

### WEEKLY MARKET PERFORMANCE REPORT – WEEK ENDING 13<sup>TH</sup> OCTOBER 2023

#### Market Indicators' Performance - Week 41 2023

Indicator	6-Oct-23	13-Oct-23	%Δ w/w
NSE 10	940.83	941.13	0.0%
NSE 20	1490.98	1492.16	0.1%
NSE 25	2,454.85	2,453.99	0.0%
NASI	93.49	93.37	-0.1%
MKT CAP	1,460.71	1,458.80	-0.1%
VOLUMES(Mn)	84.13	24.30	-71.1%
Turnover (Mn)	1,118.88	469.02	-58.1%
NSE Turnover (USD Mn)	7.54	3.15	-58.2%
Net Foreign Activity (Mn)	(94.73)	(10.41)	-89.0%
Foreign Activity (%)	78.4%	36.1%	4,234.3bps

#### Top Gainers - Week 41 2023

Counter	Week 38	Week 39	% Δ
Liberty Holdings	3.60	4.00	11.1%
Uchumi	0.20	0.22	10.0%
FAHARI I-REIT	7.52	7.52	0.0%
Home Afrika	0.31	0.34	9.7%
TPS E. Africa	11.60	12.50	7.8%

#### Top Losers - Week 41 2022

Counter	Week 38	Week 39	% Δ
Olympia	3.38	2.90	-14.2%
Unga Group	17.00	15.00	-11.8%
Sameer Africa	2.60	2.38	-8.5%
Crown Paints	36.50	34.20	-6.3%
B.O.C Kenya	85.00	80.00	-5.9%

#### Top Movers - Week 41 - 2023

Counter	Turnover (KES Mn)	Volumes (Mn)	Net Foreign Activity (KES Mn)	% Foreign Activity
Equity Group	145.98	4.03	66.12	41.3%
Safaricom	122.31	8.78	(83.09)	52.6%
StanChart	41.14	0.25	(0.03)	0.0%
EABL	34.85	0.29	(0.70)	95.9%
Co-op	27.18	2.34	0.90	2.6%
Total (KES Mn)	468.81	24.30	(10.41)	36.1%
Total (USD Mn)	3.19		(0.07)	

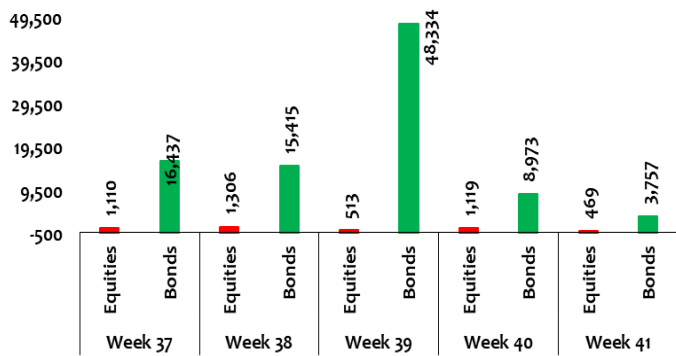
#### Top Foreign Buys - Week 41 - 2023

Counter	Foreign Buy (KES Mn)	% Foreign Buy
Equity Group	93.34	63.9%
EABL	33.08	94.9%
Safaricom	22.78	18.6%
BAT	10.50	85.6%
Kenya Re	1.41	85.0%
Total (KES Mn)	163.93	35.0%
Total (USD Mn)	1.11	

