

## The Week in Review | Week 07

### EQUITIES

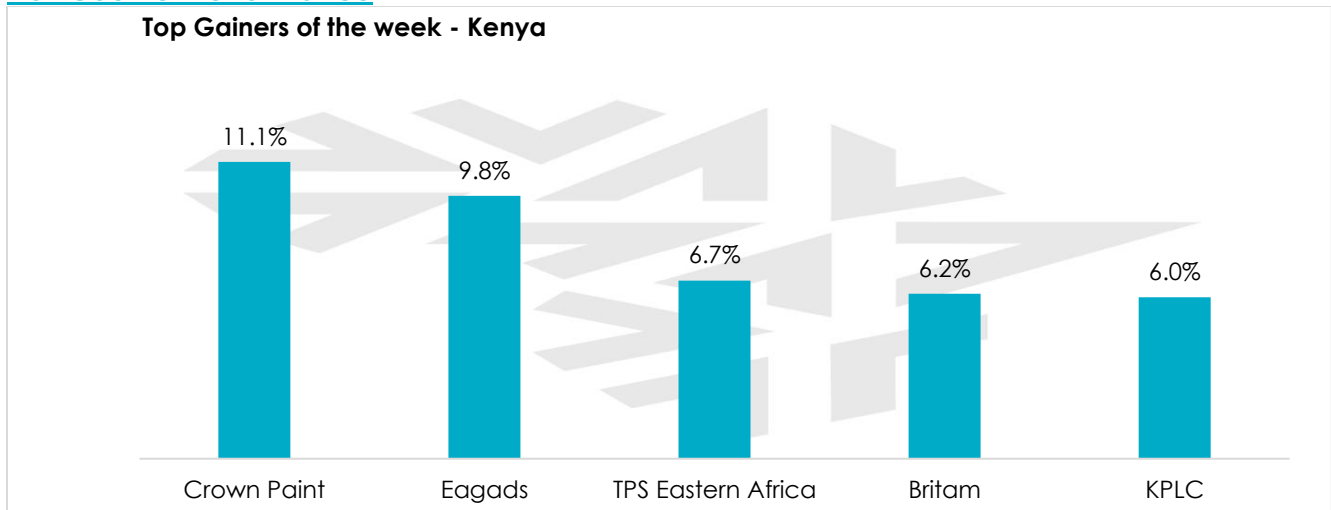
#### Local Market Performance

The market was down 0.11% week on week, with all share index closing the week at **91.08**, a 0.97% decrease year to date. The NSE-10, NSE-20 and NSE-25 indices closed the week at **914.97** a **0.41%** increase year to date, **1,521.44** a **0.84%** increase year to date and **2,402.28**, a **0.63%** increase year to date, respectively.

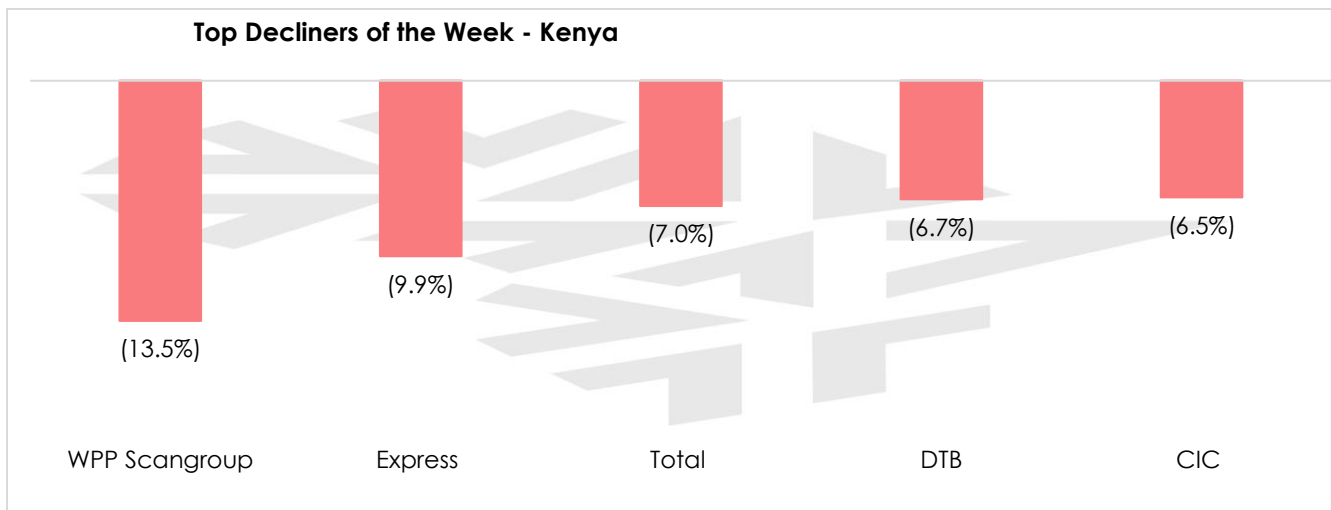
Foreign investors accounted for **59.94%** of the total turnover and they were net sellers with net foreign outflows of KES 262.2Mn last week. Foreign investors were mostly active on Equity, Safaricom, EABL, Stanbic and KCB. Market turnover increased by 0.87% to KES **1.01Bn** from KES 1.00Bn traded the previous week.

