



Weekly Report

Week 13

Week Ending Friday, April 1, 2021

CONTACTS:

Email: research@fib.co.ke

Website: www.fib.co.ke

HEAD OFFICE:

Crawford Business Park,
Ground Floor,
State House Road
Tel: 0207606026-37
P.O. Box 45236-00100
Nairobi

Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	33,140.88	1.6%	9.0%
S&P 500	4,007.79	2.5%	7.3%
NASDAQ 100	13,924.22	8.2%	8.3%
DAX	15,107.17	3.3%	10.1%
FTSE 100	6,737.30	0.9%	4.3%
EURO STOXX 50	3,945.96	3.0%	11.1%
Shanghai Composite	3,466.33	3.1%	(0.2%)
NIKKEI 225	29,388.37	0.7%	7.1%
Commodities			
Brent Oil (USD/bbl.)	63.25	2.1%	23.7%
Gold (USD/Oz)	1,726.82	(0.1%)	(9.0%)

Source: Bloomberg, NSE; *As at 7:13 PM EAT

Most of the equity indices edged up during the week. The S&P 500 and the NASDAQ 100 rose during the week on continued investor optimism on economic recovery. The vaccine rollout has enabled a number of states to make plans to either partially or fully re-open. Brent Oil rose by 2.1% driven by the OPEC+ agreement to reduce output from May.

Equities Market

Equity Market Commentary

The All Share Index and NSE 20 Share Index eased by 3.5% and 2.0% w/w to close the week at 160.68 and 1,864.44 respectively characterized by an increase in both market turnover (31.9% to KES 3.2 billion) and volume of shares traded (3.9% to 85.7 million). We attribute the decline in the indices to increased selling pressure on the back of the new COVID-19 containment measures.

Banking counters were among the most impacted given their sensitivity to the performance of the economy; HF (-17.5% to KES 3.78), Coop (-12.1% to KES 11.95), Equity (-4.8% to KES 39.05). I&M however registered a price increase (+13.6% w/w to KES 49.00) following the announcement of a final dividend (KES 2.25) and a bonus issue of 1:1. Safaricom eased by -4.4% w/w to close at KES 37.05.

We expect improvement in demand on some of the counters such as Equity Bank, EABL, Coop and Safaricom. However, we expect minimal upward price movements as investors remain cautious of the economic outlook.

Market Indices Performance

Index	Value	Weekly Change %	YTD Change %
NASI	160.68	(3.5%)	5.6%
NSE 20	1,864.44	(2.0%)	(0.2%)
NSE 25	3,559.40	(2.9%)	4.2%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,468.64	2,558.02	(3.5%)
Number of Shares Traded	85.65	82.40	3.9%
Equity Turnover (KES)	3,179.12	2,410.14	31.9%

Source: NSE

Recommendations

Counter	Recommendation	Price (KES)	Weekly Change %	YTD Change %
EABL	Long-term Buy	158.00	(5.8%)	2.4%

Source: NSE and Faida Investment Bank Analysis

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

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Equities Performance

Top Gainers	Price (KES)	Weekly Change %	YTD Change
1. I&M Holdings	49.00	13.6%	8.9%
2. NCBA Group	25.35	9.7%	(5.2%)
3. Eaagads	14.30	9.6%	14.4%
4. NBV	4.47	8.5%	4.4%
5. Crown Paints	41.90	6.6%	10.3%

Top Losers	Price (KES)	Weekly Change	YTD Change %
1. HF Group	3.78	(17.5%)	13.9%
2. Co-op	11.95	(12.1%)	(4.4%)
3. Eveready	1.00	(10.7%)	(16.7%)
4. BK Group	20.25	(10.0%)	(1.2%)
5. Sanlam Kenya	11.00	(8.3%)	(15.1%)

Movers	Price (KES)	Turnover (KES Mn)
1. Safaricom	37.05	1,757.5
2. EABL	158.00	479.3
3. Equity Group	39.05	454.5
4. KCB Group	41.10	172.1
5. BAT	475.00	133.9

