

# Orient Asset Managers Limited

## Monthly Macroeconomic Summary – May -2024



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## 1. Global Economic Growth

The global economy has remained vibrant with the UK economy growing by 0.6% Q-Q in Q1-2024 compared to a contraction of 0.3% in Q4-2023. USA Q1-2024 economic growth was 1.3% attributable to surge in imports and expanded business inventory. Global economic performance was attributed to increase manufacturing output as most purchasing Managers Index (PMI) edging above the 50.0 levels and an improved consumer purchasing power on lower inflation. The positive growth in Q1 is expected to trickle into Q2 as most economies retained a growth on M-M as reported in April.

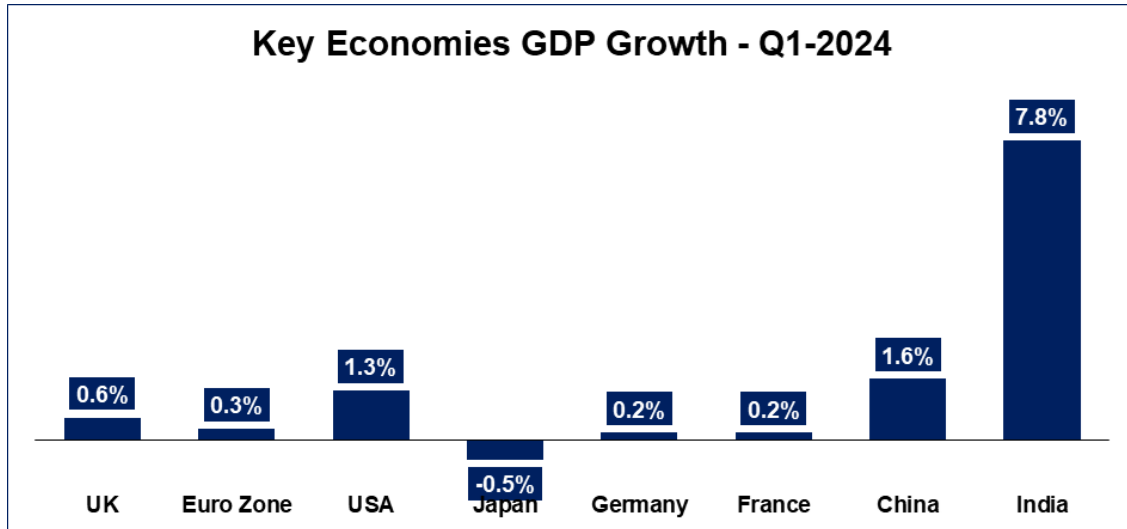


Figure 1: GDP Growth Q1-2024

Source: OAML, Various

**Key Central Bank Rates** - The European Central Bank cut the key rate to 4.25% from 4.5%. On the other hand, India held its key rate at 6.5% with a view of containing inflation while supporting growth. The Euro Area rate cut was ahead of US inflation data and Fed rate decision scheduled for June 13<sup>th</sup>, 2024. USA May 2024 inflation was flat at 3.3% with core CPI up 0.2% to 3.4%. Fed is expected to retain the rate at 5.25% - 5.50% as core inflation remains elevated. Inflation remained above government targets for all major economies complication the timing of rate cuts with analyst anticipating at least two rate cuts by the end of the year.

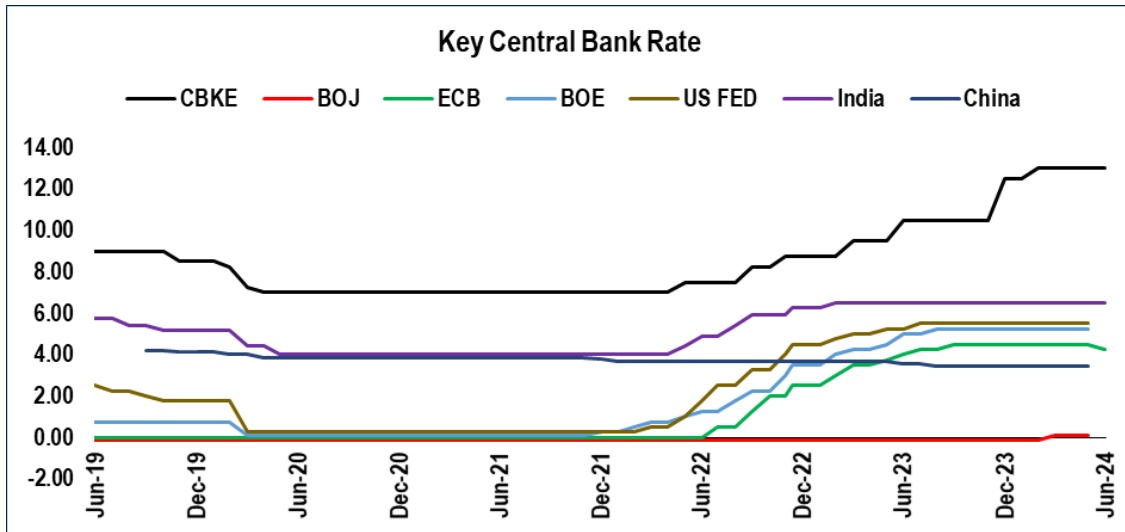


Figure 2: Key Central Bank Rates

Source: OAML, Various

**Global Inflation** - Inflation continued to ease in April with all major economies, apart from China saw a downward movement. Of key, core inflation edged downward during the period. Inflation forecast expect majority of the key economies to remain above government target on higher food and energy prices. This will have a factor on Central Bank review timetable as the market awaits initiation of rate cuts in key economies.

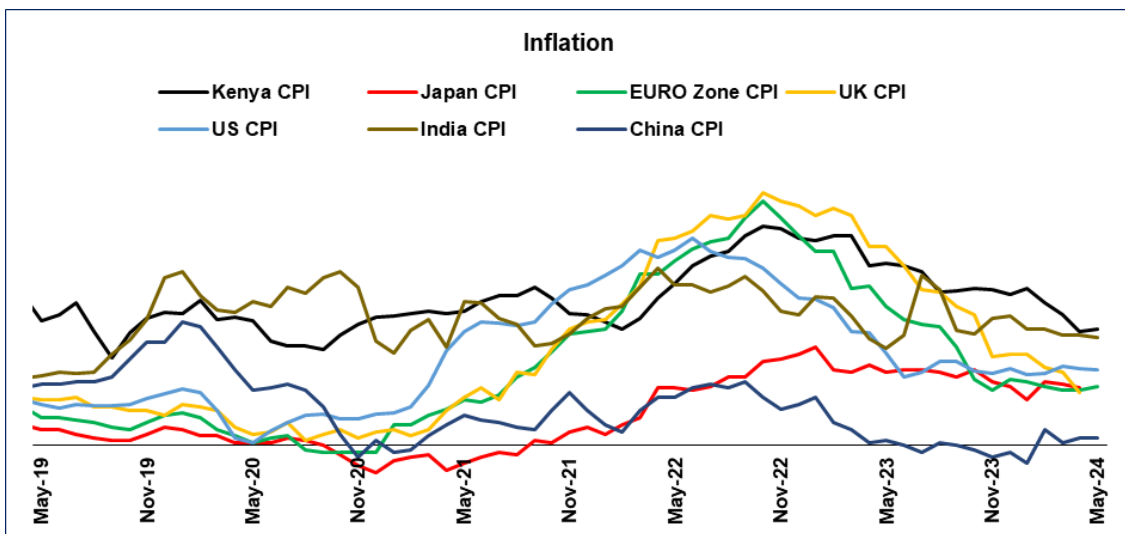


Figure 3: Key Economies Inflation Rates

Source: OAML, Various

Elections in India saw Prime Minister Narendra Modi retain the seat for the third time albeit losing 63 legislation on seats while the main rival party legislation representatives increased by 40 seats. Analyst do not anticipate much policy change in fifth largest economy post-election.

