



## ACTIVITY REPORT

### MARKET PERFORMANCE

#### Equities Report

The trading volume for March 2023 was 129,376,102 shares with a turnover of UGX 9,196,313,636. This month's turnover performance showed a 345.07% increase from the UGX 2,066,242,173 recorded in March 2022.

Activity in March increased by 681.85% compared with the turnover registered in February 2023, from 1.1 billion to 9.2 billion. This represents a daily average turnover of approximately UGX 418 million. Volume traded increased to 129 million shares compared to 10 million shares traded in February 2023. The number of deals increased to 533 deals from 395 deals executed in February 2023, with 26.83 per cent of the deals attributed to the UMEME Limited counter.

#### Turnover performance per counter

UMEME Limited counter dominated monthly activity, accounting for 69.11 percent of the total turnover followed by Stanbic Holdings Uganda (SBU) with 25.96 percent. In third position was MTN Uganda Limited with 2.57 per cent contribution to the month's turnover and Bank of Baroda Uganda in fourth position with 2.25 percent. National Insurance, Uganda Clays Limited, and New Vision Limited accounted for the remainder of turnover at 0.77%.

#### Volume traded per counter

SBU registered the highest volume of shares with 80.53 percent, followed by UMEME with 15.76 percent. BOBU came third with 1.88 percent of the volume, while MTNU was in the fourth position with

1.06 percent of the total volume. Uganda Clays Limited accounted for 0.42 percent, NIC and NVL had the least number of shares traded amounting to 455,520 shares representing 0.35 percent of total number of shares traded.

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

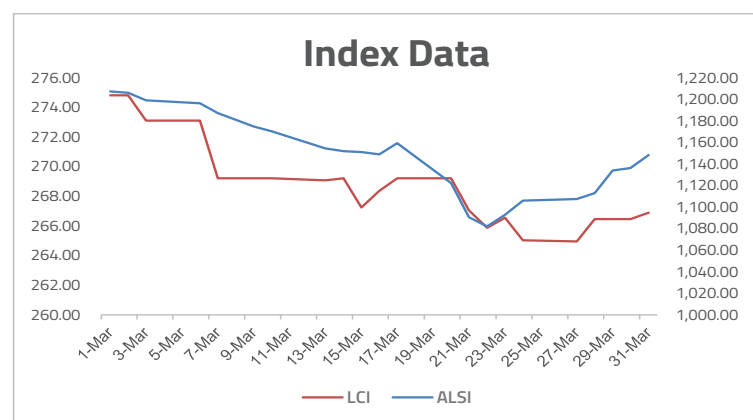
	March - 23	March - 22
Volume Traded	129,376,102	17,720,072
Turnover (UGX)	9,196,313,636	2,066,242,173
Number of Deals	533	626
Trading Days	22	22
Daily Average Turnover (UGX)	418,014,256	93,920,099
Daily Average number of trades	24	28
Market Capitalization (UGX.bn)	19,750.42	22,638.94
USE All Share Index (ASI)	1,148.25	1,337.09
Local Share Index (LSI)	266.89	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 270.92 and closed at 266.89 representing a 1.49 percent drop. The All-Share Index (ALSI) dropped by 4.94 percent to 1,148.25 from 1,207.93 at the start of the month.

#### March 2023 Indices Graph



Source: USE Trading and Research Department



#### Equities Report

The trading volume for March 2023 was **129,376,102** shares



#### Turnover performance per counter

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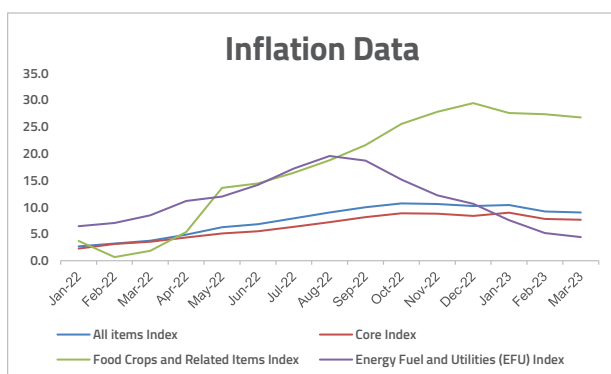
#### Volume traded per counter

SBU registered the highest volume of shares with **80.53%**, 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 March 2023 printed at 9.00 percent compared to 9.20 percent registered in February 2023. The Monthly Headline Inflation for March 2023 registered a 0.2 percent drop compared to a 1.2 percent drop recorded in the month of February 2023 relative to 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 26.7 percent in the year ending March 2023, down from 27.4 percent registered in the year ended February 2022.

