



Weekly Report

Week 39

Week Ending Friday, October 1, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	34,326.46	-1.3%	12.9%
S&P 500	4,357.04	-2.1%	16.7%
NASDAQ 100	14,791.87	-3.0%	15.1%
DAX	15,156.44	-2.4%	10.5%
FTSE 100	7,027.07	-0.5%	8.8%
EURO STOXX 50	4,035.30	-3.0%	13.6%
Shanghai Composite	3,568.17	-1.2%	2.7%
NIKKEI 225	28,460.92	-5.9%	3.7%
Commodities			
Brent Oil (USD/bbl.)	79.28	2.1%	55.1%
Gold (USD/Oz)	1,760.98	0.8%	-7.2%

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

Most of the equity indices fell during the week. The S&P 500 eased driven by investor concerns over a higher than anticipated increase in weekly jobless claims. Oil (brent crude) rose buoyed by expectations that OPEC+ may decide to increase supply more gradually in a meeting to be held Monday 4th October 2021. Output increases would be effected in November as October's volumes had been previously agreed upon.

Equities Market

Equity Market Commentary

The All Share Index increased by 1.9% w-o-w to close the week at 181.23, mainly attributed to Safaricom's w-o-w price increase (3.3% to KES 43.20). The NSE20 Index declined marginally, -0.1% to 2,038.08. Equity turnover declined by 49.5% to KES 1.6 billion compared to KES 3.2 billion the previous week while the volume traded declined by 21.5% to 56.8 million. Notably, NMG declined by 1.5% w-o-w to KES 23.00 following the closing of the share buyback program the previous week. In the coming week, we expect price stability. In the coming week, we expect price stability.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	181.23	177.81	1.9%	19.1%
NSE 20	2,824.14	2,039.75	(0.1%)	15.7%
NSE 25	3,952.17	3,918.47	(0.9%)	9.1%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,824.14	2,770.83	1.9%
Volume (Mn)	56.9	72.4	(21.5%)
Equity Turnover (KES Mn)	1,625.56	3,218.74	(49.5%)

Source: NSE

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Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	Eaagads	13.90	6.9%	11.2%
2.	Olympia	2.00	6.4%	0.0%
3.	Everready	1.22	5.2%	(2.4%)
4.	Sameer	3.42	4.9%	5.2%
5.	TP Serena	16.00	4.2%	0.0%

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	Transcentury	1.27	(8.6%)	8.4%
2.	Scangroup	4.99	(5.1%)	(16.8%)
3.	BOC	68.00	(4.2%)	4.2%
4.	NMG	23.00	(1.5%)	48.9%
5.	Express	4.39	(1.4%)	13.5%

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	43.20	932.15
2.	EABL	173.50	282.26
3.	Equity	50.50	141.47
4.	Stanbic	92.00	51.45
5.	KCB	46.75	44.10

Source: NSE and Faida Investment Bank Analysis

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In the News

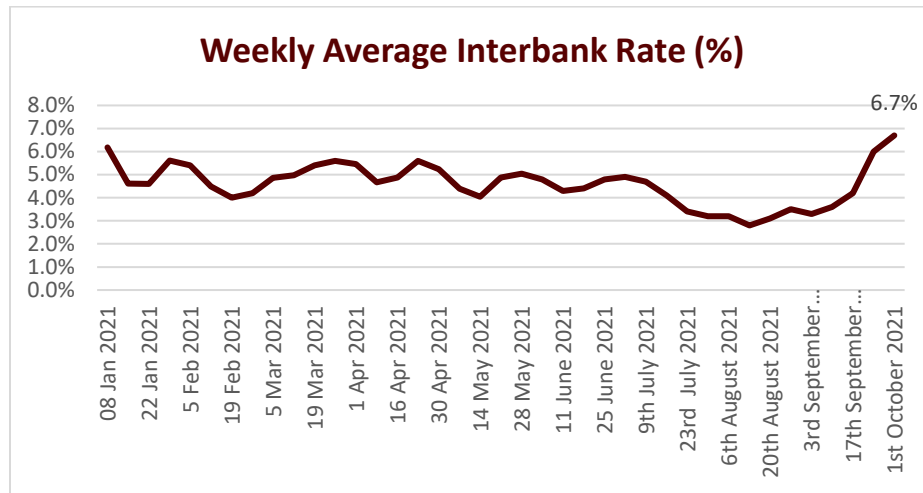
Inflation Rises to 6.9% for the Month of September

