MCB Capital Markets

Weekly Market Recap

Market Performance

The Africa Eurobond Index rose by **+4.53% YTD**, driven by Gabon (+21.4%), Zambia (+10.6%) and Nigeria (+5.4%)

The **African Local Currency Bond Index** climbed **+5.22% YTD** in USD terms, with Zambia (+31.1%), Nigeria (+21.6%) and Kenya (+8.4%).

Weekly Commentary

African fixed income markets were mixed during the week. The U.S. dollar strengthened after the Federal Reserve raised rates by 25 basis points and signalled further policy tightening, with the DXY index rising 0.84%. Oil prices declined as concerns over potential supply disruptions from Saudi Arabia eased. Growth, inflation and external sector developments remained the key drivers of market performance.

South Africa (+0.73%) was supported by gains in both bonds and the rand. The rand strengthened against the U.S. dollar, due to stable commodity prices and tighter policy expectations. Consumer confidence improved to -13 in Q3 2026 from -19 in Q2, driven by positive expectations for economic conditions. Average inflation expectations for two years ahead, fell to 3.8% in Q3 2026 from 3.9% in Q2, despite higher energy prices. Markets expect the South African Reserve Bank (SARB) to raise rates by 25 basis points at its next meeting amid rising oil and fuel prices, despite resilient domestic demand and stable inflation expectations.

Botswana (+0.18%) posted gains as bond returns outweighed currency weakness. Annual inflation eased to 9.3% in August from 9.4% in July, driven by slower increases in transport, food, beverages and tobacco prices. However, the decline was limited due to higher electricity tariffs increased housing and utilities inflation.

Nigeria (+0.12%) recorded positive returns on bonds despite weakness in the naira. Current account surplus widened to USD7.5 billion in Q2 from USD4.5 billion in Q1, driven by stronger oil, gas and refined petroleum exports. Headline inflation remained unchanged at 15.4% in August, supported by a decline in food prices. Nigeria was assigned a 7.4% weighting in JPMorgan's GBI-EM Edge index, which tracks USD328 billion of debt across 26 countries. Similar to its previous inclusion in a JPMorgan bond index, foreign exchange inflows are expected to increase in the country over time.

Morocco (-1.50%) was the weakest-performing market during the week with losses in both bond and the currency. Year-on-year manufacturing production contracted by 4.5% in Q2 2026, driven by weaker output in the chemicals, electronics and clothing sectors. However, some industries remained resilient, with automotive production rising 6.0%, metallurgy 11.6% and food manufacturing 5.7%.

