

The Week in Review | Week 14

EQUITIES

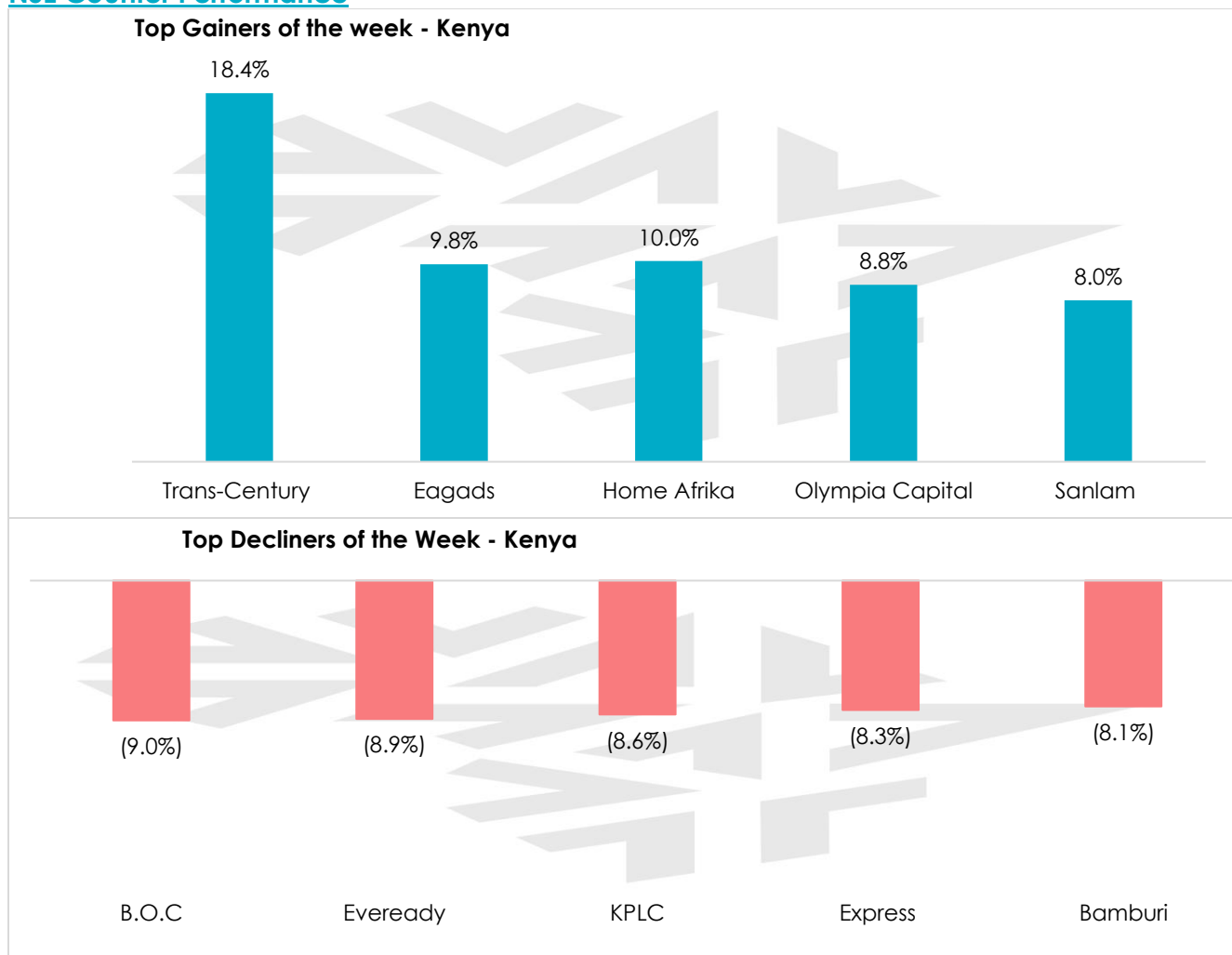
Local Market Performance

The market was up 0.2% week on week, with all share index (NASI) closing the week at **113.36**, a 23.3% increase year to date. The NSE-10, NSE-20 and NSE-25 indices closed the week at **1,168.93** a **28.3%** increase year to date, **1,748.10** an **15.9%** increase year to date and **3,000.52**, a **25.7%** increase year to date, respectively.

