

The Week in Review | Week 22

EQUITIES

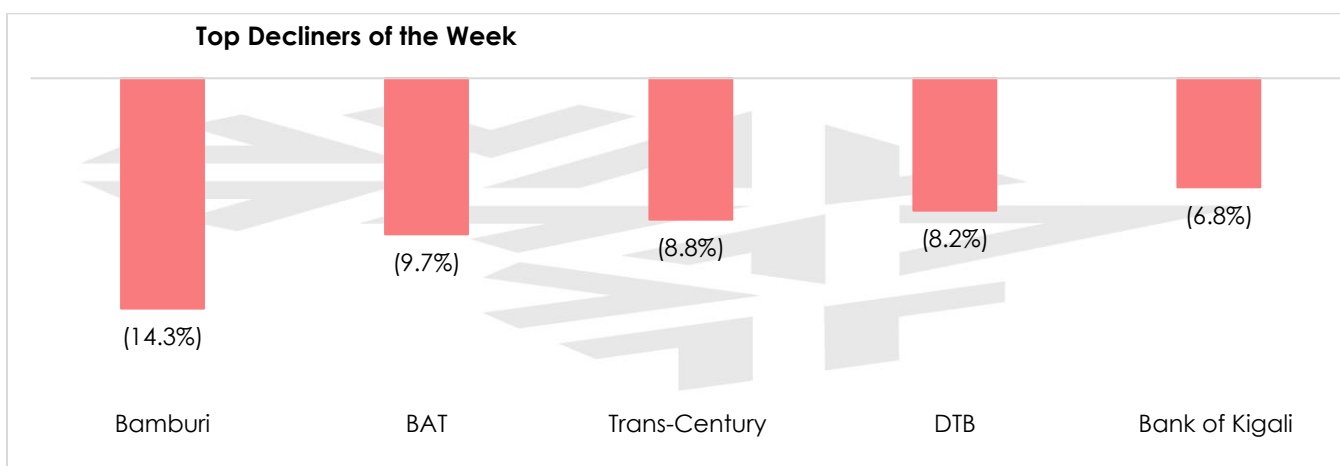
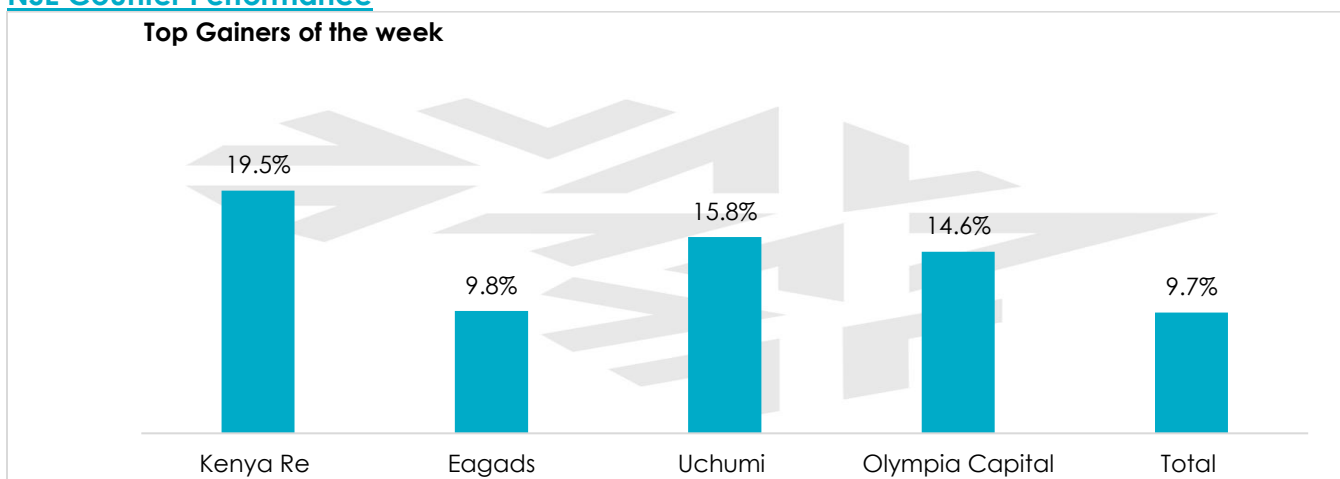
Local Market Performance

The market was down 0.11% week on week, with all the all share index (NASI) closing the week at **112.98**, a 22.84% rise year to date. The NSE-10, NSE-20 and NSE-25 indices closed the week at **1,170.70** a **28.47%** increase year to date, **1,722.49** a **14.16%** increase year to date and **2,961.48**, and **24.05%** increase year to date, respectively.

