

## ACTIVITY REPORT

### MARKET PERFORMANCE

#### Equities Report

The trading volume for December 2021 was 256,786,258 shares with a turnover of UGX 7,831,549,997. This month's turnover performance was a 107 % increase from 23,224,698 shares worth UGX 3,768,472,444 that was recorded in December 2020.

Activity in December decreased 1.6 % compared to the turnover registered in November, from 7.9 billion to 7.8 billion. This represents a daily average turnover of approximately UGX 340 million. Volume traded increased to 256 million shares compared to 69 million shares traded in November 2021. The number of deals increased to 435 deals up from 218 deals executed in November 2021, with 45 per cent of the deals attributed to the MTN Uganda counter.

#### Turnover performance per counter

Stanbic counter dominated activity for the month accounting for 81.74 percent of the total turnover followed by MTN Uganda Limited with 9.15 percent. In third position was Bank of Baroda Uganda with 7.05 per cent contribution to the month's turnover. Uganda Clays Limited, New Vision Limited, UMEME, DFCU, CIPLA and National Insurance Corporation Uganda, combined recorded 2.06 percent of the total turnover.

#### Volume traded per counter

Stanbic registered the highest volume of shares with 93.50 percent, followed by Uganda Clays Limited with 2.58 percent. Bank of Baroda Uganda came third with 2.26 percent of the volume, while MTN Uganda Limited was in the fourth position with 1.39 percent of

the total volume. National Insurance Corporation Uganda accounted for 0.14 percent, UMEME, New Vision Limited, DFCU and CIPLA had the least number of shares traded amounting to 670,362 shares representing 0.26 percent of total number of shares traded.

#### Trading Volumes and Activity on a Monthly Basis year on year

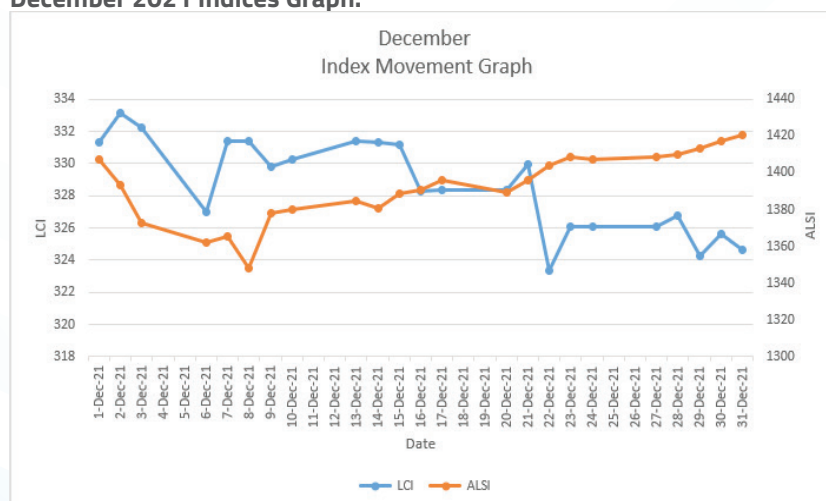
	December 2021	December 2020
Volume Traded	256,786,258	23,224,698
Turnover (UGX)	7,831,549,997	3,768,472,444
Number of Deals	435	250
Trading Days	23	22
Daily Average Turnover (UGX)	340,502,174	171,294,202
Daily Average number of trades	19	11
Market Capitalization (UGX.bn)	24,432.44	18,281.17
USE All Share Index (ASI)	1420.69	1309.86
<b>Local Share Index (LSI)</b>	<b>324.66</b>	<b>331.85</b>

Source USE Product Markets Department

#### USE Index Results

The Local Company Index (LCI) slightly decreased during the period with many local counters registering minimal price movements. The local index commenced the month at 331.29 and closed at 324.66 representing a 0.02 percent decline. The All Share Index (ALSI) declined by 0.94 percent to 1420.69 from 1407.35 at the start of the month.

