



Weekly Report

Week 18

Week Ending Friday, May 7, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	34,695.56	2.3%	14.2%
S&P 500	4,221.15	0.8%	13.0%
NASDAQ 100	13,786.15	(1.1%)	7.2%
DAX	15,372.67	1.0%	12.1%
FTSE 100	7,136.04	2.1%	10.5%
EURO STOXX 50	4,025.91	(3.9%)	13.3%
Shanghai Composite	3,418.87	(0.8%)	(1.6%)
NIKKEI 225	29,357.82	1.9%	7.0%
Commodities			
Brent Oil (USD/bbl.)	68.3	1.5%	33.6%
Gold (USD/Oz)	1,839.87	4.0%	(3.1%)

Source: Bloomberg, NSE; *As at 5:10 PM EAT

Most of the equity rose during the week. The FTSE 100 rose by 2.1% w/w supported by mining and banking stocks. The S&P 500 gained by 0.8% w/w driven by gains in technology stocks. Brent Oil rose by 1.5% w/w owing to optimism over global economic demand which offset concerns about lower oil demand in India.

Equities Market

Equity Market Commentary

The All Share Index (NASI) edged up by 1.1% w/w while the NSE 20 Share Index eased by 0.2% w/w to close the week at 171.09 and 1,862.50 respectively. The market was characterized by an increase in market turnover (9.0% to KES 2.7 billion) and a decline in volume of shares traded (-0.8% to 74.0 million shares). There were some notable price gains on large and medium cap counters; KCB (4.2% to KES 41.95), Equity (4.1% to KES 40.75), Britam (3.9% to KES 7.00), Co-op (3.3% to KES 12.60) and BAT (3.0% to KES 467.50). I&M was among the top movers this week. During the week, the company announced the completion of its acquisition of a 90.0% stake in Orient Bank Uganda, a transaction worth KES 3.6 billion. The company's bonus books closure date is on Monday 10th May 2021. We expect price stability in the coming week.

Market Indices Performance

Index	Value	Weekly Change %	YTD Change %
NASI	171.09	1.1%	12.5%
NSE 20	1,862.50	(0.2%)	(0.3%)
NSE 25	3,725.72	1.4%	9.1%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,629.01	2,599.05	1.2%
Number of Shares Traded	74.02	74.62	(0.8%)
Equity Turnover (KES)	2,670.28	2,449.16	9.0%

Source: NSE

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Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	B.O.C Kenya	69.00	9.5%	12.7%
2.	Olympia Capital	2.15	(2.3%)	9.1%
3.	Umeme	6.26	(14.0%)	8.7%
4.	Unga Group	31.80	0.0%	7.8%
5.	KCB Group	41.95	10.1%	4.2%

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	Standard Group	17.10	(24.0%)	(10.0%)
2.	TPS Serena	14.80	(7.5%)	(9.2%)
3.	Eveready	1.00	(16.7%)	(7.4%)
4.	HF Group	3.68	10.8%	(7.3%)
5.	Trans-Century	1.11	(23.4%)	(6.7%)

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	40.80	1,748.4
2.	KCB Group	41.95	289.2
3.	Equity Group	40.75	264.5
4.	I&M Holdings	42.60	95.9
5.	EABL	171.75	80.8