In the region, South Africa's African National Congress (ANC) managed 40% losing majority in parliament for the first time since coming to power in 1994. The fail to meet the 50.0% requirement will force ANC to form a coalition. In our view, to find a common ground we expect Inkatha

Freedom (IFC) party to form a coalition with ANC. The country's economy remains constrained due to subdued export prices, low demand, weaker rand and supply side constrain coupled with high sovereign credit risk limiting borrowing costs

Counting of the European Union elections continues after closing on June 9th. The European People's Party (EPP) is expected to retain majority of the seats. The elections are seen as a key factor that will affect business in the Euro area. This will be followed by First Round France Legislative election on June 30 before the UK House of Commons elections on July 4<sup>th</sup>.

## 2. Kenya GDP Growth – 2023

The Kenyan economy expanded by 5.6% in 2023 driven by agricultural sector which grew by 6.5% with a 17% into the overall economy. Real Estate Sector, Finance and Insurance Sectors and Wholesale and Retail sectors grew by 7.3%, 10.1% and 2.7% respectively to contribute 10.3%, 9.5% and 8.0% to the overall economy. Favorable weather aided increase in export while there was an increase in domestic milk production. Treasury projects the economy to grow by 5.7% in 2024 while IMF was conservative with its April forecast with an expectation of 5.0% growth.

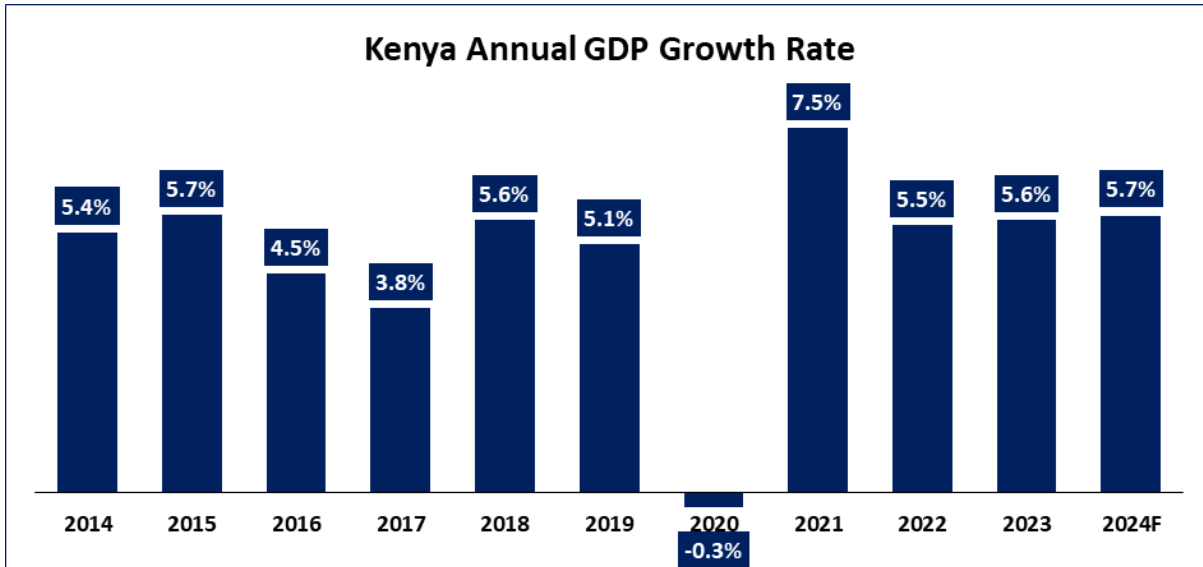


Figure 4: Kenya Annual GDP

Source: OAML, KNBS

On overall, agriculture grew by 6.5%, Industry sector grew by 1.9% while the service sector expanded by 7.0%.

### 2.1. Overall Sector Performance

Kenya GDP Growth – FY 2023		
Sector	Contribution	Growth
Agriculture	17.1%	6.5%
Industry	17.3%	1.9%
Service Sector	57.2%	7.0%

Table 1: Kenya Annual GDP- Key Sector Performance

Source: OAML, KNBS

## 2.2. Key Sector Performance

Kenya GDP Growth – FY 2023		
Sector	Contribution	Growth
Agriculture	17.1%	6.5%
Manufacturing	8.2%	2.0%
Wholesale & Retail Trade	8.0%	2.7%
Finance & Insurance	9.5%	10.1%
Real Estate	10.3%	7.3%

Table 2: Kenya Annual GDP- Main Sector Performance

Source: OAML, KNBS

**Our View:** We anticipate positive agricultural performance as the Kenya Metrological Department retained the likelihood of above-average rainfall in June, July, and August for the Highlands West of the Rift Valley, Lake Victoria Basin Region, the Rift Valley, parts of the Highlands East of the Rift Valley, and the Northwestern Region.

Headwinds on economic growth is expected from fiscal proposals to be initiated by the Finance Bill 2024 sector with manufacturers anticipating tax increase with will be passed down to the final consumer. Global conflict remains a key risk element despite stability in the Middle East with the ongoing Israel Palestine conflict.

## 3. Central Bank of Kenya – Central Bank Rate

The CBK Monetary Policy Committee retained the Central Bank Rate (CBR) at 13.0% stating May inflation position on mid-range of government target of 5.1% and a stable shilling. The rate was supported further by the declining global inflation with stickiness in developed inflation on low cost of raw material.

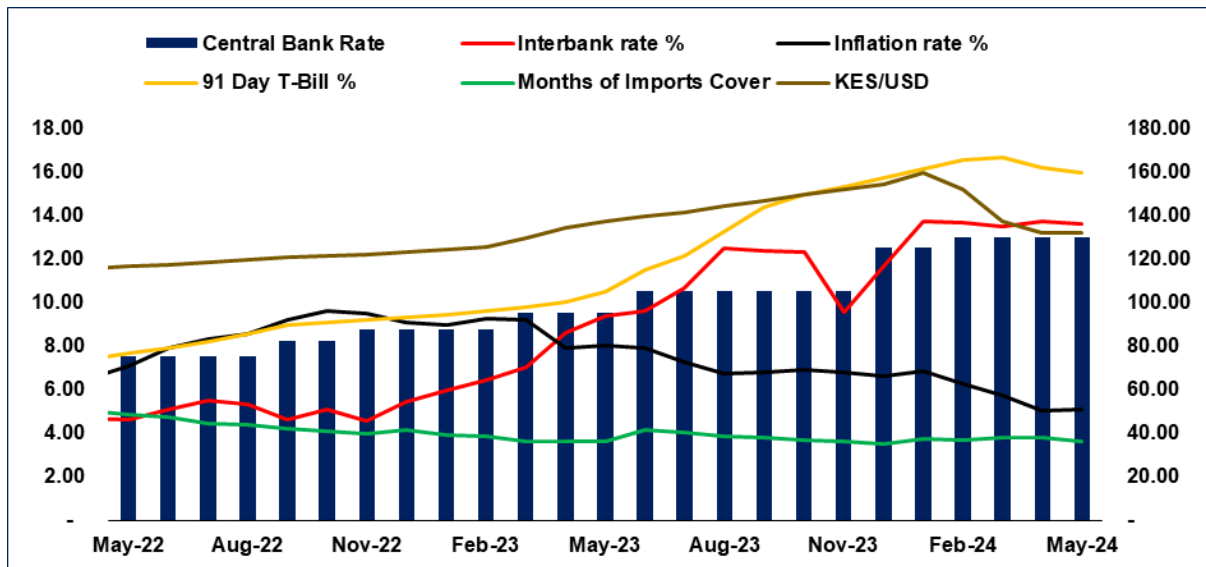


Figure 5: CBK Key Rates

Source: OAML, CBK, KNBS



**Banking Sector** - The banking sector continues to raise concerns about the direction of economic performance, with the Central Bank of Kenya reporting that private sector credit growth slowed to 6.6% in April 2024, compared to 7.9% in March. The growth rate failed to meet expectations, falling from 12.6% in April 2023. Gross non-performing loans (NPLs) increased to 16.1% in April, compared to 15.5% in February 2024 and 14.6% in April 2023.

