



**Uganda**  
Securities Exchange

August 2022

# MONTHLY BULLETIN

## ACTIVITY REPORT

### MARKET PERFORMANCE

#### Equities Report

The trading volume for August 2022 was 46,190,627 shares with a turnover of UGX 3,762,871,972. This month's turnover performance was a 4.56% decline from 46,693,856 shares worth UGX 3,942,698,472 that was recorded in August 2021.

Activity in August decreased 6.09% compared to the turnover registered in July 2022, from 4 billion to 3.7 billion. This represents a daily average turnover of approximately UGX 163 million. Volume traded increased to 46 million shares compared to 42 million shares traded in July 2022. The number of deals increased to 645 deals up from 613 deals executed in July 2022, with 44.6 per cent of the deals attributed to the MTN Uganda Limited counter.

#### Turnover performance per counter

UMEME counter dominated activity for the month accounting for 54.18 percent of the total turnover followed by MTN Uganda Limited with 25.11 percent. In third position was Stanbic with 15.62 per cent contribution to the month's turnover and Bank of Baroda Uganda in fourth position with 4.56 percent. Uganda Clays Limited, CIPLA, Centum, DFCU, New Vision Limited and National Insurance Corporation Uganda Limited combined recorded 0.53 percent of the total turnover.

#### Volume traded per counter

Stanbic registered the highest volume of shares with 60.79 percent, followed by UMEME with 22.18 percent. MTN Uganda Limited came third with 10.53 percent of the volume, while Bank of Baroda Uganda was in the fourth position with 4.37 percent of the total volume. Uganda Clays Limited

accounted for 1.20 percent, National Insurance Corporation Uganda Limited, CIPLA, Centum, New Vision Limited and DFCU had the least number of shares traded amounting to 426,427 shares representing 0.93 percent of total number of shares traded.

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

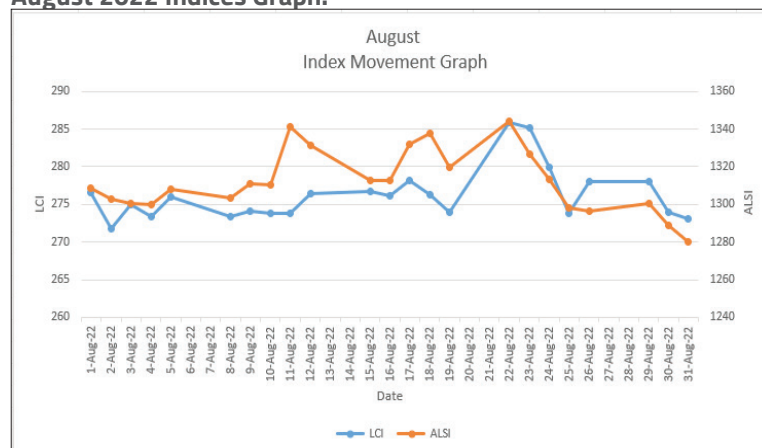
	August 2022	August 2021
Volume Traded	46,190,627	46,693,856
Turnover (UGX)	3,762,871,972	3,942,698,472
Number of Deals	645	266
Trading Days	23	22
Daily Average Turnover (UGX)	163,603,129	179,213,567
Daily Average number of trades	28	12
Market Capitalization (UGX.bn)	22,018.68	21,870.08
USE All Share Index (ASI)	1,280.14	1,574.73
Local Share Index (LSI)	273.01	342.68

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 277.80 and closed at 273.01 representing a 1.72 percent decline. The All Share Index (ALSI) declined by 2.28 percent to 1280.14 from 1310.07 at the start of the month.

#### August 2022 Indices Graph:



Source: USE Product Markets Department



#### Equities Report

The trading volume for August 2022 was **46,190,627** shares



#### Turnover performance per counter

**UMEME** counter dominated activity for the month accounting for **54.18%** of the total turnover



#### Volume traded per counter

Stanbic registered the highest volume of shares with **60.79%**, followed by UMEME

## ECONOMIC & FINANCIAL DEVELOPMENTS: AUGUST 2022

### INFLATION – OUTLOOK AND RISKS

Annual headline inflation increased to 9.0 percent, up from 7.9 percent registered in July 2022, this was mainly driven by the increase in prices of commodities. Core Inflation increased to 7.2 percent in August 2022, up from 6.3 percent registered in July 2022.

