

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 139.65	-0.3%	-16.1%	USD Mn – 19,726 KES Bn – 2,144.07
	NSE 20 Share Index – 1,811.13	-1.4%	-31.8%	USD Mn – 17,311 KES Bn – 1,881.508
	NSE 25 Share Index – 3,212.90	-0.4%	-21.6%	USD Mn – 18,348 KES Bn – 1,994.26

Source:NSE

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-W	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –108.6224	(0.1%)	(7.2%)	4.2% (09/2020)	-5.7% (2Q2020)
NGN/USD -379.50*	-	(23.8%)	13.7% (09/2020)	-6.1% (2Q2020)
ZAR/USD – 16.5529	(0.5%)	(17.9%)	3.1% (08/2020)	-51.0%(2Q2020)

Source: CBK, KNBS, NBS, CBN, SIS, STATS SA, SARB: Negative () – Depreciation, Positive – Appreciation *10/15/2020(MM/DD/YY)

Kenya's real GDP Declines by 5.7% in 2Q2020

- Kenya's real Gross Domestic Product (GDP) contracted by 5.7% in 2Q2020 compared to the 2Q2019 (+5.3%).
- This was attributed to the adverse effects of the COVID-19 pandemic on the economy (less adverse in 1Q2020) as measures implemented to contain the virus impacted most sectors, limiting or even halting output.
- The performance was however cushioned by growth in Agriculture, Forestry and Fishing activities (6.4%), Financial and Insurance activities (4.2%), Construction (3.9%), Health Services (10.3%), Public Administration (5.7%), Real Estate Activities (2.2%) and Mining and Quarrying activities (10.0%).
- Some of the measures effected to curb the spread of the pandemic included; restriction of movement in and out of some counties, closure of learning institutions, closure of some businesses especially those dealing in Accommodation and Food services and restriction of international travel.
- The agricultural, forestry and fishing sector grew by 6.4% (2Q2019: +2.9%). This was buoyed by a rise in tea production, cane deliveries, milk intake and fruit exports. Tea production grew by 34.5% y/y to 143.0 thousand metric tonnes from 106.3 thousand metric tonnes in the 2Q2019. Fruit exports rose by 34.8% y/y to 35,531 metric tonnes. Sugarcane deliveries edged up to 1,666 thousand metric tonnes from 972.1 thousand metric tonnes. Milk intake increased by 6.0 % y/y to 142.1 million litres from 142.1 million litres in 2Q2019. However, the sector did register a dip in production in some activities such as coffee sales and horticultural exports. The volume of cut flowers and vegetables exported fell by 34.5% y/y and 14.8% y/y respectively.
- The manufacturing sector contracted by 3.9% (2Q2019: +4.0%). This was mainly attributed to a 2.5% y/y decrease in the manufacture of food products such as beverages, meat and meat products. Growth of non-food products fell by 4.9% y/y as indicated by shrinking in assembly of motor vehicle and manufacture of galvanized iron sheets. Credit to the manufacturing sector edged up by 16.9% y/y compared to 8.6% y/y in 2Q2019.

- Growth in the construction sector slowed down to 3.9% (2Q2019: +7.2%). Cement consumption however grew to 1,521 thousand metric tonnes from 1,454 thousand metric tonnes in 2Q2019. Credit expanded to the sector rose by 6.0% (compared to 5.6% in 2Q2019) to KES 347.6 billion.
- Electricity and water supply sector shrank by 0.6% compared to a growth of 7.3% in 2Q2019. This was evident in total electricity generated which dipped by 6.1%. Electricity generated from wind fell by 29.3% y/y to 282.1 million-kilowatts primarily due to low demand for electricity. Growth was however supported by an increase in hydroelectricity generation which edged up by 34.5% due to sufficient rainfall.
- The transportation and storage sector contracted by 11.6% compared to a growth of +7.6% in 2Q2019 as restrictions of movement caused significant reduction in travel. The volume of port fell to 7,752.8 thousand metric tonnes from 8,666.0 thousand metric tonnes in the 2Q2019. Freight movement through Standard Gauge Railway (SGR) increased by 3.9% y/y to 1,053 thousand metric tonnes. The number of visitor arrivals through Jomo Kenyatta International Airport and Moi International Airport declined significantly by 99.5% y/y and 99.9% y/y respectively owing to the restriction of international flights. The number of passengers by SGR declined to 6,363 from 408,931 in 2Q2019. Depression of activities of transportation and storage was notable in the dip in consumption of light diesel, a major input to transportation activities, which fell by 32.4% y/y compared to a slight growth of 0.2% y/y in 2Q2019.
- Activities in the accommodation and food services recorded a steep contraction of 83.3% (2Q2019: +12.1%) as the sector was most affected by containment measures which resulted in businesses either operating under minimum capacity or closing down. This lowered the visitor arrivals. Moreover, fear of contracting the virus saw people avoid hotels and restaurants.
- The financial and insurance sector grew by +4.2% (2Q2019: +5.2%). Broad money supply (M3) increased to KES 3.8 trillion from KES 3.6 trillion. Net foreign assets declined to KES 885.4 billion from KES 939.9 billion. Total domestic credit and credit to private sector rose by 11.9% y/y and 7.8% y/y to KES 3.9 trillion and 2.7 trillion respectively following an accommodative monetary policy stance. The Central Bank of Kenya (CBK) lowered the Central Bank Rate (CBR) from 7.25% in March 2020 to 7.0% in April 2020 and maintained at the same level throughout the quarter (2Q2019: 9.0%).

