

## KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 142.52	-3.4%	1.5%	USD Mn – 21,560 KES Bn – 2,222
	NSE 20 Share Index - 2,419.67	-1.9%	-14.6%	USD Mn – 17,831 KES Bn – 1,852.410
	NSE 25 Share Index - 3,408.89	-3.2%	-4.0%	USD Mn – 19,158 KES Bn – 1,990.217
NIGERIA	ASI- 27,049.21	-1.7%	-13.9%	USD Mn – 42,948 NGN Bn – 13,159
EGYPT	EGX100*- 1,469.49	1.0%	-14.9%	USD Mn – 34,746 EGP Bn – 573.060
SOUTH AFRICA	All share – 55,476.36	2.0%	5.2%	USD Mn – 912.683 ZAR Bn – 13490

Source: NSE, JSE, NSE (Nigeria), \*EGX100-as at 6<sup>th</sup> September 2019

## KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –103.89	-0.3%	-2.0%	5.0%(08/2019)	5.6%(1Q2019)
NGN/USD* -306.40	0.4%	7.9%	11.2%(06/2019)	2.4%(3Q2018)
EGP/USD* –16.49	-0.2%	-	8.7%(07/2019)	5.3%(3Q2018)
ZAR/USD – 14.78	3.0%	-8.9%	4.5%(06/2019)	0.8%(FY2018)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and EGP\*-as at 6<sup>th</sup> September 2019

## Kenya Power Budgets KES 700 Million for the Hybridization of Mini-Grids

Kenya Power has allocated KES 700.0 million to develop hybrid power generation systems in off-grid areas. The hybrid power generation systems will involve the integration of modern, small - scale wind turbines and solar - powered mini-grids.

The project is expected to cover 23 mini grids that have been set aside for hybridization with renewable energy. Currently, there are 27 mini-grids providing electricity to the off-grid areas using mainly diesel-powered generators. According to management, the decision is expected to increase access to electricity and reduce over reliance on thermal energy, especially in the rural areas.

The hybridization project will be financed by the Agence Française de Développement (AFD) Group. The planned hybridization is in line with the government efforts to achieve universal access to electricity by the year 2022. We expect the planned hybridization project to provide some relief to the company's cost burden.

## Inflation Eases to 5.0% in August

Kenya's annual headline inflation eased to 5.0% in August 2019 after edging up to 6.3% in July 2019 (June 2019: 5.7%). The disinflation was prompted by a 1.9% m/m decline in the food and non-alcoholic drinks' index owing to favorable weather conditions. The decline was mainly attributable to notable price declines on kale (-8.0% m/m), potatoes (-7.8% m/m), cabbages (-6.8% m/m), carrots (-6.0% m/m) and tomatoes (4.9% m/m).

The transport index declined by 0.03% m/m as a result of decrease in the prices of both petrol (-2.5% m/m) and diesel (3.1% m/m). The housing, water, electricity, gas and other fuels index eased by 0.1% m/m on account of decreased costs of

LPG (-0.98% m/m). We expect inflationary pressures to remain muted in the next few months as the meteorology department forecasts that most parts of the country will receive enhanced rainfall during the October-November-December short rain season. This should boost agricultural production and result in reduced food prices.

### **Stock Market Performance and Outlook**

The overall market eased by 3.4% w/w to close the week at 142.52 (NASI) characterized by an increase in trading activity - turnover and volume. We attribute the decline in the overall market index to price declines on Safaricom (-4.8% w/w), KCB (-4.9% w/w) and Equity (-7.1% w/w). The price declines on Safaricom and KCB were due to lower investor activity on the counters following their book closures within the week. Foreign investors emerged net sellers during the week. In the coming week, we expect increased trading activities on Nation Media Group, Jubilee and Stanbic as the aforementioned counters approach their book closure dates.

