



Weekly Report

Week 31

Week Ending Friday, August 6, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	35,191.15	0.6%	15.8%
S&P 500	4,436.27	0.7%	18.8%
NASDAQ 100	15,803.81	1.2%	17.7%
DAX	15,803.81	1.4%	15.2%
FTSE 100	7,130.23	1.2%	10.4%
EURO STOXX 50	4,182.36	1.9%	17.7%
Shanghai Composite	3,458.23	1.8%	-0.4%
NIKKEI 225	27,820.04	2.0%	1.4%
Commodities			
Brent Oil (USD/bbl.)	71.58	-6.2%	40.0%
Gold (USD/Oz)	1,764.27	-3.2%	-7.0%

Source: Bloomberg, NSE; *As at 5:40 PM EAT

Most of the equity indices rose during the week. The S&P 500 edged up driven by gains in Apple and healthcare stocks, despite concerns on the Delta variant of COVID-19. Markets also reacted positively to strong July jobs numbers. Nonfarm payrolls increased by 943,000 – higher than the 845,000 Dow Jones estimate- for the month while the unemployment rate dropped to 5.4% - lower than the Dow Jones estimate of 5.7%. The FTSE rose supported by financial stocks

such as Prudential, Legal and General and Barclays. Oil (brent crude) fell owing to concerns over the impact of travel restrictions to curb the spread of the Delta variant of COVID-19 on oil demand and an unexpected increase in U.S. crude stockpiles.

Equities Market

Equity Market Commentary

The All Share Index (NASI) rose by 0.6% w/w while the NSE 20 remained flat to close the week at 178.50 and 1,974.46 respectively characterized by a decline in both market turnover(11.9% to KES 1.5 billion) and number of shares traded(18.0% to 45.3 million shares). There were notable price gains on Stanbic (8.8% w/w to KES 92.50), CIC (4.7% w/w to KES 3.10), ILAM Fahari IREIT (3.6% w/w to KES 6.98), KCB (2.3% w/w to KES 46.75), Equity (2.2% w/w to KES 50.00) and Standard Chartered (1.2% w/w to KES 131). Safaricom also edged up by 0.4% w/w to KES 42.10 on reports that its current Ethiopia license maybe upgraded to include mobile money services. There was however caution as Ethiopia is also expected to issue a second mobile license(which means more competition). We expect a sustained upward price momentum on banking counters (ahead of the 1H2021 results) albeit at weaker pace(profit taking activities will likely creep in leading to higher supply).

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	178.50	177.52	0.6%	17.4%
NSE 20	1,974.46	1,974.29	0.0%	14.7%
NSE 25	3,917.17	3,890.09	0.7%	5.7%

Source: NSE

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Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,781.64	2,766.28	0.6%
Volume (Mn)	46.65	55.28	(17.4%)
Equity Turnover (KES Mn)	1,491.84	1,691.39	(11.8%)

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Weekly Change %	YTD Change
1. Uchumi	0.27	17.4%	(3.6%)
2. BK Group	32.40	11.7%	1.4%
3. EA Portland	9.00	9.8%	(18.2%)
4. Stanbic	92.50	8.8%	8.8%
5. Express	4.50	8.7%	24.7%

Top Losers	Price (KES)	Weekly Change	YTD Change %
1. NBV	6.96	(15.9%)	62.6%
2. Sameer	3.15	(9.7%)	(3.1%)
3. TP Serena	13.80	(6.4%)	(13.8%)
4. KenGen	4.21	(4.5%)	(10.6%)
5. TransCentury	1.31	(4.4%)	(9.7%)

Movers	Price (KES)	Turnover (KES Mn)
1. Safaricom	42.10	751.87
2. EABL	179.00	132.84
3. KCB	46.75	130.69

4. Standard Chartered	131.00	97.22
5. Bamburi	38.00	90.96

Source: NSE and Faida Investment Bank Analysis

Fixed Income

CBK Invites Bids for FXD3/2019/10 and FXD1/2018/20 (Re-opened) and FXD1/2021/21 Treasury Bonds

The Central Bank of Kenya (CBK), acting in its capacity as fiscal agent for the Republic of Kenya, has invited bids for two re-opened 10 and 20 year treasury bonds FXD3/2019/10 and FXD1/2018/20 respectively and a newly issued FXD1/2021/20 bond with the intention of raising KES 60.0 billion for budgetary support.

