



# Weekly Report

## Week 10

Week Ending Friday, March 12, 2021

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## Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	32,611.98	3.5%	7.3%
S&P 500	3,919.89	2.0%	5.0%
NASDAQ 100	12,818.98	3.7%	(0.3%)
DAX	14,484.46	4.1%	5.6%
FTSE 100	6,762.47	2.0%	4.7%
EURO STOXX 50	3,825.86	4.3%	7.7%
Shanghai Composite	3,453.08	(1.4%)	(0.6%)
NIKKEI 225	29,287.74	1.5%	6.7%
Commodities			
Brent Oil (USD/bbl.)	69.43	0.1%	35.8%
Gold (USD/Oz)	1,707.24	0.4%	(10.0%)

Source: Bloomberg, NSE; \*As at 6:01 PM EAT

Most of the equity indices edged up during the week. The S&P 500 hit a new 52-week high of 3960.27 on Thursday. This was mainly attributed to easing inflation concerns (February core 12 month inflation came below expectations at 1.3%). There are concerns that US inflation will likely accelerate in the coming months on the on the back of the pandemic stimulus, income growth and a vaccination campaign, all of which will accelerate economic recovery (rising core inflation means the FED may take a less dovish stance/contractionary measures like raising rates to prevent the economy from "overheating").

## Equities Market

### Equity Market Commentary

The All Share Index (NASI) edged up by 0.3% w/w to close the week at 162.08. This was characterized by an increase in both trading volumes (+41.3% w/w to 95.7 million shares) and turnover (+51.3% w/w to KES 3.2 billion). The NSE 20 Share Index however declined by 0.9% w/w to 1,923.04 due to price declines on majority of the constituent counters. Safaricom eased by 0.5% w/w to close the week at KES 37.10. In the banking sector, KCB and Equity bank gained by 4.6% w/w and 5.1% w/w to close at KES 39.95 and KES 40.00 respectively as demand

on the two counters outstripped supply. EABL gained 3.7% w/w to close at 175.25. We attribute the price gains in the banking counters and EABL to both speculative activity (esp. on the banking counters ahead of the FY2020 results) and re-alignments towards sectors (e.g. financial services) that are likely to benefit from the economic recovery. NMG witnessed significant selling pressure (particularly in the first four trading days) which we attribute to profit taking activity following the recent rally. However, the counter recouped some gains in today's trading session (+8.8% d/d) to close at KES 19.55 but was still down -22.9% w/w. In the coming week, we expect activity to remain relatively high.

### Market Indices Performance

Index	Value	Weekly Change %	YTD Change %
NASI	162.08	0.3%	6.6%
NSE 20	1,923.04	(0.9%)	2.9%
NSE 25	3,617.79	0.9%	5.9%

Source: NSE

### Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,490.29	2,438.94	2.1%
Number of Shares Traded	95.72	67.73	41.3%
Equity Turnover (KES)	3,245.87	2,144.93	51.3%

Source: NSE

### Recommendations

Counter	Recommendation	Price (KES)	Weekly Change %	YTD Change %
Kenya Re	Hold	2.60	(0.8%)	12.1%

Source: NSE and Faida Investment Bank Analysis

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

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## Equities Performance

	<b>Top Gainers</b>	<b>Price (KES)</b>	<b>Weekly Change %</b>	<b>YTD Change</b>
1.	Liberty Kenya	9.62	19.1%	24.9%
2.	TPS Serena	17.95	12.2%	12.2%
3.	Sanlam	12.45	11.7%	(3.9%)
4.	Olympia	2.16	8.0%	(1.8%)
5.	Uchumi	0.28	7.7%	0.0%

	<b>Top Losers</b>	<b>Price (KES)</b>	<b>Weekly Change</b>	<b>YTD Change %</b>
1.	Nation Media	19.55	(22.9%)	26.5%
2.	Car & General	22.15	(14.8%)	0.7%
3.	Kapchorua Tea	78.25	(7.9%)	0.3%
4.	Unga	29.00	(6.5%)	(8.8%)
5.	Eveready	1.05	(4.5%)	(12.5%)

	<b>Movers</b>	<b>Price (KES)</b>	<b>Turnover (KES Mn)</b>
1.	Safaricom	37.10	1,631.3
2.	EABL	175.25	527.5
3.	KCB Group	39.95	395.9
4.	Equity Group	40.00	346.6
5.	Bamburi	39.10	63.9

