



Shares, bonds turnover increase at NSE in July

- Traded turnover at the Nairobi Securities Exchange (NSE) for equities and bonds rose in July, with the equities seeing heavier foreign selling activity while the bonds market benefitted from a liquid money market.
- During the month, equities turnover went up 10% (KES.1.2Bn) to KES.13.5Bn while bonds market turnover rose 15% (KES.8.4Bn) to hit a one year high of KES.65.8Bn.
- Foreign investors remained net sellers with a net selling position of KES.5.4Bn compared to June's net selling position of KES.1.7Bn.
- The NSE 20 share index ended July lower by 7.1%, while the NSE All Share Index (NASI) was down 3.2%.
- Market capitalisation fell by KES.61Bn to KES.2.0Tn in July, but has since the beginning of this month fallen further to KES.1.9Tn.
- Primary auctions were heavily oversubscribed in July, with the month's bond sale attracting bids worth KES.181.8Bn against the advertised target of KES.60Bn.
- With the government only taking up KES.80Bn, the unsuccessful bidders were forced to seek bonds from the secondary market.

Our View

- **We expect the traded turnover at NSE to remain high due to increased selling activity by foreign investors while the bonds market will benefit from high market liquidity and 'flight to safety' by investors from equities.**
- Fixed income currently offers better returns compared to stocks with less risk as it can be seen with the high demand for the securities from increased turnover and falling yields.
- We anticipate local investors to increase their participation in the capital markets as they continue to take advantage of the share prices trading below their valuation.
- Foreign investors may continue exiting the market opting to stock their investments closer home and in high net countries but are expected to be back to buy at lower prices therefore more participation is expected.
- Overall, we still expect price volatility in the market as investors take different risk aversion strategies.