

The Week in Review | Week 01

EQUITIES

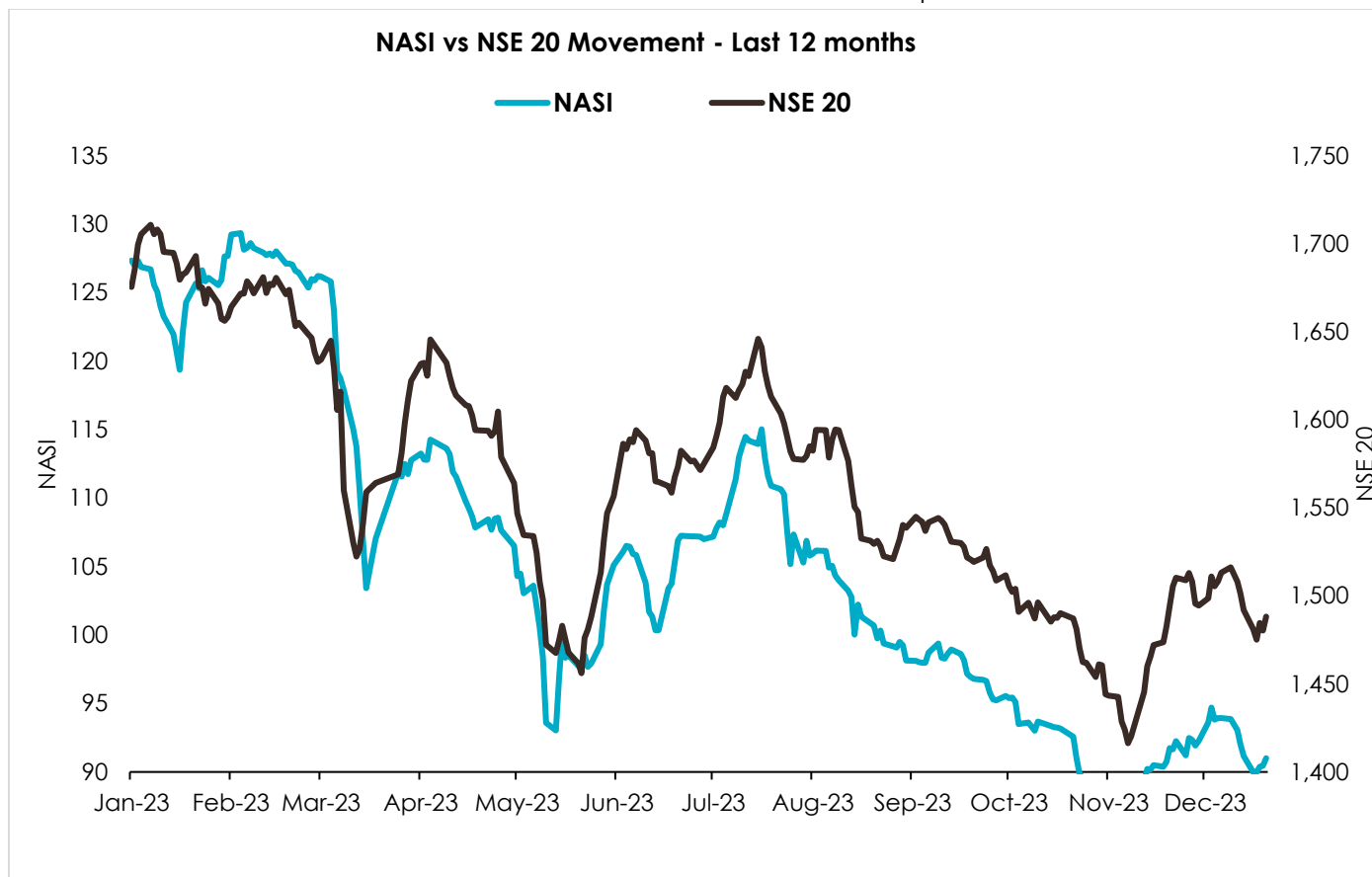
Local Market Performance

The market was up 0.48% week on week, with all share index (NASI) closing the week at **92.55**, a 0.63% increase year to date.

The NSE-20 and NSE-25 indices closed the week at **1518.40.16**, a **0.63%** increase year to date and **2,424.34**, a **1.55%** increase year to date, respectively.

Foreign investors accounted for **45.0%** of the total turnover and they were net sellers with net foreign inflows of KES 1.01Mn last week. Foreign investors were mostly active on Safaricom, Equity, KCB, Co-op and Standard Chartered Bank in that order.

