

Quarterly Market Performance Summary – Q3 2024

NSE MARKET QUARTERLY PERFORMANCE - Q3 2024

Indicator	Q3-2023	Q2-2024	Q3-2024	%Δ Y-Y	%Δ Q-Q
NSE 10	951.35	1,117.39	1,124.72	18.2%	0.7%
NSE 20	1,508.75	1,656.50	1,775.67	17.7%	7.2%
NSE 25	2,473.71	2,861.04	2,899.20	17.2%	1.3%
NASI	95.22	109.49	107.08	12.5%	-2.2%
MKT CAP	1,487.67	1,710.64	1,676.24	12.7%	-2.0%
Volumes (Mn)	1,059.93	1,080.09	1,020.52	-3.7%	-5.5%
Equities Turnover (KES Mn)	16,991.32	28,390.65	17,391.58	2.4%	-38.7%
Eq. Turnover (USD Mn)	115.77	219.53	134.61	16.3%	-38.7%
Foreign Buys (KES Mn)	6,534.32	20,440.26	6,878.49	5.3%	-66.3%
Foreign sells (Kes. Mn)	10,096.52	17,462.35	7,719.88	-23.5%	-55.8%
Foreign Net (Kes. Mn)	(3,562.21)	2,977.91	(841.38)	-76.4%	-128.3%
Foreign Net (USD Mn)	(24.27)	23.03	(6.51)	-73.2%	-128.3%
Foreign Activity (%)	47.3%	65.1%	42.1%		
Bonds Turnover (Bn)	208.32	309.88	388.37	86.4%	25.3%
Bonds deals	7,139	8,109	8,004	12.1%	-1.3%

Top Gainers - Q2 2024

Counter	30-Sep-23	30-Jun-24	30-Sep-24	%Δ Y-Y	%Δ Q-Q
Portland Cement	7.40	7.82	31.65	327.7%	304.7%
KPLC	1.45	2.03	3.50	141.4%	72.4%
Carbacid	16.00	17.00	22.75	42.2%	33.8%
Trans-Century	0.50	0.33	0.42	-16.0%	27.3%
Unga Group	17.50	13.15	16.30	-6.9%	24.0%

Top Losers - Q3 2024

Counter	29-Sep-23	30-Aug-24	30-Sep-24	%Δ Y-Y	%Δ Q-Q
Bamburi Cement	24.50	77.50	58.75	139.8%	-24.2%
Standard Group	7.16	6.40	5.60	-21.8%	-12.5%
Home Afrika	0.34	0.35	0.31	-8.8%	-11.4%
Sasini	24.10	17.75	16.75	-30.5%	-5.6%
Crown Paints	35.65	32.00	30.20	-15.3%	-5.6%

Top Movers - Week 39 - 2024

Counter	Volumes (Mn)	Turnover (KES Mn)	Net Foreign Activity (KES Mn)	% Foreign Activity
Safaricom	418.68	6,380.18	(2,122.79)	59.9%
Equity Group	60.07	2,482.19	54.98	46.5%
KCB Group	63.96	2,038.89	625.85	18.5%
Bamburi	16.27	1,057.07	(152.50)	8.7%
EABL	6.57	1,012.98	256.92	61.3%
Total (KES Mn)	1,020.52	17,387.92	(783.76)	42.1%
Total (USD Mn)		134.59	(6.07)	

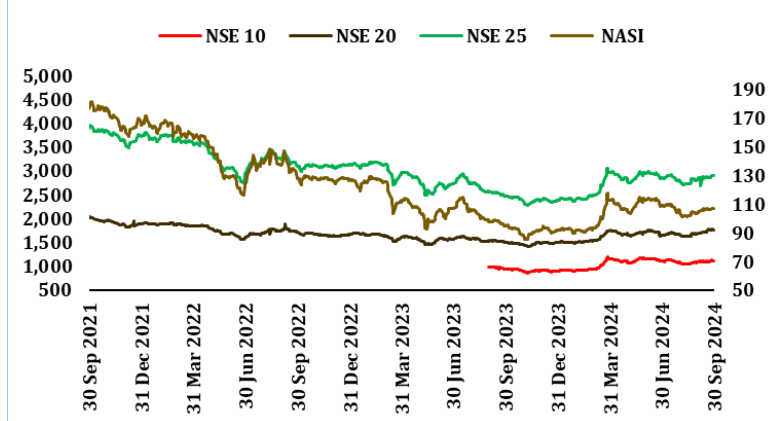
Top Foreign Buys – Q3 2024

Counter	Foreign Buy (KES Mn)	% Foreign Buy
Safaricom	2,761.59	43.3%
Equity Group	1,181.58	47.6%
EABL	749.14	74.0%
KCB Group	689.98	33.8%
BK Group	402.60	99.6%
Total (KES Mn)	6,936.11	32.3%
Total (USD Mn)	53.69	

