

Kingdom Securities Limited

Post-Auction Fixed Income Note – June 2022



IFB1/2022/18Yr

Total Issue KES 75.00Bn

Subscription KES 76.37Bn – 101.8%

Accepted KES 76.37Bn – 96.6%

Overall Performance – 98.4%

June 9, 2022

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Primary Issue - June 2022 – IFB1/2022/18Yr

The month provided the lowest ever subscribed infrastructure bond. Subscriptions were affected by the current tight liquidity conditions, rising yield curve and low foreigner investors participation on the issue.

Total subscription of KES 76.37Bn for a 101.8% rate was received. Accepted amount stood at KES 73.77Bn on an acceptance rate of 96.6% and a performance of 98.4%.

Weighted accepted rated (WAR), the coupon, for the accepted bids was 13.742%.

The market weighted average rate was 13.761% with the highest accepted bod of 13.99%. The upper cut off rate was above our upper aggressive bid rate of 13.9%. Read our [Pre-Auction Fixed Income Note – June 2022](#).

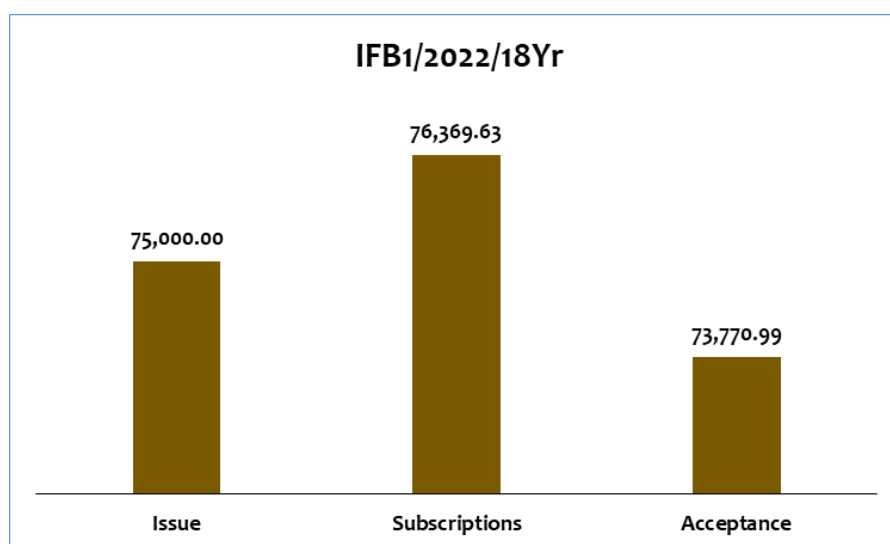


Figure 1: Primary Issue Bond Performance

Source: KSL, CBK

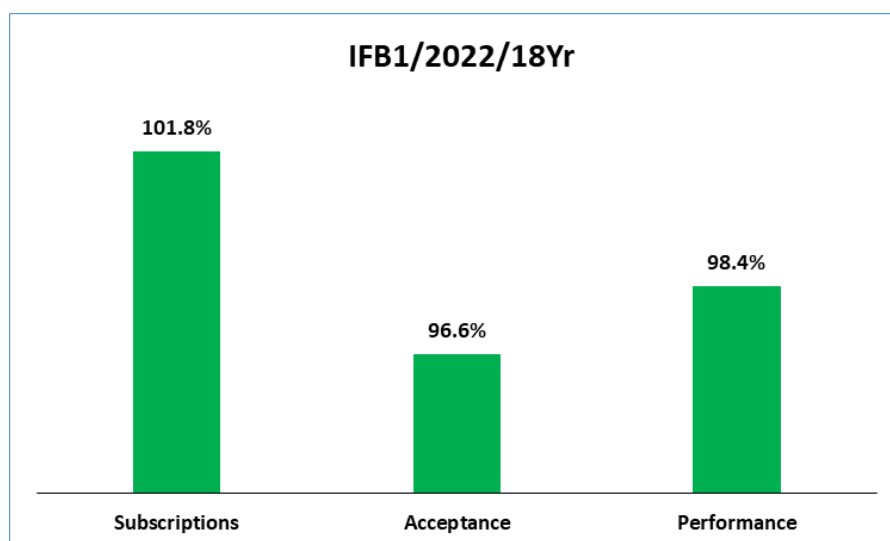


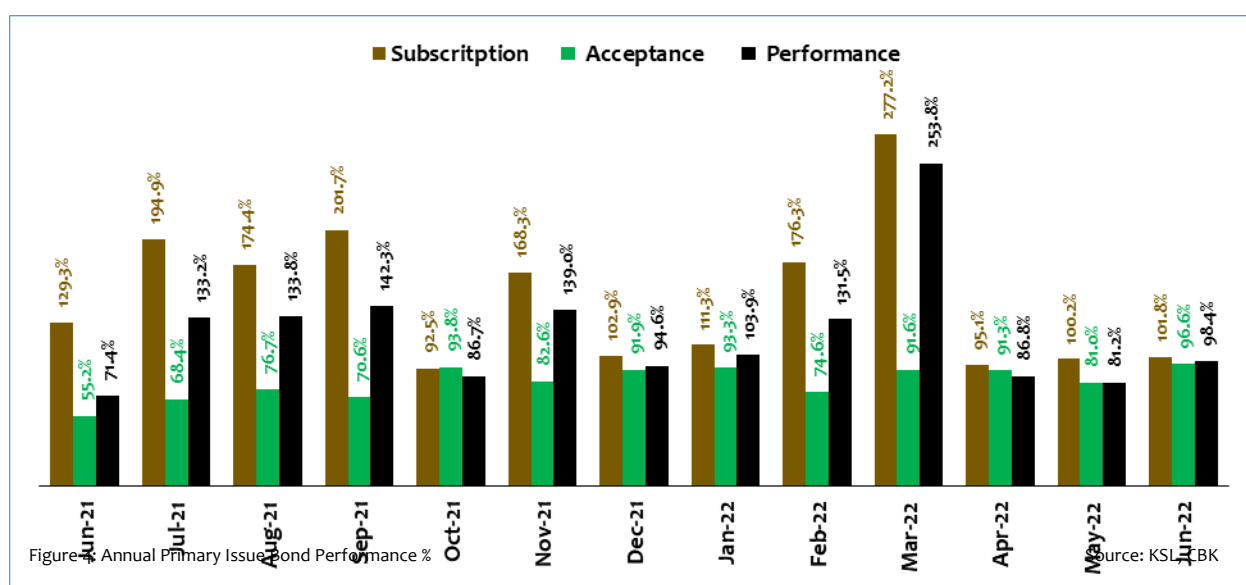
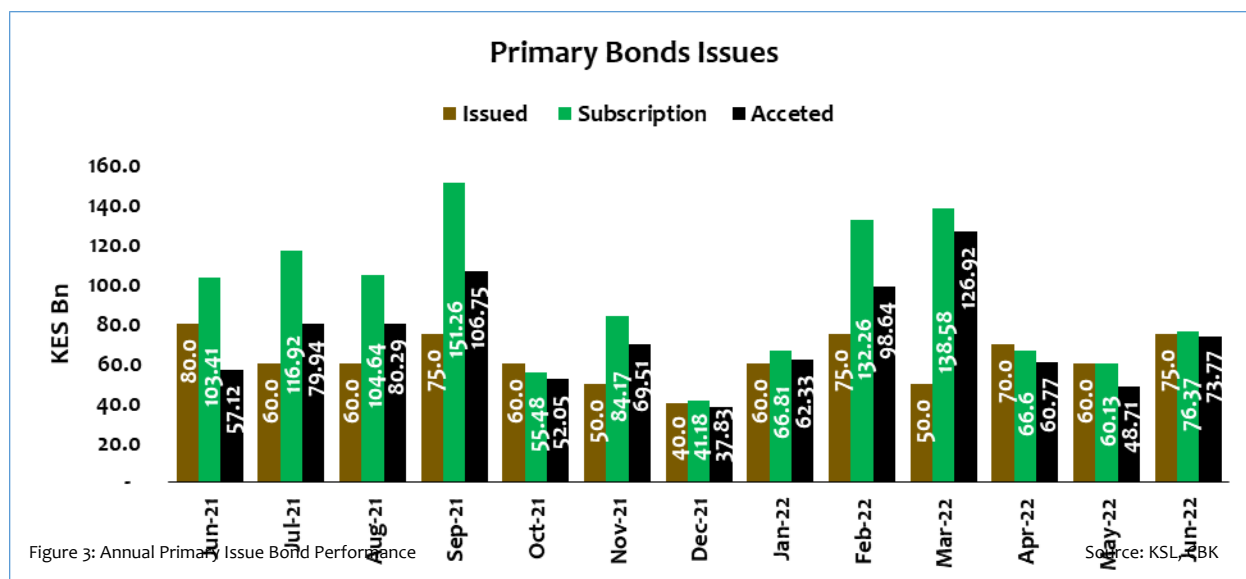
Figure 2: Primary Issue Bond Performance %

