

MONTHLY MARKET PERFORMANCE REPORT – August 2023

Indicator	31-Aug-22	31-Jul-23	31-Aug-23	%Δ y-y	%Δ m-m
NSE 20	1,751.20	1,577.25	1,540.16	-12.1%	-2.4%
NSE 25	3,254.17	2,729.12	2,578.57	-20.8%	-5.5%
NASI	137.46	105.49	99.23	-27.8%	-5.9%
Mkt Cap (Bn)	2,142.12	1,642.71	1,544.94	-27.9%	-6.0%
Market Cap (USD Mn)	17.93	11.61	10.73	-40.1%	-7.6%
Equities Turnover (Bn)	5,759.89	7,623.13	4,725.38	-18.0%	-38.0%
Eq. Turnover (USD Mn)	48.22	53.89	32.83	-31.9%	-39.1%
Volumes (Mn)	213.13	415.77	223.58	4.9%	-46.2%
Foreign Buys (Kes. Mn)	1,852.85	2,167.94	2,626.50	41.8%	21.2%
Foreign sells (Kes. Bn)	3,508.73	5,186.83	1,976.61	-43.7%	-61.9%
Foreign Net (Kes. Bn)	(1,655.88)	(3,018.90)	649.89	-139.2%	-121.5%
Foreign Net (USD Mn)	(13.86)	(21.34)	4.52	-132.6%	-121.2%
Foreign Activity (%)	50.2%	48.2%	48.7%	148.8bps	46.6bps
Bonds Turnover (Bn)	68.39	74.88	53.51	-21.8%	-28.5%
Bonds deals	1,716	2,515.00	2,320	35.2%	-7.8%

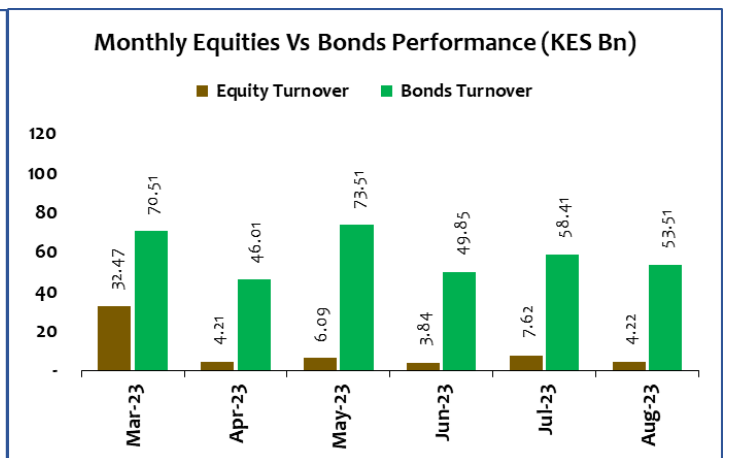
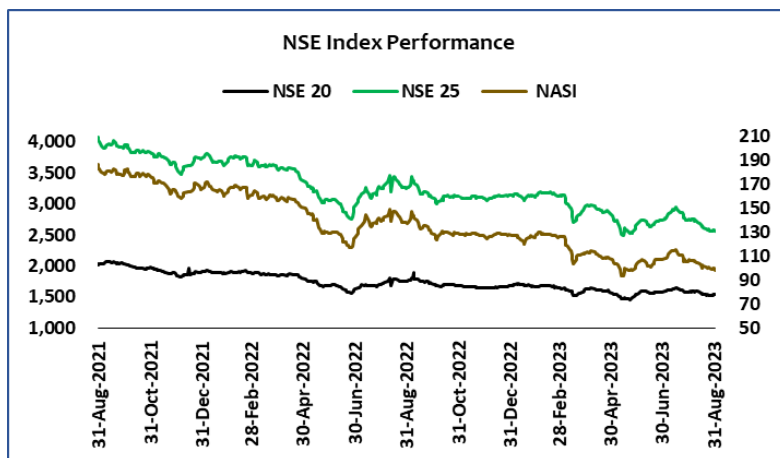
Top Gainers - August 2023			
Counter	31-Jul-23	31-Aug-23	% Δ m-m
Car & General	28.10	38.95	38.6%
Longhorn	2.10	2.90	38.1%
FAHARI REIT	6.16	8.36	35.7%
Home Afrika	0.30	0.34	13.3%
Kenya Orchards	15.00	16.45	9.7%

