

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 137.75	-4.7%	-17.2%	USD Mn – 19,763 KES Bn – 2,105
	NSE 20 Share Index – 1,938.62	-1.6%	-27.0%	USD Mn – 17,333 KES Bn – 1,846.145
	NSE 25 Share Index – 3,231.32	-0.1%	-21.2%	USD Mn – 18,463 KES Bn – 1,966.481

Source:NSE

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –106.5100	(0.2%)	(5.1%)	5.5% (05/2020)	5.4% (2019)
NGN/USD -360.50	-	(17.6%)	12.4% (05/2020)	2.3% (2019)
ZAR/USD – 17.2295	1.0%	(22.7%)	3.0% (04/2020)	-0.5%(4Q2019)

Source: CBK, SARB, KNBS, NBS, STATS SA, CBN

MPC Retains CBR at 7.0%

The Monetary Policy Committee (MPC) retained the Central Bank Rate (CBR) at 7.0% for the 2nd consecutive month citing effectiveness of the policy measures introduced in March to help ease the economic impact of COVID19 .This comes after an accommodative stance was adopted in March, slashing CBR by 100bps and another 25bps in April.

The MPC noted the following about the economy and the measures currently put in place:

- GDP growth in 1Q2020 remained strong but weakened in 2Q2020, particularly in April with the imposition of stringent containment measures. May recorded an improvement supported by agricultural output and exports.
- The reduction in the Cash Reserve Ratio (CRR) in March saw KES 35.2 billion flow to the banking sector with 87.6% (KES 30.8 billion) of these funds having already channeled towards tourism, trade & manufacturing, transport and real estate sectors.
- Private sector credit growth grew by 8.1%y/y in May 2020 from 9.0% y/y in April 2020, a decline in % growth month on month. Growth was mainly attributed to: manufacturing (18.6%), consumer durable (16.7%) and trade (8.2%). The MPC expects the Credit Guarantee Scheme to boost private sector credit, mitigating lending risk by commercial banks.
- Within the banking sector, a total of KES 679.6 billion (23.4% of the total banking sector loan book) have been restructured. Of this, KES 199.1 billion are personal/household loans and KES 480.6 billion split between: Trade (23.7%), real estate (20.6%), tourism (12.5%), transport (11.2%) and manufacturing (10.6%).
- MPC expects inflation to remain within the target range (2.5% -7.5%) in the near term attributed to improving food supply due to favorable weather conditions.
- Export demand witnessed recovery in May mainly driven by tea, horticulture and re-exports. Horticulture exports were almost at normal levels as demand increased, following easing of supply restrictions in key

destination markets and increased cargo capacity. Remittances also recorded a 24.0% increase month on month to USD 258.2 million in May.

- Fiscal policies announced in the FY2020/2021 Budget Statement, in particular the KES 56.6 billion stimulus package are expected to offer reprieve to the economy.

While we still expect the adverse economic impact to persist in 2Q2020, we anticipate a slight recovery with the easing of restrictions and gradual re-opening of certain sectors of the economy. Retail and trade may witness a rebound however services sectors such as hospitality and tourism will remain depressed for a prolonged period. Although there is some headroom for a more accommodative stance to support economic activity given inflation remains within the target range, we expect the CBK to take a more wait and see approach as the economy gradually re-opens. Re-opening may help transmit some of the recent policy actions by the government.

Market Commentary

The All Share Index declined by 4.7% w-o-w to close the week at 137.75 as majority of the counters recorded price declines. We attribute this to profit taking activities following last week's price gains. Notably, Safaricom declined by 7.8% w-o-w to close the week at KES 28.50. The NSE 20 also eased by 1.6% w-o-w to 1,969.45. During the week, foreign investor activity was biased towards the sell side with local participation remaining low.

