

The Week in Review | Week 02

EQUITIES

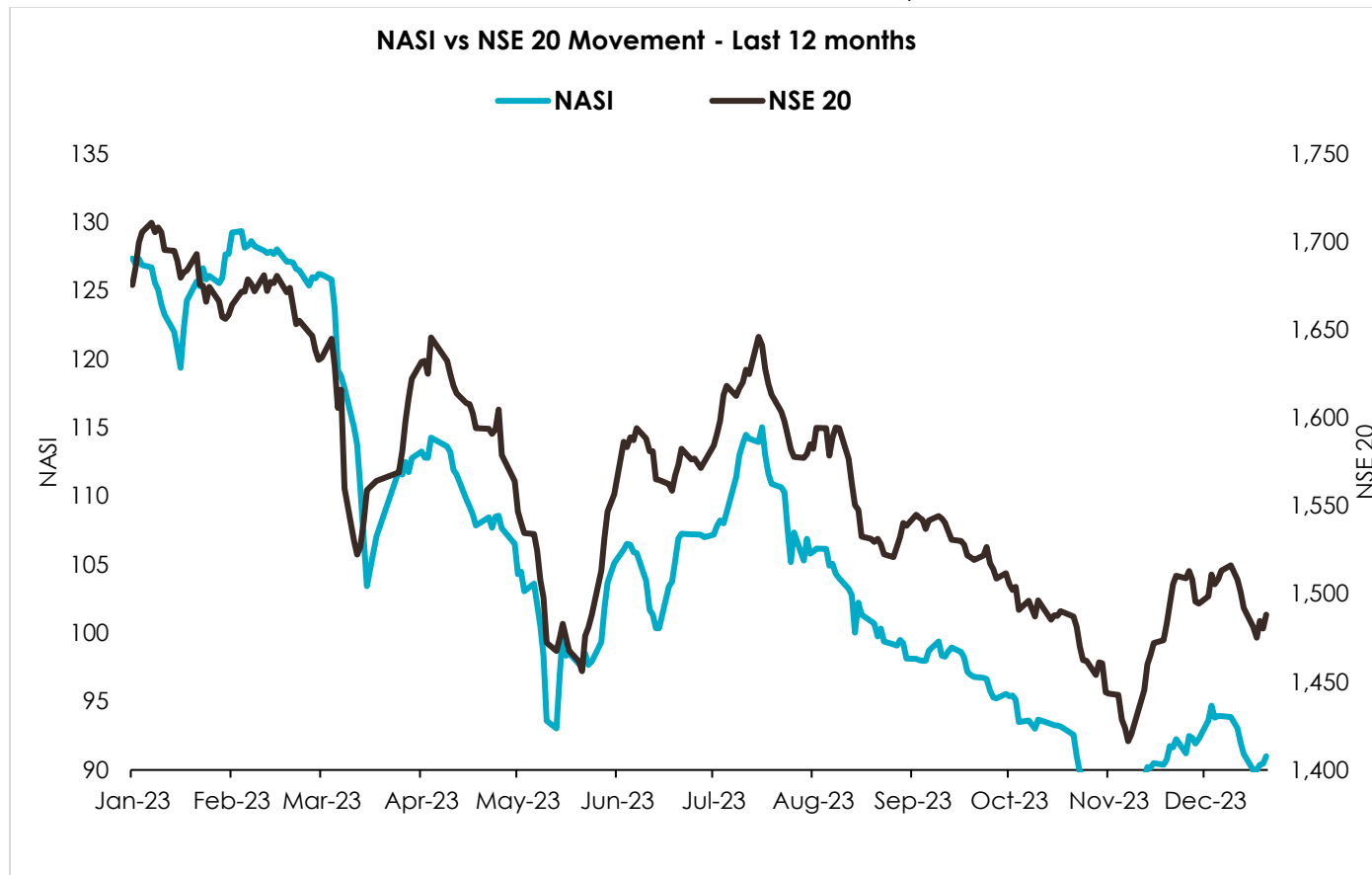
Local Market Performance

The market was up 0.27% week on week, with all share index (NASI) closing the week at **92.80**, a 0.90% increase year to date.

The NSE-20 and NSE-25 indices closed the week at **1,514.07**, a **0.35%** increase year to date and **2,416.68**, a **1.23%** increase year to date, respectively.

