



Weekly Report

Week 33

Week Ending on Friday, August 18th 2023

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Weekly Highlights

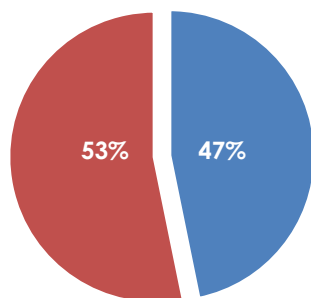
Safaricom Launches M-PESA in Ethiopia

Safaricom, through Safaricom Ethiopia's Financial Services, launched M-PESA in Ethiopia last week after a successful pilot and testing program that also included key partnerships with local Ethiopian banks.

Ethiopia has one of Africa's youngest populations and we expect that this will provide a good opportunity for product growth, penetration, and expansion. Also, the new mobile money operations, added to the telecommunications service that started last October, are expected to boost Safaricom's revenue in the coming year. However, this current expansion is still requiring large capital investment and Ethiopia's ongoing civil unrest will put pressure on Safaricom's overall profitability.

Foreign Against Local Investor Participation as at 18/08/2023

Local vs Foreign Investors



■ Local ■ Foreign

End Date	Local	Foreign
Friday, August 18 th , 2023	789,789,401.62	897,955,189.23
Participation	47%	53%

Source: NSE

Equities Market

Equity Market Commentary

All market indices depreciated during the week. Particularly, the NSE All Share (NASI) and NSE 25 Indices depreciated by 1.7% and 3.1% during the week to close at 102.21 and 2,624.03 respectively. This week saw both the equity turnover and the volume of shares traded increase by 35.6% and 39.0% to end the week at 1.687 billion and 80.26 million respectively.

Market Indices Performance

	This Week	Previous Week	Weekly Change	YTD Change
NASI	102.21	104.00	-1.7%	-19.8%
NSE 20	1,547.58	1,594.02	-2.9%	-7.7%
NSE 25	2,624.03	2,709.30	-3.1%	-16.3%

Source: NSE

Market Statistics

	This Week	Previous Week	Change
Market Capitalization (KES Bn)	1,591.35	1,619.44	(1.7%)
Volume (Mn)	80.26	57.74	39.0%
Equity Turnover (KES Mn)	1,687.74	1,245.09	35.6%

Source: NSE

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Equities Performance

	Top Gainers	Previous Price (KES)	Current Price (KES)	Weekly Change	YTD Change
1	Car & General	33.90	40.00	17.99%	-15.70%
2	Orchards	15.00	16.45	9.67%	58.17%
3	E.A. Portland	6.50	7.00	7.69%	2.94%
4	Longhorn	2.51	2.70	7.57%	-10.00%
5	Unga Group	17.00	18.00	5.88%	-43.75%

Source: NSE and Faida Investment Bank Analysis

	Top Losers	Previous Price (KES)	Current Price (KES)	Weekly Change	YTD Change
1	Olympia	4.24	3.25	-23.35%	-9.80%
2	Eveready	1.45	1.25	-13.79%	81.86%
3	Jubilee	189.25	170.00	-10.17%	-14.47%
4	Williamson Tea	270.75	243.75	-9.97%	52.34%
5	Uchumi	0.21	0.19	-9.52%	-17.39%

Source: NSE and Faida Investment Bank Analysis

	Movers	Previous Price (KES)	Current Price (KES)	Turnover (KES Mn)
1	Safaricom	16.05	16.00	732.88
2	EABL	138.00	125.25	297.76
3	Equity Group	41.00	40.60	154.75
4	Absa	12.45	11.90	148.03
5	BAT	435.00	420.50	111.89

Source: NSE and Faida Investment Bank Analysis

Exchange Rates

During the week, the Kenya Shilling continued to depreciate against the dollar, depreciating by 0.4% from 143.58 for the week ending on August 11th, to 144.18 for this week ending on August 18th.

	Value	Weekly Change %	YTD Change %
US Dollar	144.1824	(0.4%)	(16.9%)
STG Pound	184.0032	(0.4%)	(23.9%)
EURO	157.1391	0.7%	(19.7%)

