



QUARTERLY BULLETIN

Jan - March 2023

ACTIVITY REPORT

MARKET PERFORMANCE

Equities

Trading in the first quarter registered a significant increase with a turnover of UGX 17,210,453,922 compared to UGX 8,428,478,756 registered in the fourth quarter of 2022. The first quarter of 2023 accounted for a total turnover of approximately UGX17.2 bn, compared to a combined total of UGX 7.3 bn that was traded between Q1 2022.

Quarterly turnover performance per counter

Turnover was realized on nine counters, which are summarized as follows; the UMEME Limited (UMEM) counter took the first position, with UGX 9,273,711,453 in turnover, accounting for 53.88 percent of the total turnover. MTN Uganda Limited (MTNU) in second position with UGX 3,807,833,273 in turnover, accounting for 22.13 percent of the turnover, Stanbic Uganda (SBU) in third position accounted for 22.05 percent of turnover at UGX 3,794,760,350 while, Bank of Baroda, Uganda Clays Limited, Cipla

Quality Chemical Limited, National Insurance Corporation, DFCU Limited and New Vision Uganda Limited accounted for 1.69%, 0.11%, 0.08%, 0.06%, 0.01% and 0.00%. The rest of the counters represented by, BOBU, UCL, CQCIL, NIC, DFCU, and NVL Limited had a combined turnover of UGX 334,148,846.

Volume traded per counter

During the quarter Stanbic dominated activity, with the counter having 166,378,772 shares traded taking 74.05% percent of the volume, UMEME recorded 13.41 percent of the volume with 30,132,714 shares, while MTNU, BOBU, NIC, UCL, and CQCIL posted 21.1mn shares, 3.4mn shares, 2.1mn shares, 1.1mn shares and 220k shares accounting for 9.43 per cent, 1.52 per cent, 0.94 per cent, 0.56 per cent and 0.1 per cent of the total volume respectively. DFCU and NVL recorded marginal positions.

Counter	Deals	Volume	% of Volume	Turnover	% of Turnover
BOBU	154	3,411,727	1.52%	289,996,795	1.69%
CQCIL	13	220,209	0.10%	13,212,540	0.08%
DFCU	6	2,469	0.00%	1,331,576	0.01%
MTNU	552	21,185,012	9.43%	3,807,833,273	22.13%
NIC	22	2,102,067	0.94%	10,510,335	0.06%
NVL	10	1,358	0.00%	207,990	0.00%
SBU	297	166,378,772	74.05%	3,794,760,350	22.05%
UCL	65	1,251,450	0.56%	18,889,610	0.11%
UMEM	395	30,132,714	13.41%	9,273,711,453	53.88%
Totals	1,514	224,685,778		17,210,453,922	

Equities Report



Trading in the third quarter registered a tremendous decrease with a turnover of UGX **9.2bn** compared to UGX **13.4bn**



Quarterly Turnover performance per counter

UMEME counter took the first position, with a posting of UGX **2.8bn**, accounting for **30.67%**



Volume traded per counter

Stanbic dominated activity, with the counter having **34.4mn** shares traded taking **33.31%**

Key Equity Market Indicators – Quarterly Comparisons (Year on Year)

Market Indicator	Q1 2022	Q1 2023	% Change
USE All Share Index	1,316.41	1,148.25	12.77%
USE Local Company Index	280.14	266.89	4.73%
Market Capitalization (UGX. Bn)	22,638.94	19,750.42	12.76%
Volume Traded	127,733,809	224,685,778	75.90%
Turnover (UGX. Bn)	7,339,721,589	17,210,453,922	134.48%
Number of Deals	1472	1514	2.85%
Trading Days	61	64	

Source USE Trading and Research

Trading Volumes and Activity on a Quarterly Basis:

