

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 140.07	0.1%	-15.8%	USD Mn – 19,823 KES Bn – 2,152.47
	NSE 20 Share Index – 1,836.54	-0.8%	-30.8%	USD Mn – 17,363 KES Bn – 1,883.674
	NSE 25 Share Index – 3,225.86	-0.5%	-21.3%	USD Mn – 18,440 KES Bn – 2,000.46

Source:NSE

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-W	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –108.5168	(0.03%)	(7.1%)	4.2% (09/2020)	4.9% (1Q2020)
NGN/USD -379.50*	-	(23.8%)	13.2% (08/2020)	-6.1% (2Q2020)
ZAR/USD – 16.4729	1.3%	(17.3%)	3.1% (08/2020)	-51.0%(2Q2020)

Source: CBK, KNBS, NBS, CBN, SIS, STATS SA, SARB: Negative () – Depreciation, Positive – Appreciation *10/08/2020(MM/DD/YY)

BAT's Lyft Product Faces Deregistration

- BAT Kenya's new product – Lyft – is facing deregistration following a directive by the Health Cabinet Secretary Mutahi Kagwe to the Pharmacy and Poisons Board to deregister the product on grounds that licensing of the product violated the law (contravened provisions of Section 25 of the Pharmacy and Poisons Act CAP 224).
- According to the health ministry, the nicotine pouches did not meet the definitions of “Part 1 poison” and “Part 2 poison” as prescribed by the Act. The health ministry further noted that the pouches are dispensed in automatic vending machines contrary to the law.
- The nicotine pouch, retailing at KES 20.00, has raised concerns from the Kenya Tobacco Control Alliance (KETCA) and parents (through the National Parents Association) over its addictiveness and easy accessibility to minors (the product has no age restrictions).
- According to KETCA the product should be heavily taxed and regulated similar to other tobacco products. Furthermore, the alliance stated that, at present, there is inadequate data to show that the product is less harmful than cigarettes and it should only be accessed with a prescription from a doctor.
- Lyft was introduced in the country in July 2019 and marketed as a safe alternative to smokers who want to quit.
- The new product had been part of the group's strategy to align itself with shifting consumer trends (increased focus on health and wellness).
- BAT had planned to construct a KES 2.5 billion production facility for the pouches in Nairobi.
- In mid-September, BAT sought a 2-3 year tax holiday from the Kenya Revenue Authority (KRA) following its plan to locally produce the noncombustible nicotine pouches.

Commentary

- The group had launched Lyft in an effort to grow its revenue base as total global tobacco consumption has been declining over the years.

We expect stringent regulation on Lyft (such as the age restrictions, use of prescription etc.) would impact sales volume.

- We note that regulatory challenges (on tax, packaging and graphic health warnings) remain a key risk for the group.
- In light of this information, we withdraw our BUY recommendation and place the company under review.

Market Commentary

The All Share and NSE 20 Indices retreated by 0.1% and 0.8% w-o-w to close the week at 140.07 and 1,836.54 respectively. This was mainly attributed to selling pressure across majority of the counters. Market turnover declined by 22.5% w-o-w to KES 1.1 billion while the number of shares traded declined by 30.9% w-o-w to 46.7 million. Notable declines for the week were Absa (-4.1% to KES 9.40), Equity (-2.9% to KES 34.90), Jubilee (-7.5% to KES 270.00), Centum (-6.5% to KES 18.70) and BAT (-3.0% to KES 345). Safaricom was the top mover of the week with the price gaining 0.3% w-ow to close (VWAP) at KES 30.10. In the coming week, we expect some demand in some of the aforementioned counters (notably Equity Holdings). Overall, we expect price stability.

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	38.10	-29.4%	-1.0%	73,400	45.9%	4.73	9.2%	0.92	20.7%
Equity Bank	34.90	-34.8%	-2.9%	3,404,500	51.5%	5.84	0.0%	1.18	21.8%
NCBA	22.60	-38.7%	-0.2%	10,700	41.9%	2.60	0.0%	0.50	15.3%
Stanbic	83.75	-23.3%	4.7%	3,300	56.2%	5.19	8.4%	0.68	13.6%
Absa Bank Kenya Plc	9.40	-29.6%	-4.1%	671,000	51.2%	6.85	11.7%	1.13	16.7%
Housing Finance	4.00	-38.1%	0.3%	13,400	93.8%	N/M	0.0%	0.14	-1.1%
Co-operative Bank	11.50	-29.7%	-1.7%	44,400	52.1%	4.71	8.7%	0.85	19.2%
Diamond Trust Bank	63.75	-41.5%	4.1%	8,200	48.6%	2.63	4.2%	0.30	12.1%
Standard Chartered	161.50	-20.2%	0.3%	3,900	55.6%	6.74	4.6%	1.16	17.5%
I&M	43.60	-19.3%	0.1%	1,500.00	39.0%	1.67	5.8%	0.31	20.4%
Sector Average					53.6%	4.55	5.3%	0.72	15.6%