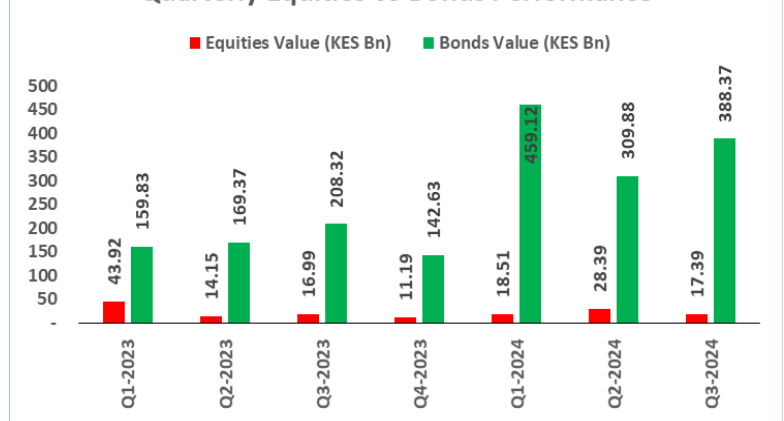
Top Foreign Sales – Q3 2024

Counter	Foreign sales (KES Mn)	% Foreign Sale
Safaricom	4,884.38	76.6%
Equity Group	1,126.60	45.4%
EABL	492.22	48.6%
BAT	389.51	70.8%
BK Group	268.56	66.4%
Total (KES Mn)	7,719.88	31.2%
Total (USD Mn)	59.76	

NSE Index Performance



Quarterly Equities Vs Bonds Performance



Equities Market

Stock prices experienced mixed reactions in the third quarter of 2024 on persistently high interest rates. This was despite the first marginal interest rate cuts effected in the quarter after borrowing rates hitting their decade highs. As a result, market prices thinned 2.0% quarter on quarter to market the market capitalization decline 2.0% from KES 1,710.64BN to KES 1,676.24BN the same period. Year on year, however, the market prices were higher at 12.5% amid the declines in the market activities.

NSE 20 stocks gained the most quarter on quarter at 7.2% from 1,656.50 to 1,775.67 points supported mainly by energy stocks and Banks. Kengen and KPLC emerge at the top in the NSE 20 list to rally the index up. NSE 25 and NSE 10 followed with 1.3% and 0.7% gains respectively. Overall, the market prices lost 2.2% on losses in some medium and small capitalization counters. Year on year however, all the indices surged up at an average of 16.4% rise on an improved market outlook compared to similar period in 2023.

Quarterly market value traded dipped 38.7% Q-Q from KES 28.39Bn to KES 17.39Bn on a 5.5% decline in volumes traded from 1,080.09Mn to 1,020.52Mn shares. The value decline was further eroded by the overall decline in prices as measured by the all-share index (NASI).

Market foreign participation thinned to 42.1% in Q3-2024 with a net foreign outflow of KES 841.38Mn in comparison to an average foreign activity of 65.1% of KES 2,963.44Mn exchanged in Q2-2024.

Foreign Activity Performance - Quarterly						
Quarter	Turnovers	F. Buys	F. Sales	Net Foreign	Volumes	Avrg Foreign
Q3-2022	22,732.20	6,723.82	13,578.26	(6,854.44)	823.24	44.7%
Q4-2022	17,406.11	7,021.76	11,962.75	(4,940.99)	693.71	54.5%
Q1-2023	22,060.43	8,677.14	13,864.43	(5,187.29)	967.65	51.1%
Q2-2023	14,030.98	5,586.68	7,090.60	(1,503.92)	748.86	45.2%
Q3-2023	17,564.71	6,534.32	10,096.52	(3,562.21)	1,098.61	47.3%
Q4-2023	11,197.59	5,653.98	8,091.77	- 2,437.80	781.98	61.4%
Q1-2024	19,062.49	10,179.25	12,407.11	- 2,227.86	1,097.22	59.2%
Q2 2024	29,116.09	20,425.78	17,462.35	2,963.44	1,157.16	65.1%
Q2 2024	16,919.21	6,878.49	7,719.88	- 841.38	1,020.52	43.1%

Sector-wise, the banking sector rallied the market with KES 7,741.13Mn value from 255.51Mn shares exchanged. This was followed by the telecommunication and the manufacturing sectors, with values of KES 353.29Mn and KES 115.84Mn from 418.68Mn and 10.86Mn shares respectively.

