

The Week in Review | Week 48

EQUITIES

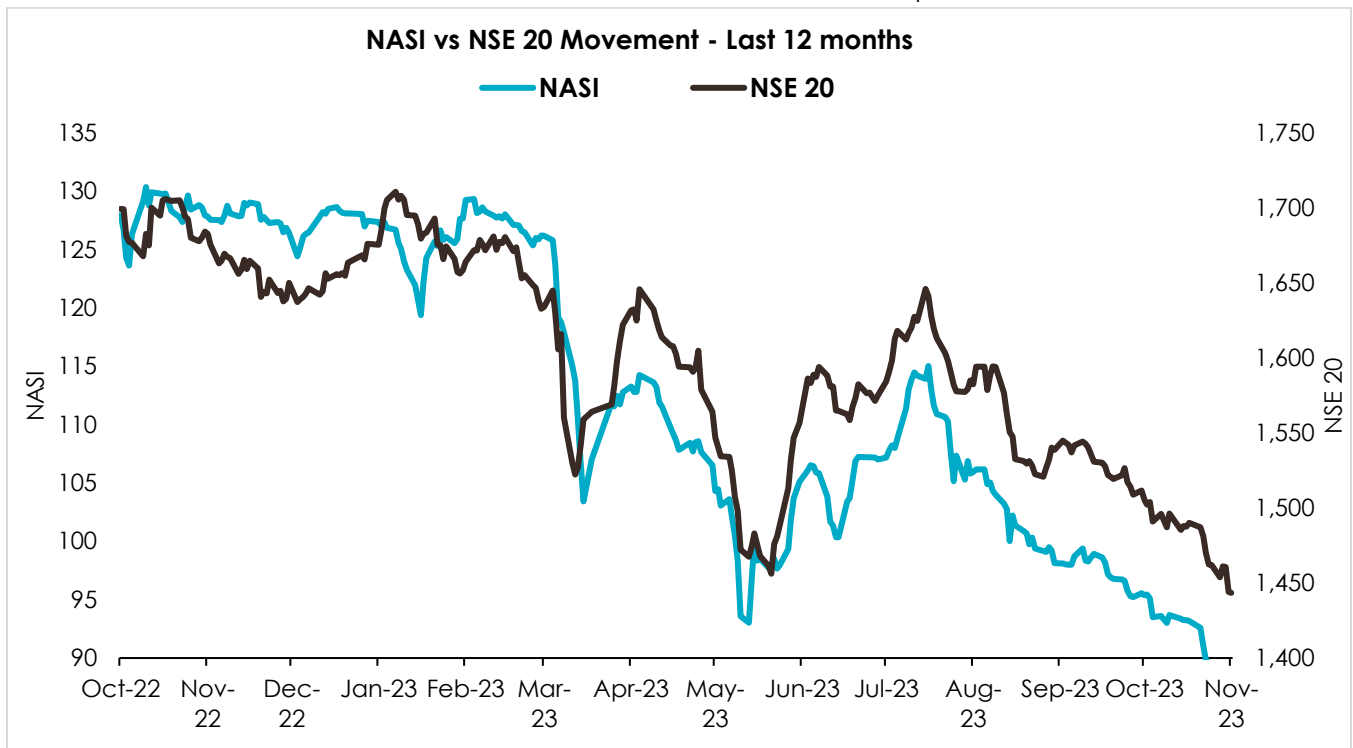
Local Market Performance

The market was up 0.03% week on week, with all share index (NASI) closing the week at **92.27**, a 27.54% decline year to date.

The NSE-20 and NSE-25 indices closed the week at **1,494.45**, a **10.80%** decline year to date and **2,397.13**, a **23.62%** decline year to date, respectively.

