

Pan African Monitor

Weekly Wrap & Outlook

SSA currency market in 2020: Broad depreciation across board

In 2020, SSA currencies under our watch depreciated against the US dollar, except the CFA franc which firmed 9.3% against the greenback as at the end of the year. The depreciation recorded was majorly attributable to the Covid-19 pandemic, amid the demand shock which affected export demand for commodities from China, one of the region's most important trading partners.

Apart from Zambia (-33.7%) which saw the worst currency performance due to the debt crisis, currency pressure on the region reflected vividly on the performance of the largest economies within the SSA region: Angola (-25.9%), Nigeria (-11.1% I&E rate, -19.0% official rate and -22.9% parallel rate), Kenya (-7.2%) and S/Africa (-4.7%). Clearly, oil exporters were hit harder compared to non-oil commodity exporters as the oil market crash resulted in a severe dollar crisis in Nigeria and Angola. Also, Mauritius' currency fell 8.4% due to the harsh impact of the pandemic on the tourism sector, the country's main source of foreign currency earnings.

Going forward, we expect most local currencies in SSA to remain relatively weak over the course of 2021. Specifically, we expect the South African Rand to remain highly volatile as the currency continues to weaken due to carry trade, coupled with potential bounce-backs arising from the lifting of restrictions in Europe, the US and other economies to which South Africa economy is largely exposed to.

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Looking Forward

Ghana

Dec-2020 M2 Money Supply YoY—January 10th
Dec 2020 CPI YoY—January 13th

Kenya

Nov-2020 M3 Money Supply YoY— January 11th
Nov-2020 Overseas Remittances YoY—January 11th

Morocco

Dec-2020 M3 Money Supply YoY— January 11th

South Africa

Dec-2020 Gross Reserves—January 8th
Nov-20 Retail Sales MoM—January 13th

Sources: Bloomberg, United Capital Research

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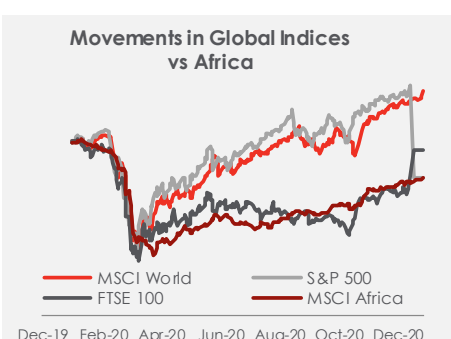
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Equities	Level	Mcap (\$'bn)	WTD (local)	YTD (local)	P/E	P/B	Div. Yield
Botswana	6,888.1	3.3 ▲	0.1% ▲	0.1%	9.7	1.3	5.4%
BRVM	137.7	7.9 ▼	-5.3% ▼	-5.3%	8.5	1.2	8.0%
Egypt	10,952.1	20.5 ▲	2.8% ▲	1.0%	11.7	1.5	2.9%
Ghana	1,944.0	9.3 ▲	0.3% ▲	0.3%	na	1.2	nm
Kenya	153.9	21.3 ▲	1.2% ▲	1.2%	11.5	1.6	4.4%
Mauritius	1,655.1	5.0 ▲	0.4% ▲	0.4%	na	0.3	1.1%
Morocco	11,271.2	66.1 ▲	0.5% ▼	-0.1%	26.8	2.4	3.2%
Nigeria	40,590.9	54.8 ▲	0.8% ▲	0.8%	15.3	1.8	4.5%
South Africa	63,042.9	1,038.5 ▲	6.1% ▲	6.1%	28.7	1.9	2.4%
Tunisia	6,721.8	6.8 ▼	-2.4% ▼	-2.4%	20.3	2.2	0.6%
Global Market	2,734.2	104,692.9 ▲	1.6% ▲	1.6%	33.9	3.0	1.8%
Frontier Market	581.0	-- ▲	1.6% ▲	1.6%	14.6	1.9	3.3%
Emerging Market	1,322.3	-- ▲	2.4% ▲	2.4%	26.2	2.1	1.8%

Dollar Eurobonds	Amt Out (\$'bn)	Average YTM	WTD	YTD
Angola	8.0	8.8% ▼	-0.26% ▲	1.7%
Egypt	30.2	5.0% ▼	-0.08% ▼	-0.5%
Ghana	11.0	6.4% ▲	0.01% ▼	-0.7%
Ivory Coast	4.6	4.4% ▼	-0.07% ▼	-0.9%
Kenya	6.1	5.3% ▼	-0.06% ▼	-0.9%
Morocco	2.3	2.6% ▼	-0.01% ▼	-0.5%
Nigeria	11.2	5.2% ▲	0.01% ▼	-1.0%
Senegal	2.9	3.8% ▲	0.07% ▼	-0.8%
South Africa	20.0	4.1% ▼	-0.67% ▼	-0.7%
Zambia	3.0	35.2% ▲	0.18% ▲	17.0%



Currencies (vs. USD)		Spot Rate	WTD	MTD	YTD	6M Forward	12M Forward
Angola	AOA: Kwanza	652.7 ▼	-0.3% ▼	-0.2% ▼	-0.2%	na	na
Egypt	EGP:Pound	15.7 ▲	0.1% ▲	0.3% ▲	0.3%	16.3	17.1
Ghana	GHS:Cedi	5.9 ▲	0.0% ▲	0.0% ▲	0.0%	6.3	6.8
Kenya	KES: Shilling	109.6 ▼	-0.3% ▼	-0.3% ▼	-0.3%	na	na
Mauritius	MUR: Rupee	39.4 ▲	0.8% ▲	0.5% ▲	0.5%	na	na
Morocco	MAD: Dirham	8.8 ▲	1.2% ▲	1.1% ▲	1.1%	8.9	8.9
Nigeria	NGN: Naira	388.0 ▲	2.5% ▲	3.1% ▲	3.1%	431.2	463.4
South Africa	ZAR: Rand	15.4 ▼	-4.8% ▼	-4.5% ▼	-4.5%	15.8	16.1
Tunisia	TND: Dinar	2.7 ▲	0.2% ▲	0.3% ▲	0.3%	na	na
WAMU	CFA: Franc	533.7 ▲	0.3% ▲	0.2% ▲	0.2%	na	na

Commodities		Spot Rate	WTD	MTD	YTD	52 Week High	52 Week Low
Brent Crude	USD/bbl.	54.4 ▲	5.0% ▲	5.2% ▲	5.2%	71.8	16.0
Gold	USD/ t oz	1,913.6 ▲	1.0% ▲	0.7% ▲	0.7%	2,063.0	1,450.9
Copper	USD/lb.	369.6 ▲	5.0% ▲	5.3% ▲	5.3%	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	14.0%	5.7%	8.3%	9.3%	303.1	5.6%	39.2
Ghana	19.0%	9.8%	9.2%	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%	3.1%	-1.8%	1.9%	14.0	-13.0%	7.0
Morocco	2.4%	0.2%	2.2%	-7.2%	119.7	-7.2%	28.3
Nigeria	7.3%	14.9%	-7.6%	11.5%	448.1	-3.6%	35.4
South Africa	8.6%	3.2%	5.4%	3.5%	351.4	-6.0%	53.8
Tanzania	11.5%	3.3%	8.1%	12.0%	63.2	6.1%	5.3

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

Sources: Bloomberg, United Capital Research