

Global Markets Dashboard

	Oct-24	YTD 2024	12 Months
MSCI World	-2.0%	15.1%	31.7%
MSCI Emerging Markets	-4.4%	9.4%	22.3%
Oil-Light Crude	1.9%	-5.0%	-16.3%
Gold	4.2%	33.0%	38.3%

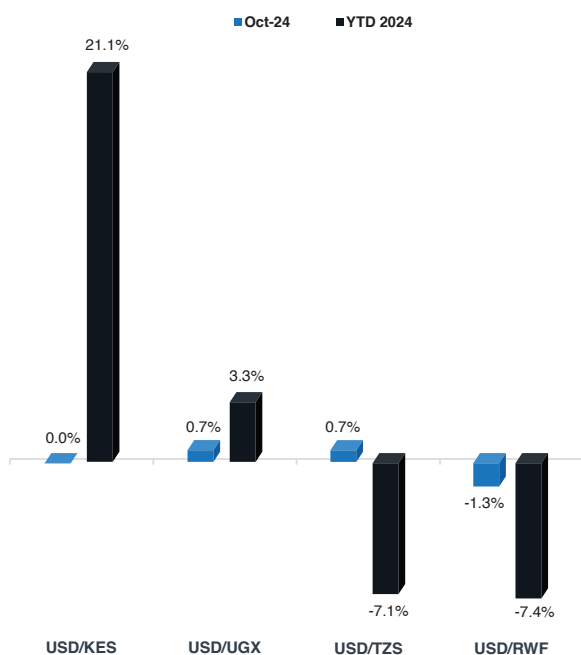
Source: Bloomberg. Returns are in US Dollar.

Regional Inflation & Key Interest Rates for October 2024

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	2.7%	3.5%	3.1%	2.5%
Central Bank Rate	12.0%	9.8%	6.0%	6.5%
91 Day Treasury Bill	14.0%	11.0%	5.1%	7.1%
1 Year Treasury Bond Yield	15.5%	14.8%	12.1%	7.4%

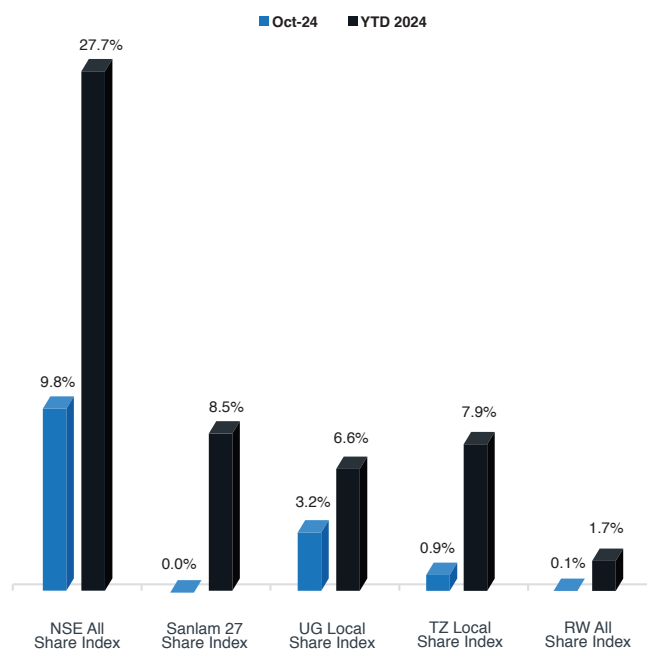
*Rwanda and Tanzania inflation as at September 2024
Source: Kenya, Uganda, Rwanda, and Tanzania National Bureau of Statistics & Bloomberg Rates are in respective local currencies.

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. Returns are in respective local currencies.

Market Commentary

Global Markets: In September 2024, the annual inflation rate in the US decreased for the sixth straight month to 2.4%. US inflation is likely to be influenced by the outcome of the US presidential election. The Federal Reserve is scheduled to meet on 7th November 2024, with the market consensus expectation being another rate cut before the end of the year. Additionally, several central banks including China, Europe, and Canada are easing their monetary policies. We foresee further rate cuts globally before the end of the year.

Equity markets experienced negative momentum in October 2024, with Developed Markets (DM) down -2% and Emerging Markets (EM) down -4%. Ongoing geopolitical tensions in the Middle East and the Russia-Ukraine conflict, robust US employment figures, and uncertainty surrounding the upcoming US elections pose risks to market performance.

Inflation: Kenya's inflation declined from 3.6% to 2.7% in October 2024. Uganda's consumer inflation decreased from 3.0% to 2.9% during the same period. Both countries saw a decrease in fuel and electricity prices, accompanied by stable currencies. We expect inflation to remain within the Central Bank of Kenya (CBK) target range of 2.5% and 7.5% and Bank of Uganda (BOU) average policy target of 5%.

In September 2024, inflation in Tanzania remained unchanged at 3.1%, while Rwanda's inflation dropped to 2.5% due to a decline in food prices.