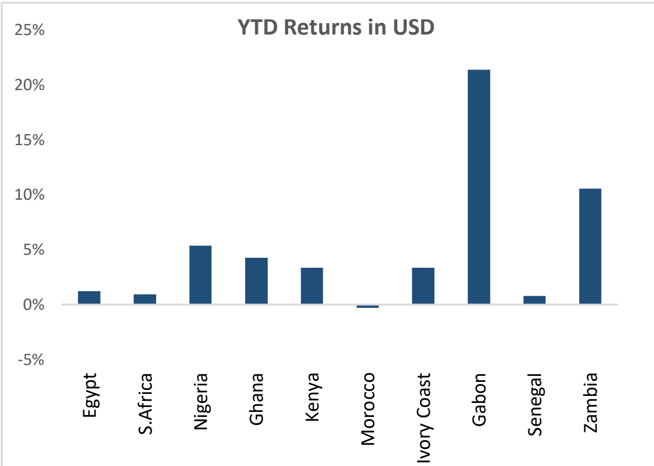
WEEKLY DATA CENTRE

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	25.2%	23.7%	21.5%	21.5%	0.0%	19.0%	5.0%	14.5%	-4.2%	-7.2%
S. Africa	7.1%	7.4%	8.9%	9.4%	-0.1%	7.0%	0.9%	4.3%	-0.5%	-4.5%
Nigeria	19.8%	16.6%	16.8%	15.1%	0.0%	26.5%	4.4%	15.4%	5.1%	-3.9%
Ghana	11.3%	13.3%	15.4%	15.4%	0.0%	14.0%	6.0%	5.0%	8.2%	-2.4%
Kenya	9.2%	10.3%	13.2%	13.7%	0.0%	8.8%	5.3%	6.6%	-2.1%	-5.8%
Namibia	8.2%	8.6%	10.6%	11.7%	-0.2%	6.8%	2.0%	5.0%	-15.3%	-6.6%
Botswana	8.4%	8.8%	11.2%	12.7%	-0.6%	5.5%	3.5%	9.3%	-4.3%	-7.6%
Zambia	13.4%	14.0%	15.5%	16.5%	0.1%	13.3%	7.7%	6.2%	-5.1%	-3.8%
Mauritius	4.3%	4.6%	5.5%	5.9%	0.0%	4.8%	2.0%	4.9%	-6.4%	-9.3%
Morocco	2.3%	2.4%	3.4%	3.8%	0.1%	2.3%	4.6%	-0.6%	-2.3%	-3.6%

RETURNS

Africa Sovereign Eurobonds

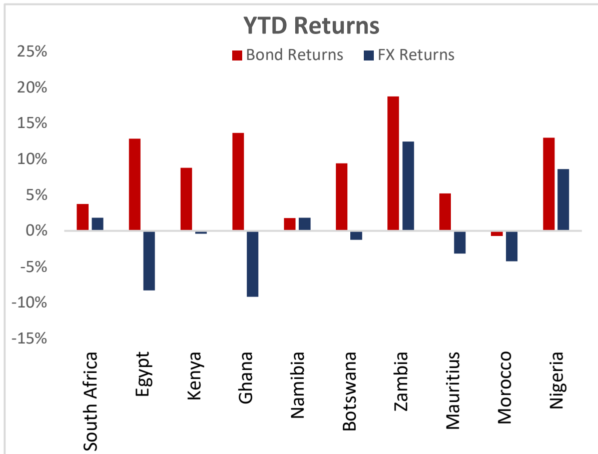


Country	Egypt	S.Africa	Nigeria	Ghana	Kenya	Morocco	Ivory Coast	Gabon	Senegal	Zambia
YTD	1.2%	0.9%	5.4%	4.3%	3.4%	-0.3%	3.4%	21.4%	0.8%	10.6%

