



Weekly Report

Week 27

Week Ending Friday, July 9, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	34,805.02	0.5%	14.5%
S&P 500	4,354.67	0.6%	16.6%
NASDAQ 100	14,793.81	0.9%	15.1%
DAX	15,659.62	0.0%	14.1%
FTSE 100	7,102.69	-0.4%	9.9%
EURO STOXX 50	4,061.92	-0.6%	14.3%
Shanghai Composite	3,524.09	0.2%	1.5%
NIKKEI 225	27,940.42	-2.9%	1.8%
Commodities			
Brent Oil (USD/bbl.)	75.49	-0.2%	47.7%
Gold (USD/Oz)	1,808.37	1.3%	-4.7%

Source: Bloomberg, NSE; *As at 6:20 PM EAT

The FTSE 100 eased owing to fears that a new COVID-19 wave could emerge forcing the government to reinstate stringent measures. This could slow down the economic recovery. Oil (brent crude) rose driven by US government data that showed a higher decline in crude inventories than expected.

Equities Market

Equity Market Commentary

The All Share Index (NASI) and the NSE 20 Share Index rose by 1.0% and 1.2% to close the week at 175.22 and 1,951.41 respectively. Market turnover rose by 6.0% to KES 2.7 billion while the volume of shares traded grew by 1.2% to 83.1 million shares. There were notable price gains on CIC (41.3% w/w to KES 3.39), KCB (7.1% w/w to KES 45.50), Absa (6.9% w/w to KES 10.05), Equity (4.9% w/w to KES 49.00), Britam (4.5% w/w to KES 7.50), Jubilee (3.9% w/w to KES 390.00) and Centum (3.6% w/w to KES 17.15). The gain on CIC comes after the company appointed Nelson Kuria, a former CEO of CIC, as the new chairman of the board. We could see some profit taking on some of these counters over the coming weeks which may lead to slight pull back or a weaker upward momentum.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	175.22	173.49	1.0%	15.2%
NSE 20	1,951.41	1,928.42	1.2%	4.4%
NSE 25	3,865.41	3,781.20	2.2%	13.2%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,728.62	2,701.65	1.0%
Volume (Mn)	83.18	89.33	(6.9%)
Equity Turnover (KES Mn)	2,708.86	2,556.42	6.0%

Source: NSE

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Equities Performance

Top Gainers	Price (KES)	Weekly Change %	YTD Change
1. CIC	3.39	41.3%	59.2%
2. Standard Group	19.00	11.8%	(15.6%)
3. Uchumi	0.27	8.0%	(3.6%)
4. KCB	45.50	7.1%	19.4%
5. Absa	10.05	7.0%	4.0%

Top Losers	Price (KES)	Weekly Change	YTD Change %
1. Crown Paint	26.30	(26.7%)	(30.8%)
2. EA Portland	7.20	(10.0%)	(34.5%)
3. Kapchorua	85.00	(9.8%)	9.0%
4. Kakuzi	372.75	(8.0%)	2.1%
5. Williamson	137.50	(7.7%)	5.6%

Movers	Price (KES)	Turnover (KES Mn)
1. Safaricom	38.33	1,038.32
2. EABL	18.88	511.57
3. Equity	15.66	424.18
4. KCB	5.35	145.04
5. NMG	4.02	108.89

Source: NSE and Faida Investment Bank Analysis

Fixed Income Market

CBK Invites Bids for FXD1/2012/15 and FXD1/2018/15 (Re-opened) and FXD2/2019/15 Treasury Bonds

- The Central Bank of Kenya (CBK), acting in its capacity as fiscal agent for the Republic of Kenya, has invited bids for two re-opened 15 year treasury bonds FXD1/2012/15 and FXD2/2019/15 and a newly issued FXD1/2021/25 bond with the intention of raising KES 60.0 billion for budgetary support.
- The features of the bonds are shown in the table below:

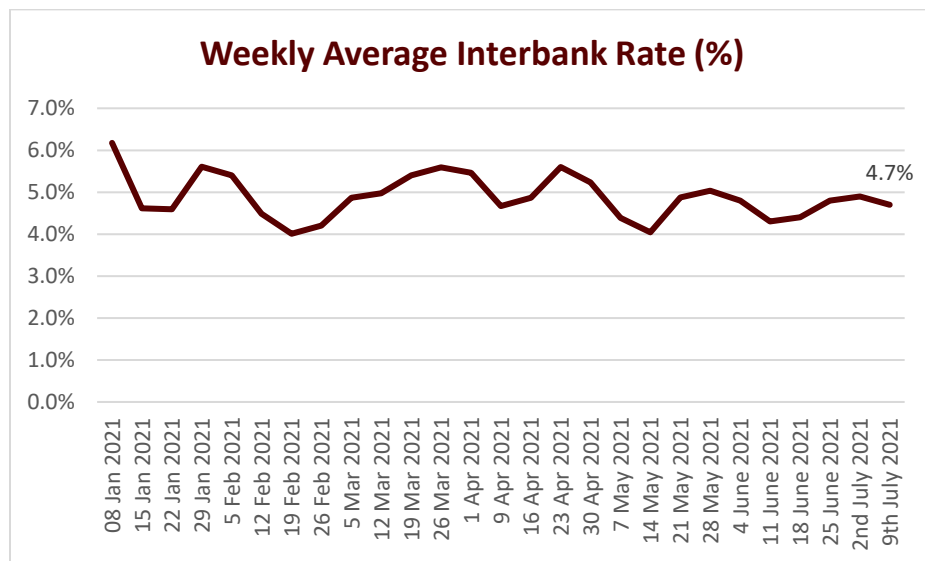
	FXD1/2012/15	FXD1/2018/15	FXD1/2021/25
Amount	KES 60.0 billion		
Tenor	6.2 years	11.9 years	24.9 years
Coupon rate	11.000%	12.650%	13.924%
Taxation	10.0%	10.0%	10.0%
Period of sale	28/06/2021 to 13/07/2021		
Redemption date	06/09/2027	09/05/2033	09/04/2046

Source: CBK

- We recommend bidding as follows:
 - FXD1/2012/15: 11.50% to 11.60% (non-aggressive): 11.70% to 11.90% (aggressive)**
 - FXD1/2018/15: 12.40% to 12.60% (non-aggressive): 12.70% to 12.90% (aggressive)**
 - FXD1/2021/25: 13.40% to 13.50% (non-aggressive): 13.60% to 13.80% (aggressive)**

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Interbank Rate



Source: CBK

Treasury Bill Auction Results

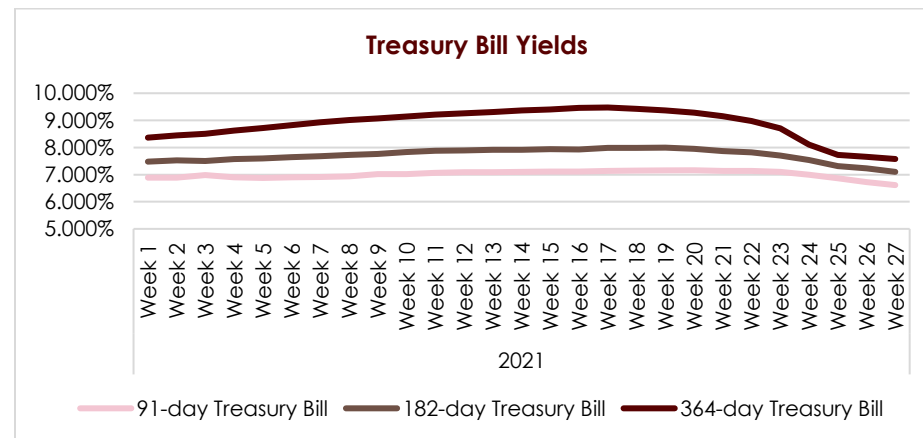
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	11.3	282.70%	11.3	6.614%	-0.11%
182 day	10.0	19.4	194.11%	11.7	7.101%	-0.13%
364 day	10.0	4.3	43.24%	4.3	7.576%	-0.09%
Total	24.0	35.0	146.01%	27.3		