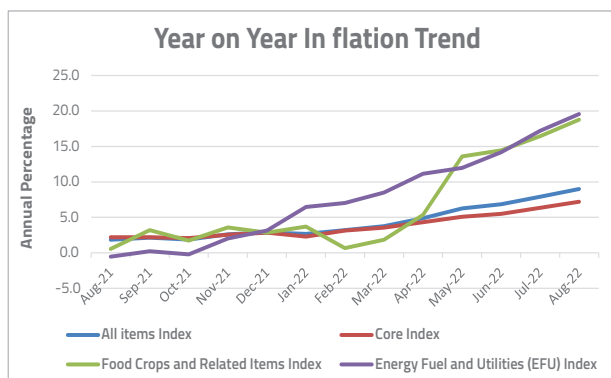
The Monthly Headline Inflation for August 2022 increased by 1.0 percent the same rise recorded in the month of July 2022. This is mainly attributed to the monthly Core Inflation that rose by 0.7 percent in August 2022 from 1.0 percent rise recorded in July 2022.

The Core Inflation for the 12 months to August 2022 increased to 7.2 percent up from 6.3 percent registered in the year ended July 2022. This increase in Annual Core inflation was attributed to Annual Services Inflation that increased to 3.7 percent in the year ending August 2022, up from 2.0 percent registered in the year ended July 2022.

Year on year Annual Food Crops and Related Items Inflation increased to 18.8 percent in the year ending August 2022, up from 16.4 percent registered in the year ended July 2022.

Year on year Energy Fuel and Utilities Inflation increased to 19.6 percent in the year ending August 2022, up from 17.2 percent registered in the year ended July 2022.

Bou forecasts show that inflation for 2022 remains in range of 7.0 to 7.4%



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

### INTEREST AND LENDING RATES

#### Interbank Money Market Rates

Interbank Money Market rates edged slightly higher averaging 10.15 in August 2022 compared to 9.31 in July 2022. Overnight rates edged at 9.92 in August 2022 compared to 9.39 in July 2022 while 7-Day rates edged higher averaging at 10.64 last month compared to 9.63% in July 2022.

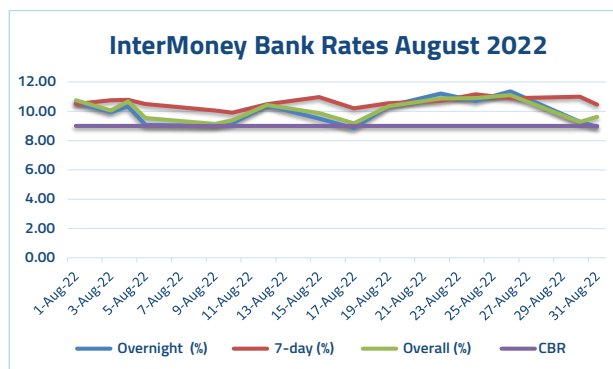
The economy continues to face strong cost-push inflation pressures from external environments, dry

weather conditions, and exchange rate depreciation amidst weak domestic demand.

In the near term (12 months ahead) BoU forecasts that, inflation pressures will continue to rise. While the current increases in the CBR are meant to bring back inflation to its medium-term objective of 5%, these have had indirect effect in lowering the pace of depreciation of the exchange rate, which is expected to cushion the inflation pressures.

In addition, the committee noted the recent support from the tightening of fiscal policy to address the current inflationary pressures. It decided to raise the CBR by 50 basis points to 9.0 percent.

Going forward, the MPC considers that the monetary policy stance will have to be tightened even further if inflationary pressures persist to ensure that inflation reverts to its medium target of 5 percent.

