



Weekly Report

Week 41

Week Ending Friday, October 15, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	35,250.20	1.3%	16.0%
S&P 500	4,461.62	1.3%	19.5%
NASDAQ 100	15,089.36	1.3%	17.4%
DAX	15,570.09	2.2%	13.5%
FTSE 100	7,234.60	1.8%	12.0%
EURO STOXX 50	4,181.29	2.3%	17.7%
Shanghai Composite	3,572.37	-0.6%	2.9%
NIKKEI 225	29,068.63	3.6%	5.9%
Commodities			
Brent Oil (USD/bbl.)	84.88	2.1%	66.0%
Gold (USD/Oz)	1,772.75	-0.1%	-6.6%

Source: Bloomberg, NSE; *As at 5:00 PM EAT

Most of the equity indices rose during the week. The S&P 500 rose driven by strong third quarter results from companies such as Morgan Stanley and UnitedHealth. The FTSE edged up buoyed by gains in homebuilders stocks such as Barat Development that reported strong earnings. Oil (brent crude) climbed as Saudi Arabia's energy minister dismissed calls for a faster increase in oil output. Additionally, oil prices were boosted by a statement from the International

Energy Agency (IEA) noting that the increases in natural gas prices could boost oil demand among power generators.

Equities Market

Equity Market Commentary

The All Share Index (NASI) rose by 1.7% while the NSE 20 eased by 1.1% w-o-w to close the week at 178.86 and 1,970.44 respectively. We attribute the gain in the all share index to Safaricom which edged up by 3.5% w/w to KES 43.10. Equity turnover declined by 27.3% to KES 2.1 billion while the volume traded rose by 31.4% to 54.9 million.

Majority of the counters registered price declines. Notable price declines in the week included; Britam (5.4% w/w to KES 7.64), KPLC (5.0% w/w to KES 1.70), KenGen (4.4% w/w to KES 4.57), CIC (4.3% w/w to KES 2.69), KCB (2.2% w/w to KES 45.10) and BAT (2.2% w/w to KES 435.50). We attribute this to profit taking activity. In the coming week, we expect price stability.

Market Indices Performance

Index	This Week	Previous Week	Weekly Change %	YTD Change %
NASI	178.86	175.82	1.7%	17.6%
NSE 20	1,970.44	1,992.92	(1.1%)	5.5%
NSE 25	3,867.27	3,834.90	0.8%	13.4%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,786.84	2,739.27	1.7%
Volume (Mn)	554.89	79.8	(31.2%)
Equity Turnover (KES Mn)	2,095.23	2,880.05	(27.3%)

Source: NSE

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Equities Performance

	Top Gainers	Price (KES)	Weekly Change %	YTD Change
1.	Limuru Tea	330.00	10.0%	(8.3%)
2.	Standard Group	16.90	5.0%	(24.9%)
3.	Safaricom	43.10	3.5%	25.8%
4.	Olympia	2.00	2.6%	(9.1%)
5.	EAPC	8.10	2.5%	(26.4%)

	Top Losers	Price (KES)	Weekly Change	YTD Change %
1.	BK Group	28.20	(6.0%)	37.6%
2.	Britam	7.64	(5.4%)	5.2%
3.	KPLC	1.70	(5.0%)	(0.6%)
4.	Eveready	1.09	(4.4%)	(9.2%)
5.	KenGen	4.57	(4.4%)	(3.0%)

	Movers	Price (KES)	Turnover (KES Mn)
1.	Safaricom	43.10	1,067.24
2.	Equity	49.50	357.67
3.	EABL	164.75	283.90
4.	KCB	45.10	249.64
5.	Standard Chartered	128.25	21.08

