



Weekly Report

Week 38

Week Ending Friday, September 24, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	34,764.85	0.5%	14.4%
S&P 500	4,448.96	-0.1%	19.1%
NASDAQ 100	15,244.00	-1.5%	18.6%
DAX	15,521.72	-0.4%	13.1%
FTSE 100	7,005.03	0.8%	9.3%
EURO STOXX 50	4,159.18	-0.0%	17.1%
Shanghai Composite	3,613.07	-0.0%	4.0%
NIKKEI 225	30,248.81	-0.8%	10.2%
Commodities			
Brent Oil (USD/bbl.)	77.66	4.0%	51.9%
Gold (USD/Oz)	1,746.79	-0.1%	-8.0%

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 investor over the spillover effects of China Evergrande's debt troubles. Oil (brent crude) rose buoyed by higher demand and lower crude inventories as output was still dampened in the US Gulf of Mexico following the two hurricanes.

Equities Market

Equity Market Commentary

The All Share Index (NASI) and the NSE 20 fell by 2.7% w/w and 1.1% w/w to close the week at 177.81 and 2,039.75 respectively. Market turnover edged up by 28.0% to KES 3.2 billion while number of shares traded declined by 5.1% to 72.4 million shares. There were price declines on most counters. Notable price declines this week included; Equity (5.2% w/w to KES 50.50), KCB (3.0% w/w to KES 47.10), Standard Chartered (3.3% w/w to KES 130.00), Britam (2.9% w/w to KES 8.08), Co-operative (2.2% w/w to KES 13.20) and NCBA (2.2% w/w to KES 27.05). Safaricom fell by 3.2% w/w to KES 41.80. Investors can advantage of the price declines to accumulate fundamentally strong counters such as KCB and Safaricom.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	177.81	182.75	(2.7%)	16.9%
NSE 20	2,039.75	2,061.45	(1.1%)	(29.1%)
NSE 25	3,918.47	4,015.08	(2.4%)	2.6%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,770.83	2,847.93	(2.7%)
Volume (Mn)	72.4	76.3	(5.1%)
Equity Turnover (KES Mn)	3,218.74	2,514.67	28.0%

Source: NSE

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Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	NBV	7.16	10.8%	(67.3%)
2.	Standard Group	17.45	8.7%	(22.4%)
3.	Jubilee	368.75	5.3%	(2.4%)
4.	HF	4.08	4.1%	(0.8%)
5.	Everready	1.05	4.0%	(2.0%)

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	Crown	26.80	(16.3%)	8.4%
2.	Unga	30.00	(9.0%)	(23.3%)
3.	EA Portland	7.90	(6.8%)	(28.2%)
4.	Equity	50.50	(5.2%)	2.2%
5.	Car & General	31.00	(4.9%)	13.5%

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	41.80	1,245.97
2.	EABL	173.50	673.27
3.	KCB	47.10	534.22
4.	Equity	50.50	463.27
5.	Stanbic	92.00	71.98

