



Weekly Report

Week 40

Week Ending on Friday, October 6th 2023

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Weekly Highlights

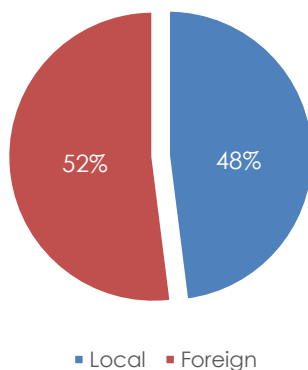
CBK Holds Rates Steady

The Monetary Policy Committee (MPC) of the Central Bank of Kenya met on 3rd October 2023, electing to retain the Central Bank Rate (CBR) at 10.50%. This is the second time, the CBR is being held at 10.50% following the June 2023 hike.

This decision came with inflation having increased slightly to 6.80% in September from 6.7% in August. This is mainly due to a 13.1% increase in fuel inflation which is attributed to a rise in international oil prices. The Central Bank expects overall inflation to remain within the target range of 2.5% to 7.5% in the near term, supported by lower food prices with the improving supply of key food items.

Foreign Against Local Investor Participation as of 06/10/2023

Local vs Foreign Investors



End Date	Local (Mns)	Foreign (Mns)
Friday, October 6, 2023	537.13	581.90
Participation	48%	52%

Source: NSE

Equities Market

Equity Market Commentary

During the week, the NSE All Share (NASI) depreciated by 1.8% to close at 93.49 while the NSE 25 Index depreciated by 0.8% to close at 2,454.83. The equity turnover increased by 117.9% during the week to close at 1.12 billion while the volume of shares traded increased by 169.3% to end the week at 84.15 million.

Market Indices Performance

	This Week	Previous Week	Weekly Change	YTD Change
NASI	93.49	95.22	-1.8%	-26.7%
NSE 20	1,490.98	1,508.75	-1.2%	-11.0%
NSE 25	2,454.85	2,473.71	-0.8%	-21.7%

Source: NSE

Market Statistics

	This Week	Previous Week	Change
Market Capitalization (KES Bn)	1,460.71	1,487.67	(1.8%)
Volume (Mn)	84.15	31.25	169.3%
Equity Turnover (KES Mn)	1,119.03	513.46	117.9%

Source: NSE

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Equities Performance

	Top Gainers	Previous Price (KES)	Current Price (KES)	Weekly Change	YTD Change
1	Sanlam	6.54	7.70	17.74%	-19.62%
2	Longhorn	2.19	2.40	9.59%	-20.00%
3	Williamson Tea	205.00	220.75	7.68%	37.97%
4	Kakuzi	385.00	406.00	5.45%	5.45%
5	I&M Holdings	17.05	17.95	5.28%	5.59%

Source: NSE and Faida Investment Bank Analysis

	Top Losers	Previous Price (KES)	Current Price (KES)	Weekly Change	YTD Change
1	Sasini	24.10	21.70	-9.96%	-3.34%
2	TP Serena	12.75	11.60	-9.02%	-13.11%
3	Home Afrika	0.34	0.31	-8.82%	-3.13%
4	Bamburi	24.50	22.80	-6.94%	-27.62%
5	NBV	3.08	2.87	-6.82%	-23.87%

Source: NSE and Faida Investment Bank Analysis

	Movers	Previous Price (KES)	Current Price (KES)	Turnover (KES Mn)
1	Safaricom	14.60	14.00	786.21
2	Co-op	11.80	11.60	125.79
3	Equity Bank	35.55	36.55	68.88
4	KCB	20.85	20.95	61.42
5	StanChart	165.00	160.25	18.18

Source: NSE and Faida Investment Bank Analysis

Exchange Rates

During the week, the Kenya Shilling continued to depreciate against the dollar, depreciating by 0.4% from 148.10 for the week ending on September 29th, to 148.69 for this past week ending on October 6th.

	Value	Weekly Change	YTD Change
US Dollar	148.6882	(0.4%)	(20.5%)
STG Pound	180.4694	0.0%	(21.6%)
EURO	156.3656	(0.2%)	(19.1%)

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

Global Markets

Index	Last Price as of 06/10/2023	Weekly Change
Dow Jones Index	33,407.58	-0.30%
S&P 500	4,308.50	0.48%
NASDAQ	14,973.24	1.75%
DAX	15,229.77	-1.02%
FTSE 100	7,494.58	-1.49%
Euro Stoxx 50	4,144.43	-0.72%
Shanghai Composite	3,110.48	-0.70%
NIKKEI 225	30,994.67	-2.71%
Commodities		
Brent Oil (USD/bbl.)	84.58	-11.26%
Gold (USD/Oz)	1,833.01	-0.84%