Inflation rate for September rose to 6.9% compared to 4.2% in September 2020 and 6.5% the previous month. This was largely on account of rising cost of food, fuel and electricity, the main contributors to the changes in consumer price indices. Prices of food and non-alcoholic beverages rose by 10.6% with increases in most food items attributed to dry weather conditions. Transport rose by 9.2% on account of increased fuel prices while housing, water, electricity, gas and other fuels rose by 6.1%.

We expect inflationary pressures to remain elevated due to i) sustained weather conditions ii) spike in fuel prices countrywide. We however expect some relief in the prices of electricity with the anticipated reduction in cost of electricity by 33% over the next few months due to a reduction of tariffs from Kshs. 24 per KW to Kshs. 16 per KW.

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	2.6	66.00%	2.6	6.895%	0.00%
182 day	10.0	5.4	53.37%	5.3	7.282%	0.00%
364 day	10.0	2.2	21.55%	1.7	7.949%	0.06%
Total	24.0	10.1	42.22%	9.6		

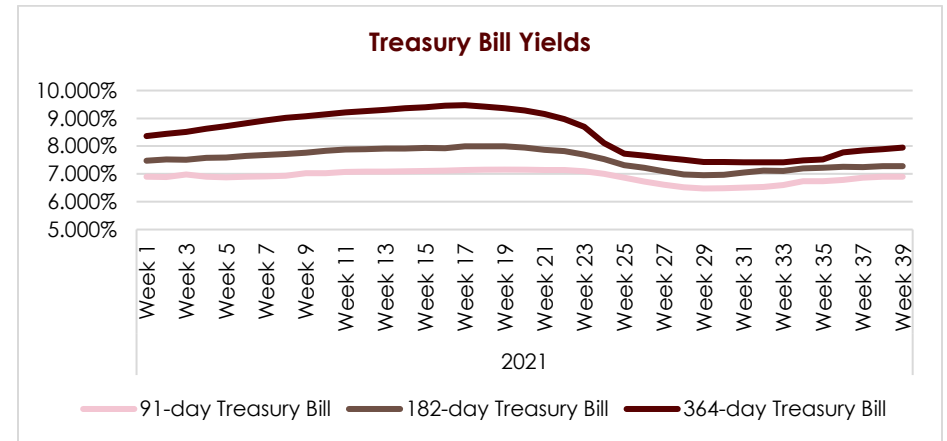
*Change = Current Rate – Previous Rate; 1.0% = 100 bps
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed in this week's auction. The total subscription rate was lower at 42.22% compared to last week's 42.34%. The 91 day bill had

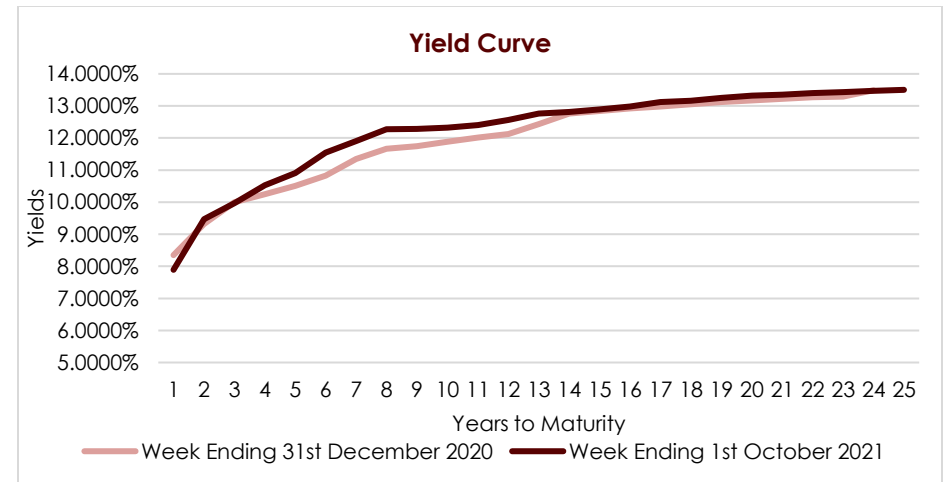
the highest subscription rate this week, at 66.00% while the 364 day bill had the lowest subscription at 21.55%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