Source: NSE and Faida Investment Bank Analysis

News Highlights

Treasury Removes 20.0% Excise Tax on Bank Loan Fees

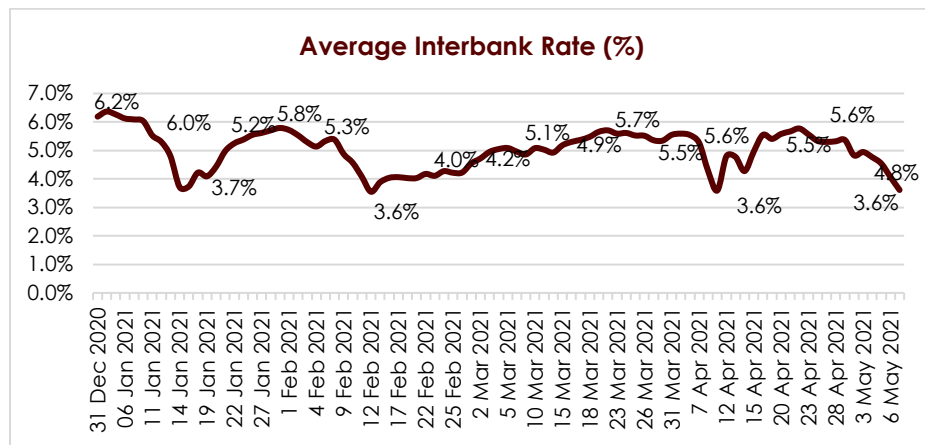
- Treasury has withdrawn the 20.0% excise tax on fees charged in processing bank loans.
- According to Treasury, the first schedule of the Excise Tax Act, 2015 has been amended, in the definition of "other fees" with the term "fees or commissions" earned in respect of a loan deleted.
- The tax has however been maintained on other fees not linked to credit processing such as obtaining account statements and cheque clearance.
- The 20.0% excise duty had been introduced in 2018 through the Finance Act, 2018. This saw the excise tax on other fees charged increase from 10.0% to 20.0%.
- The introduction of the tax resulted in an increase in fees charged by commercial banks on counter transactions, ATMs and mobile banking.

Commentary

- We opine that the removal of the excise tax on the fees charged will lower tax spending for banks and could translate into a reduction in the fees (associated with processing loans) charged to customers.

Fixed Income Market

Interbank Rate



Source: CBK

Treasury Bill Auction Results

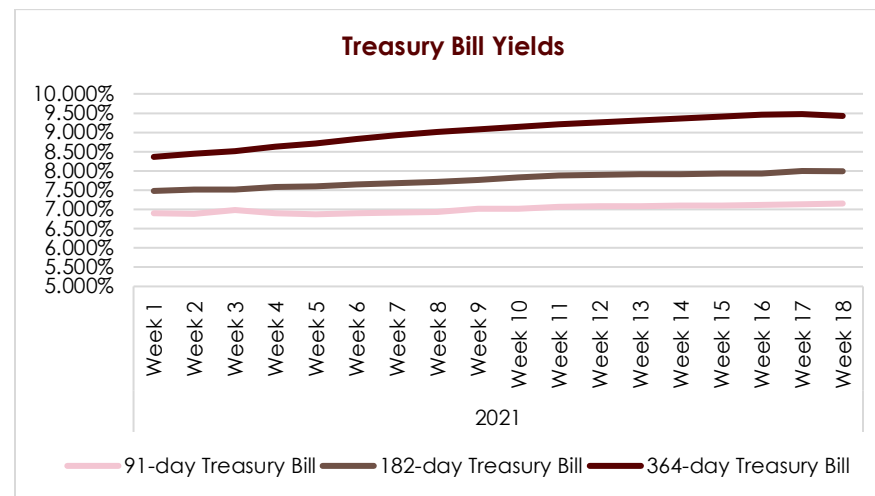
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	1.86	46.45%	1.86	7.152%	1.3
182 day	10.0	4.26	42.64%	3.77	7.990%	0.1
364 day	10.0	25.32	253.19%	15.19	9.424%	(5.0)
Total	24.0	31.44	131.01%	20.82		

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

Source: CBK

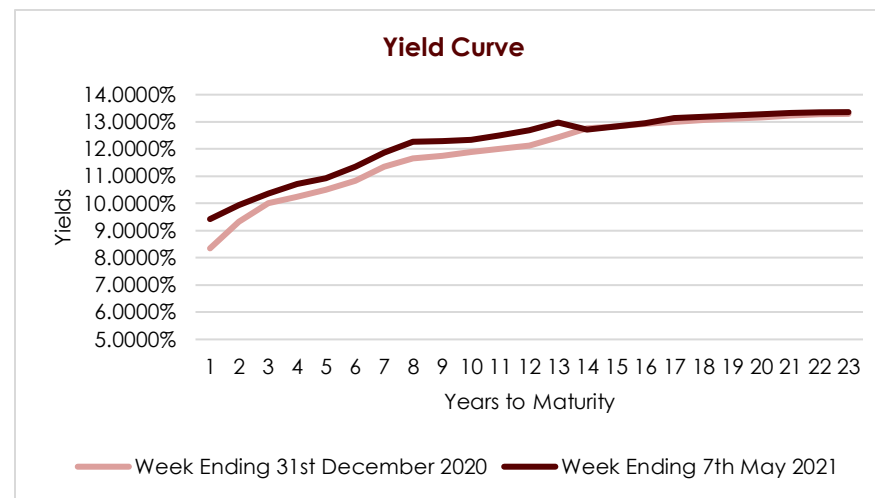
Treasury bills were oversubscribed during the week's auction; the total subscription rate was 131.01%, up from last week's 124.98%. The 364 day paper also had the highest subscription rate this week, at 253.19%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

