

July Newsletter

SAVE THEN SOAR: BUILDING
YOUR INVESTMENT NEST EGG

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BUSINESS INSIGHTS

BY JANTA

DEAR JANTA COMMUNITY,

Welcome to the latest edition of Janta Kenya's newsletter, where we strive to empower your financial journey with insights, news, and advice tailored to meet your financial needs. In this edition, we explore the crucial query for anyone embarking on a fiscal journey - saving or investing. Also included in this edition are business headlines and updates to keep you informed on the financial landscape.



BEST TIPS ON HOW TO START SAVING FOR AN INVESTMENT

One common query on the lips of many embarking on their fiscal journey is: should I prioritize saving or investing? Which comes first? What risks does each one present? Although both practices contribute significantly to financial growth, it's crucial to comprehend the relationship between saving and investing. This can facilitate better management of your finances and the accumulation of long-term wealth. In this piece, we'll examine whether saving or investing takes precedence and provide guidance on how to begin saving for investment.

Interplay Between Saving and Investing

Firstly, let's discuss interest and dividends. Evidently, doing both has its advantages. However, to make an informed choice, one needs to appreciate the differences between these financial practices.

Saving entails setting aside funds to cater for present or near-future needs. When you save, the aim isn't necessarily growth but having readily accessible funds for emergencies or expected outgoings.

It's highly important to have a financial buffer. Prioritizing savings is wise, particularly if you don't yet have an emergency fund, are planning a major purchase, or vacation. Essentially, these funds are reserved for future use, whether in a savings jar, beneath the mattress, or in a bank.

On the contrary, investing represents a commitment of funds for future growth. When you invest, you put your money into assets, such as stocks, real estate, or businesses, intending to yield a profit. This revenue can provide a living, or be passed down to future generations. Investing becomes a viable option once your emergency fund is sufficient, you're free of crippling debt, or you have long-term objectives necessitating substantial financial planning, such as retirement.

So, which should come first? Saving. It's crucial to amass adequate capital for your intended investments. The amount needed will be dictated by the type of investment you're pursuing. For instance, venturing into the stock market requires less capital than real estate purchases. Therefore, gathering the necessary capital for investments will aid you in navigating the investment industry with more ease.

Given this understanding, let's delve into some strategies to commence saving for an investment:



Strategies to Save For an Investment

i. Defining Financial Needs and Goals

Before you can begin saving for an investment, it's imperative to identify your financial needs and objectives. What is the motivation behind your investment? How much do you currently have saved for this investment? Have you accumulated a sufficient emergency fund? What kind of investment are you targeting? Upon discerning your investment costs, you can determine how best to allocate your investment assets. Remember, understanding your financial needs and goals allows you to save with a clear purpose.

ii. Budget Formulation

Budgeting is a vital step that mustn't be overlooked when saving for an investment. Since this will be a supplementary expense, it needs to be incorporated into your expense list with an allocation of funds towards saving. A budget provides a clear view of all your income sources and expenditures. If you notice unnecessary expenses, these can be eliminated to bolster your savings towards an investment.

iii. Establishing Savings Objectives

Setting a savings goal keeps you focused and motivated. The investment of your choice will dictate the amount you need to save. Determine how much you want to save for your investment and set a deadline for this goal. By applying the S.M.A.R.T rule to your savings goals, you ensure they're specific, measurable, achievable, relevant, and time-bound.

iv. Initiating a Savings Account

After setting your savings objectives, it's time to open a savings account. Having a separate, locked savings account allows you to save for an investment faster. You can opt for traditional banking options or mobile money saving apps for increased convenience. Once your account is established, you can watch your savings grow over time.

v. Automating Savings

Automating your savings process removes any temptation to divert funds due to unexpected expenses. Direct deposits from your paycheck into your savings and subsequently into your investment account allow you to consistently save money, facilitating the accumulation of investment funds.

vi. Diversified Portfolio Investment

Once you've saved enough money, it's time to start investing. Diversifying your investment portfolio by including various asset types such as stocks, bonds, and mutual funds can help reduce risk and increase long-term returns.



BUSINESS NEWS HEADLINES

Nairobi Rail Operations Halted Due to Protests: Kenya Railways has suspended its operations in significant areas of Nairobi due to public protests against the Finance Act 2023. Following the call for a three-day demonstration by the opposition, the corporation is taking precautionary measures as previous demonstrations resulted in the vandalization of stations and attacks on trains. The suspension impacts various routes, including the Nairobi Central station and several others. Normal services will resume upon advisory from the corporation.