	January -2023	February - 2023	March - 2023
Volume Traded	85,203,295	10,106,381	129,376,102
Turnover (Ushs)	6,837,238,932	1,176,901,354	9,196,313,636
Number of Deals	586	395	533
Trading Days	21	19	22
Daily Average Turnover (Ushs)	325,582,806	61,942,177	418,014,256
Daily Average number of trades	28	21	24
Market Capitalization (Ushs. bn)	20,945.74	20,776.76	19,750.42
USE All Share Index	1,217.76	1,207.93	1,148.25
LCI	277.99	270.92	266.89

Source USE Product Markets Department

USE Index Performance

The All-Share index opened at 1,213.79 decreasing steadily to 1,207.93 in February and decreased gradually to close at 1,148.25, a 5.71% decline. This trend was due to changes in different market prices and the KES/UGX exchange rate. The local share Index decreased from 313.54 to a low of 280.38 in February and further decreased to close at 280.14, a 10.65% decline. Below is the ALSI/LCI movements Graph.



Source: USE Trading and Research

BOND LISTINGS:

There were 6 treasury bonds re-opened in the quarter with a value of UGX 1,172bn which were listed. Additionally, there was a non-calendar T-bond auction switch and a bond conversion. Secondary market trading is over the counter (OTC) through primary dealers. The current total value of the Government Bonds listed on the bourse stands at UGX 29.4 trillion.

Government Bond Schedule as at 31st March 2023

ISIN	REGISTRAR	ISSUER	ISSUER NAME	TYPE	ISSUEDSHARES	ISSUE DATE	RATE	MATURITY
UG12K0304317	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,630,000,000,000.00	2016/04/20	17.00	2031/04/03
UG12J1812252	USETS	GOU/I	GOVERNMENT OF UGANDA	B	120,000,000,000.00	2015/12/30	19.50	2025/12/18
UG0000001244	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,862,036,200,000.00	2013/04/24	11.00	2023/04/13
UG0000001376	USETS	GOU/I	GOVERNMENT OF UGANDA	B	220,000,000,000.00	2013/12/04	15.25	2028/11/16
UG0000001467	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,070,000,000,000.00	2014/08/13	14.00	2024/08/01
UG0000001517	USETS	GOU/I	GOVERNMENT OF UGANDA	B	850,000,000,000.00	2015/01/28	11.00	2025/01/16
UG0000001533	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,865,000,000,000.00	2015/02/25	14.25	2029/08/23
UG12J2708269	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,220,772,600,000.00	2016/09/08	16.63	2026/08/27
UG12K0403325	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,620,000,000,000.00	2017/03/23	16.38	2032/03/04
UG12J0605277	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,580,000,000,000.00	2017/05/18	16.00	2027/05/06
UG12J1301280	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,403,103,800,000.00	2018/01/25	14.13	2028/01/13
UG12K0302337	USETS	GOU/I	GOVERNMENT OF UGANDA	B	750,000,000,000.00	2018/02/22	14.38	2033/02/03
UG12K0205308	USETS	GOU/I	GOVERNMENT OF UGANDA	B	120,000,000,000.00	2015/05/21	17.50	2030/05/02
UG12J1801248	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,290,000,000,000.00	2014/01/30	14.00	2024/01/18
UG12H1005240	USETS	GOU/I	GOVERNMENT OF UGANDA	B	153,700,000,000.00	2019/05/17	14.88	2024/05/10
UG12K2206346	USETS	GOU/I	GOVERNMENT OF UGANDA	B	2,259,740,000,000.00	2019/07/11	14.25	2034/06/22
UG12L0111405	USETS	GOU/I	GOVERNMENT OF UGANDA	B	2,969,351,300,000.00	2020/11/27	17.50	2040/11/01
UG12K0811352	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,826,700,000,000.00	2020/11/27	16.25	2035/11/08
UG12J1411303	USETS	GOU/I	GOVERNMENT OF UGANDA	B	187,489,000,000.00	2020/11/27	16.00	2030/11/14
UG12H2509240	USETS	GOU/I	GOVERNMENT OF UGANDA	B	250,000,000,000.00	2019/10/02	14.88	2024/09/25
UG12F0709234	USETS	GOU/I	GOVERNMENT OF UGANDA	B	850,000,000,000.00	2021/09/09	10.00	2023/09/07
UG12K1405378	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,957,621,200,000.00	2022/06/02	16.00	2037/05/14
UG12L0805428	USETS	GOU/I	GOVERNMENT OF UGANDA	B	892,100,000,000.00	2022/06/02	17.75	2042/05/08
UG12J2005328	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,280,311,400,000.00	2022/06/02	15.00	2032/05/20
UG12G2905259	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,471,442,200,000.00	2022/06/02	0.00	2025/05/29
UG12F3005242	USETS	GOU/I	GOVERNMENT OF UGANDA	B	291,000,000,000.00	2022/06/02	0.00	2024/05/30
UG12F0808242	USETS	GOU/I	GOVERNMENT OF UGANDA	B	580,000,000,000.00	2022/08/11	14.00	2024/08/08
UG12L1408420	USETS	GOU/I	GOVERNMENT OF UGANDA	B	1,766,767,400,000.00	2022/09/08	18.50	2042/08/14