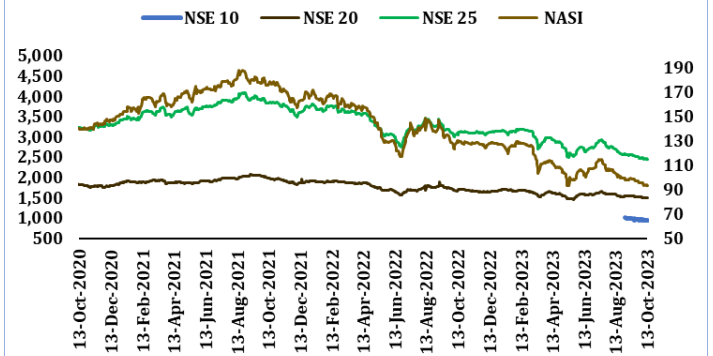
#### Top Foreign Sales - Week 41 - 2023

Counter	Foreign sales (KES Mn)	% Foreign Sale
Safaricom	105.87	86.6%
EABL	33.78	96.9%
Equity Group	27.21	18.6%
KCB Group	2.76	14.9%
Carbacid	1.59	72.0%
Total (KES Mn)	174.34	37.2%
Total (USD Mn)	1.18	

Equities Vs Bonds Turnover Performance (KES Mn)



NSE Index Performance



## Equities Market

Activities in the NSE market remained subdued with prices trading at heavy discounts on low foreign interest impacted by a weak local currency, high government treasury rates and low local economic performance. Market indices relatively remained stable on what we view as a general price resistance to further decline. All share index (NASI) lost 0.1% week-on-week (w-w) as NSE 20 gained 0.1% w-w while both N10 and NSE 25 indices remained flat.

Volumes traded dipped 71.1% w-w pulling the value exchanged 58.1% down w-w from KES 1,118.88Mn to KES 469.02Mn.

Foreign activity shrunk to 36.1% from 78.4% of the week before with foreign sales relaxing to 37.2% from a high of 82.7% in the earlier. This saw net foreign outflows decline from KES 94.73Mn to KES 10.42Mn.

Equity Group (KES 36.45, -0.3% w-w) was the week's top mover exchanging 4.03Mn shares of value KES 145.08Mn as the lender appeared in the top foreign destination counter of the week after heavy exits from Safaricom. The Group's foreign buys were 63.9% of KES 93.34Mn as foreign sales remained low at 18.6% of KES 27.21Mn.

Foreign participation on Safaricom (KES 13.95, -0.4% w-w) stood at an average of 52.6% of which 96.9% was on the sale side while only 18.6% were foreign buys as 81.6% were local buys. Safaricom contributed the highest net foreign outflows of KES 83.09Mn.

Mixed foreign reactions were witnessed on East African Breweries (KES 126.00, +1.6%) which had a foreign buys and sales of 94.9% and 96.9% of KES 33.08Mn and 33.78Mn respectively. The brewing company recorded a low of KES 110.00 and a high of KES 187.00 in the last one year.

Liberty Kenya Holdings was the week's top gainer at 11.1% from KES 3.60 to KES 4.00 per share on what we attribute expectations of a better FY 2023 financials following KES 213Mn net profits for H1-2023 from a loss of KES 40.0Mn reported same time last year.

### Ongoing Corporate Actions

Counter	Declared	Issue Date	Book Closure	Payment Date	Dividend	Total Dividend	EPS	Payout
Umeme**	Interim	21-Aug-23	9-Feb-24	29-Feb-24	24.00	-	-	-
EABL	Final	28-Jul-23	15-Sep-23	27-Oct-23	1.75	5.50	12.47	44.1%
Centum	Final	28-Jul-23	11-Oct-23	30-Nov-23	0.60	0.60	(6.28)	(0.10)

\*\* Uganda shilling (UGX)

### Bonds Market

Bonds activity in the secondary market dropped in the week with only KES 3.76Bn being transacted from 359 deals in comparison to KES 8.97Bn traded the week before.

We attribute the low value traded to the tight liquidity in the market even as some investors conserved funds in expectation for a new paper issue by the government in the remaining two primary auctions for the year, which is likely to be aggressively priced considering the current macro-economic conditions.

In the new week, we expect coupon payouts of KES 9.10Bn due on Monday, 16th October 2023.