Source: NSE and Faida Investment Bank Analysis

In the News

Co-operative Bank Obtains KES 750.0 million loan in SME Lending

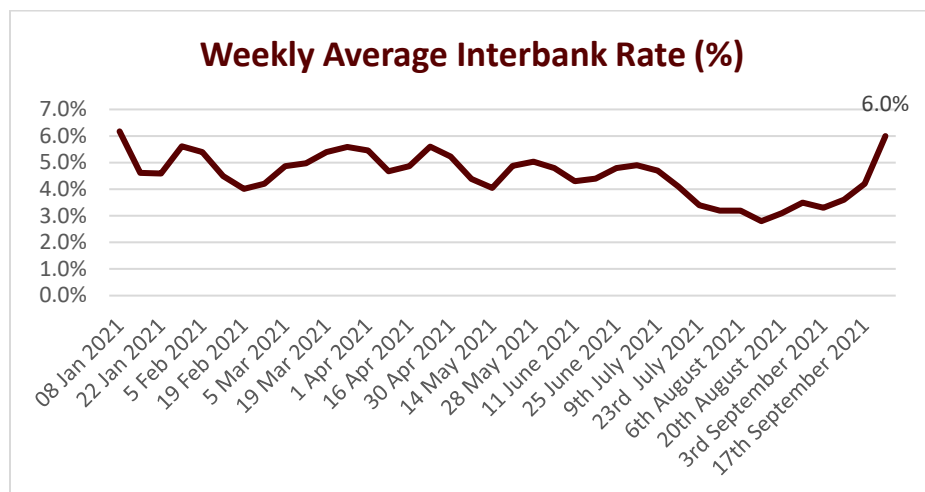
- Co-operative bank has obtained KES 750.0 million from the African Guarantee Fund (AGF) for micro, small and medium-sized (SME) lending for green energy and solar installation projects.
- The partnership with AGF will provide guarantees for the bank's loan facilities.
- According to AGF, the partnership reflects the fund's commitment to increase financing of businesses in the green sector
- According to the bank's management, the challenge bankers and other financiers have had with respect to solar energy is that of securities offered - with solar panels and inverters providing poor security as they are not easily resold.
- The bank hopes that as the prices of solar solutions become more affordable and AGF continues to develop other products, Co-op will be able to finance solar products that reach an even greater number of Kenyans.

Commentary

- The bank had previously obtained a KES 8.3 billion loan for micro, small and medium-sized (SME) lending from the International Finance Corporation (IFC) – the private arm of the World Bank, to support firms that were affected by the COVID-19 pandemic.
- We opine that the funding will encourage the bank to lend more to the sector. We note that as at 1Q2021, 48.4% of the bank's loan book was in personal consumer loans (1Q2020: 44.7%). However 4.5% was in SME down from 6.3% in 1Q2020.

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	4.8	119.84%	4.8	6.896%	0.09%
182 day	10.0	4.7	46.71%	4.7	7.282%	0.00%
364 day	10.0	0.7	6.95%	0.7	7.890%	0.07%
Total	24.0	10.2	42.34%	10.2		

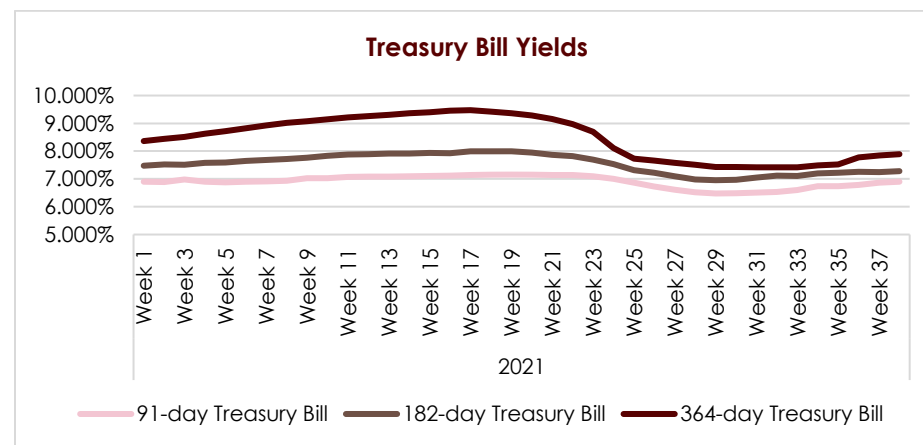
*Change = Current Rate – Previous Rate; 1.0% = 100 bps
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed in this week's auction. The total subscription rate was lower at 42.34% compared to last week's 54.57%. The 91 day bill had