The features of the bonds are shown in the table below:

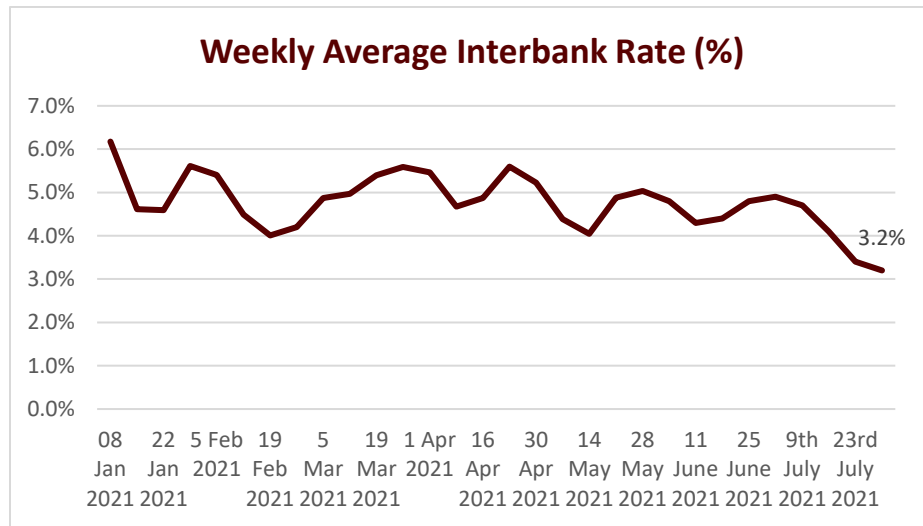
	FXD3/2019/10	FXD1/2018/20	FXD1/2021/20
Amount	KES 60.0 billion		
Tenor	8.1 years	16.7 years	20.0 years
Coupon rate	11.517%	13.200%	Market determined at auction
Taxation	10.0%	10.0%	10.0%
Period of sale	26/07/2021 to 10/08/2021		
Redemption date	06/08/2029	01/03/2038	22/07/2041

Source: CBK

- We recommend bidding as follows:
 - i. **FXD3/2019/10: 11.90% to 12.05% (non-aggressive): 12.10% to 12.30% (aggressive)**
 - ii. **FXD1/2018/20: 13.10% to 13.25% (non-aggressive): 13.30% to 13.40% (aggressive)**
 - iii. **FXD1/2021/20: 13.10% to 13.30% (non-aggressive): 13.35% to 13.55% (aggressive)**

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Interbank Rate



Source: CBK

Treasury Bill Auction Results

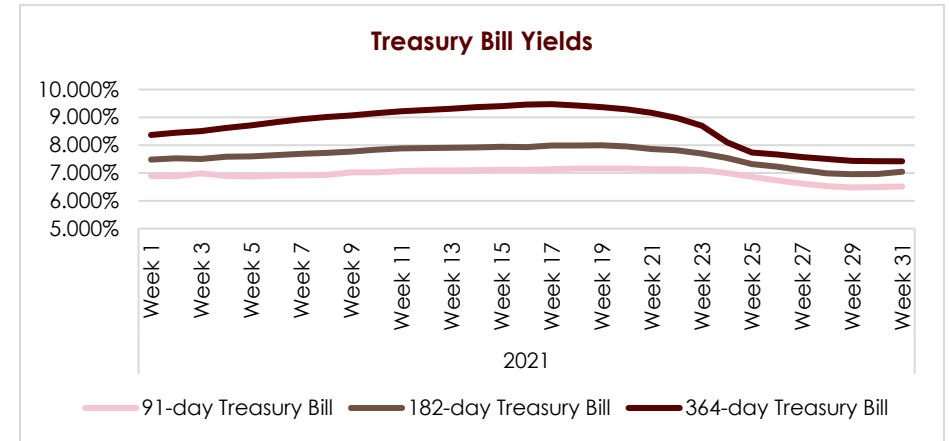
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	6.1	152.34%	6.1	6.513%	0.03%
182 day	10.0	15.0	150.20%	14.0	7.046%	0.08%
364 day	10.0	2.8	28.30%	2.8	7.418%	0.01%
Total	24.0	23.9	99.76%	23.0		