Foreign investors accounted for **87%** of the total turnover and they were **net buyers** with net foreign **inflows** of KES 9.67Bn last week. Foreign investors were mostly active I&M, Safaricom, Equity, KCB, and BAT in that order.

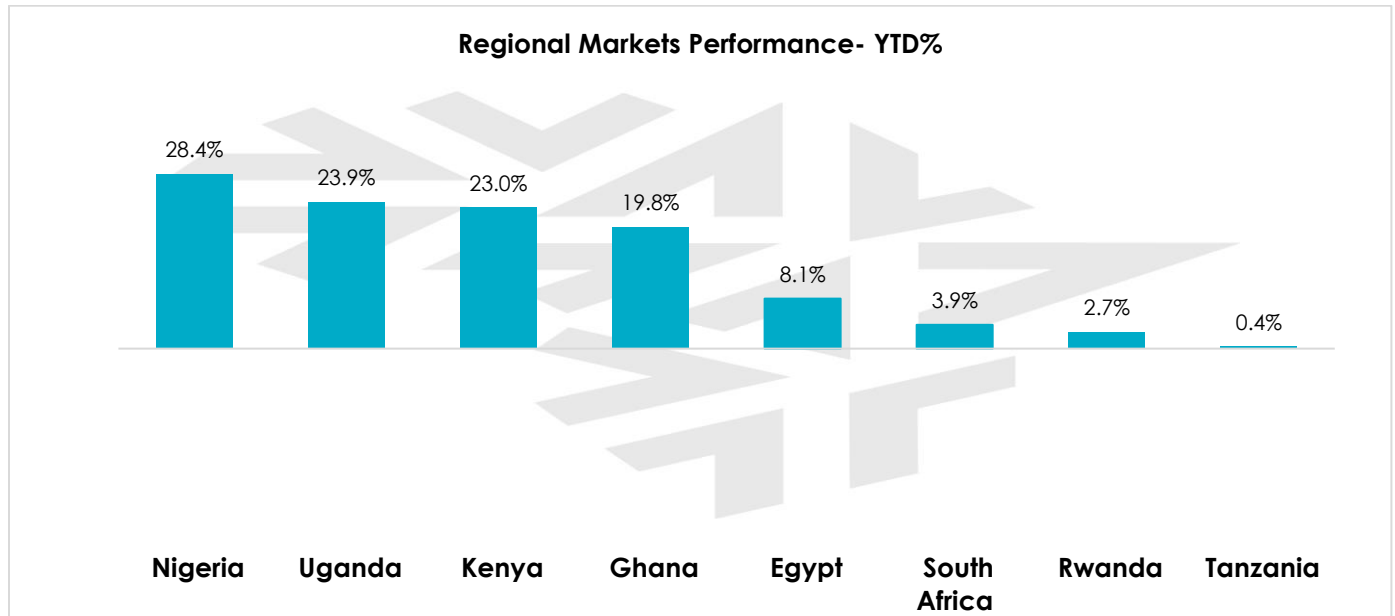
Market turnover **rose** to KES **11.65Bn** from KES 2.23Bn traded the previous week driven by I&M which traded a total of 3.4Mn shares in the week.