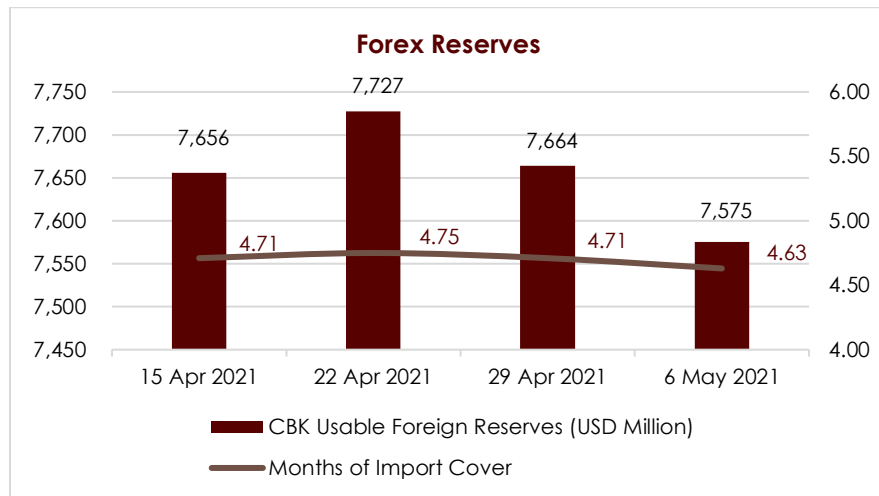
Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	106.8588	0.9%	2.1%
STG Pound	147.6709	1.7%	0.5%
EURO	127.9418	2.1%	4.4%

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

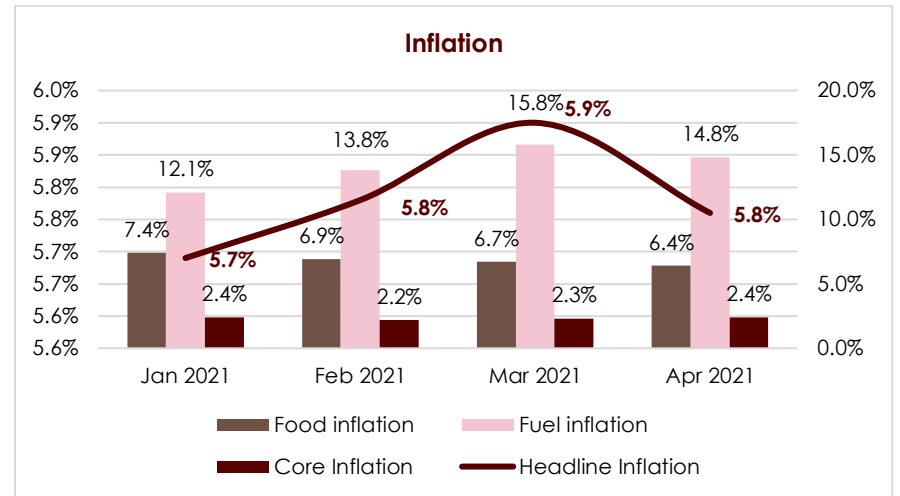
During the week, the Kenya Shilling appreciated against the US Dollar, the Euro, and the Sterling Pound.