# 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	38.20	2.0%	-4.9%	9,727,700	48.7%	4.88	9.2%	1.03	21.9%
Equity Bank	37.05	6.3%	-7.1%	11,130,300	52.2%	7.05	5.4%	1.47	21.1%
NIC Bank	28.05	0.9%	-1.4%	182,000	46.3%	4.25	4.5%	0.51	12.1%
Stanbic	96.00	5.8%	-1.5%	47,500	50.2%	6.05	6.0%	0.85	14.3%
National Bank	4.12	-22.6%	0.0%	0	92.0%	199.18	0.0%	0.20	0.1%
Barclays Bank	10.95	0.0%	-0.5%	8,122,000	54.2%	8.02	10.0%	1.35	17.1%
Housing Finance	4.40	-20.6%	11.1%	158,100	107.7%	<b>N/M</b>	0.0%	0.15	-5.5%
Co-operative Bank	11.30	-21.0%	-0.9%	5,520,700	54.6%	5.21	8.8%	0.95	18.2%
Diamond Trust Bank	113.50	-27.5%	-2.2%	41,700	45.2%	4.48	2.3%	0.59	13.9%
Standard Chartered	195.50	0.5%	0.3%	36,500	51.8%	8.29	9.7%	1.44	17.5%
I&M	46.50	-45.3%	-0.1%	761,000	36.6%	2.26	8.4%	0.40	17.9%
<b>Sector Average</b>					<b>58.1%</b>	<b>24.97</b>	<b>5.9%</b>	<b>0.81</b>	<b>13.5%</b>

## 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	2.57	-71.1%	2.8%	311,500	<b>N/M</b>	0.0%	-1.3	<b>N/M</b>
Nation Media Group	40.45	-40.9%	6.3%	126,400	5.86	24.7%	6.9	13.2%
WPP Scangroup	12.30	-12.1%	-2.0%	37,700	10.98	4.1%	1.12	7.1%
Uchumi Supermarket	0.29	-63.8%	-3.3%	93,900	<b>N/M</b>	0.0%	-4.6	<b>N/M</b>
Longhorn Publishers	6.44	39.7%	-7.7%	81,000	13.14	5.9%	0.49	13.1%
Eveready	1.05	5.0%	1.0%	15,800	0.83	95.2%	1.27	-35.3%
<b>Sector Average</b>					<b>7.70</b>	<b>6.9%</b>		<b>-0.5%</b>

\*N/M - Not Meaningful

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<b>Construction &amp; Allied</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>NPM*</b>	<b>ROE</b>
ARM Cement	5.55	0.0%	0.0%	0	N/M	0.0%	-21.9%	-12.5%
Bamburi Cement	105.00	-20.8%	0.7%	2,400	42.86	4.9%	1.6%	0.5%
E.A. Portland Cement	14.50	-9.4%	0.0%	4,900	N/M	0.0%	19.3%	25.0%
<b>Sector Average</b>					<b>42.86</b>	<b>1.6%</b>		<b>4.3%</b>

\*NPM - Net Profit Margin

<b>Energy &amp; Petroleum Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
KenGen	5.54	-21.1%	-1.4%	2,085,900	4.62	7.2%	1.20	4.2%
Kenya Power	3.73	-8.4%	-1.8%	241,000	3.81	0.0%	0.98	3.0%
Total Kenya	27.50	0.0%	-3.5%	10,700	7.49	4.7%	3.67	10.5%
<b>Sector Average</b>					<b>5.31</b>	<b>3.6%</b>		<b>3.6%</b>

<b>Insurance Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/B(X)</b>	<b>P/E(X)</b>	<b>Loss Ratio</b>	<b>Expense Ratio</b>
CIC Insurance	3.17	-17.9%	1.9%	222,700	1.05	17.61	64.9%	49.0%
Britam	7.08	-29.2%	-0.8%	279,400	0.64	29.50	67.6%	134.8%
Jubilee	370.00	-8.6%	0.1%	2,500	1.02	7.05	92.0%	138.2%
Kenya Re	2.91	-79.1%	-6.4%	2,148,400	0.07	0.57	62.2%	106.7%
Sanlam Kenya	18.00	-18.2%	0.3%	50,000	1.95	85.71	95.4%	149.7%
Liberty	9.68	-25.0%	-0.2%	27,900	0.70	6.13	66.5%	66.5%
<b>Sector Average</b>					<b>0.88</b>	<b>9.57</b>	<b>74.7%</b>	<b>107.5%</b>

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<b>Investment Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>P/B(X)</b>	<b>NAVPS**</b>	<b>EPS (KES)</b>	<b>ROE</b>
Centum Investment	28.65	-2.1%	-1.5%	151,100	25.58	0.36	79	1.12	1.5%
Home Afrika Ltd	0.51	-27.1%	-12.1%	662,600	N/M	N/M	0.85	-0.39	2.6%
Trans-Century	3.60	414.3%	-2.7%	6,200	N/M	0.28	40.96	-1.56	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.32</b>			<b>2.9%</b>