Reviewing banking industry, tier one banks, which control over 70% of the industry balance sheet saw a thinning on balance sheet items with holding in government securities shrinking by 4.4% Q-Q, net loan book was down 4.2% Q-Q and customer deposit were 4.5% Q-Q lower between Q4-2023 and Q1-2024. The quarter saw NPLs for tier 1 banks up to 14.2% from 13.9% in Q4-2023 and 12.8% in Q1-2023.

**Purchasing Manager’s Index** - Stanbic PMI improved to 16-month high of 51.8 in May 2024 from 50.1 in April and better compared to 49.4 in May 2023. The performance was supported by low inflation levels after a drop in input costs after rising in late 2023. A strong shilling against the dollar and lower fuel cost were key in the improvement of production with companies increasing their production and new order inflow with declining inflation improving consumer spending.

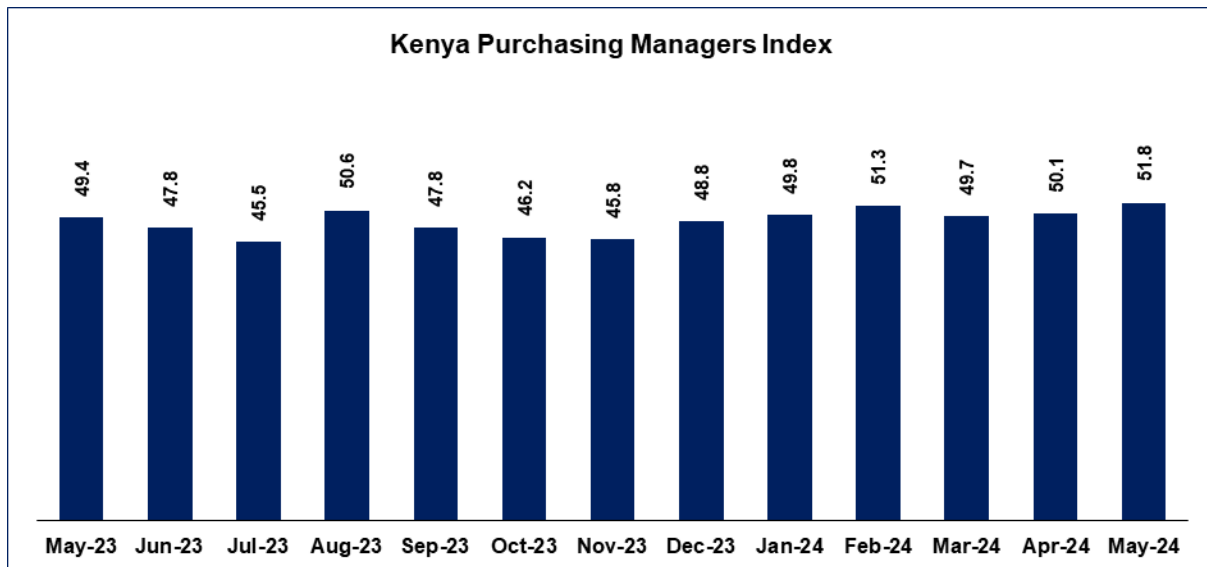


Figure 6: PMI Index

Source: OAML, Stanbic

**Current Account Deficit** - Current account deficit closed at 4.1% in April 2024, compared to 4.8% in April 2023 on a jump in export of tea, vegetables and fruits pushing exports up by 2.9% y-y while imports were down 7.7%. CBK data indicates an aggressive exports in the first four months, up 15.2% compared to same period in 2023 while imports grew by 2.2% over the same period in 2024 vs 2023.

Increase in number of summits and seminars saw a 27.2% jump in tourist arrivals as end of March 2024. The change in weather will boost tourism performance as northern hemisphere countries start experiencing summer and the onset of the famous Maasai Mara Wild Beast Migration in Kenya.

The retention of the CBR coupled with the high government appetite for short term funds, we expect the short term rates to remain elevated and interbank to remain around 13.5%. CBK will continue to follow international market for cues for the August MPC meeting.

#### 4. Interbank Rate

Improved liquidity environment saw the interbank rate close the month at 13.3289%, 55.8bps lower to 13.8867% in April 2024. The rate was fairly stable averaging 13.61% against an average of 13.71% with monthly average demand declining by 10.6 to KES 19.98Bn from 22.35Bn in April.

Commercial bank excess liquidity declined by 30.5% to KES 15.70, from KES 22.60. The liquidity support was boosted by net positive government receipts compared to payments.

Interbank Rate – Monthly			
Period/Narration	Apr-24	May-24	%M-M
Closed Week at	13.89%	13.33%	<b>-55.8</b>
Average Rate	13.71%	13.61%	<b>-10.4</b>
Closing Demand (KES Bn)	24.16	21.80	<b>-9.7%</b>
Average Demand (KES Bn)	22.35	19.98	<b>-10.6%</b>
Bank Excess Liquidity (KES Bn)	22.60	15.70	<b>-30.5%</b>

Table 3: Interbank and Commercial Banks Excess Liquidity

Source: OAML, CBK

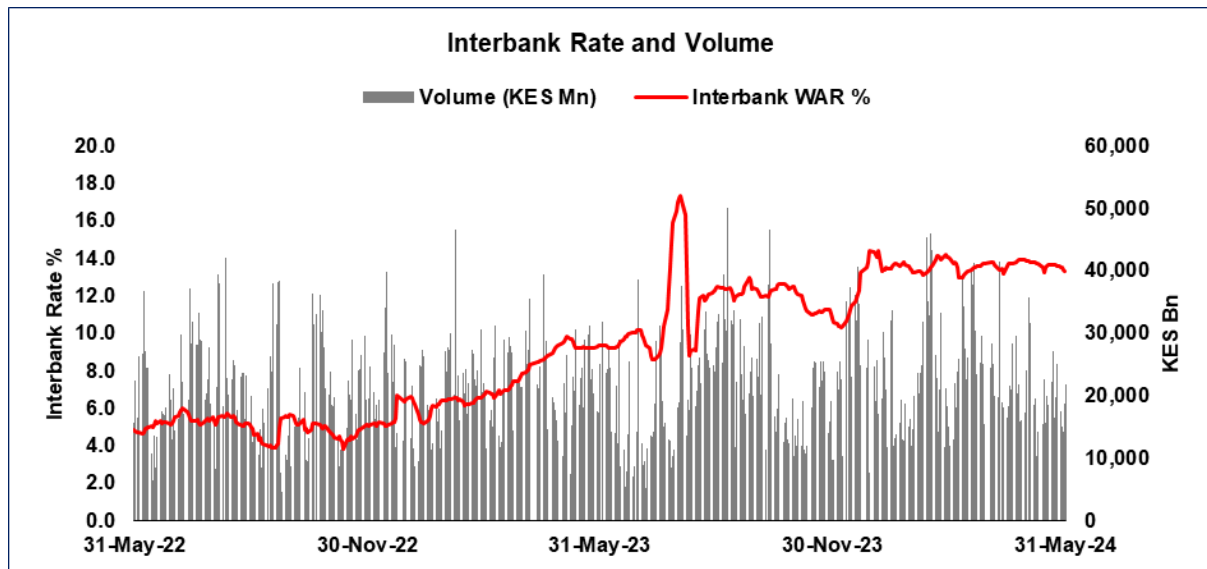


Figure 7: Interbank Rate and Demand

Source: OAML, CBK

**Our View:** The interbank rate will continue to remain stable on a range of 13.50% - 13.70% taking its cue from the Central Bank Rate at 13.0% will continue. The market environment will witness tight liquidity as government payment expected to over shoot receipts.