Forex Reserves



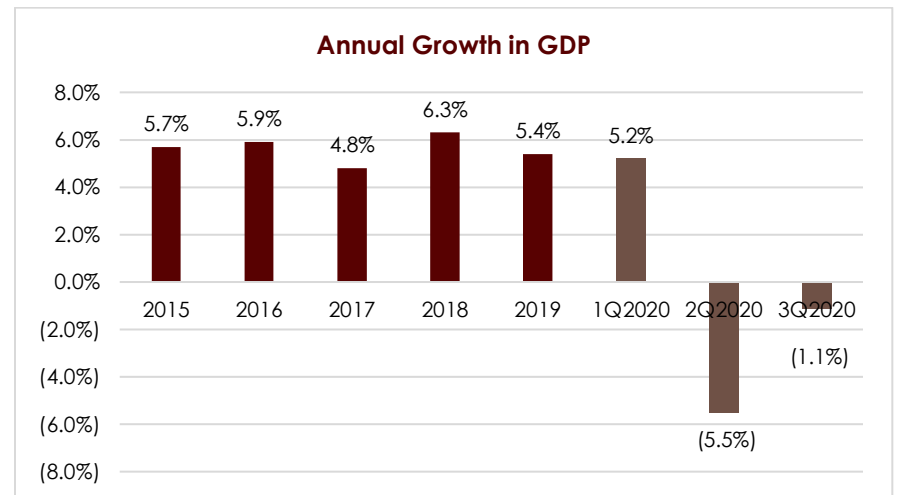
Source: CBK

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	203	272
Total Value	8,287,515	10,642,470
Total Open Interest	378	344

Source: NSE

Corporate Finance

Carry1st Raises USD 6.0 Million in Series A Seed Round

Carry1st, a South African fintech startup, has raised USD 6.0 million in its series A seed funding. The seed round was led by Colorado based video game VC firm Konvoy Ventures. Carry1st is a mobile games publishing platform launched in 2019 that enables global gaming studios to unlock the untapped African market. The funding will be used to secure new partnerships with global gaming studios, launch and scale its existing portfolio of games and expand its product engineering and growth teams.

Profit Warnings Issued

	Company	Sector
1	East African Cables	Construction and Allied
2	Kenya Orchards	Manufacturing and Allied
3	Longhorn Publishers	Commercial and Services
4	Nairobi Business Ventures	Commercial and Services
5	Unga Group	Manufacturing and Allied
6	TPS Eastern Africa	Commercial and Services
7	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	41.95	10.1%	4.2%	3,221,300	44.8%	6.88	2.4%	0.95	14.4%
Equity Bank	40.75	11.5%	4.1%	3,490,100	51.5%	7.77	0.0%	1.11	15.8%
NCBA	24.60	-8.0%	-1.4%	107,400	41.9%	2.83	7.1%	0.55	15.3%
Stanbic	81.00	-4.7%	-2.4%	-	52.2%	6.17	4.7%	0.62	10.3%
Absa Bank Kenya Plc	8.76	-9.3%	-0.2%	54,500	48.2%	11.43	0.0%	1.02	8.9%
Housing Finance	3.68	10.8%	-7.3%	4,000	93.8%	N/M	0.0%	0.15	-18.2%
Co-operative Bank	12.60	0.8%	3.3%	3,198,700	58.1%	6.84	7.9%	0.81	11.9%
Diamond Trust Bank	64.25	-14.3%	-1.5%	72,800	48.6%	5.53	4.2%	0.29	5.4%
Standard Chartered	131.75	-8.7%	-1.7%	9,800	58.8%	12.55	8.0%	0.90	11.2%
I&M	42.60	-5.3%	-3.3%	415,000	39.0%	3.27	6.0%	0.61	20.4%
Sector Average					53.7%	7.03	4.0%	0.70	9.5%

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	15.75	1.9%	-4.8%	4,100	78.75	0.0%	0.2	1.7%
WPP Scangroup	6.10	1.7%	2.0%	9,800	5.45	8.2%	1.12	6.0%
Uchumi Supermarket	0.25	-10.7%	0.0%	144,600	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.43	-9.2%	-2.6%	2,700	6.51	11.7%	0.68	17.3%
Eveready	1.00	-16.7%	-7.4%	231,700	N/M	0.0%	-1.45	-10.8%
Sector Average					30.24	4.0%		3.6%

