

The Week in Review | Week 03

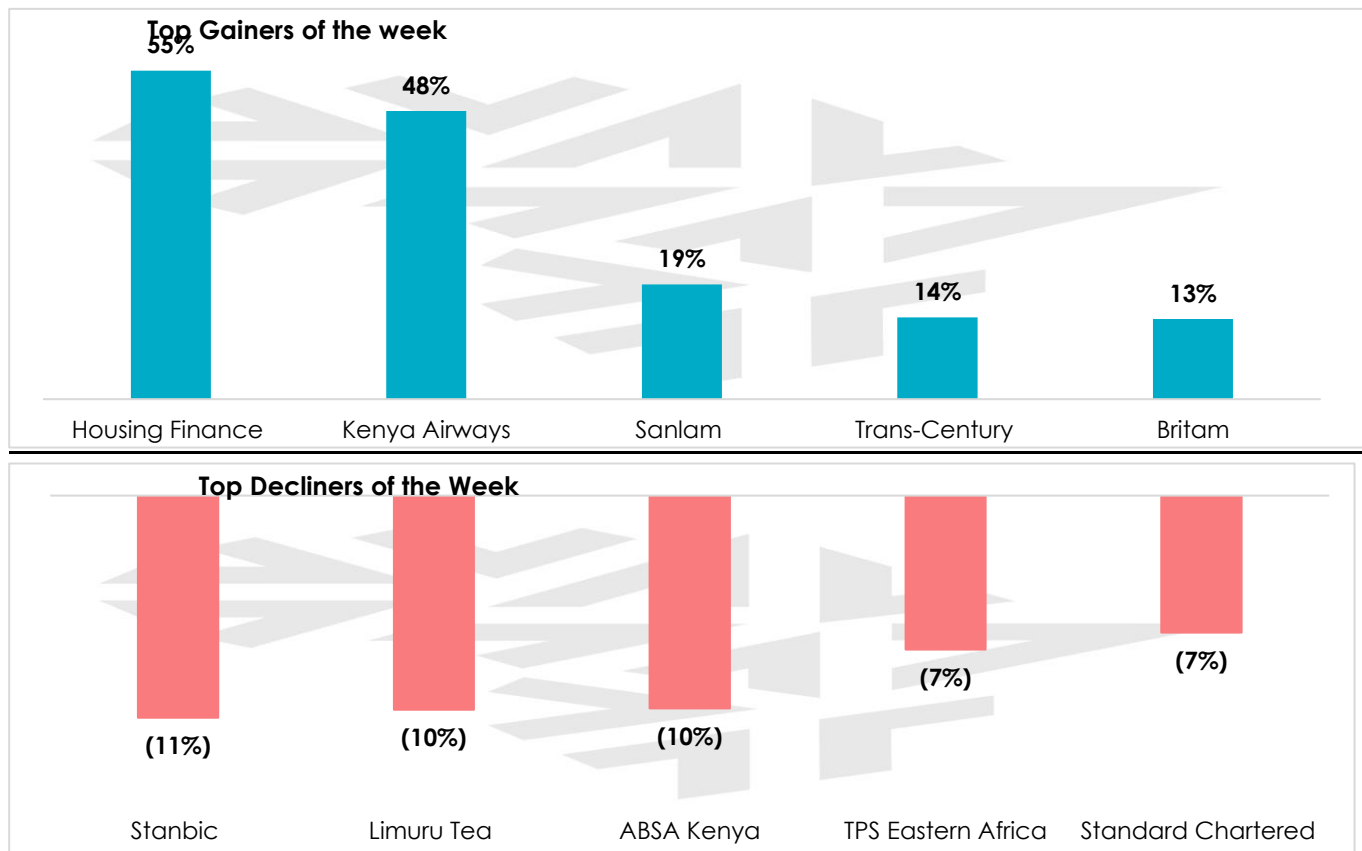
EQUITIES

Local Market Performance

WEEKLY MARKET DATA				
VARIABLES	Week 3	Week 2	W/W%	
NASI	130.79	129.64	0.89%	
NSE-10	1,330.92	1,338.17	(0.54%)	
NSE-20	2,146.86	2,145.27	0.07%	
NSE-25	3,470.62	3,511.33	(1.16%)	
Weekly Shares Traded (Mn)	130.90	47.71	174.39%	
Weekly Equity Turnover (KES Mn)	1,833.76	548.50	234.32%	
Market Cap (KES Bn)	2,054.51	1,984.96	3.50%	
Foreign Participation	49%	22%	27.00%	
Foreign Inflow (Outflow) KES Mn	85.56	694.95	(87.69%)	