NSE Counter Performance



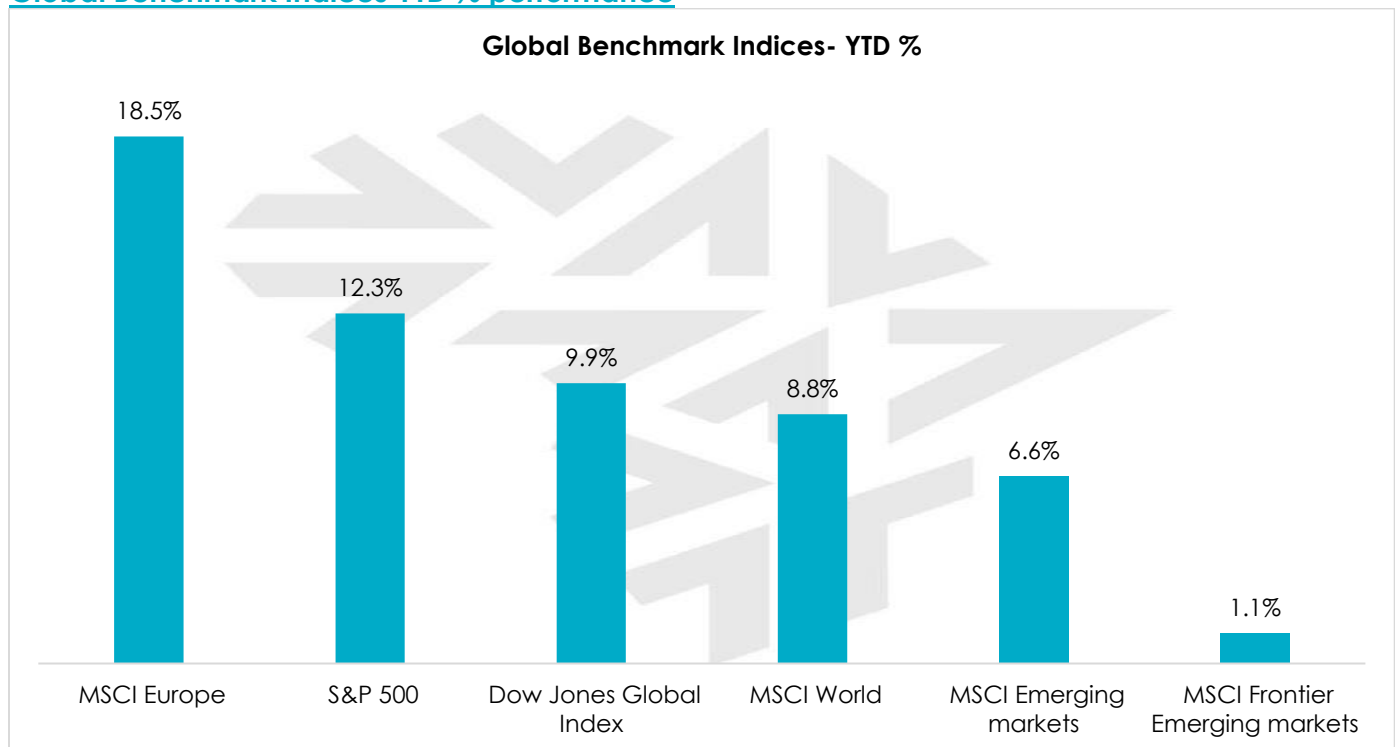
Source: NSE, NCBA IB Research

Regional Markets YTD% Performance



Source; Bloomberg, NCBA IB Research

Global Benchmark Indices YTD % performance



Source; Bloomberg, NCBA IB Research

Upcoming Dividend payments

Corporate Actions	Dividend	Book Closure	Payment
Safaricom	KES 0.65	31-Jul-24	31-Aug-24
CIC	KES 0.13	04-Jun-2024	8-Jul-24
Limuru Tea	KES 1.00	15-Apr-24	30-Jun-24
Co-operative Bank	KES 1.50	29-Apr-24	10-Jun-24
Stanbic Holdings	KES 14.20	17-May-24	Subject to Approval
BAT	KES 45.00	24-May-24	24-Jun-24
Diamond Trust Bank	KES 6.00	24-May-24	28-Jun-24
Equity Group Holdings	KES 4.00	24-May-24	28-Jun-24
Bamburi Cement	KES 5.74	24-May-24	25-Jul-24
Kakuzi	KES 24.00	31-May-24	15-Jun-24
BOC Kenya	KES 6.05	31-May-24	21-Jul-24
Umeme	UGS 54.20	28-Jun-24	19-Jul-24
Liberty Kenya	KES 0.37	To Be Advised	Subject to Approval
Total Kenya	KES 1.92	To Be Advised	Subject to Approval

Source: CBK, NCBA IB Research

FIXED INCOME

Primary Market

Treasury bills were **oversubscribed** during the week, with a subscription rate of **139.63%** (down from 100.12% the previous week) and an acceptance rate of **97.9% (KES32.79Bn)**. Majority of the bids geared towards the 91-day paper as investors look to lock in higher interest rates.

