

## KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 149.82	0.1%	6.7%	USD Mn – 21,898 KES Bn – 2,258
	NSE 20 Share Index - 2,689.53	0.4%	-5.1%	USD Mn – 19,089 KES Bn – 1,968.085
	NSE 25 Share Index - 3,613.57	-0.4%	1.7%	USD Mn – 20,468 KES Bn – 2,110.260
NIGERIA	ASI- 27,919.50	-2.3%	-11.2%	USD Mn – 44,401 NGN Bn – 13,607
EGYPT	EGX100*- 1,376.08	-1.9%	-20.3%	USD Mn – 43,938 EGP Bn – 729.887
SOUTH AFRICA	All share – 57,872.53	1.0%	9.7%	USD Mn – 986,477 ZAR Bn – 13,670

Source: NSE, JSE, NSE (Nigeria), \*EGX100-as at 18<sup>th</sup> July 2019

## KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –103.10	-0.2%	-1.2%	5.6%(06/2019)	5.6%(1Q2019)
NGN/USD* -306.45	0.2%	-	14.1%(05/2019)	2.4%(3Q2018)
EGP/USD* –16.61	-	7.3%	9.4%(06/2019)	5.3%(3Q2018)
ZAR/USD – 13.86	0.4%	-2.1%	4.9%(05/2019)	0.8%(FY2018)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and EGP\*-as at 18<sup>th</sup> July 2019

## BAT Posts a 25.5% Growth in After Tax Profits for 1H2019

British American Tobacco has realized a 25.5% y/y growth in after tax profits to KES 2.5 billion for 1H2019 (1H2018: KES 2.01 billion). This was mainly attributable to a 10.1% y/y rise in gross revenues to KES 19.2 billion. According to the company, the rise in gross revenues was prompted by higher cigarette prices occasioned by higher excise taxes in Kenya and Somalia, coupled with an increase in cut rag sales to Sudan. The growth in gross revenues was however, counterpoised by lower sales volumes in Kenya and the DRC due to affordability challenges, and heightened incidence of illicit cigarette trades in Kenya. Owing to the faster rise in gross revenues, in comparison to the growth in excise duty and value added tax (+3.7% y/y to KES 7.9 billion), net revenues edged up by 15.0% y/y to KES 11.3 billion. Despite an 11.3% y/y rise in operating expenses to KES 7.6 billion (owing to higher costs arising from increased cut rag and export sales volumes), the operating profit margin increased to 33.1% (1H2018: 30.9%) owing to a faster rise in net revenues compared to operating expenses. Finance costs eased by 23.2% y/y to KES 126.0 million on the back of reduced short-term borrowing (current liabilities eased by 24.2% y/y to KES 5.9 billion) – which the company attributed to continuing efforts to improve working capital management. Cash generated from operations surged to KES 1.9 billion (1H2018: deficit of KES 21.0 million), which the company attributed to improvements in working capital management and improved cash flow from the business. Going forward, we expect domestic demand to decline further following the increase in excise duty proposed in the 2019/2020 budget (15.0% increase in excise duty), which may adversely impact the top-line.

## CBK Invites Bids for 15-Year Fixed Coupon Bond

The Central Bank of Kenya (CBK) has invited bids for a 15-Year fixed coupon bond – FXD3/2019/15, in a bid to raise KES 40.0 billion for budgetary support. The coupon rate for the bond will be determined by the market. The bond is being issued in the midst of excess liquidity in the market evidenced by a low interbank rate of 2.0%. The CBK's latest issues were two treasury bonds: FXD1/2012/15- (re-opened) which is an 8 year paper and FXD1/2018/15- (re-opened) which is a 14 year paper, which attracted subscription rates of 99.41% and 114.62% respectively- signaling positive investor appetite for long term papers. Owing to the high liquidity in the money market and the positive investor sentiments towards longer dated papers, we expect the bond to be oversubscribed. Moreover, we expect conservative investors to bid between 12.25% and 12.35% and aggressive investors to bid between 12.35% and 12.45%.

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### FXD3/2019/15 Key Features

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Issuer	Republic of Kenya
Amount	KES 40.0 Billion
Purpose	Budgetary support
Tenor	15 years
Coupon	Market Determined
Taxation	Withholding tax of 10.0%
Period of Sale	02/07/2019 to 23/07/2019
Redemption Date	10/07/2034

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**Source: CBK**

## Stock Market Performance and Outlook

The overall market edged up marginally by 0.1% w/w to close the week at 149.82 (NASI) characterized by an increase in trading activities and a decline in turnover. We attribute the slight gain in the overall market index to price gains made on Safaricom (+0.4% w/w), Kengen (+5.7% w/w), BAT (+2.6% w/w) and KCB (0.8% w/w). There was improved buying activity on BAT during the Friday trading sessions following the release of positive 1H2019 results (after tax profit rose by 25.5% y/y to KES 2.5 billion). Foreign supply outweighed foreign demand, especially on the banking counters, resulting in price declines across most of the banking counters (with the exception of KCB). We expect increased buy-side activity on EABL in the coming week, as the company gears to release its FY2019 results; against the backdrop of positive investor sentiments.