#### NSE Counter Performance

**Top Gainers of the week - Kenya**



**Top Decliners of the Week - Kenya**

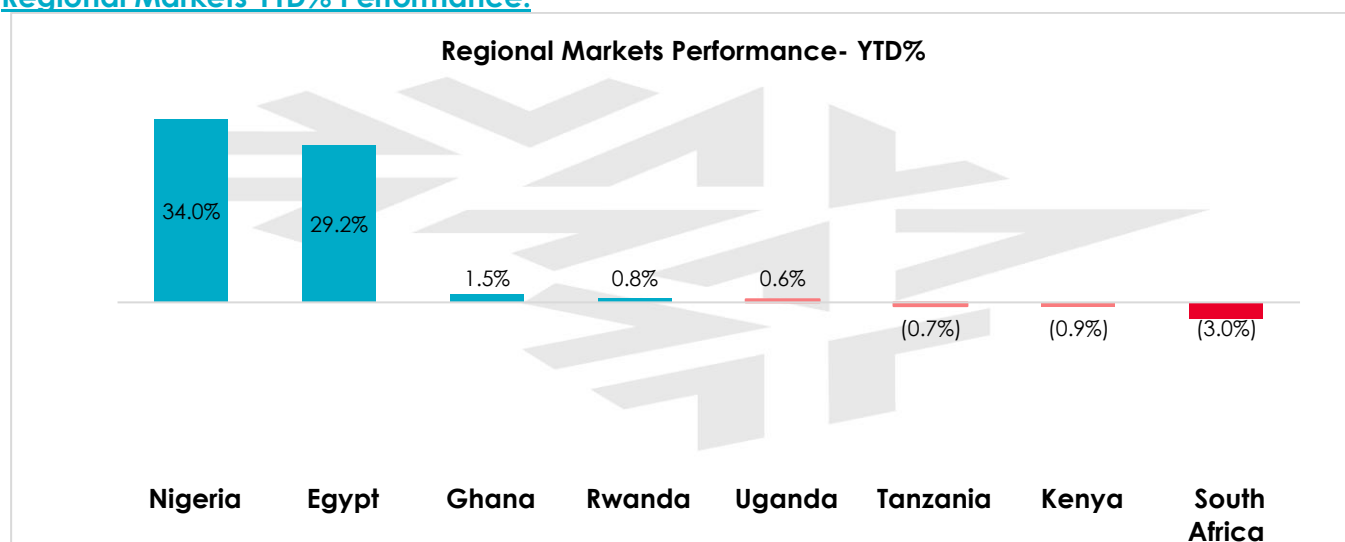


Source: NSE, NCBA IB Research

Corporate Actions	Dividend	Book Closure	Payment
<b>UMEME</b>	UGS 24.00	09-Feb-24	29-Feb-24
<b>EABL</b>	KES 1.00	16-Feb-2024	26-04-2024
<b>SASINI</b>	KES 0.50	22-Feb 2024	22-Mar-24
<b>BAT</b>	KES 45.00	24-May-2024	24-June-24