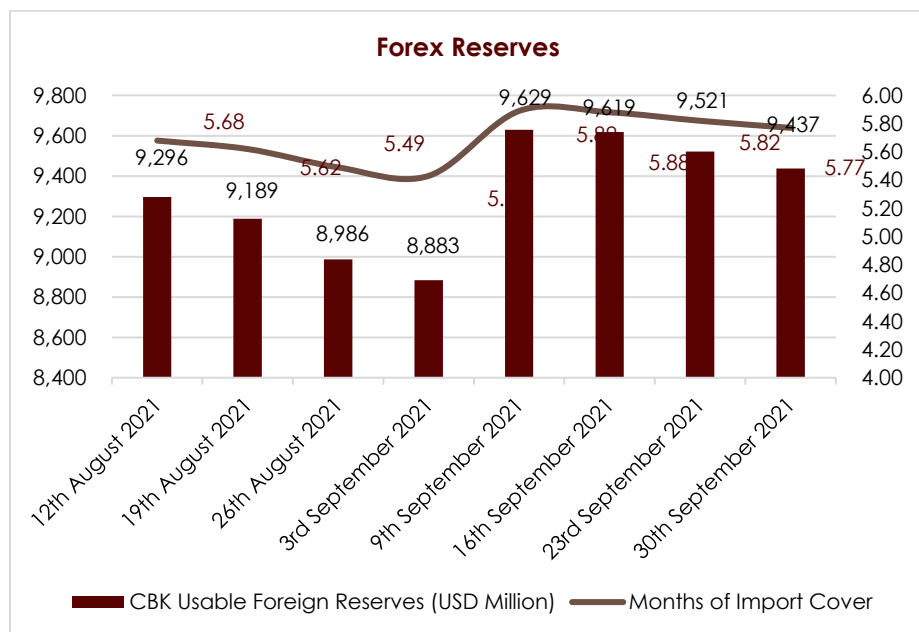
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	110.4947	(0.11%)	(1.2%)
STG Pound	148.9332	1.4%	(0.4%)
EURO	128.3759	0.7%	4.1%

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

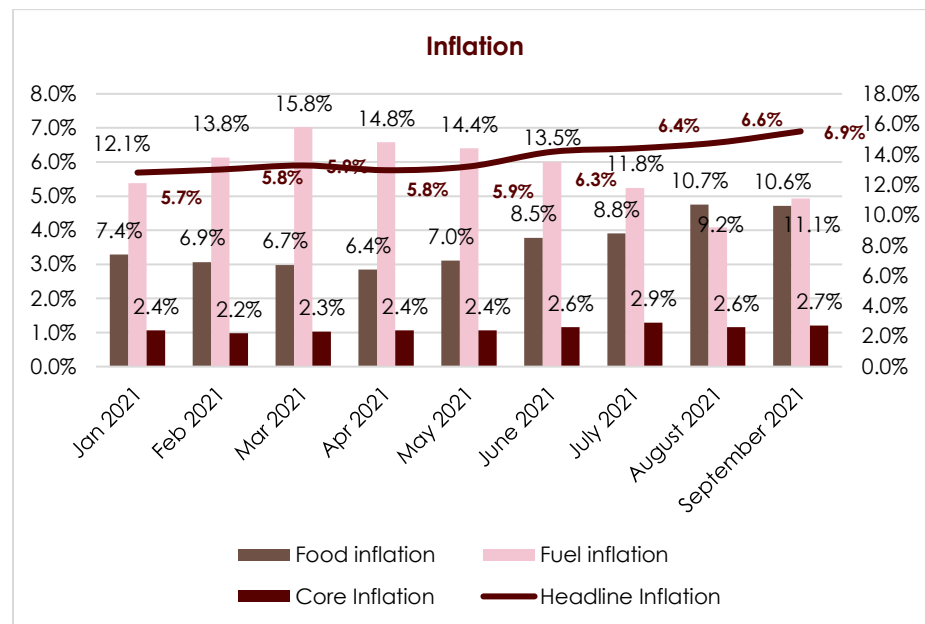
During the week, the Kenya Shilling depreciated against the US Dollar but appreciated against the STG pound and the Euro.