Safaricom emerged as the quarter's top mover with a total turnover of KES 6,380.18Mn from 418.68Mn shares on a continued heavy foreign outflow, to contribute 36.7% and 41.0% of the market value and activity. The telco giant's average foreign activity averaged at 59.9% with a high foreign sale of 76.6% compared to foreign buys of 43.3%, resulting to a net foreign outflow of KES 2,122.79Mn. This is in relation a foreign activity of 57.4% of KES 785Mn net foreign inflows traded in Q2-2024.

We expect a low traction on Safaricom with more foreign outflow after its Ethiopia subsidiary implied to take longer than expected to break even on the Ethiopia currency devaluations which in the last two months ending September weakened 106.7% in the quarter against the US dollar.

Equity Group took second top mover positions with a KES 2.482.19Mn on what remains to be anticipations of a better FY-2024 dividend. The counter's activity was still dominated by the locals at 53.5%.

Payment of a KES 1.50 per share interim dividend and expectations for a better FY-2024 dividend saw it emerge third in the top movers list with a turnover of KES 2,038.89Mn of 63.96Mn shares. As a result, the Largest East African Bank by assets and profits saw its price improve 9.3% Q-Q from KES 31.75 to KES 34.70 per share. Year on year the counter's price jumped 66.4% from KES 20.85 to KES 34.70 per share.

East African Portland Cement emerged the quarter's top gainer at 304.7% from KES 7.82 on 28th June to KES 31.65 per share by close of the quarter. The price surge was on much awaited special dividend signaled to come from the sale of idle assets as part of ongoing reforms geared to clear its debts and increase cement production, as per the management statement issued on 12th September 2024, despite recording a loss of KES 720.79Mn in H1-2024. The company's plant refurbishment seems to be bearing fruits with August 2024 cement production hitting 50,000 tonnes against a target of 83,000 tonnes according to management plan.

Ongoing Corporate Actions

Counter	Declared	Book Closure	Payment Date	Dividend	Total Dividend	EPS	Payout
Umeme *	Interim	10-Oct-24	31-Oct-24	26.00			
Centum	Final Dividend	11-Oct-24	TBA	0.32	0.32	4.27	7.5%
HFCK	Rights Issue	TBA	TBA	0.13			
EABL	Final Dividend	16-Sep-24	16-Oct-24	6.00	7.00	10.30	68.0%
BOC	Interim	20-Sep-24	14-Oct-24	1.50			
Absa Bank (K)	Interim	20-Sep-24	15-Oct-24	0.20			
KCB Group	Interim	12-Sep-24	30-Oct-24	1.50			

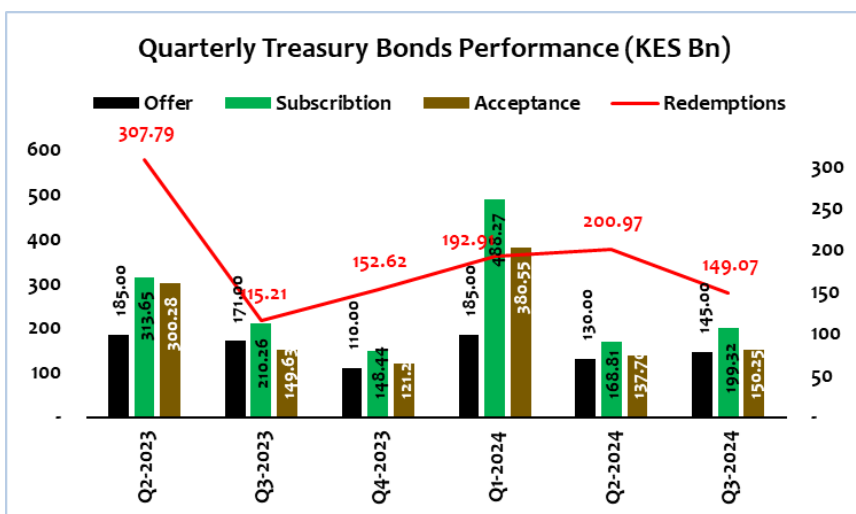
* - UGX - Uganda shillings, TBA - to be advised

Bonds Performance

The quarter's primary auction was oversubscribed at 137.5% of KES 199.32Bn, representing a 103.6% performance against a government target of KES 145.00Bn for the quarter.

