

**Nairobi, 4<sup>th</sup> October 2023**

***Right of Reply on the Bloomberg Analysis of the Kenyan Stock Market Performance: NSE Affirms the Resilience of the Kenyan Capital Markets***

The Nairobi Securities Exchange Plc (NSE) notes with concern a Bloomberg article dated 2<sup>nd</sup> October 2023, that portrays the Kenyan stock market as the world's worst performer, citing a decline in the NSE All Share index.

Whilst the NSE respects Bloomberg's commitment to providing financial news, we believe the article did not provide a holistic view of Kenya's public capital markets and placed a special bias on one market parameter, that is, the NSE All Share Index, failing to consider other critical factors such as float adjustments, dividend yields and comparative peer market reviews, that investors consider before making investment decisions.

This review by Bloomberg comes on the back of an assessment undertaken by FTSE Russell on 11<sup>th</sup> August 2023, that sought to review the treatment of the equity indices of Kenya and other exchanges in the frontier markets. FTSE Russell retained Kenya in its index whilst removing some frontier exchanges, which reflects an appreciation of the markets structure and performance as well as the markets viability to attract foreign investors.

In addition, the Morgan Stanley Capital International (MSCI) in its August 2023 review of Kenya, noted that the market dividend yield stood at 8.63% compared to 4.28% for the peer average group of stocks exchanges in the MSCI Frontier Markets Index.

As players in the global financial ecosystem, the performance of listed securities on the NSE is impacted by various macro-economic factors which have seen global equity markets experience significant pressure over the last few months.

The above notwithstanding, the cumulative equity market activity for the first half of the year 2023, displayed a noteworthy 9% increase when compared to the same period last year. Additionally, the NSE recorded a notable 72% increase in profit after tax. This growth signifies, that beneath the recent market challenges, there remains an enduring interest and resilience within Kenya's equity markets.

Further, Kenya's fixed income securities market has experienced significant growth. The monthly value of bonds traded at the NSE reached a two-year high in September 2023. In addition, the market also recorded a historical single day high trading of Kshs. 16.5 billion worth of fixed income trades in the same month. This surge in fixed income trading activity underscores the depth and potential of Kenya's capital markets, extending beyond equities.

In line with NSE's commitment to provide a world-class market infrastructure, the NSE recently introduced two new market indices, the NSE 10 Share Index (N10) and the NSE Bond Index (NSE-BI), which provide a performance tracker for the ten most liquid stocks and listed benchmark bonds respectively.

Today, NSE is among leading exchanges in Africa offering 5 public market platforms and 1 private market platform as well as an array of products, which include trading and capital raising opportunities via equities, Government and corporate bonds, green bonds, exchange traded funds (ETFs), derivatives, real estate investment trusts (REITs) and unquoted securities.

Kenya's markets have demonstrated resilience, and even amidst challenges, they remain open to investors seeking value. We encourage investors to take advantage of the current attractive valuations that the markets present. We welcome a more comprehensive examination of Kenya's capital markets landscape to uncover the diverse opportunities they present to the investment community.

**-ENDS-**

## **Notes to the Editor**

### **About NSE**

The Nairobi Securities Exchange (NSE) is the principal securities exchange in Kenya. It offers a world class trading facility for local and international investors and issuers looking to gain exposure to Kenya's and Africa's economic growth. NSE plays a vital role in the growth of Kenya's economy through mobilization of domestic resources and international capital. The NSE is a founder member of the African Securities Exchanges Association and the East African Securities Exchanges Association. It is a full member of the World Federation of Exchanges and the Association of Futures Markets, and a partner Exchange in the United Nations Sustainable Stock Exchanges Initiative (SSE). NSE operates under the jurisdiction of the Capital Markets Authority of Kenya

### **FOR MORE INFORMATION PLEASE CONTACT:**

Corporate Affairs  
Nairobi Securities Exchange Plc  
Tel: +254 (020) 283 1000  
Email: [CorporateAffairs@NSE.CO.KE](mailto:CorporateAffairs@NSE.CO.KE)  
**Nairobi Securities Exchange Plc**

**55 Westlands Road, P.O. Box 43633 - 00100**

**Nairobi, KENYA**

**[www.nse.co.ke](http://www.nse.co.ke)**

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