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

<b>Investment Services</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>%w-o-w change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
NSE	9.86	-32.2%	-7.9%	110,300	13.51	5.0%	0.73	9.3%
<b>Sector Average</b>					<b>13.51</b>	<b>5.0%</b>		

<b>Manufacturing &amp; Allied Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
Mumias Sugar	0.29	-50.0%	0.0%	1,459,000	N/M	0.0%	-4.43	-69.4%
EABL	195.25	11.7%	-0.4%	1,739,700	17.39	4.4%	11.23	82.8%
FTG Holdings	2.30	-8.0%	-8.0%	11,300	2.71	0.0%	0.85	22.3%
Carbacid	7.64	-23.6%	-3.3%	164,000	5.54	9.2%	1.38	14.6%
BAT	490.00	-32.4%	-3.9%	176,100	14.69	5.3%	33.36	48.0%
<b>Sector Average</b>					<b>10.08</b>	<b>3.8%</b>		

<b>Telecommunication &amp; Technology Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
Safaricom	26.80	20.7%	-4.8%	59,701,700	16.96	7.0%	1.58	44.1%
<b>Sector Average</b>					<b>16.96</b>	<b>7.0%</b>		

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<b>Real Estate Investment Trust</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>NAVPS*</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>
STANLIB FAHARI I-REIT	7.70	-29.7%	-3.8%	182,600	10.85	9.74%	0.71
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

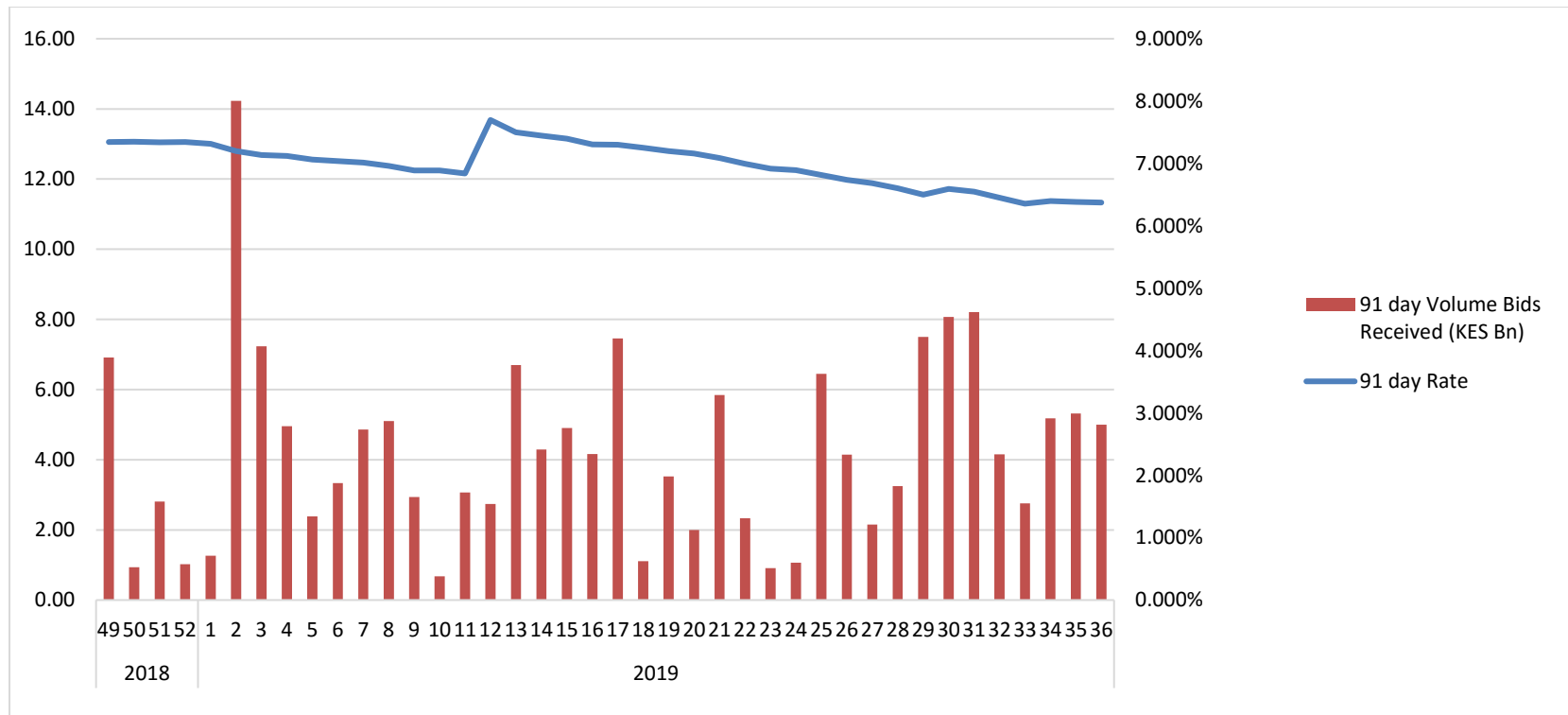
<b>Market Statistics</b>	<b>This Week</b>	<b>Last Week</b>	<b>% Change</b>
Total Volumes	106,032,200	46,504,500	128.0%
Total Turnover (KES)	3,119,423,270	1,385,653,451	125.1%

# Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	5.00Bn	125.06%	5.00Bn	6.375%	6.385%	-0.010
182 day T-bill	2.80Bn	27.96%	2.80Bn	6.995%	7.011%	-0.009
364 day T-bill	7.22Bn	72.22%	7.21Bn	9.520%	9.392%	0.128

Graph showing 91 day T-bill rate and volume

Week No. 36



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# Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Centum PLC	First & Final dividend	Kes. 0.50	17-May-19	<b>07-Jun-19</b>	(Subject to Approval)
Crown Paints Kenya PLC	Final Dividend	Kes. 0.60	13-May-19	<b>28-Jun-19</b>	(Subject to Approval)
Kapchorua Tea (K) PLC	Final Dividend	Kes 10.00	28-Jun-19	<b>30-Jul-19</b>	04-Oct-19
Williamson Tea (K) PLC	Final Dividend	Kes. 20.00	28-Jun-19	<b>31-Jul-19</b>	04-Oct-19
BAT Kenya Ltd	Interim Dividend	Kes. 3.50	19-Jul-19	<b>19-Aug-19</b>	20-Sep-19
Safaricom Plc	Special dividend	Kes.0.62	03-May-19	<b>02-Sep-19</b>	30-Nov-19
Safaricom Plc	First & Final dividend	Kes.1.25	03-May-19	<b>02-Sep-19</b>	30-Nov-19
KCB Group Plc	Interim dividend	Kes 1.00	15-Aug-19	<b>05-Sep-19</b>	15-Nov-19
Stanbic Holdings PLC	Interim dividend	Kes.1.25	08-Aug-19	<b>09-Sep-19</b>	27-Sep-2019
Eabl	Final Dividend	Kes. 6.00	26-July-19	<b>(Subject to Approval)</b>	(Subject to Approval)
Barclays Bank	Interim dividend	Kes.0.20	30-Aug-19	<b>07-Sep-19</b>	31-Oct-19
Nation Media Group	Interim dividend	Kes.1.50	29-Aug-19	<b>13-Sep-19</b>	23-Sep-19
Jubilee Holdings PLC	Interim dividend	Kes.1.00	30-Aug-19	<b>13-Sep-19</b>	07-Oct-19
Standard Chartered	Interim Dividend	Kes. 5.00	26-Aug-19	<b>23-Sep-19</b>	30-Oct-19
B.O.C Kenya	Interim Dividend	Kes. 2.35	30-Aug-19	<b>27-Sep-19</b>	15-Oct-19
NIC Group PLC	Interim Dividend	Kes.0.25	21-Aug-19	<b>30-Sep-19</b>	15-Oct-19
Longhorn Publishers PLC	Final Dividend	Kes.0.52	30-Aug-19	<b>28-Nov-19</b>	26-Feb-20



## Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 6th September 2019
KCB Group	Long-term Buy	48.00	34.00	2.00%	38.20
Equity Group Holdings	Long-term Buy	46.00	32.50	6.31%	37.05
I&M	Hold	115.25	40.50	-45.29%	46.50
Barclays Bank of Kenya	Hold	12.50	9.50	0.00%	10.95
Diamond Trust Bank	Hold	190.00	102.00	-27.48%	113.50
NBK	Hold	6.50	3.35	-22.56%	4.12
Jubilee Holdings	Long-term Buy	490.00	335.00	-8.59%	370.00
Bamburi Cement	Hold	181.00	104.00	-20.75%	105.00
Safaricom	Hold	29.31	20.51	20.72%	26.80
EABL	Hold	225.00	160.00	11.73%	195.25
KenGen	Trading	7.80	5.00	-21.08%	5.54
Mumias	Sell	0.90	0.27	-50.00%	0.29

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