

KINGDOM SECURITIES

NSE MONTHLY PERFORMANCE - July - 2021

Indicator	Jul-20	Jun-21	Jul-21	Y/YΔ (%)	M/MΔ (%)
NSE 20	1,804.10	1,927.53	1,974.29	9.4%	2.4%
NSE 25	3,059.56	3,772.19	3,890.09	27.1%	3.1%
NASI	133.23	173.53	177.52	33.2%	2.3%
Mkt Cap (Bn)	2,036.04	2,702.22	2,766.28	35.9%	2.4%
NSE Turnover (Mn)	13,460.86	13,950.50	9,173.18	-31.9%	-34.2%
Volumes (Mn)	516.50	422.33	283.58	-45.1%	-32.9%
Foreign Buys (KES Bn)	5.50	7.04	5.26	-4.3%	-25.3%
Foreign sells (Bn)	10.83	8.23	5.41	-50.1%	-34.4%
Foreign Net (Bn)	(5.34)	(1.20)	-0.15	-97.3%	-87.8%
Bonds (Bn)	66.54	90.88	92.38	38.8%	1.7%
Bonds deals	1,926.00	1,668.00	1,720.00	-10.7%	3.1%

NSE Market Report – July - 2021

- Overall market activity edged down in the 1st month of Q3 despite all the indices going up at an average of 2.6% M/M. The NSE 20 jumped 2.4% up pushed by gains on Kengen (Kes. 4.41, 11.9%), Equity (Kes. 48.90, 9.3%) and KCB (Kes. 45.70, 7.2%) among its peers. NSE 25 and NASI rose 3.1% and 2.3% to 3,890.29 points and 177.52 points respectively.
- Reopened economy amid looming covid-19, saw the market cap improve by 2.3% while the value traded stood at Kes. 13.95Bn, a 34.2% M/M growth in comparison to that of June.
- Foreign participation improved 230bps from 54.7% at 57% in July with a net outflow of Kes. 146.38Mn in comparison to a net outflow of Kes. 1,195.42Mn in June.
- Safaricom (Kes4 1.95, 1.2%), EABL (Kes. 179.50, -0.7%) and Equity led with strong foreign buys and sells in a row as shown in the above table. Entry on Safaricom following dividend book closure ending 30th July, aided the counter record a foreign net inflow of Kes. 322.762Mn. Reaping on capital gains for foreigners saw EABL record a net out flow of Kes. 153.01Mn as foreigners exited in anticipation of unimpressive results.
- CIC group emerged the top gainer at 37.0% from Kes. 2.16 to Kes. 2.96 amidst the uncertainty in the insurance sector amidst the mutating covid-19 virus. Car General and Kengen followed with gains of 32.8% and 11.9% from Kes. 26.5 and Kes. 3.94 to Kes. 35.30 and 4.41 respectively.
- Crown paints lost the most at 37.0% from Kes. 36.3% to Kes. 23.95 after issuing a rights issue which saw its shares double from 71.18Mn to 142.36Mn shares. NBV and Uchumi followed with losses of 18.8% and 14.8% from kes. 10.2 and Kes. 0.27 to Kes. 8.28 and Kes. 0.23 respectively.

Bonds Market

The month saw CBK issue 3-bonds, FXD1/2012/15, FXD1/2018/15 and FXD1/2021/25 whose subscription stood at 194.8% or Kes. 116.92Bn while the amounts accepted was Kes. 79.94Bn representing 68.4%.

The secondary market remained active moving Kes. 92.38Bn representing an increase of 1.7% M/M in the value traded. The number transactions spiked 3.1% from 1,668 deals to 1,720 deals.

Top Movers - Jul-21

Counter	Value (KES Bn)	Volumes (Mn)	Net Foreign Activity (KES Mn)	% Foreign Activity
SCOM	4.42	112.42	322.62	74.3%
EQTY	1.14	22.61	(97.88)	57.9%
EABL	0.95	4.97	(153.01)	84.2%
KCB	0.82	19.99	(78.14)	44.0%
DTK	0.62	9.96	(20.26)	2.1%

Top Gainers - July 2021

Counter	Jun-21	Jul-21	% Δ
CIC	2.16	2.96	37.0%
CGEN	26.5	35.2	32.8%
KEGN	3.94	4.41	11.9%
UMME	5.84	6.5	11.3%
DTBK	59.25	65.75	11.0%

p Losers - July 2021

Counter	Jun-21	Jul-21	% Δ
CRWN	36.3	23.95	34.0%
NBV	10.2	8.28	18.8%
UCHM	0.27	0.23	14.8%
SCAN	5.2	4.52	13.1%
LMT	320	280	12.5%

