

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 144.27	-0.5%	2.7%	USD Mn – 20,921 KES Bn – 2,172
	NSE 20 Share Index - 2,435.92	-0.3%	-14.0%	USD Mn – 18,102 KES Bn – 1,879.247
	NSE 25 Share Index - 3,457.24	-0.5%	-2.7%	USD Mn – 19,418 KES Bn – 2,015.894
NIGERIA	ASI- 27,675.04	-0.1%	-11.9%	USD Mn – 43,890 NGN Bn – 13,472
EGYPT	EGX100*- 1,327.30	-7.8%	-23.2%	USD Mn – 32,379 EGP Bn – 528.320
SOUTH AFRICA	All share – 55,271.38	10.4%	4.8%	USD Mn – 990.644 ZAR Bn – 14,930

Source: NSE, JSE, NSE (Nigeria), *EGX100-as at 26th September 2019

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –103.82	-	-1.9%	5.0%(08/2019)	5.6%(1Q2019)
NGN/USD* -306.95	-	-0.1%	11.0%(08/2019)	2.4%(3Q2018)
EGP/USD* –16.32	-0.1%	8.9%	7.5%(08/2019)	5.3%(3Q2018)
ZAR/USD – 15.07	-1.8%	-11.1%	4.3%(08/2019)	0.8%(FY2018)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and EGP*-as at 26th September 2019

MPC Retains the CBR at 9.0%

The Monetary Policy Committee (MPC) has maintained the Central Bank Rate (CBR) at 9.0%, for the seventh consecutive time. The policy was retained amidst escalating global uncertainties (due to the trade tensions between US and China as well as shifting expectations on Brexit) which have led to subdued global growth and volatility in international markets. According to the MPC the decision to retain the CBR rate was predicated on inflation remaining within the target range and the economy operating close to its potential. The inflation rate fell from 6.3% in July to 5.0% in August due to lower food inflation which was attributed to improved weather conditions. Inflation is predicted to remain within the CBK's target range with expectations of lower food prices (expected favorable weather conditions) and lower electricity costs (reduced usage of expensive power sources). Private sector credit showed marginal improvement, growing by 6.3% in August from 6.1% in July. Private credit is however anticipated to improve as uptake by Micro Small Medium Enterprises (MSME's) increases. The current account deficit narrowed to 4.2% of GDP in July 2019 (July 2018: 5.5%) on the back of strong diaspora remittances, growth in horticultural exports, slower growth of food imports and SGR-related equipment as well as improvement in the tourism and transport sector. The MPC expects economic growth to remain strong in 2019 supported by the implementation of the Big 4 agenda, public infrastructure investments, agricultural production (owing to improved weather conditions), growth of MSME's, foreign direct investment and a stable macroeconomic environment. We continue to expect the CBR to remain unchanged in the short-term, principally owing to the stability in core inflation and the expectations of lower food inflation.

Barclays Bank Partners with Centum Real Estate on Mortgage Deal

Barclays Bank and Centum's real estate unit (Centum Real Estate) have entered into a financing agreement in which the former will finance the purchase of residential properties being developed by the latter. As per the agreement, Barclays will fully finance houses sold at or below KES 10.0 million and provide 90.0% financing for houses priced above KES 10.0 million. According to Centum Real Estate management, the interest rate charged on the loans will range between 11.5% and 11.9% -- which represents a discount in comparison to the current maximum lending rate of 13.0%. The residential units covered by the agreement include both completed and off-plan units in: Palm Ridge & Awali Estates (in Kilifi County) and The Riverbank Apartments & Cascadia Apartments (in Nairobi County). Houses at Palm Ridge are expected to cost between KES 2.5 million and KES 4.6 million; the units at The Riverbank Apartments are expected to retail between KES 16.0 million and KES 30.0 million while the price range for houses at Cascadia Apartments is expected to be KES 8.5 million to KES 23.0 million. We expect the partnership agreement to incentivize buyers, however we remain cautious on the impact of the deal in enhancing property sales for Centum given the depressed real estate market and the "reluctant lending nature" of commercial banks -- under the current interest rate regime.

Stock Market Performance and Outlook

The overall market eased marginally by 0.5% w/w to close the week at 144.27 (NASI) characterized by a decline in trading activities - turnover and volumes. We attribute the decline in the overall market index to price declines on EABL (-2.5% w/w), Equity (-1.2% w/w) and Safaricom (-0.9% w/w). The price decline on EABL was owing to the book closure that happened within the week. KCB recorded a price gain of 4.7% w/w, we opine the gain to market speculation. Most market activity has been concentrated on the large cap counters; Safaricom, Equity, KCB and EABL. Foreign investors emerged net buyers during the week as they took advantage of the low entry prices. We expect market conditions to remain relatively unchanged in the coming week.

