

NSE Equities Monthly Performance

Indicator	Jul-23	Jun-23	Jul-23	y-y	m-m
NSE 20	1,701.31	1,622.05	1,578.88	-7.2%	-2.7%
NSE 25	3,274.84	2,965.91	2,855.03	-12.8%	-3.7%
NASI	141.05	112.76	107.63	-23.7%	-4.5%
NSE Mkt CAP (KES Bn)	2,198.26	1,756.26	1,676.09	-23.8%	-4.6%
NSE Mkt CAP (USD Mn)	19.54	14.47	13.69	-30.0%	-5.4%
VOLUMES (Bn)	263.71	210.58	416.16	57.8%	97.6%
NSE Turnover (KES Bn)	7,705.86	4,082.39	6,623.13	-14.1%	62.2%
NSE Turnover (USD Mn)	6,512.57	2,921.65	4,682.36	-28.1%	60.3%
Foreign Buys (KES Bn)	2.56	1.71	2.17	-15.2%	26.9%
Foreign Sales (KES Bn)	5.53	1.59	5.19	-6.2%	225.2%
Foreign Net Δ (KES Bn)	(2.97)	0.11	(3.02)	-1.6%	-2760.0%
Foreign Net Activity	50.5%	40.5%	48.2%		
Dollar Return (NASI)	12.6%	1.7%	-2.7%		

Top Gainers

Counter	Jun-23	Jul-23	Δ%
Olympia	3.91	5.00	27.9%
Carbacid	13.85	16.90	22.0%
E.A. Cables	0.79	0.95	20.3%
E.A.P.C	6.04	7.16	18.5%
Eaagads	12.00	14.00	16.7%

Top Losers

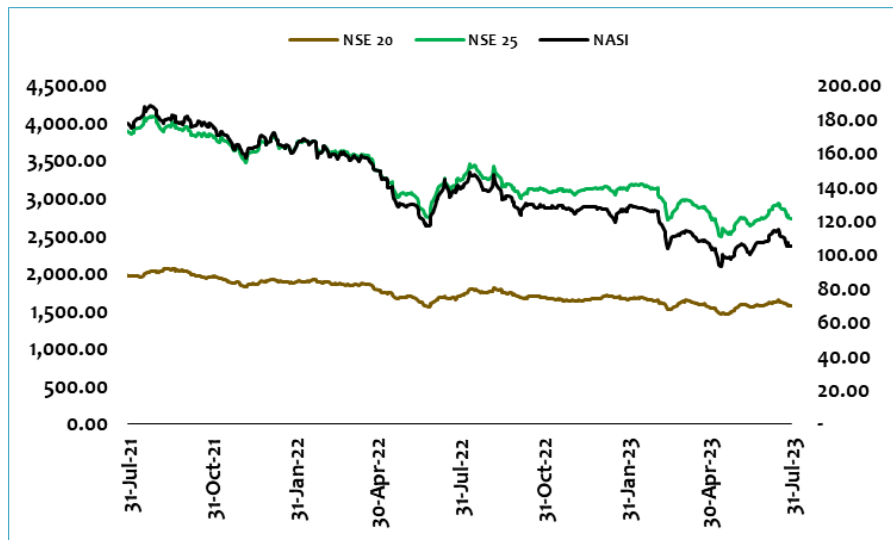
Counter	Jun-23	Jul-23	Δ%
Sasini	30.00	24.50	-18.3%
Home Afrika	0.35	0.30	-14.3%
Longhorn Kenya	2.45	2.10	-14.3%
Standard Group	9.16	8.10	-11.6%
B.O.C Kenya	81.25	72.00	-11.4%

Months Top Movers

Counter	Value (KES Mn)	Volumes Mn	Net Foreign (KES Mn)	Foreign Activity
SCOM	4,941.22	290.73	(3,352.17)	54.8%
EQTY	1,072.12	25.42	355.04	58.1%
KCB	563.79	19.21	(97.72)	33.2%
SBIC	167.77	1.41	38.42	0.0%
ABSA	144.51	11.88	76.76	28.3%
Total KES	7,621.87	416.50	(3,019.21)	48.2%
Total USD Mn	53.88		(21.34)	