Commentary

- We expect the second half of the year to be better as the government has eased some restrictions. We expect the easing of restrictions and gradual re-opening to boost economic recovery. As noted some sectors, for instance agriculture and building and construction, remained more or less resilient during the pandemic with production growing in agriculture and growth only tanking in July for the latter. We however note that sectors such as hospitality may take time to recover. We note that globally uncertainty still remains over a possible second wave. However, we anticipate that in the event of a second wave (assuming we manage to contain the first wave), the country would be better equipped to manage the adverse effects given the measures already implemented (such as upgrading of health care centers, home based care system etc.).

Faida Enters into a Strategic Partnership with VSA Capital

We are pleased to announce that we have entered into a strategic partnership with VSA Capital, an international investment banking and broking firm. The partnership will enable both firms to leverage their broad range of advisory skills and deep knowledge of corporates and investors throughout Africa.

Please read more on this partnership below:

[VSA Faida press release](#)

Market Commentary

The All Share index eased by 0.3% w-o-w to close the week at 139.65 while the NSE 20 Share Index declined by 1.4% w-o-w to close at 1,811.13. Market turnover declined by 11.2% w-o-w to KES 1.3 billion as the number of shares traded declined by 12.0% to 52.4 million. Investor activity was primarily focused on Safaricom (-0.2% w/w), KCB (-2.4% w/w), Equity (+0.1% w/w) and EABL (-1.1% w/w). In coming week, we expect minimal price movements.

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	37.20	-31.1%	-2.4%	125,700	45.9%	4.62	9.4%	0.90	20.7%
Equity Bank	34.95	-34.67%	0.1%	291,000	51.5%	5.85	0.0%	1.18	21.8%
NCBA	22.95	-37.7%	1.5%	50,600	41.9%	2.64	0.0%	0.51	15.3%
Stanbic	77.00	-29.5%	-8.1%	5,000	56.2%	4.77	9.2%	0.62	13.6%
Absa Bank Kenya Plc	9.62	-27.9%	2.3%	69,300	51.2%	7.01	11.4%	1.16	16.7%
Housing Finance	3.63	-43.81%	-9.3%	30,500	93.8%	N/M	0.0%	0.12	-1.1%
Co-operative Bank	11.80	-27.8%	2.6%	100,100	52.1%	4.84	8.5%	0.87	19.2%
Diamond Trust Bank Standard Chartered	63.00	-42.2%	-1.2%	14,700	48.6%	2.60	4.3%	0.30	12.1%
I&M	157.75	-22.1%	-2.3%	5,300	55.6%	6.58	4.8%	1.13	17.5%
Sector Average					53.6%	4.51	5.3%	0.71	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	15.95	-59.9%	-5.6%	2,200	3.54	9.4%	4.5	10.9%
WPP Scangroup	6.88	-60.0%	-5.0%	21,100	6.14	7.3%	1.12	6.0%
Uchumi Supermarket	0.28	-3.4%	3.7%	22,500	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.54	-32.8%	-4.4%	5,000	6.68	11.5%	0.68	17.3%
Eveready	0.97	-11.8%	0.0%	6,700	N/M	0.0%	-1.45	-10.8%
Sector Average					5.45	5.6%		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	23.30	-70.9%	-0.4%	3,500	9.51	0.0%	1.6%	2.1%
E.A. Portland Cement	16.00	10.3%	0.0%	0	N/M	0.0%	0.0%	0.0%
Sector Average					9.51	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	5.22	-8.7%	4.4%	47,800	4.35	7.7%	1.20	4.2%
Kenya Power	1.75	-37.7%	0.0%	415,400	13.46	0.0%	0.13	0.4%
Total Kenya	23.75	-13.6%	0.2%	200	5.89	5.5%	4.03	10.8%
Sector Average					7.90	3.8%		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	2.24	-16.4%	-6.3%	8,800	0.29	18.67	69.8%	34.4%
Britam	7.50	-16.7%	-3.4%	52,000	0.26	5.32	65.3%	37.2%
Jubilee	275.00	-21.7%	1.9%	2,900	9.80	5.24	91.9%	46.2%
Kenya Re	2.24	-26.1%	-5.1%	34,400	0.08	0.88	71.2%	13.1%
Sanlam Kenya	12.70	-26.2%	5.8%	-	8.82	16.08	85.8%	35.5%
Liberty	8.00	-22.7%	9.3%	400.00	1.00	6.11	119.6%	48.7%
Sector Average					3.37	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	18.50	-1.1%	-1.1%	83,500	2.66	0.39	6.95	9.3%
Home Afrika Ltd	1.58	-26.7%	7.3%	2,300	N/M	N/M	N/M	2.6%
Trans-Century	1.58	-36.8%	0.0%	2,300.00	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	8.28	-33.0%	-2.4%	5,100	27.60	3.4%	0.3	3.9%
Sector Average					27.60	3.4%		