Subscription	Amount offered KES Bn	Bids received week 22	Bids received week 21
91 day	4.00	17.86	7.10
182 day	10.00	9.17	11.65
364 day	10.00	6.47	5.28
Total	24.00	33.51	24.03

Prevailing rates	Week 22	Week 21	W/W change (bps)
91 Day	15.95%	15.94%	1.75
182 Day	16.61%	16.52%	9.00
364 Day	16.71%	16.53%	17.66

Source: CBK, NCBA IB Research

June 2024 Bond Offer: Re-opened FXD1/2023/02, FXD1/2024/03, FXD1/2023/05, & FXD1/2023/10

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 re-opening of 4 papers:

Issue	FXD1/2023/02	FXD1/2024/03	FXD1/2023/05	FXD1/2023/10
Tenor	1.22Yrs	2.6 Yrs	4.11 Yrs	8.7 Yrs
Offered Amount (KES Bn)	30.00		30.00	
Coupon Rate	16.97%	18.39%	16.84%	14.15%
Period of Sale	30th May 2024 to 05th June 2024		30th May 2024 to 12th June 2024	
Value Date	10th June 2024		17th June 2024	
Minimum Amount	50,000.00			

Source: CBK, NCBA IB Research

Secondary Market

In the secondary bonds market, **total turnover** rose to **KES 28.26Bn** from KES 22.45Bn traded in the previous week.

The S&P Sovereign Bond index increased to close at **92.60** from 92.36 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.

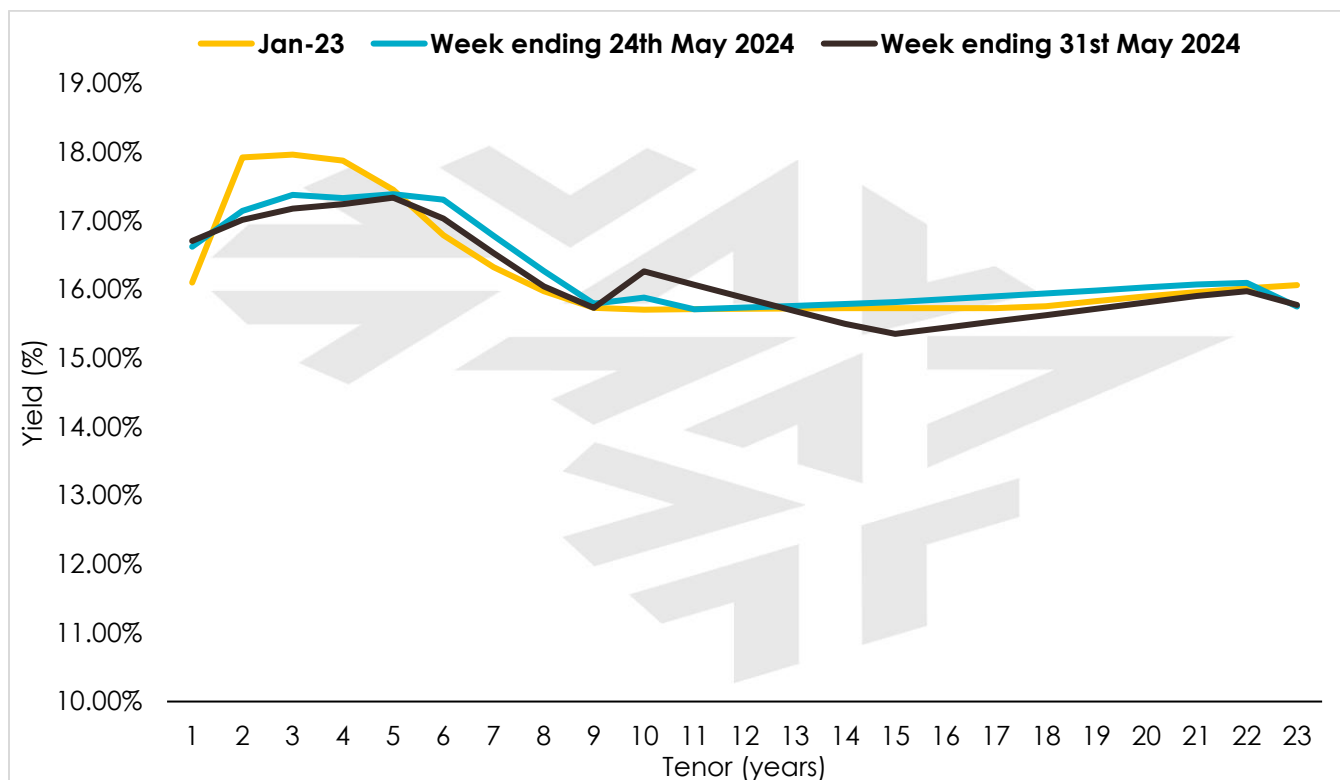
See the top moving bonds below:

Bond Identifier	Years to Maturity	Coupon	Average Yield	Total Value (KES Mn)	Number of Trades
IFB1/2024/8.5Yr	8.22	18.46%	16.54%	11,336.80	211
IFB1/2023/6.5Yr	5.95	17.93%	15.92%	3,560.90	206
FXD4/2019/10Yr	5.47	12.28%	17.56%	2,301.30	31
FXD2/2013/15Yr	3.87	12.00%	17.38%	2,000.00	12
FXD1/2016/10Yr	2.22	15.04%	16.78%	1,598.55	15

Source: NSE, NCBAIB Research

Government Securities Yield Curve

The yield on government securities remains elevated with investors demanding higher returns to cushion against duration and interest rate risks.



Source: NSE, NCBA/IB Research

Kenya International Debt Yield Curves:

Kenyan Eurobonds' yields remained stable driven by **positive investor sentiment** even as **credit risk** remains a concern.

Eurobond	Tenor (Years)	Amount (USD Mn)	Coupon Rate (%)	Current Yield (%)
KENINT 05/22/2027	3.15	900	7.00%	9.23%
KENINT 02/28/2028	3.92	1,000	7.25%	9.39%
KENINT 02/16/2031	6.90	1,500	9.75%	9.86%
KENINT 05/22/2032	8.17	1,200	8.00%	9.85%
KENINT 01/23/2034	9.85	1,000	6.30%	9.94%
KENINT 02/28/2048	23.99	1,000	8.25%	10.19%

Source: Bloomberg, NCBA IB Research

Inflation

The annual headline inflation rate as measured by the Consumer Price Index (CPI) rose to **5.1%** in May 2024 from **5.0%** in April 2024. This means that the general price level in May 2024 was 5.1% higher than that of May 2023.

The price increase was mainly driven by rise in prices of commodities under Transport (8.1%); Food and Non-Alcoholic Beverages (6.2%); and Housing, Water, Electricity, Gas and other fuels (4.4%) between May 2023 and May 2024.

Statistic	Current	Previous	Change (bps)
CBR	13.00%	12.50%	50.0
Inflation	5.10%	5.00%	(10.0)

Liquidity conditions

Liquidity conditions in the interbank space **tightened**. Indicatively, the overnight interbank rate increased by 4.1 bps week on week to close at 13.64%. The average daily traded volumes increased to close at KES 20.8Bn from KES 18.4Bn observed in the previous week.

Statistic	Current	Previous	Change
Average Interbank Rate	13.64%	13.60%	4.1
Average Interbank volume KES Bn	20.08	18.41	9.07%

Source: CBK, NCBA/IB Research

Currency

On the FX front, the shilling appreciated against the greenback, closing at **130.23**.

Foreign exchange reserves declined by **2.66%** week on week to close at **US \$6,975Mn**, the reserves represent **3.6 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**) slightly declined to close at **104.71** from 104.74 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 22	Week 21	W/W change (%)
US Dollar	130.23	131.73	(1.13%)
STG Pound	165.68	167.80	(1.26%)
Euro	140.89	143.03	(1.50%)
Forex reserves	6975.00	6989.00	(0.20%)

↓ = Depreciation, ↑ = Appreciation

Source: CBK, NCBA IB Research

Kenya Government Debt Maturities Schedule – May 2024:

The government has total domestic debt maturities of **KES 240.81Bn** in the month of May 2024 compared to **KES 174.27Bn** in April 2024. We expect **robust government activity** in the local market.