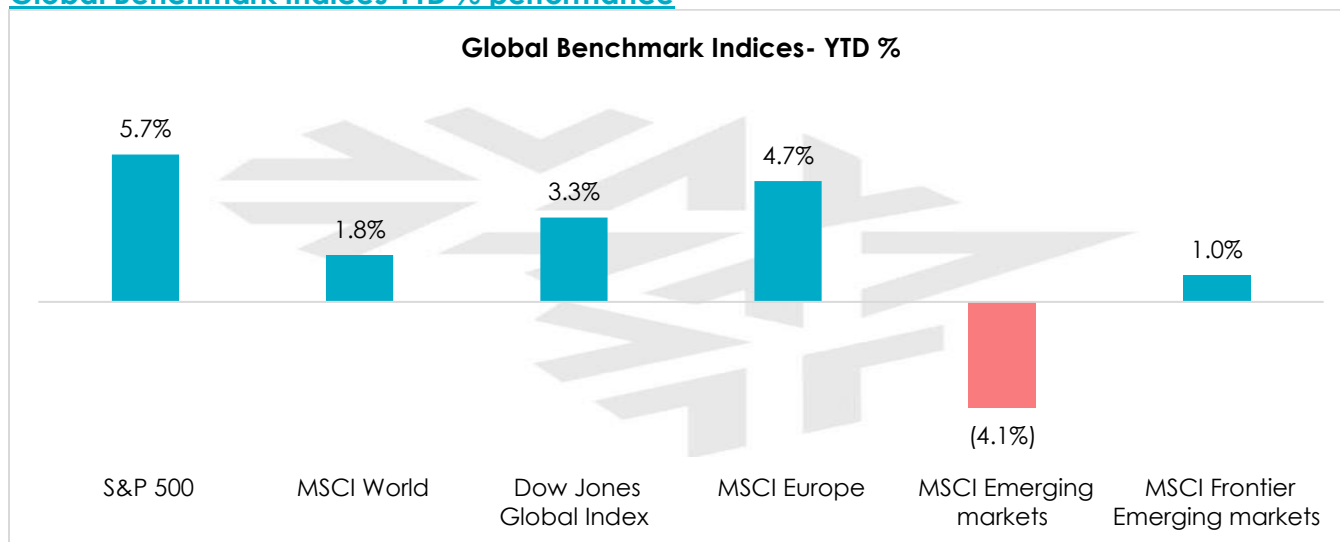
Source: Company Financials, NSE, NCBA IB Research

### Regional Markets YTD% Performance.



Source: Bloomberg, NCBA IB Research

### Global Benchmark Indices YTD % performance



Source: Bloomberg, NCBA IB Research

## FIXED INCOME

### Primary Market

#### Treasury bill Results

Treasury bills were oversubscribed during the week, with a subscription rate of **177.8%** (down from 213.0% the previous week) and an acceptance rate of **92.9% (KES 39.65Bn)**. Majority of the bids geared towards the 91-day paper as investors look to mitigate for duration risk.

Subscription	Amount offered KES Bn	Bids received week 7	Bids received week 6
91 day	4.00	26.16	34.70
182 day	10.00	11.23	9.45
364 day	10.00	5.28	6.97
Total	24.00	42.67	51.12

Prevailing rates	Week 7	Week 6	W/W change (bps)
91 Day	16.554%	16.504%	5.00
182 Day	16.716%	16.633%	8.30
364 Day	16.919%	16.857%	6.20

Source: CBK, NCBA IB Research

#### Bond Auction Results: IFB1/2024/8.5

The Central Bank of Kenya received a total of KES 288.66Bn (412.37% Subscription rate), out of which it accepted KES 240.96Bn (83.47% Acceptance rate).

See below a summary of the Treasury bond auction results:

Bond Offer	
Issue	<b>IFB1/2024/8.5</b>
Tenor to Maturity	8.5
Redemption date	09-Aug-32
<b>Coupon Rate</b>	<b>18.46%</b>
Offered Amount (KES Bn)	70.00
Bids Received (KES (Bn))	24-Jan-24
Amount Accepted (KES Bn)	14-Feb-24
Value Date	19-Feb-24
<b>Bidding Guide</b>	<b>18.80% - 19.50%</b>

Source: CBK, NCBA IB Research

## Secondary Market

In the secondary bonds market, **total turnover** increased to **KES 24.03Bn** from KES 23.41Bn traded in the previous week.