#### December 2021 Indices Graph:



Source: USE Product Markets Department

## ECONOMIC & FINANCIAL DEVELOPMENTS: DECEMBER 2021

### INFLATION – OUTLOOK AND RISKS

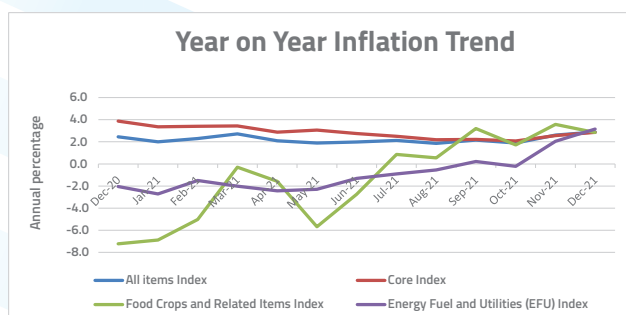
Annual headline inflation increased to 2.9% in the 12 months to December 2021 up from 2.6% in November 2021. This was mainly driven by the increases in prices of commodities under 'Food and Non-Alcoholic Beverages' 5.3%, 'Transport' 4.2%, Housing, Water, Electricity, Gas and Other Fuels' 0.5% between November 2020 and December 2021.

The Monthly Headline Inflation for December 2021 increased by 0.5% compared to 0.2 recorded in the month of November 2021 attributed to the monthly Transport Inflation which rose by 2.4 percent in the month of December 2021 compared to the 0.9 percent recorded in the month of November 2021.

The Core Inflation for the 12 months to December 2021 increased to 2.9 % in December 2021 up from 2.6 % in November 2021. This is mainly attributed to Annual 'Other Goods' Inflation that increased to 4.0 percent for the 12 months to December 2021 up from 3.5 percent in November 2021. Annual Services Inflation registered 1.5 percent in December 2021 the same rate recorded in November 2021.

Year on year Annual food crops and related items inflation decreased to 2.8% in the year to December 2021 from 3.6% in the year to November 2021.

Year on year Electricity, Fuel and Utilities inflation was 3.2 up from a deflated 2.0% in November 2021 driven by higher prices of petrol during the period.



Source: UBOS UGANDA CONSUMER PRICE INDEX: 2016/17=100 DECEMBER 2021

### INTEREST AND LENDING RATES

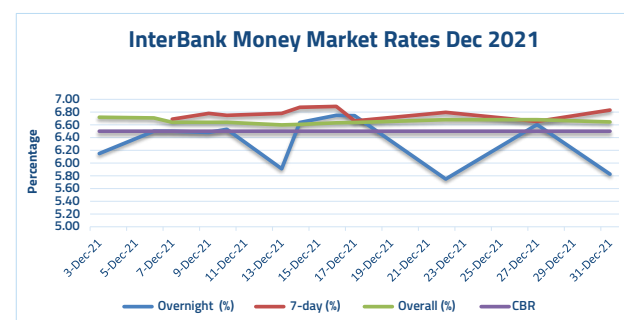
#### Interbank Money Market Rates

Interbank Money Market rates edged lower averaging 6.66% in December 2021 compared to 6.8% in November 2021. Overnight rates edged at 6.5% in December 2021 same as in November 2021 while 7-Day rates edged lower averaging at 6.82 last month compared to 7.1% in November 2021.

Bank of Uganda maintained the Central Bank Rate at its record low of 6.5% in December, The Monetary Policy

Committee assessed that because of excess capacity, the economy continues to require considerable Monetary policy support. Based on the current assessment of the outlook and balance of risks, the MPC judged that keeping the CBR unchanged at 6.5 percent would be consistent with meeting the inflation target of 5 percent sustainably in the medium term.

The band on the CBR is kept unchanged at +/-2 percentage points on the CBR and the margins on the rediscount rate and bank rate kept unchanged at 3 and 4 percentage points on the CBR, respectively.

