



# CAPITAL WEEKLY

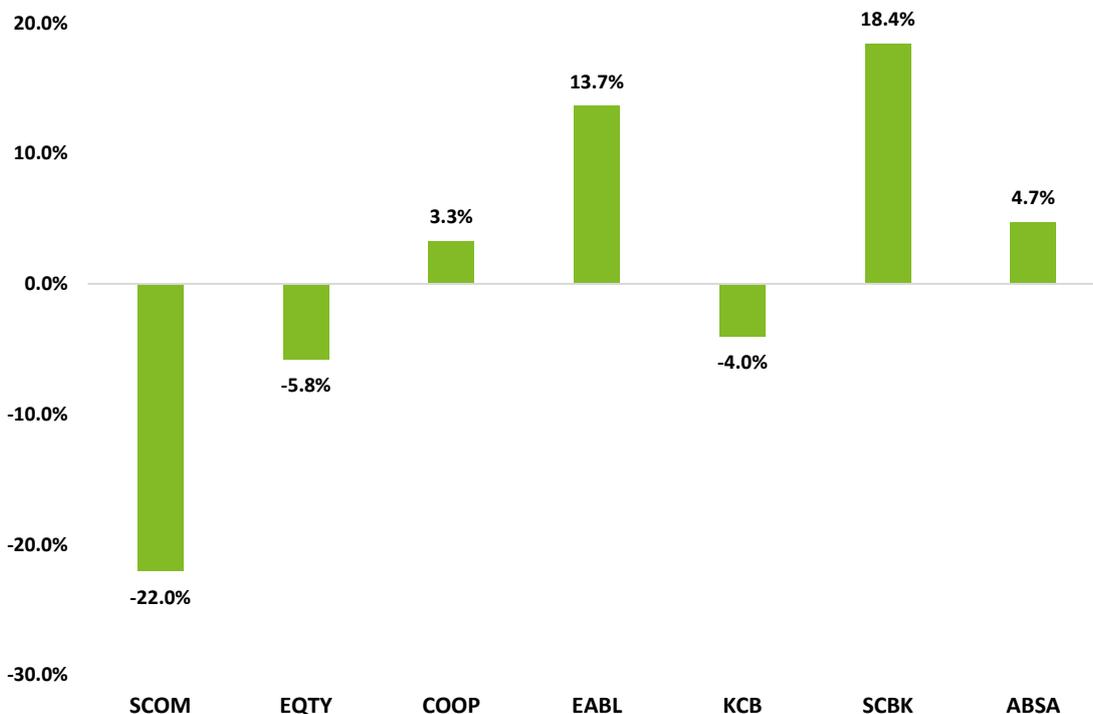
## CAPITAL WEEKLY

### EQUITIES

#### Market Summary

- In the international scene, US stocks fell after a report showed US year-ahead inflation expectations rose for the first time in seven months. The dollar gained and Treasuries fell. The S&P 500 closed near lows of the day, falling more than 2%. The growth-sensitive Nasdaq 100 posted the steepest losses, dropping just over 3% as Treasury yields climbed, with the two-year rate rising back to 4.5%. Both indexes posted their first weekly declines this month.
- At the local bourse, market activity declined during the week with a 45.6% decrease in shares traded. The NSE 20 was up 1.4% w/w while the NASI rose 2.8% w/w. Equities turnover fell 57.2% w/w to KES 1.1Bn, with SCOM, EQTY, EABL and KCB being the four top traded counters. Foreigners turned net buyers during the week, with net inflows worth KES 169.1Mn, responsible for 55.6% of market activity. Going into the week, we expect to see foreigners remain net buyers with sustained demand in Safaricom.

YTD performance relative to NSE 20  
'how are the key counters performing compared to the market'



Source: NSE, KCB Capital

## CAPITAL WEEKLY

### SSA Markets

YTD, Nigeria and Rwanda are the top market gainers under our SSA universe coverage, up 11.4% and 1.5% respectively, while Egypt and Uganda are the major losers, shedding 17.5% and 15.0% respectively.

On a week-on-week basis, BVRM and Uganda were the top losers while Kenya was the top gainer.

