

**Global Markets**

Index	Last Price *	Weekly Change%	YTD%
DJI	31,000.20	1.29%	2.00%
S&P 500	3,833.98	2.07%	2.66%
NASDAQ-100	13,356.18	3.63%	3.90%
DAX	13,875.85	1.14%	1.14%
FTSE 100	6,694	3.61%	3.61%
Euro Stoxx 50	3,611.43	0.33%	1.65%
Shanghai Composite	3,606.75	3.85%	3.85%
NIKKEI 225	28,580.20	4.14%	4.15%
NSEASI	154.84	-2.12%	1.79%
NSE 20 Share	1,887.23	-1.69%	1.01%
NSE 25 Share	3,432.28	-1.64%	0.50%
BRENT Oil (USD/bbl.)	55.49	0.71%	8.55%
GOLD SPOT (USD/Oz)	1,856.19	-0.46%	-2.20%

Source: Bloomberg, NSE; \*As at 7.19PM EAT

Most of the equity market indices gained during the week. Notably, the S&P 500 and the NASDAQ100 both hit new 52-week highs of 3,833.98 and 13,356.18 respectively on Thursday. We attribute this to investor optimism on possible economic stimulus and pandemic relief under the Biden administration. The Gold Spot eased by 0.5% at the close of the week while oil (Brent) rose 0.7% week on week.

**Equities Market**
**Market Commentary**

The All Share Index and NSE 20 Share Index eased by 2.1% and 1.7% w-o-w to close the week at 154.84 and 1,887.23 respectively. Market turnover and volume of shares traded increased by 27.1% and 17.0% respectively to KES 2.7 billion and 79.0 million shares respectively. There was increased selling pressure in the week on the back of profit taking activities following recent price rallies on some counters. Notably, Safaricom eased by 2.7% w-o-w to close at KES 35.55. The banking sector also witnessed selling activity on KCB (-2.4% to KES 36.00), Co-op (-2.3% to KES 12.60), DTB (-5.2% to KES 73.00) and Stanbic (-3.4% to KES 77.75). Bamburi, however, extended its upward trend, gaining 2.1% (YTD 21.7%) to KES 46.05. We attribute this to positive investor sentiment due to increased construction activity in Kenya and

the region (some markets have even recorded cement shortages and spikes in prices). We expect demand on the counter to remain high. We expect increased activity on EABL in the coming week ahead of 1H2021 results announcement (29th January 2021).

**Market Commentary**

	Previous Week	This Week	Weekly Change
<b>Market Capitalization (KES Bn)</b>	2,430	2,378	(2.1%)
<b>Number of Shares Traded (M)</b>	68.17	79.71	16.9%
<b>Equity Turnover Mn (KES)</b>	2,087	2,652	27.1%

**Recommendations**

Counter	Recommendation	Price (KES)	Weekly Change %	YTD Change %
<b>KenGen</b>	Long Term Buy	4.64	(3.3%)	(1.5%)
<b>Kenya RE</b>	Hold	2.51	(4.9%)	8.2%

**Equities Performance**

Top Gainers	Price (KES)	Weekly Change %	YTD Change	Volume Traded
Express Kenya	3.73	12.7%	3.3%	400
Uchumi	0.27	12.5%	-3.6%	507,700
Home Afrika	0.40	11.1%	-4.8%	343,500
EA Portland	11.25	9.8%	2.3%	1,900
HF Group	3.89	6.9%	17.2%	321,700

**DISCLAIMER:** The information contained herein is obtained from sources, which to the best of our knowledge are deemed reliable. As such, we are not responsible or liable for any factual errors arising thereof. Any opinions expressed herein are ours and are bound to change anytime at no notice.