Source: NSE and Faida Investment Bank Analysis

## News Highlights

### Equity Group Obtains USD 100.0 million loan for MSME Lending

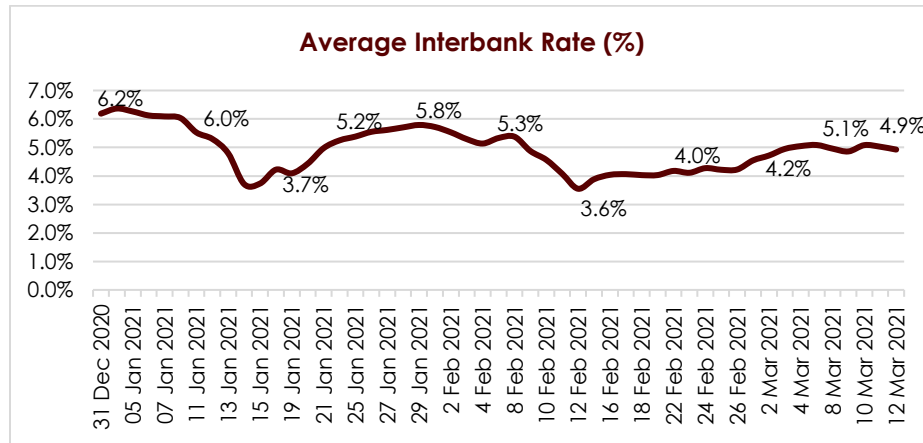
- Equity Group has obtained a USD 100.0 million for micro, small and medium-sized (MSME) lending from leading European development banks – Germany's DEG, Netherland's FMO and Britain's CDC Group.
- The Group had recently received a USD 125.0 million loan from the European Investment Bank (EIB) and the European Commission.
- According to FMO, the facility will enable MSMEs access capital to keep their businesses running.

### Commentary

- We expect Equity to benefit from lenient terms on the loan facility such as lower interest rates and a longer loan term. Under concessional terms, the group will be able grow its longer tenure portion of the loan book.
- We note that lending to SMEs sector carries risk due to the adverse effects of the COVID-19 pandemic. The sector had an NPL ratio of 12.4% as at 3Q2020. We therefore expect cautious lending by the bank to the less risky segments.

## Fixed Income Market

### Interbank Rate



Source: CBK

### Treasury Bill Auction Results

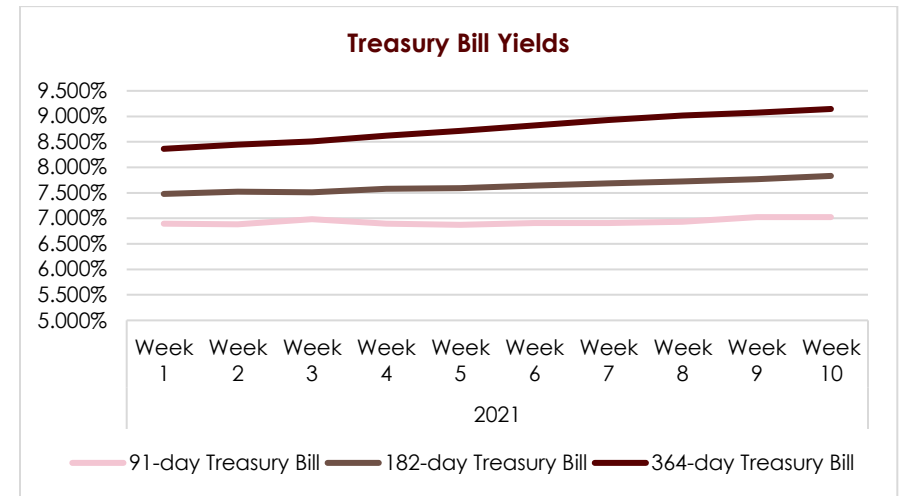
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.00	4.35	108.75%	4.35	7.024%	0.0
182 day	10.00	6.08	60.82%	6.08	7.832%	6.7
364 day	10.00	12.19	121.92%	12.19	9.144%	7.3
Total	24.00	22.62	94.27%	22.62		

\*Change = Current Rate – Previous Rate; 1.0% = 100 bps  
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

