

The Week in Review | Week 13

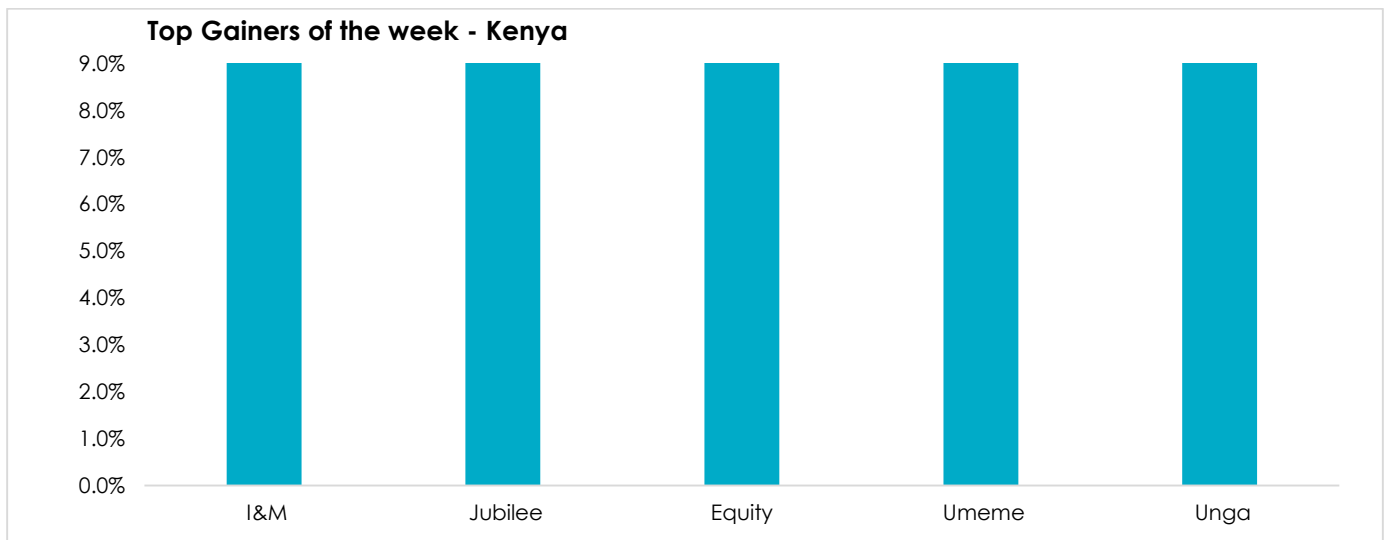
EQUITIES

Local Market Performance

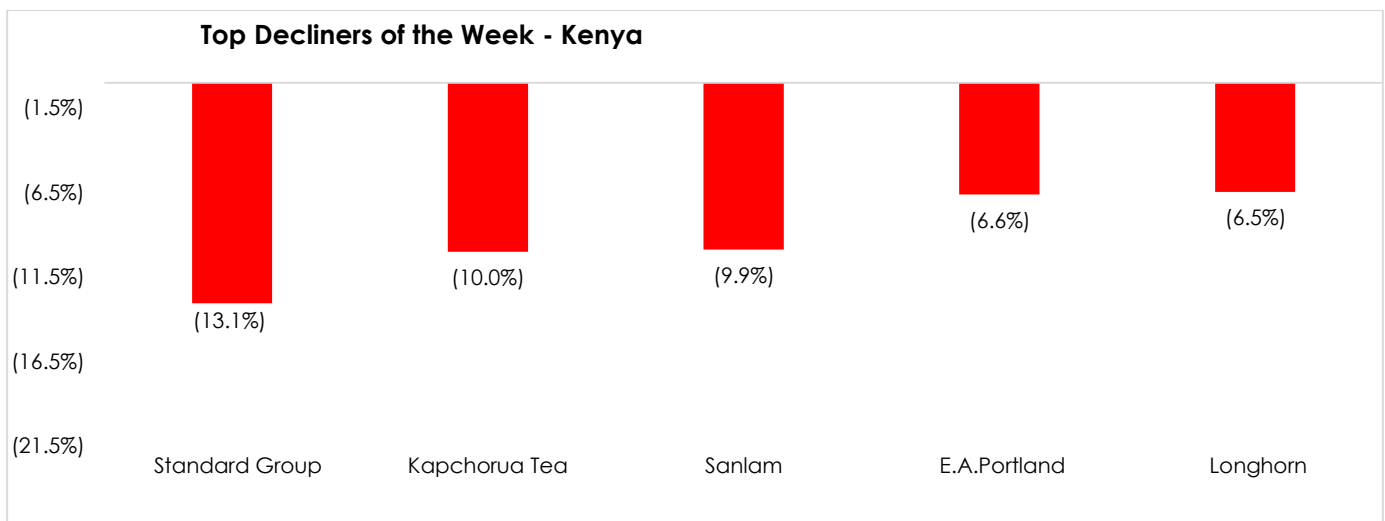
The market closed the week with NASI at 112.76, a 11.45% decline year to date. Trading activity was concentrated on Safaricom, Equity KCB, and EABL accounting for 90.9% of the total turnover.

