

## KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 143.81	0.9%	2.4%	USD Mn – 20,614 KES Bn – 2,139
	NSE 20 Share Index - 2,431.37	0.5%	-14.2%	USD Mn – 18,048 KES Bn – 1,873,162
	NSE 25 Share Index - 3,444.27	1.0%	-3.0%	USD Mn – 19,370 KES Bn – 2,010,372
NIGERIA	ASI- 27,779.00	+2.7%	-11.6%	USD Mn – 44,069 NGN Bn – 13,523
EGYPT	EGX100*- 1,480.62	0.8%	-14.3%	USD Mn – 45,987 EGP Bn – 755,139
SOUTH AFRICA	All share – 56,781.94	2.4%	7.7%	USD Mn – 1,044,243 ZAR Bn – 15,200

Source: NSE, JSE, NSE (Nigeria), \*EGX100-as at 13<sup>th</sup> September 2019

## KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –103.79	0.1%	-1.9%	5.0%(08/2019)	5.6%(1Q2019)
NGN/USD* -306.85	-0.1%	-0.1%	11.2%(06/2019)	2.4%(3Q2018)
EGP/USD* –16.42	0.4%	8.3%	8.7%(07/2019)	5.3%(3Q2018)
ZAR/USD – 14.56	1.5%	-7.3%	4.5%(06/2019)	0.8%(FY2018)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and EGP\*-as at 13<sup>th</sup> September 2019

## Equity Group Set to Acquire Controlling Stake in BCDC

Equity Group Holdings is set to expand its footprint within the Democratic Republic of Congo through the acquisition of a controlling equity stake in Banque Commerciale du Congo (BCDC).

Upon the successful completion of the transaction (which is subject to regulatory and shareholder approvals), the group expects to eventually amalgamate the operations of BCDC with that of Equity Bank Congo (formerly Pro Credit Bank) – its existing subsidiary in the DRC.

BCDC is the second largest bank in DRC, with 29 branches and an asset base of about USD 700 million.

According to management, the acquisition of BCDC is part of the group's Pan-African focused regional diversification strategy.

Unlike Kenya which is highly banked, the DRC is largely under banked (approximately 90.0% of the population remains unbanked), providing opportunities for further entries.

The announcement follows the recent proposed acquisition of four banks in Rwanda, Zambia, Tanzania and Mozambique through a share - swap deal with London-listed Company Atlas Mara.

Given the increased regulatory pressure within the Kenyan banking sector and the high concentration of banks, we expect more local banks to pursue regional expansion strategies in order to capture newer markets.

## Co-operative Bank Set to Open Five New Branches

Co-operative bank is planning on opening 5 new branches in a bid to increase their coverage to underserved regions and serve areas with large cash transactions.

The new branches are expected to be located in Nairobi, Kapenguria, Maralal and Chogoria; Nairobi will have 2 new branches (one along Kenyatta Avenue and the other at the upcoming Parliament tower).

The new branches are expected to increase the bank's branch network to 160.

Co-op's branch network expansion strategy stands contrary to the current trend in the banking sector which has been oriented towards alternative banking platforms – with the aim of minimizing costs and optimizing resources.

According to management, the bank's branches are rapidly evolving into service hubs to SACCOs (who remain the bank's core customers) as well as bank agents (who rely on branches for cash management services).

In as much as the banking sector remains committed to shifting towards alternative delivery channels, we expect Co-op to continue pursuing a branch expansion strategy in strategic locations (those that have a high potential to mobilize deposits and serve as core hubs for banking agents).

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

This week, the overall market edged up by 0.9% w/w to close the week at 143.81 (NASI) characterized by a decline in trading activities (both turnover and trading volumes). We attribute the rise in the market index predominantly to price gains made on several large cap counters, notably Safaricom (+1.3% w/w), Equity (+2.3% w/w), KCB (+0.8%) and Co-op (+5.8%). We opine that the price gains were mostly occasioned by low favorable prices which presented attractive entry points for investors. There was increased foreign activity during the week on Barclays, Co-op and NMG (in anticipation of its book closure). In the coming week, we expect market conditions to remain relatively unchanged.