Source: Bloomberg

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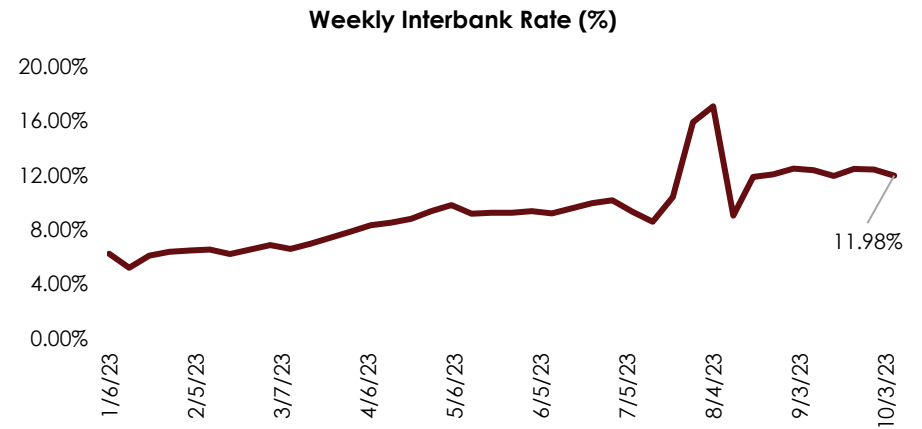
Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Subscription w-o-w
91-day	4.0	28.6	714.53%	24.3	14.873%	159.65%
182-day	10.0	1.4	14.06%	0.9	14.978%	73.79%
364-day	10.0	3.2	31.59%	2.0	15.187%	71.59%
Total	24.0	33.2	138.11%	27.2		142.68%

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

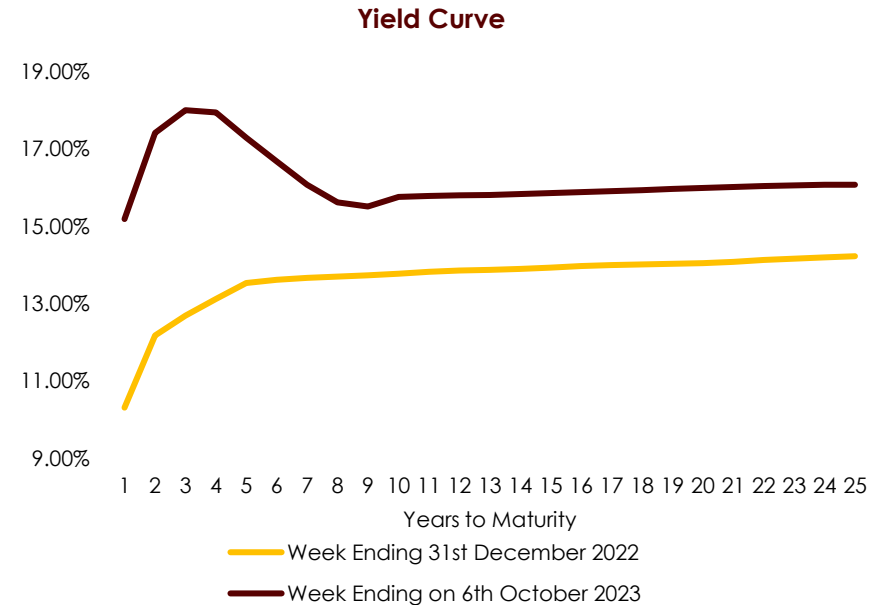
- Overall, Treasury Bills (T-Bills) were oversubscribed after two consecutive weeks of undersubscription with a subscription rate of 138.11%. The 91-day treasury bill had a subscription rate of 714.53% and it continues to show investors' preference towards shorter-dated papers due to duration risk.
- In last week's auction, yields on the T-Bills all edged upwards with the largest change being recorded in the 364-day paper which increased by 13 bps to 15.19%.