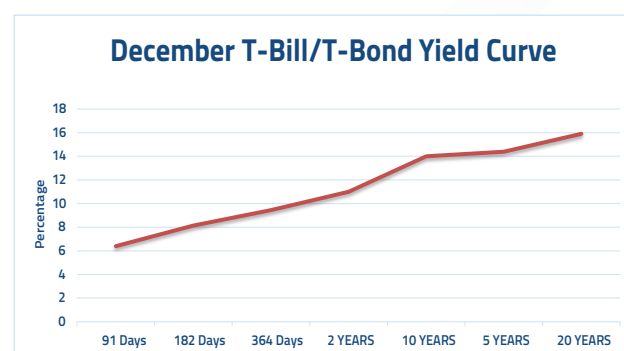


Source: Bank of Uganda

#### Yields on Government securities

Rates on the short end of the yield curve edged lower by the end of December 2021 compared to the end of November 2021. The 91-Day, 182-Day and 364-Day closed the past month at 6.4%, 8.14% and 9.44% respectively.

The recently issued 2-year, 10-year, 5-year and 20-year government papers closed December 2021 at 11.00%, 14.00%, 14.39%, and 15.90% respectively.



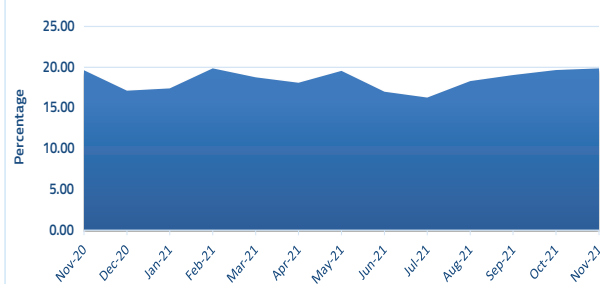
Source: Bank of Uganda

#### Lending rates

Shilling denominated lending rates rose to 19.87% in November 2021 from 19.66% in October 2021.

Month on month Foreign Currency denominated lending rates declined to 5.16% in November 2021 compared to 5.56% in October 2021. On average foreign currency denominated lending rates have been fluctuating pointing to a differing appetite for these loans.

### UGX Denominated Lending Rates Nov20 to Nov21



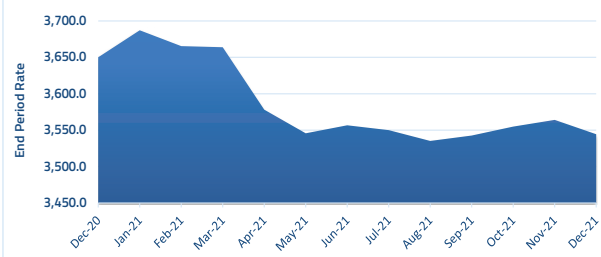
Source: Bank of Uganda

### FOREIGN EXCHANGE RATE DEVELOPMENT

The local currency edged higher month on month closing December at 3,544 compared to 3,564 in November driven by lower appetite for foreign currency during the period.

The Uganda Shilling has strengthened by 2% against the USD so far this year compared to 3,650 at the end of December 2020 supported by high remittance inflows and transfers from Non-Governmental Organizations (NGOs), strong portfolio inflows from offshore players looking for higher yields on treasury securities and increased export earnings particularly from coffee and tea exports.

### UGX/USD Trend



Source: Bank of Uganda

### BOND LISTINGS:

There were 2 treasury bonds listed in December 2021, these were re-openings with a value of UGX 500bn. The current total value of the Government Bonds listed on the bourse stands at UGX 20.7 trillion.