The S&P Sovereign Bond index increased to close at **92.14** from 91.03 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.

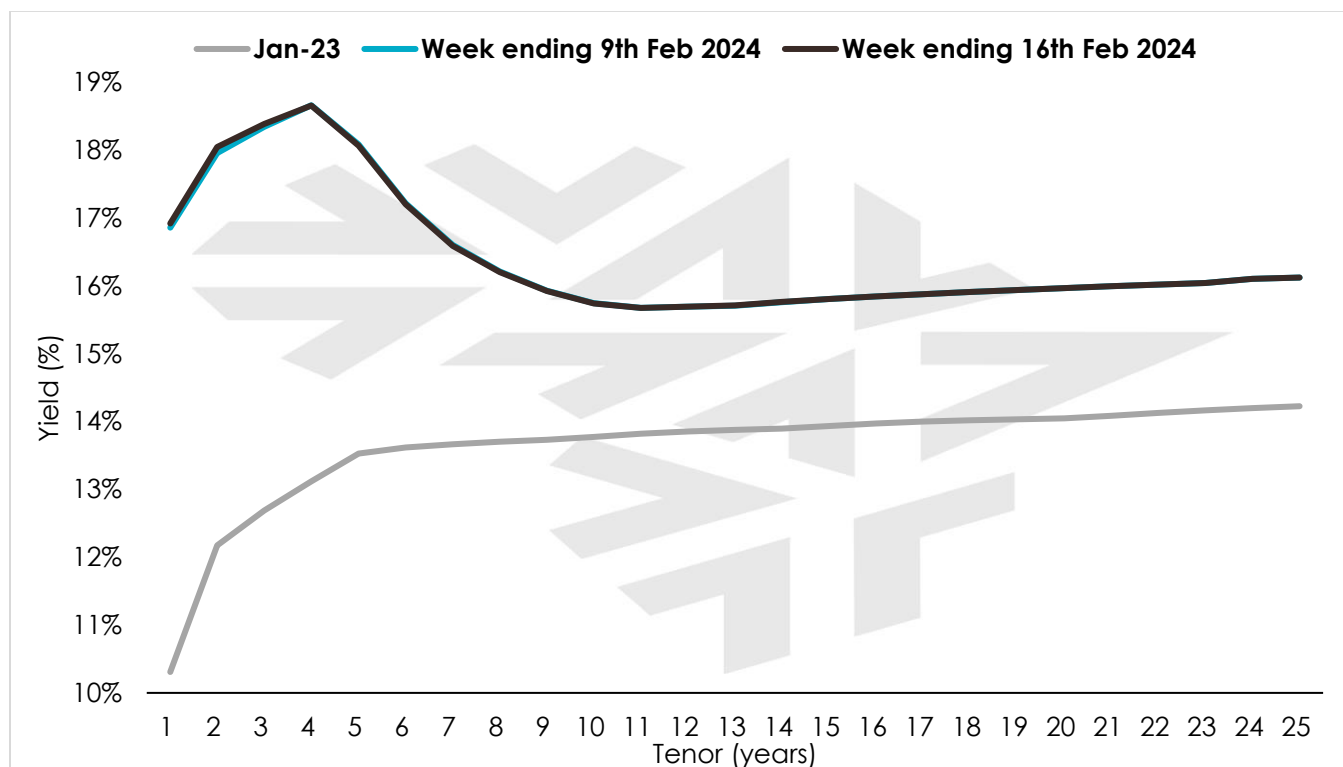
See the top moving bonds below:

Bond Identifier	Years to Maturity	Coupon	Average Yield	Total Value (KES Mn)	Number of Trades
FXD 1/2020/5Yr	1.22	11.67%	17.64%	9,783.00	12
IFB1/2023/6.5Yr	6.24	17.93%	16.75%	5,758.35	85
IFB1/2021/18Yr	15.14	12.67%	15.93%	1,218.10	13
FXD 1/2022/3Yr	1.14	11.77%	18.17%	1,154.80	5
FXD 1/2023/5Yr	4.41	16.84%	17.99%	1,077.20	15

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 **9.4%** driven by the successful buyback.

