

Shilling steady as sh5.1b exchanges hands on MTN Uganda counter

By Ali Twaha

The Ugandan shilling held steady against the dollar last week, supported by a balance between foreign currency demand and supply, while activity on the Uganda Securities Exchange surged as investors traded heavily in shares of MTN Uganda.

The shilling traded around 3,765/3,775 to the dollar throughout the week, largely unchanged from its opening levels, as market participants reported balanced flows in the interbank market.

Richard Nsubuga, a market analyst from Absa Uganda, said dealers expect the local currency to trade within the 3,680-3,800 range in the near-term amid uncertainty surrounding the global economic outlook.

On the equities market, turnover jumped more than eight-fold to sh5.3b from sh652m in the previous week, while traded volumes rose to

15.5 million shares from 6.5 million.

The increase was driven mainly by MTN Uganda, which accounted for sh5.14b worth of trades, representing more than 95% of last week's total turnover. The markets share exchange was linked to offshore institutions.

Stanbic Holdings followed with sh118.7m worth of shares traded, while Bank of Baroda exchanged sh62m and Umeme recorded sh38.7m in turnover.

On share price movement, Airtel Uganda was the only gainer, rising 1.33% to close at sh152 per share. MTN Uganda slipped 0.2% to sh425, Stanbic eased 0.13% to sh74, and Umeme shed 0.03% to

sh62.98. Baroda, dfcu and Quality Chemical Industries Limited closed unchanged.

DEBT MARKET

Liquidity remained abundant in the money market, prompting Bank of Uganda to conduct a series of repurchase agreements to absorb excess cash from the banking system according to data from Absa Uganda. Overnight and one-week lending rates averaged at 10.0% and 10.58%, respectively.

Investor appetite for government securities remained strong at last week's Treasury Bill auction.

Yields on the 91-day and 364-day instruments held steady at 10.50% and 12.00%, while the 182-day tenor rose by 12 basis points to 11.121%. The central bank accepted

sh587.2b worth of bids.

GLOBAL CURRENCY MARKET

Globally, investors monitored developments in the Middle East, where geopolitical tensions continued to influence commodity and currency markets. The US dollar index hovered near 99.4, supported by demand for safe haven assets.

Brent crude oil remained above recent levels despite a pullback below \$95 per barrel late in the week.

Gold prices also retreated, falling below \$4,450 per ounce and heading for a weekly decline of more than 2% as traders weighed the implications of inflation risks and interest rate expectations linked to developments in the region.

Bitcoin experienced a sharp decline during the week of June 1-7, dropping about 20% overall from around \$71,000-\$73,000 at the start to lows near \$59,000-\$60,000 last week.

