

## Pan African Monitor

### Weekly Wrap & Outlook

#### SSA Monetary Policy in 2021: Will the dovish way be sustained?

In the light of apparent fiscal policy limitations, and in a bid to keep the economy running in the wake of the global pandemic, government authorities used the monetary policy measures available to them to salvage their economies from the potential damage of the Covid-19 outbreak while the government focused on providing health care services and other forms of fiscal support to their economies.

Monetary policy took centre stage in many economies as central banks moved to provide emergency support facilities while adopting a broadly loose policy stance in line with global realities. Looking through the spectrum, reductions in policy rate was as high as 500bps in S/Sudan and Zambia, close to 300bps in S/Africa and the Rand Zone, 200 bps in Uganda, 150 bps in Ghana and 200bps in Nigeria (accompanied by massive liquidity injection via OMO maturities. Other measures included direct facilities intervention to SMEs and businesses directly affected by the pandemic, moral suasion to banks to increase or implement a moratorium on existing credits to buffer job losses and limit the financial burden on corporates.

In 2021, we expect monetary policy actions to remain broadly accommodative to spur growth and limit the impact of the pandemic from evolving into a W-shaped growth outcome in the face of limited vaccination for Africans as well as fiscal policy vulnerability. We imagine that monetary authorities will further ease or maintain policy rates at current level till Q2-2021 to allow the economy to recover fully before contemplating tightening from Q3 -2021.

#### Top African Stories

- South Africa Central Bank hold benchmark interest rate at 3.5% [Read Now](#)
- Nigeria approves release of \$16.9 million to set up oxygen plants amid COVID-19 surge [Read Now](#)
- Ghana president warns of health system overload as COVID cases soar [Read Now](#)
- Brazil's Vale hires banks to sell coal assets in Mozambique [Read Now](#)
- UK bans passengers from Tanzania, DRC to control spread of COVID variant [Read Now](#)
- Africa Trade Pact Secures \$1 Billion to Offset Revenue Losses. [Read Now](#)
- Libya to lean on foreign oil firms to fix rotting infrastructure [Read Now](#)

#### Looking Forward

##### Angola

MPC Meeting—January 28th

##### Ghana

Dec-2020 PPI YoY—January 22nd

Dec 2020 MPC Interest Rate Decision—January 25th

##### Kenya

Q3-2020 CPI YoY—January 29th

##### Morocco

Dec-2020 Inflation Rate YoY— January 22nd

##### South Africa

Dec-2020 PPI YoY—January 28th

Dec-2020 Money Supply YoY—January 29th

Sources: Bloomberg, United Capital Research

#### Contact us

**Research** | +234-1-631-7898

research@unitedcapitalplcgroup.com

**Trustees** | +234-1-631-7877

trustees@unitedcapitalplcgroup.com

**Securities Trading** | +234-1-631- 7891

securities@unitedcapitalplcgroup.com

**Investment Banking** | +234-1-631-7883

investmentbanking@unitedcapitalplcgroup.com

**Asset Management** | +234-1-631-7876

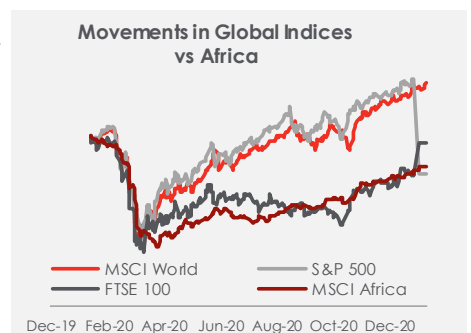
assetmanagement@unitedcapitalplcgroup.com

#### Disclaimer

United Capital Plc Research (UCR) notes are prepared with due care and diligence based on publicly available information as well as analysts' knowledge and opinion on the markets and companies covered; albeit UCR neither guarantees its accuracy nor completeness as the sole investment guidance for the readership. Therefore, neither United Capital (UCAP) nor any of its associates or subsidiary companies and employees thereof can be held responsible for any loss suffered from the reliance on this report as it is not an offer to buy or sell securities herein discussed. Please note this report is a proprietary work of UCR and should not be reproduced (in any form) without the prior written consent of Management. UCAP is registered with the Securities and Exchange Commission and its subsidiary, UBA Securities Limited is a dealing member of the Nigerian Stock Exchange. For enquiries, contact United Capital Plc, 3rd&4th Floor, Afriland Towers, 97/105 Broad Street, Lagos. © United Capital Plc 2015.\*