Top Losers - Week 34 2022			
Counter	Week 33	Week 34	% Δ m-m
Olympia Capital	5.00	3.22	-35.6%
Uchumi	0.23	0.18	-21.7%
Williamson	239.25	192.25	-19.6%
KCB Group	28.50	23.60	-17.2%
Trans-Century	0.60	0.50	-16.7%

Top Foreign Buys - Week 34 - 2023		
Counter	Foreign Buy (KES Mn)	% Foreign Buy
Equity	1,026.29	82.7%
Safaricom	769.86	55.9%
EABL	312.80	85.7%
BAT	177.16	90.6%
ABSA	136.34	30.5%
Total (KES Mn)	2,626.50	55.6%
Total (USD Mn)	18.25	

Top Movers - Week 34 – 2023				
Counter	Turnover (KES Mn)	Volumes (Mn)	Net Foreign Activity (KES Mn)	% Foreign Activity
Safaricom	1,376.07	87.76	(47.55)	57.7%
Equity	1,241.55	30.58	535.46	61.1%
ABSA	446.63	36.43	121.73	16.9%
EABL	365.11	2.82	26.33	82.1%
KCB	275.23	10.38	13.53	27.4%
Total (KES Mn)	4,725.38	257.99	649.89	48.7%
Total (USD Mn)	32.83		4.52	

Top Foreign Sales - Week 34 - 2023		
Counter	Foreign sales (KES Mn)	% Foreign Sale
Safaricom	817.41	59.4%
Equity	490.83	39.5%
EABL	286.47	78.5%
BAT	160.17	82.0%
KCB	68.65	24.9%
Total (KES Mn)	1,976.61	41.8%
Total (USD Mn)	13.73	



Equities Market

- Equities activity subsided in August being heavily impacted by the interest rate hikes and foreign capital flights on the weakening local currency against the US dollar. All market indices recorded negative growths with the All-Share Index (NASI) shedding 5.9% month-on-month (m-m) from 105.49 to 99.23 points, signaling of a general decline in prices. NSE 20 was down 2.4% m-m to 1,540.16 points as the market capitalization thinned 6.0% m-m.
- Year-on-year (y-y), NSE shed 12.1%, NSE 20 lost 20.8% while the market capitalization shrunk 27.9% on a general price deterioration. Year-to-date (y-t-d), NASI, NSE 20 and NSE 25 lost 22.1%, 8.1% and 17.8% being affected by the low liquidity even as investors sought risk free investments.
- Foreign activity remained below the 50% mark for the 5th month in a row at 48.7% with a net foreign inflow of KES 649.89Mn benefitting from heavy foreign inflows in Equity Group (KES 38.85, -2.7 m-m) and Absa (KES 11.70, +5.8% m-m), in relation to that of 48.2% and foreign outflows of KES 3,018.90Mn of July 2023.
- Car General emerged as the month's top gainer at 38.6% from KES 28.10 to KES 38.95 immediately after the automotive company announced the completion of 100% acquisition of Cummins CG, a diesel engine manufacturer. Cummins CG will now operate as a subsidiary of Car & General.
- Longhorn came second at a 38.1% gain from KES 2.10 to KES 2.90 per shares after transacting 53,200 shares on what we attribute to its loss of KES 98.32Mn on its H1-2023.
- Fahari Reit took the third position at a 35.7% gain from KES 6.16 to KES 8.36 after announcing the conversion offer of the ILAM Fahari Income Real Estate Investment Trust from an Unrestricted into a Restricted I-REIT and the redemption offer of up to 36.59Mn units from non-professional investors. The offer runs for a month from 6th September to 6th October 2023. The redemption offer is issued at a price of KES 11.00 per unit.
- Olympia Capital emerged as the top loser at 35.6% despite doubling its profits to KES 35.30Mn net profits for the fy-2023 ended Feb-2023 from that KES 17.50Mn in FY-2022. The counter mover a total of 33,100 shares for the month.