Bond	Top Bond Movers				
	Value Traded (KES Mn)		Yield Movement (%)		Δ Yields (bps)
	Week 38 2023	Week 39 2023	Week 38 2023	Week 39 2023	
FXD1/2016/10Yr(Re-opened)	739.60	1,014.20	17.508	18.099	(59.2)
IFB1/2018/20Yr	1,620.00	655.00	15.931	16.986	(105.5)
IFB1/2023/7Yr	487.60	365.80	14.933	15.126	(19.3)
FXD2/2019/10Yr	32.20	303.90	18.400	17.143	125.7
FXD1/2022/15Yr	-	300.00	15.200	15.400	(20.0)
<b>Total Mkt Value</b>	<b>8,972.48</b>	<b>3,757.15</b>			

In the primary, the October auction was undersubscribed at 35.1% of KES 12.30Bn against a revised target of KES 35Bn. A total of KES 6.31Bn was accepted, a performance of 18.0%. We attribute the low subscriptions to the low rates on the re-opened papers in the current economic conditions.

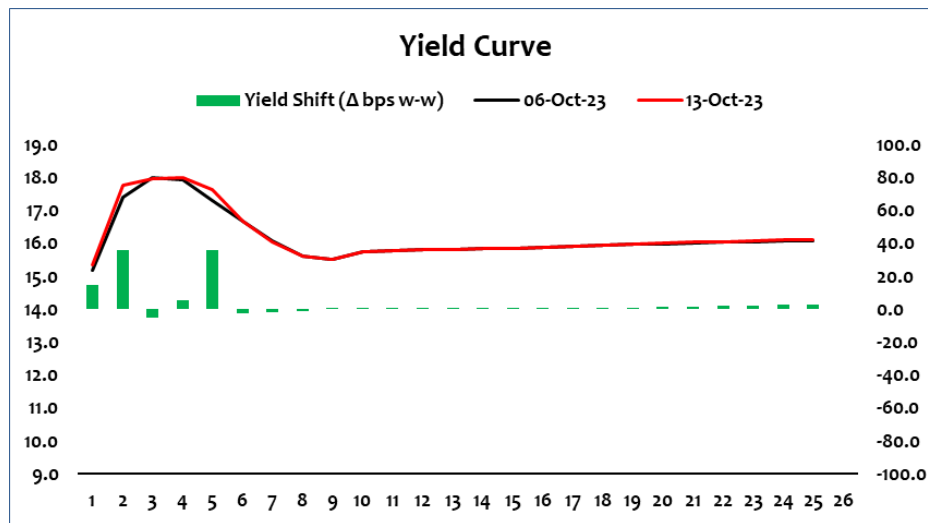
### October 2023 Auction

FXD2/2018/15	offer (KES Mn)	Received	Acceptance	Market weighted rate	Accepted Rate	coupon
FXD1/2023/02-Reopen	35,000	6,506.42	4,825.11	17.9637%	17.7358%	16.9723%
FXD1/2023/05-Reopen		5,791.92	1,481.78	18.4647%	17.9919%	15.0390%

### Yield Curve

The short end of the yield curve shifted upwards on influence from the above re-opened 2-year and 5-year primary papers with the mid to long-end remaining relatively stable on little to no activity on the end.

Yield Key Rates %	06-Jan-23	06-Oct-23	13-Oct-23	(y-t-d) bps	(m-m) bps
2-Yr	12.196	17.4179	17.7771	-558.11	-35.92
5-Yr	13.5472	17.2914	17.6489	-410.17	-35.76
10-Yr	13.7798	15.7566	15.7608	-198.10	-0.42
15-Yr	13.9356	15.8604	15.8609	-192.53	-0.05
20-Yr	14.0586	15.9917	16.0041	-194.55	-1.24
25-Yr	14.2374	16.0750	16.1000	-186.26	-2.50