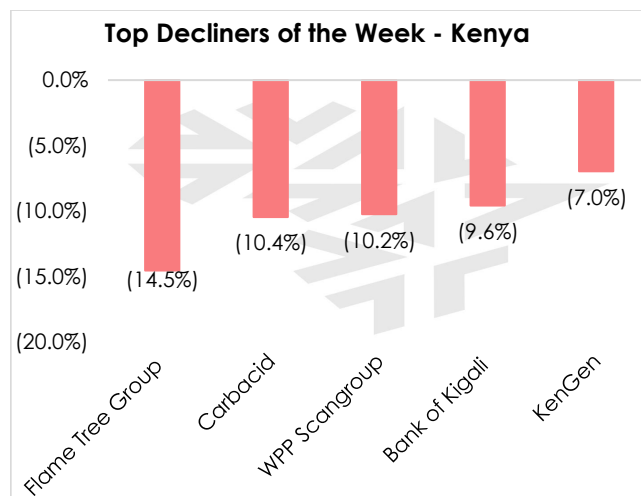
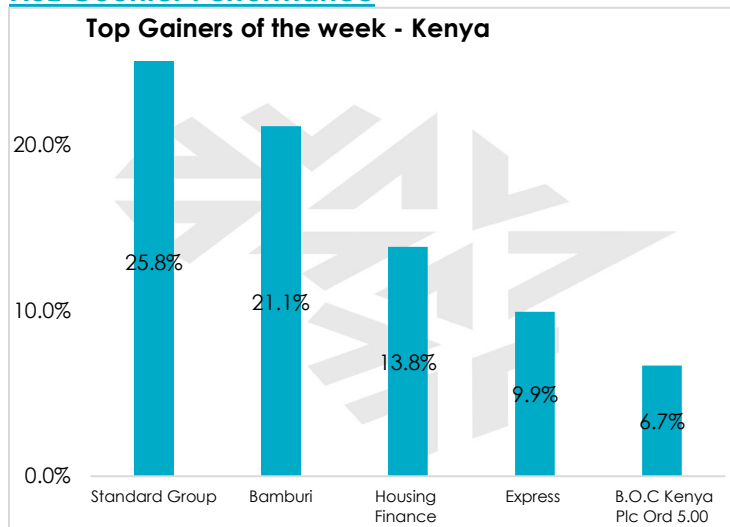
Foreign investors accounted for **80.00%** of the total turnover and they were net sellers with net foreign outflows of KES 0.70Bn last week. Foreign investors were mostly active on Safaricom, Equity, KCB, Kengen, and EABL in that order.

Market turnover increased to KES **0.987Bn** from KES 0.519Bn traded the previous week.



Source: NSE, NCBA IB Research

NSE Counter Performance



Source: NSE, NCBA IB Research

Upcoming Dividend payments

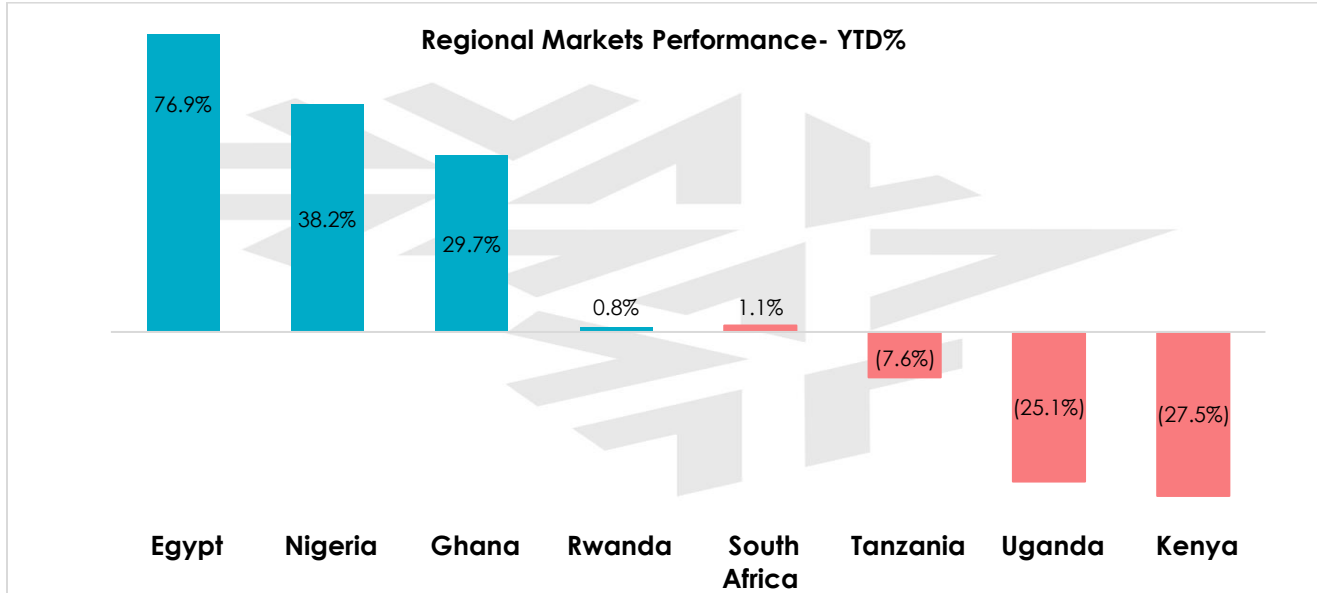
Counter	Dividend	Book Closure	Payment
 CO ₂ INVESTMENT HOLDINGS LIMITED	KES 1.70	24-Nov-23	15-Dec-23
 KenGen Energy for the nation.	KES 0.30	30-Nov-23	15-Feb-24
 UMEME Powering Uganda	UGS 24.00	09-Feb-24	29-Feb-24
 KAPCHORUA TEA FARM	KES 10.00	7- Dec- 2023.	13-Dec-2023
 Williamson Tea TEA FARMERS SINCE 1869	KES 6.00	14-Dec-23	23-Dec-23
 BANK OF KIGALI Financially transforming lives	KES 10.00	7- Dec- 2023.	13-Dec-2023
 BANK OF KIGALI Financially transforming lives	FRw 8.00	29-Nov-23	20-Dec-23

