

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 149.00	-0.5%	6.1%	USD Mn – 21,863 KES Bn – 2,269
	NSE 20 Share Index - 2,651.80	-1.4%	-6.4%	USD Mn – 18,883 KES Bn – 1,960.092
	NSE 25 Share Index - 3,606.21	-0.2%	1.5%	USD Mn – 20,262 KES Bn – 2,103.206
NIGERIA	ASI- 27,918.59	-	-11.2%	USD Mn – 44,334 NGN Bn – 13,606
EGYPT	EGX100*- 1,375.77	-	-20.3%	USD Mn – 36,535 EGP Bn – 606.211
SOUTH AFRICA	All share – 57,662.89	-0.4%	9.3%	USD Mn – 804,478 ZAR Bn – 11,385

Source: NSE, JSE, NSE (Nigeria), *EGX100-as at 25th July 2019

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –103.80	-0.7%	-1.9%	5.6%(06/2019)	5.6%(1Q2019)
NGN/USD* -306.90	-0.1%	7.4%	11.4%(05/2019)	2.4%(3Q2018)
EGP/USD* –16.59	0.1%	7.4%	9.4%(06/2019)	5.3%(3Q2018)
ZAR/USD – 13.92	-2.1%	-4.3%	4.5%(06/2019)	0.8%(FY2018)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and EGP*-as at 25th July 2019

EABL Posts a 58.7% Growth In After Tax Profits for FY2019

East Africa Breweries Limited (EABL) registered a 58.7% y/y growth in after tax profits for FY2019 to KES 11.5 billion (FY2018: KES 7.3 billion). The rise in profitability was mainly driven by a 12.4% y/y growth in revenue to KES 82.5 billion (FY2018: KES 73.5 billion), which was supported by 11.0% y/y growth in volumes across all product lines. The rise in net sales was mainly attributable to innovations in brands across the company's markets (Serengeti Lite, Tusker Cider, Chrome Vodka, Captain Morgan Gold and Uganda Waragi Pineapple), contributing 24.0% of total revenues which is equivalent to KES 20.3 billion. According to management, the strong performance was occasioned by a stable operating environment across its markets (favorable exchange rates, low inflation, and stable political environment) as well as continued cost efficiencies. The capital expenditure stood at KES 11.7 billion, with the completion of a KES 14.0 billion brewery in Kisumu which will initially produce Senator Keg (value beer). The brewery is expected to commence operations in July 2019. According to the company, net borrowings declined by 13.1% y/y to KES 23.9 billion due to higher cash (cash and cash equivalents surged by 291.2% y/y to KES 12.5 billion) and the repayment of a KES 11.5 billion Diageo loan. We expect EABL to focus on improving margins, cutting costs and expanding their product mix through innovation. Furthermore, we expect the commissioning of the Kisumu brewery in 1H2020 to drive up volumes (especially for value beer), however, with the 15.0% increase in the excise duty on wines and spirits proposed in the 2018/2019 Budget, we expect this to compromise spirits' volume growth.

Parliament Votes to Nationalize Kenya Airways

In a bid to rescue Kenya Airways from increasing debts, the national assembly voted for the nationalization of Kenya Airways, a move which could see minority shareholders bought out. In a unanimous decision, parliament acceded to the recommendation brought forward by the parliamentary transport committee for the formation of an umbrella Aviation holding company to manage Kenya's aviation sector. The aviation holding company will have four subsidiaries comprising of: Kenya Airways (KQ), Kenya Airports Authority (KAA), the Jomo Kenyatta International Airport (JKIA) and an independently run centralized Aviation Services College. The committee also recommended tax concessions and excise duty exemptions (on all goods, including jet fuel) for the holding company. Following the approval by the national assembly, the government is expected to draft an implementation plan. We opine that the increased government support bodes well for the company, as it will put the company on more or less equal footing (in terms of government support) with its competitors (Ethiopian Airlines, RwandAir, Emirates, Etihad and Qatar) which are state-owned. However, in the event the nationalization plan does not turn around the company's fortunes, tax payers stand to lose.