## 5. Inflation Rate

The May inflation rate marginally increased by 10bps to 5.1% from 5.0% seen in April. Core inflation was at 3.4% y-y, down from 3.6% in April. Headline inflation rate was cushioned by a decline in petroleum pump and slowdown in manufactured food product prices. The marginal uptick was attributed due to rise in cost of fresh farm products on disruptions caused by the heavy rains and floods that hit the country in April and beginning of May. Vegetable contribution to food inflation edged up to 5.1% in May from 3.2% in April while non-vegetable contribution eased to 1.1% from 2.4% over the period.

Regional inflation saw Uganda at 3.6% down from 3.2% in April 2024 with core inflation up to 3.7% from 3.5%. Tanzania inflation was 3.1% in April 2024 from 3.0% in March with core inflation flat at 3.9%. Rwanda inflation was up to 4.5% in April 2024 from 4.2% in March affected by rise in Food and non-alcoholic beverages index (+1.6%) and Transport index up 8.2%.

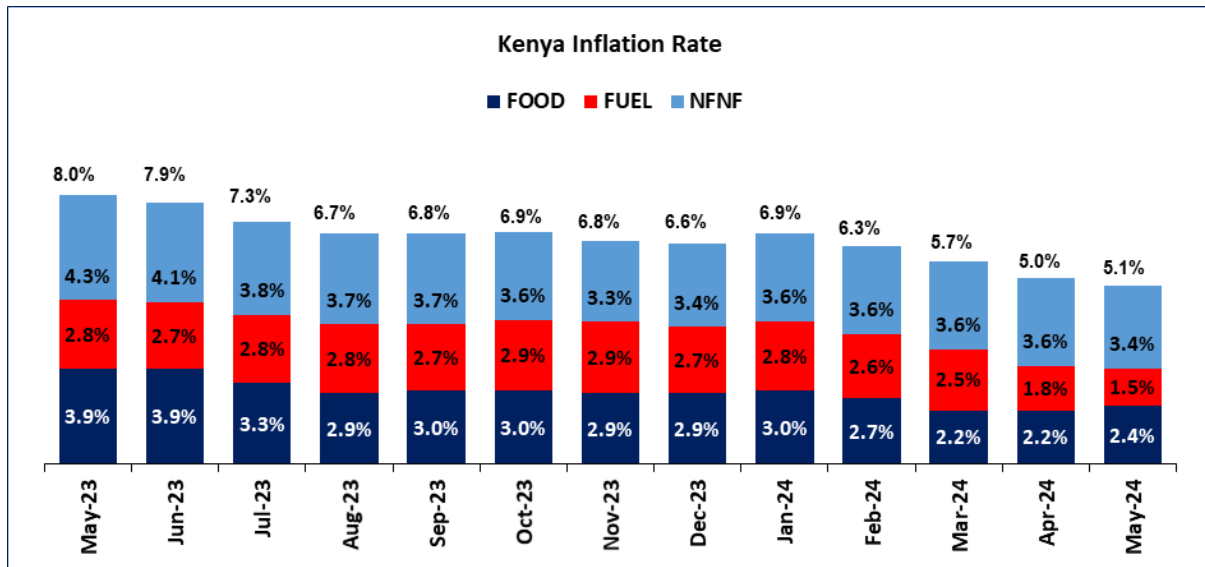


Figure 8: Inflation Rate

Source: OAML, KNBS

## 6. Currency

The shilling closed appreciated by 2.3% M-M after opening at the monthly weakest of 133.1980/USD and closed at the strongest of 130.2333/USD. Against other world majors, the shilling strengthened by 0.8%, 1.2%, and 2.3% M-M on the British Pound, EUR and Japanese Yen respectively.

On the regional front, the shilling gained 2.4%, 2.6% and 2.9% against the Ugandan Shilling, Tanzanian Shilling and Rwandese Franc respectively while shedding 2.3% against the South African Rand.

<b>Kenya Shilling Currency Performance</b>			
<b>Currency</b>	<b>30-Apr-24</b>	<b>31-May-24</b>	<b>ΔM-M</b>
KES/USD	133.2789	130.2333	2.3%
KES/GBP	167.0518	165.6828	0.8%
KES/EUR	142.5818	140.8864	1.2%
KES/JPY	84.9912	83.0702	2.3%
KES/SAZ	7.1273	6.9319	2.7%
KES/UGX	28.6242	29.3035	2.4%
KES/TZS	19.4629	19.9642	2.6%
KES/RWF	9.6902	9.9701	2.9%

Table 5: Currency Performance

Source: OAML, CBK

Kenya forex reserves closed the month of May at USD 6,957Mn or 3.6 months of import cover. This was 3.1% lower compared to end of April. This was affected by debt repayment and coupon payment of USD 79.50Mn on the Eurobond 2027 and 2032.

International market saw US Dollar Index lost 1.4% with Kenyan forex reserves are expected to come under pressure in June on further debt repayment and a payment of USD 48.69Mn in coupons on the 2024 and 2034 Eurobonds and a maturity of USD 500.00Mn on the 2024 bond due on 24<sup>th</sup> June 2024. The government has negotiated with World Bank on funds to offset the USD 500.00 due June 2024.

Below is the amount, coupon rates and maturity schedule for the Kenya Eurobond

<b>Name</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Coupon Amount</b>	<b>(USD Mn)</b>
Kenya 24	24/06/2014	24/06/2024	6.88%	500.00
Kenya 27	22/05/2019	22/05/2027	7.00%	900.00
Kenya 28	28/02/2018	28/02/2028	7.25%	1,000.00
Kenya 31	15/02/2024	15/02/2031	9.75%	1,500.00
Kenya 32	22/05/2019	22/05/2032	8.00%	1,200.00
Kenya 34	23/06/2021	23/01/2034	6.30%	1,000.00
Kenya 48	28/02/2018	28/02/2048	8.25%	1,000.00
<b>Total</b>				<b>7,100.00</b>

Table 6: Eurobond Maturity Schedule

Source: OAML, GoK

To manage on maturity, the Eurobond 2031 is set for three equal amortization of USD 500.00Mn from 2029.

<b>Name</b>	<b>Issue Date</b>	<b>Amortization/ Maturity Date</b>	<b>Coupon Amount</b>	<b>(USD Mn)</b>
Kenya 31	15/02/2024	15/02/2039	9.75%	500.00
Kenya 31	15/02/2024	15/02/2030	9.75%	500.00
Kenya 31	15/02/2024	15/02/2031	9.75%	500.00

Table 7: Eurobond 2031 Maturity Schedule

Source: OAML, GOK

## 7. Treasury Bills

Improved liquidity and investor’s preference of short term papers as they shun bonds left a balance T-Bills performance with a total of KES 150.40Bn subscribed representing 156.7% on the issue. CBK accepted 145.6Bn on 96.5% acceptance levels and 151.2% performance.

Investors switched tact with a focus on 182-day paper whose rate edged up by 10.4bps to close the month at 16.564%.

The 364-day paper yields were up 13.1bps M-M and investors reverted form the earlier strategy of shifting to the one year paper.

Subscription on the 91-day paper improved from 211.1% subscription in April to 296.7% in May. Yield on the paper were up 12.2bps. The government resistance to push yields to above 17.0% will see investors switch to this paper as it has room to the high levels of 16.73% seen in late March.