P/B (X) - FY2019

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	86.8%	0.0%	-	N/M	0.0%	-1.3	N/M
Nation Media Group	16.90	-57.5%	-3.7%	3,900	3.76	8.9%	4.5	10.9%
WPP Scangroup	7.24	-57.9%	-3.5%	11,900	6.46	6.9%	1.12	6.0%
Uchumi Supermarket	0.27	-6.9%	-10.0%	130,900	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.75	-29.7%	5.3%	200	6.99	10.9%	0.68	17.3%
Eveready	0.97	-11.8%	0.0%	3,600	N/M	0.0%	-1.45	-10.8%
Sector Average					5.74	5.3%		5.8%

*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
Bamburi Cement	23.40	-70.8%	-2.3%	2,400	9.55	0.0%	1.6%	2.1%
E.A. Portland Cement	16.00	10.3%	7.7%	0	N/M	0.0%	0.0%	0.0%
Sector Average					9.55	0.0%	0.8%	1.0%

*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	5.00	-12.6%	-1.6%	449,100	4.17	8.0%	1.20	4.2%
Kenya Power	1.75	-37.7%	0.0%	1,751,800	13.46	0.0%	0.13	0.4%
Total Kenya	23.70	-13.8%	0.9%	2,500	5.88	5.5%	4.03	10.8%
Sector Average					7.84	4.0%		2.3%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.39	-10.8%	9.1%	76,700	0.30	19.92	69.8%	34.4%
Britam	7.76	-13.8%	4.6%	74,000	0.26	5.50	65.3%	37.2%
Jubilee	270.00	-23.1%	-7.5%	17,200	9.62	5.14	91.9%	46.2%
Kenya Re	2.36	-22.1%	-1.7%	668,300	0.08	0.93	71.2%	13.1%
Sanlam Kenya	12.00	-30.2%	-4.0%	2,000.00	8.33	15.19	85.8%	35.5%
Liberty	7.32	-29.3%	-3.9%	26,300.00	0.91	5.59	119.6%	48.7%
Sector Average					3.25	8.71	83.9%	35.8%

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	18.70	-6.5%	-6.5%	24,800	2.69	0.39	6.95	9.3%
Home Afrika Ltd	1.58	-31.7%	0.0%	141,700	N/M	N/M	N/M	2.6%
Trans-Century	1.58	-36.8%	0.0%	-	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.39		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	8.48	-31.3%	0.0%	82,500	28.27	3.3%	0.3	3.9%
Sector Average					28.27	3.3%		

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	164.75	-17.0%	2.2%	13,600	31.87	1.8%	5.17	46.6%
FTG Holdings	1.33	-46.2%	3.1%	1,000	5.12	0.0%	0.26	4.8%
Carbacid	8.78	9.7%	8.9%	2,400	8.44	8.0%	1.04	8.6%
BAT	345.00	-31.0%	-3.0%	200	8.88	9.7%	38.85	40.8%
Sector Average					13.58	3.9%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	30.10	-4.4%	0.3%	5,908,500	16.18	4.7%	1.86	51.8%
Sector Average					16.18	4.7%		

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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	5.38	-42.9%	7.2%	2,200	20.80	13.94%	0.83
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