Foreign investors accounted for **71%** of the total turnover and they were net sellers with net foreign outflows of KES 144.56Mn last week. Foreign investors were mostly active on Equity, Safaricom, KCB, Co-op and EABL in that order.

Market turnover declined by 54.9% to KES **2.39Bn** from KES 5.29Bn traded the previous week.

NSE Counter Performance



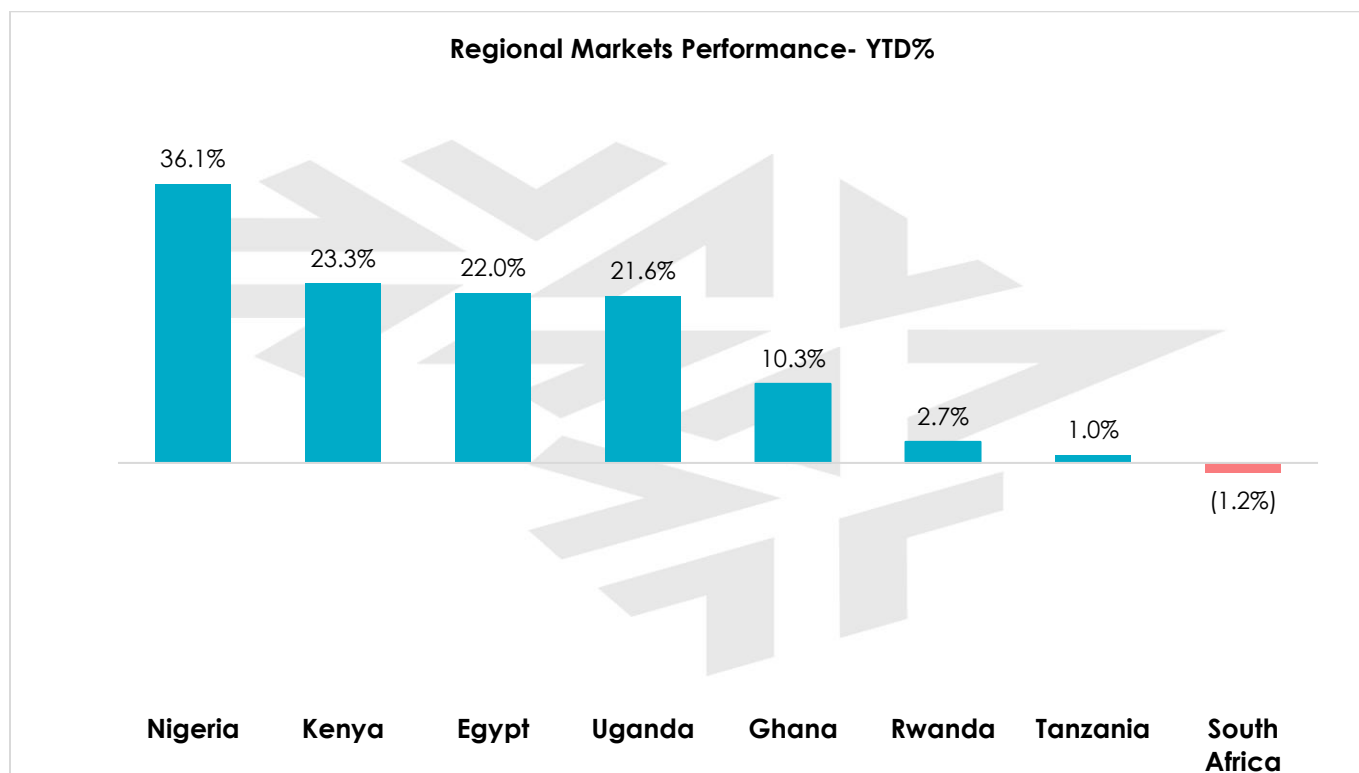
Source: NSE, NCBA IB Research

Upcoming Dividend payments

Corporate Actions	Dividend	Book Closure	Payment
EABL	KES 1.00	16-Feb-24	26-April-24
BAT	KES 45.00	24-May-24	24-June-24
Stanbic	KES 14.20	17-May-24	Subject to Approval
Standard Chartered	KES 23.00	19-Apr-24	30-May-24
Co-operative Bank	KES 1.50	28-Apr-24	10-June-24
Absa	KES 1.35	30-Apr-24	23-May-24
DTB	KES 6.00	24-May-24	28-June-24
I&M	KES 2.25	18-Apr-24	24-May-24
NCBA	KES 4.75	30-Apr-24	29-May-24
Equity	KES 4.00	24-May-24	28-June-24
Kakuzi	KES 24.0	31-May-24	15-June-24
Umeme Ltd	Ushs 54.20	28-Jun-24	19-Jul-24
Limuru Tea Plc	KES 1.00	13-Apr-24	30-Jun-24
NSE Plc	KES 0.16	30-May-24	31-Jul-24