CBK Retains Benchmark Lending Rate at 9.0%

The Monetary Policy Committee (MPC) retained the CBR rate at 9.0%, for the sixth consecutive time - maintaining the maximum lending rate at 13.0% in accordance to the interest rate regulations. According to the MPC, the policy decision was necessitated by domestic macroeconomic stability, range bound inflation expectations (due to expectations of reduced food prices) and positive economic growth expectations for 2019, amidst rising global uncertainties. Inflation remained relatively stable in May and June, within the CBK's target range while core inflation continued to remain below 5.0% - indicating muted demand pressures. Economic growth remained resilient in 1Q2019 at 5.6%, despite reduced agricultural production - curtailed by the delayed onset of the long rains. Stability was also witnessed in the forex market as the current account deficit narrowed to 4.2% of GDP in June 2019 (May 2018: 5.4%) on the back of rising diaspora remittances, growth in horticultural exports coupled with slower growth of food imports as well as an improved tourism and transport sector. Private sector credit showed marked improvement in June registering a growth of 5.2% y/y, slightly higher compared to the growth of 4.4% y/y realized in May. The MPC anticipates the key risks to domestic growth in 2019 to be the slow growth in private sector credit, rising international crude oil prices and

uncertainties concerning the global economy (due to the trade tensions and Brexit). Given the stability in core inflation, the expectations of lower food inflation and a strong foreign exchange market, we expect the CBR to remain unchanged in the short-term. Additionally, while the Kenya Shilling continues to grapple with a bout of depreciation, we believe this is a short-term shock (influenced by high market liquidity, increased demand for the Dollar by the private sector) and should correct in the near term.

Stock Market Performance and Outlook

The overall market edged up marginally by 0.1% w/w to close the week at 149.00 (NASI) characterized by an increase in trading activities - turnover and volumes. We attribute the slight gain in the overall market index to price gains made on Stanbic (+2.6% w/w), EABL (+2.3% w/w), Barclays (+1.5% w/w), I&M (1.0% w/w) and KCB (+0.9% w/w). Foreign supply and foreign demand were relatively balanced during the week. We opine the price gain on EABL was due to the company's positive FY2019 results (+58.7% y/y to KES 11.5 billion). We expect minimal price movements in the coming week.

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	39.90	6.5%	0.9%	8,739,800	48.7%	5.10	8.8%	1.08	21.9%
Equity Bank	40.35	15.8%	-0.2%	8,368,900	52.2%	7.68	5.0%	1.60	21.1%
NIC Bank	29.90	7.6%	-0.5%	260,200	46.3%	4.53	4.2%	0.54	12.1%
Stanbic	98.50	8.5%	2.6%	13,900	50.2%	6.20	5.9%	0.87	14.3%
National Bank	3.88	-27.1%	-0.8%	43,400	92.0%	187.57	0.0%	0.19	0.1%
Barclays Bank	10.45	-4.6%	1.5%	16,540,600	54.2%	7.65	10.5%	1.28	17.1%
Housing Finance	4.00	-27.8%	-6.5%	149,000	107.7%	N/M	0.0%	0.14	-5.5%
Co-operative Bank	12.10	-15.4%	0.8%	949,300	54.6%	5.58	8.3%	1.02	18.2%
Diamond Trust Bank	114.00	-27.2%	-0.9%	461,100	45.2%	4.50	2.3%	0.59	13.9%
Standard Chartered	196.00	0.8%	-0.3%	20,500	51.8%	8.31	9.7%	1.44	17.5%
I&M	53.00	-37.6%	1.0%	14,200	36.6%	2.58	7.4%	0.46	17.9%
Sector Average					58.1%	23.97	5.6%	0.84	13.5%

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	4.11	-53.8%	-16.1%	157,900	N/M	0.0%	-1.3	N/M
Nation Media Group	46.05	-32.8%	-4.2%	94,500	6.67	21.7%	6.9	13.2%
WPP Scangroup	12.00	-14.3%	0.4%	23,500	10.71	4.2%	1.12	7.1%
Uchumi Supermarket	0.36	-55.0%	2.9%	1,125,300	N/M	0.0%	-4.6	N/M
Longhorn Publishers	8.06	74.8%	0.8%	55,600	16.45	4.7%	0.49	13.1%
Eveready	1.07	7.0%	7.0%	27,300	0.84	93.5%	1.27	-35.3%
Sector Average					8.67	6.1%		-0.5%

*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
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%	2,900	46.53	4.5%	1.6%	0.5%
E.A. Portland Cement	14.30	-10.6%	0.0%	0	N/M	0.0%	19.3%	25.0%
Sector Average					46.53	1.5%		4.3%

