



**Uganda**  
Securities Exchange

August 2023

# MONTHLY BULLETIN

## ACTIVITY REPORT

### MARKET PERFORMANCE

#### Equities Report

The total trading volume for August 2023 was 44,259,772 shares with a turnover of UGX 1,737,880,418. This month's turnover performance showed a 53.82% decline from UGX 3,762,871,972 recorded in August 2022. Activity in August decreased by 67% in comparison with the turnover registered in July 2023, from UGX 5.224 billion to UGX 1.737 billion. This turnover represents a daily average turnover of UGX 75.5 million. Volume traded decreased to approximately 44 million shares compared to 84 million shares traded in July 2023. The number of deals increased to 703 deals from 579 deals executed in July 2023.

#### Turnover performance per counter

MTN Uganda Limited (MTNU) counter dominated monthly activity, accounting for 36.31% of the total turnover followed by Bank of Baroda Uganda (BOBU) with 26.39%. In third position was MTN (U) Limited with 36.31% contribution to the month's turnover and Stanbic Uganda Holdings Limited (SBU) in fourth position with 7.64%. DFCU Limited (DFCU), Cipla Quality Chemicals Limited (CQCIL), Uganda Clays Limited (UCL), National Insurance Corporation (NIC) and Centum Investment Company (CENT) all traded a combined total of 3.3% of total turnover.

The Local Company Index (LCI) increased during the period on the back of gains on the SBU and NIC counters. The local index commenced the month at 268.74 and closed at 270.61 representing a 0.70% increase. The All-Share Index (ALSI) dropped by 5.26%, however, to 955.62 from 1,008.66 at the start of the month.

### Counter Price Movements August 2023

#### Top Movers

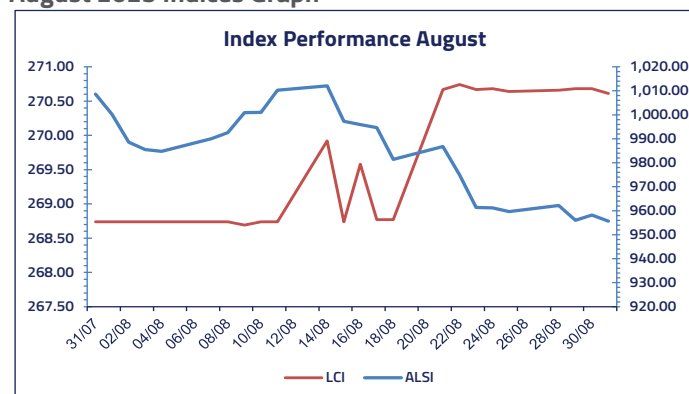
Counter	Aug (shares)	Counter	YTD (shares)
BOBU	30,570,037	SBU	317,195,625
SBU	5,056,314	BOBU	104,907,519
MTNU	3,710,793	MTNU	71,600,467
NIC	3,096,962	UMEM	59,715,488
UMEM	1,147,113	DFCU	14,651,886

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

Metrics	Aug-23	Aug-22
Volume Traded	44,259,772	46,190,627
Turnover (UGX)	1,737,880,418	3,762,871,972
Number of Deals	703	645
Trading Days	23	23
Daily Average Turnover (UGX)	75,560,018	163,603,129
Daily Average number of trades	31	28
Market Capitalization (UGX.Bn)	16,598.98	22,018.68
USE All Share Index (ASI)	955.62	1,280.14
Local Share Index (LSI)	270.61	273.01

Source USE Trading and Research Department

### August 2023 Indices Graph



Source: USE Trading and Research Department



#### Equities Report

The total trading volume for August 2023 was **44,259,772** shares



#### Turnover performance per counter

**MTN Uganda Limited (MTNU)** counter dominated monthly activity, accounting for **36.31%** of the total turnover



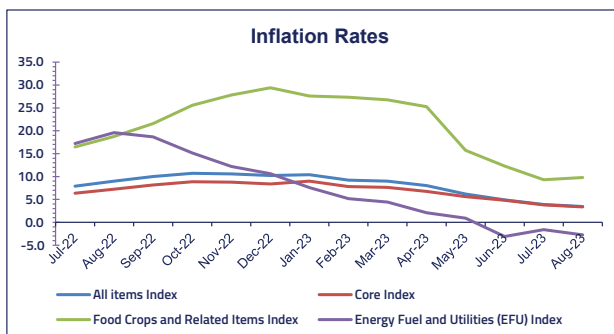
#### Volume traded per counter

The local index commenced the month at 268.74 and closed at 270.61 representing a **0.70%** increase.