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

Source: CBK

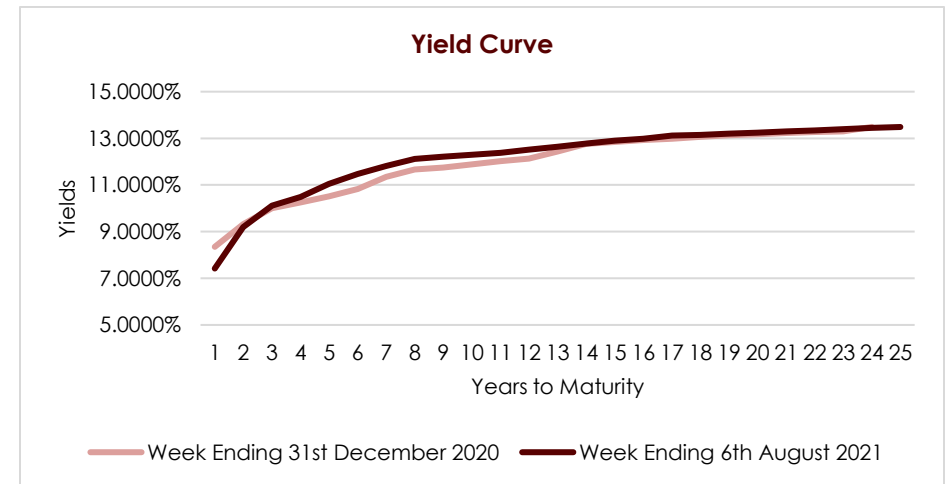
Treasury bills were undersubscribed in this week's auction. The total subscription rate was higher at 99.76% compared to last week's 74.18%. The 91 day bill had the highest subscription rate this week, at 152.34% while the 364 day bill had the lowest subscription at 28.30%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

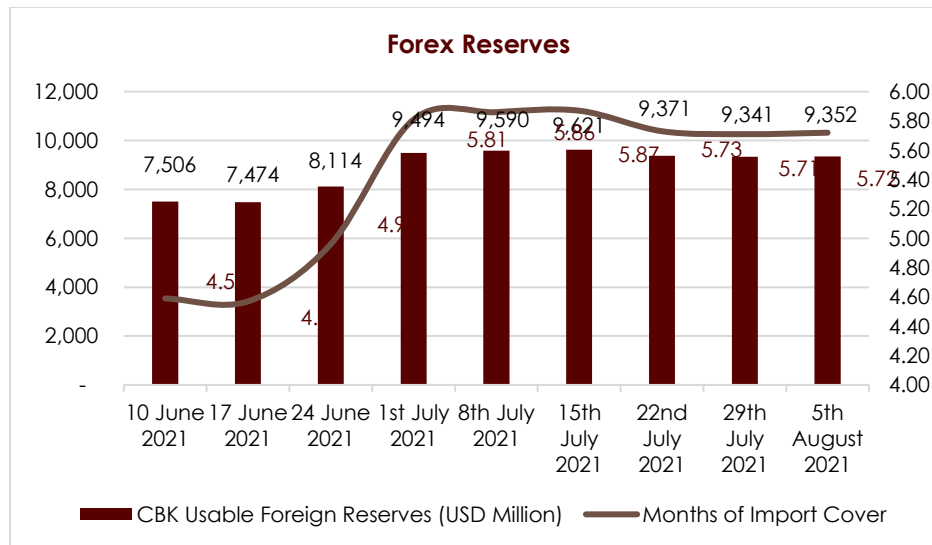
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	108.7241	(0.1%)	0.4%
STG Pound	151.3724	(1.1%)	(2.0%)
EURO	128.7432	(0.0%)	3.8%

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

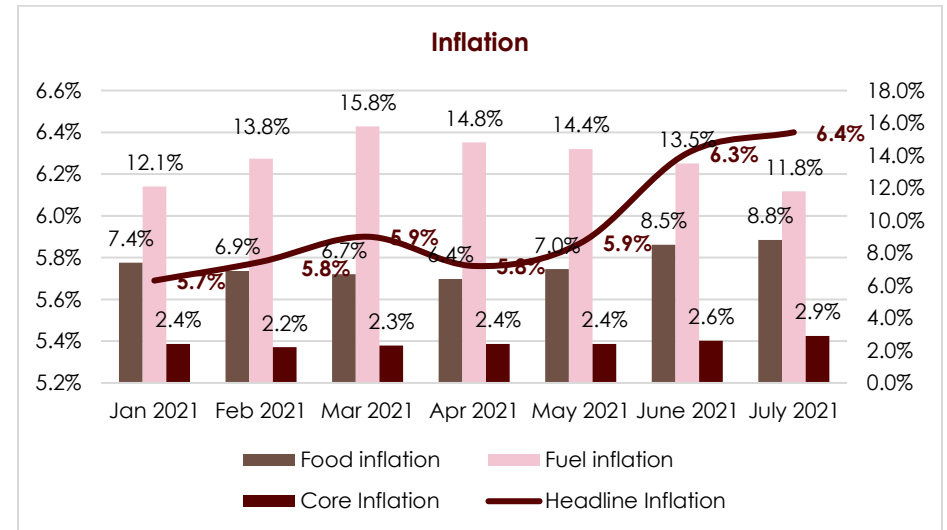
During the week, the Kenya Shilling depreciated against the US Dollar, STG pound and the Euro.