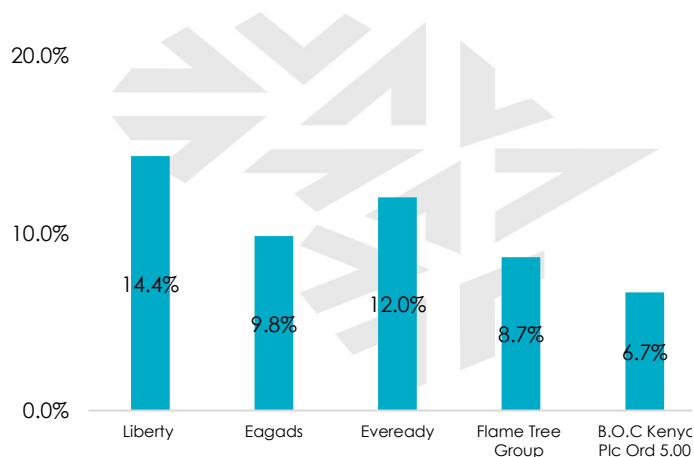
Market turnover decreased to KES **0.240Bn** from KES 0.403Bn traded the previous week.



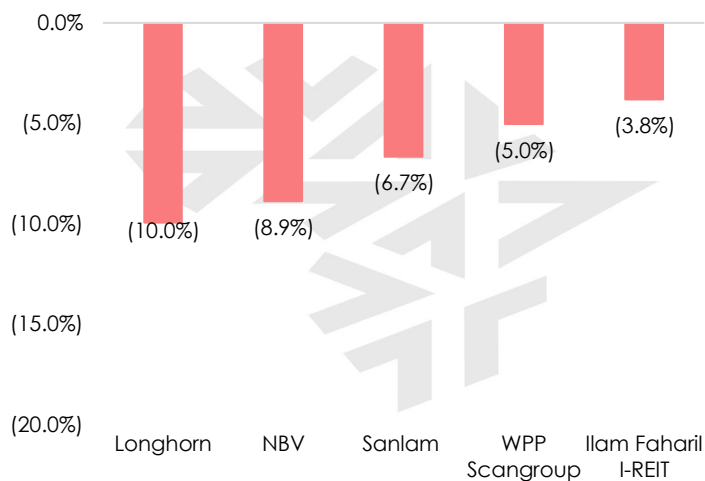
Source: NSE, NCBA IB Research

NSE Counter Performance

Top Gainers of the week - Kenya





Top Decliners of the Week - Kenya



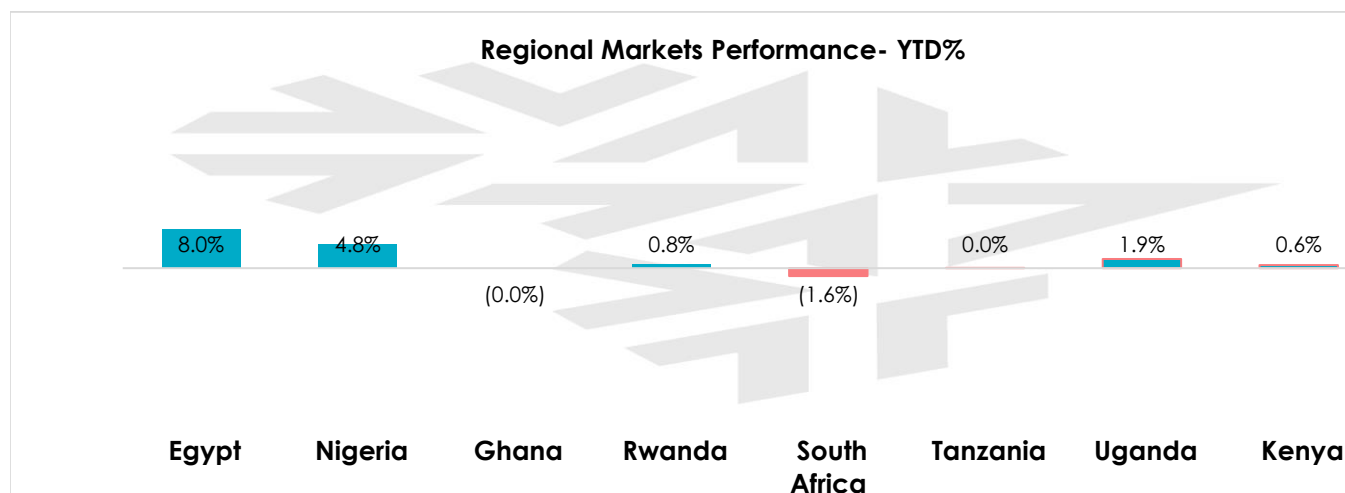
Source: NSE, NCBA IB Research

Upcoming Dividend payments

Counter	Dividend	Book Closure	Payment
 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

