

The Week in Review | Week 25

EQUITIES

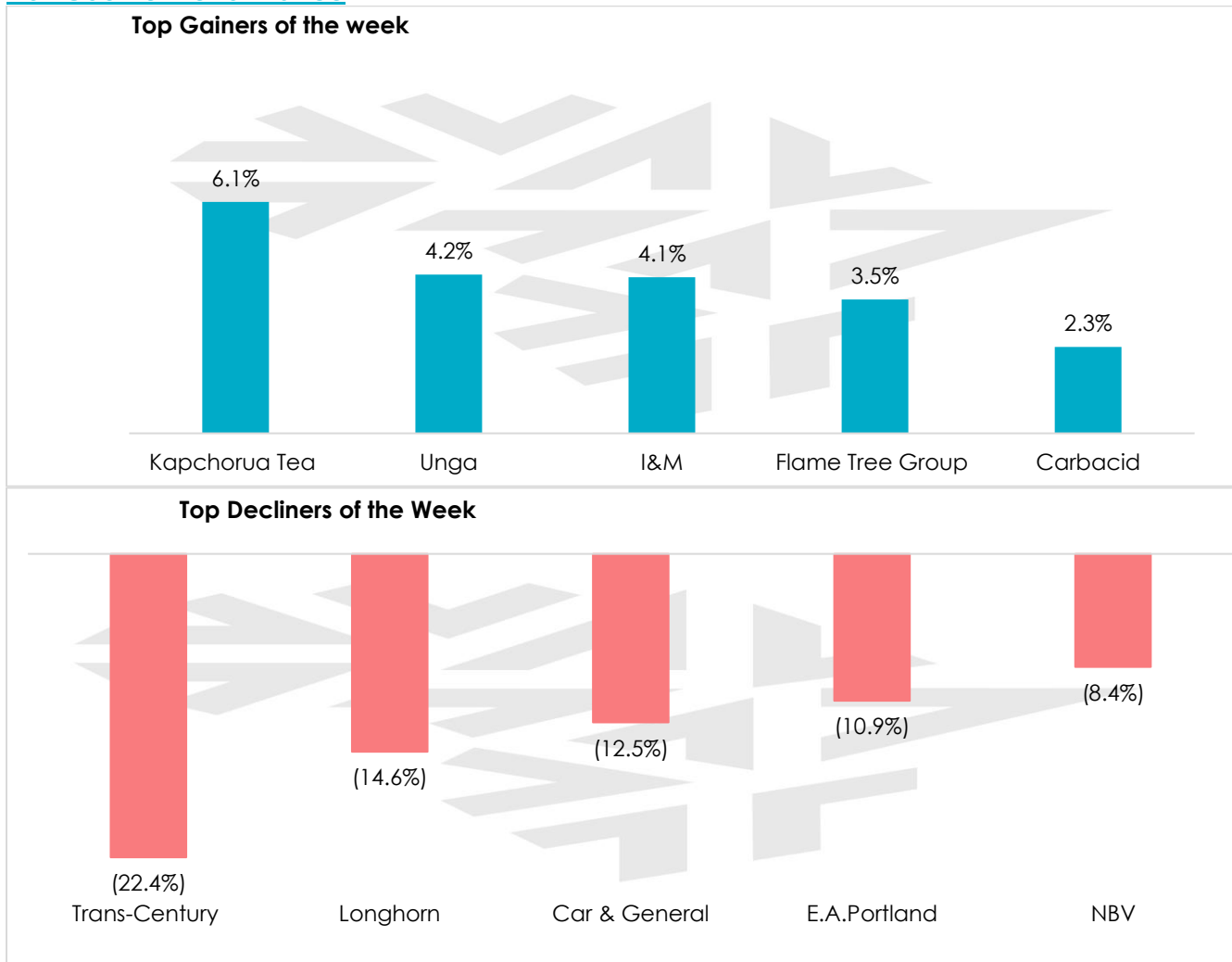
Local Market Performance

The market was down 0.8% week on week, with all the all share index (NASI) closing the week at **112.75**, a 22.59% rise year to date. The NSE-10, NSE-20 and NSE-25 indices closed the week at **1,146.94** a **25.87%** increase year to date, **1,730.28** a **14.68%** increase year to date and **2,924.81**, and **22.52%** increase year to date, respectively.

Foreign investors accounted for **22%** of the total turnover and they were net buyers with net foreign inflows of **KES 161.85Mn** last week.