### Government Bond Schedule: December 2021

INSTRUMENT CODE	IS IN	ISSUED SHARES	ISSUE DATE	RATE	MATURITY
FXD/05/2017/5YR	UG12H1305228	156.3BN	2017/05/19	15.38	2022/05/13
FXD/7/2012/10YR	UG0000001079	1.615TN	2013/08/14	11.00	2022/06/09
FXD/07/2017/5YR	UG12H0707226	300BN	2017/07/13	14.13	2022/07/07
FXD/12/2017/5YR	UG12H2811224	156.3BN	2017/12/04	12.50	2022/11/28
FXD/6/2013/10YR	UG0000001244	1.862TN	2013/04/24	11.00	2023/04/13
FXD/09/2021/2YR	UG12F0709234	400BN	2021/09/09		2023/09/07
FXD/1/2014/10YR	UG12J1801248	1.290TN	2014/01/30	14.00	2024/01/18
FXD/05/2019/5YR	UG12H1005240	153.7BN	2019/05/17	14.88	2024/05/10
FXD/8/2014/10YR	UG0000001467	1.070TN	2014/08/13	14.00	2024/08/01
FXD/10/2019/5YR	UG12H2509240	250BN	2019/10/02	14.88	2024/09/25
FXD/1/2015/10YR	UG0000001517	500BN	2015/01/28	11.00	2025/01/16
FXD/12/2015/10YR	UG12J1812252	120BN	2015/12/30	19.50	2025/12/18
FXD/08/2016/10YR	UG12J2708269	1.220TN	2016/09/08	16.63	2026/08/27
FXD/5/2017/10YR	UG12J0605277	560BN	2017/05/18	16.00	2027/05/06
FXD/1/2018/10YR	UG12J1301280	220BN	2018/01/25	14.13	2028/01/13
FXD/12/2013/15YR	UG0000001376	220BN	2013/12/04	15.25	2028/11/16
FXD/2/2015/15YR	UG0000001533	1.865TN	2015/02/25	14.25	2029/08/23
FXD/5/2015/15YR	UG12K0205308	120BN	2015/05/21	17.50	2030/05/02
FXD/11/2020/10YR	UG12J1411303	187BN	2020/11/27	16.00	2030/11/14
FXD/4/2016/15YR	UG12K0304317	1.630TN	2016/04/20	17.00	2031/04/03

FXD/3/2017/15YR	UG12K0403325	920BN	2017/03/23	16.38	2032/03/04
FXD/2/2018/15YR	UG12K0302337	750BN	2018/02/22	14.38	2033/02/03
FXD/7/2019/15YR	UG12K2206346	2.259TN	2019/07/11	14.25	2034/06/22
FXD/11/2020/15YR	UG12K0811352	1.096TN	2020/11/27	16.25	2035/11/08
FXD/11/2020/20YR	UG12L0111405	1.339TN	2020/11/27	17.50	2040/11/01

#### Corporate Bond Activity: December 2021

The corporate Bonds segment remained inactive throughout the period. Investors in this segment have continued to hold onto their investments and receive interest that is paid out semi-annually. Below are the corporate bonds currently listed on the USE;

1. African Development Bank Bond maturing on 01.02.2022
2. Kakira Sugar Limited Bond maturing on 07.12.2023

#### Alternative trading of Government securities Activity: December 2021

	Month	Security	Amount Auction	Secondary
01	Dec-21	TBILL	383,600,000	
02		TBOND	12,700,000	15,000,000
	<b>Total</b>		<b>396,300,000</b>	<b>15,000,000</b>

## CORPORATE ANNOUNCEMENTS: DECEMBER 2021

### MTN Uganda Limited

#### MTN Uganda Listing on the Uganda Securities Exchange

On 3<sup>rd</sup> December 2021, the MTN Initial Public Offer (IPO) results were announced. Successful investors' SCD accounts were credited with the newly acquired shares. The IPO was primarily executed electronically and was facilitated by Uganda Securities Exchange and MTN Uganda digital platforms that aimed at enabling the public open new SCD accounts and apply for MTN shares seamlessly.

A total of UGX 535.3 billion was raised during the IPO, representing 59.78% of the targeted amount of capital. This was the largest amount of capital raised via the Exchange in an IPO or singular secondary market offer since its inception. The entire issued shares were listed on 6<sup>th</sup> December 2021, also the inaugural day of trading of the shares.

The listing of the MTN shares more than doubled the local

market capitalisation to UGX 8.2 trillion. Total market capitalisation increased from approximately UGX 19.7 trillion to UGX 23.1 trillion

**Full announcement can be found on our website; <https://www.use.or.ug/content/mtn-uganda-listing-uganda-securities-exchange>**

### EQUITY GROUP HOLDINGS

#### Cautionary Notice.

On 24<sup>th</sup> December 2021 there was a proposed acquisition by International Finance Corporation and IFC financial institutions Growth Fund LP of shares held by Britam holdings PLC and Britam Life Assurance Company (Kenya) Limited in Equity Group Holdings PLC by way of Private Transaction.

