



## ACTIVITY REPORT

### Equities Report

The total trading volume for May 2024 was 73,278,698 shares with a turnover of UGX 5,473,458,730. This month's turnover performance showed a **64.78%** decrease from UGX 15,541,482,879 recorded in May 2023. Turnover in May 2024 increased by **85.91%** in comparison with the turnover registered in April 2024, from UGX 3.019 billion to UGX 5.473 billion. This turnover represents a daily average turnover of UGX 260.640 million. Volume traded increased to approximately 73 million shares compared to 48 million shares traded in April 2024. The number of deals decreased to 442 deals from 523 deals executed in April 2024.

### Turnover performance per counter

UMEME Limited (UMEM) counter led monthly activity, accounting for 55.49% of the total turnover followed by Stanbic Uganda Holdings Limited (SBU) with 36.61%. In third position was Bank of Baroda Uganda Limited (BOBU) with 3.85% contribution to the month's turnover and DFCU Limited (DFCU) in fourth position with 2.36%. Airtel Uganda Limited (AIRTEL UGANDA), National Insurance Corporation (NIC), Quality Chemicals Limited (QCIL), MTN Uganda Limited (MTNU), New Vision Printing and Publishing Uganda Limited (NVL), and Uganda Clays Limited (UCL) traded a total turnover of 0.19%.

The Local Company Index (LCI) decreased during the period. The local index commenced the month at 265.36 and closed at 263.56 representing a **-0.67%** decrease. The All-Share Index (ALSI) increased by **4.55%**, to 1,086.52 from 1,039.19 at the start of the month.

### Counter Price Movements May 2024

#### Top Gainers

Counter	Open (02.05)	Close (31.05)	Change %	YTD Change %
KCB	851.74	1,099.42	↑ 29.08%	↑ 110.19%
BOBU	17.00	19.00	↑ 11.76%	↑ 26.67%
EBL	1,216.16	1,273.40	↑ 4.71%	↑ 55.48%
NMG	565.00	590.65	↑ 4.54%	↑ 20.43%
JHL	5,162.69	5387.47	↑ 4.35%	↑ 22.52%

#### Top Losers

Counter	Open (02.05)	Close (31.05)	Change %	YTD Change %
AIRTEL UGANDA	79.00	75.00	5.06%	20.01%
NIC	6.00	5.90	1.67%	9.23%



#### Equities Report

The total trading volume for May 2024 was **73,278,698** shares



#### Turnover performance per counter

**UMEME Limited (UMEM)** counter led monthly activity, accounting for **55.49%** of the total turnover



#### Volume traded per counter

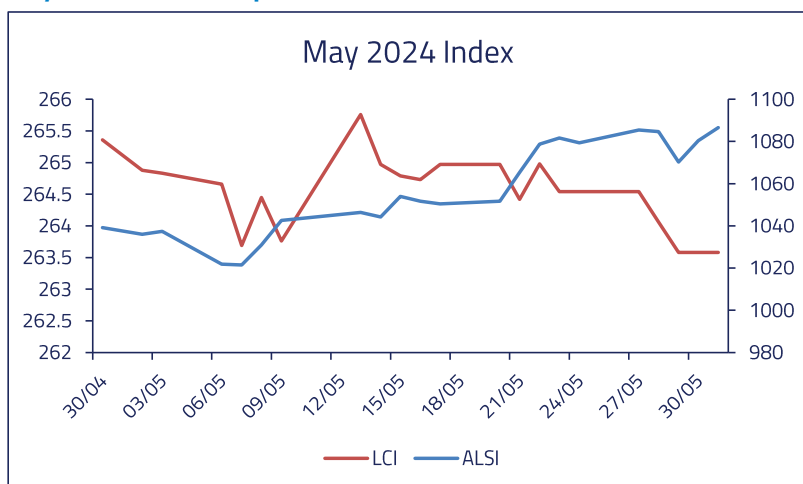
The local index commenced the month at 265.36 and closed at 263.56 representing a **-0.67%** decrease.