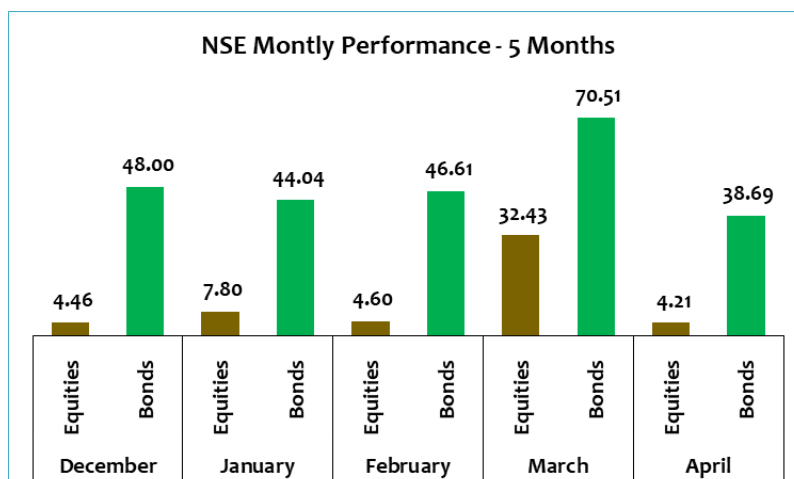
Top Foreign Buys

Counter	Buy (KES Mn)	%Buys
SCOM	1,030.16	20.8%
EQTY	800.03	74.6%
KCB	138.10	24.5%
ABSA	79.23	54.8%
SBIC	38.42	22.9%
Total KES	2,167.94	28.4%
Total USD Mn	15.33	



Top Foreign Sales

Counter	Sales (KES Mn)	% Sales
SCOM	4,382.34	88.7%
EQTY	444.99	41.5%
KCB	235.82	41.8%
ABSA	72.43	67.4%
SBIC	18.14	18.9%
Total KES	5,186.83	68.0%
Total USD Mn	36.67	



Equities Market Summary

The market waned on loss of value in large cap counters as foreign investors continue to stay away due to hiked rates in developed economies with aim of taming elevated inflation and the weakening Kenyan shilling against the dollar. NSE 20 Share index lost 2.7% m-m while NSE 25 Share thinned by 3.7% m-m. Market capitalization lost KES 80.17Bn during the month with NASI losing 5.13points or 4.5%. Dollar return on the NASI was a loss of 2.7% after a gain of 1.7% in June 2023.

Year to date, NSE 20 Share Index has lost 5.9%, NSE 25 Share Index is down 13.0%, NASI lost 17.2% while market cap is lower by KES 341.37Bn. Compared to July 2022, NSE 20 Share Index is down 7.2%, NSE 25 Share shed 12.8%, NASI eased by 23.7% while market cap thinned by KES 522.17Bn.

The month's Volume and value transacted increased by 97.6% and 62.2% supported late foreign exits in Safaricom Plc (KES 16.90, -3.4%). Foreign activity improved to 48.2% from 40.0% with a net outflow of 3.02Bn from an inflow of KES 0.11Bn in June-23. The market was dominated by Safaricom Plc which moved 290.73Mn shares or 64.8% and KES 4.94Bn or 69.8% of volumes and value respectively during the month. Foreign interest in Equity Group (KES 41.00, +7.2%) saw the counter move 25.42Mn shares valued at KES 1.07Bn.

Bonds Market

Bonds market moved KES 58.41Bn from 2,516 deals a value increase of 27.4% m-m from KES 45.84Bn in June-23. The market retained demand for infrastructure bonds with IFB1/2023/7 and IFB1/2021/21 moving a total of 23.798Bn to control 40.7% of total month's value.

Months bond subscription stood at KES 96.10Bn representing 160.2%. a total of KES 82.01Bn was accepted for a 85.3% acceptance rate and a performance of 136.7%. The support was on the to which received KES 32.22Bn from a KES 20.0Bn request.

The improved value came through demand on short-term papers which saw pricing correction in the market shifting yields upwards.

