



Weekly Report

Week 26

Week Ending Friday, June 30th 2023

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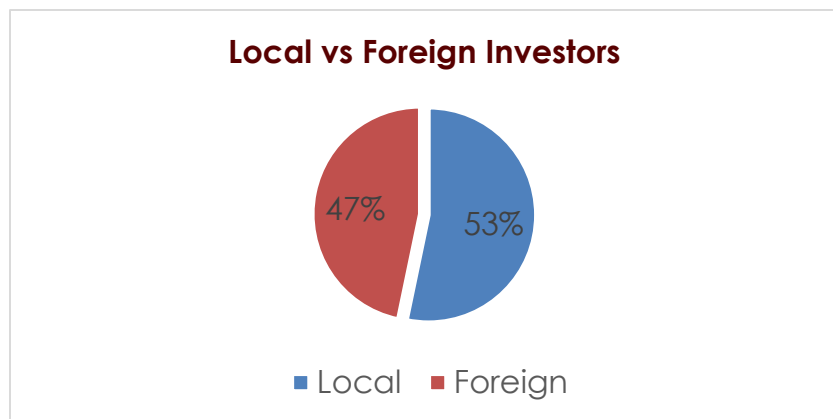
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Weekly Highlights

With the continued depreciation of the Kenyan shilling to the dollar, the Kenyan government has had to raise Sh3.43 billion to cover the budget deficit for its foreign debt service.

The Treasury will need to employ hedging strategies that will help mitigate the impact of foreign exchange risk on the country's public debt, thereby protecting taxpayers from potential increases in debt service obligations. Debt sustainability remains a concerns exacerbated by increasing financial obligations resulting from commitment fees associated with secured loans that have not been utilized. The government paid Sh680 million in commitment fees for loans that remained untapped during the first half of the financial year 2022/23. With maturity pressure in the short term and the onset of the new fiscal year, we expect revenue collection shortfalls especially in light of elevated interest rate yields.

Foreign Against Local Investor Participation as at 30/06/2023



End Date	Local	Foreign
Friday, June 30 th , 2023	311,880,416.83	273,588,340.40
Participation	53%	43%

Source: NSE

Equities Market

Equity Market Commentary

The All Share Index (NASI) depreciated by 0.2% to close the week at 107.00, while the NSE25 appreciated by 0.44% to close the week at 2728.89. Equity turnover decreased by 41.2% w-o-w to KES 585.47 billion. Volume traded decreased by 40.9% to 31.86 million w-o-w.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	107.00	107.24	-0.2%	-16.1%
NSE 20	1,574.92	1,528.47	3.0%	-6.0%
NSE 25	2,728.89	2,716.90	0.44%	-12.9%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	1,666.29	1,670.05	(0.2%)
Volume (Mn)	31.86	53.92	(40.9%)
Equity Turnover (KES Mn)	585.47	995.87	(41.2%)

Source: NSE

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Equities Performance

	Top Gainers	Previous Price (KES)	Current Price (KES)	Weekly Change %	YTD Change
1	Kapchorua Tea	153	188.25	23.04%	66.23%
2	Williamson Tea	208	244.25	17.43%	52.66%
3	Eveready	1.23	1.44	17.07%	108.70%
4	Olympia	3.35	3.91	16.72%	32.09%
5	Liberty	3.6	4.05	12.50%	-27.68%

Source: NSE and Faida Investment Bank Analysis

	Top Losers	Previous Price (KES)	Current Price (KES)	Weekly Change	YTD Change %
1	Umeme	17.6	13.2	-25.00%	77.90%
2	Express	4	3.6	-10.00%	-23.57%
3	Unga	17	15.3	-10.00%	-52.19%
4	B.O.C Kenya	89	81.25	-8.71%	14.84%
5	Sanlam	7.98	7.3	-8.52%	-23.80%

Source: NSE and Faida Investment Bank Analysis

	Movers	Previous Price (KES)	Current Price (KES)	Turnover (KES Mn)
1	Safaricom	17.50	17.50	198.38
2	Equity	37.5	38.25	100.70
3	EABL	152.00	155.00	90.55
4	KCB	29.50	29.30	59.29
5	BAT	425.00	432.75	26.58

Source: NSE and Faida Investment Bank Analysis

Exchange Rates

During the week, the Kenya Shilling continued to depreciate against the dollar, depreciating by 0.2% from 140.3059 for the week ending June 23rd, to 140.5235 for this week ending June 30th.