Bonds Market

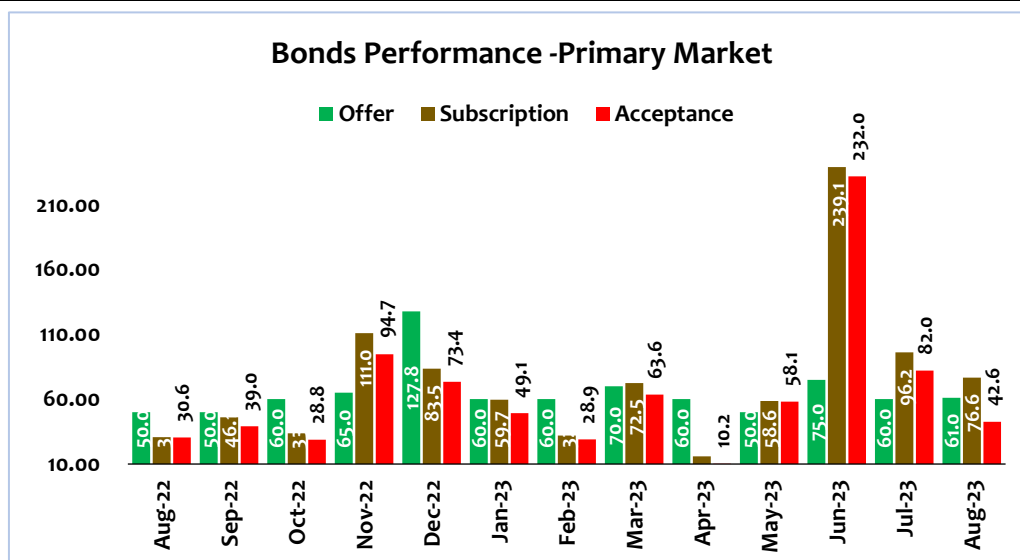
- A total of KES 53.31Bn was exchanged in the secondary market from a total of 2,329 deals in comparison to KES 74.88Bn traded in July and KES 68.39Bn of August 2022. Infrastructure bond paper contribution to total value traded fell to 36.5% on effect of high rates witnessed in the market.
- The FXD1/2016/10-Yr paper was the most traded paper as its yield rate edged down in the course of the month before rising up again on high demand for the paper.

Bond	Top Bond Movers				D Yields (bps)
	Value Traded (KES Mn)		Yield Movement (%)		
	Jul-23	Aug-23	Jul-23	Aug-23	
FXD1/2016/10Yr	1,997.90	10,138.00	16.443	16.664	22.1
FXD1/2013/15Yr(Re-opened)	3,165.60	7,835.20	16.713	17.900	118.7
IFB1/2021/16Yr	461.90	4,342.10	14.957	15.331	37.4
IFB1/2023/7Yr	21,394.10	4,075.95	14.958	14.861	(9.7)
IFB1/2023/17Yr (Re-opened)	1,859.40	3,978.70	15.511	14.937	(57.4)
Total Mkt Value	74.88	53.51			

Primary Bonds market

The shunning of long-term paper by investors saw the government change its tactic to issuing short-term papers in a move to tap liquidity. The August auction saw the government receive a total of KES 76.71Bn at an acceptance of KES 42.61Bn on what we attribute to the aggressive bidding.