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

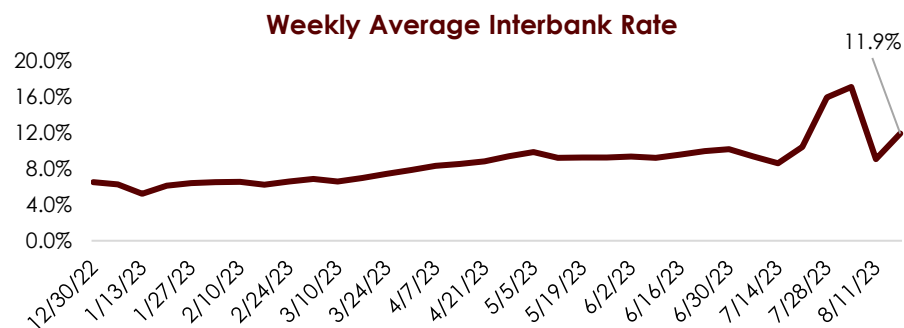
Global Markets

Index	Last Price as at 18/08/2023	Weekly Change%
Dow Jones Index	34,500.66	-2.21%
S&P 500	4,369.71	-2.11%
NASDAQ	14,694.84	-2.22%
DAX	15,574.26	-1.63%
FTSE 100	7,262.43	-3.48%
Euro Stoxx 50	4,212.95	-2.51%
Shanghai Composite	3,131.95	-1.80%
NIKKEI 225	31,450.76	-3.15%
Commodities		
Brent Oil (USD/bbl.)	84.80	-2.32%
Gold (USD/Oz)	1,889.31	-1.28%

Source: Bloomberg

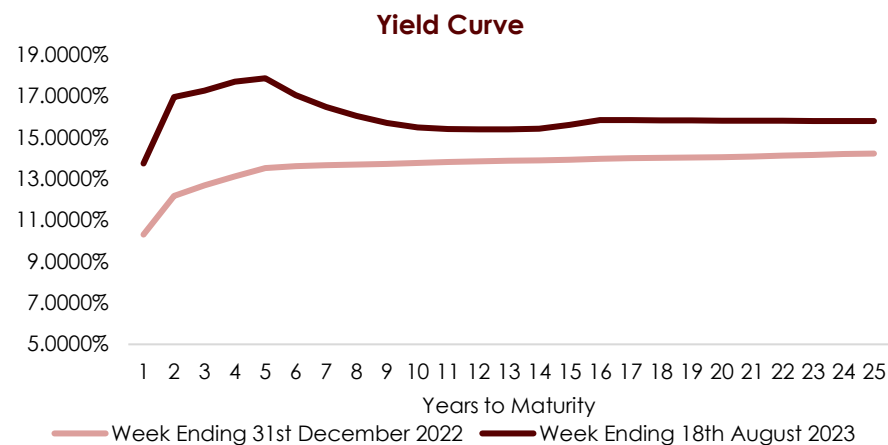
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Interbank Rate



Source: CBK

Government Securities Yield Curve



Source: NSE

Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Subscription w-o-w
91-day	4.0	38.2	955.74%	37.1	13.476%	-8.51%
182-day	10.0	3.9	38.57%	3.9	13.276%	-26.60%
364-day	10.0	2.6	25.92%	2.6	13.746%	189.61%
Total	24.0	44.7	186.16%	43.6		-6.79%

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

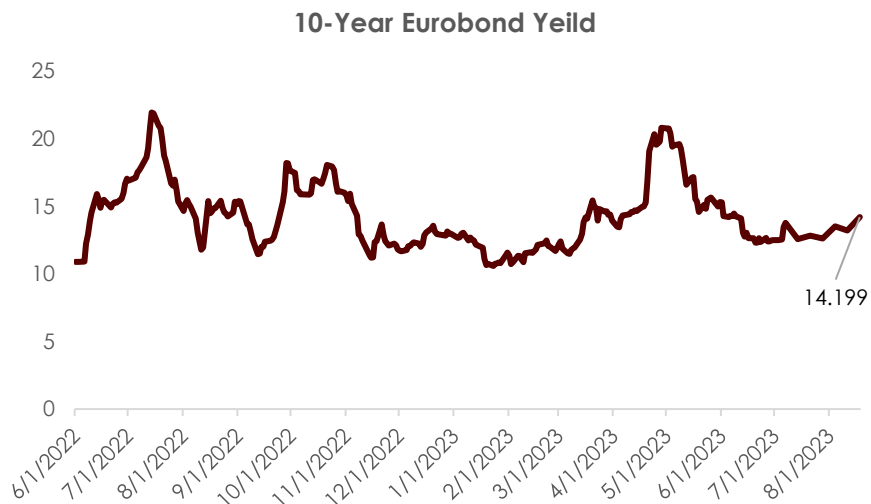
- Yields on all Treasury bills continued their upward trend except on the 182-day which decreased from 13.43 the week prior to 13.28 this week. Overall, treasury bills were oversubscribed, with a subscription rate of 186.16%.
- In particular, the 91-day treasury bill had a subscription of 955.74% and it continues to show investors' preference towards shorter-dated papers due to duration risk.