In the coming week, we expect investors to adopt a wait and see approach ahead of the Presidential address. In Thursday's extra-ordinary session of the national and county governments' coordination summit, the President emphasized that the re-opening of the economy would be dependent on the level of preparedness across counties in response to the recent upsurge in cases. According to the progress report, counties have only attained 23.0% of the national target of isolation beds. In our view the probability of the measures to curb the spread (particularly on cessation of movement in highly affected areas such as Mombasa and Nairobi Metropolitan Area) being extended is high.

Equity Market Summary

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	36.40	-32.6%	0.7%	464,600	45.9%	4.52	9.6%	0.88	20.7%
Equity Bank	35.05	-34.5%	-2.2%	713,700	51.5%	5.86	0.0%	1.18	21.8%
NCBA	27.05	-26.6%	-1.6%	25,700	41.9%	3.11	0.0%	0.60	15.3%
Stanbic	82.00	-24.9%	0.0%	400	56.2%	5.08	8.6%	0.66	13.6%
Absa Bank Kenya Plc	10.10	-24.3%	2.4%	170,600	51.2%	7.36	10.9%	1.21	16.7%
Housing Finance	4.53	-29.9%	13.3%	26,900	93.8%	N/M	0.0%	0.16	-1.1%
Co-operative Bank	12.50	-23.5%	0.0%	113,000	52.1%	5.12	8.0%	0.92	19.2%
Diamond Trust Bank	70.00	-35.8%	2.9%	10,900	48.6%	2.88	3.9%	0.33	12.1%
Standard Chartered	167.00	-17.5%	-0.3%	1,200	55.6%	6.96	4.5%	1.20	17.5%
I&M	50.00	-7.4%	3.6%	40,900	39.0%	1.92	5.1%	0.36	20.4%
Sector Average					53.6%	4.76	5.1%	0.75	15.6%

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	2.72	32.7%	-1.4%	2,900	N/M	0.0%	-1.3	N/M
Nation Media Group	15.45	-61.2%	-0.3%	18,500	3.43	9.7%	4.5	10.9%
WPP Scangroup	16.10	-6.4%	-5.0%	5,400	14.38	3.1%	1.12	6.0%
Uchumi Supermarket	0.30	3.4%	-3.2%	231,200	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.85	-28.3%	1.7%	700	7.13	10.7%	0.68	17.3%
Eveready	1.02	-7.3%	-7.3%	15,500	N/M	0.0%	-1.45	-10.8%
Sector Average					8.31	4.7%		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	27.25	-65.9%	-20.3%	60,400	11.12	0.0%	1.6%	2.1%
E.A. Portland Cement	12.60	-13.1%	-10.0%	0	N/M	0.0%	0.0%	0.0%
Sector Average					11.12	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	5.32	-7.0%	8.6%	258,700	4.43	7.5%	1.20	4.2%
Kenya Power	2.00	-28.8%	8.7%	415,400	15.38	0.0%	0.13	0.4%
Total Kenya	27.15	-1.3%	8.6%	900	6.74	4.8%	4.03	10.8%
Sector Average					8.85	3.8%		2.3%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.30	-14.2%	2.2%	65,200	0.29	19.17	69.8%	34.4%
Britam	7.80	-13.3%	-7.8%	27,500	0.27	5.53	65.3%	37.2%
Jubilee	250.00	-28.8%	0.0%	200	8.91	4.76	91.9%	46.2%
Kenya Re	2.22	-26.7%	0.9%	19,600	0.08	0.87	71.2%	13.1%
Sanlam Kenya	13.65	-20.6%	0.7%	0	9.48	17.28	85.8%	35.5%
Liberty	7.22	-30.2%	-8.6%	100	0.90	5.51	119.6%	48.7%
Sector Average					0.88	9.57	83.9%	35.8%

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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	25.75	-2.1%	-2.1%	5,300	3.71	0.54	6.95	9.3%
Home Afrika Ltd	1.50	-31.7%	-8.9%	28,400	N/M	N/M	N/M	2.6%
Trans-Century	0.00	-40.0%	-6.3%	23,800	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.54		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	7.86	-37.2%	-1.3%	17,700	26.20	-	0.3	3.9%
Sector Average					26.20	-		