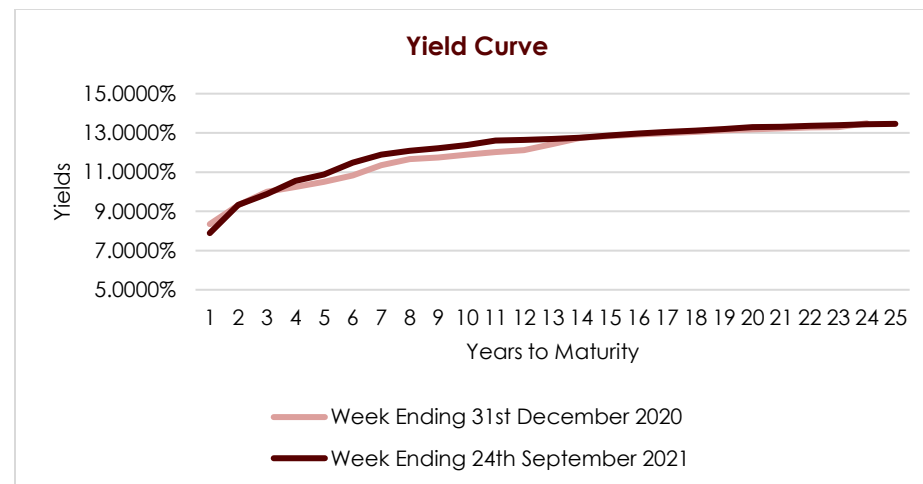
the highest subscription rate this week, at 119.84% while the 364 day bill had the lowest subscription at 6.95%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

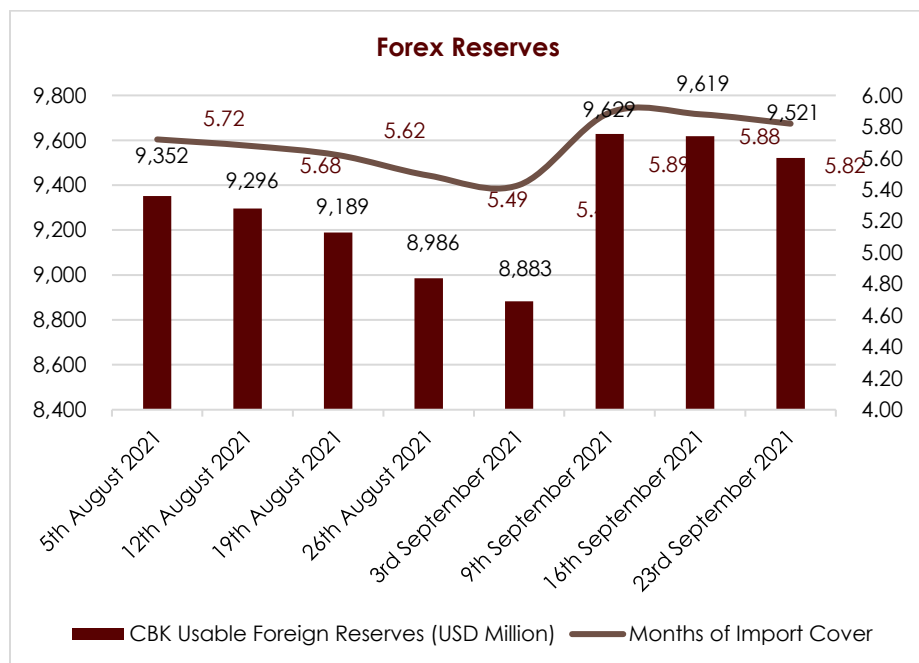
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	110.0941	(0.3%)	(1.1%)
STG Pound	151.0376	0.8%	(1.8%)
EURO	129.3276	0.3%	3.4%