Source: Company Financials, NSE, NCBA IB Research

Regional Markets YTD% Performance.

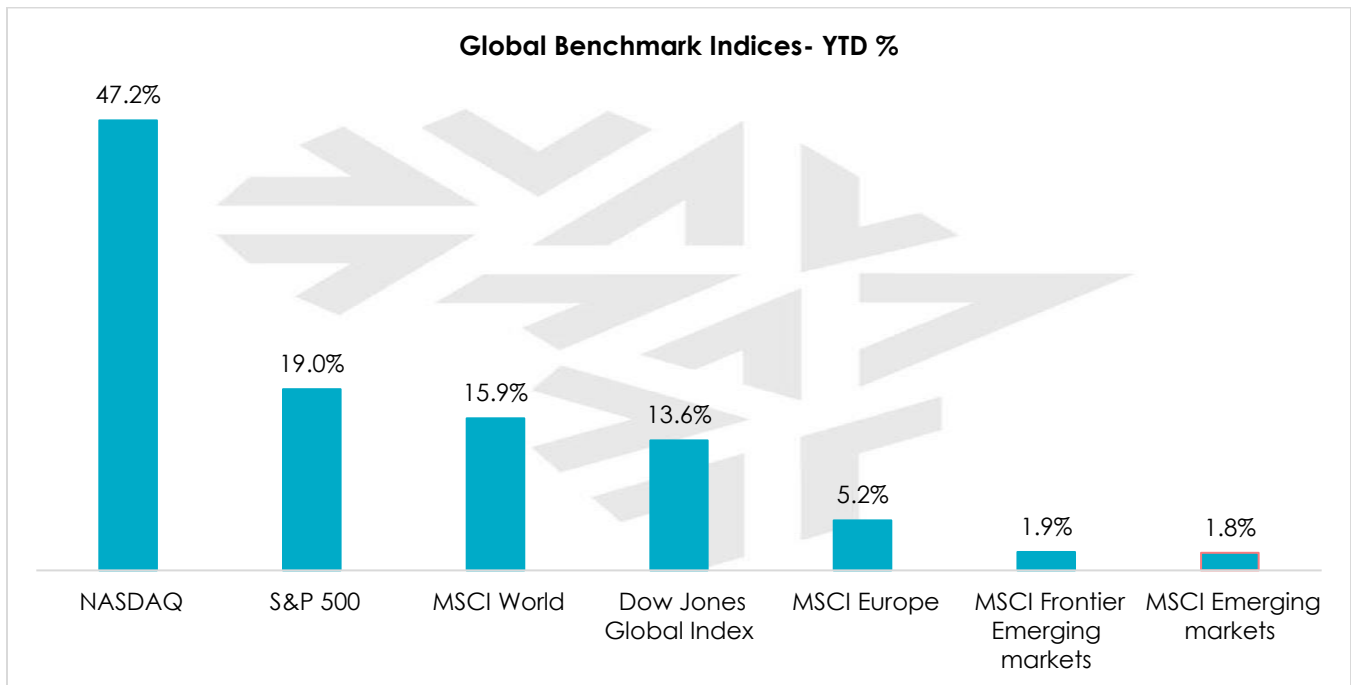
On a year to date basis, the Nairobi securities exchange recorded the worst performance compared to benchmark markets in Sub-Saharan Africa.

