



# Weekly Report

## Week 24

Week Ending Friday, June 16<sup>th</sup> 2023

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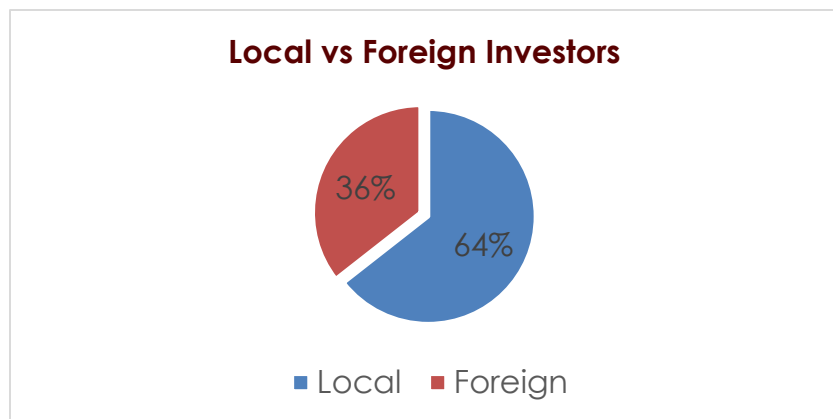
## Weekly Highlights

The total budget for 2023/24 is estimated at Kshs 3.68 trillion, marking an increase from Kshs 3.3 trillion in the previous year. This aims to address key developmental priorities while grappling with economic challenges and debt payments in next five years.

The government has budgeted Sh7 trillion to pay debt in its first term in office from the financial year starting July 1, showing the debt load that previous administrations left behind. This would require the government to borrow more to offset the arrears through refinancing.

As such it has seen the Government result to introducing and increasing tax e.g. Introduction of a withholding tax of 5% on monetization of all digital content and increasing of VAT for petroleum from 8% to 16% to be able to cover for the debt. The government has issued an expression of interest to issue out a new Eurobond to refinance the June 2024 maturity.

## Foreign Against Local Investor Participation as at 16/06/2023



End Date	Local	Foreign
Friday, June 16 <sup>th</sup> , 2023	1,063,090,677.00	587,026,281.80
Participation	64%	36%

Source: NSE

## Equities Market

### Equity Market Commentary

The All Share Index (NASI) and NSE 25 both decreased by 5.2% and 3.8% to close the week at 100.35 and 2,634.70 respectively. Equity turnover appreciated by 169.1% w-o-w to KES 1,653.12 billion. Volume traded appreciated by 78.40% to 70.71 million w-o-w.

### Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	100.35	105.84	-5.2%	-21.3%
NSE 20	1,564.72	1,594.02	-1.8%	-6.6%
NSE 25	2,634.70	2,738.85	-3.80%	-15.9%

Source: NSE

### Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	1,562.34	1,648.07	-5.2%
Volume (Mn)	70.71	39.63	78.4%
Equity Turnover (KES Mn)	1,653.12	614.36	169.1%

Source: NSE

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## Equities Performance

	<b>Top Gainers</b>	<b>Previous Price (KES)</b>	<b>Current Price (KES)</b>	<b>Weekly Change %</b>	<b>YTD Change</b>
1	Uchumi	0.2	0.23	15.00%	0.00%
2	Olympia	3.27	3.7	13.15%	25.00%
3	HF Group	4.52	4.96	9.73%	55.49%
4	Williamson Tea	186	199.25	7.12%	24.53%
5	Eaagads	11.3	12	6.19%	14.29%

Source: NSE and Faida Investment Bank Analysis

	<b>Top Losers</b>	<b>Previous Price (KES)</b>	<b>Current Price (KES)</b>	<b>Weekly Change</b>	<b>YTD Change %</b>
1	Eveready	1.62	1.34	-17.28%	94.20%
2	Safaricom	16.6	14.9	-10.24%	-38.30%
3	Liberty	4.35	3.92	-9.89%	-30.00%
4	Longhorn	2.54	2.3	-9.45%	-23.33%
5	E.A.Portland	6.18	5.68	-8.09%	-16.47%

Source: NSE and Faida Investment Bank Analysis

	<b>Movers</b>	<b>Previous Price (KES)</b>	<b>Current Price (KES)</b>	<b>Turnover (KES Mn)</b>
1	Safaricom	16.95	16.60	511.66
2	Equity	37.9	37.9	371.24
3	KCB	31.80	31.80	185.03
4	Stanbic	110.00	111.25	132.04
5	EABL	163.25	158.75	130.61

Source: NSE and Faida Investment Bank Analysis

## Exchange Rates

During the week, the Kenya Shilling continued to depreciate against the dollar, depreciating by 0.5% from 139.2235 for the week ending June 9<sup>th</sup>, to 139.8706 for this week ending June 16<sup>th</sup>.

