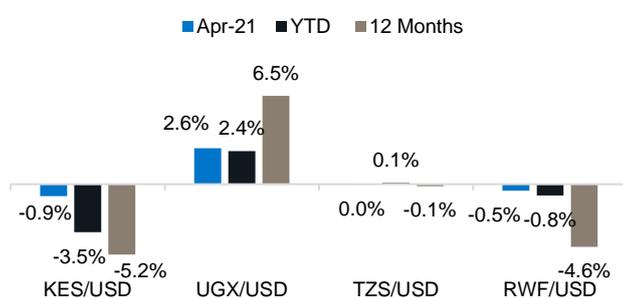


### Regional Inflation & Key Interest Rates

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	5.8%	2.1%	3.2%	1.7%
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%	13.0%	7.9%	9.4%

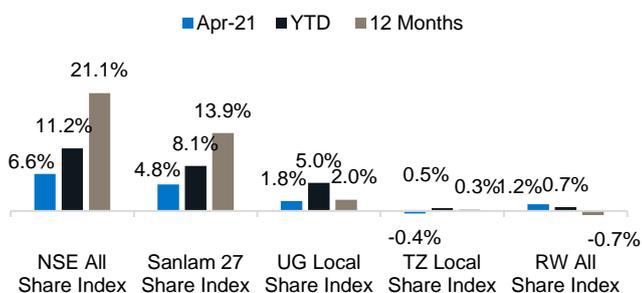
Source: Kenya and Tanzania National Bureau of Statistics & Bloomberg

### 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

	Apr-21	YTD	12 Months
MSCI World Index	4.5%	9.2%	43.2%
MSCI Emerging Markets Index	2.4%	4.4%	45.7%
Oil-Light Crude	5.8%	29.8%	166.1%
Gold	3.6%	-6.8%	4.9%

MSCI – Morgan Stanley Capital International  
Source: Bloomberg

### Market Commentary

**Inflation:** Kenya's inflation surged by 0.8% on a month-on-month basis and eased to 5.8% on an annual basis in April compared to 5.9% in March. The food and non-alcoholic beverages inflation increased by 1.7% month-on-month and 6.4% year-on-year. Uganda's Bureau of Statistics rebased its inflation numbers from 2009/2010 to 2016/2017. The food & non-alcoholic beverage component now carries a weight of 27.1% in the basket versus 28.5% previously, transport was reduced 10.5% vs. 13.5%, housing utilities at 10.4% vs. 11.9% and health 4.7% vs. 5.8%. Uganda's annual headline inflation stood at 2.1% in April compared to 2.7% in March. The food & non-alcoholic beverages price basket remained in deflationary territory, coming in at -2.0% year-on-year compared to 0.4% in March. Headline inflation in Tanzania declined to 3.2% in March from 3.3% recorded in February. The food and non-alcoholic beverages inflation rate increased from 3.6% in February to 4.3% in March. Rwanda Consumer Price Index declined by 1.7% and 1.4% on annual and month-on-month basis respectively during the month of March. We expect benign inflationary pressures in the medium term as core inflation remains muted in the region.

**Interest Rates:** In Kenya, bond yields edged higher as the Central Bank of Kenya issued an 18-year infrastructure bond at a weighted average rate of 12.7%. In Uganda interest rates declined, averagely by 0.3% across the curve, as both liquidity and offshore participation in government securities picked up. The one-year T-Bill closed at 11.6%, while the 5 Year T-Bond closed at 15.0%. High liquidity in Tanzania's money market extended the decline on short-term interest rates at the close of April.

**Currencies:** The Kenya Shilling and Rwandese Franc depreciated by 0.9% and 0.5% respectively against the US Dollar in April amid increased demand from oil and merchandise importers. On the other hand, the Uganda Shilling appreciated by 2.6%. This was attributed to the increased inflows following the signing of the agreement for the construction of the oil pipeline, increased offshore participation in government securities and a frail US Dollar performance. The Tanzania Shilling was relatively flat for the month of April. 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 Rwanda equities markets all recorded positive returns of 6.6%, 1.8% and 1.2% respectively in April supported by increased fund flows into these markets. The Tanzania Local Share Index performance was relatively flat. We expect normalization of business activities and strong earnings recovery in 2021, coming from the low base of 2020. Valuations remain at multi year lows and provide attractive entry points for high quality corporates.

**Global Markets:** Global equities posted solid gains in April, attributable to improvements on economic data, especially in the U.S. While the pandemic continues to worsen in certain countries (e.g., India and Brazil), global health care, policy and stimulus efforts remain a positive force behind equity markets. Crude oil posted a return of 5.8% as OPEC raises 2021 oil demand growth forecast on hope pandemic wanes. Gold closed the month of April with a modest return of 3.6%.

**Outlook:** As the global economy continues to recover in 2021, we expect monetary and fiscal policies to remain supportive. Headline economic data, new Covid-19 cases and varying vaccination rates across the globe could create volatility for global equity markets.

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**Disclosure Statement**

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