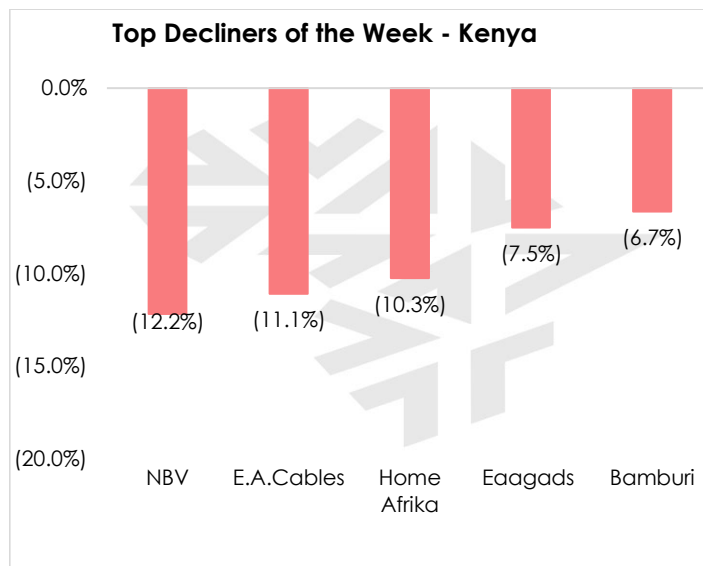
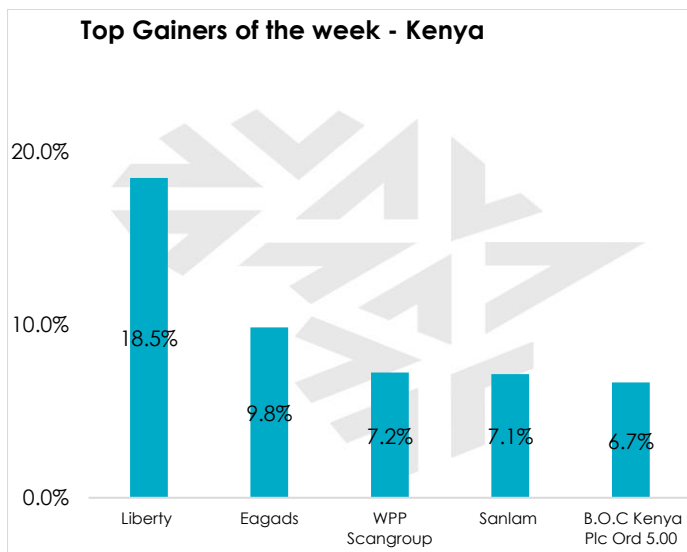
Foreign investors accounted for **61%** of the total turnover and they were net sellers with net foreign inflows of KES 0.99Mn last week. Foreign investors were mostly active on Safaricom, Bamburi, Equity, KCB and Co-op in that order.

Market turnover increased to KES **0.684Bn** from KES 0.403Bn traded the previous week.





Source: NSE, NCBA IB Research

NSE Counter Performance



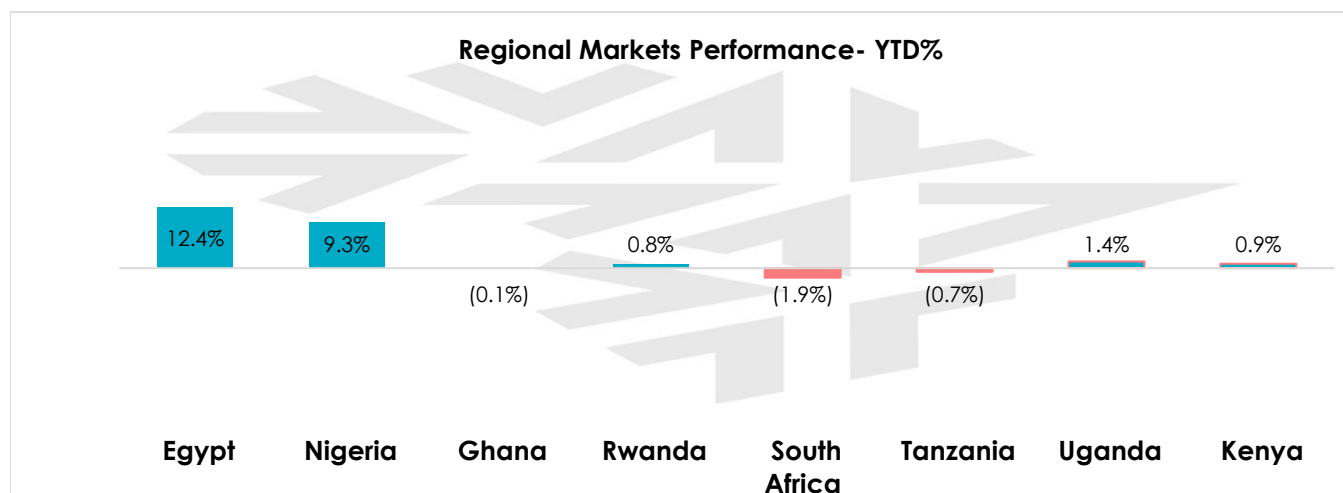
Source: NSE, NCBA IB Research

Upcoming Dividend payments

Counter	Dividend	Book Closure	Payment
 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