SSA Markets Performance			
Country	Index Code	W/W	YTD
Kenya	KNSMIDX	1.4%	-10.6%
Nigeria	NGSEINDX	0.5%	11.4%
Ghana	GGSECI	0.0%	-11.8%
Uganda	UGSINDX	-1.1%	-15.0%
Tanzania	DARSDSEI	-0.7%	-3.3%
Rwanda	RSEASI	0.0%	1.5%
Egypt	EGX30	-0.9%	-17.5%
Mauritius	SEMDEX	-1.5%	-1.2%
BRVM	ICXCOMP	-2.4%	-1.7%

Source: Bloomberg, KCB Capital (Figures at 12pm GMT)

### CORPORATE ACTIONS

Corporate Actions					
Dividend/Bonus					
Company	NSE Ticker	Interim	Final	Book Closure	Payment/Crediting Date
B.O.C Kenya	BOC	KES 1.60		30-Sep-22	22-Oct-22
NCBA Group	NCBA	KES 2.00		15-Sep-22	30-Oct-22
East African Breweries	EABL		KES 7.25	15-Sep-22	30-Oct-22
Centum Investment	CTUM		KES 0.587	30-Sep-22	30-Nov-22

Source: NSE, KCB Capital

### Stock Picks

We recently released a list of counters that stand out as top recommendations this month. To read the full report [click here](#)

## CAPITAL WEEKLY

# MACRO ECONOMIC

## Key Highlights

### Currency

The Kenya Shilling remained stable against major international and regional currencies during the week ending October 13. It exchanged at KES 120.94 per US dollar on October 13, compared to KES 120.82 per US dollar on October 6. The forex reserves currently stand at USD 7.29Mn (4.11 months of import cover), compared to USD 7.32Mn (4.13 months of import cover) the previous week.

Currency Performance		
Notation Pair	W/W	YTD
USDKES	-0.2%	-7.0%
USDGBP	0.0%	-21.1%
USDCNY	-1.1%	-13.2%
USDZAR	-1.5%	-15.2%
USDNGN	-0.7%	-3.7%
USDGHS	-5.7%	-78.5%
USDUGX	0.6%	-7.6%
USDZS	-0.1%	-1.2%
USDZWF	-0.4%	-2.6%

Source: CBK, KCB Capital

### GDP Growth

The economy recorded strong performance in the second quarter of 2022 supported by the non-agriculture sectors. It grew by 5.2%, supported by strong activity in financial and insurance, transportation and storage, wholesale and retail trade, real estate, and construction sectors. However, performance of the agriculture sector remained subdued due to unfavorable weather conditions.

### Remittances

Remittance inflows totaled USD 318.0Mn in September 2022 compared to USD 309.8Mn in September 2021, an increase of 2.6%. The cumulative inflows for the 12 months to September 2022 totaled USD 4,001 million compared to USD 3,530 million in the same period in 2021, an increase of 13.3%. The strong remittance inflows continue to support the current account and the foreign exchange market. The US remains the largest source of remittances into Kenya, accounting for 59% in September 2022.

### Money Market

Liquidity in the money market decreased during the week ending October 13, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KES 23.6Bn in relation to the 4.25 percent cash reserves requirement (CRR). Open market operations remained active. During the week, the average number of interbank deals increased to 30 from 25 in the previous week, while the average value traded increased to KES 16.1Bn from KES 14.4Bn in the previous week.