This is largely attributable to exits by foreign investors driven by depreciation of our local currency.



Source: Bloomberg, NCBA IB Research

Global Benchmark Indices YTD % performance



Source: Bloomberg, NCBA IB Research

FIXED INCOME

Primary Market

Treasury bills were oversubscribed during the week, with a subscription rate of **100.26%** (down from 115.11% the previous week) and an acceptance rate of **94.9%**. Majority of the bids geared towards the 91-day paper, accounting for performance rate of 485.0% as investors look to mitigate for duration risk.

KES 22.83Bn was accepted at 15.529% (up 8.67bps), 15.550% (up 10.59bps) and 15.727% (up 14.38 bps) for the 91, 182 and 364-day papers, respectively.

Subscription	Amount offered KES Bn	Bids received week 48	Bids received week 47
91 day	4.00	19.40	23.40
182 day	10.00	2.70	2.38
364 day	10.00	1.97	1.85
Total	24.00	24.06	27.63

Prevailing rates	Week 48	Week 47	W/W change (bps)
91 Day	15.529%	15.443%	8.67
182 Day	15.550%	15.445%	10.59
364 Day	15.727%	15.583%	14.38

Source: CBK, NCBA IB Research

Secondary Market

In the secondary bonds market, **total turnover** decreased to **KES 10.10Bn** from KES 14.37Bn traded in the previous week.

The S&P Sovereign Bond index declined to close at **91.18** from 91.49 in the previous week.

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
IFB1/2023/6.5Yr	6.45	17.93%	16.89%	2,743.30	342
FXD1/2017/10Yr	3.64	12.97%	18.36%	2,250.00	6
FXD 1/2019/5Yr	0.21	11.30%	17.60%	1,600.00	1
FXD 1/2023/2Yr	1.71	16.97%	17.70%	500.00	2
IFB1/2022/19Yr	17.21	12.97%	16.66%	493.90	20

Source: NSE, NCBA IB Research

DECEMBER 2023 BOND OFFER: TAP SALE IFB1/2023/6.5

The Central Bank of Kenya, in its capacity as a fiscal agent for the Republic of Kenya, is offering an opportunity to participate in the tap sale of IFB1/2023/6.5 seeking to raise KES 25.00Bn for funding of Infrastructure projects in the FY 2023/2024 budget estimates.