Top Losers	Price (KES)	Weekly Change %	YTD Change	Volume Traded
Eveready	1.03	-13.4%	-14.2%	6,100
BK Group	18.50	-9.8%	-9.8%	9,005,200
Unga group	29.55	-7.7%	-7.1%	7,200
Liberty	7.42	-7.3%	-3.6%	31,600
Centum	16.35	-6.0%	1.9%	282,800

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## News Highlights

### Co-operative Bank Obtains KES 8.3 billion loan for SME Lending

Co-operative bank has obtained a KES 8.3 billion loan for micro, small and medium-sized (SME) lending from the International Finance Corporation – the private arm of the World Bank.

According to management, the funding would be used to provide support for firms that have been adversely affected by the COVID-19 pandemic.

Further, the loan will benefit firms carrying out climate friendly projects such as sustainable agricultural practices and renewable energy. The loan is to be repaid in 7 years and is part of IFC's \$8.0 billion COVID-19 facility.

According to the bank, the credit line will boost its balance sheet with the loans to customers financing the long-term debt. In 2018, the bank had received a KES 15.2 billion loan from the IFC for 7 years to lend to MSMEs and by 3Q2020, the bank had trained 8,950 MSMEs and on-boarded 110,914 MSMEs.

## Commentary

We expect the bank to leverage on the banking advisory services project with IFC to boost MSME lending. In light of the COVID-19 pandemic, we expect the bank to cautiously lend to MSMEs with low exposure to high risk sectors. We note that as at 3Q2020, 46.0% of the bank's loan book was in personal consumer loans - up from 42.0% in 3Q2019 - with low exposure to sectors adversely affected by the pandemic - tourism, restaurants and hotels (1.0%) and manufacturing (2.0%).

We also expect the bank to benefit from lenient borrowing terms from a lower interest rate and longer maturity. This will further enable the bank manage interest rate risk as they anticipate to extend long-term loans financed using the long term debt (7 years).

We expect the loan to boost the bank's capital (tier 2).

## Corporate Finance

### uLesson raises \$7.5 million in Seed A Funding Round

uLesson, a Nigerian ed-tech startup has raised \$7.5 million in a seed funding round from Owl Ventures, LocalGlobe and existing investors TLcom Capital and Founder Collective. The startup was founded in 2019 and provides personalized curriculum content via mobile and PC devices. It offers content in Nigeria, Ghana, Sierra Leone, Liberia and Gambia. Since the app's launch in March 2020, it has had one million downloads. The funding will be used to expand across Africa, acquire new talent and build its product development and production infrastructure. Further, the startup is set to launch new products such as a primary school library and tutoring sessions. The startup had raised a \$3.1 million seed round in November 2019. According to management, the content has to be tailored to suit individual markets. We note that the COVID-19 pandemic has necessitated online learning in the continent and we expect that the funding will enable the startup to further fill the existing gap in digital content.

## Fixed Income Market

### Treasury Bill Auction Results

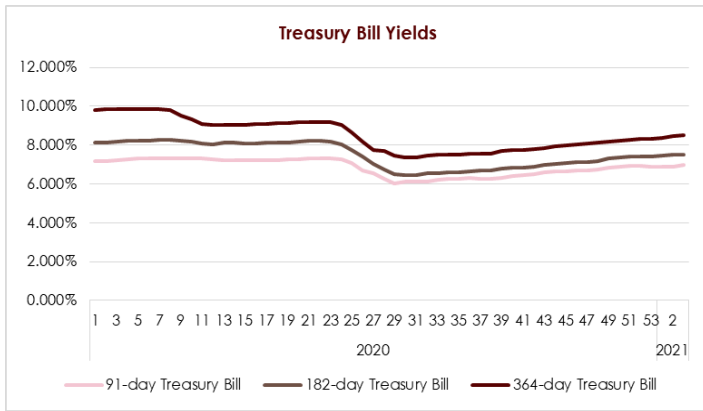
	Amount Offered	Bids Received	Subscription %	Bids Accepted	Yield (%)	Change (bps)
91 day	4.0	2.15	53.74%	2.15	6.983%	9.9
182 day	10.0	0.92	9.16%	0.91	7.508%	(1.4)
364 day	10.0	17.22	172.20%	14.47	8.508%	6.3
<b>Total</b>	<b>24.0</b>	<b>20.29</b>	<b>84.52%</b>	<b>17.53</b>		

