



Weekly Report

Week 37

Week Ending Friday, September 17, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	34,581.74	-0.9%	13.8%
S&P 500	4,452.14	-1.3%	19.2%
NASDAQ 100	15,481.43	-1.1%	20.4%
DAX	15,579.21	-0.5%	13.6%
FTSE 100	7,005.03	-0.5%	8.4%
EURO STOXX 50	4,160.15	-0.6%	17.1%
Shanghai Composite	3,613.97	-2.4%	4.1%
NIKKEI 225	30,500.05	0.4%	11.1%
Commodities			
Brent Oil (USD/bbl.)	74.64	2.4%	46.0%
Gold (USD/Oz)	1,749.10	-2.6%	-7.8%

Source: Bloomberg, NSE; *As at 5:20 PM EAT

Most of the equity indices fell during the week. The S&P 500 and NASDAQ-100 eased weighed down by losses in major technology stocks, after a jump in bond yields saw investors shift into sectors most likely to benefit from an economic recovery after strong economic data this week. Oil (brent crude) rose due to slow recovery in output after two hurricanes in the US Gulf of Mexico shut crude production.

Equities Market

Equity Market Commentary

The All Share Index (NASI) rose by 1.5% w/w while the NSE 20 fell marginally by 0.1% w/w to close the week at 182.75 and 2,061.45 respectively. Market turnover edged up by 24.7% to KES 2.5 billion while number of shares traded grew by 16.8% to 76.3 million shares. Notable price gains this week included; Sanlam (15.9% w/w to KES 11.50), Carbacid (5.0% w/w to KES 11.55), Liberty (4.7% w/w to KES 8.00), Equity (4.4% w/w to KES 53.25), KCB (4.2% w/w to KES 48.55) and HF (3.4% w/w to KES 3.92). Safaricom rose by 1.6% w/w to KES 43.20. In the coming week, we expect price stability.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	182.75	180.14	1.5%	20.1%
NSE 20	2,061.45	2,063.44	(0.1%)	10.3%
NSE 25	4,015.08	3,948.99	1.7%	17.6%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,847.93	2,807.19	1.5%
Volume (Mn)	76.3	65.3	16.8%
Equity Turnover (KES Mn)	2,514.67	2,016.87	24.7%

Source: NSE

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Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	Sanlam	11.50	15.9%	(7.3%)
2.	Eveready	1.01	9.8%	(9.4%)
3.	Kenya Power	1.70	7.8%	(0.6%)
4.	Umeme	7.00	5.1%	3.3%
5.	Carbacid	11.55	5.0%	(4.5%)

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	Uchumi	0.22	(15.4%)	(21.4%)
2.	Standard Group	16.05	(10.8%)	(23.3%)
3.	Scangroup	5.20	(6.5%)	(13.3%)
4.	NBV	6.46	(5.3%)	(0.8%)
5.	NSE	9.26	(4.7%)	13.5%

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	42.50	1,457.54
2.	Equity	51.00	367.15
3.	KCB	46.60	244.14
4.	EABL	38.15	114.32
5.	Co-op	175.00	70.16

