

## KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 132.25	-0.1%	-20.5%	USD Mn – 18,808 KES Bn – 2,021
	NSE 20 Share Index – 1,909.36	0.4%	-28.1%	USD Mn – 16,373 KES Bn – 1,759.455
	NSE 25 Share Index – 3,107.31	0.5%	-24.2%	USD Mn – 17,462 KES Bn – 1,876.436

Source:NSE

## KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –107.4582	(0.5%)	(6.0%)	4.6% (06/2020)	4.9% (1Q2020)
NGN/USD -360.50	-	(17.6%)	12.6% (06/2020)	2.3% (2019)
ZAR/USD – 16.7276	0.9%	(19.1%)	2.1% (05/2020)	-2.0%(1Q2020)

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

Negative ( ) = Depreciation, Positive = Appreciation

## CBK Invites Bids for Re-opened FXD1/2020/05, FXD2/2018/10 and FXD1/2019/15 Treasury Bonds

- The Central Bank of Kenya (CBK), acting in its capacity as fiscal agent for the Republic of Kenya, has invited bids for re-opened FXD1/2020/05, FXD2/2018/10 and FXD1/2019/15 with the intention of raising KES 60.0 billion for budgetary support.
- The features of the bonds are shown in the table below:

IFB1/2020/6	FXD1/2020/05	FXD2/2018/10	FXD1/2019/15
Amount			
KES 60.0 billion			
Tenor	5 years (4.90 years)	10 years (8.49 years)	15 years (13.61 years)
Coupon rate	11.667%	12.502%	12.857%
Taxation	15.0%	10.0%	10.0%
Period of sale	06/07/2020 to 21/07/2020		
Redemption date	05/05/2025	04/12/2028	09/01/2034

Source: CBK

- For the **FXD1/2020/05**, this is the second re-opening. With both the initial issue and the first re-opening the bonds underperformed (subscription rates of 69.06% and 68.60% respectively) and the CBK failed to acquire the targeted amounts; CBK only acquired KES 20.8 billion out of the targeted KES 50.0 billion for the initial issue and KES 8.9 billion out of the targeted KES 30.0 billion for the first re-open. The weighted average yield for accepted bids in the initial issue stood at 11.667% (market determined coupon rate: 11.667%) while in the first re-opening it stood at 11.748%.
- For the **FXD2/2018/10**, this will be the first re-opening\* after a previous tap sale\*. With the first issue, the CBK acquired KES 26.2 billion against a targeted KES 40.0 billion at a yield of 12.502% (market determined

coupon rate: 12.502%) while with the ensuing tap sale the CBK acquired KES 6.6 billion against a targeted KES 13.8 billion.

- For the **FXD1/2019/15**, this is the second re-opening. The first issue underperformed with a subscription rate of 62.67%, attracting a yield of 12.857% (market determined coupon rate: 12.857%) while the first re-open over performed with a subscription rate of 136.72%, attracting a yield of 12.768%.
- Given the limited investment opportunities that can offer stable, positive returns (due to the economic challenges brought on by the pandemic) coupled with relatively high liquidity, we expect high investor appetite for the current reopening; the recent re-openings of treasury bonds of almost similar tenors, FXD3/2019/5(4.48 years) and FXD4/2019/10 (9.42 years) attracted high subscription rates – 152.22% and 110.62% respectively.
- We therefore caution against aggressive bidding.
- We recommend bidding as follows:
  - i. **FXD1/2020/05**: between 10.60% to 10.70%; we expect the average yield to be c. 10.74
  - ii. **FXD2/2018/10**: between 11.65% to 11.75%; we expect the average yield to be c. 11.84%
  - iii. **FXD1/2019/15**: between 12.20% to 12.30%; we expect the average yield to be c. 12.39%

positively to company's plans to delist. According to the company, delisting is part of turnaround strategy and will help the company access more capital. We expect selling pressures to continue in the coming week.

\*We make the distinction between a tap sale and a re-opening. A tap sale allows a borrower (in this case the government) to increase the amount of funds derived from a previous bond issue at the same price/yield determined from the previous issue (i.e. doesn't include new bidding). A re-open on the other hand allows a borrower to also increase the amount of funds derived from a previous bond issue at a different price/yield (i.e. includes new bidding).

