



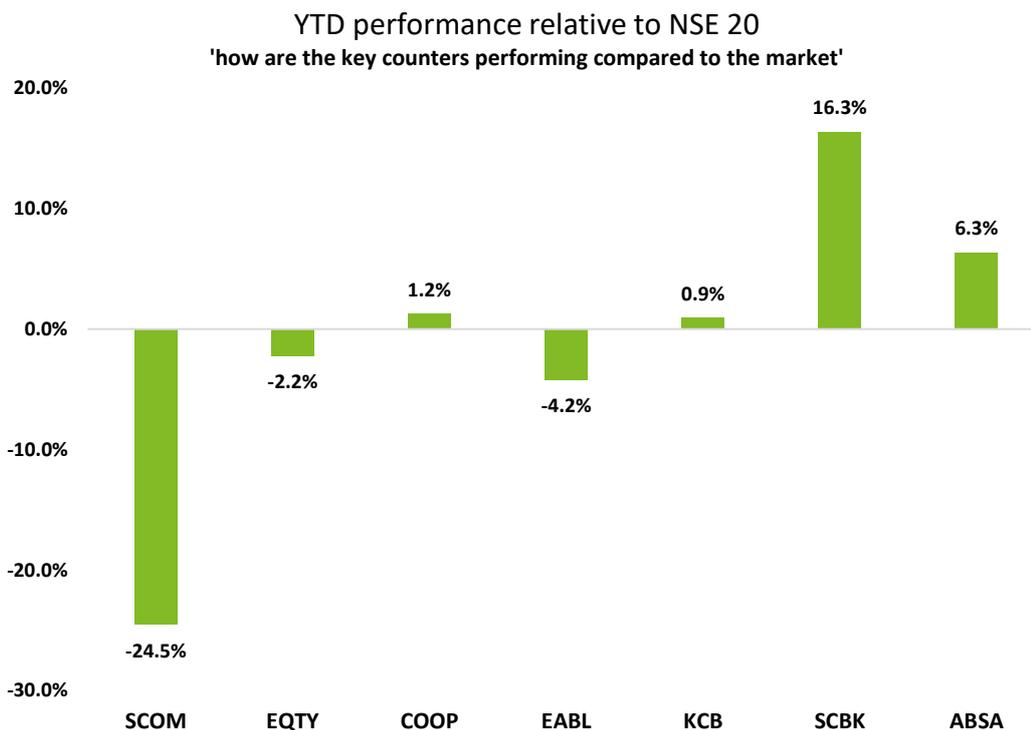
CAPITAL WEEKLY

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EQUITIES

Market Summary

- In the international scene, markets sank on Friday to close a historically bad month and quarter, with the Dow Jones Industrial Average (DJIA) closing 22% below its January 5 peak, on increased anxiety by investors over tighter monetary policy. The Index closed the week down 2.7% w/w and the month down 9.2% m/m to close at 28725.51 points setting the stage for the Dow's worst year-to-date performance since 2008. The S&P 500 and the tech-heavy Nasdaq closed out similarly brutal months, each dropping 1.5% Friday to close at 3,585.62 and 10,575.62 points respectively, bringing both to a 10% loss on the month marking the worst respective Septembers since 2008 and the first time the S&P declined for three straight quarters since 2009.
- At the local bourse, market activity declined during the week with a 34.0% decrease in shares traded. The NSE 20 was down 1.6% w/w while the NASI fell 4.8% w/w. The large cap counters KCB Group and EABL were up 5.9% and 0.5% w/w respectively while Equity Group and Safaricom were down 1.4% w/w and 8.9% w/w respectively. Equities turnover fell 29.0% w/w to KES 1.7Bn, with KCB, SCOM, EQTY and NCBA being the four top traded counters. Foreigners remained net sellers during the week, with net outflows worth KES 589.5Mn, responsible for 30.5% of market activity. Going into the week, we may see prices remain subdued as investors remain jittery on the possibility of continuous rate hikes to suppress sustaining inflationary pressure with foreign activity at the bourse remaining low.



Source: NSE, KCB Capital

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SSA Markets

YTD, Nigeria and BVRM are the top market gainers under our SSA universe coverage, up 14.8% and 1.5% respectively, while Egypt and Ghana are the major losers, shedding 17.8% and 11.8% respectively.

