BK CAPITAL WEEKLY MARKET UPDATE

Week 6.2025 Ending 07th February 2025

RWANDA GOVERNMENT PAPERS UPDATE

During the week, T-bills remained oversubscribed, despite the overall subscription rate coming in at 118.1%, lower than the 152.4% recorded at the previous auction. Total bids came in at Frw 32.0 bn, against the offered Frw 27.1 bn.

Investors preference was on the 364-day paper and 91-day paper, which received bids worth 16.5 bn and 7.0 bn respectively against offered amounts of 8.0 bn and 6.0 bn. The subscription rates rates came in at 206.3% for the 364- day paper, higher than its previous subscription rate of 137.5%; while the 91-day paper recorded a subscription rate of 116.7%, lower than previous week's rate of 166.7%. Conveserly, the 182-day and 28-day papers were undersubcribed at 57.4% and 71.4% respectively, down from the 180.3% and 132.9% subscription rates recorded the previous week.

The BNR accepted a total of Frw 21.4 bn out of the Frw 32.0 bn tendered, translating to an acceptance rate of 66.9%, slightly higher than the 65.6% acceptance rate recorded the previous week.

The table below summarizes T-bill performance:

Table 1: Auction Results for the Week

T-bills	Type of Paper	Auction Date	Maturity Date	Amount Offered (RWF bn)	Amount Applied (RWF bn)	Amount Accepted (RWF bn)	Subscription Rate (%)	Acceptance Rate (%)	Yield Rate (%)
28 Days	TBL	2025-02-06	2025-03-07	7.0	5.0	5.0	71.4%	100.0%	6.9%
91 Days	TBL	2025-02-06	2025-05-09	6.0	7.0	4.0	116.7%	57.1%	7.1%
182 Days	TBL	2025-02-06	2025-08-08	6.1	3.5	3.5	57.4%	100.0%	7.3%
364 Days	TBL	2025-02-06	2026-02-05	8.0	16.5	8.9	206.3%	53.9%	7.9%
Total				**27.1**	**32.0**	**21.4**	**118.1%**	**66.9%**	

Source: BNR

Yields on the government papers were on an upward trajectory during week, with the yields on the 28-day, 91-day, and 182-day papers increasing by 30.4bps, 0.8bps, and 1.1bps, to close at 6.9%, 7.1%, and 7.3%, respectively. Conversely, the yield on the 364-day paper decreased by 9.0 bps to close at 7.9%.
The table below shows the T-bills returns' performance in 2025:

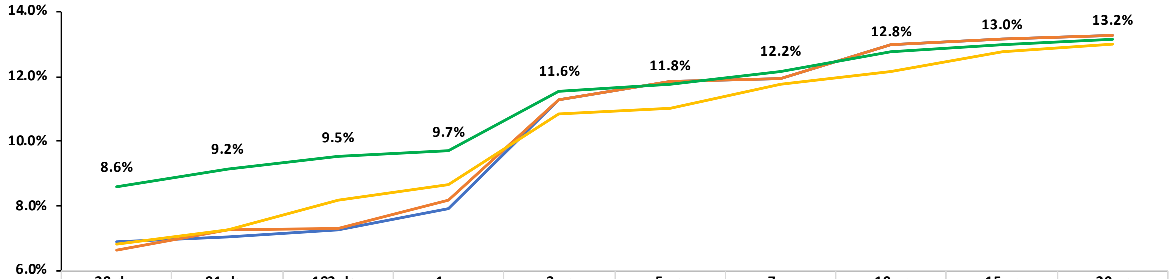
Table 2: T-bill Return Performance

T-bills	End of December 2024	2025-01-30	2025-02-06	w/w change (bps)	MTD change (bps)	YTD change (bps)
28-day	6.6%	6.6%	6.9%	30.4	25.8	25.8
91-day	7.3%	7.1%	7.1%	0.8	(19.2)	(19.2)
182-day	N/A	7.3%	7.3%	1.1	N/A	N/A
364-day	8.2%	8.0%	7.9%	(9.0)	(27.1)	(27.1)

Source: BNR

The chart below highlights the yield curve compared to historic levels;

