

Kenya Shilling Performance

| KES | Value | Daily Change % | YTD Change % |
|-----------|----------|----------------|--------------|
| US Dollar | 107.6209 | (0.2%) | (6.2%) |
| STG Pound | 135.9012 | (1.0%) | (2.2%) |
| EURO | 123.2329 | (0.6%) | (8.7%) |

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

Market Summary

| Index | Value | Daily Change % | YTD Change % |
|--------|----------|----------------|--------------|
| NASI | 130.79 | (1.1%) | (21.4%) |
| NSE 20 | 1,906.25 | (0.2%) | (28.2%) |
| NSE 25 | 3,076.64 | (0.9%) | (25.0%) |

| | Today | Previous | Daily Change % |
|--------------------------------|---------------|-------------|----------------|
| Market Capitalization (KES Bn) | 1,998.69 | 2,020.54 | (1.1%) |
| Number of Shares Traded (Q) | 39,170,900 | 11,305,600 | 246.5% |
| Equity Turnover (KES) | 1,013,371,730 | 548,037,481 | 84.9% |
| Foreign Buys (%) | 42.7% | 83.7% | |
| Foreign Sells (%) | 97.0% | 93.9% | |
| Foreign Participation (%) | 69.8% | 88.8% | |

Source: NSE

Equities Performance

| Top Gainers | Price (KES) | Daily Change % | YTD Change | Volume Traded |
|-------------------|-------------|----------------|------------|---------------|
| 1. STANLIB I-REIT | 5.76 | 3.6% | (38.9%) | 5,500 |
| 2. Flame Tree | 1.50 | 3.4% | (39.3%) | 13,600 |
| 3. TPS Serena | 13.50 | 3.1% | (23.1%) | 15,000 |
| 4. Williamson Tea | 147.50 | 3.0% | 5.7% | 3,500 |
| 5. Uchumi | 0.36 | 2.9% | 24.1% | 228,500 |

| Top Losers | Price (KES) | Daily Change | YTD Change % | Volume Traded |
|-------------------|-------------|--------------|--------------|---------------|
| 1. Standard Group | 22.45 | (9.8%) | (18.5%) | 100 |
| 2. Eveready | 0.99 | (7.5%) | (10.0%) | 18,100 |
| 3. Sanlam | 13.00 | (6.5%) | (24.4%) | 100 |
| 4. Sameer | 3.85 | (6.1%) | 11.6% | 4,000 |
| 5. Longhorn | 4.52 | (4.8%) | (33.1%) | 24,500 |

| Movers | Turnover (KES) | Volume (KES) | Price (KES) |
|-----------------|----------------|--------------|-------------|
| 1. Safaricom | 847,337,850 | 31,735,500 | 26.70 |
| 2. BAT | 47,988,000 | 154,800 | 310.00 |
| 3. KCB Group | 41,655,600 | 1,197,000 | 34.80 |
| 4. Equity Group | 31,089,300 | 942,100 | 33.00 |
| 5. BK Group | 16,295,860 | 975,800 | 16.70 |

Source: NSE

Market Commentary

The All Share Index shed 1.1% to close the day at 130.79. This was mainly attributed to foreign sell side activity on Safaricom (-1.1% to KES 26.70). The counter was the biggest mover of the day (31.7 million shares traded) accounting for 83.5% of the day's traded value. The NSE 20 Index also declined by 0.2% to 1,906.25 as majority of the counters witnessed price declines. Activity in the banking sector accounted for 10.1% of the day's traded value with notable sell side activity on Equity (-2.5% to KES 33.00), NCBA (-1.5% to KES 25.70) and Co-op Bank (-1.3% to KES 11.65). Foreign investors emerged net sellers with 96.9% sales against 42.6% purchases.

Recommendations

| Counter | Recommendation | Price (KES) | Daily Change % | YTD Change % |
|------------------|----------------|-------------|----------------|--------------|
| KCB Group | Long-term Buy | 34.80 | (0.7%) | (35.6%) |
| Equity Group | Long-term Buy | 33.00 | (2.5%) | (38.3%) |
| Absa Kenya | Long-term Buy | 9.02 | (1.7%) | (32.4%) |
| Stanbic Holdings | Long-term Buy | 78.50 | 0.0% | (28.1%) |
| NCBA | Long-term Buy | 25.70 | (1.5%) | (30.3%) |
| StanChart | Sell | 159.50 | (0.2%) | (21.2%) |
| Safaricom | Hold | 26.70 | (1.1%) | (15.2%) |
| HF | Sell | 3.95 | (1.0%) | (38.9%) |
| Bamburi | Sell | 26.50 | (1.5%) | (66.9%) |

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

Bonds Performance

| | Today | Previous | Daily Change % |
|---------------|---------------|-------------|----------------|
| Total Deals | 76 | 84 | (9.5%) |
| Bond Turnover | 5,508,385,917 | 895,065,804 | 515.4% |

Actively Traded Bonds

| GOK Bonds | Fixed Rate % | Traded Yield % | Value Traded (Mn) | DTM |
|--------------|--------------|----------------|-------------------|-------|
| IFB1/2020/9 | 10.8500 | 10.1000 | 1,400.0 | 3,177 |
| FXD4/2019/10 | 12.2800 | 11.6500 | 1,385.0 | 3,401 |
| FXD1/2019/10 | 12.4380 | 11.6000 | 950.0 | 3,128 |

Source: NSE; DTM = Days to Maturity

News Highlights

Central Bank to Regulate Digital Mobile Lending

- The Central Bank of Kenya (CBK) will regulate the monthly interest rates charged by digital mobile lenders and the borrowers' non-performing loans if the Central Bank of Kenya (Amendment) Bill 2020 becomes law. The bill gives CBK the powers to approve increases in digital lenders interest rates and other loan charges. CBK will also be able to put a ceiling on non-performing loans at not more than twice the defaulted credit among other regulations.
- The main objective of the bill is stated as regulating the conduct of providers of digital financial product and services.
- Moreover, the CBK will have an obligation of ensuring that there is fair and non-discriminatory marketplace access to credit.
- Digital mobile lenders will be expected to follow the same rules as commercial banks. For instance, they will have to seek the CBK's approval for new products and pricings.
- In April 2020, the CBK stated that unregulated mobile lenders were not allowed to forward the names of defaulters to the Credit Reference Bureaus (CRBs) owing to the negative economic impact of the Covid-19 pandemic.

Commentary

- Although it's not clear whether the current mobile loan charges from some banks are fair (CBK may issue a directive once the bill becomes law), this does pose a risk to banks' (and Safaricom's MPESA's revenue due to the strategic partnerships with banks) income (particularly on the non-interest income component due to the facilitation fees).



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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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