

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 149.73	-	6.6%	USD Mn – 22.158 KES Bn – 2,281
	NSE 20 Share Index - 2,77.90	0.5%	-5.5%	USD Mn – 19,060 KES Bn – 1,961.673
	NSE 25 Share Index - 3,627.53	0.2%	2.1%	USD Mn – 20,473 KES Bn – 2,107.110
NIGERIA	ASI- 28,566.79	-2.2%	-9.1%	USD Mn – 45,349 NGN Bn – 13,922
EGYPT	EGX100*- 1,403.32	-7.9%	-18.8%	USD Mn – 37.097 EGP Bn – 616.309
SOUTH AFRICA	All share – 57,273.14	-1.0%	8.6%	USD Mn – 973.601 ZAR Bn – 13,550

Source: NSE, JSE, NSE (Nigeria), *EGX100-as at 11th July 2019

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –102.92	-0.3%	-1.1%	5.6%(06/2019)	5.6%(1Q2019)
NGN/USD -307.00	-	-0.2%	14.1%(05/2019)	2.4%(3Q2018)
EGP/USD* –16.61	-0.3%	7.3%	9.4%(06/2019)	5.3%(3Q2018)
ZAR/USD – 13.92	1.2%	-2.6%	4.9%(05/2019)	0.8%(FY2018)

Source: CBK, CBN, SARB, KNBS, NBS, SIS, STATS SA, EGP*-as at 11th July 2019

Safaricom's Market Share Drops to 62.4% in 1Q2019

According to the Communication Authority of Kenya (CA) 1Q2019 industry statistics, Safaricom's mobile subscriptions grew by 7.7% y/y to 31.9 million. We note that most of the customer additions came in the last two quarters of the company's financial year (3Q2018 and 1Q2019). We attribute this to the promotional activities during the period. Despite the growth in subscriptions, Safaricom's market share of mobile subscriptions declined to 62.4% from 67.0% in 1Q2018, predominantly encroached by Airtel whose market share increased from 19.7% in 1Q2018 to 26.1% in 1Q2019.

The company's market share in mobile money and SMS rose to 81.3% and to 95.2% respectively from 67.0% and 94.9% in 1Q2018. The value of mobile commerce transactions and the value of transactions (P2P transfers and withdrawals) grew by 48.6% y/y and 12.5% y/y to 1,478.6 billion and 1,480.6 billion respectively. Over the same period, the company's market share in these segments rose from 77.2% and 82.2% to 80.3% and 83.6% respectively.

However, Safaricom's market share in voice and mobile data fell to 59.9% (1Q2018: 66.5%) and 65.3% (1Q2018: 68.4%) respectively. We attribute Safaricom's diminishing market share in the voice and mobile data segments to aggressive competition within the industry. Airtel registered higher growth in voice traffic, resulting in an improvement in its market share to 35.8%, from 28.7% in 1Q2018 (owing to higher minutes of use and higher subscriptions) while its market share in mobile data edged up from 23.1% to 26.9%.

In the short term, we expect the company to maintain its leadership position mainly due product innovation and high network investments. The latter helps the company maintain some coverage and quality of service gap between it and the competition. We note that the competition is steadily closing this gap through investments and leveraging on innovative technologies (e.g. Telkom's partnership with Project Loon). Additionally, a merger between Airtel and Telkom would also accelerate investments.

In mobile money, the expanding MPESA ecosystem (leveraging on partnerships and innovation) will help the company maintain the company's leadership

position. We note however that the global payments landscape has seen several innovative products (e.g. digital currencies) being launched. This could pose a threat to MPESA in the long term.

Stock Market Performance and Outlook

The overall market remained flat, to close the week at 149.73, characterized by a decrease in volumes traded and an increase in turnover. Foreign activity (buys and sells) was relatively balanced during the week while local activity remained low as local investors focused more on the fixed income market (secondary market).

Notably, there was increased demand on Stanbic during the week with weekly volumes surging from 39,100 to 3,372,700. We opine that this is due to ongoing efforts by Stanbic Africa Holdings to consolidate their stake in Stanbic Holdings. Overall, we expect market conditions to remain relatively unchanged in the coming week.