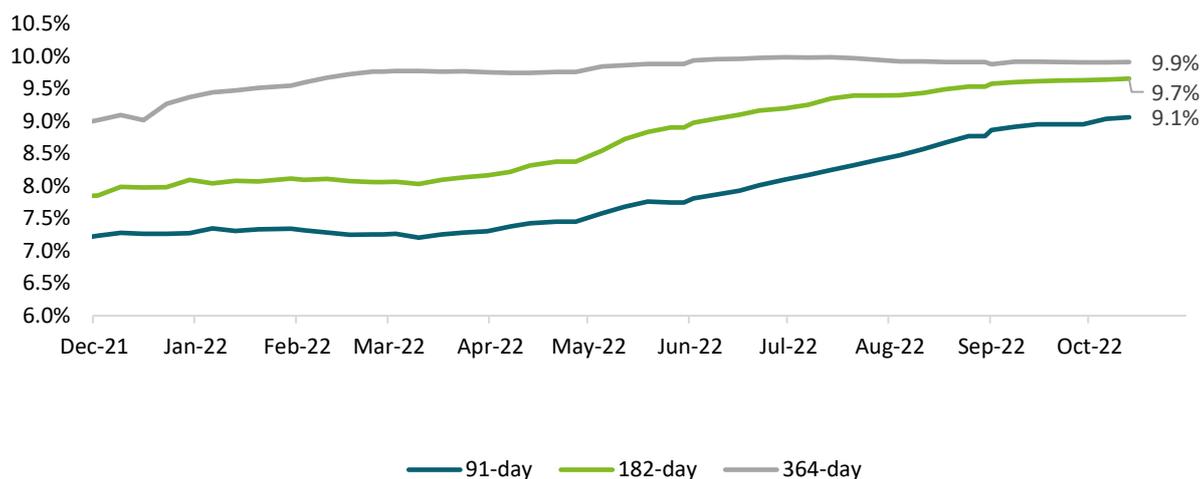
## CAPITAL WEEKLY

### FIXED INCOME

#### Key Highlights

- The Treasury bill auction of October 13, received bids totaling KES 28.0Bn, representing a performance of 116.7%. Interest rates remained stable, only increasing marginally.

#### T-Bill Rates



Source: CBK, KCB Capital

#### Interest Rates

Key rates	This Week	Last Week
91-day T-Bill	9.06%	9.04%
182-day T-Bill	9.66%	9.64%
364-day T-Bill	9.91%	9.91%
2-Year	11.62%	11.62%
5-Year	13.28%	13.16%
10-Year	13.82%	13.86%
15-Year	13.88%	13.91%
Average Interbank Rate	4.89%	5.11%