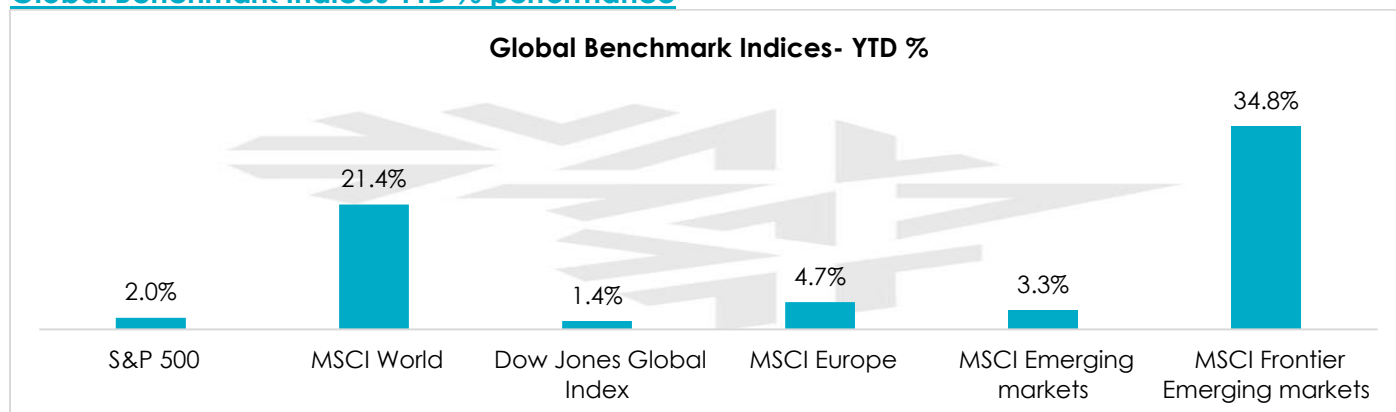
Source: Company Financials, NSE, NCBA IB Research

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 **241.54%** (up from 134.50% the previous week) and an acceptance rate of **79.3%**. Majority of the bids geared towards the 91-day paper, accounting for performance rate of 1,114.4% as investors look to mitigate for duration risk.

KES 57.97Bn was accepted at 16.145% (up 8.63bps), 16.187% (up 9.59bps) and 16.392% (up 11.31 bps) for the 91, 182 and 364-day papers, respectively.

Subscription	Amount offered KES Bn	Bids received week 2	Bids received week 1
91 day	4.00	44.58	26.31
182 day	10.00	10.10	4.67
364 day	10.00	3.29	1.30
Total	24.00	57.97	32.28

Prevailing rates	Week 2	Week 1	W/W change (bps)
91 Day	16.145%	16.059%	8.63
182 Day	16.187%	16.092%	9.59
364 Day	16.392%	16.279%	11.31

Source: CBK, NCBA IB Research

Secondary Market

In the secondary bonds market, **total turnover** increased to **KES 10.09Bn** from KES 0.65Bn traded in the previous week.

The S&P Sovereign Bond index declined to close at **91.07** from 91.23 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	6.34	17.93%	16.99%	3,815.00	174
FXD 1/2020/5Yr	1.32	11.67%	17.65%	2,000.00	2
FXD3/2019/15Yr	10.55	12.34%	16.74%	864.60	10
FXD 1/2022/3Yr	1.24	11.77%	17.65%	700.00	1
FXD1/2021/025(Re-opened)	22.32	13.92%	17.35%	604.10	8

Source: CBK, NSE, NCBA IB Research

Bond Auction Results: Re-opened FXD1/2023/05 AND FXD1/2024/03

The Central Bank of Kenya received a total of **KES 37.15Bn** (106.15% Subscription rate), out of which it accepted **KES 25.02Bn** (67.33% Acceptance rate).