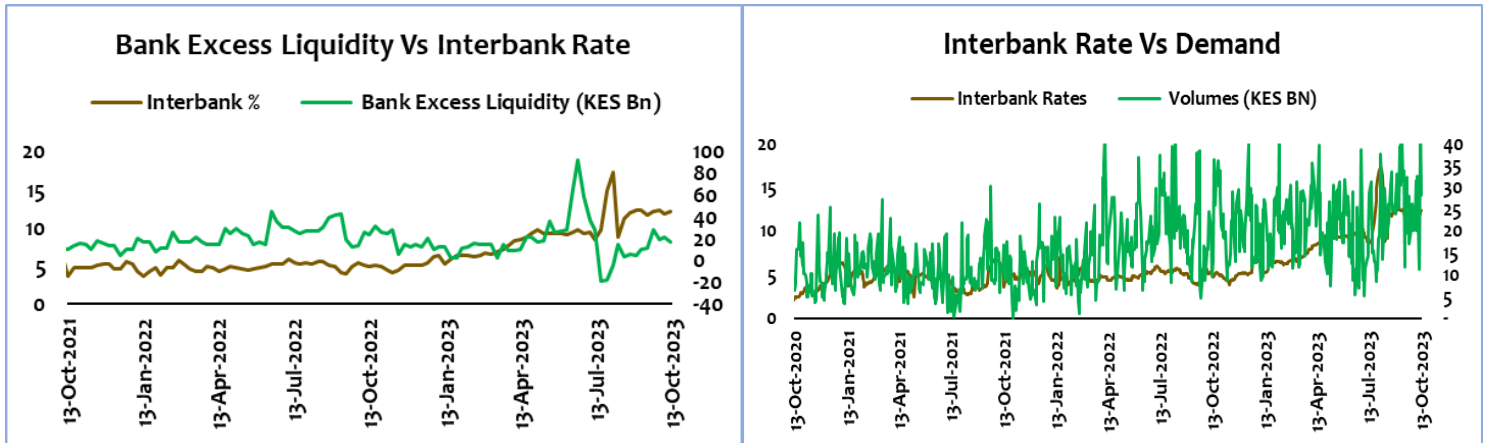
### Interbank

The Interbank rate edged up 32.6bps w-w from 11.98% to 12.31% on tight liquidity in the market as per our earlier forecast. Average interbank however, stabilized at 12.10% in the week. Liquidity demand remained high at an average of KES 31.00Bn, a 16.4% spike from an average of KES 26.65Bn the week before.

Bank excess liquidity declined 18.1% from KES 21.65Bn to KES 17.5Bn after payment of the October auction.

We maintain our forecast of the interbank rate to remain on the upper side of the Central Bank Rate, within a range of 10.5% to 12.95% in the remaining weeks of the year.

Interbank Rate Week 38 2023			
Period/Narration	Previous Week	Current Week	%D w/w
Closed Week at	11.98%	12.31%	32.6bps
Average Rate	12.10%	12.10%	0.0bps
Closing Demand (KES BN)	32.64	28.33	-13.2%
Average Demand (KES BN)	26.65	31.00	16.4%
Bank Excess Liquidity (KES BN)	21.50	17.50	-18.6%



### Treasury Bills

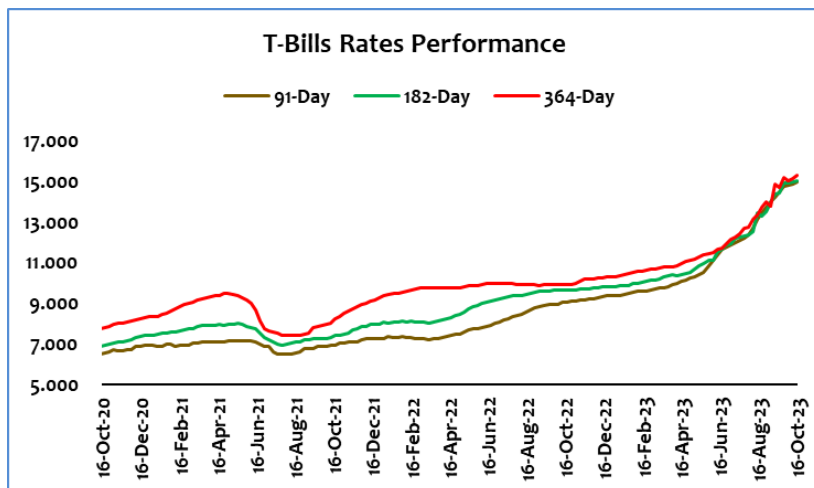
Total oversubscriptions remained in the T-bill auction for the week supported by re-investments for the heavy maturities. A total of KES 43.24Bn or 180.2% was subscribed to at a 94.7% of KES 40.94Bn acceptance, representing a performance of 170.6% against a weekly target of KES 24Bn.

