

Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	106.2971	(0.1%)	(4.9%)
STG Pound	134.6953	(0.1%)	(1.3%)
EURO	120.0959	(0.0%)	(5.9%)

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

Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	140.08	(0.5%)	(15.8%)
NSE 20	1,982.00	0.7%	(25.3%)
NSE 25	3,236.05	(0.2%)	(21.1%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	2,141.02	2,151.13	(0.5%)
Number of Shares Traded (Q)	23,596,700	25,397,300	(7.1%)
Equity Turnover (KES)	487,426,336	626,118,492	(22.2%)
Foreign Buys (%)	71.1%	92.7%	
Foreign Sells (%)	83.9%	47.2%	
Foreign Participation (%)	77.5%	69.9%	

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. Car & General	22.70	9.9%	(12.7%)	100
2. Kenya Airways	2.80	9.8%	36.59%	382,800
3. Flame Tree	1.68	9.8%	(32.0%)	11,300
4. Kenya Power	2.40	9.6%	(14.6%)	4,429,300
5. Britam	7.40	8.2%	(17.8%)	2,078,400

Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. NMG	15.35	(7.5%)	(61.4%)	588,500
2. Bamburi	38.25	(6.8%)	(52.2%)	200
3. Liberty Kenya	7.66	(6.6%)	(26.0%)	17,000
4. Longhorn	4.61	(4.8%)	(31.8%)	29,400
5. E.A.Cables	1.75	(4.4%)	(30.0%)	77,300

Movers	Turnover (KES)	Volume (KES)	Price (KES)
1. Safaricom	203,796,310	6,873,400	29.65
2. EABL	98,952,600	596,100	166.00
3. KCB Group	55,744,385	1,585,900	35.15
4. Equity Group	53,549,750	1,541,000	34.75
5. Centum	18,048,470	698,200	25.85

Source: NSE

Market Commentary

The All Share Index eased marginally by 0.5% to close the day at 140.08 which we attribute to price declines in large cap counters: Safaricom (-0.8%), EABL (-0.4%) and KCB (-0.1%). However, the NSE 20 index gained by 0.7%. Foreign investors emerged net sellers for the day with foreign sells at 83.9% against foreign buys at 71.0%. Safaricom retreated on account of profit taking activities while Longhorn emerged amongst the biggest losers of the day (-4.8%) which we attribute to their profit warning announcement (see below).

Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	35.15	(0.1%)	(34.9%)
Equity Group	Long-term Buy	34.75	0.4%	(35.0%)
Absa Kenya	Long-term Buy	9.94	(0.4%)	(25.5%)
Stanbic Holdings	Long-term Buy	77.75	(1.0%)	(28.8%)
NCBA	Long-term Buy	27.35	(2.1%)	(25.8%)
StanChart	Sell	169.75	(0.1%)	(16.2%)
Safaricom	Hold	29.65	(0.8%)	(5.9%)
HF	Sell	3.81	(2.6%)	(41.0%)
Bamburi	Sell	38.25	(6.8%)	(52.2%)

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

Bonds Performance

	Today	Previous	Daily Change %
Total Deals	128	121	5.8%
Bond Turnover	2,971,257,699	2,464,751,143	20.6%

Actively Traded Bonds

GOK Bonds	Fixed Rate %	Traded Yield %	Value Traded (Mn)	DTM
IFB1/2020/6	10.2000	11.0000	1,100.0	2,176
FXD1/2018/25	13.4000	13.3000	800.0	8,385
FXD1/2018/20	13.2000	12.9000	300.0	6,474

Source: NSE; DTM = Days to Maturity

News Highlights

Longhorn Publishers Issues Profit Warning

- Longhorn Publishers has issued a profit warning for the FY2020.
- Listed companies are required to issue profit warnings when they expect projected earnings for the current financial year to be at least 25.0% lower than the earnings reported in the preceding financial year. This could mean that the group's profits for FY2020 could be at least 25.0% lower.
- The group cites the COVID-19 crisis and the ensuing mitigating measures (including the suspension of learning in schools) as the key reasons for the expected poor performance.
- The group is currently focused on scaling and optimizing its digital learning solutions as well as enhancing operational efficiency in order to support the recovery of the group's financial performance.

Commentary

- The anticipated poor performance of Longhorn may also have a direct impact on Centum's financial performance; Longhorn is one of Centum's portfolio companies (Centum holds a 60.2% equity stake in Longhorn).
- In light of the challenges brought on by the COVID-19 crisis, we expect many businesses to struggle this calendar year. Thus, we expect to see more profit warning announcements.
- We expect to see more companies attempt to protect earnings by adopting cost-reducing measures.



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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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