NSE Bonds Monthly Performance April 2023					
Indicator	Jul-22	Jun-23	Jul-23	y-y	m-m
Deals	2,081	2,581	2,516	20.9%	-2.5%
Value (KES Bn)	60.93	45.84	58.41	-4.1%	27.4%

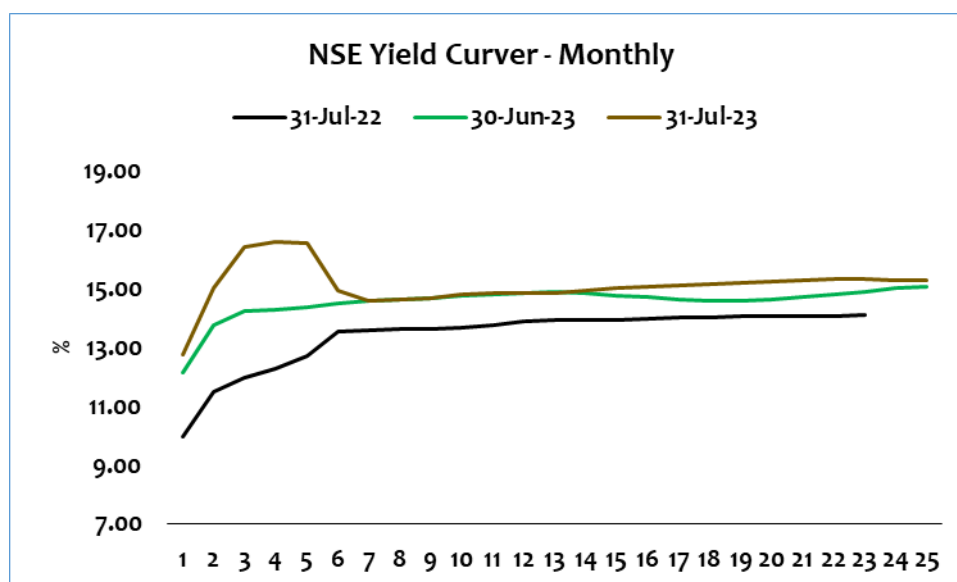
Top Bond Performance April-2023

Bond	Amount KES Bn	Average Yield	Average Δ bps	Proportion to Weeks value	proportion to bond issue
IFB1/2023/7Yr	18.17	14.8330%	1.30	31.1%	8.5%
FXD1/2023/3Yr	8.20	16.3159%	199.09	14.0%	10.7%
IFB1/2021/21Yr	5.63	15.5632%	76.77	9.6%	5.3%
Total	58.41			100.0%	1.4%

Yield Curve

Yield curve saw an upward shift on the short end paper with government focus on short papers issue and demand shift of T-Bills. The hump was due to the pricing effect on the new 5-year FXD1/2023/005 and aggressive bidding on the renewed FXD1/2016/10.

Yield Key Rates %	31-Jul-22	31-Jan-23	30-Jun-23	31-Jul-23	y-Y bps Δ	y-t-d bps Δ	m-m bps Δ
2-Yr	11.4711	12.2988	13.7576	14.9966	352.6	269.8	123.9
5-Yr	12.7109	13.5286	14.3588	16.5496	383.9	302.1	219.1
10-Yr	13.6660	13.7789	14.7681	14.7776	111.2	99.9	0.9
15-Yr	13.9289	13.9826	14.7582	15.0012	107.2	101.9	24.3
20-Yr	14.0495	14.0473	14.6129	15.2408	119.1	119.4	62.8
23-Yr	14.0785	14.2220	14.8710	15.3223	124.4	110.0	45.1



Interbank

Interbank rate nearly tripled from 5.35% in July 2022 to 6.55% in July 2023, representing 1,120.18bps year-on-year spike on what we attribute to tight liquidity in the market partly occasioned by the government's preference to domestic borrowing. Month-on-month, the interbank rate jumped 637.9bps to close the July at 16.55% from 10.17% at the end of June 2023.

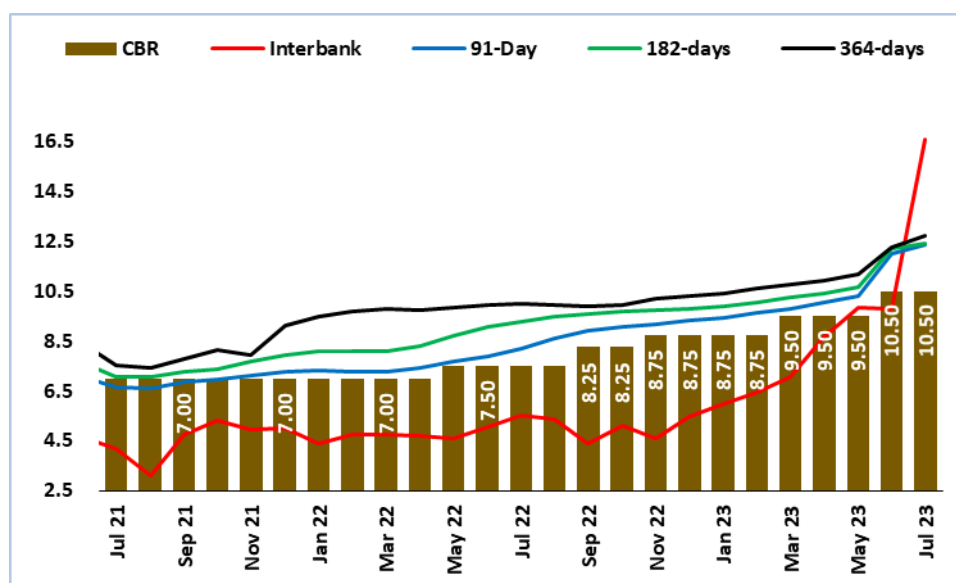
Average interbank moved to 10.67% in July 2023 compared to an average of 9.59% and 5.50% in June 2023 and July 2022 respectively.

