

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 144.98	0.8%	3.2%	USD Mn – 21,021 KES Bn – 2,183
	NSE 20 Share Index - 2,442.50	0.5%	-13.8%	USD Mn – 18,224 KES Bn – 1,892.223
	NSE 25 Share Index - 3,474.47	0.9%	-2.2%	USD Mn – 19,535 KES Bn – 2,028.341
NIGERIA	ASI- 27,698.69	-0.3%	-11.9%	USD Mn – 43,935 NGN Bn – 13,484
EGYPT	EGX100*- 1,439.86	-2.8%	-16.6%	USD Mn – 34.651 EGP Bn – 564.670
SOUTH AFRICA	All share – 50,077.78	-11.8%	-5.0%	USD Mn – 1,016.271 ZAR Bn – 15,040

Source: NSE, JSE, NSE (Nigeria), *EGX100-as at 19th September 2019

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –103.83	-	-1.9%	5.0%(08/2019)	5.6%(1Q2019)
NGN/USD* -306.90	-	-0.1%	11.0%(08/2019)	2.4%(3Q2018)
EGP/USD* –16.30	0.8%	9.0%	7.5%(08/2019)	5.3%(3Q2018)
ZAR/USD – 14.80	-1.6%	-9.1%	4.3%(08/2019)	0.8%(FY2018)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and EGP*-as at 19th September 2019

Kenya Power Issues Profit Warning for FY2019

Kenya Power has announced a profit warning for FY2019; this indicates that the company's net earnings for FY2019 are expected to drop by more than 25.0% compared to the after tax profits realized in FY2018.

According to the management, the anticipated decline in earnings is partly attributable to higher non-fuel costs - in accordance with the company's long term strategy of growing cheaper and cleaner renewable energy.

Kenya Power's strategic focus of on renewable energy is oriented towards enhancing the company's sustainability, improving affordability and reducing the reliance on thermal generation.

The firm's long-term strategy will ensure cost reduction to consumers and sustain long term profitability for the firm. In FY2018, the company posted a 63.7% decline in after tax profits to KES 1.9 billion - this was attributed to higher provisions.

We remain concerned over the company's declining profitability.

Stock Market Performance and Outlook

The overall market edged up by 0.8% w/w to close the week at 144.98 (NASI) characterized by an increase in trading activity - turnover and volume. We attribute the increase in the market to price increases on KCB (+4.2% w/w) Safaricom (+0.7% w/w), NIC (+2.0% w/w), Barclays (+1.4% w/w) and DTB (+1.4% w/w). The price gains on KCB were due to higher demand, which we opine was occasioned by speculation; the settlement process of the merger is currently ongoing. Banking stocks remained resilient despite news that the rate cap would remain in place. Foreign investors emerged net buyers during the week - taking advantage of the low favorable entry prices. In the coming week, we expect foreign investor demand to be mainly focused on Equity, KCB, Safaricom and EABL.

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	40.10	7.1%	4.2%	16,392,700	48.7%	5.12	8.7%	1.08	21.9%
Equity Bank	37.90	8.8%	0.0%	11,286,700	52.2%	7.21	5.3%	1.51	21.1%
NIC Bank	28.60	2.9%	2.0%	181,800	46.3%	4.33	4.4%	0.52	12.1%
Stanbic	96.00	5.8%	0.0%	524,100	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	10.90	-0.5%	1.4%	15,413,100	54.2%	7.98	10.1%	1.34	17.1%
Housing Finance	5.60	1.1%	1.8%	501,000	107.7%	N/M	0.0%	0.19	-5.5%
Co-operative Bank	12.10	-15.4%	1.3%	7,868,900	54.6%	5.58	8.3%	1.02	18.2%
Diamond Trust Bank	112.00	-28.4%	1.4%	222,600	45.2%	4.42	2.3%	0.58	13.9%
Standard Chartered	193.00	-0.8%	-1.0%	216,600	51.8%	8.19	9.8%	1.42	17.5%
I&M	45.00	-47.1%	-1.4%	1,556,200	36.6%	2.19	8.7%	0.39	17.9%
Sector Average					58.1%	25.02	5.8%	0.83	13.5%

