

## KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index (NASI) – 139.57	1.3%	-16.1%	USD Mn – 19,999 KES Bn – 2,133
	NSE 20 Share Index – 1,945.97	0.4%	-26.7%	USD Mn – 17,521 KES Bn – 1,846.902
	NSE 25 Share Index – 3,219.26	0.7%	-21.5%	USD Mn – 18,651 KES Bn – 1,989.500

Source:NSE

## KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION (MM/YY)	GDP GROWTH
KES/USD – 106.6662	(0.2%)	(5.3%)	4.6% (06/2020)	4.9% (1Q2020)
NGN/USD – 360.50	-	(17.6%)	12.4% (05/2020)	2.3% (2019)
ZAR/USD – 16.9659	1.5%	(20.8%)	3.0% (04/2020)	-2.0% (1Q2020)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and CBE

## Jamii Bora Shareholders Approve Co-operative Bank Acquisition

- The deal between Jamii Bora Bank (JBB) and Co-operative bank is set to be complete as shareholders approved Co-op's offer to buy a majority stake (90.0%) for KES 1.0 billion.
- Co-operative bank (Co-op) will be issued with 224.1 million Class A shares (90.0% stake) and gain the right to appoint the board.
- The existing shareholders will be diluted to a 10.0% stake of Class B ordinary shares. The shareholders will have room to share in future profits as an alternative to cashing out at once.
- According to Co-op's management, the bank's entry as a strategic investor is an inclusive growth model that will ensure existing shareholders enjoy expected future growth.
- In addition, the acquisition is expected to strengthen both banks and will leverage Co-op's well established universal banking model and its business transformation agenda and is propelled by Co-op's 15.0 million member co-operative movement and KES 470 billion balance sheet.
- JBB currently has a market share of 0.12% with: 0.4 million customers, 17 branches, KES 12.5 billion in total assets, KES 4.7 billion customer deposits and KES 9.3 billion gross loan book.
- The acquisition is yet to be approved by the CBK, Competition Authority of Kenya and the Capital Markets Authority of Kenya.

## Commentary

- We note that JBB has recorded losses for 3 consecutive years (loss of KES 382.1 million as at FY2018), with a liquidity ratio of -11.0% against the minimum statutory requirement of 20%. The acquisition will enable the bank to gain access to capital, with Co-op Bank absorbing JBB's losses.
- With an asset base of KES 12.5 billion, we don't expect significant impact to Co-op's balance sheet. We however expect Co-op to leverage on JBB's niche in SME banking, microfinance and bancassurance to expand its current offering and in particular grow its SME footprint. Co-

op's SME lending currently stands at 6.0% compared to KCB's at 4.0% and Equity at 59.0%.

- Overall, Co-op's acquisition of JBB is aligned with the bank's growth strategy within its dominant market (Kenya) as its peers embrace the regional expansion strategy.

### **Market Commentary**

The All Share Index gained by 1.3% w-o-w to close the week at 139.57. This was mainly attributed to Safaricom gaining by 4.0% w-o-w to KES 29.65. The NSE 20 share index also gained by 0.4% w-o-w to close the week at 1,945.97. Market turnover declined by 44.7% w-o-w to KES 1.5 billion. Majority of the banking counters retreated with notable price declines on Equity (-6.3% to KES 32.85), KCB (-3.7% to KES 35.05) and Co-op (-2.4% to KES 12.20). This was on the back of foreign sell-side activity. Kenya Airways, which has been on an upward price trend in recent days (40.8% w-o-w to close the week at KES 3.83) was suspended from trading for 3 calendar months (effective 3<sup>rd</sup> July 2020) ahead of the impending corporate restructure and government buyout. This also includes the closure of the company's register until a resolution of the future is determined. In the upcoming week we expect a slight rebound in the banking sector and price stability as investors take advantage of the current low prices.

# 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	35.05	-35.1%	-3.7%	864,100	45.9%	4.35	10.0%	0.84	20.7%
Equity Bank	32.85	-38.6%	-6.3%	2,105,000	51.5%	5.49	0.0%	1.11	21.8%
NCBA	26.50	-28.1%	-2.0%	58,400	41.9%	3.05	0.0%	0.59	15.3%
Stanbic	80.25	-26.5%	-2.1%	-	56.2%	4.97	8.8%	0.65	13.6%
Absa Bank Kenya Plc	10.05	-24.7%	-0.5%	84,900	51.2%	7.32	10.9%	1.21	16.7%
Housing Finance	4.54	-29.7%	0.2%	33,900	93.8%	<b>N/M</b>	0.0%	0.16	-1.1%
Co-operative Bank	12.20	-25.4%	-2.4%	133,200	52.1%	5.00	8.2%	0.90	19.2%
Diamond Trust Bank	70.00	-35.8%	0.0%	33,100	48.6%	2.88	3.9%	0.33	12.1%
Standard Chartered	169.25	-16.4%	1.3%	100	55.6%	7.06	4.4%	1.22	17.5%
I&M	49.35	-8.6%	-1.3%	-	39.0%	1.89	5.2%	0.35	20.4%
<b>Sector Average</b>					<b>53.6%</b>	<b>4.67</b>	<b>5.1%</b>	<b>0.74</b>	<b>15.6%</b>