**Full announcement can be found on our website; <https://www.use.or.ug/content/equity-group-holdings-plc-cautionary-notice>**

## EDUCATION COLUMN



### BULL MARKET

#### What Is a Bull Market?

A bull market is the condition of a financial market in which prices are rising or are expected to rise. The term "bull market" is most often used to refer to the stock market but can be applied to anything that is traded, such as bonds, real estate, currencies, and commodities.

Because prices of securities rise and fall essentially continuously during trading, the term "bull market" is typically reserved for extended periods in which a large portion of security prices are rising. Bull markets tend to last for months or even years.



## Understanding Bull Markets

Bull markets are characterized by optimism, investor confidence, and expectations that strong results should continue for an extended period. It is difficult to predict consistently when the trends in the market might change. Part of the difficulty is that psychological effects and speculation may sometimes play a large role in the markets.

There is no specific and universal metric used to identify a bull market. Nonetheless, perhaps the most common definition of a bull market is a situation in which stock prices rise by 20%, usually after a drop of 20% and before a second 20% decline. Since bull markets are difficult to predict, analysts can typically only recognize this phenomenon after it has happened. A notable bull market in recent history was the period between 2003 and 2007. During this time, the S&P 500 increased by a significant margin after a previous decline; as the 2008 financial crisis took effect, major declines occurred again after the bull market run.

## Characteristics of a Bull Market

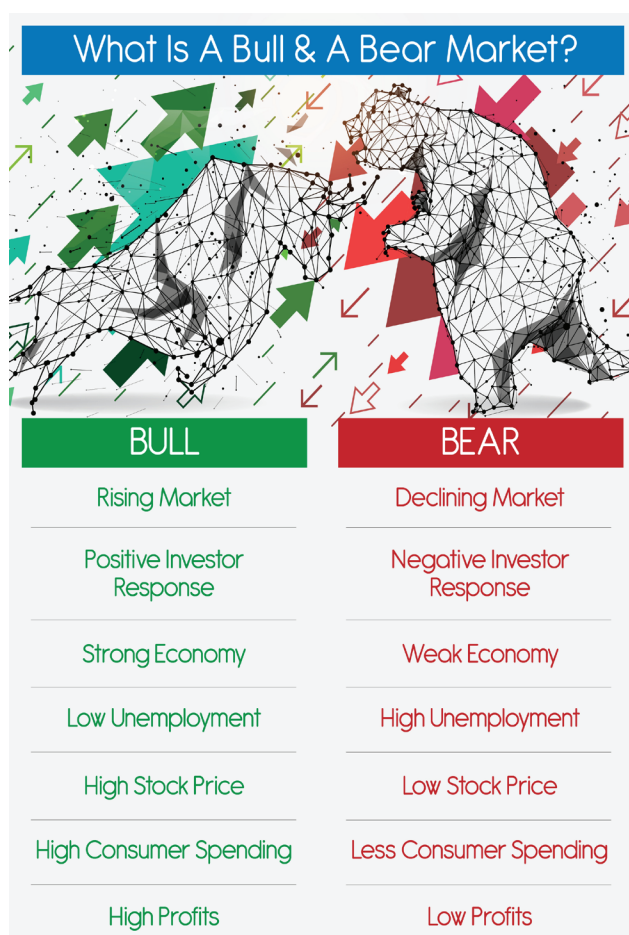
Bull markets generally take place when the economy is strengthening or when it is already strong. They tend to happen in line with strong gross domestic product (GDP) and a drop in unemployment and will often coincide with a rise in corporate profits. Investor confidence will also tend to climb throughout a bull market period. The overall demand for stocks will be positive, along with the overall tone of the market. In addition, there will be a general increase in the amount of IPO activity during bull markets.

Notably, some of the factors above are more easily quantifiable than others. While corporate profits and unemployment are quantifiable, it can be more difficult to gauge the general tone of market commentary, for instance. Supply and demand for securities will seesaw: supply will be weak while demand will be strong. Investors will be eager to buy securities, while few will be willing to sell. In a bull market, investors are more willing to take part in the (stock) market in order to gain profits.