The performance was heavily supported by August infrastructure re-openings for IFB1/2023/6.5 and IFB1/2023/17 and a tap sale for IFB1/2023/17 that happened in September 2024. These contributed a total of KES 161.51Bn and KES 120.72Bn, representing 81.0% and 80.3% of the subscribed and accepted amounts respectively.

Further the primary auctions benefited from re-investments of KES 149.07Bn coupons and maturities payouts that happened in the quarter. In Q4-2024 we expect coupons and redemption payments of KES 273.05Bn.



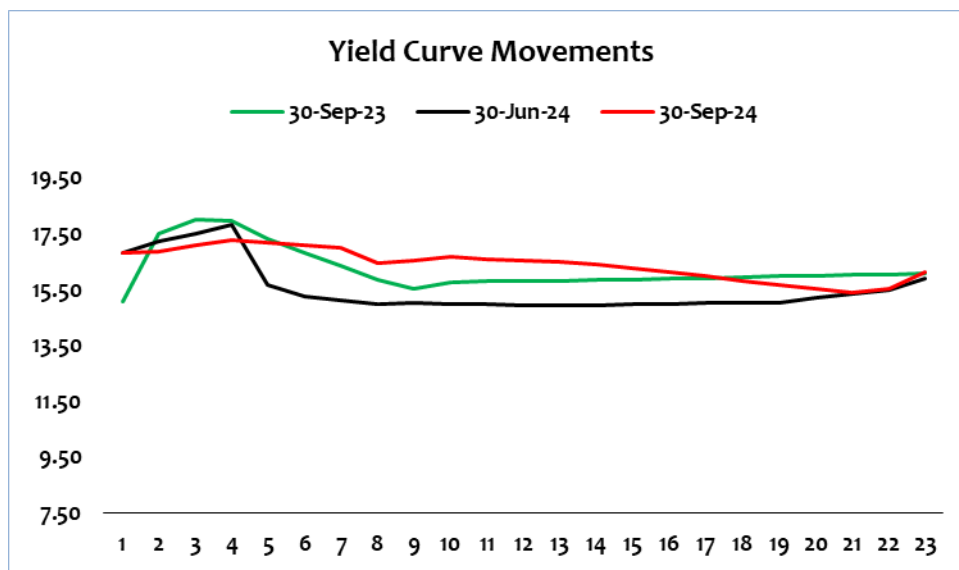
Quarter	Borrowings (KES Bn)	Redemptions (KES Bn)
Q3-2023	149.63	115.21
Q4-2023	121.23	152.62
Q1-2024	380.55	192.91
Q2-2024	137.70	200.97
Q3-2024	150.25	149.07

Yield Curve

The NSE yield curve entered its down trend in the quarter after the first-rate review in August with more downward reviews anticipated for before the year ends. The short end of below 5 years shifted down faster on heavy activity in the section influenced by customer demand and re-openings of short-dated papers upon their entry in the secondary market.

In the q4-2024, we anticipate a faster drop in rates in October 2024 and December 2024. We forecast the official Central Bank Rate (CBR) to close the year at or below 11.00% to foster economic growth.

Yield Key Rates %	30-Sep-23	30-Jun-24	30-Sep-24	Δ bps y-y	Δ bps Q-Q
2-Yr	17.5018	17.2423	16.8775	62.43	36.48
5-Yr	17.2996	15.6512	17.1851	11.45	-153.39
10-Yr	15.7542	14.9767	16.6554	-90.12	-167.87
15-Yr	15.8599	14.9702	16.2685	-40.86	-129.83
20-Yr	15.9912	15.1852	15.5289	46.23	-34.37
23-Yr	16.0559	15.8795	16.1347		-25.52



Interbank

The interbank rate followed the first CBR rate cut to close the quarter at 12.80% by end of Q2-2024 from 13.30% end of Q2-2024. Average interbank went down 50.0bops from 13.49% to 12.95% influenced by rate decline immediately after the CBR rate was reviewed from 13.00% to 12.75% on 6th August 2024.

