



Uganda
Securities Exchange

February 2023

MONTHLY BULLETIN

ACTIVITY REPORT

MARKET PERFORMANCE

Equities Report

The trading volume for February 2023 was 10,106,381 shares with a turnover of UGX 1,176,901,354. This month's turnover performance showed a 63.48% decrease from the UGX 3,223,000,328 recorded in February 2022.

Activity in February decreased by 82.79% compared with the turnover registered in January 2023, from 6.8 billion to 1.1 billion. This represents a daily average turnover of approximately UGX 61.9 million. Volume traded decreased to 10 million shares compared to 85 million shares traded in January 2023. The number of deals decreased to 395 deals down from 586 deals executed in January 2023, with 79.03 per cent of the deals attributed to the UMEME Limited counter.

Turnover performance per counter

UMEME Limited counter dominated monthly activity, accounting for 79.03 percent of the total turnover followed by Stanbic Holdings Uganda (SBU) with 9.79 percent. In third position was MTN Uganda Limited with 5.63 per cent contribution to the month's turnover and Bank of Baroda Uganda in fourth position with 5.27 percent. CIPLA, Uganda Clays Limited, National Insurance Corporation Limited, New Vision Limited, and DFCU Limited combined recorded 0.28 percent of the total turnover.

Volume traded per counter

SBU registered the highest volume of shares with 54.27 percent, followed by UMEME Uganda Limited with 30.68 percent. BOBU came third with 7.21 percent

of the volume, while MTN Uganda Limited was in the fourth position with 3.65 percent of the total volume. National Insurance Corporation Limited accounted for 3.43 percent, UCL, CIPLA, DFCU Limited and New vision Limited had the least number of shares traded amounting to 76,188 shares representing 0.75 percent of total number of shares traded.

Trading Volumes and Activity on a Monthly Basis year on year

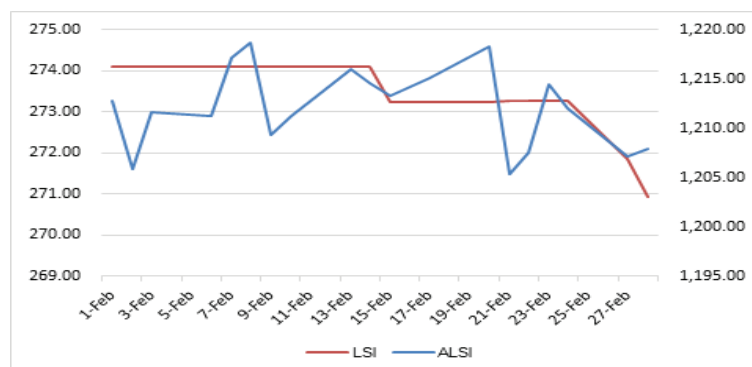
	Feb-23	Feb-22
Volume Traded	10,106,381	68,077,807
Turnover (UGX)	1,176,901,354	3,223,000,328
Number of Deals	395	475
Trading Days	21	25
Daily Average Turnover (UGX)	61,942,177	169,631,596
Daily Average number of trades	19	19
Market Capitalization (UGX.bn)	20,776.70	22,994.67
USE All Share Index (ASI)	1,207.93	1,337.09
Local Share Index (LSI)	270.92	280.38

Source USE Trading and Research Department

USE Index Results

The Local Company Index (LCI) decreased during the period with local counters registering price declines. The local index commenced the month at 274.09 and closed at 270.92 representing a 1.16 percent drop. The All-Share Index (ALSI) dropped by 0.40 percent to 1207.93 from 1212.73 at the start of the month.

