

## Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	106.3265	(0.0%)	(4.9%)
STG Pound	131.6341	0.8%	1.0%
EURO	119.2779	0.1%	(5.2%)

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

## Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	142.54	(1.4%)	(14.3%)
NSE 20	1,957.54	(0.6%)	(26.3%)
NSE 25	3,298.34	(1.0%)	(19.6%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	2,178.78	2,209.98	(1.4%)
Number of Shares Traded (Q)	9,702,400	41,627,400	(76.7%)
Equity Turnover (KES)	202,487,788	936,859,957	(78.4%)
Foreign Buys (%)	44.9%	44.1%	
Foreign Sells (%)	82.8%	84.5%	
Foreign Participation (%)	63.5%	64.3%	

Source: NSE

## Equities Performance

	Top Gainers	Price (KES)	Daily Change %	YTD Change	Volume Traded
1	Express Kenya	6.00	7.1%	(12.3%)	400
2	E.A.Cables	1.96	3.7%	(21.6%)	1,400
3	STANLIB I-REIT	5.70	3.3%	(39.5%)	64,200
4	TPS EA	16.00	3.2%	(8.8%)	2,000
5	DTB	70.00	2.9%	(35.8%)	3,500

	Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1.	Bamburi	31.00	(9.4%)	(61.3%)	14,300
2.	Longhorn	4.50	(5.7%)	(33.4%)	64,200
3.	Liberty Kenya	7.52	(4.8%)	(27.3%)	15,000
4.	Trans-Century	1.53	(4.4%)	(38.8%)	15,500
5.	Britam	8.14	(3.8%)	(9.6%)	36,800

	Movers	Turnover (KES)	Volume (KES)	Price (KES)
1.	EABL	88,410,000	505,200	175.00
2.	BAT	33,106,500	105,100	315.00
3.	Safaricom	27,146,780	898,900	30.20
4.	KCB Group	15,291,960	423,600	36.10
5.	Equity Group	11,240,445	315,300	35.65

Source: NSE

## Market Commentary

The All Share Index retreated by 1.4% to close today's trading session at 142.54 from 144.58 in the previous trading session. NSE 20 Index also declined marginally by 0.6% to 1,957.54 as majority of the counters recorded price declines. Equity turnover declined significantly by 78.4% to KES 202.5 million largely owing to a decline in Safaricom volumes from 11.8 million to 0.9 million. Foreign investors were net-sellers, accounting for 82.8% of the day's sales against 44.9% of the day's purchases. Notably, foreign investors were net sellers on BAT Kenya Plc, EABL and Safaricom Plc.

## Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	36.10	(0.1%)	(33.1%)
Equity Group	Long-term Buy	35.65	(0.6%)	(33.4%)
Absa Kenya	Long-term Buy	9.94	0.8%	(25.5%)
Stanbic Holdings	Long-term Buy	79.75	(2.7%)	(27.0%)
NCBA	Long-term Buy	27.00	(1.8%)	(26.7%)
StanChart	Sell	166.25	(0.7%)	(17.9%)
Safaricom	Hold	30.20	(2.3%)	(4.1%)
HF	Sell	4.06	1.5%	(37.2%)
Bamburi	Sell	31.00	(9.4%)	(61.3%)

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

## Bonds Performance

	Today	Previous	Daily Change %
Total Deals	101	100	1.0%
Bond Turnover	2,770,918,896	2,266,868,239	22.2%

## Actively Traded Bonds

GOK Bonds	Fixed Rate %	Traded Yield %	Value Traded (Mn)	DTM
FXD1/2019/5	11.3040	10.9500	500.0	1,337
FXD1/2018/15	12.6500	12.5250	400.0	5,277
IFB1/2020/6	10.2000	10.6000	300.0	2,163

Source: NSE; DTM = Days to Maturity

## News Highlights

### Standard Chartered Slashes FY2019 Dividend By Half

- The Board of Directors (BOD) of Standard Chartered Bank Kenya decided to change its earlier cash dividend recommendation of KES 15.00 per ordinary share to KES 7.50. The BOD cited economic challenges brought about by COVID19 as the basis for the decision change.
- The bank further noted that the cut in dividend would allow the bank to maximize its lending activities, preserve capital ratios and invest in the business for the long term
- In an attempt to make up for the lower cash dividend, the BOD also recommended a bonus issue of 1 new ordinary share for every 10 ordinary shares.
- The bank will hold an AGM on the 24th July 2020 to ratify its proposals with the new proposed dividend only payable to registered shareholders on the company register by 27th April 2020.
- Based on the revised cash dividend, the company's dividend yield now stands at 4.5% (8.9% as at 19<sup>th</sup> June 2020).

### Commentary

- The decision comes in as banks (NCBA and Equity) as well as other listed companies have cut their dividend payout to preserve capital and liquidity as they face increased uncertainty during the pandemic. As noted in our recommendations report, dividend investing has become a high-risk strategy. A money market fund (fixed income securities) is a safer option for those looking for regular income.

- We maintain our **SELL** recommendation on the bank based on:
    - We don't expect the bank's loan book growth momentum to be sustained in FY2020 due to the anticipated economic challenges.
    - Some of the loans are still pegged to the previous interest rate regime (CBR + 4.0%). Given the low CBR of 7.0%, we expect the yield on loans to come under pressure in FY2020. Moreover, given the introduction of repayment breaks and loan extensions, we expect interest incomes on loans to take a further hit.
    - StanChart's NPL ratio (as measured against net loans) reduced to 15.6% in FY2019 from 18.3% in FY2018. Despite this improvement in asset quality in FY2019, we expect asset quality to deteriorate in FY2020 – the sectors that have been adversely affected by the pandemic include: the hospitality and tourism sector, property market, trade and SMEs
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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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