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

SSA Markets Performance			
Country	Index Code	W/W	YTD
Kenya	KNSMIDX	-1.6%	-9.7%
Nigeria	NGSEINDX	0.0%	14.8%
Ghana	GGSECI	-1.1%	-11.8%
Uganda	UGSINDX	1.5%	-11.1%
Tanzania	DARSDSEI	0.1%	-1.5%
Rwanda	RSEASI	-0.2%	1.4%
Egypt	EGX30	-1.1%	-17.8%
Mauritius	SEMDEX	1.8%	0.4%
BRVM	ICXCOMP	-0.7%	1.5%

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

CORPORATE ACTIONS

Company	NSE Ticker	Dividend/Bonus		Book Closure	Payment/Crediting Date
		Interim	Final		
Jubilee Holdings	JUB	KES 1.00		9-Sep-22	11-Oct-22
B.O.C Kenya	BOC	KES 1.60		30-Sep-22	22-Oct-22
ABSA Group	ABSA	KES 0.20		21-Sep-22	12-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	Subject to approval

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](#)

MACRO ECONOMIC

Key Highlights

Currency

The Kenya Shilling remained stable against major international and regional currencies during the week ending September 30. It exchanged at KES 120.70 per US dollar on September 29, compared to KES 120.54 per US dollar on September 22. The forex reserves currently stand at USD 7.42Mn (4.19 months of import cover), compared to USD 7.45Mn (4.24 months of import cover) the previous week.

Currency Performance		
Notation Pair	W/W	YTD
USDKES	-0.1%	-6.7%
USDGBP	2.8%	-21.1%
USDCNY	0.2%	-12.0%
USDZAR	-0.8%	-13.5%
USDNGN	-0.5%	-3.0%
USDGHS	-1.7%	-68.8%
USDUGX	-0.8%	-8.3%
USDZS	0.1%	-1.1%
USDZWF	-0.1%	-2.1%

Source: CBK, KCB Capital

Monetary Policy Committee Meeting

The Monetary Policy Committee (MPC) meeting of September 29 noted the sustained inflationary pressures, the elevated global risks and their potential impact on the domestic economy and concluded that there was scope for tightening monetary policy to further anchor inflation expectations. In view of these developments, the MPC decided to raise the Central Bank Rate (CBR), from 7.50% to 8.25%.

Inflation

Overall inflation increased in September to 9.2% from 8.5% in August, on account of higher food and energy prices. Food inflation increased to 15.5% from 15.3% in August. Fuel inflation increased to 11.7% from 8.6% due to increase in fuel and electricity prices. Non-Food Non-Fuel (NFNF) inflation increased modestly to 3.4% in September from 3.2% in August.

Current Account

Provisional data on balance of payments shows that the current account deficit was estimated at 5.2% of GDP in the 12 months to August 2022, a similar position recorded in August 2021. The stable deficit is supported by receipts from service exports and resilient remittances.

Money Market

Liquidity in the money market increased during the week ending September 29, as government payments more than offset tax remittances. Commercial banks' excess reserves stood at KES 13.4Bn 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 declined to 24 from 36 in the previous week, while the average value traded declined to KES 10.9Bn from KES 30.7Bn in the previous week.

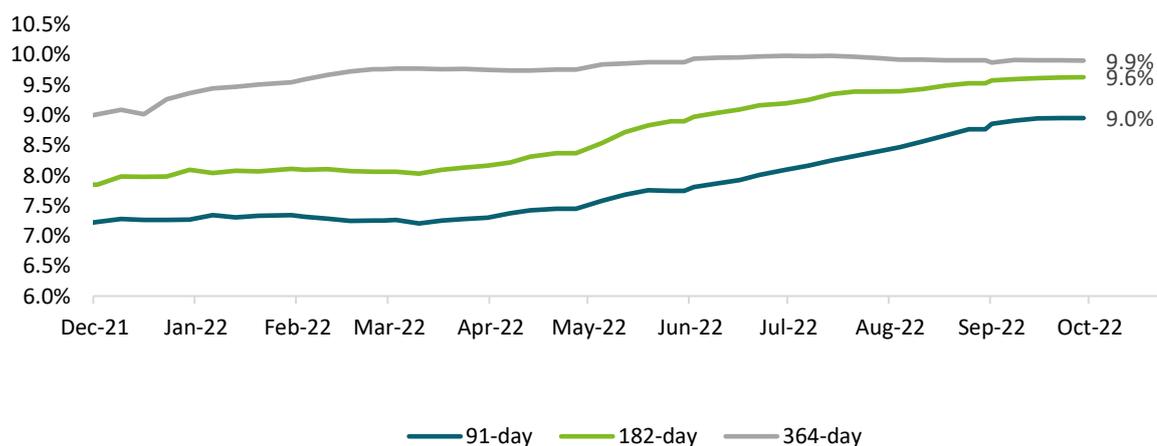
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FIXED INCOME