## 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	3.83	86.8%	40.8%	-	<b>N/M</b>	0.0%	-1.3	<b>N/M</b>
Nation Media Group	14.90	-62.6%	-3.6%	51,300	3.31	10.1%	4.5	10.9%
WPP Scangroup	16.60	-3.5%	3.1%	86,700	14.82	3.0%	1.12	6.0%
Uchumi Supermarket	0.32	10.3%	6.7%	9,500	<b>N/M</b>	0.0%	-4.6	<b>N/M</b>
Longhorn Publishers	4.89	-27.7%	0.8%	4,400	7.19	10.6%	0.68	17.3%
Eveready	1.05	-4.5%	2.9%	4,100	<b>N/M</b>	0.0%	-1.45	-10.8%
<b>Sector Average</b>					<b>8.44</b>	<b>4.7%</b>		<b>5.8%</b>

\*N/M - Not Meaningful

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<b>Construction &amp; Allied</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>NPM*</b>	<b>ROE</b>
Bamburi Cement	28.00	-65.0%	2.8%	6,000	11.43	0.0%	1.6%	2.1%
E.A. Portland Cement	13.85	-4.5%	9.9%	200	<b>N/M</b>	0.0%	0.0%	0.0%
<b>Sector Average</b>					<b>11.43</b>	<b>0.0%</b>	<b>0.8%</b>	<b>1.0%</b>

\*NPM - Net Profit Margin

<b>Energy &amp; Petroleum Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
KenGen	5.30	-7.3%	-0.4%	566,300	4.42	7.5%	1.20	4.2%
Kenya Power	1.92	-31.7%	-4.0%	834,300	14.77	0.0%	0.13	0.4%
Total Kenya	23.50	-14.5%	-13.4%	4,000	5.83	5.5%	4.03	10.8%
<b>Sector Average</b>					<b>8.34</b>	<b>3.8%</b>		<b>2.3%</b>

<b>Insurance Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/B(X)</b>	<b>P/E(X)</b>	<b>Loss Ratio</b>	<b>Expense Ratio</b>
CIC Insurance	2.26	-15.7%	-1.7%	26,400	0.29	18.83	69.8%	34.4%
Britam	7.60	-15.6%	-2.6%	11,100	0.26	5.39	65.3%	37.2%
Jubilee	250.00	-28.8%	0.0%	1,500	8.91	4.76	91.9%	46.2%
Kenya Re	2.22	-26.7%	0.0%	37,800	0.08	0.87	71.2%	13.1%
Sanlam Kenya	13.65	-20.6%	0.0%	-	9.48	17.28	85.8%	35.5%
Liberty	8.04	-22.3%	11.4%	-	1.00	6.14	119.6%	48.7%
<b>Sector Average</b>					<b>0.88</b>	<b>9.57</b>	<b>83.9%</b>	<b>35.8%</b>

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<b>Investment Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>P/B(X)</b>	<b>EPS (KES)</b>	<b>ROE</b>
Centum Investment	25.10	-2.5%	-2.5%	11,100	3.61	0.53	6.95	9.3%
Home Afrika Ltd	1.48	-23.3%	12.2%	189,800	N/M	N/M	N/M	2.6%
Trans-Century	0.00	-40.8%	-1.3%	-	N/M	N/M	N/M	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.53</b>		<b>5.5%</b>

\*P/B based on company Net Asset Value

<b>Investment Services</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>%w-o-w change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
NSE	7.76	-38.1%	-1.5%	47,700	25.87	3.7%	0.3	3.9%
<b>Sector Average</b>					<b>25.87</b>	<b>3.7%</b>		

<b>Manufacturing &amp; Allied Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
Mumias Sugar	0.27	0.0%	0.0%	0	N/M	0.0%	-4.43	-69.4%
EABL	170.00	-18.1%	-4.4%	300	14.47	5.2%	11.23	83.0%
FTG Holdings	1.42	-43.7%	-2.1%	32,100	5.35	0.0%	0.26	4.8%
Carbacid	9.08	14.0%	0.4%	4,300	8.77	7.7%	1.04	8.6%
BAT	320.00	-38.0%	-3.1%	25,300	7.98	10.8%	38.85	40.8%
<b>Sector Average</b>					<b>9.14</b>	<b>4.7%</b>		

