



Weekly Report

Week 24

Week Ending Friday, June 18, 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	33,290.08	(3.4%)	9.5%
S&P 500	4,166.45	(1.9%)	11.6%
NASDAQ 100	14,049.58	0.4%	9.3%
DAX	15,448.04	(1.6%)	12.6%
FTSE 100	7,017.47	(1.6%)	8.6%
EURO STOXX 50	4,083.37	(3.9%)	14.9%
Shanghai Composite	3,525.10	(1.8%)	1.5%
NIKKEI 225	28,010.93	(3.2%)	2.1%
Commodities			
Brent Oil (USD/bbl.)	73.51	1.1%	43.8%
Gold (USD/Oz)	1,764.16	(6.0%)	(7.0%)

Source: Bloomberg, NSE; *As at 6:50 PM EAT

Most of the equities indices eased during the week. The FTSE 100 fell by 1.6% w/w dragged down by financial and commodity stocks. The S&P 500 declined by 1.9% w/w owing to losses in sectors such as financials, energy and materials. Oil (brent crude) rose by 1.1% w/w on the OPEC+ expectations of low US output growth - despite the rising prices.

Equities Market

Equity Market Commentary

The All Share Index (NASI) gained marginally (0.03%) while the NSE 20 Share Index fell by 0.6% w/w to close the week at 172.38 and 1,901.21 respectively. Market turnover declined by 51.0% to KES 2.4 billion while the volume of shares traded eased by 51.1% to 66.9 million shares. There were notable price gains on Equity (1.6% w/w to KES 44.75), I&M (1.4% w/w to KES 21.80), Jubilee (1.1% w/w to KES 309.50) and Britam (0.8% w/w to KES 7.32). Safaricom remained at KES 41.25. Banking stocks comprised majority of the top five movers in the week (Equity, KCB and Absa Kenya). BAT eased by 3.1% w/w to KES 450.50. We attribute this to the negative tax proposals contained in the FY2021/2020. The proposals will impose excise tax on products such as Lyft that were previously exempted from

excise tax. We expect this to lead to higher prices on affected products which might negatively impact uptake of the products and revenues.

We expect only modest price appreciations as investors remain cautious of the rising COVID-19 infections in some parts of the country. Already, more stringent measures have been announced in the western region following a surge in COVID-19 cases. However, movement in and out of the affected areas is only "discouraged" and not banned. While this might be good for economic activities, it does present a risk of spreading the infections to other parts of the country. We also note that vaccine roll-outs, which may help in curbing the spread, have been slow.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	172.38	172.33	0.0%	13.3%
NSE 20	1,901.21	1,911.92	(0.6%)	1.8%
NSE 25	3,747.26	3,745.10	0.1%	9.7%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,684.28	2,683.56	0.0%
Volume (Mn)	66.94	137.17	(51.1%)
Equity Turnover (KES Mn)	2,365.13	4,823.06	(51.0%)

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.

Equities Performance

Top Gainers	Price (KES)	Weekly Change %	YTD Change
1. Standard Group	18.00	16.1%	(20.0%)
2. Uchumi	0.27	8.%	(3.6%)
3. NBV	6.80	7.3%	58.9%
4. Sameer	3.50	7.0%	7.7%
5. Liberty	7.24	6.2%	(6.0%)

Top Losers	Price (KES)	Weekly Change	YTD Change %
1. Unga	26.10	(10.0%)	(17.9%)
2. BOC Kenya	61.50	(9.6%)	(2.4%)
3. Flame Tree	1.28	(7.9%)	4.1%
4. Williamson Tea	135.25	(7.2%)	(7.2%)
5. Home Afrika	0.41	(6.8%)	(2.4%)

Movers	Price (KES)	Turnover (KES Mn)
1. Safaricom	41.25	1,195.74
2. Equity	44.75	432.85
3. EABL	189.00	362.04
4. KCB	42.55	70.10
5. Absa	10.10	66.75