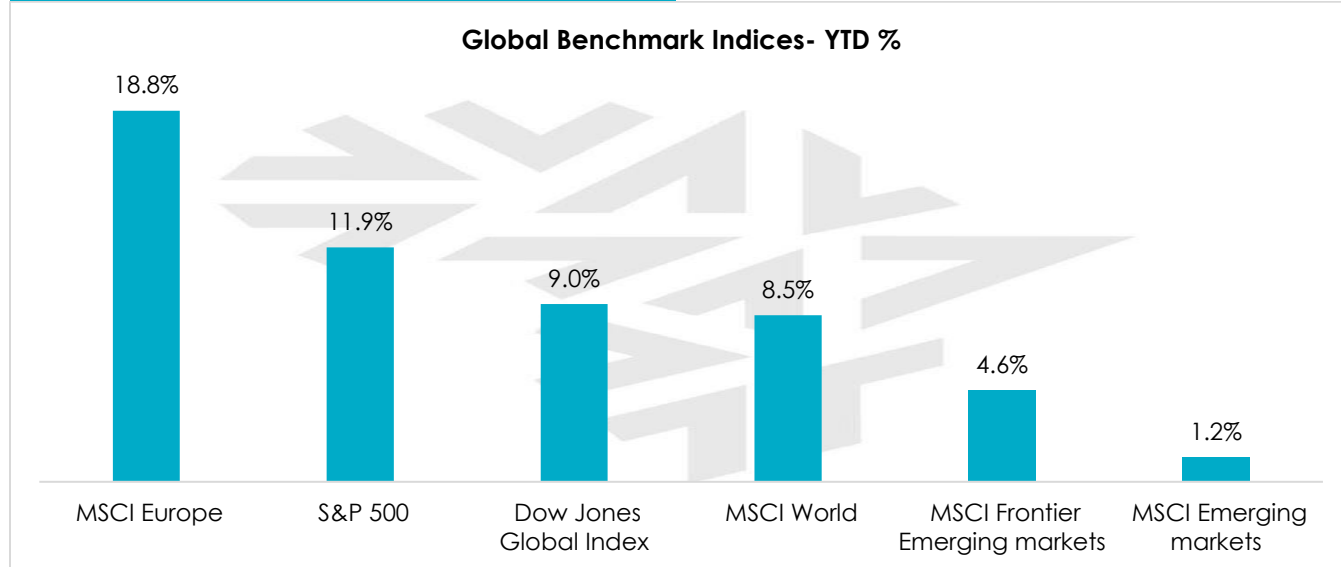
Source: Company Financials, NSE, NCBA IB Research

Regional Markets YTD% Performance



Source; Bloomberg, NCBA IB Research

Global Benchmark Indices YTD % performance



Source: Bloomberg, NCBA IB Research

Banking Sector Full Year 2023 Results:

Key take-aways from the results:

- The listed banks recorded a **10.9%** growth in **core Earnings per Share (EPS)** in FY'2023, compared to the weighted average growth of 26.6% in FY'2022, an indication of declining performance due to the difficult operating environment observed throughout the year.
- **Non-Funded Income** climbed by **16.7%** compared to market-weighted average growth of 31.6% in FY'2022, despite greater revenue diversification initiatives by banks.
- In FY'2023, the banks had a weighted average **deposit growth** of **25.1%**, which was greater than the market-weighted average deposit growth of 13.7% in FY'2022.
- However, their weighted **average dividend yield** was **9.2%**, slightly lower than the 9.6% in FY'2022.

Find our comprehensive reports for each bank here:

- <https://investment-bank.ncbagroup.com/downloads/equity-group-holdings-fy23-earnings-update>
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FIXED INCOME

Primary Market

Treasury bills were oversubscribed during the week, with a subscription rate of **118.6%** (up from 66% the previous week) and an acceptance rate of **92% (KES 26.19Bn)**. Majority of the bids geared towards the 364-day paper as investors look to lock in higher interest rates.

