

## KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 144.23	2.1%	4.8%	USD Mn – 21,398 KES Bn – 2,221
	NSE 20 Share Index - 2,438.97	0.1%	-13.9%	USD Mn – 18,509 KES Bn – 1,921.531
	NSE 25 Share Index - 3,505.32	1.4%	-1.3%	USD Mn – 19,838 KES Bn – 2,059.436
NIGERIA	ASI- 27,016.66	-2.4%	-14.0%	USD Mn – 42,893 NGN Bn – 13,152
EGYPT	EGX100*- 1,396.19	5.2%	-19.2%	USD Mn – 33,389 EGP Bn – 544.220
SOUTH AFRICA	All share – 53,727.29	-2.8%	1.9%	USD Mn – 956.853 ZAR Bn – 14,510

Source: NSE, JSE, NSE (Nigeria), \*EGX100-as at 3<sup>rd</sup> October 2019

## KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –103.81	-	-1.9%	3.8%(09/2019)	5.6%(1Q2019)
NGN/USD* -307	-	-0.2%	11.0%(08/2019)	2.4%(3Q2018)
EGP/USD* –16.30	0.1%	9.0%	7.5%(08/2019)	5.3%(3Q2018)
ZAR/USD – 15.16	-0.6%	-11.8%	4.3%(08/2019)	0.8%(FY2018)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and EGP\*-as at 3<sup>rd</sup> October 2019

## Kenya's GDP Growth Decelerates to 5.6% in 2Q2019

Kenya's GDP recorded a 5.6% growth in the 2Q2019 -- a slower pace compared to 6.4% growth registered in 2Q2018. The slower growth was principally attributed to a slowdown in activities in the agricultural, manufacturing and transportation sectors, despite the robust growth recorded in other sectors. The agricultural sector recorded a 4.1% growth compared to 6.5% realized in 2Q2018. The subdued performance was largely predicated on the delayed onset of the long rains, which also hampered the growth of the electricity and water supply sector (growth eased to 6.5% from 8.4% recorded in 2Q2018). Owing to the rise in fuel prices, the transportation and storage sector posted a slower growth of 7.2% -- down from 8.4% in 2Q2018. Growth in the manufacturing sector eased marginally to 4.2% compared to 4.7% recorded in 2Q2018. Sectorial growth was restricted by reduced activities in the manufacture of tobacco products and processing and preservation of fish. The overall GDP growth was supported by improved growth in other sectors notably: information and communication -- 11.6% (2Q2018:11.0%), construction -- 7.2% (2Q2018: 5.4%) and financial services -- 6.7% (2Q2018: 4.6%). Despite registering slower growth, the accommodation and trade (wholesale and retail) sectors maintained robust growth rising by 10.6% and 5.8% from 15.4% and 6.2% in 2Q2018 respectively. Going forward, we expect improved GDP growth in the 3Q2019 and 4Q2019 (in comparison to 2Q2019) largely supported by improved agricultural activities as a result of the effects of the March-April-May long rain season (on 3Q2019) and the October-November-December short rain season (on 4Q2019).

## Inflation Declines to 3.8% in September 2019

Kenya's annual headline inflation declined to 3.8% in September 2019 from 5.0% in August 2019. The disinflation was primarily occasioned by a 0.4% m/m dip in the food and non-alcoholic beverages index as favorable weather resulted in a

decrease in the prices of most foodstuffs which outweighed the price increase in others. Some of the notable price declines include: carrots (-9.8% m/m), cabbages (-6.3% m/m), tomatoes (-4.1% m/m) and onions (-3.9% m/m). The transport index rose by 0.5% m/m, reflecting the increases in the prices of diesel (+2.4% m/m) and petrol (+0.3% m/m) as the Energy and Petroleum Regulatory Authority (EPRA) increased the prices of petrol and diesel by KES 0.28 and KES 2.44 per liter respectively. The housing, water, electricity, gas and other fuels' index advanced by 0.1% m/m as a result of a 0.4% m/m increase in house rent. According to the meteorology department, the October-November-December (OND) short rains season will receive enhanced rainfall. We therefore expect inflationary pressures remain muted in the coming months owing to the anticipated rise in food supply which should contribute towards reduced food prices. In addition, despite output cuts by the Organization of Petroleum Exporting Countries (OPEC) and partners, oil prices have been weakening as global supply exceeds demand. We opine that this will further ease inflationary pressures in the short-term.