February 2023 Indices Graph



Source: USE Trading and Research Department



Equities Report

The trading volume for February 2023 was
10,106,381 shares



Turnover performance per counter

UMEME Limited counter dominated monthly activity, accounting for **79.03%** of the total turnover



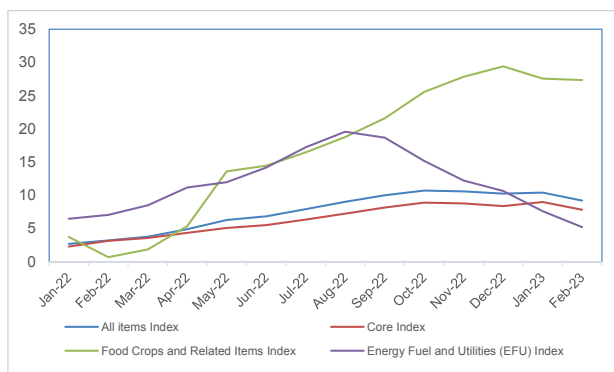
Volume traded per counter

SBU registered the highest volume of shares with **54.27%**, followed by UMEME Uganda Limited.

INFLATION – OUTLOOK AND RISKS

Annual inflation as measured by the consumer price index of Uganda for the 12 months to February 2023 is 9.20 percent compared to 10.4 percent registered in January 2023. The Monthly Headline Inflation for February 2023 registered a 1.2 percent drop compared to 0.2 percent rise recorded in the month of January 2023. This was attributed to drops recorded in both Food Crops and Energy, Fuel and Utilities prices. These also carry the biggest weights on the index. Year on year Annual Food Crops and Related Items Inflation decreased to 27.4 percent in the year ending February 2023, down from 27.6 percent registered in the year ended January 2022.

Year on year Annual Energy Fuel and Utilities (EFU) Inflation registered at 5.2 percent for the 12 months to February 2023, compared to 7.6 percent registered in the year ended January 2022.



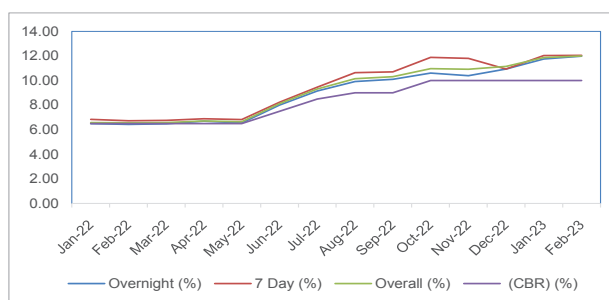
Source: UBOS UGANDA CONSUMER PRICE INDEX: 2016/17=100 Feb 2023

INTEREST AND LENDING RATES

Interbank Money Market Rates

Interbank Money Market rates edged slightly higher averaging 12.00 in January 2023 compared to 11.87 in January 2023. Overnight rates edged at 11.98 in February 2023 compared to 11.76 in January 2023 while 7-Day rates edged slightly higher averaging at 12.05 last month compared to 12.03% in December 2022.

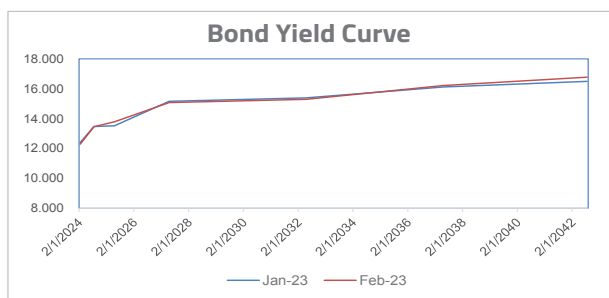
At the monetary committee meeting held on 7th February the bank of Uganda maintained the central bank rate at 10 percent. This will contain domestic demand pressures while accommodating and supporting economic recovery. The band on the CBR remains at +/-2 percentage points. The margins on the CBR for the rediscount and bank rates will remain at 3 and 4 percentage points. Consequently, the rediscount and bank rate will be 13 percent and 14 percent respectively. The Bank of Uganda will continuously review the monetary policy stance against new information and stands ready to respond appropriately to ensure that inflation is brought back sustainably to the 5% medium term target. (BOU February MPC Statement)