Source: NSE, NCBA IB Research

NSE Counter Performance



Source: NSE, NCBA IB Research

Regional Markets Performance

Regional Indices		
<u>VARIABLES</u>	<u>w/w %</u>	<u>YTD %</u>
Kenya	0.9%	4.3%
Uganda	2.1%	12.2%
Tanzania	0.3%	1.7%
Rwanda	(2.2%)	(2.0%)
Nigeria	(2.9%)	(0.8%)
Ghana	3.1%	3.4%
Egypt	2.0%	0.3%
South Africa	1.5%	0.3%

Source: Bloomberg, NSE, NCBA IB Research

Global Benchmark Indices performance

Global benchmark indices		
<u>VARIABLES</u>	<u>w/w %</u>	<u>YTD %</u>
S&P 500	3%	2%
MSCI World	2%	1%
Dow Jones Global Index	2%	0%
MSCI Europe	0%	1%
MSCI Asia	0%	(2%)
MSCI Emerging markets	1%	(0%)
MSCI Frontier Emerging markets	2%	3%

Source: Bloomberg, NSE, NCBA IB Research

Upcoming Dividend payments

Corporate Actions	Dividend	Book Closure	Payment
Kenya Power & Lighting	KES 0.70	2-Dec-24	31-Jan-25
EA Portland	KES 1.00	31-Dec-24	28-Feb-25
KenGen	KES 0.65	29-Nov-24	13-Feb-25

Source: NSE, NCBA IB Research

FIXED INCOME

Primary Market

Treasury bill results

Treasury bills were undersubscribed (**82.33%** subscription rate) during the week with majority of the bids geared towards the 364-day paper. The government accepted a total of **KES 18.85Bn** (**95.40%** acceptance rate) at indicatively lower rates.

Subscription	Amount offered KES Bn	Bids received week 3	Bids received week 2
91 day	4.00	3.38	13.32
182 day	10.00	5.45	9.71
364 day	10.00	10.93	10.11
Total	24.00	19.76	33.14

Prevailing rates	Week 03	Week 02	W/W change (bps)
91 Day	9.56%	9.59%	(2.88)
182 Day	10.03%	10.03%	0.46
364 Day	11.30%	11.33%	(2.98)

Source: CBK, NCBA IB Research

Secondary Market

In the secondary bonds market, total turnover increased to **KES 47Bn** from KES 30.58Bn traded in the previous week.

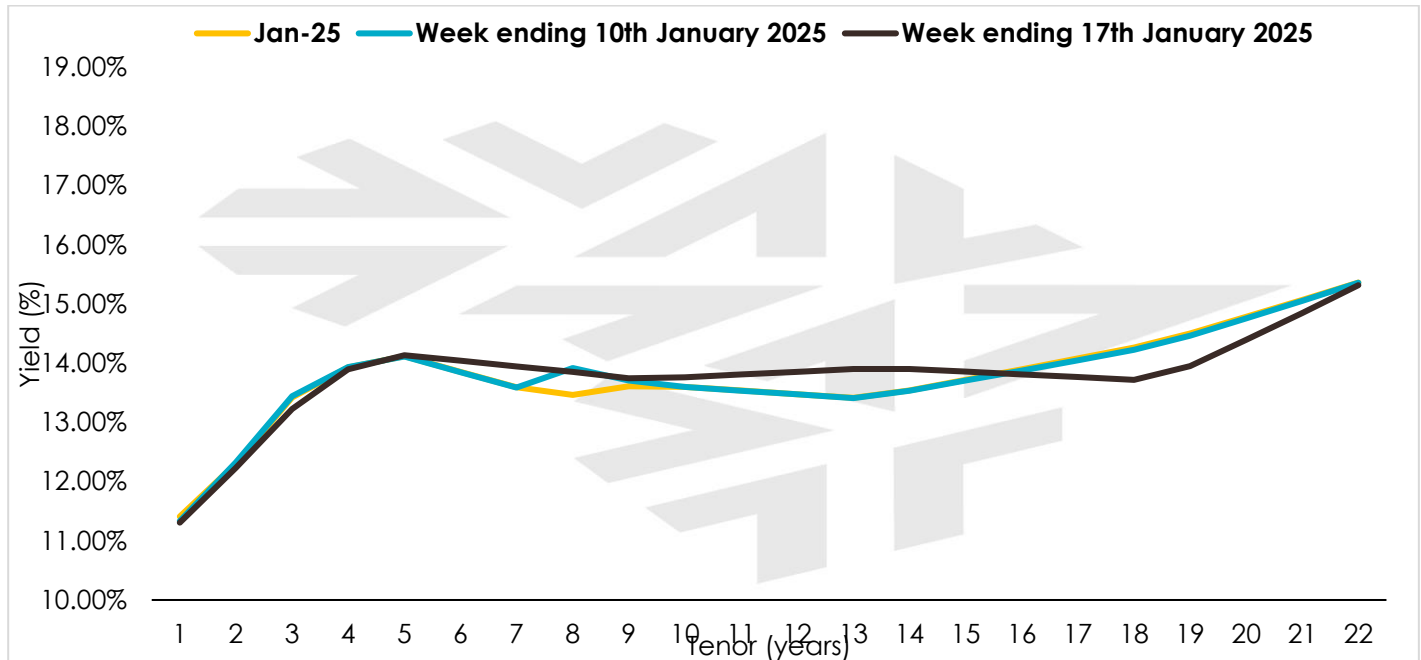
Most traded bonds:

Bond Identifier	Years to Maturity	Coupon	Average Yield	Total Value (KES Mn)
FXD 1/2023/5Yr	3.48	16.84%	13.81%	13,240.10
FXD 1/2022/3Yr	0.21	11.77%	10.84%	9,750.00
IFB1/2023/17Yr (Re-opened)	15.14	14.40%	13.69%	4,373.15
IFB1/2024/8.5Yr	7.58	18.46%	13.80%	3,763.65
FXD3/2019/10Yr	4.56	11.49%	14.23%	3,500.50

Source: NSE, NCBA IB Research

Government Securities Yield Curve

The yield on government securities has continued to decline, with this trend expected to persist, albeit at a slower pace as the Central Bank maintains its ongoing monetary easing measures.



Source: NSE, NCBA IB Research

Kenya International Debt Yield Curves:

The yields on Kenyan Eurobonds recorded mixed performance during the week with **KENINT 48** recording the highest decline.

Eurobond	Tenor (Years)	Amount (USD Mn)	Coupon Rate (%)	Current Yield (%)	Previous Yield (%)	Change (Bps)
KENINT 27	2	900	7.00%	8.22%	8.30%	(8.40)
KENINT 28	3	1,000	7.25%	8.79%	8.78%	1.00
KENINT 31	6	1,500	9.75%	9.81%	9.78%	3.40
KENINT 32	7	1,200	8.00%	9.78%	9.75%	3.30
KENINT 34	9	1,000	6.30%	9.83%	9.77%	5.90
KENINT 48	23	1,000	8.25%	10.09%	10.01%	8.20

Source: Bloomberg, NCBA IB Research

Q3 2024 GDP Growth

Kenya's economy grew by **4.0%** in Q3 2024, marking a slowdown compared to the **6.0%** growth recorded in the same quarter of 2023. The decelerated growth was largely attributed to a general slowdown across most sectors of the economy. Notably, contractions in Construction, and Mining and Quarrying activities significantly constrained overall performance.

Despite these challenges, the economy was bolstered by positive contributions from sectors such as Agriculture, Forestry and Fishing, as well as the Financial Services sector, among others, which provided much-needed support to the growth trajectory.

Inflation

The annual headline inflation rate measured by the Consumer Price Index (CPI) rose marginally to **3.0%** in **December** from 2.8% in November 2024 largely on account of modest growth in fuel and food inflation.

Statistic	Current	Previous	Change (bps)
Inflation	3.00%	2.80%	20.0

Source: KNBS, NCBA IB Research

Interest Rates

MPC met on December 5th and decided to **lower** the Central Bank Rate (CBR) by 75bps to **11.25%**. The committee noted that overall inflation was expected to remain below the midpoint of the target range in the near term, supported by low fuel inflation, stable food inflation, and exchange rate stability.

Statistic	Current	Previous	Change (bps)
CBR	11.25%	12.00%	(75.0)

Source: CBK, NCBA IB Research

Liquidity conditions

Liquidity conditions in the interbank space **tightened**. Indicatively, the overnight average interbank rate increased marginally by 0.04% week on week to close at **11.31%**.