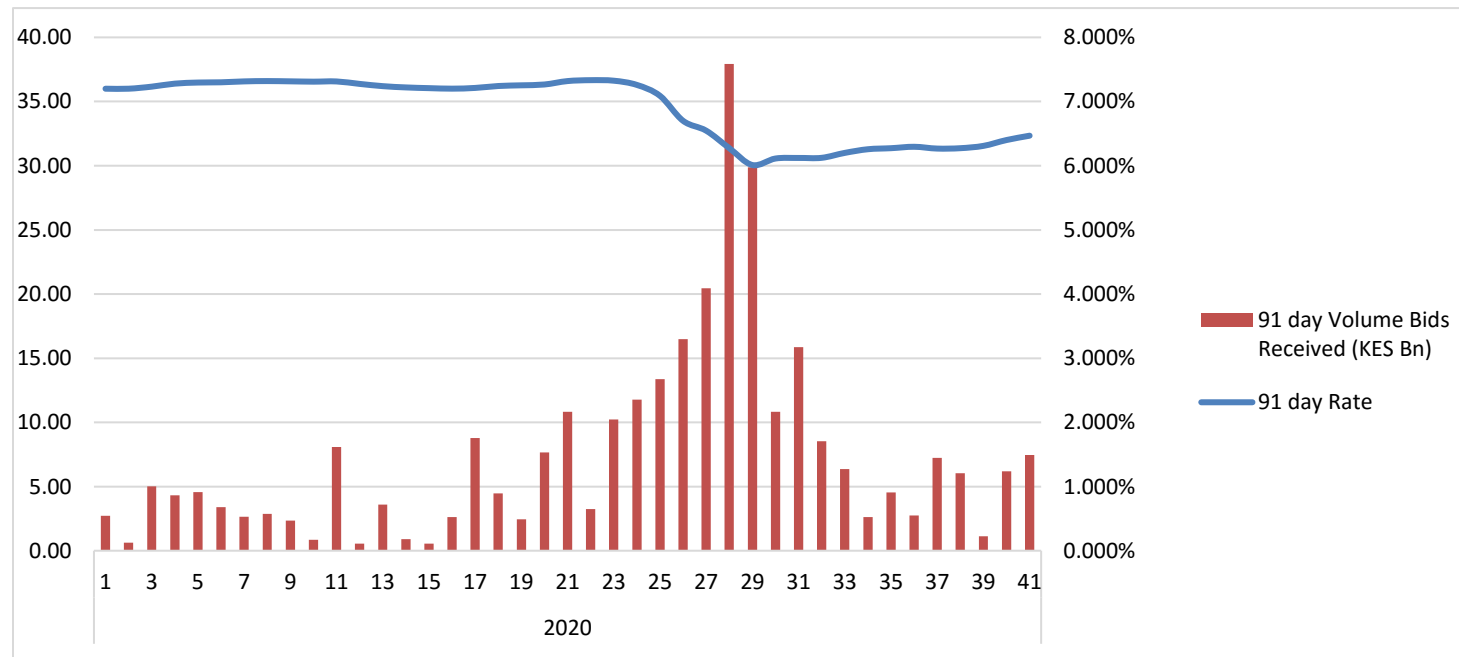
Market Statistics	This Week	Last Week	% Change
Total Volumes	46,738,800	67,651,500	-30.9%
Total Turnover (KES)	1,179,632,079	1,523,044,334	-22.5%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	7.46 Bn	186.47%	7.38 Bn	6.468%	6.400%	0.068
182 day T-bill	3.93 Bn	39.30%	3.33 Bn	6.853%	6.839%	0.014
364 day T-bill	15.01 Bn	150.10%	14.08 Bn	7.762%	7.744%	0.018

Graph showing 91 day T-bill rate and volume

Week No. 41



Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Nation Media Group Ltd	Bonus Issue	1:10	20-Apr-20	12-Jun-20	Subject to Approval
Kapchorua Tea Kenya	Final dividend	Kes. 10.00	17-Jul-20	30-Jul-20	Subject to Approval
Safaricom Plc	First & Final dividend	Kes.1.40	29-Apr-20	31-Jul-20	01-Nov-20
Williamson Tea Kenya	Final dividend	Kes. 20.00	17-Jul-20	18-Aug-20	Subject to Approval
Jubilee Holdings Ltd	Interim dividend	Kes. 1.00	28-Aug-20	11-Sep-20	09-Oct-20
Kenya-Re Insurance Ltd	First & Final dividend	Kes. 0.10	02-Sep-20	09-Oct-20	20-Nov-20
Kengen Plc	Final dividend	Kes. 0.25	01-Sep-20	22-Oct-20	17-Dec-20
Centum Investment Co.	First & Final dividend	Kes. 1.30	02-Jun-20	Subject to Approval	Subject to Approval
Nairobi Securities Exchange	First & Final dividend	Kes.0.08	27-Mar-20	Subject to Approval	Subject to Approval

Market Recommendations

Summary

Counter	Recommendation	YTD Change	Price as at 9th October 2020
Equity	Long-term Buy	-34.77%	34.90
HF	Sell	-38.08%	4.00

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