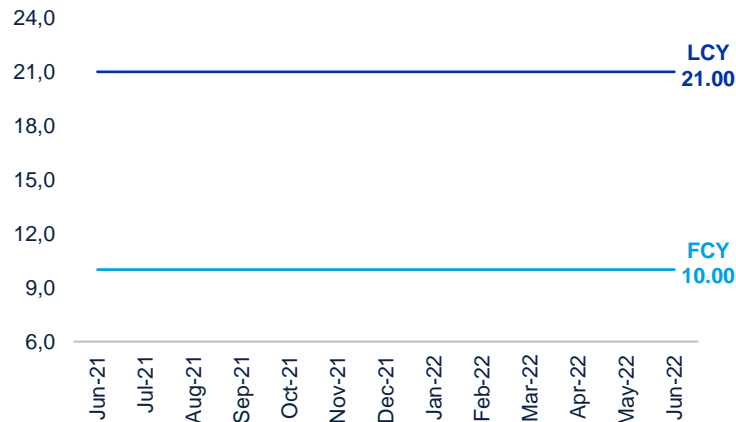


Key Reference Rates

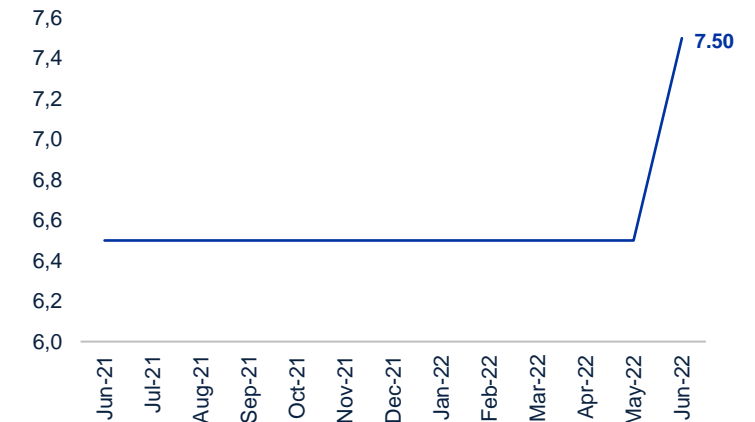
Central Bank Rate (%)



Stanbic Tanzania FCY & LCY Rate (%)



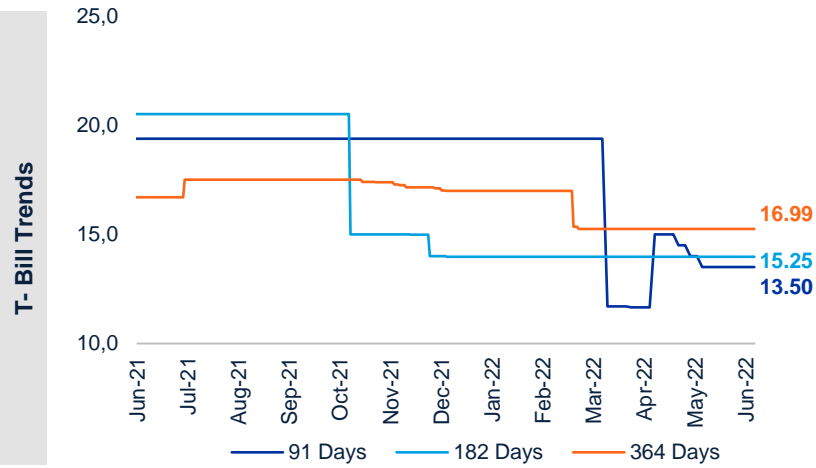
Central Bank Rate (%)



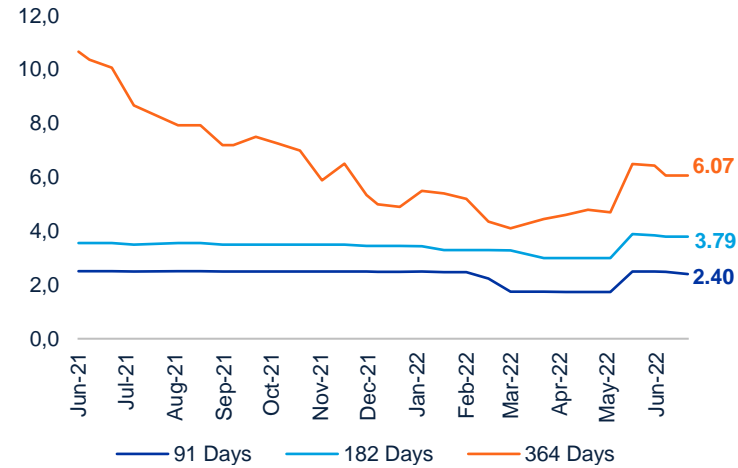
T-BILL & REFERENCE RATE TRENDS (3/3)