Source: NSE and Faida Investment Bank Analysis

News Highlights

EPRA Increases Petrol Price

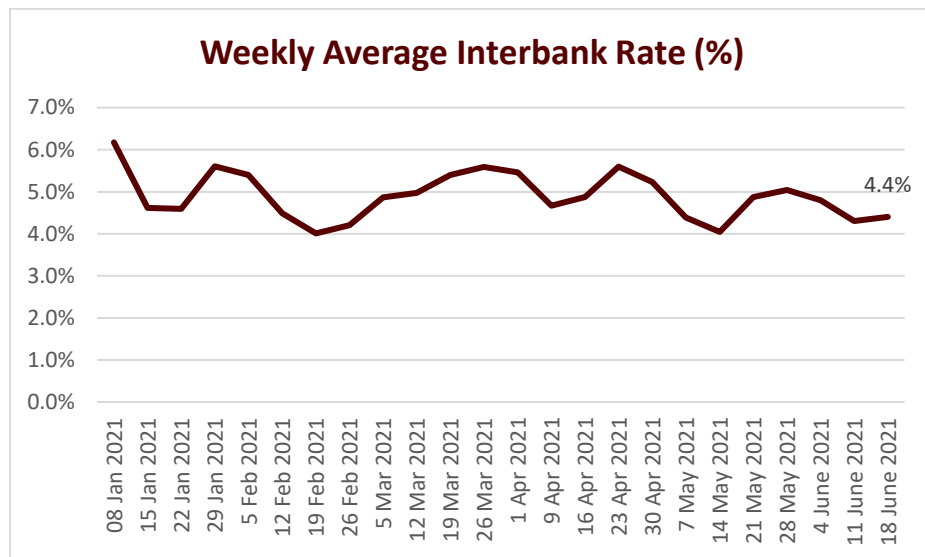
- The Energy and Petroleum Regulatory Authority (EPRA), in the June review, raised the price of petrol in Nairobi by KES 0.77 per litre to KES 127.14. The price change on petrol was attributed to a rise in the average landed cost of imported super petrol growing by 1.5% to \$496.10 per cubic meter.
- However, the prices of diesel and kerosene were unchanged at KES 107.66 and KES 97.85 respectively. This was despite average landed costs of diesel and kerosene growing by 4.4% to \$439.60 per cubic meter and by 4.4% to \$430.4 per cubic meter respectively. EPRA did not disclose the reason for retaining the prices but we opine it could be to cushion users (this is the second time EPRA has not adjusted the price of diesel and kerosene)

Commentary

- Global oil demand is likely to improve as economies around the globe gradually recover from the COVID-19 pandemic (higher vaccination rates are reducing infection rates and allowing economies to gradually re-open). This is expected to support oil prices.
- The higher oil prices will likely continue creating inflationary pressures in the economy.
- Despite the higher inflationary pressure, we expect monetary pressure to remain accommodative because (i) In our view, economy is still operating below pre-COVID levels (Stanbic PMI showed weak private sector activity in recent months) and stills needs support in the form of accommodative policies (ii) Inflationary pressures are being driven largely by food and fuel prices. Monetary tools are generally less effective against such food and fuel driven inflation. On the other hand, core inflation, which is more appropriate in setting monetary policy targets by central banks, has been stable. Additionally, overall inflation remains within the CBK limits (5.0+-2.5%) (iii) Less leeway in fiscal policies due to fiscal consolidation.

Fixed Income Market

Interbank Rate



Source: CBK

Treasury Bill Auction Results

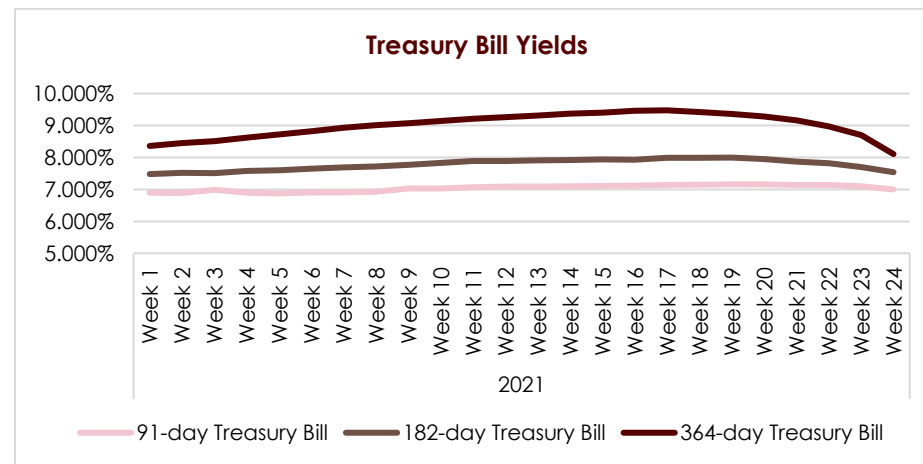
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	8.2	205.04%	4.5	7.000%	-0.10%
182 day	10.0	11.3	112.52%	7.2	7.536%	-0.20%
364 day	10.0	17.2	172.34%	5.5	8.105%	-0.60%
Total	24.0	36.7	152.87%	17.3		

