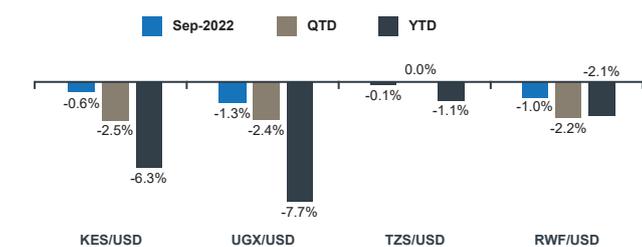


### Regional Inflation & Key Interest Rates, September 2022

	Kenya	Uganda	Tanzania	Rwanda
<b>Inflation Rate (latest)</b>	9.2%	10.0%	4.6%	7.3%
<b>Central Bank Rate</b>	8.3%	9.0%	5.0%	4.5%
<b>91 Day Treasury Bill</b>	9.0%	11.0%	3.0%	6.0%
<b>2 Year Treasury Bond Yield</b>	11.6%	14.0%	7.9%	9.3%

\*Rwanda and Tanzania inflation as of August 2022  
Source: Kenya, Uganda, Rwanda, and Tanzania National Bureau of Statistics & Bloomberg

### Regional Currency Performance



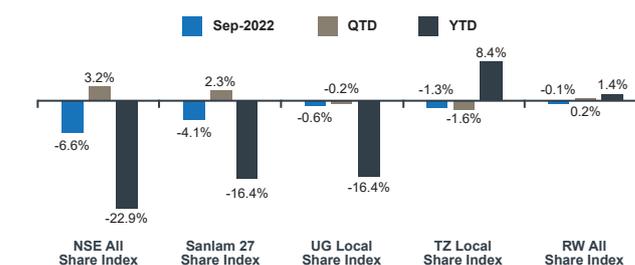
Source: Central Bank of Kenya, Bank of Uganda, National Bank of Rwanda & Bank of Tanzania

### Global Markets Dashboard

	Sep-22	QTD	YTD
<b>MSCI World</b>	-9.5%	-6.6%	-26.4%
<b>MSCI Emerging Markets</b>	-11.9%	-12.5%	-28.9%
<b>Oil-Light Crude</b>	-8.8%	-23.4%	13.1%
<b>Gold</b>	-2.9%	-8.1%	-9.2%

Source: Bloomberg

### Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg

## Market Commentary

**Inflation:** Kenya's inflation edged up to a 5-year high of 9.2% year-on-year (y/y) in September 2022 from 8.5% y/y in August 2022. The rise was attributable to price increases in food and non-alcoholic beverages (15.5%), transport (10.2%) and housing, water, electricity, gas, and other fuels (7.3%). Uganda's inflation rose to 10.0% y/y in September 2022 from 9.0% y/y in August 2022 while Tanzania's inflation marginally increased to 4.6% y/y in August 2022 from 4.5% y/y in July 2022 on account of higher food and non-alcoholic beverages prices. Rwanda's urban inflation increased to 7.3% y/y in August 2022 from 5.9% y/y in July 2022 due to similar food and energy related costs. Looking ahead, we expect inflationary pressures to remain persistent on account of elevated food and energy prices.

**Interest Rates:** Bond yields in Kenya edged up by an average of 25 basis points across the yield curve in Q3 2022. The Central Bank of Kenya re-opened a 10-year and 15-year bond in September at weighted average yields of 13.9% and 14.0% respectively. In Uganda, bond yields rose by an average of 140 bps across the maturity spectrum over the quarter as the Bank of Uganda re-opened a 5-year bond and issued a new 20-year bond at weighted average rates of 16.3% and 18.5% respectively. The Central Bank of Kenya Monetary Policy Committee (MPC) raised the Central Bank Rate (CBR) to 8.3% from 7.5% noting the potential domestic economic impact of sustained inflationary pressures and elevated global risks.