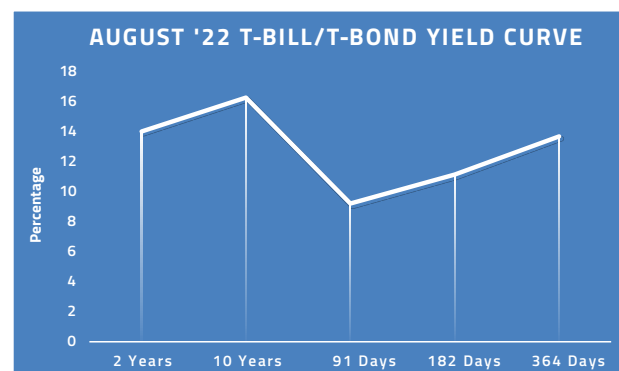


Source: Bank of Uganda

#### Yields on Government securities

Rates on the short end of the yield curve at the end of August 2022 edged slightly higher compared to the end of July 2022 for 91-Day, 182-Day, and 364-Day. So, the 91-Day, 182-Day and 364-Day, closed the past month at 9.2%, 11.1% and 13.7% respectively.

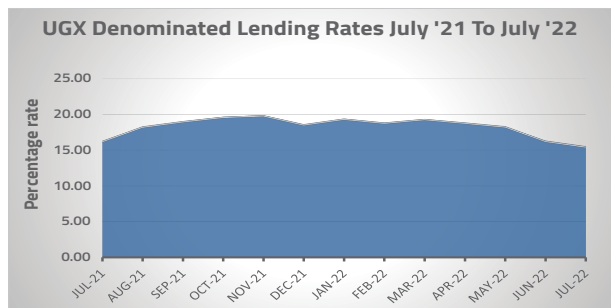
The recently issued 2-year and 10-year government papers closed August 2022 at 14.000%, and 16.250% respectively.



Source: Bank of Uganda

## Lending rates

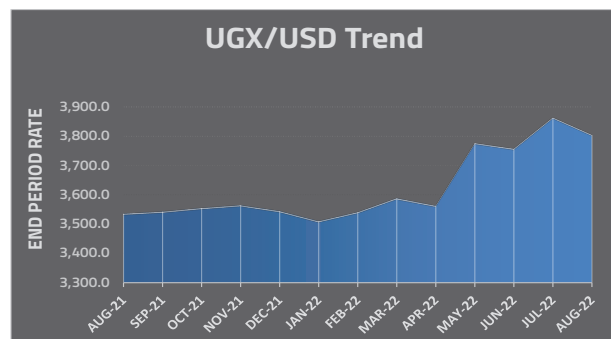
Shilling denominated lending rates slightly declined to 15.53% in July 2022 from 16.33% in June 2022. Month on month Foreign Currency denominated lending rates slightly increased to 6.51% in July 2022 compared to 6.34% in June 2022. On average foreign currency denominated lending rates have been fluctuating pointing to a differing appetite for these loans.



Source: Bank of Uganda

## FOREIGN EXCHANGE RATE DEVELOPMENT

The local currency edged slightly higher month on month closing at 3,803 in August compared to 3,862 in July driven by lower appetite for foreign currency during the period. The Uganda Shilling has weakened by 7.5% against the USD so far this year compared to 3,535 at the end of August 2021.



Source: Bank of Uganda

## BOND LISTINGS:

There was a 2Year new treasury bond with a value of UGX 200 bn and 10Year re-open with a value of UGX 350 bn listed in August 2022. The current total value of the Government Bonds listed on the bourse stands at UGX 25.1 trillion.

