

Weekly Market Recap

Market Performance

The best performer YTD within the African Sovereign Eurobonds space is Zambia (16.7%), while the worst performing country is Senegal (-12.9%) (Refer to Chart 1).

Meanwhile, **all** African local currency bond markets have delivered **positive** returns in USD terms. Ghana was the best performing country (81.1%) while Botswana (2.4%) performed the poorest (Refer to Chart 2).

Weekly Commentary

African local currency markets delivered mixed returns last week as a stronger U.S. dollar, driven by renewed tariff threats, put pressure on many currencies. While bond prices generally held firm, currency weakness weighed on overall returns in some markets.

Nigeria continued its strong momentum, delivering total returns of **2.51%** for the week. Yields on the 10-year bond dropped 52bps to 16.98%, supported by strong secondary market demand, a lighter borrowing calendar, and expectations of ongoing disinflation.

Ghana's bond market remained resilient with a **2.52%** rise in bond prices despite lower trading volumes. Investor sentiment was supported by World Bank disbursements and upcoming coupon payments, even as the cedi weakened marginally.

In Egypt, policy rates remained steady as inflation continued to ease. Headline CPI fell to 15.3% in Q2, with core inflation at 11.4%. The central bank remains cautious, closely monitoring the full impact of fiscal reforms.

On the FX front, Botswana adjusted its currency policy to allow the pula to weaken at a faster, controlled pace, raising the annual depreciation target from 1.51% to 2.76%, to support exports amid weaker diamond revenues and declining foreign reserves. Botswana manages the pula by gradually adjusting its value against a basket of major currencies, including the South African rand, US dollar, euro, British pound, Japanese yen, and Chinese yuan, to keep exports competitive and the economy stable. The currency now trades with more flexibility following a recent widening of its daily movement band.

Zambia's eurobonds rallied as markets priced in a sovereign credit recovery. Despite S&P maintaining a "Selective Default" rating, bond yields tightened to around 11%, reflecting investor optimism amid slowing inflation (14.1%), a 30% surge in copper production, and 4.5% GDP growth in Q1. Progress on debt restructuring under the G20 framework further supported sentiment.

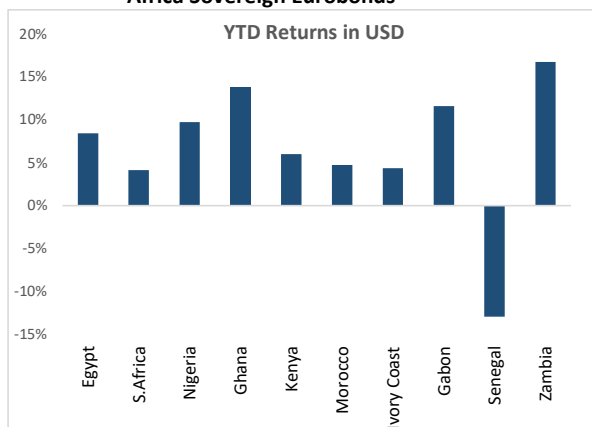
WEEKLY DATA CENTRE

STATISTICS

	Local Currency Yields					Economic Indicators				
	1-Yr	2-Yr	10-Yr	20-Yr	Δ 10yr yield	Policy Rate	GDP Growth Rate	CPI	C/A (% of GDP)	Fiscal Deficit
Egypt	25.78%	23.99%	22.73%	22.72%	-0.05%	24.00%	9.80%	14.90%	-5.30%	-7.10%
S. Africa	7.14%	7.77%	9.88%	11.22%	0.15%	7.25%	0.10%	2.80%	-0.60%	-5.00%
Nigeria	17.34%	17.13%	16.99%	16.36%	-0.52%	27.50%	10.00%	22.97%	-0.50%	-6.10%
Ghana	17.89%	17.86%	17.92%	17.93%	-0.66%	28.00%	1.40%	13.70%	1.40%	-4.80%
Kenya	9.74%	10.43%	13.20%	13.49%	-0.01%	9.75%	0.80%	3.80%	-1.30%	-4.90%
Namibia	7.94%	8.08%	10.83%	11.96%	-0.03%	6.75%	-3.19%	3.70%	-15.30%	-3.90%
Botswana	6.65%	6.88%	9.30%	10.93%	-0.01%	1.90%	-0.10%	1.90%	-7.30%	-9.00%
Zambia	14.03%	15.66%	19.46%	20.07%	0.27%	14.50%	0.00%	14.10%	-1.00%	-3.50%
Mauritius	4.92%	5.17%	5.62%	6.09%	0.00%	4.50%	0.90%	5.40%	-4.20%	-5.70%
Morocco	2.17%	2.20%	2.72%	3.35%	-0.03%	2.25%	1.10%	0.40%	-2.80%	-3.90%

