



Weekly Report

Week 32

Week Ending Friday, August 13, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	35,524.02	0.9%	16.9%
S&P 500	4,462.25	0.6%	19.5%
NASDAQ 100	15,133.80	0.0%	17.7%
DAX	15,957.68	1.0%	16.3%
FTSE 100	7,211.69	1.1%	11.6%
EURO STOXX 50	4,223.59	1.0%	18.9%
Shanghai Composite	3,516.30	1.7%	1.2%
NIKKEI 225	27,977.15	0.6%	2.0%
Commodities			
Brent Oil (USD/bbl.)	71.07	-0.7%	39.0%
Gold (USD/Oz)	1,773.40	0.5%	-6.6%

Source: Bloomberg, NSE; *As at 6:20 PM EAT

Most of the equity indices rose during the week. The S&P 500 edged up as more jobs data (a decline in weekly jobless claims) pointed to continued economic recovery. The FTSE rose supported by industrial and precious metal miners and retailers Oil (brent crude) declined after the International Energy Agency (IEA)

stated that the spread of the Delta variant of COVID-19 would slow the recovery of global oil demand.

Equities Market

Equity Market Commentary

The All Share Index (NASI) rose by 1.5% w/w while the NSE 20 fell by 0.7% w/w to close the week at 181.18 and 1,961.07 respectively. Market turnover edged up by 64.6% to KES 2.5 billion and number of shares traded grew by 143.7% to 110.4 million shares.

Safaricom rose by 2.1% w/w to KES 43.00 as investors continued to react positively to the reports that the Ethiopia license maybe upgraded to include mobile money services. CIC edged up by 1.6% w/w to KES 3.15 as the Group rebounded to a profit of KES 259.5 million in 1H2021 from an after tax loss of KES of 335.5 million in 1H2020. The improvement in profitability was primarily driven by higher gross written premiums and investment income.

There were other notable price gains on Sanlam (6.9% w/w to KES 11.55), Britam (5.1% w/w to KES 8.30), Equity (2.0% w/w to KES 51.00) and Co-op (1.1% w/w to KES 13.80). Stanbic registered a price decline of 7.0% w/w to KES 86.00. Most of the decline was in the first three days of trading but was relatively stable in the last two trading days. The bank reported a 37.2% y/y increase in after tax profits to KES 3.5 billion in 1H2021 and announced an interim dividend of KES 1.70.

We expect activity to remain high on banking stocks as more 1H2021 results releases are expected in the coming week.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	181.18	178.50	1.5%	19.1%
NSE 20	1,961.07	1,974.46	(0.7%)	5.0%
NSE 25	3,950.14	3,917.17	0.8%	15.7%

Source: NSE

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Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,823.40	2,781.64	1.5%
Volume (Mn)	110.51	46.65	142.1%
Equity Turnover (KES Mn)	2,451.74	1,491.84	64.3%

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Weekly Change %	YTD Change
1. BK Group	38.25	18.1%	86.6%
2. Umeme	7.00	9.4%	(3.8%)
3. Standard Group	20.00	7.8%	(11.1%)
4. Sanlam	11.55	6.9%	(10.8%)
5. BOC Kenya	67.25	5.5%	7.5%

Top Losers	Price (KES)	Weekly Change	YTD Change %
1. NBV	5.92	(14.9%)	38.3%
2. Home Afrika	0.36	(12.2%)	(3.1%)
3. Car General	31.50	(10.0%)	43.2%
4. Olympia	1.98	(9.52)	(10.0%)
5. Uchumi	0.25	(7.4%)	(10.7%)

Movers	Price (KES)	Turnover (KES Mn)
1. Safaricom	43.00	1,219.52
2. Equity	51.00	227.82
3. KCB	47.15	210.05
4. Co-op	13.80	184.92

5. Standard Chartered	130.75	138.60
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Source: NSE and Faida Investment Bank Analysis