Foreign investors accounted for 46.6% of the total turnover and they were net sellers withdrawing KES 0.37 Bn last week. Local investors were mostly active on KCB, Safaricom, Equity, and DTB in that order.

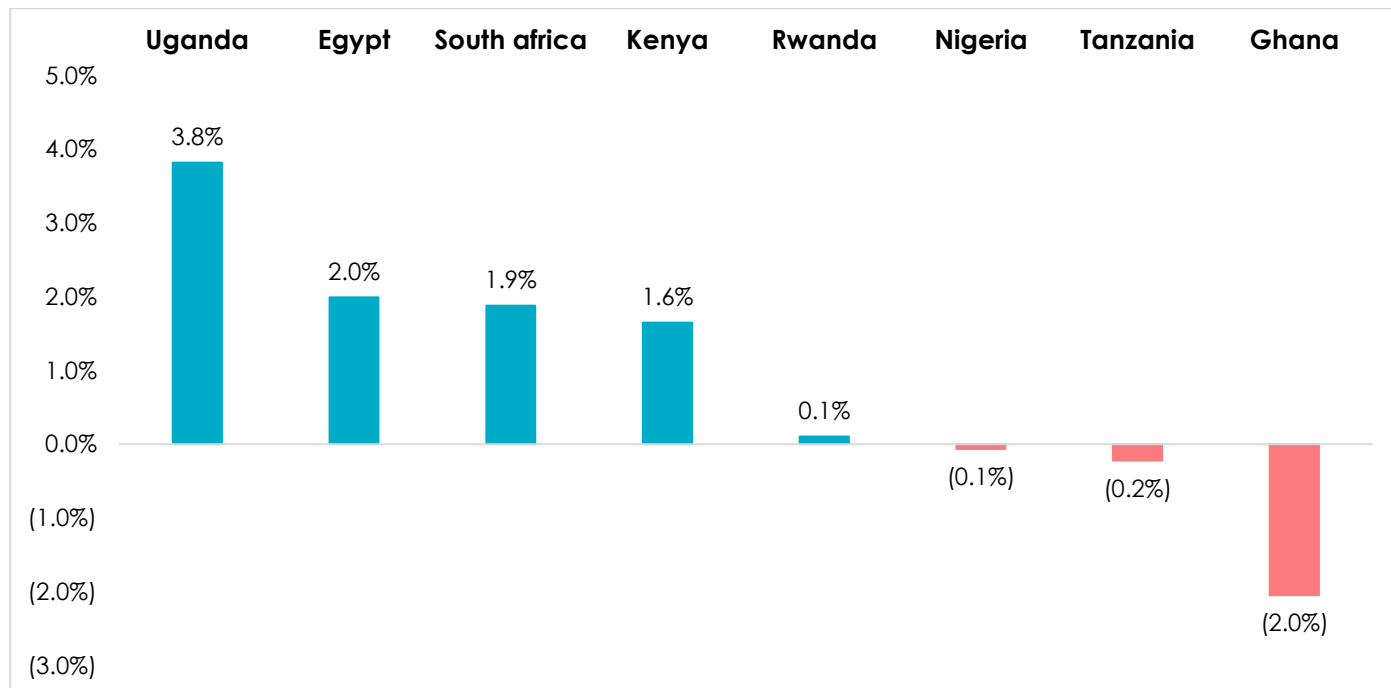
Market turnover shrunk to KES 1.75Bn from KES 25.68Bn traded the previous week.