Source: NSE and Faida Investment Bank Analysis

In the News

EPRA Lowers Fuel Prices

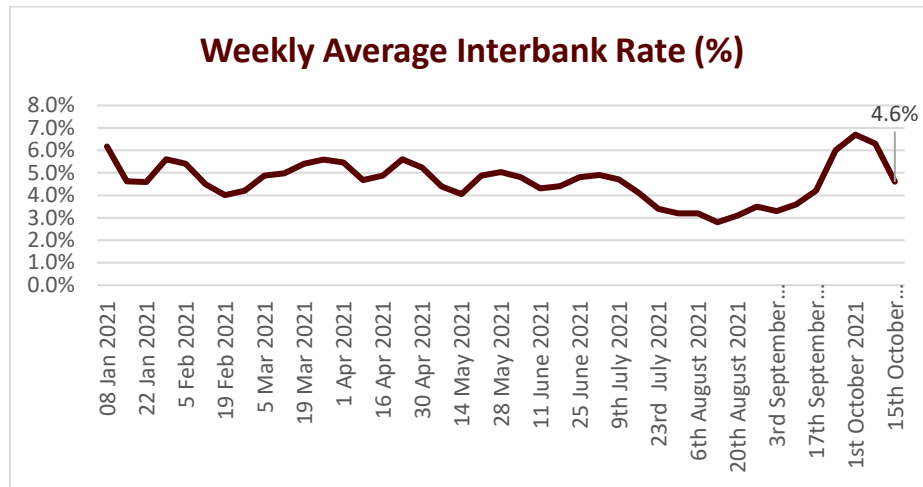
- The Energy and Petroleum Regulatory Authority (EPRA), in the October 2021 review, lowered the price of petrol, diesel and kerosene in Nairobi by KES 5.00 per litre, KES 5.00 per litre and KES 7.28 per litre to KES 129.72, KES 110.60 and KES 103.54 respectively
- This was despite an increase in the average landed cost of imported super petrol by 1.7% m/m in September to \$504.68 per cubic meter and a rise in diesel by 3.1% m/m to \$ 557.74.
- The average landed cost of kerosene however declined by 4.1% m/m to \$477.75.
- The prices are effective from 15th October to 14th November 2021.

Commentary

- The reduction in fuel prices was owing to intervention by the government after a significant price increase by EPRA in the September 2021 review. This increase had been attributed to the removal of a subsidy program effected in April 2021 that saw subsidies worth KES 7.10, KES 9.90 and KES 11.36 per litre removed on petrol, diesel and kerosene respectively.
- We expect the decrease in fuel prices to offer some relief to consumers. With international oil prices creeping up, it'll be interesting to see whether the government can keep up with this program.

Fixed Income

Interbank Rate



Source: CBK

Treasury Bill Auction Results

	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	3.0	75.39%	3.0	6.952%	0.02%
182 day	10.0	9.0	90.07%	8.0	7.428%	0.11%
364 day	10.0	5.8	58.15%	5.8	8.225%	0.20%
Total	24.0	17.8	74.33%	16.9		

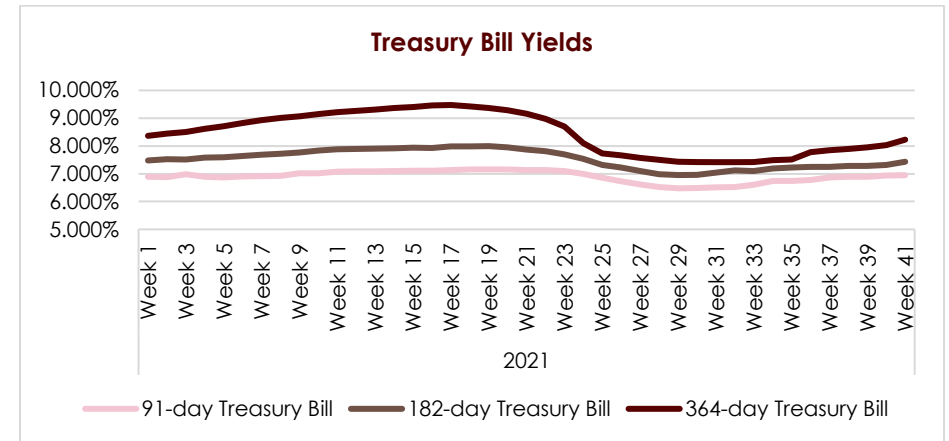
*Change = Current Rate – Previous Rate; 1.0% = 100 bps
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed in this week's auction. The total subscription rate was higher at 74.33% compared to last week's 40.93%. The 182 day bill had

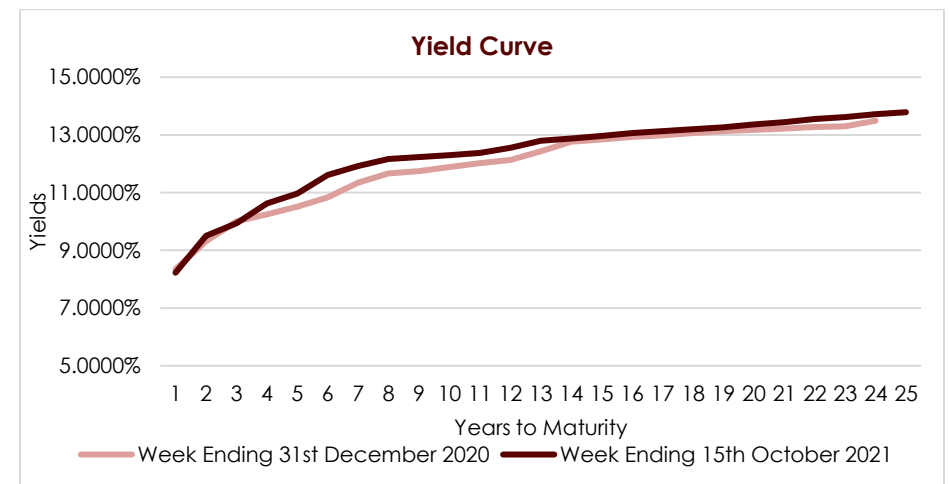
the highest subscription rate this week, at 90.07% while the 364 day bill had the lowest subscription at 58.15%.