Treasury Bills	
Maturity Date	Amount KES 'Mn
6 th May 2024	21,801.90
13 th May 2024	53,712.04
20 th May 2024	41,955.03
27 th May 2024	11,735.02
Total	129,203.99

Treasury Bond Maturities			
Issue No.	Maturity Date	Fixed Coupon Rate	Outstanding Amount KES 'Mn
FXD2/2019/005	6 th May 2024	10.87%	39,201.40

Coupon payments					
Issue No.	Next Coupon Payment Date	Tenor to Maturity	Outstanding Amount KES 'Mn	Fixed Coupon Rate	Coupon payment KES 'Mn
FXD2/2019/005	6 th May 2024	0.03	39,201.40	10.87%	2,130.99
FXD1/2020/005	6 th May 2024	1.03	104,518.70	11.67%	6,097.10
FXD2/2019/015	6 th May 2024	10.03	81,644.75	12.73%	5,198.32
FXD1/2021/025	6 th May 2024	22.03	90,490.00	13.92%	6,299.91
FXD1/2023/003	13 th May 2024	2.05	76,537.95	14.23%	5,444.91
FXD1/2021/005	13 th May 2024	2.55	66,075.85	11.28%	3,725.69
FXD1/2011/020	13 th May 2024	7.05	37,029.40	10.00%	1,851.47
FXD1/2022/010	13 th May 2024	8.05	60,705.30	13.49%	4,094.57
FXD1/2012/020	13 th May 2024	8.55	87,285.65	12.00%	5,237.14
IFB1/2016/009	13 th May 2024	1.05	19,925.79	12.50%	1,245.36
IFB1/2018/020	13 th May 2024	14.55	36,787.30	11.95%	2,198.04
IFB1/2022/014	13 th May 2024	12.55	94,258.60	13.94%	6,568.88
IFB1/2023/6.5	13 th May 2024	6.05	112,732.95	17.93%	10,108.03
FXD4/2019/010	20 th May 2024	5.57	89,972.85	12.28%	5,524.33
FXD1/2018/015	20 th May 2024	9.07	76,351.65	12.65%	4,829.24
IFB1/2017/007	20 th May 2024	0.57	21,262.25	12.50%	1,328.89
IFB1/2020/006	May 27, 2024	2.09	10,252.00	10.20%	522.85
Total					72,405.73

Source: CBK, NCBA IB Research

Fiscal Tracker - April 2024

For the 10th month of FY'2023/2024, **total revenue** collected as reported by the National Treasury stood at **KES 3,038.39Bn** which represents a **70.96%** achievement against the revised full year target of **KES 4,281.61Bn**.

Net **domestic borrowing** stood at **KES 686.63Bn** reflecting a performance rate of **80.60%** against the revised full year target of **KES 851.90Bn**.

The **total expenditure** rose by **KES 337.23Bn** to **KES 3,038.39Bn**. This is largely attributable to an increase in Consolidated Fund Services (CFS) and recurrent expenditure in the month. The development expenditure rose by **KES 27.89Bn** to **KES 235.13Bn**.

The increase in **public expenditure** continues to hamper government's efforts of achieving **fiscal consolidation**.

April 2024					
	23/24 Budget	Mar-24	Apr-24	April receipts	Performance FY Budget
INCOME(KES Bn)					
Tax Revenue	2,495.83	1,535.07	1,745.76	210.69	69.95%
Non-Tax Revenue	80.93	52.01	81.67	29.65	100.91%
Net Domestic Borrowing	851.90	603.82	686.63	82.81	80.60%
External Loans and Grants	849.76	506.92	520.80	13.88	61.29%
Other Domestic Financing	3.19	3.54	3.54	-	111.08%
Total Revenue	4,281.61	2,701.37	3,038.39	337.03	70.96%
EXPENDITURE(KES Bn)					
Recurrent	1,360.12	905.78	1,050.34	144.56	77.22%
Consolidated Fund Services	2,078.85	1,364.59	1,456.46	91.87	70.06%
Development	480.82	207.25	235.13	27.89	48.90%
County Government	385.42	223.55	296.47	72.92	76.92%
Total Expenditure	4,305.21	2,701.16	3,038.39	337.23	70.57%
<i>Source: National Treasury, NCBA IB Research</i>					

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