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	175.00	-14.4%	-2.9%	84,300	15.14	5.0%	11.23	83.0%
FTG Holdings	1.53	-42.5%	-7.2%	18,400	5.46	0.0%	0.26	4.8%
Carbacid	9.00	13.5%	0.9%	700	8.73	7.7%	1.04	8.6%
BAT	315.75	-36.0%	1.3%	100	8.24	10.5%	38.85	40.8%
Sector Average					9.39	4.6%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	28.50	-9.5%	-7.8%	8,949,200	15.32	4.9%	1.86	51.8%
Sector Average					15.32	4.9%		

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Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	5.90	-37.4%	6.9%	11,800	20.80	12.71%	0.83
Sector Average						NA	

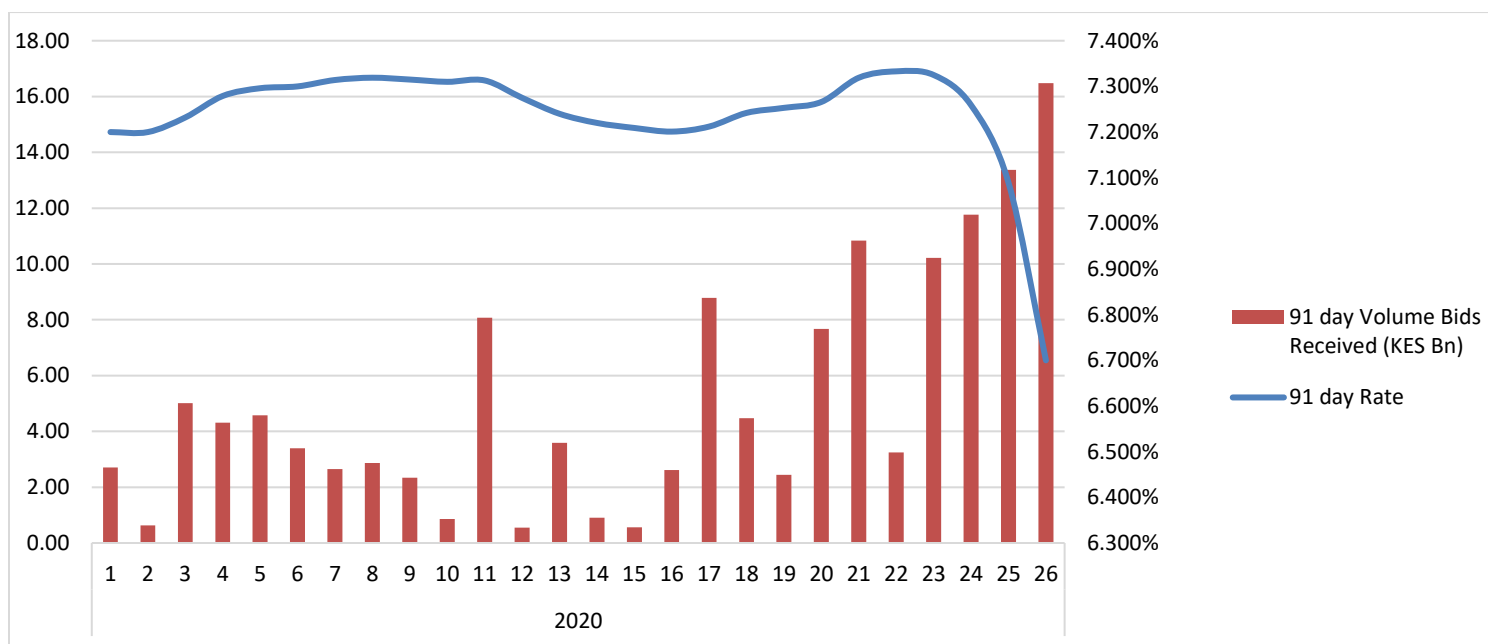
Market Statistics	This Week	Last Week	% Change
Total Volumes	146,274,400	133,425,300	9.6%
Total Turnover (KES)	2,773,644,261	2,713,041,441	2.2%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	16.48Bn	412.04%	0.69Bn	6.700%	7.089%	(0.389)
182 day T-bill	14.03Bn	140.25%	1.54Bn	7.735%	7.739%	(0.344)
364 day T-bill	28.44Bn	284.44%	11.53Bn	8.194%	8.667%	(0.473)