Source: Bank of Uganda

Yields on Government securities

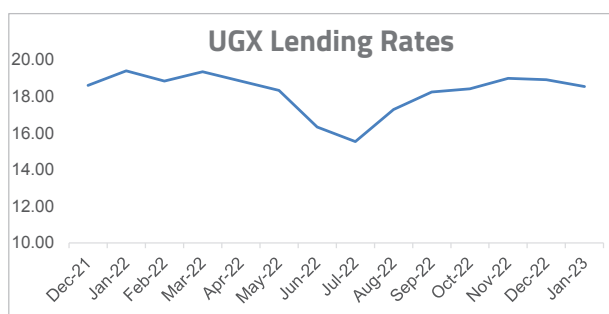
Rates on the short end of the yield curve at the end of February 2023 edged slightly lower compared to the end of January 2023. So, the 91-Day, 182-Day and 364-Day, closed the past month at 9.786%, 9.797%, 10.988% compared to 9.890%, 10.075% and 11.077% respectively in February. Yields in the bond market at the end of February 2023 for the 3-year, 15-year and 20-year tenors edged slightly higher moving from 13.521%, 16.125% and 16.500% to 13.794%, 16.213% and 16.775% respectively while the 2-year, 5 year and 10-year edged lower with a movement from 13.478%, 15.163% and 15.369% to 13.459%, 15.078% and 15.297% respectively.



Source: Bank of Uganda

Lending rates

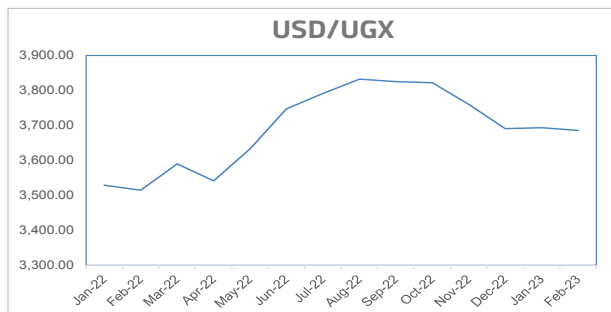
Shilling denominated lending rates slightly declined to 18.54% in January 2023 from 18.91% in December 2022. Month on month, foreign Currency denominated lending rates slightly decreased to 8.01% in December 2022 compared to 8.13% in November 2022. On average foreign currency denominated lending rates have been fluctuating pointing to a differing appetite for these loans.



Source: Bank of Uganda

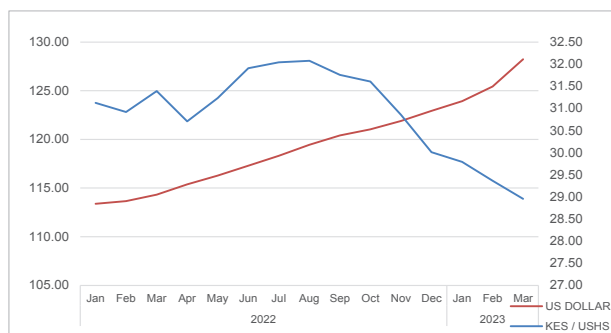
Foreign Exchange Rate Development

The local currency edged slightly lower month on month closing at 3,685.72 in February compared to 3,693.61 in January against the dollar driven by lower appetite for foreign currency during the period. The Uganda Shilling has weakened by 4.87% against the USD so far this year compared to 3,514.51 at the end of February 2022.



Source: Bank of Uganda

The Kenya Shilling has gradually depreciated against both the Uganda Shilling and the U.S. Dollar. Losing as much as 10.64% against the dollar and the Uganda shilling gaining approximately 5.67% against the currency. This coupled with inflation has continued to put pressure on cross listed stocks.



Source: Bank of Kenya, Currency Statistics

BOND LISTINGS

There was a 5-Year and 20-year re-open with an offer of UGX 550 bn listed in February 2023. The Bank of Uganda also issued an invitation to tender for treasury bond number UG0000001244 11.00% 13-APR-2023. The current total value of the Government Bonds listed on the bourse stands at UGX 29.4 trillion.