Source: CBK

\*Change = Current Rate – Previous Rate; 1.0% = 100 bps; Amount Offered, Bids Received and Bids Accepted are in KES Billions

Treasury bills were undersubscribed during the week's auction – the total subscription rate was 84.52%, down from last week's 110.13%. We opine that the undersubscription was partly influenced by the issue of the IFB/2021/016 which was oversubscribed at 250.95%. The 364 day paper had the highest subscription rate this week, at 172.20%, followed by the 91 day paper whose subscription rate was 53.74%.

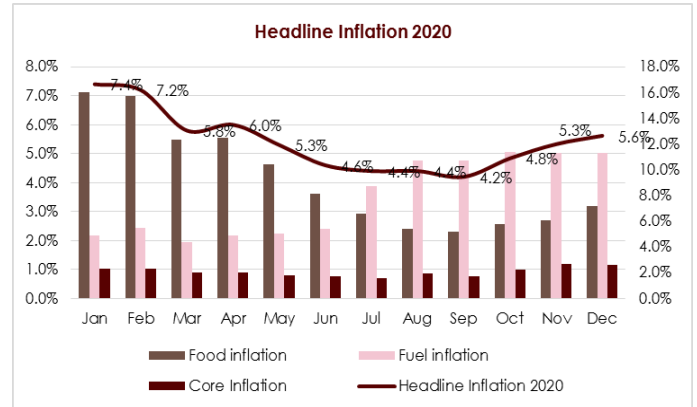
Treasury Bill Yields



Source: CBK

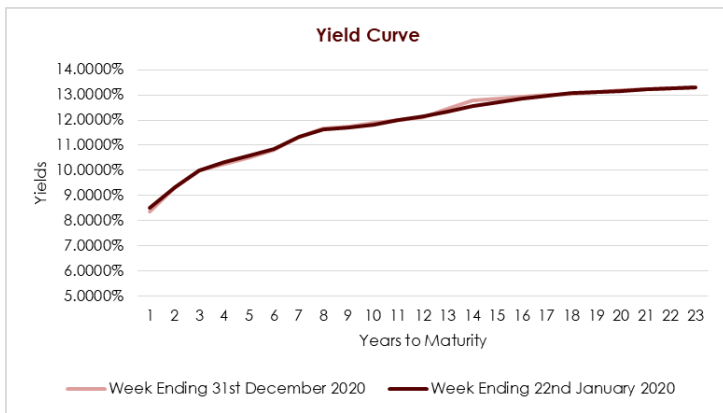
Macroeconomic Indicators

Inflation



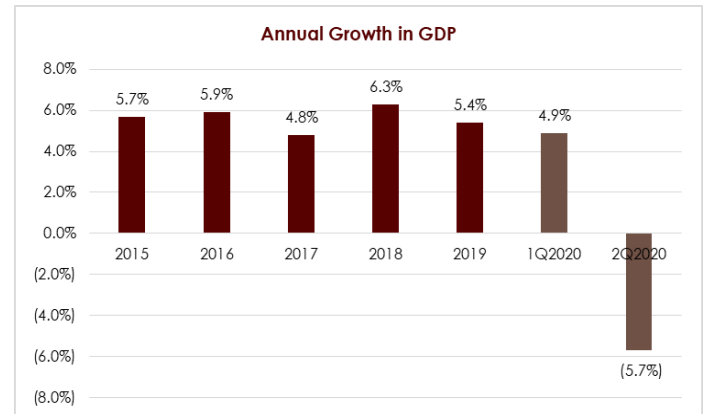
Source: KNBS

Government Securities Yield Curve



Source: NSE

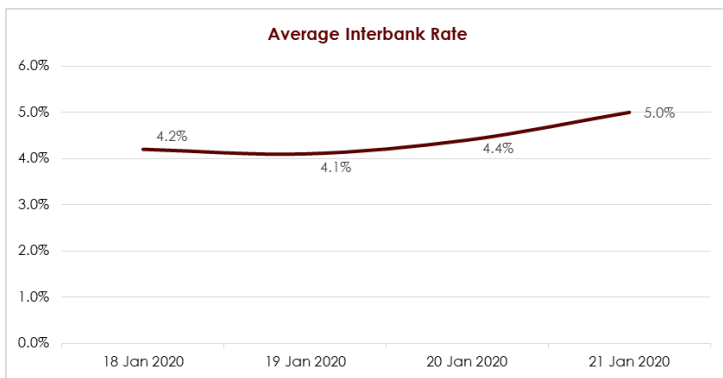
Gross Domestic Product (GDP)



Source: KNBS

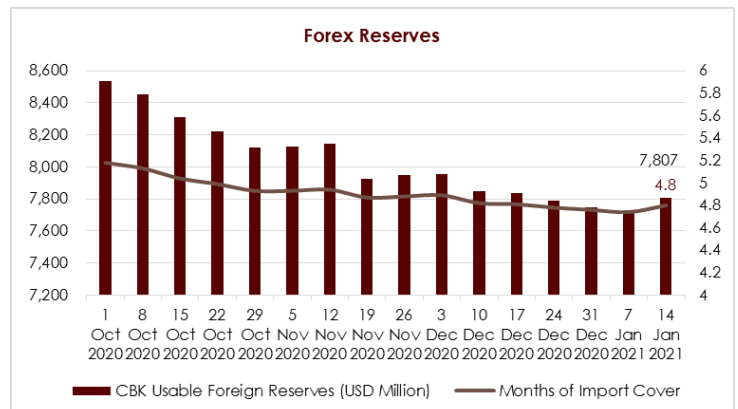
Interbank Rate

The average interbank rate rose during the week from 4.2% to 5.0% indicating relatively lower liquidity.



Source: CBK

Forex Reserves



## Exchange Rates

	Value	Weekly Change %	YTD Change %
<b>US Dollar</b>	109.8088	0.3%	-0.6%
<b>STG Pound</b>	150.6382	-0.8%	-1.5%
<b>EURO</b>	133.5585	-0.5%	0.3%

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