Corporate Bond Secondary Market Activity

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 is the corporate bond currently listed on the USE;

1. Kakira Sugar Limited Bond maturing on 07.12.2023

Alternative trading of Government securities January – March 2023

	Month	Security	Amount Auction	Secondary
01	Jan-23	T-Bills	740,100,000	2,100,000
02		T-Bond	922,700,000	44,700,000
03	Feb-23	T-Bills	1,201,800,000	400,900,000
04		T-Bond	nil	nil
05	Mar-23	T-Bills	641,710,000	nil
06		T-Bond	335,000,000	8,400,000

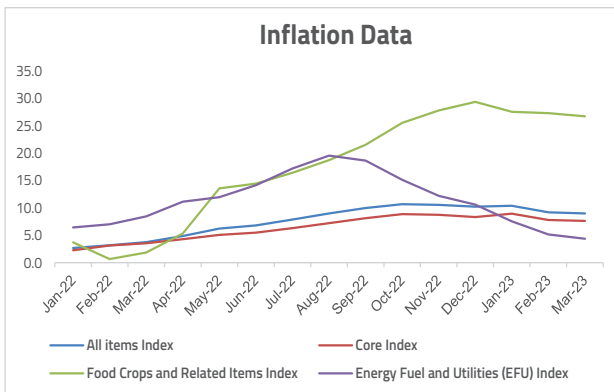
ECONOMIC & FINANCIAL DEVELOPMENTS: January - March 2023

INFLATION – OUTLOOK AND RISKS

Year on year headline inflation edged lower in the three months to March 2023 closing the period at 9.0% compared to 10.2% recorded at the close of Q4 2022 in December. This was largely driven by decreased energy and food prices.

Annual Food crops and related items inflation slightly declined to 26.7% at the end of the first quarter of 2023 compared to 29.4% at the end of the fourth quarter of the previous year signifying a slight decrease in food prices during the period. Annual Electricity, Fuel and other Utilities inflation was significantly lower by the end of the first quarter of 2023 at 4.4% compared to 7.6% in January 2023 due to lower prices at fuel pumps.

Monthly headline inflation decreased during the three months ended March 2023 attributed to reduction in Food crops and energy, fuel and utilities prices.