Source: KSL, CBK

Acceptance and Performance

The acceptance rate of 96.6% was better than the twelve months acceptance levels while performance rate was 98.4% which was better than the last two primary issues but performed poorly compared to the last infrastructure bond which has a performance of 253.8%.

We do not anticipate an early issue in the month of July 2022.



Yield Curve

The yield curve retained an upward shift on the short end while the long end marginally shifted downwards.

For the week, we expect an upward shift on the long affected by pricing of the on-the-run bond which will open the market 20-25bps above the accepted WAR. There will be an upward shift on the short end as investors continue to manage liquidity and upward pressure from the short-term yields.

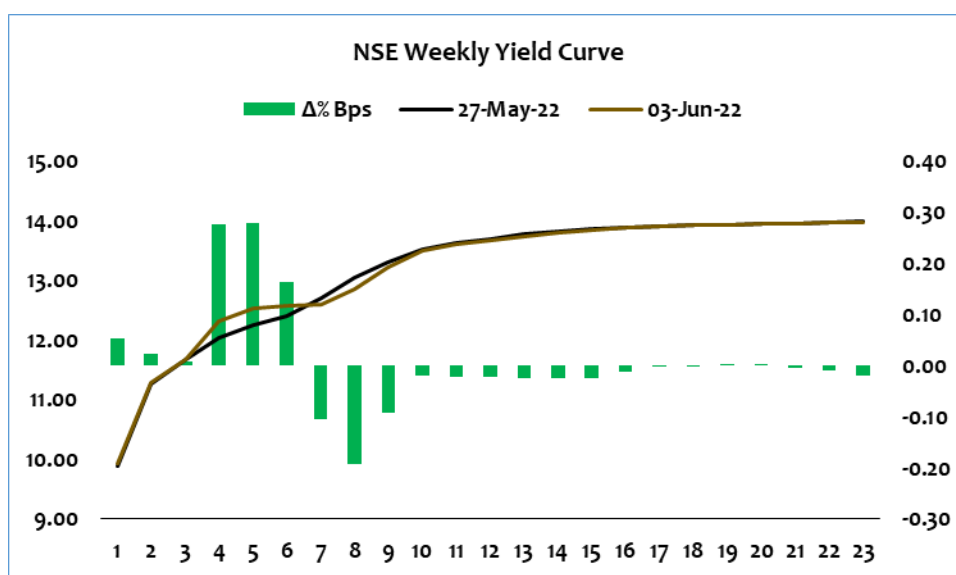


Figure 5: Weekly Yield Curve

Source: KSL, NSE

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