The 91-day paper remained the most preferred paper on its better returns of 14.96%, a deviation of 6.27bps and 37.6bps from that on the 182- and 364-day papers respectively. The paper contributed a total 86.7% and 86.2% of the subscribed and accepted amounts for the week.

Returns on investment across the papers flourished further with that on the 364-day paper rising faster at 16.81bps to 15.3368% followed by that on the 91-day paper at 8.7bps to 14.9604%.

In the new week we expect T-bill redemptions of KES 41.18Bn which is expected to be reinvested back. We view that pressure will remain across on the rates with further rises in the coming weeks on tight liquidity in the market with high appetite for funds from the government.

T-Bills Performance							
Tenure	Offer (KES Bn)	Subscription	Acceptance	Performance	Current WAR (%)	Previous WAR %	Δbps w-w
364-Day	10.00	29.6%	99.9%	29.6%	15.3368%	15.1867%	16.8bps
182-Day	10.00	27.8%	96.2%	26.7%	15.0231%	14.9778%	4.5bps
91-Day	4.00	937.4%	94.2%	882.8%	14.9604%	14.8734%	8.7bps
<b>Total</b>	<b>24.00</b>	<b>180.2%</b>	<b>94.7%</b>	<b>170.6%</b>			



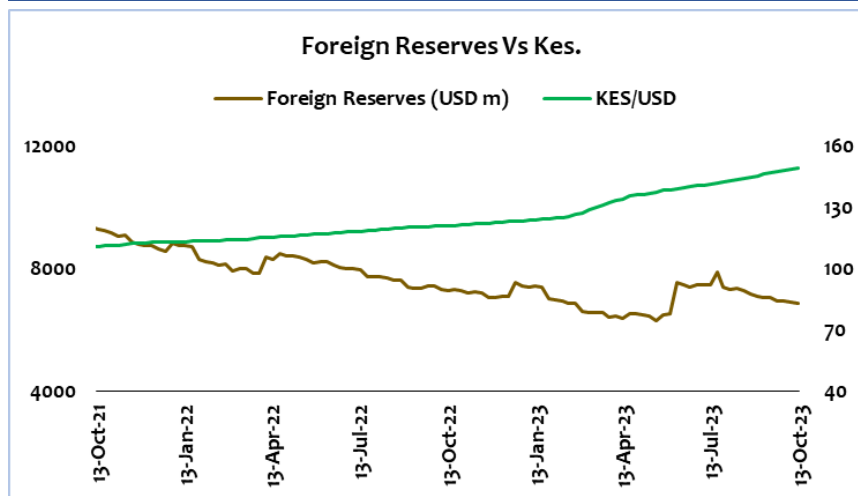
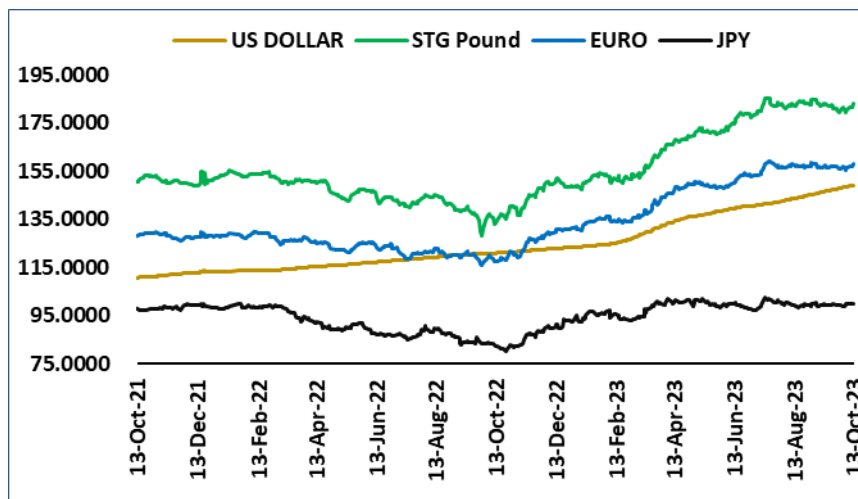
### Currency

The local currency lost 0.3% in the week from KES 148.69 per US dollar to record a new low of KES 149.13 on 13th October 2023, pressured by high oil imports, better US economic performance and heavy demand for US dollar both locally and in the global market.