## Labour Statistics

Indicator	3Q2019	1Q2020	2Q2020	3Q2020
<b>Unemployment Rate</b>	5.3%	5.2%	10.4%	7.2%
<b>Labour Force Participation Rate</b>	69.8%	69.7%	64.4%	68.8%

Source: KNBS

## Equity 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	36.00	-5.5%	-2.4%	15,312,400	45.9%	4.47	9.7%	0.87	20.7%
Equity Bank	37.20	1.8%	0.8%	12,380,800	51.5%	6.22	0.0%	1.26	21.8%
NCBA	25.40	-5.0%	-0.4%	169,400	41.9%	2.92	0.0%	0.57	15.3%
Stanbic	77.75	-8.5%	-3.4%	34,700	56.2%	4.82	9.1%	0.63	13.6%
Absa Bank	9.46	-2.1%	-0.4%	872,900	51.2%	6.89	11.6%	1.14	16.7%
Housing Finance	3.89	17.2%	6.9%	321,700	93.8%	N/M	0.0%	0.13	-1.1%
Co-op	12.60	0.8%	-2.3%	980,400	52.1%	5.17	7.9%	0.93	19.2%
DTB	73.00	-2.7%	-5.2%	71,600	48.6%	3.01	3.7%	0.35	12.1%
StanChart	138.75	-3.8%	-0.7%	137,800	55.6%	5.79	5.4%	1.00	17.5%
I&M	46.00	2.2%	0.3%	64,500	39.0%	1.77	5.5%	0.33	20.4%
<b>Sector Average</b>					<b>53.6%</b>	<b>4.56</b>	<b>5.3%</b>	<b>0.72</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	0.0%	0.0%	-	N/M	0.0%	-1.3	N/M
NMG	15.05	-2.6%	-2.9%	211,300	3.34	10.0%	4.5	10.9%
WPP Scangroup	6.30	5.0%	0.0%	285,800	5.63	7.9%	1.12	6.0%
Uchumi	0.27	-3.6%	12.5%	507,700	N/M	0.0%	-4.6	N/M
Longhorn	4.64	-4.9%	2.4%	40,000	6.82	11.2%	0.68	17.3%
Eveready	1.03	-14.2%	-13.4%	6,100	N/M	0.0%	-1.45	-10.8%
<b>Sector Average</b>					<b>5.26</b>	<b>5.8%</b>		<b>5.8%</b>