## ECONOMIC & FINANCIAL DEVELOPMENTS: July 2023

### INFLATION – OUTLOOK AND RISKS

Annual inflation as measured by the consumer price index of Uganda for the 12 months to August 2023 printed at 3.5% compared to 3.9% registered in the 12 months to July 2023. This was attributed to a drop recorded Energy, Fuel and Utilities prices. Year on year Annual Food Crops and Related Items Inflation increased to 9.8% in the 12 months to August 2023, up from 9.3% registered in the year ended July 2023. Year on year Annual Energy Fuel and Utilities (EFU) Inflation registered at -2.7% for the 12 months to August 2023, compared to -1.6% registered in the year ended July 2023.

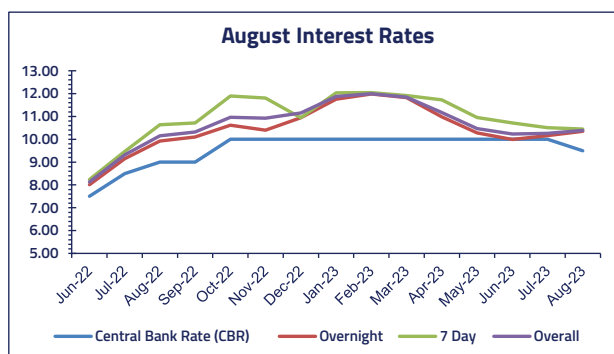


Source: UBOS UGANDA CONSUMER PRICE INDEX: 2016/17=100 Apr 2023

### INTEREST AND LENDING RATES

#### Interbank Money Market Rates

Interbank Money Market rates edged slightly higher averaging 10.26% in July 2023 compared to 10.23% in June 2023. Overnight rates edged slightly higher at 10.35% in August 2023 compared to 10.16% in July 2023. Additionally, 7-Day rates edged slightly lower averaging at 10.45% in August 2023 compared to 10.51% in July 2023. The CBR rate was dropped by 0.5% to 9.5% from 10% by the Monetary Policy Committee of Bank of Uganda.



Source: Bank of Uganda

#### Yields on Government securities.

Rates on the short end of the yield curve at the end of August 2023 dropped slightly compared to the end of July 2023. Closing average yields in the bond market at the end of August 2023 increased significantly across all tenors after gradual drops all year round.

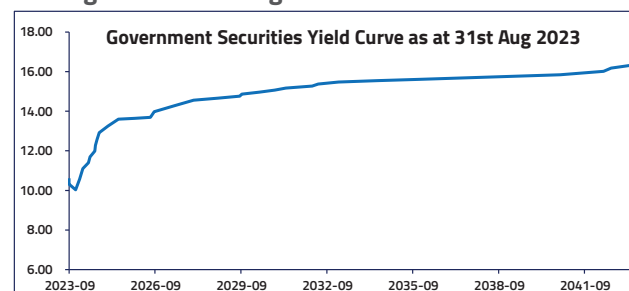
Tenors	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
91 Days	10.40%	10.40%	10.40%	9.80%	9.80%	9.70%
182 Days	10.50%	10.50%	10.50%	11.70%	11.00%	10.49%
364 Days	12.80%	12.50%	11.90%	12.30%	12.00%	11.11%

Source: Bank of Uganda

Maturity	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
2 years	13.73%	13.38%	12.21%	12.29%	12.44%	13.60%
3 years	13.96%	13.87%	13.52%	13.26%	13.29%	13.69%
5 years	15.14%	15.15%	14.82%	14.26%	14.13%	14.56%
10 years	15.54%	15.55%	15.33%	14.79%	14.57%	15.48%
15 years	16.57%	16.26%	15.78%	15.29%	14.74%	15.68%
20 years	16.96%	16.73%	16.06%	15.31%	14.91%	16.35%