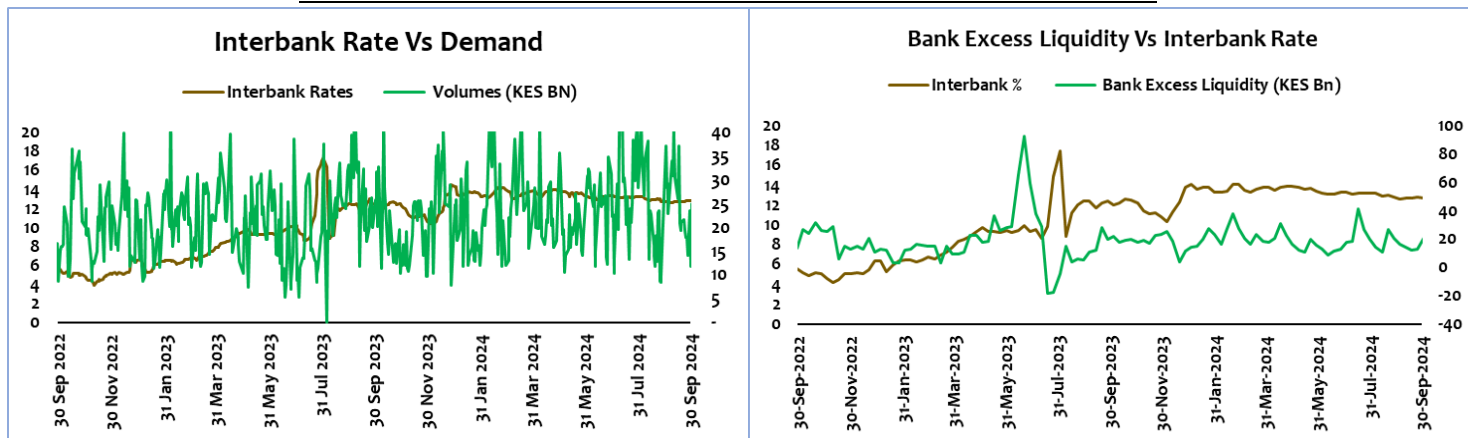
Liquidity demand however, jumped 19.1% quarter on quarter with many investors and corporates preferring short-term borrowing as a measure of avoiding the long-term high cost of borrowing.

Following the heavy liquidity demand, bank excess reserves remained low at KES 12.4Bn, 3.1% Q-Q down and 35.6% year on year down.

In Q4-2024 we expect slight improvements in liquidity following as access to credit improves on the interest rate cuts.

Find below rate movements:

Key Rates	Q3-2023	Q2-2024	Q3-2024
Central Bank Rate	10.50%	13.00%	12.75%
Inter-Bank Rate	12.44%	13.30%	12.80%
Average Monthly Interbank	11.85%	13.49%	12.95%
Cash Reserve Requirement (CRR)	4.25%	4.25%	4.25%
Inflation	6.80%	4.60%	3.60%
91-Day T-Bill	14.787%	15.977%	15.718%
182-Day T-Bill	14.940%	16.764%	16.589%
364-Day T-Bill	15.221%	16.791%	16.800%
Bank Excess Reserves (KES Bn)	19.30	12.80	12.40
Bank Excess Liquidity (Avg)	9.45	16.11	19.19
Liquidity demand (KES Bn)	20.00	34.88	14.10
Average Liquidity demand (KES Bn)	22.75	22.20	26.05
Forex Reserves (USD Mn)	6,939	7,800	8,071
Forex Reserves -Avg (USD Mn)	7,264	7,266	7,558
Months of Import Cover	3.80	4.10	4.30