## Bull vs. Bear Markets

The opposite of a bull market is a bear market, which is characterized by falling prices and typically shrouded in pessimism. The commonly held belief about the origin of these terms suggests that the use of “bull” and “bear” to describe markets comes from the way the animals attack their opponents. A bull thrusts its horns up into the air, while a bear swipes its paws downward. These actions are metaphors for the movement of a market. If the trend is up, it’s a bull market. If the trend is down, it’s a bear market.

Bull and bear markets often coincide with the economic cycle, which consists of four phases: expansion, peak, contraction, and trough. The onset of a bull market is often a leading indicator of economic expansion.



Because public sentiment about future economic conditions drives stock prices, the market frequently rises even before broader economic measures, such as gross domestic product (GDP) growth, begin to tick up. Likewise, bear markets usually set in before economic contraction takes hold. A look back at a typical U.S. recession reveals a falling stock market several months ahead of GDP decline.

## Market Mentalities: Bulls Vs. Bears

### How to Take Advantage of a Bull Market

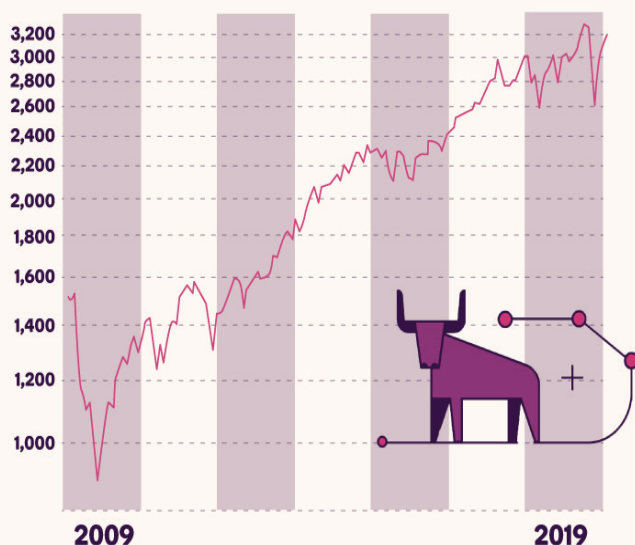
Investors who want to benefit from a bull market should buy early in order to take advantage of rising prices and sell them when they’ve reached their peak. Although it is hard to determine when the bottom and peak will take place, most losses will be minimal and are usually temporary. Below, we’ll explore several prominent strategies investors utilize during bull market periods. However, because it is difficult to assess the state of the market as it exists currently, these strategies involve at least some degree of risk as well.

### Buy and Hold

One of the most basic strategies in investing is the process of buying a particular security and holding onto it, potentially to sell it later. This strategy necessarily involves confidence on the part of the investor: why hold onto a security unless you expect its price to rise? For this reason, the optimism that comes along with bull markets helps to fuel the buy and hold approach.

## what does a bull market look like?

Following the 2008 Financial Crisis, the S&P 500 Index experienced its longest-running bull market — growing 330% from March 2009 to October 2019.



### Increased Buy and Hold

Increased buy and hold is a variation on the straightforward buy and hold strategy, and it involves additional risk. The premise behind the increased buy and hold approach is that an investor will continue to add to his or her holdings in a particular security so long as it continues to increase in price. One common method for increasing holdings suggests that an investor will buy an additional fixed quantity of shares for every increase in stock price of a pre-set amount.

### Retracement Additions

A retracement is a brief period in which the general trend in a security's price is reversed. Even during a bull market, it's unlikely that stock prices will only ascend. Rather, there are likely to be shorter periods of time in which small dips occur as well, even as the general trend continues upward.

Some investors watch for retracements within a bull market and move to buy during these periods. The thinking behind this strategy is that, presuming that the bull market continues, the price of the security in question will quickly move back up, retroactively providing the investor with a discounted purchase price.

### Full Swing Trading

Perhaps the most aggressive way of attempting to capitalize on a bull market is the process known as full swing trading. Investors utilizing this strategy will take very active roles, using short-selling and other techniques to attempt to squeeze out maximum gains as shifts occur within the context of a larger bull market.