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In the News

CIC Group Posts an After Tax Profit of KES 259.5 million for 1H2021

- CIC Group rebounded to profitability in the period. The group registered an after tax profit of KES 259.5 million from an after tax loss of KES of 335.5 million in 1H2020. The improvement in profitability was primarily driven by higher gross written premium and investment income
- Gross written premium grew by 15.9% y/y to KES 10.8 billion (1H2020: KES 9.3 billion) supported by strong performance in all the subsidiaries excluding South Sudan. General insurance contribution was the highest, increasing by 29.0% y/y to KES 4.9 billion. The contribution of the Group Life business grew by 21.0% y/y to KES 2.6 billion dampened by the COVID-19 pandemic.
- Net earned premiums rose by 0.5% y/y to KES 7.1 billion
- Investment and other income surged by 119.1% y/y to KES 2.6 billion driven by: i) unwinding of the previous year's foreign exchange losses in South Sudan ii) recovery in the Kenyan equities market. The asset management business registered a five year CAGR of 29.0% as the pool of funds grew to KES 89.0 billion (1H2017: KES 32.0 billion). This resulted in higher fees and commissions income of KES 1.1 billion (KES 673.0 million).
- Operating and other expenses increased by 18.5% y/y to KES 3.4 billion. This was attributed to additional provisions driven by IFRS 9 provisions.
- Net claims and policy benefits grew by 7.0% y/y to KES 5.8 billion as payouts under life insurance grew due to the COVID-19 pandemic. As a result, the group's loss ratio grew to 81.3% (1H2020: 76.4%).
- Total expenditure increased by 11.0% y/y to KES 9.2 billion. The combined ratio increased to 128.9% (1H2020: 116.7%).
- Finance costs fell by 23.3% y/y to KES 231.8 million.
- Share of result of associate was nil from 2.2 million in 1H2020.

Commentary

We expect continued growth trajectory in the topline mainly from general insurance business across all regional subsidiaries with gradual economic recovery.

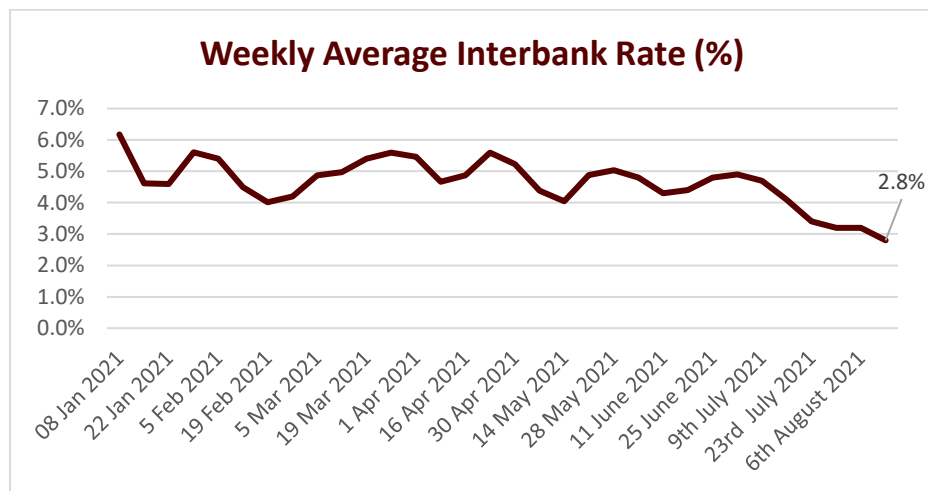
As part of balance sheet reorganization, the group is expecting to reduce its borrowings with funds from disposal of non-core assets (mainly land bank). This should lower interest expenses

We also expect the implementation of the group's digital strategy to enhance access to products as well as result in operational efficiencies in the medium term.

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Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

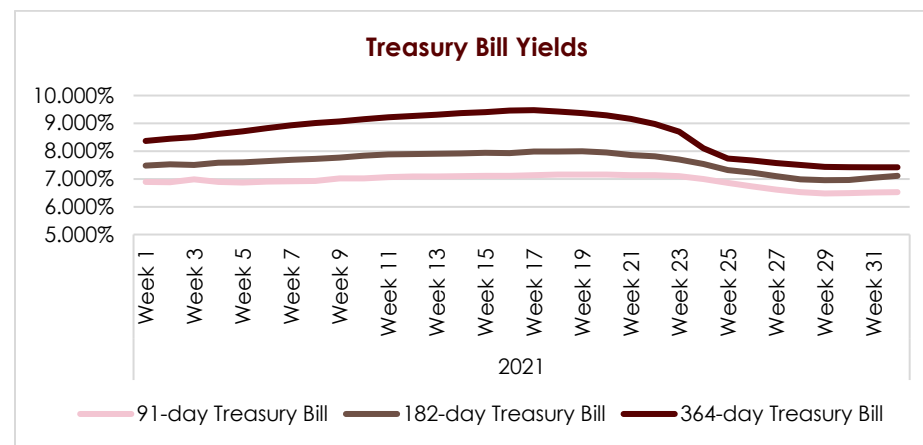
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	2.8	70.31%	2.8	6.527%	0.01%
182 day	10.0	3.1	31.35%	3.1	7.117%	0.07%
364 day	10.0	1.1	10.89%	1.1	7.418%	0.00%
Total	24.0	7.0	29.32%	7.0		