Source: NSE and Faida Investment Bank Analysis

News Highlights

CBK Invites Bids for 18-Year Infrastructure Bond (IFB1/2021/18)

- The Central Bank of Kenya (CBK) has invited bids for an 18-Year infrastructure bond – IFB1/2021/18, with the aim of raising KES 60.0 billion for funding of infrastructure projects contained in the FY 2020/2021 budget estimates. The 18-Year bond's coupon rate will be market determined. The features of the bond are as shown below:

	IFB1/2021/18
Issuer	Republic of Kenya
Amount	KES 60.0 billion
Purpose	Funding of infrastructure projects
Tenor	18 years
Coupon rate	Market determined
Taxation	Tax free
Period of sale	26/03/2021 to 06/04/2021
Redemption date	21/03/2039

- We expect an oversubscription as the IFB is tax free. We opine that there is some headroom for aggressive bidding given the government's need for cash. As a result, we expect rates to increase by 20 to 30 bps above the current yields. We therefore recommend bidding as follows:
 - 12.30% to 12.60% for non - aggressive bids
 - 12.70% to 12.90% for aggressive bids

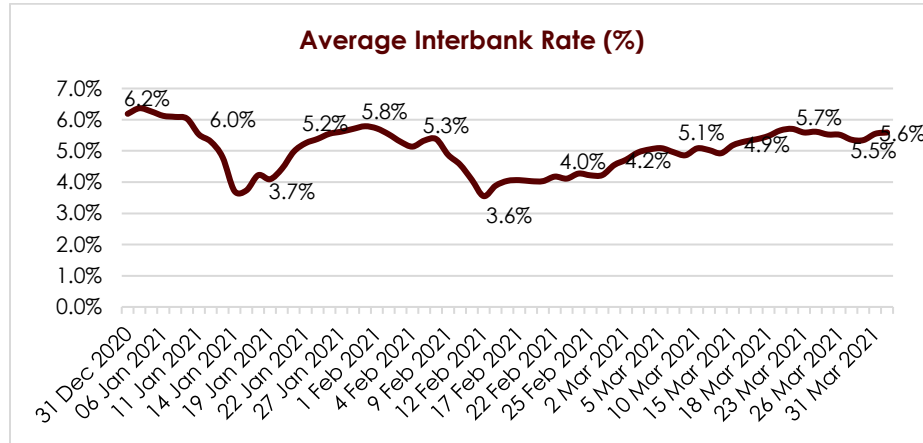
Equity Group Posts a 10.9% y/y decline in After Tax Profits for FY2020

Equity Group recorded a 10.9% y/y decline in after tax profits to KES 20.1 billion (-11.8% y/y EPS to 5.24) mainly attributed to a surge in loan loss provisions and cushioned by deferred tax asset of KES 8.2 billion. ROE dipped to 15.3% from 21.8% in FY2019. The group's board of directors did not declare a dividend payment. Read more on our thoughts of the FY2020 and our recommendation [here](#):

