



Uganda
Securities Exchange

October 2022

MONTHLY BULLETIN

ACTIVITY REPORT

MARKET PERFORMANCE

Equities Report

The trading volume for October 2022 was 70,219,496 shares with a turnover of UGX 3,423,207,960. This month's turnover performance was a 1,286% increase from the UGX 246,951,058 that was recorded in October 2021.

Activity in October increased 138.2% compared to the turnover registered in September 2022, from 1.4 billion to 3.4 billion. This represents a daily average turnover of approximately UGX 163 million. Volume traded increased to 70 million shares compared to 14 million shares traded in September 2022. The number of deals decreased to 558 deals down from 591 deals executed in September 2022, with 48 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 47.92 percent of the total turnover followed by Stanbic with 34.38 percent. In third position was MTN Uganda Limited with 11.23 per cent contribution to the month's turnover and Bank of Baroda Uganda in fourth position with 6.11 percent. National Insurance Corporation Limited, CIPLA, Uganda Clays Limited and DFCU combined recorded 0.36 percent of the total turnover.

Volume traded per counter

Stanbic registered the highest volume of shares with 79.93 percent, followed by UMEME with 11.68 percent. Bank of Baroda Uganda came third with 3.50 percent of the volume, while MTN Uganda Limited was in

the fourth position with 2.96 percent of the total volume. National Insurance Corporation Limited accounted for 1.71 percent, Uganda Clays Limited, CIPLA and DFCU had the least number of shares traded amounting to 150,206 shares representing 0.21 percent of total number of shares traded.

Trading Volumes and Activity on a Monthly Basis year on year

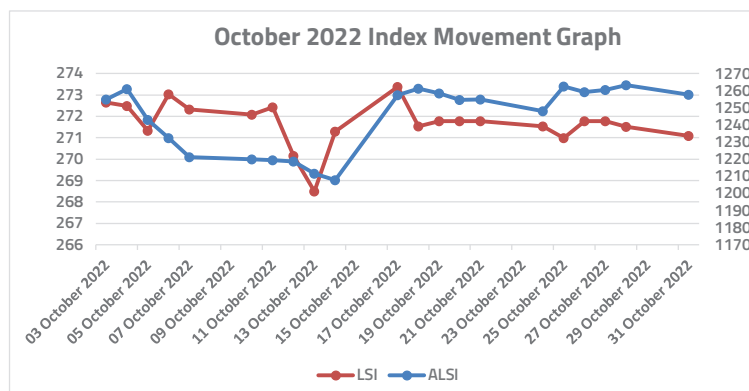
	October 2022	October 2021
Volume Traded	70,219,496	5,084,265
Turnover (UGX)	3,423,207,960	246,951,058
Number of Deals	558	166
Trading Days	21	21
Daily Average Turnover (UGX)	163,009,903	11,759,574
Daily Average number of trades	27	8
Market Capitalization (UGX.bn)	21,629.92	20,377.64
USE All Share Index (ASI)	1257.55	1465.55
Local Share Index (LSI)	271.52	336.94

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 273.01 and closed at 271.39 representing a 0.59 percent decline. The All Share Index (ALSI) declined by 1.64 percent to 1259.05 from 1280.14 at the start of the month.

October 2022 Indices Graph



Equities Report

The trading volume for October 2022 was **70,219,496** shares



Turnover performance per counter

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Volume traded per counter

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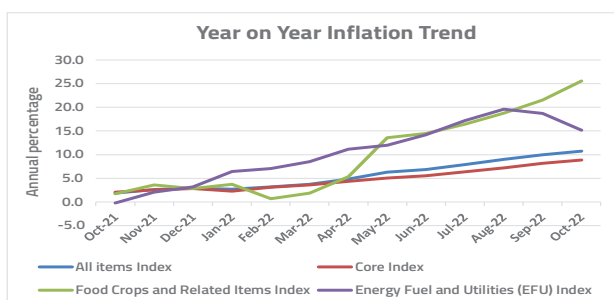
INFLATION – OUTLOOK AND RISKS

Annual headline inflation increased to 10.7 percent, compared to 10.0 percent registered for the year ended September 2022. This was mainly driven by the increase in prices of commodities under Core Inflation that increased to 8.9 percent in the year ending October 2022, compared to 8.1 percent registered in the year ended September 2022.

