

Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	108.1162	(0.1%)	(6.7%)
STG Pound	141.2512	0.1%	(6.3%)
EURO	127.2365	0.3%	(12.2%)

Source: CBK; Negative () = Depreciation, Positive = Appreciation

Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	129.24	(0.7%)	(22.3%)
NSE 20	1,733.14	(1.6%)	(34.7%)
NSE 25	2,946.26	(1.3%)	(28.1%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	1,983.85	1,998.72	(0.7%)
Number of Shares Traded (Q)	14,075,700	18,565,500	(24.2%)
Equity Turnover (KES)	355,141,227	481,697,721	(26.3%)
Foreign Buys (%)	49.5%	93.8%	
Foreign Sells (%)	48.6%	84.2%	
Foreign Participation (%)	49.0%	89.0%	

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Daily Change %	YTD Change	Volume Traded
1. FAHARI I-REIT.	5.98	9.9%	(36.5%)	2,300
2. Uchumi	0.32	6.7%	10.3%	64,200
3. Kakuzi	397.00	5.9%	16.8%	300
4. Umeme	6.88	4.2%	(16.9%)	6,000
5. B.O.C Kenya	58.00	3.6%	0.0%	500

Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. Scangroup	8.22	(9.3%)	(52.2%)	68,700
2. Sameer	2.95	(9.2%)	(14.5%)	4,200
3. TPS EA	13.10	(9.0%)	(25.4%)	15,000
4. Liberty Kenya	7.22	(8.6%)	(30.2%)	4,900
5. Crown Paints	42.50	(8.6%)	(32.0%)	5,000

Movers	Turnover (KES)	Volume (KES)	Price (KES)
1. Equity Group	130,474,630	4,363,700	29.90
2. EABL	92,085,000	613,900	150.00
3. Safaricom	62,609,250	2,276,700	27.50
4. Absa Bank	32,868,922	3,813,100	8.62
5. KCB Group	23,488,410	718,300	32.70

Source: NSE

Market Commentary

The All Share and NSE 20 Indices retreated by 0.7% and 1.6% to close the day at 129.24 and 1733.14 respectively. Market turnover declined by 26.3% to KES 355.1 million as the number of shares traded declined by 24.2% to 14.0 million. Fahari I-Reit (+9.9% to KES 5.98), Uchumi (+6.7% to KES 0.32) and Kakuzi (+5.9% to KES 397) emerged as the top 3 gainers while Scangroup (-9.3% to KES 8.22), Sameer (-9.2% to KES 2.95) and TPS (-9.0% to KES 13.10) emerged as the top 3 losers. Overall, trading activity was relatively more balanced in today's trading session with foreign and local investor participation at 49.0% and 51.0% respectively.

Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	32.70	(0.8%)	(39.4%)
Equity Group	Long-term Buy	29.90	(4.2%)	(44.1%)
Absa Kenya	Long-term Buy	8.62	(4.2%)	(35.4%)
Stanbic Holdings	Long-term Buy	75.00	1.4%	(31.4%)
NCBA	Long-term Buy	23.25	(0.2%)	(36.9%)
StanChart	Sell	150.75	(5.8%)	(25.6%)
Safaricom	Hold	27.50	0.0%	(12.7%)
HF	Sell	3.68	(6.4%)	(43.0%)
Bamburi	Sell	25.35	(4.9%)	(68.3%)

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

Bonds Performance

	Today	Previous	Daily Change %
Total Deals	121	94	28.7%
Bond Turnover	3,201,828,998	2,671,961,841	19.8%

Actively Traded Bonds

GOK Bonds	Coupon Rate %	Traded Yield %	Value Traded (Mn)	DTM
FXD1/2019/5Yr	11.3040	10.2000	900.0	1,287
FXD4/2019/10Yr	12.2800	11.6000	400.0	3,380
FXD2/2016/5Yr	14.0690	7.1000	300.0	342

Source: NSE; DTM = Days to Maturity, FXD = Fixed Rate Bond, IFB = Infrastructure Bond

News Highlights

CIC Group Posts an After Tax Loss of KES 335.5 million for 1H2020

- CIC Group posted an after tax loss of KES 335.5 million from an after tax profit of KES of 20.9 million in 1H2019.
- The significant decline in profitability was primarily due to a 4.9% y/y decrease in total income to KES 8.3 billion, a 7.6% y/y increase in net claims to KES 5.4 billion and a 3.2% y/y dip in gross written premiums to KES 9.3 billion.
- Total income fell by 4.9% y/y to KES 8.3 billion, as net earned premiums remained flat at KES 7.1 billion and investment and other income declined by 26.0% y/y to KES 1.2 billion.
- Net claims and policy holders' benefits grew by 7.6% y/y to KES 5.4 billion. The group's loss ratio grew to 76.4% (1H2019: 70.9%). However, operating and other expenses declined 10.7% y/y to KES 2.9 billion (1H2019: KES 3.2 billion). As a result, total expenditures ratio grew marginally by 0.5% y/y to KES 8.3 billion. As a result, the combined ratio only grew slightly to 116.7% from 116.1% in 1H2019.
- Finance costs reduced by 10.2% y/y to KES 302.1 million from KES 336.2 million in 1H2019.
- Share of result of associate fell by 24.1% y/y to KES 2.2 million (1H2019: KES 2.9 million).

Commentary

- Looking ahead, we expect slight dip in premiums and collection difficulties as households and businesses operate under tighter budgets.
- We also anticipate pressure on investment income as the equities and fixed income markets continues to face declining returns.

- The group has witnessed a rise in claims the past 2 years, with a rise in long-term business claims in FY2018 followed by an uptick in medical claims in FY2019, further impacting the bottom line.
- We expect the group to continue implementing cost cutting initiatives to mitigate bottom line risk.



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Recommendations Guide

LONG-TERM BUY: The Company has strong fundamentals. However, there are certain investments or strategies that would require an investor to have a long-term view of the company to allow for capital appreciation. Also, the company may be facing headwinds which we view as short term

BUY: Strong fundamentals. Minimal risks to the catalysts/growth drivers

NEUTRAL: This is where the positives and negatives in a company almost balance out. You can accumulate for the long term.

SELL: Deteriorating fundamentals. Risks outweigh the catalyst/growth driver

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