

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 142.61	4.1%	1.6%	USD Mn – 20,979 KES Bn – 2,135
	NSE 20 Share Index – 2,794.43	0.4%	-1.39%	USD Mn – 17,717 KES Bn – 1,803
	NSE 25 Share Index – 3,564.37	2.61%	0.36%	USD Mn – 19,252 KES Bn – 1,959
UGANDA	UGSINDX – 1,607.49	-0.7%	-2.5%	USD Mn – 6,094 UGS Bn – 22,608
TANZANIA	DSEI – 1,990.85	-2.4%	-2.5%	USD Mn – 8,410 TZS Bn – 19,190
RWANDA	RSEASI – 131.20	-	-	USD Mn – 3,351 RWF Bn – 2,949

Source: NSE, DSE, RSE, UGSE

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –101.75	0.4%	0.1%	5.7%(12/2018)	6.0%(3Q2018)
UGS/USD 3,709.97	0.4%	0.1%	2.2%(12/2018)	6.4%(3Q17/18)
TZS/USD –2,281.67	-	-	3.0%(11/2018)	7.1%(FY2017)
RWF/USD – 880.20	-0.1%	-0.1%	0.1%(11/2018)	7.7%(3Q2018)

Source: CBK, BOT, NBR, BOU, KNBS, UBOS, NISR, NBS

Safaricom Launches M-PESA Overdraft Service

Safaricom has partnered with Commercial Bank of Africa (CBA) to provide M-PESA users with an overdraft facility - "Fuliza". The launch comes after a successful pilot and requisite approvals from the Central Bank of Kenya. The service will enable users who opt in to complete transactions (currently on Lipa na M-PESA and M-PESA P2P transactions) seamlessly despite having insufficient funds in their M-PESA accounts. According to the company, 58.0% of failed MPESA transactions are due to not having sufficient funds in the MPESA account. The service is a way of addressing this issue. Users can access an overdraft facility of up to KES 70,000.0* with no limit on the number of times the facility can be used (as long as it's within the approved facility limit). The exact amount a user can access will be based on factors such as a user's MPESA transaction and repayment history. The service will attract an access fee of 1.0% and a daily maintenance fee of up to a maximum of KES 30.0 on the outstanding amount. With an active M-PESA user base of 21.0 million users (as at 3Q2018), we see significant potential for this service in terms of revenue contribution (directly through the fees charged). We also expect the service to accelerate other MPESA transactions - Lipa na M-PESA and P2P transactions. Besides the revenue aspect, we see this service enhancing the M-PESA ecosystem which will improve stickiness (customer retention) and boost the company's market share.

*This is inferred from the tariff table

CBA Set to Acquire Jamii Bora Bank

Commercial Bank of Africa (CBA) has initiated a bid to acquire Jamii Bora Bank for KES 1.4 billion. The buyout offer is at a 58.8% discount to Jamii Bora's book value of KES 3.4 billion as at 1Q2018 (Jamii Bora Bank is yet to release its 2Q2018 and 3Q2018 financials, having received an exemption from the Central Bank of Kenya, to enable the ongoing buyout). The discounted offer was influenced by CBA's plan to inject additional capital into Jamii Bora Bank. Furthermore, in addition to the KES 1.4 billion buyout offer, CBA will offer additional

compensation to Jamii Bora Bank's shareholders, hinged on the bank's future performance. The acquisition follows the announcement of a reverse takeover of NIC Group by CBA. Under the combined entity (CBA, NIC and Jamii Bora Bank), M-Shwari is expected to be operated by Jamii Bora while CBA and NIC will focus on corporate and SME banking. We expect the combined entity to benefit from (i) reduced costs (owing to economies of scale) and (ii) the strengths of the individual banks which should widen their market share.

Stock Market Performance and Outlook

The overall market edged up by 4.1% w/w to close the week at 142.61, characterized by an increase in trading activities. We attribute the gain in the market index to price gains made on several large and mid-cap counters, notably Safaricom (+9.9% w/w), Equity (+9.5% w/w), Barclays Bank (+1.8% w/w) and StanChart (+2.2%). Most counters benefitted from reduced volatility in the global markets as investors exhibited optimism towards the trade talks between USA and China conducted during the week. Foreign outflows and inflows were relatively balanced during the week. We expect next week's market performance to be determined by activities in the global markets as investors focus on the developments surrounding China-USA trade war.