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

Source: CBK

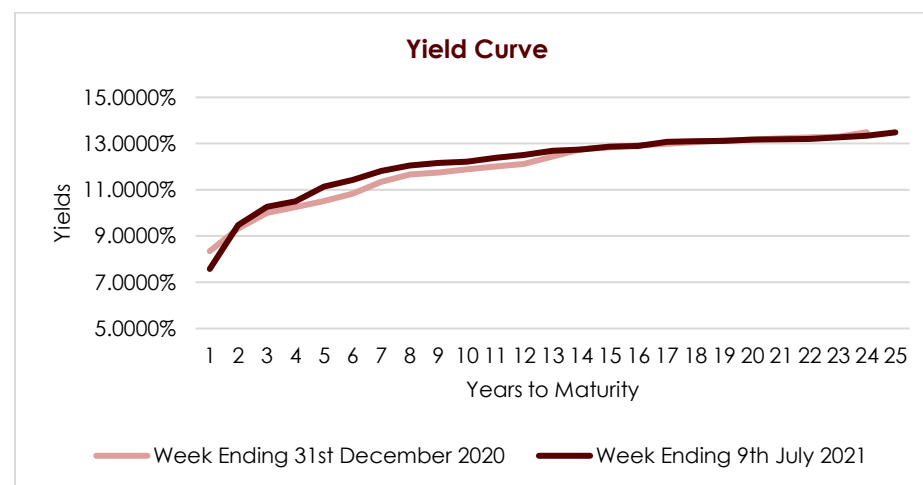
Treasury bills were oversubscribed during the week's auction; the total subscription rate was 146.01%, up from last week's 130.64%. The 91 day bill had the highest subscription rate this week, at 282.70%. However, the 364 day bill was undersubscribed.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

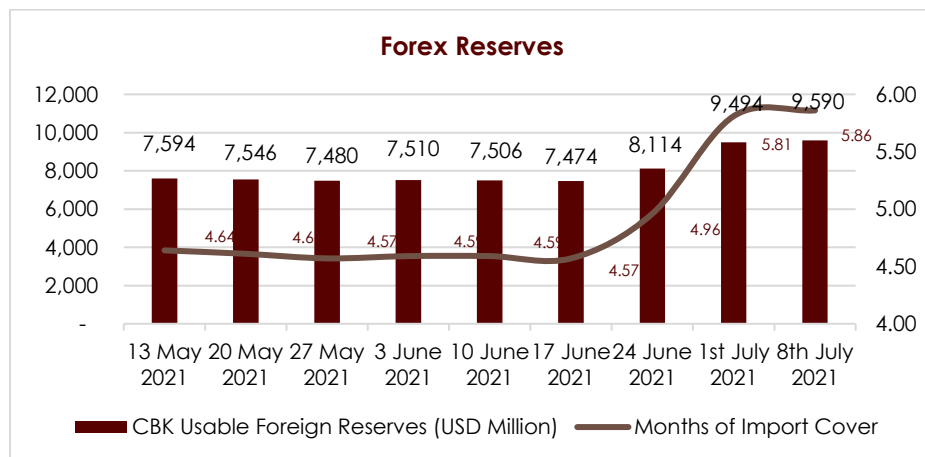
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	107.9500	0.003%	1.1%
STG Pound	148.7665	0.2%	(0.3%)
EURO	127.8265	0.2%	4.5%

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

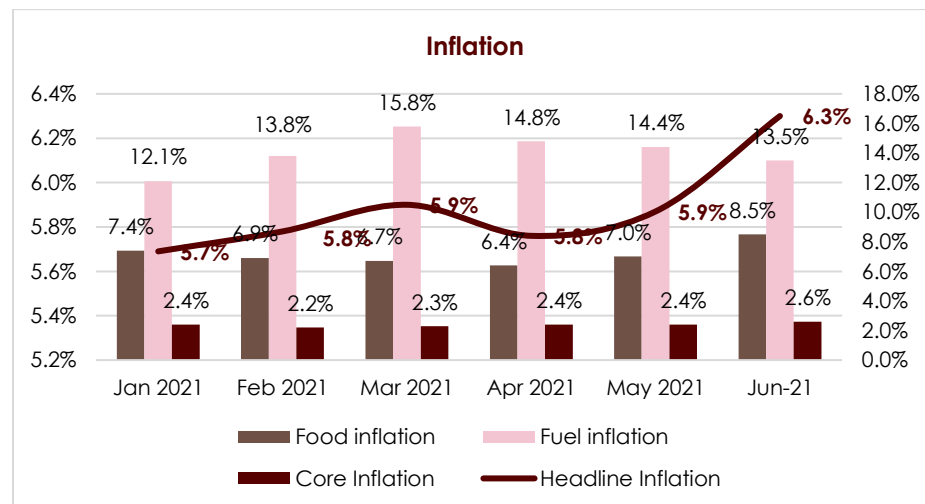
During the week, the Kenya Shilling appreciated (marginally) against the US Dollar, STG pound and the Euro.