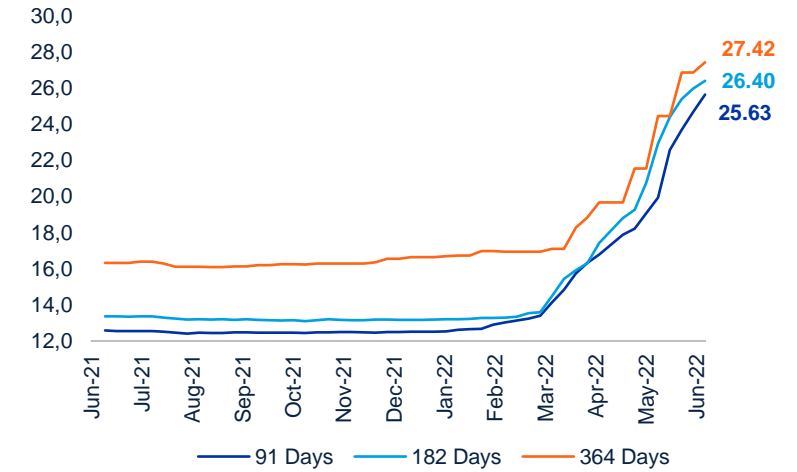
Angola



Nigeria

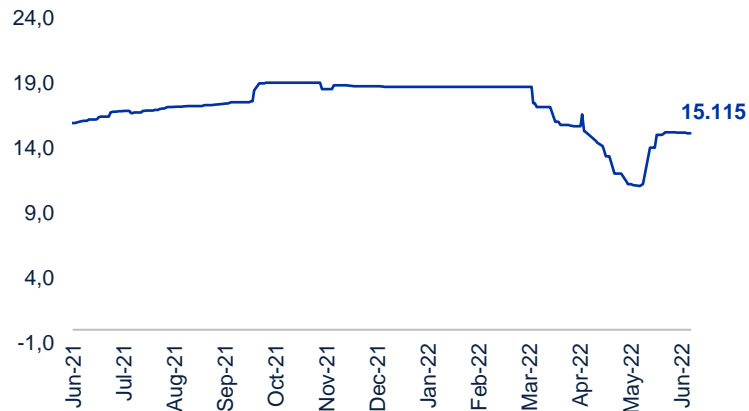


Ghana

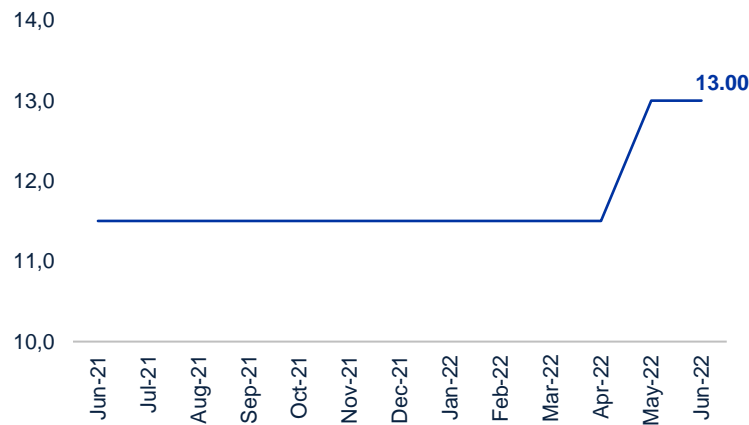


Key Reference Rates

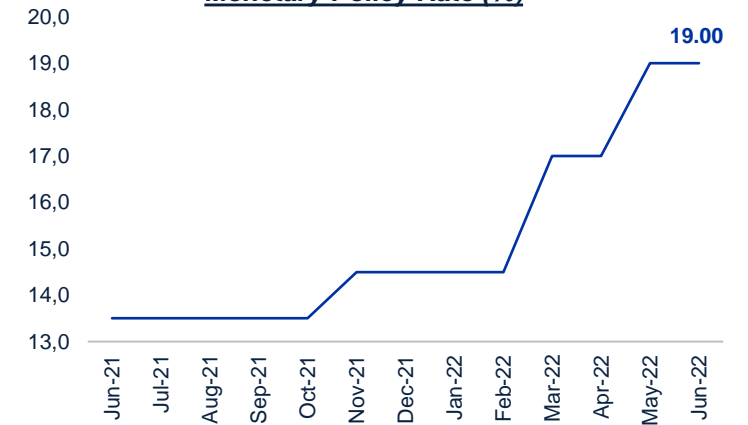
LUIBOR Overnight Rate (%)



Monetary Policy Rate (%)



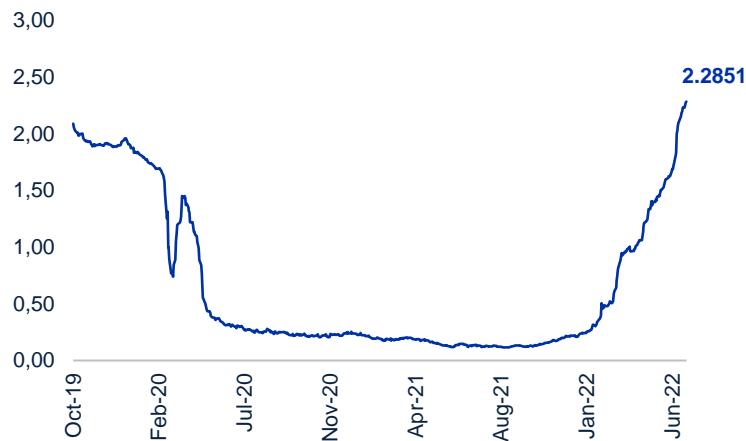