# 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	39.55	5.6%	0.8%	15,483,200	48.7%	5.05	8.8%	1.07	21.9%
Equity Bank	40.45	16.1%	-0.2%	11,454,400	52.2%	7.70	4.9%	1.61	21.1%
NIC Bank	30.05	8.1%	-1.5%	694,900	46.3%	4.55	4.2%	0.54	12.1%
Stanbic	96.00	5.8%	-4.0%	8,900	50.2%	6.05	6.0%	0.85	14.3%
National Bank	3.91	-26.5%	-4.4%	12,200	92.0%	189.03	0.0%	0.19	0.1%
Barclays Bank	10.30	-5.9%	0.0%	1,992,900	54.2%	7.54	10.7%	1.27	17.1%
Housing Finance	4.28	-22.7%	-0.2%	2,532,500	107.7%	<b>N/M</b>	0.0%	0.15	-5.5%
Co-operative Bank	12.00	-16.1%	-0.8%	12,285,500	54.6%	5.53	8.3%	1.01	18.2%
Diamond Trust Bank	115.00	-26.5%	-0.9%	153,400	45.2%	4.54	2.3%	0.60	13.9%
Standard Chartered	196.50	1.0%	-0.8%	8,700	51.8%	8.33	9.7%	1.45	17.5%
I&M	52.50	-38.2%	-4.5%	28,300	36.6%	2.55	7.4%	0.45	17.9%
<b>Sector Average</b>					<b>58.1%</b>	<b>24.09</b>	<b>5.7%</b>	<b>0.83</b>	<b>13.5%</b>

## 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	4.90	-44.9%	-3.2%	83,900	<b>N/M</b>	0.0%	-1.3	<b>N/M</b>
Nation Media Group	48.05	-29.9%	-0.4%	41,900	6.96	20.8%	6.9	13.2%
WPP Scangroup	11.95	-14.6%	11.2%	57,400	10.67	4.2%	1.12	7.1%
Uchumi Supermarket	0.35	-56.3%	-16.7%	278,000	<b>N/M</b>	0.0%	-4.6	<b>N/M</b>
Longhorn Publishers	8.00	73.5%	0.0%	87,400	16.33	4.8%	0.49	13.1%
Eveready	1.00	0.0%	3.1%	9,400	0.79	100.0%	1.27	-35.3%
<b>Sector Average</b>					<b>8.69</b>	<b>5.9%</b>		<b>-0.5%</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>
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%	3,100	46.53	4.5%	1.6%	0.5%
E.A. Portland Cement	14.30	-10.6%	10.0%	1,300	N/M	0.0%	19.3%	25.0%
<b>Sector Average</b>					<b>46.53</b>	<b>1.5%</b>		<b>4.3%</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	6.34	-9.7%	5.7%	403,700	5.28	6.3%	1.20	4.2%
Kenya Power	3.95	-2.9%	-0.8%	782,700	4.03	0.0%	0.98	3.0%
Total Kenya	28.85	4.9%	-0.5%	4,000	7.86	4.5%	3.67	10.5%
<b>Sector Average</b>					<b>5.72</b>	<b>3.2%</b>		<b>3.6%</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	3.49	-9.6%	-0.9%	229,400	1.16	19.39	64.9%	49.0%
Britam	7.80	-22.0%	0.5%	168,800	0.71	32.50	67.6%	134.8%
Jubilee	366.50	-9.5%	-3.7%	15,500	1.01	6.98	92.0%	138.2%
Kenya Re	3.93	-71.8%	0.0%	203,700	0.10	0.77	62.2%	106.7%
Sanlam Kenya	19.55	-11.1%	1.3%	12,300	2.12	93.10	95.4%	149.7%
Liberty	11.00	-14.7%	-0.9%	13,400	0.80	6.96	66.5%	66.5%
<b>Sector Average</b>					<b>0.88</b>	<b>9.57</b>	<b>74.7%</b>	<b>107.5%</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>NAVPS**</b>	<b>EPS (KES)</b>	<b>ROE</b>
Centum Investment	32.75	12.0%	-0.5%	1,224,300	29.24	0.41	79	1.12	1.5%
Home Afrika Ltd	0.65	-7.1%	0.0%	203,700	<b>N/M</b>	<b>N/M</b>	0.85	-0.39	2.6%
Trans-Century	3.98	468.6%	9.0%	8,400	<b>N/M</b>	0.31	40.96	-1.56	4.7%
<b>Sector Average</b>					<b>N/M</b>	0.36			<b>2.9%</b>