Year on year Annual Energy Fuel and Utilities (EFU) Inflation registered at 4.4 percent for the 12 months to March 2023, compared to 5.2 percent registered in the year ended February 2022.



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

## INTEREST AND LENDING RATES

### Interbank Money Market Rates

Interbank Money Market rates edged slightly lower averaging 11.85% in March 2023 compared to 12.00% in February 2023. Overnight rates edged slightly lower at 11.83% in March 2023 compared to 11.98% in February 2023 additionally 7-Day rates edged slightly lower averaging at 11.91% last month compared to 12.05% in February 2022.

At the monetary committee meeting held on 7<sup>th</sup> 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

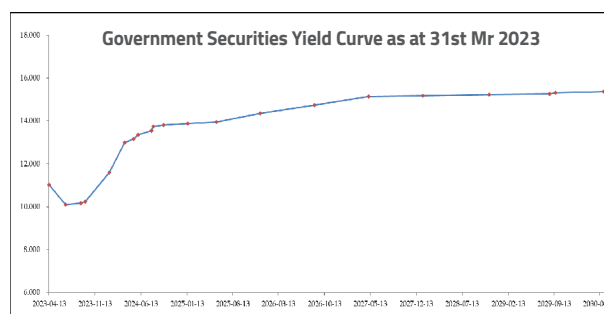
back sustainably to the 5% medium term target. (BOU February MPC Statement)



Source: Bank of Uganda

### Yields on Government securities

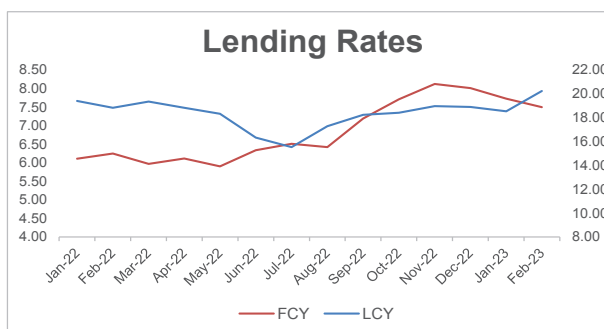
Rates on the short end of the yield curve at the end of March 2023 remained stable compared to the end of February 2023. So, the 91-Day, 182-Day and 364-Day, closed the past month at 10.4%, 10.5%, 12.4% compared to 10.4%, 10.5% and 12.8% respectively in March. (BOU Data, Annualized T-Bill Yields). Yields in the bond market at the end of March 2023 for all available tenors i.e., 2-year, 3-year, 5-year, 10-year, 15-year and 20-year dropped from 13.73%, 13.96%, 15.14%, 15.54%, 16.57% and 16.96% to 13.46%, 13.79%, 15.08%, 15.30%, 16.21% and 16.78% respectively.



Source: Bank of Uganda

### Lending rates

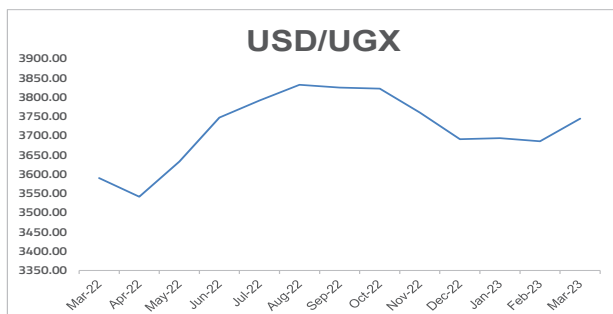
Shilling denominated lending rates increased to 20.24% in February 2023 from 18.54% in January 2023. Month on month, foreign Currency denominated lending rates slightly decreased to 7.50% in February 2023 compared to 7.73% in January 2023.



Source: Bank of Uganda

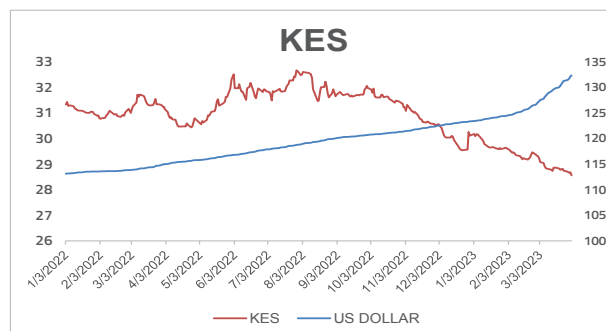
## Foreign Exchange Rate Development

The local currency depreciated against the US dollar month on month averaging 3,744.52 in March compared to 3,685.72 in February against the dollar driven by seasonal demand for foreign currency during the period. The Uganda Shilling has weakened by 4.31% against the USD this year compared to 3,589.84 for March 2022.