Source: NSE and Faida Investment Bank Analysis

In the News

EPRA Increases Fuel Prices to a 10 year High

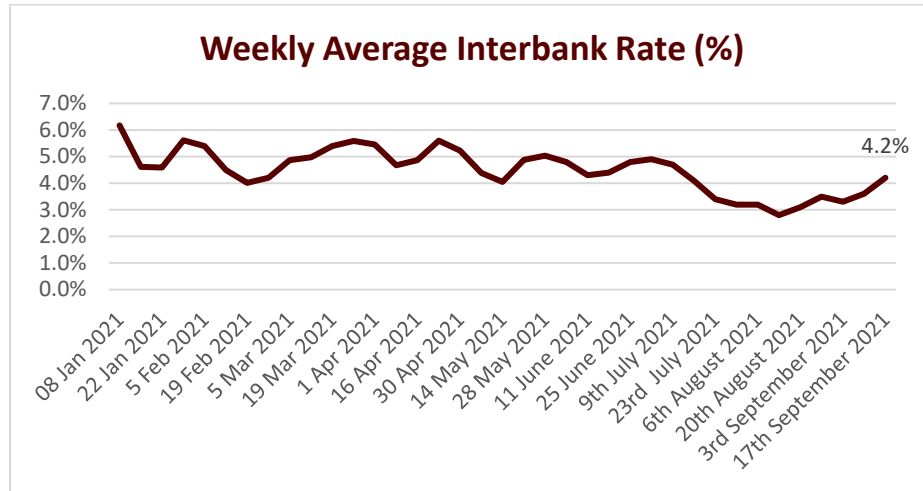
- The Energy and Petroleum Regulatory Authority (EPRA), in the September 2021 review, raised the price of petrol, diesel and kerosene in Nairobi by KES 7.58 per litre, KES 7.94 per litre and KES 12.97 per litre to KES 134.72, KES 115.60 and KES 110.82 respectively (effective 15th September to 14th October).
- The significant price increase was attributed to the removal of a subsidy program effected in April 2021 to cushion users and lower the cost of living. Subsidies worth KES 7.10, KES 9.90 and KES 11.36 per litre have been removed on petrol, diesel and kerosene respectively.
- The prices of diesel and kerosene had previously remained unchanged from April 2021 while the price of petrol had been unchanged since June 2021.
- According to EPRA the average landed cost of imported super petrol and diesel declined by 0.7% and 4.8% month-on-month to \$548.36 per cubic meter and \$ 514.25 per cubic meter respectively in August 2021. The landed cost of kerosene however increased by 1.0% month-on-month to \$ 498.19 per cubic meter.
- Parliament has summoned the Cabinet Secretaries for Petroleum and Energy to appear before the House over the subsidy removal on Tuesday next week.
- The subsidy scheme was being supported through the Petroleum Development Fund which is financed through the petroleum development levy. The levy (which rose to KES 5.40 a litre of fuel in 2020 from KES 0.40) was established to be used to develop the oil industry and stabilize local petroleum prices.

Commentary

- The increase in oil prices is set to raise inflationary pressures and the cost of living at a time when the economy has still not fully recovered from the adverse effects of the COVID-19 pandemic.

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	3.4	83.79%	3.4	6.870%	0.09%
182 day	10.0	6.8	67.96%	6.8	7.250%	0.00%
364 day	10.0	3.0	29.50%	3.0	7.845%	0.07%
Total	24.0	13.1	54.57%	13.1		

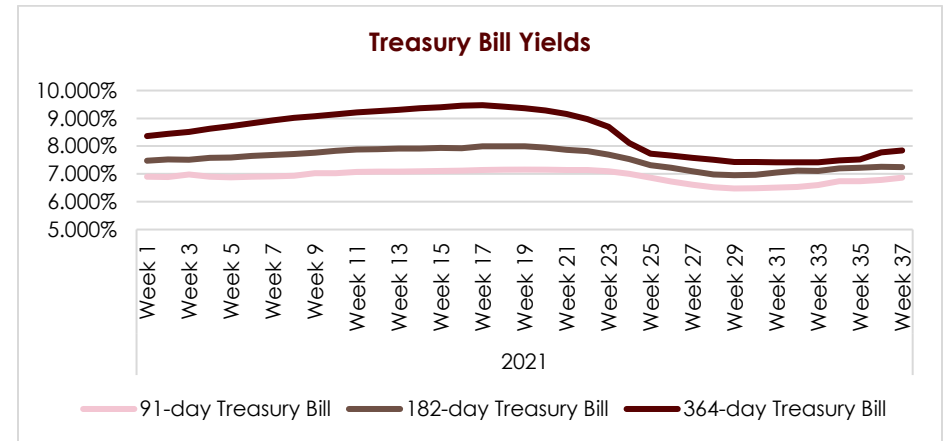
*Change = Current Rate – Previous Rate; 1.0% = 100 bps
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed in this week's auction. The total subscription rate was lower at 54.57% compared to last week's 72.65%. The 91 day bill had

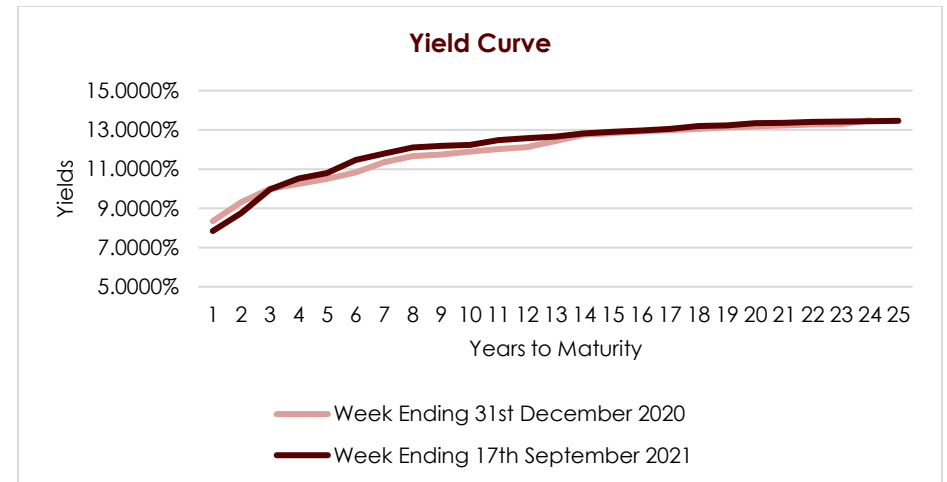
the highest subscription rate this week, at 83.79% while the 364 day bill had the lowest subscription at 29.50%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