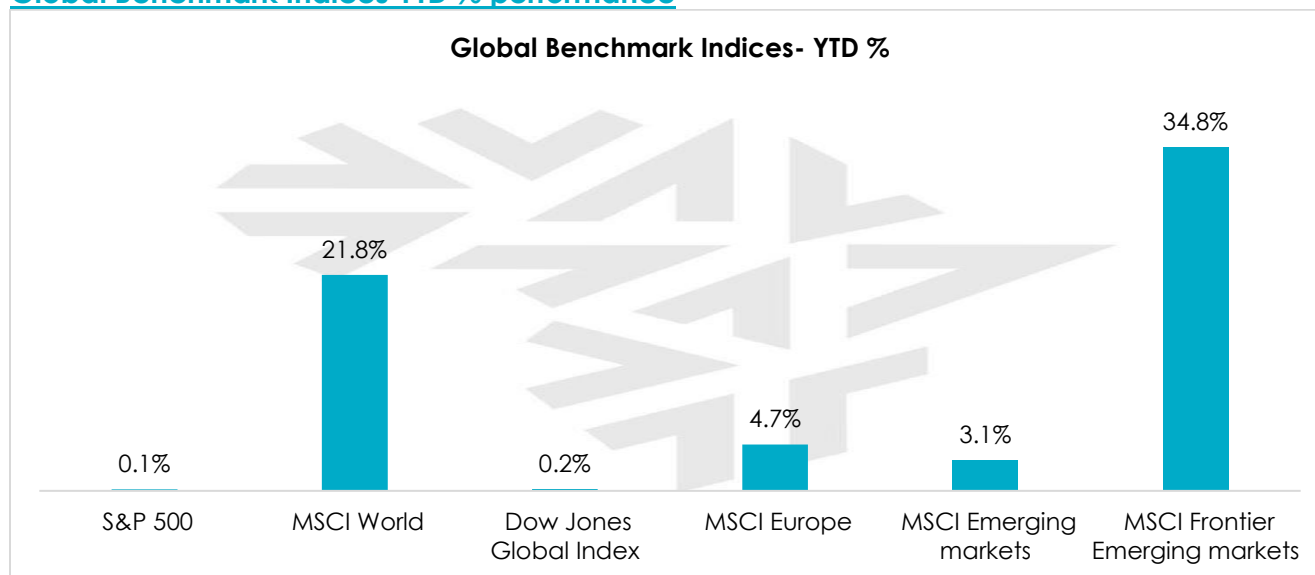
Source: Company Financials, NSE, NCBA IB Research

Regional Markets YTD% Performance.



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 **134.5%** (up from 43.76% the previous week) and an acceptance rate of **96.6%**. Majority of the bids geared towards the 91-day paper, accounting for performance rate of 657.8% as investors look to mitigate for duration risk.

KES 31.20Bn was accepted at 16.059% (up 7.60bps), 16.092% (up 12.48bps) and 16.279% (up 17.86 bps) for the 91, 182 and 364-day papers, respectively.

Subscription	Amount offered KES Bn	Bids received week 1	Bids received week 52
91 day	4.00	26.31	8.52
182 day	10.00	4.67	0.32
364 day	10.00	1.30	1.66
Total	24.00	32.28	10.50

Prevailing rates	Week 1	Week 52	W/W change (bps)
91 Day	16.059%	15.983%	7.60
182 Day	16.092%	15.967%	12.48
364 Day	16.279%	16.100%	17.86

Source: CBK, NCBA IB Research

Secondary Market

In the secondary bonds market, **total turnover** declined to **KES 0.65Bn** from KES 2.68Bn traded in the previous week.

The S&P Sovereign Bond index increased to close at **91.07** from 91.05 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.