*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	6.00	-14.5%	-5.4%	5,554,400	5.00	6.7%	1.20	4.2%
Kenya Power	4.00	-1.7%	1.3%	2,439,300	4.08	0.0%	0.98	3.0%
Total Kenya	28.65	4.2%	-0.7%	51,200	7.81	4.5%	3.67	10.5%
Sector Average					5.63	3.3%		3.6%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	3.56	-7.8%	2.0%	605,000	1.18	19.78	64.9%	49.0%
Britam	7.84	-21.6%	0.5%	167,400	0.71	32.67	67.6%	134.8%
Jubilee	370.00	-8.6%	1.0%	3,500	1.02	7.05	92.0%	138.2%
Kenya Re	3.89	-72.1%	-1.0%	662,300	0.10	0.76	62.2%	106.7%
Sanlam Kenya	19.40	-11.8%	-0.8%	6,000	2.10	92.38	95.4%	149.7%
Liberty	10.50	-18.6%	-4.5%	40,300	0.76	6.65	66.5%	66.5%
Sector Average					0.88	9.57	74.7%	107.5%

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	NAVPS**	EPS (KES)	ROE
Centum Investment	32.90	12.5%	0.5%	1,048,600	29.38	0.42	79	1.12	1.5%
Home Afrika Ltd	0.61	-12.9%	-6.2%	241,000	N/M	N/M	0.85	-0.39	2.6%
Trans-Century	3.30	371.4%	-17.1%	8,200	N/M	0.26	40.96	-1.56	4.7%
Sector Average					N/M	0.34			2.9%

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

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	11.55	-20.6%	-3.8%	113,500	15.82	4.2%	0.73	9.3%
Sector Average					15.82	4.2%		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.35	-39.7%	-7.9%	659,500	N/M	0.0%	-4.43	-69.4%
EABL	203.25	16.3%	2.3%	1,974,400	18.10	4.2%	11.23	82.8%
FTG Holdings	2.67	6.8%	-2.9%	11,000	3.14	0.0%	0.85	22.3%
Carbacid	8.94	-10.6%	4.0%	12,300	6.48	7.8%	1.38	14.6%
BAT	512.00	-29.4%	-1.5%	265,600	15.35	5.1%	33.36	48.0%
Sector Average					10.77	3.4%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	27.60	24.3%	-0.9%	35,498,700	17.47	6.8%	1.58	44.1%
Sector Average					17.47	6.8%		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	9.00	-17.8%	1.8%	92,200	12.68	8.33%	0.71
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

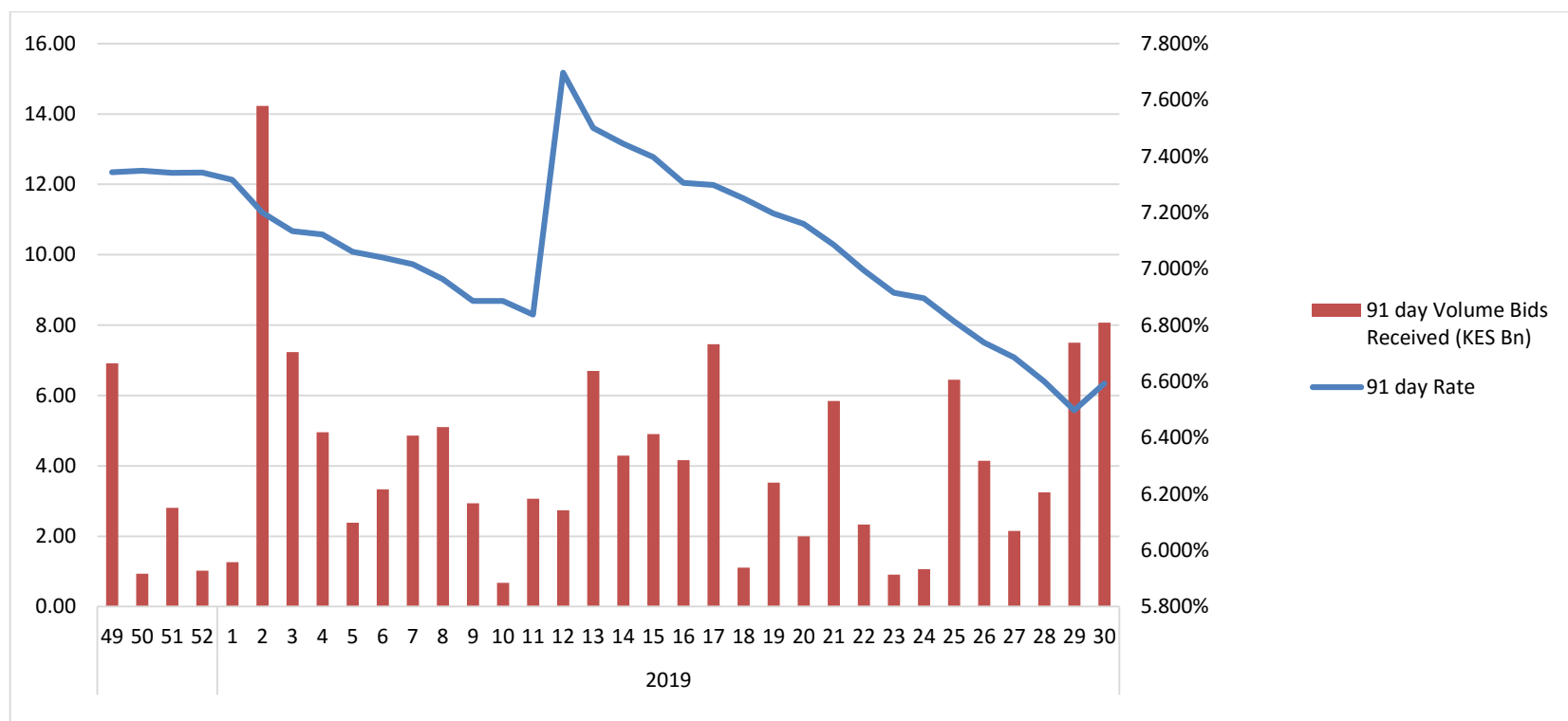
Market Statistics	This Week	Last Week	% Change
Total Volumes	91,708,900	77,654,900	18.1%
Total Turnover (KES)	2,696,793,134	2,269,754,472	18.8%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	8.07Bn	201.80%	5.13Bn	6.592%	6.498%	0.094
182 day T-bill	2.72Bn	27.20%	2.72Bn	7.365%	7.358%	0.007
364 day T-bill	16.45Bn	164.46%	16.42Bn	8.988%	8.785%	0.203