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

<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	12.00	-17.5%	-2.0%	95,800	16.44	4.1%	0.73	9.3%
<b>Sector Average</b>					<b>16.44</b>	<b>4.1%</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	0.38	-34.5%	8.6%	1,367,100	<b>N/M</b>	0.0%	-4.43	-69.4%
EABL	198.75	13.7%	-0.5%	481,300	27.64	3.8%	7.19	61.4%
FTG Holdings	2.75	10.0%	3.0%	6,200	3.24	0.0%	0.85	22.3%
Carbacid	8.60	-14.0%	-1.4%	23,200	6.23	8.1%	1.38	14.6%
BAT	520.00	-28.3%	2.6%	121,400	15.59	5.0%	33.36	48.0%
<b>Sector Average</b>					<b>13.17</b>	<b>3.4%</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	27.85	25.5%	0.4%	26,924,400	17.63	6.7%	1.58	44.1%
<b>Sector Average</b>					<b>17.63</b>	<b>6.7%</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	8.84	-19.3%	2.1%	25,700	12.45	8.48%	0.71
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

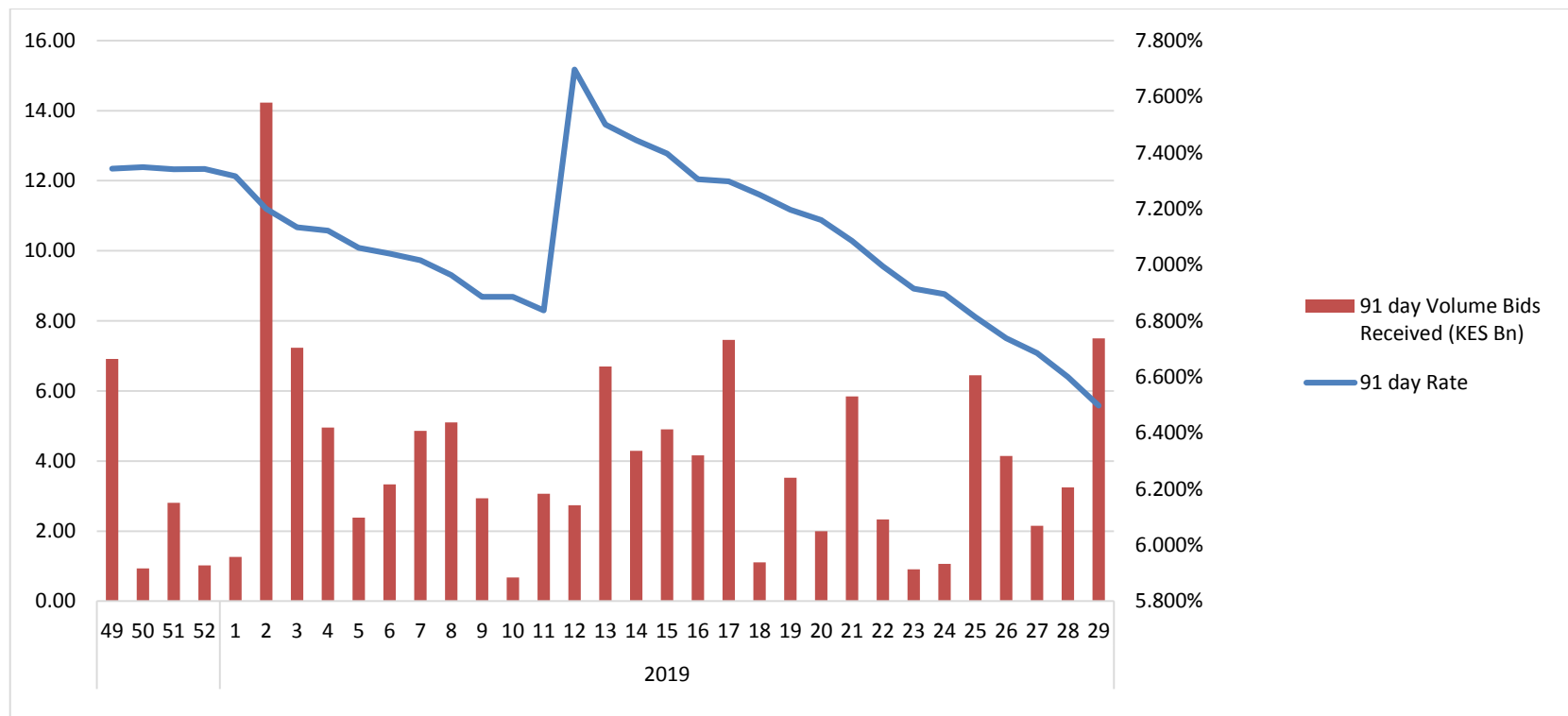
<b>Market Statistics</b>	<b>This Week</b>	<b>Last Week</b>	<b>% Change</b>
Total Volumes	77,654,900	63,447,400	22.4%
Total Turnover (KES)	2,269,754,472	2,502,690,722	-9.3%

# Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	7.50Bn	187.56%	7.50Bn	6.498%	6.600%	-0.102
182 day T-bill	6.97Bn	69.66%	6.97Bn	7.358%	7.469%	-0.111
364 day T-bill	11.56Bn	115.57%	10.63Bn	8.785%	8.646%	0.139

Graph showing 91 day T-bill rate and volume

Week No. 29



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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	<b>29-Apr-19</b>	26-Jul-19
KCB Group PLC	Final dividend	Kes.2.50	06-Mar-19	<b>29-Apr-19</b>	(Subject to Approval)
Stanbic Holdings PLC	Final dividend	Kes.3.55	01-Mar-19	<b>10-May-19</b>	(Subject to Approval)
Nairobi Securities Exchange	First & Final dividend	Kes.0.49	22-Mar-19	<b>30-May-19</b>	30-Jul-19
Liberty Kenya Holdings PLC	First & Final dividend	Kes. 0.50	17-May-19	<b>07-Jun-19</b>	(Subject to Approval)
Nation Media Group Ltd	Final dividend	Kes.3.50	18-Apr-2019	<b>14-Jun-19</b>	30-Jul-19
Kenya Reinsurance Corporation Ltd	Bonus Issue	Bonus Issue of 3:1	13-May-19	<b>14-Jun-19</b>	(Subject to Approval)
Kenya Reinsurance Corporation Ltd	First & Final dividend	Kes.0.45	29-Mar-19	<b>17-Jun-19</b>	26-Jul-19
Standard Group Plc	First & Final dividend	Kes.0.60	18-Mar-19	<b>21-Jun-19</b>	23-Aug-19
Jubilee Holdings Ltd	Final dividend	Kes.8.00	26-Apr-19	<b>25-Jun-19</b>	25-Jul-19
TPS Eastern Africa Ltd	Final dividend	Kes.0.35	26-Apr-2019	<b>25-Jun-19</b>	25-Jul-19
Total Kenya Plc	First & Final dividend	Kes.1.30	28-Mar-19	<b>26-Jun-19</b>	22-Jul-19
Crown Paints Kenya PLC	Final Dividend	Kes. 0.60	13-May-19	<b>28-Jun-19</b>	(Subject to Approval)
Kapchorua Tea (K) PLC	Final Dividend	Kes 10.00	28-Jun-19	<b>30-Jul-19</b>	(Subject to Approval)
Williamson Tea (K) PLC	Final Dividend	Kes. 20.00	28-Jun-19	<b>31-Jul-19</b>	(Subject to Approval)
BAT Kenya Ltd	Interim Dividend	Kes 3.50	19-Jul-19	<b>19-Aug-19</b>	20-Sep-19
Safaricom Plc	Special dividend	Kes.0.62	03-May-19	<b>30-Aug-19</b>	01-Dec-19
Safaricom Plc	First & Final dividend	Kes.1.25	03-May-19	<b>30-Aug-19</b>	01-Dec-19
Centum PLC	First & Final dividend	Kes 1.20	12-Jun-19	<b>(Subject to Approval)</b>	(Subject to Approval)

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# Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 19th July 2019
KCB Group	Long-term Buy	52.00	34.00	5.61%	39.55
Equity Group Holdings	Long-term Buy	53.50	32.50	16.07%	40.45
I&M	Hold	115.25	40.50	-38.24%	52.50
Barclays Bank of Kenya	Hold	12.75	9.50	-5.94%	10.30
Diamond Trust Bank	Hold	200.00	104.00	-26.52%	115.00
NBK	Hold	6.50	3.60	-26.50%	3.91
Jubilee Holdings	Long-term Buy	530.00	355.25	-9.45%	366.50
Bamburi Cement	Hold	190.00	110.00	-13.96%	114.00
Safaricom	Hold	30.50	21.00	25.45%	27.85
EABL	Hold	240.00	160.00	13.73%	198.75
KenGen	Trading	7.80	5.10	-9.69%	6.34
Mumias	Sell	0.90	0.27	-34.48%	0.38

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

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