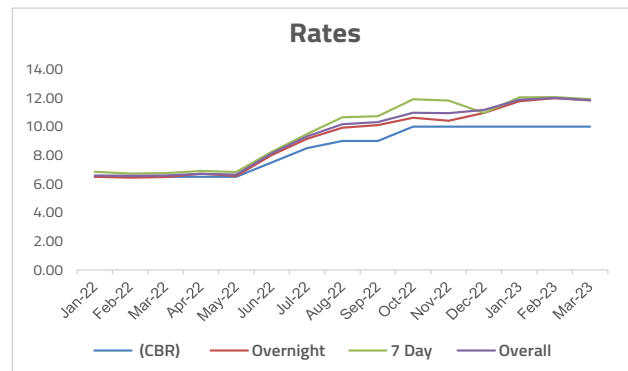
Source: UBOS UGANDA CONSUMER PRICE INDEX: 2016/17=100 MARCH 2022

INTEREST AND LENDING RATES

Interbank Money Market Rates

Bank of Uganda (BOU) continued to implement monetary policy decisions through market-based financial instruments, in the process of aligning the interbank money markets with the monetary policy stance. In Q1 2023 overall rates averaged at 11.91% compared to 11.01% in Q4 2022. The overnight and 7-day rates averaged 11.86% and 12.00% respectively in the three months to March 2023 from 10.65% and 11.55% in the three months to December 2022. The Central Bank through the monetary policy committee maintained the CBR at 10% for the quarter in a bid to curb inflationary pressures in the country. The Central Bank MPC further highlighted that inflation will continue decelerating and converge to the 5% target by the end of 2023.

On the overall money market rates continued to trend in line with the bounds set by the Monetary Policy Committee as shown in the graph below.



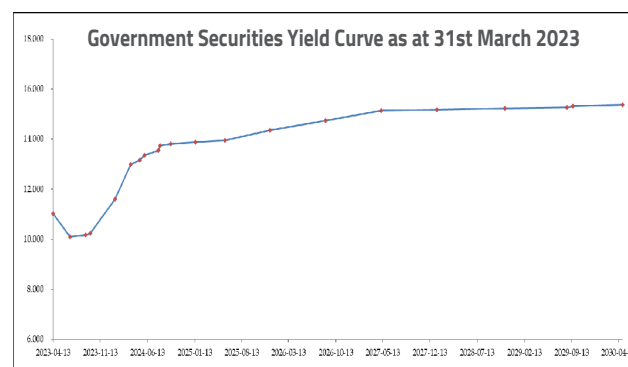
Source: Bank of Uganda

Yields on Government securities

Yields on government securities across all tenors dropped during the Quarter One 2023 in comparison with the previous quarter Q4 2022. A developed financial market can efficiently channel liquidity from institutions with surplus funds to those in deficits, provides effective price-discovery mechanism and helps transmit monetary policy to the real economy. A comprehensive assessment of the financial markets is therefore vital for judging the decisions and consequences of the central bank's actions. Conversely, average yields on the 364-day Treasury bills dropped to 12.5% percent in the quarter from 14.8% percent in the previous quarter.

In comparison to the close of Q4 2022, yields on the 2-year, 3-year, 5-year and 10-year maturities dropped slightly from 13.83%, 14.10%, 15.20% and 15.57% to 13.73%, 13.96%, 15.14% and 15.54% respectively. On the other hand, yields on the 15-year and 20-year maturities had slight gains in their yields from 16.17% and 16.58% to 16.57% and 16.96% respectively.

Yield curve as at 31st March 2023

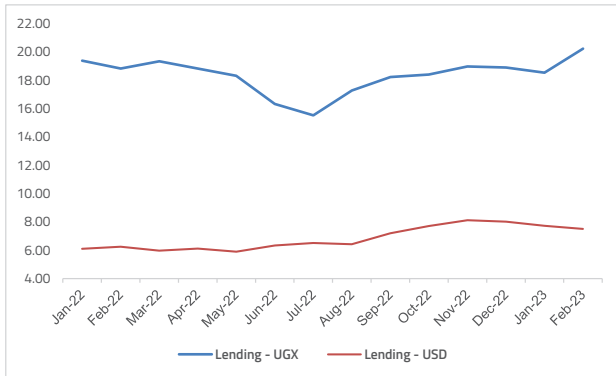


Source: Bank of Uganda

Lending rates

Lending rates on shilling denominated loans increased to 20.24% in February 2023 compared to 18.91% in December 2022. The lending rate as of February 2023 was slightly higher compared to 18.84% in February 2022. Lending rates have remained relatively stable