Subscription	Amount offered KES Bn	Bids received week 14	Bids received week 13
91 day	4.00	8.69	5.38
182 day	10.00	5.87	2.70
364 day	10.00	13.91	7.75
Total	24.00	28.47	15.84

Source: CBK, NCBA IB Research

Prevailing rates	Week 14	Week 13	W/W change (bps)
91 Day	16.72%	16.73%	(0.47)
182 Day	16.87%	16.89%	(1.39)
364 Day	16.99%	16.99%	(0.01)

Source: CBK, NCBA IB Research

April 2024 Bond Offer: Re-opened FXD1/2023/02

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 sale of Re-opened **FXD1/2023/02** seeking to raise **KES 40.00Bn** for budgetary support in the FY 2023/2024 budget estimates.

Summary of the offer:

Issue	FXD1/2023/002 (Re-opened)
Tenor to Maturity	1.4 years
Offered Amount (KES Bn)	40.00
Value Date	22-Apr-24
Period of Sale	27th March 24 to 17th April 24
Average Yield (%)	18.410%
Coupon Rate (%)	16.97%

Source: CBK, NCBAIB Research

Results for tap sale: FXD1/2023/005 & FXD1/2024/010

Issue	FXD1/2023/005	FXD1/2024/010
Tenor to Maturity	4.3 years	10 years
Offered Amount (KES Bn)	25.00	25.00
Bids Received (KES Bn)	35.59	12.20
Amount Accepted (KES Bn)	33.95	11.89
Market Weighted Average Rate (%)	18.41%	16.52%
Adjusted Average Price(Per KES 100)	99.30	98.10
Coupon Rate (%)	16.84%	16.00%

Secondary Market

In the secondary bonds market, **total turnover** declined to **KES 10.05Bn** from KES 22.92Bn traded in the previous week.

The S&P Sovereign Bond index declined to close at **89.97** from 91.18 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.

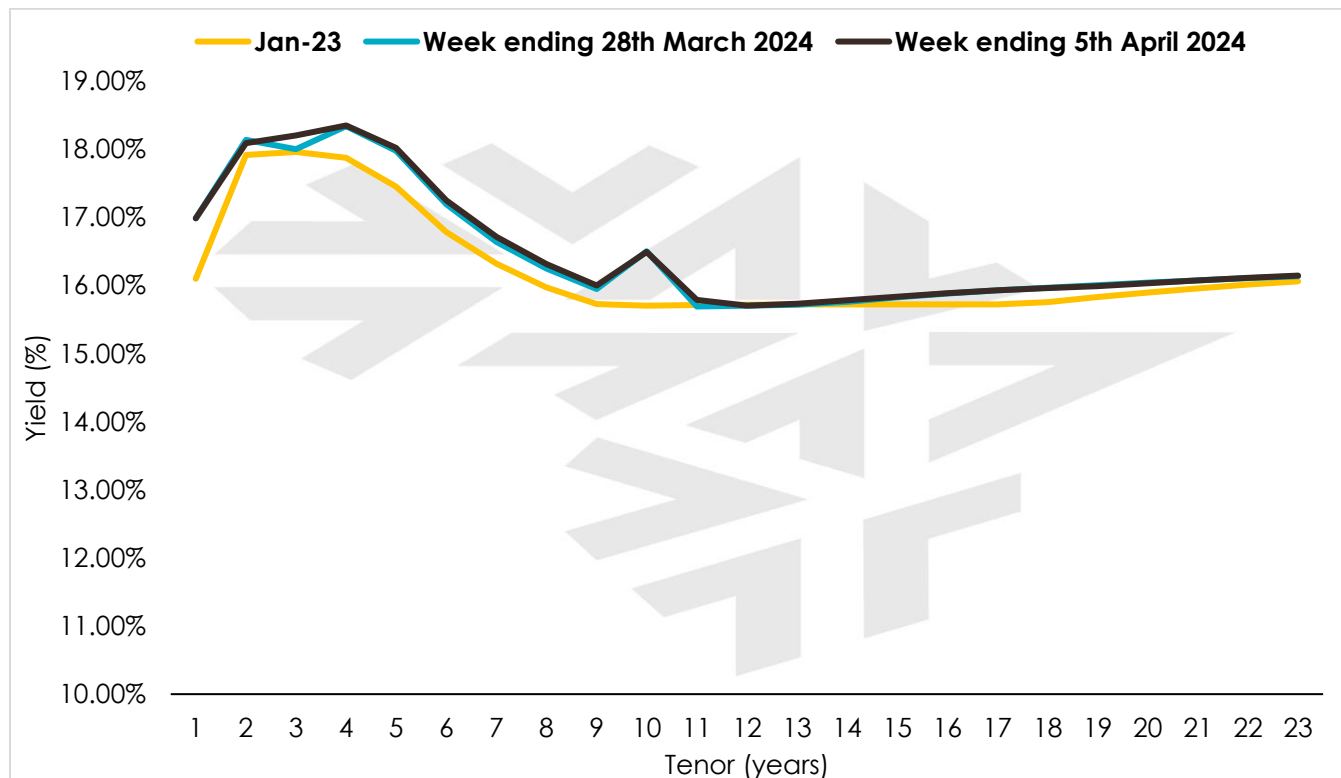
See the top moving bonds below:

Bond Identifier	Years to Maturity	Coupon	Average Yield	Total Value (KES Mn)	Number of Trades
IFB1/2023/6.5Yr	6.10	17.93%	16.20%	2,926.25	37
IFB1/2024/8.5Yr	8.37	18.46%	16.25%	2,881.20	247
IFB1/2023/7Yr	6.19	15.84%	16.17%	1,805.50	20
IFB1/2021/16Yr	12.79	12.26%	16.00%	1,335.60	7
IFB 1/2013/12Yr	1.44	11.00%	16.47%	222.04	2

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 performance in the international debt market.

Eurobond	Tenor (Years)	Coupon Rate	Current Yield
KENINT 05/22/2027	3.15	7.00%	8.45%
KENINT 02/28/2028	3.92	7.25%	8.67%
KENINT 02/16/2031	6.90	9.75%	9.29%
KENINT 05/22/2032	8.17	8.00%	9.32%
KENINT 01/23/2034	9.85	6.30%	9.39%
KENINT 02/28/2048	23.99	8.25%	9.39%

Source: Bloomberg, NCBA IB Research

Macroeconomic Developments:

Inflation: Kenya's annual inflation eased to a 2-year low after the currency's world-beating streak helped rein in import prices.

Consumer prices rose 5.7% in March, compared with 6.3% in February.

Inflation dropped due to price drops of everyday items such as fuel, and maize flour. Kenyan households saw a fall in the prices of kerosene which was down by 2.3%. In addition, prices of 200 kWh and 50 kWh of electricity dropped by 0.3% and 0.4%, respectively, during the period.

The **Transport Index** decreased by 0.6% between February 2024 and March 2024 due to a drop-in price of petrol and diesel by 3.5% and 2.6 %, respectively.

Liquidity: Liquidity conditions in the interbank space tightened. Indicatively, the overnight **interbank rate** declined by 11.6bps week on week to close at **13.63%**.

The average daily traded volumes increased to **KES 24.50Bn** from KES 23.90Bn observed in the previous week.

Statistic	Current	Previous	Change (bps)
CBR	13.00%	12.50%	50.0
Inflation	5.70%	6.90%	(120.0)
Average Interbank Rate	13.63%	13.75%	(11.6)

Source: CBK, NCBAIB Research

Currency

On the FX front, the shilling appreciated against the greenback, closing at **130.74**.

Continued intervention by the central bank through activity in the interbank foreign exchange market and expected foreign currency inflows from diaspora remittances and tourism will continue supporting the strengthening of the of the shilling. The shilling appreciation was also driven by an influx of the dollar into the market after February IFB settlement and positive market sentiments emanating from government's successful Eurobond refinancing.

Foreign exchange reserves rose by **0.85%** week on week to close at **US \$7,148Mn**, 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 U.S. Dollar Index (**DXY**) declined to close at **104.33** from 104.98 in the previous week.