Equity Market Summary

Banking Sector	Price (KES)	YTD change	% w-o-w Change	Volume Traded	C/I Ratio	P/E (X)	Dividend Yield	P/B (X)	P/B (X)*	ROE
KCB	36.90	-1.5%	-1.2%	5,052,500	50.9%	5.74	8.1%	1.07	1.14	19.5%
Equity Bank	36.95	6.0%	9.5%	6,453,000	53.5%	7.39	5.4%	1.50	1.62	21.6%
NIC Bank	27.55	-0.9%	0.5%	194,800	42.6%	4.25	3.6%	0.51	0.60	12.7%
Stanbic	90.00	-0.8%	0.0%	6,500	57.2%	8.26	5.8%	0.83	0.84	10.4%
National Bank	5.46	2.6%	5.4%	23,000	83.2%	4.50	0.0%	0.26	0.32	4.5%
Barclays Bank	11.10	1.4%	1.8%	0	55.5%	8.70	9.0%	1.42	1.48	16.3%
Housing Finance	5.40	-2.5%	-3.9%	147,200	78.9%	15.08	6.5%	0.17	0.19	1.1%
Co-operative Bank	13.85	-3.1%	-0.4%	263,100	52.2%	7.12	5.8%	1.16	1.18	17.4%
Diamond Trust Bank	152.00	-2.9%	-2.6%	18,000	42.3%	6.59	1.7%	0.79	0.77	13.0%
Standard Chartered	194.50	0.0%	2.2%	14,700	45.7%	9.66	8.7%	1.46	1.50	15.3%
I&M	91.00	7.1%	0.6%	2,000	36.8%	5.56	3.8%	0.80	1.02	15.6%
Sector Average					54.4%	7.53	5.3%	0.91	0.97	13.4%

*P/B (X) - 1H2018 & P/B (X) - FY2017

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	7.96	-10.6%	-7.0%	164,900	-9.83	0.0%	-0.81	N/M
Nation Media Group	63.00	-8.0%	-1.9%	142,800	9.13	15.9%	6.9	19.1%
WPP Scangroup	12.60	-10.0%	-1.9%	8,900	11.25	4.0%	1.12	5.2%
Uchumi Supermarket	0.87	8.7%	16.0%	271,600	-0.19	0.0%	-4.6	N/M
Longhorn Publishers	4.93	6.9%	-1.4%	120,700	10.06	7.7%	0.49	13.1%
Eveready	0.97	-3.0%	7.8%	6,700	0.76	103.1%	1.27	-35.3%
Sector Average					3.53	5.5%		0.5%

*N/M - Not Meaningful

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Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
ARM Cement	5.55	0.0%	0.0%	0	-1.68	0.0%	-21.9%	-12.5%
Bamburi Cement	132.50	0.0%	0.0%	3,800	29.19	3.0%	15.5%	6.4%
E.A. Portland Cement	16.45	2.8%	-3.2%	600	-1.01	0.0%	19.3%	25.0%
Sector Average					8.83	1.0%		6.3%

*NPM - Net Profit Margin

Energy & Petroleum Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
KenGen	7.00	-0.3%	0.0%	926,700	5.83	5.7%	1.20	4.2%
KenolKobil	20.85	9.4%	10.3%	2,190,800	12.49	2.9%	1.67	23.4%
Kenya Power	4.00	-1.7%	-1.7%	15,271,300	4.08	0.0%	0.98	10.8%
Total Kenya	28.10	2.2%	-1.4%	5,600	6.46	4.6%	4.35	13.4%
Sector Average					7.21	2.9%		13.1%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	3.75	-2.8%	0.0%	796,300	1.28	20.83	65.0%	59.7%
Britam	9.94	-0.6%	4.6%	294,100	0.95	41.42	61.6%	133.1%
Jubilee	415.25	2.6%	-0.8%	36,200	1.19	8.31	102.4%	142.2%
Kenya Re	13.85	-0.7%	-3.8%	83,000	0.36	2.71	55.5%	99.6%
Sanlam Kenya	21.00	-4.5%	5.0%	7,100	0.75	100.00	83.7%	68.6%
Liberty	11.90	-7.8%	-1.2%	7,600	0.86	7.53	75.8%	77.4%
Sector Average					0.90	9.57	74.0%	96.8%

