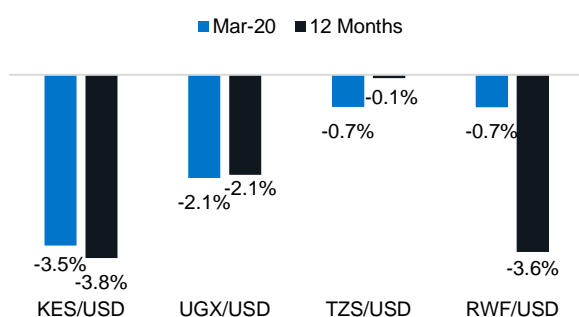


Regional Inflation & Key Interest Rates

	Kenya	Uganda	Tanzania	Rwanda
Inflation (latest)	6.1%	3.0%	3.7%	8.7%
CBR Rate	7.3%	9.0%	7.0%	5.0%
91-day Treasury Bill Yield	7.2%	9.9%	3.5%	7.0%
2 Year Treasury Bond Yield	10.0%	14.0%	8.3%	12.2%

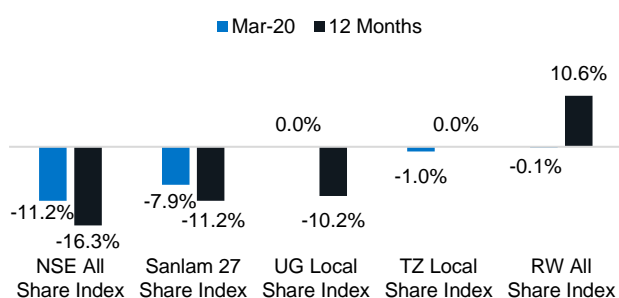
Source: Kenya and Tanzania National Bureau of Statistics & Bloomberg

Regional Currency Performance



Source: Central Bank of Kenya, Bank of Uganda, National Bank of Rwanda & Bank of Tanzania

Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg

Global Markets Dashboard

	Mar-20	Q1 2020	YTD	12 Months
MSCI World	-13.5%	-21.4%	-21.4%	-12.1%
MSCI Emerging Markets	-15.6%	-23.9%	-23.9%	-19.8%
Oil-Light Crude	-46.9%	-58.9%	-58.9%	-59.5%
Gold	-0.5%	3.9%	3.9%	22.0%

Source: Bloomberg

Market Commentary

COVID-19 Update: The world continues to grapple with the reeling effects of the Coronavirus with reported figures on 1st April 2020 at 937,783 cases. China had seemingly begun to witness some reprieve from new infections as it saw a flattening curve for a short stint. However, this was disrupted by potential imported cases that peaked up infections as at the close of March. The United States recorded the highest cases of infection as at 1st April 2020 to become the new epicenter for the virus surpassing the cases witnessed in Italy and Spain. Closer home, Rwanda (82) and Kenya (59) accounted for the highest infected cases as at 1st April 2020. Governments within the region continue to adopt isolation and lock down measures with Rwanda issuing a total lockdown to avert new infections of the pandemic. There has been concern on the potential increase in infections within the region as the authorities embark on tracing and testing of contacts of the confirmed cases.

Stimulus Measures: In addition to the isolation and lock down measures implemented, a number of governments around the world and Central Banks have announced stimulus packages in efforts to cushion the disruption effects on global commerce caused by the pandemic. Notably, the U.S. agreed on a massive USD 2.2 trillion stimulus package, over and above the 100-basis point cut by the Fed Reserve on its benchmark rate. In East Africa, Kenya and Rwanda governments have announced monetary and fiscal stimulus intended to support the economies during this time of crisis. It is expected that other countries will follow suit in a bid to facilitate an accommodative position amidst the adverse effects of the outbreak.

Inflation: Inflation in Kenya dropped to 6.1% in March from 6.3% recorded in the previous month. The Kenya National Bureau of Statistic (KNBS) updated its series which is now rebased as at 2019. This is based on a standard rebasing exercise done every 10 years. The revision marked an introduction of new measures including Television subscription fees, and mobile money transfers and exclusions of kerosene stoves and radio and CD players. In addition, the food basket weight decreased slightly from 36% to 33%. Uganda's headline inflation decreased by 0.4% to 3.0% due to a reduction in prices of clothing and footwear, transport and fuel. Headline inflation in Tanzania was unchanged at 3.7% year-on-year in February and the food inflation sub-index grew by 1.4% month-on-month during the same month, compared to 0.9% in the previous month. Rwanda's Urban CPI increased to 8.7% y/y and increased by 1.6% on a monthly basis. We expect inflationary pressures in the region to remain contained as the expected lower fuel inflation offsets the inflationary impact of weaker currencies and supply constraints due to global trade disruptions effects brought about by COVID -19.

Interest Rates: In Kenya bond yields edged higher as the Central Bank of Kenya offered 15- year and 25-year Treasury bonds at 12.8% and 13.4% respectively. In Uganda interest rates rose across the entire yield curve in the period under review due to decrease in liquidity. Investors also priced in the impact of the virus on the country's economy and fiscal balance sheet. High liquidity in Tanzania sustained the decline of short-term interest rates.

Currencies: Regional currencies depreciated against the US Dollar attributable to general strengthening of the dollar as investors preferred to hold dollar assets amidst the escalation of the COVID-19 outbreak. The Kenyan shilling was largely affected by investor sell-off at the stock market as a result of foreign portfolio exits during the month of March.

Equities: The Kenya, Tanzania and Rwanda local indices reported negative returns for the month of March 2020 attributable to the investor risk aversion globally amidst the development of the virus pandemic. The Ugandan Local Share Index remained flat for the month due to positive corporate action news.

Global Markets: As the Covid-19 continues spreading to major economies around the world, most investors in the equities market have become net sellers, wiping out any year to date gains made by major indices in the earlier period of the year.

Outlook: The stringent measures and 'whatever it takes' approach adopted by most governments is an indication of extent of COVID -19 crisis that decision makers have to confront. Various economists and experts continue to project possible scenarios of the how long the world could have to contain this pandemic and its effects. On a positive note, we reckon that massive testing globally and the efforts to develop a vaccine could be a potential milestone.

A cautious approach to risky assets and maintaining decent amounts of liquid assets remains prudent during this period of uncertainty.

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Last updated April 2018