

Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	106.6900	0.3%	(5.3%)
STG Pound	129.9703	0.3%	2.2%
EURO	115.3562	0.3%	(1.8%)

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

Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	140.68	1.0%	(15.5%)
NSE 20	2,007.49	0.7%	(24.4%)
NSE 25	3,296.63	1.4%	(19.6%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	2,150.18	2,128.80	1.0%
Number of Shares Traded (Q)	19,237,200	11,835,100	62.5%
Equity Turnover (KES)	584,778,874	337,819,049	73.1%
Foreign Buys (%)	51.4%	50.2%	
Foreign Sells (%)	62.5%	87.5%	
Foreign Participation (%)	57.0%	68.9%	

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. Trans-Century	4.97	9.2%	(26.5%)	1,600
2. Car & General	2.38	9.2%	16.10%	171,600
3. Kenya Airways	8.02	6.9%	(22.5%)	3,700
4. Sasini Plc	2.70	5.9%	(21.7%)	1,200
5. Umeme	37.60	4.3%	(30.4%)	2,338,600

Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. Uchumi	0.30	(9.1%)	3.4%	106,200
2. Crown Paints	45.00	(9.1%)	(28.0%)	100
3. BK Group	20.65	(6.1%)	(26.3%)	3,200
4. Umeme	6.86	(6.0%)	(17.1%)	17,800
5. STANLIB FAHARI	7.04	(4.9%)	(25.3%)	25,100

Movers	Turnover (KES)	Volume (KES)	Price (KES)
1. Safaricom	257,789,280	8,828,400	29.20
2. Equity Group	155,533,200	4,203,600	37.00
3. KCB Group	87,931,360	2,338,600	37.60
4. EABL	42,868,700	260,600	164.50
5. DTB	10,015,775	133,100	75.25

Source: NSE

Market Commentary

The All Share Index continued on its gain momentum today (+1.0%) closing the day at 140.68. This was driven by price gains on large cap counters: Equity (+4.3%), KCB (+4.3%) and Safaricom (+1.0%). There was notable demand on Equity, Safaricom and EABL. However, EABL remains relatively unchanged despite this demand and the profit-warning announcement. We opine that such profit warnings particularly from fundamentally stable companies may not elicit any negative reaction (The poor performance is expected in this kind of economic environment. No earnings surprise there). We expect the upward momentum to be maintained in the coming days.

Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	37.60	4.3%	(30.4%)
Equity Group	Long-term Buy	37.00	4.0%	(30.8%)
Absa Kenya	Long-term Buy	10.50	0.0%	(21.3%)
Stanbic Holdings	Long-term Buy	85.25	(3.1%)	(22.0%)
NCBA	Long-term Buy	27.10	2.1%	(26.5%)
StanChart	Sell	172.25	(1.3%)	(14.9%)
Safaricom	Hold	29.20	1.0%	(7.3%)
Bamburi	Sell	44.55	0.0%	(44.3%)

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

Bonds Performance

	Today	Previous	Daily Change %
Total Deals	80	96	(16.7%)
Bond Turnover	1,982,581,659	1,953,140,215	1.51%

Actively Traded Bonds

GOK Bonds	Fixed Rate %	Traded Yield %	Value Traded (Mn)	DTM
FXD1/2014/10	12.1800	10.9000	400.0	1,336
IFB1/2013/12	11.0000	10.2000	400.0	1,945
FXD/2009/15	12.5000	11.3200	300.0	1,602

Source: NSE; DTM = Days to Maturity

News Highlights

Forex Reserves Rise to a Four-Month High

- Kenya's forex reserves have risen to USD 8.532 bn/5.14 months of import cover (the highest level in four months) following the disbursement of a USD 739.0 mn loan from the International Monetary Fund (IMF).
- This is the highest level since January 9th 2020, where forex reserves stood at USD 8.543 bn/5.19 months of import cover.
- In the last few months, forex reserves have adopted a downward trajectory:
 - External payment obligations such as interest on external debt.
 - Reduced foreign exchange inflows predominantly from horticulture and tourism as a result of the COVID-19 pandemic (resulting in a wider current account deficit of 6.2% of GDP in the 12 months to March 2020, from 5.8% of GDP as at December 2019).
 - Intervention efforts by the Central Bank of Kenya (CBK) to shore up the Kenya Shilling – which has been under pressure against the US Dollar.
- According to the CBK, foreign exchange reserves are expected to remain sufficient in the remainder of 2020 principally supported by:
 - Financial inflows from international finance institutions (World Bank, IMF) for the purpose of supporting the government in financing the fiscal interventions and public health costs brought on by the COVID-19 pandemic.
 - Lower petroleum import costs, expected to decline by \$1.1 billion.

Commentary

- We expect the CBK to take advantage of the boost in forex reserves to continue to support the Kenya Shilling especially in the wake of reduced inflows horticulture and tourism and diaspora remittances.
 - Thus, we anticipate some stability in the Kenya Shilling in the next few months.
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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