Liquidity demand slightly dropped to an average of KES 15.19Bn from KES 24.52Bn and KES 18.21Bn of July 2022 and June 2023 respectively.

Bank excess liquidity crossed the month below the CBK requirement for the first time at a deficit of KES 18.1Bn in relation to KES 27.2Bn of June 2022 and KES 59.3Bn of June 2023.

We forecast the interbank rate to remain high in August especially on the issue of the short-term primary government papers that is set to further drain liquidity from the market.

Key Rates	Q1-2022	Q4-2022	Q1-2023
Central Bank Rate	7.00%	8.75%	9.50%
Inter-Bank Rate	4.89%	6.49%	9.37%
Average Monthly Interbank	4.66%	7.05%	8.63%
Cash Reserve Requirement (CRR)	4.25%	4.25%	4.25%
Inflation	6.47%	9.19%	7.90%
91-Day T-Bill	7.448%	9.370%	9.829%
182-Day T-Bill	8.373%	9.825%	10.344%
364-Day T-Bill	9.755%	10.310%	10.787%
Bank Excess Liquidity (Avg)	16.65	10.60	8.90
Months of Import Cover (Avg)	5.0	4.17	3.59
Forex Reserves -Avg (USD Mn)	8,216	7,439	6,426

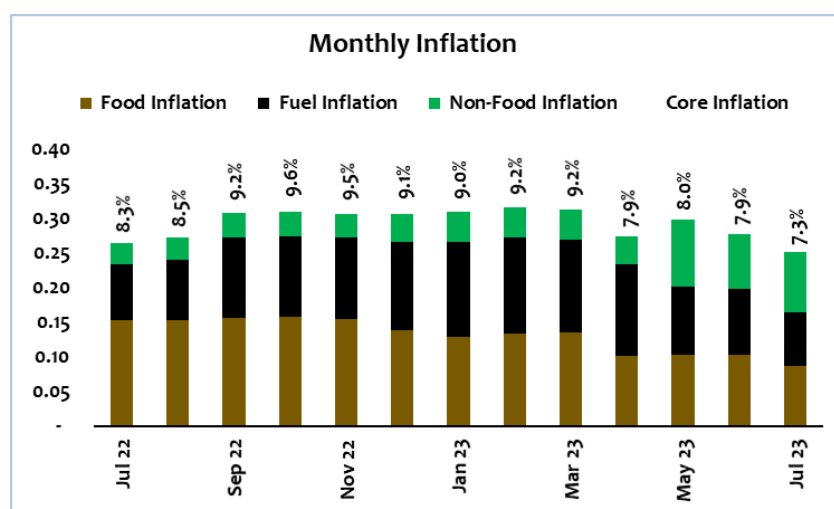


Inflation

Local inflation fell to the government range of below 7.5% at 7.3% largely on effect from the long rains experienced in March -May 2023 that increased supply of short-term agricultural foods. The food inflation index declined by 0.5% m-m in July 2023 on decreases in prices especially in potatoes, tomatoes, cowpeas and cabbages which went down by 12.2%, 10.1%, 8.3% and 8.1% respectively.

Prices of onions (leaks and bulbs) however edged up 11.4% in July, even as its supply remains down on effect an unfavorable weather that limits the production.

Transport inflation went up 3.5% in July on effect from the hike in petroleum and diesel which rose by 6.9% and 7.4% in the same period resulting to a rise in the cost of both private and public transport.