Chart 1: BNR Yield Curve



	28-day	91-day	182-day	1-yr	3-yr	5-yr	7-yr	10-yr	15-yr	20-yr
6-Feb-25	6.9%	7.1%	7.3%	7.9%	11.3%	11.9%	12.0%	13.0%	13.2%	13.3%
30-Dec-24	6.6%	7.3%	7.3%	8.2%	11.3%	11.9%	12.0%	13.0%	13.2%	13.3%
31-Dec-23	8.6%	9.2%	9.5%	9.7%	11.6%	11.8%	12.2%	12.8%	13.0%	13.2%
31-Dec-22	6.8%	7.3%	8.2%	8.7%	10.9%	11.0%	11.8%	12.1%	12.7%	13.0%

6-Feb-25 30-Dec-24 31-Dec-23 31-Dec-22

Source: BNR

Table 3: Upcoming Actions

Tenor	Announcement Date	Open Book Date	Close Book Date	Settlement Date	Maturity Date
Re-open 15-year Bond	2025-02-03	2025-02-10	2025-02-12	2025-02-14	2040-07-29
New 5-year bond	2025-03-03	2025-03-17	2025-03-19	2025-03-21	2030-03-13
New 10-year bond	2025-04-01	2025-04-21	2025-04-23	2025-04-25	2035-04-13
Reopen 20-year bond	2025-05-02	2025-05-12	2025-05-14	2025-05-16	2045-11-25
Reopen 7-year bond	2025-06-02	2025-06-16	2025-06-18	2025-06-20	2032-01-09

CURRENCY MARKET UPDATE

During the week, the U.S. Dollar Index (a relative measure of the U.S. dollar (USD) against a basket of influential currencies) shed 0.3% on the week, indicating the weakening of the U.S. dollar. The Rwandan Franc depreciated against the US Dollar by 0.2% to close at Frw 1,396.6, up from Frw 1,394.0 recorded the previous week. The Rwandan Franc also depreciated against the Euro by 0.1%, closing at Frw 1,449.4, lower than Frw 1,447.9 recorded last week. The Rwandan Franc continued to depreciate against the other selected currencies except the Tanzanian Shilling. The Rwandan Franc's performance is shown in table below:

Table 4: Currency Performance

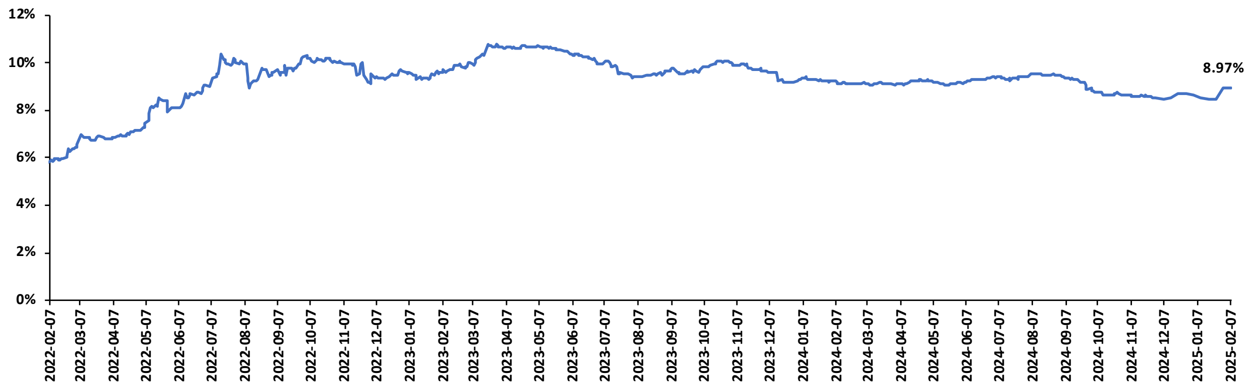
Pair	Year Open	Month Open	31-Jan-25	07-Feb-25	Performance (%) w/w Change	MTD	YTD
USD/FRW	1,383.6	1,394.0	1,394.0	1,396.6	0.2%	0.2%	0.9%
EUR/FRW	1,421.2	1,447.9	1,447.9	1,449.4	0.1%	0.1%	2.0%
GBP/FRW	1,715.0	1,731.1	1,731.1	1,735.4	0.2%	0.2%	1.2%
KES/FRW	10.7	10.8	10.8	10.8	0.3%	0.3%	1.0%
UGX/FRW	0.4	0.4	0.4	0.4	0.4%	0.4%	0.9%
TZS/FRW	0.6	0.5	0.5	0.5	(0.6%)	(0.6%)	(4.7%)
*Positive denotes depreciation (Negative) appreciation							
DXY	109.4	108.4	108.4	108.0	(0.3%)	(0.3%)	(1.2%)