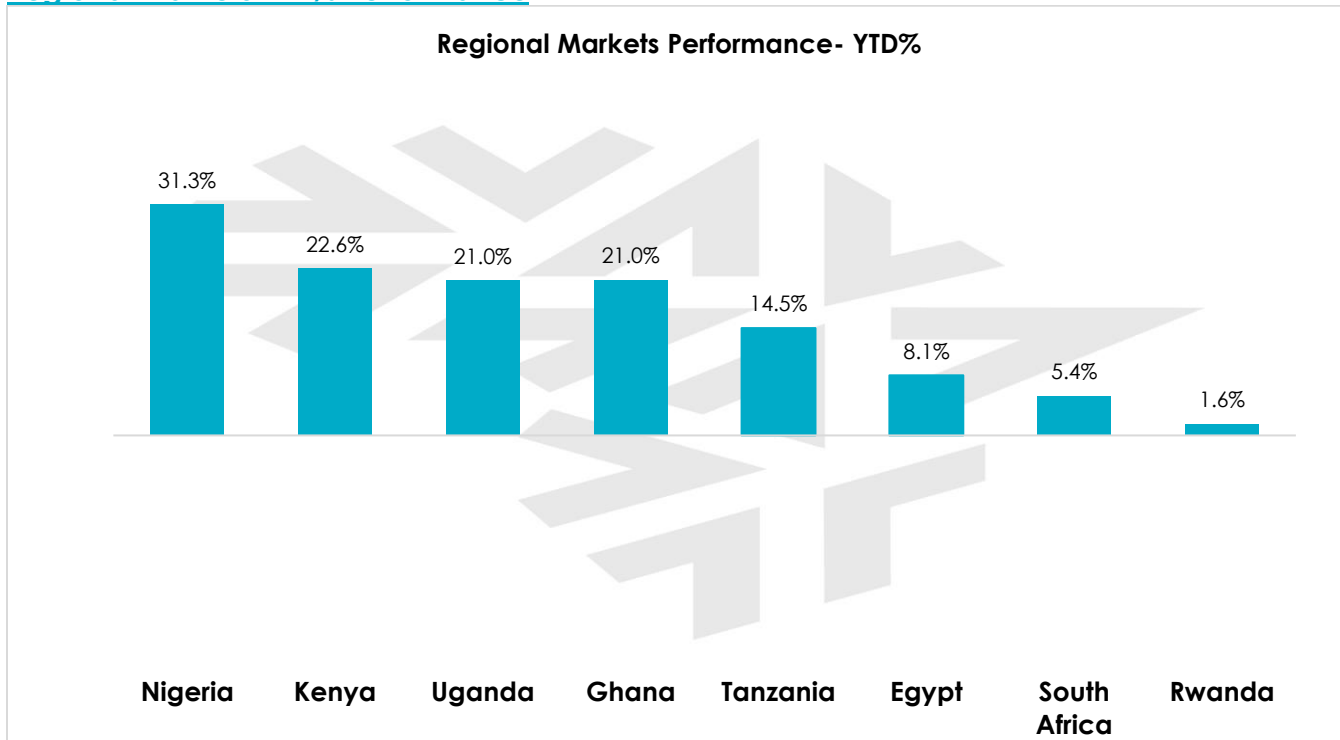
Market turnover **rose** to KES **1.20Bn** from KES 1.13Bn traded the previous week.