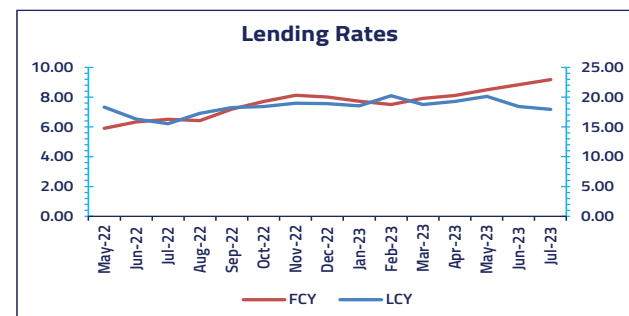
Source: Bank of Uganda

### Closing Yield Curve August 2023



### Lending rates

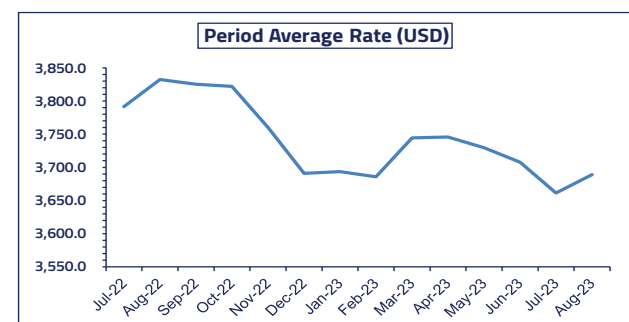
Shilling denominated lending rates dropped to 17.95% in July 2023 from 18.41% in June 2023. Month on month, foreign currency denominated lending rates slightly increased to 9.18% in July 2023 compared to 8.83% in June 2023. (Source: Bank of Uganda data)



Source: Bank of Uganda

### Foreign Exchange Rate Development

The local currency dropped slightly against the US dollar month on month averaging 3,689.1 for August 2023 in comparison to 3,661.2 for July 2023.



Source: Bank of Uganda

## BOND LISTINGS

There were reopens for the 2-year and 10-year bonds with Yield to Maturity at 13.547% and 15.491 % respectively. There was also a bond switch auction for the bond UG12J1801248 14.00% 18-Jan-20234 with conversion price 103.00. The current total value of the Government Bonds listed on the bourse stands at UGX 32.7 trillion as at the end of 31 August 2023.