Source: BNR, BK Capital Research

RWANDA EUROBOND UPDATE

The 10-yr Rwanda Eurobond issued in 2021 closed the week at a yield of 8.97%, 4.0 bps up from the previous week's closing yield of 8.93%. The bond continues to trade at a discount, given that the issued coupon was 5.5%. The chart below highlights the yield movement since issuance in November 2021.

Chart 2: Rwanda Eurobond Yield



Source: Factset

EQUITIES MARKET UPDATE

Market Performance

During the week, the Rwanda Share Index (RSI) and Rwanda All Share Index (ALSI) recorded gains of 6.0bps and 2.0bps respectively. The equities market performance was driven by gains recorded by Bank of Kigali of 1.6%, but weighed down by the 1.8% loss recorded by MTN Rwanda.

Market turnover during the week decreased by 37.1% to Frw 10.1 mn, from Frw 16.1 mn. Market activity concentrated on Bank of Kigali, which accounted for 67.0% of market turnover, followed by Bralirwa which was responsible for 29.1% of market turnover.

The RSI is currently trading at a weighted Price-to-Earnings ratio of 6.8x. The table below summarizes the equities market's performance for the week;

Table 5: Local Equity Market Statistics

Counter	Year Open	Month Open	31-Jan-25	07-Feb-25	Performance (%) w/w change	MTD change	YTD	P/E	Div. Yield (LTM)	Market Cap (RWF bn)	Turnover (RWF mn)
BOK	310	310	310	315	1.6%	1.6%	1.6%	3.3x	11.0%	293.1	6.8
MTNR	169	169	168	165	(1.8%)	(1.8%)	(2.4%)	-29.2x	2.6%	222.9	0.1
BLR	260	260	270	270	0.0%	0.0%	3.8%	8.8x	10.6%	277.7	2.9
CMR	152	152	152	152	0.0%	0.0%	0.0%	6.0x	12.3%	106.9	0.0
IMR	55	55	60	60	0.0%	0.0%	9.1%	5.8x	2.4%	90.9	0.3
EQTY	440	440	440	440	0.0%	0.0%	0.0%	3.5x	9.2%	1,660.4	0.0
KCB	328	328	328	328	0.0%	0.0%	0.0%	1.8x	4.8%	1,054.0	0.0
NMG	1,200	1,200	1,200	1,200	0.0%	0.0%	0.0%	-46.9x	0.0%	228.4	0.0
RHB	526	526	526	526	0.0%	0.0%	0.0%	2.7x	0.0%	34.0	0.0
RSI	131.0	131.0	133.0	133.1	0.06%	0.06%	1.63%	6.8x	8.3%	991.5	10.1
ALSI	148.8	148.8	149.4	149.5	0.02%	0.02%	0.41%	3.3x	7.2%	3,968.3	10.1

Source: RSE, BK Capital Research

REGIONAL MARKETS UPDATE: FIXED INCOME

During the week, Kenyan T-bills were oversubscribed, with the overall subscription rate coming in at 296.6%.The central banks of Tanzania and Uganda did not hold an auction.
The tables below highlight the performance;