NSE Counter Performance



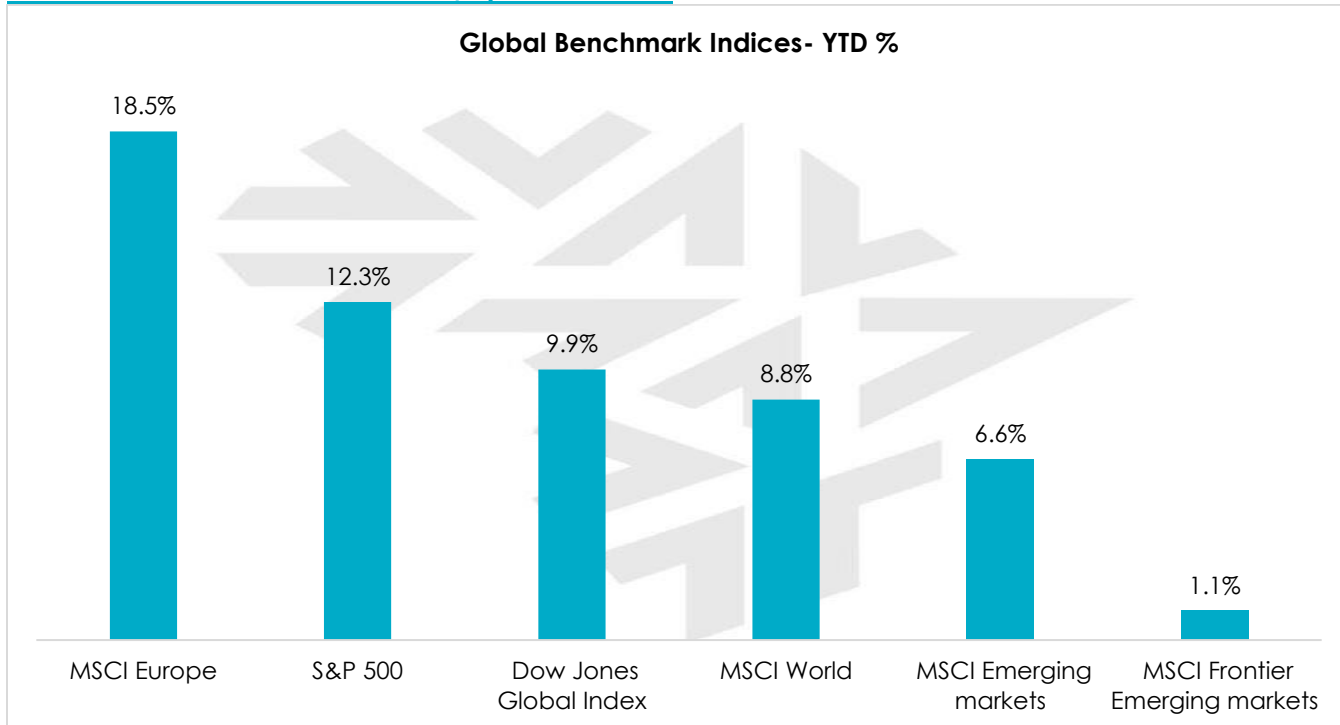
Source: NSE, NCBA IB Research

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
Limuru Tea	KES 1.00	15-Apr-24	30-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
BOC Kenya	KES 6.05	31-May-24	21-Jul-24
Liberty Kenya	KES 0.37	14-Jun-24	24-Aug-24
Total Kenya	KES 1.92	24-Jun-24	31-Jul-24
Umeme	Ushs 54.20	28-Jun-24	19-Jul-24
Safaricom	KES 0.65	31-Jul-24	31-Aug-24
Laptrust Imara I-REIT	KES 0.57	Subject to Approval	Subject to Approval
Kenya Re Insurance	KES 0.30	25-Jun-24	9-Aug-24
CIC	KES 0.13	04-Jun-2024	8-Jul-24

Source: NCBA IB Research, NSE

FIXED INCOME

Primary Market

Treasury bills were **undersubscribed** during the week, with a subscription rate of **60.02%** out of which the government accepted **KES 13.39Bn**. 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 25	Bids received week 24
91 day	4.00	5.92	10.29
182 day	10.00	3.93	9.93
364 day	10.00	4.55	2.50
Total	24.00	14.40	22.72

Prevailing rates	Week 25	Week 24	W/W change (bps)
91 Day	15.97%	15.97%	(0.03)
182 Day	16.74%	16.70%	3.82
364 Day	16.75%	16.75%	0.07

Source: CBK, NCBA IB Research

Tap Sale results of Re-opened June Treasury Bonds

The Central Bank of Kenya received a total of **KES 25.13Bn** (125.65% Subscription rate), out of which it accepted **KES 23.86Bn**, (an acceptance rate of 94.95%).

Issue	FXD1/2023/002	FXD1/2024/003
Tenor to Maturity	1.15 years	2.56 years
Bids Received (KES Mn)	1,799.80	3,265.80
Amount Accepted (KES Mn)	1,795.73	3,316.47
Allocated Average Rate of Accepted Bids (%)	17.1225%	17.5862%
Adjusted Average Price (Per KES 100)	105.6489	109.6836
Coupon Rate (%)	16.9723%	18.3854%

Issue	FXD1/2023/005	FXD1/2023/010
Tenor to Maturity	4.06 years	8.63 years
Bids Received (KES Mn)	11,228.55	8,840.10
Amount Accepted (KES Mn)	10,811.16	7,936.60
Allocated Average Rate of Accepted Bids (%)	18.1645%	16.3924%
Adjusted Average Price (Per KES 100)	103.7330	94.9500
Coupon Rate (%)	16.8440%	14.1510%

Source: CBK, NCBA IB Research

Secondary Market

In the secondary bonds market, **total turnover** rose to **KES 22.58Bn** from KES 20.86Bn traded in the previous week.

