

The Week in Review | Week 09

EQUITIES

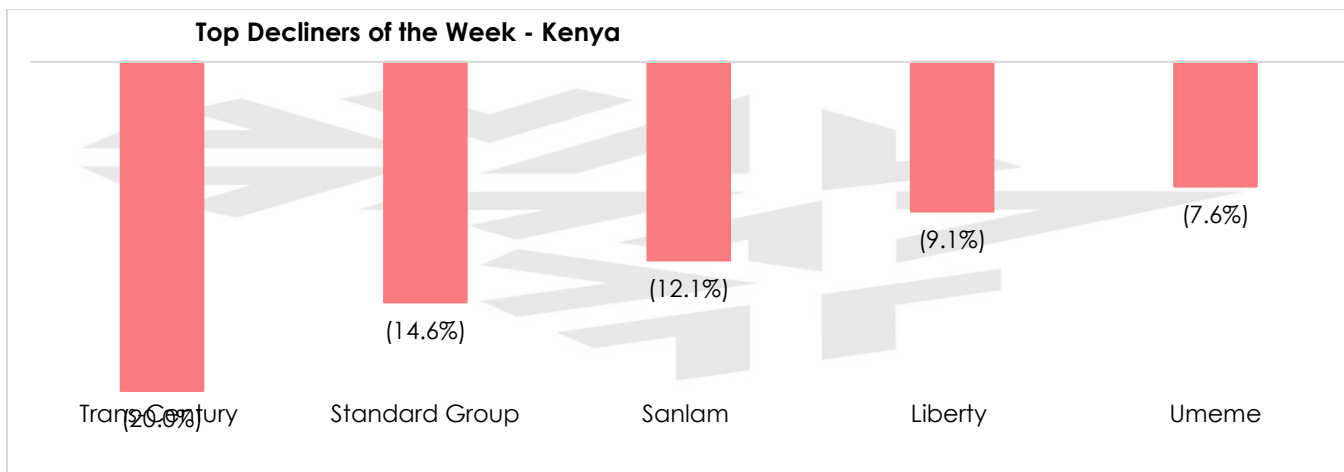
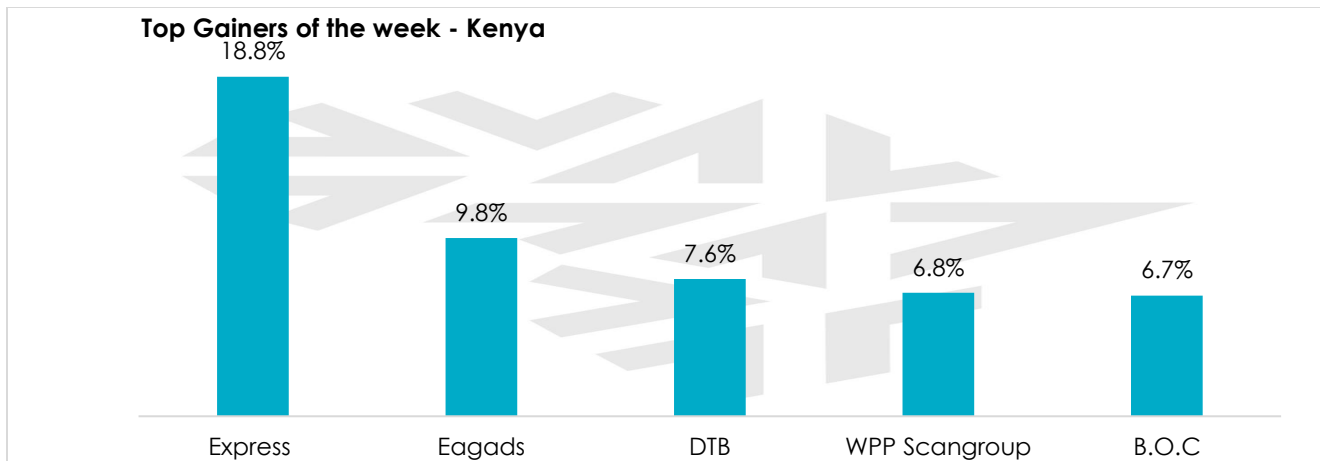
Local Market Performance

The market was up 0.45% week on week, with all share index (NASI) closing the week at **93.25**, a 1.39% increase year to date. The NSE-10, NSE-20 and NSE-25 indices closed the week at **952.45** a **4.52%** increase year to date, **1,539.22** a **2.01%** increase year to date and **2,493.3**, a **4.44%** increase year to date, respectively.

