



Weekly Report

Week 28

Week Ending Friday, July 14th 2023

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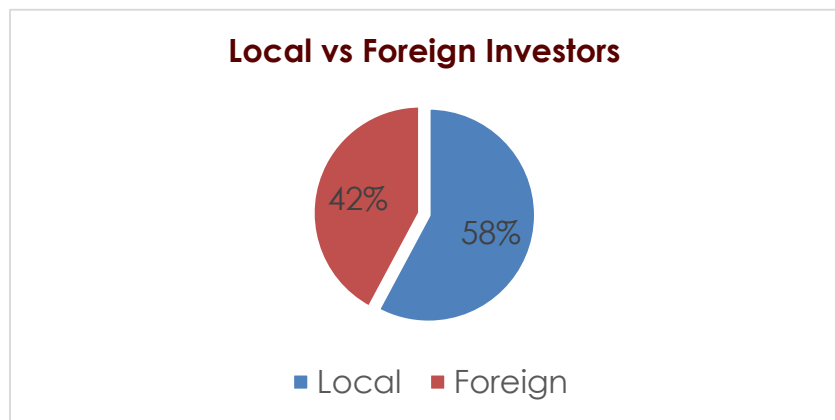
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Weekly Highlights

The High Court suspended the Finance Act, 2023 indefinitely despite the Treasury's argument that government operations will grind to a halt due to the freeze on the collection of some taxes. Through this Act, the Kenya Kwanza administration hopes to raise more than Sh211 billion in additional taxes.

We expect the suspension to be a major setback to the rollout of the Kenya Kwanza administration's first budget. The suspension of the Act, together with its new levies, will affect revenue collection at a time when the government is struggling to raise domestic financing and is having to accept higher rates for treasury securities for tenure less than 5 years.

Foreign Against Local Investor Participation as at 14/07/2023



End Date	Local	Foreign
Friday, July 14 th , 2023	482,582,270.90	351,999,521.80
Participation	58%	42%

Source: NSE

Equities Market

Equity Market Commentary

Both the All Share Index (NASI) and the NSE 25 appreciated by 2.3% and 2.5% to close the week at 113.93 and 2902.91 respectively. However, both the equity turnover and volume of shares traded decreased by 47.5% and 43.5% w-o-w to KES 834.58 million and 44.77 million respectively.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	113.93	111.37	2.3%	-10.6%
NSE 20	1,624.71	1,618.11	0.4%	-3.1%
NSE 25	2,902.91	2,832.32	2.5%	-7.4%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	1,774.52	1,734.57	2.3%
Volume (Mn)	44.77	79.19	(43.5%)
Equity Turnover (KES Mn)	834.58	1,590.64	(47.5%)

Source: NSE

Equities Performance

	Top Gainers	Previous Price (KES)	Current Price (KES)	Weekly Change %	YTD Change
1	Umeme	9.98	14.00	40.28%	88.7%
2	EA Cables	0.82	0.97	18.29%	15.5%
3	TP Serena	11.65	13.65	17.17%	2.2%
4	Sameer	2.24	2.60	16.07%	23.8%
5	Transcentury	0.63	0.71	12.70%	-23.7%

Source: NSE and Faida Investment Bank Analysis

	Top Losers	Previous Price (KES)	Current Price (KES)	Weekly Change	YTD Change %
1	HF Group	4.82	4.52	-6.22%	41.7%
2	Diamond Trust	50.00	47.65	-4.70%	-4.7%
3	Scangroup	2.97	2.85	-4.04%	-5.3%
4	TotalEnergies	20.05	19.25	-3.99%	-19.3%
5	Home Afrika	0.35	0.34	-2.86%	6.3%

Source: NSE and Faida Investment Bank Analysis

	Movers	Previous Price (KES)	Current Price (KES)	Turnover (KES Mn)
1	Safaricom	18.90	19.20	271.6
2	Equity	40.00	43.05	222.76
3	KCB	29.15	30.15	154.04
4	Stanbic Holdings	119.75	120.00	61.5
5	Standard Chartered	162.00	161.75	15.52

Source: NSE and Faida Investment Bank Analysis

Exchange Rates

During the week, the Kenya Shilling continued to depreciate against the dollar by 0.3% from 140.9206 for the week ending on July 7th to 141.3824 for this week ending on July 14th.