Government Bond Schedule: February 2023

INSTRUMENTCODE	ISIN	ISSUER NAME	TYPE	ISSUEDSHARES	ISSUEDATE	RATE	MATURITY
FXD/04/2016/15YR	UG12K0304317	GOVERNMENT OF UGANDA	B	1,630,000,000,000.00	2016/04/20	17.00	2031/04/03
FXD/12/2015/10YR	UG12J1812252	GOVERNMENT OF UGANDA	B	120,000,000,000.00	2015/12/30	19.50	2025/12/18
FXD 6/2013/10	UG0000001244	GOVERNMENT OF UGANDA	B	1,862,036,200,000.00	2013/04/24	11.00	2023/04/13
FXD 12/2013/15	UG0000001376	GOVERNMENT OF UGANDA	B	220,000,000,000.00	2013/12/04	15.25	2028/11/16
FXD 8/2014/10	UG0000001467	GOVERNMENT OF UGANDA	B	1,070,000,000,000.00	2014/08/13	14.00	2024/08/01
FXD01/2015/10	UG0000001517	GOVERNMENT OF UGANDA	B	850,000,000,000.00	2015/01/28	11.00	2025/01/16
FXD 2/2015/15	UG0000001533	GOVERNMENT OF UGANDA	B	1,865,000,000,000.00	2015/02/25	14.25	2029/08/23
FXD/08/2016/10YR	UG12J2708269	GOVERNMENT OF UGANDA	B	1,220,772,600,000.00	2016/09/08	16.63	2026/08/27
FXD/03/2017/15YR	UG12K0403325	GOVERNMENT OF UGANDA	B	1,620,000,000,000.00	2017/03/23	16.38	2032/03/04
FXD/5/2017/10YR	UG12J0605277	GOVERNMENT OF UGANDA	B	1,580,000,000,000.00	2017/05/18	16.00	2027/05/06
FXD/1/2018/10YR	UG12J1301280	GOVERNMENT OF UGANDA	B	847,126,000,000.00	2018/01/25	14.13	2028/01/13
FXD/2/2018/15YR	UG12K0302337	GOVERNMENT OF UGANDA	B	750,000,000,000.00	2018/02/22	14.38	2033/02/03
FXD/05/2015/15YR	UG12K0205308	GOVERNMENT OF UGANDA	B	120,000,000,000.00	2015/05/21	17.50	2030/05/02
FXD/01/2014/10YR	UG12J1801248	GOVERNMENT OF UGANDA	B	1,290,000,000,000.00	2014/01/30	14.00	2024/01/18
FXD/05/2019/5	UG12H1005240	GOVERNMENT OF UGANDA	B	153,700,000,000.00	2019/05/17	14.88	2024/05/10
FXD/07/2019/15	UG12K2206346	GOVERNMENT OF UGANDA	B	2,259,740,000,000.00	2019/07/11	14.25	2034/06/22
FXD/11/2020/20YR	UG12L0111405	GOVERNMENT OF UGANDA	B	2,969,351,300,000.00	2020/11/27	17.50	2040/11/01
FXD/11/2020/15YR	UG12K0811352	GOVERNMENT OF UGANDA	B	1,826,700,000,000.00	2020/11/27	16.25	2035/11/08
FXD/11/2020/10YR	UG12J1411303	GOVERNMENT OF UGANDA	B	187,489,000,000.00	2020/11/27	16.00	2030/11/14
FXD/10/2019/5YR	UG12H2509240	GOVERNMENT OF UGANDA	B	250,000,000,000.00	2019/10/02	14.88	2024/09/25
FXD/09/2021/2YR	UG12F0709234	GOVERNMENT OF UGANDA	B	850,000,000,000.00	2021/09/09	10.00	2023/09/07
FXD/05/2022/15YR	UG12K1405378	GOVERNMENT OF UGANDA	B	1,035,824,400,000.00	2022/06/02	16.00	2037/05/14
FXD/05/2022/20YR	UG12L0805428	GOVERNMENT OF UGANDA	B	892,100,000,000.00	2022/06/02	17.75	2042/05/08
FXD/05/2022/10YR	UG12J2005328	GOVERNMENT OF UGANDA	B	1,099,000,000,000.00	2022/06/02	15.00	2032/05/20
FXD/05/2022/3YR	UG12G2905259	GOVERNMENT OF UGANDA	B	893,658,700,000.00	2022/06/02	0.00	2025/05/29
FXD/05/2022/2YR	UG12F3005242	GOVERNMENT OF UGANDA	B	291,000,000,000.00	2022/06/02	0.00	2024/05/30
FXD/08/2022/2YR	UG12F0808242	GOVERNMENT OF UGANDA	B	580,000,000,000.00	2022/08/11	14.00	2024/08/08
FXD/09/2022/20YR	UG12L1408420	GOVERNMENT OF UGANDA	B	1,075,477,300,000.00	2022/09/08	18.50	2042/08/14