The Monthly Headline Inflation for October 2022 increased by 0.8 percent from the 1.5 percent rise recorded in the month of September 2022. This is mainly attributed to the monthly Core Inflation that rose by 0.8 percent in October 2022 from 1.2 percent rise recorded in September 2022.

Core Inflation increased to 8.9 percent in the year ending October 2022, up from 8.1 percent registered in the year ended September 2022. The increase in Annual Core Inflation is mainly attributed to Annual Other Goods Inflation that increased to 12.7 percent in the year ending October 2022, compared to 11.2 percent registered in the year ended September 2022.

Year on year Annual Food Crops and Related Items Inflation increased to 25.6 percent in the year ending October 2022, up from 21.6 percent registered in the year ended September 2022. Year on year Annual Energy Fuel and Utilities (EFU) Inflation was registered at 15.2 percent for the 12 months to October 2022, compared to 18.7 percent registered in the year ended September 2022.



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

INTEREST AND LENDING RATES

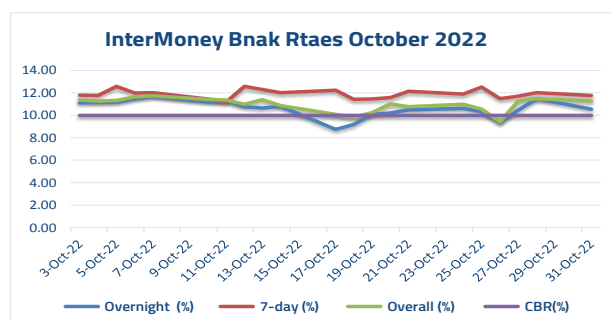
Interbank Money Market Rates

Interbank Money Market rates edged slightly higher averaging 10.97 in October 2022 compared to 10.32 in September 2022. Overnight rates edged at 10.61 in October 2022 compared to 10.10 in September 2022 while 7-Day rates edged slightly higher averaging at 11.90 last month compared to 10.72% in September 2022. At the monetary committee meeting held on 6th October the bank of Uganda increased the central bank rate to 10 percent.

A combination of global factors, the recent drought and a weaker shilling to US dollar exchange rate have driven inflation to the highest level recorded since 2012 and deteriorated the inflation outlook. The domestic economy which has weathered several shocks is showing signs of recovery. Also business sentiments have improved since the previous forecast round. Nevertheless, Economic growth is expected to remain below its long run trend until FY 2025/26.

The recent increases in the CBR coupled with fiscal tightening have had somewhat an indirect effect in stabilizing the shilling exchange rate which is expected to cushion the inflationary pressures. 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 BOU remains determined to reign in on inflation and will continue to undertake the necessary measures to restore inflation to the target of 5 percent in the medium-term.

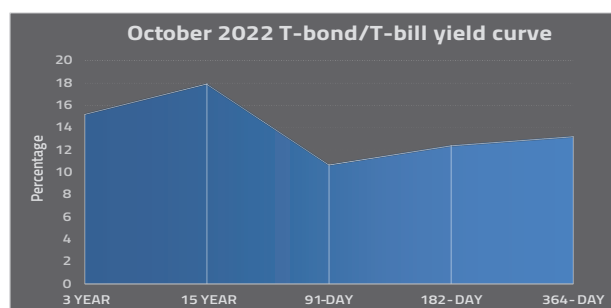


Source: Bank of Uganda

Yields on Government securities

Rates on the short end of the yield curve at the end of October 2022 edged slightly higher compared to the end of September 2022 for 91-Day, 182-Day, unlike 364-Day. So, the 91-Day, 182-Day and 364-Day, closed the past month at 10.72%, 12.43% and 13.24% respectively.

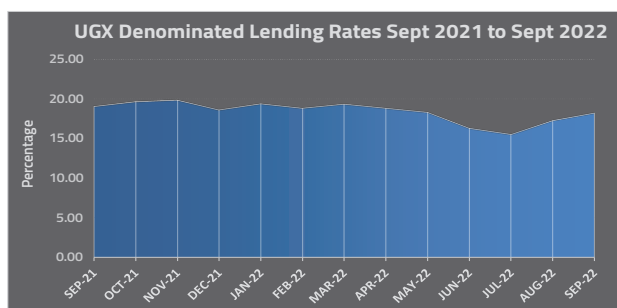
The recently re-opened 3-year and 15-year government papers closed October 2022 at 15.250%, and 17.985% respectively.