Graph showing 91 day T-bill rate and volume

Week No. 30



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Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
KCB Group PLC	Final dividend	Kes.2.50	06-Mar-19	29-Apr-19	(Subject to Approval)
Stanbic Holdings PLC	Final dividend	Kes.3.55	01-Mar-19	10-May-19	(Subject to Approval)
Nairobi Securities Exchange	First & Final dividend	Kes.0.49	22-Mar-19	30-May-19	30-Jul-19
Liberty Kenya Holdings PLC	First & Final dividend	Kes. 0.50	17-May-19	07-Jun-19	(Subject to Approval)
Nation Media Group Ltd	Final dividend	Kes.3.50	18-Apr-2019	14-Jun-19	30-Jul-19
Kenya Reinsurance Corporation Ltd	Bonus Issue	Bonus Issue of 3:1	13-May-19	14-Jun-19	(Subject to Approval)
Kenya Reinsurance Corporation Ltd	First & Final dividend	Kes.0.45	29-Mar-19	17-Jun-19	26-Jul-19
Standard Group Plc	First & Final dividend	Kes.0.60	18-Mar-19	21-Jun-19	23-Aug-19
Crown Paints Kenya PLC	Final Dividend	Kes. 0.60	13-May-19	28-Jun-19	(Subject to Approval)
Kapchorua Tea (K) PLC	Final Dividend	Kes 10.00	28-Jun-19	30-Jul-19	(Subject to Approval)
Williamson Tea (K) PLC	Final Dividend	Kes. 20.00	28-Jun-19	31-Jul-19	(Subject to Approval)
BAT Kenya Ltd	Interim Dividend	Kes 3.50	19-Jul-19	19-Aug-19	20-Sep-19
Safaricom Plc	Special dividend	Kes.0.62	03-May-19	30-Aug-19	01-Dec-19
Safaricom Plc	First & Final dividend	Kes.1.25	03-May-19	30-Aug-19	01-Dec-19
Centum PLC	First & Final dividend	Kes 1.20	12-Jun-19	(Subject to Approval)	(Subject to Approval)
EABL	Final Dividend	Kes. 6.00	26-Jul-19	(Subject to Approval)	(Subject to Approval)

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Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 26th July 2019
KCB Group	Long-term Buy	52.00	34.00	6.54%	39.90
Equity Group Holdings	Long-term Buy	53.50	32.50	15.78%	40.35
I&M	Hold	115.25	40.50	-37.65%	53.00
Barclays Bank of Kenya	Hold	12.75	9.50	-4.57%	10.45
Diamond Trust Bank	Hold	200.00	104.00	-27.16%	114.00
NBK	Hold	6.50	3.60	-27.07%	3.88
Jubilee Holdings	Long-term Buy	530.00	350.00	-8.59%	370.00
Bamburi Cement	Hold	190.00	110.00	-13.96%	114.00
Safaricom	Hold	30.50	21.00	24.32%	27.60
EABL	Hold	231.00	160.00	16.31%	203.25
KenGen	Trading	7.80	5.10	-14.53%	6.00
Mumias	Sell	0.90	0.27	-39.66%	0.35

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