## Government Bond Schedule: August 2022

INSTRUMENT CODE	IS IN	ISSUED SHARES	ISSUE DATE	RATE	MATURITY
FXD/04/2016/15YR	UG12K0304317	1,630BN	2016/04/20	17.00	2031/04/03
FXD/12/2015/10YR	UG12J1812252	120BN	2015/12/30	19.50	2025/12/18
FXD 6/2013/10	UG0000001244	1,862BN	2013/04/24	11.00	2023/04/13
FXD 12/2013/15	UG0000001376	220BN	2013/12/04	15.25	2028/11/16
FXD 8/2014/10	UG0000001467	1,070BN	2014/08/13	14.00	2024/08/01
FXD01/2015/10	UG0000001517	850BN	2015/01/28	11.00	2025/01/16
FXD 2/2015/15	UG0000001533	1,865BN	2015/02/25	14.25	2029/08/23
FXD/08/2016/10YR	UG12J2708269	1,220BN	2016/09/08	16.63	2026/08/27
FXD/03/2017/15YR	UG12K0403325	1,620BN	2017/03/23	16.38	2032/03/04
FXD/5/2017/10YR	UG12J0605277	1,580BN	2017/05/18	16.00	2027/05/06
FXD/1/2018/10YR	UG12J1301280	220BN	2018/01/25	14.13	2028/01/13
FXD/2/2018/15YR	UG12K0302337	750BN	2018/02/22	14.38	2033/02/03
FXD/05/2015/15YR	UG12K0205308	120BN	2015/05/21	17.50	2030/05/02
FXD/01/2014/10YR	UG12J1801248	1,290BN	2014/01/30	14.00	2024/01/18
FXD/12/2017/5YR	UG12H2811224	156BN	2017/12/04	12.50	2022/11/28
FXD/05/2019/5	UG12H1005240	153BN	2019/05/17	14.88	2024/05/10
FXD/07/2019/15	UG12K2206346	2,259BN	2019/07/11	14.25	2034/06/22
FXD/11/2020/20YR	UG12L0111405	2,969BN	2020/11/27	17.50	2040/11/01
FXD/11/2020/15YR	UG12K0811352	1,826BN	2020/11/27	16.25	2035/11/08
FXD/11/2020/10YR	UG12J1411303	187BN	2020/11/27	16.00	2030/11/14
FXD/10/2019/5YR	UG12H2509240	250BN	2019/10/02	14.88	2024/09/25
FXD/09/2021/2YR	UG12F0709234	850BN	2021/09/09	0.00	2023/09/07
FXD/05/2022/15YR	UG12K1405378	135BN	2022/06/02	16.00	2037/05/14
FXD/05/2022/20YR	UG12L0805428	892BN	2022/06/02	17.75	2042/05/08
FXD/05/2022/10YR	UG12J2005328	389BN	2022/06/02	15.00	2032/05/20
FXD/05/2022/3YR	UG12G2905259	93BN	2022/06/02	0.00	2025/05/29
FXD/05/2022/2YR	UG12F3005242	291BN	2022/06/02	0.00	2024/05/30
FXD/08/2022/2YR	UG12F0808242	200BN	2022/08/11	0.00	2024/08/08

### Corporate Bond Activity: August 2022

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 Activity: August 2022

	Month	Security	Amount Auction	Secondary
01	Aug-22	TBILL	59,550,000	
02		TBOND		55,900,000
	Total		59,550,000	55,900,000

## CORPORATE ANNOUNCEMENTS: AUGUST 2022



### BRITISH AMERICAN TOBACCO (BAT)

#### UNAUDITED RESULTS FOR SIX MONTHS ENDED 30 JUNE 2022

##### Financial Highlights.

**Gross revenue** increased by 12% to UGX 50.7 billion while Exercise duty and Value Added Tax increased by 10% to UGX 25.6 billion, largely driven by higher sales volume and an improved product mix. Consequently, net revenue increased by 14% to UGX 25 billion.

**Total cost of operations** increased by 16% to UGX 19.6 billion, in line with higher sales volume and an inflationary increase in product costs driven by higher input costs globally.

**Profit After Tax** increased by 14% to UGX 3.9 billion, reflecting the higher net revenue and partially offset by the increase in cost of operations.

**Taxes** in from of Excise Duty, VAT and Income Tax increased by UGX 2.5 billion (10%) to UGX 27.4 billion, driven by higher sales volume and profit.