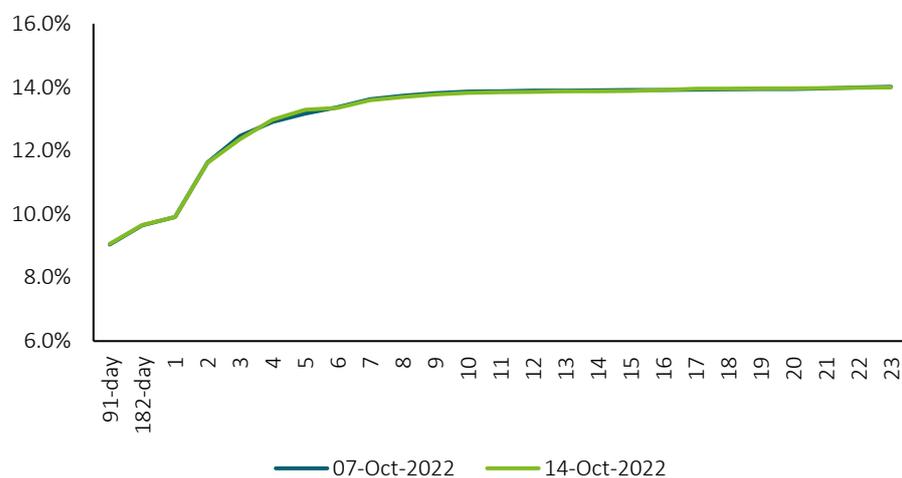
Source: CBK, KCB Capital

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### FIXED INCOME

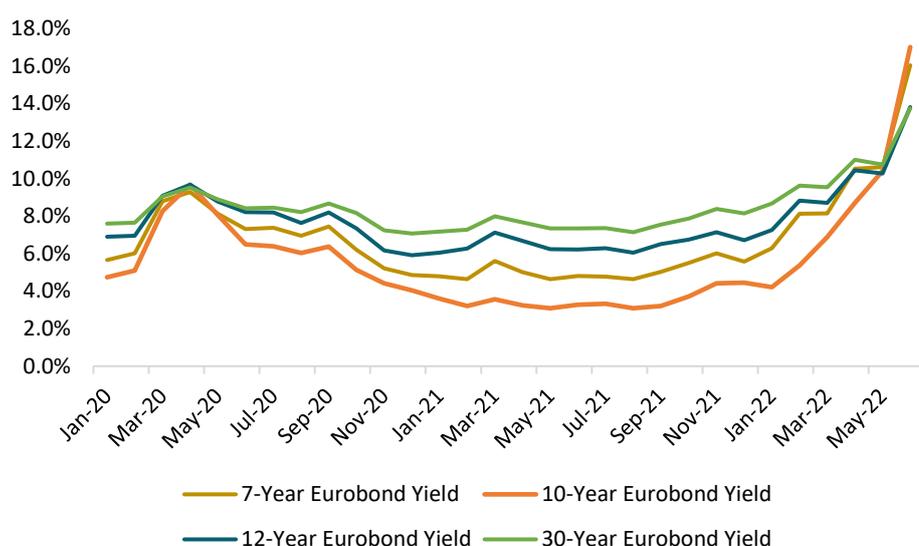
#### Key Highlights

Yield Curve



Source: CBK, KCB Capital

- Bond turnover in the domestic secondary market increased by 2.6% during the week ending October 13. In the international market, yields on Kenya's Eurobonds increased by an average of 35.6 basis points. The yields on the 10-Year Eurobonds for Angola and Ghana also increased.



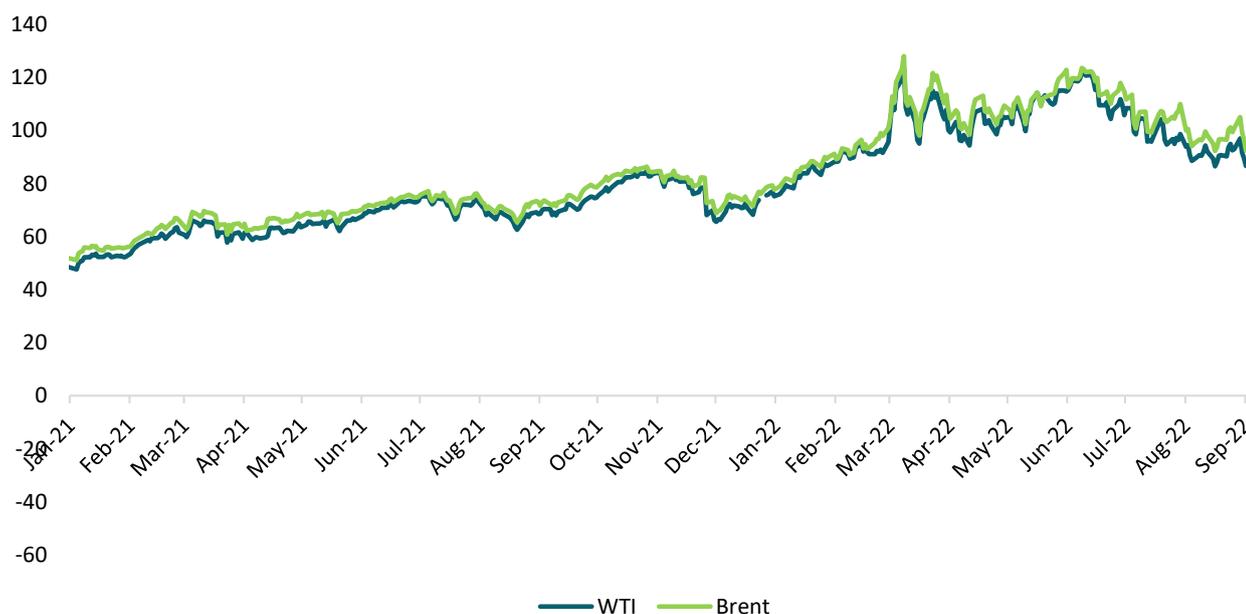
Source: CBK, KCB Capital

## GLOBAL MARKETS

### Key Highlights

- The IMF's World Economic Outlook (WEO) for October 2022, projects the global growth to slow down from an estimated 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. The slowdown reflects significant weakness in the economic activities in the US, Euro Area, and China. The US inflation remained little changed at 8.2% in September compared to 8.3% in August. The index of the US dollar against a basket of major currencies strengthened by 0.09% during the week ending October 13.
- International oil prices decreased during the week ending October 13, on account of weakening global oil demand and US oil inventory build-up. Murban oil price decreased to USD 93.96 per barrel on October 13 from USD 95.21 per barrel on October 6.

Oil Prices



Source: Bloomberg, KCB Capital (Figures at 12pm GMT)

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