Equities	Level	Mcap (\$'bn)	WTD (local)	YTD (local)	P/E	P/B	Div. Yield
Botswana	6,883.4	3.3	0.0%	0.1%	9.7	1.3	5.4%
BRVM	131.6	7.5	-1.2%	-9.3%	8.2	1.1	8.6%
Egypt	11,654.6	21.6	1.8%	5.6%	12.5	1.6	2.7%
Ghana	1,994.7	9.5	1.3%	1.4%	na	1.2	nm
Kenya	155.6	21.3	0.7%	3.6%	11.6	1.6	4.3%
Mauritius	1,650.6	4.9	-0.2%	0.1%	na	0.3	1.2%
Morocco	11,515.0	66.5	1.7%	2.0%	27.5	2.5	3.2%
Nigeria	41,099.2	56.5	0.3%	2.1%	15.7	1.8	4.5%
South Africa	64,174.9	1,078.0	0.5%	7.2%	29.3	1.9	2.4%
Tunisia	6,700.9	6.7	-0.3%	-2.9%	20.3	2.2	0.6%
<b>Global Market</b>	2,765.6	107,770.2	1.0%	2.8%	34.3	3.0	1.8%
<b>Frontier Market</b>	586.2	--	-1.0%	3.5%	14.7	1.9	3.3%
<b>Emerging Market</b>	1,406.1	--	2.6%	5.2%	28.1	2.3	1.7%

Dollar Eurobonds	Amt Out (\$'bn)	Average YTM	WTD	YTD
Angola	8.0	8.6%	-0.18%	1.4%
Egypt	30.2	5.1%	-0.02%	-0.4%
Ghana	11.0	6.6%	0.06%	-0.5%
Ivory Coast	4.6	4.4%	0.00%	-0.9%
Kenya	6.1	5.4%	-0.02%	-0.8%
Morocco	2.3	2.6%	0.01%	-0.5%
Nigeria	11.2	3.5%	-1.48%	-2.6%
Senegal	2.9	4.1%	-0.07%	-0.5%
South Africa	20.0	4.3%	0.00%	-0.5%
Zambia	3.0	37.0%	2.16%	18.7%



Currencies (vs. USD)		Spot Rate	WTD	MTD	YTD	6M Forward	12M Forward
Angola	AOA: Kwanza	656.8	0.2%	-0.4%	-0.4%	na	na
Egypt	EGP: Pound	15.7	-0.1%	0.1%	0.1%	16.5	17.2
Ghana	GHS: Cedi	5.8	-0.1%	0.5%	0.5%	6.2	6.7
Kenya	KES: Shilling	110.0	0.0%	-0.4%	-0.4%	na	na
Mauritius	MUR: Rupee	39.5	-0.4%	0.4%	0.4%	na	na
Morocco	MAD: Dirham	8.9	-0.7%	-0.3%	-0.3%	9.0	9.0
Nigeria	NGN: Naira	381.0	0.2%	4.4%	4.4%	427.4	458.7
South Africa	ZAR: Rand	14.9	1.0%	-2.1%	-2.1%	15.4	15.7
Tunisia	TND: Dinar	2.7	0.4%	0.0%	0.0%	na	na
WAMU	CFA: Franc	540.2	-0.1%	-0.9%	-0.9%	na	na

Commodities		Spot Rate	WTD	MTD	YTD	52 Week High	52 Week Low
Brent Crude	USD/bbl.	56.1	-0.6%	6.9%	6.9%	64.6	16.0
Gold	USD/ t oz	1,865.9	0.8%	-1.8%	-1.8%	2,063.0	1,450.9
Copper	USD/lb.	364.8	-0.5%	2.8%	2.8%	373.4	206.0
Cocoa	USD/MT	na	--	--	--	2,870.0	2,115.0

Macro & Fixed Income	10Yr Bnd Yld	Inflation	Real Return	Policy Rate	*GDP (\$'b)	**GDP Growth	Reserves (\$'b)
Angola	8.8%	1.8%	7.0%	18.0%	88.8	2.5%	14.7
Egypt	14.2%	5.4%	8.8%	9.3%	303.1	5.6%	40.1
Ghana	19.0%	10.4%	8.6%	14.5%	67.0	-1.1%	6.9
Kenya	12.0%	5.6%	6.4%	7.0%	95.5	-5.7%	8.7
Mauritius	1.4%	2.7%	-1.4%	1.9%	14.0	-13.0%	7.3
Morocco	2.4%	0.2%	2.2%	-7.2%	119.7	-7.2%	28.3
Nigeria	8.4%	15.8%	-7.4%	11.5%	448.1	-3.6%	36.5
South Africa	8.7%	3.1%	5.6%	3.5%	351.4	-6.0%	55.0
Tanzania	11.6%	3.3%	8.2%	12.0%	63.2	6.1%	5.3

Sources: Bloomberg, United Capital Research

\*GDP (\$'b): Annual GDP by World Bank  
 \*\* GDP Growth: Latest Quarterly y/y GDP Growth