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	42.00	12.1%	4.7%	7,559,200	48.7%	5.37	8.3%	1.13	21.9%
Equity Bank	37.45	7.5%	-1.2%	10,205,300	52.2%	7.13	5.3%	1.49	21.1%
NIC Bank	28.95	4.1%	1.2%	3,098,500	46.3%	4.38	4.3%	0.52	12.1%
Stanbic	96.00	5.8%	0.0%	195,700	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%	2,169,400	54.2%	8.02	10.0%	1.35	17.1%
Housing Finance	7.28	31.4%	30.0%	572,900	107.7%	N/M	0.0%	0.25	-5.5%
Co-operative Bank	11.80	-17.5%	-2.5%	4,104,500	54.6%	5.44	8.5%	0.99	18.2%
Diamond Trust Bank	113.50	-27.5%	1.3%	61,000	45.2%	4.48	2.3%	0.59	13.9%
Standard Chartered	194.25	-0.1%	0.6%	12,000	51.8%	8.24	9.8%	1.43	17.5%
I&M	45.00	-47.1%	0.0%	104,600	36.6%	2.19	8.7%	0.39	17.9%
Sector Average					58.1%	25.05	5.8%	0.84	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	2.54	-71.5%	0.8%	1,025,800	N/M	0.0%	-1.3	N/M
Nation Media Group	41.25	-39.8%	-0.6%	48,100	5.98	24.2%	6.9	13.2%
WPP Scangroup	13.30	-5.0%	0.8%	46,900	11.88	3.8%	1.12	7.1%
Uchumi Supermarket	0.27	-66.3%	-10.0%	1,293,500	N/M	0.0%	-4.6	N/M
Longhorn Publishers	6.88	49.2%	3.9%	172,700	14.04	5.5%	0.49	13.1%
Eveready	1.09	9.0%	3.8%	34,700	0.86	91.7%	1.27	-35.3%
Sector Average					8.19	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	95.50	-27.9%	-7.3%	600	38.98	5.3%	1.6%	0.5%
E.A. Portland Cement	17.50	9.4%	5.7%	1,100	N/M	0.0%	19.3%	25.0%
Sector Average					38.98	1.8%		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	5.86	-16.5%	1.0%	955,000	4.88	6.8%	1.20	4.2%
Kenya Power	2.96	-27.3%	-2.0%	1,651,800	3.02	0.0%	0.98	3.0%
Total Kenya	29.00	5.5%	-1.4%	7,400	7.90	4.5%	3.67	10.5%
Sector Average					5.27	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	3.30	-14.5%	3.1%	321,400	1.09	18.33	64.9%	49.0%
Britam	7.04	-29.6%	-0.8%	166,800	0.64	29.33	67.6%	134.8%
Jubilee	350.00	-13.5%	0.0%	9,700	0.97	6.67	92.0%	138.2%
Kenya Re	2.91	-79.1%	1.0%	1,621,700	0.07	0.57	62.2%	106.7%
Sanlam Kenya	18.75	-14.8%	4.7%	11,700	2.03	89.29	95.4%	149.7%
Liberty	8.84	-31.5%	-3.3%	7,400	0.64	5.59	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	31.20	6.7%	0.6%	1,233,100	27.86	0.39	79	1.12	1.5%
Home Afrika Ltd	0.49	-30.0%	-2.0%	887,200	N/M	N/M	0.85	-0.39	2.6%
Trans-Century	3.16	351.4%	-1.3%	132,300	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	10.70	-26.5%	1.4%	88,400	14.66	4.6%	0.73	9.3%
Sector Average					14.66	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	0.27	-53.4%	-3.6%	282,500	N/M	0.0%	-4.43	-69.4%
EABL	194.00	11.0%	-2.5%	959,600	17.28	4.4%	11.23	82.8%
FTG Holdings	2.15	-14.0%	-2.3%	38,800	2.53	0.0%	0.85	22.3%
Carbacid	8.02	-19.8%	0.0%	25,400	5.81	8.7%	1.38	14.6%
BAT	485.75	-33.0%	0.2%	449,900	14.56	5.4%	33.36	48.0%
Sector Average					10.04	3.7%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	27.10	22.1%	-0.9%	45,304,100	17.15	6.9%	1.58	44.1%
Sector Average					17.15	6.9%		

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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	7.60	-30.6%	-0.3%	174,500	10.70	9.87%	0.71
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