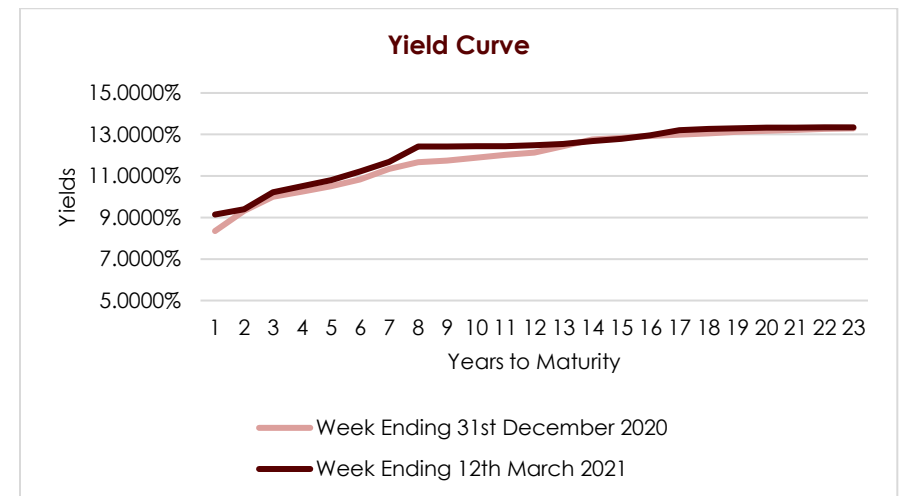
Treasury bills were undersubscribed during the week's auction; the total subscription rate was 94.27%, down from last week's 140.98%. The 364 day paper had the highest subscription rate this week, at 121.92%.

## Treasury Bill Yields



Source: CBK

## Government Securities Yield Curve



Source: NSE

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## Macroeconomic Indicators

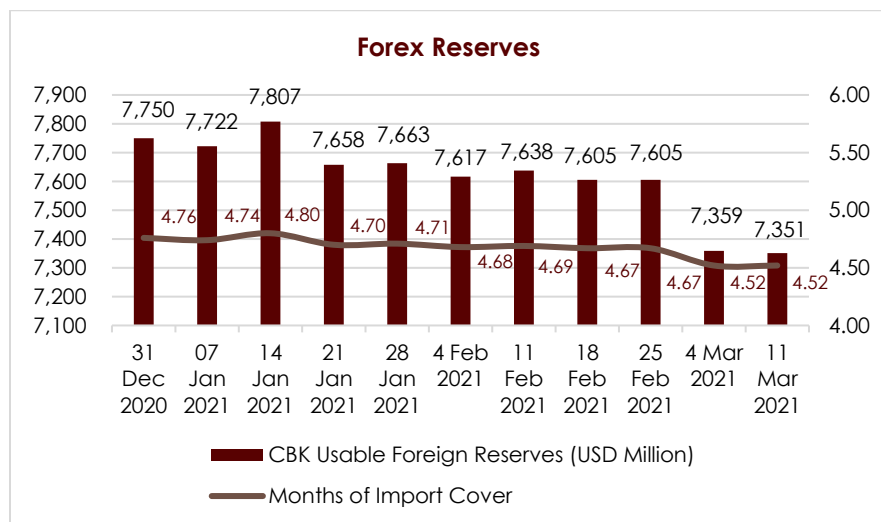
### Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	109.6488	0.0%	(0.4%)
STG Pound	152.6291	0.2%	(2.9%)
EURO	130.9221	0.8%	2.2%

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

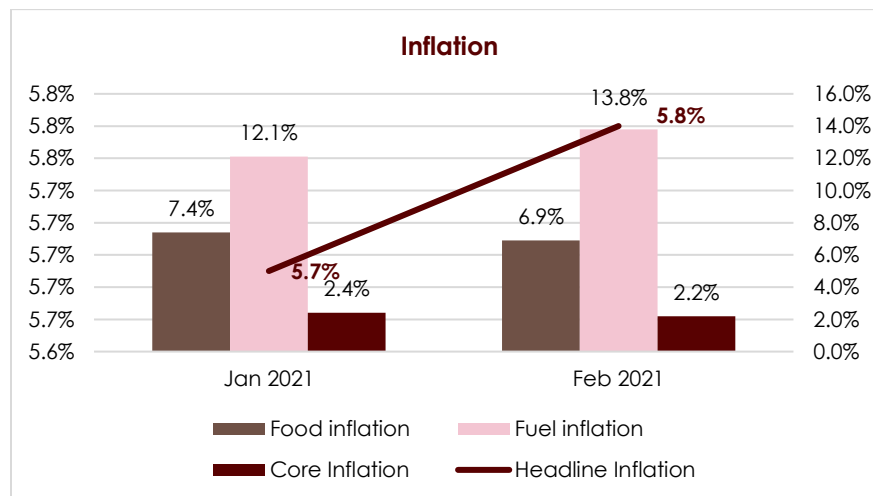
During the week, the Kenya Shilling appreciated marginally against the Sterling Pound and the Euro, but remained flat against the US Dollar.