The dollar index that measures the strength of the US dollar against some major currencies gained 0.6% on better economic data. According to the US Bureau of Economic Product, US GDP grew by 2.1% in Q2-2023 with US current account deficit narrowing to 1.1%. Locally, Q2-2023 GDP grew 5.4% from 5.2% in Q1-2023.

Forex reserves declined 0.6% w-w to USD 6,872Mn, enough for 3.6p9 months of import cover with pressure expected in the upcoming Eurobond coupon payments in December and the maturing USD 2.0Bn due in June 2024.

Currency	03-Jan-23	06-Oct-23	13-Oct-23	%D y-t-d	%D w-w
Dollar	123.42	148.69	149.13	-20.8%	-0.3%
STG Pound	148.73	180.47	183.17	-23.2%	-1.5%
Euro	131.66	156.37	158.06	-20.1%	-1.1%
JPY	95.24	99.90	99.66	-4.6%	0.2%
US Dollar Index	104.52	106.04	106.65	2.0%	0.6%

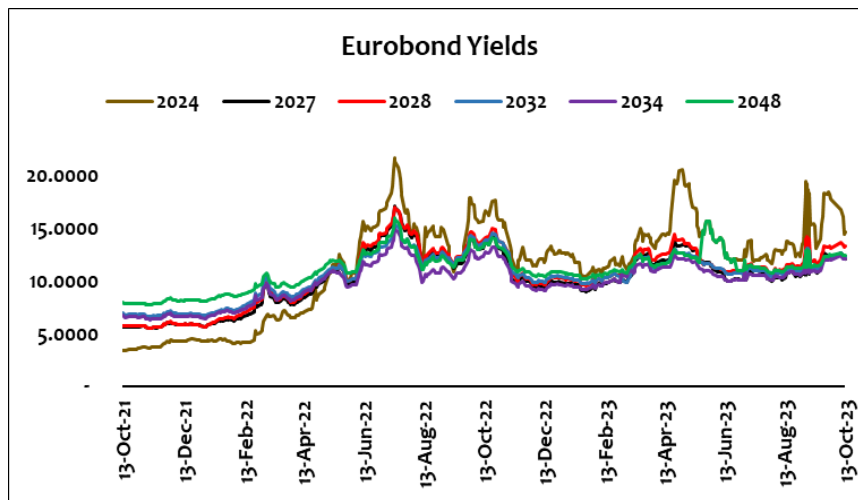


### Eurobond

Yields on Kenya's international bonds marginally declined in the week with that on the June 2024 paper declining by 403.0bps. Generally, all the rates across the papers edged down in the week.

This followed the CBK Governor, statement of the government planning to buy back up to USD500Mn from the market in an aim to alleviate concerns of paying the USD 2.0Bn Eurobond maturing in June 2024. On his Statement, Dr. Kamau Thugge said, the country is in talks to raise between USD 500Mn and USD 1Bn for liability management and budgetary support.

Euro-bond Paper	03-Jan-23	07-Sep-23	13-Oct-23	Δ bps y-t-d	Δ bps w-w
Jun-2024	12.671	18.345	14.612	(194.10)	373.30
May-2027	9.724	12.941	12.139	(241.50)	80.20
Feb-2028	10.200	14.015	13.301	(310.10)	71.40
May-2032	10.314	12.908	12.298	(198.40)	61.00
Jan-2034	9.539	12.584	12.070	(253.10)	51.40
Feb-2048	10.708	12.830	12.372	(166.40)	45.80





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