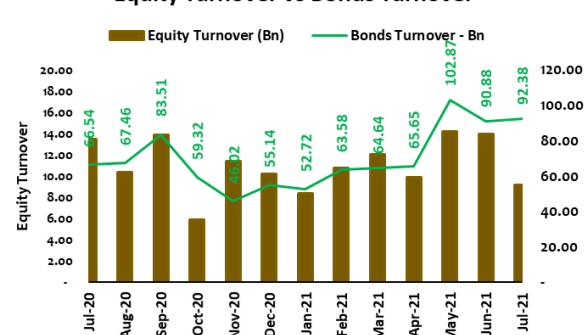
Top Foreign Buys - Jul 2021

Counter	Foreign Buy (KES Mn)	% Foreign Buy
SCOM	3,448.17	78.0%
EABL	720.22	76.1%
EQTY	611.32	53.7%
KCB	320.20	39.2%
BOC	59.17	98.3%

Top Foreign Sales - Jul-2021

Counter	Foreign sales (KES Mn)	% Foreign Sale
SCOM	3,125.56	70.7%
EABL	873.22	92.3%
EQTY	709.19	62.2%
KCB	398.34	48.7%
SCBK	63.96	34.5%

Equity Turnover Vs Bonds Turnover

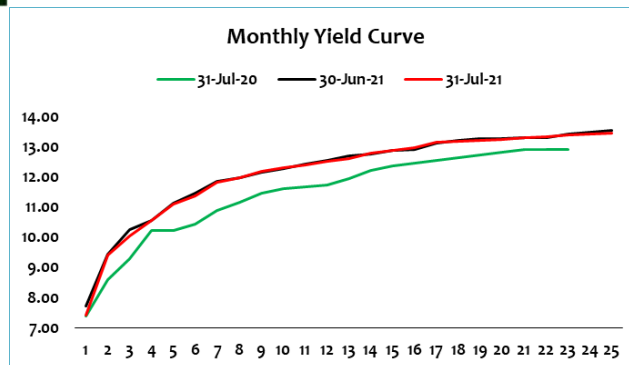


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Yield Curve

The yield curve shifted downwards on high liquidity that forced the yields to weaken. Conservation of funds on short-term papers saw the short-end widen further compared to the long-term papers.

We expect the yield curve to remain relatively stable on prevailing liquidity in the course of the new month with a gradual upward shift as from end of August when government spending resumes.



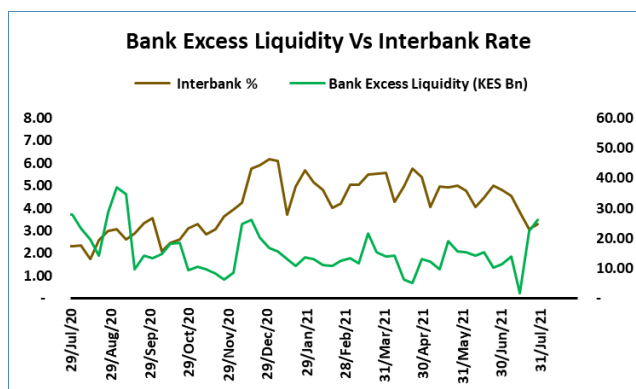
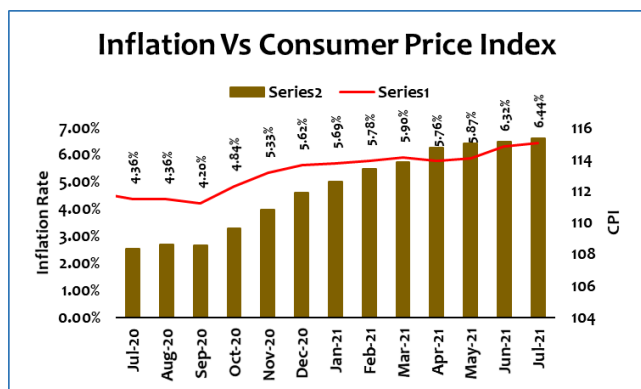
Inflation

Inflation kept on an upward shift since the start of Q2-2021 closing July at 6.44%, a 75bps ytd upsurge and 12bps M/M increase. Transport, Food and non-alcoholic beverages, housing, water, electricity and gas prices surged YTD, pushing inflation up as petroleum remained relatively flat M/M. For instance, petroleum price in January stood at an average of Kes. 107.86 soaring to Kes. 127.98 as at the end of July.

Interbank

Heavy liquidity witnessed in the market saw the interbank close the month at 3.17%, a 164.8bps lower from that of 4.82% witnessed at the end of June. Average demand dipped to Kes. 6,362.62Bn from that of Kes. 9,727.62Bn in June while average interbank for July dropped from 4.60% to 3.92%.

