

The Week in Review | Week 27

EQUITIES

Local Market Performance

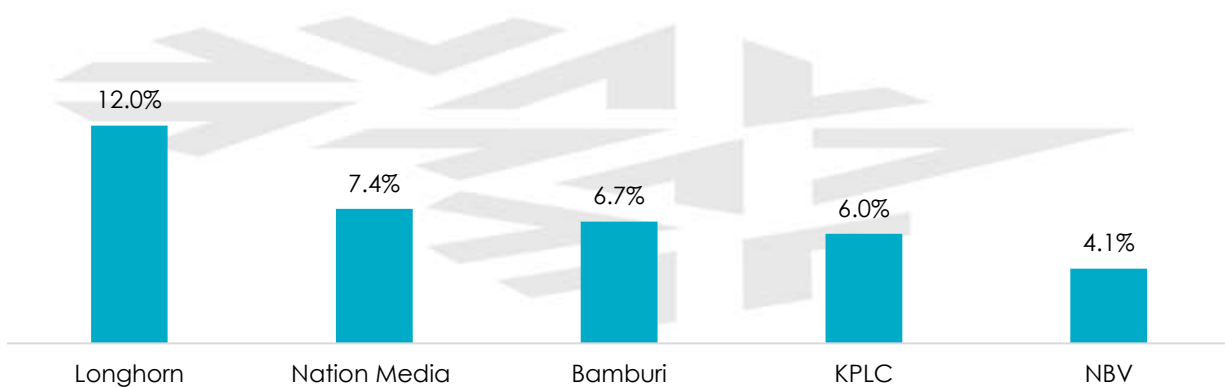
The market was down 0.43% week on week, with all the all share index (NASI) closing the week at **109.02**, an 18.54% rise year to date. The NSE-10, NSE-20 and NSE-25 indices closed the week at **1,114.68** a **22.33%** increase year to date, **1,659.68** a **10.00%** increase year to date and **2,854.75**, and **19.58%** increase year to date, respectively.

Foreign investors accounted for **45%** of the total turnover and they were net buyers with net foreign inflows of **KES 196.08Mn** last week.

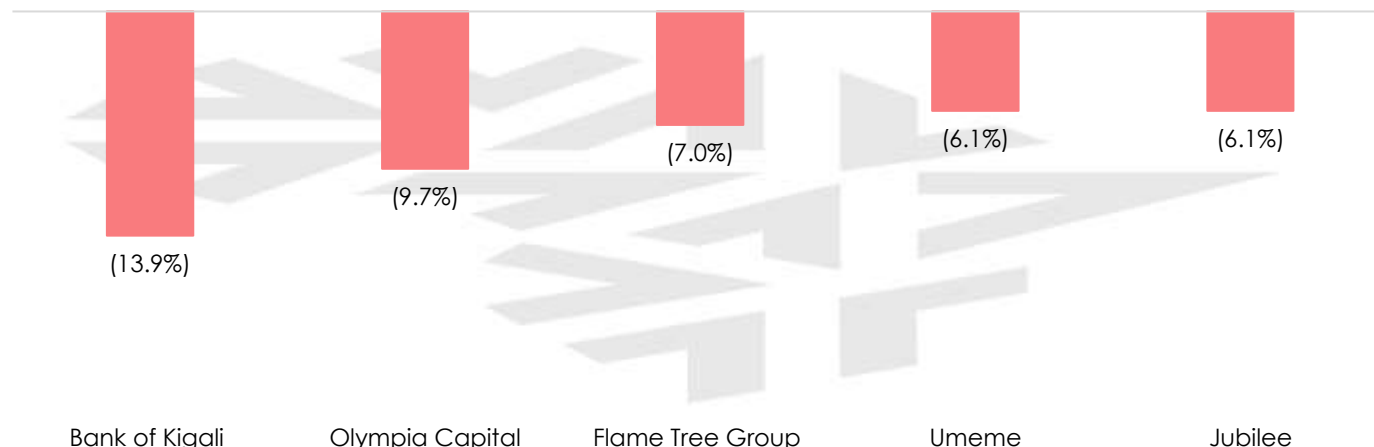
Market turnover **declined** to KES **0.06Bn** from KES 0.90Bn traded the previous week.