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Fixed Income Market

Interbank Rate



Source: CBK

Treasury Bill Auction Results

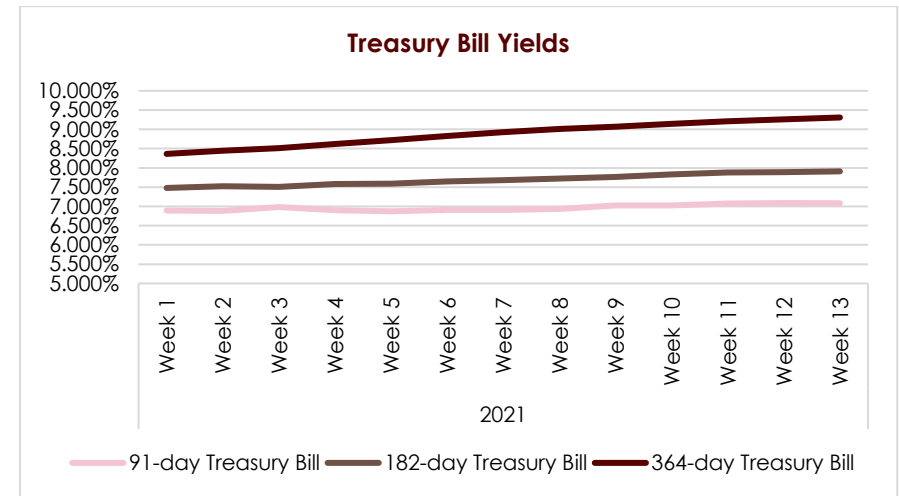
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.00	2.02	50.45%	2.02	7.085%	(0.2)
182 day	10.00	0.76	7.65%	0.76	7.910%	2.0
364 day	10.00	4.41	44.05%	4.38	9.308%	4.9
Total	24.00	7.19	29.95%	7.16	9.308%	

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

Source: CBK

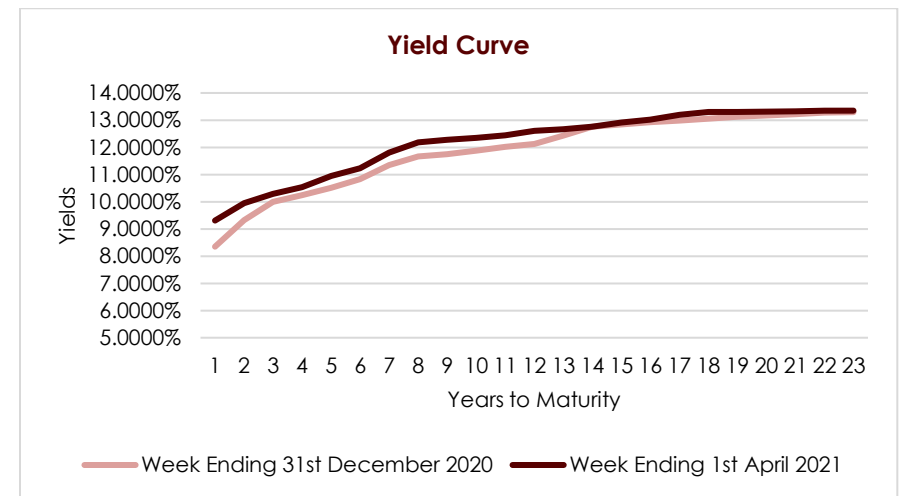
Treasury bills were undersubscribed during the week's auction; the total subscription rate was 29.95%, down from last week's 95.70%. The 91 day paper had the highest subscription rate this week, at 50.45%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Macroeconomic Indicators

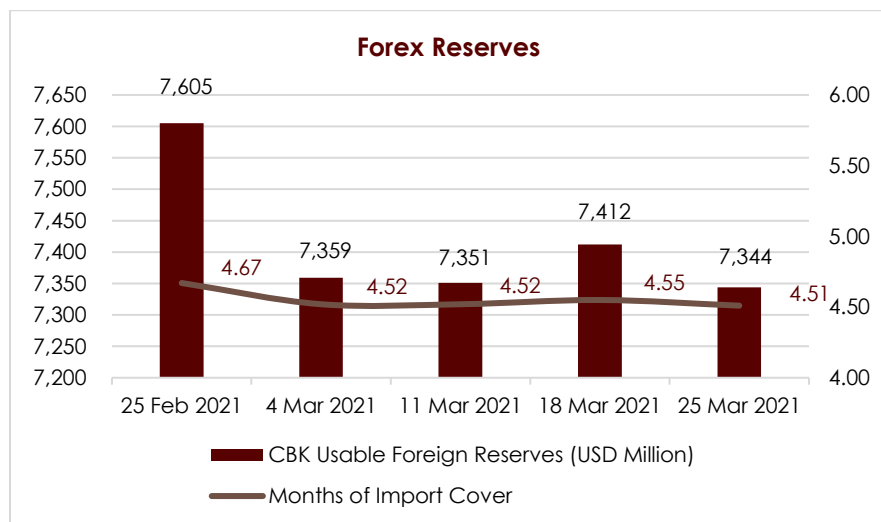
Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	109.3500	0.4%	(0.2%)
STG Pound	150.6715	(0.1%)	(1.6%)
EURO	128.5118	1.0%	4.0%