May-2024									
Tenure	Offer (KES Bn)	Subscription	Acceptance	Subscription	Acceptance	Performance	WAR % Apr 24	WAR % May 24	Δbps M-M
<b>364-Day</b>	40.00	45.06	44.54	112.7%	98.8%	111.3%	16.492%	16.623%	13.1
<b>182-Day</b>	40.00	57.86	53.82	144.7%	93.0%	134.6%	16.460%	16.564%	10.4
<b>91-Day</b>	16.00	47.47	46.80	296.7%	98.6%	292.5%	15.823%	15.945%	12.2
<b>Total</b>	96.00	150.40	145.16	156.7%	96.5%	151.2%			

Table 8:T-Bill Subscription Performance

Source: OAML, CBK

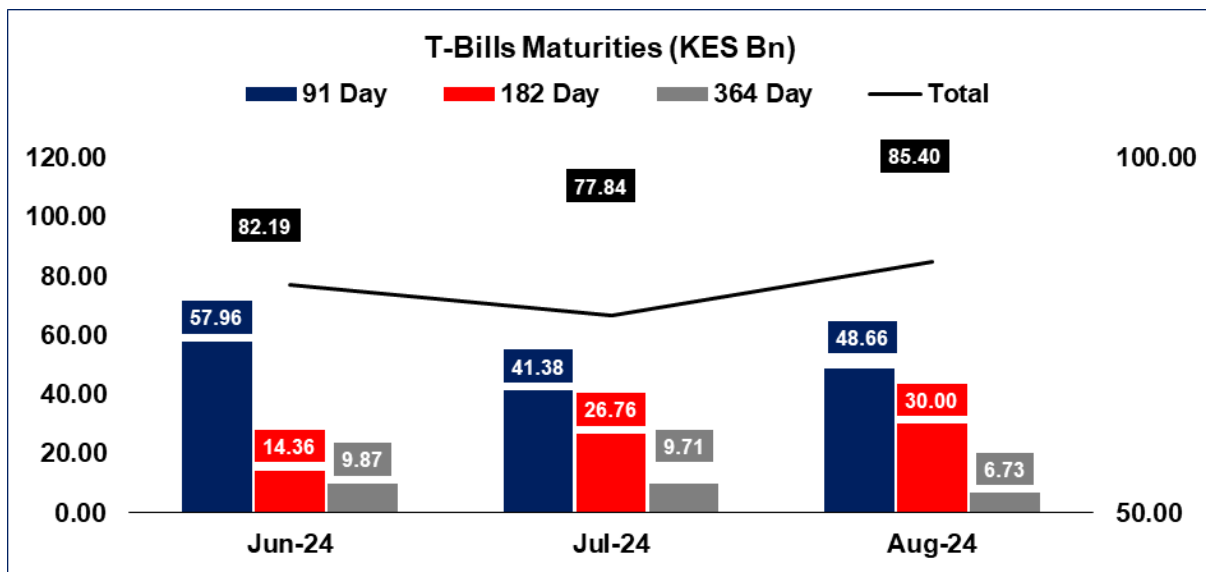


Figure 9: T-Bill Payout Schedule

Source: OAML, CBK

**Our View:** With demand for the month of June 2024 at KES 96.00Bn and a payout of KES 82.19Bn, we foresee a focus to remain on the 91-day paper and an under subscription of 182-day and 364-day papers. On average, we forecast an average of 10-15bps adjustment on the paper. We advise our clients to shift to the short term paper to take advantage on the rates movement.

## 8. Treasury Bond

Bonds market saw a reopening of ten year bond FXD1/2024/010 with a request of KES 25.00Bn followed by a tap of KES 15.00Bn. The bond had a subscription of KES 22.09Bn on an 88.3% rate. Acceptance stood at KES 18.02Bn, 81.6% acceptance rate and a 45.1% performance. The market indicated fatigue on reopening and lack of appetite on long term papers.

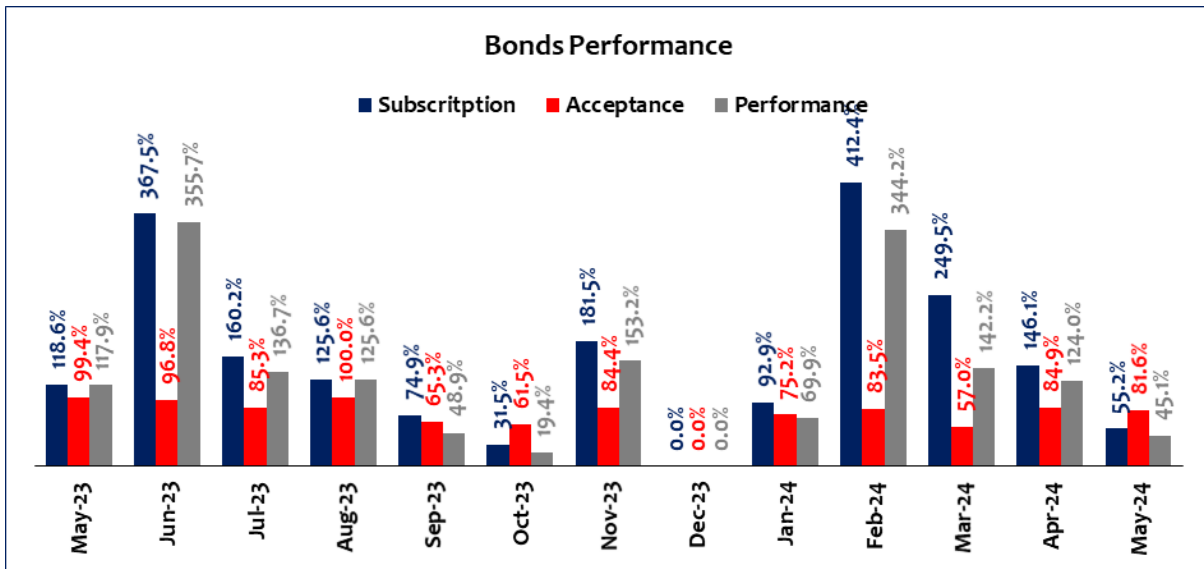


Figure 10: T-Bond Performance

Source: OAML, CBK

The government issued a reopening on a quest for KES60Bn on FXD1/2023/02, FXD1/2024/03, FXD1/2023/05 and FXD1/2023/10. The month payout stands at KES 45.73Bn which is adequate to cover the month's demand and contain rate shift on the reopened bonds.