Bank excess reserves climbed 254% to close the month at Kes. 26.20Bn from that of Kes. 10.30Bn at the close of H1 2021. July liquidity was supported by T-bill maturities of Kes. 24.85Bn, bond maturities of Kes. 24.40 and coupon payments of Kes. 30.72Bn.



T-Bills

The month saw a total of Kes. 96Bn offered whereas Kes. 163.47Bn was subscribed and only 86.5% or Kes. 88.58Bn was accepted. Subscriptions skewed to the 91-day paper in a move to conserve funds in anticipation for better yields.

Yields went down for the second month in a row on high liquidity in the market. Yields decreased by 38.3bps, 36.2bps and 29.7bps M/M from 6.860%, 7.317% and 7.729% to 6.477%, 6.955% and 7.432% for the 91, 182 and p364-day papers respectively.

We expect a continued erosion of interest rates on adequate liquidity with high subscriptions on the 91-day paper till early September.

July-21	June-21	julu-21	M/MΔ (%)
Key Rates			
Central Bank rate	7.000	7.000	0.00bps
Interbank Rate	4.817	3.170	164.8bps
Inflation	6.32%	6.44%	12.0bps%
91-Day	6.860	6.477	38.3bps
182-Day	7.317	6.955	36.2bps
364-Day	7.729	7.432	29.7bps
Forex Reserves	8,114	9,341	15.1%
Import Cover	4.96	5.71	15.1%

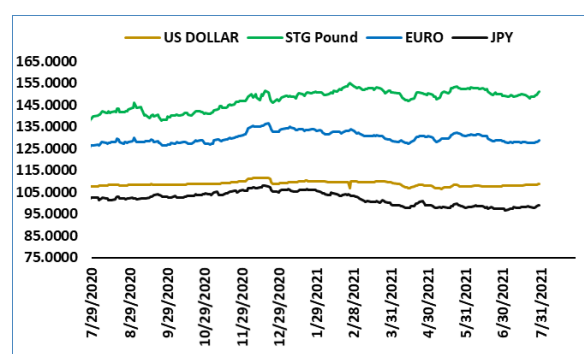
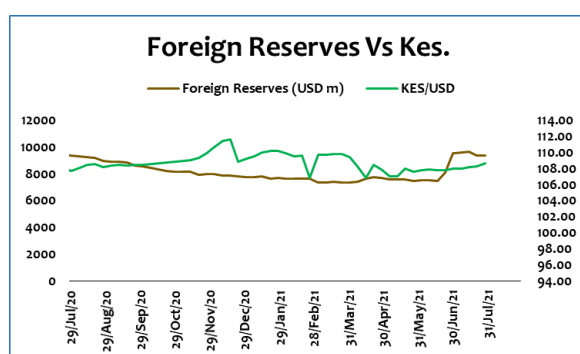
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Currency

The Kenyan shilling weakened M/M easing 0.8%, 0.9% and 1.7% from Kes. 107.85, Kes. 149.20, Kes. 128.22 and Kes. 96.75 to Kes.108.61, Kes. 151.20, 128.69 and Kes. 98.89 for the dollar, pound, Euro and Japanese Yen respectively. The shilling dwindled following new covid-19 infections which continue to pose threats on the recovering economy.

Foreign reserves remained adequate closing the month at USD. 9,341Mn, a 15.1% lower from that of USD.8,114Mn in June which was boosted by receipts from foreign remittances.

Elsewhere, the emerging delta variant of covid-19 virus, is likely to dampen the economic gains made globally as economies had already started emerging out its effects. However, with more research on vaccines, there remains great economic breakthroughs.



Foreign activity table

Month	Turnover (KES Bn)	Buys (KES Bn)	Sales (KES Bn)	Volumes (Mn)	Net (KES Bn)	Activity
Jun-20	12.30	6.96	8.65	552.52	(1.69)	63.4%
Jul-20	13.47	5.50	10.83	517.04	(5.34)	60.6%
Aug-20	10.54	6.85	6.88	470.53	(0.03)	65.1%
Oct-20	5.88	3.44	4.57	219.39	(1.13)	68.2%
Nov-20	11.39	7.15	8.34	380.99	(1.19)	68.0%
Dec-20	10.24	6.15	6.50	369.10	(0.35)	61.8%
Jan-21	8.85	5.87	5.25	294.11	0.62	62.8%
Feb-21	10.82	6.39	7.01	330.62	(0.48)	62.0%
Mar-21	12.06	6.32	7.29	372.89	(0.98)	56.4%
Apr-21	9.38	6.26	6.16	276.93	0.10	66.2%
May-21	14.16	8.42	8.42	385.90	0.10	56.7%
Jun-21	13.95	7.04	8.23	420.66	(1.20)	54.7%
Jul-21	9.36	5.26	5.41	294.02	(0.15)	57.0%

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