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

Metrics	May-24	May-23
Volume Traded	73,278,698	165,510,482
Turnover (UGX)	5,473,458,730	15,541,482,879
Number of Deals	442	501
Trading Days	21	22
Daily Average Turnover (UGX)	260,640,892	179,838,477
Daily Average Number of trades	21	23
Market Capitalization (UGX. Bn)	23,689.96	17,906.56
USE All Share Index (ALSI)	1,086.52	1,041.05
Local Share Index (LSI)	263.58	273.54

Source USE Trading and Research Department

## May 2024 Indices Graph

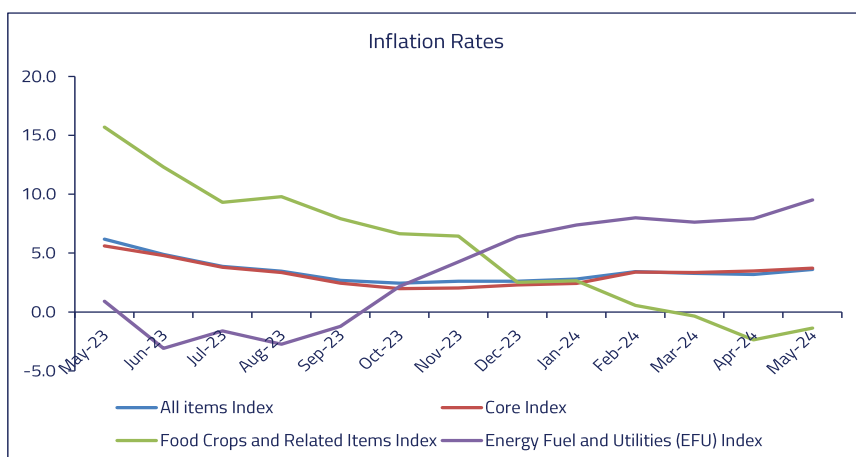


Source: USE Trading and Research Department

## ECONOMIC & FINANCIAL DEVELOPMENTS: May 2024

### INFLATION – OUTLOOK AND RISKS

Annual inflation as measured by the consumer price index of Uganda for the 12 months to May 2024 printed at 3.6% compared to 3.2% registered in the 12 months to April 2024. Energy, Fuel and Utilities have been a key contributor to this rise since August 2023 with a slight drop in February 2024. Year on year Annual Food Crops and Related Items Inflation slightly increased to -1.4% in the 12 months to May 2024, up from -2.4% registered in the year ended April 2024. Year on year Annual Energy Fuel and Utilities (EFU) Inflation registered at 9.5% for the 12 months to May 2024, compared to 7.9% registered in the year ended April 2024 exhibiting a higher rate of ascent.

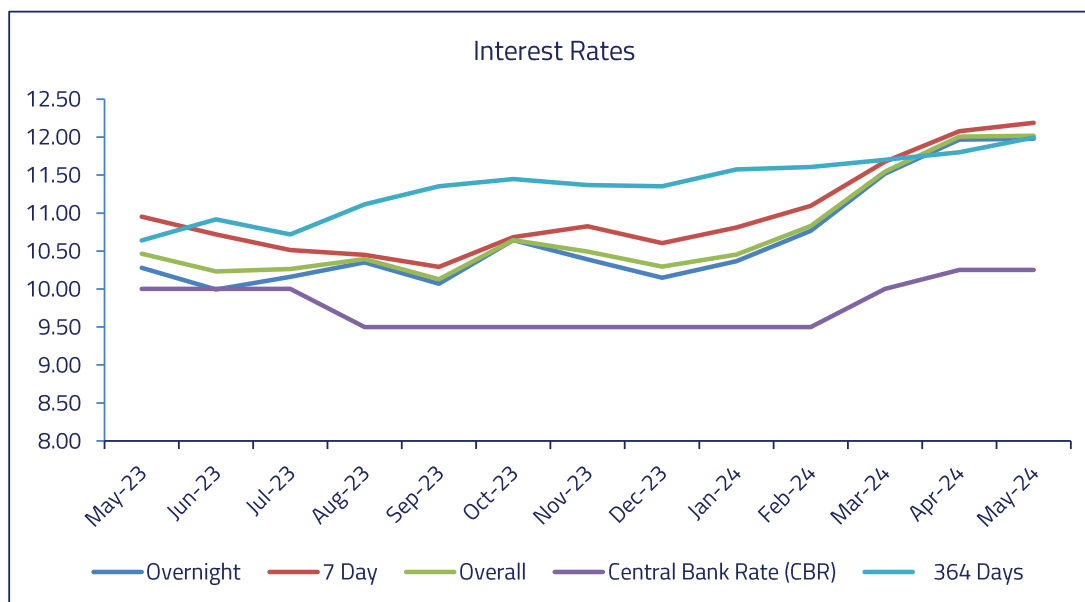


Source: UBOS UGANDA CONSUMER PRICE INDEX: 2016/17=100 Apr 2023

## INTEREST AND LENDING RATES

### Interbank Money Market Rates

Interbank Money Market rates remained relatively stable averaging 12.02% in May 2024 compared to 12.01% in April 2024. Overnight rates edged slightly higher at 11.98% in May 2024 compared to 11.97% in April 2024. Additionally, 7-Day rates edged slightly higher averaging at 12.19% in May 2024 compared to 12.08% in April 2024. The CBR rate was raised to 10.25% by the Monetary Policy Committee of the Bank of Uganda in its April 2024 meeting and maintained during the June 2024 meeting.