Treasury Bill Yields



Source: CBK

Government Securities Yield Curve



Source: NSE

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Macroeconomic Indicators

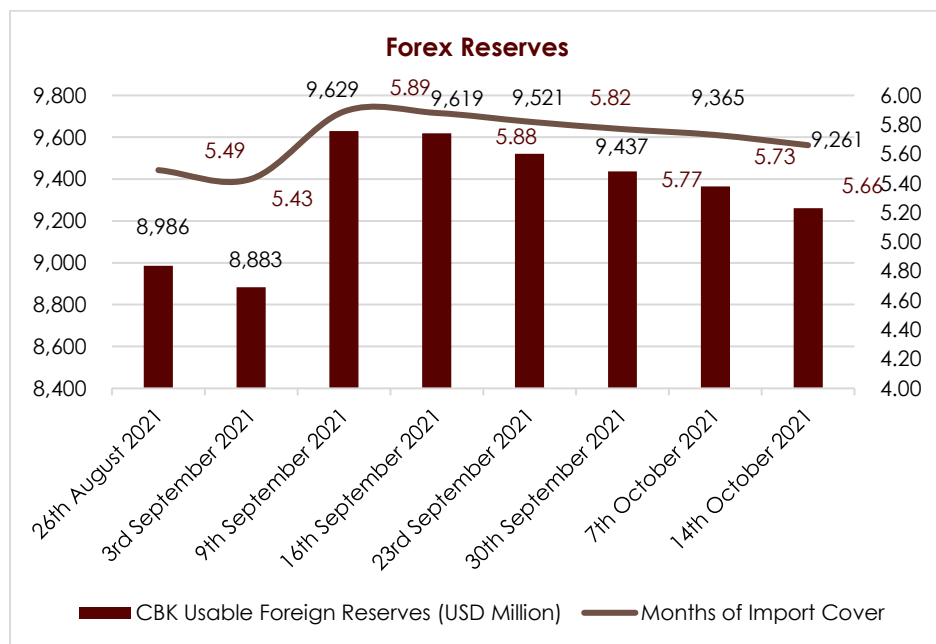
Exchange Rates

KES	Value	Weekly Change %	YTD Change %
US Dollar	110.8676	(0.1%)	(1.6%)
STG Pound	151.8897	(1.0%)	(2.4%)
EURO	128.6315	(0.6%)	3.9%

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

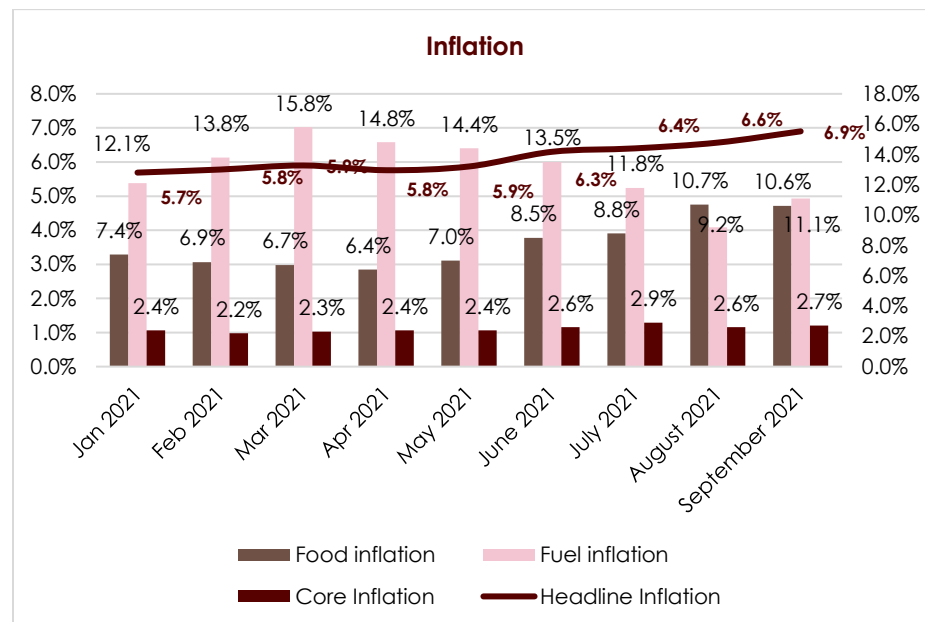
During the week, the Kenya Shilling depreciated against the US Dollar, STG pound and the Euro.