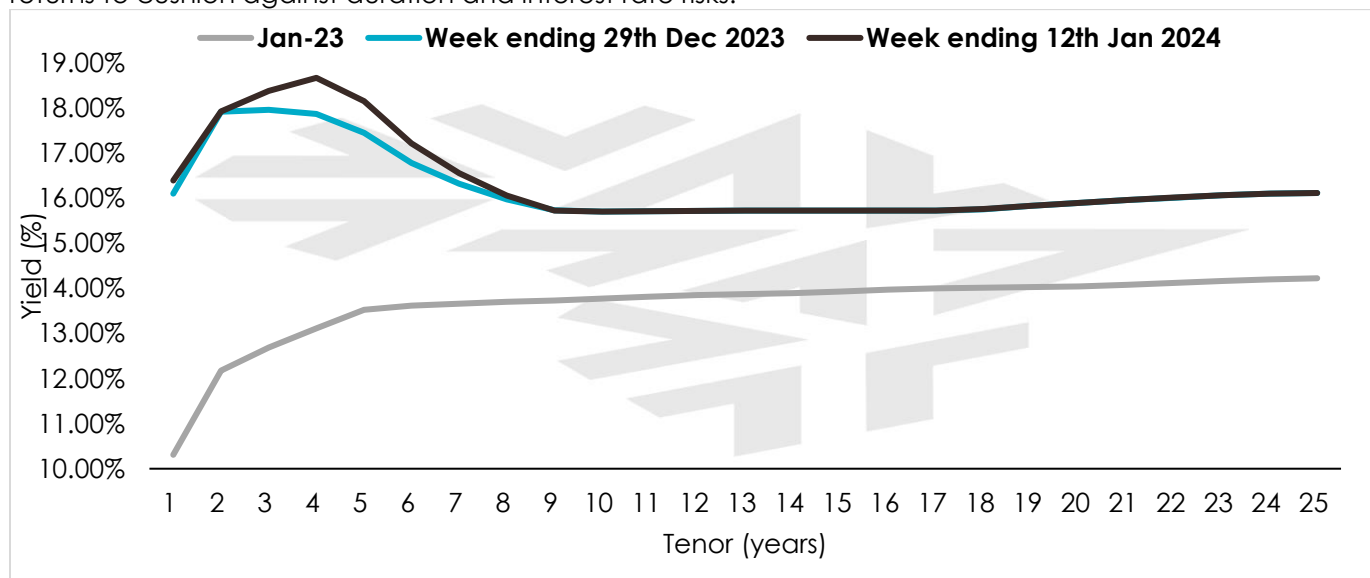
See below a summary of the treasury bond auction results:

Issue	FXD1/2023/05 (Re-opened)	FXD1/2024/03
Tenor to Maturity	4.57 Yrs	3 Yrs
Offered Amount (KES Bn)	35.00	
Bids Received (KES Mn)	8.06	29.09
Amount Accepted (KES Mn)	2.95	22.07
Weighted Average Rate of Accepted Bids (%)	18.770%	18.385%
Adjusted Average Price (Per KES 100)	94.317	100.000
Coupon Rate (%)	16.844%	18.385%

Source: CBK, NCBA IB 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 **14.696%**

	Eurobond	Tenor (Years)	Coupon Rate	Current Yield
1	KENINT 06/24/2024	0.48	6.88%	14.69%
2	KENINT 05/22/2027	3.39	7.00%	10.74%
3	KENINT 02/28/2028	4.17	7.25%	10.25%
4	KENINT 05/22/2032	8.41	8.00%	10.11%
5	KENINT 01/23/2034	10.09	6.30%	9.76%
6	KENINT 02/28/2048	24.24	8.25%	10.414%

Source: Bloomberg, NCBA IB Research

Macroeconomic Developments:

Liquidity conditions in the interbank space tightened. Indicatively, the overnight **interbank rate** increased by 9.3bps week on week to close at **13.52%**.

The average daily traded volumes increased to **KES 24.20Bn** from KES 21.698Bn observed in the previous week.

Statistic	Current	Previous	Change (bps)
CBR	12.50%	10.50%	200.0
Inflation	6.60%	6.80%	(20.0)
Average Interbank Rate	13.52%	13.42%	9.3

Source: CBK, NCBAIB Research

Currency

On the FX front, the shilling continues to depreciate against the greenback, closing at **159.85**.

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 **0.80%** week on week to close at **US \$6.829Mn**, 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** maintained to close at **102.44** from 102.44 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 2	Week1	W/W change (%)
US Dollar	159.850	157.391	1.56%
STG Pound	204.040	198.946	2.56%
Euro	175.500	172.217	1.91%
Forex reserves	6829.00	6775.00	0.80%

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 193.6Bn** 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

Treasury Bond Maturities					
Issue No.	Maturity Date	Tenor to Maturity	Fixed Coupon Rate	Outstanding Amount KES 'Mn	Implied Yield To Maturity
FXD1/2014/010	January 15, 2024	0.02	12.18%	35,852.15	15.0412%
Total				35,852.15	

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

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