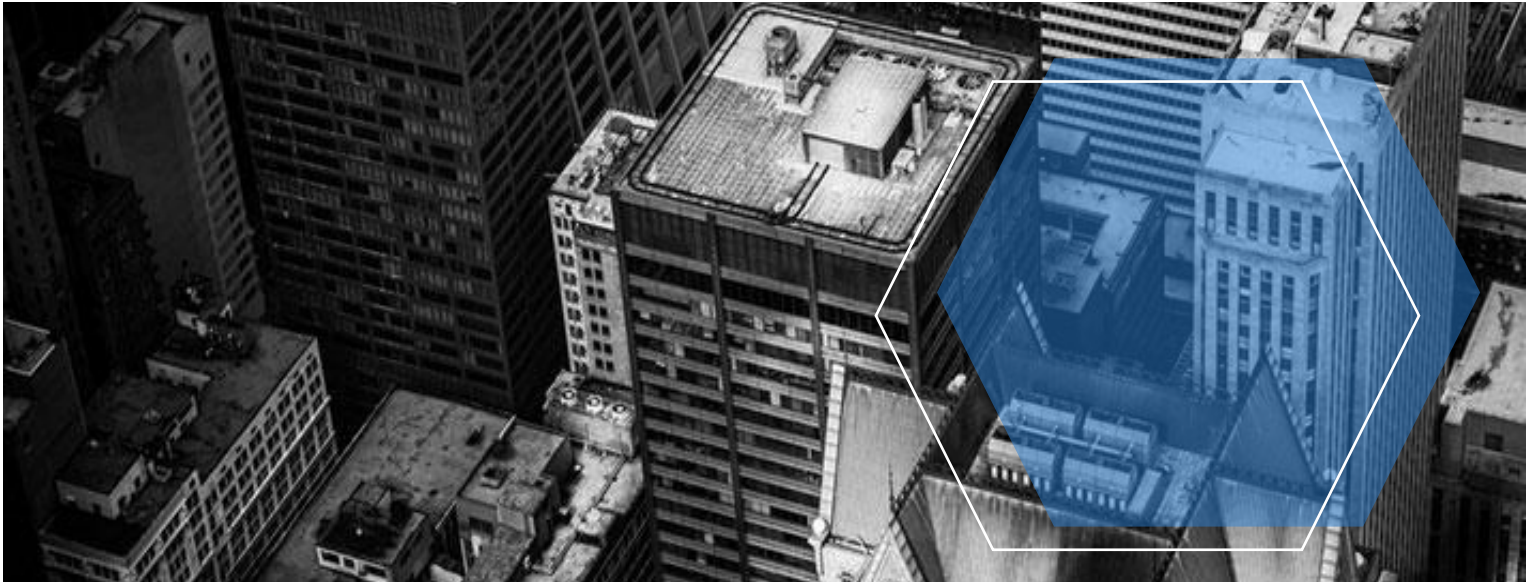
Demonstrations Impact Operations and Economy: The ongoing demonstrations have resulted in business shutdowns in major towns and caused the government to close schools in Nairobi, Mombasa, and Kisumu for safety reasons. The Kenya Private Sector Association (KEPSA) estimates a daily loss of Sh3 billion due to looting and property damage. Foreign envoys based in Nairobi have urged the parties to engage in dialogue and peacefully resolve their differences.

Safaricom Collaborates with TerraPay to Expand M-PESA Services: Safaricom has joined forces with TerraPay to enable 32 million M-PESA users to transact with over 200 million people in Bangladesh and Pakistan. The partnership provides access to TerraPay's expansive network of bank accounts and mobile wallets, facilitating swift, cost-effective global payments. Safaricom's CEO acknowledged that the partnership would create new opportunities for its customers.

Dollar Index Weakens Amid US Inflation and Chinese Economic Data: The dollar index (DXY) weakened by 2.27%, closing at 99.59 due to US inflation data and mixed economic data from China. Speculation is rife that the Fed might raise its rate by 25 basis points in its upcoming July meeting. China's reported 0.8% GDP growth in Q2 and an upbeat industrial production data signal a glimmer of hope for economic growth. The week will continue with the G20 meetings and earnings season.

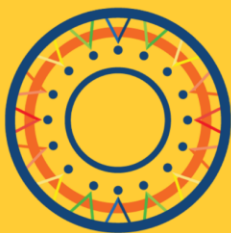
Kenyan Onion Prices Soar Due to Shortages: The price of onions in Kenya has surged due to a reduction in imports from Tanzania and a fall in local production. The shortage has led to an 87.5% price hike, from KSh80 per kilogram in March to KSh150 currently. Few Kenyan traders are stocking onions due to the increased costs, and Tanzanian farmers have hiked their onion prices by nearly five times compared to a few months ago.

At the 5th Mid-Year Coordination Meeting of the African Union (AU) held in Nairobi, leaders expressed concern over the reliance on foreign aid to fund 60% of AU programmes, which they believe hampers the development of effective capacity for Pan-African transformation. They called for reforms to enable the AU to carry out multiple urgent and critical interventions using internally generated resources. President William Ruto highlighted the need to free the AU from structural and organizational constraints, clearly define roles and functions, and embrace African integration. Notably, the Africa Continental Free Trade Area, uniting 54 countries with a single market boasting a GDP of USD 3.4 trillion, is seen as a significant step towards such integration, with the potential to lift 30 million people from extreme poverty and boost incomes by USD 450 billion by 2035.



KEEPING YOU INFORMED AND CONNECTED TO THE LATEST BUSINESS NEWS

We hope that our exploration into saving for an investment and the interplay between saving and investing has provided you with useful insights. As always, the key lies in understanding your financial situation and goals, and making informed decisions based on these. As we wrap up this edition of Janta Kenya's newsletter, we'd like to reiterate the importance of maintaining a diversified investment portfolio for reducing risk and increasing long-term returns. We look forward to helping you navigate your fiscal journey in the future with more insights, advice, and the latest updates from the world of finance. Stay tuned for our next edition, and happy investing!



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