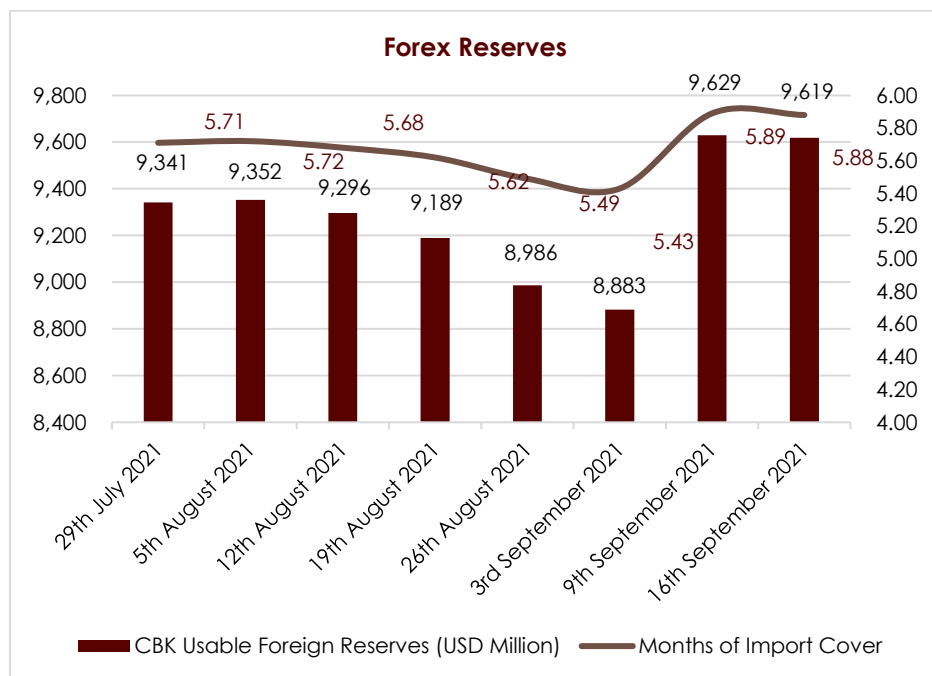
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	110.0941	(0.2%)	(0.8%)
STG Pound	152.2679	(0.3%)	(2.6%)
EURO	129.6676	0.3%	3.2%

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

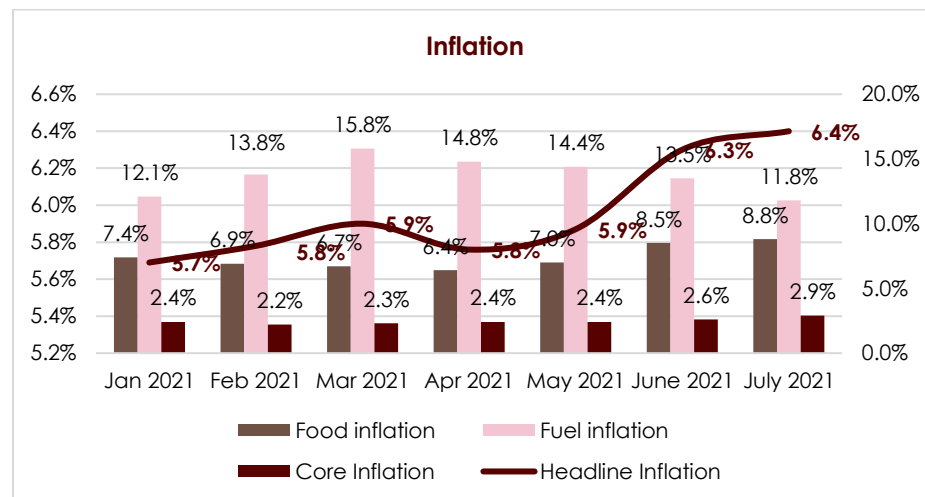
During the week, the Kenya Shilling depreciated against the US Dollar and the STG pound but appreciated against the Euro.