Forex Reserves



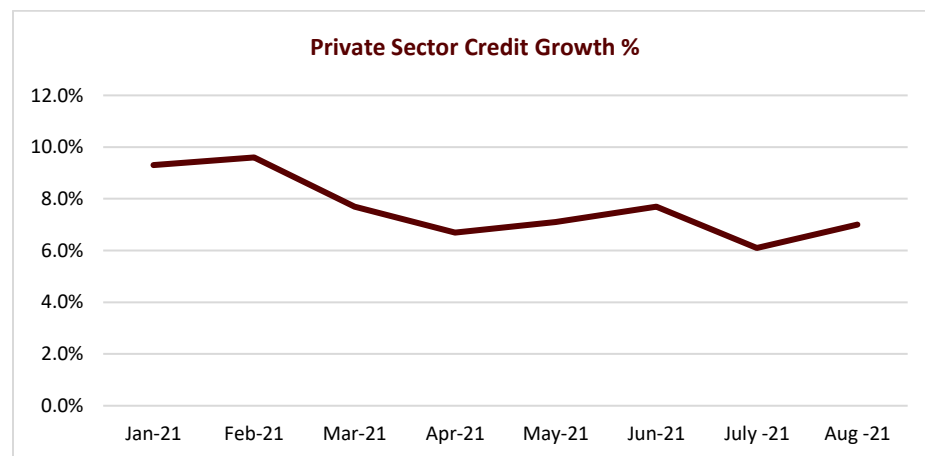
Source: CBK

Inflation



Source: KNBS

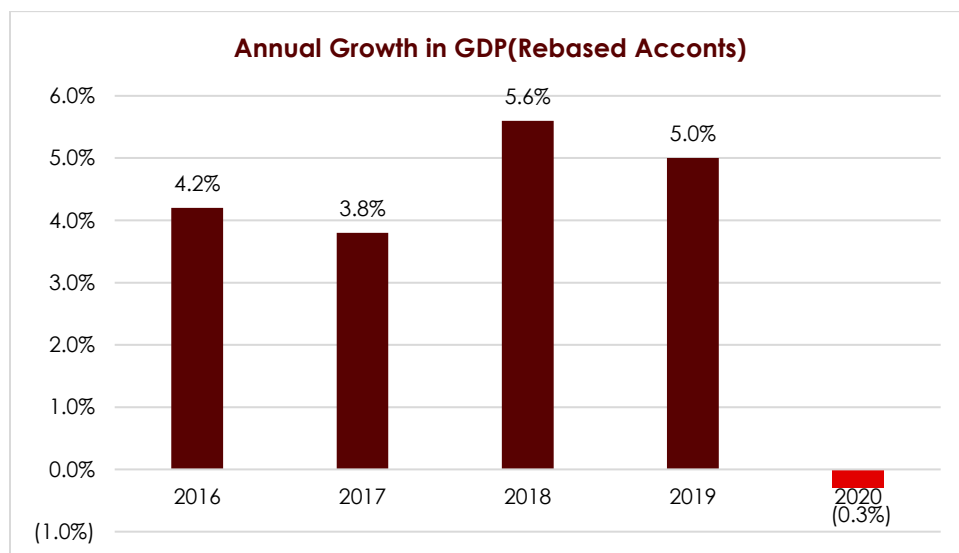
Credit Growth



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	99	81
Total Value	3,647,335	3,443,550
Total Open Interest	816	778

Source: NSE

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Corporate Finance

Softbank Leads Andela's \$200 Million Series E Round

Andela, has raised \$200 million in its Series E round led by Softbank's Softbank Vision Fund. In the investment, new investors were Whale Rock while existing investors included Spark Capital, Chan Zuckerberg Initiative, and Generation Investment Management. Andela's valuation is currently at \$1.5 billion and has raised a total of \$381 million (the last valuation at 2019 being \$700 million). The company began a global expansion earlier in 2021 with engineers in more than 80 countries. Andela's full remote policy gives it a competitive advantage with remote work becoming a norm. The new round of funding is expected to enhance its expansion strategy.