Key Highlights

- The Treasury bill auction of September 16, received bids totalling KES 9.3Bn, representing a performance of 38.8%. Interest rates remained stable, with 91-day and 182-day Treasury bill rates increasing while the 364-day Treasury bill rate declined marginally.

T-Bill Rates



Source: CBK, KCB Capital

Interest Rates

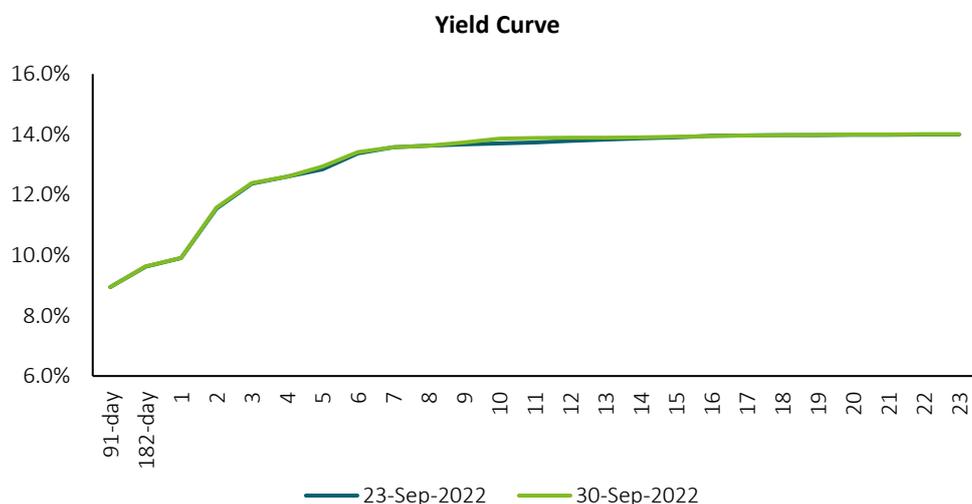
Key rates	This Week	Last Week
91-day T-Bill	8.95%	8.95%
182-day T-Bill	9.63%	9.63%
364-day T-Bill	9.91%	9.91%
2-Year	11.58%	11.54%
5-Year	12.94%	12.84%
10-Year	13.86%	13.70%
15-Year	13.92%	13.91%
Average Interbank Rate	5.50%	5.00%

Source: CBK, KCB Capital

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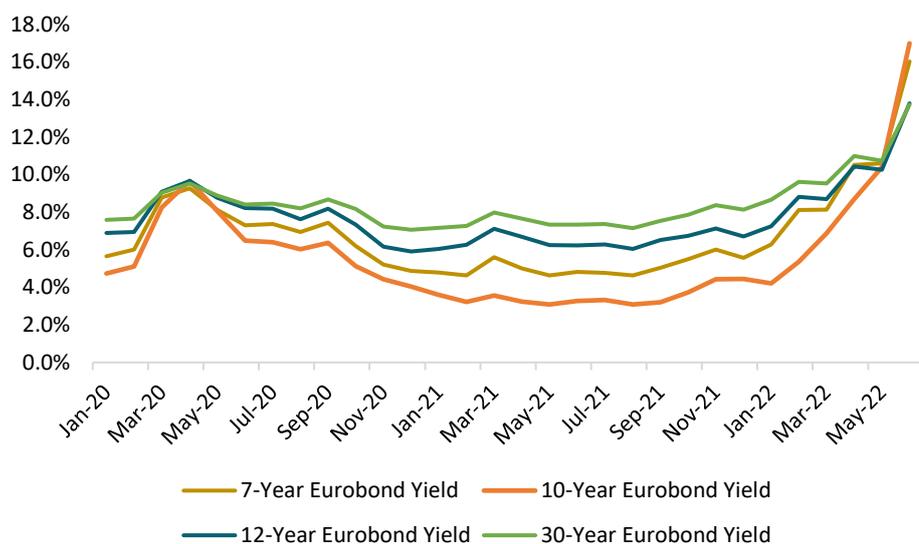
FIXED INCOME