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	163.00	-17.9%	-1.1%	20,400	31.53	1.8%	5.17	46.6%
FTG Holdings	1.30	-47.4%	-2.3%	4,300	5.00	0.0%	0.26	4.8%
Carbacid	8.78	9.7%	0.0%	2,500	8.44	8.0%	1.04	8.6%
BAT	349.00	-30.2%	1.2%	100	8.98	9.6%	38.85	40.8%
Sector Average					13.49	3.9%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	30.05	-4.6%	-0.2%	102,800	16.16	4.7%	1.86	51.8%
Sector Average					16.16	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	5.36	-43.1%	-0.4%	107,400	20.80	13.99%	0.83
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

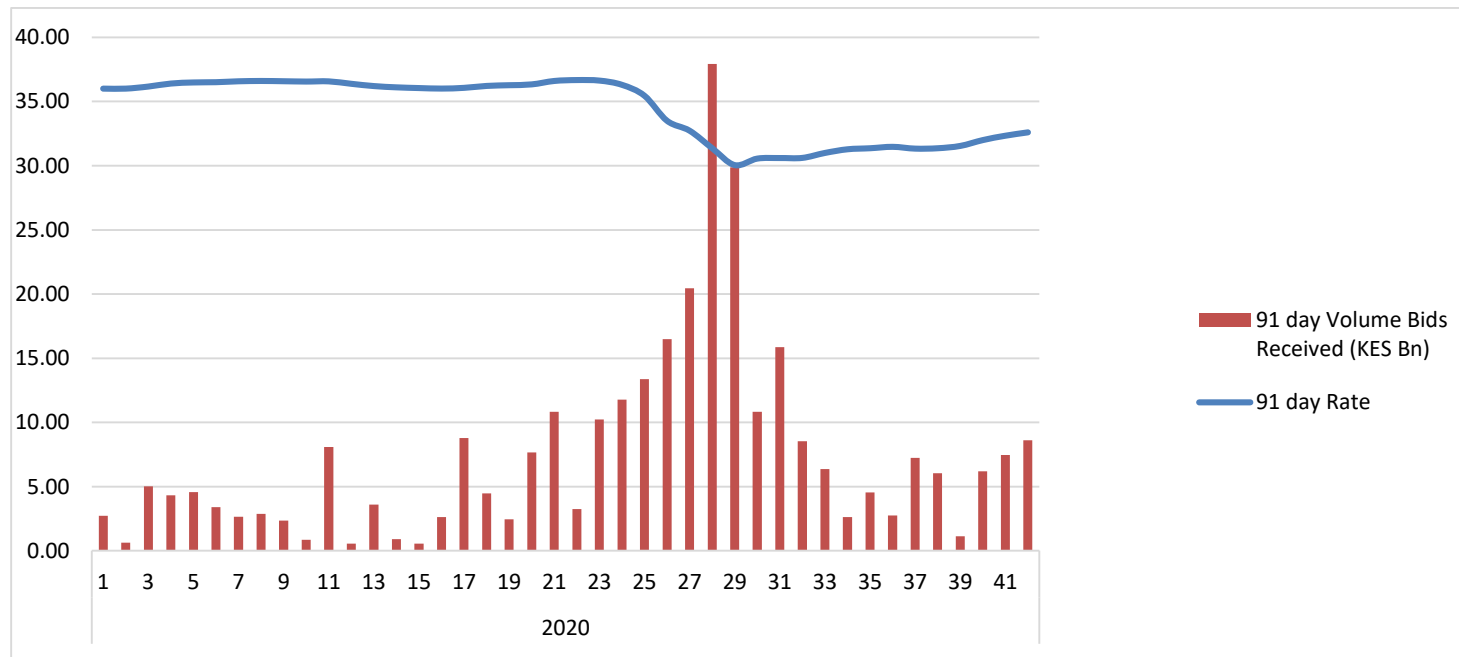
Market Statistics	This Week	Last Week	% Change
Total Volumes	52,368,800	46,738,800	12.0%
Total Turnover (KES)	1,311,864,151	1,179,632,079	11.2%

Fixed Income Market Summary

91 day T-bill	8.61 Bn	215.17%	8.11 Bn	6.520%	6.468%	0.052
182 day T-bill	7.10 Bn	70.97%	6.13 Bn	6.909%	6.853%	0.056
364 day T-bill	15.89 Bn	158.88%	15.74 Bn	7.800%	7.762%	0.038

Graph showing 91 day T-bill rate and volume

Week No. 42



Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Nation Media Group Ltd	Bonus Issue	01:10	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
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

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Market Recommendations

Summary

Counter	Recommendation	YTD Change	Price as at 16th October 2020
Equity	Long-term Buy	-34.67%	34.95
HF	Sell	-43.81%	3.63

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