### Forex Reserves



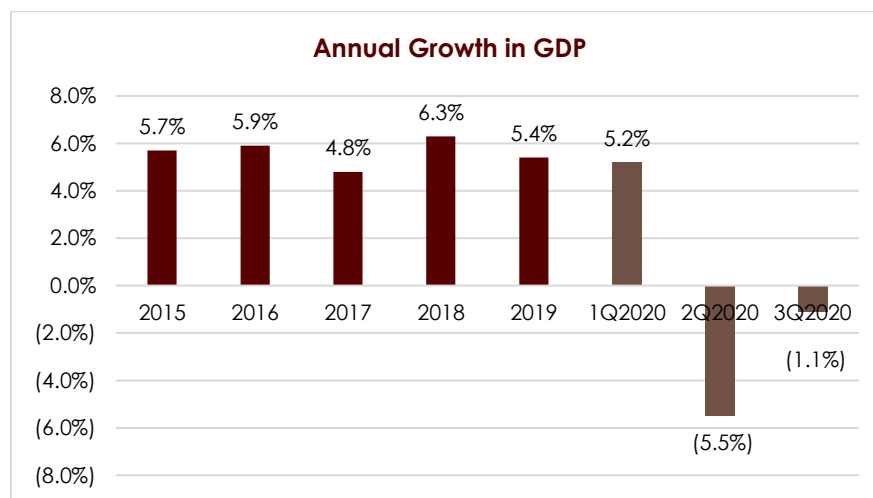
Source: CBK

## Inflation



Source: KNBS

## Gross Domestic Product (GDP)



Source: KNBS

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Kenya's economy slid into a recession in the 3Q2020 as GDP contracted for the second consecutive quarter. Kenya's Real GDP is estimated to have contracted by 1.1% in the 3Q2020, showing some improvement from the contraction of 5.5% witnessed in 2Q2020, but markedly different from the growth of 5.8% realized in 3Q2019. The improvement from the previous quarter was supported by the partial easing of COVID-19 restrictions that enhanced economic activities.

The economic performance was largely weighed down by the accommodation and food services (contracted by 57.9% compared to a growth of 9.9% in 3Q2019) and the education (contracted 41.9% compared to a growth of 6.0% in 3Q2019) sectors. These were the hardest hit sectors due to the closure of learning institutions and the implementation of travel restrictions in order to contain the spread of the virus.

Growth was however largely supported by the agricultural, construction and real estate sectors which grew by 6.3%, 16.2% and 5.3% respectively. Growth in the agricultural sector was supported by increases in tea production, fruit exports and sugarcane production. In the construction sector, cement consumption rose by 23.5% y/y to 1,952.2 thousand metrics reflecting increased construction activity which also buoyed growth in the real estate sector.

Real GDP Growth by Sector	3Q2019	3Q2020
Agriculture	5.0%	6.3%
Mining & Quarrying	3.4%	18.2%
Manufacturing	3.9%	(3.2%)
Electricity and Water Supply	6.4%	4.7%
Construction	6.6%	16.2%
Wholesale & Retail Trade	6.1%	(2.5%)
Accommodation & Food Services	9.9%	(57.9%)
Transport & Storage	7.6%	2.9%
Information & Communication	8.0%	7.3%
Financial & Insurance	8.1%	5.3%
Public Administration	8.4%	9.6%
Professional, Admin & Support Services	4.8%	(12.3%)
Real Estate	5.5%	5.3%
Education	6.0%	(41.9%)
Health	5.5%	5.6%
Other Services	5.3%	(4.5%)

Source: KNBS

## Labour Statistics

Indicator	3Q2019	1Q2020	2Q2020	3Q2020
Unemployment Rate	5.3%	5.2%	10.4%	7.2%
Labour Force Participation Rate	69.8%	69.7%	64.4%	68.8%