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	2.52	-71.7%	0.4%	137,700	N/M	0.0%	-1.3	N/M
Nation Media Group	41.50	-39.4%	9.1%	27,900	6.01	24.1%	6.9	13.2%
WPP Scangroup	13.20	-5.7%	-0.4%	67,000	11.79	3.8%	1.12	7.1%
Uchumi Supermarket	0.30	-62.5%	0.0%	110,200	N/M	0.0%	-4.6	N/M
Longhorn Publishers	6.62	43.6%	18.2%	74,400	13.51	5.7%	0.49	13.1%
Eveready	1.05	5.0%	-1.9%	18,700	0.83	95.2%	1.27	-35.3%
Sector Average					8.03	6.7%		-0.5%

*N/M - Not Meaningful

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Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
ARM Cement	5.55	0.0%	0.0%	0	N/M	0.0%	-21.9%	-12.5%
Bamburi Cement	103.00	-22.3%	3.8%	3,100	42.04	5.0%	1.6%	0.5%
E.A. Portland Cement	16.55	3.4%	14.1%	300	N/M	0.0%	19.3%	25.0%
Sector Average					42.04	1.7%		4.3%

*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	5.80	-17.4%	5.1%	7,182,300	4.83	6.9%	1.20	4.2%
Kenya Power	3.02	-25.8%	-16.6%	902,600	3.08	0.0%	0.98	3.0%
Total Kenya	29.40	6.9%	1.4%	48,500	8.01	4.4%	3.67	10.5%
Sector Average					5.31	3.4%		3.6%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	3.20	-17.1%	3.9%	633,000	1.06	17.78	64.9%	49.0%
Britam	7.10	-29.0%	1.7%	417,900	0.64	29.58	67.6%	134.8%
Jubilee	350.00	-13.5%	-5.4%	7,000	0.97	6.67	92.0%	138.2%
Kenya Re	2.88	-79.4%	1.4%	8,205,100	0.07	0.56	62.2%	106.7%
Sanlam Kenya	17.90	-18.6%	-5.5%	8,000	1.94	85.24	95.4%	149.7%
Liberty	9.14	-29.1%	-8.4%	52,300	0.66	5.78	66.5%	66.5%
Sector Average					0.88	9.57	74.7%	107.5%

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	NAVPS**	EPS (KES)	ROE
Centum Investment	31.00	6.0%	5.6%	247,300	27.68	0.39	79	1.12	1.5%
Home Afrika Ltd	0.50	-28.6%	0.0%	523,600	N/M	N/M	0.85	-0.39	2.6%
Trans-Century	3.20	357.1%	0.0%	900	N/M	0.25	40.96	-1.56	4.7%
Sector Average					N/M	0.32			2.9%

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

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	10.55	-27.5%	-7.9%	174,000	14.45	4.6%	0.73	9.3%
Sector Average					14.45	4.6%		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.28	-51.7%	0.0%	677,400	N/M	0.0%	-4.43	-69.4%
EABL	199.00	13.9%	-0.1%	1,520,100	17.72	4.3%	11.23	82.8%
FTG Holdings	2.20	-12.0%	-8.3%	67,600	2.59	0.0%	0.85	22.3%
Carbacid	8.02	-19.8%	4.7%	34,900	5.81	8.7%	1.38	14.6%
BAT	484.75	-33.1%	-0.1%	921,300	14.53	5.4%	33.36	48.0%
Sector Average					10.16	3.7%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	27.35	23.2%	0.7%	16,089,900	17.31	6.8%	1.58	44.1%
Sector Average					17.31	6.8%		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	7.62	-30.4%	8.9%	347,100	10.73	9.84%	0.71
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