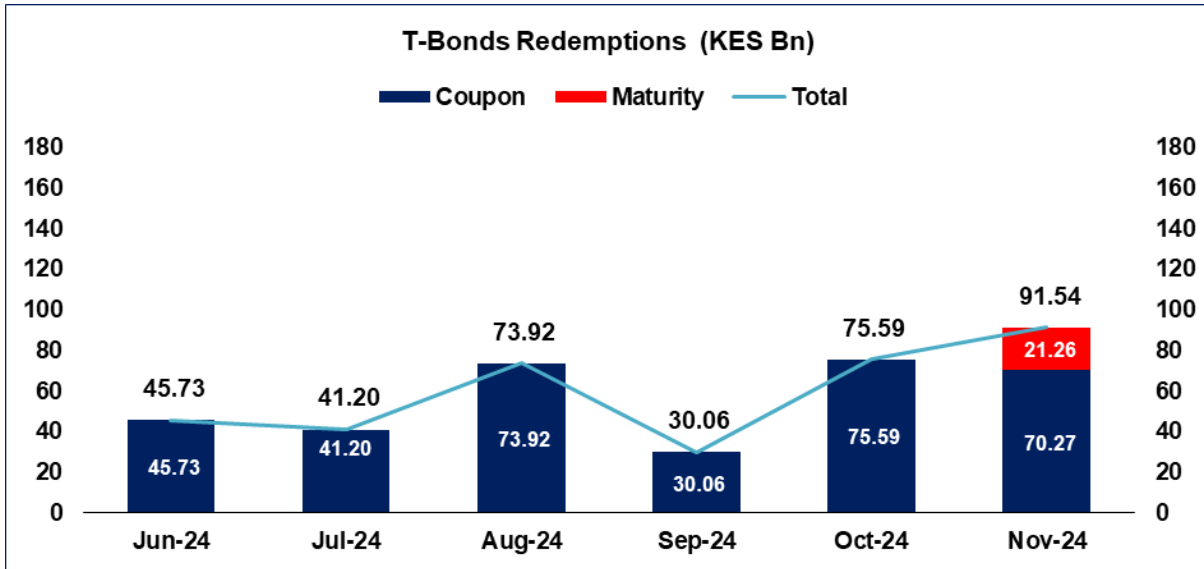


Figure 11: T-Bond Payout Schedule

Source: OAML, CBK

### 9. Government Domestic Debt

As of close of May 2024, total domestic debt increased by 14.3% to a net of KES 5,316.70Bn, since the beginning of the 2023-2024 fiscal year. Year on year, the debt holding has increased by 17.3%. T-Bills holdings has thinned by 6.1% on the fiscal year while T-Bonds increased by 18.8%.

Month on month, the debt book decline by 0.5% with a 3.9% growth in treasury bill countered by a 0.5% decline in T-Bond holdings after the May maturity of KES 39.2Bn. There has been an uptake in treasury bills from a low of KES 546.90Bn to KES 588.92Bn at the close of May.

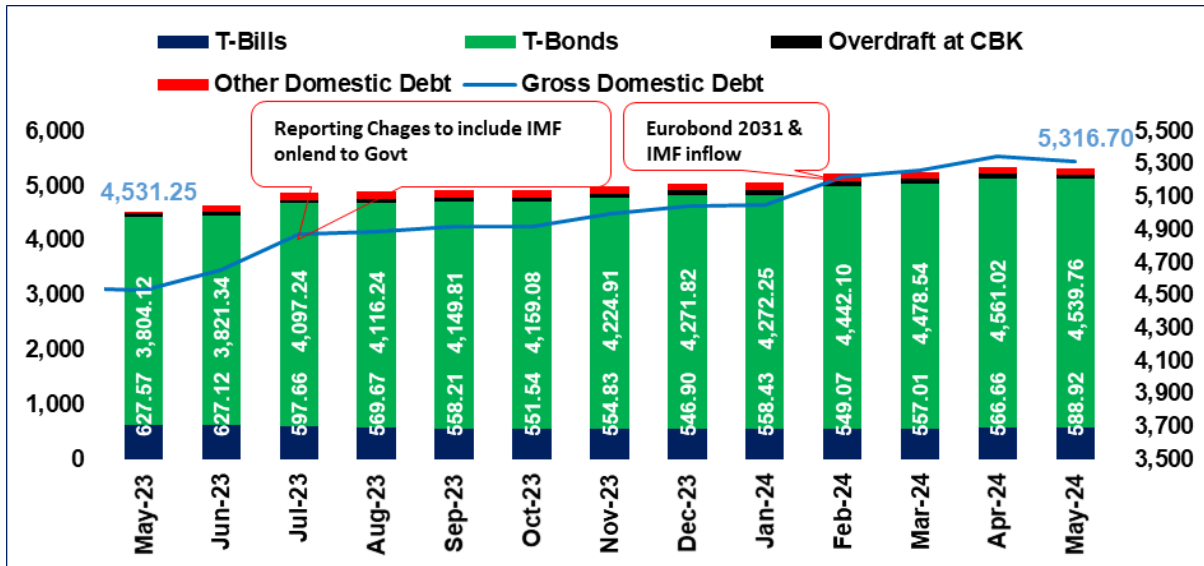


Figure 12: Domestic Debt

Source: OAML, CBK

We expect the a new issue in the month of July or August to attract investment and create a new pricing to aid with subscription to aid in covering the upcoming payment of KES 73.92Bn in August which cannot be covered by inflow from reopening as per the subscription trends in Q2-2024.

## 10. The Exchequer Expenditure and Revenue Items – April 2024

The exchequer performance saw April revenues standing at 85.2% on a 10-month basis. The revenues were at 71.0% of the revised estimates. Tax revenues stood at 83.9% proportionally and 69.9% of revised budget. Domestic borrowing was at 96.7% with an 80.6% while external borrowing at 73.5% for the 10-months and 61.3% on budget.

Revenue Exchequer Issues (KES Mn)	Revised Estimates	Proportionate Estimate	Actual Receipts	Receipts to Revised Estimates	Receipts to Proportional Estimates
Opening Balance		-	2,617.49	0.0%	0.0%
Tax Revenue	2,495,825.17	2,079,854.30	1,745,757.60	69.9%	83.9%
Non-Tax Revenue	80,933.90	67,444.91	81,666.58	100.9%	121.1%
Domestic Borrowing	851,898.01	709,915.01	686,628.97	80.6%	96.7%
External Loans and Grants	849,764.48	708,137.07	520,798.22	61.3%	73.5%
Other Domestic Financing	3,190.00	2,658.33	3,543.59	111.1%	133.3%
<b>Total Revenue</b>	<b>4,281,611.56</b>	<b>3,568,009.63</b>	<b>3,038,394.96</b>	<b>71.0%</b>	<b>85.2%</b>

Table 9: Exchequer Revenue Performance

Source: OAML, GoK

## Monthly revenue Performance – April 2024

Revenues	Apr-23	Mar-24	Apr-24	%Δ y-y	%Δ m-m
Tax Revenue	179,866.27	161,037.11	210,689.28	17.1%	30.8%
Non-Tax Revenue	15,247.91	3,727.53	29,652.96	94.5%	695.5%
Domestic Borrowing	10,298.71	58,181.73	82,807.13	704.1%	42.3%
External Loans and Grants	28,960.34	32,769.52	13,878.51	-52.1%	-57.6%
Other Domestic Financing	-	-	-	0.0%	0.0%
<b>Total Revenue</b>	<b>234,373.23</b>	<b>255,715.89</b>	<b>337,027.88</b>	<b>43.8%</b>	<b>31.8%</b>
<b>Total Revenue exc Borrowing</b>	<b>195,114.19</b>	<b>164,764.64</b>	<b>240,342.24</b>	<b>23.2%</b>	<b>45.9%</b>

Table 10: Monthly Exchequer Revenue Performance

Source: OAML, CBK

Expenditure figures were at 83.7% on a 10-month basis and 62.7% on budget with low uptake in development budget 57.6% and county disbursement of the equitable funds (77.3%). Recurrent expenses were at 88.8% on a 10-month comparison while public debt payment utilized 75.5% of tax revenues and 43.3% on total revenues which was lower to 81.0% and 46.0% on revenue and total income in March 2024.