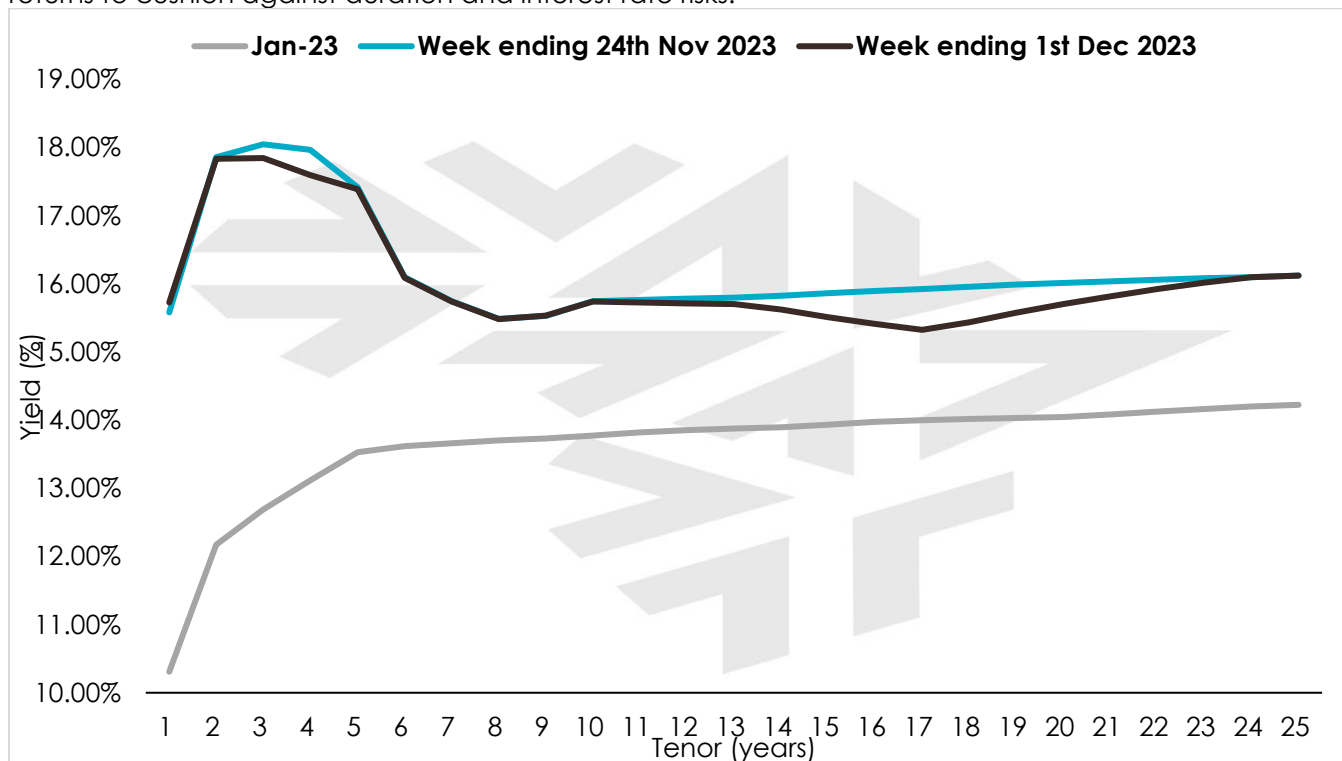
Summary of the offer:

Bond Offer	
Issue	IFB1/2023/6.5
Tenor to Maturity	6.5
Redemption date	6-May-30
Coupon Rate	Market Determined
Offered Amount (KES Mn)	50,000.00
Opening Date	20-Oct-23
Closing date	8-Nov-23
Value Date	13-Nov-23
Taxation	Tax - free
Bidding Guide	17.50% - 18.30%

Source: CBK, NCBAIB Research

Government Securities Yield Curve:

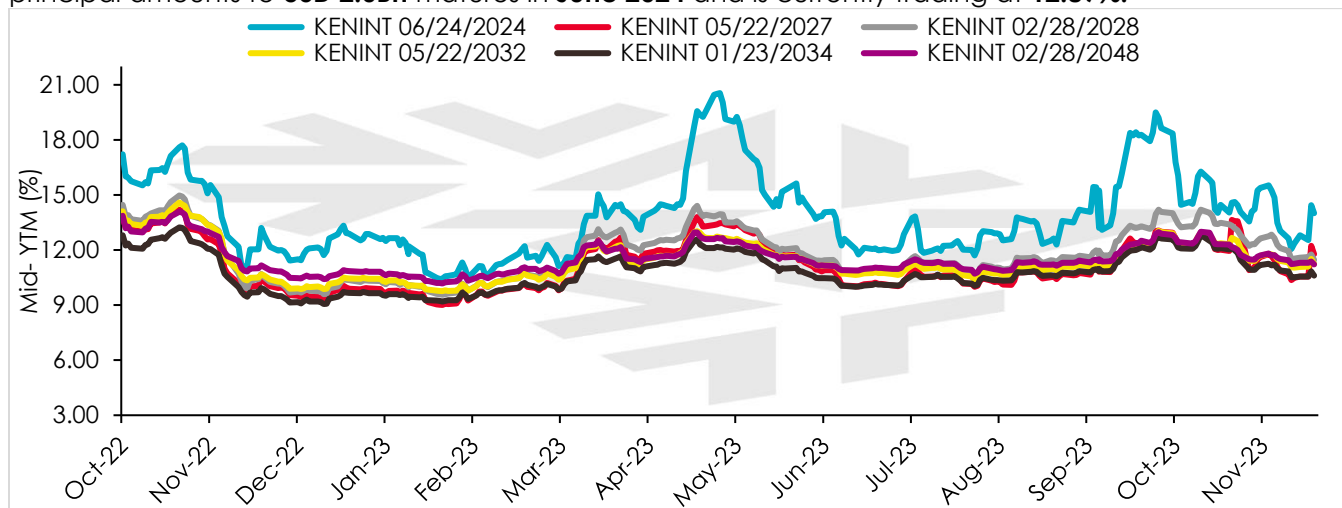
The yield on government securities has been on an **upward trajectory** with investors demanding higher returns to cushion against duration and interest rate risks.