The S&P Sovereign Bond index increased to close at **92.46** from 92.60 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.

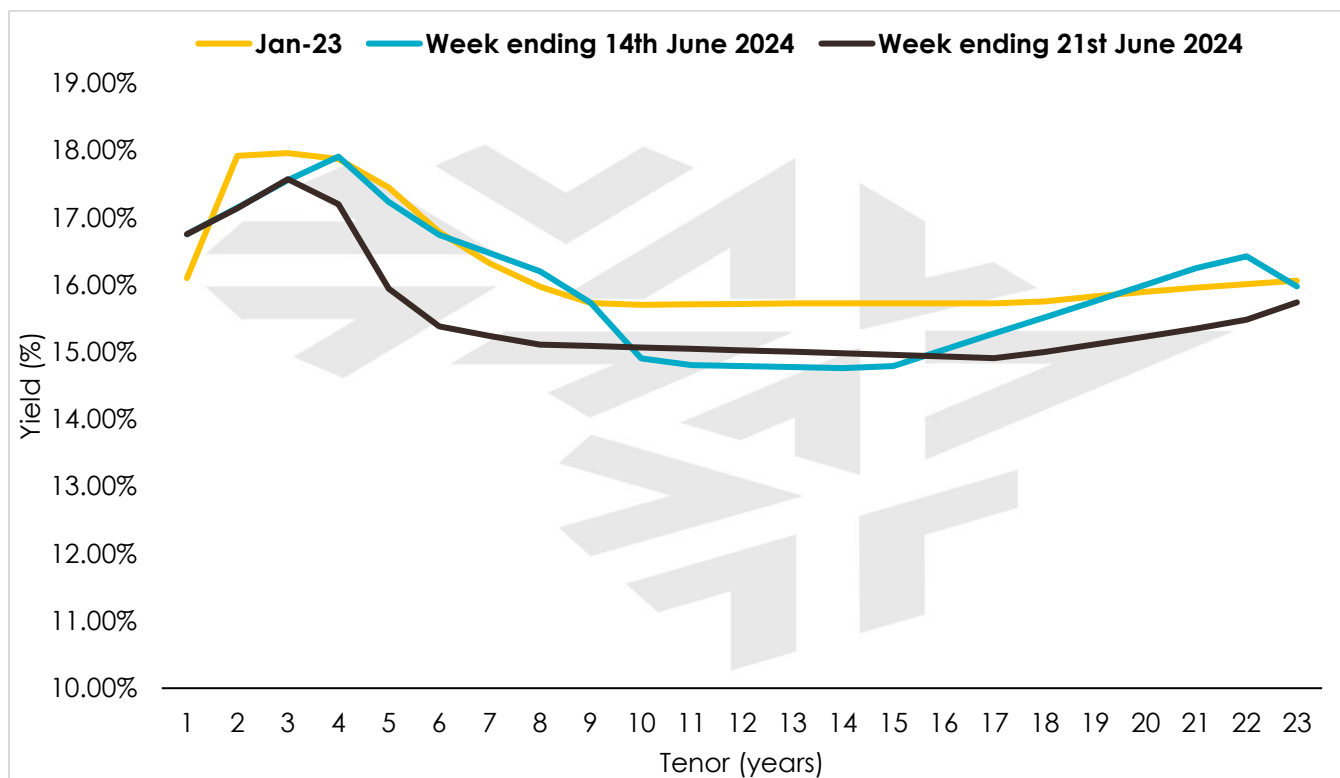
See the top moving bonds below:

Bond Identifier	Years to Maturity	Coupon	Average Yield	Total Value (KES Mn)	Number of Trades
IFB1/2024/8.5Yr	8.15	18.46%	16.58%	6,929.50	193
IFB1/2023/7Yr	5.98	15.84%	15.46%	3,873.05	36
IFB1/2023/6.5Yr	5.88	17.93%	15.88%	2,347.05	111
FXD 1/2020/5Yr	0.87	11.67%	17.13%	2,000.00	6
FXD1/2010/15Yr	0.71	10.25%	17.15%	1,500.00	3

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, NCBAIB 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%	9.592%
KENINT 02/28/2028	3.92	1,000	7.25%	10.066%
KENINT 02/16/2031	6.90	1,500	9.75%	10.526%
KENINT 05/22/2032	8.17	1,200	8.00%	10.546%
KENINT 01/23/2034	9.85	1,000	6.30%	10.511%
KENINT 02/28/2048	23.99	1,000	8.25%	10.774%

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 **eased**. Indicatively, the overnight interbank rate rose by 4 bps week on week to close at 13.10%. The average daily traded volumes decreased to close at KES 25.10Bn from KES 21.60Bn observed in the previous week.