KES	Value	Weekly Change %	YTD Change %
US Dollar	140.5235	0.2%	13.9%
STG Pound	177.2759	(0.6%)	19.4%
EURO	152.9815	(0.2%)	16.5%

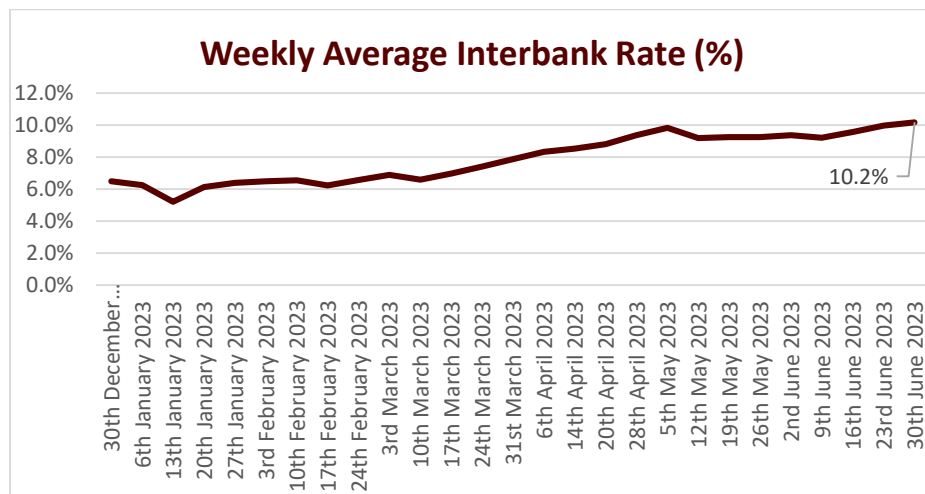
Source: CBK; Negative () = Depreciation, Positive = Appreciation

Global Markets

Index	Last Price as at 30/06/2023	Weekly Change%
DJI	33,761.05	2.9%
S&P 500	4,280.00	3.3%
NASDAQ	12,706.79	(2.6%)
DAX	12,706.79	(2.6%)
FTSE 100	7,252.06	(0.4%)
Euro Stoxx 50	3,484.80	(1.7%)
Shanghai	3,126.40	(1.9%)
NIKKEI 225	27,567.65	(0.3%)
Commodities		
Brent Oil (USD/bbl.)	90.97	(2.2%)
Gold (USD/Oz)	1,656.23	(3.3%)

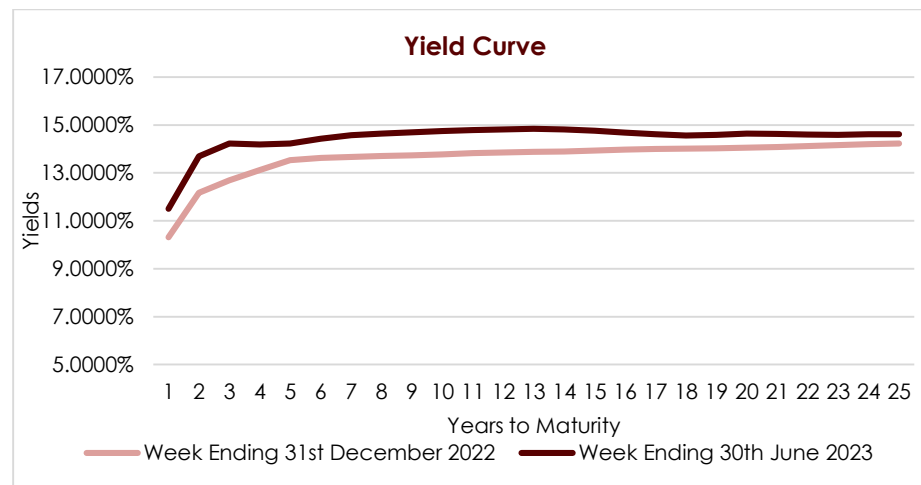
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Interbank Rate