Source: Bank of Uganda

The Kenya Shilling continues to depreciate against both the Uganda Shilling and the U.S. Dollar losing as much as 16.24% against the dollar and the Uganda shilling gaining approximately 8.14% against the currency in the twelve months to March 2023. This coupled with inflation has continued to put pressure on cross listed stocks.



Source: Bank of Kenya, Currency Statistics

## BOND LISTINGS

There was a bond conversion auction for the bond UG0000001244 11.000% 13-APR-2023 with a face value of UGX 113 billion. Additionally, there were reopens for the 3-year and 15-year bonds closing at 14% and 17% respectively. The current total value of the Government Bonds listed on the bourse stands at UGX 29.4 trillion.

### Government Bond Schedule: March 2023

ISIN	REGISTRAR	ISSUER	ISSUER NAME	TYPE	ISSUEDSHARES	ISSUEDATE	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 Activity: March 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: March 2023

UGX 641,710,000 in turnover for Treasury bills was done through the alternative trading of Government securities platform on the exchange and UGX 335,000,000 in Treasury bonds was done through the platform. Additionally, UGX 8,400,000 was done in secondary market trades through the platform.

## CORPORATE ANNOUNCEMENTS: MARCH 2023



### EABL – CHANGE IN BOARD

The company announced the retirement of Mr. Japheth Katto as a Director of the company with effect from 28<sup>th</sup> February 2023.

**Find Announcement Here:** <https://www.use.or.ug/uploads/announcements/EABL%20Announcement%20-%20Change%20in%20the%20Board%20-%20Japheth%20Katto.pdf>

### BAT UGANDA 2022 – ANNUAL FINANCIAL RESULTS RELEASE

BAT Uganda released its financials declaring a 6% increase in gross revenue, 15% increase in total costs YoY, Profit Before Tax was down by 6%. The company declared a UGX 209 per share dividend.

**Find Announcement Here:** <https://www.use.or.ug/uploads/announcements/BAT%20Uganda%202022%20Financial%20Results.pdf>

### MTN UGANDA LIMITED – FULL YEAR FINANCIAL RESULTS

The company released its annual results for the year ended 2022 declaring a 19.3% increase in profit after tax. The company's directors recommended a UGX 5.5 per share dividend bringing the total dividend for FY2022 to UGX 15.9 per share.

**Find Announcement Here:** <https://www.use.or.ug/uploads/announcements/MTN%20Uganda%20Limited-%20News%20Advertorial.pdf>

### NEW VISION PPL – HALF-YEAR FINANCIAL RESULTS

The company released its half year financials therein indicating that overall turnover declined by 25.80% compared to the same period last year. Additionally, the company disclosed that Cost of sales decreased by 31.77% due to reduction in volume of business while administrative expenses increased by 10.02% due to increased costs of running business particularly fuel and transportation costs. The company's directors did not approve the payment of an interim dividend.

**Find Announcement Here:** <https://www.use.or.ug/uploads/announcements/New%20Vision%20Half%20Year%20December%202022%2007.03.2023.pdf>

### CiPLA QCi CAUTIONARY ANNOUNCEMENT

The company issued a cautionary statement advising its shareholders and members of the public to trade in the company's stock with caution following the expression of interest to CMA by Africa Capitalworks SSA 3 offering to acquire 51.18% of the company's ordinary shares from Meditab Holdings Limited and Cipla (EU) Limited.

**Find Announcement Here:** [https://www.use.or.ug/uploads/announcements/CiplaQCi%20Cautionary%20Announcement%20\(1\).pdf](https://www.use.or.ug/uploads/announcements/CiplaQCi%20Cautionary%20Announcement%20(1).pdf)

### UMEME LIMITED - FULL YEAR FINANCIAL RESULTS

The company released its annual financial results declaring an increase in EPS from UGX 85.7 to UGX 91.3 and a 6.4% increase in profit after tax. The company's directors recommended a UGX 63.9 dividend per share (2021: UGX 54.1).