Foreign investors accounted for **47%** of the total turnover and they were net sellers with net foreign outflows of KES 493.03Mn last week. Foreign investors were mostly active on Safaricom, Equity, KCB, EABL and Kengen in that order.

Market turnover increased to KES **1.53Bn** from KES 1.24Bn traded the previous week.

NSE Counter Performance



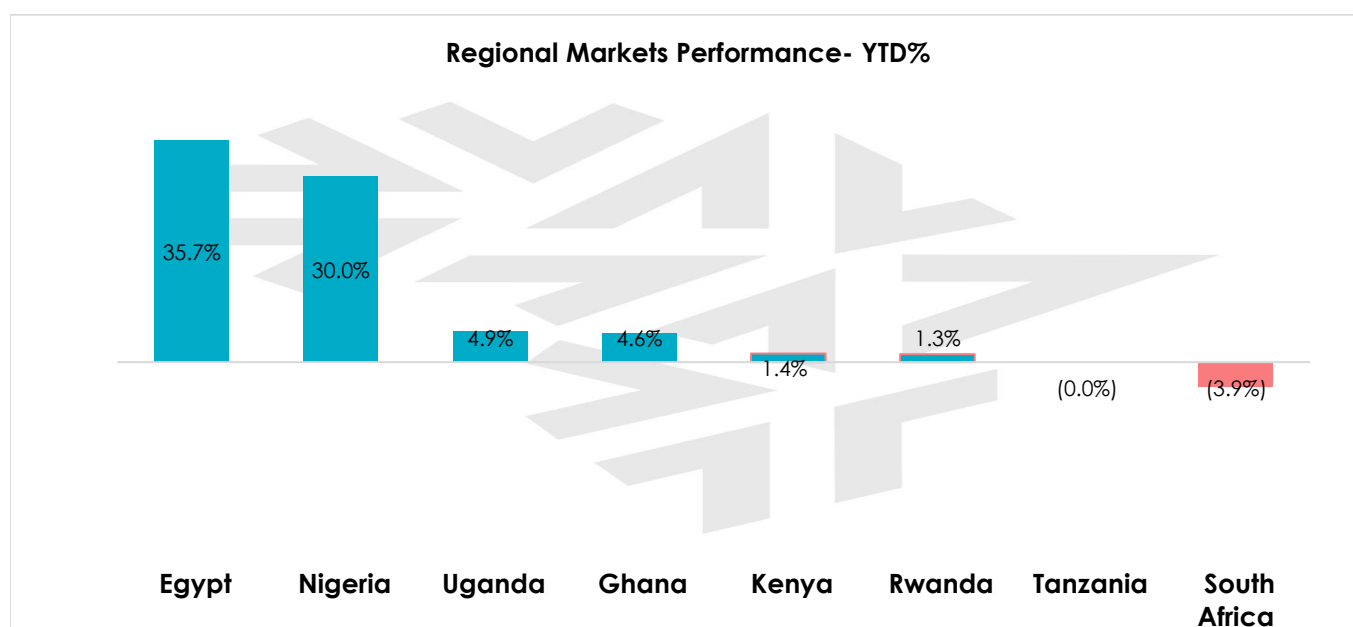
Source: NSE, NCBA IB Research

Upcoming Dividend payments

Corporate Actions	Dividend	Book Closure	Payment
EABL	KES 1.00	16-Feb-24	26-04-24
SASINI	KES 0.50	22-Feb 24	22-Mar-24
BAT	KES 45.00	24-May-24	24-June-24
Safaricom	KES 0.55	15-Mar-24	31-Mar-24