Forex Reserves



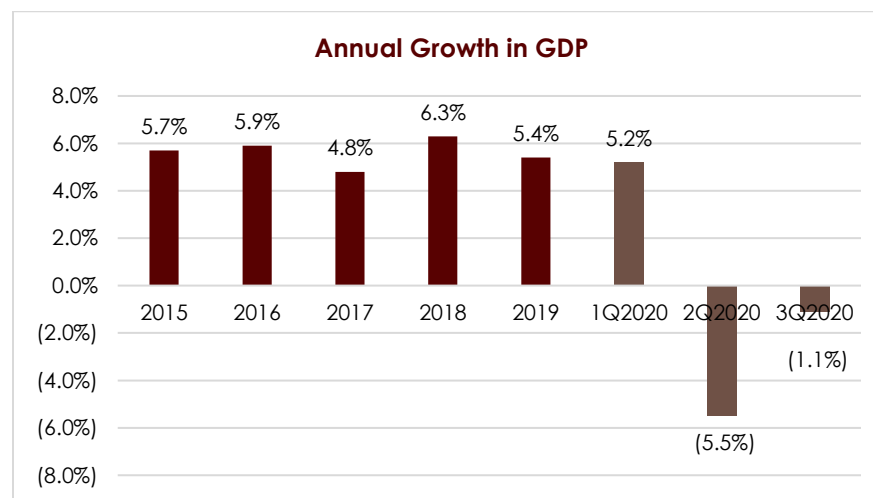
Source: CBK

Inflation



Source: KNBS

Gross Domestic Product (GDP)



Source: KNBS

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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	148	140
Total Value	4,693,635	4547640
Total Open Interest	290	297

Source: NSE

Corporate Finance

Daystar Power secures \$20.0 million from IFC

Daystar Power, a Nigerian firm, has secured \$20.0 million in funding from the International Finance Corporation (IFC). The firm was founded in 2017 and provides clean and reliable power to businesses through hybrid solar power solutions. The funding is structured as a \$10.0 million subordinated loan from the Canada IFC Renewable Energy Programme for Africa and a \$10.0 million local currency loan from IFC. According to management, the funding will be used to grow the installed solar power capacity and client base.

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	Olympia Capital	Investment

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	45.50	19.4%	7.1%	3,199,800	44.8%	7.46	2.2%	1.03	14.4%
Equity Bank	49.00	34.1%	4.9%	8,782,700	51.5%	9.34	0.0%	1.33	15.8%
NCBA	26.00	-2.8%	4.0%	241,200	41.9%	2.99	6.7%	0.58	15.3%
Stanbic	80.00	-5.9%	-3.6%	3,200	52.2%	6.09	4.8%	0.61	10.3%
Absa Bank Kenya Plc	10.05	4.0%	6.9%	7,078,900	48.2%	13.12	0.0%	1.17	8.9%
Housing Finance	3.90	17.5%	0.0%	71,600	93.8%	N/M	0.0%	0.16	-18.2%
Co-operative Bank	13.50	8.0%	0.7%	1,615,400	58.1%	7.33	7.4%	1.00	12.7%
Diamond Trust Bank	59.00	-21.3%	0.0%	1,213,700	48.6%	5.08	4.6%	0.27	5.4%
Standard Chartered	129.50	-10.2%	-0.4%	603,100	58.8%	12.33	8.1%	0.89	11.2%
I&M	21.55	-52.1%	0.0%	870,800	39.0%	1.65	11.8%	0.31	20.4%
Sector Average					53.7%	7.27	4.6%	0.73	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	25.00	61.8%	0.0%	4,292,300	125.00	0.0%	0.2	1.7%
WPP Scangroup	5.08	-15.3%	-1.9%	1,430,300	4.54	9.8%	1.12	6.0%
Uchumi Supermarket	0.27	-3.6%	8.0%	244,000	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.00	-18.0%	0.0%	88,600	5.88	13.0%	0.68	17.3%
Eveready	0.97	-19.2%	2.1%	22,700	N/M	0.0%	-1.45	-10.8%
Sector Average					45.14	4.6%		3.6%