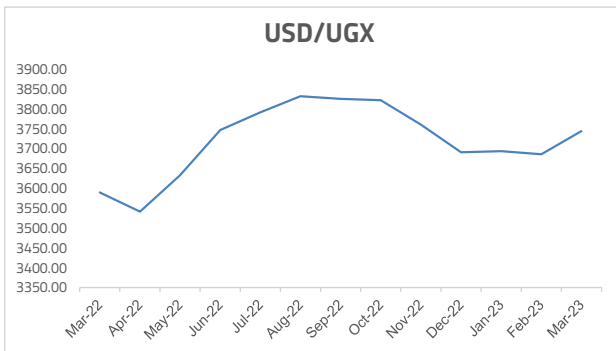
and on the higher end despite various changes in the monetary policy rates. Foreign currency denominated lending rates slightly decreased to 7.50% in February 2023 from 8.01% in December 2022.



Source: Bank of Uganda

FOREIGN EXCHANGE RATE DEVELOPMENT

The Uganda Shilling gained 1.29% against the USD in the first quarter of 2023 trading at a 3,709.3 average from 3,757.8 for December 2022. However, throughout the quarter, the shilling has weakened against the dollar. This was attributed to the direct impacts of the central bank's monetary policy as it tries to curb inflationary pressures and maintain the currency trading at a stable value. On the other hand, the Uganda currency has steadily gained against its major trading partners gaining as much as 7.36% against the Kenya shilling.



Source: Bank of Uganda

EDUCATION COLUMN.

CUM DIVIDEND

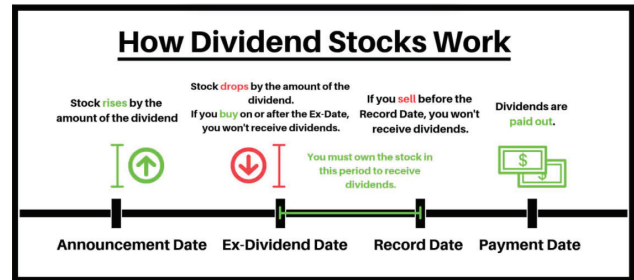


What Is Cum Dividend?



A stock is cum dividend, which means "with dividend," when a company has declared that there will be a dividend in the future but has not yet paid it out. A stock will trade cum dividend until the ex-dividend date. After that, the stock trades without its dividend rights. When the buyer receives the next dividend scheduled for distribution, the share is cum dividend.

How Cum Dividend Works



Before the announcement of year-end results for companies, dates are set out for closing the register for dividend payments and scrips. These dates will determine the qualification for dividends and scrips. A scrip is a document acknowledging a debt. Companies short on cash often pay scrip dividends instead of cash dividends.

Cum dividend is the status of a security when a company is preparing to pay out a dividend at a later date. The seller of a stock cum dividend is selling the right to the share and the right to the next dividend distribution. This situation often results from the timing of the sale rather than the preference of the seller.

Stock price movements based on the expected future of the company usually influence investment returns more than dividends.

To buy a share cum dividend, the buyer must complete the purchase before a certain point in the dividend period, called the record date. Often, companies will require the sale to be completed two business days before the end of the period.

However, some corporations will push the deadline to the last day of the period. If the buyer completes the recording of the transaction in time, they will receive the eventual distribution. If the buyer misses the deadline,

then the share is sold ex-dividend, or without the right to the next distribution. The dates are set based on the declaration date and recording date chosen by the company that issues the stock.

There is no specific schedule for the release of dividends, and the payment dates can vary from company to company. Some companies offer quarterly dividends, while others may pay dividends only once or twice a year. While it is not typical, some companies pay dividends monthly.