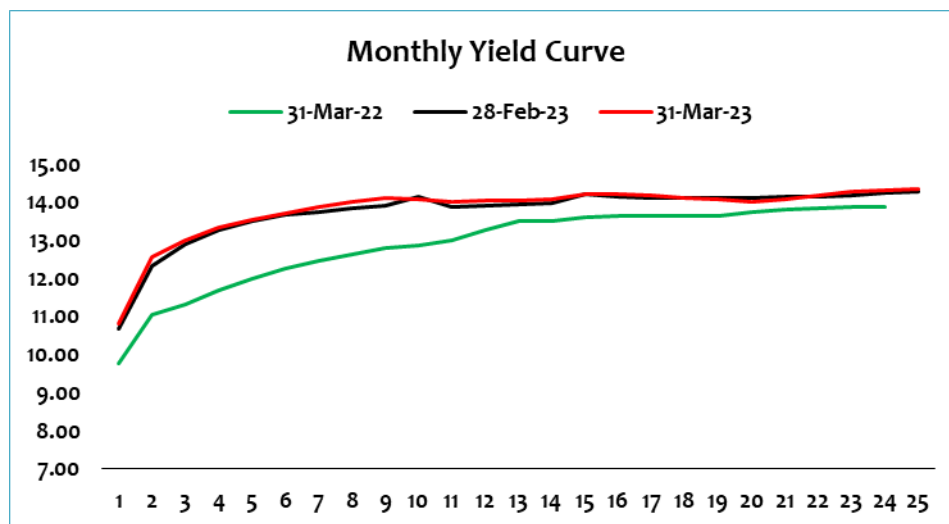
August 2023 Auction					
FXD2/2018/15	offer (KES Mn)	Received	Acceptance	Market weighted rate	coupon
FXD1/2023/2	21,000	38,301.96	11,659.58	17.5545	16.972
FXD1/2023/5		14,704.44	7,456.28	18.1646	16.844
Tap Sale Auction – August					
FXD1/2023/2	21,000	17,375.70	17,373.51	16.9723	16.972
FXD1/2023/5		6,225.05	6,123.42	17.9538	16.844



Yield Curve

Tight liquidity in the market continues pushing the yield curve upwards as investors seek for more compensation by demanding higher returns from the market. The short end of the yield curve shifted upwards faster as demand remained on the section.

Yield Key Rates %	31-Aug-22	31-Jul-23	31-Aug-23	Δbps y-y	Δbps m-m
2-Yr	11.5443	14.9793	16.9935	544.92	201.42
5-Yr	12.8294	16.5656	17.5789	474.95	101.32
10-Yr	13.6441	14.7769	15.4545	181.04	67.76
15-Yr	13.9106	15.0007	15.7329	182.23	73.22
20-Yr	13.9753	15.2405	15.7640	178.87	52.35
23-Yr	13.9891	15.0500	15.8000	181.09	75.00