Source; NCBA IB Research, NSE












Source; NCBA IB Research, NSE

Regional Markets performance


Source: NSE, NCBAIB Research

Corporate Actions:

Counter	Dividend	Book Closure Date	Payment Date
 Safaricom Twaweza	KES 0.58	15-Mar-23	31-Mar-23
 BAT KENYA	KES 52.00	26-May-23	15-Jun-23
 Standard Chartered	KES 16.00	21-Apr-23	25-May-23
 COOP BANK	KES 1.50	24-May-23	9-Jun-23
 KCB	Kes 1.00	6-Apr-23	SUBJECT TO APPROVAL
 absa	Kes 1.15	28-Apr-23	25-May-23
 EQUITY BANK	KES 12.60	19-May-23	SUBJECT TO APPROVAL
 CIC GROUP	KES 0.13	8-May-23	26-May-23
 KAKUZI PRODUCTS KAKUZI PLC	KES 24	31-May-23	15-Jun-23

Source: NSE, NCBAIB Research

FIXED INCOME

Primary Market

a) Treasury Bill Results

Treasury bills were undersubscribed, with a subscription rate of 34.4% (down from 49.2% the previous week) and an acceptance rate of 97.2%.

The 91-day attracted the attention of investors the most recording a subscription of 72.6%, its yield increased to 9.91% whereas 364-day remained relatively unchanged at 10.80%.

b) April Bond offers: Re-opened FXD2/2018/10, FXD1/2022/03 & FXD1/2019/15

The Central Bank of Kenya, in its capacity as a fiscal agent for the Republic of Kenya, is offering investors an opportunity to participate in the auction of re-opened treasury bonds FXD2/2018/10, FXD1/2022/03 and FXD1/2019/15, seeking to raise a total of KES 50.0Bn for budgetary support.

See below a summary of the issue:

Issue	FXD2/2018/10	FXD1/2022/03	FXD1/2019/15
Tenor	5.8Yr	2.1Yr	10.9Yr
Value Date	10-Apr-23	24-Apr-23	
Offered Amount (KES Mn)	20,000.00	30,000.00	
Coupon Rate (%)	12.502%	11.766%	12.857%
Period of Sale	16-Mar-23 to 4-Apr-23	16-Mar-23 to 18-Apr-23	
Redemption Date	4-Dec-28	7-Apr-25	9-Jan-34
Bidding range	14.00%-14.30%		

Source: CBK, NCBA IB Research

Secondary Market

In the secondary bonds market, **total turnover** declined to **KES 19.23 Bn** from KES 19.42 Bn traded in the previous week.

The S&P Sovereign Bond index marginally increased to close at **101.64**.

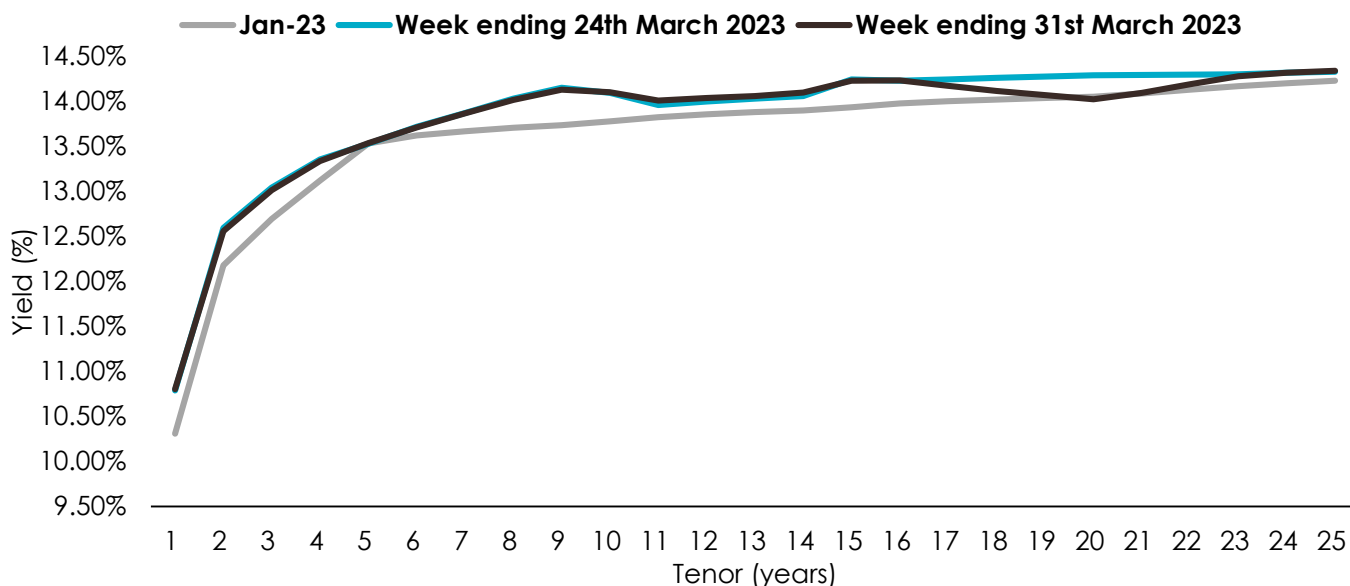
The S&P Kenya Sovereign Bond Index tracks the performance of local currency denominated public government debt and has an inverse relationship to yield curve.