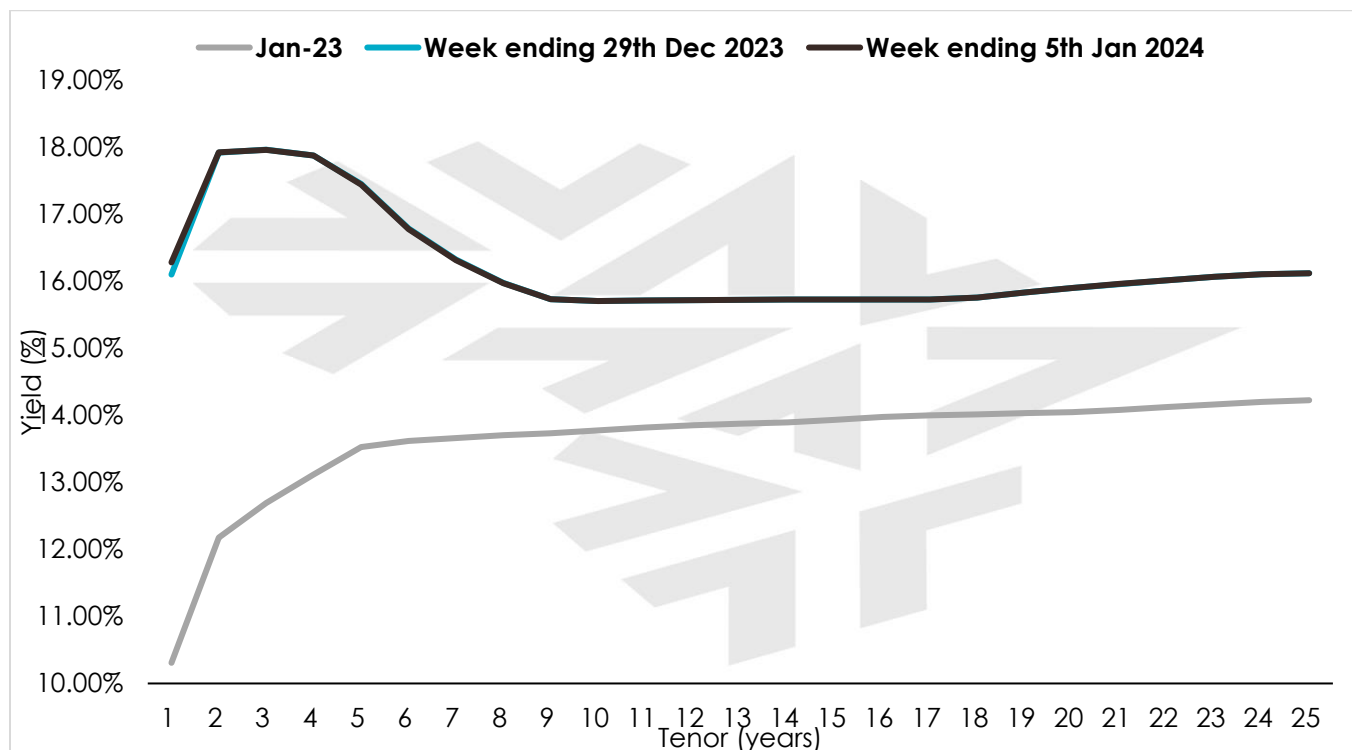
See the top moving bonds below

Bond Identifier	Years to Maturity	Coupon	Average Yield	Total Value (KES Mn)	Number of Trades
IFB1/2023/6.5Yr	6.35	17.93%	16.88%	269.90	120
FXD 2/2019/5Yr	0.33	10.87%	10.10%	91.00	3
IFB1/2022/18Yr	16.43	13.74%	15.68%	58.00	9
FXD1/2018/20Yr (Re-opened)	14.20	13.20%	15.90%	40.00	1
IFB1/2020/9Yr	5.25	10.85%	12.95%	36.00	1

Source: NSE, 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 mixed trends in the international debt market. **KENINT 2024**, whose principal amounts to **USD 2.0Bn** matures in **June 2024** and is currently trading at **15.54%**

	Eurobond	Tenor (Years)	Coupon Rate	Current Yield
1	KENINT 06/24/2024	0.48	6.88%	15.54%
2	KENINT 05/22/2027	3.39	7.00%	11.09%
3	KENINT 02/28/2028	4.17	7.25%	10.51%
4	KENINT 05/22/2032	8.41	8.00%	10.35%
5	KENINT 01/23/2034	10.09	6.30%	9.95%
6	KENINT 02/28/2048	24.24	8.25%	10.49%

Source: Bloomberg, NCBA IB Research

Macroeconomic Developments:

Liquidity conditions in the interbank space tightened. Indicatively, the overnight **interbank rate** increased by 44.8bps week on week to close at **14.23%**. The average daily traded volumes declined to **KES 21.97Bn** from KES 26.648Bn observed in the previous week.

Statistic	Current	Previous	Change (bps)
CBR	12.50%	10.50%	200.0
Inflation	6.80%	6.90%	(10.0)
Average Interbank Rate	14.23%	13.78%	44.8

Source: CBK, NCBAIB Research

Currency

On the FX front, the shilling continues to depreciate against the greenback, closing at **157.00/157.7824** on Friday. With the average estimated **daily loss** now at **45.883 cents**.