RESULTS FOR TREASURY BONDS ISSUE NO. FXD1/2023/02 & FXDI/2023/05 DATED 21/08/2023

Tenor	FXD1/2023/2 (New Two Year)	FXD1/2023/05 (Re-Opened Five Year)	
Total Advertised Amount (KES Million)			40,000.00
Total Bids Received at Cost (KES Million)	38,301.96	14,707.44	53,006.40
Total Bids Accepted (KES Million)	11,659.58	7,456.28	19,115.86
Market Weighted Average Rate (%)	17.5545	18.1646	
Weighted Average Rate of Accepted Bids (%)	16.9723	17.9538	
Coupon Rate (%)	16.9723	16.844	

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10-Year Eurobond Yield Curve



Source: Bloomberg

During the week, the Eurobond yield appreciated by 7.57% from 13.200 for the week ending on August 11th, to 14.199 for the week ending on August 18th.

Recommendations

- **Safaricom** – Long-Term Buy
- **EABL** – Long-Term Buy
- **Equity Group** – Long-Term Buy
- **Co-operative Bank** – Long-Term Buy

Co-operative Bank reported a 5.9 % in **after-tax profits to KES 12.1 Billion**, from KES 11.5 Billion recorded in H1 2022, largely attributed to 4.0% increase in Non-Funded Income (NFI). To find out more about the results, read the Earnings Note [here](#).

NSE Most Traded Bond & Coupon Rate.

Most Traded bond	Coupon (%)	No of Trades
IFB1/2023/7Yr	15.837	138

Source: NSE

Outlook

Amid a high-interest rate environment, we are seeing investors shy away from longer-dated papers as they anticipate higher rates driven by:

- I. Global interest rates
- II. Increased government borrowing for budgetary support.

Long-term bonds may be viewed as more volatile due to the higher risk of holding for a longer period. We therefore recommend:

- a) Hold current bonds to avoid paper losses from rising yields.
- b) Reinvest income from the bond investment portfolio.
- c) Increase exposure to short and medium-term bonds (between 90 days to 2 years).
- d) Use bond ladders i.e. a series of bonds that mature at regular intervals such that as rates rise, each of these bonds is reinvested at a higher rate. This counters interest rate and liquidity risk as well as offer steady income from regular occurring interest payments.

Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Stanbic	Interim Dividend	1.15	10-Aug-23	04-Sep-23	27-Sep-23
EABL	Final Dividend	1.75	28-Jul-23	15-Sep-23	27-Oct-23
Centum Plc	Final Dividend	0.60	28-Jul-23	Subject to Approval	Subject to Approval
BAT Kenya	Interim Dividend	5.00	19-Jul-23	18-Aug-23	22-Sep-23
Williamson Tea	First & Final dividend	30.00	29-Jun-23	23-Aug-23	4-Sep-23
Kapchorua Tea	First & Final dividend	25.00	29-Jun-23	23-Aug-23	4-Sep-23
Safaricom	Final dividend	0.62	11-May-23	28-Jul-23	21-Aug-23

Counter Statistics

Banking	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	P/B	ROE
KCB	27.50	-27.82%	-4.84%	272,000	2.16	7.3%	0.58	21.80%
Equity Bank	40.60	-8.76%	-0.98%	12,200	3.20	9.9%	0.99	30.40%
NCBA Bank	38.70	-1.65%	-1.40%	42,200	4.10	11.0%	0.69	17.20%
Stanbic Bank	117.00	14.71%	-2.50%	6,700	5.10	10.8%	0.71	15.30%
Absa Bank Kenya Plc	11.90	-3.25%	-4.42%	63,600	3.90	11.3%	0.88	24.30%
Housing Finance	5.00	56.74%	0.60%	47,100	-1.13	0.0%	0.20	N/A
Co-operative Bank	11.45	-6.91%	-4.18%	345,000	3.30	13.1%	0.67	21.20%
Diamond Trust Bank	47.05	-5.90%	0.11%	6,300	2.17	10.6%	0.22	6.80%
Standard Chartered	150.25	5.25%	-8.80%	105,400	4.40	14.6%	0.86	22.10%
I&M Bank	18.45	8.53%	-2.89%	103,200	2.73	12.2%	0.37	2.72%
Sector Average					2.99	10.1%	0.62	16.2%

Agriculture	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
Eaagads	14.00	33.33%	-2.78%	-	53.85	-	0.26	25.70%
Kakuzi Plc	403.50	4.81%	4.06%	-	9.70	5.95%	43.15	14.70%
Kapchorua Tea Kenya Plc	232.75	105.52%	-1.79%	1,400	5.40	10.74%	40.20	19.70%
Limuru Tea Co. Plc	430.00	2.38%	0.00%	-	86.70	0.58%	3.73	6.00%
Sasini	26.00	15.81%	-3.35%	600	8.20	3.85%	5.12	8.60%
Williamson Tea Kenya	243.75	52.34%	-9.97%	3,200	3.70	12.31%	29.14	13.00%
Sector Average					27.92	5.57%		14.62%