Treasury Bills

The month saw a heavy subscription from investors riding on heavy T-bill payouts that happened in the month and the appetizing return on investment that have hit their highs in the last over six years. A total of KES 124.65Bn was subscribed at a 94.3% or KES 117.54Bn acceptance.

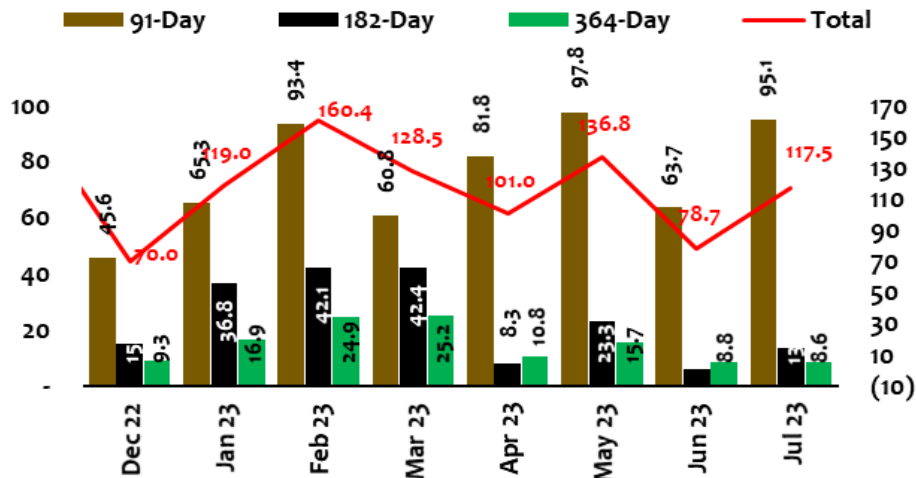
On individual contribution, the 91-day paper remained the most preferred paper contributing 80.9% or KES 95.12Bn largely on a better return on investment compared to the duration in relation to the other two papers.

Overall, return on investment across the papers remained on an uptrend pushed up the high government demand for cash, review of CBR rate among other market sentiments as the new CBK governor took office in June. The 91-day paper hit an 8-year new high of 12.352%, a level last seen in November 2015 while the 182- and 364-day papers the rates of 12.392% and 12.728% last recorded in early 2016.

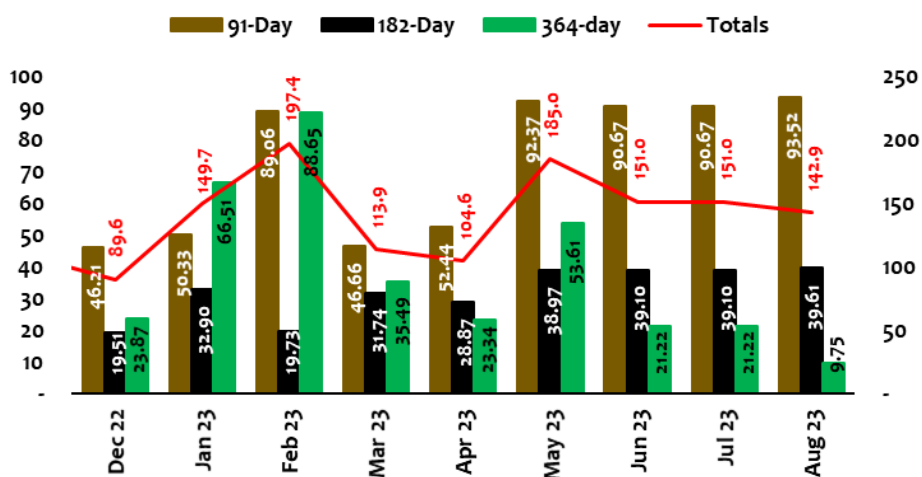
We view that the returns on investment will remain on an uphill especially on a high government thirst for funds and liquidity shortage in the market that has seen the interbank rate of above 16% in the market.

We also forecast that the issuance of short-term bonds paper in August will impact treasury bill subscription to even as the heavy payouts of KES 142.88Bn is likely to be redirected to these short-term papers by investors.