Forex Reserves



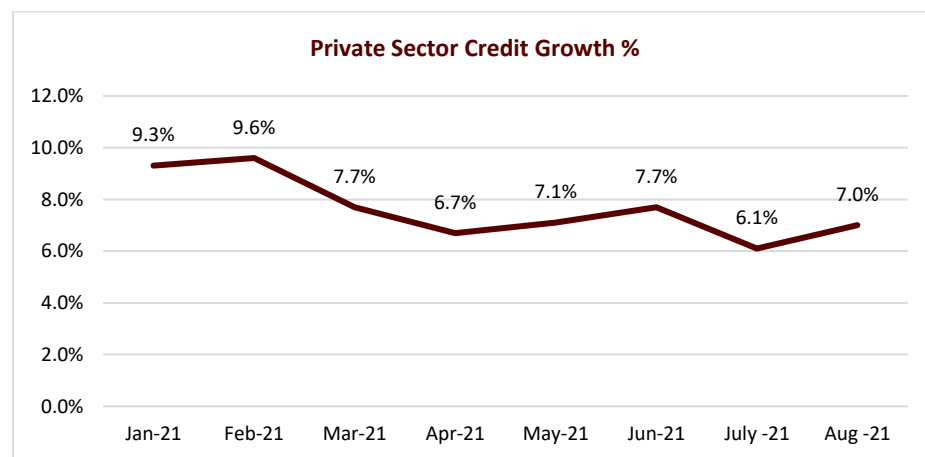
Source: CBK

Inflation



Source: KNBS

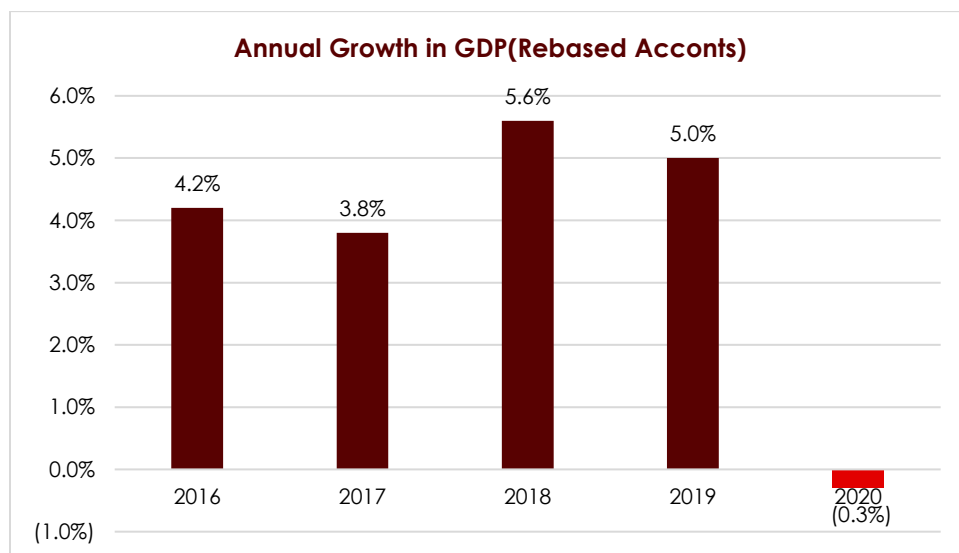
Credit Growth



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	73	146
Total Value	2,513,350	5,472,165
Total Open Interest	934	890

Source: NSE

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Corporate Finance

Mono raises \$15.0 Million in Series A Funding

Mono, a Nigerian fintech startup, has raised \$15.0 million in its series A round. The funding round was led by Tiger Global. The company was founded in 2020 and enables digital businesses to access customers' financial and identity data. The funding will be used to expand into other African regions and markets, reinforce key product offerings, build more products for African businesses and strengthen infrastructure.

