

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 132.38	-0.1%	-20.4%	USD Mn – 18,925 KES Bn – 2,023
	NSE 20 Share Index – 1,901.28	-	-28.4%	USD Mn – 16,520 KES Bn – 1,765.957
	NSE 25 Share Index – 3,092.01	-0.4%	-24.6%	USD Mn – 17,615 KES Bn – 1,883.017

Source:NSE

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –106.9003	(0.2%)	(5.5%)	4.6% (06/2020)	4.9% (1Q2020)
NGN/USD -360.50	-	(17.6%)	12.4% (05/2020)	2.3% (2019)
ZAR/USD – 16.8708	0.6%	(20.2%)	3.0% (04/2020)	-2.0%(1Q2020)

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

Negative () = Depreciation, Positive = Appreciation

Kenya Power Loses KES 5.6 Billion Worth of Electricity Sales Due to COVID-19

- According to the Business Daily, Kenya Power lost KES 5.6 billion in electricity sales in the four months to June 2020.
- The loss in sales was attributed to COVID-19 restrictions which resulted in reduced business activities.
- According to the Energy Cabinet Secretary, the widespread interruption of commercial and industrial operations by the aforementioned restrictions hit electricity consumption, resulting in a 14.8% (c. 341.0 GWh) decline between March and June 2020.
- Out of Kenya Power's 7.1 million customers, the majority - 6.0 million - are domestic users who consume less electricity combined – compared to 1.1 million customers who are industrial and commercial users.
- Despite a 5.0% increase in electricity usage from the domestic customers (due to increased instances of working from home) between March and June 2020, the rise wasn't able to offset reduced consumption from industrial and commercial users.
- Kenya Power issued its third consecutive profit warning anticipating reduced earnings in FY2020 due to slow growth in electricity sales (hampered by the COVID-19 control measures) and higher finance costs.

Commentary

- With the relaxation of some of the initial COVID-19 restrictions (such as cessation of movement in and out of key counties) and the gradual re-opening of the economy (such as resumption of passenger flights), we expect business activities to improve in the 3Q2020. Thus, we expect this to enhance electricity sales in comparison to the four months to June 2020.
- However, we still have significant concerns about Kenya Power -- before the COVID-19 pandemic, Kenya Power's after tax profits had been on a downward trajectory declining from KES 5.3 billion in FY2017 to KES 262.0 million in FY2019.

Market Commentary

The All Share Index and NSE 20 Index eased by 5.2% and 2.3% w-o-w to close the week at 132.38 and 1,901.28 respectively. We attribute this to investors' bearish sentiments on several large cap and mid cap counters during the week notably: Safaricom (-7.3% to KES 27.50), Equity (-3.0% to KES 31.85), KCB (-2.9% to KES 34.05) and EABL (-2.8% to KES 158.00). This was mainly on the back of foreign sell-side activity. Top gainers of the week were Transcentury (+30.4% to KES 1.93) and WPP Scan group (+20.8% to KES 20.05) driven by material company announcements. Total market turnover increased by 179.1% to KES 4.3 billion as the number of shares traded increased by 170.4% to 170.5 million. We encourage investors with a long term outlook to take advantage of the price declines as the market is trading at valuations below historical averages (read more on our recommendations [here](#))