Source: Bank of Uganda

### Yields on Government securities.

Rates on the short end of the yield curve at the end of May 2024 increased slightly compared to the end of March 2024. Closing average yields in the bond market at the end of May 2024 had varied changes after across different tenors showing slight stability in the bond market month on month.

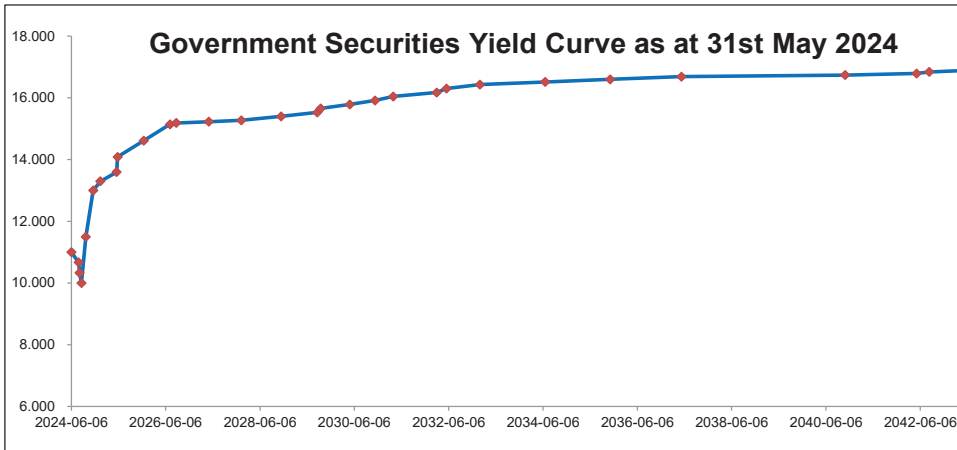
Tenors	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
91 Days	9.80%	9.80%	9.70%	9.94%	9.31%	9.93%	9.31%	9.22%	9.54%	9.68%	9.99%
182 Days	11.70%	11.00%	10.49%	11.85%	11.89%	11.88%	11.78%	11.93%	11.96%	12.40%	12.99%
364 Days	12.30%	12.00%	11.11%	12.50%	12.76%	12.72%	12.77%	13.14%	13.17%	13.37%	13.59%

Source: Bank of Uganda

Maturity	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
2 years	12.44%	13.60%	13.43%	13.28%	13.03%	13.00%	13.11%	13.17%	13.34%	13.55%	14.08%
3 years	13.29%	13.69%	13.66%	13.60%	13.32%	13.72%	13.78%	14.19%	14.83%	14.76%	15.14%
5 years	14.13%	14.56%	14.91%	14.63%	14.63%	14.81%	14.75%	14.73%	14.94%	14.90%	15.27%
10 years	14.57%	15.48%	15.59%	15.25%	15.09%	15.48%	15.54%	15.72%	15.78%	16.04%	16.43%
15 years	14.74%	15.68%	15.84%	15.33%	15.16%	15.75%	15.82%	16.22%	16.22%	16.18%	16.69%
20 years	14.91%	16.35%	16.15%	15.31%	15.18%	15.74%	15.83%	16.31%	16.49%	16.45%	16.89%