Forex Reserves



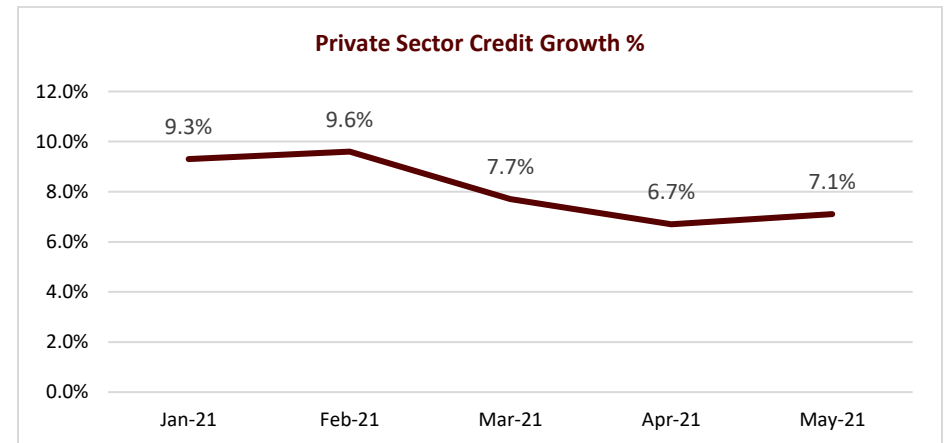
Source: CBK

Inflation



Source: KNBS

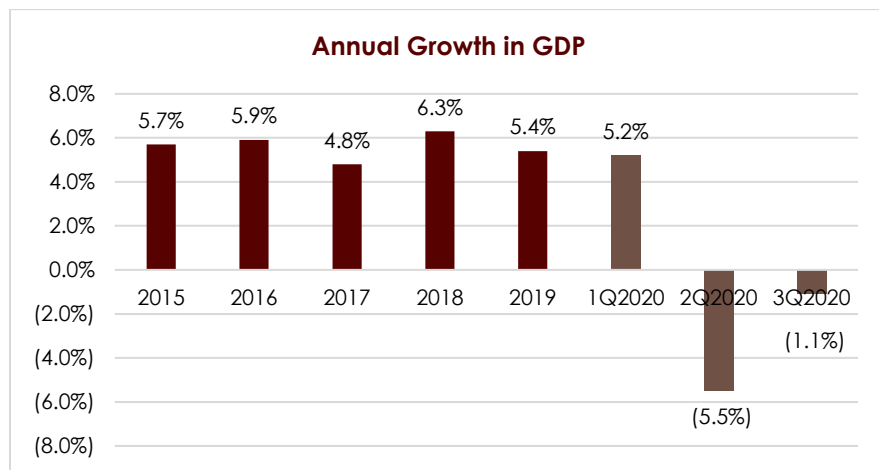
Credit Growth



Source: CBK

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Gross Domestic Product (GDP)



Source: KNBS

Kenya's economy slid into a recession in the 3Q2020 as GDP contracted for the second consecutive quarter. Kenya's Real GDP is estimated to have contracted by 1.1% in the 3Q2020, showing some improvement from the contraction of 5.5% witnessed in 2Q2020, but markedly different from the growth of 5.8% realized in 3Q2019. The improvement from the previous quarter was supported by the partial easing of COVID-19 restrictions that enhanced economic activities.

The economic performance was largely weighed down by the accommodation and food services (contracted by 57.9% compared to a growth of 9.9% in 3Q2019) and the education (contracted 41.9% compared to a growth of 6.0% in 3Q2019) sectors. These were the hardest hit sectors due to the closure of learning institutions and the implementation of travel restrictions in order to contain the spread of the virus.