Source: KNBS

## Derivatives Market

### Weekly Statistics

	This Week	Previous Week
Total Volumes	95	67
Total Value	3,182,050	2,692,550
Total Open Interest	295	273

Source: NSE

## Corporate Finance

### Adumo Raises USD15.0 Million from the IFC

Adumo (formerly Crossfin), a South African fintech startup has secured USD 15.0 million investment from the International Finance Corporation (IFC) and IFC Financial Institutions Growth Fund. Adumo provides smart payment solutions to large multinational and independent retailers as well as entrepreneurs and informal traders. The firm currently has presence in 14 countries in Africa. The funding will be used for expanding accessibility and affordability of electronic payment solutions particularly to small and medium sized businesses (SMEs). According to management, the COVID-19 pandemic and its impact on consumers and businesses are transforming the face of the payments industry, with interest in cashless payment services at an all-time high. Further, the funds would see the firm roll out new payment innovations and purpose-based lending services to support consumers and retailers as they navigate uncertainty in 2021. According to the IFC, the investment would help small businesses to tap into the digital economy. Moreover, digital payments opens the way to accessing further financial services as it is often the first step for a small business to build a credit history.

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## Profit Warnings Issued

	<b>Company</b>	<b>Sector</b>
1.	Britam Holdings	Insurance
2.	Absa Bank	Banking
3.	Kenya Power	Energy
4.	East African Cables	Construction and Allied
5.	Kenya Orchards	Manufacturing and Allied
6.	Longhorn Publishers	Commercial and Services
7.	Nairobi Business Ventures	Commercial and Services
8.	Nation Media Group	Commercial and Services
9.	Unga Group	Manufacturing and Allied
10.	NCBA Group	Banking
11.	TPS Eastern Africa	Commercial and Services
12.	I&M Holdings	Banking
13.	Standard Chartered Bank	Banking
14.	Diamond Trust Bank	Banking
15.	Cooperative Bank of Kenya	Banking
16.	CIC Insurance Group	Insurance
17.	Limuru Tea	Agricultural
18.	Sanlam Kenya	Insurance
19.	Homeboyz Entertainment	Commercial and Services

Source: NSE

## Counter Statistics

Banking Sector	Price (KES)	YTD change	% w-o-w Change	Volume Traded	C/I Ratio	P/E (X)	Dividend Yield	P/B (X)	ROE
KCB	39.95	4.9%	4.6%	10,181,200	45.9%	4.96	8.8%	0.96	20.7%
Equity Bank	40.00	9.4%	5.1%	8,983,700	51.5%	6.69	0.0%	1.35	21.8%
NCBA	24.85	-7.1%	-4.1%	152,000	41.9%	2.86	0.0%	0.55	15.3%
Stanbic	83.00	-2.4%	-1.8%	753,100	52.2%	6.32	4.6%	0.63	10.3%
Absa Bank Kenya Plc	9.42	-2.5%	-1.9%	1,062,900	51.2%	6.86	11.7%	1.13	16.7%
Housing Finance	3.41	2.7%	-1.2%	65,900	93.8%	<b>N/M</b>	0.0%	0.12	-1.1%
Co-operative Bank	12.95	3.6%	-0.4%	354,100	52.1%	5.31	7.7%	0.96	19.2%
Diamond Trust Bank	75.25	0.3%	4.9%	77,500	48.6%	3.10	3.6%	0.36	12.1%
Standard Chartered	134.50	-6.8%	0.0%	112,100	55.6%	5.61	5.6%	0.97	17.5%
I&M	43.00	-4.4%	-2.4%	1,066,400	39.0%	3.30	5.9%	0.62	20.4%
<b>Sector Average</b>					<b>53.2%</b>	<b>5.00</b>	<b>4.8%</b>	<b>0.76</b>	<b>15.3%</b>

### P/B (X) - FY2019

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	3.83	0.0%	0.0%	-	<b>N/M</b>	0.0%	-1.3	<b>N/M</b>
Nation Media Group	19.55	26.5%	-22.9%	516,300	4.34	7.7%	4.5	10.9%
WPP Scangroup	5.42	-9.7%	-0.7%	407,200	4.84	9.2%	1.12	6.0%
Uchumi Supermarket	0.28	0.0%	7.7%	112,700	<b>N/M</b>	0.0%	-4.6	<b>N/M</b>
Longhorn Publishers	4.35	-10.9%	2.4%	48,000	6.40	12.0%	0.68	17.3%
Eveready	1.05	-12.5%	-4.5%	31,900	<b>N/M</b>	0.0%	-1.45	-10.8%
<b>Sector Average</b>					<b>5.19</b>	<b>5.8%</b>		<b>5.8%</b>