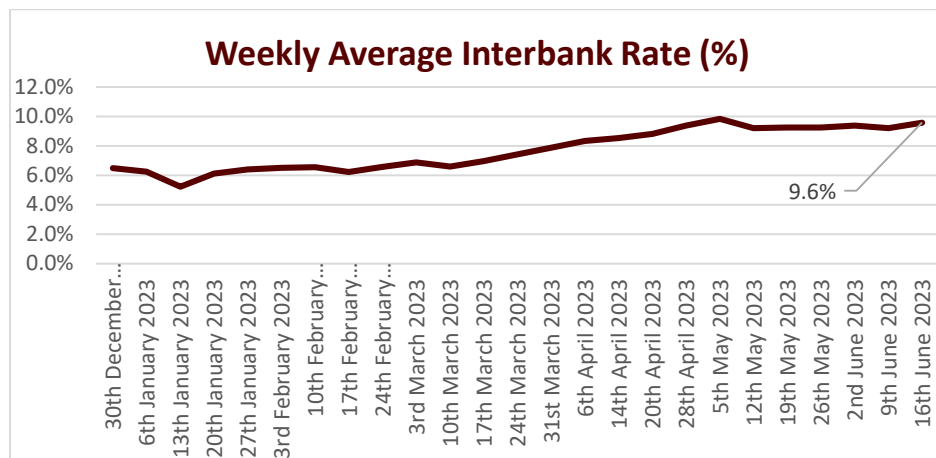
<b>KES</b>	<b>Value</b>	<b>Weekly Change %</b>	<b>YTD Change %</b>
US Dollar	139.8706	0.5%	13.4%
STG Pound	177.1768	1.9%	19.3%
EURO	151.8932	1.5%	15.7%

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

## Global Markets

<b>Index</b>	<b>Last Price as at 16/06/2023</b>	<b>Weekly Change%</b>
<b>DJI</b>	33,761.05	2.9%
<b>S&amp;P 500</b>	4,280.00	3.3%
<b>NASDAQ</b>	12,706.79	(2.6%)
<b>DAX</b>	12,706.79	(2.6%)
<b>FTSE 100</b>	7,252.06	(0.4%)
<b>Euro Stoxx 50</b>	3,484.80	(1.7%)
<b>Shanghai</b>	3,126.40	(1.9%)
<b>NIKKEI 225</b>	27,567.65	(0.3%)
<b>Commodities</b>		
<b>Brent Oil (USD/bbl.)</b>	90.97	(2.2%)
<b>Gold (USD/Oz)</b>	1,656.23	(3.3%)

## Interbank Rate



Source: CBK

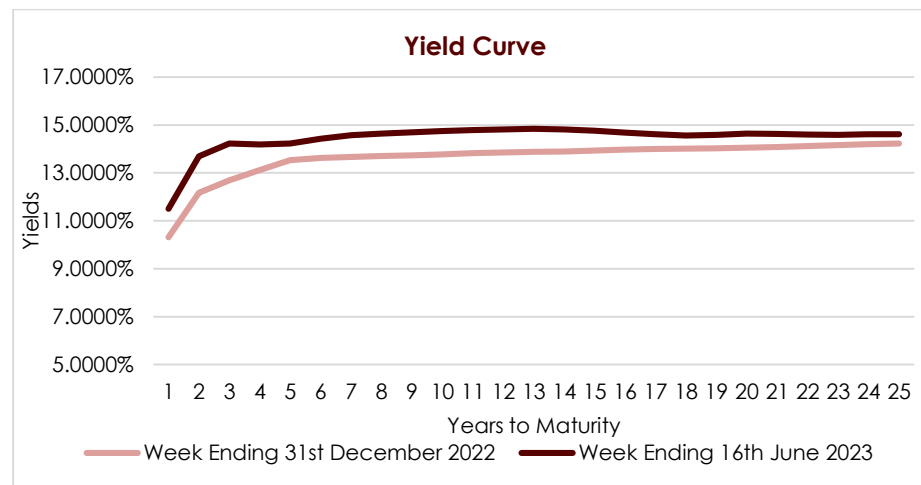
## Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield This Week	Change	Subscription w-o-w
91 day	4.0	18.2	454.86%	7.1	11.640%	0.23%	-37.30%
182 day	10.0	2.7	26.64%	1.7	11.649%	0.10%	40.65%
364 day	10.0	1.7	17.46%	1.7	11.734%	0.13%	-20.46%
Total	24.0	22.6	94.18%	10.6			-31.73%

