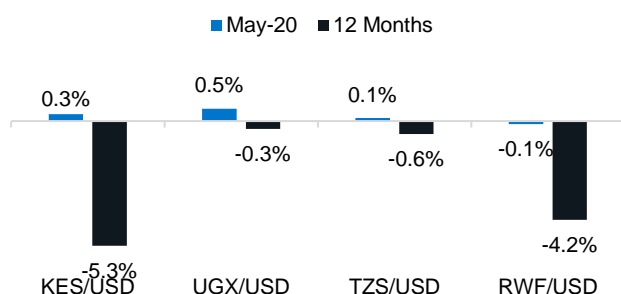


### Regional Inflation & Key Interest Rates

	Kenya	Uganda	Tanzania	Rwanda
Inflation (latest)	5.5%	2.8%	3.3%	5.2%
CBR Rate	7.0%	8.0%	12.0%	5.0%
91 Day Treasury Bill	7.3%	8.9%	3.0%	9.0%
2 Year Bond Yield	10.1%	13.9%	8.3%	10.0%

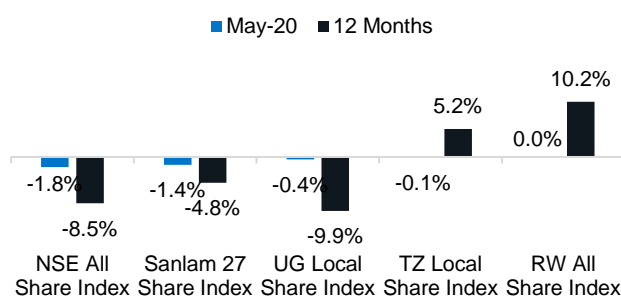
Source: Kenya and Tanzania National Bureau of Statistics & Bloomberg

### 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

	May-20	QTD	YTD	12 Months
MSCI World	4.6%	15.9%	-8.9%	5.0%
MSCI Emerging Markets	0.6%	9.6%	-16.5%	-6.8%
Oil-Light Crude	33.7%	17.4%	-39.9%	-35.9%
Gold	2.6%	9.7%	14.0%	32.5%

Source: Bloomberg

### Market Commentary

**COVID-19 Update:** The world's total confirmed Covid-19 infection cases stood at 6.4 million as at 31<sup>st</sup> May 2020. In the African continent, confirmed coronavirus cases have exceeded 150,000 by the close of the month. According to the World Health Organization, Africa's population of 1.3 billion people is still the least affected region even with more than 4,300 Covid-19 related deaths reported to date. Concerns around infection rates remain high as some of Africa's 54 countries struggle with the conundrum of reopening their economies. In East Africa, the rate of infections remains moderate.

**Inflation:** Inflation in Kenya slowed down to 5.5% in May from 5.6% recorded in the previous month. Food inflation was lower by a percentage point during the month compared to the previous month attributable to favorable weather that saw a reduction to the cost of some food items. Uganda's headline inflation decreased by 0.2% to 2.8% due to lower food prices. Headline inflation in Tanzania declined to 3.3% year-on-year in April from 3.5% in March 2020. Inflation on food and non-alcoholic beverages for the month of April 2020 declined to 4.6% from 5.3% recorded in March 2020. Rwanda's Urban CPI increased by 8.0 year on year and decreased by 0.2% on a monthly basis in April 2020.

**Interest Rates:** In Kenya, bond yields edged higher as the Central Bank of Kenya offered the 5- year bonds at 11.6%. Interest rates in Uganda slightly reduced across the entire yield curve, especially on the short end of the curve. This was due to increased liquidity within the financial markets during this time. The Bank of Uganda auctioned a 3-year and 15-year treasury bonds at yields of 15.3% and 15.8% respectively. High liquidity in Tanzania sustained the decline of short-term interest rates.

**Currencies:** The overall appreciation of regional currencies against the US Dollar during the month was attributable to the general weakening of the dollar, sustained Central Bank intervention in developed markets and the looming trade tensions amongst the US, China and Europe. The Rwandese franc was relatively flat against the US Dollar for the month.

**Equities:** The Kenya, Tanzania and Uganda local indices all reported a negative return for the month of May 2020. This was attributable to sell off by foreign investor funds amidst the bleak corporate guidance anticipated from the impact of COVID-19. The Rwandan All Share Index was relatively flat for the month of May.

**Global Markets:** The global markets continued to rebound in the month of May as investor market outlook turned positive. Investors have exhibited renewed optimism on the gradual re-opening of economies and advancement towards a vaccine and infection treatment.

Oil prices surged during the month of May on renewed demand outlook as countries gradually lifted restrictions on movement. Gold performance remained upbeat on the back of investor concerns on the ongoing geopolitical tensions between the US and China and the weakening of the US dollar.

**Outlook:** We continue to keenly monitor the developments that could signal normalcy in the coming months. All the same, we remain cognizant of the disruptive economic impacts of the virus in the medium term. Our overall position remains conservative while monitoring opportunities for quality deeply discounted counters.

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**Disclosure Statement**

Sanlam Investments East Africa Limited ("the manager") is regulated by Capital Markets Authority in Kenya and Uganda to provide investment advisory and management services. The firm has been operational in Kenya since 1998 and in Uganda since 2004 and is a leading fund manager in the region with a strong record of accomplishment in service delivery and performance

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