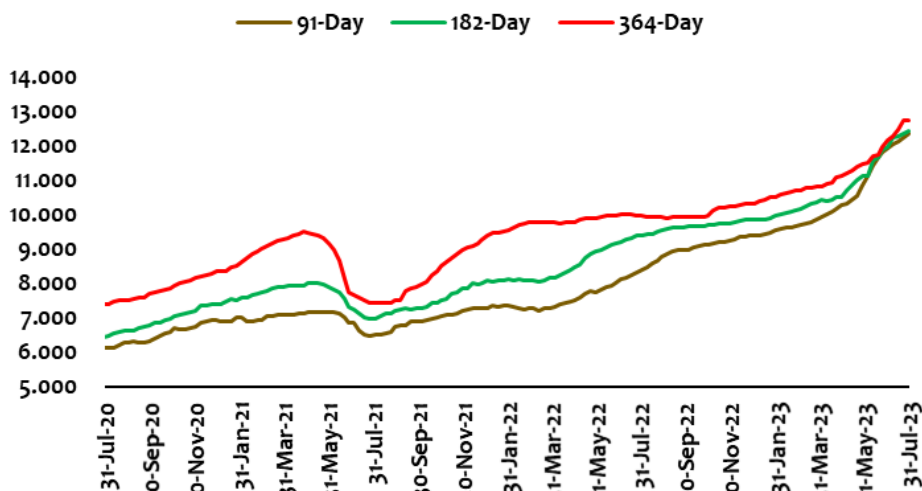
T-Bills - Monthly borrowings (KES. Bn)



Monthly T-Bill Payouts (KES Bn)



T-Bills Rates Performance



Currency

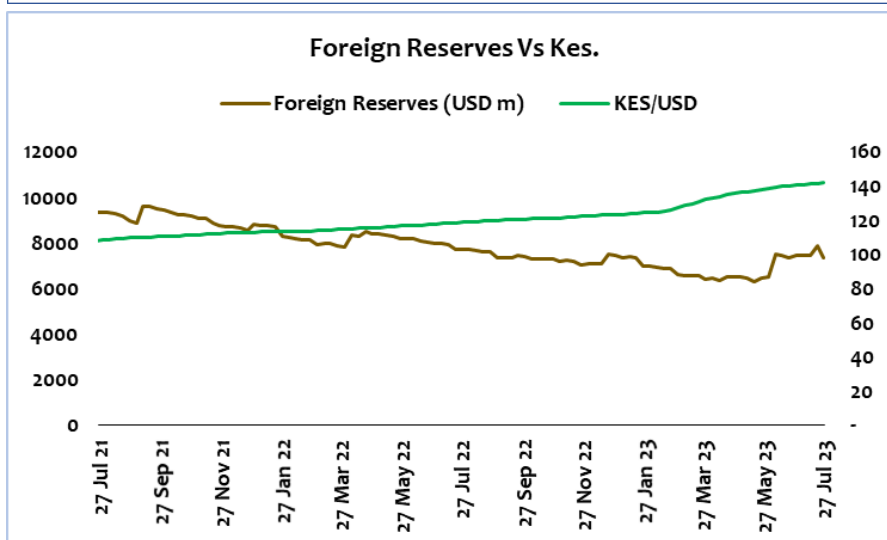
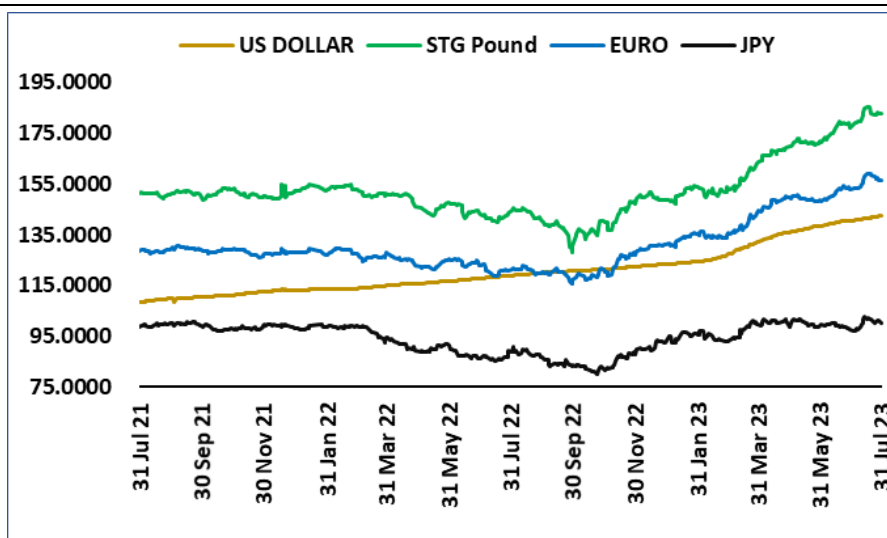
The Kenya shilling weakened in the month against major global currencies shedding 1.3%, 3.1, 2.4% and 2.6% against the US dollar, British pound, Euro, and Japanese yen respectively.