Forex Reserves



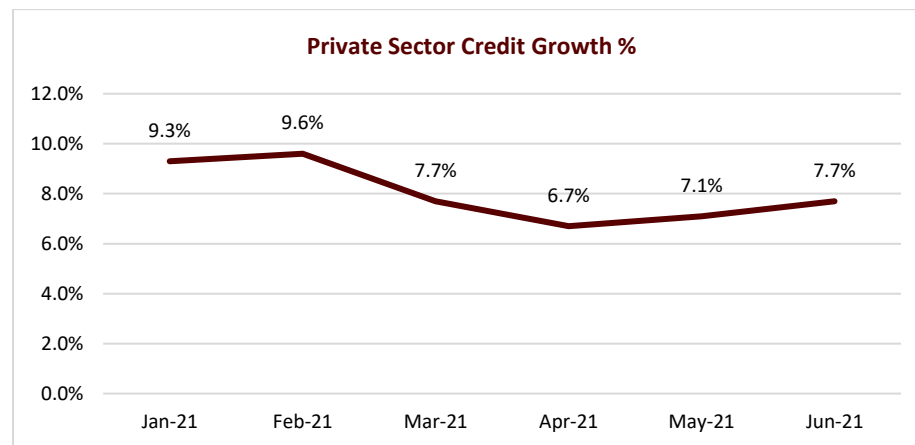
Source: CBK

Inflation



Source: KNBS

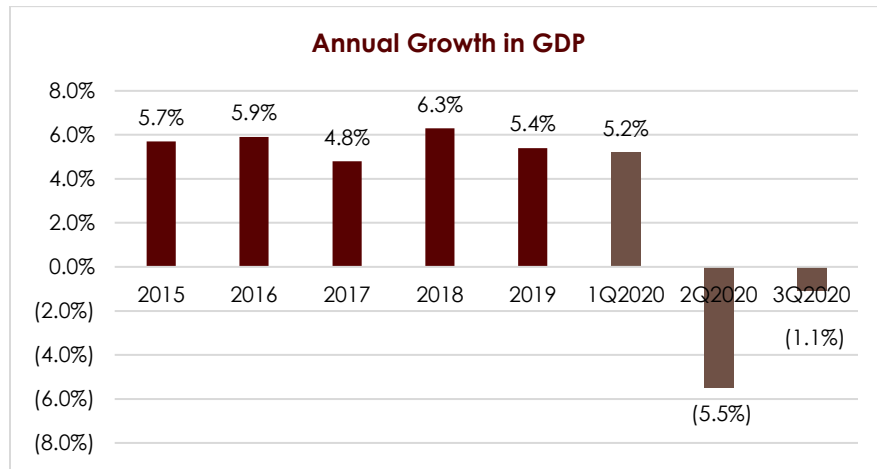
Credit Growth



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	1Q2020	2Q2020	3Q2020	4Q2020
Unemployment Rate	5.2%	10.4%	7.2%	6.5%
Labour Force Participation Rate	69.7%	64.4%	68.8%	58.7%

Source: KNBS

Derivatives Market

Weekly Statistics

	This Week	Previous Week
Total Volumes	255	149
Total Value	9,778,830	4,427,015
Total Open Interest	748	909

Source: NSE

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Corporate Finance

Releaf raises \$ 4.2 million in Seed Funding

Releaf, a Nigerian agri-tech startup, has raised \$ 4.2 million in seed equity and grant funding. The \$2.7 million funding was led by Samurai Incubate Africa, Future Africa and Consonance Investment Managers with participation from Stephen Pagliuca, chairman of Bain Capital, and Justin Kan of Twitch. The \$ 1.5 million grant was sourced from The Challenge Fund for Youth Employment (CYFE) and USAID. Releaf was launched in 2017 and commenced operations in the oil palm sector in 2019. The startup develops proprietary hardware and software solutions to drive the industrialization of food processing in Africa. The startup's proprietary hardware increases the availability and quality of raw materials for food factories, while the sourcing software connects them directly to more than 2,000 smallholder farmers. The funding will be used for the development and scaling of industrial food processing technology and enable Releaf to provide working capital and other value-added services for smallholders and small-scale processors.