<b>Telecommunication &amp; Technology Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
Safaricom	29.65	-5.9%	4.0%	943,900	15.94	4.7%	1.86	51.8%
<b>Sector Average</b>					<b>15.94</b>	<b>4.7%</b>		

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<b>Real Estate Investment Trust</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>NAVPS*</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>
STANLIB FAHARI I-REIT	6.08	-35.5%	3.1%	21,900	20.80	12.34%	0.83
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

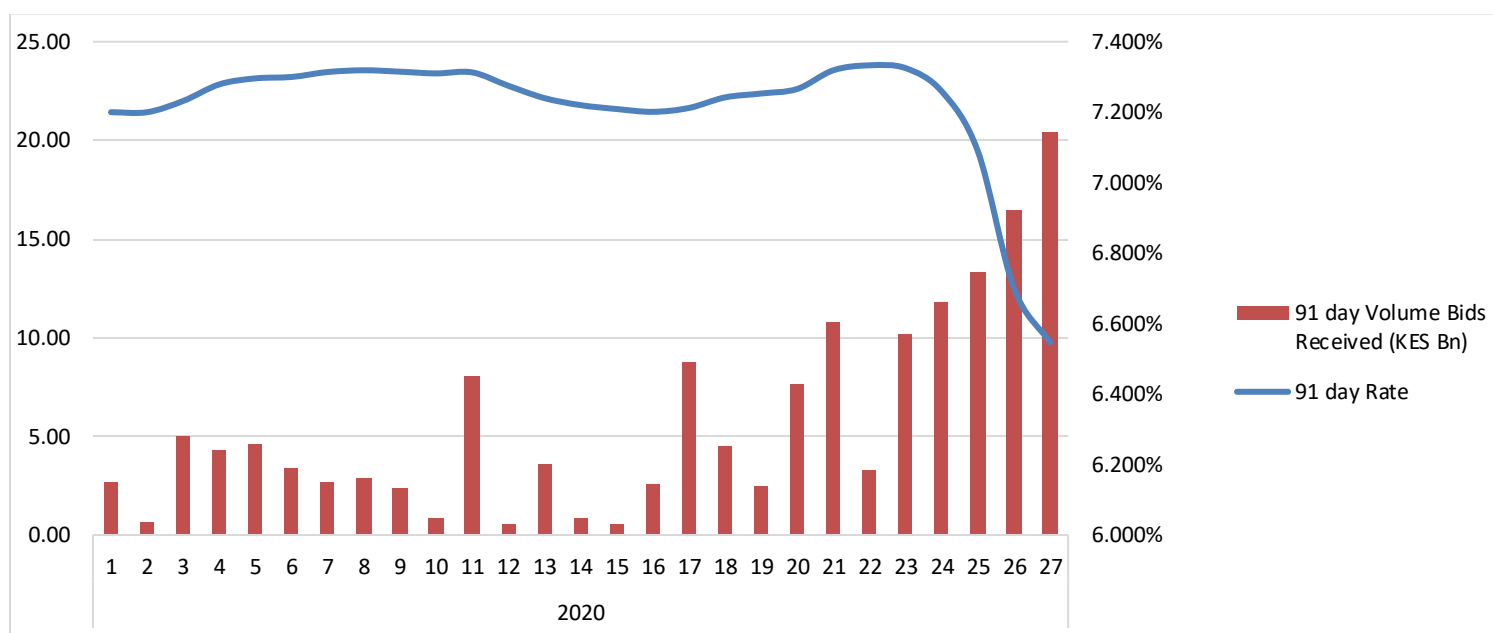
<b>Market Statistics</b>	<b>This Week</b>	<b>Last Week</b>	<b>% Change</b>
Total Volumes	63,084,200	146,274,400	-56.9%
Total Turnover (KES)	1,533,505,078	2,773,644,261	-44.7%

# Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	20.45 Bn	511.33%	9.45 Bn	6.546%	6.700%	(0.154)
182 day T-bill	26.75 Bn	267.53%	10.78 Bn	7.048%	7.395%	(0.347)
364 day T-bill	28.98 Bn	289.77%	23.68 Bn	7.769%	8.194%	(0.425)

Graph showing 91 day T-bill rate and volume

Week No. 27



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# Corporate Actions

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



# Market Recommendations

Counter	Recommendation	YTD Change	Price as at 3rd July 2020
Equity Group Holdings	Long-term Buy	-38.60%	32.85
KCB	Long-term Buy	-35.09%	35.05
NCBA	Long-term Buy	-28.09%	26.50
ABSA Bank Kenya Plc	Long-term Buy	-24.72%	10.05
Stanbic	Long-term Buy	-26.54%	80.25
HF	Sell	-29.72%	4.54
Standard Chartered	Sell	-16.42%	169.25
Safaricom	Hold	-5.87%	29.65
Bamburi	Sell	-65.00%	28.00

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