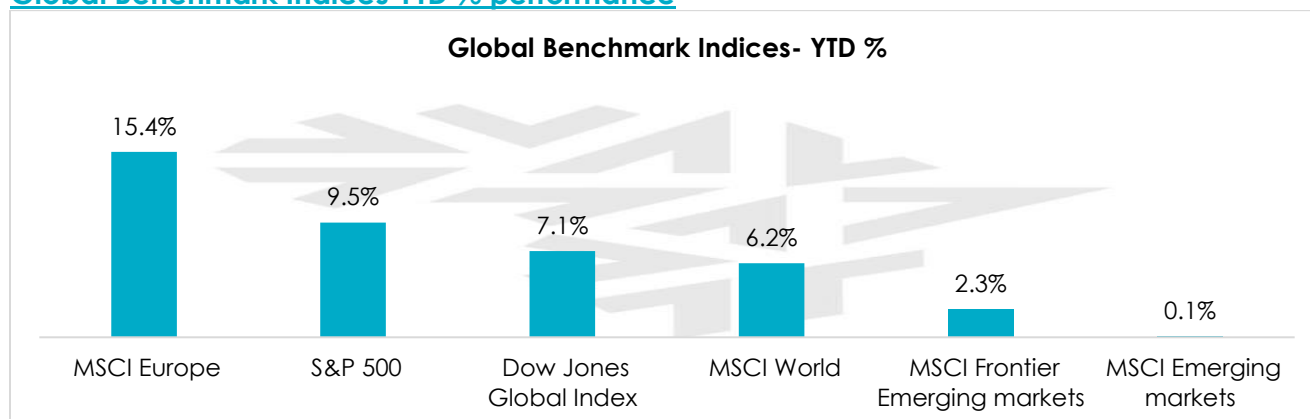
Source: Company Financials, NSE, NCBA IB Research

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 undersubscribed during the week, with a subscription rate of **99.47%** (down from 154.05% the previous week) and an acceptance rate of **95.9% (KES 22.89Bn)**. 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 9	Bids received week 8
91 day	4.00	12.26	9.90
182 day	10.00	2.04	7.42
364 day	10.00	9.58	19.65
Total	24.00	23.87	36.97

Source: CBK, NCBA IB Research

Prevailing rates	Week 9	Week 8	W/W change (bps)
91 Day	16.622%	16.590%	3.23
182 Day	16.785%	16.734%	5.05
364 Day	16.972%	16.919%	5.28

Source: CBK, NCBA IB Research

Secondary Market

In the secondary bonds market, **total turnover** declined to **KES 52.36Bn** from KES 170.50Bn traded in the previous week.

The S&P Sovereign Bond index increased to close at **91.18** from 92.14 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
IFB1/2024/8.5Yr	8.47	18.46%	17.40%	39,626.70	891
FXD 1/2020/5Yr	1.18	11.67%	17.70%	5,200.00	4
IFB1/2020/11Yr	7.47	10.90%	17.23%	1,722.60	28
FXD 1/2022/3Yr	1.10	11.77%	17.60%	1,430.00	1
FXD 1/2023/5Yr	4.37	16.84%	17.97%	1,000.00	10

Source: NSE, NCBAIB Research

March 2024 Bond Offer

The Central Bank of Kenya, in its capacity as a fiscal agent for the Republic of Kenya is offering an opportunity to invest in three papers **FXD1/2024/03(Re-opened)** | **FXD1/2023/05(Re-opened)** | **FXD1/2024/10(New)** seeking to raise KES 40.00 Bn for budgetary support for FY 2023/2024 budget estimates.