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	NAVPS**	EPS (KES)	ROE
Centum Investment	28.80	-1.5%	-1.4%	265,900	6.86	0.38	73.2	4.20	5.6%
Home Afrika Ltd	0.70	0.0%	4.5%	815,400	-1.79	-6.80	0.85	-0.39	2.6%
Trans-Century	3.13	347.1%	4.3%	24,200	-2.01	0.25	40.96	-1.56	4.7%
Sector Average					N/M	-2.06			4.3%

*NPM - Net Profit Margin, **NAVPS - Net Asset Value Per Share

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	14.00	-3.8%	-4.4%	33,500	16.87	2.1%	0.83	11.2%
Sector Average					16.87	2.1%		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.54	-6.9%	-3.6%	1,312,500	-0.12	0.0%	-4.43	-69.4%
EABL	163.00	-6.7%	-3.7%	1,734,900	22.67	4.6%	7.19	61.4%
FTG Holdings	2.50	0.0%	0.0%	23,000	2.94	0.0%	0.85	22.3%
Carbacid	9.64	-3.6%	-1.0%	39,400	6.99	7.3%	1.38	14.6%
BAT	680.00	-6.2%	-6.2%	16,000	20.38	3.8%	33.36	48.0%
Sector Average					10.57	3.1%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	23.40	5.4%	9.9%	59,365,600	16.71	4.7%	1.40	47.8%
Sector Average					16.71	4.7%		

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Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	10.00	-8.7%	-1.5%	22,500	NA	NA	NA
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

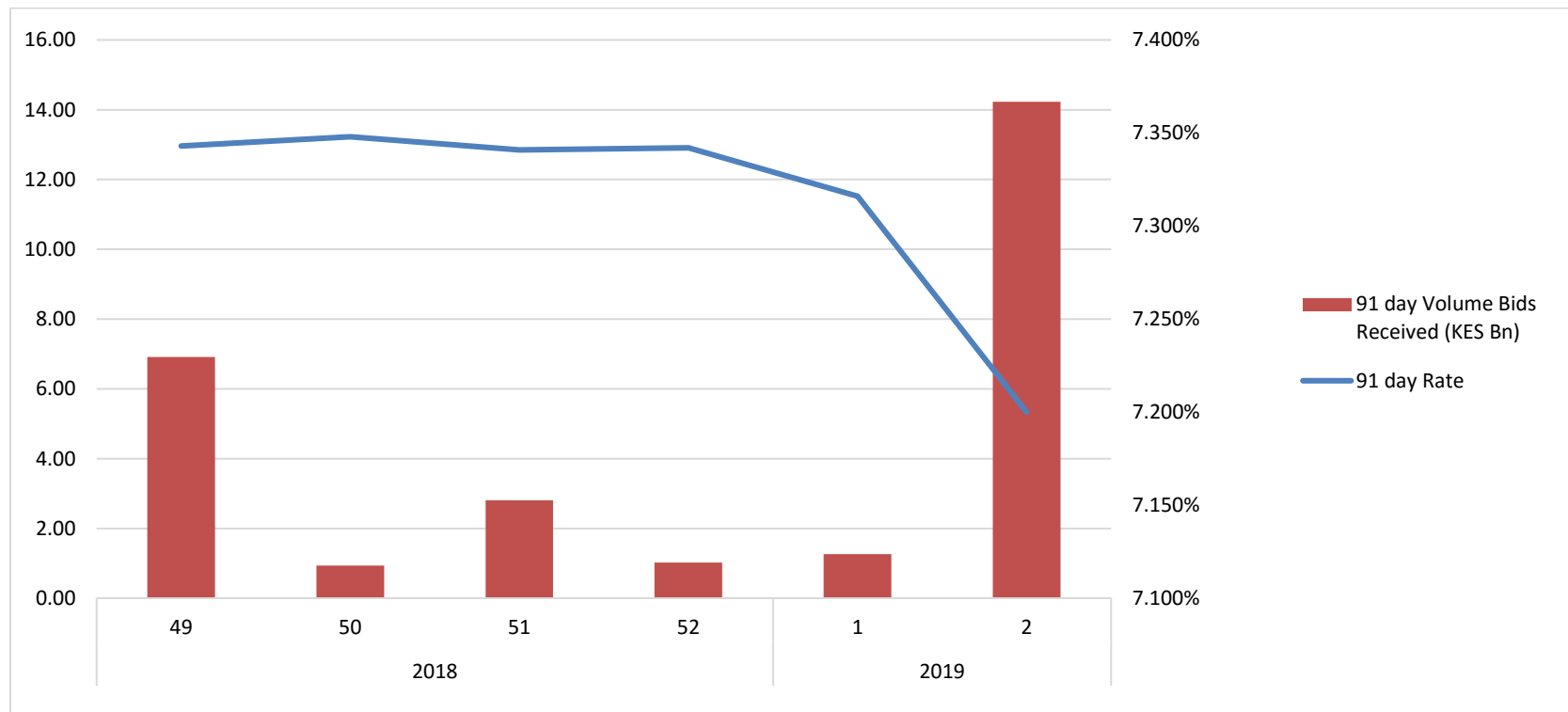
Market Statistics	This Week	Last Week	% Change
Total Volumes	97,201,300	44,095,000	120.4%
Total Turnover (KES)	2,230,971,530	1,096,390,064	103.5%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	14.23Bn	355.83%	6.45Bn	7.200%	7.316%	-0.116
182 day T-bill	24.46Bn	244.58%	18.76Bn	8.935%	8.997%	-0.062
364 day T-bill	28.88Bn	288.81%	23.73Bn	9.958%	10.011%	-0.053