Corporate Bond Activity: February 2023

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: February 2022

UGX 1,201,800,000 in turnover for Treasury bills was done through the alternative trading of Government securities platform on the exchange and UGX 400,900,000 in Treasury bonds was done through the platform.

CORPORATE ANNOUNCEMENTS: FEBRUARY 2023



CENTUM EXTRAORDINARY GENERAL MEETING POLLING RESULTS

The company as an ordinary resolution resolved to buyback 10% of issued and paid-up share capital at a maximum price of KES 9.03 and minimum of KES 0.50 per share and directors of Company authorized to reallocate shares.

Find announcement here:

<https://www.use.or.ug/uploads/announcements/CENTUM%20EXTRAORDINARY%20GENERAL%20MEETING%20POLLING%20RESULTS.pdf>

NEW VISION NOTICE OF APPOINTMENT OF DIRECTORS

The company appointed Dr. Patricia Litho as a director, Mr. Paul Banadda Kiyangi and Ms. Juanita Kakyuba Karamagi as Board Audit and Risk Committee Members.

Find announcement here:

<https://www.use.or.ug/uploads/announcements/VISION%20GROUP%20-%20NOTICE%20OF%20APPOINTMENTS.jpg>

BANK OF BARODA LIMITED CHANGE IN MANAGEMENT

The Bank announced the appointment of Mr. Shashi Dhar as Managing Director.

Find announcement here:

<https://www.use.or.ug/uploads/announcements/Baroda%20Board%20Notice%20for%20change%20in%20Board%20of%20Director.pdf>

BANK OF BARODA LIMITED EXTRAORDINARY MEETING PUBLIC NOTICE

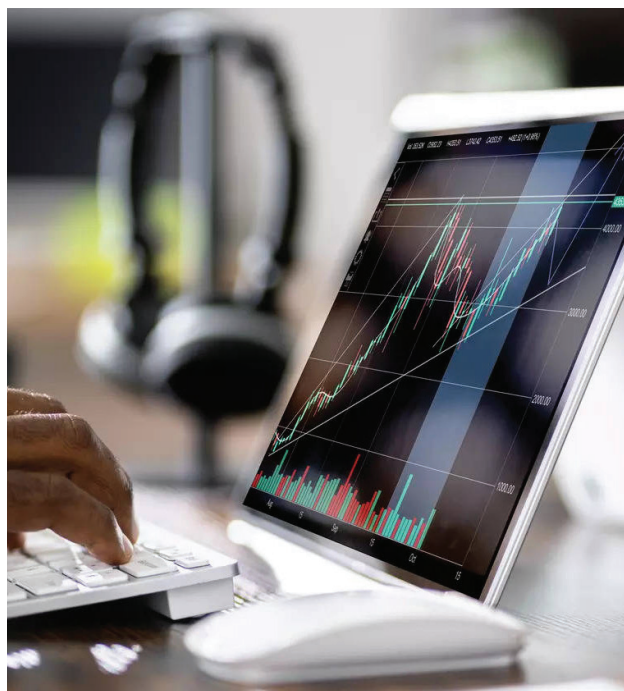
The company announced an extraordinary meeting to be held on 24th March at 11:00 AM to decide on resolutions to increase its share capital from UGX 25,000,000,000 to UGX 150,000,000,000 by issuing bonus shares to existing shareholders in the ratio of 1:5.