NSE Counter Performance

Top Gainers of the week

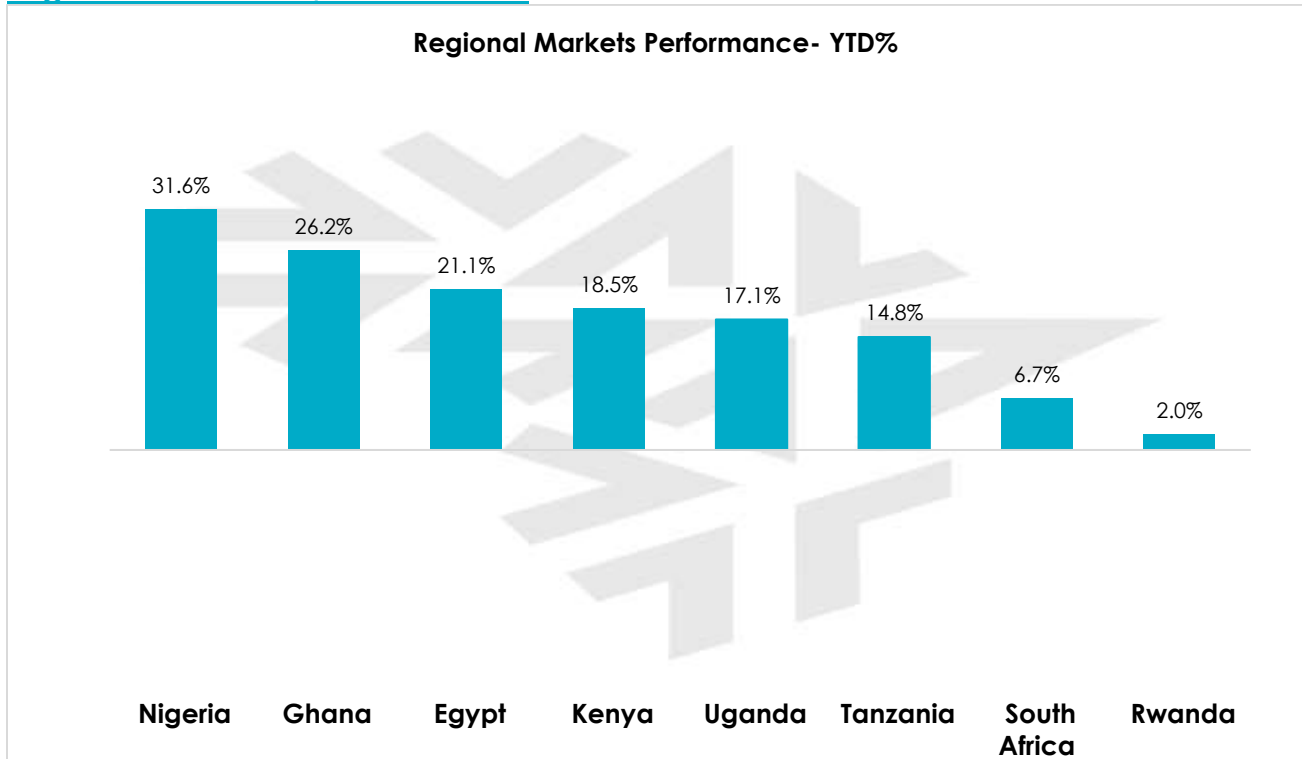


Top Decliners of the Week



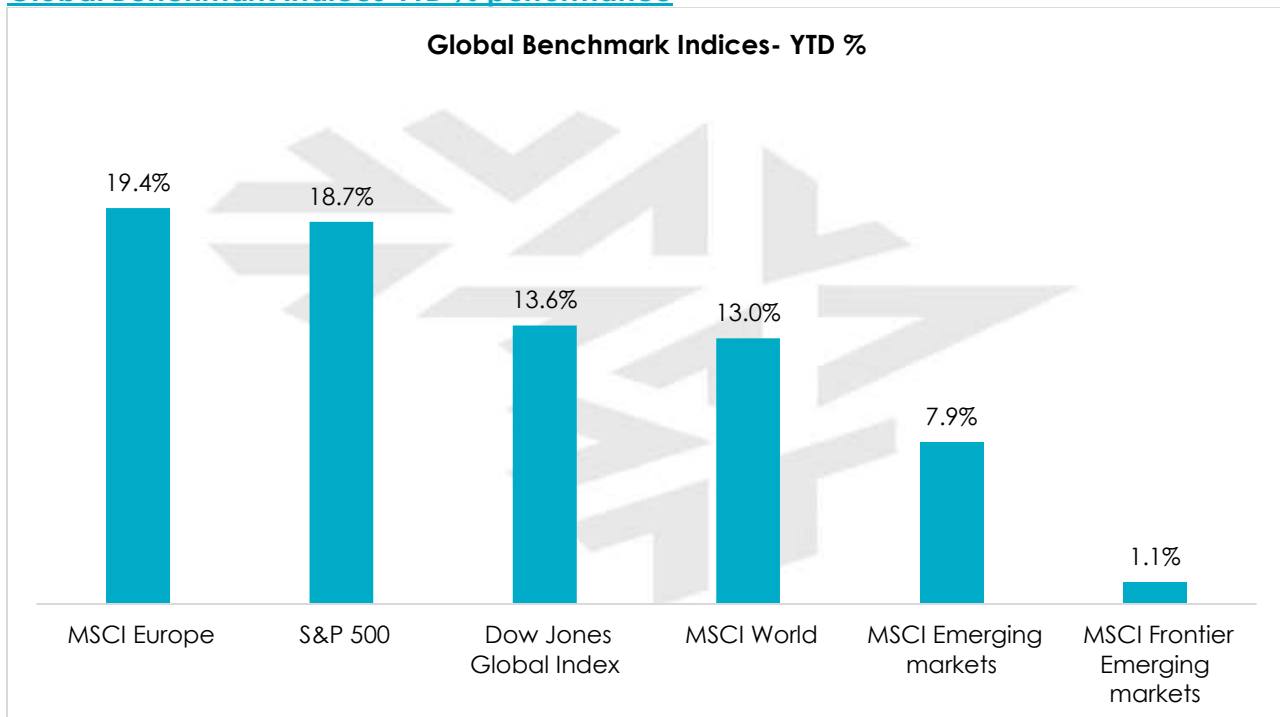
Source: NSE, NCBA IB Research

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
Williamson Tea Kenya	KES 15.00	31-Jul-24	2-Aug-24
Kapchorua Tea Kenya	KES 15.00	31-Jul-24	2-Aug-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 **oversubscribed** during the week, with a subscription rate of **124.40%** out of which the government accepted **KES 27.90Bn**. 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 27	Bids received week 26
91 day	4.00	14.80	4.36
182 day	10.00	9.42	1.49
364 day	10.00	5.63	1.83
Total	24.00	29.86	7.68

Prevailing rates	Week 27	Week 26	W/W change (bps)
91 Day	15.99%	15.98%	0.97
182 Day	16.80%	16.76%	3.15
364 Day	16.83%	16.79%	3.88

Source: CBK, NCBA IB Research

JULY 2024 TAP SALE AUCTION RESULTS | FXD1/2023/0.2

The Central Bank of Kenya received a total of **KES 487.50Mn** (2.44% Subscription rate), out of which it accepted **KES 486.48Mn** (99.79% Acceptance rate).

See below a summary of the treasury bond auction results:

Issue	FXD1/2023/02(Tap-sale)
Tenor to Maturity	1.14 Yrs
Offered Amount (KES Mn)	20,000.00
Bids Received (KES Mn)	487.50
Amount Accepted (KES Mn)	486.48
Weighted Average Rate of Accepted Bids (%)	17.123%
Adjusted Average Price (Per KES 100)	106.319
Coupon Rate (%)	16.972%

Source: CBK, NCBA IB Research

Secondary Market

In the secondary bonds market, **total turnover** rose to **KES 34.42Bn** from KES 33.23Bn traded in the previous week.

The S&P Sovereign Bond Index increased to close at 93.00 from 92.46 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.