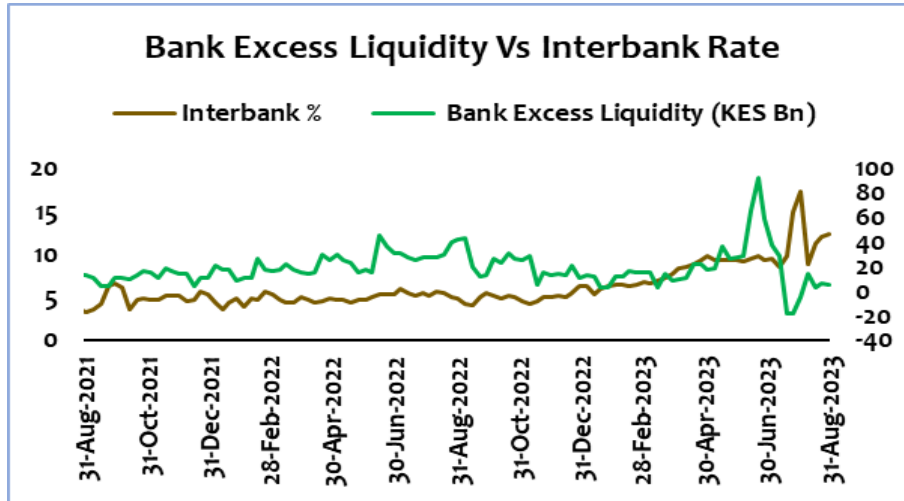


Money Market

Interbank

- Tight liquidity in the market saw the interbank rate touch a high of 17.38% on 3rd August, prompting CBK's intervention to cool its down to close the month at 12.40%. This followed the implementation of a new monetary policy of introducing an interest rate corridor of the interbank to closely track the CBR within a range of 250bps. Further, the committee reduced the applicable discount window rate from the margin of 600bps above CBR to 400bps above the CBR rate.
- The average interbank rate was 180.6bps m-m higher at 12.47% from that of 10.67% of July 2022 and 714.3bps higher in relation to an average of 5.33% witnessed same time 2022.
- Bank excess reserves remained strained to close the month at KES 4.9Bn from a shortfall of KES 18.1Bn recorded at the close of July. Average bank excess reserves fell to KES 4.8Bn in Aug-2023 from that of KES 7.4Bn of Jul-2023 and KES 31.3Bn of Aug-2022
- In September we forecast the interbank to remain on the upper side of the CBR at between 10.5% and 12.95% on tight liquidity in the market drained by the high government thirst for cash.

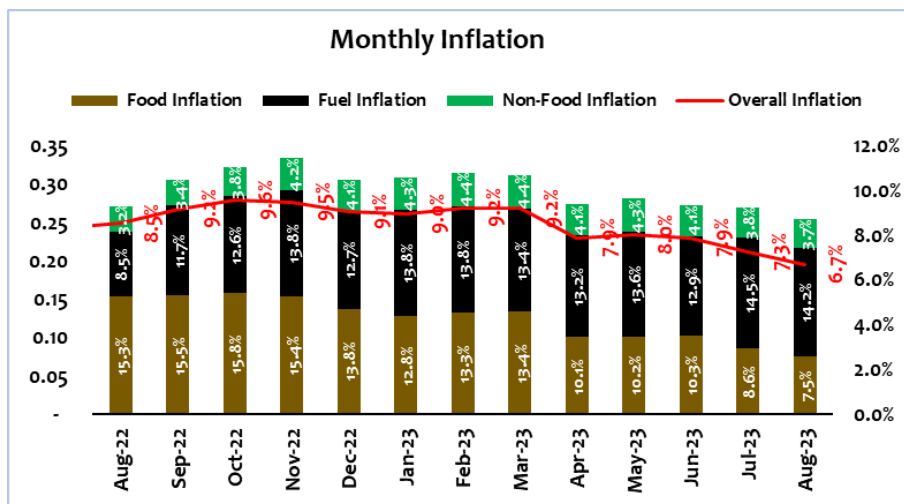
Key Rates	31-Aug-22	31-Jul-23	31-Aug-23
Central Bank Rate	7.50%	10.50%	10.50%
Inter-Bank Rate	5.00%	16.55%	12.40%
Cash Reserve Requirement (CRR)	4.25%	4.25%	4.25%
Inflation	8.53%	7.3%	6.70%
91-Day T-Bill	876.700%	12.352%	13.733%
182-Day T-Bill	953.200%	12.392%	13.491%
364-Day T-Bill	991.000%	12.728%	14.014%
Bank Excess Liquidity (KES Bn)	13.30	(18.10)	4.90
Forex Reserves (USD Mn)	7,608	7,377	7,080
Months of Import Cover	4.39	4.03	3.83