Growth was however largely supported by the agricultural, construction and real estate sectors which grew by 6.3%, 16.2% and 5.3% respectively. Growth in the agricultural sector was supported by increases in tea production, fruit exports and sugarcane production. In the construction sector, cement consumption rose by 23.5% y/y to 1,952.2 thousand metrics reflecting increased construction activity which also buoyed growth in the real estate sector.

Real GDP Growth by Sector	3Q2019	3Q2020
Agriculture	5.0%	6.3%
Mining & Quarrying	3.4%	18.2%
Manufacturing	3.9%	(3.2%)
Electricity and Water Supply	6.4%	4.7%
Construction	6.6%	16.2%
Wholesale & Retail Trade	6.1%	(2.5%)
Accommodation & Food Services	9.9%	(57.9%)
Transport & Storage	7.6%	2.9%
Information & Communication	8.0%	7.3%
Financial & Insurance	8.1%	5.3%
Public Administration	8.4%	9.6%
Professional, Admin & Support Services	4.8%	(12.3%)
Real Estate	5.5%	5.3%
Education	6.0%	(41.9%)
Health	5.5%	5.6%
Other Services	5.3%	(4.5%)

Source: KNBS

Labour Statistics

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

Source: KNBS

Derivatives Market

Weekly Statistics

	This Week	Previous Week
Total Volumes	110	103
Total Value	4,307,375	2,296,020
Total Open Interest	312	288

Source: NSE

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Corporate Finance

Wapi Pay raises \$ 2.2 million in Pre-Seed Funding

Wapi, a Kenyan fintech startup, has raised \$ 2.2 million in pre-seed funding from investors including EchoVC, China based global fund MSA Capital and Kepple Africa Ventures. The company was founded in 2019 and has offices in Nairobi and Tianjin, China. Wapi Pay provides platform-to-platform integrations, global accounts and virtual wallets to offer partners and customers convenient global payments and financial products. The funding will be used to scale up global payments and remittances between Africa and Asia. According to management, the company will also focus on minimizing the cost of transactions and ensure it is as easy as transacting through mobile money wallets like MPESA

Profit Warnings Issued

	Company	Sector
1	East African Cables	Construction and Allied
2	Kenya Orchards	Manufacturing and Allied
3	Longhorn Publishers	Commercial and Services
4	Nairobi Business Ventures	Commercial and Services
5	Unga Group	Manufacturing and Allied
6	TPS Eastern Africa	Commercial and Services
7	Centum Investment Company	Investment
8	Olympia Capital	Investment

Source: NSE

Results Delay Notices

	Company	Sector
1	Scangroup	Commercial and Services
2	East African Cables	Construction and Allied
3	Crown Paints	Construction and Allied

4	Express Kenya	Commercial and Services
5	Nairobi Business Ventures	Commercial and Services

Source: NSE

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Counter Statistics

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	46.75	22.7%	2.3%	2,820,500	44.8%	7.66	2.1%	1.05	14.4%
Equity Bank	50.00	36.8%	2.2%	1,791,500	51.5%	9.53	0.0%	1.36	15.8%
NCBA	26.20	-2.1%	-1.3%	112,000	41.9%	3.01	6.7%	0.58	15.3%
Stanbic	92.50	8.8%	8.8%	75,800	52.2%	7.04	4.1%	0.71	10.3%
Absa Bank Kenya Plc	9.80	1.4%	-1.4%	923,300	48.2%	12.79	0.0%	1.14	8.9%
Housing Finance	3.75	13.0%	-0.8%	62,800	93.8%	N/M	0.0%	0.15	-18.2%
Co-operative Bank	13.65	9.2%	0.7%	1,211,400	58.1%	7.41	7.3%	1.01	12.7%
Diamond Trust Bank	65.75	-12.3%	0.0%	270,200	48.6%	5.66	4.1%	0.30	5.4%
Standard Chartered	131.00	-9.2%	1.2%	746,400	58.8%	12.48	8.0%	0.90	11.2%
I&M	22.55	-49.9%	-1.7%	412,100	39.0%	1.73	11.3%	0.32	20.4%
Sector Average					53.7%	7.48	4.4%	0.75	9.6%

P/B (X) - FY2020

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%	-6.22	N/M
Nation Media Group	24.75	60.2%	-1.0%	262,500	123.75	0.0%	0.2	1.7%
WPP Scangroup	4.46	-25.7%	-1.3%	300,900	3.98	11.2%	1.12	6.0%
Uchumi Supermarket	0.27	-3.6%	17.4%	268,300	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.00	-18.0%	0.0%	186,900	5.88	13.0%	0.68	17.3%
Eveready	0.98	-18.3%	-2.0%	15,900	N/M	0.0%	-1.45	-10.8%
Sector Average					44.54	4.8%		3.6%