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	39.25	4.8%	-1.9%	2,488,800	48.7%	5.02	8.9%	1.06	21.9%
Equity Bank	40.55	16.4%	1.4%	21,089,500	52.2%	7.72	4.9%	1.61	21.1%
NIC Bank	30.50	9.7%	0.2%	387,900	46.3%	4.62	4.1%	0.55	12.1%
Stanbic	100.00	10.2%	0.0%	3,372,700	50.2%	6.30	5.8%	0.89	14.3%
National Bank	4.09	-23.1%	-1.2%	57,000	92.0%	197.73	0.0%	0.20	0.1%
Barclays Bank	10.30	-5.9%	0.0%	982,200	54.2%	7.54	10.7%	1.27	17.1%
Housing Finance	4.29	-22.6%	7.0%	193,900	107.7%	N/M	0.0%	0.15	-5.5%
Co-operative Bank	12.10	-15.4%	-1.2%	2,708,300	54.6%	5.58	8.3%	1.02	18.2%
Diamond Trust Bank	116.00	-25.9%	0.0%	34,800	45.2%	4.58	2.2%	0.60	13.9%
Standard Chartered	198.00	1.8%	1.8%	18,200	51.8%	8.40	9.6%	1.46	17.5%
I&M*	55.00	-35.3%	-7.6%	46,600	36.6%	2.67	7.1%	0.47	17.9%
Sector Average					58.1%	25.01	5.6%	0.84	13.5%

P/B (X) - FY2018

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	5.06	-43.1%	18.8%	169,500	N/M	0.0%	-1.3	N/M
Nation Media Group	48.25	-29.6%	-1.5%	88,500	6.99	20.7%	6.9	13.2%
WPP Scangroup	10.75	-23.2%	-4.4%	316,900	9.60	4.7%	1.12	7.1%
Uchumi Supermarket	0.42	-47.5%	-22.2%	106,400	N/M	0.0%	-4.6	N/M
Longhorn Publishers	8.00	73.5%	0.0%	49,200	16.33	4.8%	0.49	13.1%
Eveready	0.97	-3.0%	-7.6%	12,400	0.76	103.1%	1.27	-35.3%
Sector Average					8.42	6.0%		-0.5%

*N/M - Not Meaningful

Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
ARM Cement	5.55	0.0%	0.0%	0	N/M	0.0%	-21.9%	-12.5%
Bamburi Cement	114.00	-14.0%	0.0%	3,500	46.53	4.5%	1.6%	0.5%
E.A. Portland Cement	13.00	-18.8%	-0.4%	4,600	N/M	0.0%	19.3%	25.0%
Sector Average					46.53	1.5%		4.3%

*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	6.00	-14.5%	0.3%	1,451,100	5.00	6.7%	1.20	4.2%
Kenya Power	3.98	-2.2%	-0.3%	428,400	4.06	0.0%	0.98	3.0%
Total Kenya	29.00	5.5%	0.0%	16,500	7.90	4.5%	3.67	10.5%
Sector Average					5.65	3.3%		3.6%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	3.52	-8.8%	1.1%	777,900	1.17	19.56	64.9%	49.0%
Britam	7.76	-22.4%	-4.9%	3,174,900	0.70	32.33	67.6%	134.8%
Jubilee	380.50	-6.0%	-2.7%	9,200	1.05	7.25	92.0%	138.2%
Kenya Re	3.93	-71.8%	-0.3%	272,800	0.10	0.77	62.2%	106.7%
Sanlam Kenya	19.30	-12.3%	-1.0%	12,800	2.09	91.90	95.4%	149.7%
Liberty	11.10	-14.0%	8.8%	2,800	0.80	7.03	66.5%	66.5%
Sector Average					0.88	9.57	74.7%	107.5%

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	NAVPS**	EPS (KES)	ROE
Centum Investment	32.90	12.5%	1.5%	1,521,600	29.38	0.42	79	1.12	1.5%
Home Afrika Ltd	0.65	-7.1%	14.0%	1,039,700	N/M	N/M	0.85	-0.39	2.6%
Trans-Century	3.65	421.4%	-8.8%	1,300	N/M	0.29	40.96	-1.56	4.7%
Sector Average					N/M	0.35			2.9%