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

Source: CBK

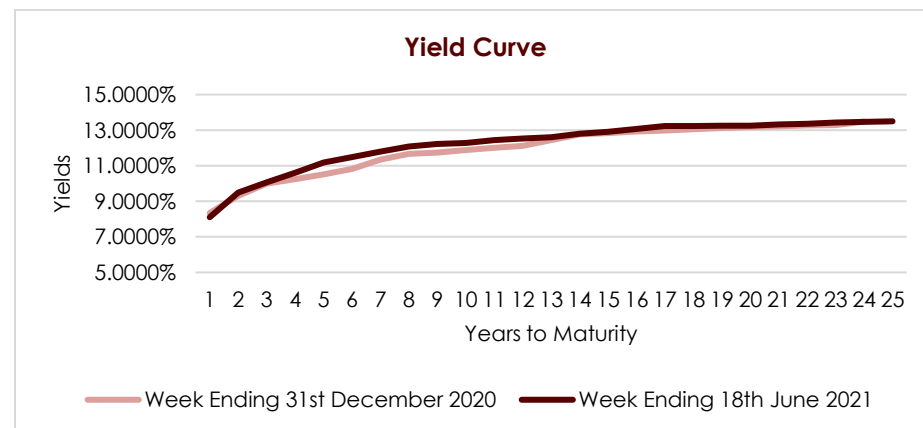
Treasury bills were oversubscribed during the week's auction; the total subscription rate was 152.87%, down from last week's 181.76%. The 91 day paper had the highest subscription rate this week, at 205.04%.

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

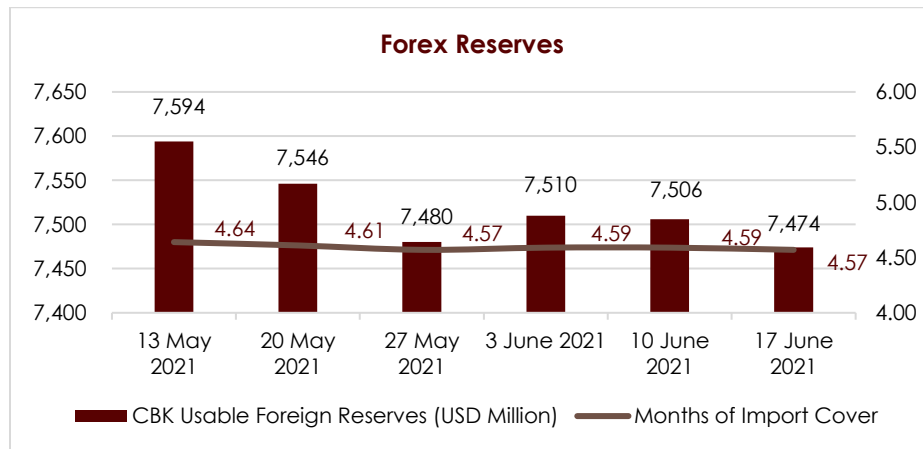
Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	107.8000	0.1%	3.2%
STG Pound	151.2641	0.6%	(2.0%)
EURO	129.6550	1.3%	1.3%

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

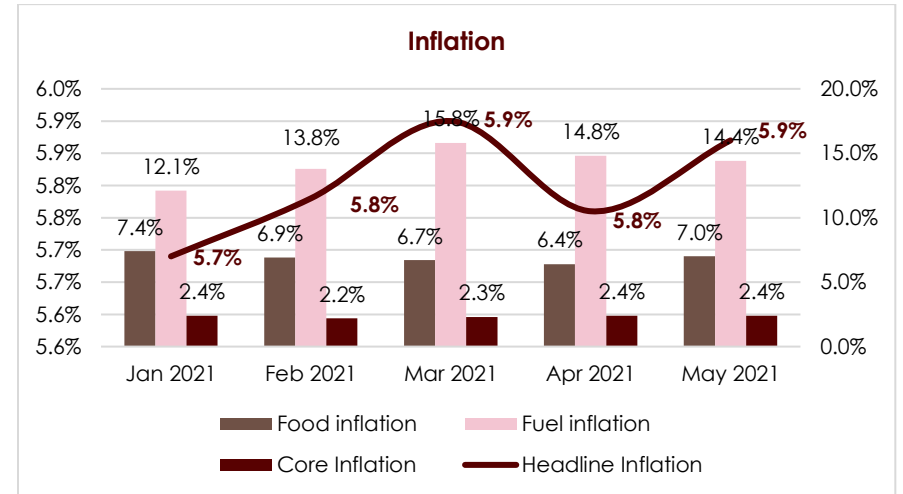
During the week, the Kenya Shilling appreciated against the US dollar, STG pound and the Euro.