**Suspended *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	38.00	0.4%	0.0%	2,424,100	15.51	7.9%	3.2%	3.8%
E.A. Portland Cement	9.00	-18.2%	9.8%	4,300	N/M	0.0%	0.0%	0.0%
Sector Average					15.51	3.9%	1.6%	1.9%

*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	4.21	-10.6%	-4.5%	701,300	1.51	7.1%	2.79	9.0%
Kenya Power	1.40	-18.1%	0.0%	3,706,000	N/M	0.0%	N/M	N/M
Total Kenya	24.75	3.1%	-1.2%	16,300	6.14	5.3%	4.03	10.8%
Sector Average					3.83	3.6%		9.0%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	3.10	45.5%	4.7%	860,800	1.06	N/M	71.4%	34.6%
Britam	7.90	8.8%	0.5%	310,700	1.01	N/M	80.6%	58.1%
Jubilee	370.00	30.3%	-2.4%	14,800	0.82*	7.05*	101.3%*	44.2%*
Kenya Re	2.58	11.2%	0.4%	7,330,400	0.05	2.46	67.7%	8.9%
Sanlam Kenya	10.80	-16.6%	-1.8%	4,800.00	1.17	13.67	85.8%	35.5%
Liberty	9.06	17.7%	0.0%	15,400.00	0.58	6.92	119.6%	48.7%
Sector Average					0.78	7.52	87.7%	38.3%

*Unadjusted for the sale to Allianz

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	15.55	0.6%	0.6%	233,000	2.24	0.33	6.95	9.3%
Home Afrika Ltd	1.31	-2.4%	2.5%	98,400	N/M	N/M	N/M	2.6%
Trans-Century	1.31	-9.7%	-4.4%	29,800.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.33		5.5%

*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	8.48	3.9%	-4.1%	97,700	28.27	3.3%	0.3	3.9%
Sector Average					28.27	3.3%		

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%	0	N/M	0.0%	-4.43	-69.4%
EABL	179.00	16.0%	-0.3%	740,100	34.62	1.7%	5.17	46.6%
FTG Holdings	1.32	7.3%	1.5%	89,800	5.08	0.0%	0.26	4.8%
Carbacid	12.25	1.2%	2.1%	66,200	9.65	5.7%	1.27	10.0%
BAT	454.00	25.8%	-2.4%	121,000	8.23	9.9%	55.18	51.2%
Sector Average					14.39	3.5%		

*Suspended

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	42.10	22.9%	0.4%	18,165,800	24.62	3.3%	1.71	49.9%

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Sector Average**24.62****3.3%**

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	6.98	25.5%	3.6%	371,500	20.86	10.60%	0.82
Sector Average						NA	

***NAVPS - Net Asset Value Per Share**

Source: NSE and Faida Investment Bank Analysis

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

Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
NSE Plc	First & Final dividend	Kes. 0.53	26-Mar-21	4-Jun-21	30-Aug-21
Kenya Re	First & Final dividend	Kes. 0.20	2-Jun-21	30-Jun-21	13-Aug-21
Kapchorua Tea	First & Final dividend	Kes. 10.00	30-Jun-21	21-Jul-21	(Subject to Approval)
Williamson Tea	First & Final dividend	Kes. 10.00	30-Jun-21	21-Jul-21	(Subject to Approval)
Safaricom PLC	Final dividend	Kes. 0.92	13-May-21	30-Jul-21	31-Aug-21
Centum	Final dividend	Kes. 0.33	27-Jul-21	(Subject to Approval)	(Subject to Approval)
BAT Kenya	Interim dividend	Kes. 3.50	22-Jul-21	12-Aug-21	16-Sep-21

Source: NSE

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Recommendations Guide

LONG-TERM BUY: The Company has strong fundamentals. However, there are certain investments or strategies that would require an investor to have a long-term view of the company to allow for capital appreciation. Also, the company may be facing headwinds which we view as short term

BUY: Strong fundamentals. Minimal risks to the catalysts/growth drivers

NEUTRAL: This is where the positives and negatives in a company almost balance out. You can accumulate for the long term

SELL: Deteriorating fundamentals. Risks outweigh the catalyst/growth drivers