*NPM - Net Profit Margin, **NAVPS - Net Asset Value Per Share

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	12.25	-15.8%	-0.4%	125,200	16.78	4.0%	0.73	9.3%
Sector Average					16.78	4.0%		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.35	-39.7%	-7.9%	889,000	N/M	0.0%	-4.43	-69.4%
EABL	199.75	14.3%	2.3%	1,201,100	27.78	3.8%	7.19	61.4%
FTG Holdings	2.67	6.8%	8.1%	15,700	3.14	0.0%	0.85	22.3%
Carbacid	8.72	-12.8%	-2.7%	74,600	6.32	8.0%	1.38	14.6%
BAT	507.00	-30.1%	0.4%	548,500	15.20	5.1%	33.36	48.0%
Sector Average					13.11	3.4%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	27.75	25.0%	-0.4%	19,283,900	17.56	6.7%	1.58	44.1%
Sector Average					17.56	6.7%		

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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	8.66	-20.9%	-1.6%	11,200	12.20	8.66%	0.71
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

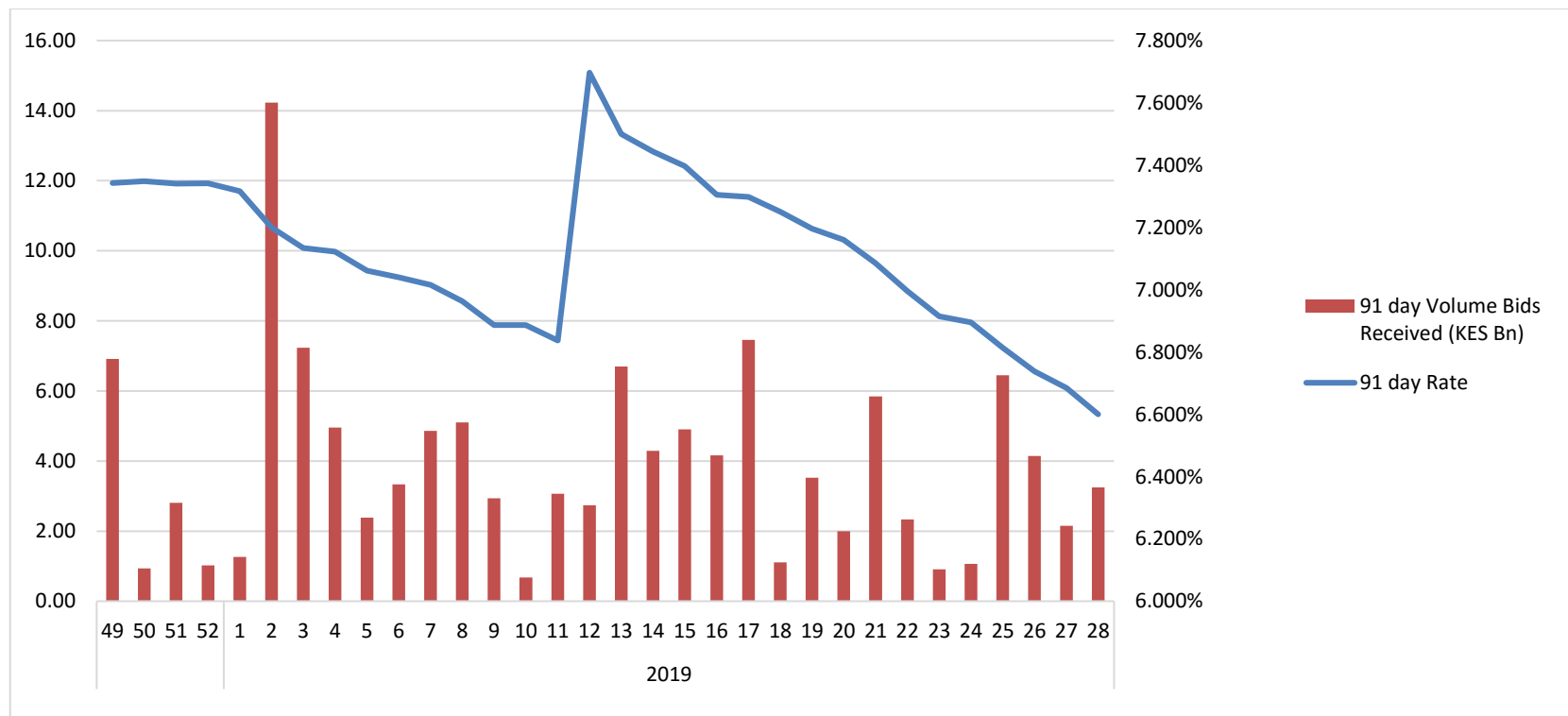
Market Statistics	This Week	Last Week	% Change
Total Volumes	63,447,400	90,304,300	-29.7%
Total Turnover (KES)	2,502,690,722	2,138,515,103	17.0%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	3.24Bn	81.09%	3.24Bn	6.600%	6.685%	-0.085
182 day T-bill	11.11Bn	111.14%	11.11Bn	7.469%	7.397%	0.072
364 day T-bill	44.13Bn	183.87%	44.13Bn	8.646%	8.610%	0.036