### Government Bond Schedule: August 2023

IS IN	ISSUER NAME	TYPE	ISSUED SHARES	ISSUE DATE	RATE	MATURITY
UG12K0304317	GOVERNMENT OF UGANDA	B	1,630,000,000,000.00	2016/04/20	17.00	2031/04/03
UG12J1812252	GOVERNMENT OF UGANDA	B	120,000,000,000.00	2015/12/30	19.50	2025/12/18
UG0000001376	GOVERNMENT OF UGANDA	B	220,000,000,000.00	2013/12/04	15.25	2028/11/16
UG0000001467	GOVERNMENT OF UGANDA	B	1,070,000,000,000.00	2014/08/13	14.00	2024/08/01
UG0000001517	GOVERNMENT OF UGANDA	B	850,000,000,000.00	2015/01/28	11.00	2025/01/16
UG0000001533	GOVERNMENT OF UGANDA	B	1,865,000,000,000.00	2015/02/25	14.25	2029/08/23
UG12J2708269	GOVERNMENT OF UGANDA	B	1,220,772,600,000.00	2016/09/08	16.63	2026/08/27
UG12K0403325	GOVERNMENT OF UGANDA	B	1,620,000,000,000.00	2017/03/23	16.38	2032/03/04
UG12J0605277	GOVERNMENT OF UGANDA	B	1,580,000,000,000.00	2017/05/18	16.00	2027/05/06
UG12J1301280	GOVERNMENT OF UGANDA	B	1,553,103,800,000.00	2018/01/25	14.13	2028/01/13
UG12K0302337	GOVERNMENT OF UGANDA	B	1,140,000,000,000.00	2018/02/22	14.38	2033/02/03
UG12K0205308	GOVERNMENT OF UGANDA	B	120,000,000,000.00	2015/05/21	17.50	2030/05/02
UG12J1801248	GOVERNMENT OF UGANDA	B	1,290,000,000,000.00	2014/01/30	14.00	2024/01/18
UG12H1005240	GOVERNMENT OF UGANDA	B	153,700,000,000.00	2019/05/17	14.88	2024/05/10
UG12K2206346	GOVERNMENT OF UGANDA	B	2,259,740,000,000.00	2019/07/11	14.25	2034/06/22
UG12L0111405	GOVERNMENT OF UGANDA	B	2,969,351,300,000.00	2020/11/27	17.50	2040/11/01
UG12K0811352	GOVERNMENT OF UGANDA	B	1,826,700,000,000.00	2020/11/27	16.25	2035/11/08
UG12J1411303	GOVERNMENT OF UGANDA	B	187,489,000,000.00	2020/11/27	16.00	2030/11/14
UG12H2509240	GOVERNMENT OF UGANDA	B	250,000,000,000.00	2019/10/02	14.88	2024/09/25
UG12F0709234	GOVERNMENT OF UGANDA	B	850,000,000,000.00	2021/09/09	0.00	2023/09/07
UG12K1405378	GOVERNMENT OF UGANDA	B	2,207,621,200,000.00	2022/06/02	16.00	2037/05/14
UG12L0805428	GOVERNMENT OF UGANDA	B	892,100,000,000.00	2022/06/02	17.75	2042/05/08
UG12J2005328	GOVERNMENT OF UGANDA	B	1,530,311,400,000.00	2022/06/02	15.00	2032/05/20
UG12G2905259	GOVERNMENT OF UGANDA	B	1,821,442,200,000.00	2022/06/02	0.00	2025/05/29
UG12F3005242	GOVERNMENT OF UGANDA	B	291,000,000,000.00	2022/06/02	0.00	2024/05/30
UG12F0808242	GOVERNMENT OF UGANDA	B	730,000,000,000.00	2022/08/11	0.00	2024/08/08
UG12L1408420	GOVERNMENT OF UGANDA	B	2,016,767,400,000.00	2022/09/08	0.00	2042/08/14
UG12G0907265	GOVERNMENT OF UGANDA	B	150,000,000,000.00	2023/07/13	0.00	2026/07/09
UG12L1806433	GOVERNMENT OF UGANDA	B	300,000,000,000.00	2023/07/13	0.00	2043/06/18

### Alternative trading of Government securities Activity: August 2023

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

July23 (UGX)	T-bills	T-bonds
Auction	359,400,000	1,268,600,000
Secondary	0	0

### CORPORATE ANNOUNCEMENTS: AUGUST 2023



#### CiplaQCIL Post AGM Notice: CiplaQCIL Post AGM Notice

Find announcement here: <https://www.use.or.ug/uploads/announcements/CiplaQCIL%20AGM%20Notice%202023.pdf>

#### DFCU Bank Market Discipline Pillar 3 June 2023 Disclosure: DFCU Bank Market Discipline Pillar 3 June 2023 Disclosure.

Find announcement here: <https://www.use.or.ug/uploads/announcements/DFCU%20Bank%20Pillar%203%20Market%20Discipline%20Disclosures%20-%20June%202023.pdf>

#### UCL H1 2023 Results Profit Warning: Uganda Clays Limited released a profit warning for its Half year 2023 financials as they had recorded a loss.

Find announcement here: <https://www.use.or.ug/uploads/announcements/UCL%20Profit%20Warning%20H1%20Results%202023.pdf>

#### Stanbic Uganda Holdings Limited HY 2023 Results: Stanbic Uganda Holdings Released their Half Year financials declaring a UGX 2.44 per share interim dividend.