### Bull Market Example

The most prolific bull market in modern American history started at the end of the stagflation era in 1982 and concluded during the dotcom bust in 2000. During

this secular bull market—a term that denotes a bull market lasting many years—the Dow Jones Industrial Average (DJIA) averaged 16.8% annual returns. The NASDAQ, a tech-heavy exchange, increased its value five-fold between 1995 and 2000, rising from 1,000 to over 5,000.

A protracted bear market followed the 1982–2000 bull market. From 2000 to 2009, the market struggled to establish footing and delivered average annual returns of –6.2%. However, 2009 saw the start of a more than ten-year bull market run. Analysts believe that the last bull market started on March 9, 2009 and was mainly led by an upswing in technology stocks.

### Are we in a bull market now?

Generically, a bull market exists if the market has risen 20% or more above its near-term lows. Since the dramatic market sell-off during the 2008–09 financial crisis, the stock market has shown a resilient bull market, rising significantly, and reaching new all-time highs more than ten years after that market crash (despite some sharp pullbacks along the way).

### What makes stock prices rise in a bull market?

Bull markets often exist side-by-side a strong, robust, and growing economy. Stock prices are informed by future expectations of profits and the ability of firms to generate cash flows. A strong production economy, high employment, and rising GDP all suggest profits will continue to grow, and this is reflected in rising stock prices. Low interest rates and low corporate tax rates also are positive for corporate profitability.

### Why do bull markets sometimes falter and become bear markets?

When the economy hits a rough patch, for instance in the face of recession or spike in unemployment, it becomes difficult to sustain rising stock prices. Moreover, recessions are often accompanied by a negative turn in investor and consumer sentiment, where market psychology becomes more concerned with fear or reducing risk than greed or risk-taking.

### KEY TAKEAWAYS

- A bull market is a period in financial markets when the price of an asset or security rises continuously.
- The commonly accepted definition of a bull market is when stock prices rise by 20% after two declines of 20% each.
- Traders employ a variety of strategies, such as increased buy and hold and retracement, to profit off bull markets.

### SOURCE;

<https://www.investopedia.com/terms/b/bullmarket.asp>

## Appendix I: USE Member Firms

The following USE Member Firms are licensed to act as both broker/dealers and Market Advisors:

Market Advisor	Contact Person:
<b>Baroda Capital Markets (U) Ltd.</b> P. O. Box: 7197 Kampala <b>Tel:</b> +256 414 232 783 <b>Fax:</b> +256 414 230 781 <b>Email:</b> bcm.ug@bankofbaroda.com <b>Website:</b> www.barodacapital.webs.com	<b>Mr. Mohan Prashantam</b>
<b>Dyer &amp; Blair (Uganda) Ltd</b> Rwenzori House Ground Floor P.O.Box: 36620 Kampala <b>Tel:</b> +256-414-233050 <b>Fax:</b> +256 -414 231813 <b>Email:</b> Uganda@dyerandblair.com	<b>Ms. Esther Kakiza</b>
<b>Equity Stock Brokers (U) Ltd.</b> Orient Plaza Plot 6/6A Kampala Road P. O. Box: 3072 Kampala <b>Tel:</b> +256-414 7719133/44 <b>Email:</b> equity@orient-bank.com	<b>Mr. Isaac Mwigu</b>
<b>Crested Stocks and Securities Limited</b> Head Office - Impala House 6th Floor Plot 13-15, Kimathi Avenue P. O. Box 31736, Kampala, Uganda <b>Tel:</b> +256 312 230900/ +256 414 230 900 <b>Email:</b> info@crestedcapital.com <b>Website:</b> www.crestedcapital.com	<b>Mr. Robert H. Baldwin</b>
<b>UAP Old Mutual Financial Services Ltd</b> 2nd floor, Block A, Nakawa business park P. O. Box 20079, Kampala <b>Tel:</b> +256 414 332 825 <b>Email:</b> brokerageufs@uap-group.com	<b>Mr. Mwebaze Simon</b>
<b>SBG Securities Limited</b> 4th Floor Crested Towers (Short Towers) P. O. Box 7131, Kampala <b>Tel:</b> +256 0312 224 600 <b>Email:</b> sbgs_uganda@stanbic.com	<b>Mr. Joram Ongura</b>



**Uganda**  
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