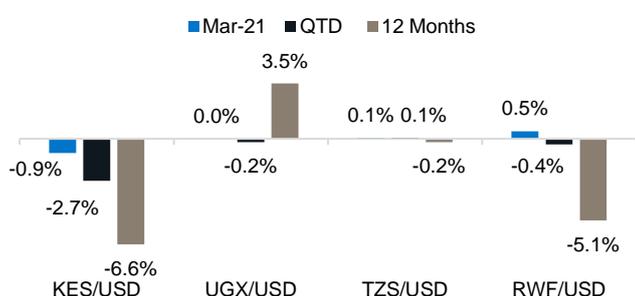


Regional Inflation & Key Interest Rates

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	5.9%	4.1%	3.3%	2.2%
Central Bank Rate	7.0%	7.0%	5.0%	4.5%
91 Day Treasury Bill	7.1%	7.0%	3.3%	6.3%
2 Year Treasury Bond Yield	9.4%	13.6%	7.9%	9.4%

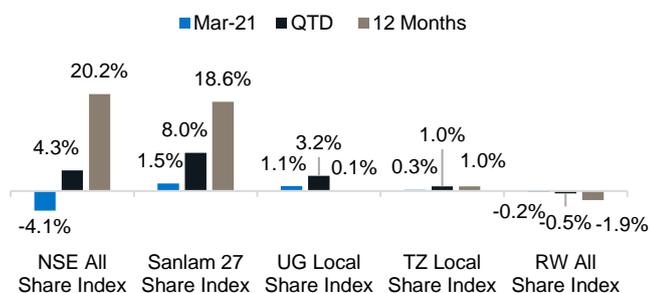
Source: Kenya and Tanzania National Bureau of Statistics & Bloomberg

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

	Mar-21	QTD	12 Months
MSCI World Index	3.1%	4.5%	51.8%
MSCI Emerging Markets Index	-1.7%	1.9%	55.1%
Oil-Light Crude	-3.9%	22.7%	179.4%
Gold	-1.5%	-10.0%	8.3%

MSCI – Morgan Stanley Capital International
Source: Bloomberg

Market Commentary

Inflation: Kenya's inflation surged by 0.4% on a month-on-month basis and was up 5.9% on an annual basis in March. The acceleration in headline inflation was due to higher food and non-alcoholic beverages inflation which increased by 0.4% month-on-month and 6.7% year-on-year. Transport inflation also rose by 1.5% as fuel prices adjusted higher during the month. Uganda's annual headline inflation rose to 4.1% in March compared to 3.8% in February. The food & non-alcoholic beverages price basket remained in deflationary territory, coming in at -0.9% year-on-year compared to -4.2% in February. Headline inflation in Tanzania declined to 3.3% in February from 3.5% recorded in January. Rwanda Consumer Price Index increased by 2.2% and 0.5% on annual and month-on-month basis respectively during the month of February. We expect benign inflationary pressures in the medium term as core inflation remains muted.

Interest Rates: In Kenya, bond yields edged higher as the Central Bank of Kenya reopened 8-year and 17-year bonds at a weighted average rate of 12.4% and 13.4% respectively. Interest rates in Uganda declined by an average of 20 basis points in March owing to elevated liquidity levels. The Bank of Uganda auctioned 3-year and 10-year treasury bonds at attractive yields of 14.0% and 16.0% respectively that led to a market oversubscription. High liquidity in Tanzania's money market extended the decline on short-term interest rates at the close of March.

Currencies: The Kenya Shilling, Uganda Shilling and Rwandese Franc depreciated by 2.7%, 0.2% and 0.4% respectively against the US Dollar in Q1 2021 amid increased demand from oil and merchandise importers. On the other hand, the Tanzania Shilling appreciated by 0.1%, attributable to subdued global oil prices, and moderate current account deficit. We view that currency pressures could remain moderate in the medium term even as economic activity gradually picks up within the region.

Equities: The Kenya, Uganda and Tanzania equities markets all recorded positive returns of 4.3%, 3.2% and 1.0% respectively in Q1 2021 supported by increased fund flows into these markets. The Rwanda All Share Index performance was relatively flat. Improving macro-economic indicators remain supportive of the regional economic recovery. Given the low base of corporate earnings seen in 2020, we are optimistic about a decent recovery as economic activities are expected to rebound in 2021.

Global Markets: Global equity indices recorded a modest return on a quarter-to-date basis, driven by fiscal stimulus and good strides in the vaccination progress. Crude oil posted an impressive Q1 2021 return of 22.7% supported by increased demand on reopening of economies coupled by supply-led production by OPEC members. Gold had its first negative quarterly return shedding 10.0% in more than two years. This was attributable to the investors shifting funds to more risky assets such as bonds and equities.

Outlook: The general theme is for a gradual recovery in global economic growth buoyed by accommodative monetary and fiscal policies and effective vaccination. Near-term risks remain around the resurgence of the COVID-19 cases and inflationary pressures as consumer spending levels recover on the global front. Closer home, we expect muted currency pressures and stable interest rate levels to remain supportive of investor demand for the region's assets.

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Disclosure Statement

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