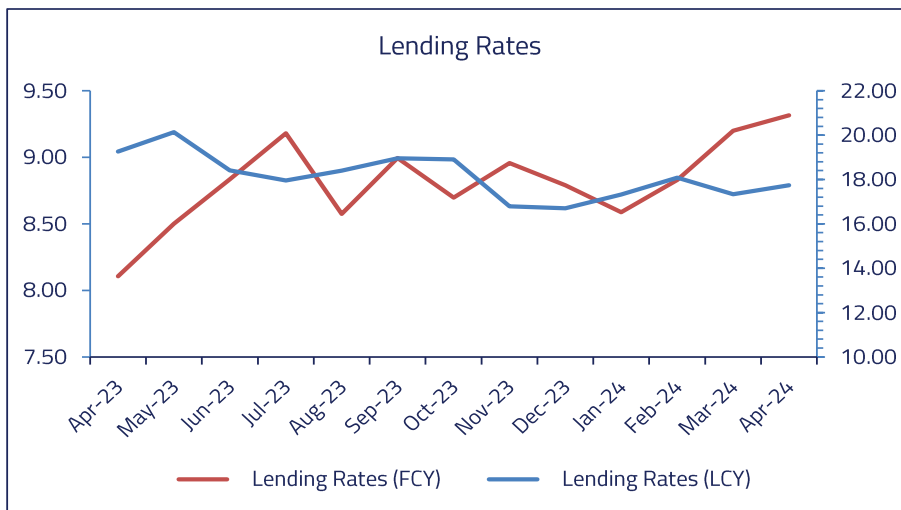
Source: Bank of Uganda

## Closing Yield Curve May 2024



## Lending rates

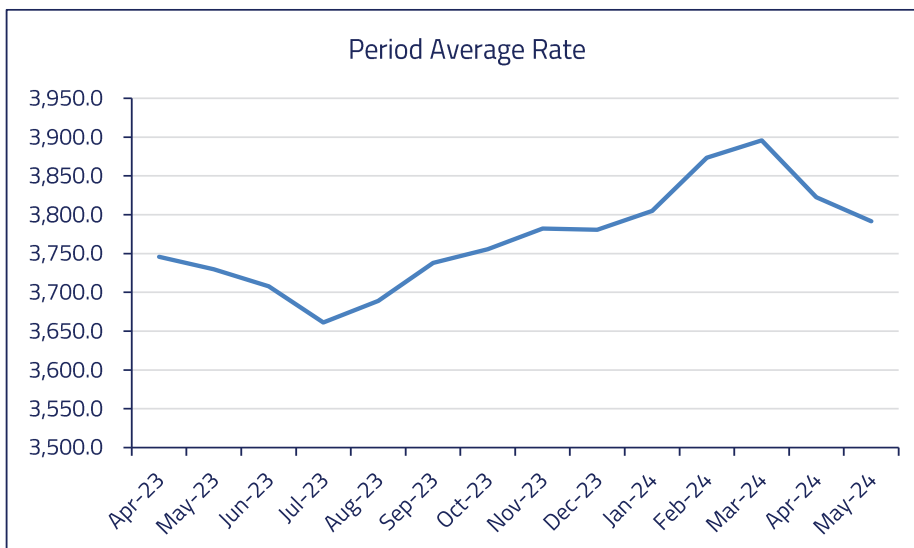
Shilling denominated lending rates increased significantly to 17.74% in April 2024 from the 17.34% recorded in March 2024. Month on month, foreign currency denominated lending rates slightly increased to 9.32% in April 2024 compared to 9.20% in March 2024. (Source: Bank of Uganda data)



Source: Bank of Uganda

## Foreign Exchange Rate Development

The local currency averaged at 3,791.4 against the dollar in comparison to 3,822.7 for April 2024 showing a slight appreciation.



Source: Bank of Uganda

## BOND LISTINGS

There were reopens for the 5-year and 15-year bonds with Yield to Maturity at 15.50% and 16.50 % respectively. The current total value of the Government Bonds listed on the bourse stands at UGX 37.387 trillion as at the end of 31st May 2024.