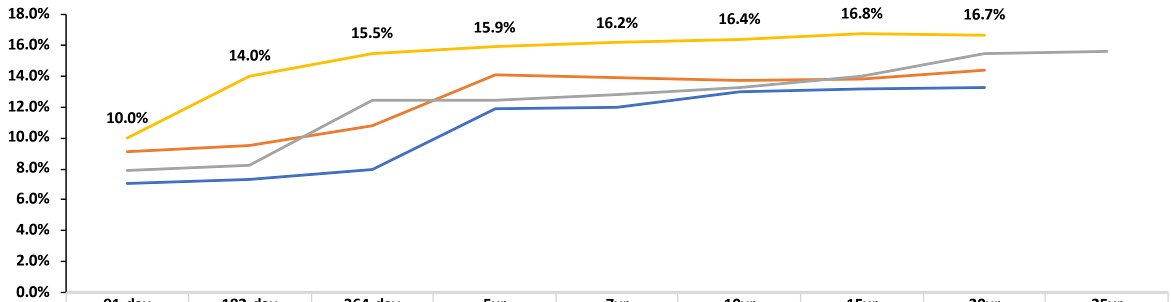
Company Code/TIN No. 102638405 **Capital:** FRw 1,200,000,000 | **bkcapital@bk.rw**
P.O. Box 175 Kigali KN30 St Kigali - Rwanda | **Tel:** (+250) 788 143 141 | **Fax:** (+250) 788 143 241 | **www.bkcapital.rw**

Table 6: Kenya T-bills Auction

T-Bill	Auction Date	Maturity Date	Amount Offered (KES bn)	Amount Applied (KES bn)	Amount Accepted (KES	Subscription Rate	Acceptanc e Rate	Yield
91 Days	2025-02-05	2025-05-12	4.0	10.0	9.9	250.0%	99.3%	9.1%
182 Days	2025-02-05	2025-08-11	10.0	24.0	15.1	240.0%	62.8%	9.5%
364 Days	2025-02-05	2026-02-09	10.0	37.2	34.7	371.8%	93.4%	10.8%
Total			**24.0**	**71.2**	**59.7**	**296.6%**	**83.9%**	

Source: Central Bank of Kenya

Chart 3: EAC Yield Curve



	91-day	182-day	364-day	5yr	7yr	10yr	15yr	20yr	25yr
Rwanda	7.1%	7.3%	7.9%	11.9%	12.0%	13.0%	13.2%	13.3%	
Kenya	9.1%	9.5%	10.8%	14.1%	13.9%	13.8%	13.9%	14.4%	
Tanzania	7.9%	8.3%	12.5%	12.5%	12.8%	13.3%	14.0%	15.5%	15.6%
Uganda	10.0%	14.0%	15.5%	15.9%	16.2%	16.4%	16.8%	16.7%	

Rwanda Kenya Tanzania Uganda

Source: BK Capital Research

REGIONAL MARKETS UPDATE: EQUITIES

In the East African region, the equities markets continued their slow performance during week, with the Kenyan NASI being the only gainer, driven by gains recorded by large cap stocks such as KCB and Safaricom of 5.4% and 4.4%, respecitively.
The table below summarizes the dollarized regional equities market performance:

Table 7: Regional Stock Market Performance (Dollarized)

Index	Country	Year Open	Month Open	2025-01-31	2025-02-07	Performance (%)		
						w/w change	MTD	YTD
RSI	Rwanda	0.09	0.10	0.10	0.10	(0.1%)	(0.1%)	0.7%
RSEASI	Rwanda	0.11	0.11	0.11	0.11	(0.2%)	(0.2%)	(0.5%)
DARSDSEI	Tanzania	0.90	0.89	0.89	0.89	(0.1%)	(0.1%)	(0.9%)
USEALSI	Uganda	0.33	0.35	0.35	0.35	(1.0%)	(1.0%)	7.1%
NASI	Kenya	0.97	0.99	0.99	1.00	1.0%	1.0%	3.5%

