

## Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	107.1471	(0.1%)	(5.7%)
STG Pound	135.1476	(0.1%)	(1.7%)
EURO	121.3938	(0.4%)	(7.1%)

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

## Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	131.54	(0.8%)	(21.0%)
NSE 20	1,893.65	(0.4%)	(28.7%)
NSE 25	3,097.15	(0.2%)	(24.5%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	2,010.12	2,026.90	(0.8%)
Number of Shares Traded (Q)	27,049,000	17,933,900	50.8%
Equity Turnover (KES)	620,184,786	458,817,029	35.2%
Foreign Buys (%)	26.6%	37.4%	
Foreign Sells (%)	81.7%	88.3%	
Foreign Participation (%)	54.2%	62.8%	

Source: NSE

## Equities Performance

Top Gainers	Price (KES)	Daily Change %	YTD Change	Volume Traded
1. TPS EA	13.85	9.9%	(21.1%)	700
2. Trans-Century	2.24	9.8%	(10.4%)	2,600
3. Kenya Re	2.31	6.0%	(23.8%)	401,300
4. E.A.Cables	2.10	5.5%	(16.0%)	7,900
5. Jubilee	240.00	4.8%	(31.6%)	200

Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. NSE	6.60	(8.3%)	(46.6%)	122,300
2. Centum	23.10	(4.3%)	(21.7%)	49,100
3. Express Kenya	4.17	(3.0%)	(39.0%)	18,300
4. Bamburi	26.00	(2.6%)	(67.5%)	60,900
5. Safaricom	26.95	(2.0%)	(14.4%)	19,231,100

Movers	Turnover (KES)	Volume (KES)	Price (KES)
1. Safaricom	518,278,145	19,231,100	26.95
2. EABL	26,730,200	170,800	156.50
3. Equity Group	22,514,800	662,200	34.00
4. Absa Bank	12,684,876	1,375,800	9.22
5. Scangroup	9,936,000	496,800	20.00

Source: NSE

## Market Commentary

The All Share Index and NSE 20 share Index eased by 0.8% and 0.4% to close the day at 131.54 and 1,893.65 respectively. We attribute this mainly to the price decline on Safaricom (-2.0% to KES 26.95) on the back of foreign investor sell-side activity. Activity on the counter accounted for 83.6% of the day's traded value. Market turnover increased by 35.2% to KES 620.2 million as the number of shares traded grew by 50.8% to 27.0 million. The banking sector saw price gains on Equity (+2.9% to KES 34.00) and KCB (+2.1% to KES 34.75) on the back of foreign investor demand. Kenya-Re maintained its upward price momentum, gaining by 6.0% to close the day at KES 2.31. Foreign investor activity in the market remains skewed towards the sell-side with 81.6% foreign sales against 26.6% foreign purchases. Local participation improved to 45.9% compared to 37.2% in the previous trading session.

## Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	34.75	2.1%	(35.6%)
Equity Group	Long-term Buy	34.00	2.9%	(36.4%)
Absa Kenya	Long-term Buy	9.22	0.2%	(30.9%)
Stanbic Holdings	Long-term Buy	79.00	0.0%	(27.7%)
NCBA	Long-term Buy	26.05	(1.5%)	(29.3%)
StanChart	Sell	161.25	(1.7%)	(20.4%)
Safaricom	Hold	26.95	(2.0%)	(14.4%)
HF	Sell	4.40	(0.5%)	(31.9%)
Bamburi	Sell	26.00	(2.6%)	(67.5%)

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

## Bonds Performance

	Today	Previous	Daily Change %
Total Deals	59	44	34.1%
Bond Turnover	2,169,924,289	1,165,511,070	86.2%

## Actively Traded Bonds

GOK Bonds	Fixed Rate %	Traded Yield %	Value Traded (Mn)	DTM
IFB1/2018/15	12.5000	10.7000	300.0	4,563
IFB1/2018/15	12.5000	10.8000	300.0	4,563
IFB1/2020/6	10.2000	9.7500	300.0	2,141

Source: NSE; DTM = Days to Maturity

## News Highlights

### NSE Increases Stake in CDSC to 40.5%

- The Nairobi Securities Exchange (NSE) raised its indirect stake in the Central Depository and Settlement Corporation Limited (CDSC) to 40.5% from 22.5% in FY2018.
- This was achieved through an initial acquisition of a 61.0% stake in Association of Kenya Stockbrokers (AKS) Nominees Limited - which owns 18.0% of CDSC - at a cost of KES 77.0 million in FY2019.
- This was followed by an increase in shareholding in the subsidiary to 88.8% in 1Q2020 through the purchase of an additional 1,381 shares at KES 34.9 million.
- The NSE now holds 4,428 shares out of 4,986 shares in AKS which holds equity shares in CDSC in trust for its members authorized to operate as stockbrokers and investment banks.
- The CDSC provides automated clearing, delivery and settlement facilities in respect of transactions carried out at the exchange.
- According to management, the acquisition was for synergistic purposes and was aimed at strengthening the trading ecosystem. Moreover, it complements the NSE's other investments in the Dar-es-alam Stock Exchange in line with its objective of investing in related businesses.
- The NSE registered a 58.0% y/y decline in profitability to KES 80.2 million in FY2019 (FY2018: KES 190.7 million). This was on the back of a 9.4% y/y dip in revenues to KES 567.4 million (occasioned by a 12.0% decline in equity turnover) and one-off restructuring cost of KES 52.0 million.
- The restructuring was aimed at lowering the cost to income ratio and enhancing efficiencies across the group.

## Commentary

- This is the right move on the NSE's part. We opine that a full acquisition of the CDSC would yield even more benefits such as faster roll out of new products and services. A full acquisition would enable the NSE coordinate infrastructure rollouts at both the NSE (trading element) and the CDSC (depository & settlements element) for new products and services.
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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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