RETURNS

Africa Sovereign Eurobonds

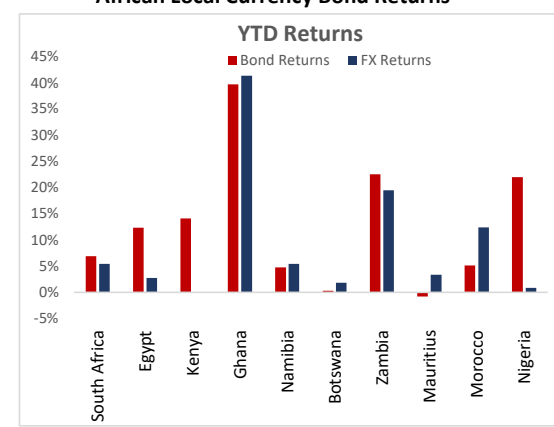


Country	Egypt	S. Africa	Nigeria	Ghana	Kenya	Morocco	Ivory Coast	Gabon	Senegal	Zambia
YTD	8.4%	4.1%	9.7%	13.8%	6.0%	4.7%	4.3%	11.6%	-12.9%	16.7%

Chart 1: African Eurobonds YTD Performance

Source: Bloomberg, MCBIM as at 14 July 2025

African Local Currency Bond Returns

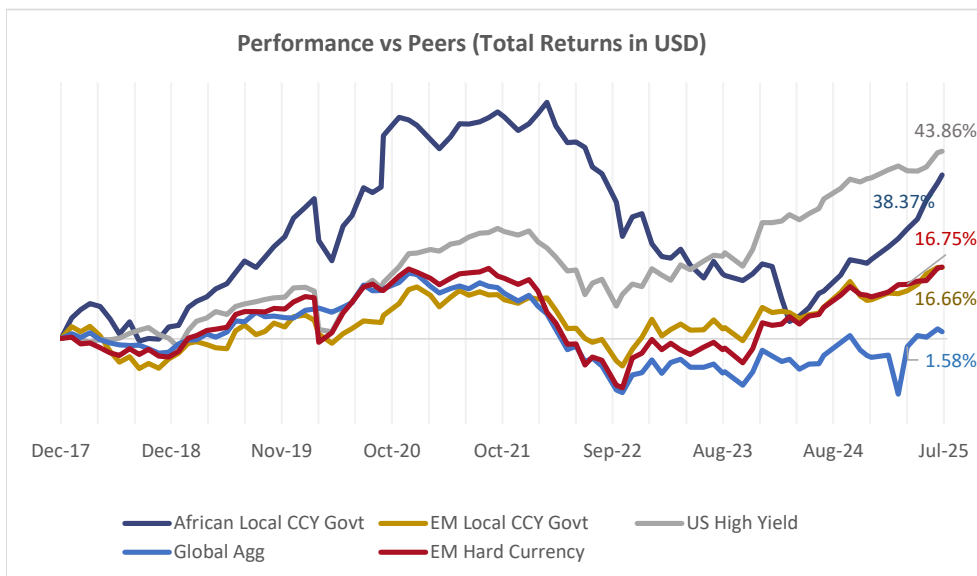


Returns	South Africa	Egypt	Kenya	Ghana	Namibia	Botswana	Zambia	Mauritius	Morocco	Nigeria
Bond	6.9%	12.3%	14.1%	39.7%	4.7%	0.3%	22.5%	-0.8%	5.1%	22.0%
FX	12.4%	15.0%	14.1%	81.1%	10.2%	2.1%	42.0%	2.6%	17.6%	22.8%

Chart 2: African Local Currency bonds and FX YTD Performance

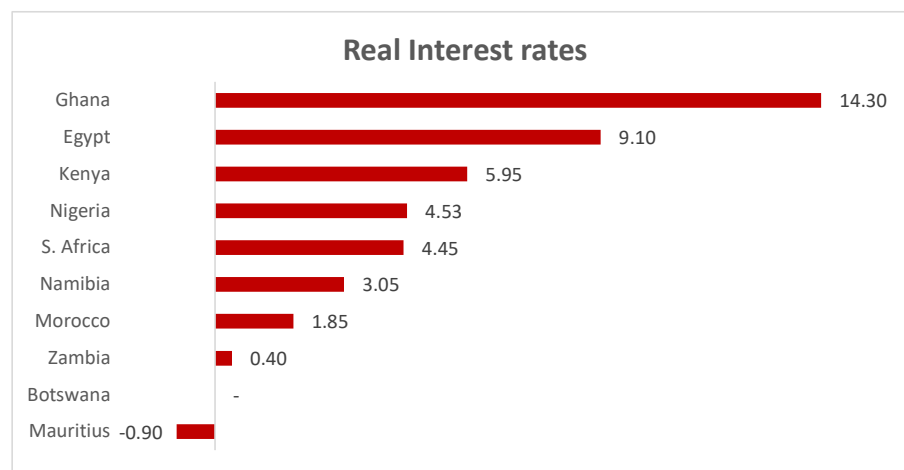
Source: Bloomberg, MCBIM as at 14 July 2025

Performance vs Peers (Total Returns in USD)



Source: Bloomberg, MCBIM as at 14 July 2025

Chart of the week



Real interest rates remain positive across most African economies in focus, offering investors inflation-beating returns. At the same time, these high real rates give central banks room to ease monetary policy as inflation trends lower, potentially supporting further bond market gains.

Source: Trading Economics, MCBIM

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YTD: Year to date
 MTD: Month to date
 LCY: Local Currency

GDP: Gross Domestic Product
 CPI: Consumer Price Index

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