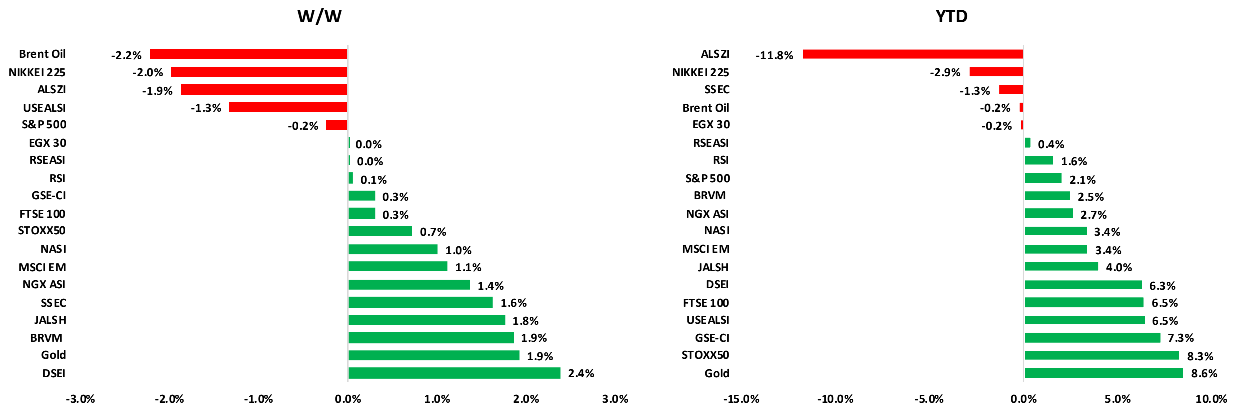
Source: BK Capital Research

The table below summarizes the performance of the top EAC companies by market cap;

Company	Local Price on 2025-01-31	Local Price on 2025-02-07	Price (USD) on 2025-01-31	Price (USD) on 2025-02-07	w/w (%)	P/E	P/B	Div. Yield	Market Cap (USD bn)
Safaricom	17.2	18.0	0.1	0.1	4.4%	28.2x	3.8x	3.6%	5.6
MTN Uganda	275.0	276.1	0.1	0.1	0.7%	10.3x	5.2x	5.0%	1.7
Equity Group	47.2	48.0	0.4	0.4	1.7%	4.9x	0.8x	8.3%	1.4
Tanzania Breweries LTD	10900.0	10900.0	4.4	4.3	(2.4%)	17.8x	4.6x	4.9%	1.3
NMB	5850.0	5800.0	2.4	2.3	(3.3%)	4.7x	1.2x	6.2%	1.1
East African Breweries Ltd	180.5	183.8	1.4	1.4	1.8%	17.8x	4.5x	3.8%	1.1
KCB Group	42.8	45.1	0.3	0.3	5.4%	3.2x	0.6x	3.3%	1.1
Airtel Uganda	70.5	72.0	0.0	0.0	2.5%	10.1x	19.5x	11.3%	0.8
ABSA Bank Kenya	18.0	18.3	0.1	0.1	1.7%	5.3x	1.3x	7.4%	0.8
Standard Chartered Bank Kenya	286.5	279.5	2.2	2.2	(2.4%)	5.3x	1.6x	8.2%	0.7
Co-operative Bank Kenya	16.6	16.1	0.1	0.1	(3.0%)	3.9x	0.7x	9.3%	0.7
CRDB	690.0	710.0	0.3	0.3	0.4%	3.1x	1.1x	7.0%	0.7
Vodacom Tanzania	770.0	770.0	0.3	0.3	(2.4%)	32.3x	2.0x	1.3%	0.7
Tanzania Cigarettes Company	17000.0	17000.0	6.8	6.7	(2.4%)	17.6x	8.5x	1.2%	0.7
Stanbic Uganda	47.1	46.3	0.0	0.0	(1.3%)	5.3x	1.2x	12.4%	0.6
Stanbic Holdings Kenya	139.0	143.5	1.1	1.1	3.3%	2.1x	0.8x	11.2%	0.4
British American Tobacco Kenya	362.5	362.0	2.8	2.8	(0.1%)	7.4x	2.5x	13.8%	0.3
NCBA	48.5	48.2	0.4	0.4	(0.6%)	2.7x	0.8x	10.9%	0.3
Bank of Kigali Group	310.0	315.0	0.2	0.2	1.6%	3.3x	0.7x	11.0%	0.2
British American Tobacco Uganda	15000.0	15000.0	4.1	4.1	0.3%	76.5x	16.9x	1.2%	0.2