Treasury Bills

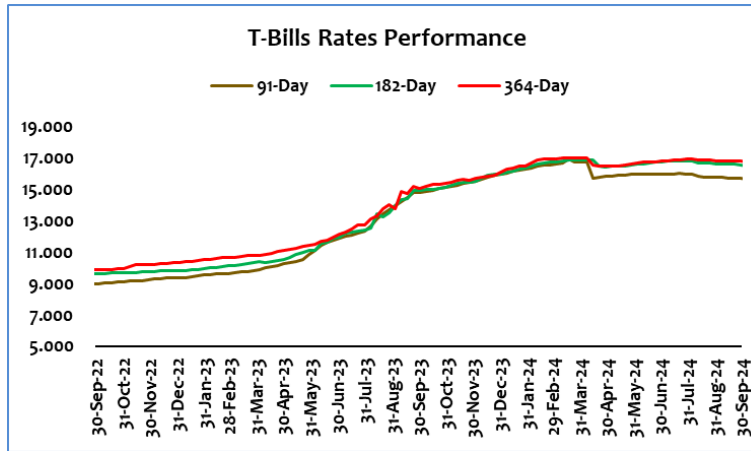
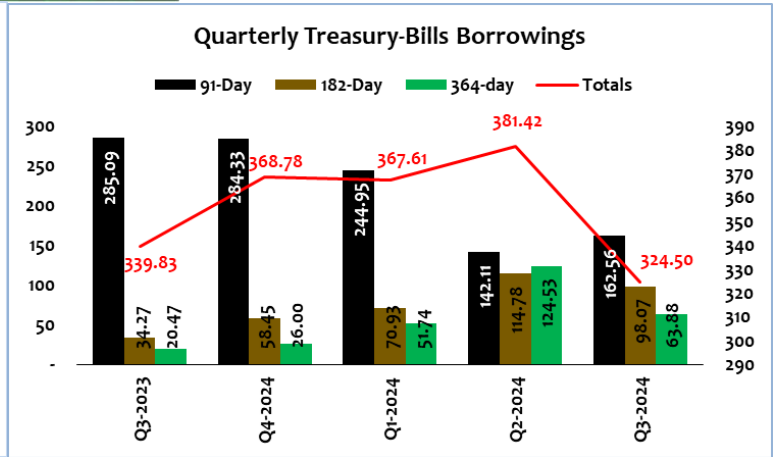
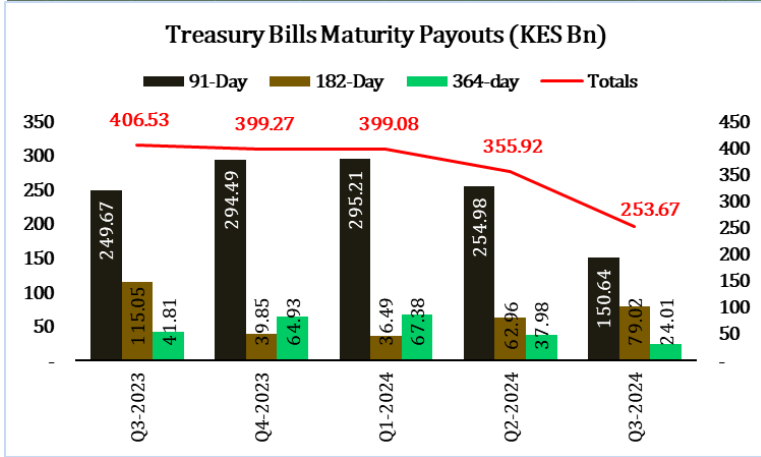
Return on investment across the three papers edged down on impact from the first rate cut especially in the last two months of Q3-2024.

Rate on the 91-day paper lost 25.9bps from 15.9771% to 15.7183% followed by the on the 182-day paper at 17.5bps from 16.7636% to 16.5888% while that on the 364-day paper fell marginally influenced by some paper maturing in less than 2-year period.

Investors focused on treasury bills improved in the quarter with more subscriptions against the demand. The quarter received KES 367.54Bn at 88.3% or KES 324.50Bn acceptance, representing a 96.6% performance against KES 336.00Bn target. This was too high compared to reinvestments of total KES 253.67Bn that matured in the period.

The excess KES 70.83Bn is believed to have been bank deposits in search of better returns from the government securities.

As rate cuts checks in, we anticipate treasury bills to become unattractive and result to shifts to the stock market as its returns flourish.



Month	91Day Maturities	180-Day Maturities	364-Day Maturities	Total
Oct-2024	57.60	32.65	10.75	101.00
Nov-2024	41.49	58.27	12.88	112.64
Dec-2024	66.52	32.76	7.94	107.23
Q4-2024	165.61	123.69	31.57	320.87

Currency

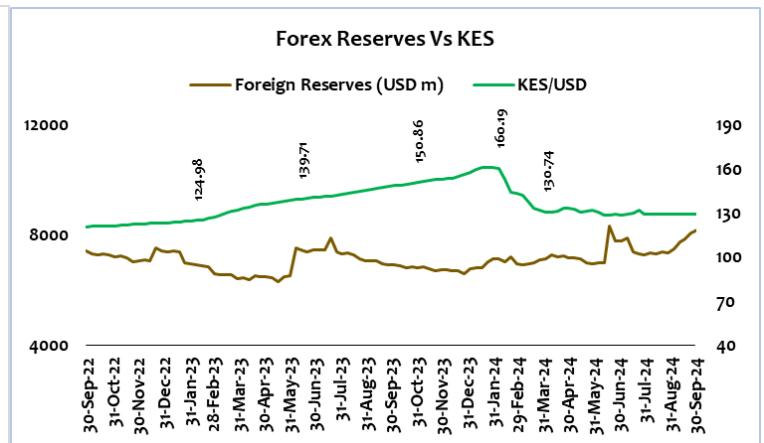
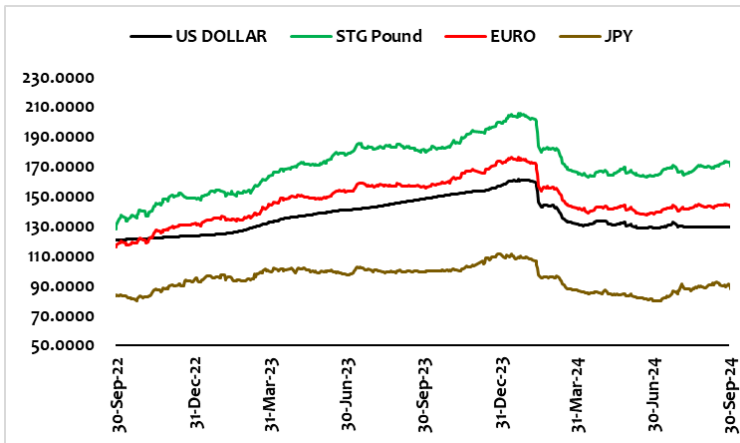
Trading at an average of KES 129.48 per US dollar, the shilling has consistently remained stable and strong since the Eurobond payment that happened in late June 2024. This continue making Kenyan investment more attractive with a predictability of the exchange being more accurate. The exchange rate averaged at KES 130.91 per in Q2-2024 and KES 144.05 in Q3-2023 per US dollar.