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

Source: CBK

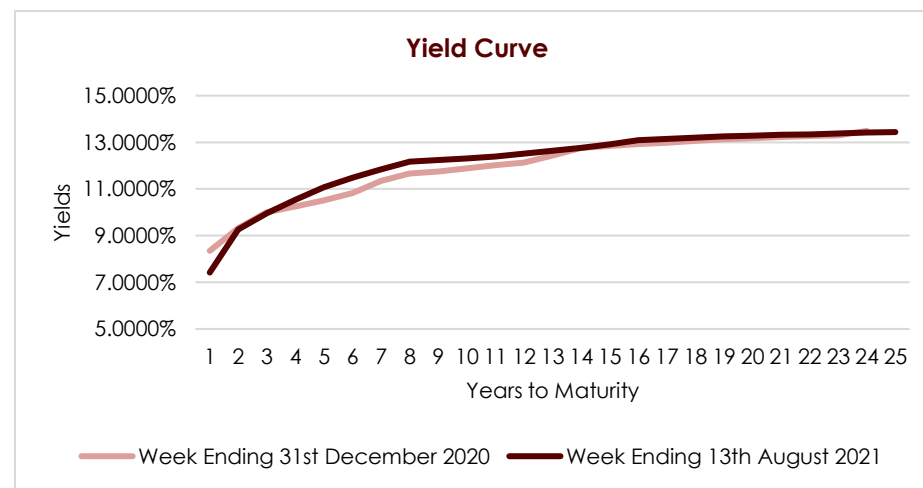
Treasury bills were undersubscribed in this week's auction. The total subscription rate was lower at 29.32% compared to last week's 99.76%. The 91 day bill had the highest subscription rate this week, at 70.31% while the 364 day bill had the lowest subscription at 10.89%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

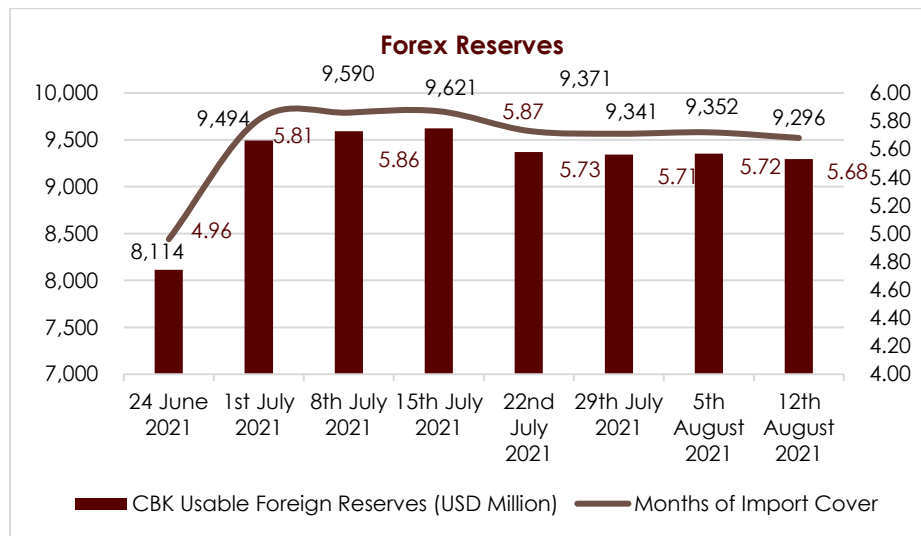
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	109.1971	(0.4%)	(0.0%)
STG Pound	151.2518	0.1%	(2.0%)
EURO	128.1094	0.5%	(4.3%)