Key Highlights



Source: CBK, KCB Capital

- Bond turnover in the domestic secondary market increased by 12.33% during the week ending September 29. In the international market, yields on Kenya's Eurobonds rose by an average of 248.9 basis points, with 2024 maturity rising by 430.6 basis points. The yield on the 10-Year Eurobond for Angola and Ghana also rose.



Source: CBK, KCB Capital

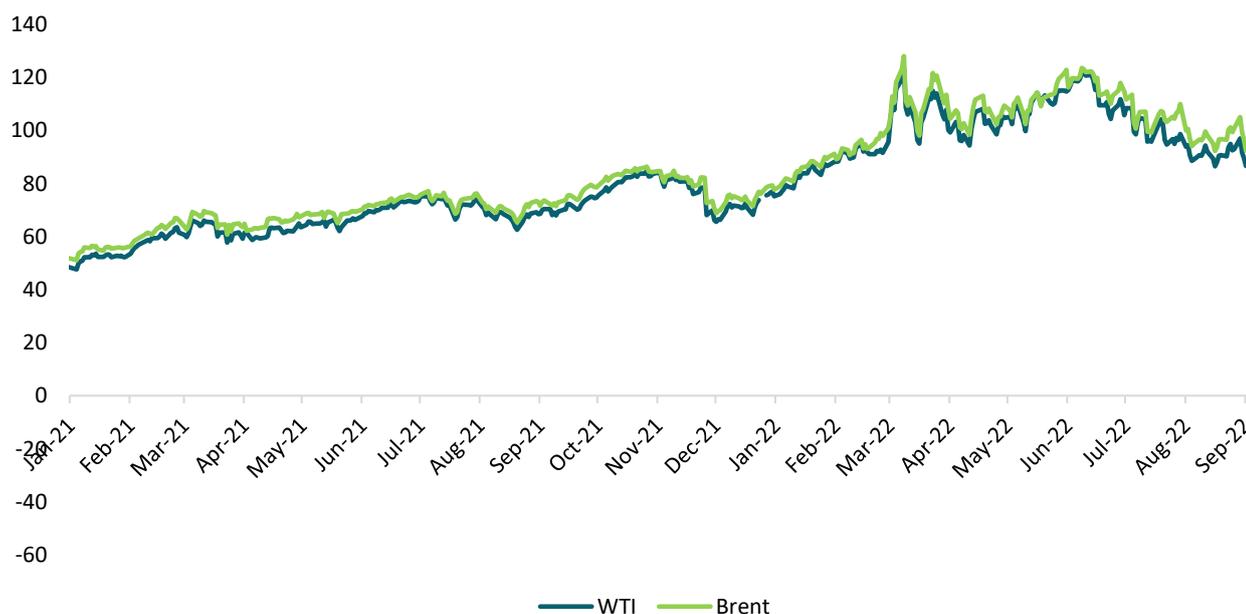
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GLOBAL MARKETS

Key Highlights

- Concerns about inflation persisted during the week. Inflation in Germany increased to a record high of 10.9% in September from 7.9% in August, driven by high energy and food prices. Volatility in the global equity markets persisted, reflecting deteriorating risk sentiment and lingering global recession concerns. Business activity in China worsened with manufacturing PMI declining in September to 48.1 from 49.5 in August. The index of the US dollar against a basket of major currencies strengthened by 0.8% during the week.
- International oil prices declined during the week ending September 29, on account of a drawdown of US crude oil inventories. Murban oil price decreased to USD 88.54 per barrel on September 29 from USD 92.48 per barrel on September 22.

Oil Prices



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

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