Foreign exchange reserves remain sufficient within regulatory requirements. In the quarter, forex reserves averaged USD 7,558Mn, enough for 3.9 months of import cover against a target of 4-months.

By end September forex reserves improved to USD 8,071Mn in the first three weeks of October, the values grew further an average of USD 8,325Mn of 4.3-months of import cover.

As a result of a strong currency and sufficient forex reserves, we anticipate this to boost foreign direct investment in the local market and even make investments to grow.

DATE	30-Sep-23	02-Jan-24	30-Jun-24	30-Sep-24	% D y-y	%D y-t-d	%D q-q
US DOLLAR	148.1	156.99	129.53	129.20	12.8%	17.7%	0.3%
STG Pound	180.5556	199.85	163.90	173.03	4.2%	13.4%	-5.6%
EURO	156.0029	173.65	138.87	144.24	7.5%	16.9%	-3.9%
JPY	99.1664	110.98	80.76	90.97	8.3%	18.0%	-12.6%
US Dollar Index	106.07	102.20	105.87	100.78	5.0%	1.4%	4.8%



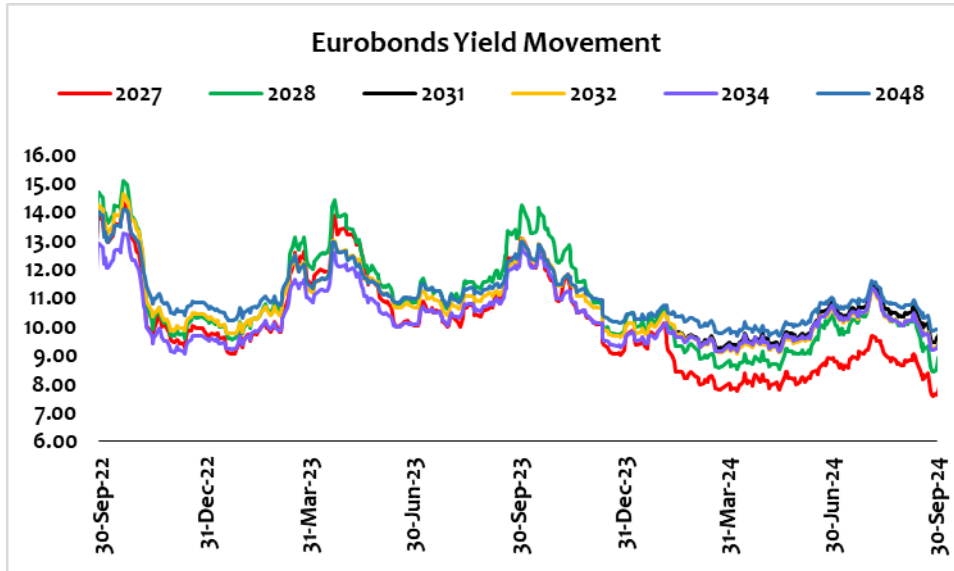
Eurobond

Eurobond yield rates narrowed down in Q3-2024 immediately after the June 2024 Eurobond payment and as economic growth prospects improved.

Yields across all the six issued papers declined led by the Feb-2028 paper which traded at 8.493% by close of the quarter compared to a yield to maturity of 10.155% traded the last trading day of Q2-2024.