Inflation

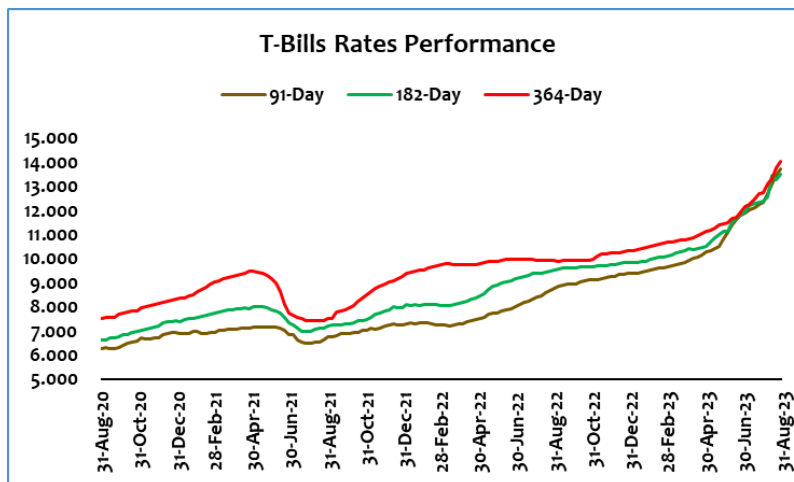
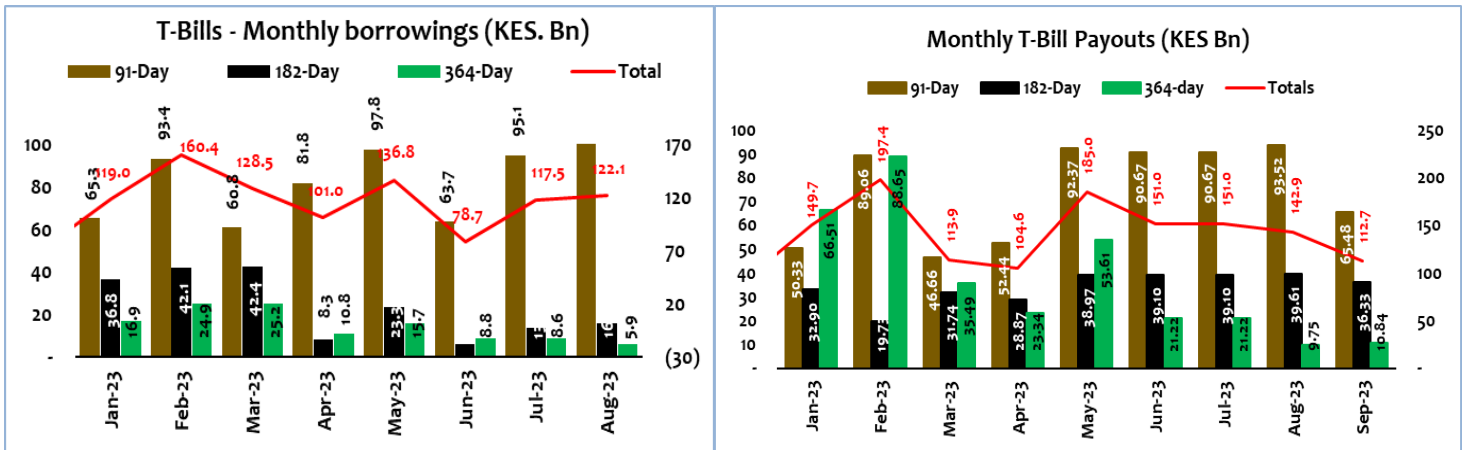
- Local inflation further declined from 7.3% to 6.7% in August 2023 as per our last forecast largely benefiting from declines in food inflation to levels last seen in May 2021. Food inflation fell from 8.6% to 7.5% as that from fuel dropped from 14.5% to 14.2% while non-food inflation also slightly declined from 3.8% to 3.7% m-m.
- Maize price declined 8.2% in August as supply from the harvesting western region went up pulling the prices down as that of potatoes and tomatoes went down 6.1% and 3.1% reaping off from the March-May rain season.
- Petroleum prices remained stable as that on the liquified petroleum gas contracted 2.8% m-m upon the implementation of tax exemption in the 2023 finance act.

We forecast the food inflation to remain within a range of 6.0% and 7.0% on effect from declines in food inflation.