### UMEME

#### UMEME LIMITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

##### Financial Highlights.

**Revenue:** Electricity sales to customers increased by 3.2% to UGX. 876.4 billion as compared to UGX. 849.2 billion in 2021. Total electricity sales increased by 9% to 1,875 GWh amidst a reduction in energy losses to 17.1% as compared to 17.9% for 2021, as power consumption in the domestic, commercial, medium, and large industrial consumer segments posted double-digit growth.

**Operating Costs** reduced by 6.5% to UGX. 115 billion as compared to UGX. 123 billion in 2021 supported by reorganization of the business during the period and efficiency gains from our continued investments in technology.

**Operating profit** increased by 21% to UGX. 100 billion as compared to UGX. 82 billion in 2021 driven by performance on gross profit and operating costs.

**Profit After Tax** increased by 33% to UGX. 64 billion as compared to UGX. 48 billion in 2021 and Earnings Per Share increased to UGX. 39.6 from UGX. 29.7 for the same period in 2021.

**Debt:** Net debt on 30th June 2022, was down 20% to UGX. 268 billion (US\$ 71 million) compared to the closing balance at 31 December 2021 of UGX. 337 billion (US\$ 95 million) following scheduled repayment of UGX. 90 billion (US\$ 24 million) on our long-term borrowings.

**Cashflows:** Net Operating cashflow increased by 21.7% to UGX. 187.4 billion as compared to UGX. 154 billion in 2021 supported by improved cash collections, improved profitability, optimized working capital and lower financing costs in the period.

**Dividends:** In line with the previous interim periods, the company's strategy is to pay scheduled term debt and to fund ongoing capital investments in the distribution system for efficiencies and improvement in the customer experience. As a result, the Directors do not recommend the payment of an interim dividend.

##### Full announcement can be found on our website;

UMEME HALF YEAR 2022 RESULTS | Uganda Securities Exchange (USE)



## UGANDA CLAYS LIMITED

### EXTRACT FROM THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE 2022.

#### Financial Highlights

**Revenue** from sales was UGX 18 billion, 3% higher than UGX 17.5 billion in June 2021 due to improved production efficiencies and expansion of the domestic market.

**Gross profit** increased by 7% to UGX 7.9 billion compared to UGX 7.4 billion in June 2021, driven by cost control measures put in place resulting in better management of production costs.

**Overhead costs** increased by 23% to UGX 6.6 billion from UGX 5.4 billion in June 2021 driven by increased funding of the business initiatives for the period and increased operating costs resulting from increased inflation. As a result, Profit after tax for the period dropped by 54% to UGX 1.3 billion compared to UGX 2.7 billion in June 2021.

**Current trading and outlook.** We project the economy to improve in the second half of the year resulting in a steady growth in revenue. In addition, the Capex project for enhancement of production capacity is progressing well.

**Full announcement can be found on our website; UGANDA CLAYS LIMITED HALF YEAR 2022 FINANCIAL STATEMENT | Uganda Securities Exchange (USE)**

#### CIPLA

#### POST ANNUAL GENERAL MEETING NOTICE

Cipla Quality Chemical Industries Limited informed its shareholders and the general public that at the Annual General Meeting of the Company held virtually on Thursday, 18th August 2022, the following resolutions were passed;

1. Adoption of the Audited Financial Statements for the year ended 31st March 2022 including the reports of the Directors and the External Auditor.
2. Declaration of a dividend payment of UGX 2.0 per ordinary share to be paid less withholding tax by 30th September 2022 to shareholders whose names appear on the Company's share register at the close of business on 31st August 2022.
3. Re-election of Directors who retired by rotation; Ms. Geena Malhotra, Dr. Peter Mugenyi & Mr. Paul Miller

**Full announcement can be found on our website; POST ANNUAL GENERAL MEETING NOTICE | Uganda Securities Exchange (USE)**

## EDUCATION COLUMN.

### Understanding Capital Markets



The term capital market is a broad one that is used to describe the in-person and digital spaces in which various entities trade different types of financial instruments. These venues may include the stock market, the bond market, and the currency and foreign exchange markets. Most markets are concentrated in major financial centers such as New York, London, Singapore, and Hong Kong.

