

## Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	106.5276	(0.4%)	(5.1%)
STG Pound	131.6353	(0.6%)	1.0%
EURO	115.4906	(0.6%)	(1.9%)

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

## Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	137.37	(1.5%)	(17.5%)
NSE 20	1,996.28	(2.1%)	(24.8%)
NSE 25	3,250.40	(2.1%)	(20.7%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	2,099.54	2,130.97	(1.5%)
Number of Shares Traded (Q)	24,973,200	44,271,500	(43.6%)
Equity Turnover (KES)	630,810,898	1,644,805,383	(61.6%)
Foreign Buys (%)	31.6%	33.8%	
Foreign Sells (%)	68.8%	97.1%	
Foreign Participation (%)	50.2%	65.5%	

Source: NSE

## Equities Performance

Top Gainers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. Kenya Airways	1.67	9.9%	(18.5%)	141,100
2. Sameer Africa	2.40	9.1%	(30.4%)	35,200
3. NBV	0.60	7.1%	(14.3%)	3,700
4. Uchumi	0.33	6.5%	13.79%	10,100
5. Eveready	0.82	2.5%	(25.5%)	4,100

Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. NCBA Group	28.80	(10.7%)	(21.8%)	89,500
2. Liberty Kenya	7.54	(8.0%)	(27.1%)	100
3. STANLIB FAHARI	7.58	(7.6%)	(19.5%)	11,400
4. TPS EA	14.25	(6.3%)	(18.8%)	22,000
5. Sanlam Kenya	15.00	(6.3%)	(12.8%)	100

Movers	Turnover (KES)	Volume (KES)	Price (KES)
1. Safaricom	291,950,040	10,501,800	27.80
2. Equity Group	144,827,780	4,034,200	35.90
3. EABL	61,559,550	371,400	165.75
4. KCB Group	50,346,200	1,324,900	38.00
5. BAT	21,703,500	68,900	315.00

Source: NSE

## Market Commentary

The All share index declined by 1.5% to 137.37. This was due to continued selling pressure (mostly from foreign investors) on several large cap counters, notably Equity, Safaricom and KCB. Kenya Airways (KQ) maintained its upward price momentum on the back of higher speculative activity. NCBA recorded the highest price decline (-10.7%) reflecting the book closure (12/5/20) for the 1:10 bonus issue. We expect continued selling pressure for the rest of the week but reiterate that investors with a long-term outlook and with no liquidity constraints can take advantage of such price declines (read more on our recommendations at the link down below).

## Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	38.00	(2.4%)	(29.6%)
Equity Group	Long-term Buy	35.90	(4.5%)	(32.9%)
Absa Kenya	Long-term Buy	10.70	0.5%	(19.9%)
Stanbic Holdings	Long-term Buy	88.25	0.3%	(19.2%)
NCBA	Long-term Buy	28.80	(10.7%)	(21.8%)
StanChart	Sell	178.50	(1.4%)	(11.9%)
Safaricom	Hold	27.80	(0.7%)	(11.7%)
Bamburi	Sell	45.05	(5.9%)	(43.7%)

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

## Bonds Performance

	Today	Previous	Daily Change %
Total Deals	97	119	(18.5%)
Bond Turnover	1,803,825,217	1,439,964,316	25.3%

## Actively Traded Bonds

GOK Bonds	Fixed Rate %	Traded Yield %	Value Traded (Mn)	DTM
FXD1/2013/10	12.3710	10.6500	135.0	1,132
IFB1/2019/25	12.2000	12.8500	467.1	8,685
IFB1/2019/16	11.7500	12.3500	500.0	5,626

Source: NSE; DTM = Days to Maturity

## News Highlights

### IMF Approves Disbursement Of USD 739 Million For COVID-19 Response

- The International Monetary Fund (IMF) has approved a disbursement of USD 739.0 million to be drawn under the Rapid Credit Facility (RCF) to assist Kenya in tackling the economic impact of COVID-19.
- The funds are to be used to boost international reserves (stood at USD 7.8 billion/4.7 months of import cover as at 8th May from USD 8.8 billion/5.4 months of import cover as at January 2020) as well as help meet budget financing needs to respond to the COVID-19 pandemic.
- IMF also reclassified Kenya's debt distress from moderate to high due to the impact of COVID-19, worsened by a high debt to GDP ratio (debt of KES 6.2 trillion representing 61.0% of GDP) with a budget deficit of KES 823.0 billion.
- Although the IMF supported the government's fiscal measures to tackle the economic impact of the pandemic, IMF intimated that such measures should be temporary and that the government should continue its fiscal consolidation (raise revenues and reduce expenditures) once the pandemic abates.

### Commentary

- Although the president mentioned that the tax cuts are expected to 'outlive the pandemic', such advice from the IMF could see reversal of the tax cuts. The government notes (in the letter of intent) that once economic activity picks up 'sufficiently' it could review its tax measures to meet its fiscal consolidation targets, given the limitations the tax cuts have on KRA collection (government anticipates revenue collection to drop by KES 43.0 billion in 3 months following the implementation of the tax measures).

- We remain concerned about the existing vulnerabilities due to the country's high debt. The existing Eurobond of USD 6.1 billion comprises 60.0% of the country's foreign commercial debt. In 2019, Kenya took a USD 250.0 million 10-year syndicated loan, followed by a USD 1.25 billion 9-year syndicated loan for refinancing. Overall current debt obligations this year stand at KES 253.2 billion. We could see the government tap the international markets for refinancing once the economic situation stabilizes (rates will likely be relatively low so government could benefit from this).
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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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