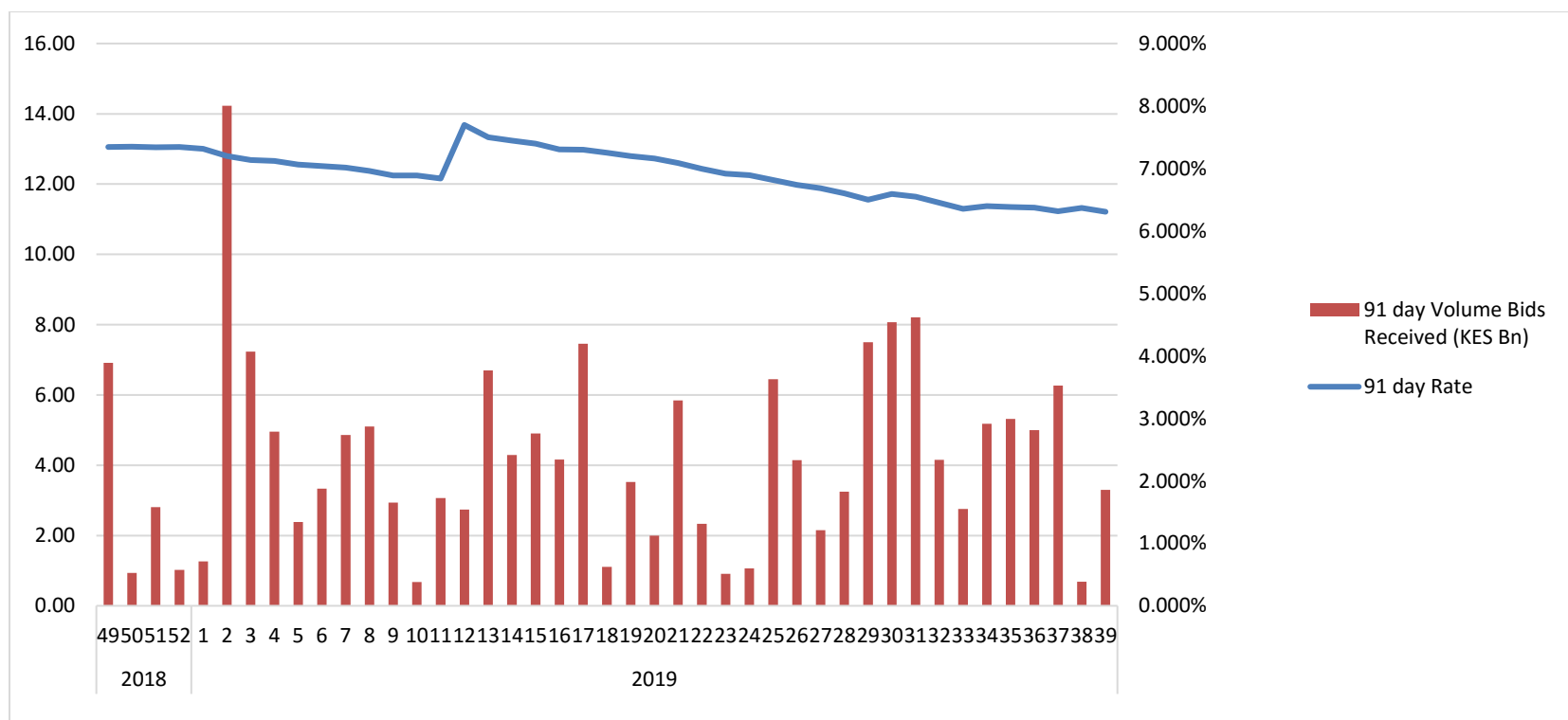
Market Statistics	This Week	Last Week	% Change
Total Volumes	85,106,300	94,496,800	-9.9%
Total Turnover (KES)	2,621,624,624	2,834,410,402	-7.5%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	3.29Bn	82.37%	3.29Bn	6.307%	6.368%	-0.061
182 day T-bill	0.44Bn	4.36%	0.44Bn	7.175%	7.150%	0.025
364 day T-bill	19.88Bn	198.78%	11.58Bn	9.777%	9.705%	0.072

Graph showing 91 day T-bill rate and volume

Week No. 39



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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
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	30-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

Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 27th September 2019
KCB Group	Long-term Buy	48.00	34.00	12.15%	42.00
Equity Group Holdings	Long-term Buy	46.00	32.50	7.46%	37.45
I&M	Hold	115.25	41.75	-47.06%	45.00
Barclays Bank of Kenya	Hold	12.50	10.00	0.00%	10.95
Diamond Trust Bank	Hold	175.00	102.00	-27.48%	113.50
Jubilee Holdings	Long-term Buy	480.00	330.00	-13.53%	350.00
Bamburi Cement	Hold	159.00	93.00	-27.92%	95.50
Safaricom	Hold	29.31	20.51	22.07%	27.10
EABL	Hold	225.00	160.00	11.02%	194.00
KenGen	Long-term Buy	7.80	5.00	-16.52%	5.86

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