The 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 14	Week 13	W/W change (%)
US Dollar	130.74	131.80	(0.80%)
STG Pound	165.71	166.55	(0.50%)
Euro	142.11	142.67	(0.40%)
Forex reserves	7,148.00	7,088.00	0.85%

Negative () = Depreciation, Positive = Appreciation

Source: CBK, NCBA IB Research

Fiscal Tracker - February 2023

For the 8TH month of FY'2023/2024, **total revenue** collected as reported by the National Treasury stood at **KES 2,445.65Bn** which represents a **59.18%** achievement against the revised full year target of **KES**

Net **domestic borrowing** stood at **KES 545.64Bn** reflecting a performance rate of **79.28%** compared to **44.35%** in January 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 743.36Bn** to **KES 2,438.52Bn** compared to **KES 1,695.16Bn** the previous month. This is largely attributable to an increase in Consolidated Fund Services (CFS) by **KES 435.20Bn** to **KES 1,266.77Bn** from **KES 831.77Bn** in the previous month.

The development expenditure increased by **KES 101.24Bn** to **KES 206.06Bn** largely driven by State department of economic planning receiving receipts of **KES 21.229Bn**, followed by State Department for Crop Development receiving receipts of **KES 16.53Bn** and state department of roads receiving receipts of **KES 15.35Bn**

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.

	23/24 FY Budget	Jan-24	Feb-24	Variance (MoM)	Variance FY Budget
INCOME (KES Bn)					
Total Tax Income	2,495.83	1,216.42	1,374.03	157.61	55.05%
Total Non-Tax Income	75.33	41.93	48.29	6.36	64.10%
Net Domestic Borrowing	688.21	305.25	545.64	240.39	79.28%
External Loans and Grants	870.18	241.65	474.15	232.50	54.49%
Other Domestic Financing	3.19	3.54	3.54	-	111.08%
Total Revenue	4,132.74	1,808.79	2,445.65	636.86	59.18%

EXPENDITURE(KES Bn)					
Recurrent	1,302.80	700.16	808.56	108.40	62.06%
CFS	1,963.70	831.77	1,266.97	435.20	64.52%
Development	480.82	55.68	156.92	101.24	32.64%
County Gvt	385.42	107.55	206.06	98.51	53.46%
Total Expenditure	4,132.74	1,695.16	2,438.52	743.36	0.59

Balances at end month		2.10	9.75	7.65	
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Source: National Treasury, NCBA IB Research

Kenya Government Debt Maturities Schedule – April 2024:

The government has total domestic debt maturities of **KES 174.27Bn** in the month of April 2024 compared to **KES 128.59Bn** in March 2024. We expect **robust government activity** in the local market.

Treasury Bills	
Payment Date	Amount KES 'Mn
April 1, 2024	9,339.15
April 8, 2024	32,227.67
April 15, 2024	38,464.61
April 22, 2024	29,468.26
April 29, 2024	21,135.07
Total	130,634.76

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
FXD1/2009/015	April 8, 2024	0.52	31,952.45	12.50%	1,997.03
FXD1/2022/003	April 8, 2024	1.02	60,605.75	11.77%	3,565.44
FXD2/2013/015	April 15, 2024	4.03	70,859.75	12.00%	4,251.59
FXD2/2019/010	April 8, 2024	5.01	60,725.30	12.30%	3,734.61
FXD2/2018/015	April 15, 2024	9.52	33,411.70	12.75%	2,130.00
FXD1/2022/015	April 22, 2024	13.02	68,357.70	13.94%	4,765.22
FXD1/2019/020	April 8, 2024	14.98	83,350.00	12.87%	5,364.82
FXD1/2022/025	April 22, 2024	23.50	20,773.50	14.19%	1,473.67
IFB1/2014/012	April 15, 2024	2.53	16,631.48	11.00%	914.73
IFB1/2016/015	April 15, 2024	7.52	30,004.70	12.00%	1,800.28
IFB1/2019/016	April 22, 2024	11.53	71,028.55	11.75%	4,172.93
IFB1/2020/009	April 8, 2024	5.01	78,973.60	10.85%	4,284.32
IFB1/2021/018	April 8, 2024	14.98	81,785.60	12.67%	5,179.89
Total			43,634.51		

Source: CBK, NCBA IB Research

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Physical Address

NCBA Annex,
Hospital Road, Upper Hill, Tel: +254 20 2884444
Mobile: +254 711 056444/+254 732 156444

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Key Contacts: Research Team

ncbaresearch@ncbagroup.com

Key Contacts: Trading Team

dealing@ncbagroup.com

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