Source: NSE, NCBAIB Research

Kenya International Debt Yield Curves:

Kenyan Eurobonds' yields recorded upward trends in the international debt market. **KENINT 2024**, whose principal amounts to **USD 2.0Bn** matures in **June 2024** and is currently trading at **12.89%**.



Source: Bloomberg, NCBA IB Research

Macroeconomic Developments:

Liquidity conditions in the interbank space eased. Indicatively, the overnight **interbank rate** declined by 37.4 bps week on week to close at **10.80%**. The average daily traded volumes decreased to **KES 14.72Bn** from KES 23.75Bn observed in the previous week.

Statistic	Current	Previous	Change (bps)
CBR	10.50%	10.50%	0.0
Inflation	6.80%	6.90%	(10.0)
Average Interbank Rate	10.80%	11.17%	(37.4)

Source: CBK, NCBAIB Research

Fiscal Tracker-October 2023

For the third month of FY'2023/2024, **total revenue** collected as reported by the National Treasury stood at **KES 939.44Bn** which represents a **22.73%** achievement against the full year target of **KES 4,132.74Bn**.

Net **domestic borrowing** stood at **KES 156.48Bn** reflecting a performance rate of **22.74%** compared to **11.99%** in the same period in FY'2022/2023. The performance in domestic borrowing comes as the government shifts its focus on domestic debt from the issuance of long-term instruments to more **short-term** bonds to align with investor appetite and realize the borrowing target.

The **total expenditure** increased by **KES 58.57Bn** to **KES 940.03Bn** compared to **KES 881.46Bn** in the same period in 2022/2023 fiscal year. This is largely attributable to an increase in Consolidated Fund Services (CFS) by **KES 112.47Bn** to **KES 472.37Bn** and whereas county government expenditure decreased by **KES 6.78Bn** to **KES 78.59Bn** and development expenditure decreased by **KES 38.06Bn** to **KES 39.48Bn**.

The increase in public **expenditure** continues to hamper government's efforts of achieving a **fiscal deficit** to GDP of **4.4%** projection for FY'23/2024 through fiscal consolidation measures.

	Oct-23					
	23/24 FY Budget	Oct-22	Oct-23	Variance (YoY)	Variance FY Budget	Variance FY Budget
INCOME(KES Bn)						
Total Tax Income	2,495.83	607.95	684.75	76.80	(1,811.08)	(72.56%)
Total Non-Tax Income	75.33	27.85	29.69	1.85	(45.64)	(60.58%)
Net Domestic Borrowing	688.21	124.71	156.48	31.77	(531.73)	(77.26%)
External Loans and Grants	870.18	107.38	64.98	(42.40)	(805.20)	(92.53%)
Other Domestic Financing	3.19	15.32	3.54	(11.78)	0.35	11.08%
Total Revenue	4,132.74	883.21	939.44	56.23	(3,193.30)	(77.27%)
EXPENDITURE(KES Bn)						
Recurrent	1,302.80	358.65	349.59	(9.05)	(953.21)	(73.17%)
CFS	1,963.70	359.90	472.37	112.47	(1,491.33)	(75.94%)
Development	480.82	77.54	39.48	(38.06)	(441.33)	(91.79%)
County Gvt	385.42	85.37	78.59	(6.78)	(306.84)	(79.61%)
Total Expenditure	4,132.74	881.46	940.03	58.57	(3,192.71)	(77.25%)
Balances at end month		2.36	2.03	(0.34)		

Source: National Treasury, NCBA IB Research.