### **Stock Market Performance and Outlook**

The overall market edged up by 2.1% w/w to close the week at 147.23 (NASI) characterized by a decline in trading activities - turnover and volumes. We attribute the gain in the overall market index partly to price gains on Safaricom (+3.5% w/w), Barclays (+2.3% w/w), Co-operative bank (+2.1% w/w), Equity (+1.2% w/w) and EABL (+0.5% w/w). However, KCB's price fell by 0.4% w/w after a steady rise in the previous week. At the close of trading, demand on the counter was weak and we expect the counter to retreat some more in the coming week. On the other hand demand on Equity remained strong and we expect some gains in the coming week. We expect more activity on Safaricom in the coming weeks as investors speculate on the 1H2020 results (Be on the lookout for our 1H2020 earnings expectations brief 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	41.85	11.7%	-0.4%	14,442,600	48.7%	5.35	8.4%	1.13	21.9%
Equity Bank	37.90	8.8%	1.2%	11,799,100	52.2%	7.21	5.3%	1.51	21.1%
NIC Bank	29.45	5.9%	1.7%	122,800	46.3%	4.46	4.2%	0.53	12.1%
Stanbic	96.25	6.1%	0.3%	87,300	50.2%	6.06	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	11.20	2.3%	2.3%	1,384,500	54.2%	8.20	9.8%	1.38	17.1%
Housing Finance	6.94	25.3%	-4.7%	4,929,300	107.7%	<b>N/M</b>	0.0%	0.24	-5.5%
Co-operative Bank	12.05	-15.7%	2.1%	756,400	54.6%	5.55	8.3%	1.01	18.2%
Diamond Trust Bank	115.00	-26.5%	1.3%	31,400	45.2%	4.54	2.3%	0.60	13.9%
Standard Chartered	198.00	1.8%	1.9%	11,600	51.8%	8.40	9.6%	1.46	17.5%
I&M	45.10	-46.9%	0.2%	630,700	36.6%	2.19	8.6%	0.39	17.9%
<b>Sector Average</b>					<b>58.1%</b>	<b>25.11</b>	<b>5.7%</b>	<b>0.84</b>	<b>13.5%</b>

## 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	2.58	-71.0%	1.6%	182,000	<b>N/M</b>	0.0%	-1.3	<b>N/M</b>
Nation Media Group	40.65	-40.7%	-1.5%	92,100	5.89	24.6%	6.9	13.2%
WPP Scangroup	13.45	-3.9%	1.1%	1,138,400	12.01	3.7%	1.12	7.1%
Uchumi Supermarket	0.27	-66.3%	0.0%	840,300	<b>N/M</b>	0.0%	-4.6	<b>N/M</b>
Longhorn Publishers	7.40	60.5%	7.6%	99,300	15.10	5.1%	0.49	13.1%
Eveready	1.07	7.0%	-1.8%	19,600	0.84	93.5%	1.27	-35.3%
<b>Sector Average</b>					<b>8.46</b>	<b>6.7%</b>		<b>-0.5%</b>

\*N/M - Not Meaningful

<b>Construction &amp; Allied</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>NPM*</b>	<b>ROE</b>
ARM Cement	5.55	0.0%	0.0%	0	N/M	0.0%	-21.9%	-12.5%
Bamburi Cement	95.00	-28.3%	-0.5%	4,300	38.78	5.4%	1.6%	0.5%
E.A. Portland Cement	18.50	15.6%	5.7%	300	N/M	0.0%	19.3%	25.0%
<b>Sector Average</b>					<b>38.78</b>	<b>1.8%</b>		<b>4.3%</b>

\*NPM - Net Profit Margin

<b>Energy &amp; Petroleum Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
KenGen	5.80	-17.4%	-1.0%	1,324,100	4.83	6.9%	1.20	4.2%
Kenya Power	2.80	-31.2%	-5.4%	1,013,600	2.86	0.0%	0.98	3.0%
Total Kenya	28.00	1.8%	-3.4%	20,900	7.63	4.6%	3.67	10.5%
<b>Sector Average</b>					<b>5.11</b>	<b>3.4%</b>		<b>3.6%</b>

<b>Insurance Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/B(X)</b>	<b>P/E(X)</b>	<b>Loss Ratio</b>	<b>Expense Ratio</b>
CIC Insurance	3.05	-21.0%	-7.6%	366,200	1.01	16.94	64.9%	49.0%
Britam	7.02	-29.8%	-0.3%	151,800	0.64	29.25	67.6%	134.8%
Jubilee	346.00	-14.5%	-1.1%	15,900	0.96	6.59	92.0%	138.2%
Kenya Re	2.99	-78.6%	2.7%	6,565,400	0.07	0.59	62.2%	106.7%
Sanlam Kenya	17.40	-20.9%	-7.2%	12,700	1.89	82.86	95.4%	149.7%
Liberty	9.74	-24.5%	10.2%	32,300	0.71	6.16	66.5%	66.5%
<b>Sector Average</b>					<b>0.88</b>	<b>9.57</b>	<b>74.7%</b>	<b>107.5%</b>