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

- Yields on all Treasury bills sustained a stable trend during the week. Overall, treasury bills were undersubscribed a subscription rate of 94.18% for the first time in three weeks. In particular, the 91-day treasury bill had a subscription of 454.86% as investors continued to show preference towards shorter dated papers due to duration risk.

## Government Securities Yield Curve



Source: NSE

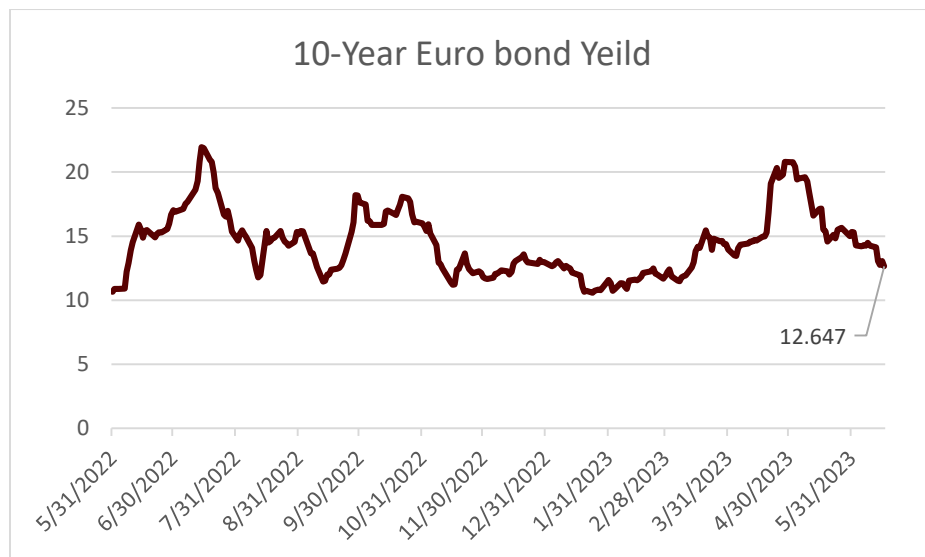
## Results for IFB1/2023/007

TENOR	IFB1/2023/007
Total Amount Offered (Kshs. M)	60,000.00
Total bids Received at cost (Kshs. M)	220,518.51
Amount Accepted (Kshs. M)	213,399.35
Competitive bids (Kshs. M)	196,309.25
Non-competitive bids (Kshs. M)	17,090.10
Market Weighted Average Rate (%)	15.857
Weighted Average Rate of Accepted Bids (%)	15.837
Coupon Rate (%)	<b>15.837</b>

Source: CBK

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## 10-Year Eurobond Yield Curve



Source: Bloomberg

During the week, the Eurobond yield continued to depreciate, it depreciated by 10.51% from 14.12 for the week ending June 9<sup>th</sup>, to 12.65 for this week ending June 16<sup>th</sup>.

## Recommendations

- **Safaricom** - Long Term Buy
- **EABL** - Long Term Buy
- **KCB** - Buy
- **COOP**-Buy
- **NCBA**-Buy

## NSE Most Traded Bond & Coupon rate.

Most Traded bond	Coupon (%)	No of Trades
IFB1/2023/17Yr (Re-opened)	14.399	51

Source: NSE

## Outlook

Amid a high interest rate environment, we are seeing investors shy away from longer dated papers as they anticipate higher rates driven by:

- I. Global interest rates
- II. Increased government borrowing for budgetary support.

Long-term bonds may be viewed as more volatile due to the higher risk of holding for a longer period. We therefore recommend:

- a) Hold current bonds to avoid paper losses from rising yields.
- b) Reinvest income from bond investment portfolio.
- c) Increase exposure to short and medium term bonds (between 90 days to 2 years).
- d) Use bond ladders i.e. a series of bonds that mature at regular intervals such that as rates rise, each of these bonds is reinvested at a higher rate. This counters interest rate and liquidity risk as well as offer steady income from regular occurring interest payments.

## Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Crown Paints	Final dividend	4.00	27-Apr-23	28-Jun-23	14-Aug-23
NSE	First & Final dividend	0.20	31-Mar-23	31-May-23	31-Jul-23
NMG	Final dividend	1.50	6-Apr-23	16-Jun-23	31-Jul-23
Total Energies Kenya	First & Final dividend	1.31	24-Apr-23	15-Jun-23	31-Jul-23
Kenya Re Insurance	Final dividend	0.20	28-Mar-23	16-Jun-23	28-Jul-23
Bamburi Cement	First & Final dividend	0.75	28-Apr-23	27-May-23	27-Jul-23
JUBILEE	Final dividend	8.00	20-Apr-23	14-Jun-23	26-Jul-23
JUBILEE	Special dividend	3.00	20-Apr-23	14-Jun-23	26-Jul-23
BOC Kenya	Final dividend	4.45	2-May-23	31-May-23	21-Jul-23
Umeme	Final dividend	2.24	27-May-23	27-Jun-23	20-Jul-23
Sasini	Interim dividend	1.00	11-May-23	2-Jun-23	3-Jul-23
BK Group	First & Final dividend	3.94	31-Mar-23	22-Jun-23	1-Jul-23
Limuru Tea	Final dividend	2.50	27-Mar-23	14-Apr-23	30-Jun-23
Equity Group	First & Final dividend	4.00	28-Mar-23	19-May-23	30-Jun-23
Safaricom	Final dividend	0.62	11-May-23	(Subject to Approval)	(Subject to Approval)

## Counter Statistics

Banking Sector	Price (KES)	YTD change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	P/B (X)	ROE
KCB	29.45	-22.70%	-7.39%	379,800	2.32	6.8%	0.58	21.80%
Equity Bank	37.15	-16.52%	-1.98%	435,800	3.20	10.8%	0.99	30.40%
NCBA	39.30	-0.13%	-1.50%	3,500	4.10	10.8%	0.69	17.20%
Stanbic	111.25	9.07%	1.14%	300	4.85	11.3%	0.71	15.30%
Absa Bank	11.55	-6.10%	0.00%	1,505,500	3.90	11.7%	0.88	24.30%
HF Bank	4.96	55.49%	9.73%	12,900	-1.12	0.0%	0.20	N/A
Coop Bank	12.20	-0.81%	0.00%	5,880,800	3.30	12.3%	0.67	21.20%
DTB	45.80	-8.40%	-4.58%	2,500	2.11	10.9%	0.22	6.80%
Stan Chart	160.75	12.61%	0.31%	1,700	4.40	13.7%	0.86	22.10%
I&M Bank	16.95	-0.29%	0.00%	17,500	2.50	13.3%	0.37	2.72%
<b>Sector Average</b>					<b>2.96</b>	<b>10.2%</b>	<b>0.62</b>	<b>16.2%</b>

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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	N/M	N/M	N/M	N/M		N/M	N/M	N/M
N.MG	20.50	28.53%	2.24%	73,900	7.80		7.3%	2.38	5.60%
Scan group	2.85	-5.32%	-4.68%	16,100	20.36		0.0%	0.14	-2.10%
Uchumi	0.23	0.00%	15.00%	4,000	N/M		N/M	N/M	N/M
Longhorn	2.30	-23.33%	-9.45%	3,200	2.30		0.0%	0.03	25.10%
Eveready	1.34	94.20%	-17.28%	1,600	N/M		N/M	N/M	N/M
Sameer Africa	2.52	20.00%	1.61%	4,200	2.52		0.0%	0.36	N/A
Standard	8.82	-15.60%	-2.43%	700	8.82		0.0%	(10.05)	-40.00%
TPS E.A	11.80	-11.61%	-4.84%	200	11.80		0.0%	(3.40)	-1.70%
<b>Sector Average</b>					<b>8.93</b>		<b>1.22%</b>		<b>-2.6%</b>