See the top moving bonds below:

Bond Identifier	Years to Maturity	Coupon	Average Yield	Total Value (KES Mn)	Number of Trades
IFB1/2019/16Yr	12.56	11.75%	14.19%	2,920.50	36
IFB1/2023/17Yr	16.94	14.40%	13.89%	2,730.95	447
FXD 2/2019/5Yr	1.10	10.87%	11.43%	2,006.00	56
IFB 1/2014/12Yr	3.54	11.00%	12.90%	1,486.96	13
IFB1/2022/6Yr	5.67	13.22%	12.70%	1,353.25	43

Source: NSE, NCBAIB Research

Government Securities Yield Curve:

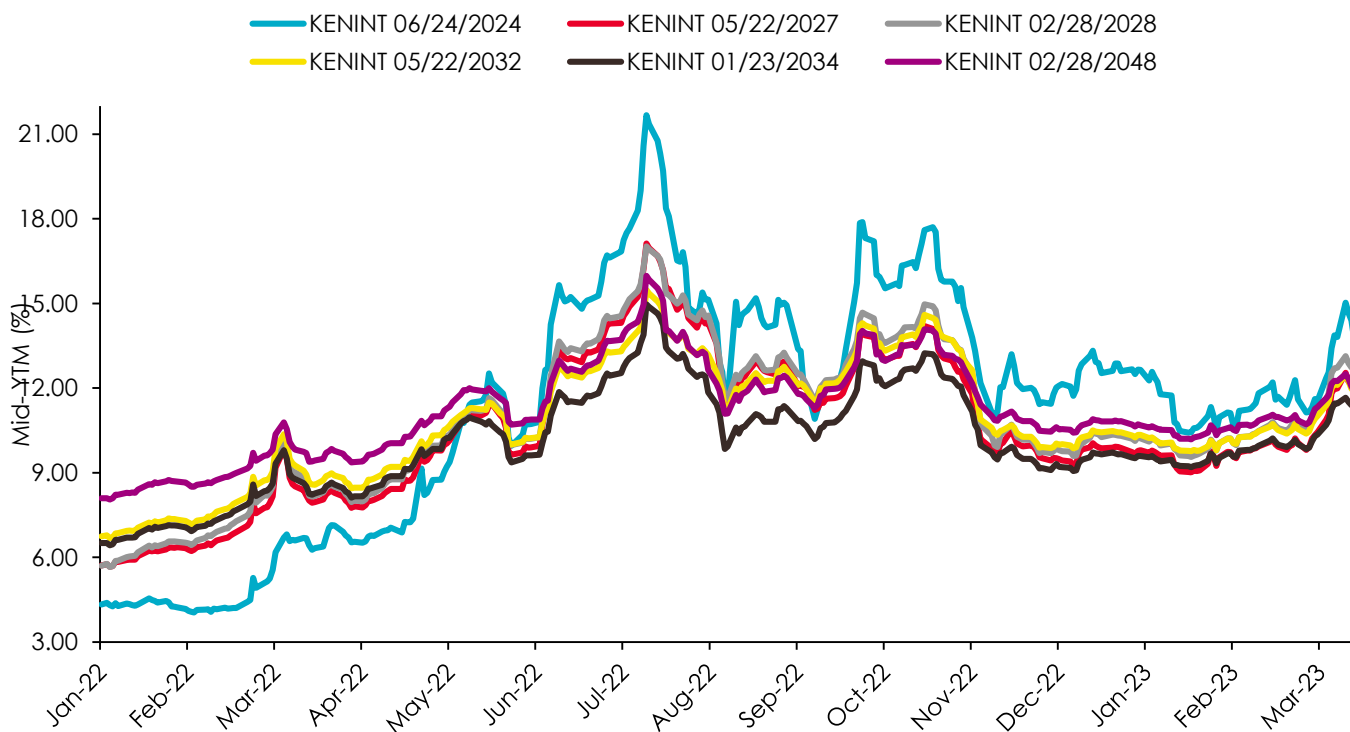


Source: NSE, NCBA IB Research

Kenya International Debt Yield Curves:

Kenyan Eurobonds' yields were on an upward trend – increasing by an average of 18.8 bps week on week. KENINT 2024, which has a tenor of 1.27 years, recorded the largest rise – with its yield increasing by 48.6 bps to 14.30%.