Find announcement here: <https://www.use.or.ug/uploads/announcements/Stanbic%20Uganda%20Holdings%20Limited-%20Half%20Year%20Results%202023.pdf>

#### Stanbic Uganda Holdings Limited Director Appointment: SUHL announced the appointment of Mr. Yinka Sanni and Mrs. Mona Muguma Ssebuliba as Non-Executive Directors.

Find announcement here: [https://www.use.or.ug/uploads/announcements/DIRECTOR%20APPOINTMENTS\\_SUHL-01.pdf](https://www.use.or.ug/uploads/announcements/DIRECTOR%20APPOINTMENTS_SUHL-01.pdf)

#### UMEME Limited Half Year 2023 Financials release: UMEME Limited released its half year 2023 financials declaring a UGX 24.0 dividend per share.

Find announcement here: <https://www.use.or.ug/uploads/announcements/Umeme%20Interim%20Financial%20Statements%202023.pdf>

#### DFCU Limited Financials Half Year 2023: DFCU Limited released their financials for the period ended 31<sup>st</sup> August 2023.

Find announcement here: <https://www.use.or.ug/uploads/announcements/DFCU%20LTD%20Financials%20-Half%20Year-June%202023.pdf>

#### Bank of Baroda Uganda Dividend Payment Notice: Bank of Baroda notified the investing public that the dividend declared for the year ended December 2022 shall be paid by September 30<sup>th</sup>, 2023.

Find announcement here: <https://www.use.or.ug/uploads/announcements/Bank%20of%20Baroda%20Uganda%20Dividend%20Payment%20Notice.pdf>

#### BAT Uganda Financial Results Half Year 2023: BAT Uganda Released its financials for the period ended 30<sup>th</sup> June 2023.

Find announcement here: <https://www.use.or.ug/uploads/announcements/BAT%20Uganda%20Financial%20Results%20Half%20Year%202023.pdf>

#### UCL Financial Results Half Year results: Uganda Clays Limited released its financials for the period ended 30<sup>th</sup> June 2023.

Find announcement here: <https://www.use.or.ug/uploads/announcements/UCL%20Financials%20Results%20Half%20Year%202023.pdf>



### INITIAL PUBLIC OFFERINGS



An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a new stock issuance for the first time. An IPO allows a company to raise equity capital from public investors. The transition from a private to a public company can be an important time for private investors to fully realize gains from their investment as it typically includes a share premium for current private investors. Meanwhile, it also allows public investors to participate in the offering.

Before an IPO, a company is considered private. As a pre-IPO private company, the business has grown with a relatively small number of shareholders including early investors like the founders, family, and friends along with professional investors such as venture capitalists or angel investors. An IPO is a big step for a company as it provides the company with access to raising a lot of money. This gives the company a greater ability to grow and expand. The increased transparency and share listing credibility can also be a factor in helping it obtain better terms when seeking borrowed funds as well.

When a company reaches a stage in its growth process where it believes it is mature enough for the rigors of CMA and USE regulations along with the benefits and responsibilities to public shareholders, it will begin to advertise its interest in going public. Private companies at various valuations with strong fundamentals and proven profitability potential qualify for an IPO,

depending on the market competition and their ability to meet listing requirements. IPO shares of a company are priced through underwriting due diligence. When a company goes public, the previously owned private share ownership converts to public ownership, and the existing private shareholders' shares become worth the public trading price. Share underwriting can also include special provisions for private to public share ownership.

#### Advantages and Disadvantages of an IPO

The primary objective of an IPO is to raise capital for a business. It can also come with other advantages as well as disadvantages.

##### Advantages

One of the key advantages is that the company gets access to investment from the entire investing public to raise capital. This facilitates easier acquisition deals (share conversions) and increases the company's exposure, prestige, and public image, which can help the company's sales and profits.

Increased transparency that comes with required reporting can usually help a company receive more favourable credit borrowing terms than a private company.

##### Disadvantages

Companies may confront several disadvantages to going public and potentially choose alternative strategies. Some of the major disadvantages include the fact that IPOs are expensive, and the costs of maintaining a public company are ongoing and usually unrelated to the other costs of doing business.