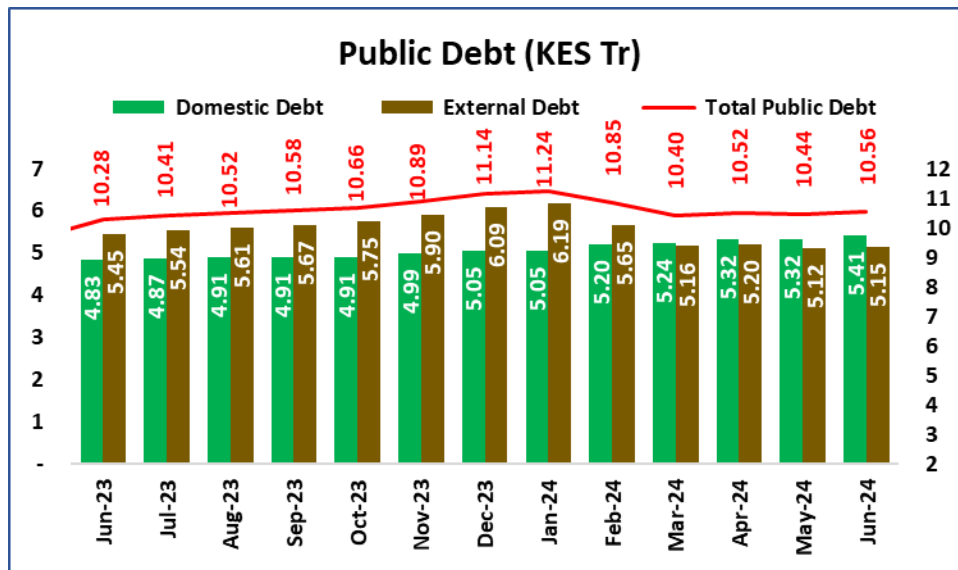
As rate cuts take effect globally, we anticipate investment in government paper to drop drastically in developed countries with many investors expected divert funds to emerging markets including Kenya. We therefore contemplate for return of foreign investors who will raise the demand for Kenya's papers thereby making their valuations expand.

Euro-bond Paper	29-Sep-23	28-Jun-24	30-Sep-24	Δ bps y-t-d	Δ bps w-w
May-2027	12.149	8.938	7.675	447.40	126.30
Feb-2028	13.093	10.155	8.493	460.00	166.20
Feb-2031		10.621	9.461		116.00
May-2032	12.209	10.445	9.292	291.70	115.30
Jan-2034	11.989	10.521	9.230	275.90	129.10
Feb-2048	12.351	10.885	9.899	245.20	98.60



Public Debt

Public debt declined by 5.2% in the first half of 2024, from KES 11,139.7 billion in December 2023 to KES 10,561.0 billion by the end of June 2024. This was largely due to a 15.4% reduction in external debt, which fell from KES 6,089.6 billion to KES 5,150.8 billion, driven by gains from the strengthening of the local currency and the payment of a Eurobond in late June 2024



Research analyst certification:

The research analyst(s) primarily responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all of the views expressed herein accurately reflect their personal views. Each research analyst(s) also certifies that no part of their compensation was, is, or will be, directly or indirectly, related to the view(s) expressed by that research analyst in this research report.

Terms of use – Disclaimer:

This research report has been prepared by Kingdom Securities Limited and is for information purposes only. This research report should not be construed as an offer or solicitation to sell or buy any investment or product. Any opinions expressed herein reflect the analyst's judgment at the date of publication and neither Kingdom Securities Limited, nor any of its affiliates or employees accepts any responsibility in respect of the information or recommendations contained herein. Unless otherwise stated, the opinions contained in this material are as of the date indicated and are subject to change at any time without prior notice. Past performance is not a guarantee or indication of future results.

The information and opinions contained in this Material have been derived from sources believed to be reliable and in good faith or constitute Kingdom Securities' judgement as at the date of this research, but no warranty is made as to their accuracy and any opinions are subject to change and may be superseded without notice. In no circumstances will Kingdom Securities or its employees be liable to you for any errors or omissions in this report or for any losses you may incur in following any recommendations in the report. Kingdom Securities is a Subsidiary of Co-operative Bank of Kenya.

Kingdom Securities Ltd – A subsidiary of Co-operative Bank Limited. Co-operative Bank House- 5th floor, P.O Box 48231 - 00100 Nairobi, Kenya

Office: 0711049540

Email: kingdomresearch@co-opbank.co.ke

Research Department

Shadrack Manyinsa	smanyinsa@co-opbank.co.ke	+254 711 049 956
Dennis Langat	dlangat@co-opbank.co.ke	+254 711 049 592

Equities/Fixed Income Trading

Asena Moffat	amoffat@co-opbank.co.ke	+254 711 049 150
Alfred Too	atoo@co-opbank.co.ke	+254 711 049 240