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

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	48.55	27.4%	4.2%	5,160,400	44.8%	7.96	2.1%	1.10	14.4%
Equity Bank	53.25	45.7%	4.4%	7,030,800	51.5%	10.15	0.0%	1.45	15.8%
NCBA	27.65	3.4%	0.0%	621,100	41.9%	3.18	6.3%	0.62	15.3%
Stanbic	91.00	7.1%	2.0%	900	52.2%	6.93	4.2%	0.70	10.3%
Absa Bank Kenya Plc	10.35	7.1%	-0.5%	4,461,400	48.2%	13.51	0.0%	1.21	8.9%
Housing Finance	3.92	18.1%	3.4%	141,200	93.8%	N/M	0.0%	0.16	-18.2%
Co-operative Bank	13.50	8.0%	0.7%	5,297,700	58.1%	7.33	7.4%	1.00	12.7%
Diamond Trust Bank	62.75	-16.3%	-2.0%	21,400	48.6%	5.40	4.3%	0.28	5.4%
Standard Chartered	134.50	-6.8%	-0.4%	38,100	58.8%	12.81	7.8%	0.92	11.2%
I&M	22.65	-49.7%	0.7%	174,000	39.0%	1.74	11.3%	0.32	20.4%
Sector Average					53.7%	7.67	4.3%	0.78	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	25.10	62.5%	-1.8%	106,100	125.50	0.0%	0.2	1.7%
WPP Scangroup	5.20	-13.3%	-6.5%	1,118,200	4.64	9.6%	1.12	6.0%
Uchumi Supermarket	0.22	-21.4%	-15.4%	1,323,400	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.14	-15.2%	3.5%	407,300	6.09	12.6%	0.68	17.3%
Eveready	1.01	-15.8%	9.8%	52,700	N/M	0.0%	-1.45	-10.8%
Sector Average					45.41	4.4%		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	37.55	-0.8%	-1.6%	182,000	15.33	8.0%	3.2%	3.8%
E.A. Portland Cement	8.48	-22.9%	-1.2%	9,900	N/M	0.0%	0.0%	0.0%
Sector Average					15.33	4.0%	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	4.85	3.0%	-2.6%	683,500	1.74	6.2%	2.79	9.0%
Kenya Power	1.70	-0.6%	7.6%	6,842,100	N/M	0.0%	N/M	N/M
Total Kenya	25.50	6.3%	-0.8%	11,300	6.33	5.1%	4.03	10.8%
Sector Average					4.03	3.1%		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	2.71	27.3%	-3.2%	256,400	0.93	N/M	71.4%	34.6%
Britam	8.32	14.6%	-0.2%	570,000	1.06	N/M	80.6%	58.1%
Jubilee	350.25	23.3%	-2.5%	14,200	0.78	6.67	101.3%	44.2%
Kenya Re	2.53	9.1%	0.4%	1,672,400	0.05	2.41	67.7%	8.9%
Sanlam Kenya	11.50	-11.2%	15.9%	50,200.00	1.25	14.56	85.8%	35.5%
Liberty	8.00	3.9%	4.7%	22,000.00	0.51	6.11	119.6%	48.7%
Sector Average					0.76	7.44	87.7%	38.3%

*Unadjusted for the sale to Allianz

Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	17.00	0.3%	0.3%	879,600	2.45	0.36	6.95	9.3%
Home Afrika Ltd	1.37	-4.8%	2.6%	167,600	N/M	N/M	N/M	2.6%
Trans-Century	1.37	-5.5%	-0.7%	47,300.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.36		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	9.26	13.5%	-4.7%	325,600	30.87	3.0%	0.3	3.9%
Sector Average					30.87	3.0%		

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	176.00	14.1%	0.6%	653,000	34.04	1.7%	5.17	46.6%
FTG Holdings	1.35	9.8%	0.0%	45,300	5.19	0.0%	0.26	4.8%
Carbacid	11.55	-4.5%	5.0%	98,500	9.09	6.1%	1.27	10.0%
BAT	450.00	24.7%	-2.6%	38,300	8.16	10.0%	55.18	51.2%
Sector Average					14.12	3.6%		

*Suspended

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	43.20	26.1%	1.6%	34,234,800	25.26	3.2%	1.71	49.9%
Sector Average					25.26	3.2%		

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Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	7.02	26.3%	-2.0%	1,424,800	20.86	10.54%	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
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)
Centum	Final dividend	Kes. 0.33	27-Jul-21	8-Oct-21	(Subject to Approval)
Stanbic Holdings	Interim dividend	Kes. 1.70	13-Aug-21	6-Sep-21	27-Sep-21
Jubilee Holdings	Interim dividend	Kes. 1.00	30-Aug-21	10-Sep-21	11-Oct-21
B.O.C Kenya	Interim dividend	Kes. 1.50	26-Aug-21	24-Sep-21	18-Oct-21
NCBA Group	Interim dividend	Kes. 1.00	30-Aug-21	10-Sep-21	11-Oct-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