ECONOMICS AND RESEARCH WEEKLY FIXED INCOME REPORT

19th January 2026

Global Markets Consolidate Amidst Heightened Geopolitical Risks

The global markets theme last week appeared to point towards consolidation. US equities were modestly lower, bond yields firmer and the main currencies were marginally changed, except for the Japanese Yen. However, in early trading hours today, the threat by the US on Europe's seven economies seems to weaken broad market sentiment.

In the US market, December 2025 headline inflation reading of 2.7% does not appear out of control and is not accelerating. This reading partly results from a lower than expected US tariff pass-through to consumers prices. On economic activity, the US third quarter GDP growth came at 4.3% quarter-on-quarter and 2.3% year-on-year revealing reasonable resilience. Against this backdrop, the Federal Open Market Committee is expected to hold the policy rate in its January 27-28 meeting.

Investors are expected to be more cautious with European assets, given limited monetary policy room for the European Central Bank to stimulate growth and as the political leaders examine their options in the face of the current tension over Greenland.

In the domestic market, December exchequer report illustrates mixed performance. The first half of FY2025/26 saw tax income grow by 8.1% year-on-year, while the recurrent and consolidated funds services expenditure grew by 24% and 38% year-on-year, respectively. Even though the supplementary budget could revise the net domestic borrowing upwards, successful external borrowing pipeline conversion remains a concern.

Indicative Rates	Previous	Current	Change (bps)
Interbank rate	8.9818%	9.0017%	+1.999
91-Day T-bill	7.7277%	7.7011%	(2.66)
182-Day T-bill	7.8000%	7.8000%	0.00
364-Day T-bill	9.2045%	9.2033%	(0.12)
Headline Inflation	4.5%	4.5%	0.00
Weekly T-bill Results	**91D**	**182D**	**364D**
Offered (Bn)	4.0	10.0	10.0
Bids Received (Bn)	0.96	0.58	29.28
Accepted (Bn)	0.95	0.58	26.99
Redemption (Bn)	3,40	7.86	11.08
New borrowing (Bn)	(2.45)	(7.28)	+15.91

Overall, interest rates outlook remains dependent on liquidity and policy rate movement.

Currently, the primary market yields remain broadly stable at 7.7011%, 7.800% and 9.2033% for 91 days, 182 days and 364 days Treasury bills, respectively supported by adequate market liquidity. Into the week, we project minimal movement in the yield curve.

Regional Markets

Tanzania

The overall market liquidity remained broadly stable, supporting the weekly primary market activity. Evidently, the overnight market and 7 days weighed average rate closed at 6.15% and 6.64%, respectively. Investors continued with their appetite for government long dated papers. Specifically, the newly issued 11.75% 10-year bond was oversubscribed against the TZS 144.55Bn on offer. The average yield closed at 11.30% from 12.44% previously.

Rwanda

In the week, market liquidity remained sufficient but unevenly distributed among the banks. Consequently, interbank rate closed at 6.96%, slightly down from 7.00% in the previous week. In the primary market, the 10-year bond was oversubscribed with RWF16.8Bn tendered against RWF 10Bn on offer. The sovereign accepted RWF10Bn at 12.0%.

Last week's Treasury bills auction was slightly oversubscribed with yields broadly unchanged closing at 7.00% (flat) for 28 days, 7.95% (up 3 bps) for 91 days, 8.20% (up 20 bps) for 182 days paper and 8.52% (flat) for 364 days paper.

	UGANDA		TANZANIA		RWANDA	
Week Ending	16-Jan	9-Jan	16-Jan	9-Jan	16-Jan	9-Jan
91D T-Bill	11.03%	11.03%	5.93%	5.71%	7.00%	7.98%
182D T-Bill	13.07%	13.07%	5.91%	5.82%	8.20%	7.67%
364D T-Bill	14.90%	14.90%	6.24%	6.19%	8.52%	8.50%
O/N rate	10.22%	10.22%	6.15%	5.92%	6.92%	6.80%
CBR	**9.75%**	**9.75%**	**5.75%**	**5.75%**	**6.75%**	**6.75%**