# 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	38.50	2.8%	0.8%	1,836,900	48.7%	4.92	9.1%	1.04	21.9%
Equity Bank	37.90	8.8%	2.3%	2,780,500	52.2%	7.21	5.3%	1.51	21.1%
NIC Bank	28.05	0.9%	0.0%	158,800	46.3%	4.25	4.5%	0.51	12.1%
Stanbic	96.00	5.8%	0.0%	7,900	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	10.75	-1.8%	-1.8%	24,325,100	54.2%	7.87	10.2%	1.32	17.1%
Housing Finance	5.50	-0.7%	25.0%	267,600	107.7%	<b>N/M</b>	0.0%	0.19	-5.5%
Co-operative Bank	11.95	-16.4%	5.8%	10,577,400	54.6%	5.51	8.4%	1.00	18.2%
Diamond Trust Bank	110.50	-29.4%	-2.6%	25,600	45.2%	4.36	2.4%	0.58	13.9%
Standard Chartered	195.00	0.3%	-0.3%	76,700	51.8%	8.27	9.7%	1.44	17.5%
I&M	45.65	-46.3%	-1.8%	327,000	36.6%	2.22	8.5%	0.39	17.9%
<b>Sector Average</b>					<b>58.1%</b>	<b>24.98</b>	<b>5.8%</b>	<b>0.82</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	2.51	-71.8%	-2.3%	205,100	<b>N/M</b>	0.0%	-1.3	<b>N/M</b>
Nation Media Group	38.05	-44.5%	-5.9%	1,782,900	5.51	26.3%	6.9	13.2%
WPP Scangroup	13.25	-5.4%	7.7%	46,000	11.83	3.8%	1.12	7.1%
Uchumi Supermarket	0.30	-62.5%	3.4%	129,800	<b>N/M</b>	0.0%	-4.6	<b>N/M</b>
Longhorn Publishers	5.60	21.5%	-13.0%	184,400	11.43	6.8%	0.49	13.1%
Eveready	1.07	7.0%	1.9%	12,300	0.84	93.5%	1.27	-35.3%
<b>Sector Average</b>					<b>7.40</b>	<b>7.4%</b>		<b>-0.5%</b>

\*N/M - Not Meaningful

<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	99.25	-25.1%	-5.5%	1,500	40.51	5.1%	1.6%	0.5%
E.A. Portland Cement	14.50	-9.4%	0.0%	0	N/M	0.0%	19.3%	25.0%
<b>Sector Average</b>					<b>40.51</b>	<b>1.7%</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	5.52	-21.4%	-0.4%	1,021,400	4.60	7.2%	1.20	4.2%
Kenya Power	3.62	-11.1%	-2.9%	774,900	3.69	0.0%	0.98	3.0%
Total Kenya	29.00	5.5%	5.5%	56,000	7.90	4.5%	3.67	10.5%
<b>Sector Average</b>					<b>5.40</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	3.08	-20.2%	-2.8%	763,900	1.02	17.11	64.9%	49.0%
Britam	6.98	-30.2%	-1.4%	133,900	0.63	29.08	67.6%	134.8%
Jubilee	370.00	-8.6%	0.0%	22,700	1.02	7.05	92.0%	138.2%
Kenya Re	2.84	-79.6%	-2.4%	2,194,700	0.07	0.56	62.2%	106.7%
Sanlam Kenya	18.95	-13.9%	5.3%	16,000	2.05	90.24	95.4%	149.7%
Liberty	9.98	-22.6%	3.1%	62,000	0.72	6.32	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	29.35	0.3%	2.4%	362,000	26.21	0.37	79	1.12	1.5%
Home Afrika Ltd	0.50	-28.6%	-2.0%	882,700	<b>N/M</b>	<b>N/M</b>	0.85	-0.39	2.6%
Trans-Century	3.20	357.1%	-11.1%	9,000	<b>N/M</b>	0.25	40.96	-1.56	4.7%
<b>Sector Average</b>					<b>N/M</b>	0.31			<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	11.45	-21.3%	16.1%	60,700	15.68	4.3%	0.73	9.3%
<b>Sector Average</b>					<b>15.68</b>	<b>4.3%</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	0.28	-51.7%	-3.4%	724,400	<b>N/M</b>	0.0%	-4.43	-69.4%
EABL	199.25	14.0%	2.0%	1,857,000	17.74	4.3%	11.23	82.8%
FTG Holdings	2.40	-4.0%	4.3%	5,000	2.82	0.0%	0.85	22.3%
Carbacid	7.66	-23.4%	0.3%	25,600	5.55	9.1%	1.38	14.6%
BAT	485.00	-33.1%	-1.0%	212,000	14.54	5.4%	33.36	48.0%
<b>Sector Average</b>					<b>10.16</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	27.15	22.3%	1.3%	22,518,800	17.18	6.9%	1.58	44.1%
<b>Sector Average</b>					<b>17.18</b>	<b>6.9%</b>		

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Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	7.00	-36.1%	-9.1%	108,000	9.86	10.71%	0.71
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