\*N/M - Not Meaningful

Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
Bamburi Cement	46.05	21.7%	2.1%	8,615,800	18.80	0.0%	1.6%	2.1%
E.A. Portland	11.25	2.3%	9.8%	1,900	N/M	0.0%	0.0%	0.0%
<b>Sector Average</b>					<b>18.80</b>	<b>0.0%</b>	<b>0.8%</b>	<b>1.0%</b>

\*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	4.64	-1.5%	-3.3%	556,000	3.87	8.6%	1.20	4.2%
Kenya Power	1.67	-2.3%	-3.5%	1,618,400	12.85	0.0%	0.13	0.4%
Total Kenya	23.50	-2.1%	-1.7%	23,100	5.83	5.5%	4.03	10.8%
<b>Sector Average</b>					<b>7.51</b>	<b>4.3%</b>		<b>2.3%</b>

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.15	0.9%	0.0%	465,800	0.27	17.92	69.8%	34.4%
Britam	7.52	3.6%	0.8%	310,800	0.26	5.33	65.3%	37.2%
Jubilee	280.00	-1.4%	-3.4%	39,900	9.98	5.33	91.9%	46.2%
Kenya Re	2.51	8.2%	-4.9%	836,900	0.09	0.98	71.2%	13.1%
Sanlam Kenya	14.00	8.1%	6.1%	15,100	9.72	17.72	85.8%	35.5%
Liberty	7.42	-3.6%	-7.3%	31,600	0.92	5.66	119.6%	48.7%
<b>Sector Average</b>					<b>3.54</b>	<b>8.83</b>	<b>83.9%</b>	<b>35.8%</b>

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum	16.35	-6.0%	-6.0%	282,800	2.35	0.34	6.95	9.3%
Home Afrika Ltd	1.44	-4.8%	11.1%	343,500	N/M	N/M	N/M	2.6%
Trans-Century	1.44	-0.7%	5.9%	15,900	N/M	N/M	N/M	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.34</b>		<b>5.5%</b>

\*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	8.50	4.2%	0.0%	399,700	28.33	3.3%	0.3	3.9%
<b>Sector Average</b>					<b>28.33</b>	<b>3.3%</b>		

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%	-	N/M	0.0%	-4.43	-69.4%
EABL	150.00	-2.8%	-0.8%	1,000,200	29.01	2.0%	5.17	46.6%
FTG Holdings	1.37	11.4%	0.0%	61,600	5.27	0.0%	0.26	4.8%
Carbacid	11.90	-1.7%	-0.8%	168,700	9.37	5.9%	1.27	10.0%
BAT	397.75	10.2%	2.1%	36,200	10.24	8.4%	38.85	40.8%
<b>Sector Average</b>					<b>13.47</b>	<b>3.3%</b>		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	35.55	3.8%	-2.7%	23,435,400	19.11	3.9%	1.86	51.8%
<b>Sector Average</b>					<b>19.11</b>	<b>3.9%</b>		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	6.30	13.3%	2.6%	77,600	20.80	11.90%	0.83
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share



**Corporate Actions**

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Carbacid Investments Plc	Final dividend	Kes. 0.70	23-Nov-20	09-Jan-21	29-Jan-21

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