Forex Reserves



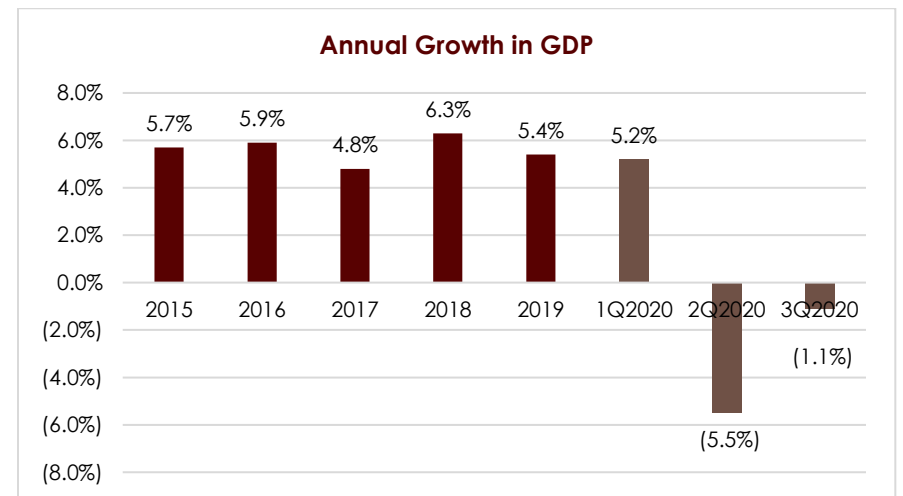
Source: CBK

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	300	126
Total Value	10,497,380	3,227,865
Total Open Interest	167	384

Source: NSE

Corporate Finance

Kune raises \$1.0 million in Pre-seed Funding

Kune, a Kenyan startup, has raised \$1.0 million in a pre-seed funding round following a successful pilot in early 2021. The startup was founded in 2020 and provides a food delivery service for freshly made meals in Nairobi at affordable prices. The round was led by Launch Africa Ventures, with investments from Century Oak Capital GmbH and Consonance. The funding will be used to scale operations as the company launches in August 2021.

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
8	Williamson Tea	Agricultural

Source: NSE

Results Delay Notices

	Company	Sector
1	Scangroup	Commercial and Services
2	East African Cables	Construction and Allied
3	Crown Paints	Construction and Allied
4	Home Afrika	Investment
5	Express Kenya	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	42.55	11.7%	-0.1%	1,648,600	44.8%	6.97	2.4%	0.96	14.4%
Equity Bank	44.75	22.4%	1.6%	9,768,100	51.5%	8.53	0.0%	1.22	15.8%
NCBA	25.60	-4.3%	-2.7%	331,900	41.9%	2.95	6.8%	0.57	15.3%
Stanbic	80.00	-5.9%	0.0%	13,700	52.2%	6.09	4.8%	0.61	10.3%
Absa Bank Kenya Plc	10.10	4.6%	0.0%	6,534,500	48.2%	13.18	0.0%	1.18	8.9%
Housing Finance	3.63	9.3%	-3.5%	34,300	93.8%	N/M	0.0%	0.15	-18.2%
Co-operative Bank	12.25	-2.0%	-0.4%	3,903,000	58.1%	6.65	8.2%	0.91	12.7%
Diamond Trust Bank	59.00	-21.3%	0.0%	306,700	48.6%	5.08	4.6%	0.27	5.4%
Standard Chartered	130.00	-9.9%	0.0%	141,900	58.8%	12.38	8.1%	0.89	11.2%
I&M	21.80	-51.6%	1.4%	155,000	39.0%	1.67	11.7%	0.31	20.4%
Sector Average					53.7%	7.06	4.6%	0.71	9.6%