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<b>Investment Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>P/B(X)</b>	<b>NAVPS**</b>	<b>EPS (KES)</b>	<b>ROE</b>
Centum Investment	28.50	-2.6%	-8.7%	1,346,700	25.45	0.36	79	1.12	1.5%
Home Afrika Ltd	0.49	-30.0%	0.0%	212,500	N/M	N/M	0.85	-0.39	2.6%
Trans-Century	3.12	345.7%	-1.3%	3,000	N/M	0.25	40.96	-1.56	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.30</b>			<b>2.9%</b>

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

<b>Investment Services</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>%w-o-w change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
NSE	10.35	-28.9%	-3.3%	78,800	14.18	4.7%	0.73	9.3%
<b>Sector Average</b>					<b>14.18</b>	<b>4.7%</b>		

<b>Manufacturing &amp; Allied Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
Mumias Sugar	0.27	-53.4%	0.0%	0	N/M	0.0%	-4.43	-69.4%
EABL	195.00	11.6%	0.5%	354,500	17.36	4.4%	11.23	82.8%
FTG Holdings	2.31	-7.6%	7.4%	21,300	2.72	0.0%	0.85	22.3%
Carbacid	8.00	-20.0%	-0.2%	100,700	5.80	8.8%	1.38	14.6%
BAT	500.00	-31.0%	2.9%	3,600	14.99	5.2%	33.36	48.0%
<b>Sector Average</b>					<b>10.22</b>	<b>3.7%</b>		

<b>Telecommunication &amp; Technology Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
Safaricom	28.05	26.4%	3.5%	33,370,100	17.75	6.7%	1.58	44.1%
<b>Sector Average</b>					<b>17.75</b>	<b>6.7%</b>		

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<b>Real Estate Investment Trust</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>NAVPS*</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>
STANLIB FAHARI I-REIT	7.82	-28.6%	2.9%	60,300	11.01	9.59%	0.71
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

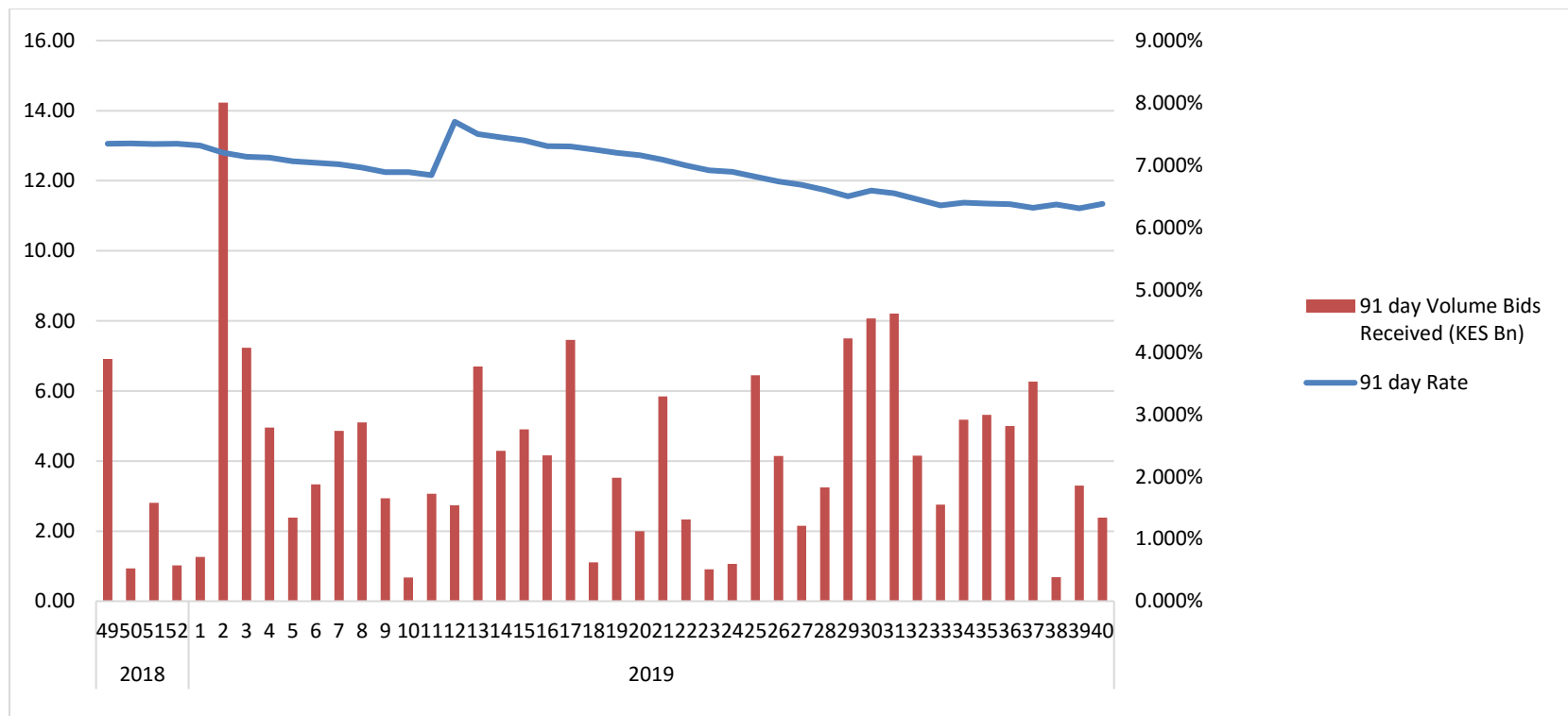
<b>Market Statistics</b>	<b>This Week</b>	<b>Last Week</b>	<b>% Change</b>
Total Volumes	81,689,400	85,106,300	-4.0%
Total Turnover (KES)	2,259,679,995	2,621,624,624	-13.8%

# Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	2.39Bn	59.63%	2.39Bn	6.378%	6.307%	0.071
182 day T-bill	1.28Bn	12.77%	1.28Bn	7.200%	7.175%	0.025
364 day T-bill	17.06Bn	170.64%	7.77Bn	9.798%	9.777%	0.021

Graph showing 91 day T-bill rate and volume

Week No. 40



# Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Centum PLC	First & Final dividend	Kes. 0.50	17-May-19	<b>07-Jun-19</b>	(Subject to Approval)
Crown Paints Kenya PLC	Final Dividend	Kes. 0.60	13-May-19	<b>28-Jun-19</b>	(Subject to Approval)
Kapchorua Tea (K) PLC	Final Dividend	Kes 10.00	28-Jun-19	<b>30-Jul-19</b>	04-Oct-19
Williamson Tea (K) PLC	Final Dividend	Kes. 20.00	28-Jun-19	<b>31-Jul-19</b>	04-Oct-19
Safaricom Plc	Special dividend	Kes.0.62	03-May-19	<b>02-Sep-19</b>	30-Nov-19
Safaricom Plc	First & Final dividend	Kes.1.25	03-May-19	<b>02-Sep-19</b>	30-Nov-19
KCB Group Plc	Interim dividend	Kes 1.00	15-Aug-19	<b>05-Sep-19</b>	15-Nov-19
Eabl	Final Dividend	Kes. 6.00	26-July-19	<b>25-Sep-19</b>	11-Oct-19
Barclays Bank	Interim dividend	Kes.0.20	30-Aug-19	<b>07-Sep-19</b>	31-Oct-19
Nation Media Group	Interim dividend	Kes.1.50	29-Aug-19	<b>13-Sep-19</b>	30-Sep-19
Jubilee Holdings PLC	Interim dividend	Kes.1.00	30-Aug-19	<b>13-Sep-19</b>	07-Oct-19
Standard Chartered	Interim Dividend	Kes. 5.00	26-Aug-19	<b>23-Sep-19</b>	30-Oct-19
B.O.C Kenya	Interim Dividend	Kes. 2.35	30-Aug-19	<b>27-Sep-19</b>	15-Oct-19
NIC Group PLC	Interim Dividend	Kes.0.25	21-Aug-19	<b>30-Sep-19</b>	15-Oct-19
Longhorn Publishers PLC	Final Dividend	Kes.0.52	30-Aug-19	<b>28-Nov-19</b>	26-Feb-20

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# Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 4th October 2019
KCB Group	Long-term Buy	48.00	34.00	11.75%	41.85
Equity Group Holdings	Long-term Buy	46.00	32.50	8.75%	37.90
Barclays Bank of Kenya	Hold	12.50	10.00	2.28%	11.20
Diamond Trust Bank	Hold	170.00	102.00	-26.52%	115.00
Jubilee Holdings	Long-term Buy	475.00	330.00	-14.52%	346.00
Bamburi Cement	Hold	159.00	92.00	-28.30%	95.00
Safaricom	Hold	29.31	20.51	26.35%	28.05
EABL	Hold	225.00	160.00	11.59%	195.00
KenGen	Long-term Buy	7.80	5.00	-17.38%	5.80

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