Currency

On the FX front, the shilling continues to depreciate against the greenback, closing at **153.25/153.135** on Friday. With the average estimated **daily loss** now at **8.412 cents**.

Year to date, the Kenya shilling has depreciated by **24.15% y/y** against the dollar. Continued intervention by the central bank through activity in the interbank foreign exchange market and expected foreign currency inflows from diaspora remittances, tourism and IMF will alleviate the pressure on the shilling.

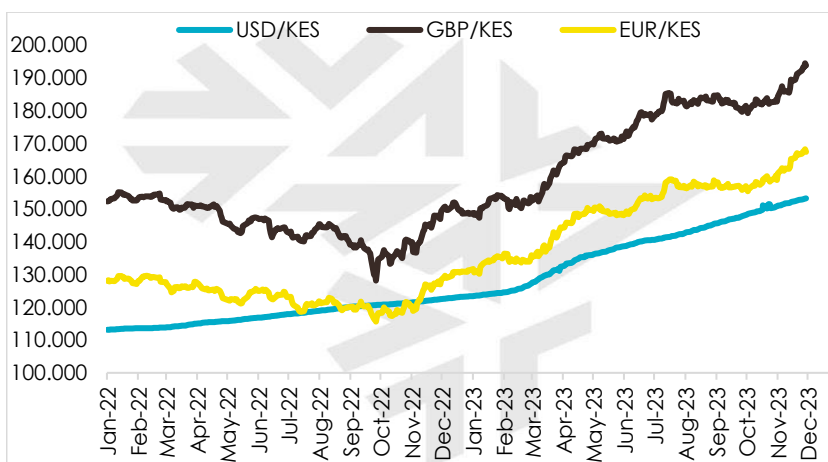
Foreign exchange reserves increased marginally by **0.27%** week on week to close at **US \$6,740Mn**, the reserves represent **3.6 months** of import cover which is below the CBK's statutory requirement of at least 4 months of import cover.

The **DXY** decreased to close at **103.19** from 103.41 in the previous week.

The U.S. Dollar Index (DXY) indicates the general international value of the USD. The DXY does this by averaging the exchange rates between the US Dollar and major world currencies.

Currency	Week 48	Week 47	W/W change (%)
US Dollar	153.235	152.450	0.5%
STG Pound	193.796	190.210	1.9%
Euro	167.457	166.200	0.8%
Forex reserves	6740.00	6722.00	0.27%

Negative () = Depreciation, Positive = Appreciation



Source: CBK, NCBA IB Research

Kenya Government Debt Maturities Schedule – December 2023:

The government has total domestic debt maturities of **KES 150.99Bn** in the month of December 2023 compared to **KES 158.25Bn** in November 2023. We expect **robust government activity** in the local market.

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
IFB1/2015/009	December 4, 2023	1.01	8,506.50	11.00%	467.86	12.5750%
IFB1/2022/006	December 4, 2023	5.01	59,561.98	13.22%	3,935.56	13.2533%
FXD3/2019/005	December 11, 2023	1.03	44,830.50	11.49%	2,575.96	15.8085%
FXD2/2010/015	December 11, 2023	2.03	25,199.80	9.00%	1,133.99	17.8721%
FXD1/2008/020	December 11, 2023	4.53	55,410.70	13.75%	3,809.49	17.7827%
FXD2/2018/010	December 11, 2023	5.03	63,574.02	12.50%	3,974.01	17.3775%
FXD1/2010/025	December 11, 2023	11.53	20,192.50	11.25%	1,135.83	15.7738%
IFB1/2022/018	December 11, 2023	16.53	79,827.50	13.74%	5,484.95	14.3600%
FXD1/2018/025	December 18, 2023	19.55	94,326.70	13.40%	6,319.89	16.0025%
IFB1/2023/007	December 18, 2023	6.55	213,399.35	15.84%	16,898.03	15.5083%
Total					45,735.56	

Treasury Bills	
Payment Date	Amount KES 'Mn
December 4, 2023	24,604.34
December 11, 2023	38,516.10
December 18, 2023	22,689.75
December 25, 2023	19,448.44
Total	105,258.63

Source: CBK, NCBA IB Research

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