Source: CBK

Government Securities Yield Curve



Source: NSE

Treasury Bill Auction Results

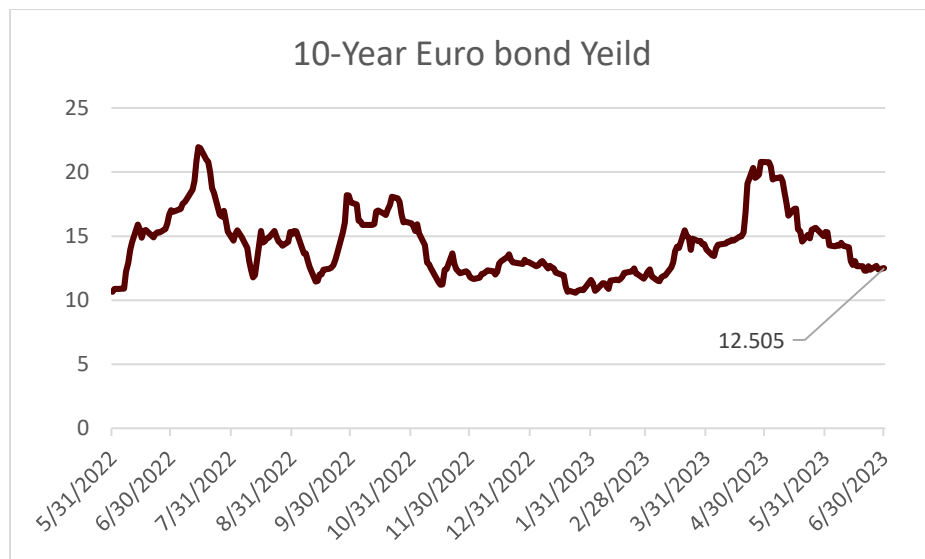
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield This Week	Change	Subscription w-o-w
91 day	4.0	5.8	144.50%	2.7	11.904%	0.12%	-47.52%
182 day	10.0	2.2	21.96%	1.3	11.947%	0.08%	10.41%
364 day	10.0	1.5	15.14%	1.5	12.157%	0.22%	-35.16%
Total	24.0	9.5	39.54%	5.5			-38.13%

*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 continued to be undersubscribed, with a subscription rate of 39.54%.
- In particular, the 91-day treasury bill had a subscription of 144.50%, it continues to show the investors preference towards shorter dated papers due to duration risk.

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10-Year Eurobond Yield Curve



Source: Bloomberg

During the week, the Eurobond yield appreciated by 1.10% from 12.37 for the week ending June 23rd, to 12.50 for this week ending June 30th.

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
IFB1/2023/7Yr	15.837	747

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
Kapchorua Tea	First & Final dividend	25.00	29-Jun-23	23-Aug-23	4-Sep-23
Williamson Tea	Final dividend	30.00	29-Jun-23	23-Aug-23	4-Sep-23
Crown Paints	Final dividend	4.00	27-Apr-23	28-Jun-23	14-Aug-23
NSE	First & Final dividend	0.20	31-Mar-23	30-May-23	31-Jul-23
NMG	Final dividend	1.50	6-Apr-23	16-Jun-23	31-Jul-23
Total Energies Marketing 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
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	29.30	-23.10%	-0.68%	823,400	2.31	6.8%	0.58	21.80%
Equity Bank	38.25	-14.04%	2.00%	1,114,400	3.20	10.5%	0.99	30.40%
NCBA	38.85	-1.27%	-0.26%	44,600	4.10	10.9%	0.69	17.20%
Stanbic	111.25	9.07%	-0.67%	900	4.85	11.3%	0.71	15.30%
Absa Bank Kenya Plc	11.80	-4.07%	0.43%	44,300	3.90	11.4%	0.88	24.30%
Housing Finance	5.02	57.37%	0.40%	14,400	-1.13	0.0%	0.20	N/A
Co-operative Bank	12.20	-0.81%	-0.81%	117,000	3.30	12.3%	0.67	21.20%
Diamond Trust Bank	49.85	-0.30%	0.61%	2,800	2.30	10.0%	0.22	6.80%
Standard Chartered	160.50	12.43%	-0.77%	9,300	4.40	13.7%	0.86	22.10%
I&M	17.10	0.59%	0.88%	229,600	2.53	13.2%	0.37	2.72%
Sector Average					2.98	10.0%	0.62	16.2%