\*\*Suspended \*N/M - Not Meaningful

Agriculture	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend	Yield	EPS(KES)	ROE
Eaagads	12.00	14.29%	6.19%	100	46.15	-		0.26	25.70%
Kakuzi Plc	418.00	8.57%	5.69%	-	10.00	5.74%		43.15	14.70%
Kapchorua Tea	141.00	24.50%	-	-	3.30	7.09%		27.35	19.70%
Limuru Tea	430.00	2.38%	2.38%	100	193.20	-		(3.98)	2.70%
Sasini	30.00	33.63%	-	200	8.20	3.33%		5.12	8.60%
Williamson Tea	199.25	24.53%	7.12%	3,300	3.70	10.04%		29.14	13.00%
<b>Sector Average</b>					<b>44.09</b>	<b>4.37%</b>			<b>14.07%</b>

Energy & Petroleum	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend	Yield	EPS (KES)	ROE
KenGen	2.31	-28.26%	0.43%	181,700	0.00	0.0%		0.72	1.2%
Kenya Power	1.56	0.00%	-3.70%	702,600	0.87	0.0%		2	2.7%
Total Kenya	20.65	-13.42%	-1.67%	1,400	3.20	6.3%		3	8.3%
<b>Sector Average</b>					<b>1.36</b>	<b>2.11%</b>			<b>4.1%</b>

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend	Yield	EPS (KES)	ROE
CIC Insurance	1.86	-4.62%	-4.62%	10,600	0.57	7.0%		4.60	12.80%
Britam	4.95	-4.81%	-0.60%	6,000	0.56	0.0%		6.10	8.60%
Jubilee	184.25	-7.30%	-1.73%	-	0.33	4.88%		2.30	18.90%
Kenya Re	1.98	8.20%	-0.50%	68,900	0.15	10.10%		1.70	9.00%
Sanlam Kenya	7.78	-18.79%	-1.52%	3,500	3.69	0.0%		0.20	N/A
Liberty	3.92	-30.00%	-9.89%	2,600	0.25	0.0%		3.70	-2.00%
<b>Sector Average</b>					<b>0.93</b>	<b>3.66%</b>		<b>3.10</b>	<b>9.46%</b>

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	P/B (X)	ROE
Centum Investment	8.74	4.30%	-2.89%	44,200	0.00	14.87%	0.14	1.6%
Home Afrika Ltd	0.34	6.25%	-2.86%	114,500	N/M	N/M	N/M	N/A
Trans-Century	0.89	-4.30%	-4.30%	11,200	N/M	N/M	N/M	N/A
<b>Sector Average</b>					<b>0.00</b>	<b>14.87%</b>	<b>0.14</b>	<b>0.5%</b>

Investment Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	5.94	-12.39%	-1.33%	10,500	126.20	3.37%	0.51	0.7%
<b>Sector Average</b>					<b>126.20</b>	<b>3.37%</b>		<b>0.70%</b>

Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
Bamburi Cement	26.80	-14.92%	5.72%	200	33.60	10.3%	3.4%	0.6%
E.A. Portland Cement	5.68	-16.47%	-8.09%	2,100	0.90	0.0%	0.0%	2.5%
Crown Paints Kenya	43.00	2.75%	-	600	8.90	9.3%	6.6%	23.4%
E.A.Cables	0.92	9.52%	-3.16%	6,700	-0.90	0.0%	0.0%	-34.3%
<b>Sector Average</b>					<b>10.62</b>	<b>4.89%</b>	<b>2.50%</b>	<b>-1.95%</b>

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
STANLIB FAHARI I-REIT	6.18	-0.05	0.01	1,700	19.55	9.71%	0.82	N/A
<b>Sector Average</b>						<b>9.71%</b>		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	14.90	-38.30%	-10.24%	13,905,700	8.80	8.19%	1.55	47.1%
<b>Sector Average</b>					<b>8.80</b>	<b>8.19%</b>		<b>47.1%</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	0.00%	0.00%	-	N/M	N/M	N/M	N/M
EABL	158.75	-5.22%	-2.76%	3,000	9.15	6.9%	15.00	73.3%
FTG Holdings	1.38	27.78%	-1.43%	47,200	0.00	0.0%	-1.21	-0.7%
Carbacid	13.50	12.50%	0.75%	39,100	4.40	12.6%	2.78	21.0%
BAT	420.25	-8.64%	-2.10%	48,300	6.80	12.7%	68.92	57.3%
B.O.C Kenya	90.00	27.21%	-	-	16.10	4.9%	5.55	6.7%
<b>Sector Average</b>					<b>7.29</b>	<b>7.43%</b>		<b>26.3%</b>

\*\*Suspended

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