KES	Value	Weekly Change %	YTD Change %
US Dollar	141.3824	(0.3%)	(14.6%)
STG Pound	185.0621	(3.0%)	(24.6%)
EURO	158.0832	(3.1%)	(20.4%)

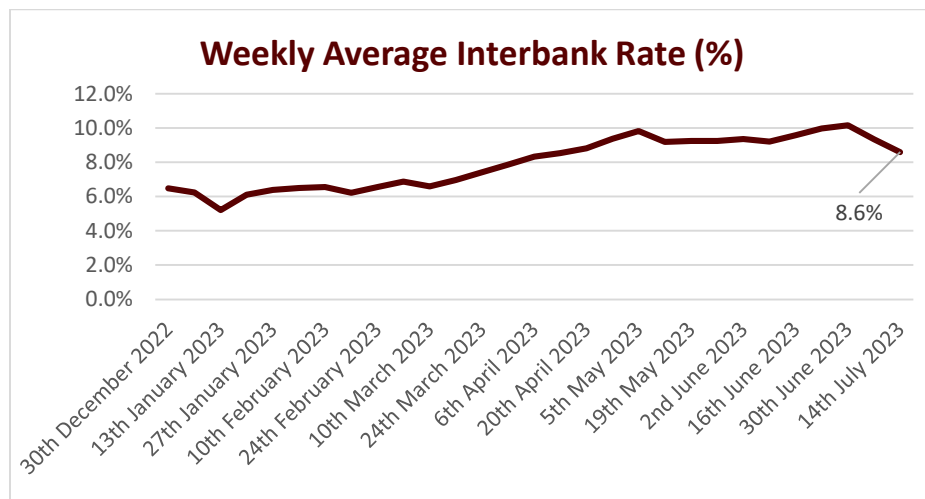
Source: CBK; Negative () = Depreciation, Positive = Appreciation

Global Markets

Index	Last Price as at 14/07/2023	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%)

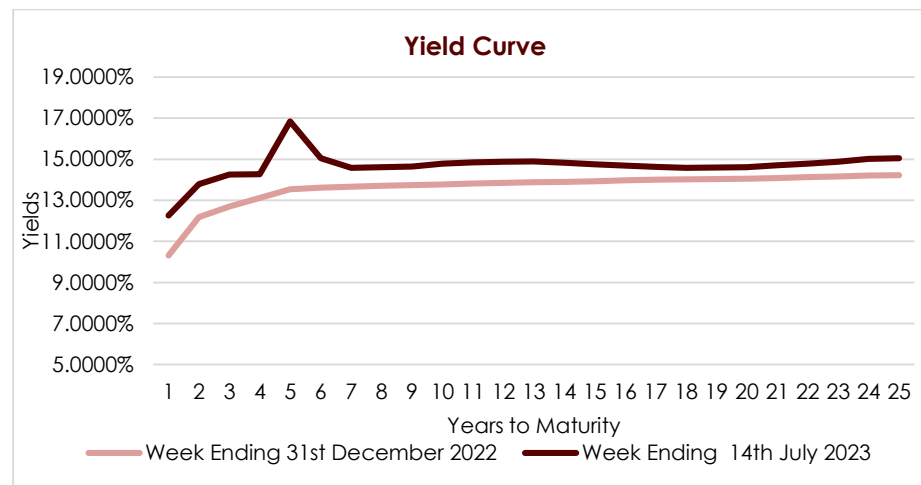
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Interbank Rate



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	33.3	883.06%	33.3	12.109%	0.10%	32.26%
182 day	10.0	1.3	13.47%	1.3	12.199%	0.07%	17.85%
364 day	10.0	1.8	17.74%	1.8	12.250%	0.20%	-21.71%
Total	24.0	36.4	151.85%	36.4			21.01%

*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 were oversubscribed, with a subscription rate of 151.85%.
- In particular, the 91-day treasury bill had a subscription of 883.06%, it continues to show the investors' preference towards shorter-dated papers due to duration risk.