### Market Commentary

The All Share Index eased by 0.1% w-o-w to close at 132.25. This was partly attributed to Safaricom declining by 1.8% w-o-w to KES 27.00. This was on the back of foreign sell side activity. However, the NSE 20 share Index gained 0.4% w-o-w to close at 1,909.36. Market turnover for the week declined by 19.9% to KES 3.4 billion as the number of shares traded declined by 18.6% to 138.7 million. Activity in the banking sector was skewed towards Equity and KCB. The two counters gained 6.8% and 3.5% to close the week (VWAP) at KES 34.00 and KES 35.25 respectively. Transcentury gained 21.7% w-o-w as investors reacted

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# 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	35.25	-34.7%	3.5%	3,425,200	45.9%	4.38	9.9%	0.85	20.7%
Equity Bank	34.00	-36.4%	6.8%	2,023,500	51.5%	5.69	0.0%	1.15	21.8%
NCBA	25.20	-31.6%	-4.5%	68,200	41.9%	2.90	0.0%	0.56	15.3%
Stanbic	78.50	-28.1%	-0.6%	700	56.2%	4.86	9.0%	0.63	13.6%
Absa Bank Kenya Plc	9.18	-31.2%	-3.4%	2,941,800	51.2%	6.69	12.0%	1.10	16.7%
Housing Finance	4.00	-38.1%	-11.1%	19,500	93.8%	<b>N/M</b>	0.0%	0.14	-1.1%
Co-operative Bank	11.85	-27.5%	0.0%	74,700	52.1%	4.86	8.4%	0.88	19.2%
Diamond Trust Bank	69.00	-36.7%	-1.4%	500	48.6%	2.84	3.9%	0.33	12.1%
Standard Chartered	160.00	-21.0%	-0.9%	2,700	55.6%	6.67	4.7%	1.15	17.5%
I&M	49.85	-7.7%	1.7%	1,800.00	39.0%	1.91	5.1%	0.36	20.4%
<b>Sector Average</b>					<b>53.6%</b>	<b>4.53</b>	<b>5.3%</b>	<b>0.71</b>	<b>15.6%</b>

## 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%	-	<b>N/M</b>	0.0%	-1.3	<b>N/M</b>
Nation Media Group	12.65	-68.2%	-6.6%	52,600	2.81	11.9%	4.5	10.9%
WPP Scangroup	19.70	14.5%	-1.7%	295,600	17.59	2.5%	1.12	6.0%
Uchumi Supermarket	0.36	24.1%	2.9%	14,200	<b>N/M</b>	0.0%	-4.6	<b>N/M</b>
Longhorn Publishers	4.75	-29.7%	-3.1%	2,000	6.99	10.9%	0.68	17.3%
Eveready	1.03	-6.4%	4.0%	4,900	<b>N/M</b>	0.0%	-1.45	-10.8%
<b>Sector Average</b>					<b>9.13</b>	<b>5.1%</b>		<b>5.8%</b>

\*N/M - Not Meaningful

<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>
Bamburi Cement	26.20	-67.3%	-3.9%	8,400	10.69	0.0%	1.6%	2.1%
E.A. Portland Cement	13.85	-4.5%	0.0%	0	<b>N/M</b>	0.0%	0.0%	0.0%
<b>Sector Average</b>					<b>10.69</b>	<b>0.0%</b>	<b>0.8%</b>	<b>1.0%</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	5.94	3.8%	11.7%	2,077,400	4.95	6.7%	1.20	4.2%
Kenya Power	1.92	-31.7%	-1.0%	282,200	14.77	0.0%	0.13	0.4%
Total Kenya	24.00	-12.7%	3.9%	500	5.96	5.4%	4.03	10.8%
<b>Sector Average</b>					<b>8.56</b>	<b>3.4%</b>		<b>2.3%</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	2.35	-12.3%	4.4%	8,600	0.30	19.58	69.8%	34.4%
Britam	7.50	-16.7%	7.1%	19,700	0.26	5.32	65.3%	37.2%
Jubilee	250.00	-28.8%	9.2%	100	8.91	4.76	91.9%	46.2%
Kenya Re	2.40	-20.8%	20.0%	795,800	0.08	0.94	71.2%	13.1%
Sanlam Kenya	14.00	-18.6%	3.7%	200.00	9.72	17.72	85.8%	35.5%
Liberty	7.90	-23.7%	0.5%	1,300.00	0.98	6.03	119.6%	48.7%
<b>Sector Average</b>					<b>0.88</b>	<b>9.57</b>	<b>83.9%</b>	<b>35.8%</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>EPS (KES)</b>	<b>ROE</b>
Centum Investment	23.05	-5.3%	-5.3%	14,000	3.32	0.49	6.95	9.3%
Home Afrika Ltd	2.35	-20.0%	6.7%	88,200	N/M	N/M	N/M	2.6%
Trans-Century	2.35	-6.0%	21.8%	65,100.00	N/M	N/M	N/M	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.49</b>		<b>5.5%</b>