Expenditure (KES Mn)	Revised Estimates	Proportionate Estimate	Total Cash Released	Cash Released to Revised Estimates	Cash Released to Proportional Estimates
Recurrent Exchequer Issues	1,360,121.96	1,133,434.97	1,050,339.63	77.2%	92.7%
Public Debt	1,866,038.32	1,555,031.93	1,317,495.35	70.6%	84.7%
FCS Exchequer Issues	2,078,849.92	1,732,374.94	1,456,456.93	70.1%	84.1%
Development Expenditure	480,815.62	400,679.68	235,131.99	48.9%	58.7%
<b>Total National Government</b>	<b>3,919,787.50</b>	<b>3,266,489.59</b>	<b>2,741,928.55</b>	<b>70.0%</b>	<b>83.9%</b>
County Government	385,424.62	321,187.18	256,307.37	66.5%	79.8%
<b>Total Exchequer Issue</b>	<b>4,305,212.12</b>	<b>3,587,676.77</b>	<b>2,998,235.92</b>	<b>69.6%</b>	<b>83.6%</b>

Table 11: Exchequer Expenditure Performance

Source: OAML, GoK

### Monthly Expenditure Performance – April 2024

Expenditure (KES Mn)	Apr-23	Mar-24	Apr-24	%Δ y-y	%Δ m-m
Recurrent Exchequer Issues	91,095.70	97,215.03	144,561.76	58.7%	48.7%
Public Debt	61,337.28	86,520.19	73,535.91	19.9%	-15.0%
FCS Exchequer Issues	69,139.51	97,624.00	91,865.81	32.9%	-5.9%
Development Expenditure	5,272.14	50,624.37	27,585.24	423.2%	-45.5%
<b>Total National Government</b>	<b>165,507.34</b>	<b>245,463.39</b>	<b>264,012.81</b>	<b>59.5%</b>	<b>7.6%</b>
County Government	62,900.00	17,483.50	32,761.09	-47.9%	87.4%
<b>Total Exchequer Issue</b>	<b>228,407.34</b>	<b>262,946.89</b>	<b>296,773.90</b>	<b>29.9%</b>	<b>12.9%</b>

Table 12: Monthly Exchequer Expenditure Performance

Source: OAML, GoK

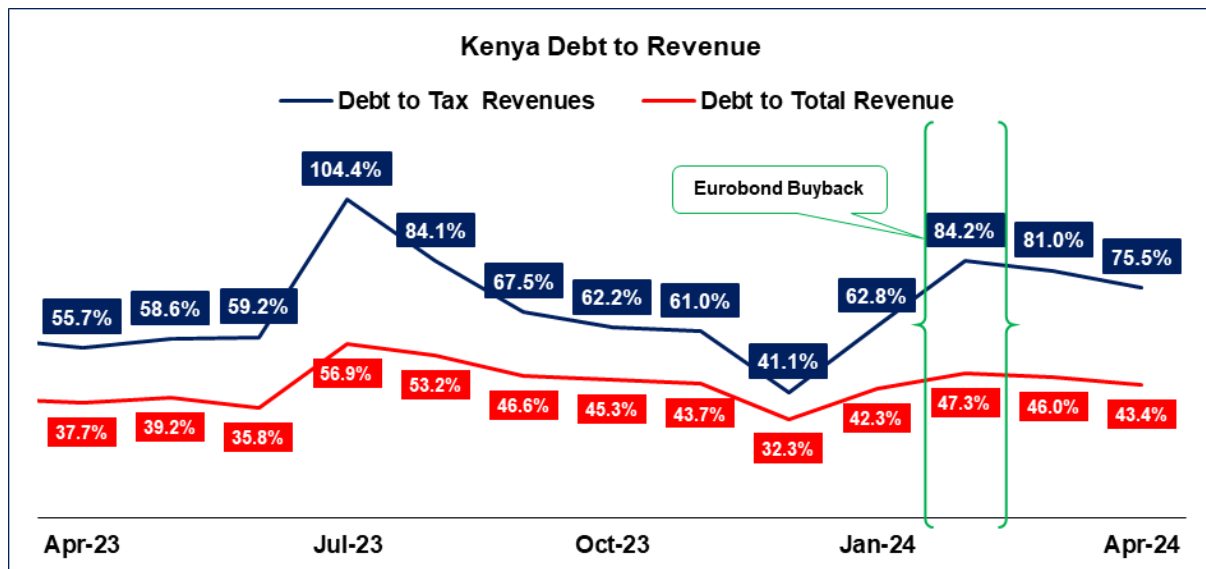


Figure 13: Kenya Debt to Revenue Performance

**Our View:** We still expect an underperformance in tax revenues and domestic debt borrowing due to a sluggish Q2-2024 with an expected underperformance of 5% - 10% on both fronts. To match revenue challenges, we foresee the government ignoring implementation as per the development expenditure with focus remaining on debt repayment and recurrent expenditures.

## 11. Nairobi Securities Exchange

### 11.1. Equities Secondary Market

The stock market retained the green color supported by foreign investors with net foreign activity stood at 51.0% with an inflow of KES 1.50Bn. The foreign performance was elevated by 61.8% and 65.1% activity in Safaricom Plc and Equity Group which had an inflow of KES 1.07Bn and KES 0.62Bn respectively.

NSE 20 Share index up 1.9% M-M while the NSE 25 Share Index and NASI improving by 3.9% and 6.0% respectively over the period. The marked dollar return stood at 7.1% as the NASI reported 11.4% y-t-d gain.

Value traded for the month increased by 118.7% supported by a 69.1% increased volumes and a surge in prices. Kenya Re was the top gainer closing 23.8% M-M higher after the board issued a 1:1 bonus issue. KCB Group gained 18.7% after readmission to MSCI frontier markets index giving the counter exposure to foreign investors. This saw the largest domestic bank enjoy 46.2% foreign activity with a net inflow of KES 0.13Bn. Private equity fund, AfricInvest, acquisition of 10.13% in I&M Group saw the banking entity shares gain 10.4% M-M.

NSE Equities Monthly Performance					
Indicator	May-23	Apr-24	May-24	y-y	m-m
<b>NSE 20</b>	1,546.83	1,690.98	1,722.49	<b>11.4%</b>	<b>1.9%</b>
<b>NSE 25</b>	2,664.89	2,850.92	2,961.48	<b>11.1%</b>	<b>3.9%</b>
<b>NSE 10</b>		1,112.26	1,170.70	-	<b>5.3%</b>
<b>NASI</b>	103.69	106.54	112.98	<b>9.0%</b>	<b>6.0%</b>
<b>NSE Mkt CAP (KES Bn)</b>	1,614.55	1,664.54	1,765.15	<b>9.3%</b>	<b>6.0%</b>
<b>NSE Mkt CAP (USD Mn)</b>	11.76	12.65	13.40	<b>13.9%</b>	<b>5.9%</b>
<b>VOLUMES (Mn)</b>	355.16	301.35	509.65	<b>43.5%</b>	<b>69.1%</b>
<b>NSE Turnover (KES Bn)</b>	6,088.60	7,333.80	16,040.36	<b>163.4%</b>	<b>118.7%</b>
<b>NSE Turnover (USD Mn)</b>	4,436.33	5,574.08	12,180.34	<b>174.6%</b>	<b>118.5%</b>
<b>Foreign Buys (KES Bn)</b>	2.21	4.42	4.79	<b>116.2%</b>	<b>8.4%</b>
<b>Foreign Sales (KES Bn)</b>	3.53	3.35	3.29	<b>-6.6%</b>	<b>-1.9%</b>
<b>Foreign Net Δ (KES Bn)</b>	- 1.31	1.06	1.50	<b>214.0%</b>	<b>40.7%</b>
<b>Foreign Net Activity</b>	47.1%	53.0%	51.0%		
<b>Dollar Return (NASI)</b>	-5.5%	5.8%	7.1%		