Source: BK Capital Research

Chart 4: Global Markets Performance (Local Currency)

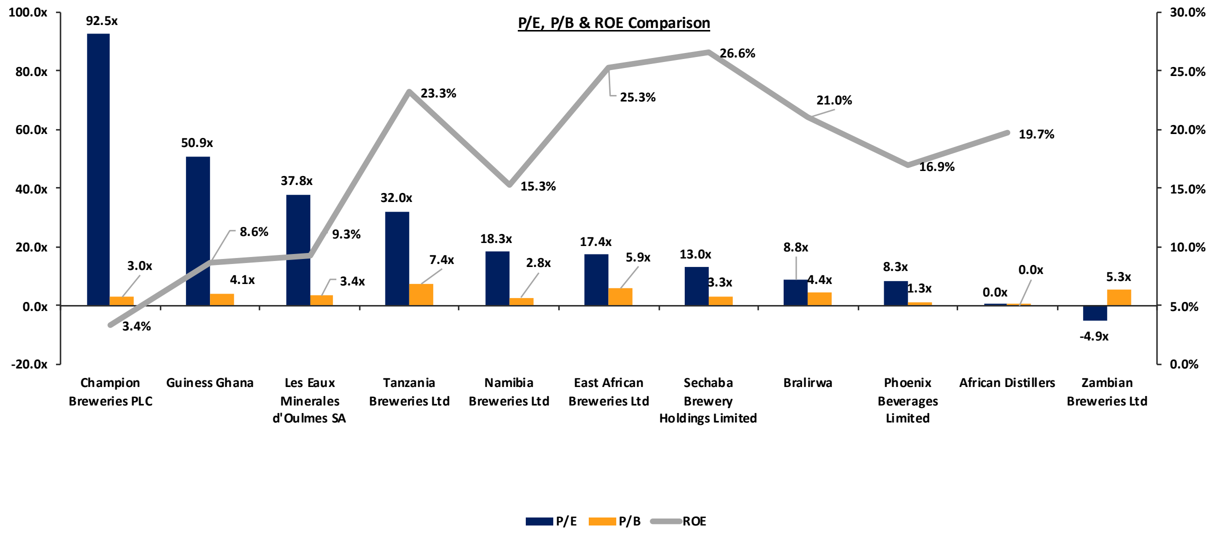


Source: Yahoo Finance, African Markets

Chart of the Week

Bralirwa has been one of the better performing counters on the RSE having gained by 51.2% in 2024 and has since gained 3.8% on YTD in 2025 to close at price of Frw 270 per share. This week, we take a look at some of Bralirwa's key valuation ratios as we do a peer comparison with other companies within the same industry in the Sub-Saharan Africa region.

The chart below highlights the Price-to-Earnings (P/E), Price-to-Book (P/B) and Return on Equity (ROE) of Bralirwa and its peers:



Source: BK Capital Research, Factset

In terms of Price-to-Earnings ratio, Bralirwa is undervalued at 8.8x in comparison to its peers with African Distillers being an outlier as a result of currency impact. Phoenix Beverages and Sechaba Brewery Holdings are also relatively undervalued with P/E ratios of 8.3x and 13.0x, respectively.

Similarly, Bralirwa currently has a Price-to-Book ratio of 4.4x, reflecting its low price relative to its book value per share which is slightly higher than the peer median of 3.8x. Additionally, both Phoenix Beverages and Champion Breweries have lower P/B ratios of 1.3x and 3.0x, respectively.

Complimenting the Bralirwa's low valuation ratios is its high ROE of 21.0%, well above the median ROE of 18.3%, placing it in the top half among the selected peers. Notably, Sechaba Holdings has the highest ROE of 26.6%, followed by East African Breweries with 25.3%, reflecting their efficient utilization of equity capital to generate higher profits in comparison to their peers.

Given Bralirwa's attractive valuation ratios and high ROE, we expect continued rise in its share price driven by the increase demand on the counter largely supported by the strong company fundamentals as well as consistent dividend payouts.

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