Eurobond	Tenor (Years)	Coupon Rate	Current Yield
KENINT 2024	0.48	6.88%	9.397%
KENINT 2027	3.39	7.00%	9.274%
KENINT 2028	4.17	7.25%	9.458%
KENINT 2031	7.00	9.75%	10.87%
KENINT 2032	8.41	8.00%	10.050%
KENINT 2034	10.09	6.30%	9.807%
KENINT 2048	24.24	8.25%	10.418%

Source: Bloomberg, NCBA IB Research

### Macroeconomic Developments:

Liquidity conditions in the interbank space tightened. Indicatively, the overnight **interbank rate** increased by 26 bps week on week to close at **13.54%**. The average daily traded volumes increased to **KES 28.48Bn** from KES 23.14Bn observed in the previous week.

Statistic	Current	Previous	Change (bps)
Central Bank Rate	13.00%	12.50%	50.0
Inflation	6.90%	6.60%	30.0
Average Interbank Rate	13.54%	13.28%	26.0

Source: CBK, KNBS, NCBA/IB Research

### Currency

On the FX front, the shilling appreciated against the greenback, closing at **145.86**.

Foreign exchange reserves declined by **1.4%** week on week to close at **US \$7,031Mn**, the reserves represent **3.8 months** of import cover which is below the CBK's statutory requirement of at least 4 months of import cover.

The **DXY** declined to close at **104.21** from 104.98 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 7	Week 6	W/W change (%)
US Dollar	145.86	160.09	(8.89%)
STG Pound	183.53	202.00	(9.14%)
Euro	156.95	172.43	(8.98%)
Forex reserves	7031.00	7131.00	(1.40%)

Negative () = Depreciation, Positive = Appreciation

Source: CBK, NCBA IB Research

## Quarterly Economic and Budgetary Review for the First Half of 2023/2024

### Revenue:

The National Government revenue collection including ministerial Appropriation in Aid and Grants for the period between July-December, 2023 amounted to **KES 1,318.7Bn** (8.2% of GDP) against a target of **KES 1,461.4Bn**. The revenue collection was below the target by **KES142.7Bn** mainly due to shortfall in taxes.

### Expenditure:

The total expenditure for the period ending December, 2023 amounted to **KES 1,704.8Bn** against a target of **KES 1,825.2Bn**. The resultant below target expenditure of **KES 120.3Bn** is attributed to below target absorption recorded in development expenditures and transfers to County Governments.

### Domestic borrowing:

Net domestic financing amounted to a net borrowing of **KES 210.0Bn** (1.3% of GDP) in the period ending 30th December, 2023. This translates to a performance rate of **44.6%** against the revised annual target of **KES 471.36Bn**.

### External debt:

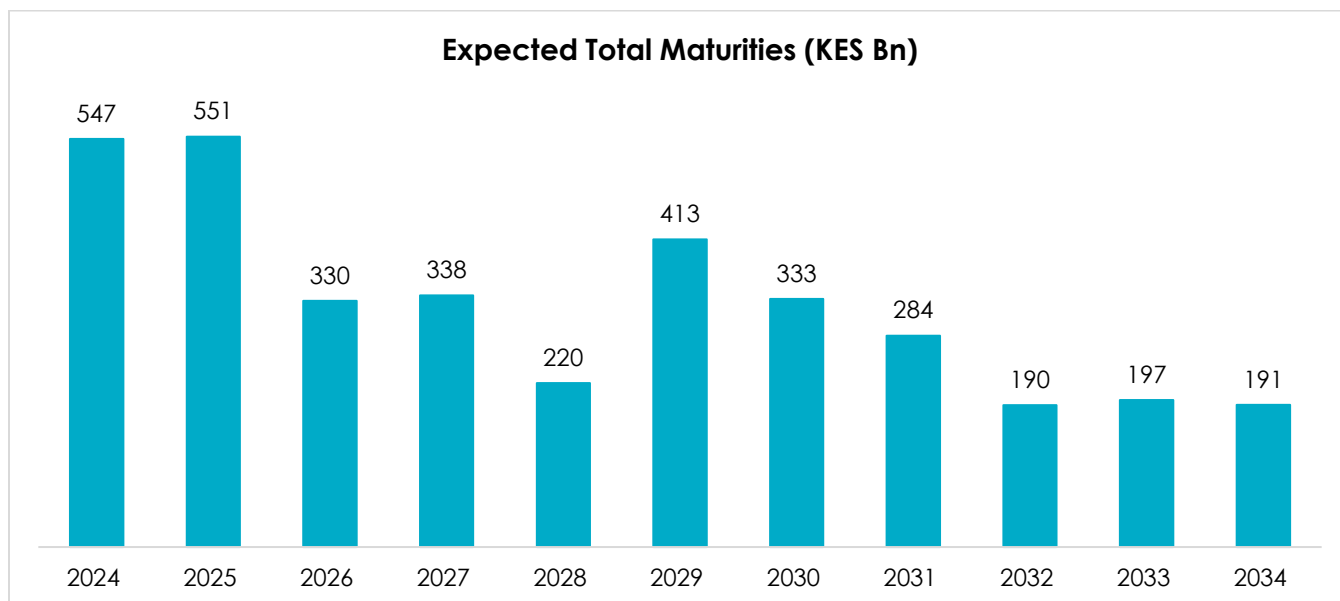
Total inflows including Appropriations-in-Aid amounted to **KES 105.0Bn** against a target of **KES 134.2Bn** which translates to a performance rate of **59%**. The External repayments of principal debt amounted to **KES 134.6Bn**. This means we paid out more than we received by **KES 29.6Bn** in the period.