\*N/M - Not Meaningful



Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
Bamburi Cement	39.10	3.3%	-3.0%	1,642,000	15.96	0.0%	1.6%	2.1%
E.A. Portland Cement	8.00	-27.3%	-4.5%	4,900	N/M	0.0%	0.0%	0.0%
<b>Sector Average</b>					<b>15.96</b>	<b>0.0%</b>	<b>0.8%</b>	<b>1.0%</b>

\*NPM - Net Profit Margin

Energy & Petroleum Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
KenGen	4.61	-2.1%	-0.4%	11,697,200	1.65	6.5%	2.79	9.0%
Kenya Power	1.39	-18.7%	0.7%	1,712,300	-2.90	0.0%	-0.48	-1.7%
Total Kenya	25.00	4.2%	6.4%	17,700	6.20	5.2%	4.03	10.8%
<b>Sector Average</b>					<b>1.65</b>	<b>3.3%</b>		<b>3.7%</b>

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.29	7.5%	3.2%	3,431,900	0.29	19.08	69.8%	34.4%
Britam	7.18	-1.1%	0.8%	113,100	0.25	5.09	65.3%	37.2%
Jubilee	261.75	-7.8%	-3.1%	15,100	9.32	4.99	91.9%	46.2%
Kenya Re	2.60	12.1%	-0.8%	3,159,100	0.09	1.02	71.2%	13.1%
Sanlam Kenya	12.45	-3.9%	11.7%	17,300.00	8.65	15.76	85.8%	35.5%
Liberty	9.62	24.9%	19.1%	173,000.00	1.20	7.34	119.6%	48.7%
<b>Sector Average</b>					<b>3.30</b>	<b>8.88</b>	<b>83.9%</b>	<b>35.8%</b>

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	16.60	-0.3%	-0.3%	360,000	2.39	0.35	6.95	9.3%
Home Afrika Ltd	1.20	-9.5%	0.0%	583,400	N/M	N/M	N/M	2.6%
Trans-Century	1.20	-17.2%	-0.8%	116,300.00	N/M	N/M	N/M	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.35</b>		<b>5.5%</b>

\*P/B based on company Net Aset Value

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	8.30	1.7%	0.7%	22,700	27.67	3.4%	0.3	3.9%
<b>Sector Average</b>					<b>27.67</b>	<b>3.4%</b>		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.27	0.0%	0.0%	0	N/M	0.0%	-4.43	-69.4%
EABL	175.25	13.6%	3.7%	3,016,100	33.90	1.7%	5.17	46.6%
FTG Holdings	1.28	4.1%	3.2%	7,400	4.92	0.0%	0.26	4.8%
Carbacid	11.75	-2.9%	-4.5%	15,400	9.25	6.0%	1.27	10.0%
BAT	484.50	34.2%	0.8%	41,200	8.78	9.3%	55.18	51.2%
<b>Sector Average</b>					<b>14.21</b>	<b>3.4%</b>		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	37.10	8.3%	-0.5%	44,134,900	19.95	3.8%	1.86	51.8%
<b>Sector Average</b>					<b>19.95</b>	<b>3.8%</b>		

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Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	6.78	21.9%	1.2%	104,300	20.80	11.06%	0.83
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

Source: NSE and Faida Investment Bank Analysis

### Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Car & General (K) Ltd	Final dividend	KES 0.80	28-Jan-21	<b>22-Feb-21</b>	25-Mar-21
Safaricom Plc	Interim dividend	KES 0.45	10-Feb-21	<b>5-Mar-21</b>	31-Mar-21
BAT Kenya Plc	Final dividend	KES 41.50	19-Feb-21	<b>16-Apr-21</b>	12-May-21
KenGen Co. Plc	First & Final dividend	KES 0.30	28-Jan-21	<b>29-Apr-21</b>	22-Jul-21
Stanbic Holdings Plc	Final dividend	KES 3.80	5-Mar-21	<b>21-May-21</b>	Subject to approval

Source: NSE

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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 drivers