

Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	106.7471	(0.1%)	(5.3%)
STG Pound	133.5115	(0.2%)	(0.4%)
EURO	120.4779	(0.1%)	(6.3%)

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

Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	134.40	(0.5%)	(19.2%)
NSE 20	1,921.99	(1.7%)	(27.6%)
NSE 25	3,134.37	(0.6%)	(23.6%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	2,053.98	2,065.31	(0.5%)
Number of Shares Traded (Q)	29,739,700	31,703,900	(6.2%)
Equity Turnover (KES)	822,841,972	877,966,394	(6.3%)
Foreign Buys (%)	28.5%	24.3%	
Foreign Sells (%)	66.6%	94.0%	
Foreign Participation (%)	47.5%	59.1%	

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Daily Change %	YTD Change	Volume Traded
1. Uchumi	0.33	3.1%	13.8%	126,800
2. Total Kenya	25.00	2.0%	(9.1%)	800
3. EABL	159.25	1.8%	(19.8%)	384,000
4. Absa Gold ETF	1835.00	1.7%	24.8%	2,200
5. Flame Tree	1.55	1.3%	(37.2%)	22,600

Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. Express Kenya	5.10	(9.9%)	(25.4%)	1,700
2. Scangroup	20.05	(9.3%)	16.6%	1,715,100
3. Centum	23.15	(7.0%)	(21.5%)	533,400
4. Sasini	16.00	(6.4%)	(5.3%)	7,000
5. E.A.Cables	1.89	(5.5%)	(24.4%)	40,600

Movers	Turnover (KES)	Volume (KES)	Price (KES)
1. Safaricom	523,202,400	18,685,800	28.00
2. KCB Group	104,764,860	3,063,300	34.20
3. EABL	61,152,000	384,000	159.25
4. Equity Group	39,634,050	1,210,200	32.75
5. WPP Scangroup	34,387,755	1,715,100	20.05

Source: NSE

Market Commentary

The All Share Index and NSE 20 Index eased by 0.5% and 1.7% to close the day 134.40 and 1,921.99 respectively. This was on the back of increased selling pressure on majority of the counters. Some of the notable price declines were on WPP Scangroup (-9.3% to KES 20.05), Centum (-7.0% to KES 23.15), KCB (-1.2% to KES 34.20) and Safaricom (-0.4% to KES 28.00). Equity turnover decreased by 6.3% to KES 822.8 million as number of shares traded declined by 6.2% to 29.7 million. Foreign investors were net sellers with 66.6% of the day's sales against 28.5% of the day's purchases with notable foreign sell side activity on Safaricom and KCB. Local participation increased to 52.5% from 40.8% in the previous trading session.

Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	34.20	(1.2%)	(36.7%)
Equity Group	Long-term Buy	32.75	(0.3%)	(38.8%)
Absa Kenya	Long-term Buy	9.72	(2.2%)	(27.2%)
Stanbic Holdings	Long-term Buy	79.50	0.0%	(27.2%)
NCBA	Long-term Buy	26.50	0.2%	(28.1%)
StanChart	Sell	166.75	(0.1%)	(17.7%)
Safaricom	Hold	28.00	(0.4%)	(11.1%)
HF	Sell	4.59	(3.2%)	(28.9%)
Bamburi	Sell	27.05	0.0%	(66.2%)

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

Bonds Performance

	Today	Previous	Daily Change %
Total Deals	111	104	6.7%
Bond Turnover	4,500,991,250	3,241,238,828	38.9%

Actively Traded Bonds

GOK Bonds	Fixed Rate %	Traded Yield %	Value Traded (Mn)	DTM
IFB1/2014/12	11.0000	9.8500	500.0	2,287
FXD2/2019/15	12.7340	12.4200	500.0	5,038
FXD1/2019/10	12.4380	11.8750	500.0	3,141

Source: NSE; DTM = Days to Maturity

News Highlights

Kenya's GDP Growth Declines to 4.9% in 1Q2020

- Kenya's GDP registered a 4.9% growth in 1Q2020, a decline compared to 5.5% growth in 1Q2019. This was attributed to uncertainty that sprung from slowing economic activity in some of the country's major trading partners as a result of the Covid-19 pandemic.
- Growth in accommodation and food services contracted by 9.3% (1Q2019: +11.0%) as the sector was greatly affected by containment measures in tourist countries which caused a plunge in tourist numbers. International visitor arrivals through the two major airports declined from 364,744 in 1Q2019 to 294,053 in the 1Q2020.
- The transportation and storage sector experienced diminished growth of 6.2% from 6.4% even as the port registered a marginal increase in cargo volumes from 8.5 million tonnes to 8.6 million tonnes. The slowdown in activity was reflected in consumption of light diesel which declined by 0.3% to 551,600 metric tonnes. Additionally, the number of passengers and amount of cargo on the standard gauge railway fell by 9.8% and 7.7% to 320,730 passengers and 928,054 tonnes respectively.
- Growth in manufacturing declined to 2.9% in 1Q2020 from 3.5%. This was attributed to a decrease in the manufacture of food products to 0.3% from 3.8% in 1Q2019 and subdued production of bakery products, processing of coffee and manufacture of fats and margarine. Growth was supported by the non-food sector which grew by 4.6% (1Q2019: 3.3%). Higher cement production and increased motor vehicle assembly contributed to this growth
- The construction sector declined to 5.3% from 6.1% in 1Q2019 due to a decrease in the value of imported construction materials as importation of fabricated metal products and cement, construction

related materials fell by 11.7% and 38.3% respectively. Consumption of cement however increased by 11.6% to 1.6 million metric tonnes.

- The financial and insurance sector grew by 6.0% from 6.3% in 1Q2019. Broad money supply (M3) increased from KES 3.4 trillion to KES 3.7 trillion. Monetary policy was accommodative during this period. In March, the CBK lowered the Central Bank Rate (CBR) to 7.25% from 8.25% in February 2020 (March 2019: 9.0%). The CBK also reduced the Cash Reserve Ratio (CRR) requirement for banks to 4.3% from 5.3% in a bid to inject more liquidity to the banking sector.
- Growth in the electricity and water sector fell to 6.3% from 7.8% in the 1Q2019. This was reflected in electricity generation which grew by 2.2% compared to 7.0% in the 1Q2019. Growth was supported by increased generation from hydro (from 22.7% to 29.8%) and geothermal (from 2.3% to 10.6%). However, thermal and wind posted declines of 47.4% and 37.0% to 163.9 million-kilowatt hour and 275.7 million-kilowatt hour respectively.
- There was however an increase in agricultural activity which led to the agricultural, forestry and fishing sector growing by 4.9% (1Q2019: 4.7%). This was attributed to favorable rainfall that saw tea production rise from 106.3 thousand metric tonnes in the 1Q2019 to 158.6 thousand metric tonnes and higher production of sugarcane (resulting in a 10.2% rise in the volume of cane delivered to millers). However, the horticultural subsector saw the volume of cut flowers exported drop to 42,639 metric tonnes from 49,163 metric tonnes in 1Q2019.

Commentary

- The first quarter doesn't capture the full effects of the measures to curb the spread of infections. We expect 2Q2020 to register lower growth due to the effects of the containment measures (travel restrictions, reduced business operating hours, social distancing regulations) not only in the major trading partners but within the country as well.
 - The 3Q2020 should fare slightly better as the government has eased some of the restrictions. Other countries have also eased restrictions which may improve demand for the country's exports and ease supply chain issues for key imports.
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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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