Find announcement here:

<https://www.use.or.ug/uploads/announcements/Notice%20for%20Extraordinary%20General%20Meeting.pdf>

EDUCATION COLUMN.

BONUS AND RIGHTS ISSUES



A rights issue is defined as a group of rights offered to existing shareholders to purchase additional stock of shares in proportion to their existing holdings. These are considered to be a type of option since it gives a company's stockholders the right, but not the obligation, to purchase additional shares in the company. In a rights offering, the subscription price at which each share may be purchased is generally discounted relative to the current market price. Rights are often transferable, allowing the holder to sell them in the open market.

Bonus issues are an allocation of additional shares to existing shareholders at no charge from the accumulated capital reserve or from a combination of capital reserves and retained earnings. Companies issue bonus shares to attract further investment and reward shareholders.

DIFFERENCE BETWEEN BONUS & RIGHT ISSUE

Bonus Shares	Right Shares
Bonus Shares are issued to the existing shareholders free of cost.	Existing shareholders have to pay for taking right shares.
No facility for renunciation is available.	Shareholders may renounce the right shares partly or totally.
Bonus Shares are always fully paid up.	Right Shares can be fully paid up or partly paid up.
Issue of Bonus Shares is according to the provisions of AOA and SEBI guidelines.	Issue of right shares is regulated by Section 81 of the Companies Act.
Issue of bonus shares do not increase cash because shares are issued free of cost.	Issue of right shares increases working capital
There is no requirement of minimum subscription	Issue of right shares is subject to minimum subscription

Companies typically issue bonus shares for several key reasons. Firstly, they encourage more retail investor participation in their stock by lowering the price per share and adding additional liquidity. Secondly, they provide an alternative to issuing a dividend payment for rewarding investors. And finally, they reflect that the company is in a financially sound position to keep growing and generating shareholder value. We will further discuss these reasons when looking at the advantages of issuing bonus shares.

A company allocates bonus issues according to each shareholder's stake. Bonus shares do not dilute shareholders' equity because they are issued in a constant ratio that keeps the relative equity of each shareholder the same as before the issue. For example, a three-for-one bonus issue entitles each shareholder three shares for every one they hold before the issue. A shareholder with 1,000 shares receives 3,000 bonus shares ($1000 \times 3 / 1 = 3000$).

Companies generally offer rights when they need to raise money. Examples include when there is a need to pay off debt, purchase equipment, or acquire another company. In some cases, a company may use a rights offering to raise money when there are no other viable financing alternatives. Other significant benefits of a rights offering are that the issuing company can bypass underwriting fees, there is no shareholder approval needed, and market interest in the issuer's common

stock generally peaks. For existing shareholders, rights offerings present the opportunity to purchase additional shares at a discount.

Increasing the number of outstanding shares adds liquidity and makes it easier to trade for retail investors, bonus issues can also be an alternative to paying dividends as companies generating irregular profits may issue bonus shares rather than cash dividends in order to build shareholder confidence.

Sometimes, rights offerings present disadvantages to the issuing company and existing shareholders. Shareholders may disapprove because of their concern with dilution. The offering may result in more concentrated investor positions. The issuing company, in an attempt to raise capital, may find that additional required filings and procedures associated with the rights offering are too costly and time-consuming; the costs of the rights offering may outweigh the benefits. Bonus Issues unlike a cash dividend payment, do not usually give shareholders immediate financial gain as stock prices are likely to adjust to the effects of the new shares.

(Source: www.investopedia.com, Velayutham, Eswaran, Shareholders Wealth Effects of Rights and Bonus Issues: Evidence from Sri Lanka (2015). International Journal of Accounting and Business Finance, 1(2), 1-13, 2015, Available at SSRN: <https://ssrn.com/abstract=2733950>)

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
Chipper Technologies Uganda Limited 2nd Floor, SMS House P. O. Box 29274, Kampala Uganda Tel: +256 200 935 935 Email: uganda@chippercash.com	Mr. Dan Tumuramye



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UGANDA SECURITIES EXCHANGE

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