SPECIAL CONSIDERATIONS

Declared Dividends

BIRMINGHAM – The board of directors of Alabama Power Company has declared the regular quarterly dividends on the company's outstanding preferred stock as follows:



Preferred Stock	(\$100 Par Value)
4.20%	– \$1.05 per share
4.52%	– \$1.13 per share
4.60%	– \$1.15 per share
4.72%	– \$1.18 per share
4.92%	– \$1.23 per share
Class A Preferred Stock	

Dividends Declared

Cum dividend rights include those associated with the next declared dividend. A declared dividend is the amount the board of directors has agreed upon through a motion authorizing the payments. Once they are declared, dividends effectively function as liabilities for the company. As dividends are a portion of a firm's profits, these amounts can fluctuate.

A company declares the dividend on the declaration date. Next, it sets a recording date that the buyer must meet for it to transfer the dividend. Often, a buyer must purchase a share at least two business days before the recording date to get the dividend. This cutoff date is the ex-dividend date or ex-date. If a buyer purchases a share after the ex-date, the seller sells it ex-dividend instead of cum dividend. In this case, the buyer would get the stock but would not be entitled to the distribution.

Dividend Rights and Purchase Price

The price of the stock will adjust depending on if it is cum dividend or ex-dividend. Since information on dividends is publicly available, it is incorporated into the share price under the efficient market hypothesis. A strategy of buying at the last possible date, collecting the dividend, and then selling the stock is far too naive to succeed.

Example of Cum Dividend



Let's say an investor owns 100 shares of UMEME company and the company's board of directors has declared a final dividend of UGX 54 per share. The ex-dividend date is ten days away. The investor is considering selling their shares to finance another purchase. If they sell cum dividend, the buyer would receive the 100 shares at the current price and would be entitled to the UGX 54 per share in dividend pay-outs.

Suppose the seller holds off on selling during the cum dividend period, waiting to see if other investments pan out. Those investments don't end up panning out, and the seller is forced to sell the 100 shares of UMEME. However, the cum dividend date has passed, and the shares are ex-dividend. To reflect the loss of the dividend, the market price of the shares will be UGX 54 lower, all other things being equal. While the buyer won't receive that final distribution, they will be entitled to future distributions if they continue to hold the shares.

KEY TAKEAWAYS

- A stock is cum dividend, which means "with dividend," when a company has declared that there will be a dividend in the future but has not yet paid it out.
- To buy a share cum dividend, the buyer must complete the purchase before a certain point in the dividend period, called the record date.
- Since information on dividends is publicly available, it is incorporated into the share price under the efficient market hypothesis.

SOURCE;

<https://www.investopedia.com/terms/c/cumdividend.asp#:~:text=A%20stock%20is%20cum%20dividend,trades%20without%20its%20dividend%20rights>

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:
Dyer & Blair (Uganda) Ltd Rwenzori House Ground Floor P. O. Box: 36620 Kampala Tel: +256-414-233050 Fax: +256 -414 231813 Email: Uganda@dyerandblair.com	Ms. Esther Kakiza
Crested Stocks and Securities Limited Head Office - Impala House 6th Floor Plot 13-15, Kimathi Avenue P. O. Box 31736, Kampala, Uganda Tel: +256 312 230900/ +256 414 230 900 Email: info@crestedcapital.com Website: www.crestedcapital.com	Mr. Robert H. Baldwin
UAP Old Mutual Financial Services Ltd 2nd floor, Block A, Nakawa business park P. O. Box 20079, Kampala Tel: +256 414 332 825 Email: brokerageufs@uap-group.com	Mr. Mwebaze Simon
SBG Securities Limited 4th Floor Crested Towers (Short Towers) P. O. Box 7131, Kampala Tel: +256 0312 224 600 Email: sbgs_uganda@stanbic.com	Mr. Joram Ongura
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