Table 13: NSE Stock Market Performance

Source: OAML, NSE

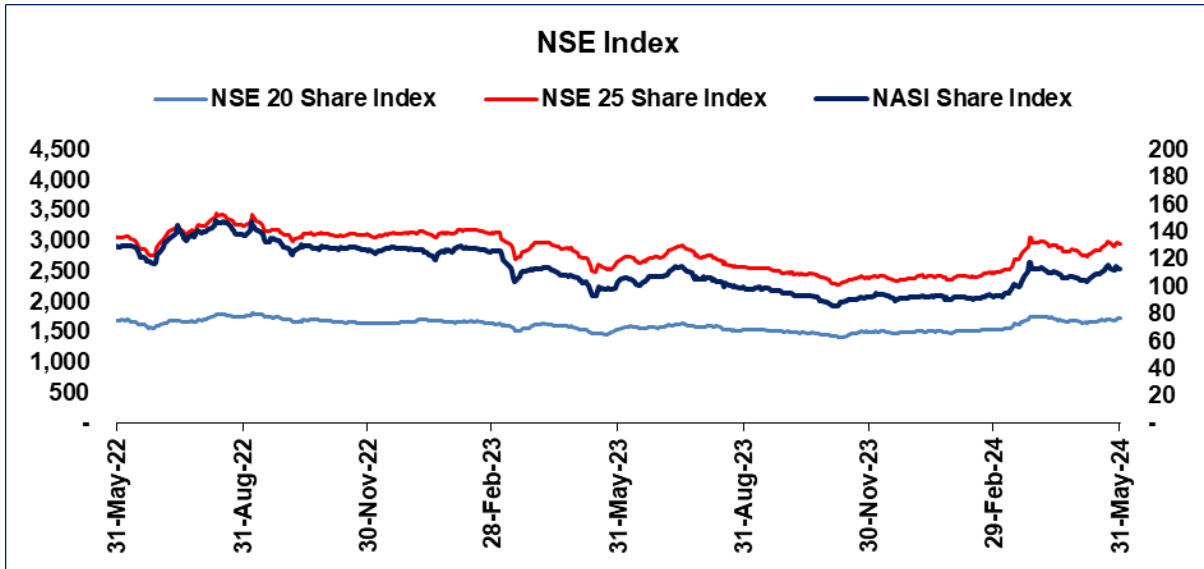


Figure 14: NSE Key Indices

Source: OAML, NSE

### 11.2. Secondary Bonds Market

Secondary Bonds Market saw a total of KES 119.33Bn traded, a 27.7% increase M-M from KES 93.45Bn in April 2024. Demand on infrastructure bonds IFB/12023/006.5Yr and IFB1/2024/008.5Yr controlled over 55% of the value traded.

NSE Bonds Monthly Performance					
Indicator	May-23	Apr-24	May-24	y-y	m-m
Deals	1,948	2,674	2,973	52.6%	11.2%
Value (KES Bn)	68.01	93.45	119.33	75.5%	27.7%

Table 14: NSE Secondary Bonds Market Performance

Source: OAML, NSE

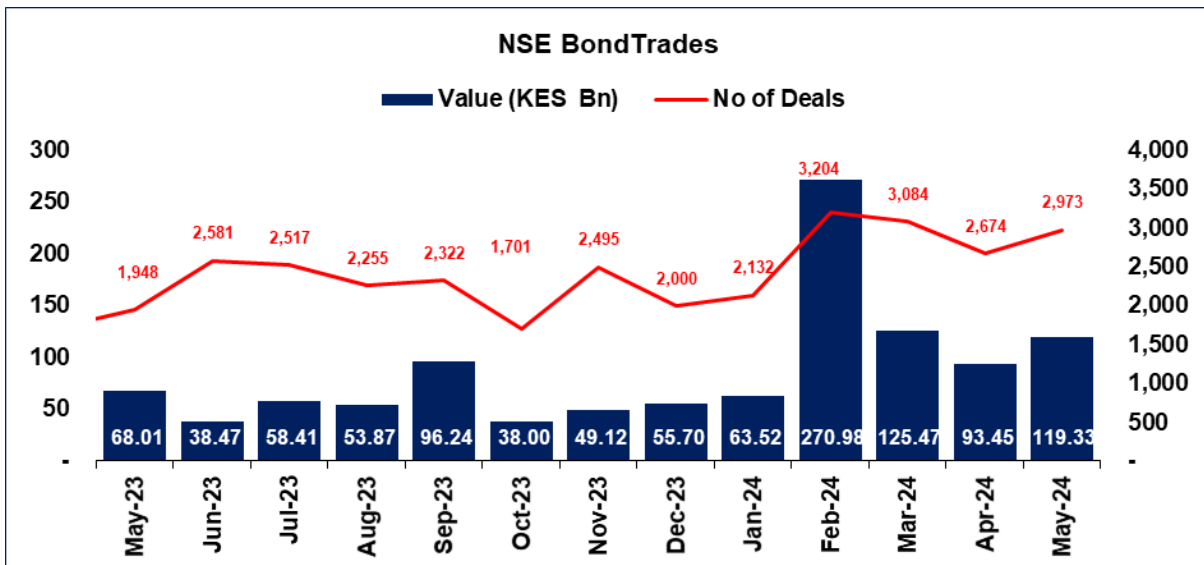


Figure 13: NSE Secondary Bonds Market Monthly Turnover

Source: OAML, NSE

### 11.3. Yield Curve

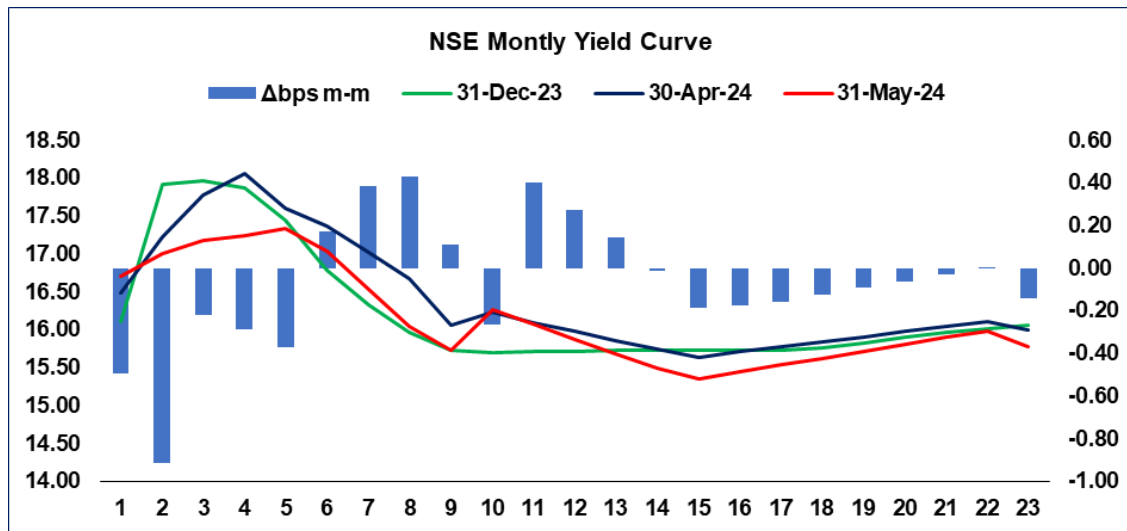
The market liquidity saw average yields edge 25.6bps lower M-M with a sharp downward shift on the short end influence by lack of demand and reopening of short tenures which continues to be concentrated.

Long end of the curve saw minimal deals leaving creating a premium on trades as investors re-evaluate the short end.

Yield Key Rates %	31-May-23	31-Dec-22	30-Apr-24	31-May-24	y-y bps Δ	y-t-d bps Δ	m-m bps Δ
2-Yr	13.6930	12.1736	17.2278	17.0121	<b>331.9</b>	<b>483.9</b>	<b>21.6</b>
5-Yr	14.2231	13.5287	17.6093	17.3354	<b>311.2</b>	<b>380.7</b>	<b>27.4</b>
10-Yr	14.7444	13.7746	16.2398	16.2639	<b>151.9</b>	<b>248.9</b>	<b>2.4</b>
15-Yr	14.7541	13.9316	15.6413	15.3523	<b>59.8</b>	<b>142.1</b>	<b>28.9</b>
20-Yr	14.6447	14.0459	15.9774	15.8096	<b>116.5</b>	<b>176.4</b>	<b>16.8</b>
23-Yr	14.5874	14.1627	15.9975	15.7754	<b>118.8</b>	<b>161.3</b>	<b>22.2</b>

Table 15: NSE Yield Curve

Source: OAML, NSE



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