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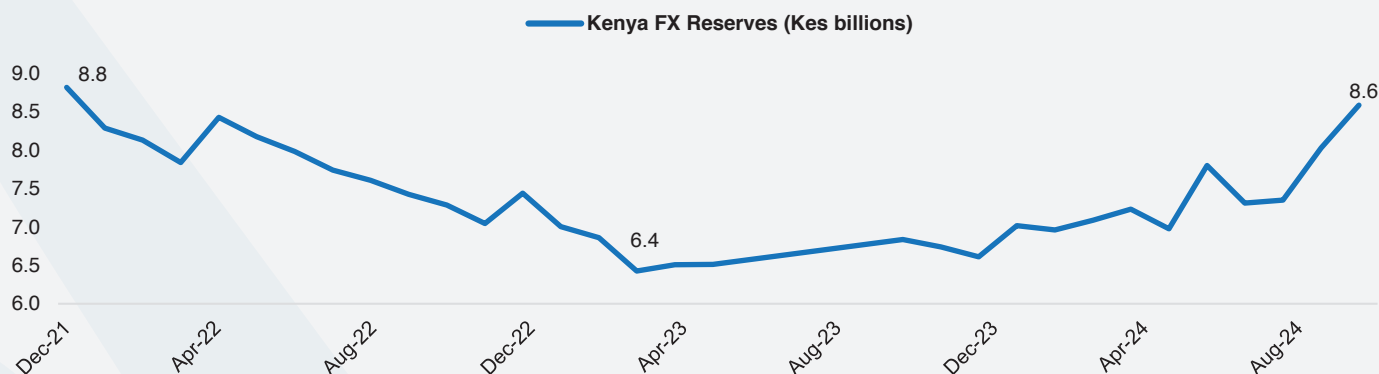
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Market Commentary cont'd

Currencies: In October, the Kenya shilling (KES) held steady against the US Dollar (USD). The Supreme Court declared the Finance Bill 2023 constitutional, prompting the IMF to resume funding of USD 606 million. With FX reserves being at the highest level since December 2021 at USD 8.6 Bn (4.4 months of import cover), the USD KES exchange rate is expected to remain stable.



Currencies cont'd: In Uganda, a sufficient supply of USD led to a 0.7% appreciation of the Uganda shilling in October and a 3.3% increase year-to-date. The Tanzanian shilling appreciated by 0.7% against the USD. In contrast, the Rwandan franc depreciated by 1.3% against the USD.

Interest Rates: In October, interest rates in Kenya declined by an average of 0.5% across all tenors of the yield curve. For the first time, the Government of Kenya (GoK) published a domestic issuance calendar for the primary bonds auction for the 2024/2025 fiscal year, as detailed in Annex 1. This initiative aims to target medium to long-term reopenings, enabling the GoK to manage short-term debt obligations more effectively.

Investor demand for local fixed income assets has increased as seen in the last primary auction with Treasury bonds attaining a subscription of 170% and Treasury bills 279%. According to the S&P Kenya Bond Index, bond performance for the year remains strong, with an 18.6% return for the ten months ending October 2024.

The Bank of Uganda (BOU) also reopened a 2-year, 5-year, and 15-year bond, all of which were oversubscribed. The yield curve experienced a month-on-month increase of 0.1%. Meanwhile, the Bank of Tanzania reopened 5- and 20-year bonds, which recorded average yields of 12.4% and 15.8%, respectively.

Equities: The NSE All-Share Index rose by 9.8% in October 2024 and is up 27.7% year-to-date. Investors are increasingly optimistic on the asset class amid stronger domestic demand. In the region, Uganda, Tanzania, and Rwanda's stock markets recorded positive returns of 3.2%, 0.9%, and 0.1%, respectively.

Outlook: As the global monetary conditions continue to ease, the high real yields in the region could attract foreign inflows. The high interest rates are expected to decline due to local monetary easing, stable exchange rates, and decreasing inflation.

The KES is expected to remain stable at the current levels supported by increased FX reserves from the IMF and World Bank disbursements as well as potential bilateral support from the UAE.

Annex 1: Kenya Government Securities Issuance Plan for FY2024/2025

Month	Tenor (y=years)	New(N) / Reopen(R)	Insurance Amnt (KES Billion)
Jul-24	2-10Y	R	40-60
Aug-24	2-15Y	R	40-60
Sep-24	10-15Y	R	40-60
Oct-24	5-10Y	R	60-80
Nov-24	5-10Y	R	40-60
Nov-24	10-15Y	R	40-60
Dec-24	5-10Y	R	40-60
Jan-25	10-15Y	R	40-60
Jan-25	5-10Y	R	40-60
Feb-25	10-15Y	R	40-60
Mar-25	15-20Y	R	40-60
Apr-25	15-20Y	R	40-60
May-25	10-15Y	R	60-80
Jun-25	2-5Y	R	40-60
Weekly	91,182,364 days	N	20-25

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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 twenty-three developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.
- **The 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 the latest trade information from NSE's Automated Trading System.
- **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.
- **Tap Sale:** A tap issue is a procedure that allows borrowers to sell bonds or other short-term debt instruments from past issues. The bonds are issued at their original face value, maturity, and coupon rate but are sold at the current market price. A tap issue is also referred to as a bond tap or tap sale.
- **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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