Source: Bank of Uganda

Lending rates

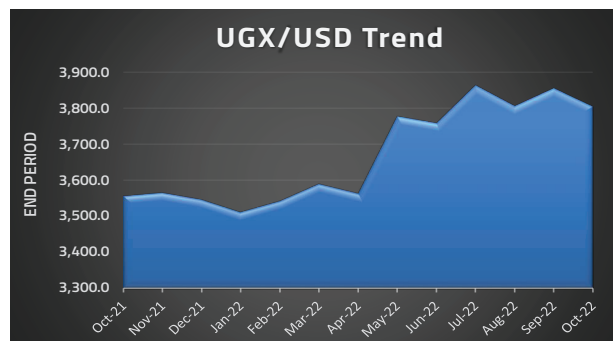
Shilling denominated lending rates slightly rose to 18.24% in September 2022 from 17.29% in August 2022. Month on month Foreign Currency denominated lending rates slightly increased to 7.19% in September 2022 compared to 6.42% in August 2022. On average foreign currency denominated lending rates have 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 3802 in October compared to 3,854 in September driven by lower appetite for foreign currency during the period. The Uganda Shilling has weakened by 6.9% against the USD so far this year compared to 3,554 at the end of October 2021.



Source: Bank of Uganda

BOND LISTINGS:

There was a 3 Year and 15 year re-open with a value of UGX 550 bn listed in October 2022. The current total value of the Government Bonds listed on the bourse stands at UGX 26.2 trillion.

Government Bond Schedule: October 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	420BN	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	485BN	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	293BN	2022/06/02	0.00	2025/05/29
FXD/05/2022/2YR	UG12F3005242	291BN	2022/06/02	0.00	2024/05/30
FXD/09/2022/20YR	UG12L1408420	350BN	2022/09/08	0.00	2042/08/14
FXD/08/2022/2YR	UG12F0808242	200BN	2022/08/11	0.00	2024/08/08

Corporate Bond Activity: October 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: October 2022

	Month	Security	Amount Auction	Secondary
01	Oct-22	TBILL	384,400,000	
02		TBOND	141,500,000	463,300,000
	Total		525,900,000	463,300,000

CORPORATE ANNOUNCEMENTS: OCTOBER 2022



NEW VISION LIMITED

The board of Directors released the audited financial statements for the year ended 30th June 2022

Financial Highlights

The Company registered a turnover of UGX 111.4 billion in 2022 compared to UGX 81.9 billion in 2021.

Total revenue grew by 36.0%. Cost of sales increased by 47.7%. The increase in costs was a result of the growth in the volume of business. The most significant cost was outsourcing cost of UGX 24.9 billion for printing published educational materials/books.

Gross profit UGX 23.0 billion in 2022 compared to UGX 22.0 billion in 2021 with a profit before tax of UGX 1.7 billion compared to a loss before taxation of UGX 0.9 billion in 2021. Administrative and other operating expenses decreased by 7.3% from UGX 19.5 billion in 2021 to UGX 18.0 billion in 2022. Profit after tax was UGX 1.0 billion in the year 2022 compared to a loss of UGX 1.0 billion in 2021.

Dividends; The Directors proposed a dividend of UGX 6.46 per share for the year ended 30 June 2022. There was no dividend proposed for the year ended 30 June 2021.

DFCU LIMITED

ANNOUNCEMENT

Dfcu Limited informed its shareholders and the public that in the case brought by Crane Bank Limited and some of its shareholders, the English High Court dismissed with costs the claims against dfcu, its subsidiary, dfcu Bank and Ugandan directors jointly sued in this case, for lack of jurisdiction.

As advised in the public announcement of 12th August 2021, the case related to the transaction in which dfcu Bank acquired some assets and assumed liabilities of CBL in 2017. dfcu successfully challenged the jurisdiction of the English High Court, which found that when exercising its powers in relation to CBL, Bank of Uganda was performing its regulatory function under the laws of Uganda.