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	34.05	-36.9%	-2.9%	877,800	45.9%	4.23	10.3%	0.82	20.7%
Equity Bank	31.85	-40.5%	-3.0%	1,529,100	51.5%	5.33	0.0%	1.08	21.8%
NCBA	26.40	-28.4%	-0.4%	23,000	41.9%	3.04	0.0%	0.59	15.3%
Stanbic	79.00	-27.7%	-1.6%	100	56.2%	4.89	8.9%	0.64	13.6%
Absa Bank Kenya Plc	9.50	-28.8%	-5.5%	1,025,000	51.2%	6.92	11.6%	1.14	16.7%
Housing Finance	4.50	-30.3%	-0.9%	29,900	93.8%	N/M	0.0%	0.15	-1.1%
Co-operative Bank	11.85	-27.5%	-2.9%	126,000	52.1%	4.86	8.4%	0.88	19.2%
Diamond Trust Bank	70.00	-35.8%	0.0%	9,300	48.6%	2.88	3.9%	0.33	12.1%
Standard Chartered	161.50	-20.2%	-4.6%	7,400	55.6%	6.74	4.6%	1.16	17.5%
I&M	49.00	-9.3%	-0.7%	100.00	39.0%	1.88	5.2%	0.35	20.4%
Sector Average					53.6%	4.53	5.3%	0.71	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	3.83	86.8%	0.0%	-	N/M	0.0%	-1.3	N/M
Nation Media Group	13.55	-66.0%	-9.1%	46,500	3.01	11.1%	4.5	10.9%
WPP Scangroup	20.05	16.6%	20.8%	1,322,000	17.90	2.5%	1.12	6.0%
Uchumi Supermarket	0.35	20.7%	9.4%	104,200	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.90	-27.5%	0.2%	300	7.21	10.6%	0.68	17.3%
Eveready	0.99	-10.0%	-5.7%	4,600	N/M	0.0%	-1.45	-10.8%
Sector Average					9.37	4.8%		5.8%

*N/M - Not Meaningful

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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%	-2.7%	4,500	11.12	0.0%	1.6%	2.1%
E.A. Portland Cement	13.85	-4.5%	0.0%	200	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%	0.4%	221,900	4.43	7.5%	1.20	4.2%
Kenya Power	1.94	-31.0%	1.0%	219,000	14.92	0.0%	0.13	0.4%
Total Kenya	23.10	-16.0%	-1.7%	1,200	5.73	5.6%	4.03	10.8%
Sector Average					8.36	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	2.25	-16.0%	-0.4%	3,099,900	0.29	18.75	69.8%	34.4%
Britam	7.00	-22.2%	-7.9%	8,800	0.24	4.96	65.3%	37.2%
Jubilee	229.00	-34.8%	-8.4%	0	8.16	4.36	91.9%	46.2%
Kenya Re	2.00	-34.0%	-9.9%	15,032,100	0.07	0.78	71.2%	13.1%
Sanlam Kenya	13.50	-21.5%	-1.1%	2,700.00	9.38	17.09	85.8%	35.5%
Liberty	7.86	-24.1%	-2.2%	700.00	0.98	6.00	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	24.35	-3.0%	-3.0%	10,800	3.50	0.51	6.95	9.3%
Home Afrika Ltd	1.93	-25.0%	-2.2%	41,100	N/M	N/M	N/M	2.6%
Trans-Century	1.93	-22.8%	30.4%	1,572,400.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.51		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	7.42	-39.9%	-2.9%	3,800	24.73	3.8%	0.3	3.9%
Sector Average					24.73	3.8%		

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	158.00	-20.4%	-2.8%	1,374,400	14.07	5.4%	11.23	83.0%
FTG Holdings	1.41	-42.9%	1.4%	16,600	5.42	0.0%	0.26	4.8%
Carbacid	9.00	12.5%	-1.3%	14,200	8.65	7.8%	1.04	8.6%
BAT	310.00	-38.0%	0.0%	900	7.98	10.8%	38.85	40.8%
Sector Average					9.03	4.8%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	27.50	-12.7%	-7.3%	12,790,700	14.78	5.1%	1.86	51.8%
Sector Average					14.78	5.1%		

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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	6.02	-36.1%	-1.0%	16,900	20.80	12.46%	0.83
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