**Find Announcement Here:** <https://www.use.or.ug/uploads/announcements/Umememe%20Financials%2031%20December%202022.pdf>

### KENYA AIRWAYS LIMITED - FULL YEAR FINANCIAL RESULTS

The company released its financials for the year ended 31 December 2022 declaring a KES 24,753 m loss. The counter is still suspended from trading.

**Find Announcement Here:** <https://www.use.or.ug/uploads/announcements/Kenya%20Airways%20-%20Audited%20Financial%20Results%20FY%20Ended%2031%20Dec%202022.pdf>

### BANK OF BARODA – POST EGM NOTICE

Following the company's extraordinary general meeting, the company's shareholders voted and a resolution was passed to increase the company's share capital to UGX 150 billion from UGX 25 billion by issue of bonus share with a 1:5 ratio. The company's shareholders also resolved to amend the company's memorandum of association to that effect.



**Find Announcement Here:** <https://www.use.or.ug/uploads/announcements/Bank%20of%20Baroda-Post%20EGM%20Notice.pdf>

### **EQUITY GROUP HOLDINGS PLC – FULL YEAR FINANCIAL RESULTS**

The company released its annual financial results. Declaring a KES 4.00 per share dividend for its shareholders. Which is subject to shareholder approval.

**Find Announcement Here:** <https://www.use.or.ug/uploads/announcements/EQUITY%20GROUP%20HOLDINGS%20%20Plc%20-%202022%20FINANCIALS.pdf>

### **DFCU LIMITED – FULL YEAR FINANCIAL RESULTS**

DFCU Limited released its financial results highlighting a 217% profit after tax increase, 41% reduction in loan impairments, the company's directors recommended a UGX 8.19 per share dividend (2021: Nil). The date for book closure is yet to be declared.

**Find Announcement Here:** <https://www.use.or.ug/uploads/announcements/DFCU%202022%20FINANCIAL%20STATEMENTS.pdf>

### **STANBIC UGANDA HOLDINGS LIMITED - FULL YEAR FINANCIAL RESULTS**

SUHL released its annual results for the year ended 2022 that indicated an increase in its EPS from UGX 5.26 per share for 2021 to UGX 6.98 per share. The company's directors recommended a UGX 3.61 per share dividend subject to BOU approval.

**Find Announcement Here:** <https://www.use.or.ug/uploads/announcements/SHUL%20FINANCIALS%202022.pdf>

## **EDUCATION COLUMN.**

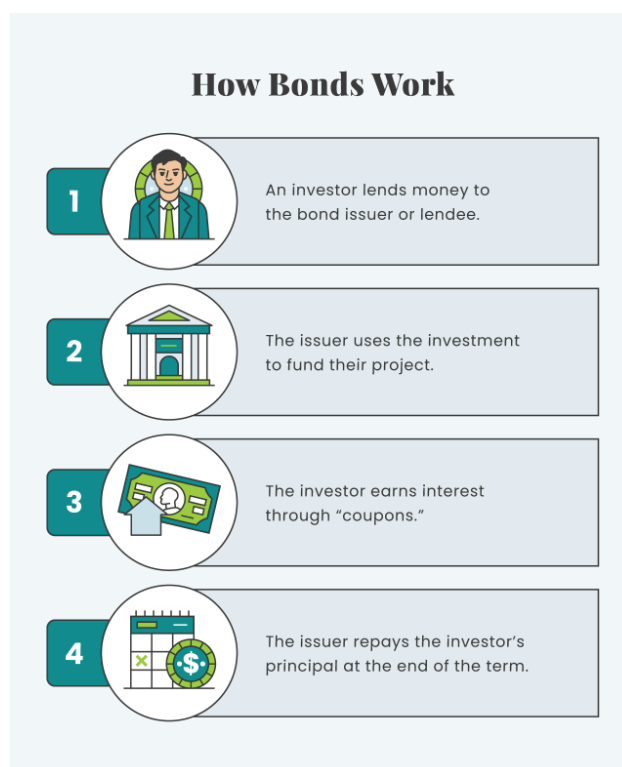
### **FIXED INCOME SECURITIES - BONDS**



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 debtholders, 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

#### Bond Characteristics

- ◆ **Par Value** = stated face value that is the amount the issuer must repay.
- ◆ **Coupon Interest Rate**
- ◆ **Coupon** = Coupon Rate x Par Value
- ◆ **Maturity Date** = when the par value is repaid.
- ◆ This makes a bond's cash flows look like this:

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>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>
<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>



**Uganda**  
Securities Exchange

### 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.  
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