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

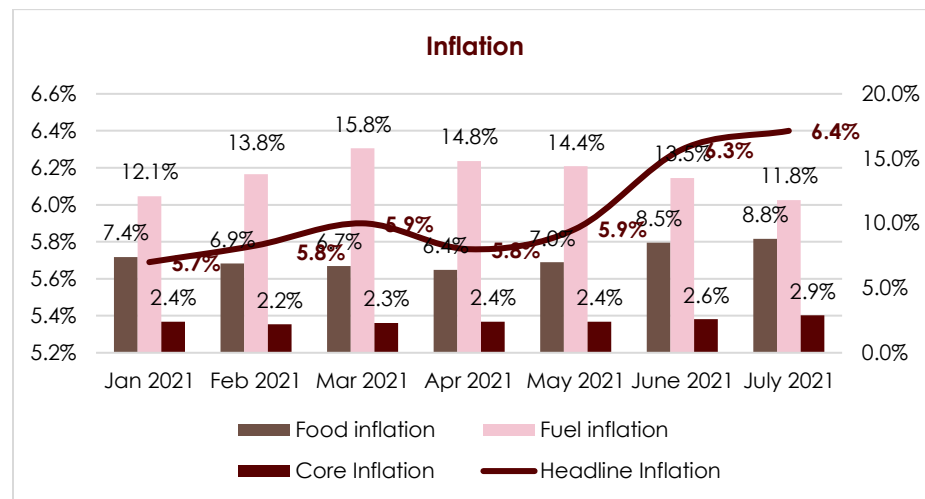
During the week, the Kenya Shilling depreciated against the US Dollar but appreciated against the STG pound and the Euro.