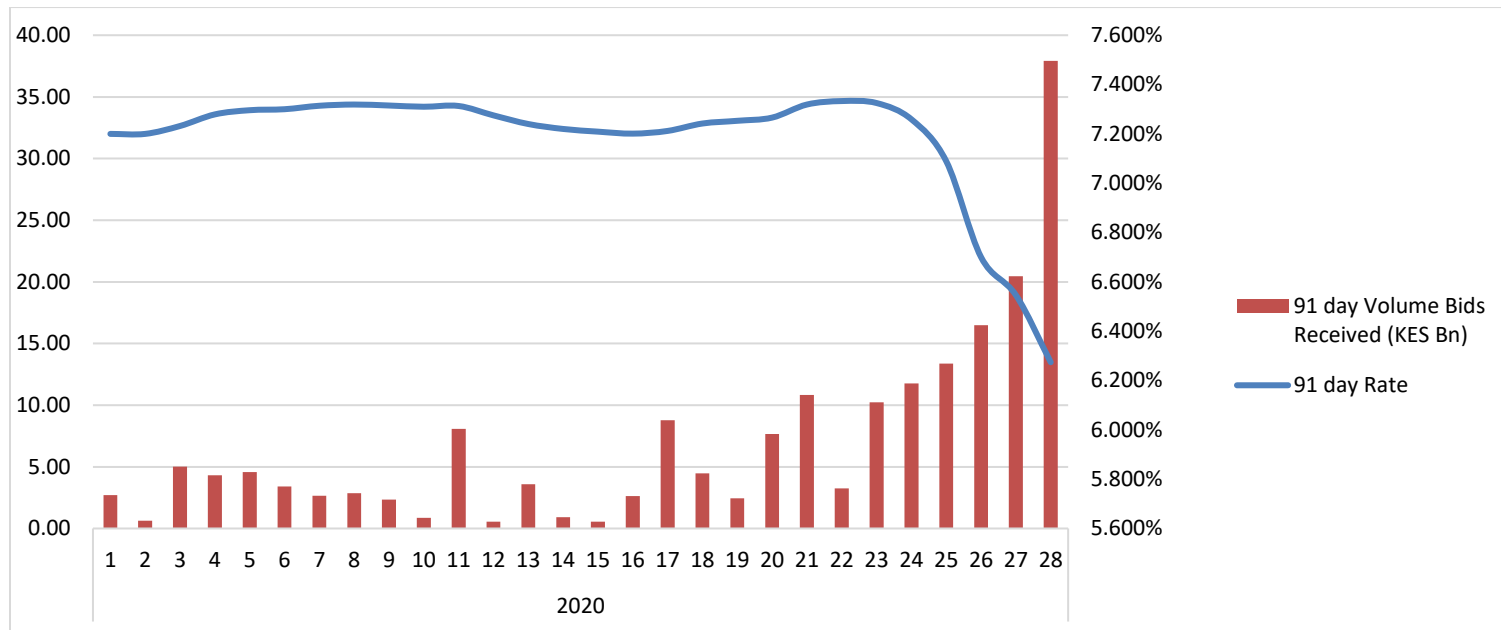
Market Statistics	This Week	Last Week	% Change
Total Volumes	170,570,200	63,084,200	170.4%
Total Turnover (KES)	4,279,880,144	1,533,505,078	179.1%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	37.92 Bn	948.10%	18.42 Bn	6.274%	6.546%	(0.272)
182 day T-bill	27.37 Bn	273.74%	7.16 Bn	6.759%	7.048%	(0.289)
364 day T-bill	20.67 Bn	206.66%	20.65 Bn	7.700%	7.769%	(0.069)

Graph showing 91 day T-bill rate and volume

Week No. 28



Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
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
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
WPP Scangroup	Special dividend	Kes. 8.00	07-Jul-20	28-Jul-20	27-Aug-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

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Market Recommendations

Counter	Recommendation	YTD Change	Price as at 10th July 2020
Equity Group Holdings	Long-term Buy	-40.47%	31.85
KCB	Long-term Buy	-36.94%	34.05
ABSA Bank Kenya Plc	Long-term Buy	-28.84%	9.50
Stanbic	Long-term Buy	-27.69%	79.00
NCBA	Long-term Buy	-28.36%	26.40
Standard Chartered	Sell	-20.25%	161.50
HF	Sell	-30.34%	4.50
Safaricom	Hold	-12.70%	27.50
Bamburi	Sell	-65.94%	27.25

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