Statistic	Current	Previous	Change
Average Interbank Rate	13.10%	13.06%	4.0
Average Interbank volume KES Bn	25.10	21.60	16.20%

Source: CBK, NCBAIB Research

Currency

On the FX front, the shilling appreciated against the greenback, closing at **128.64**.

Foreign exchange reserves rose by **18.7%** week on week to close at **US 8.31Bn**, the reserves represent **4.3 months** of import cover which meets the CBK's statutory requirement of at least 4 months of import cover.

The U.S. Dollar Index (**DXY**) slightly increased to close at **105.34** from 104.93 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 25	Week 24	W/W change (%)
US Dollar	128.64	128.66	0.02%
STG Pound	163.72	164.11	(0.24%)
Euro	138.21	138.50	(0.21%)
Forex reserves	8,321.00	7,012.00	18.67%

Source: CBK, NCBA IB Research

Kenya Government Debt Maturities Schedule – June 2024:

The government has total domestic debt maturities of **KES 123.51Bn** in the month of June 2024 compared to **KES 240.81Bn** in May 2024. We expect **robust government activity** in the local market.

Treasury Bills	
Payment Date	Amount KES 'Mn
June 3, 2024	17,478.56
June 10, 2024	28,109.89
June 17, 2024	18,442.92
June 24, 2024	13,750.80
Total	77,782.17

Coupon payments					
Issue No.	Next Coupon Payment Date	Tenor to Maturity	Outstanding Amount KES 'Mn	Fixed Coupon Rate	Coupon payment KES 'Mn
FXD3/2019/005	June 10, 2024	0.50	44,830.50	11.49%	2,575.96
FXD2/2010/015	June 10, 2024	1.50	25,199.80	9.00%	1,133.99
FXD1/2008/020	June 10, 2024	4.00	55,432.05	13.75%	3,810.95
FXD2/2018/010	June 10, 2024	4.50	63,820.20	12.50%	3,989.40
FXD1/2010/025	June 10, 2024	11.00	20,192.50	11.25%	1,135.83
FXD1/2018/025	June 17, 2024	19.02	94,326.70	13.40%	6,319.89
IFB1/2015/009	June 3, 2024	0.48	8,506.50	11.00%	467.86
IFB1/2022/018	June 10, 2024	16.00	79,827.50	13.74%	5,484.95
IFB1/2022/006	June 3, 2024	4.48	59,424.35	13.22%	3,926.46
IFB1/2023/007	June 17, 2024	6.02	213,251.60	15.84%	16,886.33
Total					45,731.62

Source: CBK, NCBA IB Research

Fiscal Tracker – May 2024

For the 11th month of FY'2023/2024, **total revenue** collected as reported by the National Treasury stood at **KES 3,258.74Bn** which represents a **76.11%** achievement against the revised full year target of **KES 4,281.61Bn**.

Net **domestic borrowing** stood at **KES 704.7Bn** reflecting a performance rate of **82.72%** against the revised full year target of **KES 851.90Bn**.

The **total expenditure** rose by **KES 217.31Bn** to **KES 3,255.7Bn**. This is largely attributable to an increase in Consolidated Fund Services (CFS) and recurrent expenditure in the month. The development expenditure rose by **KES 25.97Bn** to **KES 261.10Bn**.

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

May 2024					
	23/24 Budget	Apr-24	May-24	May receipts	Performance FY Budget
INCOME (KES Bn)					
Tax Revenue	2,495.83	1,745.76	1,928.80	183.04	77.28%
Non-Tax Revenue	80.93	81.67	94.20	12.53	116.39%
Net Domestic Borrowing	851.90	686.63	704.70	18.07	82.72%
External Loans and Grants	849.76	520.80	527.50	6.70	62.08%
Other Domestic Financing	3.19	3.54	3.54	-	111.08%
Total Revenue	4,281.61	3,038.39	3,258.74	220.35	76.11%

EXPENDITURE (KES Bn)					
Recurrent	1,360.12	1,050.34	1,112.80	62.46	81.82%
Consolidated Fund Services	2,078.85	1,456.46	1,594.70	138.24	76.71%
Development	480.82	235.13	261.10	25.97	54.30%
County Government	385.42	296.47	287.10	(9.37)	74.49%
Total Expenditure	4,305.21	3,038.39	3,255.70	217.31	75.62%

Source: National Treasury, NCBA IB Research

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