\*P/B based on company Net Asset Value

<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	6.88	-44.3%	-7.3%	42,300	22.93	4.1%	0.3	3.9%
<b>Sector Average</b>					<b>22.93</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	0.27	0.0%	0.0%	0	N/M	0.0%	-4.43	-69.4%
EABL	160.00	-19.4%	1.3%	700	14.25	5.3%	11.23	83.0%
FTG Holdings	1.43	-42.1%	1.4%	11,500	5.50	0.0%	0.26	4.8%
Carbacid	9.00	12.5%	0.0%	3,800	8.65	7.8%	1.04	8.6%
BAT	310.00	-38.0%	0.0%	30,800	7.98	10.8%	38.85	40.8%
<b>Sector Average</b>					<b>9.10</b>	<b>4.8%</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	27.00	-14.3%	-1.8%	10,761,300	14.52	5.2%	1.86	51.8%
<b>Sector Average</b>					<b>14.52</b>	<b>5.2%</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	5.80	-38.4%	-3.7%	7,900	20.80	12.93%	0.83
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

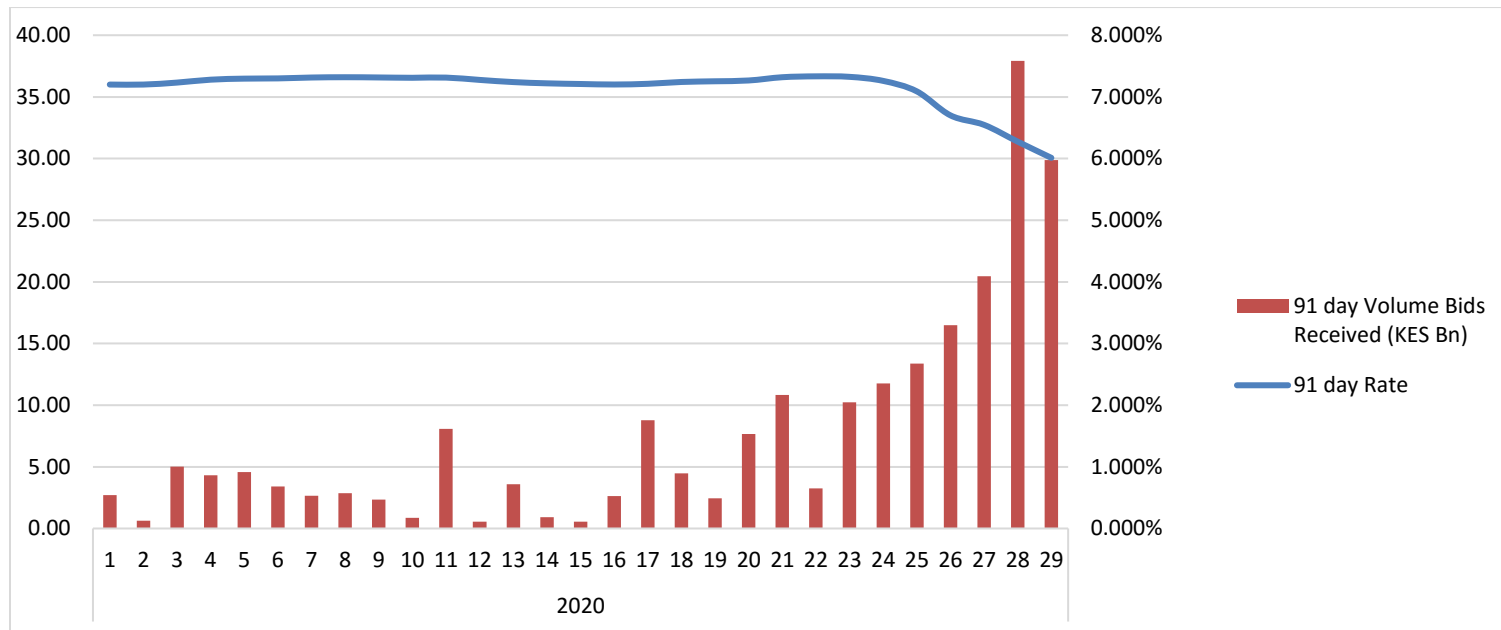
<b>Market Statistics</b>	<b>This Week</b>	<b>Last Week</b>	<b>% Change</b>
Total Volumes	138,790,900	170,570,200	-18.6%
Total Turnover (KES)	3,430,074,790	4,279,880,144	-19.9%

# Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	29.88 Bn	746.94%	29.88 Bn	6.011%	6.274%	(0.263)
182 day T-bill	10.78 Bn	107.81%	9.78 Bn	6.524%	6.759%	(0.235)
364 day T-bill	24.51 Bn	245.11%	5.86 Bn	7.464%	7.700%	(0.236)

Graph showing 91 day T-bill rate and volume

Week No. 29



# Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
KCB Group PLC	Final dividend	Kes.2.50	12-Mar-20	<b>27-Apr-20</b>	Subject to Approval
Standard Chartered Bank Kenya	Final dividend	Kes. 7.50	19-Jun-20	<b>27-Apr-20</b>	Subject to Approval
Standard Chartered Bank Kenya	Bonus Issue	1:10	19-Jun-20	<b>27-Apr-20</b>	Subject to Approval
NCBA Group PLC	Bonus Issue	1:10	22-Apr-20	<b>12-May-20</b>	Subject to Approval
Stanbic Holdings PLC	Final dividend	Kes.5.8	02-Mar-20	<b>18-May-20</b>	Subject to Approval
Equity Group Holdings Plc	First & Final dividend	Kes.2.50	20-Mar-20	<b>12-Jun-20</b>	24-Jul-20
Nation Media Group Ltd	Bonus Issue	1:10	20-Apr-20	<b>12-Jun-20</b>	Subject to Approval
Kenya Reinsurance Ltd	First & Final dividend	Kes.0.10	27-Mar-20	<b>12-Jun-20</b>	24-Jul-20
Diamond Trust Bank Ltd	First & Final dividend	Kes.2.70	20-Mar-20	<b>25-Jun-20</b>	24-Jul-20
Total Kenya Plc	First&Final dividend	Kes 1.30	02-Jun-20	<b>26-Jun-20</b>	31-Jul-20
Jubilee Holdings	Final dividend	Kes.8.00	21-May-20	<b>30-Jun-20</b>	24-Jul-20
WPP Scangroup	Special dividend	Kes. 8.00	07-Jul-20	<b>28-Jul-20</b>	27-Aug-20
Safaricom Plc	First & Final dividend	Kes.1.40	29-Apr-20	<b>31-Jul-20</b>	01-Nov-20
BAT Kenya Plc	Interim dividend	Kes. 3.50	16-Jul-20	<b>21-Aug-20</b>	18-Sep-20
ABSA Bank Kenya PLC	Final dividend	Kes.0.90	24-Mar-20	<b>Subject to Approval</b>	Subject to Approval
Britam Holdings PLC	First & Final dividend	Kes.0.25	03-Apr-20	<b>Subject to Approval</b>	Subject to Approval
I&M Holdings Plc	First & Final dividend	Kes.2.55	26-Mar-20	<b>Subject to Approval</b>	Subject to Approval
Centum Investment Co.	First & Final dividend	Kes. 1.30	02-Jun-20	<b>Subject to Approval</b>	Subject to Approval
Nairobi Securities Exchange	First & Final dividend	Kes.0.08	27-Mar-20	<b>Subject to Approval</b>	Subject to Approval

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# Market Recommendations

Counter	Recommendation	YTD Change	Price as at 17th July 2020
Equity Group Holdings	Long-term Buy	-36.45%	34.00
KCB	Long-term Buy	-34.72%	35.25
NCBA	Long-term Buy	-31.61%	25.20
ABSA Bank Kenya Plc	Long-term Buy	-31.24%	9.18
Stanbic	Long-term Buy	-28.15%	78.50
HF	Sell	-38.08%	4.00
Standard Chartered	Sell	-20.99%	160.00
Safaricom	Hold	-14.29%	27.00
Bamburi	Sell	-67.25%	26.20

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