**Currencies:** The Kenyan Shilling, Ugandan Shilling and Rwandan Franc depreciated by 2.5%, 2.4% and 2.2% respectively in Q3 2022 driven by extended mismatch in dollar demand and supply. On the other hand, the Tanzania Shilling was relatively flat. We expect further currency weakness across the region on account of increasing rates in developed economies and a projected stronger US Dollar.

**Equities:** Kenyan equities recouped some of its earlier losses in Q3 2022 reflected by the NSE All-Share Index gaining 3.2%. The market nonetheless remained under pressure on a year-to-date basis due to dollar supply constraints and rising interest rates in developed economies that reduced investor appetite for risky assets. The Ugandan and Tanzania equity markets equally posted negative returns during the quarter on sell-off from foreign investors while the Rwandan bourse was relatively flat. On a positive note, corporates earnings for most blue-chip stocks have been resilient despite the prevailing inflationary pressures.

**Global Markets:** Global inflationary pressures and the US Fed rate hike of an additional 75 basis points fueled fears of a global recession. This led to a sharp drop in markets in Q3 2022. Central Banks, nonetheless, have remained focused to tame inflation through aggressive rate hikes. The US Dollar year to date rally has been one of the key headwinds for gold. The commodity has declined by 8.1% and 9.2% over the quarter and year-to-date respectively. Oil prices have also been depressed on economic slowdown concerns.

**Outlook:** Inflationary pressures and recession worries have continued to deter investor appetite for risky assets. Additional headwinds stemming from the Europe energy crisis, depressed macroeconomic data and rising interest rates could lead to additional price pressures on assets over the medium term. We remain cautiously positioned to take advantage of mispriced opportunities even as these conditions prevail.

## Important Information

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- **MSCI**, the acronym stands for Morgan Stanley Capital International.
- **MSCI World Index**, is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI Emerging Markets Index** is used to measure the financial performance of companies in fast-growing economies around the world. The index tracks mid-cap and large-cap stocks in 27 countries, dominated by Chinese, Taiwanese, and South Korean companies.
- **Quarter to date (QTD)** refers to the period beginning the first day of the current quarter up to the current date. QTD information is useful for analyzing business trends over time or comparing performance data to competitors or peers in the same industry.
- **Year to date (YTD)** refers to the period beginning the first day of the current calendar year or fiscal year up to the current date. YTD information is useful for analyzing business trends over time or comparing performance data to competitors or peers in the same industry.
- **Year-over-year (Y/Y)** is a method of evaluating two or more measured events to compare the results at one period with those of a comparable period on an annualized basis.
- **Basis points (bps)** - A basis point is a standard measure for interest rates and other percentages in finance, representing one-one hundredth of one percent.
- **Currencies: KES/USD** refers to the Kenya Shilling exchange rate with the US Dollar. **UGX/USD** refers to the Uganda Shilling exchange rate with the US Dollar. **TZS/USD** refers to the Tanzania Shilling exchange rate with the US Dollar. **RWF/USD** refers to the Rwandese Franc exchange rate with the US Dollar.
- **NSE All Share Index**, is a market cap weighted index consisting of all the securities on the Nairobi Securities Exchange. Prices are based on last trade information from NSE's Automated Trading System.
- **Sanlam 27 Share Index** is a market cap weighted index. The index universe is the Nairobi Securities Exchange. The index is managed by Sanlam Investments East Africa Limited.
- **Uganda Local Share Index** is a market cap weighted index. It includes only domestic listed companies.
- **Tanzania Local Share Index** is a market cap weighted index. It includes only domestic listed companies.
- **Rwanda Stock Exchange All Share Index** is a market cap weighted index that includes all non-domestic Rwanda listings.
- **Central Bank Rate** refers to the interest rate at which a nation's central bank lends money to domestic banks, often in the form of very short-term loans. The Central Bank may increase or decrease the discount rate to slow down or stimulate the economy.

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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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