Weekly Interbank Rate



Source: CBK

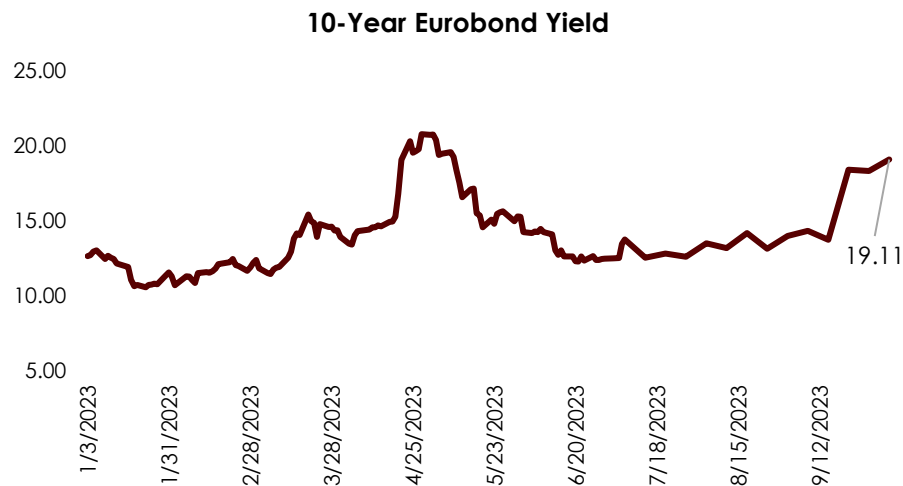
Government Securities Yield Curve



Source: NSE

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Kenya 10-Year Eurobond Yield Curve



Source: Bloomberg

During the week, the Eurobond yield increased by 4.22% from 18.33 for the week ending on September 29th, to 19.11 on October 6th.

Recommendations

- **EABL** – Long-Term Buy
- **I&M Holdings** - Hold
- **NCBA Bank** – Hold
- **Co-op Bank** - Hold

NSE Most Traded Bond & Coupon Rate as at 29/09/2023

Most Traded bond	Coupon (%)	No of Trades
IFB1/2023/7Yr	15.837	128

Source: NSE

Outlook

Amid a high-interest rate environment, we are seeing investors shy away from longer-dated papers as they anticipate higher rates driven by:

- I. Global interest rates
- II. Increased government borrowing for budgetary support.

Long-term bonds may be viewed as more volatile due to the higher risk of holding for a longer period. We therefore recommend:

- a) Hold current bonds to avoid paper losses from rising yields.
- b) Reinvest income from the bond investment portfolio.
- c) Increase short- and medium-term bond exposure (between 90 days to 2 years).
- d) Use bond ladders i.e. a series of bonds that mature at regular intervals such that as rates rise, each of these bonds is reinvested at a higher rate. This counters interest rate and liquidity risk as well as offers steady income from regularly occurring interest payments

Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Jubilee Holdings	Interim Dividend	2.00	31-Aug-23	08-Sep-23	11-Oct-23
Absa Bank	Interim Dividend	0.20	29-Aug-23	21-Sep-23	12-Oct-23
Umeme Limited	Interim Dividend	0.94	21-Aug-23	09-Feb-24	29-Feb-24
EABL	Final Dividend	1.75	28-Jul-23	15-Sep-23	27-Oct-23
Centum Plc	Final Dividend	0.60	28-Jul-23	11-Oct-23	30-Nov-23

Counter Statistics

Banking	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	P/B	ROE
KCB	20.95	-45.01%	0.48%	1,678,900	1.65	9.5%	0.58	21.80%
Equity Bank	36.55	-17.87%	2.81%	50,600	3.23	10.9%	0.99	30.40%
NCBA Bank	39.10	-0.64%	3.30%	1,900	4.78	10.9%	0.69	17.20%
Stanbic Bank	115.00	12.75%	-0.22%	1,700	5.02	11.0%	0.71	15.30%
Absa Bank Kenya Plc	11.90	-3.25%	-0.42%	179,500	4.61	11.3%	0.88	24.30%
Housing Finance	4.22	32.29%	-3.21%	1,100	4.59	0.0%	0.20	N/A
Co-operative Bank	11.60	-5.69%	-1.69%	94,800	3.54	12.9%	0.67	21.20%
Diamond Trust Bank	48.80	-2.40%	1.46%	500	3.02	10.2%	0.22	6.80%
Standard Chartered	160.25	12.26%	-2.88%	9,800	508.00	13.7%	0.86	22.10%
I&M Bank	17.95	5.59%	5.28%	4,000	2.65	12.5%	0.37	2.72%
Sector Average					54.11	10.3%	0.62	16.2%

Agriculture	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
Eaagads	13.00	23.81%	-7.14%	-	50.00	-	0.26	25.70%
Kakuzi Plc	406.00	5.45%	5.45%	100	8.92	5.91%	43.15	14.70%
Kapchorua Tea Kenya Plc	204.00	80.13%	2.00%	800	4.91	12.25%	40.20	19.70%
Limuru Tea Co. Plc	380.00	-9.52%	0.00%	-	84.09	0.66%	4.73	6.00%
Sasini	21.70	-3.34%	-9.96%	17,000	9.50	4.61%	2.49	8.60%
Williamson Tea Kenya	220.75	37.97%	7.68%	2,500	6.54	13.59%	29.42	13.00%
Sector Average					27.33	6.17%		14.62%