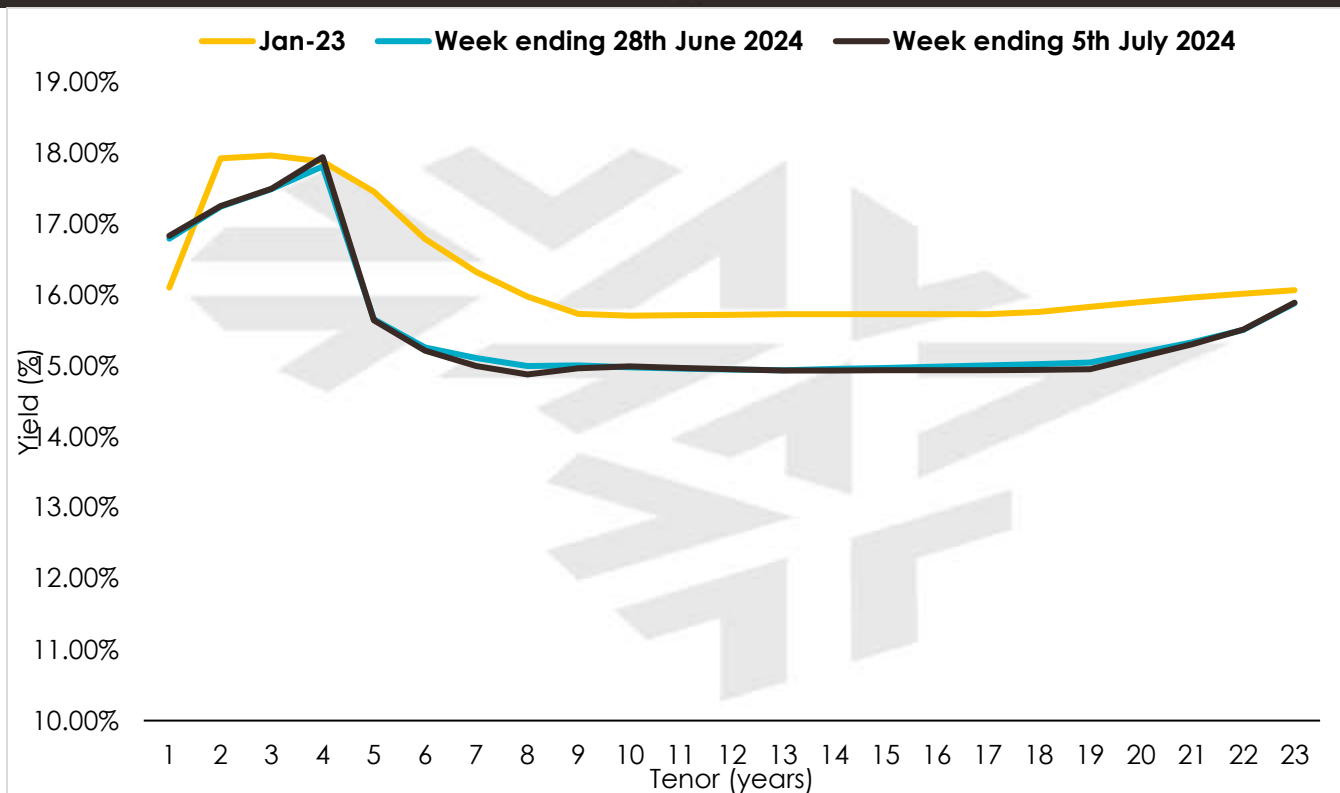
See the top moving bonds below:

Bond Identifier	Years to Maturity	Coupon	Average Yield	Total Value (KES Mn)	Number of Trades
IFB1/2024/8.5Yr	8.12	18.46%	16.98%	14,360.40	164
FXD 1/2023/5Yr	4.02	16.84%	18.10%	5,800.00	22
FXD 3/2019/5Yr	0.43	11.49%	17.93%	3,001.00	11
FXD2/2010/15Yr	1.43	9.00%	17.45%	2,000.00	8
FXD1/2019/20Yr	14.75	12.87%	16.15%	1,654.00	7

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 increased during the week except for KENINT 2048 following political uncertainties arising from the finance bill protests.

