

Global Markets Dashboard

	Apr-23	YTD 2023
MSCI World Index	1.6%	9.0%
MSCI Emerging Markets Index	-1.3%	2.2%
Brent Crude Oil	-0.3%	-7.4%
Gold	1.1%	9.1%

Source: Bloomberg

Regional Currency Performance



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

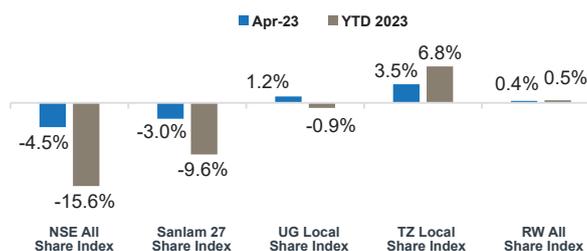
Regional Inflation & Key Interest Rates, April 2023

	Kenya	Uganda	Tanzania	Rwanda
Overall Inflation Rate (latest)	7.9%	8.0%	4.7%	19.3%
Central Bank Rate	9.5%	10.0%	5.0%	6.5%
Average 91 Day Treasury Bill	10.3%	10.0%	4.0%	8.4%
Average 2 Year Treasury Bond Yield	12.7%	14.0%	9.1%	10.9%

*Rwanda and Tanzania inflation as of March 2023

Source: Kenya, Uganda, Rwanda, and Tanzania National Bureau of Statistics & Bloomberg

Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg

Market Commentary

Global Markets: Global equities markets were stronger in April 2023, with the MSCI World Index up 1.6%. Investors anticipate an end to the monetary tightening cycle in major developed economies.

The aggressive monetary tightening regime initiated in several major economies in 2022 continues to help tame inflation. Inflation went down from 6.5% in December 2022 to 5.0% in March 2023 in the U.S. In the Eurozone, inflation reduced from 9.2% to 7.0% in April 2023. The IMF projects global inflation to moderate from 8.8% in 2022 to 6.6% in 2023.

Inflation: Kenya's headline inflation softened from 9.2% in March to 7.9% in April 2023. The food and non-alcoholic beverages prices declined to 10.1% from 13.4% year-on-year.

Uganda's consumer inflation eased from 9.0% to 8.0%. This is attributable to the slowdown in core inflation from 7.6% to 6.8%. Tanzania's inflation marginally declined to 4.7% y/y in March 2023 from 4.8% in February 2023, driven by lower food and non-alcoholic beverages prices.

Rwanda's urban inflation declined to 19.3% y/y in March 2023 from 20.8% y/y in February.

Currencies: The Kenyan Shilling, Tanzania Shilling and Rwandan Franc depreciated by 2.6%, 0.6%, and 1.7% respectively against the US Dollar (USD) in April. There has been improved USD liquidity in Kenya due to the revival of the interbank market. We expect gradual depreciation due to a strong USD and mismatch in dollar supply and demand.

The Ugandan Shilling appreciated by 1.0% in the month of April due to foreign portfolio flows in the bond market.

Interest Rates: The Central Bank of Kenya raised rates by 0.75% in March 2023. During the month of April, bond yields edged up by an average of 15 basis points (bps) across the yield curve.

The Central Bank of Kenya issued a 2-year, 5-year, and a tap sale for the 17-year infrastructure bond in April. The weighted average yields of accepted bids for the 2-year, 5-year and the 17-year infrastructure bond were 13.5%, 14.4% and 14.4% respectively.

The Bank of Uganda (BOU) re-opened 2-year and 10-year bonds in April at average yields of 13.5% and 15.8% respectively. Yields edged up marginally by an average of 4 basis points (bps) across the maturity spectrum.

The BOU Monetary Policy Committee left the Central Bank Rate (CBR) unchanged at 10.0% in April. The committee noted the increased uncertainty about the economic growth outlook.

The MPC asserted that the current monetary policy remains appropriate to contain inflation and support economic growth. The Bank of Tanzania issued 2-year and 20-year bonds at average yields of 9.1% and 12.9% respectively.

The National Bank of Rwanda re-opened a 15-year bond at a weighted average rate of 13.0%.

Equities: The Uganda, Tanzania and Rwanda bourses gained 1.2%, 3.5% and 0.4% respectively in April on demand for banking stocks.

The Nairobi All Share Index lost 4.5% during the month as stock selloff by international investors persisted. This is attributable to US Dollar liquidity shortages and the difficulty in repatriating dividends. Local investors preferred short term government securities that offered high yields.

Outlook: The IMF expects economic growth in Africa to be sustained at 3.8% in 2023 despite the challenging macroeconomic headwinds they have been facing.

Portfolio companies have been posting strong earnings in line with our expectations. These companies remain resilient due to their strategic advantages in the markets they operate in and their focus on sustainable earnings growth.

The headwinds in the regional markets are fiscal, currency, inflationary pressure, debt repayments and the twin deficits (current account & budget).

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Important Information

- **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.
- **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.
- **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.
- **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.
- **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.
- **The Purchasing Managers Index (PMI)** is a measure of the prevailing direction of economic trends in manufacturing. The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%).
- **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.
- **Rwanda Stock Exchange All Share Index** is a market cap weighted index that includes all non-domestic Rwanda listings.
- **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.
- **Tanzania Local Share Index** is a market cap weighted index. It includes only domestic listed companies.
- **Uganda Local Share Index** is a market cap weighted index. It includes only domestic listed companies.
- **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.

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