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

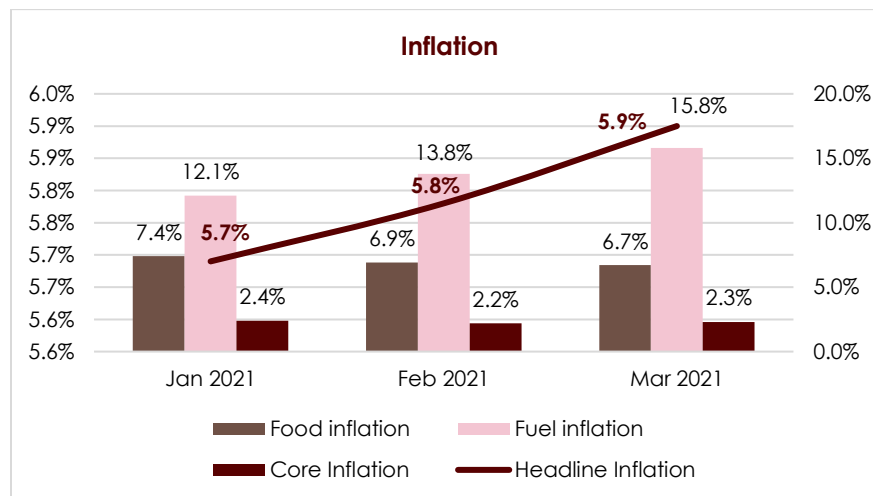
During the week, the Kenya Shilling appreciated marginally against the US Dollar and the Euro, but depreciated marginally against the Sterling Pound.

Forex Reserves



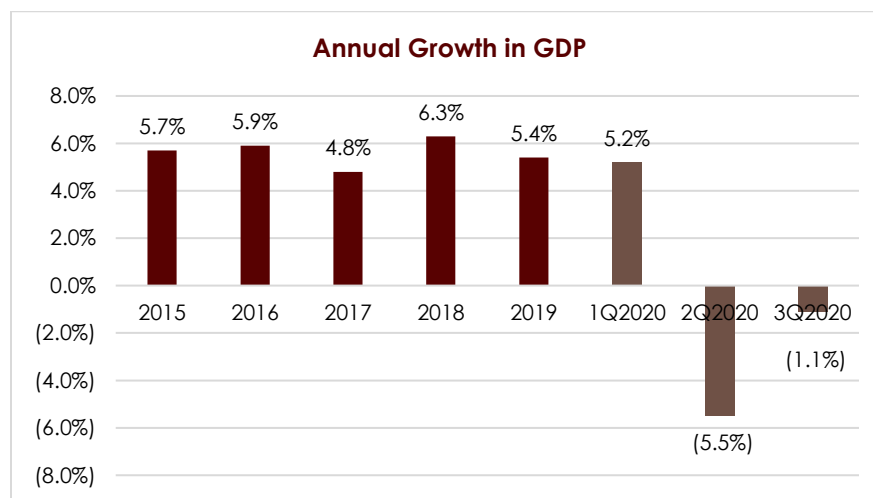
Source: CBK

Inflation



Source: KNBS

Gross Domestic Product (GDP)



Source: KNBS

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

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	89	126
Total Value	10,628,850	5,046,695
Total Open Interest	201	197

Source: NSE

Corporate Finance

Bankly Secures USD 2.0 Million in Seed Funding

Bankly, a Nigerian fintech startup, has secured USD 2.0 million in seed round led by Vault with participation from Plug and Play Ventures, Rising Tide Africa and Chrysalis Capital. The fintech was founded in 2018 and enables users to save money both online (using the app) and offline (using USSD). The funding will be used to accelerate consumer acquisition and offer direct to consumer products to the unbanked and underbanked in Nigeria.