Graph showing 91 day T-bill rate and volume

Week No. 2



Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
I&M Holdings Plc	Interim dividend	Kes.3.90	31-Dec-18	28-Feb-19	23-May-19
Car & General Ltd	Final dividend	Kes.0.80	27-Dec-18	18-Feb-19	25-Mar-19
Sasini Plc	Final dividend	Kes.0.50	19-Dec-18	07-Jan-19	31-Jan-19
Longhorn Publishers Plc	Interim dividend	Kes.0.42	03-Sep-18	23-Nov-18	23-Feb-19
Unga group	First & Final dividend	Kes.1.00	28-Sep-18	06-Dec-18	31-Jan-19
KenGen Plc	Final dividend	Kes.0.40	26-Oct-18	06-Dec-18	07-Feb-19
Umeme Ltd	Interim dividend	Ushs.12.70	20-Aug-18	20-Dec-18	11-Jan-19

Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 11th January 2019
KCB Group	Long-term Buy	55.00	34.00	(1.5%)	36.90
Equity Group Holdings	Long-term Buy	57.00	33.40	6.0%	36.95
Bamburi Cement	Hold	195.00	119.25	0.0%	132.50
Safaricom	Hold	33.50	21.00	5.4%	23.40
EABL	Hold	270.00	160.00	(6.7%)	163.00
Jubilee Holdings	Buy	550.00	355.25	2.6%	415.25
Nation Media Group	Sell	116.00	62.00	(8.0%)	63.00
Barclays Bank of Kenya	Hold	13.50	9.50	1.4%	11.10
Diamond Trust Bank	Hold	220.00	130.0	(2.9%)	152.00
Cooperative Bank	Long-term Buy	20.00	12.65	(3.1%)	13.85
Kenol Kobil	Neutral	21.75	12.80	9.0%	20.85
KenGen	Long-term Buy	9.25	5.50	(0.3%)	7.00
Britam Holdings	Buy	15.85	9.00	(0.6%)	9.94
NIC Group	Hold	40.75	22.00	(0.9%)	27.55
Centum	Long-term Buy	48.25	22.50	-2.0%	28.80
NBK	Sell	9.85	4.05	2.6%	5.46
Mumias	Sell	1.15	0.50	(6.9%)	0.56

For more detailed information on the following recommendations, please click [here](#):

For Online Share Trading (OST) via browser, please click [here](#):

For the Faida M-Trader Application, please click [here](#):

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