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

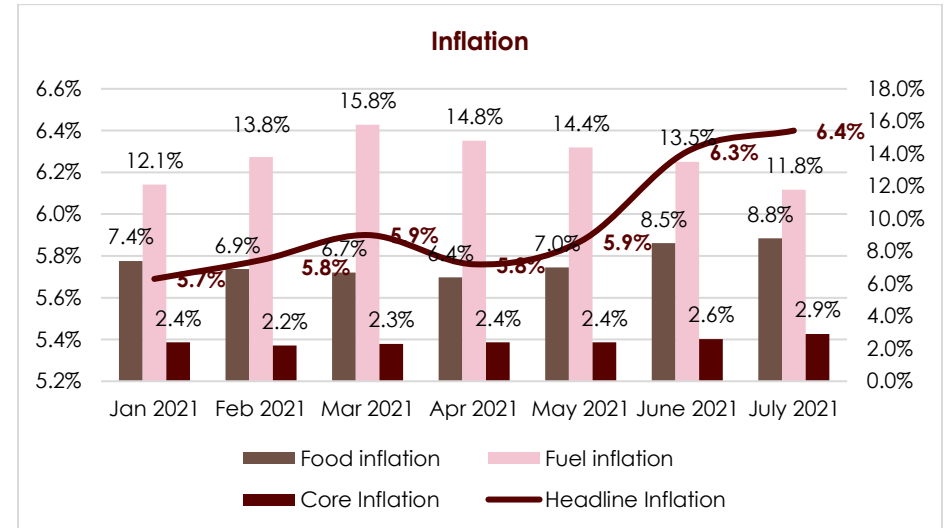
During the week, the Kenya Shilling depreciated against the US Dollar and appreciated against the STG pound and the Euro.

Forex Reserves



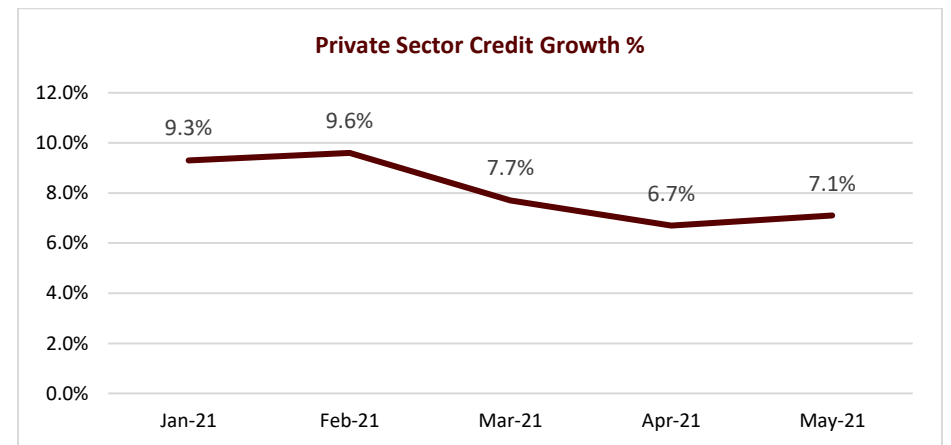
Source: CBK

Inflation



Source: KNBS

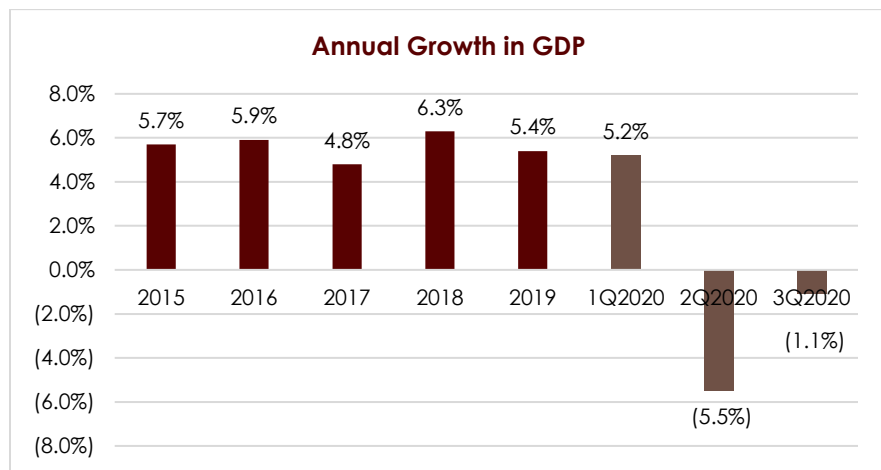
Credit Growth



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	71	110
Total Value	3,001,325	4,307,375
Total Open Interest	316	312

Source: NSE

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Corporate Finance

Chekkit raises \$ 500,000 in Pre-Seed Funding

Chekkit, a Nigerian anti-counterfeiting startup, has raised \$ 500,000 in pre-seed funding. The platform tracks product movement and the parties involved in the transfer of products from warehouses to distributors and finally to the customers using tamper-proof unique ID labels (QR codes or numeric codes). The ID labels can be placed on premium packaged food and beverage products for supply chain and consumer feedback tracking. Chekkit was founded last year and began operations in Afghanistan. The funding was raised from Launch Africa, Japan Strategic Capital, Blockchain Founders Fund among others, including a grant from the Orange Corners programme. The funding will be used to expand operations with pharmaceutical companies and in the FMC space.