The demand for funds decreased, with daily traded volumes averaging **KES 29.92Bn** from KES 34.58Bn observed in the previous week.

Statistic	Current	Previous	Change
Average Interbank Rate	11.31%	11.27%	0.04%
Average Interbank volume KES Bn	29.92	34.58	(13.48%)

Source: CBK, NCBA IB Research

Currency

On the FX front, the shilling depreciated against the greenback, closing at **129.57**.

Foreign exchange reserves dropped by **0.60%** week on week to close at **US 9.14Bn**, the reserves represent **4.7 months** of import cover which meets the CBK's statutory requirement of at least 4 months of import cover.

The US Dollar Index (**DXY**) declined to close at 109.40 from 109.65 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 03	Week 02	W/W change (%)
US Dollar	129.57	129.29	0.22%
STG Pound	158.32	161.96	(2.25%)
Euro	133.34	134.60	(0.94%)
Forex reserves	9,143.00	9,198.00	(0.60%)

Source: CBK, NCBA IB Research

Kenya Government Debt Maturities Schedule – January 2025:

The government has total domestic debt maturities of **KES 127.70Bn** in the month of January 2025 compared to **KES 207.71Bn** in December 2024. We expect robust government activity in the local market.

Coupon payments					
Issue No.	Next Coupon Payment Date	Maturity date	Outstanding Amount KES 'Mn	Fixed Coupon Rate	Coupon payment KES 'Mn
FXD1/2024/003	13-Jan-25	11-Jan-27	91,555.15	18.39%	8,416.39
FXD1/2023/005	13-Jan-25	10-Jul-28	144,534.30	16.84%	12,172.68
FXD1/2017/010	20-Jan-25	19-Jul-27	65,974.90	12.97%	4,277.15
FXD1/2019/015	20-Jan-25	9-Jan-34	79,096.85	12.86%	5,084.74
FXD3/2019/015	20-Jan-25	10-Jul-34	53,919.80	12.34%	3,326.85
FXD2/2018/020	20-Jan-25	5-Jul-38	89,198.60	13.20%	5,887.11
IFB1/2018/015	20-Jan-25	10-Jan-33	41,169.47	12.50%	2,573.09
IFB1/2021/016	20-Jan-25	5-Jan-37	80,958.35	12.26%	4,961.53
Total					46,699.55

Treasury Bills	
Payment Date	Amount KES 'Mn
January 6, 2025	23,169.20
January 13, 2025	17,562.72
January 20, 2025	16,646.95
January 27, 2025	23,625.79
Total	81,004.66

Source: CBK, NCBA IB Research

Fiscal Tracker-December 2024

For the sixth month of FY'2024/2025, total revenue collected as reported by the National Treasury stood at **KES 1,734Bn** which represents an **41.22%** achievement against the full year target of KES 4,207.91Bn.

Net domestic borrowing stood at KES **477.17Bn** reflecting a performance rate of **48.78%**. The performance in domestic borrowing comes as the government is trying to manage the interest rate and normalize the yield curve by issuing medium to long term bonds.

The total expenditure amounted to **KES 1,714Bn** reflecting a performance rate of **40.73%**. The government's equitable share allocation to counties was at KES **33.59Bn**.

December 2024					
	24/25 Budget	Nov-24	Dec-24	November receipts	Performance FY Budget
INCOME(KES Bn)					
Tax Revenue	2,475.06	857.00	1,074.06	217.06	43.40%
Non-Tax Revenue	156.35	82.78	86.11	3.33	55.07%
Net Domestic Borrowing	978.30	359.10	477.17	118.07	48.78%
External Loans and Grants	593.50	90.26	92.78	2.52	15.63%
Other Domestic Financing	4.69	4.44	4.44	-	94.79%
Total Revenue	4,207.91	1,393.59	1,734.57	340.98	41.22%
EXPENDITURE (KES Bn)					
Recurrent	1,307.94	518.36	654.54	136.18	50.04%
Consolidated Fund Services	2,137.84	602.26	738.09	135.83	34.53%
Development	351.29	105.56	129.82	24.26	36.96%
County Government	410.83	158.02	191.62	33.59	46.64%
Total Expenditure	4,207.91	1,384.20	1,714.07	329.87	40.73%

Source: National Treasury, NCBA IB Research

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