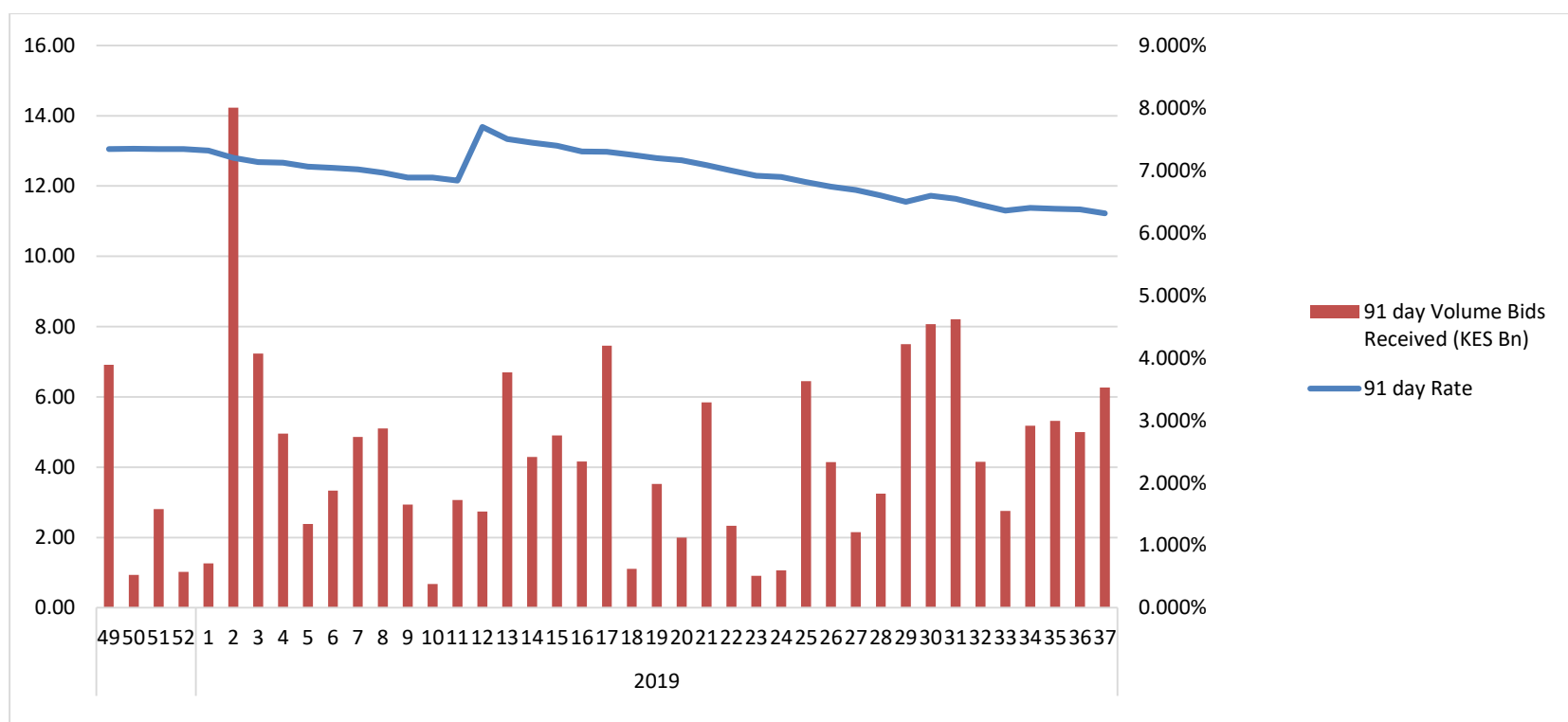
Market Statistics	This Week	Last Week	% Change
Total Volumes	74,823,100	106,032,200	-29.4%
Total Turnover (KES)	1,792,788,533	3,119,423,270	-42.5%

# Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	5.27Bn	156.76%	6.27Bn	6.315%	6.375%	-0.060
182 day T-bill	1.08Bn	10.81%	1.08Bn	7.143%	6.995%	0.148
364 day T-bill	11.50Bn	115.04%	7.22Bn	9.582%	9.520%	0.062

Graph showing 91 day T-bill rate and volume

Week No. 37



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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

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## Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 13th September 2019
KCB Group	Long-term Buy	48.00	34.00	2.80%	38.50
Equity Group Holdings	Long-term Buy	46.00	32.50	8.75%	37.90
I&M	Hold	115.25	40.50	-46.29%	45.65
Barclays Bank of Kenya	Hold	12.50	9.50	-1.83%	10.75
Diamond Trust Bank	Hold	185.00	102.00	-29.39%	110.50
Jubilee Holdings	Long-term Buy	484.00	335.00	-8.59%	370.00
Bamburi Cement	Hold	165.00	100.00	-25.09%	99.25
Safaricom	Hold	29.31	20.51	22.30%	27.15
EABL	Hold	225.00	160.00	14.02%	199.25
KenGen	Trading	7.80	5.00	-21.37%	5.52
Mumias	Sell	0.90	0.27	-51.72%	0.28

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