

Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	107.4329	0.0%	(6.0%)
STG Pound	134.5568	0.3%	(1.2%)
EURO	122.4491	0.1%	(8.0%)

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

Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	132.22	(0.0%)	(20.5%)
NSE 20	1,909.63	0.0%	(28.1%)
NSE 25	3,105.80	(0.0%)	(24.3%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	2,020.54	2,021.08	(0.0%)
Number of Shares Traded (Q)	11,305,600	23,200,500	(51.3%)
Equity Turnover (KES)	548,037,481	543,541,269	0.8%
Foreign Buys (%)	83.7%	22.5%	
Foreign Sells (%)	93.9%	63.4%	
Foreign Participation (%)	88.8%	42.9%	

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Daily Change %	YTD Change	Volume Traded
1. Kakuzi	360.00	9.8%	5.9%	100
2. Sasini	17.40	6.7%	3.0%	400
3. Williamson Tea	143.25	4.6%	2.7%	7,600
4. Eveready	1.07	3.9%	(2.7%)	700
5. NCBA	26.10	3.6%	(29.2%)	7,800

Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. NMG	12.10	(4.3%)	(69.6%)	155,800
2. STANLIB I-REIT	5.56	(4.1%)	(41.0%)	28,400
3. Jubilee Holdings	240.00	(4.0%)	(31.6%)	2,700
4. Sameer Africa	4.10	(3.8%)	18.8%	58,100
5. Express Kenya	4.01	(2.9%)	(41.4%)	5,400

Movers	Turnover (KES)	Volume (KES)	Price (KES)
1. BAT	310,124,000	1,000,400	310.00
2. Safaricom	184,761,000	6,843,000	27.00
3. Equity Group	15,472,835	457,100	33.85
4. EABL	14,486,600	90,400	160.25
5. KenGen	8,032,260	1,361,400	5.90

Source: NSE

Market Commentary

The All Share Index shed 0.02% to close the day at 132.22. The NSE 20 share index however gained marginally by 0.01% to close at 1,909.63. Market turnover increased by 0.8% to KES 548.0 million. The day's top traded counters were BAT, Safaricom and Equity Group with a turnover of KES 310.1 million, KES 184.7 million and KES 15.5 million respectively. Foreign investors dominated trading on both the sell side (93.93% of the day's sales) and buy side (83.65% of the day's purchases). Local investor participation declined to 11.2% from 57.0% in the previous trading session. We attribute this to re-allocation of funds to the recently re-opened treasury bonds of which we expect high investor appetite.

Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	35.05	(0.6%)	(35.1%)
Equity Group	Long-term Buy	33.85	(0.4%)	(36.7%)
Absa Kenya	Long-term Buy	9.18	0.0%	(31.2%)
Stanbic Holdings	Long-term Buy	78.50	0.0%	(28.1%)
NCBA	Long-term Buy	26.10	3.6%	(29.2%)
StanChart	Sell	159.75	(0.2%)	(21.1%)
Safaricom	Hold	27.00	0.0%	(14.3%)
HF	Sell	3.99	(0.2%)	(38.2%)
Bamburi	Sell	26.90	2.7%	(66.4%)

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

Bonds Performance

	Today	Previous	Daily Change %
Total Deals	84	63	33.3%
Bond Turnover	895,065,804	2,239,720,212	(60.0%)

Actively Traded Bonds

GOK Bonds	Fixed Rate %	Traded Yield %	Value Traded (Mn)	DTM
FXD1/2012/15	11.0000	11.1000	200.0	2,604
IFB1/2016/15	12.0000	10.4000	200.0	4,095
IFB1/2018/15	12.5000	10.7500	125.0	4,557

Source: NSE; DTM = Days to Maturity

News Highlights

I&M Holdings Set to Acquire 90.0% stake in Orient Bank Uganda

- I&M Holdings PLC is set to acquire a majority stake in Orient Bank Limited (OBL) based in Uganda.
- The group entered into an agreement with the shareholders of OBL for the sale and purchase of shares making up 90.0% of the issued share capital.
- OBL reported a net loss of UGX 1.1 billion (KES 32.0 million) in FY2019 from a profit of UGX 5.6 billion (KES 162.9 million) registered in FY2018.
- The decline in profitability was primarily due to an increase in total expenditure by 19.1% y/y to UGX 97.2 billion (KES 2.8 billion). This was mainly due to a rise (more than 100% y/y) rise in bad and doubtful debts to UGX 17.9 billion (KES 520.6 million)
- OBL's shareholders equity (excluding non-controlling interest) stood at UGX 113.9 billion (KES 3.3 billion).
- The bank's total assets amounted to UGX 814.3 billion (KES 23.7 billion) in FY2019 compared to I&M's KES 274.0 billion).
- OBL has a branch network of 22 branches, bancassurance operations and has continued to invest in alternative delivery channels (as part of its strategy to migrate 40% of its customers to digital channels by FY2020).
- In 2016, I&M had attempted to purchase an 80.0% stake in OBL but was unsuccessful.
- Completion of the acquisition is said to be subject to conditions such as receipt of all regulatory and corporate approvals and shareholder approval.

Commentary

- The acquisition is unlikely to make a significant impact on I&M's financial performance in the short to medium term. However, the acquisition will make the entry into Uganda much easier compared to a greenfield operations.
 - Expanding into Uganda is part of the group's key strategic objectives to growing its regional businesses. In addition to I&M's strong organic growth, the group has over the years opted to grow inorganically through mergers and acquisitions having successfully acquired and integrated banking entities in Mauritius, Tanzania, Rwanda and Kenya. We expect the bank to leverage on its i) upgraded core banking system ii) rollout of its digital Omni channel iii) growth of its non-banking entities to offer products seamlessly across the markets.
 - We however remain concerned with the deteriorating asset quality in both banks, expected to be exacerbated by the adverse economic outlook in both countries as a result of the pandemic.
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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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