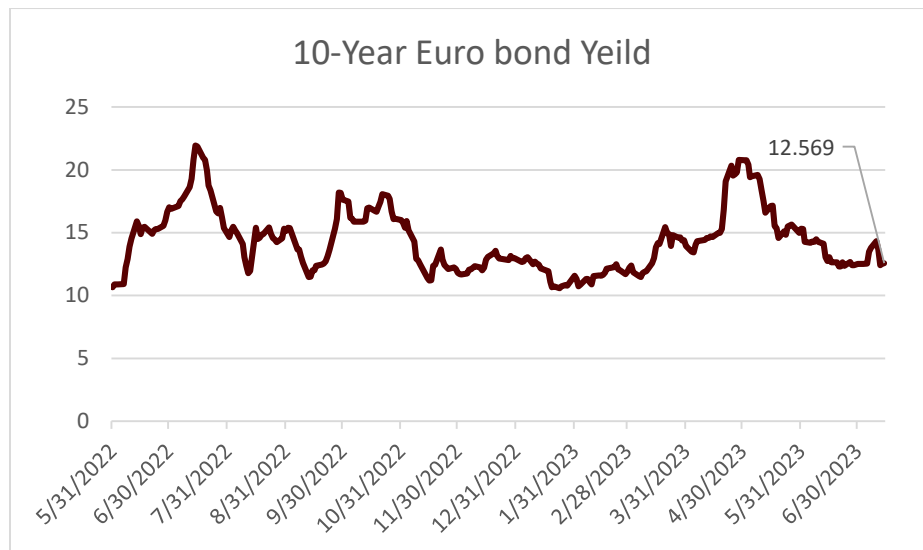
Treasury Bond Auction Results for FXD1/2016/10 & FXD1/2023/05

TENOR	FXD1/2016/10	FXD1/2023/05	
Total Amount Offered (Kshs. M)			40,000.00
Total bids Received at cost (Kshs. M)	22,663.75	29,099.83	51,763.58
Amount Accepted (Kshs. M)	15,740.47	22,832.72	38,573.19
Competitive bids (Kshs. M)	12,575.07	16,296.72	28,871.79
Non-competitive bids (Kshs. M)	3,165.40	6,536.00	9,701.40
Market Weighted Average Rate (%)	16.582	17.026	
Weighted Average Rate of Accepted Bids (%)	16.328	16.844	
Coupon Rate (%)	15.039	16.844	

Source: CBK

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10-Year Eurobond Yield Curve



Source: Bloomberg

During the week, the Eurobond yield decreased by 8.39% from 13.78 for the week ending July 7th, to 12.57 for this week ending July 14th.

Recommendations

- **Safaricom** – Long-Term Buy
- **EABL** – Long-Term Buy
- **Standard Chartered** – Buy
- **Equity Bank** – Buy
- **KCB** - Buy
- **COOP**-Buy

NSE Most Traded Bond & Coupon Rate.

Most Traded bond	Coupon (%)	No of Trades
IFB1/2023/7Yr	15.837	414

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 the 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
Williamson Tea	First & Final dividend	30.00	29-Jun-23	23-Aug-23	4-Sep-23
Kapchorua Tea	First & Final dividend	25.00	29-Jun-23	23-Aug-23	4-Sep-23
Safaricom	Final dividend	0.62	11-May-23	28-Jul-23	21-Aug-23
Crown Paints	Final dividend	4.00	27-Apr-23	28-Jun-23	14-Aug-23
Nairobi Securities Exchange	First & Final dividend	0.20	31-Mar-23	30-May-23	31-Jul-23
Nation Media Group	Final dividend	1.50	6-Apr-23	16-Jun-23	31-Jul-23
TotalEnergies Marketing Kenya	First & Final dividend	1.31	24-Apr-23	15-Jun-23	31-Jul-23
Kenya Re	Final dividend	0.20	28-Mar-23	16-Jun-23	28-Jul-23
Bamburi Cement	First & Final dividend	0.75	28-Mar-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	2.49	27-May-23	27-Jun-23	20-Jul-23