Notably, KENINT 2024 whose principal amount totals USD 2.0Bn matures in June 2024.



Source: Bloomberg, NCBA IB Research

Macroeconomic statistics:

Prevailing rates	Week 12	Week 13	w/w change (bps)
91 Day	9.829%	9.907%	7.80
182 Day	10.344%	10.399%	5.50
364 Day	10.787%	10.800%	1.30

Statistic	Current	Previous	change (bps)
CBR	9.50%	8.75%	75
Inflation	9.20%	9.20%	-
Average Interbank Rate	7.86%	7.41%	45

Exchange rates

Currency	Week 12	Week 13	w/w change (%)
US Dollar	131.40	132.52	(0.8%)
STG Pound	160.49	164.12	(2.2%)
EURO	141.21	144.29	(2.1%)
Forex reserves (USD Mn)	6,550.00	6,426.00	(1.9%)

Negative () = Depreciation, Positive = Appreciation

Source: CBK, NCBA IB Research

Kenya Government Debt Maturities Schedule – April 2023:

Coupon payments						
Issue No.	Next Coupon Payment Date	Tenor to Maturity	Outstanding Amount KES 'Mn	Fixed Coupon Rate	Coupon payment KES 'Mn	Implied Yield To Maturity
FXD1/2009/015	April 10, 2023	1.52	31,952.45	12.50%	1,997.03	12.1360%
FXD1/2022/003	April 10, 2023	2.02	58,837.00	11.77%	3,461.38	12.6865%
FXD2/2019/010	April 10, 2023	6.02	60,725.30	12.30%	3,734.61	13.6700%
FXD1/2019/020	April 10, 2023	16.02	83,350.00	12.87%	5,364.82	14.1037%
IFB1/2020/009	April 10, 2023	6.02	78,973.60	10.85%	4,284.32	12.9155%
IFB1/2021/018	April 10, 2023	16.02	81,785.60	12.67%	5,179.89	13.6575%
FXD2/2013/015	April 17, 2023	5.04	70,859.75	12.00%	4,251.59	13.5115%
FXD2/2018/015	April 17, 2023	10.54	33,411.70	12.75%	2,130.00	13.8410%
IFB1/2014/012	April 17, 2023	3.54	16,631.48	11.00%	914.73	12.5775%
IFB1/2016/015	April 17, 2023	8.54	30,004.70	12.00%	1,800.28	13.5290%
FXD1/2022/015	April 24, 2023	14.06	68,200.07	13.94%	4,754.23	13.9925%
FXD1/2022/025	April 24, 2023	24.56	20,699.83	14.19%	1,468.45	14.2750%
IFB1/2019/016	April 24, 2023	12.56	71,028.55	11.75%	4,172.93	13.6275%
Total					43,514.24	

Source: CBK, NCBA IB Research

About NCBA Investment Bank

NCBA Investment Bank is a subsidiary of NCBA Group. The services offered by the brokerage department include equities trading for listed securities, fixed income trading for both corporate and government bonds, Over the Counter (OTC) equity transactions as well as execution of equities transactions across the East African countries. Additionally, NCBA Investment Bank backs these activities with solid advice from the research team to enable investors meet their return objectives. NCBA Investment Bank deploys simple and convenient client driven technologies, robust risk management, highly competent and experienced staff and has the backing of robust research capabilities to differentiate itself from other players in the market.

Physical Address

NCBA Annex,
Hospital Road, Upper Hill, Tel: +254 20 2884444
Mobile: +254 711 056444/+254 732 156444

Certification

The following analyst(s) who prepared this research report: Victoria Mututu hereby certifies(y) that:

- (i) all of the views and opinions expressed in this research report accurately reflect the research analyst's(s') personal views about the subject investment(s) and companies (y) and
- (ii) no part of the analyst's(s') compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the analyst(s) in this research report.

Disclaimer

Any opinion or other information in this document is not an invitation to buy or sell any asset class. Legally binding obligations can only arise for or be entered into on behalf of NCBA Group by means of a written instrument signed by a duly authorized signatory. You are cautioned to ensure that you have made an independent decision in accordance with your own objectives, experience, operational and financial resources and any other appropriate factors including independent professional advice. No guarantee, warranty, or representation is made in respect of the performance or return on any transaction.

Key Contacts: Research Team

victoria.mututu@ncbagroup.com

ncbaibresearch@ncbagroup.com

Key Contacts: Trading Team

dealing@ncbagroup.com