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	46.75	22.7%	-0.7%	938,200	44.3%	6.85	2.1%	1.14	15.4%
Equity Bank	50.50	38.2%	0.0%	2,790,500	48.5%	10.86	0.0%	1.29	13.0%
NCBA	26.00	-2.8%	-3.9%	414,900	43.1%	2.99	6.7%	0.56	6.5%
Stanbic	92.00	8.2%	0.0%	559,200	48.9%	10.38	4.1%	0.74	6.8%
Absa Bank Kenya Plc	10.50	8.7%	-0.5%	3,525,900	44.6%	10.24	0.0%	1.10	11.7%
Housing Finance	3.96	19.3%	-2.9%	19,900	120.9%	N/M	0.0%	0.17	-3.8%
Co-operative Bank	13.40	7.2%	1.5%	818,800	49.9%	10.67	7.5%	0.98	8.5%
Diamond Trust Bank	63.50	-15.3%	0.0%	22,400	38.2%	6.12	4.3%	0.27	4.6%
Standard Chartered	130.75	-9.4%	0.6%	203,400	47.3%	12.45	8.0%	0.87	9.4%
I&M	22.75	-49.4%	-1.1%	37,400	48.1%	4.66	11.2%	0.32	6.5%
Sector Average					53.4%	8.36	4.4%	0.74	7.9%

P/B (X) – 1H2021

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	23.00	48.9%	-8.0%	110,000	115.00	0.0%	0.2	1.7%
WPP Scangroup	4.99	-16.8%	-7.6%	1,197,200	4.46	10.0%	1.12	6.0%
Uchumi Supermarket	0.24	-14.3%	9.1%	91,600	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.00	-18.0%	-1.2%	594,500	5.88	13.0%	0.68	17.3%
Eveready	1.22	1.7%	16.2%	59,600	N/M	0.0%	-1.45	-10.8%
Sector Average					41.78	4.6%		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	37.85	0.0%	-0.4%	24,000	15.45	7.9%	3.2%	3.8%
E.A. Portland Cement	8.20	-25.5%	3.8%	1,000	N/M	0.0%	0.0%	0.0%
Sector Average					15.45	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	4.70	-0.2%	0.0%	1,236,300	1.68	6.4%	2.79	9.0%
Kenya Power	1.74	1.8%	1.8%	16,704,700	N/M	0.0%	N/M	N/M
Total Kenya	25.60	6.7%	3.4%	10,800	6.35	5.1%	4.03	10.8%
Sector Average					4.02	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	2.96	39.0%	8.4%	409,200	1.01	N/M	71.4%	34.6%
Britam	8.08	11.3%	0.0%	122,400	1.03	N/M	80.6%	58.1%
Jubilee	350.00	23.2%	-5.1%	1,000	*0.78	6.67	101.3%	44.2%
Kenya Re	2.50	7.8%	0.0%	486,800	0.05	2.38	67.7%	8.9%
Sanlam Kenya	11.50	-11.2%	-3.4%	6,500.00	1.25	14.56	85.8%	35.5%
Liberty	8.12	5.5%	-0.2%	9,800.00	0.52	6.20	119.6%	48.7%
Sector Average					0.77	7.45	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	17.85	4.7%	4.7%	935,600	2.57	0.38	6.95	9.3%
Home Afrika Ltd	1.27	-4.8%	2.6%	234,400	N/M	N/M	N/M	2.6%
Trans-Century	1.27	-12.4%	-5.9%	48,400.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.38		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	9.88	21.1%	8.6%	63,900	32.93	2.8%	0.3	3.9%
Sector Average					32.93	2.8%		

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	172.00	11.5%	-0.9%	1,640,600	33.27	1.7%	5.17	46.6%
FTG Holdings	1.33	8.1%	0.0%	54,600	5.12	0.0%	0.26	4.8%
Carbacid	11.85	-2.1%	-1.3%	183,800	9.33	5.9%	1.27	10.0%
BAT	451.00	24.9%	1.1%	18,200	8.17	10.0%	55.18	51.2%
Sector Average					13.97	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	43.20	26.1%	3.3%	22,194,400	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	6.90	24.1%	-1.1%	364,100	20.86	10.72%	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 46.75	KES 47.54	1.7%	KES 2.0	22.7%

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)
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