Forex Reserves



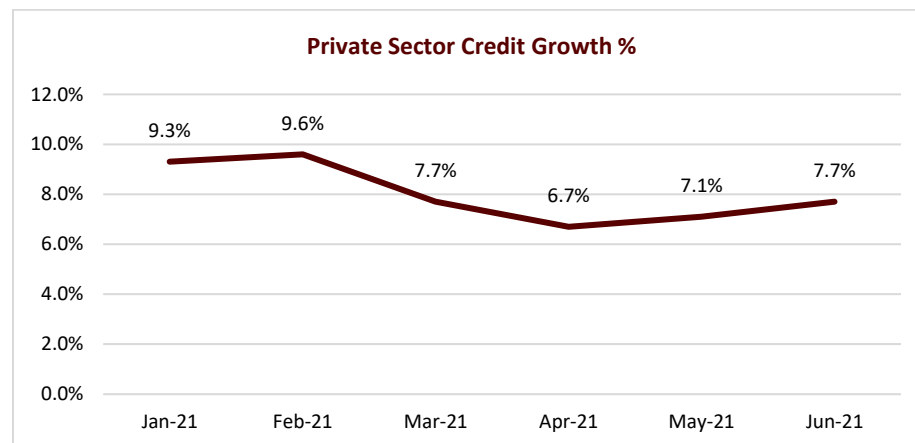
Source: CBK

Inflation



Source: KNBS

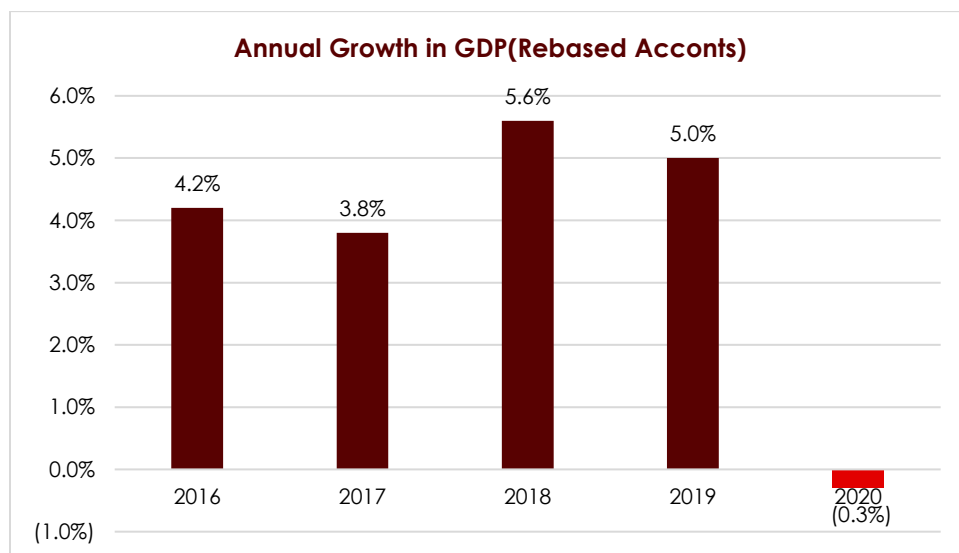
Credit Growth



Source: CBK

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Gross Domestic Product (GDP)



Source: KNBS

Kenya's Real GDP is estimated to have contracted by 0.3% in 2020, a decline from a growth of 5.0% in 2019. The contraction was due to disruptions caused by measures implemented to curb the spread of COVID-19. The Accommodation and food services (-47.7%) sector recorded the highest contraction due to COVID-19 movement restrictions (both international and domestic) and social distancing restrictions as the sector's operations depend on close contact between persons. The transportation and storage sector contracted by 7.8% due to restrictions in movement aimed at curbing the spread of the COVID-19 pandemic. The manufacturing sector contracted by 0.1% mitigated by sugar and cement production. Growth in agricultural production, construction activities, financial and insurance activities and health services activities buoyed the economy, having grown by 4.8%, 11.8%, 5.6% and 6.7% respectively. The agricultural sector accounted for 23.0% of nominal GDP. Growth in the agricultural sector was supported by increases in tea production (+24.1% y/y to 569.5 thousand tonnes) and sugarcane production (+36.4% y/y to 6.0 million tonnes). In the construction sector, cement consumption rose by 21.3% y/y to 7.4 million tonnes reflecting increased construction activity.

Real GDP Growth by Sector	2019	2020
Agriculture	2.6%	4.8%
Mining & Quarrying	4.3%	6.7%
Manufacturing	2.5%	(0.1%)
Electricity and Water Supply	1.7%	(0.5%)
Construction	5.6%	11.8%
Wholesale & Retail Trade	5.3%	(0.4%)
Accommodation & Food Services	14.3%	(47.7%)
Transport & Storage	6.3%	(7.8%)
Information & Communication	7.5%	4.8%
Financial & Insurance	6.9%	5.6%
Public Administration	9.9%	5.3%
Professional, Admin & Support Services	7.0%	(13.5%)
Real Estate	6.7%	4.1%
Education	4.7%	(10.8%)
Health	6.2%	6.7%
Other Services	4.9%	(19.5%)

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	81	255
Total Value	3,443,550	9,778,830
Total Open Interest	778	748

Source: NSE

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Corporate Finance

Cartona raises \$ 4.5 million in Series A Funding

Cartona, an Egyptian B2B e-commerce platform, has raised \$ 4.5 million in series A funding. The e-commerce marketplace was launched in 2020 and connects retailers to manufacturers and wholesalers in the fast-moving consumer goods (FMCG) industry. The funding round was led by Global Ventures with participation from Kepple Africa Ventures, T5 Ventures and angel investors. The funding will be used to invest in new technology, launch new products and expand across the country.

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	47.10	23.6%	-3.0%	5,160,400	44.3%	6.91	2.1%	1.15	15.4%
Equity Bank	50.50	38.2%	-5.2%	7,030,800	48.5%	10.86	0.0%	1.29	13.0%
NCBA	27.05	1.1%	-2.2%	621,100	43.1%	3.11	6.5%	0.58	6.5%
Stanbic	92.00	8.2%	1.1%	900	48.9%	10.38	4.1%	0.74	6.8%
Absa Bank Kenya Plc	10.55	9.2%	1.9%	4,461,400	44.6%	10.28	0.0%	1.10	11.7%
Housing Finance	4.08	22.9%	4.1%	141,200	120.9%	N/M	0.0%	0.18	-3.8%
Co-operative Bank	13.20	5.6%	-2.2%	5,297,700	49.9%	10.51	7.6%	0.97	8.5%
Diamond Trust Bank	63.50	-15.3%	1.2%	21,400	38.2%	6.12	4.3%	0.27	4.6%
Standard Chartered	130.00	-9.9%	-3.3%	38,100	47.3%	12.38	8.1%	0.86	9.4%
I&M	23.00	-48.9%	1.5%	174,000	48.1%	4.71	11.1%	0.32	6.5%
Sector Average					53.4%	8.36	4.4%	0.75	7.9%