*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	39.05	3.2%	-2.5%	388,800	15.94	7.7%	3.2%	3.8%
E.A. Portland Cement	8.00	-27.3%	0.3%	0	N/M	0.0%	0.0%	0.0%
Sector Average					15.94	3.8%	1.6%	1.9%

*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	4.09	-13.2%	-3.8%	337,100	1.47	7.3%	2.79	9.0%
Kenya Power	1.38	-19.3%	0.0%	230,200	N/M	0.0%	N/M	N/M
Total Kenya	24.00	0.0%	0.0%	18,600	5.96	5.4%	4.03	10.8%
Sector Average					3.71	3.7%		9.0%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.17	1.9%	-0.5%	3,800	0.28	N/M	71.4%	34.6%
Britam	7.00	-3.6%	3.9%	689,100	0.24	N/M	80.6%	58.1%
Jubilee	284.75	0.3%	1.1%	-	8.71	5.42	101.3%	44.2%
Kenya Re	2.39	3.0%	-3.2%	79,300	0.07	0.94	71.2%	13.1%
Sanlam Kenya	11.50	-11.2%	0.0%	-	7.99	14.56	85.8%	35.5%
Liberty	7.58	-1.6%	2.7%	6,700.00	0.94	5.79	119.6%	48.7%
Sector Average					3.04	6.68	88.3%	39.0%

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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	14.50	-5.8%	-5.8%	130,100	2.09	0.31	6.95	9.3%
Home Afrika Ltd	1.11	-4.8%	-2.4%	45,900	N/M	N/M	N/M	2.6%
Trans-Century	1.11	-23.4%	-6.7%		N/M	N/M	N/M	4.7%
Sector Average					N/M	0.31		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	8.62	5.6%	1.2%	6,500	28.73	3.2%	0.3	3.9%
Sector Average					28.73	3.2%		

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	171.75	11.3%	1.2%	1,700	33.22	1.7%	5.17	46.6%
FTG Holdings	1.35	9.8%	0.7%	3,000	5.19	0.0%	0.26	4.8%
Carbacid	11.00	-9.1%	0.5%	24,000	8.66	6.4%	1.27	10.0%
BAT	467.50	29.5%	3.0%	200	8.47	9.6%	55.18	51.2%
Sector Average					13.89	3.5%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	40.80	19.1%	1.1%	15,341,400	21.94	3.4%	1.86	51.8%
Sector Average					21.94	3.4%		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	6.10	9.7%	4.8%	12,400	20.86	12.13%	0.82
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

Source: NSE and Faida Investment Bank Analysis

Recommendations

Counter	Recommendation	52-Week High	52-Week Low	Price	Target Price	Upside/(Downside)	Expected DPS	YTD Change
Equity Group	Hold	KES 42.00	KES 28.10	KES 40.75	KES 41.07	0.8%	KES 2.21	11.5%
KCB	Neutral	KES 42.30	KES 30.55	KES 41.95	KES 44.59	6.3%	KES 1.10	10.1%
EABL	Long-term Buy	KES 178.50	KES 148.25	KES 171.75	N/A	N/A	N/A	11.3%

Source: NSE and Faida Investment Bank Analysis

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

Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
I&M Holdings Plc	Final dividend	KES 2.25	1-Apr-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
Bamburi Cement Ltd	First & Final dividend	KES 3.00	20-Apr-21	16-May-21	15-Jul-21
B.O.C Kenya	Final dividend	KES 4.15	21-Apr-21	25-May-21	19-Jul-21
Kengen Co. Plc	First & Final dividend	KES 0.30	28-Jan-21	29-Apr-21	22-Jul-21
I&M Holdings Plc	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
Jubilee Holdings	Final dividend	KES 8.00	16-Apr-21	26-May-21	26-Jul-21
Kakuzi Plc	First & Final dividend	KES 18.00	19-Mar-21	31-May-21	30-Jun-21
NSE Plc	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
Total Kenya	First & Final dividend	KES 1.57	6-Apr-21	26-Jun-21	30-Jul-21

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