

## Kenya Shilling Performance

| KES       | Value    | Daily Change % | YTD Change % |
|-----------|----------|----------------|--------------|
| US Dollar | 107.0512 | (0.1%)         | (5.6%)       |
| STG Pound | 135.0732 | 0.1%           | (1.6%)       |
| EURO      | 120.9668 | 0.2%           | (6.7%)       |

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

## Market Summary

| Index  | Value    | Daily Change % | YTD Change % |
|--------|----------|----------------|--------------|
| NASI   | 132.63   | 0.2%           | (20.3%)      |
| NSE 20 | 1,900.81 | (0.0%)         | (28.4%)      |
| NSE 25 | 3,102.50 | 0.3%           | (24.3%)      |

|                                | Today       | Previous    | Daily Change % |
|--------------------------------|-------------|-------------|----------------|
| Market Capitalization (KES Bn) | 2,026.90    | 2,023.12    | 0.2%           |
| Number of Shares Traded (Q)    | 17,933,900  | 39,547,700  | (54.7%)        |
| Equity Turnover (KES)          | 458,817,029 | 731,381,113 | (37.3%)        |
| Foreign Buys (%)               | 37.4%       | 40.7%       |                |
| Foreign Sells (%)              | 88.3%       | 83.4%       |                |
| Foreign Participation (%)      | 62.8%       | 62.0%       |                |

Source: NSE

## Equities Performance

| Top Gainers       | Price (KES) | Daily Change % | YTD Change | Volume Traded |
|-------------------|-------------|----------------|------------|---------------|
| 1. Standard Group | 24.10       | 9.8%           | (12.5%)    | 100           |
| 2. Kenya Re       | 2.18        | 9.0%           | (28.1%)    | 232,800       |
| 3. Uchumi         | 0.37        | 5.7%           | 27.6%      | 100           |
| 4. Trans-Century  | 2.04        | 5.7%           | (18.4%)    | 18,600        |
| 5. Flame Tree     | 1.48        | 5.0%           | (40.1%)    | 3,400         |

| Top Losers    | Price (KES) | Daily Change | YTD Change % | Volume Traded |
|---------------|-------------|--------------|--------------|---------------|
| 1. Unga Group | 28.05       | (6.0%)       | (17.5%)      | 100           |
| 2. Sanlam     | 12.90       | (4.4%)       | (25.0%)      | 1,000         |
| 3. NMG        | 13.10       | (3.3%)       | (67.1%)      | 30,100        |
| 4. Absa Bank  | 9.20        | (3.2%)       | (31.1%)      | 2,106,200     |
| 5. NSE        | 7.20        | (3.0%)       | (41.7%)      | 13,800        |

| Movers          | Turnover (KES) | Volume (KES) | Price (KES) |
|-----------------|----------------|--------------|-------------|
| 1. Equity Group | 173,677,750    | 5,255,000    | 33.05       |
| 2. Safaricom    | 131,961,500    | 4,798,600    | 27.50       |
| 3. KCB Group    | 107,468,610    | 3,156,200    | 34.05       |
| 4. Absa Bank    | 19,377,040     | 2,106,200    | 9.20        |
| 5. Scangroup    | 12,599,420     | 628,400      | 20.05       |

Source: NSE

## Market Commentary

The All Share Index gained by 0.2% to close the day at 132.63 while the NSE 20 Index declined marginally by 0.02% to close the day at 1,900.81. Activity in the banking sector accounted for 66.3% of the day's traded value with notable price movements on Equity (+3.8% to KES 33.05), I&M (+2.6% to KES 50.25) and Absa (-3.2% to KES 9.20). Equity Group gained on the back of foreign buy-side activity. Kenya-Re was among the top gainers (+9.0% to KES 2.18) which we attribute to positive investor sentiment following Global Credit Ratings (GCR)'s positive credit rating (AA+ with a stable outlook). Overall, foreign investors maintained a net-selling position accounting for 88.3% of the day's sales against 37.4% of the day's purchases.