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	45.10	18.4%	-2.2%	5,502,800	44.3%	6.61	2.2%	1.10	15.4%
Equity Bank	49.50	35.4%	0.3%	7,225,000	48.5%	10.64	0.0%	1.26	13.0%
NCBA	25.75	-3.7%	2.0%	301,900	43.1%	2.96	6.8%	0.55	6.5%
Stanbic	86.00	1.2%	-0.3%	1,100	48.9%	9.71	4.4%	0.69	6.8%
Absa Bank Kenya Plc	10.15	5.1%	-1.0%	1,296,800	44.6%	9.89	0.0%	1.06	11.7%
Housing Finance	3.71	11.7%	0.5%	58,300	120.9%	N/M	0.0%	0.16	-3.8%
Co-operative Bank	13.00	4.0%	-1.1%	1,615,200	49.9%	10.36	7.7%	0.95	8.5%
Diamond Trust Bank	59.50	-20.7%	-1.7%	112,600	38.2%	5.74	4.5%	0.25	4.6%
Standard Chartered	128.25	-11.1%	-0.8%	163,000	47.3%	12.21	8.2%	0.85	9.4%
I&M	21.50	-52.2%	-1.4%	234,900	48.1%	4.41	11.9%	0.30	6.5%
Sector Average					53.4%	8.06	4.6%	0.72	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	22.15	43.4%	-0.9%	45,200	110.75	0.0%	0.2	1.7%
WPP Scangroup	4.91	-18.2%	-0.4%	171,200	4.38	10.2%	1.12	6.0%
Uchumi Supermarket	0.23	-17.9%	0.0%	49,600	N/M	0.0%	-4.6	N/M
Longhorn Publishers	3.95	-19.1%	-3.9%	17,400	5.81	13.2%	0.68	17.3%
Eveready	1.09	-9.2%	-4.4%	24,000	N/M	0.0%	-1.45	-10.8%
Sector Average					40.31	4.7%		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	37.00	-2.2%	-0.1%	21,900	15.10	8.1%	3.2%	3.8%
E.A. Portland Cement	8.10	-26.4%	2.5%	500	N/M	0.0%	0.0%	0.0%
Sector Average					15.10	4.1%	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	4.57	-3.0%	-4.4%	1,076,500	1.64	6.6%	2.79	9.0%
Kenya Power	1.70	-0.6%	-5.0%	2,638,100	N/M	0.0%	N/M	N/M
Total Kenya	24.45	1.9%	-3.2%	26,900	6.07	5.3%	4.03	10.8%
Sector Average					3.85	3.3%		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	2.69	26.3%	-4.3%	200,100	0.92	N/M	71.4%	34.6%
Britam	7.64	5.2%	-5.4%	106,400	0.97	N/M	80.6%	58.1%
Jubilee	348.50	22.7%	-0.4%	4,000	*0.77	6.64	101.3%	44.2%
Kenya Re	2.46	6.0%	-1.6%	3,573,700	0.05	2.34	67.7%	8.9%
Sanlam Kenya	11.95	-7.7%	0.4%	4,100.00	1.30	15.13	85.8%	35.5%
Liberty	7.78	1.0%	-0.3%	11,300.00	0.50	5.94	119.6%	48.7%
Sector Average					0.75	7.51	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	17.50	0.6%	0.6%	246,000	2.52	0.37	6.95	9.3%
Home Afrika Ltd	1.40	-7.1%	-2.5%	223,400	N/M	N/M	N/M	2.6%
Trans-Century	1.40	-3.4%	0.0%	8,100.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.37		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	9.00	10.3%	-1.3%	88,800	30.00	3.1%	0.3	3.9%
Sector Average					30.00	3.1%		

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	6.8%	0.0%	1,726,600	31.87	1.8%	5.17	46.6%
FTG Holdings	1.33	8.1%	-1.5%	7,400	5.12	0.0%	0.26	4.8%
Carbacid	11.70	-3.3%	0.4%	26,700	9.21	6.0%	1.27	10.0%
BAT	435.50	20.6%	-2.2%	27,900	7.89	10.3%	55.18	51.2%
Sector Average					13.52	3.6%		

*Suspended

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	43.10	25.8%	3.5%	25,128,600	25.20	3.2%	1.71	49.9%
Sector Average					25.20	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	6.54	17.6%	-1.2%	209,200	20.86	11.31%	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 45.10	KES 47.54	5.4%	KES 2.0	18.4%

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
Centum	Final dividend	Kes. 0.33	27-Jul-21	8-Oct-21	29-Oct-21
B.O.C Kenya	Interim dividend	Kes. 1.50	26-Aug-21	24-Sep-21	18-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