Monetary Policy Rate (%)



IBORS AND THEIR REPLACEMENT RATES



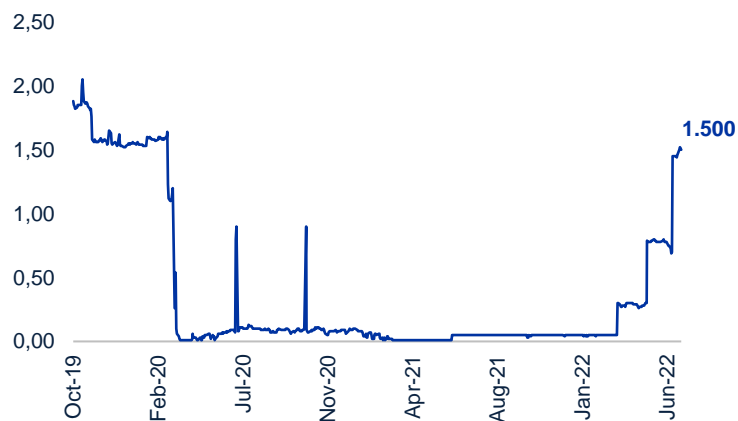
USD LIBOR



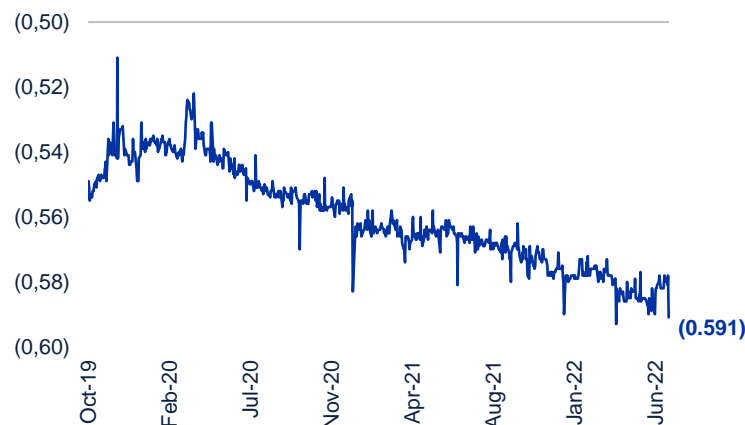
EURIBOR



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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