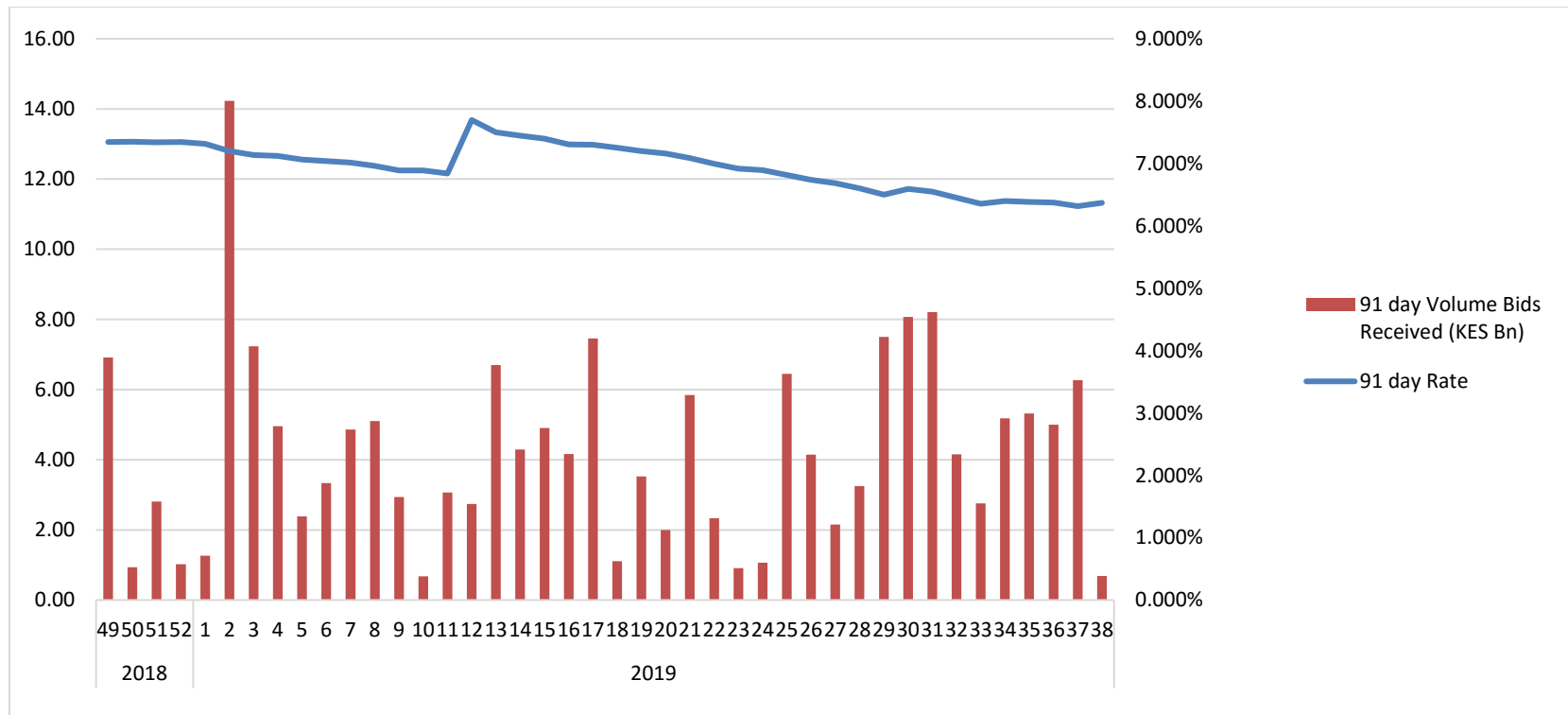
Market Statistics	This Week	Last Week	% Change
Total Volumes	94,496,800	74,823,100	26.3%
Total Turnover (KES)	2,834,410,402	1,792,788,533	58.1%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	0.68Bn	17.10%	0.68Bn	6.368%	6.315%	0.053
182 day T-bill	0.71Bn	7.09%	0.71Bn	7.150%	7.143%	0.007
364 day T-bill	23.50Bn	234.99%	19.87Bn	9.705%	9.582%	0.123

Graph showing 91 day T-bill rate and volume

Week No. 38



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

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Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 20th September 2019
KCB Group	Long-term Buy	48.00	34.00	7.08%	40.10
Equity Group Holdings	Long-term Buy	46.00	32.50	8.75%	37.90
I&M	Hold	115.25	40.50	-47.06%	45.00
Barclays Bank of Kenya	Hold	12.50	9.50	-0.46%	10.90
Diamond Trust Bank	Hold	180.00	102.00	-28.43%	112.00
NBK	Hold	6.50	3.35	-22.56%	4.12
Jubilee Holdings	Long-term Buy	480.00	335.00	-13.53%	350.00
Bamburi Cement	Hold	165.00	94.00	-22.26%	103.00
Safaricom	Hold	29.31	20.51	23.20%	27.35
EABL	Hold	225.00	160.00	13.88%	199.00
KenGen	Trading	7.80	5.00	-17.38%	5.80
Mumias	Sell	0.90	0.27	-51.72%	0.28

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