

## Weekly Market Recap

### Market Performance

The **best** performer YTD within the African Sovereign Eurobonds space is **Zambia (17.3%)**, while the **worst** performing country is **Senegal (-3.8%)** (Refer to Chart 1).

Meanwhile, most African local currency bond markets have delivered **positive** returns in USD terms. **Ghana** was the best performing country (**85.3%**) while **Botswana (-1.4%)** performed the poorest (Refer to Chart 2).

### Weekly Commentary

**Nigeria stayed on top** last week with the highest total return at **2.06%**. Bond yields dropped sharply (10-year down 54bps to 15.53%) as investors welcomed the country's long-awaited GDP rebasing, which showed the economy is bigger than previously reported. Growth is holding up; Q1 GDP rose 3.1%, services are driving activity, and inflation eased for a third month to 22.2%.

The central bank kept rates at 27.50% but hinted it may start cutting as early as September if inflation trends continue. The naira slipped slightly (-0.22%) but didn't spoil the rally.

Ghana had another good week, up **1.74%**, thanks to strong bond demand after Fitch upgraded the country's rating and the IMF released fresh funding. The cedi weakened a bit (-0.29%), but sentiment remains positive as the government moves from "stabilisation" to "execution mode", planning new bond issuance and debt management tools.

Moody's left Kenya's Caa1 rating and positive outlook intact but flagged a major pain point, interest costs now consume over 30% of government revenue, highlighting strained debt sustainability. Kenya's fiscal position remains under pressure, last year's deficit reached 5.7% of GDP, well above target, and with this year's goal set below 5%, the plan to cover two-thirds of the shortfall through domestic borrowing could add strain to local bond markets.

On the external side, there's a silver lining: FX reserves climbed to US\$11bn (4.8 months import cover), thanks to strong remittances, softer imports, and solid exports. But confidence took a hit after the World Bank froze a US\$750m loan over delayed reforms, including anti-graft measures and tighter fiscal controls. The immediate risk is that Kenya may need to borrow more at home, which could raise funding costs and keep liquidity tight.

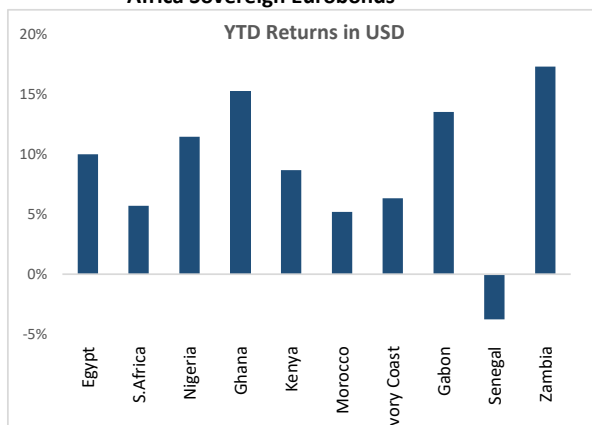
## WEEKLY DATA CENTRE

### 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	25.74%	23.91%	22.78%	22.76%	0.03%	24.00%	9.80%	14.90%	-5.30%	-7.10%
S. Africa	6.89%	7.74%	9.83%	11.09%	-0.10%	7.25%	0.10%	3.00%	-0.60%	-5.00%
Nigeria	17.05%	16.49%	16.04%	15.53%	-0.54%	27.50%	10.00%	22.22%	-0.50%	-6.10%
Ghana	14.83%	15.02%	17.74%	17.33%	0.37%	28.00%	1.40%	13.70%	4.40%	-4.80%
Kenya	9.78%	10.41%	13.24%	13.54%	0.03%	9.75%	0.80%	3.80%	-3.60%	-4.90%
Namibia	7.95%	8.13%	10.90%	11.98%	-0.02%	6.75%	-3.19%	3.70%	-15.30%	-3.90%
Botswana	6.69%	6.94%	9.31%	10.93%	0.01%	1.90%	-0.10%	2.00%	-7.30%	-9.00%
Zambia	14.07%	15.73%	19.62%	20.22%	-0.05%	14.50%	0.00%	14.10%	-1.00%	-3.50%
Mauritius	4.94%	5.11%	5.57%	6.07%	0.00%	4.50%	0.90%	5.40%	-4.20%	-5.70%
Morocco	2.19%	2.21%	2.72%	3.34%	-0.01%	2.25%	1.10%	0.40%	-2.80%	-3.90%

### RETURNS

#### Africa Sovereign Eurobonds

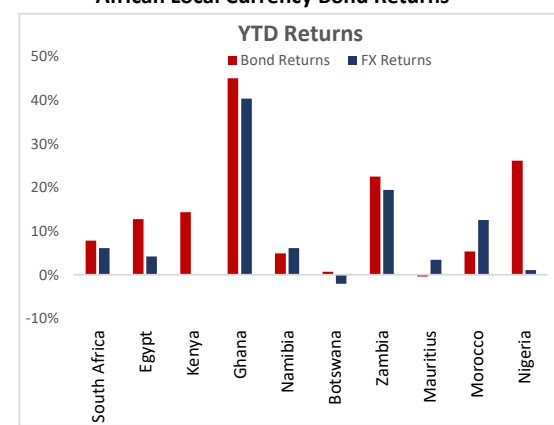


Country	Egypt	S. Africa	Nigeria	Ghana	Kenya	Morocco	Ivory Coast	Gabon	Senegal	Zambia
YTD	10.0%	5.7%	11.4%	15.2%	8.7%	5.2%	6.3%	13.5%	-3.8%	17.3%