## Recommendations

| Counter          | Recommendation | Price (KES) | Daily Change % | YTD Change % |
|------------------|----------------|-------------|----------------|--------------|
| KCB Group        | Long-term Buy  | 34.05       | 0.0%           | (36.9%)      |
| Equity Group     | Long-term Buy  | 33.05       | 3.8%           | (38.2%)      |
| Absa Kenya       | Long-term Buy  | 9.20        | (3.2%)         | (31.1%)      |
| Stanbic Holdings | Long-term Buy  | 79.00       | 0.0%           | (27.7%)      |
| NCBA             | Long-term Buy  | 26.45       | 0.2%           | (28.2%)      |
| StanChart        | Sell           | 164.00      | 1.5%           | (19.0%)      |
| Safaricom        | Hold           | 27.50       | 0.0%           | (12.7%)      |
| HF               | Sell           | 4.42        | (1.8%)         | (31.6%)      |
| Bamburi          | Sell           | 26.70       | (2.0%)         | (66.6%)      |

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

## Bonds Performance

|               | Today         | Previous      | Daily Change % |
|---------------|---------------|---------------|----------------|
| Total Deals   | 44            | 52            | (15.4%)        |
| Bond Turnover | 1,165,511,070 | 1,259,946,577 | (7.5%)         |

## Actively Traded Bonds

| GOK Bonds    | Fixed Rate % | Traded Yield % | Value Traded (Mn) | DTM   |
|--------------|--------------|----------------|-------------------|-------|
| IFB1/2018/15 | 12.5000      | 10.8000        | 300.0             | 4,564 |
| FXD1/2018/15 | 12.5000      | 9.7500         | 200.0             | 973   |
| FXD4/2019/10 | 12.2800      | 11.7500        | 200.0             | 3,409 |

Source: NSE; DTM = Days to Maturity

### Equity Looking to Obtain KES 50.0 billion Debt in 3 years

---

- Equity Group is looking to obtain KES 50.0 billion in capital in the next three years. The capital, in form of medium- and long-term debt, is to be acquired from international lenders in a bid to boost both liquidity and capital positions.
- We note that as at 1Q2020, the Kenyan banking subsidiary had a lower capital buffer compared to the group. The excess core capital/total risk weighted assets and excess total capital/total risk weighted assets for the Kenyan unit stood at 2.1% and 2.3% respectively compared to 7.0% and 6.5% respectively for the group. The bank's and group's liquidity ratios were relatively high at 54.9% and 51.6% compared to a statutory minimum of 20.0% for both.
- The group's borrowing stood at KES 52.6 billion as at the 1Q2020(KES 56.6 billion as at FY2019). Equity is set to receive KES 5.0 billion from the International Finance Cooperation (IFC). As at FY2019, Equity's debt from the IFC stood at KES 17.4 billion, incurring finance costs of KES 1.1 billion.
- According to the CEO, the decision against a dividend payout for the FY2019 was a good gesture to partners as the lender called on them to support customers. The move had been driven by a need to preserve capital and liquidity with management expecting the pandemic and its impact to last 18 months.

### Commentary

- We expect the bank to target Development Finance Institutions (DFIs) for lenient terms (lower interest rates and longer maturity) as majority (90.0%) of the bank's borrowings are long term and medium-term loans. Generally, interest rates are relatively lower and Equity Group is likely to benefit.
  - We expect the bank to use the proceeds for onward lending, particularly to SMEs that have been affected by the Covid-19 pandemic. This does come at a higher cost of risk especially if the effects of the pandemic drag out into the medium term.
-



E-mail:

[research@fib.co.ke](mailto:research@fib.co.ke)

### 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

### HEAD OFFICE:

Crawford Business Park,  
Ground Floor,  
State House Road  
Tel: 0207606026-37  
P.O Box 45236-00100  
Nairobi