Treasury Bills

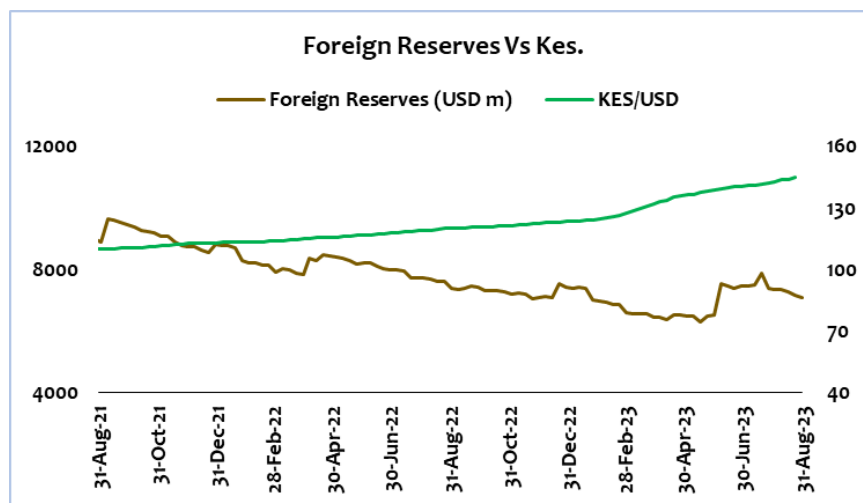
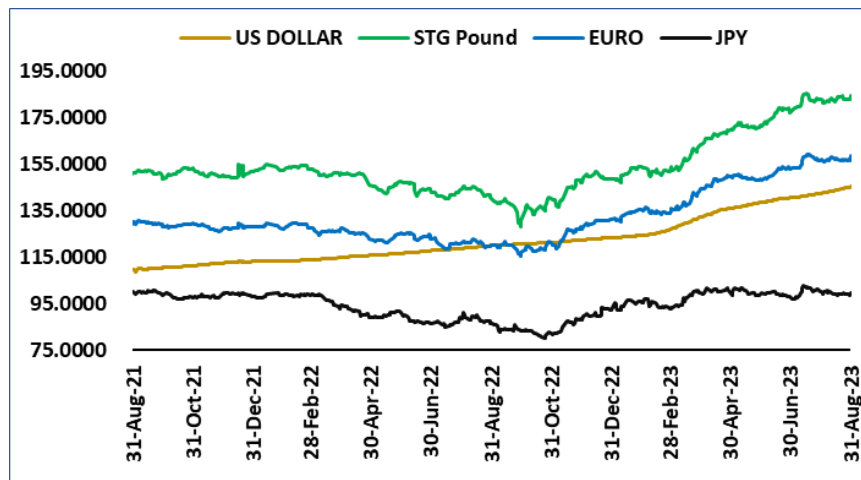
- August T-Bill auctions oversubscriptions at KES 125.63Bn or 130.9% at an acceptance of KES 97.2%, a performance of 127.2% against a target of KES 96.00Bn. The performance also gained from heavy t-bills payout of KES 142.89Bn that happened in the month.
- The performance remained elevated by the better returns that flourished in the month on the above tight liquidity and the demand for cash by the government.
- The 91-day paper was the most preferred contributing 82.0% of the total amount accepted. This follows its better returns that hit highs of 13.7332%, surpassing that of the 182-day paper by 24.21bps but slightly lower from that of the 364-day paper at 28.08bps.
- In September, we forecast a continued rise in returns across the papers with that on the 91-day paper to touch the 14% mark buoyed by heavy liquidity demand by the government and aggressive bidding from investors. We expect oversubscriptions to remain especially of reinvestments of the expected maturities of KES 112.66Bn against a target of KES 96Bn due in September.