Profit Warnings Issued

	Company	Sector
1.	Britam Holdings	Insurance
2.	East African Cables	Construction and Allied
3.	Kenya Orchards	Manufacturing and Allied
4.	Longhorn Publishers	Commercial and Services
5.	Nairobi Business Ventures	Commercial and Services
6.	Nation Media Group	Commercial and Services
7.	Unga Group	Manufacturing and Allied
8.	TPS Eastern Africa	Commercial and Services
9.	Homeboyz Entertainment	Commercial and Services
10.	Centum Investment Company	Investment

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	41.10	7.87%	0.0%	737,200	44.8%	6.74	2.4%	0.93	14.4%
Equity Bank	39.05	6.84%	(4.8%)	1,601,600	51.5%	6.53	0.0%	1.06	21.8%
NCBA	25.35	(5.2%)	9.74%	67,900	41.9%	2.92	0.0%	0.56	15.3%
Stanbic	83.25	(2.1%)	(0.3%)	4,900	52.2%	6.34	4.6%	0.64	10.3%
Absa Bank Kenya	8.80	(8.9%)	(0.7%)	577,900	48.2%	11.48	0.0%	1.03	9.1%
Housing Finance	3.78	13.86%	(17.5%)	31,000	93.8%	N/M	0.0%	0.16	(1.1%)
Co-operative Bank	11.95	(4.4%)	(12.1%)	352,200	58.1%	6.48	8.4%	0.77	12.7%
Diamond Trust Bank	68.00	(9.3%)	2.26%	1,500	48.6%	2.80	4.0%	0.31	12.1%
Standard Chartered	142.00	(1.6%)	(2.1%)	64,200	58.8%	13.52	7.4%	0.97	11.2%
I&M	49.00	8.89%	13.56%	251,600	39.0%	3.76	5.2%	0.70	20.4%
Sector Average					53.7%	6.73	3.2%	0.71	12.6%

P/B (X) - FY2020

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%	-	N/M	0.0%	(6.22)	N/M
Nation Media Group	17.20	11.3%	(3.9%)	9,600	3.82	8.7%	4.50	10.9%
WPP Scangroup	5.38	(10.3%)	(2.9%)	6,600	4.80	9.3%	1.12	6.0%
Uchumi Supermarket	0.23	(17.9%)	(8.0%)	1,454,500	N/M	0.0%	(4.60)	N/M
Longhorn Publishers	4.46	(8.6%)	5.2%	200	6.56	11.7%	0.68	17.3%
Eveready	1.00	(16.7%)	(10.7%)	2,600	N/M	0.0%	(1.45)	(10.8%)
Sector Average					5.06	5.9%		5.8%

*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	37.95	0.3%	(2.3%)	5,000	15.49	0.0%	1.6%	2.1%
E.A. Portland Cement	9.00	(18.2%)	5.6%	100	N/M	0.0%	0.0%	0.0%
Sector Average					15.49	0.0%	0.8%	1.0%

