

ECONOMICS AND RESEARCH WEEKLY FIXED INCOME REPORT

13th April 2026

Risk Relief Rally Driven by US-Iran Ceasefire Last Week, Now Short-lived on Failed Negotiations

Last week on Tuesday, the US and Iran agreed to a two-week ceasefire, halting 40 days of US-Israeli attacks on Iran, brokered by Pakistan. Markets responded quickly to signs of de-escalation, with sentiment shifting decisively toward a “risk-on” environment. European and Asian benchmark indices, as well as emerging market equities rebounded following renewed investor inflows as capital rotated back into higher-risk markets. At the NSE, the NASI, NSE 20 and NSE-25 rose by 3.9%, 3.2% and 4.0%, respectively. Meanwhile, the US dollar index eased by 1.0% against major currencies while in energy markets, Brent prices pulled back below \$100 per barrel.

Further negotiations to settle all disputes resumed in Islamabad over the weekend. However, the talks ended without a deal over failure to agree on Iran's nuclear program and control of the Strait of Hormuz. Further, President Trump ordered a blockade of the Strait of Hormuz. Brent prices consequently reversed higher to US \$ 102 per barrel, the dollar gained 0.2%, while stocks and bonds moved lower.

Evidently, there is still a need to brace for volatile weeks ahead as the outcome of negotiations remain uncertain while a substantial return to global oil supply would require smooth passage of ships through the Strait. The hit to sentiment follows deepening fears that the adverse impact to inflation and growth could turn more durable. Notably, the US annual inflation rose to 3.3% in March from 2.4% in February, according to last week's CPI data. Overall, the International Monetary Fund is likely to revise

downward its global GDP forecast this week.

Locally, EPRA is expected to announce new fuel prices for the period between April 15 and May 14, in which we expect an increase in fuel price, even if subsidies are applied. While the MPC forecasts inflation to remain contained with the target range in the near term, the overall impact of higher inflation expectations on the yield curve is somewhat emerging. This is reflected in the mid-to-long segments of the government securities yield curve, where an average increase of 20 bps has been observed. Investors seem to be increasing their required rates of return on investments as a safeguard against anticipated inflationary pressures. Sustained ample market liquidity could tame material upside in the immediate, though upside risks loom large.

Regional

Tanzania's Monetary Policy Committee met on 2nd April 2026 and decided to hold the Central Bank Rate (CBR) at 5.75%. Furthermore, the committee narrowed the interest rate corridor around the CBR from 200 basis points to 150 basis points. Hence, the target band for the 7-day interbank rate will be 4.25-7.25%.

The committee maintained a growth projection of 6.1% this year, however risks are emerging. Firstly, 30% of Tanzania's fertilizer imports come from the Middle East and given the surge in fertilizer prices and supply disruptions, we see risk to the planting season, crop yields, and food production costs. This combined with the current 30% increase in fuel prices effected in April will have an adverse effect on inflation. The MPC now forecasts inflation to remain within a 3-5% range in Q2.

Indicative Rates	Previous	Current	Change (bps)
KESONIA	8.7478%	8.7751%	2.73
91-Day T-bill	7.4000%	7.4000%	0
182-Day T-bill	7.8300%	7.8293%	(0.07)
364-Day T-bill	8.2780%	8.2700%	(0.8)
Headline Inflation	4.3%	4.4%	10.00
Weekly T-bill Results	91D	182D	364D
Offered (Bn)	4.0	10.0	10.0
Bids Received (Bn)	7.98	10.85	5.72
Accepted (Bn)	7.96	10.85	5.72
Redemption (Bn)	4.31	2.95	27.63
New borrowing (Bn)	+3.65	+7.90	(21.91)

Week Ending	UGANDA		TANZANIA		RWANDA	
	03-Apr	10-Apr	03-Apr	10-Apr	03-Apr	10-Apr
91D T-Bill	10.00%	10.00%	4.16%	4.08%	8.31%	8.31%
182D T-Bill	11.66%	11.30%	5.78%	5.57%	8.50%	8.50%
364D T-Bill	12.50%	12.25%	5.20%	5.78%	8.95%	8.95%
O/N rate	10.01%	9.84%	6.02%	6.02%	7.30%	7.30%
CBR	9.75%	9.75%	5.75%	5.75%	7.25%	7.25%