

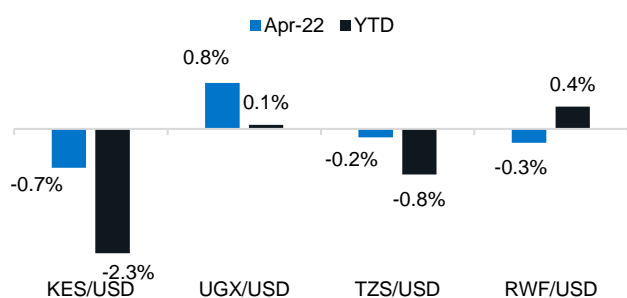
Regional Inflation & Key Interest Rates, April 2022

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	6.5%	4.9%	3.6%*	7.5%*
Central Bank Rate	7.0%	6.5%	5.0%	4.5%
91 Day Treasury Bill	7.5%	6.8%	2.7%	6.0%
2 Year Treasury Bond Yield	9.4%	11.0%	7.6%	9.3%

*Rwanda and Tanzania inflation as of March 2022

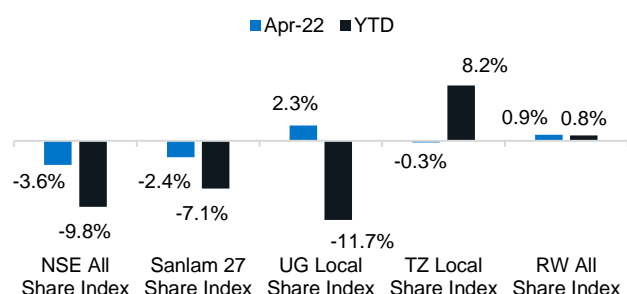
Source: Kenya, Uganda, Rwanda, and Tanzania National Bureau of Statistics & Bloomberg

Regional Currency Performance



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

Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg

Global Markets Dashboard

	April-22	YTD 2022
MSCI World Index	-8.4%	-13.5%
MSCI Emerging Markets Index	-5.7%	-12.6%
Oil-Light Crude	1.3%	40.6%
Gold	-2.1%	3.7%

Source: Bloomberg

Market Commentary

Inflation: Kenya's inflation surged to 6.5% year-on-year (y/y) in April 2022 from 5.6% y/y in March 2022. The rise was mainly stoked by higher food and non-alcoholic beverages inflation which was 12.2% in April against 9.9% in March 2022.

Uganda's inflation surged to 4.9% y/y in April 2022 from 3.7% y/y in March 2022 due to higher food and non-alcoholic beverages related inflation. Tanzania's inflation declined marginally to 3.6% y/y in March 2022 from 3.7% y/y in February 2022 on account of lower prices on all items except food and non-alcoholic beverages while Rwanda's urban inflation increased to 7.5% y/y in March 2022 from 5.8% y/y in February 2022 due to higher food and housing, water, and fuel related prices. We expect the uptick in inflationary pressures to continue within the medium term due to by unfavorable weather conditions, disruptions in global supply chains and higher global commodity and energy prices.

Interest Rates: In April interest rates in Kenya continued to hike by an average of 17 basis points (bps) across the yield curve. The Central Bank of Kenya issued 3-year and 15-year bonds at weighted average yields of 11.7% and 13.9% respectively in the most recent primary auction. The 15-year yield level points to investors demanding a higher premium compensation on government debt given the gradual weakness of the local currency.

In Uganda interest rates declined by an average of 30 bps across the maturity spectrum as the Bank of Uganda issued 3-year and 15-year bonds at weighted average rates of 12.4% and 14.5% respectively. In Tanzania, rates declined across the yield curve consistent with the money market liquidity.

Currencies: All the regional currencies except for Ugandan Shilling depreciated in April 2022 on account of increased dollar demand from oil and merchandise importers. The Ugandan Shilling appreciated by 0.8% in April 2022 on the back of foreign portfolio flows. We expect moderate currency depreciation across the region as import demand increases and the US Dollar continues to strengthen against all major global currencies.

Equities: The Kenyan, Tanzania and Rwandan equity markets posted negative returns on sell-off from foreign investors exiting the frontier markets. The Ugandan bourse nonetheless was up 2.3% supported by the price performance of Umeme and MTN driven by local and foreign investor demand.

Global Markets: Global markets plummeted in April 2022 on the back of heightened geopolitical risks, inflationary pressures, and persistent supply chain constraints. Market volatility owing to these factors led to negative investor sentiment albeit positive economic data emanating during this period.

Gold weakened in April on anticipated decline in demand from China which accounts for 30% of global jewelry consumption while oil prices continued to gain on supply and demand mismatch.

Outlook: The challenging economic environment occasioned by the global inflationary pressures, rate hikes by global Central Banks and geopolitical risks is expected to drive financial assets performance in the near future. Markets could remain volatile, and this could present unique opportunities for investors to selectively pick up discounted securities with solid fundamentals.

Important Information.

- **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.
- **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

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