*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	4.56	(3.2%)	(0.4%)	900,900	1.63	6.6%	2.79	9.0%
Kenya Power	1.36	(20.5%)	1.5%	691,100	(2.8)	0.0%	(0.48)	(1.7%)
Total Kenya	22.90	(4.6%)	(4.0%)	300	5.68	5.7%	4.03	10.8%
Sector Average					1.49	3.3%		3.7%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.20	3.3%	(2.2%)	244,100	0.29	(20.00)	71.4%	34.6%
Britam	7.00	(3.6%)	(1.4%)	85,500	0.24	4.96	65.3%	37.2%
Jubilee	278.50	(1.9%)	4.0%	1,300	9.92	5.30	91.9%	46.2%
Kenya Re	2.53	9.1%	(2.7%)	28,700	0.09	0.99	71.2%	13.1%
Sanlam Kenya	11.00	(15.1%)	(8.3%)	2,600.00	7.64	13.92	85.8%	35.5%
Liberty	8.20	6.5%	0.0%	100.00	1.02	6.26	119.6%	48.7%
Sector Average					3.20	1.91	84.2%	35.9%

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	15.70	(3.7%)	(3.7%)	157,900	2.26	0.33	6.95	9.3%
Home Afrika Ltd	1.20	(9.5%)	2.7%	244,100	N/M	N/M	N/M	2.6%
Trans-Century	1.20	(17.2%)	0.8%	124,200	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.33		5.5%

*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	7.88	(3.4%)	(6.9%)	600	26.27	3.6%	0.30	3.9%
Sector Average					26.27	3.6%		

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%	-	N/M	0.0%	(4.43)	(69.4%)
EABL	158.00	2.4%	(5.8%)	825,100	30.56	1.9%	5.17	46.6%
FTG Holdings	1.30	5.7%	1.6%	204,900	5.00	0.0%	0.26	4.8%
Carbacid	11.50	(5.0%)	(4.2%)	24,800	9.06	6.1%	1.27	10.0%
BAT	475.00	31.6%	(1.2%)	157,900	8.61	9.5%	55.18	51.2%
Sector Average					13.31	3.5%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	37.05	8.2%	(4.4%)	7,286,500	19.92	3.8%	1.86	51.8%
Sector Average					19.92	3.8%		

DISCLAIMER: The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	6.74	21.2%	(2.9%)	10,200	20.86	10.98%	0.82
Sector Average						NA	

*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
Co-operative Bank of Kenya	First & Final dividend	KES 1.00	18-Mar-21	31-Mar-21	14-Apr-21
I&M Holdings	Final dividend	KES 2.25	31-Mar-21	15-Apr-21	20-May-21
BAT Kenya Plc	Final dividend	KES 41.50	19-Feb-21	16-Apr-21	12-May-21
NCBA Group	Final dividend	KES 1.50	29-Mar-21	20-Apr-21	Subject to approval
KCB Group	First & Final dividend	KES 1.00	18-Mar-21	26-Apr-21	Subject to approval
Standard Chartered Bank	First & Final dividend	KES 10.50	25-Mar-21	27-Apr-21	27-May-21
Kengen Co. Plc	First & Final dividend	KES 0.30	28-Jan-21	29-Apr-21	22-Jul-21
I&M Holdings	Bonus Issue	1:1	31-Mar-21	10-May-21	21-May-21
Stanbic Holdings Plc	Final dividend	KES 3.80	5-Mar-21	21-May-21	Subject to approval
Kakuzi Plc	First & Final dividend	KES 18.00	19-Mar-21	31-May-21	30-Jun-21
Nairobi Securities Exchange	First & Final dividend	KES 0.53	26-Mar-21	4-Jun-21	30-Aug-21
Umeme Ltd	Final dividend	UGX 12.20	23-Mar-21	25-Jun-21	19-Jul-21
ILAM Fahari I-REIT	First & Final dividend	KES 0.60	19-Mar-21	Subject to approval	30-Apr-21

Source: NSE

There's a new way to get the latest research and analysis from Faida Investment Bank

To receive Investment Opportunities and the Latest Market Recommendations on WhatsApp save

+254743552341 in your contacts list.

For more detailed information on the recommendations, please click **here:**

To invest in Money Market Funds, please email: **info@fib.co.ke**

For Online Share Trading (OST) via browser, please click **here:**

For the Faida M-Trader Application, please click **here:**



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