■ The total stock of gross domestic debt as at December, 2023 stood at **KES 5,050.1Bn**.

■ The total external debt stock by end of December, 2023 stood at **KES 6,089.6Bn**.

Source: National Treasury, NCBA IB Research

## Kenya Government Bond Maturity Profile



Source: CBK, NCBA IB Research

### Kenya Government Debt Maturities Schedule – February 2024:

The government has total domestic debt maturities of **KES 273.21Bn** in the month of February 2024 compared to **KES 193.61Bn** in January 2024. We expect **robust government activity** in the local market.

Treasury Bills	
Payment Date	Amount KES 'Mn
February 5, 2024	36,395.23
February 12, 2024	46,709.62
February 19, 2024	43,299.23
February 26, 2024	28,642.66
<b>Total</b>	<b>155,046.74</b>

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
FXD1/2019/005	February 19, 2024	<b>0.05</b>	65,359.50	11.30%	3,694.12
FXD1/2023/002	February 19, 2024	<b>1.55</b>	50,604.40	16.97%	4,294.37
FXD1/2016/010	February 19, 2024	<b>2.55</b>	74,495.75	15.04%	5,601.71
FXD1/2013/015	February 12, 2024	<b>4.03</b>	82,473.25	11.25%	4,639.12
FXD1/2018/010	February 19, 2024	<b>4.55</b>	40,584.60	12.69%	2,574.28
FXD1/2019/010	February 19, 2024	<b>5.05</b>	67,524.85	12.44%	4,199.37
FXD3/2019/010	February 12, 2024	<b>5.53</b>	68,743.45	11.52%	3,958.59
FXD1/2023/010	February 12, 2024	<b>9.03</b>	12,886.51	14.15%	911.79
FXD1/2020/015	February 19, 2024	<b>11.05</b>	73,156.30	12.76%	4,665.91
SDB1/2011/030	February 12, 2024	<b>17.03</b>	28,144.70	12.00%	1,688.68
FXD1/2021/020	February 12, 2024	<b>17.53</b>	75,984.00	13.44%	5,107.64
IFB1/2017/012	February 19, 2024	<b>5.05</b>	11,402.85	12.50%	712.68
IFB1/2020/011	February 19, 2024	<b>7.55</b>	80,249.60	10.90%	4,373.60
IFB1/2022/019	February 19, 2024	<b>17.05</b>	98,377.55	12.97%	6,377.32
<b>Total</b>					<b>52,799.18</b>

Treasury Bond Maturities				
Issue No.	Maturity Date	Tenor to Maturity	Fixed Coupon Rate	Outstanding Amount KES 'Mn
FXD1/2019/005	February 19, 2024	<b>0.05</b>	11.30%	65,359.50
<b>Total</b>				<b>65,359.50</b>

Source: CBK, NCBA IB Research

## About NCBA Investment Bank

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