### Government Bond Schedule: May 2024

IS IN	ISSUER NAME	TYPE	ISSUED SHARES	ISSUE DATE	MATURITY
UG12K0304317	GOVERNMENT OF UGANDA	B	1,630,000,000,000.00	2016/04/20	2031/04/03
UG12J1812252	GOVERNMENT OF UGANDA	B	120,000,000,000.00	2015/12/30	2025/12/18
UG0000001376	GOVERNMENT OF UGANDA	B	220,000,000,000.00	2013/12/04	2028/11/16
UG0000001467	GOVERNMENT OF UGANDA	B	1,070,000,000,000.00	2014/08/13	2024/08/01
UG0000001517	GOVERNMENT OF UGANDA	B	850,000,000,000.00	2015/01/28	2025/01/16
UG0000001533	GOVERNMENT OF UGANDA	B	1,865,000,000,000.00	2015/02/25	2029/08/23
UG12J2708269	GOVERNMENT OF UGANDA	B	1,220,772,600,000.00	2016/09/08	2026/08/27
UG12K0403325	GOVERNMENT OF UGANDA	B	1,620,000,000,000.00	2017/03/23	2032/03/04
UG12J0605277	GOVERNMENT OF UGANDA	B	1,580,000,000,000.00	2017/05/18	2027/05/06
UG12J1301280	GOVERNMENT OF UGANDA	B	2,461,603,800,000.00	2018/01/25	2028/01/13
UG12K0302337	GOVERNMENT OF UGANDA	B	2,140,000,000,000.00	2018/02/22	2033/02/03
UG12K0205308	GOVERNMENT OF UGANDA	B	120,000,000,000.00	2015/05/21	2030/05/02
UG12K2206346	GOVERNMENT OF UGANDA	B	2,259,740,000,000.00	2019/07/11	2034/06/22
UG12L0111405	GOVERNMENT OF UGANDA	B	2,969,351,300,000.00	2020/11/27	2040/11/01
UG12K0811352	GOVERNMENT OF UGANDA	B	1,826,700,000,000.00	2020/11/27	2035/11/08
UG12J1411303	GOVERNMENT OF UGANDA	B	187,489,000,000.00	2020/11/27	2030/11/14
UG12H2509240	GOVERNMENT OF UGANDA	B	250,000,000,000.00	2019/10/02	2024/09/25
UG12K1405378	GOVERNMENT OF UGANDA	B	3,868,896,200,000.00	2022/06/02	2037/05/14
UG12L0805428	GOVERNMENT OF UGANDA	B	892,100,000,000.00	2022/06/02	2042/05/08
UG12J2005328	GOVERNMENT OF UGANDA	B	1,530,311,400,000.00	2022/06/02	2032/05/20
UG12G2905259	GOVERNMENT OF UGANDA	B	2,421,442,200,000.00	2022/06/02	2025/05/29
UG12F0808242	GOVERNMENT OF UGANDA	B	730,000,000,000.00	2022/08/11	2024/08/08
UG12L1408420	GOVERNMENT OF UGANDA	B	2,016,767,400,000.00	2022/09/08	2042/08/14
UG12G0907265	GOVERNMENT OF UGANDA	B	673,000,000,000.00	2023/07/13	2026/07/09
UG12L1806433	GOVERNMENT OF UGANDA	B	1,658,000,000,000.00	2023/07/13	2043/06/18
UG12J1909298	GOVERNMENT OF UGANDA	B	1,206,495,700,000.00	2019/10/03	2029/09/19

### Alternative trading of Government securities Activity: May 2024

The following was the done through the alternative trading of government securities platform.

May 2024 (UGX)	T-bills	T-bonds
Auction	496,500,000	745,200,000
Secondary	0	0

## CORPORATE ANNOUNCEMENTS: April 2024

**MTN Uganda Limited Offer for Secondary Market Purchase of ordinary shares in the company:** MTN Uganda Limited with SBG Securities as the lead sponsoring broker announced the offer for secondary market purchase of ordinary shares in the company.

Find announcement here: <https://www.use.or.ug/sites/default/files/OFFER%20FOR%20SECONDARY%20MARKET%20PURCHASE%20MTN.pdf>

## EDUCATION COLUMN

### FIXED INCOME SECURITIES - BONDS



A bond is a fixed-income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental). A bond could be thought of as an I.O.U. between the lender and borrower that includes the details of the loan and its payments. Bonds are used by companies, municipalities, states, and sovereign governments to finance projects and operations. Owners of bonds are debt holders, or creditors, of the issuer.

Bond details include the end date when the principal of the loan is due to be paid to the bond owner and usually include the terms for variable or fixed interest payments made by the borrower. Bonds are debt instruments and represent loans made to the issuer. Governments (at all levels) and corporations commonly use bonds in order to borrow money. Governments need to fund roads, schools, dams, or other infrastructure. The sudden expense of war may also demand the need to raise funds. Similarly, corporations will often borrow to grow their business, to buy property and equipment, to undertake profitable projects, for research and development, or to hire employees. The problem that large organizations run into is that they typically need far more money than the average bank can provide. Bonds provide a solution by allowing many individual investors to assume the role of the lender. Indeed, public debt markets let thousands of investors each lend a portion of the capital needed. Moreover, markets allow lenders to sell their bonds to other investors or to buy bonds from other individuals—long after the original issuing organization raised capital.

#### How Bonds Work

Bonds are commonly referred to as fixed-income securities and are one of the main asset classes that individual investors are usually familiar with, along with stocks (equities) and cash equivalents.