Currency

- The Kenyan shilling depreciated faster in August shedding 2.1% m-m against the US dollar from KES 142.36 on 31st July to close August at KES 145.51 per dollar, largely on high dollar demand both locally and globally, political protests concerns, and good economic data that continue indicating fast sales and more employment in the US as opposed to locally.
- According to Stanbic's Purchasing Managers' Index™ (PMI) for August 2023, business performance deepened on sharp declines in purchase orders and out put by manufacturers on a weak demand.
- Against the British pound and the Euro, the shilling lost 1.0% and 1.3% from KES 182.82 and KES 156.61 to KES 184.64 and KES 158.69 largely weighed down by the political protests.
- Forex reserves fell to below the 4-months import cover to close the month at USD 7,080Mn enough for 3.83 months of import cover.

Currency	03-Jan-23	31-Jul-23	31-Aug-23	%D y-t-d	%D m-m
Dollar	123.42	142.36	145.41	-17.8%	-2.1%
STG Pound	148.73	182.82	184.64	-24.1%	-1.0%
Euro	131.66	156.61	158.69	-20.5%	-1.3%
JPY	95.24	100.36	99.78	-4.8%	0.6%
US Dollar Index	104.52	101.63	103.59	0.9%	1.9%

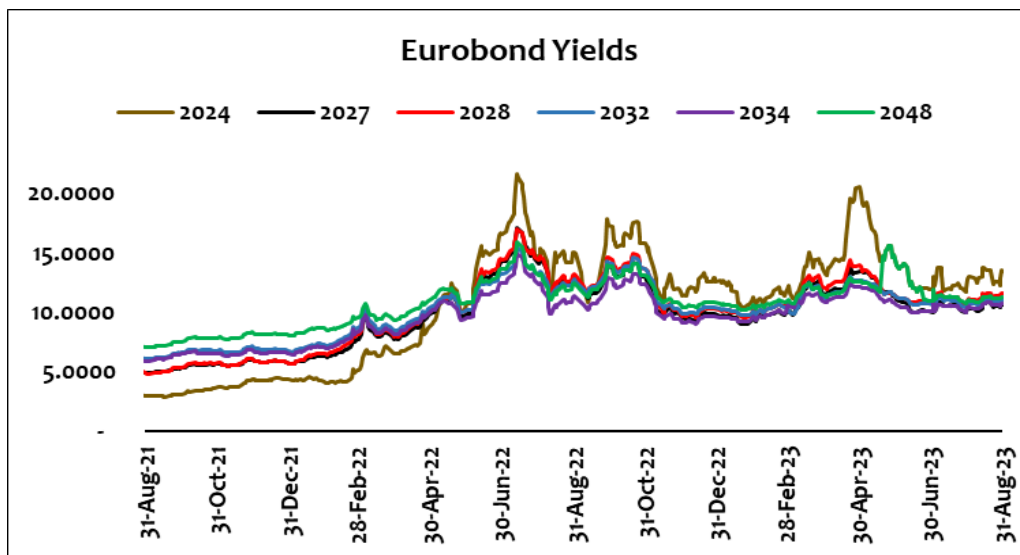


Eurobond

Rates on Kenya's international bonds edged up by the close of the month with that of the June-2024 paper rising faster by 189.6bps as fears of the government buying back the paper at a discount faded. The Feb -2028 followed at 100.5bps from 10.61% to 11.62%. Year-on-year, rates on the 2024 paper 136.0bps higher.

We attribute the rise in yields to the general rise of similar papers in the market an investor sentiment and higher rates in the international market.

Euro-bond Paper	03-Jan-23	31-Jul-23	31-Aug-23	Δ bps y-t-d	Δ bps w-w
Jun-2024	12.671	11.700	13.596	(92.50)	(189.60)
May-2027	9.724	10.001	10.701	(97.70)	(70.00)
Feb-2028	10.200	10.610	11.615	(141.50)	(100.50)
May-2032	10.314	10.381	11.097	(78.30)	(71.60)
Jan-2034	9.539	10.045	10.767	(122.80)	(72.20)
Feb-2048	10.708	10.716	11.307	(59.90)	(59.10)



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