Graph showing 91 day T-bill rate and volume

Week No. 26



Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Limuru Tea Company Plc	First & Final dividend	Kes.0.70	23-Mar-20	10-Apr-20	26-Jun-20
KCB Group PLC	Final dividend	Kes.2.50	12-Mar-20	27-Apr-20	Subject to Approval
Standard Chartered Bank Kenya	Final dividend	Kes. 7.50	19-Jun-20	27-Apr-20	Subject to Approval
Standard Chartered Bank Kenya	Bonus Issue	1:10	19-Jun-20	27-Apr-20	Subject to Approval
NCBA Group PLC	Bonus Issue	1:10	22-Apr-20	12-May-20	Subject to Approval
Stanbic Holdings PLC	Final dividend	Kes.5.8	02-Mar-20	18-May-20	Subject to Approval
BK Group PLC	Final dividend	Frw.14.40	27-Mar-20	12-Jun-20	01-Jul-20
Equity Group Holdings Plc	First & Final dividend	Kes.2.50	20-Mar-20	12-Jun-20	24-Jul-20
Nation Media Group Ltd	Bonus Issue	1:10	20-Apr-20	12-Jun-20	Subject to Approval
Kenya Reinsurance Ltd	First & Final dividend	Kes.0.10	27-Mar-20	12-Jun-20	24-Jul-20
Umeme Ltd	Final dividend	Ushs.41.30	23-Mar-20	22-Jun-20	17-Jul-20
Diamond Trust Bank Ltd	First & Final dividend	Kes.2.70	20-Mar-20	25-Jun-20	24-Jul-20
Total Kenya Plc	First&Final dividend	Kes 1.30	02-Jun-20	26-Jun-20	31-Jul-20
Jubilee Holdings	Final dividend	Kes.8.00	21-May-20	30-Jun-20	24-Jul-20
Safaricom Plc	First & Final dividend	Kes.1.40	29-Apr-20	31-Jul-20	01-Nov-20
ABSA Bank Kenya PLC	Final dividend	Kes.0.90	24-Mar-20	Subject to Approval	Subject to Approval
Britam Holdings PLC	First & Final dividend	Kes.0.25	03-Apr-20	Subject to Approval	Subject to Approval
I&M Holdings Plc	First & Final dividend	Kes.2.55	26-Mar-20	Subject to Approval	Subject to Approval
Centum Investment Co.	First & Final dividend	Kes. 1.30	02-Jun-20	Subject to Approval	Subject to Approval
Nairobi Securities Exchange	First & Final dividend	Kes.0.08	27-Mar-20	Subject to Approval	Subject to Approval

Market Recommendations

Counter	Recommendation	YTD Change	Price as at 26th June 2020
Equity Group Holdings	Long-term Buy	-34.49%	35.05
KCB	Long-term Buy	-32.59%	36.40
ABSA Bank Kenya Plc	Long-term Buy	-24.34%	10.10
NCBA	Long-term Buy	-26.59%	27.05
Stanbic	Long-term Buy	-24.94%	82.00
Housing Finance	Sell	-29.88%	4.53
Standard Chartered	Sell	-17.53%	167.00
Safaricom	Hold	-9.52%	28.50
Bamburi	Sell	-65.94%	27.25

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