When companies or other entities need to raise money to finance new projects, maintain ongoing operations, or refinance existing debts, they may issue bonds directly to investors. The borrower (issuer) issues a bond that includes the terms of the loan, interest payments that will be made, and the time at which the loaned funds (bond principal) must be paid back (maturity date). The interest payment (the coupon) is part of the return that bondholders earn for loaning their funds to the issuer. The interest rate that determines the payment is called the coupon rate.

The initial price of most bonds is typically set at par. The actual market price of a bond depends on a number of factors: the credit quality of the issuer, the length of time until expiration, and the coupon rate compared to the general interest rate environment at the time. The face value of the bond is what will be paid back to the lender once the bond matures.

Most bonds can be sold by the initial bondholder to other investors after they have been issued. In other words, a bond investor does not have to hold a bond all the way through to its maturity date. It is also common for bonds to be repurchased by the borrower if interest rates decline, or if the borrower's credit has improved, and it can reissue new bonds at a lower cost.

### Government of Uganda Bonds

Government bonds in Uganda are issued by the Bank of Uganda on behalf of the government to fund its budget deficit and other capital projects. These bonds are also known as Treasury bonds and are considered one of the safest investments in the country because they are backed by the full faith and credit of the Ugandan government.

The Bank of Uganda issues government bonds in various terms, ranging from 2 years to 20 years, with interest rates determined by the prevailing market conditions and the term of the bond. The interest payments are made semi-annually until maturity, at which point the full face value of the bond is repaid.

Investing in government bonds in Uganda can be done by individuals, institutional investors, and foreign investors through primary auctions, secondary markets, and Over-The-Counter (OTC) transactions. Primary auctions are conducted by the Bank of Uganda on a regular basis, where new bonds are issued and sold to investors. Secondary markets allow investors to trade previously issued government bonds, while OTC transactions are conducted between two parties outside of the formal market.

The interest income earned from government bonds in Uganda is subject to tax, which is currently set at 15% for non-residents and 20% for residents. However, the government has exempted some categories of investors from tax, such as pension funds and charitable organizations.

The government of Uganda has also introduced several initiatives to increase investment in government bonds, including the establishment of a primary dealer system, which allows authorized dealers to participate in primary auctions on behalf of their clients. The government has also launched a mobile trading platform, the Uganda Securities Exchange (USE) Automated Trading System, which allows investors to buy and sell government bonds through their mobile phones.

Investing in government bonds in Uganda provides a relatively safe and stable investment option, as the country has maintained macroeconomic stability and a low inflation rate in recent years. However, like all investments, government bonds in Uganda carry some risk, such as interest rate risk and inflation risk. It is important for investors to do their own research and seek advice from professionals before investing in government bonds in Uganda.

### Characteristics of Bonds

Most bonds share some common basic characteristics including:

- Face value (par value) is the money amount the bond will be worth at maturity; it is also the reference amount the bond issuer uses when calculating interest payments. For example, say an investor purchases a bond at a premium of UGX 1,090,000 and another investor buys the same bond later when it is trading at a discount for UGX 980,000. When the bond matures, both investors will receive the UGX 1,000,000 face value of the bond.
- The coupon rate is the rate of interest the bond issuer will pay on the face value of the bond, expressed as a percentage.<sup>1</sup> For example, a 10% coupon rate means that bondholders will receive 10% x UGX 1,000,000 face value = UGX 100,000 every year.
- Coupon dates are the dates on which the bond issuer will make interest payments. Payments can be made in any interval, but the standard is semi-annual payments.
- The maturity date is the date on which the bond will mature and the bond issuer will pay the bondholder the face value of the bond.
- The issue price is the price at which the bond issuer originally sells the bonds. In many cases, bonds are issued at par.

#### Source:

<https://www.investopedia.com/terms/b/bond.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>Old Mutual Financial Services Ltd</b> 2 <sup>nd</sup> floor, Block A, Nakawa business park P. O. Box 20079, Kampala <b>Tel:</b> +256 414 332 825 <b>Email:</b> brokerageuifs@uap-group.com	<b>Mr. Mwebaze Simon</b>
<b>SSBG Securities Limited</b> Block D, Crested Towers P. O. Box 7131, Kampala <b>Tel:</b> +256 0312 224 600 <b>Email:</b> SBGSecuritiesTrading@stanbic.com	<b>Mr. Ssemakula Grace</b>
<b>Chipper Technologies Uganda Limited</b> 2 <sup>nd</sup> Floor, SMS House P. O. Box 29274, Kampala Uganda <b>Tel:</b> +256 200 935 935 <b>Email:</b> uganda@chippercash.com	<b>Mr. Dan Tumuramye</b>



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