Counter Statistics

Banking Sector	Price (KES)	YTD change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	P/B (X)	ROE
KCB	30.15	-20.87%	3.43%	1,588,500	2.37	6.6%	0.58	21.80%
Equity Bank	43.05	-3.26%	7.62%	144,700	3.20	9.3%	0.99	30.40%
NCBA	39.85	1.27%	1.14%	5,100	4.10	10.7%	0.69	17.20%
Stanbic	120.00	17.65%	0.21%	6,400	5.24	10.5%	0.71	15.30%
Absa Bank Kenya Plc	12.20	-0.81%	0.83%	145,800	3.90	11.1%	0.88	24.30%
Housing Finance	4.52	41.69%	-6.22%	279,400	-1.02	0.0%	0.20	N/A
Co-operative Bank	12.10	-1.63%	-0.82%	274,000	3.30	12.4%	0.67	21.20%
Diamond Trust Bank	47.65	-4.70%	-4.70%	9,100	2.20	10.5%	0.22	6.80%
Standard Chartered	161.75	13.31%	-0.15%	60,400	4.40	13.6%	0.86	22.10%
I&M	18.10	6.47%	-2.16%	118,200	2.67	12.4%	0.37	2.72%
Sector Average					3.04	9.7%	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	20.00	25.39%	0.00%	18,400	7.80	7.5%	2.38	5.60%
WPP Scangroup	2.85	-5.32%	-4.04%	13,700	20.36	0.0%	0.14	-2.10%
Uchumi Supermarket	0.25	8.70%	8.70%	15,100	N/M	N/M	N/M	N/M
Longhorn Publishers	2.65	-11.67%	7.72%	-	2.65	0.0%	0.03	25.10%
Eveready	1.65	139.13%	7.14%	8,900	N/M	N/M	N/M	N/M
Sameer Africa Plc	2.60	23.81%	16.07%	100	2.60	0.0%	0.36	N/A
Standard Group	9.16	-12.34%	0.88%	600	9.16	0.0%	(10.05)	-40.00%
TPS Eastern Africa Ltd	13.65	2.25%	17.17%	100	13.65	0.0%	(3.40)	-1.70%
Sector Average					9.37	1.25%		-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	13.00	23.81%	-0.76%	3,000	50.00	-	0.26	25.70%
Kakuzi Plc	418.00	8.57%	-	-	9.70	5.74%	43.15	14.70%
Kapchorua Tea	220.00	94.26%	1.27%	600	5.40	11.36%	40.20	19.70%
Limuru Tea Co. Plc	410.00	-2.38%	0.00%	-	86.70	0.61%	3.73	6.00%
Sasini	29.00	29.18%	-	2,000	8.20	3.45%	5.12	8.60%
Williamson Tea Kenya	236.00	47.50%	-1.67%	4,100	3.70	12.71%	29.14	13.00%
Sector Average					27.28	5.65%		14.62%

Energy & Petroleum	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
KenGen	2.40	-25.47%	3.45%	1,820,300	3.20	8.3%	0.72	1.2%
Kenya Power	1.60	2.56%	-1.84%	5,410,900	0.89	0.0%	2	2.7%
Total Kenya	19.25	-19.29%	-3.99%	4,300	3.20	6.8%	3	8.3%
Sector Average					2.43	5.05%		4.1%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
CIC Insurance	1.99	2.05%	2.05%	24,600	0.57	6.5%	4.60	12.80%
Britam	5.14	-1.15%	0.78%	13,600	0.56	0.0%	6.10	8.60%
Jubilee	190.00	-4.40%	0.53%	1,400	0.33	6.32%	2.30	18.90%
Kenya Re	1.85	1.09%	0.54%	143,200	0.15	10.81%	1.70	9.00%
Sanlam Kenya	8.40	-12.32%	5.00%	400	3.69	0.0%	0.20	N/A
Liberty	4.15	-25.89%	-2.12%	-	0.25	0.0%	3.70	-2.00%
Sector Average					0.93	3.94%	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	8.98	7.16%	-0.88%	48,900	0.00	14.48%	0.14	1.6%
Home Afrika Ltd	0.34	6.25%	-2.86%	20,100	N/M	N/M	N/M	N/A
Trans-Century	0.71	-23.66%	12.70%	13,800	N/M	N/M	N/M	N/A
Sector Average					0.00	14.48%	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	6.34	-6.49%	0.63%	9,300	126.20	3.15%	0.51	0.7%
Sector Average					126.20	3.15%		0.70%

Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
Bamburi Cement	25.85	-17.94%	-0.19%	2,400	33.60	10.6%	3.4%	0.6%
E.A. Portland Cement	7.02	3.24%	8.00%	700	0.90	0.0%	0.0%	2.5%
Crown Paints Kenya	44.00	5.14%	-0.79%	200	8.90	9.1%	6.6%	23.4%
E.A.Cables	0.97	15.48%	18.29%	12,400	-0.95	0.0%	0.0%	-34.3%
Sector Average					10.61	4.93%	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	6.28	-0.04	0.05	9,500	19.55	9.55%	0.82	N/A
Sector Average						9.55%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	19.20	-20.50%	1.59%	3,157,600	8.80	3.23%	1.55	47.1%
Sector Average					8.80	3.23%		47.1%

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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	164.00	-2.09%	3.31%	7,500	9.15	6.7%	15.00	73.3%
FTG Holdings	1.33	23.15%	0.76%	2,600	0.00	0.0%	-1.21	-0.7%
Carbacid	15.15	26.25%	0.00%	14,600	4.40	11.2%	2.78	21.0%
BAT	441.25	-4.08%	-2.05%	8,200	6.80	12.1%	68.92	57.3%
B.O.C Kenya	77.00	8.83%	-	-	16.10	5.8%	5.55	6.7%
Sector Average					7.29	7.17%		26.3%

**Suspended

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