The shilling largely weakened against the US dollar following the global strengthening of US dollar against major currencies and a high demand for the dollar to settle import payments in the manufacturing and energy sectors.

Globally, the USD dollar gained against several currencies in the month after the release of the US economic data that indicated a drop in the number of unemployment and a strong US economy boosting the Fed's expectations of a further interest rate hike.

Kenya's forex reserves remained relatively stable at USD 7,377Mn after a payment of two euro-bond coupons in July, representing a 4.03 months of import cover.

Currency	03 Jan 23	30 Jun 23	31 Jul 23	%Δ y-t-d	%Δ m-m
Dollar	123.42	140.52	142.36	-15.3%	-1.3%
STG Pound	148.73	177.28	182.82	-22.9%	-3.1%
Euro	131.66	152.98	156.61	-19.0%	-2.4%
JPY	95.24	97.86	100.36	-5.4%	-2.6%
US Dollar Index	104.52	102.91	101.63	2.8%	-1.2%

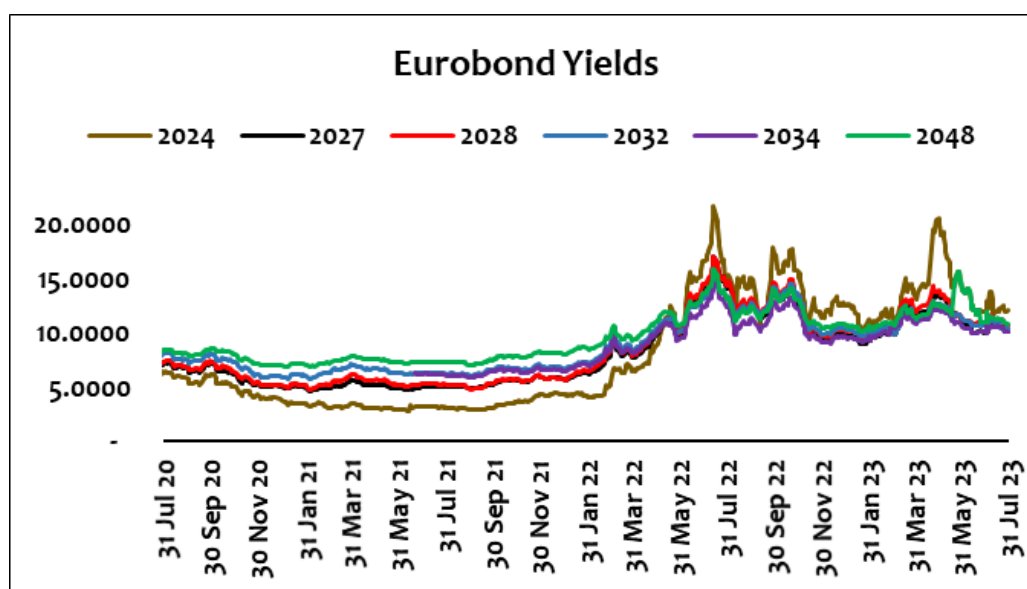


Eurobond

Yields on Kenya's international loans experienced mixed reactions in the month with that on the paper maturing June-2024 rising faster at 14.0bps from 11.95% in June 2023 to 12.09% being impacted by the July 2023 political protests in the country.

The yields had declined in June following a government comment to buy back USD 1 billion of the June-2024 paper which raised mixed reactions in the market. We view that the rates are likely to remain stable following the improvement of the country's forex reserves which had fallen to below 4.0 months of import cover.

Euro-bond Paper	03 Jan 23	30 Jun 23	31 Jul 23	Δ bps y-t-d	Δ bps w-w
Jun-2024	12.671	11.952	12.092	57.90	(14.00)
May-2027	9.724	10.060	10.096	(37.20)	(3.60)
Feb-2028	10.200	10.864	10.710	(51.00)	15.40
May-2032	10.314	10.698	10.430	(11.60)	26.80
Jan-2034	9.539	10.094	10.127	(58.80)	(3.30)
Feb-2048	10.708	10.977	10.798	(9.00)	17.90



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