**Suspended *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	36.55	-3.4%	-3.6%	91,500	14.92	8.2%	3.2%	3.8%
E.A. Portland Cement	7.20	-34.5%	-10.0%	2,700	N/M	0.0%	0.0%	0.0%
Sector Average					14.92	4.1%	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	4.00	-15.1%	0.3%	2,635,000	1.43	7.5%	2.79	9.0%
Kenya Power	1.38	-19.3%	-0.7%	7,190,800	N/M	0.0%	N/M	N/M
Total Kenya	24.35	1.5%	-2.0%	91,500	6.04	5.3%	4.03	10.8%
Sector Average					3.74	3.8%		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	3.39	59.2%	41.3%	9,940,700	1.16	N/M	71.4%	34.6%
Britam	7.50	3.3%	4.5%	695,500	0.96	N/M	80.6%	58.1%
Jubilee	390.00	37.3%	3.9%	45,800	0.86	7.43	101.3%	44.2%
Kenya Re	2.43	4.7%	0.4%	550,000	0.05	2.31	67.7%	8.9%
Sanlam Kenya	10.15	-21.6%	-0.5%	17,600.00	1.10	12.85	85.8%	35.5%
Liberty	8.00	3.9%	3.9%	3,600.00	0.51	6.11	119.6%	48.7%
Sector Average					0.77	7.17	87.7%	38.3%

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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	17.15	5.2%	5.2%	397,800	2.47	0.36	6.95	9.3%
Home Afrika Ltd	1.29	0.0%	-2.3%	296,700	N/M	N/M	N/M	2.6%
Trans-Century	1.29	-11.0%	-0.8%	155,500.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.36		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	8.78	7.6%	-2.0%	41,200	29.27	3.2%	0.3	3.9%
Sector Average					29.27	3.2%		

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	187.50	21.6%	3.6%	2,729,700	36.27	1.6%	5.17	46.6%
FTG Holdings	1.32	7.3%	-3.6%	7,600	5.08	0.0%	0.26	4.8%
Carbacid	12.00	-0.8%	-4.0%	16,500	9.45	5.8%	1.27	10.0%
BAT	448.75	24.3%	-0.3%	24,000	8.13	10.0%	55.18	51.2%
Sector Average					14.73	3.5%		

*Suspended

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%	-0.2%	25,116,900	24.12	3.3%	1.71	49.9%
Sector Average					24.12	3.3%		

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Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	0.00	-100.0%	#DIV/0!	0	20.86	#DIV/0!	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 193.75	KES 148.25	KES 187.50	N/A	N/A	N/A	21.60%

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
Kengen Co. Plc	First & Final dividend	Kes. 0.30	28-Jan-21	29-Apr-21	22-Jul-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 Plc	Rights Issue	1.1	21-May-21	31-May-21	15-Jul-21
Sasini Plc	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	Ushs. 12.20	23-Mar-21	25-Jun-21	19-Jul-21
Total Kenya	First & Final dividend	Kes.1.57	6-Apr-21	26-Jun-21	30-Jul-21
Kenya Re	First & Final dividend	Kes. 0.20	2-Jun-21	30-Jun-21	13-Aug-21
Kapchorua Tea	First & Final dividend	Kes. 10.00	30-Jun-21	21-Jul-21	(Subject to Approval)
Williamson Tea	First & Final dividend	Kes. 10.00	30-Jun-21	21-Jul-21	(Subject to Approval)
Safaricom PLC	Final dividend	Kes.0.92	13-May-21	30-Jul-21	31-Aug-21

Source: NSE

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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