Full announcement can be found on our website; DFCU - PUBLIC ANNOUNCEMENT | Uganda Securities Exchange (USE)

EDUCATION COLUMN.

Money Market Vs. Capital Market: What's the Difference



The money market and the capital market are not single institutions but two broad components of the global financial system.

- The money market is the trade in short-term debt. It is a constant flow of cash between governments, corporations, banks, and financial institutions, borrowing and lending for a term as short as overnight and no longer than a year.
- The capital market encompasses the trade in both stocks and bonds. These are long-term assets bought by financial institutions, professional brokers, and individual investors.

Together, the money market and the capital market comprise a large portion of what is known as the financial market.

Financial Markets: Capital vs. Money Markets

The Money Market

Money Market



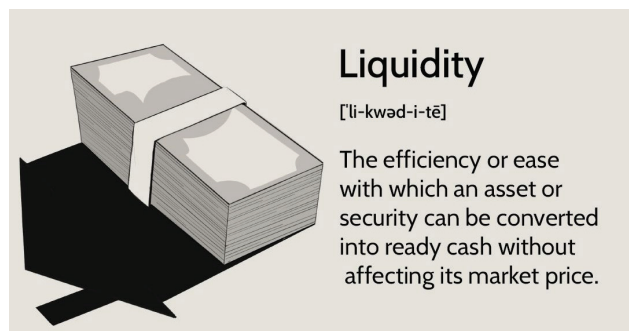
- ❖ Trading of short-term assets
- ❖ Maximum tenure - Usually 365 days
- ❖ Wholesale Transactions
- ❖ High Liquidity
- ❖ Low Risk
- ❖ Low Earning

The money market is a good place for individuals, banks, other companies, and governments to park cash for a short period of time, usually one year or less. It exists so that businesses and governments that need cash to operate can get it quickly at a reasonable cost, and so that businesses that have more cash than they need can put it to use.

The returns are modest but the risks are low. The instruments used in the money markets include deposits, collateral loans, acceptances, and bills of exchange. Institutions operating in the money markets include the Federal Reserve, commercial banks, and acceptance houses.

When a company or government issues short-term debt, it's usually to cover routine operating expenses or supply working capital, not for capital improvements or large-scale projects.

About Liquidity



The money market plays a key role in ensuring that banks, other companies, and governments maintain the appropriate level of liquidity daily, without falling short and needing a more expensive loan and without hoarding excess cash that isn't earning interest.

Individual investors may use the money markets to invest their savings in a safe and accessible place. Many choices are available, including mutual funds that focus on state money market funds, municipal funds, government treasuries. Many of the government funds are tax-free. A money-market fund also can be opened at most banks.

The Capital Market

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

TYPES OF CAPITAL MARKETS

Primary Market

Secondary Market

Public Issue

Private Placement

Rights Issue

Over the Counter market

Dealer Market

The capital market is where stocks and bonds are traded. Its movements from hour to hour are constantly monitored and analyzed for clues as to the health of the economy at large, the status of every industry in it, and the consensus for the short-term future. The overriding goal of the companies institutions that enter into the capital markets is to raise money for their long-term purposes, which usually come down to expanding their businesses and increasing their revenues. They do this by issuing stock shares and by selling corporate bonds.

Primary and Secondary

The capital market is roughly divided into a primary market and a secondary market. A company that issues a round of stock or a new bond place it in the primary market for sale directly to investors or institutions. If those buyers decide to sell their shares or bonds, they do so on the secondary market. The original issuer of those stocks or bonds does not immediately benefit from their resale, although companies certainly have an interest in the price of their stock shares rising over time.

The capital market is by nature riskier than the money market and has greater potential gains and losses.

KEY TAKEAWAYS

- The money market is a short-term lending system. Borrowers tap it for the cash they need to operate from day to day. Lenders use it to put spare cash to work.
- The capital market is geared toward long-term investing. Companies issue stocks and bonds to raise money to grow their businesses. Investors buy them to share in that growth.
- The money market is less risky than the capital market while the capital market is potentially more rewarding.

SOURCE;

Money Market Vs. Capital Market: What's the Difference? (investopedia.com)

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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