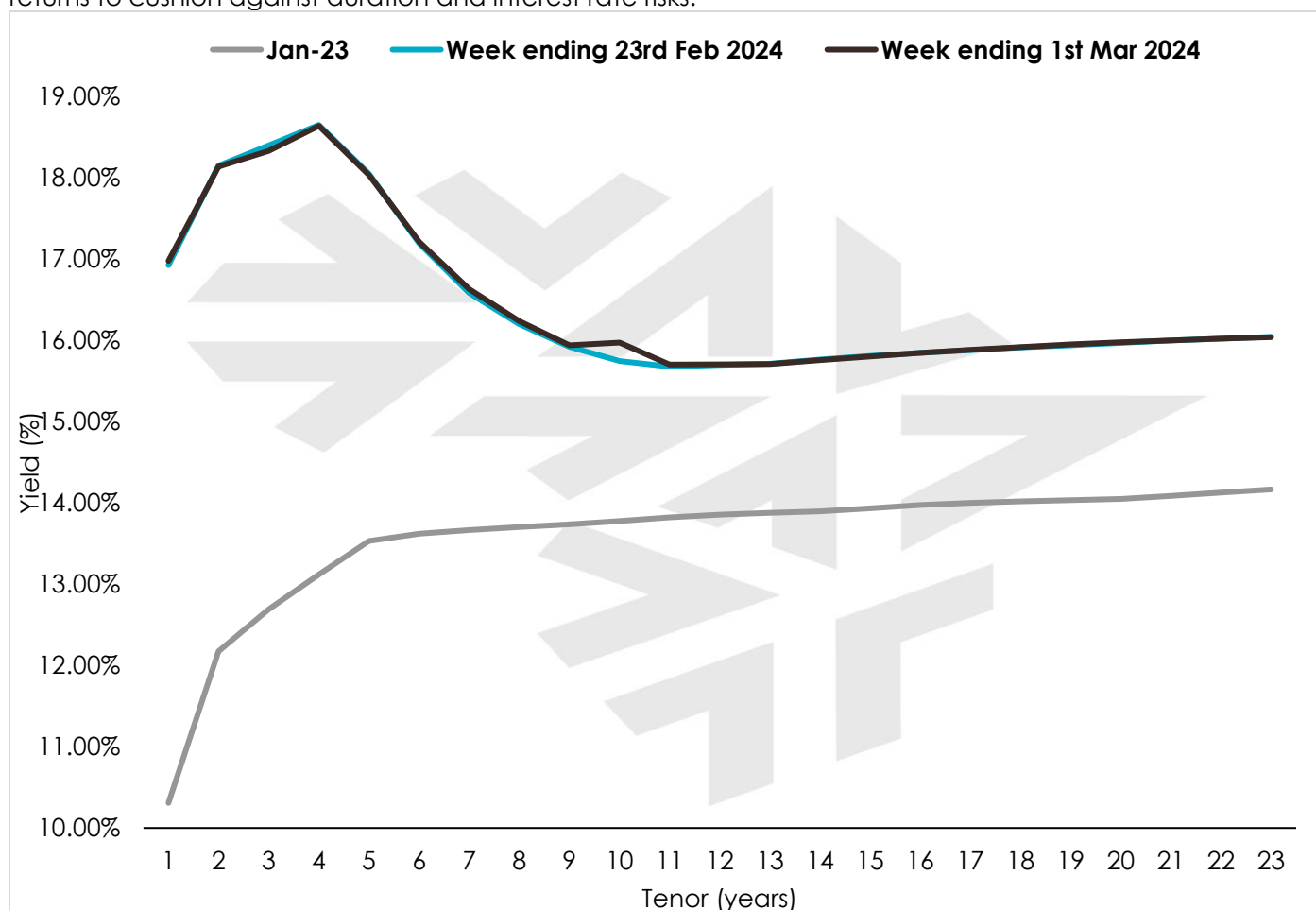
See below the summary of the bond offer:

Issue	FXD1/2024/03 (Re-opened)	FXD1/2023/05 (Re-opened)	FXD1/2024/10 (New)
Tenor to Maturity	4.36 Yrs	2.87 Yrs	10.00 Yrs
Offered Amount (KES Bn)	40.00		
Value Date	11-Mar-24	25-Mar-24	25-Mar-24
Period of Sale	27th Feb 24 to 06th Mar 24	27th Feb 24 to 20th Mar 24	27th Feb 24 to 20th Mar 24
Redemption Date	11 Jan 27	10 Jul 28	13 Mar 24
Coupon Rate (%)	18.385%	16.844%	16.000%
Taxation	15.00%	15.00%	10.00%
Minimum Amount	50,000.00	50,000.00	50,000.00

Source: NCBA Research, CBK

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 with **KENINT 2034** increasing the highest by to trade at 9.84% from 9.76% last week.

	Eurobond	Tenor (Years)	Coupon Rate	Previous Yield	Current Yield
1	KENINT 2027	3.39	7.00%	9.89%	9.57%
2	KENINT 2028	4.17	7.25%	9.39%	9.56%
3	KENINT 2031	7.0	9.75%	9.79%	9.83%
4	KENINT 2032	8.41	8.00%	9.92%	9.95%
5	KENINT 2034	10.09	6.30%	9.76%	9.84%
6	KENINT 2048	24.24	8.25%	10.33%	10.39%

Source: Bloomberg, NCBA IB Research

Macroeconomic Developments:

Liquidity conditions in the interbank space tightened. Indicatively, the overnight **interbank rate** increased by 7.7 bps week on week to close at **14.14%**. The average daily traded volumes decreased to **KES 16.57Bn** from KES 21.95Bn observed in the previous week.