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

Source: NSE

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

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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	47.15	23.8%	0.9%	4,489,100	44.8%	7.73	2.1%	1.06	14.4%
Equity Bank	51.00	39.5%	2.0%	4,524,600	51.5%	9.73	0.0%	1.39	15.8%
NCBA	25.40	-5.0%	-3.1%	660,800	41.9%	2.92	6.9%	0.57	15.3%
Stanbic	86.00	1.2%	-7.0%	45,300	52.2%	6.55	4.4%	0.66	10.3%
Absa Bank Kenya Plc	9.78	1.2%	-0.2%	1,218,800	48.2%	12.76	0.0%	1.14	8.9%
Housing Finance	2.72	-18.1%	-27.5%	80,100	93.8%	N/M	0.0%	0.11	-18.2%
Co-operative Bank	13.80	10.4%	1.1%	13,408,100	58.1%	7.49	7.2%	1.02	12.7%
Diamond Trust Bank	64.50	-14.0%	-1.9%	105,300	48.6%	5.55	4.2%	0.29	5.4%
Standard Chartered	130.75	-9.4%	-0.2%	1,058,000	58.8%	12.45	8.0%	0.89	11.2%
I&M	22.75	-49.4%	0.9%	512,800	39.0%	1.75	11.2%	0.33	20.4%
Sector Average					53.7%	7.44	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	25.00	61.8%	1.0%	149,200	125.00	0.0%	0.2	1.7%
WPP Scangroup	4.36	-27.3%	-2.2%	832,200	3.89	11.5%	1.12	6.0%
Uchumi Supermarket	0.25	-10.7%	-7.4%	703,500	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.00	-18.0%	0.0%	49,300	5.88	13.0%	0.68	17.3%
Eveready	1.00	-16.7%	2.0%	10,800	N/M	0.0%	-1.45	-10.8%
Sector Average					44.93	4.9%		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	38.15	0.8%	0.4%	2,580,000	15.57	7.9%	3.2%	3.8%
E.A. Portland Cement	8.66	-21.3%	-3.8%	2,000	N/M	0.0%	0.0%	0.0%
Sector Average					15.57	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	4.05	-14.0%	-3.8%	1,099,400	1.45	7.4%	2.79	9.0%
Kenya Power	1.36	-20.5%	-2.9%	25,689,000	N/M	0.0%	N/M	N/M
Total Kenya	24.50	2.1%	-1.0%	38,200	6.08	5.3%	4.03	10.8%
Sector Average					3.77	3.7%		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	3.15	47.9%	1.6%	947,500	1.08	N/M	71.4%	34.6%
Britam	8.30	14.3%	5.1%	4,762,400	1.06	N/M	80.6%	58.1%
Jubilee	358.75	26.3%	-3.0%	24,700	0.80*	6.83	101.3%	44.2%
Kenya Re	2.50	7.8%	-3.1%	15,776,100	0.05	2.38	67.7%	8.9%
Sanlam Kenya	11.55	-10.8%	6.9%	137,600.00	1.26	14.62	85.8%	35.5%
Liberty	8.40	9.1%	-7.3%	32,700.00	0.54	6.41	119.6%	48.7%
Sector Average					0.80	7.56	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	15.45	-0.6%	-0.6%	375,400	2.22	0.33	6.95	9.3%
Home Afrika Ltd	1.35	-14.3%	-12.2%	1,063,300	N/M	N/M	N/M	2.6%
Trans-Century	1.35	-6.9%	3.1%	25,800.00	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	8.46	3.7%	-0.2%	82,400	28.20	3.3%	0.3	3.9%
Sector Average					28.20	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%	0.0%	684,400	34.62	1.7%	5.17	46.6%
FTG Holdings	1.32	7.3%	0.0%	19,000	5.08	0.0%	0.26	4.8%
Carbacid	12.45	2.9%	1.6%	19,800	9.80	5.6%	1.27	10.0%
BAT	453.00	25.5%	-0.2%	96,800	8.21	9.9%	55.18	51.2%
Sector Average					14.43	3.4%		

*Suspended

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	43.00	25.5%	2.1%	28,394,900	25.15	3.2%	1.71	49.9%
Sector Average					25.15	3.2%		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	0.00	-100.0%	-100.0%	0	20.86	#DIV/0!	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
Stanbic Holdings	Interim dividend	Kes. 1.70	13-Aug-21	6-Sep-21	27-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