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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
Nation Media Group	19.05	19.44%	-1.30%	4,400	7.80	7.9%	2.38	5.60%
WPP Scangroup	2.89	-3.99%	-0.34%	700	20.64	0.0%	0.14	-2.10%
Uchumi Supermarket	0.24	4.35%	4.35%	100	N/M	N/M	N/M	N/M
Longhorn Publishers	2.45	-18.33%	11.36%	87,000	2.45	0.0%	0.03	25.10%
Eveready	1.44	108.70%	17.07%	7,100	N/M	N/M	N/M	N/M
Sameer Africa Plc	2.65	26.19%	4.74%	600	2.65	0.0%	0.36	N/A
Standard Group	9.16	-12.34%	1.33%	100	9.16	0.0%	(10.05)	-40.00%
TPS Eastern Africa Ltd	11.65	-12.73%	-1.27%	500	11.65	0.0%	(3.40)	-1.70%
Sector Average					9.06	1.31%		-2.6%

**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%	-7.69%	-	46.15	-	0.26	25.70%
Kakuzi Plc	382.50	-0.65%	-8.49%	-	10.00	6.27%	43.15	14.70%
Kapchorua Tea	188.25	66.23%	23.04%	1,400	3.30	5.31%	27.35	19.70%
Limuru Tea Co. Plc	430.00	2.38%	0.00%	-	193.20	-	(3.98)	2.70%
Sasini	30.00	33.63%	0.84%	100	8.20	3.33%	5.12	8.60%
Williamson Tea Kenya	244.25	52.66%	17.43%	400	3.70	8.19%	29.14	13.00%
Sector Average					44.09	3.85%		14.07%

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%	-3.35%	66,500	0.00	0.0%	0.72	1.2%
Kenya Power	1.58	1.28%	0.64%	51,300	0.88	0.0%	2	2.7%
Total Kenya	19.15	-19.71%	-5.20%	4,900	3.20	6.8%	3	8.3%
Sector Average					1.36	2.28%		4.1%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
CIC Insurance	1.90	-2.56%	0.00%	532,200	0.57	6.8%	4.60	12.80%
Britam	5.02	-3.46%	-3.46%	4,600	0.56	0.0%	6.10	8.60%
Jubilee	180.00	-9.43%	0.00%	1,000	0.33	5.00%	2.30	18.90%
Kenya Re	1.80	-1.64%	-0.55%	2,040,500	0.15	11.11%	1.70	9.00%
Sanlam Kenya	7.30	-23.80%	-8.52%	2,900	3.69	0.0%	0.20	N/A
Liberty	4.05	-27.68%	12.50%	1,900	0.25	0.0%	3.70	-2.00%
Sector Average					0.93	3.83%	3.10	9.46%

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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	9.00	7.40%	-0.22%	25,400	0.00	14.44%	0.14	1.6%
Home Afrika Ltd	0.35	9.38%	-2.78%	61,300	N/M	N/M	N/M	N/A
Trans-Century	0.66	-29.03%	-8.33%	146,600	N/M	N/M	N/M	N/A
Sector Average					0.00	14.41%	0.14	0.5%

Investment Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	5.98	-11.80%	-5.08%	1,612,700	126.20	3.34%	0.51	0.7%
Sector Average					126.20	3.34%		0.70%

Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
Bamburi Cement	25.20	-20.00%	0.80%	300	33.60	10.9%	3.4%	0.6%
E.A. Portland Cement	6.04	-11.18%	-	600	0.90	0.0%	0.0%	2.5%
Crown Paints Kenya	43.85	4.78%	0.57%	2,300	8.90	9.1%	6.6%	23.4%
E.A.Cables	0.79	-5.95%	-2.47%	37,900	-0.77	0.0%	0.0%	-34.3%
Sector Average					10.66	5.01%	2.50%	-1.95%

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	6.04	-0.07	-0.03	22,000	19.55	9.93%	0.82	N/A
Sector Average						9.93%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	17.50	-27.54%	0.00%	1,626,500	8.80	6.97%	1.55	47.1%
Sector Average					8.80	6.97%		47.1%

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	155.00	-7.46%	1.97%	1,100	9.15	7.1%	15.00	73.3%
FTG Holdings	1.20	11.11%	-7.69%	-	0.00	0.0%	-1.21	-0.7%
Carbacid	13.85	15.42%	1.84%	21,800	4.40	12.3%	2.78	21.0%
BAT	432.75	-5.92%	1.82%	600	6.80	12.4%	68.92	57.3%
B.O.C Kenya	81.25	14.84%	-8.71%	-	16.10	5.4%	5.55	6.7%
Sector Average					7.29	7.43%		26.3%

**Suspended

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