

Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	106.1400	(0.0%)	(4.7%)
STG Pound	134.5465	(1.2%)	(1.2%)
EURO	120.0950	(0.9%)	(5.9%)

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

Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	140.74	1.1%	(15.4%)
NSE 20	1,968.42	1.5%	(25.8%)
NSE 25	3,242.50	1.3%	(20.9%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	2,151.13	2,127.22	1.1%
Number of Shares Traded (Q)	25,397,300	35,817,300	(29.1%)
Equity Turnover (KES)	626,118,492	706,373,266	(11.4%)
Foreign Buys (%)	92.7%	49.7%	
Foreign Sells (%)	47.2%	78.3%	
Foreign Participation (%)	69.9%	64.0%	

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. Kapchorua Tea	79.00	9.7%	(1.3%)	100
2. TPS EA	14.30	9.6%	(18.5%)	100
3. Unga Group	30.00	9.5%	(11.8%)	100
4. Kenya Airways	2.55	9.4%	24.4%	49,400
5. Eaagads	9.00	9.2%	(10.9%)	2,100

Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. Sanlam	15.00	(6.3%)	(12.8%)	3,700
2. BK Group	18.00	(5.3%)	(35.7%)	1,849,100
3. Home Afrika	0.45	(4.3%)	(25.0%)	142,200
4. Uchumi	0.31	(3.1%)	6.9%	137,500
5. Sasini	16.50	(2.4%)	(2.4%)	900

Movers	Turnover (KES)	Volume (KES)	Price (KES)
1. Safaricom	444,520,310	14,866,900	29.90
2. KCB Group	81,347,200	2,311,000	35.20
3. Equity Group	38,378,320	1,109,200	34.60
4. BK Group	33,283,800	1,849,100	18.00
5. DTB	14,532,450	209,100	69.50

Source: NSE

Market Commentary

The All Share Index gained 1.1% to close the day at 140.74 from the previous trading session. This was attributed to Safaricom gaining by 1.4% (foreign buying interest), accounting for 67.0% of the day's traded value. The NSE 20 Index also gained by 1.5% to close the day at 1,968.42 as majority of the counters posted price gains. Notably, foreign investors emerged net buyers for the day's trading session (92.7%) against foreign sales at 47.1%. We expect to see an increase in market activity for the week.

Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	35.20	0.9%	(34.8%)
Equity Group	Long-term Buy	34.60	4.4%	(35.3%)
Absa Kenya	Long-term Buy	1710.00	(1.7%)	16.3%
Stanbic Holdings	Long-term Buy	78.50	0.0%	(28.1%)
NCBA	Long-term Buy	27.95	0.5%	(24.2%)
StanChart	Sell	170.00	(1.7%)	(16.0%)
Safaricom	Hold	29.90	1.4%	(5.1%)
HF	Sell	3.91	0.0%	(39.5%)
Bamburi	Sell	41.05	(2.1%)	(48.7%)

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

Bonds Performance

	Today	Previous	Daily Change %
Total Deals	121	73	65.8%
Bond Turnover	2,464,751,143	2,266,262,312	8.8%

Actively Traded Bonds

GOK Bonds	Fixed Rate %	Traded Yield %	Value Traded (Mn)	DTM
FXD3/2007/15	12.5000	10.5500	400.0	882
FXD1/2018/25	13.2000	13.0500	300.0	6,601
IFB1/2020/6	10.2000	11.0500	200.0	2,177

Source: NSE; DTM = Days to Maturity

News Highlights

Government Extends COVID-19 Containment Measures

- On June 6th 2020 the government extended some of the measures put in place to contain the spread of the COVID-19 virus for a period of 30 days. These included the cessation of movement in and out of the expanded Nairobi Metropolitan Area, Mandera and Mombasa counties, the ban on public gatherings and the nationwide dusk to dawn curfew. However, the curfew commencement and end times were varied from 7:00 PM - 5:00 AM to 9:00 PM - 4:00 AM. Additionally, cessation of movement in and out of Kilifi and Kwale counties (government noted that infections were declining), Mombasa Old Town and Nairobi's Eastleigh Area was not extended.
- The government's decision to extend some of the measures was based on the findings that the following "bare minimum" conditions for a re-opening had not been met (1) Containment of the spread and a decline of infections (2) Adequate health care infrastructure to handle testing, isolation & quarantine and a surge in infections and (3) Capacity for surveillance and contact tracing
- The government, however, hinted at a progressive gradual re-opening. For instance, public gathering in places of worship could be allowed after necessary protocols are put in place. Also, re-opening of schools is expected from 1st September 2020.

Commentary

- We agree with the government's decision to extend some the measures. This will allow for more consultation on additional measures (for instance around intercounty travel) that need to be in place before easing some of the current ones and allow time for putting in place the necessary health care infrastructure particularly in the counties (government has disbursed KES 5.0 billion for this). We also note that the government is looking at home based care to complement the health care infrastructure. Easing restrictions prematurely without having the resources (e.g. the health care workers) first for home-based care and without sensitizing the public on the same would have reduced its effectiveness
 - However, there is need for increased mass testing. The government should come up with ways to incentivize the public (like it has done for the hospitality sector) to volunteer for mass testing. The incentives do not need to be monetary and could be better quarantine/isolation conditions or an option for home-based care. There have been reports of the public giving the wrong contacts in fear of being quarantined.
 - In our view, given the government's expectation of an August - September peak of the infections, there is a possibility that some the measures (especially on cessation of movement) may be retained beyond the current 30 days.
 - The easing of some the restrictions is a welcome move for businesses and households. We expect businesses to extend working hours in line with the new curfew hours.
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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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