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	23.10	49.5%	0.9%	346,300	115.50	0.0%	0.2	1.7%
WPP Scangroup	5.26	-12.3%	-4.0%	80,300	4.70	9.5%	1.12	6.0%
Uchumi Supermarket	0.27	-3.6%	8.0%	1,256,000	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.14	-15.2%	-1.4%	6,100	6.09	12.6%	0.68	17.3%
Eveready	1.01	-15.8%	1.0%	8,600	N/M	0.0%	-1.45	-10.8%
Sector Average					42.09	4.4%		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	35.00	-7.5%	0.0%	1,085,000	14.29	8.6%	3.2%	3.8%
E.A. Portland Cement	8.04	-26.9%	0.0%	0	N/M	0.0%	0.0%	0.0%
Sector Average					14.29	4.3%	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	4.01	-14.9%	1.8%	1,339,800	1.44	7.5%	2.79	9.0%
Kenya Power	1.36	-20.5%	2.3%	3,367,200	N/M	0.0%	N/M	N/M
Total Kenya	25.80	7.5%	4.0%	40,100	6.40	5.0%	4.03	10.8%
Sector Average					3.92	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	2.12	-0.5%	0.0%	212,200	0.28	N/M	71.4%	34.6%
Britam	7.32	0.8%	0.8%	166,800	0.25	N/M	80.6%	58.1%
Jubilee	309.50	9.0%	1.1%	16,700	9.46	5.90	101.3%	44.2%
Kenya Re	2.42	4.3%	-2.8%	1,221,100	0.07	2.30	67.7%	8.9%
Sanlam Kenya	9.74	-24.8%	4.7%	10,000.00	6.76	12.33	85.8%	35.5%
Liberty	7.24	-6.0%	6.2%	16,500.00	0.90	5.53	119.6%	48.7%
Sector Average					2.95	6.51	87.7%	38.3%

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	15.50	-3.1%	-3.1%	2,002,500	2.23	0.33	6.95	9.3%
Home Afrika Ltd	1.51	-2.4%	-6.8%	61,400	N/M	N/M	N/M	2.6%
Trans-Century	1.51	4.1%	4.9%	38,700.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.33		5.5%

*P/B based on company Net Asset Value

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	8.26	1.2%	-3.3%	362,300	27.53	3.4%	0.3	3.9%
Sector Average					27.53	3.4%		

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	189.00	22.5%	-0.5%	1,883,300	36.56	1.6%	5.17	46.6%
FTG Holdings	1.28	4.1%	-7.9%	25,300	4.92	0.0%	0.26	4.8%
Carbacid	11.50	-5.0%	4.1%	56,100	9.06	6.1%	1.27	10.0%
BAT	450.50	24.8%	-3.1%	30,000	8.16	10.0%	55.18	51.2%
Sector Average					14.67	3.5%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	41.25	20.4%	0.0%	28,768,900	24.12	3.3%	1.71	49.9%
Sector Average					24.12	3.3%		

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	6.12	10.1%	-1.3%	90,000	20.86	12.09%	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
EABL	Long-term Buy	KES 190.00	KES 148.25	KES 189.00	N/A	N/A	N/A	22.50%

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
NCBA Group	Final dividend	KES 1.50	29-Mar-21	20-Apr-21	Subject to approval
KenGen Co. Plc	First & Final dividend	KES 0.30	28-Jan-21	22-Apr-21	22-Jul-21
KCB Group	First & Final dividend	KES 1.00	18-Mar-21	26-Apr-21	26-Jun-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
Jubilee Holdings	Final dividend	KES 8.00	16-Apr-21	26-May-21	26-Jul-21
Crown Paints Kenya	Rights Issue	1.1	21-May-21	31-May-21	15-Jul-21
Kakuzi Plc	First & Final dividend	KES 18.00	19-Mar-21	31-May-21	30-Jun-21
Sasini	Interim dividend	KES 0.50	11-May-21	2-Jun-21	15-Jul-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	25-Jun-21	30-Jul-21
Kenya Re	First & Final dividend	KES 0.20	2-Jun-21	30-Jun-21	13-Aug-21
Safaricom	Final dividend	KES 0.92	13-May-21	Subject to Approval	Subject to approval

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