Eurobond	Tenor (Years)	Amount (USD Mn)	Coupon Rate (%)	Previous Yield (%)	Current Yield (%)	Change (Bps)
KENINT 05/22/2027	3	900	7.00%	9.93%	10.03%	10.70
KENINT 02/28/2028	4	1,000	7.25%	10.34%	10.36%	1.50
KENINT 02/16/2031	7	1,500	9.75%	10.75%	10.94%	19.10
KENINT 05/22/2032	8	1,200	8.00%	10.78%	10.87%	9.30
KENINT 01/23/2034	10	1,000	6.30%	10.76%	10.87%	11.40
KENINT 02/28/2048	24	1,000	8.25%	10.92%	10.90%	(1.70)

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 declined by 10.2 bps week on week to close at 13.20%. The average daily traded volumes decreased to close at KES 19.96Bn from KES 20.43Bn observed in the previous week.

Statistic	Current	Previous	Change
Average Interbank Rate	13.20%	13.30%	(10.2)
Average Interbank volume KES Bn	19.96	20.43	(2.29%)

Source: CBK, NCBA/IB Research

Currency

On the FX front, the shilling appreciated against the greenback, closing at **128.47**.

Foreign exchange reserves dropped by **0.32%** week on week to close at **US 7.78Bn**, the reserves represent **4.0 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 declined to close at 104.92 from 105.96 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 27	Week 26	W/W change (%)
US Dollar	128.47	129.53	(0.82%)
STG Pound	164.03	163.90	0.08%
Euro	139.00	138.87	0.10%
Forex reserves	7,775.00	7,800.00	(0.32%)

Source: CBK, NCBA IB Research

Kenya Government Debt Maturities Schedule – July 2024:

The government has total domestic debt maturities of **KES 119.67Bn** in the month of July 2024 compared to **KES 123.51Bn** in June 2024. We expect **robust government activity** in the local market.

Treasury Bills	
Payment Date	Amount KES 'Mn
July 1, 2024	5,705.24
July 8, 2024	14,788.24
July 15, 2024	26,825.06
July 22, 2024	14,179.53
July 29, 2024	11,661.16
Total	73,159.23

Coupon payments					
Issue No.	Next Coupon Payment Date	Tenor to Maturity	Outstanding Amount KES 'Mn	Fixed Coupon Rate	Coupon payment KES 'Mn
FXD1/2024/003	July 15, 2024	2.52	92,085.62	18.39%	8,465.15
FXD1/2017/010	July 22, 2024	3.04	65,974.90	12.97%	4,277.15
FXD1/2023/005	July 15, 2024	4.02	141,683.98	16.84%	11,932.62
FXD1/2019/015	July 22, 2024	9.54	79,096.85	12.86%	5,084.74
FXD3/2019/015	July 22, 2024	10.04	53,919.80	12.34%	3,326.85
FXD2/2018/020	July 22, 2024	14.04	89,198.60	13.20%	5,887.11
IFB1/2018/015	July 22, 2024	8.54	41,184.80	12.50%	2,574.05
IFB1/2021/016	July 22, 2024	12.54	80,958.35	12.26%	4,961.53
Total					46,509.22

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

DISCLAIMER AND DISCLOSURES

1. General Disclaimer

This research report (Report) has been prepared by NCBA Investment Bank (NCBA-IB) and contains detailed industry analyses, statistics and forecasts exclusively for informational purposes and is intended solely for the use of NCBA-IB clients and may not be distributed, published, or reproduced, in whole or in part, nor may its contents be disclosed to any other party without the express written consent of NCBA-IB. While this Report contains analyses and insights aimed at assisting customers in making investment decisions regarding various securities, it does not constitute an offer, solicitation, or recommendation to buy or sell any securities, and it is not intended to provide the basis for any evaluation of the securities discussed herein. NCBA-IB expressly disclaims any responsibility for errors and omissions in this Report. The Information set forth in this Report has been obtained from sources believed reliable and developed through the application of independent judgement, but NCBA-IB does not warrant its completeness or accuracy. Opinions expressed in this Report are current viewpoints as of the date of issue and are subject to change without notice. Furthermore, NCBA-IB is under no obligation to update or keep the information current. While every effort has been made to ensure the accuracy and completeness of the information provided, no representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied upon as, a promise or representation as to the future performance of any securities or financial product and market conditions which may change and this might materially impact the accuracy and validity of such analysis.