Fluctuations in a company's share price can be a distraction for management, which may be compensated and evaluated based on stock performance rather than real financial results. Additionally, the company becomes required to disclose financial, accounting, tax, and other business information. During these disclosures, it may have to publicly reveal secrets and business methods that could help competitors.

Rigid leadership and governance by the board of directors can make it more difficult to retain good managers willing to take risks. Remaining private is always an option. Instead of going public, companies may also solicit bids for a buyout. Additionally, there can be some alternatives that companies may explore.

#### Initial Public Offering Process



#### Investing in an IPO

When a company decides to raise money via an IPO, it is only after careful consideration and analysis that this particular exit strategy will maximize the returns of early investors and raise the most capital for the business. Therefore, when the IPO decision is reached, the prospects for future growth are likely to be high, and many public investors will line up to get their hands on some shares for the first time. IPOs are usually discounted to ensure sales, which makes them even

more attractive, especially when they generate a lot of buyers from the primary issuance.

Initially, the price of the IPO is usually set by the underwriters through their pre-marketing process. At its core, the IPO price is based on the valuation of the company using fundamental techniques. The most common technique used is discounted cash flow, which is the net present value of the company's expected future cash flows. Underwriters and interested investors look at this value on a per-share basis. Other methods that may be used for setting the price include equity value, enterprise value, comparable firm adjustments, and more. The underwriters do factor in demand, but they also typically discount the price to ensure success on the IPO day.

It can be quite hard to analyse the fundamentals and the technicals of an IPO issuance. Investors will watch news headlines but the main source for information should be the prospectus, which is available on the company's website and the USE's website. The prospectus provides a lot of useful information. Investors should pay special attention to the management team and their commentary as well as the quality of the underwriters and the specifics of the deal. Successful IPOs will typically be supported by big investment banks that can promote a new issue well. Overall, the road to an IPO is a very long one. As such, public investors building interest can follow developing headlines and other information along the way to help supplement their assessment of the best and potential offering price.

The pre-marketing process typically includes demand from large private accredited investors and institutional investors, which heavily influence the IPO's trading on its opening day. Investors in the public don't become involved until the final offering day. All investors can participate but individual investors specifically must have trading access in place. The most common way for an individual investor to get shares is to have an account

with a brokerage platform that itself has received an allocation and wishes to share it with its clients.

### What Is the Purpose of an Initial Public Offering?

An IPO is essentially a fundraising method used by large companies, in which the company sells its shares to the public for the first time. Following an IPO, the company's shares are traded on a stock exchange. Some of the main motivations for undertaking an IPO include raising capital from the sale of the shares, providing liquidity to company founders and early investors, and taking advantage of a higher valuation.

### How Is an IPO Priced?



When a company goes IPO, it needs to list an initial value for its new shares. This is done by the transaction advisors and sponsoring brokers that will market the deal. In large part, the value of the company is established by the company's fundamentals and growth prospects. Because IPOs may be from relatively newer companies, they may not yet have a proven track record of profitability. Instead, comparables may be used. However, supply and demand for the IPO shares will also play a role on the days leading up to the IPO.

**Source:** <https://www.investopedia.com/terms/i/ipo.asp>

### Advantages of IPO Funding

01

IPO funding offers a good opportunity to make profits in a short period, usually 7 days.

02

The investor can apply for more shares using the loan amount. Thus, it increases their chances of a large allotments.

03

Only a small amount of margin needs to be paid upfront which increases the profit of the investor heavily.

04

Most of the end-to-end process is handled by the lender and the investor doesn't have to stress much over the process.

### Disadvantages of IPO Funding

01

It's a high-risk high-reward investment. Depending on the market situation the IPO listing can fail to meet the set expectation and lead to huge losses.

02

The investor pays only small margins. But if a loss occurs, one needs to pay a huge sum of money to cover the loan.

## 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. Andrew Mashanda</b>
<b>Chipper Technologies Uganda Limited</b> 2nd 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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Securities Exchange

### UGANDA SECURITIES EXCHANGE

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