Chart 1: African Eurobonds YTD Performance

Source: Bloomberg, MCBIM as at 28 July 2025

#### African Local Currency Bond Returns

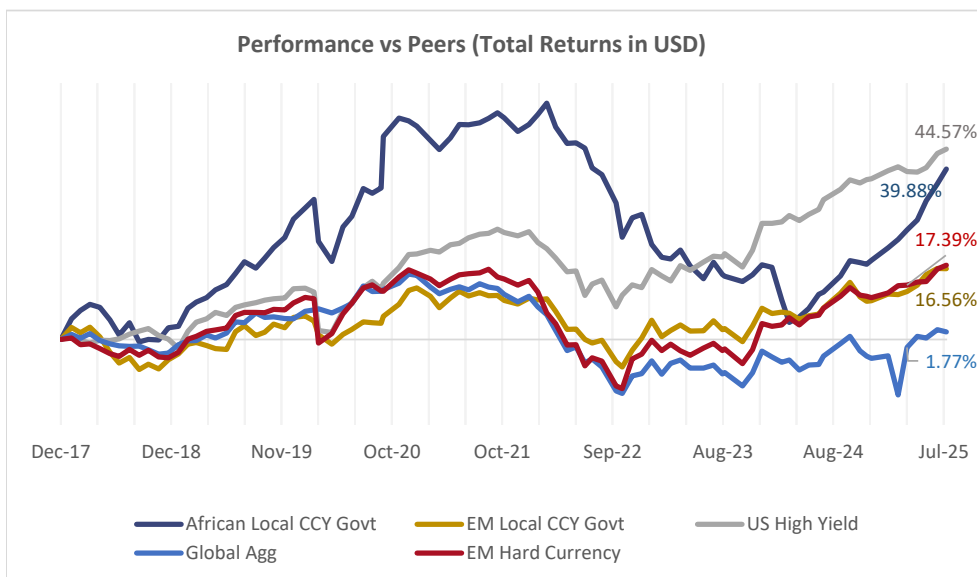


Returns	South Africa	Egypt	Kenya	Ghana	Namibia	Botswana	Zambia	Mauritius	Morocco	Nigeria
Bond	7.8%	12.7%	14.3%	45.0%	4.9%	0.6%	22.5%	-0.4%	5.4%	26.1%
FX	6.1%	4.2%	0.0%	40.3%	6.1%	-2.1%	19.4%	3.4%	12.5%	1.1%
Total	13.9%	16.9%	14.4%	85.3%	11.0%	-1.4%	41.9%	3.0%	17.9%	27.2%

Chart 2: African Local Currency bonds and FX YTD Performance

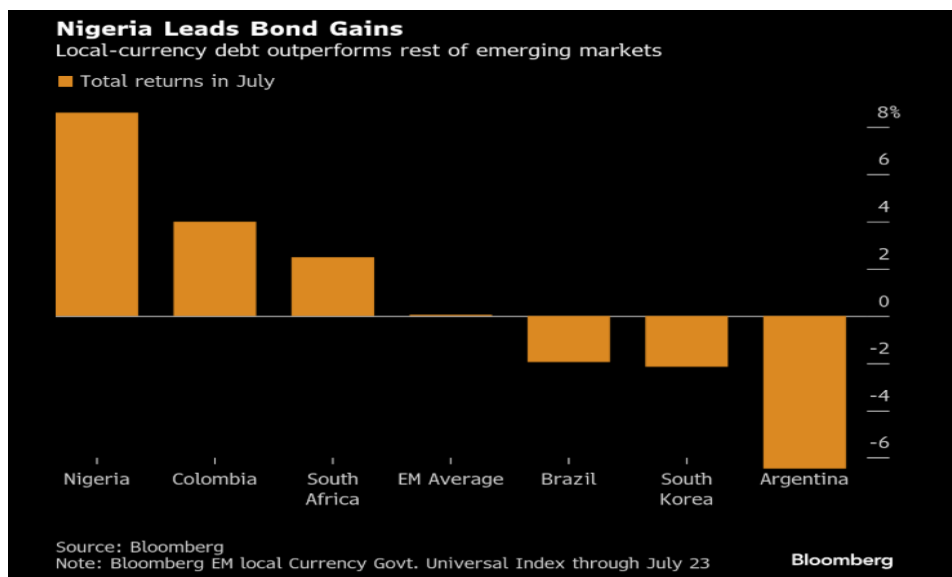
Source: Bloomberg, MCBIM as at 28 July 2025

## Performance vs Peers (Total Returns in USD)



Source: Bloomberg, MCBIM as at 28 July 2025

## Chart of the week



Source: Bloomberg

For enquiries, please contact

**Abhimanyu Yadav- Head of Fixed Income**  
[abhimanyu.yadav@mcbcm.mu](mailto:abhimanyu.yadav@mcbcm.mu)

**Akshita Pokhun- Fund Manager**  
[akshita.pokhun@mcbcm.mu](mailto:akshita.pokhun@mcbcm.mu)

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

GDP: Gross Domestic Product  
 CPI: Consumer Price Index

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