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	25.00	61.8%	-0.4%	106,100	125.00	0.0%	0.2	1.7%
WPP Scangroup	5.40	-10.0%	3.8%	1,118,200	4.82	9.3%	1.12	6.0%
Uchumi Supermarket	0.22	-21.4%	0.0%	1,323,400	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.05	-17.0%	-2.2%	407,300	5.96	12.8%	0.68	17.3%
Eveready	1.05	-12.5%	4.0%	52,700	N/M	0.0%	-1.45	-10.8%
Sector Average					45.26	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	38.00	0.4%	1.2%	182,000	15.51	7.9%	3.2%	3.8%
E.A. Portland Cement	7.90	-28.2%	-6.8%	9,900	N/M	0.0%	0.0%	0.0%
Sector Average					15.51	3.9%	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	4.70	-0.2%	-3.1%	683,500	1.68	6.4%	2.79	9.0%
Kenya Power	1.71	0.0%	0.6%	6,842,100	N/M	0.0%	N/M	N/M
Total Kenya	24.75	3.1%	-2.9%	11,300	6.14	5.3%	4.03	10.8%
Sector Average					3.91	3.2%		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	2.73	28.2%	0.7%	256,400	0.94	N/M	71.4%	34.6%
Britam	8.08	11.3%	-2.9%	570,000	1.03	N/M	80.6%	58.1%
Jubilee	368.75	29.8%	5.3%	14,200	*0.82	7.02	101.3%	44.2%
Kenya Re	2.50	7.8%	-1.2%	1,672,400	0.05	2.38	67.7%	8.9%
Sanlam Kenya	11.90	-8.1%	3.5%	50,200.00	1.29	15.06	85.8%	35.5%
Liberty	8.14	5.7%	1.8%	22,000.00	0.52	6.21	119.6%	48.7%
Sector Average					0.77	7.67	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	17.05	0.3%	0.3%	879,600	2.45	0.36	6.95	9.3%
Home Afrika Ltd	1.35	-7.1%	-2.5%	167,600	N/M	N/M	N/M	2.6%
Trans-Century	1.35	-6.9%	-1.5%	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	9.10	11.5%	-1.7%	325,600	30.33	3.1%	0.3	3.9%
Sector Average					30.33	3.1%		

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	173.50	12.5%	-1.4%	653,000	33.56	1.7%	5.17	46.6%
FTG Holdings	1.33	8.1%	-1.5%	45,300	5.12	0.0%	0.26	4.8%
Carbacid	12.00	-0.8%	3.9%	98,500	9.45	5.8%	1.27	10.0%
BAT	446.00	23.5%	-0.9%	38,300	8.08	10.1%	55.18	51.2%
Sector Average					14.05	3.5%		

*Suspended

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	41.80	22.0%	-3.2%	34,234,800	24.44	3.3%	1.71	49.9%
Sector Average					24.44	3.3%		

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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	6.98	25.5%	-0.6%	1,424,800	20.86	10.60%	0.82
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

Source: NSE and Faida Investment Bank Analysis

Recommendations

Counter	Recommendation	52-Week High	52-Week Low	Price	Target Price	Upside/(Downside)	Expected DPS	YTD Change
KCB	Neutral	KES 49.90	KES 35.54	KES 47.10	KES 47.54	0.9%	N/A	23.6%

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