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 by **2.47%** week on week to close at **US \$6.775Mn**, the reserves represent **3.5 months** of import cover which is below the CBK's statutory requirement of at least 4 months of import cover.

The **DXY** increased to close at **102.44** from 101.061 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	Week1	Week 52	W/W change (%)
US Dollar	157.391	156.462	0.59%
STG Pound	198.946	199.805	(0.43%)
Euro	172.217	173.780	(0.90%)
Forex reserves	6775.00	6612.00	2.47%

Negative () = Depreciation, Positive = Appreciation

Source: CBK, NCBA IB Research

Fiscal Tracker-November 2023

For the fourth month of FY'2023/2024, **total revenue** collected as reported by the National Treasury stood at **KES 1,182.57Bn** which represents a **28.61%** achievement against the full year target of **KES 4,132.74Bn**.

Net **domestic borrowing** stood at **KES 222.27Bn** reflecting a performance rate of **32.30%** compared to **21.04%** 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 45.83Bn** to **KES 1,183.19Bn** compared to **KES 1,137.36Bn** in the same period in 2022/2023 fiscal year. This is largely attributable to an increase in Consolidated Fund Services (CFS) by **KES 86.58Bn** to **KES 575.85Bn** and whereas county government expenditure decreased by **KES 14.55Bn** to **KES 107.55Bn** and development expenditure decreased by **KES 33.78Bn** to **KES 55.68Bn**.

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.

Nov-23						
	23/24 FY Budget	Nov-22	Nov-23	Variance (YoY)	Variance FY Budget	Variance FY Budget
INCOME(KES Bn)						
Total Tax Income	2,495.83	758.59	847.35	88.76	(1,648.48)	(66.05%)
Total Non-Tax Income	75.33	30.11	32.37	2.26	(42.96)	(57.03%)
Net Domestic Borrowing	688.21	218.89	222.27	3.39	(465.94)	(67.70%)
External Loans and Grants	870.18	116.14	77.04	(39.10)	(793.14)	(91.15%)
Other Domestic Financing	3.19	15.32	3.54	(11.78)	0.35	11.08%
Total Revenue	4,132.74	1,139.04	1,182.57	43.53	(2,950.17)	(71.39%)
EXPENDITURE(KES Bn)						
Recurrent	1,302.80	436.53	444.11	7.58	(858.70)	(65.91%)
CFS	1,963.70	489.27	575.85	86.58	(1,387.84)	(70.67%)
Development	480.82	89.46	55.68	(33.78)	(425.14)	(88.42%)
County Gvt	385.42	122.10	107.55	(14.55)	(277.88)	(72.10%)
Total Expenditure	4,132.74	1,137.36	1,183.19	45.83	(2,949.55)	(71.37%)
Balances at end month		2.30	2.00	(0.30)		

Source: National Treasury, NCBA IB Research.

Kenya Government Debt Maturities Schedule – January 2024:

The government has total domestic debt maturities of **KES 157.75Bn** in the month of January 2024 compared to **KES 150.99Bn** in December 2023. We expect **robust government activity** in the local market.

Treasury Bills	
Payment Date	Amount KES 'Mn
January 1, 2024	6,295.54
January 8, 2024	29,866.43
January 15, 2024	41,314.26
January 22, 2024	32,249.79
January 29, 2024	15,510.20
Total	125,236.22

Source: CBK, NCBA IB Research

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
FXD1/2014/010	January 15, 2024	0.03	35,852.15	12.18%	2,183.40	15.0412%
FXD1/2023/005	January 15, 2024	4.53	50,134.20	16.84%	4,222.30	17.8854%
FXD1/2017/010	January 22, 2024	3.55	65,974.90	12.97%	4,277.15	17.8611%
FXD1/2019/015	January 22, 2024	10.05	79,096.85	12.86%	5,084.74	15.7048%
FXD3/2019/015	January 22, 2024	10.55	53,919.80	12.34%	3,326.85	15.7088%
FXD2/2018/020	January 22, 2024	14.55	89,198.60	13.20%	5,887.11	15.7253%
IFB1/2018/015	January 22, 2024	9.05	41,184.80	12.50%	2,574.05	13.6500%
IFB1/2021/016	January 22, 2024	13.05	80,958.35	12.26%	4,961.53	15.3851%
Total					32,517.13	

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 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

ncbaresearch@ncbagroup.com

Key Contacts: Trading Team

dealing@ncbagroup.com

[Follow the NCBA Investment Bank channel on WhatsApp](#)