### What Are Capital Markets?

#### CAPITAL MARKET

**CAPITAL MARKET** is a market for long-term securities that includes both debt and equity. Companies and governments can raise long term funds (more than a year) through this market. Capital market channelizes the funds from those who have excess capital to those who need it.

#### FUNCTIONS

1. Savings Mobilization
2. Formation of Capital
3. Rapid Economic Growth
4. Benefits to Investors
5. Variety of Services
6. Continuous Availability of Funds

**eFinance**  
Management  
.com

#### TYPES OF CAPITAL MARKETS

##### Primary Market

##### Secondary Market

Public  
Issue

Private  
Placement

Rights  
Issue

Over the  
Counter  
market

Dealer  
Market

Capital markets are where savings and investments are channeled between suppliers and those in need. Suppliers are people or institutions with capital to lend or invest and typically include banks and investors. Those who seek capital in this market are businesses, governments, and individuals. Capital markets are composed of primary and secondary markets. The most common capital markets are the stock market and the bond market. They seek to improve transactional efficiencies by bringing suppliers together with those seeking capital and providing a place where they can exchange securities.

Capital markets are composed of the suppliers and users of funds. Suppliers include households (through the savings accounts they hold with banks) as well as institutions like pension and retirement funds,

## Distinguish Between Money Market and Capital Market

1

It is a component of the financial market where short-term borrowing takes place.

2

It is a component of financial market where long-term borrowings takes place.

life insurance companies, charitable foundations, and non-financial companies that generate excess cash. The users of the funds distributed on capital markets include home and motor vehicle purchasers, non-financial companies, and governments financing infrastructure investment and operating expenses.

Capital markets are used primarily to sell financial products such as equities and debt securities.

These markets are divided into two different categories:

- Primary markets where new equity stock and bond issues are sold to investors
- Secondary markets, which trade existing securities

Capital markets are a crucial part of a functioning modern economy because they move money from the people who have it to those who need it for productive use.

### Are Capital Markets the Same as Financial Markets?

While there is a great deal of overlap at times, there are some fundamental distinctions between these two terms. Financial markets encompass a broad range of venues where people and organizations exchange assets, securities, and contracts with one another, and are often secondary markets. Capital markets, on the other hand, are used primarily to raise funding, usually for a firm, to be used in operations, or for growth.

### What Is a Primary vs. Secondary Market?

New capital is raised via stocks and bonds that are issued and sold to investors in the primary capital market, while traders and investors subsequently buy and sell those securities among one another on the secondary capital market but where no new capital is received by the firm.

### Which Markets Do Firms Use to Raise Capital?

Companies that raise equity capital can seek private

placements via angel or venture capital investors but are able to raise the largest amount through an initial public offering when shares list publicly on the stock market for the first time. Debt capital can be raised through bank loans or via securities issued in the bond market.

### The Bottom Line

Capital markets are a very important part of the financial industry. They bring together suppliers of capital and those who seek it for their own purposes. This may include governments that want to fund infrastructure projects, businesses that want to expand, and even individuals who want to buy a home. They are divided into two different categories: the primary market where companies list new issues for the first time and the secondary market, which allows investors to purchase already-issued securities. The key benefit to these markets is that they allow money to move from those who have it to those who need it for their own purposes.

### KEY TAKEAWAYS

- Capital markets refer to the venues where funds are exchanged between suppliers and those who seek capital for their own use.
- Suppliers in capital markets are typically banks and investors while those who seek capital are businesses, governments, and individuals.
- Capital markets are used to sell different financial instruments, including equities and debt securities.
- These markets are divided into two categories: primary and secondary markets.
- The best-known capital markets include the stock market and the bond markets.

### SOURCE;

<https://www.investopedia.com/terms/c/capitalmarkets.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>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>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 SECURITIES EXCHANGE

UAP Nakawa Business Park, Block A,  
4<sup>th</sup> Floor, Plot 3 - 5 New Port Bell Road.

P. O. Box 23552 Kampala, Uganda.

**T:** +256 (3123708) 15/17/18.

**E:** info@use.or.ug. **W:** www.use.or.ug