Chart 1: African Eurobonds YTD Performance

Source: Bloomberg, MCBIM as at 21 September 2026

African Local Currency Bond Returns

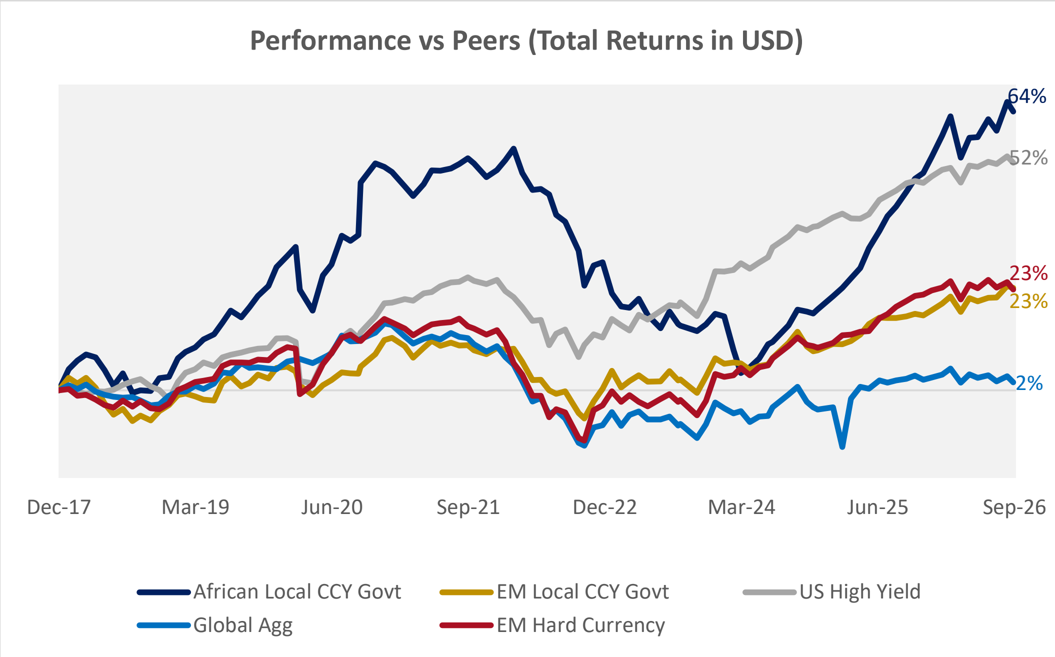


Returns	South Africa	Egypt	Kenya	Ghana	Namibia	Botswana	Zambia	Mauritius	Morocco	Nigeria
Bond	3.7%	12.8%	8.8%	13.6%	1.8%	9.4%	18.7%	5.2%	-0.7%	13.0%
FX	1.8%	-8.3%	-0.4%	-9.2%	1.8%	-1.3%	12.4%	-3.2%	-4.3%	8.6%
Total	5.5%	4.5%	8.4%	4.4%	3.5%	8.1%	31.1%	2.0%	-5.0%	21.6%

Chart 2: African Local Currency bonds and FX YTD Performance

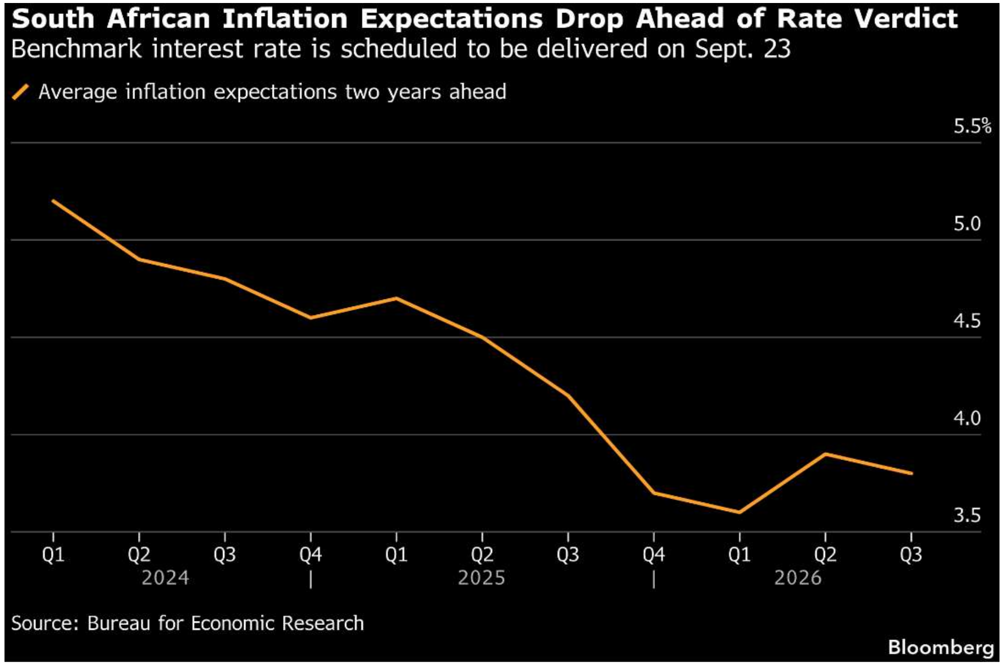
Source: Bloomberg, MCBIM as at 21 September 2026

Performance vs Peers (Total Returns in USD)



Source: Bloomberg, MCBIM as at 21 September 2026

Chart of the week



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YTD: Year to date
MTD: Month to date
LCY: Local Currency
GDP: Gross Domestic Product
CPI: Consumer Price Index