Commercial and Services	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
Nation Media Group	20.00	25.39%	0.00%	52,300	7.80	7.5%	2.38	5.60%
WPP Scangroup	2.58	-14.29%	-5.15%	9,400	18.43	0.0%	0.14	-2.10%
Uchumi Supermarket	0.20	-13.04%	-4.76%	11,200	N/M	N/M	N/M	N/M
Longhorn Publishers	2.40	-20.00%	9.59%	-	2.40	0.0%	0.03	25.10%
Eveready	1.28	85.51%	-5.88%	8,300	N/M	N/M	N/M	N/M
Sameer Africa Plc	2.60	23.81%	4.42%	5,100	2.60	0.0%	0.36	N/A
Standard Group	7.16	-31.48%	0.00%	-	7.16	0.0%	(10.05)	-40.00%
TPS Eastern Africa Ltd	11.60	-13.11%	-9.02%	100	11.60	0.0%	(3.40)	-1.70%
Sector Average					8.33	1.25%		-2.6%

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Construction & Allied	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	NPM	ROE
Bamburi Cement	22.80	-27.62%	-6.94%	1,000	33.60	12.1%	3.4%	0.6%
E.A. Portland Cement	7.30	7.35%	-1.35%	100	0.90	0.0%	0.0%	2.5%
Crown Paints Kenya	36.50	-12.78%	2.38%	2,600	8.90	11.0%	6.6%	23.4%
E.A. Cables	0.91	8.33%	-3.19%	6,000	-0.89	0.0%	0.0%	-34.3%
Sector Average					10.63	5.76%	2.50%	-1.95%

Energy & Petroleum Sector	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
KenGen	2.30	-28.57%	0.00%	2,904,900	3.20	8.7%	0.72	1.2%
Kenya Power	1.43	-8.33%	-1.38%	62,800	0.79	0.0%	2	2.7%
Total Kenya	17.60	-26.21%	-1.95%	2,700	3.20	7.4%	3	8.3%
Sector Average					2.40	5.38%		4.1%

Insurance Sector	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	P/E	ROE
CIC Insurance	2.07	6.15%	-3.27%	12,800	0.57	6.3%	4.60	12.80%
Britam	4.69	-9.81%	-6.01%	6,100	0.56	0.0%	6.10	8.60%
Jubilee	188.00	-5.41%	1.21%	100	0.33	6.38%	2.30	18.90%
Kenya Re	1.76	-3.83%	-0.56%	9,900	0.15	11.36%	1.70	9.00%
Sanlam Kenya	7.70	-19.62%	17.74%	100	3.69	0.0%	0.20	N/A
Liberty	3.60	-35.71%	0.00%	-	0.25	0.0%	3.70	-2.00%
Sector Average					0.93	4.00%	3.10	

Investment Sector	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	P/B	ROE
Centum Investment	9.04	7.88%	0.44%	11,700	0.00	6.64%	0.14	1.6%
Home Afrika Ltd	0.31	-3.13%	-8.82%	59,900	N/M	N/M	N/M	N/A
Trans-Century	0.51	-45.16%	2.00%	6,400	N/M	N/M	N/M	N/A
Sector Average					0.00	6.64%	0.14	0.5%

Investment Services	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
NSE	5.94	-12.39%	-1.33%	6,100	126.20	3.37%	0.51	0.7%
Sector Average					126.20	3.37%		0.70%

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Manufacturing & Allied	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
Mumias Sugar	0.27	0.00%	0.00%	-	N/M	N/M	N/M	N/M
EABL	124.00	-25.97%	-5.34%	6,800	9.15	4.4%	15.00	73.3%
FTG Holdings	1.26	16.67%	0.00%	3,500	0.00	0.0%	-1.21	-0.7%
Carbacid	16.00	33.33%	0.00%	46,700	4.40	10.6%	2.78	21.0%
BAT	421.00	-8.48%	0.66%	400	6.80	12.7%	68.92	57.3%
B.O.C Kenya	85.00	20.14%	-	200	16.10	5.2%	5.55	6.7%
Sector Average					7.29	6.60%		26.3%

Telecommunication	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
Safaricom	14.00	-42.03%	-4.11%	48,233,400	8.80	4.43%	1.55	47.1%
Sector Average					8.80	4.43%		47.1%

Real Estate Investment Trust	Price (KES)	YTD Change	Change w-o-w	Volume Traded	P/E	Dividend Yield	EPS	ROE
Stanlib Fahari I-REIT	7.52	15.34%	1.62%	10,000	19.55	7.98%	0.82	N/A
Sector Average						7.98%		

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