Statistic	Current	Previous	Change (bps)
CBR	13.00%	12.50%	50.0
Inflation	6.30%	6.90%	(60.0)
Average Interbank Rate	14.14%	14.06%	7.7

Source: CBK, NCBAIB Research

Feb 2024 Inflation

The inflation for the month of February 2024 eased to 6.3% from 6.9% in the month of January 2024, being the lowest since March 2022. The decline was on the back of fall of basic food prices and water, housing, electricity, gas and other fuel index.

Currency

On the FX front, the shilling appreciated against the greenback, closing at **143.52**.

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 declined by **3.59%** week on week to close at **US \$6,962Mn**, the reserves represent **3.7 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 **103.96** from 103.94 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 9	Week 8	W/W change (%)
US Dollar	143.52	144.06	(0.38%)
STG Pound	181.75	181.75	0.00%
Euro	155.65	155.73	(0.05%)
Forex reserves	6962.00	7221.00	(3.59%)

Negative () = Depreciation, Positive = Appreciation

Source: CBK, NCBA IB Research

Fiscal Tracker-January 2023

For the seventh month of FY'2023/2024, **total revenue** collected as reported by the National Treasury stood at **KES 1,808.79Bn** which represents a **43.77%** achievement against the revised full year target of **KES 4,281.61Bn**.

Net **domestic borrowing** stood at **KES 305.25Bn** reflecting a performance rate of **44.35%** compared to **32.30%** in December FY'2023/2024. 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 188.84Bn** to **KES 1,695.16Bn** compared to **KES 1,506.31Bn** in December FY'2023/2024 This is largely attributable to an increase in Consolidated Fund Services (CFS) by **KES 163.82Bn** to **KES 831.77Bn** from **KES 667.9Bn** in the previous month, However, the development expenditure decreased by **KES 66.78Bn** to **KES 107.55Bn**.

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

Jan-24					
	23/24 FYBudget	Dec-23	Jan-24	Variance (MoM)	Variance FY Budget
INCOME(KES Bn)					
Total Tax Income	2,495.83	1,050.85	1,216.42	165.57	48.74%
Total Non-Tax Income	75.33	38.67	41.93	3.26	55.66%
Net Domestic Borrowing	688.21	269.71	305.25	35.54	44.35%
External Loans and Grants	870.18	78.53	241.65	163.12	27.77%
Other Domestic Financing	3.19	3.54	3.54	0.00	111.08%
Total Revenue	4,132.74	1,441.29	1,808.79	367.50	43.77%
EXPENDITURE(KES Bn)					
Recurrent	1,302.80	560.99	700.16	139.18	53.74%
CFS	1,963.70	667.95	831.77	163.82	42.36%
Development	480.82	103.05	55.68	(47.37)	11.58%
County Gvt	385.42	174.33	107.55	(66.78)	27.90%
Total Expenditure	4,132.74	1,506.31	1,695.16	188.84	0.41

Balances at end month		2.10	2.10	(0.00)	
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Source: National Treasury, NCBA IB Research

Kenya Government Debt Maturities Schedule – March 2024:

The government has total domestic debt maturities of **KES 128.59Bn** in the month of February 2024 compared to **KES 273.21Bn** in March 2024. We expect **robust government activity** in the local market.

Treasury Bills	
Payment Date	Amount KES 'Mn
March 4, 2024	23,704.37
March 11, 2024	38,188.44
March 18, 2024	18,668.67
March 25, 2024	19,019.41
Total	99,580.89

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
FXD1/2010/015	March 11, 2024	1.03	27,693.90	10.25%	1,419.31
FXD1/2012/015	March 11, 2024	3.53	90,939.90	11.00%	5,001.69
IFB1/2021/021	March 11, 2024	18.53	106,742.20	12.74%	6,797.88
IFB1/2023/017	March 11, 2024	16.03	68,196.50	14.40%	4,909.81
FXD1/2016/020	March 18, 2024	12.55	12,761.20	14.00%	893.28
FXD1/2018/020	March 18, 2024	14.05	94,515.60	13.20%	6,238.03
IFB1/2013/012	March 18, 2024	1.55	16,060.21	11.00%	883.31
IFB1/2015/012	March 18, 2024	3.05	33,486.55	11.00%	1,841.76
IFB1/2019/025	March 18, 2024	20.05	16,828.65	12.20%	1,026.55
Total					29,011.62

Source: CBK, NCBA IB Research

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