Graph showing 91 day T-bill rate and volume

Week No. 28



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Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
BOC Kenya Plc	Final dividend	Kes.2.85	09-Mar-19	29-Apr-19	26-Jul-19
KCB Group PLC	Final dividend	Kes.2.50	06-Mar-19	29-Apr-19	(Subject to Approval)
Kakuzi Plc	First & Final dividend	Kes.9.00	29-Mar-19	01-May-19	30-Jun-19
Stanbic Holdings PLC	Final dividend	Kes.3.55	01-Mar-19	10-May-19	(Subject to Approval)
Bamburi Cement Ltd	Final dividend	Kes.4.10	15-Apr-19	17-May-19	12-Jul-19
Nairobi Securities Exchange	First & Final dividend	Kes.0.49	22-Mar-19	30-May-19	30-Jul-19
Liberty Kenya Holdings PLC	First & Final dividend	Kes. 0.50	17-May-19	07-Jun-19	(Subject to Approval)
Nation Media Group Ltd	Final dividend	Kes.3.50	18-Apr-2019	14-Jun-19	30-Jul-19
Kenya Reinsurance Corporation Ltd	Bonus Issue	Bonus Issue of 3:1	13-May-19	14-Jun-19	(Subject to Approval)
Kenya Reinsurance Corporation Ltd	First & Final dividend	Kes.0.45	29-Mar-19	17-Jun-19	26-Jul-19
Standard Group Plc	First & Final dividend	Kes.0.60	18-Mar-19	21-Jun-19	23-Aug-19
Jubilee Holdings Ltd	Final dividend	Kes.8.00	26-Apr-19	25-Jun-19	25-Jul-19
TPS Eastern Africa Ltd	Final dividend	Kes.0.35	26-Apr-2019	25-Jun-19	25-Jul-19
Umeme Ltd	Final dividend	Ushs.28.20	25-Mar-19	25-Jun-19	15-Jul-19
Total Kenya Plc	First & Final dividend	Kes.1.30	28-Mar-19	26-Jun-19	22-Jul-19
Crown Paints Kenya PLC	Final Dividend	Kes. 0.60	13-May-19	28-Jun-19	(Subject to Approval)
Kapchorua Tea (K) PLC	Final Dividend	Kes 10.00	28-Jun-19	30-Jul-19	(Subject to Approval)
Williamson Tea (K) PLC	Final Dividend	Kes. 20.00	28-Jun-19	31-Jul-19	(Subject to Approval)
Safaricom Plc	Special dividend	Kes.0.62	03-May-19	30-Aug-19	01-Dec-19
Safaricom Plc	First & Final dividend	Kes.1.25	03-May-19	30-Aug-19	01-Dec-19
Centum PLC	First & Final dividend	Kes 1.20	12-Jun-19	(Subject to Approval)	(Subject to Approval)

Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 12th July 2019
KCB Group	Long-term Buy	52.00	34.00	4.81%	39.25
Equity Group Holdings	Long-term Buy	53.50	32.50	16.36%	40.55
I&M	Hold	115.25	40.50	-35.29%	55.00
Barclays Bank of Kenya	Hold	12.75	9.50	-5.94%	10.30
Diamond Trust Bank	Hold	200.00	104.00	-25.88%	116.00
NBK	Hold	6.50	3.60	-23.12%	4.09
Jubilee Holdings	Long-term Buy	530.00	355.25	-5.99%	380.50
Bamburi Cement	Hold	190.00	110.00	-13.96%	114.00
Safaricom	Hold	30.50	21.00	25.00%	27.75
EABL	Hold	240.00	160.00	14.31%	199.75
KenGen	Trading	7.80	5.10	-14.53%	6.00
Mumias	Sell	0.90	0.27	-39.66%	0.35

For more detailed information on the following recommendations, please click [here](#):

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