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Commercial and Services	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
Kenya Airways	3.83	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Nation Media Group	20.00	25.39%	-1.72%	1,142,200	7.80	7.5%	2.38	5.60%
WPP Scangroup	2.80	-6.98%	-6.04%	900	20.00	0.0%	0.14	-2.10%
Uchumi Supermarket	0.19	-17.39%	-9.52%	9,800	N/M	N/M	N/M	N/M
Longhorn Publishers	2.70	-10.00%	7.57%	100	2.70	0.0%	0.03	25.10%
Eveready	1.25	81.16%	-13.79%	31,700	N/M	N/M	N/M	N/M
Sameer Africa Plc	2.18	3.81%	-5.63%	-	2.18	0.0%	0.36	N/A
Standard Group	8.34	-20.19%	-3.70%	-	8.34	0.0%	(10.05)	-40.00%
TPS Eastern Africa Ltd	11.50	-13.86%	0.44%	8,000	11.50	0.0%	(3.40)	-1.70%
Sector Average					8.75	1.25%		-2.6%

Construction & Allied	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	NPM	ROE
Bamburi Cement	24.90	-20.95%	-7.78%	2,300	33.60	11.0%	3.4%	0.6%
E.A. Portland Cement	7.00	2.94%	7.69%	200	0.90	0.0%	0.0%	2.5%
Crown Paints Kenya	39.70	-5.14%	-5.48%	-	8.90	10.1%	6.6%	23.4%
E.A. Cables	0.91	8.33%	1.11%	300	-0.89	0.0%	0.0%	-34.3%
Sector Average					10.63	5.28%	2.50%	-1.95%

Energy & Petroleum Sector	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
KenGen	2.32	-27.95%	-2.93%	211,200	3.20	8.6%	0.72	1.2%
Kenya Power	1.46	-6.41%	-3.31%	108,300	0.81	0.0%	2	2.7%
Total Kenya	18.25	-23.48%	-6.41%	1,200	3.20	7.2%	3	8.3%
Sector Average					2.40	5.27%		4.1%

Insurance Sector	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	P/E	ROE
CIC Insurance	1.99	2.05%	-5.24%	17,500	0.57	6.5%	4.60	12.80%
Britam	4.96	-4.62%	-3.50%	37,300	0.56	0.0%	6.10	8.60%
Jubilee	170.00	-14.47%	-8.72%	2,600	0.33	7.06%	2.30	18.90%
Kenya Re	1.81	-1.09%	-4.23%	160,600	0.15	11.05%	1.70	9.00%
Sanlam Kenya	8.00	-16.49%	-3.61%	-	3.69	0.0%	0.20	N/A
Liberty	3.86	-31.07%	-3.26%	700	0.25	0.0%	3.70	-2.00%
Sector Average					0.93	4.11%	3.10	9.46%

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Investment Sector	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	P/B	ROE
Centum Investment	8.80	5.01%	-5.17%	23,800	0.00	6.82%	0.14	1.6%
Home Afrika Ltd	0.31	-3.13%	-8.82%	25,200	N/M	N/M	N/M	N/A
Trans-Century	0.53	-43.01%	-5.36%	31,200	N/M	N/M	N/M	N/A
Sector Average					0.00	6.82%	0.14	0.5%

Investment Services	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
NSE	6.12	-9.73%	-1.61%	34,000	126.20	3.27%	0.51	0.7%
Sector Average					126.20	3.27%		0.70%

Manufacturing & Allied	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
Mumias Sugar	0.27	0.00%	0.00%	-	N/M	N/M	N/M	N/M
EABL	125.25	-25.22%	-9.24%	326,300	9.15	4.4%	15.00	73.3%
FTG Holdings	1.29	19.44%	1.57%	3,000	0.00	0.0%	-1.21	-0.7%
Carbacid	16.50	37.50%	0.30%	37,000	4.40	10.3%	2.78	21.0%
BAT	420.50	-8.59%	-3.33%	4,400	6.80	12.7%	68.92	57.3%
B.O.C Kenya	73.00	3.18%	-	-	16.10	6.1%	5.55	6.7%
Sector Average					7.29	6.70%		26.3%

Telecommunication	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
Safaricom	16.00	-33.75%	-0.31%	1,575,200	8.80	3.88%	1.55	47.1%
Sector Average					8.80	3.88%		47.1%

Real Estate Investment Trust	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
Stanlib Fahari I-REIT	6.08	-0.07	-0.03	26,200	19.55	9.87%	0.82	N/A
Sector Average						9.87%		

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