2. Use of Information

The information presented in this Report is intended solely for informational purposes and is not a comprehensive treatment of the topic at hand. NCBA-IB makes every effort to use reliable, comprehensive information, but we do not represent that the information is accurate or complete. NCBA-IB is not responsible for errors or omissions nor for results obtained from the use of this information. All information is provided "as is", without warranty of any kind, express or implied.

3. No Guarantees on Performance

NCBA-IB, its affiliates, employees, or any associated entities provide no guarantee, warranty, or representation regarding the potential performance or expected outcomes of any investment or financial transaction referenced within this document. Investment values can fluctuate, and the past performance of a security, industry, sector, market, financial product, trading strategy, or individual investment does not guarantee future results or returns.

4. Independent Decision Making

Recipients of this Report are strongly advised to make investment decisions based on their own investment objectives, careful consideration of their financial situation, operational capacity, and the availability of resources. It is recommended that all clients conduct thorough due diligence and, where appropriate, consult independent financial, legal, tax, or other professional advisors to assess the suitability of any potential investment.

5. Limitation of Liability

The Bank, its affiliates, and their respective officers, directors, employees, or agents accepts no liability whatsoever for any direct or consequential loss or damage arising from the use of this Report or the information contained herein. Past performance is not necessarily indicative of future results, and NCBA-IB does not undertake that the recipient of this report will obtain profits or avoid incurring losses. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in these reports is suitable for their particular circumstances and, if necessary, seek professional advice, including tax advice.

6. Authority to Enter Contracts

Please be advised that legally binding obligations on behalf of NCBA-IB can only be established through formal written agreements, duly signed by authorized representatives of NCBA-IB. No electronic communications or implied agreements through informal communications shall be considered binding under any circumstances.

7. Disclosure Statement

NCBA-IB may, from time to time, participate or invest in transactions with the companies mentioned herein, perform services for or solicit business from company(s) mentioned, and/or have a position or effect transactions in the securities or options thereof. Members of NCBA-IB, its principals or affiliates, may have a financial interest in securities of the companies mentioned in this report.

8. Conflicts of Interest

NCBA-IB may engage in transactions in a manner that is inconsistent with the recommendations made in this Report, and it may have commercial relationships with entities mentioned in this Report. NCBA-IB may have provided advice or investment services relating to the investments concerned or a related investment to any company mentioned in this Report prior to its publication. Further, NCBA-IB may receive compensation for these services and acts as a market maker or liquidity provider in the securities that are the subject of this report. NCBA-IB does not prepare research on entities within its corporate group ("the NCBA Group") or other entities where a real or perceived conflict of interest may exist.

9. Confidentiality

This Report is confidential and is intended only for the person or entity to which it is addressed. It may contain confidential, proprietary, or legally privileged information. No confidentiality or privilege is waived or lost by any misdelivery or transmission errors. If you are not the intended recipient, please immediately delete it and all copies of it from your system, destroy any hard copies of it, and notify the sender. You must not, directly or indirectly, use, disclose, distribute, print, or copy any part of this report if you are not the intended recipient.

10. Intellectual Property Rights

All content, data, analyses, graphics, and logos provided in this Report are the exclusive property of NCBA-IB and/or its affiliates, unless otherwise noted, and cannot be copied, distributed, transmitted, displayed, published, or broadcast without the prior written permission of NCBA-IB.

11. Regulatory Compliance

This Report is also subject to regulatory restrictions and obligations that may affect its use. NCBA-IB produces research reports which adhere to regulatory standards. This document may not be distributed in any jurisdiction where its distribution may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

12. Use and Distribution

These materials are intended only for clients of NCBA-IB, and may not be reproduced, redistributed, or copied in whole or in part for any purpose without the express written consent of NCBA-IB

© 2024 NCBA-IB. All rights reserved. This document contains intellectual property belonging to NCBA-IB. Unauthorized use is prohibited. For further information regarding the methodologies used or data in the report, contact NCBA-IB at ncbaresearch@ncbagroup.com

[Follow the NCBA Investment Bank channel on WhatsApp](#)